

SmartMoney

STREETSTM

FINANCIAL CONSULTING PLC

NOVEMBER/DECEMBER 2019

CULTIVATE THE ART OF PATIENCE

FOCUS ON LONG-TERM
INVESTMENT OBJECTIVES

TAX-WISE

Make the most of your valuable allowances, reliefs and exemptions

WOMEN'S STATE PENSION AGE CHANGES

Government's bid to ensure 'pension age equalisation'

FOR RICHER, FOR POORER

Pension and asset advice should be part of the divorce process

Streets Financial Consulting PLC Tower House, Lucy Tower Street, Lincoln, LN1 1XW
T: 01522 536108 F: 01522 536118

Regulatory Statement - Streets Financial Consulting PLC is authorised and regulated by the UK Financial Conduct Authority (FCA) and is entered on the FCA register (www.register.fca.org.uk) under reference 116445. Registered in England under Company Number 2029793
The Financial Conduct Authority does not regulate Tax/Estate Planning

INSIDE THIS ISSUE

Welcome to our latest edition. Inside this issue, we look at a number of the topical financial planning stories making the news agenda.

Creating and maintaining the right investment strategy plays a vital role in securing your financial future. But we live in the era of the 24-hour news cycle, and 'bad news sells'. The investment world can be unpredictable and investors currently have plenty of bad news to process, with a plethora of events making the daily and even hourly news headlines - from the US-China trade conflict and oil price volatility, to Britain's exit from the European Union. On page 06, we consider why it's important to stay positive and focus on your investment goals.

Once we enter January, the end of the 2019/20 tax year will be just over three months away on 5 April. As this date approaches, the window of opportunity reduces if you want to make the most of valuable allowances, reliefs and exemptions that could help reduce your tax bill and make sure your finances stay tax-efficient. Read the full article on page 04.

On 3 October, campaigners lost a significant legal battle against the Government's handling of the rise in women's State Pension age. The retirement age for women has increased from 60 to 65, in line with men, and will go up to 66 by 2020, and to 67 by 2028. Nearly four million women have been affected by these changes. On page 08, we consider the impact of the High Court's decision.

Also inside this issue, we look at whether some people are 'sleepwalking' into retirement and how much you will need to save to afford a comfortable retirement. We assess, too, how the financial implications of divorce, added to the emotional upheaval, can be difficult to deal with. A full list of the articles featured in this issue appears opposite.



Contents

03 'SLEEPWALKING' INTO RETIREMENT

How much will you need to save to afford a comfortable retirement?

04 TAX-WISE

Make the most of your valuable allowances, reliefs and exemptions

06 CULTIVATE THE ART OF PATIENCE

Avoid knee-jerk reactions by focusing on long-term investment objectives

07 FOR RICHER, FOR POORER

Pension and asset advice should be part of the divorce process

08 WOMEN'S STATE PENSION AGE CHANGES

Government's bid to ensure 'pension age equalisation'

10 TAX-EFFICIENT SHELTERS

Use your ISA allowance or lose it forever

11 EVERY JOURNEY STARTS WITH A DESTINATION

Looking at the bigger picture for your wealth and security

12 MONEY LESSONS

5 tips that add up to teaching your child about money matters

WE HELP YOU FIND ANSWERS



We believe anything is possible when you manage your money the right way. Whatever your goals in life are, careful planning, successful investing and protection of your wealth can help you get there. If you would like to discuss any areas of your financial plans, please contact us - we look forward to hearing from you.

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.

'SLEEPWALKING' INTO RETIREMENT

HOW MUCH WILL YOU NEED TO SAVE TO AFFORD A COMFORTABLE RETIREMENT?

There is a widespread and common-sense-based perception, backed to some extent by evidence, that planning and preparing for later life is associated with increased well-being in older age. Despite this, it's concerning that some people at mid-life have not thought much about their later life nor taken fundamental future-oriented actions, such as engaging in financial planning or writing a Will.



New research^[1] highlights the fact that millions of mid-life UK employees are sleepwalking into retirement. The study, which looked into mid-life^[2] employees' financial preparedness for later life, revealed that 64% of employees aged 45 and over - equivalent to nearly nine million people - do not know how much they will need to save to afford a comfortable retirement.

ELIGIBLE FOR THE STATE PENSION

In addition, over five million mid-life employees (37%) do not know how much is already saved in their pension. Question marks also hang over the State Pension, with two in five (43%) respondents unaware of how much support they will receive from the Government. A further 26% do not know at what age they'll be eligible for the State Pension.

If you're entitled to the full new single-tier State Pension currently valued at £168.80 per week, this adds up to a retirement income of £8,777.60 per year^[3]. Most employees (62%) aged 45 and over also do not know what the pension freedoms mean for them, while 37% do not know what type of pension scheme they have - for example, whether it's a defined contribution or defined benefit scheme.

NEVER TOO LATE TO SAVE

The analysis highlights that it is never too late to plan. But without a clear picture of what they

currently have saved or might need to save for a comfortable retirement, the findings show that many UK employees are approaching retirement with their eyes closed - with no realistic idea of how near or far they are from their retirement destination.

As a first step, mid-life employees who are mystified by their pension savings should try to get a clear picture of what they have saved so far and how much of an income this can provide them with over the course of retirement.

PENSIONS IN NEED OF A BOOST

For some, this may be a pleasant surprise, while for others, it could be the wake-up call that's needed to spur them to take action. People whose pensions are in need of a boost shouldn't be disheartened, however, as it's never too late to save. Your retirement should be something to look forward to, so it's good to make sure you'll have financial security for when you decide to stop working.

There are various ways to save for your retirement. Putting your money into a pension is one of the most tax-efficient ways to save for the kind of life you want in retirement. With the tax breaks you receive, it can mean that building up your retirement savings could cost less than you might think. What's more, your pension is invested, which gives your money the potential to grow. ◀

Source data:

[1] Research of 1,036 UK employers and 2,020 employees aged 45+, conducted on behalf of Aviva by Censurwide, January 2019.

All figures are based on this research unless otherwise stated. 8.9 million figure scaled up according to the latest ONS Labour Market Stats - calculated as 64% of UK employee population aged 45+

[2] Employees aged 45+ are defined as 'mid-life employees' throughout the release

[3] UK State Pension Allowance - weekly allowance of £168.80. £168.80 multiplied by 52 = £8,777.60

HELPING YOU SAVE FOR YOUR FUTURE



It's important to make sure you keep an eye on your pension value and understand if the amount you're putting away will be enough to fund the future you want. We're here to help you make good decisions so you can live the lifestyle you want when you retire. If you would like to discuss your particular situation, please contact us - we look forward to hearing from you.

A PENSION IS A LONG-TERM INVESTMENT.

THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

PENSIONS ARE NOT NORMALLY ACCESSIBLE UNTIL AGE 55. YOUR PENSION INCOME COULD ALSO BE AFFECTED BY INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS. THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION, WHICH ARE SUBJECT TO CHANGE IN THE FUTURE.

THE VALUE OF INVESTMENTS AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE.



TAX-WISE

MAKE THE MOST OF YOUR VALUABLE ALLOWANCES, RELIEFS AND EXEMPTIONS

Once we enter January, the end of the 2019/20 tax year will be just over three months away on 5 April. As this date approaches, the window of opportunity reduces if you want to make the most of valuable allowances, reliefs and exemptions that could help reduce your tax bill and make sure your finances stay tax-efficient.

Some of these allowances will be lost forever if they are not used before the tax year end – and the sooner you claim them the better. Every year, some people leave end-of-year tax planning until the last minute. But leaving planning until the eleventh hour increases the risk that you will discover you have left it too late and missed out on the chance to improve your financial position.

Acting well before the tax year end means you can also be sure that you are maximising your opportunities and minimising your stress. The list we've provided below isn't exhaustive, but it highlights some of the main areas to consider if appropriate to your particular situation. If you would like to discuss your own financial position, please contact us.

INCOME TAX

Consider making use of lower-rate tax bands. It's important to review the tax implications of transferring income-producing assets and taking note of anti-avoidance and settlements legislation.

The way you receive an income, and the rates and allowances that apply, should be at the front of your mind. How much you pay depends on where you live in the UK, with Scotland and Wales in receipt of devolved powers to set their own Income Tax bands on top of the personal allowance.

The annual dividend allowance remains at £2,000 for 2019/20 after reducing from £5,000 this time last year. With the new personal allowance of £12,500 added to the frozen dividend allowance, the maximum tax-free

income you can receive through dividends is £14,500 in 2019/20.

Some smaller amounts of income are tax-free up to annual limits. Under the Government's rent-a-room scheme, you can continue to earn tax-free income of up to £7,500 a year from letting out a furnished room in your home.

INDIVIDUAL SAVINGS ACCOUNT (ISA) ALLOWANCE

With a Cash ISA or a Stocks & Shares ISA (or a combination of the two), you can save or invest up to £20,000 a year tax-efficiently.

If you are in a position to, it makes sense for you and your spouse to take advantage of each other's ISA allowance, particularly if one of you has more financial resources than the other. That way, combined, you can save (in the case of Cash ISAs) or invest (in the case of Stocks & Shares ISAs) up to £40,000 tax-efficiently in 2019/20.

Currently, 16 and 17-year-olds actually get two ISA allowances, as they're able to open a Junior ISA (which for 2019/20 has a limit of £4,368) and an adult Cash ISA. This means that you can put



away up to £24,368 in your child's name tax-efficiently this tax year.

People aged 18–39 can open a Lifetime ISA, which entitles them to save up to £4,000 a year until they're 50. The Government will top up the savings by 25%, up to a maximum of £1,000 a year.

PENSION CONTRIBUTIONS

The annual pensions allowance enables you to contribute up to £40,000 in 2019/20. If your adjusted income exceeds £150,000 in 2019/20, your annual allowance will be reduced by £1 for every £2 that exceeds this threshold down to a limit of £10,000.

Any unused pensions annual allowance can be carried forward for three tax years, providing you were a member of a registered pension scheme during that period. This unused allowance can be added to your 2019/20 annual allowance, giving a maximum pension contribution of £160,000, all of which will attract personal tax relief if you have the required level of relevant earnings.

You can also increase your basic State Pension by paying voluntary Class 3 National Insurance Contributions (NICs).

Consider contributing up to £2,880 towards a pension for your non-earning spouse or children. Tax relief is added to your contribution, so if you contribute £2,880, a total of £3,600 a year will be paid into the pension scheme, even if you earn less than this or have no income at all.

You begin to lose your personal allowance once your adjusted net income exceeds £100,000, such that the allowance reduces to £0 when adjusted net income reaches £125,000.

INHERITANCE TAX

You can act at any time to help reduce a potential Inheritance Tax (IHT) bill when you're no longer around.

Gifts of up to £3,000 per year can be made on an IHT-free basis. The limit increases to £6,000 if the previous year's annual exemption was not used.

A married couple can therefore make IHT-exempt gifts totalling £12,000 – if unused, the annual allowance can be carried forward to the

next tax year only. This simple technique could save a possible IHT bill of £4,800 in the event of your untimely death.

You should also consider using other annual gifts such as gifts in consideration of marriage or £250 small gifts.

Business Relief (BR) is a valuable IHT relief, with business property potentially receiving up to 100% relief if certain criteria are met. BR is an important part of succession planning, but due to the complexity of the BR rules, the relief may not be due even though you expect to meet the conditions.

It is important to regularly review your BR position to ensure that it continues to apply and that your business activities do not jeopardise your BR position.

CAPITAL GAINS TAX ALLOWANCE

Capital Gains Tax (CGT) is a tax on the gains and profits you make when you sell something, such as an investment portfolio or second home.

Everyone has an annual allowance of £12,000 (in 2019/20) before CGT applies. Like the ISA allowance, it doesn't roll over – so if you don't use it, you'll lose out. And you may have to pay more CGT in the future.

Also, it's worth remembering the allowance is for individuals, so couples have a joint allowance for 2019/20 of £24,000. In some situations, it may be appropriate to transfer assets into your joint names so you both stay within your individual allowances. However, this is only effective if the gift is a genuine gift of beneficial ownership, and the transferor does not continue to benefit from the asset following the transfer.

Not every investment portfolio is subject to CGT. If you're looking for a tax-efficient way to invest, a Stocks & Shares ISA could be for you. Just like any investment, it carries risk – meaning you could lose some or all of your money – but if you do make a profit due to share price increases, you won't be required to pay CGT on it.

A Bed & ISA will allow you to utilise the current year's ISA allowance by moving investments from an unwrapped environment to the ISA

tax-efficient wrapper. This is achieved by disposing of the unwrapped investment and repurchasing it via an ISA. The disposal of the unwrapped investments may be liable to CGT, but once inside the ISA, the investments are sheltered from CGT in the future. ◀

DON'T LOSE IT, USE IT



As we make our way towards the end of the tax year, now is the ideal time to review your tax affairs to ensure that you have taken advantage of all the valuable allowances, reliefs and exemptions available to you. To discuss the planning opportunities available to help you, your family and business to reduce your tax bill, please contact us.

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 TAX BENEFITS RELATING TO ISA INVESTMENTS MAY NOT BE MAINTAINED. TAX RULES ARE COMPLICATED, SO YOU SHOULD ALWAYS OBTAIN PROFESSIONAL ADVICE.

A PENSION IS A LONG-TERM INVESTMENT.

THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE. PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

PENSIONS ARE NOT NORMALLY ACCESSIBLE UNTIL AGE 55. YOUR PENSION INCOME COULD ALSO BE AFFECTED BY INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS. THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION, WHICH ARE SUBJECT TO CHANGE IN THE FUTURE.

CULTIVATE THE ART OF PATIENCE

AVOID KNEE-JERK REACTIONS BY FOCUSING ON LONG-TERM INVESTMENT OBJECTIVES

Creating and maintaining the right investment strategy plays a vital role in securing your financial future. But we live in the era of the 24-hour news cycle.

Human tendency is to prioritise negative over positive news content, and no one is immune from bad news. So as an investor, when you do get it, how do you process the information, deal with it and move on unscathed?

The goal of any investor should be to focus on long-term investment objectives and avoid any knee-jerk reactions. Volatility can understandably give any investor the jitters. The investment world can be unpredictable, and investors currently have plenty of news to process with a plethora of events making the daily and even hourly news headlines - from the US-China trade conflict and oil price volatility, to Britain's exit from the European Union.

Market downturns can also unnerve even the most seasoned of investors. But if you want to give your investments the best chance of earning a return, then it's important to cultivate the art of patience. Whatever happens in the markets, in all probability your reasons for investing won't have changed.

STAY POSITIVE AND FOCUS ON YOUR INVESTMENT GOALS

TUNE OUT THE NOISE

The deluge of information we receive every day on our mobiles, TVs and computers might have something to do with increasing levels of uncertainty, but remember: 'bad news sells'. We are inundated with new information all the time. There is no break from it. And that can be exhausting.

This information overload, news alerts, tweets and posts can lead to poor, knee-jerk reactions. We're hardwired to want this amount of information but not hardwired to deal with it. But if you do find yourself in a situation where you require insightful information that you can trust,

then speak to us and we'll give you an unbiased assessment of the situation.

LOOK TO THE LONGER TERM

The length of time you stay invested in the market is generally more important than market timing. One of the advantages associated with long-term investing is the potential for compounding. When your investments produce earnings, those earnings are reinvested and can earn even more. The more time your money stays invested, the greater the opportunity for compounding and growth.

Keep in mind that compounding, overall, can have a significant long-term impact, even if there are periods where your money won't grow. While there are no guarantees, the value of compounded investment earnings can turn out to be far greater over many years than your contributions alone. As Warren Buffett, the American business magnate, investor and philanthropist, put it so eloquently; 'The stock market is designed to transfer money from the active to the patient.'

DIVERSIFY YOUR PORTFOLIO STRATEGY

Diversification is a strategy that involves investing across or within different asset classes to minimise the ups and downs of financial markets. In other words, diversification is about not having all your eggs in one basket. Although having a diversified portfolio won't eliminate all volatility, a well-thought-out diversification strategy can help to reduce risk during this period and help with gaining more consistent returns over the long term.

Generally speaking, there are four broad asset classes: cash, fixed interest, property and shares. Because asset classes have their own unique economic cycles, when one class is making stronger returns, another may not be performing as well. By spreading your investments across and within different asset classes, you'll be in a better position to offset the volatility of individual investments.

DEFINE YOUR GOALS FOR INVESTING

Knowing what you want your money to achieve will help you to remain focused through times of market volatility. One of the first steps to investing is to clearly define your investment goals. Taking time to consider what you want to achieve as a result of your investment process will guide you in determining specific investment goals.

Whatever your personal investment goals may be, it is important to consider the following questions: What is your time horizon? What is your investment risk tolerance? What are your liquidity needs? And are you investing for growth, income or both? ◀

HELPING YOU ACHIEVE YOUR FINANCIAL GOALS

Financial news can be dangerous to the health of your investment portfolio. Whether you are looking to invest for income, growth or a combination of the two, we can provide the quality advice and a comprehensive range of investment solutions to help you achieve your financial goals. For more information, please contact us.

i

THE VALUE OF INVESTMENTS AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

FOR RICHER, FOR POORER

PENSION AND ASSET ADVICE SHOULD BE PART OF THE DIVORCE PROCESS

Divorce – it's one of the most difficult subjects to talk about. The emotional upheaval of divorce can be difficult to deal with, but so too can the financial implications. When relationships come to an end, there are so many things to consider. Children, home and support are naturally the first things you focus on.



When you begin the process of separating a shared life, the sheer number of things to deal with is daunting. On top of that, the settlement may come with its own financial pressures, having a lasting impact on your plans for later in life.

DIVORCE RATES ARE INCREASING FOR MEN AND WOMEN OVER 55

A study from Research Plus^[1] shows that divorcees retiring in 2018 expected to receive up to 18% less in retirement income. And with the Office for National Statistics^[2] confirming that divorce rates are increasing for men and women over 55, it's an issue likely to affect a growing number of the baby-boomer generation.

ONE OF THE MOST DIFFICULT ASSETS TO SPLIT

Divorcing spouses are often unaware of their rights and still less aware of how to begin to approach the issue of a fair split of pension assets. While it may not be the first thing you need to think about, a pension fund is likely to be one of the most difficult assets a couple will have to split in the event of a divorce, so it's best to start early.

The stress of getting through a divorce can mean people understandably focus on the immediate priorities like living arrangements and childcare, but a pension fund and income in retirement should also be a priority.

ADVICE IS CRUCIAL AS EARLY AS POSSIBLE IN ANY SEPARATION

A pension fund is one of the most complex assets a couple will have to split, so anyone

going through a divorce should seek legal and professional financial advice to help them do so. For many more couples, the increase in the value of pensions means that it is often the largest asset.

It goes without saying that this advice is crucial as early as possible in any separation where couples have joint assets. The law on divorce is different across the UK. Taking legal advice in the early stages of separation is important.

HOW MUCH MONEY YOU THINK YOU'LL NEED TO LIVE ON LATER IN LIFE

Before planning how to separate your pension assets, you may want to consider how much money you think you will need to live on later in life. It's never easy when things come to an end, but support and advice can make this clearer.

So what are the options available when you are ready to look at separating your assets? Firstly, it's important that you both list the different pensions you and your ex-civil partner or spouse have. Then you can start to explore the options.

Across the UK, there are three core options to consider when you're separating pension assets. These are pension sharing orders, pension attachment orders (called 'pension earmarking' in Scotland) and pension offsetting. Some of these options need to be administered by the courts, and not all of them will be suited to your individual circumstances.

PENSION SHARING ORDER

Pension sharing is one of the options available on divorce or the dissolution of a registered civil partnership. Each party owns a share of the

pension fund but is able to decide what to do with their share independently. This provides a clean break between parties, as the pension assets are split.

PENSION ATTACHMENT ORDER

This redirects some or all of the pension benefits to you or your ex-civil partner or spouse at the time of payment. When the person who owns the pension receives their benefits, the pension provider makes a payment to their ex-civil partner or spouse. With this option, you don't get the clean break as you would from the pension sharing order.

PENSION OFFSETTING

With pension offsetting, the total assets are considered and then divided up. For example, if your ex-partner has a large pension pot, they may keep this as you may agree to receive an asset of similar value (the house, for example). This may be an appropriate option if there are overseas pension assets that need to be split, as these cannot be shared via a UK court order.

When contemplating divorce, many people put themselves under undue stress worrying about their financial well-being. Much of that stress is due to the fear of the unknown before, during and after divorce. It is important to focus on your financial situation realistically, since doing so will give you a sense of control over your life, which in turn can reduce your stress level. ◀

PROTECTING YOUR PENSION AND ASSETS IN A DIVORCE

A divorce is never something people plan, but it should be something to plan for. There are so many assets to consider and so much legislation to understand. If you are considering a divorce and want to know more about the options available to you regarding your finances, please contact us.

Source data:

[1] Research Plus conducted an independent online survey for Prudential between 29 November and 11 December 2017 among 9,896 non-retired UK adults aged 45+, including 1,000 planning to retire in 2018.

[2] Divorce statistics from the Office of National Statistics, published 26 September 2018



WOMEN'S STATE PENSION AGE CHANGES

GOVERNMENT'S BID TO ENSURE 'PENSION
AGE EQUALISATION'

On 3 October, campaigners lost a significant legal battle against the Government's handling of the rise in women's State Pension age. Up until 2010, women received their State Pensions at the age of 60, but that has been increasing since then.

The retirement age for women has increased from 60 to 65, in line with men, and will go up to 66 by 2020, and to 67 by 2028. Nearly four million women have been affected by these changes. Women born in the 1950s claim the rise is unfair because they were not given enough time to make adjustments to cope with years without a State Pension.

FAST-TRACKED CHANGES

Plans to increase the State Pension age were announced firstly in the Pensions Act 1995, but the changes were fast-tracked as part of the Pensions Act 2011. The Government decided it was going to make the State Pension age the same for men and women as a long-overdue move towards gender equality. Campaigners have argued the changes are discrimination, but the judges disagreed.

In a summary of the High Court's decision, the judges said: 'There was no direct discrimination on grounds of sex, because this legislation does not treat women less favourably than men in law. Rather it equalises a historic asymmetry between men and women and thereby corrects historic direct discrimination against men.'

PENSION AGE ENTIRELY LAWFUL

The Court also rejected the claimants' argument that the policy was discriminatory based on age, adding that even if it was, 'it could be justified on the facts'. The State Pension age has been increased by successive governments in a bid to ensure 'pension age equalisation' - so that women's State Pension age matches that of men.

A spokesman for the Department for Work and Pensions said: 'We welcome the High Court's judgment. It has always been our view that the changes we made to women's State Pension age were entirely lawful and did not discriminate on any grounds.'

FINANCIAL HARDSHIP FOR MANY

Up until 2010, women received their State Pensions at the age of 60, but that has been rising since then. While some campaigners support pension age equality, they argued that

the Government was discriminatory in the way it has introduced it. The judges said there was nothing written into the law that ordered specific notification about the pension age changes.

The result has been that some women who thought they would retire and receive a State Pension at 60 found that they would have to wait longer - for some, a wait of more than five years, which has resulted in financial hardship for many.

FOCUS OF MUCH OF THE CAMPAIGN

Those affected were born in the decade after 6 April 1950, but those born from 6 April 1953 were particularly affected and have been the focus of much of the campaign.

In June, the judicial review in the High Court heard the claim from two members of the Backto60 group who said that not receiving their State Pension at the age of 60 had affected them disproportionately. They argued that many women took time out of work to care for children, were paid less than men and could not save as much in occupational pensions, so the change had hit them harder.

DISADVANTAGED MILLIONS OF WOMEN

The Backto60 group is seeking repayment of all the pensions people born in the 1950s would have received if they had been able to retire earlier. It argues that the speed of the change and what it calls the 'lack of warnings' has disadvantaged millions of women.

However, the Government has estimated that a reversal of the pension changes in the Acts of Parliament of 1995 and 2011 would cost £215 billion over the period 2010/11 to 2025/26. About £181 billion of that would be money potentially owed to women, and the rest to men.

'BRIDGING' PENSION TO COVER THE GAP

The Backto60 group has taken this legal action to demand 'the return of their earned dues'. The separate Women Against State Pension Inequality (WASPI) group is calling for a 'bridging' pension to cover the gap from the age of 60 until their State Pension is paid.

Commenting, the group said: 'We can't simply follow in our parents' footsteps as the social norms that worked for them are unlikely to work over longer lives. We will all have to start doing things differently. This is particularly apparent in retirement planning.' ◀

WHAT WILL YOUR RETIREMENT INCOME BE?

Increasingly, people now feel saving for a pension is right, sensible, worthwhile and - above all - a normal part of working life. The fact that we are generally living, and remaining healthy, for longer than ever before is welcome news. If you have any questions or require any further assistance to find the right pension strategy for you, don't delay - please contact us.

A PENSION IS A LONG-TERM INVESTMENT.

THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

PENSIONS ARE NOT NORMALLY ACCESSIBLE UNTIL AGE 55. YOUR PENSION INCOME COULD ALSO BE AFFECTED BY INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS. THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION, WHICH ARE SUBJECT TO CHANGE IN THE FUTURE.

THE VALUE OF INVESTMENTS AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE.

i

TAX-EFFICIENT SHELTERS

USE YOUR ISA ALLOWANCE OR LOSE IT FOREVER

Even though the Individual Savings Account (ISA) deadline may be a number of months away, and despite the tax year date remaining the same year in year out, somehow it always creeps up on us. A tax year runs from 6 April one year to 5 April the next.

So rather than subjecting yourself to the mad rush of deciding how to fully utilise your 2019/20 ISA allowance, now is a good time to start preparing how you intend to use it. You also need to remember that if you don't use your current ISA allowance by 5 April 2020, you've lost it forever.

YOU CAN SHELTER RETURNS FROM TAX

ISAs are a means of saving tax-efficiently and were introduced by the Government to encourage more of us to save and invest. Each tax year, the Government sets a limit on the amount you can contribute to an ISA (currently £20,000).

A married couple could invest £40,000 before 5 April 2020, followed by a further £40,000 on 6 April 2020 – a total of £80,000 invested, with all profits or dividends completely free from UK Income Tax and Capital Gains Tax.

TIME TO CONSIDER YOUR ISA OPTIONS?

There are six different types of ISA, and they each have slightly different features:

CASH ISA

Basic and higher-rate taxpayers receive a Personal Savings Allowance (PSA) that sets the amount of interest they can earn tax-free in any year. The total amount you can save in a Cash ISA in the current 2019/20 tax year is £20,000. Using a Cash ISA gives you further flexibility to earn interest from the ISA without paying tax on it. Different accounts are available, which can offer easy access to your money – useful for short-term savings. When deciding what to do with any spare money you have, it's worth bearing in mind the effect of inflation on what your money can buy. If inflation is higher than the interest you're earning, then the cost of living is going up faster than the rate at which your money is growing.

STOCKS & SHARES ISA

In the current 2019/20 tax year, you can invest up to £20,000 in a Stocks & Shares ISA, which is generally considered a medium to long-term investment. You have complete flexibility as you can choose to invest your money in a wide range of different investments, and any money you make in profit or dividends is completely free from UK Income Tax and Capital Gains Tax. You can invest a single lump sum or smaller amounts, but you must remember that once the tax year is over, if you have not used all your ISA allowance, you will lose it.

JUNIOR ISA

Junior ISAs are a way to save tax-efficiently for your children. There are two types of Junior ISA: a Cash Junior ISA and Stocks & Shares Junior ISA. Family and friends can put up to £4,368 into the account on behalf of the child in the 2019/20 tax year. There's no Income Tax or Capital Gains Tax to pay on the interest or investment gains. Junior ISAs are available to any child under 18 living in the UK. The ideal festive gift this year!

HELP TO BUY: ISA

A Help to Buy: ISA was introduced to help first-time buyers save towards the cost of buying their first home. You can make an initial deposit of £1,000 when you open a Help to Buy: ISA, and then receive £50 for every £200 saved up to a maximum of £12,000. The tax incentive is capped at £3,000. You also earn tax-efficient interest on your savings as with a standard ISA. These ISAs are limited to one per person rather than one per house. You can't contribute to a Cash ISA in the same tax year. The Help to Buy: ISA scheme closes on 30 November 2019. After that date, they won't be available to new savers anymore. However, if you opened your Help to Buy: ISA before then, you can keep saving into your account until 30 November 2029 when accounts will close to additional contributions. You must also claim your bonus by 1 December 2030.

LIFETIME ISA

The Lifetime ISA is a longer-term tax-efficient savings account that will let you save up to £4,000 per year and receive a government bonus of 25% (up to £1,000). As with other ISAs, you won't pay tax on any interest, income or capital gains from cash or investments held within a Lifetime ISA. It's designed for first-time buyers between the ages of 18 and 40 to use towards a deposit for their first home or towards future retirement savings once they reach 60 years of age.

INNOVATIVE FINANCE ISA

An innovative finance ISA (IFISA) lets you use your tax-efficient ISA allowance while investing in peer to peer (P2P) lending. They work by lending your money to borrowers, and in return you receive interest based on the length of time and the risk of your investment. However, they are considered higher risk than other types of ISA due to the risk of default by borrowers and the lack of a secondary market for these types of assets. ◀

TAKE THE COMPLEXITY OUT OF INVESTING

If you're new to the world of ISAs or have an existing portfolio, and you want to make the most of your allowance, please contact us before it's too late – we look forward to hearing from you.

i

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 TAX BENEFITS RELATING TO ISA INVESTMENTS MAY NOT BE MAINTAINED.

THE VALUE OF INVESTMENTS AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.



EVERY JOURNEY STARTS WITH A DESTINATION

LOOKING AT THE BIGGER PICTURE FOR YOUR WEALTH AND SECURITY

Every plan starts with a goal, just like every journey starts with a destination. Planning your financial future is not only important for your security, but it also provides peace of mind. Financial planning should be viewed as a long-term approach to managing your finances.

Creating your financial plan will help you see the bigger picture and set life goals, which are crucial for mapping out your financial future. When you have a financial plan, it's easier to make financial decisions and stay on track to achieving your goals.

ROBUST AND PRACTICAL FINANCIAL PLAN

Everyone's situation is unique, but creating a coherent, robust and practical financial plan is crucial if you want to take control of your financial future. We often meet people who suddenly realise that they took their eye off the financial ball.

When this happens, the impact of an unexpected situation or emergency can be much more intense, because there are money issues on top of a very stressful situation. So we look objectively at your plans to provide solutions that work as your priorities change over the years.

TIME OUT TO CONSIDER YOUR FINANCIAL POSITION

Procrastination is the greatest enemy of achieving financial independence. Creating your financial plan doesn't have to be a daunting process. It is more about taking the time to consider your financial position and what changes you need to make. And it's built on a close analysis of your entire financial position, requirements, prospects and objectives.

The first step is to identify your financial goals in the short, medium and long term. This could include buying a property, paying off the mortgage, retiring by a certain age or setting up your own business. There is no right or wrong financial goal - they are unique to you and what you ultimately want to achieve.

MEETING YOUR NEEDS TODAY AND IN RETIREMENT

A financial plan will help you meet your needs today and in retirement and help protect you from the unexpected along the way. It includes the right mix of savings and investments and insurance protection products to help you meet your financial goals.

Once you have identified your financial goals, it is important then to consider your current financial position. What assets and liabilities do you have, and what is your income and expenditure? You need to determine how much can you afford to save or invest on a regular basis to assist in achieving your goals.

ESTABLISHING THE PLAN

Once you have determined your current position and your goals, the next stage is to develop your plan. Creating your road map will help you understand the financial structure you need in place to achieve your goals and reach each destination successfully. Any effective plan also needs to have tax planning as its foundation.

WHAT SHOULD YOU CONSIDER FOR YOUR FINANCIAL ROAD MAP?

YOUR GOALS

Where do you want to be or expect to be in 10, 20 and 30 years? Remember that you may be living in retirement longer than you think.

YOUR EMERGENCY FUND

How do you plan on paying for unexpected events such as a career break, an extended illness or a job loss?

YOUR LONGEVITY

People are living longer, so there's a chance that you could be living into your 90s. Be optimistic. How much money will you need?

YOUR LIFESTYLE

Consider the kind of lifestyle you have now and think about what you will want or need later on. How much will this lifestyle cost?

YOUR PROTECTION

How will you keep safe all that you hold dear if you were to die unexpectedly? What would happen if you were diagnosed as suffering from a serious illness? Could you continue to pay the bills?

YOUR CURRENT SAVINGS PLAN

How much money are you saving now? Is it enough to help fund your future short, medium and long-term goals? At what point do you expect to start using your savings for living expenses?

YOUR LEVEL OF INVESTMENT RISK

Are you comfortable with the level of risk you're taking with your investments? Does it need to change to better reflect your own situation or the state of the economy?

YOUR INCOME IN RETIREMENT

Take a look at any income you may have in retirement. Are you ready for life beyond work? How much money do you need to retire? How long will your money last? How much will you need to spend?

YOUR ESTATE PLAN

More than a Will, an estate plan can ease the burden on your loved ones, ensure your assets are distributed as you wish, reduce taxes, and plan for future personal care and health care needs. How do you want to pass on your wealth?

REVIEW THE PLAN

Effective financial planning is about much more than simply coming up with an initial strategy. Regularly going back to your plan and reviewing it is crucial to ensuring it remains suited to your needs and aspirations. As with all of life's plans, things can go awry and opportunities can present themselves.

Finding time in our busy schedules to review our financial plans is not always easy. You should review your plan at least annually, or when your circumstances change, to ensure that you remain on course to meeting your goals. It's also a time for reviewing the performance of your investments and changing these where appropriate. ◀

IT'S ALL ABOUT WHAT YOU WANT



Whether building a financial plan with you from the start, or reviewing your existing arrangements, we can give you the expert and professional financial advice that can help you meet your goals. To find out more, or to arrange a meeting, please contact us.

MONEY LESSONS

5 TIPS THAT ADD UP TO TEACHING YOUR CHILD ABOUT MONEY MATTERS

Understanding how money works is an essential life skill. Unfortunately, for a lot of people, these lessons come later than they should, and often as the result of something going terribly wrong.

Not enough people make financial education a priority for children, which results in young adults entering a surprisingly complex financial world without the tools necessary to survive and thrive. Even if your children are very young, remember that the sooner you start teaching them money and personal finance skills, the more adept they'll be at applying those skills when the time comes.

INSTILLING A FEW BASIC PRINCIPLES EARLY ON

Educating, motivating and guiding children and grandchildren to become regular savers and investors will enable them to keep more of the money they earn and do more with the money they spend. Everyday spending decisions can have a far more negative impact on children's financial futures than any investment decisions they may ever make.

Finance is often perceived as complicated and remote, but this can be a costly impression. Understanding money matters is a valuable life skill. What children learn about money in childhood will shape their own attitudes and behaviour later on. By instilling a few basic principles early on, you could help influence for the better how they manage their money in adulthood.

1. COMMUNICATE WITH CHILDREN AS THEY GROW OLDER ABOUT YOUR VALUES REGARDING MONEY

Financial lessons – how to save money, how to make it grow and, most importantly, how to spend it wisely – must be age-appropriate to be meaningful and beneficial. Young children are not miniature adults. Lessons should be tailored for their age, rather than just made simpler.

Start as soon as they are able to count, and make money the topic of regular family discussions. Time these around dates (for example, a birthday or Christmas) when they are due to receive a cash gift so that you can talk about saving versus spending.

2. HELP CHILDREN LEARN THE DIFFERENCES BETWEEN NEEDS, WANTS AND WISHES

Help your children avoid spontaneous purchases by setting goals and prioritising what they spend their money on. This will prepare them for making good spending decisions in the future.

While a child will naturally ask for the latest games console, making them understand the difference between needs and wants will help them make sensible spending decisions from a very young age.

If they want the latest Pokémon video game that costs nearly £400, explain how long it would take an adult to earn that amount of money. Create a specific example to put it into perspective.

3. SETTING GOALS IS FUNDAMENTAL TO LEARNING THE VALUE OF MONEY AND SAVING

Help your children to set a goal and track their savings and their spending. Young or old, people rarely reach goals they haven't set. Nearly every toy or other item children ask their parents to buy them can become the object of a goal-setting session.

Such goal-setting helps children learn to become responsible for themselves. A great way to visualise goals for children is to create a savings chart you can display somewhere prominent (for example, on the fridge).

Create a table and put a picture of what they are saving for. Then, each week, they can colour in the box as they move closer to their savings goal. That way, they can track their own progress easily by simply counting the number of boxes filled in, to see how much they have saved up to that point and the number of weeks still to go.

4. INTRODUCE CHILDREN TO THE VALUE OF SAVING VERSUS SPENDING

Explain and demonstrate the concept of earning interest income on savings. Consider paying interest on money children save at home. Children can help calculate the interest and see how fast money accumulates through the power of compound interest.

Later on, they will also realise that the quickest way to a good credit rating is a history of regular, successful savings. You could even offer to match what your children save on their own.

5. WHEN GIVING CHILDREN A 'POCKET MONEY' ALLOWANCE, GIVE THEM THE MONEY IN DENOMINATIONS THAT ENCOURAGE SAVING

Providing pocket money in lower denominations makes it easier to allocate a proportion of income to different goals. Labelled jars work to separate money – one for saving, one for spending and one for donating.

Any time they make money by doing chores or receiving birthday gifts, encourage your child to divide the cash equally among their jars.

It's not a huge act, but it does show that it's okay to spend some money, as long as you're saving as well. Once they're older, their bank and investment accounts can mirror the split. Keeping good records of money saved, invested or spent is another important skill young people should learn. ◀



LOOKING TO MAXIMISING YOUR CHILDREN'S WEALTH?

Teaching children about money isn't currently on the UK school curriculum. The sooner you teach your children or grandchildren about the value of money, the more prepared they'll be for adult life. Small steps can set them on the path to money maturity, enabling them to survive and thrive financially in adult life. To discuss the different saving and investment options for your children or grandchildren, speak to us for further information.

