



# ROSEMOUNT

MARCH/APRIL 2023

## WEALTH SUCCESSION

MAKING THE RIGHT PREPARATION  
FOR FUTURE GENERATIONS



**GOALS DON'T JUST HAPPEN,  
YOU HAVE TO PLAN FOR THEM**

How professional financial advice  
benefits both you and your family

**TIME TO RETIRE?**

Planning your finances  
to be sustainable for the  
long term is key

**CRITICAL ILLNESS COVER,  
YOUR QUESTIONS ANSWERED**

Protecting against the financial impact  
that a serious illness can cause

## INSIDE THIS ISSUE

**Welcome to our latest edition.** In this issue, financial planning can be a daunting and uncomfortable conversation for many, but thankfully attitudes towards talking about money are changing. Wealth succession should be an integral part of your financial plan as early as possible – because the right preparation now can have positive long-term impacts on future generations. On page 06, before you start this process, we consider the questions you need to ask.

When it comes to managing your finances, the wealth of resources now available can make it easy to try and go it alone. However, obtaining the right advice from a qualified professional financial adviser will ensure you are able to plan ahead by including expectations for items such as inflation, market declines and your protection requirements, so you can stay on track. Read the full article opposite on page 03.

Also in this issue, there are signs and targets that can signal that you are prepared to retire, but it can be difficult to figure out when you are truly ready to retire. We may think of retirement as being centred around a particular age or monetary amount. When we get to 'X' years old or have 'Y' amount of money, we can move on to our 'golden years'. On page 10 we look at the main questions to ask yourself for a secure financial future.

People are increasingly becoming more concerned about the possibility of being affected by a critical illness such as cancer, stroke or heart attack. With rising rates of serious illnesses, people are becoming more aware of their need to be covered and secure proper protection against critical illnesses. In challenging times, the number one priority is to support those you love. Turn to page 09.

A full list of the articles featured in this issue appears opposite.

### LOOKING FOR A FRESH PERSPECTIVE ON WHAT'S POSSIBLE?

Financial planning may be complex, but it doesn't have to be difficult. Whether it's planning for your future, or growing or protecting your wealth, we'll give you a fresh perspective on what's possible. We hope you enjoy reading this issue and if you would like further information or want to arrange an appointment, please contact us.



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INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS. ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE.

THE VALUE OF INVESTMENTS MAY GO DOWN AS WELL AS UP, AND YOU MAY GET BACK LESS THAN YOU INVESTED.

# GOALS DON'T JUST HAPPEN, YOU HAVE TO PLAN FOR THEM

## HOW PROFESSIONAL FINANCIAL ADVICE BENEFITS BOTH YOU AND YOUR FAMILY

**When it comes to managing your finances,** the wealth of resources now available can make it easy to try and go it alone. However, obtaining the right advice from a qualified professional financial adviser will ensure you are able to plan ahead by including expectations for items such as inflation, market declines and your protection requirements, so you can stay on track.

**Receiving professional advice is one of the main advantages** of working with a financial adviser. Without obtaining this advice, there may be risks that you are disregarding. Emotional factors also have an influence on financial decisions and these can cloud our judgement, causing us to make illogical or irrational choices.

### ACHIEVING YOUR GOALS

This includes confirmation bias, when we seek out information that reinforces an existing belief, which can lead to overconfidence in investment decisions. Your financial adviser will help provide objectivity and identify any possible risks you may not be aware of.

Having financial goals is also one of the main reasons to obtain advice. Whether it's planning for retirement or another objective, having an experienced professional by your side can help you create and execute an investment plan tailored to achieving your individual goals.

### SUCCESSFUL INVESTMENT PORTFOLIO

If you are planning for your retirement, you now have more choices than ever before. While this offers numerous opportunities, it also means that careful consideration and knowledge of pension allowances, tax-efficient savings and other factors have become essential in order to ensure a comfortable retirement.

Knowing what assets you hold and having a clear strategy is key to creating a successful investment portfolio, but these portfolios can become complicated over time. For example, you may have investments with several different providers, overlapping funds or funds that don't align with your goals any longer.

### START MINIMISING TAXES

In such cases, it may be beneficial to bring all of your investments together and simplify the

portfolio. Your adviser will help you do this, as they will be able to construct a streamlined portfolio with a clear strategy suited to your specific needs and risk tolerance.

When it comes to wealth building and preservation, tax planning is key. Investing within an Individual Savings Account (ISA) can be a way to start minimising taxes. However, there may be more complex strategies available that could further reduce the amount of taxes you have to pay. That's where professional advice, if appropriate, will ensure you are able to maximise your tax savings by taking advantage of alternative sophisticated strategies.

### PROVIDING INVALUABLE GUIDANCE

In addition, to maximise potential returns within your risk appetite, it will be appropriate to look beyond domestic stocks. When managing your own portfolio, you may sometimes be guilty of suffering from 'home bias', which involves over-investing in local stocks at the cost of international ones. Your financial adviser will help you to use the full breadth of investment opportunities and make sure that you are getting the best potential returns.

If you have recently come into a large sum of money, it can be difficult to know what to do with it. Your financial adviser can provide invaluable guidance in this situation and help you make the right decision. You'll have many questions such as should the money be invested or used to pay off your mortgage? Will there be tax implications? And is it best to invest all at once or over time? It's important to remember that tax treatment varies according to individual circumstances and is subject to change.

### COMPLEX FINANCIAL MATTERS

Your adviser will be able to assist you with these decisions, ensuring that you get the best possible returns and maximise your wealth in the long term.

When it comes to complex financial matters, receiving professional financial advice is important. For instance, the introduction of the Lifetime Allowance means that investors must now be aware of how much they accumulate in their pension accounts, or risk facing an excess tax charge. With expert guidance, you can plan accordingly and make sure that your retirement goals are met without risking a substantial tax bill. ◀

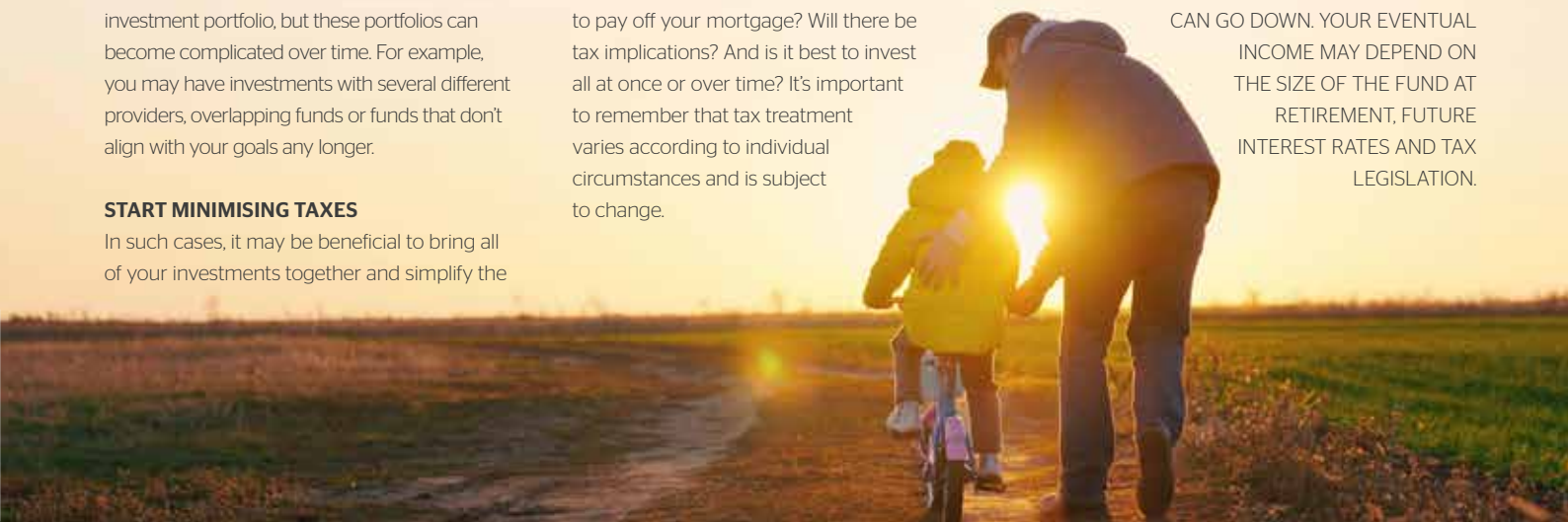
### NEED A PERSONAL AND PROACTIVE APPROACH TO MANAGING YOUR WEALTH?

We can help you to understand how investments work and how market changes will affect them. We'll also explain the associated risks and inform you on how proposed changes in legislation may affect your current and future tax strategies, so that you can make decisions with all the facts in mind. To tell us about your goals and how we can help you, please contact us.

THE VALUE OF YOUR INVESTMENTS CAN GO DOWN AS WELL AS UP AND YOU MAY GET BACK LESS THAN YOU INVESTED.

THE TAX TREATMENT IS DEPENDENT ON INDIVIDUAL CIRCUMSTANCES AND MAY BE SUBJECT TO CHANGE IN FUTURE.

A PENSION IS A LONG TERM INVESTMENT. THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN. YOUR EVENTUAL INCOME MAY DEPEND ON THE SIZE OF THE FUND AT RETIREMENT, FUTURE INTEREST RATES AND TAX LEGISLATION.



# RISING PRICES CAN WIPE YEARS OFF RETIREMENT POTS

## HOW TO PROTECT YOUR PENSION INCOME AGAINST INFLATIONARY PRESSURES

**For anyone feeling the effects** of rising inflation rates, it's important to ensure that your retirement fund isn't significantly impacted. While this can be challenging in such an uncertain economic climate, there are measures you can take to ensure that your savings don't suffer.

**Here are some tips** to help you protect your pension income for the future.

### POSTPONING RETIREMENT

Retiring later can have multiple advantages. It can be a financially wise decision to postpone retirement when inflation is high. Postponing retirement also gives you more time to invest and contribute funds towards your pension pot, allowing you to enjoy a larger sum of money when you eventually retire. Additionally, individuals who choose to retire later can benefit from longer periods of regular income which can be used for extra retirement savings to combat the impact of inflation in retirement.

Furthermore, delaying retirement will allow you to better prepare for future financial commitments such as mortgage repayments and other cost of living outgoings. If appropriate, by postponing your retirement you can make sure that you have the financial security and peace of mind needed for a comfortable retirement.

### CONSIDER WHERE YOUR PENSION IS INVESTED

When inflation rates are high, it's important to take steps to ensure that your retirement savings aren't adversely affected. Not only will this give you peace of mind about the future value of your pension pot, but it may also prove to be financially rewarding in the long run. One of the most effective ways to do so is by diversifying your investments and spreading out your money across different asset classes.

Having a diverse portfolio can help protect you from losses due to market volatility or inflation and provide access to a broad range of investments while reducing risk. Keeping track of these fluctuations enables you to plan ahead and adjust your investment strategy as necessary. By taking all these factors into consideration, you can ensure that your retirement savings are secure even in a period of high inflation.

### KEEP CONTRIBUTING

Despite inflationary pressures, continuing to contribute to your pension pot can be a wise decision. Not only is your retirement fund likely to outperform cash savings, but it also allows you to take advantage of the tax relief top-up on contributions offered by the government.

The amount of relief you receive is based on the rate of Income Tax that you pay. If you are in the highest rate Income Tax bracket you can claim additional relief through your self-assessment tax return, enabling you to save even more for your retirement. However, depending on how your pension scheme works, if you don't pay tax you might not receive tax relief.

### ALREADY WITHDRAWING A PENSION

For those with a defined contribution pension who are already taking an income, it might be beneficial to reduce the amount you are withdrawing in order to keep more of your pot invested. This strategy can help protect your retirement fund against volatile markets and

rising inflation levels as the fund manager will monitor the investment performance, making necessary adjustments.

Those with a defined benefit pension need not worry about adjusting for inflation as this is taken care of automatically. ◀

### WHERE ARE YOU ON YOUR RETIREMENT JOURNEY?

Regularly revisiting your financial plan and retirement planning is essential in order to ensure your long-term security and prosperity. No matter what strategies you decide to implement going forward, we will provide valuable insights into making the right choices for your future. Please contact us to discuss your future plans.

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS PLAN HAS A PROTECTED PENSION AGE).

THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.

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# GIVING RETIREMENT A SECOND THOUGHT?

OVER A THIRD OF OVER-55s THINK THEY WILL  
WORK BEYOND THEIR STATE PENSION AGE

**We are witnessing a surge** in the number of people giving retirement a second thought due to inflation rates and the cost of living crisis. Not only are more individuals looking to work beyond their State Pension age, but some are returning to employment after retiring due to increasing financial pressures.

**Over 2.5 million people** aged 55 and over will be impacted by the long-term effects of financial insecurity and think they will continue to work past their State Pension age. Additionally, half of those aged 55 and over don't believe their pension is enough to fund their retirement, a new survey has revealed<sup>[1]</sup>.

## INCREASING COST OF LIVING

Nearly four in ten over-55s who are not retired anticipate having to work past their State Pension age due to the increasing cost of living. Financial concerns surrounding retirement funding are the top drivers behind working beyond State Pension age.

A quarter (23%) are uncertain of how long their retirement savings will last, and almost one-fifth (18%) admit to not having made any preparations for when they stop working.

## ABILITY TO REMAIN EMPLOYED

Nearly half (46%) of the millions of older workers expecting to work past their State Pension age are apprehensive that doing so will mean they can't enjoy their later years.

Health, too, is another major concern, with nearly half (45%) worrying their health will deteriorate as a result of having to continue

working and more than a third (35%) concerned it will affect their ability to remain employed.

## HEAVY FINANCIAL STRAIN

Worryingly, 16% are concerned about being treated differently or worse at work because of their age and the same number worried about not being able to spend enough time with their family due to work commitments.

Looking ahead, the older workforce is expected to be crucial to the UK's economic recovery as it will help ease severe labour shortages, yet this warning sign points to heavy financial strain many are facing. ◀

## WILL YOU ENJOY THE RETIREMENT YOU DESERVE?

We all want to be in control of our retirement plans and feel confident we can stop working when we want to so that we can enjoy the retirement we deserve. If you are worried about how your current situation and the cost of living could impact on your retirement savings, we are here to talk through your options. To find out more, please speak to us.

**/// NEARLY FOUR IN TEN  
OVER-55s WHO ARE NOT  
RETIRED ANTICIPATE  
HAVING TO WORK PAST  
THEIR STATE PENSION AGE  
DUE TO THE INCREASING  
COST OF LIVING.**

## Source data:

*[1] Survey conducted by Opinium among 2,000 UK adults between 21-25 October 2022.*

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# WEALTH SUCCESSION

## MAKING THE RIGHT PREPARATION FOR FUTURE GENERATIONS

Financial planning can be a **daunting** and uncomfortable conversation for many, but thankfully attitudes towards talking about money are changing. Wealth succession should be an integral part of your financial plan as early as possible – because the right preparation now can have positive long-term impacts on future generations.

### Despite the uncertain economic climate,

families are doing their utmost to ensure they can leave behind a secure financial future for their children and grandchildren. According to predictions, the amount of wealth passed on in the next two decades could double, with estimates this figure could be as high as £5.5 trillion by 2047<sup>[1]</sup>.

Worryingly, an astounding £15bn inheritance still remains unclaimed due to people not informing their beneficiaries about the existence of these funds<sup>[2]</sup>. With careful planning, you can ensure that your assets are passed on securely for generations to come.

When it comes to transferring wealth between generations, having an open dialogue is paramount for creating the best outcome for everyone.

### Before you start this process, consider the following questions:

- When do I want to transfer my wealth?
- How much wealth do I want to pass on?
- Whom do I want to pass my wealth on to?
- How do I want to transfer my wealth?

These four questions are closely interconnected – and with careful planning and discussion, you can ensure that your assets are handed down as simply and tax efficiently as possible.

### 1. WHEN DO I WANT TO TRANSFER MY WEALTH?

Keeping your Will up to date is an important part of planning for the future. Not only does it ensure that your wishes are carried out, but having a Will that reflects the current legal landscape where you hold assets can allow for greater flexibility and potential advantages.

Transferring assets during your lifetime may also bring benefits and provide you with the opportunity to experience seeing your chosen beneficiaries benefit from your funds. It's important to take professional advice to determine which option is best for you and your family.

It's important to review your Will regularly, such as every two to three years or when there is a major change in your or your family's circumstances. For example, marriage revokes any existing Will in England and Wales unless it was made in anticipation of that marriage. To protect legacies from inflation, consider linking their value to inflation so they maintain their 'real' value over time.

Using your Will to transfer wealth enables you to preserve your own standard of living and future security. On the other hand, giving gifts during your lifetime allows you to witness seeing your beneficiaries experience the benefits of your funds.

Furthermore, if you are subject to UK taxes, it may also be more tax-efficient to act sooner rather than later. Ultimately, each person has different objectives and priorities when it comes to wealth succession; what's important is striking the right balance between sharing your wealth with loved ones and ensuring that you have enough left to maintain your quality of life and prepare for whatever the future may bring.

Wealth planning involves considering various scenarios and 'stress-testing' the outcomes against assumptions such as potential investment returns, inflation projections and long-term care costs. This helps ensure that individuals are prepared for different eventualities and can make better informed decisions about protecting their wealth.

## 2. HOW MUCH WEALTH DO YOU WANT TO PASS ON?

When making large gifts, cashflow 'stress-testing' allows you to make informed decisions on how much you can afford to part with, despite the uncertainty of the future. Knowing this, it is vital to allow for both worst and best case scenarios within your gifting range when planning your wealth. When calculating how much wealth you want to pass on, it is important to consider a few factors.

First, the amount of assets you want to transfer should be enough to cover future costs such as taxes or estate planning services. You should also factor in inflation and other potential investments that could increase the value of your assets over time.

Additionally, you need to think about the lifestyles and needs of your beneficiaries and consider how much money will be required for their future needs. It is important to consider all of these factors when determining how much wealth you want to transfer, as this can have a significant impact on your legacy.

Ultimately, it is essential to have a thorough understanding of your goals and financial situation when calculating wealth-passing decisions. By taking the time to consider all of these elements, you can ensure that your hard-earned wealth is passed on in a way that honours your wishes and provides for your beneficiaries.

## 3. WHOM DO YOU WANT TO PASS YOUR WEALTH ON TO?

With regards to deciding how to share your wealth, the choice is yours. Should you have young grandchildren, a trust structure could be beneficial in covering their long-term costs such as education, university fees or property purchases.

You can keep some control by being a trustee yourself, especially if one of your beneficiaries has special needs, as this helps ensure the trust deed works for their long-term interests. In addition, you may want to benefit charities close to your heart. Ultimately, the decision is an entirely personal one and should take into account timing and other factors that matter most to you.

## 4. HOW DO YOU WANT TO TRANSFER YOUR WEALTH?

When it comes to transferring your wealth, there are a lot of important considerations. It's essential to understand the different options you have and ensure that your plans meet your financial goals. Before making the decision to gift during your lifetime, it pays to take a step back and assess whether you are able to afford it.

If yes, there are further considerations regarding when and how. Steps 1 to 3 can help determine whether an absolute transfer or trust structure is most suitable; while trusts add complexity, they may be the best way of achieving your goals. Ultimately, timing and affordability must be kept top of mind in this process. ◀

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## DEATH AND TAXES, TWO OF THE WORLD'S CERTAINTIES. HAVE YOU PLANNED FOR THESE EVENTS?

Succession planning will help you to ensure that the wealth you have amassed during your lifetime is passed on to future generations in the way you would wish. If you think this could affect you, or if you are at all unsure, talk to us for more information. We look forward to hearing from you.

### Source data:

[1] [fwu-report-final-version-20-april-2022.pdf](#)  
(mandg.com)

[2] <https://www.independent.co.uk/money/spend-save/inheritance-will-investment-pension-assets-life-insurance-a8927966.html>

THIS ARTICLE DOES NOT CONSTITUTE TAX OR LEGAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH. TAX TREATMENT DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF EACH CLIENT AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.

INHERITANCE TAX AND ESTATE PLANNING ARE NOT REGULATED BY THE FINANCIAL CONDUCT AUTHORITY.

/// WITH REGARDS TO DECIDING HOW TO SHARE YOUR WEALTH, THE CHOICE IS YOURS. SHOULD YOU HAVE YOUNG GRANDCHILDREN, A TRUST STRUCTURE COULD BE BENEFICIAL IN COVERING THEIR LONG-TERM COSTS SUCH AS EDUCATION, UNIVERSITY FEES OR PROPERTY PURCHASES.



# SHOW ME THE MONEY

BRITONS NOT RESEARCHING THEIR INVESTMENTS BECAUSE IT'S 'TIME CONSUMING' AND 'COMPLICATED'

A new survey conducted by the Financial Services Compensation Scheme (FSCS) and the Financial Conduct Authority (FCA) reveals that 44% of UK adults who hold investments of between £100 and £50,000 wish they had spent more time researching their investment before making a decision<sup>[1]</sup>. However, this task is commonly neglected due to its perceived complexity – it ranked much lower than other tasks like choosing a holiday, buying a house and checking social media.

The findings also highlighted the risk of investing in 'opportunities' with limited time frames. Scammers often use this tactic as a way to pressure victims into an ill-advised decision, so consumers should assess all investment opportunities carefully by visiting the FCA Warning List to check if the investment firm is unauthorised.

Another alarming discovery was that 22% of respondents said they hadn't checked or didn't know if their investment was protected by Financial Services Compensation Scheme (FSCS). This means that investors could be making investments without any chance of compensation if something were to happen to their provider.

#### Additional findings from the study include:

- 11% of Britons who have made a financial investment said they do it because their friends are investing, with 26% finding it 'fun'
- 14% chose investments because they were promoted by a celebrity or influencer on social media
- Those aged 18-24 who have made a financial investment were more likely to invest while watching TV/Netflix (13%), at the pub (11%) or coming back from a night out (7%) compared to those over 25

The FSCS cannot provide protection against being scammed. Investors need to take time in doing research and be vigilant when it comes to fraudsters, as they will always find new ways to target people.

#### PERFORM RELEVANT CHECKS BEFORE INVESTING

- Familiarise yourself with the warning signs of a scam. These include, but are not limited to, unexpected or unsolicited contact, pressure to make a decision within a set time window and unrealistic returns
- Check the FCA Warning List to determine if the firm you're dealing with is authorised by the FCA
- Verify the person you're dealing with is who they say they are through the FCA Register
- Confirm that your investment is eligible for FSCS protection using the new Investment Protection Checker

#### WANT TO MAKE THE MOST OF YOUR MONEY, AND NOT GET SCAMMED?

Ultimately, the best way to make the most of your money is to seek professional financial advice from an FCA Registered adviser. We'll build a personalised investment plan for you. You'll stay firmly in control of your investments, with support and guidance from our highly experienced investment experts.



#### Source data:

*[1] FSCS and the FCA commissioned research from OnePoll to gain insight into attitudes towards investments and what people are looking for. Between 10-23 December 2021, OnePoll surveyed 2,000 UK adults, 740 of whom had at least one investment. The findings highlighted in the release are based upon this research.*



# CRITICAL ILLNESS COVER, YOUR QUESTIONS ANSWERED

## PROTECTING AGAINST THE FINANCIAL IMPACT THAT A SERIOUS ILLNESS CAN CAUSE

**People are increasingly** becoming more concerned about the possibility of being affected by a critical illness such as cancer, stroke or heart attack, according to new research findings<sup>[1]</sup>. This is reflected in the fact that searches for 'critical illness insurance' have skyrocketed, with, on average, 6,800 people searching for 'critical illness cover' every month, mostly asked on Google.

**With rising rates of serious illnesses** like cancer (one in two chance of getting it at some point in one's lifetime, according to NHS estimates), people are becoming more aware of their need to be covered and secure proper protection against critical illnesses.

In challenging times, the number one priority is to support those you love. The data is clearly highlighting that increasingly people want to find out more about how to protect their loved ones, especially if they become ill or seriously injured.

### Answers to some of the most frequently asked questions around critical illness cover:

#### Q: WHAT IS CRITICAL ILLNESS COVER

**A:** Critical illness cover provides a tax-free lump sum of money – or income – if you become seriously ill from a specified condition or suffer from a life-altering injury. This type of insurance usually covers very serious and long-term conditions such as heart attack, Parkinson's disease or cancer. By investing in critical illness cover, you can take comfort in the knowledge that your family will be provided with financial support should they face a major health setback.

#### Q: HOW MUCH CRITICAL ILLNESS COVER DO I NEED?

**A:** The cost and amount of critical illness insurance can vary depending on a number of factors, including age, health, smoking status, policy length, coverage amount and the kinds of illnesses included in the policy. Generally speaking, the more expensive and comprehensive the cover is, the higher the likelihood there is of making a claim on it. Therefore, purchasing a policy at an earlier age and maintaining a healthy lifestyle can result in lower premiums.

#### Q: DO I NEED CRITICAL ILLNESS COVER?

**A:** Finding the right critical illness insurance policy is especially important for those with families to protect.

Before deciding on any policy, it's important to ask yourself a few key questions such as:

- What would happen if my family lost my income due to an illness?
- What financial changes would need to be made if I could no longer work because of an illness?
- Do we have any savings or other assets that can support us financially? Are we comfortable using them?

By answering these questions, you will be able to better understand your family's current and future financial context and choose a policy accordingly.

#### Q: WHAT DOES CRITICAL ILLNESS INSURANCE COVER?

**A:** Critical illness insurance can be a great way to help protect yourself and your family in the event of an unexpected illness. Insurers offer a variety of policies that cover different illnesses, with some even offering coverage for less serious or earlier stage illnesses. Additionally, many insurers offer multiple levels of payout depending on the severity of the illness, ensuring full coverage if you are faced with a really serious health condition.

Furthermore, almost all policies also provide cover for children against certain illnesses. This protection can provide your family with financial support in difficult times, such as when extra costs may be required for private treatment or lost income during periods of caregiving.

#### Q: WHAT ILLNESSES ARE COVERED BY CRITICAL ILLNESS INSURANCE?

**A:** When it comes to critical illness insurance, most policies will cover cancers, heart attacks and strokes as a minimum. Depending on the insurer, you may be able to get coverage for more than 50 additional illnesses such as organ transplants, blindness and deafness. It is important to obtain professional advice to make sure you obtain the right policy that provides the best coverage for your and your family's specific needs.

#### Q: WHAT CANCERS ARE COVERED BY CRITICAL ILLNESS INSURANCE?

**A:** There are over 100 different types of cancer, and some may be excluded from critical illness cover. Before recommending a policy, we'll explain the details of your cover to ensure you understand what illnesses you are covered for.

Even if you don't have dependents or family members who rely on you financially, critical illness insurance can still be beneficial. It can provide financial relief when you're unable to work due to an illness but still need to keep up with household bills.

#### Q: DO I NEED CRITICAL ILLNESS COVER AS A RENTER?

**A:** Even if you rent your home, critical illness insurance is essential for those who have dependents relying on them financially. A tax-free cash payout from a critical illness policy can provide much needed support in the event of an illness or injury during the policy period. ◀

#### DO YOU NEED CRITICAL ILLNESS OR SERIOUS ILLNESS COVER?

Critical illness insurance provides a helping hand for you and your loved ones when it is needed. For support when you need it most, for you and your loved ones, please contact us for more information. Don't leave it to chance.



#### Source data:

[1] Data Collection from Semrush and Google Trends in September 2022 – LifeSearch 02.10.22

# TIME TO RETIRE?

PLANNING YOUR FINANCES TO BE SUSTAINABLE FOR THE LONG TERM IS KEY

**There are signs and targets** that can signal that you are prepared to retire, but it can be difficult to figure out when you are truly ready to retire. We may think of retirement as being centred around a particular age or monetary amount. When we get to 'X' years old or have 'Y' amount of money, we can move on to our 'golden years'.

**The turbulent times** we're living through have given many people pause for thought to consider their work-life balance and think more seriously about what makes them happy. While happiness for many increases in retirement, others find their finances take the strain when they retire early and money worries are one of the biggest factors resulting in people returning to work. If you aspire to retire early, it's vital you plan your finances to be sustainable for the long term.

## 6 QUESTIONS TO ASK YOURSELF FOR A SECURE FINANCIAL FUTURE

### 1. WHAT IMPACT COULD INFLATION HAVE ON MY RETIREMENT PLANS?

Inflation is a major factor when planning for retirement because it can reduce the purchasing power of your money over time. If the amount you receive in retirement is based

on a fixed income, it will not be able to keep up with future inflationary rises, meaning that you may likely be unable to afford the same lifestyle that you enjoyed before retirement.

Therefore, it is essential to plan for retirement by ensuring that your savings and investments are able to grow in real terms, above the rate of inflation. This can be done through a combination of investing in assets that aim to provide returns above the rate of inflation, as well as ensuring that your retirement income is not linked to a fixed amount but instead grows with inflation over time.

### 2. WHAT IS MY RETIREMENT TIMELINE?

When it comes to planning for your retirement, it's best to get a plan in place far ahead of your intended retirement date. That way, you can take the time to gain a full understanding of your financial situation and identify any issues or opportunities for improvement. Ideally, you should start saving for retirement in your 20s and 30s, even if you don't plan to retire for many years. This will help you build your savings over time and ensure that you have enough money to sustain yourself during retirement.

Of course, if you find yourself nearing retirement without a plan already in place, don't fret, we are here to help. With our expertise and experience, we can work with you to optimise your retirement plans no matter how close you may be to retirement.

When considering your retirement timeline, there are several factors to consider: your age, income level and lifestyle, all of which will have an effect on your retirement plans.

### 3. COULD RETIREMENT CASH FLOW MODELLING HELP ME?

Retirement cash flow modelling is very useful in making assessments about your future retirement requirements. It enables you to consider all of your potential sources of income



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**/// WHEN IT COMES TO PLANNING FOR YOUR RETIREMENT, IT'S BEST TO GET A PLAN IN PLACE FAR AHEAD OF YOUR INTENDED RETIREMENT DATE. THAT WAY, YOU CAN TAKE THE TIME TO GAIN A FULL UNDERSTANDING OF YOUR FINANCIAL SITUATION AND IDENTIFY ANY ISSUES OR OPPORTUNITIES FOR IMPROVEMENT.**

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in retirement and how they can best be used to satisfy your expenditure needs.

This means considering a number of factors such as your underlying investments, tax and, most importantly, how well your different income streams are protected against inflation. Another benefit of using cash flow modelling is that you can easily change those assumptions if your circumstances change, factoring in different investment returns, tax rates and inflation. This allows you to assess how much you need to have accumulated prior to your retirement.

#### **4. WOULD AN ANNUITY BE BENEFICIAL?**

Retirement is an important milestone in life, and it's essential to make sure you have enough money to ensure a comfortable lifestyle afterwards. One of the options available to those retiring is an annuity. With fewer employers now offering the guarantee of a final salary pension, annuities could be an appropriate option to consider for some retirees. An annuity provides a regular income for the rest of your life, and can make sure you have enough money to last you throughout retirement.

But in order to decide whether an annuity is right for you, it's important to look at the different types of annuities available, consider the tax implications and other factors such as inflation. An annuity could be beneficial for those who have no capacity for their income to fall in the future, and those with reduced health.

#### **5. AM I SITTING ON TOO MUCH CASH?**

Even during periods of high inflation, investments that are in real assets can provide a hedge against the erosion of wealth. Cash holdings are ill-advised in this situation as the current interest rates barely meet inflation and its real value is guaranteed to decrease. Investing in assets is one of the best ways to safeguard your retirement savings against the effects of inflation.

Inflation can erode the value of your savings over time. By investing in real assets,

you can help to ensure that your retirement savings remain secure even in a rising inflation environment. Investing in assets can provide you with the opportunity to create a sustainable and secure retirement plan that is protected from the effects of inflation. Ultimately, investing in real assets is an important part of any comprehensive retirement savings strategy.

#### **6. WHAT IS MY ATTITUDE TO INVESTMENT RISK?**

When making investment decisions, you need to establish the level of risk that you are comfortable with. This will vary from person to person, so it is important to obtain professional advice to help you assess your risk tolerance. Understanding your attitude to investment risk is an important factor when planning for retirement. Taking the time to learn about how you respond to different kinds of market volatility and levels of risk will help you create a more informative and effective retirement plan.

Knowing what kind of investor you are – conservative, balanced or aggressive – will enable you to make informed decisions about where to invest your money and how much risk you are comfortable taking on. It can also help you avoid some of the common pitfalls associated with retirement planning, such as being too conservative or overly aggressive in your approach. This will help you to save and invest more effectively, allowing you to make the most of your retirement savings. ◀

THIS ARTICLE DOES NOT CONSTITUTE TAX OR LEGAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH. TAX TREATMENT DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF EACH CLIENT AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS PLAN HAS A PROTECTED PENSION AGE).

THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.

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#### **DO YOU NEED HELP WITH YOUR RETIREMENT PLANS?**

We understand that everyone's retirement plans are different. That's why we're here to help you make sense of your future, whatever that looks like. To get your retirement plans in motion, talk to us about your finances. We look forward to hearing from you.

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# RETIREMENT PLANNING

## YOUR WEALTH. YOUR LEGACY

**It goes without saying** that there's no time like the present to kick-start your retirement planning. The earlier you start, the better. You'll then be able to set about realistic goal setting and, importantly, diversification of your investments. Working hard to save for your retirement is an important endeavour.

### Maximising your annual pension allowance

is key to achieving a more tax-efficient retirement income. The current annual allowance allows you to contribute up to £40,000 a year or your annual income (tax year 2022/23), whichever is lower, to your pension and still benefit from full tax relief at your marginal rate of Income Tax.

### ANNUAL SELF-ASSESSMENT

For example, if you are a basic rate taxpayer and contribute £100 (gross) into your pension, it will only cost you £80 (net). Your pension provider will claim the difference as tax relief – 20% basic rate tax relief – and add it to your pension pot. If you're paying higher rates then you can also claim higher rate tax relief by completing the annual self-assessment form.

Planning ahead for the year is key when it comes to retirement and avoiding the emergency tax trap. If you take several large sums from your pension over a few months, this could push you into a higher rate tax bracket and subject you to emergency tax as HM Revenue & Customs may assume you're planning on taking this income every month.

### STAY WITHIN TAX THRESHOLDS

Rather than taking lump sums, it may be more appropriate to spread out the amount from your pension over the next few months or years in order to maintain a clear plan and ensure that you are paying the correct amount of tax. This way, you can enjoy the money from your pension without any surprise taxes down the line.

When it comes to retirement, withdrawing what you need is essential in order to stay within tax thresholds. The benefit of pension drawdown means that you can vary your retirement income from year to year, keeping it within an acceptable threshold.

### MISSING VALUABLE ENTITLEMENTS

Additionally, it's worth thinking about other assets you have available. For example, if you have sufficient savings in your Individual Savings Account (ISA) then this can be withdrawn as tax-free income without affecting your tax bracket. Utilising both pensions and ISAs together can be very useful during retirement.

It's important to understand your pension and the 25% tax-free cash that you may be eligible for. Some pension savers with older company pension schemes may have more protected cash available than the headline rate, yet many of them often forget they are eligible for these benefits. Don't assume that your pension has the same benefits as others – an adviser can help you clarify your situation and make sure you aren't missing out on valuable entitlements.

### RIGHT CHOICE FOR YOU

Additionally, you need to be aware of your pension Lifetime Allowance, currently set at £1,073,100 for the 2022/23 tax year. You can save more than this into a pension, but you may be charged additional tax. The amount of tax you pay depends on how you draw the money out and can result in 55% extra tax if you take it as a lump sum or 25% plus Income Tax when taken as an income.

Taking benefits from a defined benefit pension scheme before age 65 may also be subject to an additional cost, but it could still be the right choice for you. You will receive a lower pension, but for a longer period. This could potentially put you in a lower tax bracket or bring benefits below the lifetime allowance. Before making this decision, weigh up what other savings you have access to, such as ISAs and investments. ◀

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### HOW WILL YOU AFFORD THE STANDARD OF RETIREMENT YOU WANT?

By maximising your annual pension allowance, you could increase your salary and enjoy a more comfortable retirement in the future. If you would like to discuss your options we can provide a plan to ensure your drawdown strategy is conducted in a tax-efficient way. Please contact us to find out more.

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