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NOVEMBER / DECEMBER 2016

NAVIGATING YOUR INVESTMENT OPTIONS

How professional financial advice can prove invaluable

MONEY'S TOO TIGHT TO MENTION
Planning financially for long-term sickness

CONSOLIDATING YOUR PENSION POTS
What you need to consider to ensure you don't lose out

FREEDOM TO CHOOSE
Using your pension money

INSIDE THIS ISSUE

Welcome to our final issue for 2016. This year has once again rapidly flown past – which is something we say around this period each and every year, pinpointing time as the most valuable commodity when it comes to implementing any financial planning strategy.

Have you considered all the potential costs of retiring? Some people find their expenses fall once their working life ends, but it's important not automatically to assume that all your expenses will go down – some may increase, such as heating and leisure costs. The constantly evolving landscape of legislative change provides both challenges and opportunities in the retirement planning process. On page 07, we take another look at how the pension reforms that came into effect on 6 April 2015 could impact on your retirement plans.

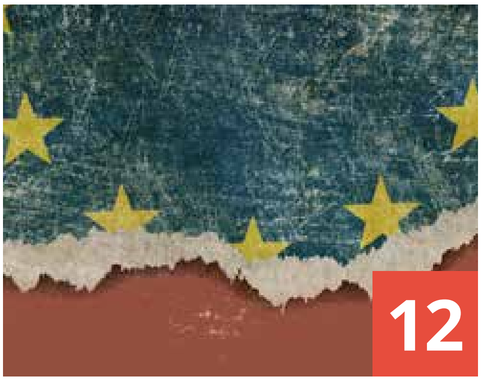
Few of us really have the time or inclination to understand the vast number of different investment products available on the market and consider what the best options are to suit our particular objectives. To do this effectively, it would need to become a full-time job. But with the busy lives we lead, it can be difficult to find the time to keep fully up to speed with everything that's going on, including managing our ever-changing financial affairs. Turn to page 06 to see how we can help.

As a population we are living longer, and with an ageing population the need for care is growing, with the time spent in care also increasing. However, a fifth of the UK (20%) have no idea who will look after them if they have care needs in old age, according to research released from Bupa. Nearly three quarters (73%) think they will have care needs in older age, but only around half (51%) expect their family to care for them. Read the full article on page 10.

Also, have you ever considered moving and consolidating your pension to another scheme or provider? On the page opposite, we consider a whole host of reasons why people might want to consider doing this before they reach retirement. Some are looking for better fund performance, lower charges or better death benefits; others are simply changing jobs.

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

To discuss any of the articles featured in this issue, please contact us.



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CONSOLIDATING YOUR PENSION POTS

What you need to consider to ensure you don't lose out

HAVE YOU EVER CONSIDERED MOVING AND CONSOLIDATING YOUR PENSION TO ANOTHER SCHEME OR PROVIDER? THERE ARE A WHOLE HOST OF REASONS WHY PEOPLE MIGHT WANT TO DO THIS BEFORE THEY REACH RETIREMENT. SOME ARE LOOKING FOR BETTER FUND PERFORMANCE, LOWER CHARGES OR BETTER DEATH BENEFITS; OTHERS ARE SIMPLY CHANGING JOBS.

Most schemes will allow you to move your pension pot to another pension scheme, which could be a new employer's workplace pension scheme, a personal pension scheme, a self-invested personal pension (SIPP) or a stakeholder pension (SHP) scheme.

You don't have to decide straight away – you can generally do this at any time up to a year before the date that you are expected to start drawing retirement benefits. In some cases, it's also possible to move to a new pension provider after you have started to draw retirement benefits.

Before taking any action, it is essential you obtain professional, expert financial advice.

MOVING TO A NEW EMPLOYER

When you leave one job to move to another one, you are treated as having left the workplace pension scheme, but you do not lose the benefits you have accrued. At this stage, you may decide that you want to consolidate your pot to the scheme offered by your new workplace.

But if you are thinking about doing this, it is important to do it for financial – and not emotional – reasons. It's crucial that you don't move your pension pot out of a first-rate scheme simply because you want to cut all links with an old employer.

LOOKING FOR BETTER PERFORMANCE

Some people opt to consolidate their pension because they are in an underperforming scheme delivering poor – or non-existent – returns. If your scheme is performing poorly, you may well want to move your money elsewhere.

But once again you need to ask yourself whether you are prepared to invest your pension pot in higher risk funds to potentially obtain a better return. If you are approaching retirement age, you need to think particularly carefully before making such a decision.

No guarantees are provided regarding the performance of any new scheme and/or any underlying investment funds/solutions. As such, there is no guarantee equal or higher returns will be achieved when compared to your existing arrangement(s).

SEEKING OUT LOWER CHARGES

You may want to consolidate your pension because your scheme comes with punitive charges which eat into your returns, leaving you with less money in retirement.

WANTING TO ACCESS A WIDER RANGE OF FUNDS

At the same time, consolidating your pension may sound like a good option if you want to gain access to a wider range of funds than those offered by your current scheme.

SEARCHING FOR BETTER DEATH BENEFITS

If you feel the death benefits on offer with your current scheme do not match up to those offered by more modern schemes, you may want to consolidate your pension to a different scheme.

You might, for example, want to move your money into a scheme that allows one of your relatives to inherit your pension when you die, rather than simply spouses or dependents. The same might apply if you are not married to your long-term partner but want them to inherit your pension once you're gone.

WANTING TO CONSOLIDATE SEVERAL PENSIONS

As people change jobs more frequently during their working life, they often accumulate a number of small pensions along the way. It can be hard keeping track of schemes, and difficult to really know how much your total retirement is worth.

For this reason, some savers may want to clean up their finances by consolidating their pensions into one pot.

THINK CAREFULLY BEFORE MAKING THE SWITCH

You need to be careful before moving your pension pot out of certain schemes – including public sector schemes, such as the nurses' or teachers' schemes – as these offer extremely generous benefits which can be hard to replicate elsewhere.

Equally, if you are thinking about moving your personal pension to another provider, you must check that the benefits are not outweighed by any exit penalties and entry charges. ◂

PROFESSIONAL EXPERT FINANCIAL ADVICE

If you're a member of a defined benefits pension scheme and the value of your benefits is more than £30,000, you will need to take professional, expert financial advice to ensure that the value you are offered represents good value and that this is in your best interests – you may be giving up guaranteed pension benefits, especially if you're moving your pension pot to a defined contribution pension scheme. Please contact us for more information.

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GENERATION X

Procrastinating when it comes to how they view their future.

PEOPLE WITH BIRTH DATES BETWEEN 1964 AND 1979 ARE LABELLED 'GENERATION X' AND ARE SUFFERING FROM A WIDESPREAD TENDENCY TO PROCRASTINATE WHEN IT COMES TO PUTTING MONEY ASIDE FOR RETIREMENT, ACCORDING TO THE RESULTS OF A NEW SURVEY[1].

ON AVERAGE, RESPONDENTS ACROSS THE SAMPLE EXPECTED TO DELAY PLANNING BY AROUND 8 YEARS. BUT THERE IS A TELLING PICTURE OF PROCRASTINATION THAT DEMONSTRATES THE VAST MAJORITY CONTINUE TO PUT-OFF PENSION PLANNING THROUGHOUT THEIR MID-LIFE PERIOD.

Carried out by YouGov on behalf of Old Mutual Wealth, the research conducted with more than 3,000 adults shows that 90% have not started planning how they will fund their retirement[1]. Among that large majority, the average age at which people felt they would start planning was 45 – roughly 20 years before they might hope to retire.

PUTTING OFF PENSION PLANS

On average, respondents across the sample expected to delay planning by around eight years. But there is a telling picture of procrastination that demonstrates that the vast majority continue to put off pension planning throughout their mid-life period.

Respondents aged 30 predicted on average that they would start planning in just less than ten years' time. Based on the predictions of those in their early 30s, there should be a gradual increase in the number of people who have actually gone ahead and put a plan in place by age 40.

EIGHT-YEAR DELAY

Correspondingly, as people progress through their 30s, the projected delay before they start planning should narrow dramatically as they approach their 40s. The number of respondents who have actually formed a plan by that stage is still low – barely higher than the sample average of one in ten.

Across the respondents in their 30s, the expected delay until beginning to plan for retirement never falls below an average of eight years. And it even increases during the mid-30s, indicating that this age group are even more inclined to prioritise other spending over pension saving.

REVERSING THE TREND

It is only among respondents in their 40s that the trend reverses, with respondents shortening the number of years they expect to put off planning. But even at age 45, only 87% of the sample said they had actually started planning.

And for those who have not yet started, the average age at which they expect to make a plan remains several years in the future, with those aged 45 expecting to have a financial plan in place for retirement by the time they are 51.

FINANCES FOR LATER LIFE

The vast majority of respondents to the survey indicated that they acknowledged a need to put in place a financial plan for retirement, with only 6% of those without a plan saying they never expected to put one in place. In other words, although nine in ten don't have a plan, 94% of that group acknowledge it is something they want to do.

The survey data illustrates that while Generation X realise the need to plan their finances for later life, very few have actually done so. And more worryingly, although they have an age in mind to begin planning, the evidence suggests most are inclined to keep deferring until well into their 40s or even later.

MAKING UP A SAVINGS GAP

While there is strong evidence that most people recognise there is a need to plan, this group have a tendency to delay. But trying to make up a savings gap as you come closer to retirement age can be challenging. This is because you will lose some of the benefits of investing over time. For Generation X, retirement planning is on the 'to-do' list for most, but there is a worrying tendency to procrastinate and never get round to it.

Many people want to delay pension saving and leave it for another day. It is easy to see why. Between childcare costs, school fees, travel costs, holidays, repaying the mortgage and all the other costs we face in our 30s and 40s, it can feel that there is simply no money left to save at the end of the month. Instead, some people hope that tomorrow will be better and it will be possible to make up the difference. Unfortunately, that might not be possible for many, and trying to rapidly top-up your pension after years of under-saving is likely to end up more expensive over the long term. ◂

PLANNING OBJECTIVELY FOR TOMORROW

Planning ahead for retirement is not easy. It is difficult to plan objectively for tomorrow because we are hard-wired to focus on the here and now. Planning what financial resources you will need in the future is difficult, and plotting a path to reach your goals requires professional financial advice. Regardless of the life stage you have arrived at, it is important to receive expert and professional advice on your pension plans and requirements. To discuss your situation, please contact us.

Source data:

[1] All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 3,009 adults. Fieldwork was undertaken from 14–22 July 2016. The survey was carried out online. The figures have been weighted and are representative of all UK adults aged 30–45.

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NAVIGATING YOUR INVESTMENT OPTIONS

How professional financial advice can prove invaluable

FEW OF US REALLY HAVE THE TIME OR INCLINATION TO UNDERSTAND THE VAST NUMBER OF DIFFERENT INVESTMENT PRODUCTS AVAILABLE ON THE MARKET AND CONSIDER WHAT THE BEST OPTIONS ARE TO SUIT OUR PARTICULAR OBJECTIVES. TO DO THIS EFFECTIVELY, IT WOULD NEED TO BECOME A FULL-TIME JOB.

MANAGING OUR EVER-CHANGING FINANCIAL AFFAIRS

With the busy lives we lead, it can be difficult to find the time to keep fully up to speed with everything that's going on, including managing our ever-changing financial affairs, especially as investment products are unlikely to remain the same throughout our lifetime. This is where professional financial advice can prove invaluable.

We can help you design a custom investment portfolio to suit your individual situation. It should take into account your financial goals, as well as your need, willingness and ability to tolerate risk. Your investment portfolio should also generally be designed to minimise your tax burden, if possible, and is prudent given your circumstances.

THINKING ABOUT YOUR ATTITUDE TO RISK

When it comes to investing, it's as much about managing the potential downside as it is about targeting potential gains. Generally, higher returns come with higher risk, and professional financial advice can help you think about your attitude to risk before making any recommendations. It's also important to make sure your portfolio has the right balance for your risk profile by diversifying across asset classes, regions, providers and products as applicable.

To invest successfully, a key step is to think about your long-term financial future. You are at the centre of your financial plan: your goals (both short term and long term), your situation, and your financial strengths and challenges. As time passes and your lifestyle changes, it is important to keep a regular check on your investments. It is likely that the balance of the investments in your portfolio will need to evolve, not only in line with changing market conditions, but also with factors such as your investment goals, your personal circumstances and perhaps most notably your age.

Important considerations when building an investment portfolio:

CHOICE

With vast amounts of information and products available, the whole process of wading through and choosing an investment can be quite daunting. We help you to cut through the noise, discuss your investment objectives, understand which products are available and select those most suited to your investment needs.

BALANCE

Investing is as much about managing the potential downside as it is about looking for potential gains. Typically, investments with the potential for a higher return also carry a higher risk due to the more volatile sectors and regions that are targeted. Part of the process we consider is the risk or return trade-off, and we can help you to gauge your attitude to risk. From this, we can ensure that your portfolio has the right balance of risk by diversifying across asset classes, regions, providers and products as appropriate.

JARGON

Understanding the jargon used within the financial industry and extracting the important information can be difficult and time-consuming. Our approach is to translate current events and bring out hidden facts in seemingly endless product literature. So whether you want to understand the implications of interest rate increases or of a change in tax legislation regarding an investment product, we will be able to discuss how each issue directly affects you.

REVIEWS

As time passes, both markets and your lifestyle can change dramatically. This consequently means that it is important to keep your investments under continual review so that you can get the most out of them. Anything in your life, such as your age or personal situation, could affect the requirements you have for your investments. By us reviewing and, if necessary, adjusting your portfolio, we can help you to meet your evolving needs.

CONFIDENCE

With markets constantly on the move and unforeseen events sometimes having significant impacts – as we have seen since the Brexit referendum result and last financial crisis – the need for ongoing adjustments to your investments can be extremely important, and staying on top of this can be a full-time job. By us taking this important responsibility off your hands and putting it in our hands, we can help you to feel more confident that your holdings are suitably invested for your individual requirements.

LOOKING TO INVEST FOR INCOME OR GROWTH?

Creating and maintaining the right investment strategy plays a vital role in securing your financial future. Whether you are looking to invest for income or growth, we can provide the quality advice, comprehensive investment solutions and ongoing service to help you achieve your financial goals. To discover how we can help you build a long-term strategy for your investments, 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 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.

FREEDOM TO CHOOSE

Using your pension money

HAVE YOU CONSIDERED ALL THE POTENTIAL COSTS OF RETIRING? SOME PEOPLE FIND THEIR EXPENSES FALL ONCE THEIR WORKING LIFE ENDS, BUT IT'S IMPORTANT NOT TO ASSUME THAT ALL YOUR EXPENSES WILL GO DOWN – SOME MAY INCREASE, SUCH AS HEATING AND LEISURE COSTS.

The constantly evolving landscape of legislative change provides both challenges and opportunities in the retirement planning process. The pension reforms that came into effect on 6 April 2015 were introduced to offer more choice and flexibility on what we can do with our pension savings if we're aged 55 or over.

There has always been the option to take 25% of your pension pot tax-free, but with the new pension changes you can now take your whole pension pot in one go.

You now have many options available to you:

- Leave your pension invested if you don't need to take money straight away
- Take the tax-free cash and leave the rest invested
- Take some or all of the money as a cash lump sum
- Buy an annuity to provide a lifetime's secure income
- Use a combination of the above

Taking your whole pension fund as a cash lump sum is the biggest change to come out of the 2015 pensions changes, so what does it all mean?
The pension changes mean you can access your pension fund as and when you like from the age of 55 (rising to age 57 in 2028). One option is to take the whole pension pot in one. However, it's important to remember that the first 25% of your pension pot is tax-free, and you will pay Income Tax on the remaining 75%.

INCOME TAX CHARGE

Taking your entire pension as cash could involve a high tax charge. There is a standard Personal Allowance (£11,000 for 2016/17) on which no Income Tax is paid. Above this amount, tax is paid on your total income. Currently, the tax bands are 20%, 40% and 45% depending on your income. So, any cash you take out of your pension (except for your tax-free lump sum) is added to your income for the year and may well push you into a higher rate tax band.

There are added risks you need to consider, such as:

- Paying too much tax on pension withdrawals
- Buying unsuitable investments
- Using all of your funds too fast

MAKE AN INFORMED DECISION

Using your pension money now could help your finances but also affect your future. It's important to receive expert financial advice so that you make an informed decision. Whatever you choose to do, it's important to understand the tax implications and consider all your pension options to avoid any unnecessary tax bills. If you would like to review your options, please contact us.

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LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION MAY BE SUBJECT TO CHANGE, AND THEIR VALUE DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF THE INVESTOR.

HOW FINANCIALLY PREPARED ARE YOU FOR YOUR RETIREMENT?

Men narrow the gap on women when it comes to life expectancy

THANKS TO HEALTHIER LIFESTYLES AND ADVANCES IN MEDICINE, PEOPLE ARE LIVING LONGER LIVES, BUT MANY INDIVIDUALS MAY NOT FEEL FINANCIALLY PREPARED FOR THEIR RETIREMENT. WHEN IT COMES TO SETTING YOUR INVESTMENT GOALS OR STRATEGY FOR YOUR RETIREMENT, THERE ARE TWO MAIN OPTIONS.

If you're looking to build up the value of your investments over time, you're investing for growth. Alternatively, if you're aiming to get a regular income from your investments, then you're investing for income.

Some investors think of cash as a safe haven in volatile times, or even as a source of income. But the ongoing era of ultra-low interest rates has depressed the return available on cash to near zero, leaving cash savings vulnerable to erosion by inflation over time. With interest rates expected to remain low, investors need to be sure that an allocation to cash does not undermine their long-term investment objectives. Cash left on the sidelines earns very little over the long run.

EIGHTH WONDER OF THE WORLD

Compound interest has been called the 'eighth wonder of the world'. Its power is so great that even missing out on a few years of saving and growth can make an enormous difference to your eventual returns.

You can make even better use of the magic of compounding if you reinvest the income from your investments to grow the starting value even more each year. Over the long term, the difference between reinvesting the income from your investments and not doing so can be enormous.

The growth rate used is for illustrative purposes only and is not guaranteed – the actual rate of return achieved may be higher or lower. You may get back less than the amount invested.

These investments do not include the same security of capital which is afforded with a deposit account.

THE LESSON IS TO NOT PANIC

The last ten years have been a volatile and tumultuous ride for investors, with natural disasters, geopolitical conflicts and a major financial crisis. It's important to have a plan for when the going gets tough instead of reacting emotionally. The lesson is to not panic: more often than not, a stock market correction is an opportunity, not a reason to sell. Market timing can be a dangerous habit. Corrections are hard to time, and strong returns often follow the worst returns. But often investors think they can outsmart the market – or they let emotions like fear push them into investment decisions they later regret.

While markets can always have a bad day, week, month or even year, history suggests investors are much less likely to suffer losses over longer periods. Investors need to keep a long-term perspective. A diversified portfolio also provides a much smoother ride for investors than investing in just equities.

NEED HELP TO MAKE SENSE OF THE PENSION OPTIONS AVAILABLE TO YOU?

Retirement can be an exciting time in life as you look forward to spending more time doing the things you enjoy with the people who are most important to you. We can help you make sense of the pension options available to you and how to achieve certainty for your financial future. For more information, please contact us – we look forward to hearing from you.

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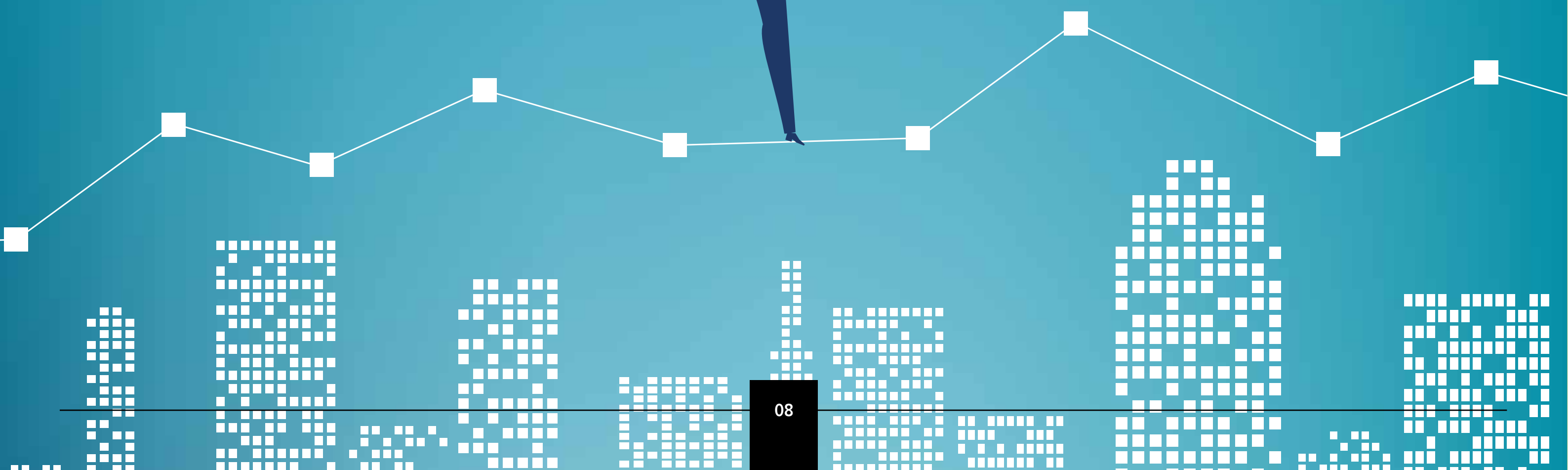


MONEY'S TOO TIGHT TO MENTION

Planning financially for long-term sickness

HOW WOULD YOU PAY THE BILLS IF YOU WERE SICK OR ACCIDENTALLY INJURED AND COULDN'T WORK? ACCORDING TO RESEARCH BY UNUM AND PERSONNEL TODAY, JUST 12% OF EMPLOYERS SUPPORT THEIR STAFF FOR MORE THAN A YEAR IF THEY'RE OFF SICK FROM WORK.

Given the low level of state benefits available, everyone of working age should consider Income Protection (IP). IP is an insurance policy that pays out if you're unable to work due to injury or illness and will usually pay out until retirement, death or your return to work, although short-term IP policies are now available at a lower cost. IP doesn't usually pay out if you're made redundant but will often provide 'back to work' help if you're off sick. But when Which? asked the public, just 9% said they have some form of IP, compared with 41% who have life insurance and 16% who have private medical insurance (PMI).

TOO ILL OR DISABLED TO WORK

As research published by insurer Zurich highlights, only one in five of us in the UK have IP cover in the event of becoming too ill or disabled to work. This is despite the fact that as many as 42% have experienced income loss in their working lives due to serious illness.

The findings indicate that people still have an 'it won't happen to me' attitude despite having suffered the consequences at first hand. Over a quarter of respondents said they would be willing to spend as much as 5% of their income on it.

SHOULD THE WORST HAPPEN

In the absence of cover, just under half (47%) expect to rely on savings should the worst happen. Just under a quarter (23%) also report having savings to last them just one month in such a scenario, while 21% say they have enough to last them up to three months.

INCOME PROTECTION IS AN INSURANCE POLICY THAT PAYS OUT IF YOU'RE UNABLE TO WORK DUE TO INJURY OR ILLNESS AND WILL USUALLY PAY OUT UNTIL RETIREMENT, DEATH OR YOUR RETURN TO WORK, ALTHOUGH SHORT-TERM IP POLICIES ARE NOW AVAILABLE AT A LOWER COST.

This picture emerges as the welfare system faces austerity measures with expansion of the Government's Work Capability Assessment programme to review the eligibility of a further 1.5 million people already receiving Incapacity Benefit.

INCOME LOSS IN THE EVENT OF ILLNESS

Unsurprisingly, over half (56%) of respondents' preference would be for the Government to cover income loss in the event of illness, followed by their employer for 37%.

Nearly half (47%) of UK respondents also reported being willing to accept a better benefits package including IP benefits rather than higher wages, suggesting a greater role for employers in helping to protect their employees' financial well-being.

GROWING CHALLENGE FOR INDIVIDUALS AND FAMILIES

The IP gap is a growing challenge for individuals, families and society as a whole. For a family, the impact of the main breadwinner not being able to work through illness or disability can be devastating, with financial hardship resulting in the loss of the family home for those worst hit.

A protection policy every working adult in the UK should consider is the very one most of us don't have – income protection.

ARE YOU AND YOUR FAMILY FULLY PROTECTED?

As we witness a shift in the burden of responsibility from the state to individuals, people need to take more responsibility to protect themselves and those they love to prevent facing financial hardship. If you have any concerns or would simply like to assess your situation should the worst happen, please contact us.

WHO WILL CARE FOR YOU IN OLD AGE?

Making provision in a way that meets your needs and wishes

AS A POPULATION WE ARE LIVING LONGER, AND WITH AN AGEING POPULATION THE NEED FOR CARE IS GROWING, WITH THE TIME SPENT IN CARE ALSO INCREASING. HOWEVER, A FIFTH OF THE UK (20%) HAVE NO IDEA WHO WILL LOOK AFTER THEM IF THEY HAVE CARE NEEDS IN OLD AGE, ACCORDING TO RESEARCH RELEASED FROM BUPA. NEARLY THREE QUARTERS (73%) THINK THEY WILL HAVE CARE NEEDS IN OLDER AGE, BUT ONLY AROUND HALF (51%) EXPECT THEIR FAMILY TO CARE FOR THEM.

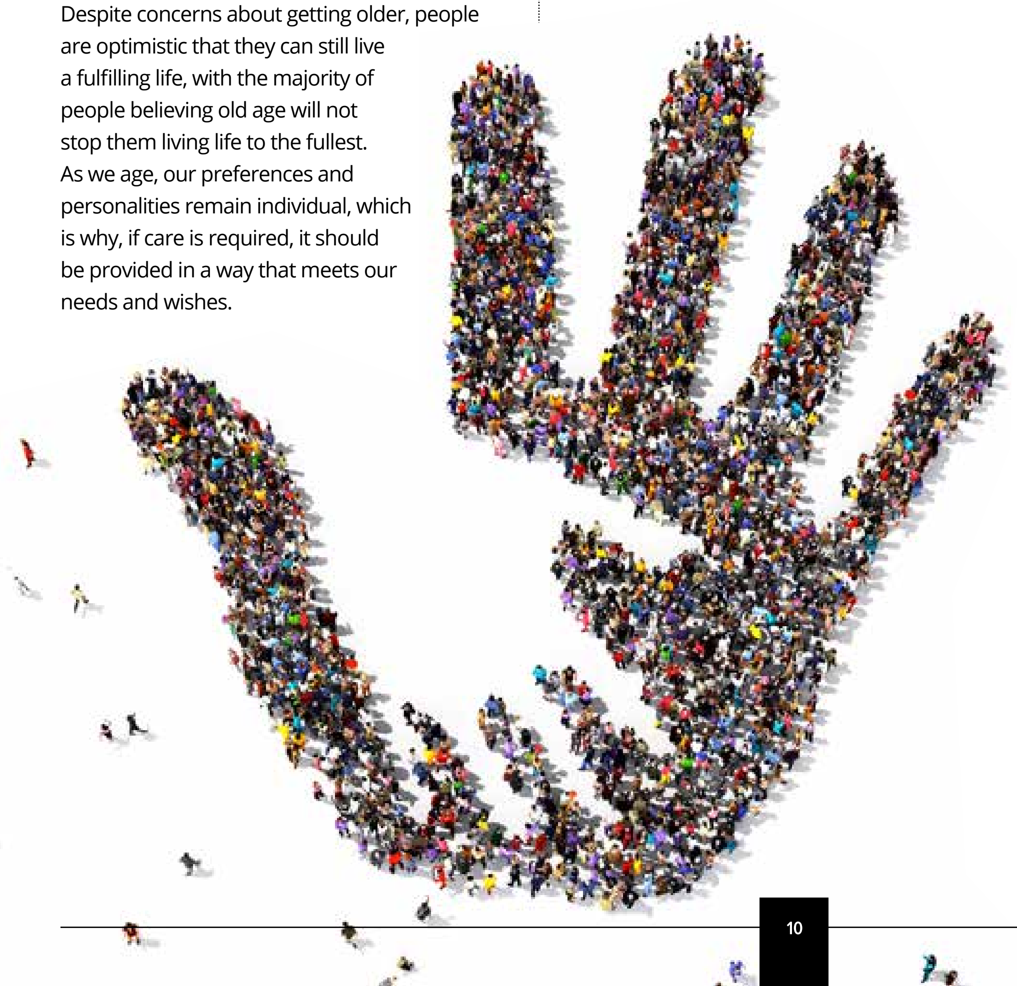
RECOGNISING NEEDS AND DESIRES

The survey reveals that old age is a regular consideration. Professor Graham Stokes, Global Director of Dementia Care, Bupa says: 'The perception that older people aren't valued by society is concerning and needs to be addressed. The proportion of people over 80 is expected to increase almost fourfold over the next 50 years...the role they play as well as their needs and desires should be recognised.

'It's clear from the research that people have some realistic concerns about their needs and potential health challenges in old age, but old age can be a happy and fulfilling time when people are valued and treated with respect.'

LIVING A FULFILLING LIFE

Despite concerns about getting older, people are optimistic that they can still live a fulfilling life, with the majority of people believing old age will not stop them living life to the fullest. As we age, our preferences and personalities remain individual, which is why, if care is required, it should be provided in a way that meets our needs and wishes.



Care of the elderly can take on many forms. It can be provided in a secure environment, such as a residential care home or nursing home, or in many cases a person may choose to have their care provided in the comfort of their own home.

COVERING THE COST OF ASSISTANCE

Long-term care insurance provides the financial support you need if you have to pay for care assistance for yourself or a loved one. Long-term care insurance can cover the cost of assistance for those who need help to perform the basic activities of daily life such as getting out of bed, dressing, washing and going to the toilet.

You can receive long-term care in your own home or in residential or nursing homes. Regardless of where you receive care, paying for care in old age is a growing issue.

LEVEL OF STATE SUPPORT

Government state benefits can provide some help but may not be enough or may not pay for the full cost of long-term care. The level of state support you receive can be different depending on whether you live in England, Wales, Scotland or Northern Ireland.

There are many options for funding long-term care, and they can often be complicated to understand. So if you or a loved one needs to pay for care at home or in a care home, it's important to know the options available.

OTHER OPTIONS

Enhanced annuities – you can use your pension to buy an enhanced annuity (also known as an 'impaired life annuity') if you have a health problem, a long-term illness, if you are overweight or if you smoke. Annuity providers use full medical underwriting to get a more accurate individual price. People with medical conditions including Parkinson's disease and multiple sclerosis, or those who have had a major organ transplant, are likely to be eligible for an enhanced annuity.

Savings and investments – the opportunity to plan ahead and ensure your savings and assets are in place for your care needs. ◂

THINKING ABOUT THE OPTIONS IN ADVANCE

Some people may find they have to make quick and difficult decisions about their own or a loved one's care needs. Thinking about the options in advance will help in the long run. If you would like to discuss your particular situation, please contact us.

Source data:

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,139 adults. Fieldwork was undertaken from 26–29 February 2016. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).

'MID-LIFE SAVINGS CRISIS'

It's good to talk about your options

PUT SIMPLY, RETIREMENT PLANNING IS ABOUT HOW YOU LOOK AT YOUR FUTURE, BUT MORE THAN A MILLION BRITONS ARE FACING A 'MID-LIFE SAVINGS CRISIS' AS THEY NEAR THE AGE OF 40 WITH NO RETIREMENT SAVINGS, ACCORDING TO RESEARCH FROM ZURICH. A THIRD (33%) OF BRITISH ADULTS AGED 35 TO 39 – EQUIVALENT TO AN ESTIMATED 1.31[1] MILLION PEOPLE – SAY THEY HAVE NO MONEY SAVED INTO A PENSION, DESPITE APPROACHING THE MID-POINT OF THEIR WORKING LIVES.

NOT SAVING INTO A PENSION

Among 'millennials' (those born between 1980 and 1999), the picture is equally bleak with almost two in five (37%) adults aged 25 to 34 – equating to an estimated 3.2[2] million people – not saving into a pension.

The findings highlight how financial pressures could be forcing some Britons to start saving later, while others are struggling to save at all. Rising rents and house prices, combined with years of low wage growth, have made it harder than ever for people to save.

INADEQUATE INCOME IN RETIREMENT

With the cost of living rising, some people appear to be putting off saving into a pension, or not saving at all. This is leaving a third of Britons in their late 30s facing a mid-life savings crisis. By delaying saving into a pension, a substantial number of Britons could end up with an inadequate income in retirement.

Younger generations who delay saving may have to retire later. Britons reaching the age of 40 with no pension savings could be forced to work much longer to achieve a secure retirement. Even those nearing their 30s without a pension should not assume they can make up lost ground at a later age, no matter how far off retirement may seem.

WIPING OFF TENS OF THOUSANDS OF POUNDS

Delaying saving for a few years can wipe tens of thousands of pounds off the future value of your pot. The earlier you start investing into a pension, the more your savings will benefit from the compounded benefit of growth on growth.

It is important for savers to maximise their employer contributions and take advantage of pension tax relief. The good news is that your employer and the Government can help to boost your savings.

MATCHING YOUR CONTRIBUTIONS

If you save into a workplace scheme, it is likely that your employer will pay into your pot – with many matching your contribution. It makes sense to take maximum advantage of this. Any money you save is also boosted further by a government top-up in the form of tax relief.

Under auto enrolment, many employers are obliged to pay into a workplace pension for their employees. If you decide to opt out of the scheme, you will miss out on employer contributions and tax relief, which is free money by any other name.

TIPS TO BOOST YOUR PENSION

Regardless of whether or not you have started to save, these four tips can help get your pension on track:

1. TAKE ADVANTAGE OF TAX RELIEF

Any money you pay into your pension receives a rebate from the Government at the same rate as you pay Income Tax – 20%, 40% or 45%. This means it costs a basic rate taxpayer 80p to put £1 into their pension, a higher rate taxpayer 60p and a top rate taxpayer 55p.

The rate of tax relief matches the amount of income in that tax band, so a higher rate taxpayer with £3,000 of income in the higher rate band will only get 40% tax relief on £3,000 of gross contributions (and 20% on any balance).

2. MAXIMISE EMPLOYER CONTRIBUTIONS

Make the most of your workplace pension scheme. Some employers will match your pension contribution, which can turbo-charge your savings. For example, if you increase your current contribution by 3%, your employer may pay in an extra 3% too.

3. TAKING RISK CAN WORK TO YOUR BENEFIT IN THE LONG TERM

Even if you're starting to save at 40, it's likely you'll have another 25 years before retirement. This means it's not too late to take a long-term view and invest in higher risk funds at the outset with potentially bigger returns. By investing for the long term, you are better positioned to weather the ups and downs of the stock market.

4. PLAN AHEAD

Know how much you need to invest each month to achieve your ideal retirement, and don't forget to factor in inflation. Everyone's different. And it's likely the things you spend your money on now will change when you stop working. ◂

MAKE SURE YOU HAVE SUFFICIENT MONEY

A critical aspect of retirement planning is how you structure your financial affairs to make sure you will have sufficient money if and when you stop working. If you would like to review your current retirement plans, please contact us – we look forward to hearing from you.

Source data:

Total sample size was 1,018 adults aged 18 to 39. Fieldwork was undertaken from 10–13 June 2016. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18 to 39).

[1] Office for National Statistics data 2015 (published June 2016) shows there are 3,961,730 GB adults aged 35 to 39. 33.08% of 3,961,730 is 1,310,540.

[2] Office for National Statistics data 2015 (published June 2016) shows there are 8,574,802 GB adults aged 25 to 34. 37.33% of 8,574,802 is 3,200,974.

BREXIT

Catalyse, or sabotage?

SUPPORTERS OF THE BRITISH VOTE TO LEAVE THE EUROPEAN UNION (EU) HAVE HERALDED RECENT ECONOMIC INDICATORS AS VINDICATION THAT BREXIT WILL ACT TO CATALYSE, NOT SABOTAGE, THE UK ECONOMY. BEFORE JUNE'S REFERENDUM, MOST ECONOMISTS WARNED THAT A BREXIT VOTE WOULD DAMAGE ECONOMIC GROWTH – AN ARGUMENT AT THE HEART OF THE UNSUCCESSFUL REMAIN CAMPAIGN.

FULL-BLOWN CRISIS

Only time will truly tell whether these fears will ultimately be manifested, but the signs so far are that fears of a full-blown crisis have abated – until now at least. The Prime Minister, Theresa May, has said she will trigger Article 50, which will begin the Brexit negotiations, before the end of March 2017. This withdrawal from the EU is the legal and political process whereby a member state of the EU exercises its right under the Treaty on European Union (TEU) to cease to be a member of the union.

The next part of the process should take no longer than two years, but the details have never been firmly established and are therefore still vague. While Article 50 is being implemented, the UK would still be bound by EU laws and in the free trade area of the EU 'single market', but with no involvement in internal EU discussions or decisions.

WHAT'S FUELLING THE OPTIMISM?

Influential survey figures indicated a recovery in optimism among UK businesses and households. The monthly Purchasing Managers' Index figures, which track sentiment to reflect the economic outlook, rebounded after abrupt falls in July immediately following the referendum.

Moreover, official numbers showed UK retail sales were 1.4% higher in July than in June, and orders for manufacturing exports reached a two-year high in August according to a regular survey by the Confederation of British Industry.

The London stock market has also performed strongly since the sharp fall in share prices that immediately followed the referendum result.

Indeed, the benchmark FTSE 100 Index of the largest UK-listed companies rose 6.4% from 23 June (the day of the vote) to the end of August. The FTSE 250 Index, arguably a better bellwether for the UK economy as it comprises more domestic-focused smaller companies, was also up 3% over the same period.

THE STOCK MARKET IS NOT THE ECONOMY

The outlook for UK-listed companies, as reflected in their share prices, should not necessarily be conflated with that of the British economy. Many international companies based in the UK stand to benefit from a weaker pound – which has fallen considerably against the US dollar and the euro since the Brexit vote – as overseas revenues will be worth more when converted into pounds.

A WEAKER POUND IS MIXED NEWS

While the fall in the pound's value should promote exports by making British goods and services cheaper to buyers overseas, it also makes imports more expensive. As well as reducing the purchasing power of British consumers and businesses, more costly imports could push up inflation.

THE BANK OF ENGLAND'S ACTIVE ROLE

In August, the UK's central bank cut interest rates (for the first time since 2009) to an all-time low of 0.25%. Lower interest rates can help the economy grow by making borrowing cheaper and so encouraging investment and expenditure. The Bank's response to the Brexit vote, which also includes buying UK government and corporate bonds, was intended to prop up the economy during this period. The positive data may be largely attributable to its actions. ◂

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