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MAY / JUNE 2016

BREXIT

Impact on financial markets ahead of the EU referendum

HELLO LISA

Harnessing the simplicity and popularity of the ISA wrapper

NEW STATE PENSION

How much will I get under the new State Pension?

TAX CREDIT ON DIVIDENDS ABOLISHED

Tax-free Dividend Allowance introduced under new system

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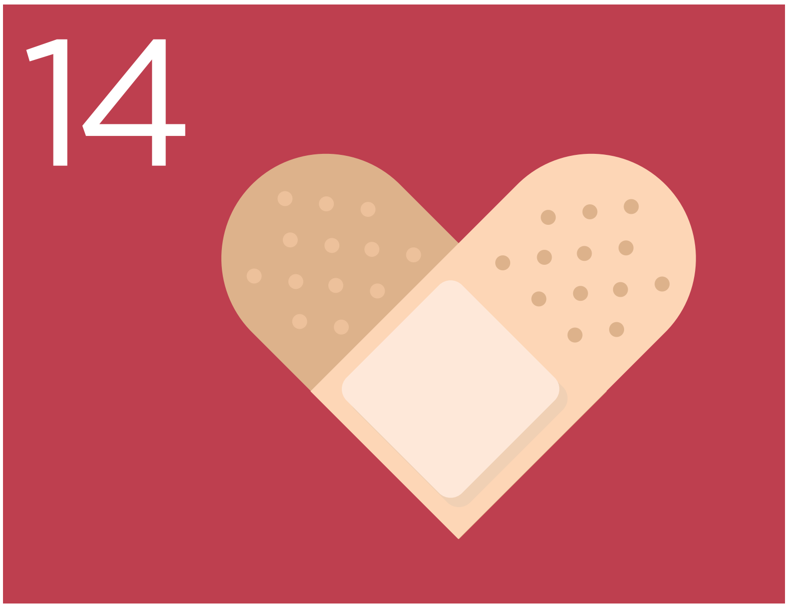

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INSIDE **THIS ISSUE**

Welcome to our latest issue in which we look at the major talking points that could impact on your financial plans both today and in the future, especially as we enter a new financial year and take stock of the announcements from Budget 2016 – and then there's the matter of 'Brexit'.

With an increasing focus on 'Brexit', our investment clients will naturally be monitoring the impact on financial markets ahead of the referendum scheduled for Thursday 23 June. The nature of investment is long term. On page 08, we look at why constantly making changes to take into account short-term events often proves to be counterproductive in the long term. Movements in currencies and shares are often fairly short-lived, as the result of the Scottish referendum showed.

The State Pension changed on 6 April 2016. If you reach State Pension age on or after that date, you'll now receive the new State Pension under the new rules. The aim of the new State Pension is to make it simpler to understand. But there are some complicated changeover arrangements which you need to know about if you've already made contributions under the previous system. Read the full article on page 23.

The introduction of the new Lifetime Individual Savings Account (LISA) next year is aimed at helping young people save flexibly for the long term throughout their lives, and simultaneously enabling them to save for a first home and for their retirement without having to choose one over the other. Find out more on page 06.

The full list of the articles featured in this issue appears opposite – enjoy your copy.

We strive to provide stories that are informative and inspire you to look at your financial plans in a proactive way. To discuss any of the articles featured in this issue, 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.

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PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

STAMP DUTY RULE CHANGES

What could the shake-up mean for you?

A shake-up of the stamp duty rules took effect on 1 April 2016 in relation to anyone owning more than one residential property – this will affect those buyers funding the purchase of a new home with the sale of an existing home: if their buyer pulls out but they still want to go ahead – perhaps by using a bridging loan – they will be liable for the stamp duty surcharge because they will technically own two residential properties at completion.

STAMP DUTY SURCHARGE

Although the cost of the stamp duty surcharge may be partially met by the buyer keeping the deposit paid under the failed sale contract, there could be a shortfall for the buyer to fund if they still want to proceed with the purchase of their new home.

Conveyancing lawyers must warn their clients at an early stage of the possibility of an increased tax charge. The extra tax will be repaid, but only if the previous home is sold within 36 months. For a £500,000 purchase, the stamp duty charge on a chain break will be double the amount that would be payable if a break hadn't occurred.

UNDER THE NEW RULES

The new stamp duty rules could affect the ability for many newly married couples and registered civil partners to purchase their first home together. The issue arises where one spouse already owns a property. This is because under the new rules, married couples and registered civil partners are treated as one buyer.

In essence, ownership of an existing home by one partner will affect the purchase of the couple's first home together. For a £500,000 purchase, the stamp duty charge in these circumstances will be double the amount that would be payable if the partner didn't retain their existing property.

MIXED-USE PROPERTIES

The new stamp duty rules bypass buyers of mixed-use properties in England, Wales and Northern Ireland. The stamp duty surcharge does not apply to the purchase of a property used for residential and non-residential purposes, for example, a country house with a stud farm or a residential property purchased at the same time as a non-residential property. Such transactions continue to be taxed as if they were commercial properties.

In Scotland, however, the rules are different (Land and Buildings Transaction Tax applies rather than Stamp Duty Land Tax), and the price payable for a mixed-use property is split: the part payable for the residential property is taxed under the residential rates, and the rest is taxed under the commercial rates. ■

HELLO LISA

Harnessing the simplicity and popularity of the ISA wrapper

The introduction of the new Lifetime Individual Savings Account (LISA) next year is aimed at helping young people save flexibly for the long term throughout their lives, and simultaneously enabling them to save for a first home and for their retirement without having to choose one over the other.

SIMPLICITY AND POPULARITY

LISA is designed to work in conjunction with existing ISA products and be simple for savers to use by harnessing the simplicity and popularity of the ISA wrapper where contributions are made out of post-tax income but investment growth on savings and future withdrawals are tax-efficient.

From April 2017, people under the age of 40 will be able to open a LISA and contribute up to £4,000 in each tax year. The Government will then provide a 25% bonus on these contributions at the end of the tax year. This means that people who save the maximum each year will receive a £1,000 bonus each year from the Government. Savers will be able to make LISA contributions and receive a bonus from the age of 18 up to the age of 50.

TAX-EFFICIENT GROWTH

The bonus will be paid into the LISA at the end of each tax year so that savers will also benefit from tax-efficient growth on the bonus from the time it is added. For example, a £4,000 contribution made by a 25-year-old into a LISA which grew at 4% a year would be nearly five times larger due to the government bonus and investment growth by the time they reach 60.

Over their lifetime, savers will be able to have contributions of £128,000 matched by the Government for a maximum bonus of £32,000, with investment growth on both their contributions and the government bonus. Tax-efficient funds, including the government bonus, can be used to buy a first home worth up to £450,000 at any time from 12 months after opening the account. The funds, including the government bonus, can be withdrawn from the LISA from age 60 for any other purpose.

VALID BONUS CLAIMS

LISA managers will claim the bonus due on the accounts they manage from HM Revenue & Customs (HMRC) who will pay valid bonus claims (up to a maximum of £1,000 per person per tax year). Where the individual is purchasing a home having contributed in that same tax year, they will be able to receive their bonus and will not have to wait until the following tax year.

Individuals will be able to open a LISA from the age of 18 until they turn 40. Opening a LISA will, in most ways, be identical to opening a regular ISA under the existing rules. Individuals will be able to open more than one LISA during their lives but will only be able to pay into one LISA in each tax year.

QUALIFYING INVESTMENTS

Saving into a LISA will also be very similar to saving into any other ISA. For example, contributions will be made with the individual's own cash. Qualifying investments in a LISA will be the same as for a Cash ISA or Stocks & Shares ISA. Individuals will be able to transfer their LISA within 30 days between providers to get the best deal in line with the existing ISA rules. Any contributions to a LISA will sit within the overall ISA contribution limit (£20,000 for 2017/18).

Individuals will be able to transfer savings from other ISAs as one way of funding their LISA. In line with existing rules, transfers from previous years' ISA contributions do not affect that year's £20,000 overall ISA limit. During 2017/18 only, additional transfers may be made from the Help to Buy ISA and the government bonus will be kept on those savings.

WHERE PEOPLE CHOOSE TO WITHDRAW SAVINGS FROM THE LISA TO MAKE A FIRST HOME PURCHASE, THEY WILL BE ABLE TO WITHDRAW UP TO 100% OF THEIR LISA BALANCE, INCLUDING THE GOVERNMENT BONUS.

OVERALL ISA LIMIT

The Government said they want to make it as easy as possible for individuals to save additional funds on top of those receiving a bonus (for example, if they want to contribute more than £4,000 a year or keep contributing after age 50). Savers will be able to contribute to one LISA in each tax year – as well as a Cash ISA, a Stocks & Shares ISA and an Innovative Finance ISA – within the new overall ISA limit of £20,000 from April 2017.

Where people choose to withdraw savings from the LISA to make a first home purchase, they will be able to withdraw up to 100% of their LISA balance, including the government bonus. They will receive the benefit from compound growth because the government bonus is paid each year, but their withdrawal can only be put towards a first home located in the UK with a purchase value of up to £450,000.

MINIMUM HOLDING PERIOD

There will be an initial minimum holding period of 12 months from account opening before withdrawals that include the government bonus can be made for a home purchase, and, if you are buying your first home with someone else, you can each use a LISA and each benefit from the government bonus.

The detailed rules will be based on those for the Help to Buy ISA and will be open for new savers until 30 November 2019, and open to new contributions until 2029. Savers will be able to save into both a Help to Buy ISA and a LISA but will only be able to use the government bonus from one of their accounts to buy their first home.

TRANSFERRING FUNDS

During the 2017/18 tax year only, those who already have a Help to Buy ISA will be able to transfer these funds into a LISA and receive the government bonus on those savings. Any Help to Buy ISA funds that were saved prior to the introduction of the LISA on 6 April 2017 will not count towards the LISA annual contribution limit.

Full or partial withdrawals can be made from age 60. The withdrawal (including the bonus) can be used for any purpose and will be paid free of tax. Funds can remain invested, and any interest and investment growth will be tax-efficient. Where people are diagnosed with terminal ill health, they will be able to withdraw all of the funds (including the bonus) tax-efficiently, regardless of the individual's age. The definition of terminal ill health will be based on that used for pensions.

INHERITANCE TAX

The LISA will have the same Inheritance Tax (IHT) treatment as all ISAs. Upon the death of the account holder, the funds will form part of the estate for IHT purposes. Their spouse or registered civil partner can also inherit their ISA tax advantages and will be able to invest as much into their own ISA as their spouse used to have, on top of their usual allowance.

The Government will also explore whether savers should be able to access contributions and the government bonus for other specific life events. ■

WHAT NEXT?

If you would like further information on the products and services we offer, please contact us for further information.

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BREXIT

Impact on financial markets ahead of the EU referendum

With an increasing focus on 'Brexit', our investment clients will naturally be monitoring the impact on financial markets ahead of the referendum scheduled for Thursday 23 June.

The nature of investment is long term. Constantly making changes to take into account short-term events often proves to be counterproductive in the long term. Movements in currencies and shares are often fairly short-lived, as the result of the Scottish referendum showed.

ANALYSIS, PREDICTIONS AND ARGUMENTS

In the run up to 23 June, we are going to hear all sorts of analysis, predictions and arguments about the likely results of the UK's EU referendum and the potential implications of a Brexit for the economy. Whatever the individual commentator's pre-set beliefs, they will likely be able to find some sort of 'evidence' to support their view. But the reality is simply that no one can know either the result or how either scenario would play out.

Long term, both the costs and the potential benefits of Brexit to the UK economy are probably exaggerated by commentators and campaigners on either side of the argument.

REMEMBER THE REASONS FOR INVESTING

Stock markets can be unpredictable. They move frequently – and sometimes sharply – in both directions. It is important to take a long-term view (typically ten years or more), and it's important to remember the reasons for investing in the first place.

Investors need to be prepared to view the occasional downturns simply as part of a long-term investment strategy. Historically, the longer you stay invested, the greater the chance of smoothing out investment returns. Of course, it's worth remembering that past performance is not a guide to what might happen in the future, and the value of your investments can go down as well as up.

AVOID BEING DISTRACTED BY 'NOISY' COMMENTARY

No one can predict the outcome of the referendum, and we must avoid being distracted by 'noisy' commentary. Even if there is Brexit, it is not clear that there would be significant, permanent investment implications, so it's important that investors maintain their current view on the UK based on current economic fundamentals.

Recently, the Bank of England (BoE) summarised four decades of research on the net economic benefit of EU membership: the answer was that it was in the range of -5% to +20% of GDP. The net benefit of Britain leaving the EU would be just as difficult to measure, even long after the fact. It is certainly impossible to predict in advance, but the

analysis above does highlight some key takeaways for investors.

PAST EPISODES OF POLITICAL UNCERTAINTY

We can expect sterling to remain weak for the duration of the campaign. Britain's reasonably sound fiscal position suggests that gilts would be much less affected, and short-term money market rates are likely to be held down by the BoE's no-change stance on rates. But, in past episodes of political uncertainty – notably, the Scottish referendum in 2014 – we have seen the yield curve steepen slightly relative to the US, and we could see that happen again if the polls continue to be tight.

Growth and investment is expected to be modestly lower in the first half of 2016 due to the uncertainty created by the vote. But don't expect this to outweigh more important factors such as growth in Europe and the US and broader sentiment in global markets. Most of these effects should reverse themselves in the event of a Bremain vote. But do not be surprised if sterling ends the year materially weaker, on a trade-weighted basis, than at the end of 2015. And do not be surprised if there is talk of another referendum on EU membership if the June vote is reasonably close.

BROAD DIRECTION OF UK ASSET MARKETS

In the event of a vote for Brexit, expect these macroeconomic factors to intensify and UK growth to be materially slower than in the no-change scenario. The eurozone would also see a short-term downturn. But, even for the UK, the broader global outlook will be more important to medium-term growth and the broad direction of UK asset markets.

Leaving the EU would no doubt lead to uncertainty in the short term with a knock-on effect on market volatility. But this can be seen as an opportunity too – markets tend to overreact initially which can create opportunities to buy assets at much cheaper prices.

BOOSTING COMPETITIVENESS OF UK BUSINESSES AND EXPORTS

If the stock market, gilts and sterling do fall initially, they should all bounce back. There is even a view that gilts would perform well, as the BoE might reintroduce Quantitative Easing. If sterling does stay lower, this could be just what the UK economy needs right now, helping to boost competitiveness of UK businesses and exports. The stock market has also tended to rise on sterling weakness, and this pattern might be repeated post-Brexit after an initial bout of uncertainty-induced volatility.

It is also not impossible to see an influx of capital into the UK; global investors might consider a more liberal UK an attractive alternative to the sclerotic eurozone. This could lead to a stronger pound. ■

STOCK MARKETS CAN BE UNPREDICTABLE. THEY MOVE FREQUENTLY – AND SOMETIMES SHARPLY – IN BOTH DIRECTIONS. IT IS IMPORTANT TO TAKE A LONG-TERM VIEW (TYPICALLY TEN YEARS OR MORE), AND IT'S IMPORTANT TO REMEMBER THE REASONS FOR INVESTING IN THE FIRST PLACE.

DON'T PANIC AND SELL OUT OF THE MARKET

Over the long term, investors do experience market falls which happen periodically. Generally, the wrong thing to do when markets fall by a reasonable margin is to panic and sell out of the market – this just means you have taken the loss. It's important to remember why you're invested in the first place and make sure that rationale hasn't changed.

The market implications of a Brexit are difficult to gauge at this stage, and it's also important to note that a vote for the UK to leave the EU would not be the end of the process but the beginning of a new negotiation phase which is likely to take at least a couple of years. During this two-year period, existing EU laws and regulations would continue to apply to the UK.

EMOTIONS OVERCOME SOUND INVESTMENT DECISIONS

Brexit is an emotive subject and one that you rarely hear analysed in a dispassionate way. There will inevitably be times of market volatility. Market falls are a natural feature of stock market investing. During these times, it is possible that emotions overcome sound investment decisions. The important thing is to resist the temptation to change your portfolio in response to short-term market movement. 'Timing' the markets seldom works in practice and can make it too easy to miss out on any gains.

The golden rule to investing is allowing your investments sufficient time to achieve their potential. Warren Buffett, the American investor and philanthropist, puts it very succinctly: 'Our favourite holding period is forever.'

NEED MORE INFORMATION?

Market volatility can be unnerving for investors, but having a global strategy and broad diversification of assets should help to smooth out some of the inevitable ups and downs involved in stock market investing. If you would like to review your particular situation or have any questions, please contact us for further information.

DEVIL'S IN THE DETAIL

Taking stock of Budget 2016

The Chancellor of the Exchequer, George Osborne, delivered his eighth Budget speech on Wednesday 16 March, his third in 12 months. Now that we've had time to take stock of the key announcements, we consider how they could impact your finances both today and in future years.

THE PERSONAL ALLOWANCE WILL INCREASE TO £11,500, AND THE HIGHER-RATE THRESHOLD WILL RISE TO £45,000 IN APRIL 2017

The Personal Allowance is the amount of income you can receive before you start paying Income Tax. This increased to £11,000 for 2016/17, and will increase further to £11,500 in April 2017. The point at which you pay the higher rate of Income Tax increased from £42,385 to £43,000 in 2016, and will increase to £45,000 in April 2017.

LIFETIME INDIVIDUAL SAVINGS ACCOUNT (LISA): A NEW £4,000 LISA THAT YOU CAN USE TO SAVE FOR RETIREMENT OR TO BUY YOUR FIRST HOME

From April 2017, any adult under 40 will be able to open a new Lifetime ISA (LISA). Up to £4,000 can be saved each year, and savers will receive a 25% bonus from the Government on this money. Money put into this account can be saved until someone is over 60 and used as retirement income, or can be withdrawn to help purchase a first home. The total amount an adult can save each year into all ISAs will increase from £15,240 to £20,000 from April 2017.

NEW HELP TO SAVE SCHEME

A new Help to Save scheme is to be launched for people on low incomes, providing a 50% government bonus on up to £50 of monthly savings.

NEW TAX ALLOWANCES FOR MONEY EARNED BY 'MICRO-ENTREPRENEURS'

From April 2017, there will be two new tax-free £1,000 allowances – one for selling goods or providing services, and one for income from property you own. People who make up to £1,000 from occasional jobs will no longer need to pay tax on that income. In the same way, the first £1,000 of income from property will be tax-free. The introduction of these new allowances should help simplify taxation in the sharing economy.

CAPITAL GAINS TAX RATES CUT FROM 6 APRIL 2016, BUT RESIDENTIAL PROPERTY IS STILL TAXED AT CURRENT RATES

Capital Gains Tax (CGT) is a tax on the gain you make when you sell something (an 'asset') that has gone up in value. It is paid at a basic or higher rate depending on the rate of Income Tax you pay. From April 2016, the higher rate of CGT has been reduced from 28% to 20%, and the basic rate from 18% to 10%. There is an additional 8% surcharge paid on residential property and carried interest (the share of profits or gains that is paid to asset managers). CGT on residential property does not apply to your main home, only to additional properties (for example, a flat that you let out). Further details are to follow, but this enables investors to benefit by realising the profit on the sale of shares and other assets at the reduced rate of tax.

INSURANCE PREMIUM TAX (IPT) WILL BE INCREASED BY 0.5%

Insurance Premium Tax (IPT) increased by 0.5%, making the tax 10%. IPT is the amount insurers are taxed, which they then pass on to consumers. In July 2015, Mr Osborne announced an increase in the tax from 6% to 9.5%, which took effect in November 2015 this year. Among other things, IPT is charged on medical insurance.

CORPORATION TAX WILL BE CUT TO 17% IN 2020

The main rate of Corporation Tax will be cut again to 17% in 2020.

EMPLOYERS WILL PAY NATIONAL INSURANCE ON PAY-OFFS ABOVE £30,000 FROM APRIL 2018

From April 2018, employers will need to pay National Insurance contributions on pay-offs (for example, termination payments) above £30,000 where Income Tax is also due. For people who lose their job, payments up to £30,000 will remain tax-free, and they will not need to pay National Insurance on any of the payment.

CLASS 2 NATIONAL INSURANCE CONTRIBUTIONS (NICS) FOR SELF-EMPLOYED PEOPLE WILL BE ABOLISHED FROM APRIL 2018

Currently, self-employed people have to pay Class 2 NICs as well as Class 4 NICs if they make sufficient profit. From April 2018, if you are self-employed you will need to pay only one type of National Insurance on your profits: Class 4 NICs. Paying Class 2 NICs currently enables self-employed people to build entitlement to the State Pension and other contributory benefits. After April 2018, Class 4 NICs will also be reformed so self-employed people can continue to build benefit entitlement.

EXTENSION OF ENTREPRENEURS' RELIEF

Previously, a disposal of shares in a qualifying company only attracted Entrepreneurs' Relief (ER) when the individual was an employee and owned at least 5% of the share capital and voting rights for the 12-month period prior to the sale of the shares. ER will now be extended in the form of investors' relief to external investors purchasing newly issued shares in unlisted trading companies on or after 17 March 2016 that are held for a period of at least three years from 6 April 2016. Investors' relief will be subject to a lifetime cap of £10m.

CUTTING BUSINESS RATES FOR ALL RATEPAYERS

From April 2017, small businesses that occupy property with a rateable value of £12,000 or less will pay no business rates. Currently, this 100% relief is available if you're a business that occupies a property, for example, a shop or office with a value of £6,000 or less. There will be a tapered rate of relief on properties worth up to £15,000.

TAX AVOIDANCE CRACKDOWN

Plans have been laid out to raise £12bn by the end of this Parliament through a package of measures to target tax avoidance. The Government will introduce new measures to tackle disguised remuneration and make sure UK tax is paid on property development. The Treasury will seek to introduce Capital Gains Tax on performance rewards and limit exempt gains, as well as introducing new measures to limit the ability of individuals to work as 'personal service companies'. ■

FROM APRIL 2017, ANY ADULT UNDER 40 WILL BE ABLE TO OPEN A NEW LIFETIME ISA (LISA). UP TO £4,000 CAN BE SAVED EACH YEAR, AND SAVERS WILL RECEIVE A 25% BONUS FROM THE GOVERNMENT ON THIS MONEY.

ARE YOUR FINANCIAL PLANS STILL ON TRACK AFTER BUDGET 2016?

There are likely to have been a number of key announcements in this Budget that could have a bearing on your current and future financial plans. To review what action you may be required to take to keep your plans on track, please contact us.

PRESERVING WEALTH

Should you review your situation with further changes on the horizon?

Inheritance Tax (IHT) affects not just the very rich – other people may be liable without realising it. Few taxes are quite as emotive – or as politicised – as IHT.

The structures into which you transfer your assets can have lasting consequences for you and your family. We can help you choose structures and trusts designed to protect your assets and give your family lasting benefits.

It is crucial to find out now if you potentially have an IHT liability – or could do so in future years. Historically, IHT planning used to be an activity confined to the very rich. However, growing affluence means that this is no longer the case. Even families and individuals with a relatively moderate level of wealth should consider planning ahead to ensure that their assets are passed on to their loved ones as efficiently as possible.

SAFEGUARDING YOUR OWN FINANCIAL FUTURE

Property price increases have also dragged many middle-class working families into the IHT bracket. Safeguarding your own financial future is very important, and giving too much away could put this at risk.

At the moment, if your estate is worth more than £325,000 when you die, your assets may be subject to IHT. This means the value of your assets above the £325,000 threshold could be subject to IHT at 40%.

PASSING ON ASSETS WORTH UP TO £650,000

Married couples and registered civil partners are allowed to combine their allowance, so they can pass on assets worth up to £650,000 before IHT is due.

From 6 April 2017, the Government is adding a family home allowance to the tax-free allowance. It will start at £100,000 per person in 2017, rising to £175,000 by April 2020.

COMBINED TAX-FREE ALLOWANCE OF £1M

This means that individuals will eventually be able to pass on an asset worth up to £500,000 without any IHT being due. For married couples and registered civil partners, this adds up to a combined tax-free allowance of £1m. However, if your estate is worth more than £2m, the family home allowance will gradually taper away.

This change is designed to allow middle income families whose only large asset is their home to pass it down the generations without paying a significant IHT bill, which in some cases can only be met by selling the property.

FAMILY HOME ALLOWANCE DRAFT LEGISLATION

The draft legislation currently states that the family home allowance is only applicable if the assets are passed on to children, including stepchildren, adopted and foster children, grandchildren, and other lineal descendants or the spouses of lineal descendants. So if you don't have children or grandchildren, you may still face an IHT bill.

If you want to move to a smaller property, you will be able to still keep an allowance based on the value of your previous property as long as assets of equivalent value are left to direct descendants.. ■

ONE OF LIFE'S UNPLEASANT FACTS

IHT is a very complex area of financial planning, and in the UK may be one of life's unpleasant facts, but IHT planning and obtaining professional advice could help you pay less tax on your estate. To discuss your situation and the options available to you, please contact us – we look forward to hearing from you.

TAX CREDIT ON DIVIDENDS ABOLISHED

Tax-free Dividend Allowance introduced under new system

From April this year, the notional 10% tax credit on dividends has been abolished and replaced by a new tax-free Dividend Allowance. The Dividend Allowance means that you won't have to pay tax on the first £5,000 of your dividend income, no matter what non-dividend income you have.

The allowance is available to anyone who has dividend income, and headline rates of dividend tax are also changing.

Income Tax will apply to any dividends received over £5,000 at the following rates:

- 7.5% on dividend income within the basic rate band
- 32.5% on dividend income within the higher rate band
- 38.1% on dividend income within the additional rate band

This new system will mean that only those with significant dividend income will pay more tax. If you're an investor with modest income from shares, you'll see either a tax cut or no change in the amount of tax you owe.

Dividends received by pension funds, and dividends received on shares held in an Individual Savings Account (ISA), will continue to be tax-free.

From 6 April 2016, you now have to apply the new headline rates on the amount of dividends you actually receive where the income is over £5,000 (excluding any dividend income paid within an ISA).

The Dividend Allowance will not reduce your total income for tax purposes. However, it will mean that you don't have any tax to pay on the first £5,000 of dividend income you receive.

Dividends within your allowance will still count towards your basic or higher rate bands and may therefore affect the rate of tax that you pay on dividends you receive in excess of the £5,000 allowance.

These are two examples of how the new Dividend Allowance works:

You don't need to pay any tax on dividends up to £5,000, no matter what other income you get. That first £5,000 is tax-free under the new rules.

EXAMPLE 1 – YOU HAVE A (NON-DIVIDEND) INCOME OF £18,000, AND RECEIVE DIVIDENDS OF £22,000 OUTSIDE OF AN ISA

Tax you need to pay on the £22,000 dividend income:

- The Dividend Allowance covers the first £5,000
- The remaining £17,000 of dividends to be taxed at the new basic rate of 7.5%. This would need to be done through a tax return

Had your non-dividend income been £30,000, the tax due on the £17,000 dividend income would be made up of 7.5% for the amount within the basic rate band, and 32.5% on the balance.

EXAMPLE 2 – YOU RECEIVE DIVIDENDS OF £600 FROM SHARES INVESTED IN AN ISA

As is the case now, no tax is due on dividend income within an ISA, whatever rate of tax you pay.

SHAREHOLDING DIRECTORS

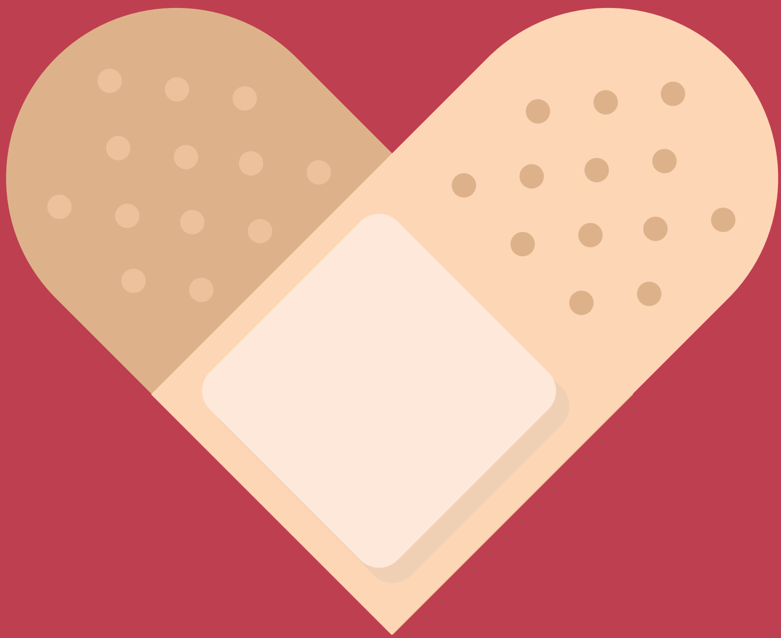
If you're a company director who takes dividends instead of a salary, you should obtain professional financial advice to find out how you could be affected by the upcoming changes in the next tax year and what steps you can take to be as tax-efficient as possible.

Taking dividends may still be a good option, but there are other tax planning opportunities to explore, such as paying into a pension, that might reduce the amount of tax you pay. ■

IT'S GOOD TO TALK

To discuss your situation and the options available to you, please contact us – we look forward to hearing from you.

FROM 6 APRIL 2016, YOU NOW HAVE TO APPLY THE NEW HEADLINE RATES ON THE AMOUNT OF DIVIDENDS YOU ACTUALLY RECEIVE WHERE THE INCOME IS OVER £5,000 (EXCLUDING ANY DIVIDEND INCOME PAID WITHIN AN ISA



SURVIVING A CRITICAL ILLNESS

More people could face financial hardship despite medical advances

Most homebuyers purchase life assurance when they arrange a mortgage, but only a minority obtain another form of financial protection that they are five times more likely to need before they reach retirement.

Although we're four times more likely to claim on a critical illness policy than a life insurance policy before the age of 65[1], fewer than one in ten (8%) of us have critical illness insurance, and only a third (33%) have life cover, according to Scottish Widows[2].

COMMON DIAGNOSES

The statistics are startling. Prostate cancer is the most common cause of cancer in men in the UK, with around 130 being diagnosed every day and one in eight having this type of cancer during their lifetime[3]. And ovarian cancer is the sixth most common cancer in females in the UK, with around 20 women being diagnosed every day.

In the meantime, 16,000 people each year are diagnosed with a brain tumour, and more children and adults under 40 die of a brain tumour than from any other cancer[4].

Scottish Widows paid out more than £5.5million in critical illness claims relating to prostate cancer, ovarian cancer and brain tumours in 2014[5], which collectively accounted for more than 10% of all cancer claims that year.

The average age of diagnosis for prostate cancer in 2014 was 56, while the average age for ovarian cancer was 50. Almost three quarters (74%) of brain tumour claimants were male, with the youngest just 13 years of age.

DECREASING PRIORITY

While medical advances mean that more people are surviving conditions that might have caused death in earlier generations, financial protection is becoming a decreasing priority for most of us. The research reveals that 80% of us consider broadband as essential for daily living, while 71% can't get by without a mobile phone. In contrast, only 28% of us feel that protecting our families in case we become critically ill or unable to work is a necessity. ■

PREPARING FOR THE WORST-CASE SCENARIO

Although the here and now tends to dominate when it comes to the way we assess our needs, it's more important now than ever to have an appropriate plan in place at the right time to protect our homes and families. Contact us today to find out more – we look forward to hearing from you.

Source:
[1] ONS
[2] Scottish Widows Protection Report 2015
[3] Cancer Research UK
[4] Brain Tumour Research
[5] Based on Scottish Widows and Clerical Medical claims

YOU'VE PROTECTED YOUR MOST VALUABLE ASSETS.
But how financially secure are your dependants?
Timely decisions on how jointly owned assets are held, the mitigation of Inheritance Tax, the preparation of a will and the creation of trusts can all help ensure your dependants are financially secure.
CONTACT US TO DISCUSS HOW TO SAFEGUARD YOUR DEPENDANTS, WEALTH AND ASSETS – DON'T LEAVE IT UNTIL IT'S TOO LATE.

PENSION FREEDOMS: ONE YEAR ON

What are the key reasons for shifting retirement patterns?

New pension rules which give you far greater flexibility over what you can do with your pension pot came into force on 6 April 2015, but according to Aviva's latest Working Lives report a third of people aged over 50 who are employed in the private sector are now planning to retire later than they previously hoped.

The 2016 report – which comprises research among UK private sector employers and employees – has a particular focus on employees aged over 50, following the end of compulsory retirement and with the first anniversary of the 'pension freedoms' approaching.

In particular, it asked people, before they turned 40, what age they hoped they would retire at. Now, aged over 50, more than one in three (36%) admitted they would be retiring later than they thought – by an average of eight years.

PRIMARY REASONS FOR LATE RETIREMENT

Among those who will now retire later than hoped, the report found that a lack of pension savings (46%) is the primary reason for people to postpone their retirement plans.

The second most common reason for working longer was the amount that would be available through the State Pension (32%), making it clear that affordability is a real issue for a high proportion of over-50s.

Not all the reasons given for working longer were negative, though, with one in five (21%) of those expecting to work longer doing so because they feel they still have a lot to offer their employer. A similar proportion (20%) said that job satisfaction has encouraged them to put off retirement.

PENSION REFORMS

The Working Lives report also reveals a gap between employers' and employees' views on the impact of the pension freedoms following the recent first anniversary of their introduction in April.

Over one in five (22%) employers think the freedoms could result in their employees having to work longer to make up for a shortfall in savings if they use part of their pension before retirement. At the same time, almost one in three (32%) employers are concerned they will lose valuable skills because people will retire earlier due to the freedoms.

However, these fears may be unfounded as the vast majority of employees aged 50 and above do not intend to alter their plans because of the pension reforms. Only 8% highlighted that the freedoms will result in them retiring earlier, contrasting with the concerns employers have around loss of skills.

One in ten (11%) employees over the age of 50 now think they will retire at a later date because of pension freedoms, while 9% still remain unsure as to what the eventual impact of the freedoms will be upon their retirement plans. Seven in ten (71%) stated they have no plans to retire or that the pension freedoms have not affected their expected retirement date.

PRIVATE SECTOR BUSINESSES

Aviva's Working Lives report questioned 500 private sector businesses of different sizes about a number of issues, including how prepared they are to deal with changing retirement patterns following the scrapping of the Default Retirement Age and the introduction of pension freedoms.

The findings suggest the majority of businesses do not have plans in place and that they are less prepared for staff retiring later (just 25% have plans for this) than they are for staff retiring earlier (29% have plans in place).

Even among large companies (250+ employees), less than half (42%) have plans in place should their employees retire later than expected, compared to 14% across both small- and medium-sized businesses.

Likewise, only 48% of large businesses have plans to cope with staff starting to retire sooner than expected, compared to just 17% of medium-sized businesses and only 15% of small businesses.

ENCOURAGING SIGNS

With many over-50s facing a later retirement than they hoped, the Working Lives report nevertheless found encouraging signs that levels of job satisfaction were highest amongst those aged over 65. A large majority (86%) of private sector workers in that age group said they enjoy their work, compared with just 57% of those aged 18–64.

A similar proportion (85%) also said they get a sense of satisfaction from work, while 81% reported being valued by their employer – again, much higher than the younger age groups combined (57%). This backs up the suggestion that there are positive reasons for some people staying in work longer than they originally hoped.

The findings of the Working Lives report provide an important insight into what is happening in workplaces across the country and the impact of an aging population. All the evidence points to the fact that most of us are going to be working for longer than the previous generation did, and businesses need to be prepared for that. The report highlights that a lack of pension savings is the main driver for people staying in employment rather than retiring. We are now three years into auto-enrolment, which has encouraged millions more people to start making provisions for the future. ■

Source:
The Aviva Working Lives report was designed and produced by Aviva and Instinctif Partners in association with ICM Unlimited. Over 1,000 private sector employers and 4,000 private sector employees were interviewed in two waves to produce the second and third editions of the report in Q1 2013 and Q1 2016.

All interviews were conducted online and the sample targeted to ensure a comprehensive cross-section of the UK working population and consistency between editions. The latest wave also included an additional group of over-65s still in work, in order to focus in detail on the experiences of older people in the workplace.

For the purposes of this report, a 'small business' is a company with 0–49 employees, a 'medium company' has 50–249 employees and a 'large business' is 250 or more employees.

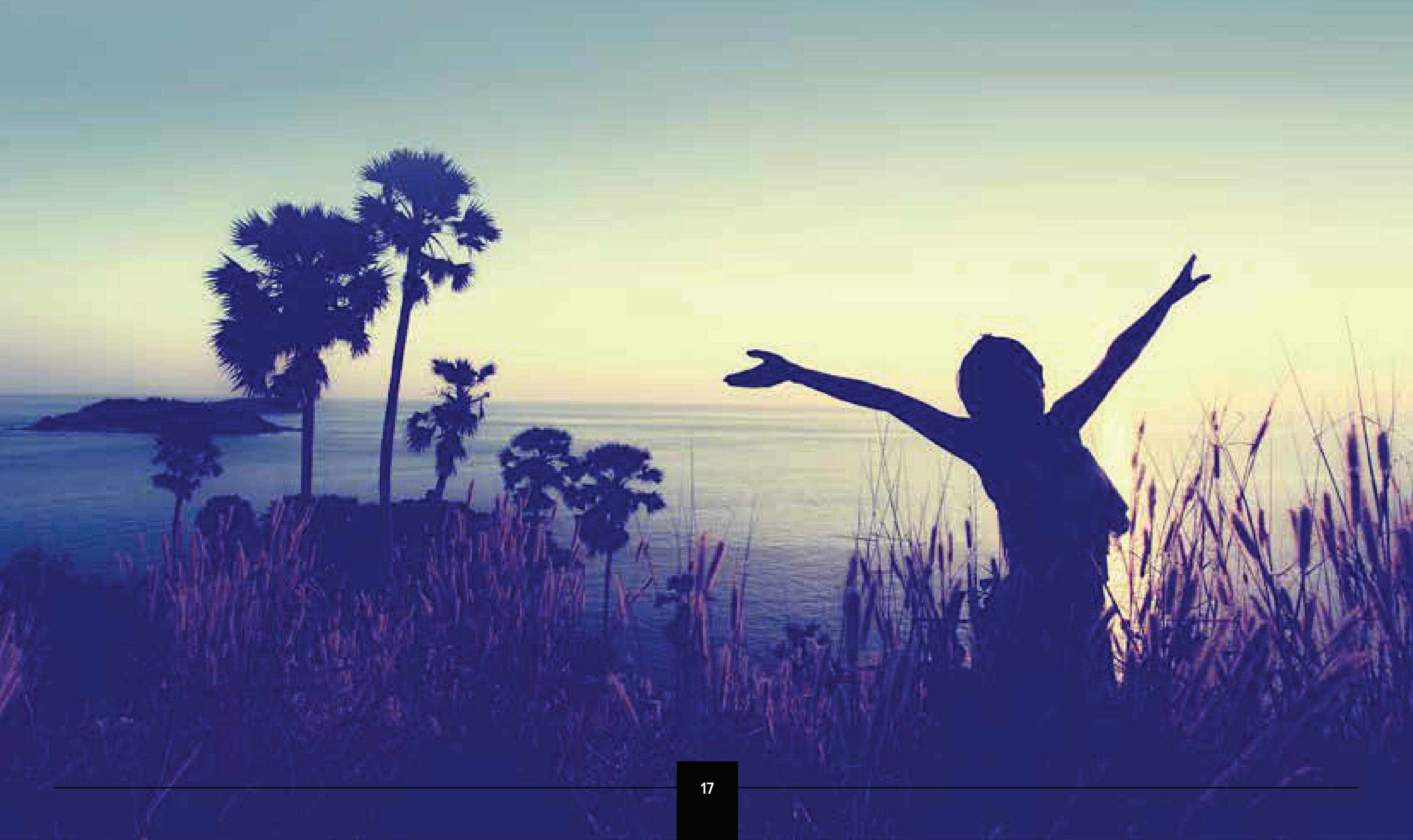
TIME TO REVIEW YOUR SITUATION?

To make sure you have the right plans in place, or to review your 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.

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.

OVER ONE IN FIVE (22%) EMPLOYERS THINK THE FREEDOMS COULD RESULT IN THEIR EMPLOYEES HAVING TO WORK LONGER TO MAKE UP FOR A SHORTFALL IN SAVINGS IF THEY USE PART OF THEIR PENSION BEFORE RETIREMENT. AT THE SAME TIME, ALMOST ONE IN THREE (32%) EMPLOYERS ARE CONCERNED THEY WILL LOSE VALUABLE SKILLS BECAUSE PEOPLE WILL RETIRE EARLIER DUE TO THE FREEDOMS.



STATE BENEFIT CONFUSION

Families could be missing out on thousands

Half (49%) of parents are confused by the array of state benefits available to them, and many don't claim them even though they are eligible according to figures from LV='s 13th Cost of a Child study.

All parents qualify for Child Benefit unless they (or, if a couple, one of them) have income of over £60,000 a year and they have a child aged under 16 (or under 20 if in full-time education). Based on income levels, three quarters (76%) of parents are eligible for this benefit, but only six in ten (61%) claim it. Child Benefit provides parents with up to £1,076 a year for the first child, so with the cost of raising a child now averaging more than £11,000 a year it could offer families significant support.

GREATER CLARITY

The study also found that a third (32%) of parents would need to rely on state benefits if the main breadwinner was unable to work due to illness or injury, but three in ten (28%) say they wouldn't know how to claim Employment and Support Allowance.

With previous research showing that six in ten (60%) parents are struggling with their finances, LV= has asked the Government to make the rules around state benefits clearer so parents can understand what support they are entitled to and how to claim. They also want the Government to provide greater clarity on how other arrangements – such as private insurance – can complement state benefits, so those who choose to protect their income themselves aren't disadvantaged.

FINANCIAL SAFETY NET

It's worrying that so many parents are confused by the system and aren't taking advantage of the support they're entitled to. We urge parents to think about putting a financial safety net in place to help them if they're unable to work; while state benefits are important, they are not guaranteed and often only provide the most basic support. ■

Source:

According to further ONS data, there are 28.9 million families with dependent children in the UK – as 49% of parents are confused by state benefits, this would imply that at least 14.5 million parents are confused (as each family will have at least one parent).

Cost of a child calculations, from birth to 21 years, were compiled by the Centre of Economic and Business Research (CEBR) for LV= in December 2015 and are based on the cost for the 21-year period to December 2015.

Additional research was conducted by Opinium Research from 22–27 January 2016. The total sample size was 1,000 UK adults with children under the age of 18 and was conducted online. Results have been weighted to a nationally representative criteria.

LOOKING FOR AN EXPERT, FLEXIBLE APPROACH TO MANAGING YOUR WEALTH?

Trust, tax and insurance solutions to ensure your financial goals can be achieved.

Whether your wealth comes from building a business, successful investments or family inheritance, robust family and estate planning is essential for protecting your wealth. We'll work to understand your requirements and bring them together as part of a coordinated financial approach.

CONTACT US TO DISCUSS YOUR REQUIREMENTS.

SMOOTHING OUT YOUR PORTFOLIO'S RETURNS

Increasing the long-term value of your investments

It's natural to be looking for ways to smooth out your portfolio's returns. Investing regularly can smooth out market highs and lows over time.

In a fluctuating market, a strategy known as 'pound-cost averaging' can help smooth out the effect of market changes on the value of your investment and is one way to achieve some peace of mind through this simple, time-tested method for controlling risk over time.

It enables investors to take advantage of stock market corrections, and by using the theory of pound-cost averaging you could increase the long-term value of your investments. There are however no guarantees that the return will be greater than a lump sum investment, and it requires discipline not to cancel or suspend regular Direct Debit payments if markets continue to head downwards.

REGULAR INTERVALS

The basic idea behind pound-cost averaging is straightforward: the term simply refers to investing money in equal amounts at regular intervals. One way to do this is with a lump sum that you'd prefer to invest gradually – for example, by taking £50,000 and investing £5,000 each month for 10 months.

Alternatively, you could pound-cost average on an open-ended basis by investing, say, £5,000 every month. This principle means that you invest no matter what the market is doing. Pound-cost averaging can also help investors limit losses, while also instilling a sense of investment discipline and ensuring that you're buying at ever-lower prices in down markets.

MARKET TIMING

Investment professionals often say that the secret of good portfolio management is a simple one – market timing. Namely, to buy more on the days when the market goes down, and to sell on the days when the market rises.

As an individual investor, you may find it more difficult to make money through market timing. But you could take advantage of market down days if you save regularly, by taking advantage of pound-cost averaging.

SAVINGS HABIT

Regular savings and investment schemes can be an effective way to benefit from pound-cost averaging, and they instil a savings habit by committing you to making regular monthly contributions. They are especially useful for small investors who want to put away a little each month.

Investors with an established portfolio might also use this type of savings scheme to build exposure a little at a time to higher-risk areas of a particular market.

The same strategy can be used by lump sum investors too. Most fund management companies will give you the option of drip-feeding your lump sum investment into funds in regular amounts. By effectively 'spreading' your investment by making smaller contributions on a regular basis, you could help to average out the price you pay for market volatility.

POUND-COST AVERAGING

Any costs involved in making the regular investments will reduce the benefits of pound-cost averaging (depending on the size of the charge relative to the size of the investment, and the frequency of investing).

As the years go by, it is likely that you will be able to increase the amount you invest each month, which would give your savings a valuable boost. No matter how small the investment, committing to regular saving over the long term can build to a sizeable sum. The key to success is giving your investment time to grow. Choose the amount you want to invest and set up automatic deposits. Once this is up and running, the chances are you won't even notice it going out of your monthly budget. ■

MAKING THE RIGHT INVESTMENT CHOICES

To make the right investment choices, you need to ask the right questions. And when it comes to answering those questions, we can help you find the best way forward. If you would like to get a sound point of view about what may be right for your unique situation, please contact us. We'll review and discuss your financial situation, help you set goals, suggest specific next steps, discuss potential solutions and provide ways to help you stay on track.

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PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

REGULAR SAVINGS AND INVESTMENT SCHEMES CAN BE AN EFFECTIVE WAY TO BENEFIT FROM POUND-COST AVERAGING, AND THEY INSTIL A SAVINGS HABIT BY COMMITTING YOU TO MAKING REGULAR MONTHLY CONTRIBUTIONS. THEY ARE ESPECIALLY USEFUL FOR SMALL INVESTORS WHO WANT TO PUT AWAY A LITTLE EACH MONTH.


ISN'T IT TIME YOU HAD A FINANCIAL REVIEW?
We'll make sure you get the right advice for your individual needs.
We provide professional financial advice covering most areas of financial planning, including tax-efficient savings, investment advice, retirement planning, estate & Inheritance Tax planning, life protection, critical illness cover and income protection.
TO DISCUSS YOUR OPTIONS, PLEASE CONTACT US.

NEW STATE PENSION

How much will I get under the new State Pension?

The State Pension changed on 6 April 2016. If you reach State Pension age on or after that date, you'll now receive the new State Pension under the new rules. The aim of the new State Pension is to make it simpler to understand, but there are some complicated changeover arrangements which you need to know about if you've already made contributions under the previous system.

For many retired people, the State Pension forms the core of their retirement income, together with any workplace or personal pension provision that they have. The new State Pension is a regular payment from the Government that you can claim if you reach State Pension age on or after 6 April 2016. You will receive the new State Pension if you're eligible and a man born on or after 6 April 1951, or a woman born on or after 6 April 1953.

If you reached State Pension age before 6 April 2016, you'll receive the State Pension under the old rules. You can still get a State Pension if you have other income such as a personal pension or a workplace pension.

The basic and additional State Pensions have been replaced by a flat-rate, single-tier new State Pension with a full level of £155.65 per week in 2016/17, and depending on your personal circumstances this may be subject to tax. Your National Insurance record is used to calculate your new State Pension, and you'll usually need ten qualifying years to get any new State Pension.

For ten years, at least one or more of the following must have applied to you:

- You were working and paid National Insurance contributions
- You were receiving National Insurance credits, for example, due to unemployment, sickness or as a parent or carer
- You were paying voluntary National Insurance contributions

If you've lived or worked abroad, you may still be able to get some new State Pension. You may also qualify if you've paid married women's or widow's reduced rate contributions, but you'll need 35 qualifying years to get the full new State Pension.

HIGHER OR LOWER

The amount you receive can be higher or lower depending on your National Insurance record, and it will only be higher if you have over a certain amount of Additional State Pension. You don't have to stop working when you reach State Pension age, but you'll no longer have to pay National Insurance, and you can also request flexible working arrangements.

Deferring the new State Pension means that you may receive extra State Pension when you do claim it. The extra amount is paid with your State Pension (for example, every four weeks) and may be taxable. Deferring your State Pension could affect your other benefits and tax credits.

You'll need to defer for at least nine weeks – your State Pension will increase by 1% for every nine weeks you put off claiming. This works out at just under 5.8% for every full year you put off claiming. After you claim, the extra amount you get because you deferred will usually increase each year. The rules for deferring are the same if you live in the EU and EEA, Gibraltar or Switzerland, or a country that the UK has a social security agreement with.

DIFFERENT RULES

There are different rules if you live in another country. The extra amount you get for deferring is calculated by taking your State Pension rate at the time you reach State Pension age, or when you move abroad. The extra amount also won't increase after you claim.

You can claim your new State Pension even if you carry on working. However, you have the option to defer which can increase the amount you get. If you're eligible for a State Pension from the Isle of Man, you'll need to claim it separately from your new UK State Pension.

On 6 April 2016, these rules changed so that if you were contracted out you'll no longer be contracted out, and you'll pay more National Insurance (the standard amount).

CONTRACTED OUT

The new system sees the end of the Additional State Pension (the State Second Pension [S2P]) and the previous version, the State Earnings-Related Pension Scheme (SERPS). You should check your previous payslips to see if you have been contracted out. You will have been contracted out if the National Insurance contributions line has the letter D or N next to it, and remain contracted in if it has a letter A. If there's a different letter, you should check this with your employer or pension provider. You will have paid National Insurance at a lower rate if you were contracted out. However, if you were contracted out through a personal pension plan, the full rate of National Insurance would have been paid, with a rebate being paid by the Government to the pension provider.

You're more likely to have been contracted out if you worked in the public sector, for example, the NHS, local councils, fire services, the civil service, teaching, police forces or the armed forces. Up to April 2012, it was possible for people to contract out through their own individual private pension plan if they weren't already a member of a contracted out occupational scheme.

You may also be able to inherit an extra payment on top of your new State Pension if you're widowed, but you will not be able to inherit anything if you remarry or form a new registered civil partnership before you reach State Pension age. ■

PLANNING FOR THE FUTURE

Why it's important to know your start and end points

Reaching wealth goals and achieving personal ambitions are major objectives of the financial planning process. In order to make plans for the future, you need to know where you are today and where you want to be in the future.

Wealth goal-setting is very much like creating a business plan. You need to know a starting point and ending point, the time frame for 'exiting' (or reaching your goals), and the estimated cost involved.

TYPES OF WEALTH GOALS

The three most common types are:

- Retirement planning or property purchase over the very long term (15 years or more)
- Life events, such as school fees over the medium term (10-15 years)
- Rainy day or lifestyle funds to finance goals such as a dream sports car over the medium to shorter term (5-10 years).

WEALTH GOALS THAT REALLY MATTER MOST

It's important to consider and plan for which wealth goals really matter most. Instead, many people muddle through their financial lives, spending to meet the day-to-day expenses that dominate their attention. That's why to get what you want most, you must decide which wealth goals will take priority and work toward the lesser goals only after the really important ones are well provided for.

APPROACH TO ACHIEVING YOUR GOALS

The minimum time horizon for all types of investing should be at least five years. Whatever your personal wealth goals may be, it is important to consider the time horizon at the outset, as this will impact on your approach to achieving your goals. It also makes sense to revisit your goals at regular intervals to account for any changes to your personal circumstances, for example, the arrival of a new member to the family, or as you enter retirement.

CLEARLY DEFINE YOUR SPECIFIC GOALS

As a starting point, consider the goals you set previously, and reflect on what worked and what didn't and why. Once you've done this, it's time to clearly define your specific goals. Most people tend to set wealth goals that are more about money than about things that motivate them emotionally.

SMART GOALS YOU TRULY VALUE

Goals that are tied to what you truly value are often easier to achieve than goals that are simply tied to money. Part of what gives this goal its power is that it's SMART – it is Specific, Measurable, Attainable, Relevant and has a Timeline.

DEFINE YOUR GOAL CLEARLY

A wealth goal is the first step that sets you on a path and should also be:

Specific – 'To get wealthier' is not a specific or clear goal, but 'to achieve two-thirds of your previous working lifetime income at 55 when you retire' is
Measurable – Set deadlines for your wealth goals, such as the age at which you want to retire, or the timeline for buying a holiday home
Achievable – Use your own income (and expected income) to set your wealth goals for the future. Don't count on inheriting money
Relevant – Create a personal financial bucket list of wealth goals but always view it as a flexible document that will change with time as your interests and life situation changes
Timeline – Identify your time frame by categorising your objectives by short-term, medium-term and long-term wealth goals to provide focus and to help match your goals with appropriate savings and investments

A financial to-do list provides important action steps that can help you keep your financial plans on track. Some of these include:

- Giving your portfolio a regular check-up to make sure your mix of investments accurately reflects your current goals, time frame and risk tolerance
- Taking full advantage of your employer's pension plan (if you're not doing this already)
- Tracking your spending to see where your money is going
- Calculating your net worth so that you understand where you stand financially
- Creating a legacy for future generations and/or charitable organisations that reflect your values

As crucial as a financial to-do list is to your long-term financial security, creating a not-to-do list is equally important. That's because a not-to-do list can help you avoid some of the mistakes that may be keeping you from making the most of your money. For example, do not:

- Try to time the market. No one knows for certain which way the market will head next. Instead, be strategic and thoughtful about your investment decisions
- Make investing decisions in isolation. Rather, consider how each may impact your overall wealth goals
- Delay saving for retirement. The sooner you get started, the greater the impact time and compounding may have on your ability to build financial security for the future
- Gain access to your retirement savings unless in an emergency. Taking money from your pension pot is like borrowing from your future to pay for your present needs

- Ignore the important role risk plays in your portfolio's ability to grow over time
- Minimise the impact of inflation on your money's future buying power
- Review your investments periodically to make sure they're performing as expected. If they're not, be ready to make changes as needed

CHANGING PERSONAL AND FINANCIAL SITUATION

Over time, your personal and financial situation is likely to change. Consider how this may impact your wealth goals, risk tolerance and time frame, as well as your investment and protection planning requirements.

Make sure you have a properly drafted and signed Will. Check to see that your Will (and any trust) accurately reflects your wishes and that the beneficiaries on your pension plans and life insurance policies are up to date. ■

IS IT TIME YOU REVIEWED YOUR WEALTH GOALS?

We all have dreams for the future, and many of those dreams require wealth to make them come true. Reaching those milestones starts with setting clear wealth goals. Saving and investing with a goal delivers its own reward: the purchase or life change that you've dreamt of and worked to achieve. We're committed to our clients' financial success and would like to have an opportunity to review your wealth goals. To find out more, please contact us – we look forward to hearing from you.

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ACHIEVING A COMFORTABLE RETIREMENT

Do you need a professional assessment of your situation to make this a reality?

If you are unsure whether your pension is performing in line with your expectations, and that you've made the right pension choices, don't leave it to chance.

CONTACT US TO DISCUSS THESE AND OTHER IMPORTANT QUESTIONS, AND WE'LL HELP GUIDE YOU TO A COMFORTABLE RETIREMENT.

ASSET MIX

Even the best-planned portfolios need to be reviewed regularly

It goes without saying that everyone should take some time to review their portfolios every once in a while. The only constant in life is change – and chances are your life has changed since you last reviewed your investment portfolio.

Do you know if you are still on track to reach your goals? Or if your money is working as hard for you as it could be? Even the best-planned portfolios need to be reviewed regularly. Markets go up and down, tax rules change, and your personal financial needs and goals shift – perhaps you are nearing retirement, your income has changed or you have recently received a lump sum to invest.

As financial markets are constantly on the move, over time the asset allocation of your portfolio will change, as could the level of risk you are taking. A regular check provides the opportunity to realign your investments with your investment objectives, and rebalancing your portfolio will ensure that your needs, goals and risk appetite are aligned to meet your short- and long-term financial goals.

LIFE CHANGES

Have any life changes occurred during the past 12 months? Have you married or remarried, had a child, started a new job or retired? Has there been a divorce or a child nearing university age? If so, you may need to make some changes to your plans and your investment portfolio.

PORTFOLIO MIX

It doesn't take a significant amount of time for you to see the effects of differing levels of performance across different assets. If equities have a good year, but property and/or cash are under pressure, your carefully balanced approach to risk can quickly move out of line.

It is therefore sensible to make sure you review those allocations on a regular basis – and unless you have a significant amount of money, annually is generally considered sensible. This doesn't have to be a lengthy process – you just need to make sure your objectives are still in sight and the underlying risk levels remain acceptable.

Your review might therefore include making any necessary changes:

- Checking your current valuations and resulting asset allocation
- Rebalancing of funds to realign your risk levels
- Considering an increase in contributions to maximise use of new limits, account for salary reviews or any bonuses received
- Considering changes in legislation, such as the Pension Freedoms, which could impact on your choice of tax-efficient products
- A review of your Will and list of nominated beneficiaries

WANT TO FIND OUT MORE?

To afford the lifestyle we want, we need to do something about it today. As the saying goes, luck is what happens when preparation meets opportunity. It's never too early to start saving and investing in order to plan for the future you want for you and your family. To discuss your particular requirements, please contact us – we look forward to hearing from you.

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