PROTECT & GROW

AUTUMN 2022 | ISSUE 12

MANAGING THE IMPACT ON YOUR PENSION

Just two out of five have planned for inflation in retirement

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KINGSWOOD
PROTECT AND GROW YOUR WEALTH

RISING COST OF LIVING CRISIS

3 TIPS TO MAINTAIN YOUR FINANCIAL WELLBEING

The rising cost of living is one of the most pressing issues facing many families today. The price of food, energy, fuel and other necessities has risen significantly in recent months. This has made it difficult to make ends meet and has put a strain on many household budgets.

Planning for the rising cost of living can be a challenge, especially if your income isn't keeping up with inflation. As many people feel the squeeze as the cost of essential items continues to increase, there are a few important things to consider to maintain your financial wellbeing.

1. REVIEW SPENDING

The rising cost of living can be a real problem, especially if you're not mindful of your spending. Going through your spending with the finest tooth comb can help you find areas where you may be able to cut back, and save money in the long run. Keep an eye on your budget and make adjustments as necessary to ensure that you are aware of your outgoing costs and can adapt your spending accordingly. Being able to see exactly where your money's going will help you to pin down where you can make savings and cuts.

Ask yourself: What's coming in and going out? Can I get something for cheaper? And (often the hardest of all): Do I really need that? Look at the money you have coming into your home – whether that's just you or with someone else. You want to look at every single thing that's going out (there may be a lot more than you think).

2. EMERGENCY SAVINGS

When it comes to financial security, one of the most important things you can do is to keep emergency savings aside for when you need them. Having a nest egg that you can tap into in times of need can help you weather a storm. One method is to create a dedicated savings account that you only use for this purpose. This way, you can easily access the funds when you need them but they remain out of reach for everyday spending.

Aim to build up enough to cover between three to six months' expenses, or as much as you can afford. The best thing to do is make room for your savings in your budget as one of your outgoings. By doing so, it'll help you see your savings as a must, rather than a must-do-later. And if you can, set up an automated payment from your normal bank account straight into your savings account – that way you don't even need to think about it.

3. PENSIONS AND INVESTMENTS

As many people across the country are feeling the squeeze of a cost of living crisis, it's more important than ever to make sure your finances are in good shape. One way to do this is by making sure you don't touch your pension or investments. While it may be tempting to dip into these savings to help make ends meet in the short term, it's important to think about the long-term impact this could have on your retirement plans.

Drawing down on your pension or selling investments could leave you worse off in the long run, so it's important to consider all of your options before making any decisions. Consolidating your old pensions into one could help you cut down on management fees and give you a better picture of how your finances are looking. But before transferring your pensions it is essential to obtain professional financial advice. ■

DON'T FORGET YOUR LONG-TERM FINANCIAL SECURITY

It's important to think about the long term when it comes to your finances. Making short-term decisions could jeopardise your long-term financial security. To discuss your situation or plans or for further information, please contact us.

WELCOME

WELCOME TO the Autumn issue of *Protect & Grow* from Kingswood.

Retirement planning can be complex at the best of times, so it is easy to understand how some people can find it daunting to take into account factors like inflation. The reality is that inflation hurts everyone, but it can be especially harmful to retirees. Whether it's the price of food, fuel, energy or other goods and services that we purchase, inflation is definitely increasing. The current economic climate clearly illustrates just how important it is to consider the impact of inflation on your future retirement income and take proactive steps to manage this. Turn to page 12 to read the full article.

The rising cost of living is one of the most pressing issues facing many families today. The price of food, energy, fuel and other necessities has risen significantly in recent months. This has made it difficult to make ends meet and has put a strain on many household budgets. On page 02 we look at how planning for the rising cost of living can be a challenge, especially if your income isn't keeping up with inflation.

As you approach the last five years before your retirement, there will be a lot of things to consider. You'll need to think about your finances, your health, your housing situation and your plans for the future to live comfortably in retirement. On page 15 we consider the questions you need to ask and things to review in order to ensure you have a comfortable and enjoyable retirement.

When it comes to conversations about money, more and more families in Britain are opening up, new research reveals. This is a significant increase from previous years, when such conversations were considered taboo. The survey shows that families are becoming more comfortable talking about money, and that children are becoming more interested in learning about personal finance. Read the full article on page 06.

What are your financial and lifestyle motivations?

At Kingswood, by building a relationship with you we come to understand your motivations and long-term aims – both financial and lifestyle – to ensure every action we take is in your best interests. For more information or to find out more, please contact us.

INSIDE THIS ISSUE

KINGSWOOD
PROTECT AND GROW YOUR WEALTH

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TIPS FOR A HEALTHY PENSION **AS YOU APPROACH RETIREMENT**

WHAT REALLY IMPORTANT RETIREMENT QUESTIONS SHOULD YOU BE ASKING?

As you approach the last five years before your retirement, there will be a lot of things to consider. You'll need to think about your finances, your health, your housing situation and your plans for the future to live comfortably in retirement.

There will be lots of questions to ask: How much money will I need to have saved? What will my income sources be in retirement? What kind of lifestyle do I want in retirement? What will my health care needs be in retirement? What are my long-term care needs in retirement? What are my estate planning needs in retirement? What are my tax considerations in retirement?

There are also a number of things to review in order to ensure you have a comfortable and enjoyable retirement.

Things you might want to consider as your retirement approaches. Here are just a few:

TRACK DOWN YOUR PENSIONS

There are a number of ways you can track down a pension in the UK. But the most straightforward is to use the government's Pension Tracing Service to help you find lost pensions – visit: https://www.gov.uk/find-pension-contact-details

The most important thing is to keep good records and to know where your pension money is invested. If you have moved jobs or changed address, update your records with your current contact details. This will help ensure that you receive any correspondence relating to your pension.

WHEN CAN YOU ACCESS YOUR PENSION/S?

The earliest you can currently access your UK pension is age 55 (this will be changing to age 57 in 2028 unless your pension plan has a protected lower pension age). However, this does not mean you automatically receive your pension at this age – it simply means that you can start to take benefits if you wish. The exact amount and how often you receive your pension payments will depend on the rules of the specific scheme you're in.

For workplace and personal pensions, there's no set retirement age, so it's down to the rules of the individual scheme. Some schemes may require you to retire at a certain age, while others may give you the flexibility to carry on working for as long as you want. The decision of when to take your pension is a personal one, and will depend on your individual circumstances.

WHAT'S YOUR PENSION'S VALUE?

There are many benefits to checking your UK pension's value regularly as you approach retirement. By doing so, you can ensure that your pension remains on track to providing you with the income you will eventually want in retirement.

By keeping track of your pension's value, you can be sure that you are making the most of your investment and are keeping an eye on any changes in the value of your retirement fund. This is important because it will help you identify what adjustments, if any, need to be made to your retirement plans.

GET A STATE PENSION FORECAST

A State Pension forecast gives you an estimate of the amount of money you will receive from the government once you reach retirement age. You can obtain your forecast online through the government's website, visit: https://www.gov.uk/check-state-pension. When requesting your forecast, you will need to provide personal information, such as your date of birth and National Insurance number.

Once you have received your forecast, it is important to keep in mind that the amount stated is only an estimate. The actual amount you receive may be higher or lower than what is indicated on your forecast, depending on a number of factors.

FIND OUT THE VALUE OF YOUR OTHER INVESTMENTS

You need to obtain an accurate estimate of the value of your other investments when planning for retirement. These will play a role in how much money you'll need to withdraw from your retirement accounts each year. If you have a large investment portfolio, you may be able to withdraw less each year, which could help stretch your retirement savings further.

The value of your other investments is likely to impact on how much income you'll need to generate from them in order to meet your

retirement expenses. If you have a more modest portfolio, you may need to withdraw more each year in order to cover your costs. Knowing the value will enable you to determine whether you're on track to reaching your retirement goals. If your portfolio is worth less than you had hoped, you may need to make adjustments to your savings and investment strategy in order to realign your retirement plans.

HOW WILL YOU ACCESS YOUR PENSION?

If you have a UK Defined Contribution pension, you may be able to take some or all of your pension benefits as a lump sum from age 55 (age 57 in 2028 unless your plan has a protected lower pension age). This is known as 'crystallising' your pension. You can take up to one-quarter of your pension pot as a tax-free lump sum. The remaining balance can be used to provide an income for life or to draw on flexibly as required.

However, there are some things you should bear in mind before taking this step. Taking all of your pension benefits as a lump sum will mean that you will have less money to live on in retirement. This is because the lump sum above the 25% tax-free amount will be subject to Income Tax. Taking your pension fund as a lump sum does not affect your State Pension, but it can affect certain means-tested state benefits.

MAKE A RETIREMENT BUDGET

It's no secret that retirement can be expensive, especially with the effects of rising inflation. In addition to the obvious costs, like housing and healthcare, there are a myriad of other expenses that can quickly add up. From travel and leisure to groceries and utilities, retirees have plenty of bills to pay. That's why it's so important to create a retirement budget. By understanding where your money is going, you can identify potential areas of improvement.

A retirement budget doesn't have to be complicated. But it should include all of your expected sources of income, as well as all of your anticipated expenses. Once you have a clear picture of your cash flow, you can start making adjustments to ensure you can look forward to enjoying your retirement years. ■

READY TO DISCUSS YOUR RETIREMENT PLANS?

Before making any decisions about your retirement plans, it's important to seek professional financial advice. This will help you understand all of your options and make the best decision for your individual circumstances. For more information or to discuss your requirements, please contact us.

A pension is a long-term investment not normally accessible until age 55 (57 from April 2028 unless plan has a protected pension age). The value of your investments (and any income from them) can go down as well as up which would have an impact on the level of pension benefits available. Your pension income could also be affected by the interest rates at the time you take your benefits.

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. You should seek advice to understand your options at retirement.

IT'S GOOD TO TALK

MORE YOUNG ADULTS ARE MORE ENGAGED ABOUT MONEY WITH THEIR PARENTS THAN PAST GENERATIONS

When it comes to conversations about money, more and more families in Britain are opening up, new research reveals[1]. This is a significant increase from previous years, when such conversations were considered taboo.

The survey shows that families are becoming more comfortable talking about money, and that children are becoming more interested in learning about personal finance.

VALUE OF MONEY

There are many reasons why families might choose to have these conversations with their children. For one, it can help teach them the value of money and how to manage it responsibly. It can also help them understand the family's financial situation and make informed decisions about their own future.

It's clear that more and more families are finding value in talking about money with their children. And that's a good thing for everyone involved.

UNCOMFORTABLE CONVERSATION

As a nation we have historically seen money as an uncomfortable conversation, but times are changing. Talking about money matters openly when growing up can help children and young adults prepare themselves for dealing with finances once they leave home or start work.

Younger adults are significantly more likely to have talked about money matters with their parents when growing up compared to the generations that went before them.

SAVINGS HABITS

Three in four (76%) 18-24-year-olds spoke to their parents about money matters when they were growing up. This compares to just 43% of those 65 or over, 52% of 55-64-year-olds and 58% of 45-54-year-olds.

Parents who talk to their children about money could make them more likely to be aware of considerations around day-to-day spending, as well as the need for longer-term savings habits.

LOWER INCOMES

The research also reveals that those in lower income households are least likely to have talked about money with their parents when growing up. Just over half (54%) of those in households with an annual income of less than £20,000 talked about money with their parents as a child. This compares to 62% of people in households that earn between £40,000 to £59,000.

Those who now have an annual household income of over £100,000 a year are most likely to have spoken with their parents about money as a child (68%). ■

CREATING WEALTH FOR FUTURE GENERATIONS

When your children have a clear picture of what matters to them most, they become more confident in what they want to achieve. With that confidence comes a sense of certainty about their future plans. To discuss how we can assist with their future goals and help them create future wealth, please get in touch.

Source data:

[1] Royal London commissioned research agency Cicero/amo to undertake a nationally representative survey (by age, gender and region) of 3,042 adults in the UK. Fieldwork was conducted between 13–24 May 2022.

UNRETIREMENT

MORE OVER-50S RETURNING TO WORK AMID COST-OF-LIVING CRISIS

Older workers have been leaving the jobs market in their droves over the past two years, partly due to many re-evaluating what they want from their lives and careers during the course of the COVID-19 pandemic, and also due to the devastating impact the pandemic had on the prospects for many older jobseekers, who felt they had no choice but to leave the workforce.

But the cost of living crisis is now affecting some pensioners drastically, with more older people starting to return to work amid the ongoing crisis, new research has highlighted[1]. The findings identified economic activity levels among the over-50s are now at their highest since the pandemic began.

IMPACTING PENSIONS

Analysis of official statistics appears to show the first signs of a return to the long-term trend of more economically active people over the age of 50 – a decades-long trend which, it said, was reversed by the pandemic.

Spiralling inflation and turbulent financial markets impacting pension funds are causing some people to unretire and find work again. There has been an increase in economic activity (those in work or looking for work) of 116,000 among the over-50s in the past year. More than half of the increase is being driven by men over the age of 65.

RETIRING COMFORTABLY

In some ways, the pandemic forced the hands of many and gave them an opportunity to trial retirement. An early retirement can often seem like a dream when you're stuck in the thick of the daily grind but, for many, giving up work abruptly can also result in a loss of structure, social connections and purpose, which can leave people feeling lost at times.

The current economic climate means that some people who thought they could retire comfortably during the pandemic are now having to unretire and find work again to bring in some extra income and top up their pensions while they still can. ■

WANT TO DISCUSS HOW TO MAKE YOUR MONEY WORK FOR YOU?
If you're getting ready to retire, or maybe you've already retired, now may be a good time to think about professional financial advice. It can take some of the worries out of retirement planning and ensure your money will go further. So if you have any concerns about your retirement, we can help make your money work for you. To talk to us, please contact us – we look forward to hearing from you.

Source data:
[1] Analysis by www.restless.co.uk – Economic activity levels amongst people over the age of 50 hit their peak of just over 11 million just before the pandemic in the three-month period from December 2019 – February 2020. Since then, we have seen a decades-long trend reverse, with economic activity levels of workers aged over 50 falling by as much as 223,000 during the pandemic.

A HEALTHIER APPROACH **TO RETIREMENT WEALTH**

PENSION SCHEMES HAVE A CRITICAL ROLE TO PLAY IN THE TRANSITION TO A NET ZERO ECONOMY

Pension schemes have a critical role to play in the transition to a net zero economy, with many schemes already assessing the impact of their investments in the context of the goals of the Paris Agreement.

Striving to improve investment practices, and robust transparency standards across the investment chain, are an essential part of ensuring schemes can act as responsible stewards on behalf of millions of UK pensions savers.

NET ZERO COMMITMENTS

Choosing to go green on our pension investments could have a far greater impact on the environment than we may have thought. The positive news is that almost three-quarters (74%) of pension schemes already have net zero plans in place, or will do within the next two years, a new survey has found[1].

This latest survey shows that pension schemes are making progress towards net zero commitments. With new Taskforce on Climate-related Financial Disclosures (TCFD) requirements coming into force, the number of schemes making such commitments is expected to grow further still.

IDENTIFYING SUITABLE PERFORMANCE

The news comes as climate change and Environmental, Social and Governance (ESG) stewardship continue to rise in importance and have become a central part of pension schemes' investment strategy, with identifying suitable performance measures and devising frameworks to report on them also rising in importance.

The survey found two-thirds (63%) of schemes have started working on their TCFD report, with over half (55%) saying they are within the scope of the reporting deadline and so plan to publish one this year.

CLIMATE TRANSITION PLANS

More than a quarter (28%) have gone a stage further and said that they have already published their TCFD report, despite it not being a mandatory requirement.

In terms of stewardship, two-thirds (68%) see their key priority as investors as being climate transition plans. Over half (56%) see these being net zero targets, while around a third (37%) see board diversity and human rights (35%) as key priorities.

MAJOR RISK TO PORTFOLIOS

In terms of non-climate related ESG factors, diversity and inclusion (51%) and human rights (49%) are seen to be the most important. These are also the areas that most see their organisations focusing on in the next 18 months.

There are a number of reasons for this increase, including regulatory pressure and public concern about climate change. However, the most important factor is likely to be financial: more and more investors are recognising that climate change presents a major risk to their portfolios.

REVIEWING INVESTMENT STRATEGIES

As a result of this increase in awareness, many pension schemes are now reviewing their investment strategies. Some are divesting from fossil fuel companies, while others are investing in green infrastructure and renewable energy.

The survey shows that pension schemes are taking climate change seriously. This is a positive development, as it means that more and more people will have a retirement income that is not put at risk by the threat of climate change. ■

HOW GREEN IS YOUR PENSION?
Although we might like to think that our pension contributions are simply locked away for us to use once we retire, the reality is that this money is being invested. Greening your pension might be the single most effective action you can take to reduce your carbon footprint. For more information or to discuss your retirement plans, please speak to us.

Source data:
[1] Research was conducted by the Pensions and Lifetime Savings Association (PLSA) among its members between 20/04/2022 and 16/05/2022. A total of 91 members responded to the survey.

The value of your investments can go down as well as up and you may get back less than you invested.

HOW TO REDUCE INHERITANCE TAX **BY LEAVING A GIFT**

PLANNING FOR YOUR WEALTH PRESERVATION AND THE EVENTUAL TRANSFER OF THAT WEALTH

When you've worked hard and invested carefully to build your wealth, you want to look after it. That's why it's important to plan for your wealth preservation and the eventual transfer of that wealth.

If you're considering making a gift to someone, there are a few things you need to know about Inheritance Tax. Gifts can be a great way to reduce the amount of Inheritance Tax that your family will have to pay when you die, but there are some rules that you need to follow.

MAKE USE OF THE ANNUAL EXEMPTION

Inheritance Tax is a tax that is levied on the estate of a person who has died. The estate is the value of all the property and assets that the person owned at the time of their death (with some exceptions for certain business assets and pension funds). Inheritance Tax is charged at 40% (tax year 2022/23 – a UK tax year runs from 6 April to the following 5 April) on anything above the Inheritance Tax threshold, which is currently £325,000.

There are some gifts that are exempt from Inheritance Tax, such as gifts to your spouse or registered civil partner, or gifts to charities. However, you can also reduce the amount of Inheritance Tax that your family may have to pay by making use of the annual exemption and also carrying forward any unused annual exemption from the previous year.

AVOID PAYING INHERITANCE TAX

If you're thinking about making a gift, there are a few things you need to bear in mind. Firstly, you need to make sure that the gift is genuine and that you're not just trying to avoid paying Inheritance Tax. Secondly, you need to consider whether the person you're giving the gift to can afford to pay any Inheritance Tax that might be due on it (which would apply if the cumulative gift exceeds your nil-rate band). And finally, you need to think about what will happen to the asset after you die.

You can make exempt gifts of up to £250 as long as each gift goes to a different person and each person has had no more than £250 from you in gifts in that tax year. This will commonly include birthday and Christmas gifts.

MONEY OR ITEMS OF PROPERTY

A wedding gift from a parent to their child of up to £5,000, from grandparent to grandchild of up to £2,500, or up to £1,000 to someone else, is also exempt.

In addition, each tax year you have what's known as an 'annual exemption'. Under this you can give away money or items of property to the value of £3,000. This can all go to one person or be shared between several people. And if you didn't use that exemption in the previous tax year, you can use it in the current tax year and give away £6,000.

MAKING REGULAR PAYMENTS

Known as 'normal expenditure out of excess income', you're able to make regular payments from income you don't need to maintain your normal standard of living. For example, if you wanted to pay a loved one's rent or mortgage, or make regular payments into a savings account for your grandchild.

There isn't a limit on how much you can give away and, like the exempt gifts above, the amount you gift will leave your estate straight away. But you must be able to afford the payments after your regular living costs and without having to cut back. Plus the payments need to come from your normal monthly income.

WORKING OUT IF THERE'S TAX TO PAY

If you wanted, you could combine regular payments with your annual exemption in the same tax year so that one person can receive even more. It's important to consider carefully how much you can afford – although you may not need the money now, your circumstances in the future could change.

Keeping a record of the gifts you give is essential. It helps you show which are exempt and which may have to be included as part of your estate. And in the event of your death, it will also help those responsible for the administration of your estate when it comes to claiming any allowances and working out if there's tax to pay.

NON-EXEMPT GIFTS

If you wish to make larger gifts that fall outside the above exemptions, those gifts won't fall out of your estate for Inheritance Tax purposes for seven years. ■

READY TO DISCUSS HOW TO PROTECT AND PASS ON YOUR WEALTH?

We are living in an unprecedented age of personal wealth. Many of today's baby boomer generation are far wealthier than any before, built on the back of generous pensions, secure high paid jobs and soaring property values. But for many of the next generation, future financial security and goals may be increasingly reliant on receiving a sizeable inheritance. To discuss how to protect and pass on your wealth, 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.

STARTING **A FAMILY**

WHAT STEPS TO TAKE TO PREPARE FINANCIALLY

Having a baby is one of the most exciting, life-changing events that you'll ever experience. But along with the joy and happiness that comes with starting a family, there is also the reality of the added costs.

On average in 2021, the total cost of raising a child to the age of 18 now stands at £160,692 for a couple and £193,801 for a lone parent[1]. These numbers aren't small, which is why it is important to consider your financial planning options before starting a family.

The total cost of raising a child, the report highlights, is the highest it has been since calculations started in 2012. Since 2012, the total cost has risen by 13% for couples and 25% for lone parents. The rise in the last year has been particularly large – 3.6% for couples and 3.3% for lone parents.

Fortunately, there are ways to ease the financial burden and protect your new family.

CREATE A BUDGET

One of the best ways to prepare for the added expenses of having a baby is to create a budget. Track your income and spending so you have a clear idea of where your money is going each month. Then, start setting aside money each month to cover the anticipated costs of having your baby.

If your income is likely to change after the arrival of your baby (for example, if you reduce or stop working) then it may also be a good idea to consider cutting some costs. It can be helpful to sort your expenses into essential and non-essential items so you can find ways to save.

EMERGENCY FUND

Building an emergency fund is a savings account that you can easily access and use in case of unforeseen circumstances. This could help you weather a financial storm that comes your way and keep you from going into debt. Aim to save at least three to six months' worth of living expenses, or what you can afford, so you have a cushion in case of an unexpected financial emergency.

Remember, this is a pool of money that should only be used during times of financial need, for example, resulting from a job loss or unexpected expenses such as major home or car repairs, illness, etc, that can cause real financial hardship.

FAMILY PROTECTION

This is all about having a financial safety net in place so that your family can remain financially secure should the unthinkable happen. Family protection will typically include life insurance, critical illness cover and income protection.

It is also essential to make a Will that shares your wishes after death. You will need to appoint executors and trustees to administer your estate and ensure it is shared in the way you intended it to be. You can also determine who will be your child's guardian, should you die before they become adults.

FINANCIAL FOUNDATION

All parents want to give their child the best possible start in life. As a new parent, one of your key priorities is undoubtedly ensuring that your child has everything they need to lead a happy and successful life. Part of this involves setting aside money for their future – whether it be for their education, purchasing a first property or simply establishing a solid financial foundation. It can also teach them valuable lessons about managing their finances.

When it comes to saving and investing, the sooner you begin, the more time the money has to grow. Options may include: Bank/building society accounts, Junior Individual Savings Accounts (JISAs) and a Junior Self-Invested Personal Pension (JSIPP). No matter how you choose to save or invest for your child's future, the important thing is that you start now. ■

TIME TO DISCUSS PREPARING FINANCIALLY FOR YOUR NEW BABY?
When it comes to making the sorts of plans we've mentioned above, the help of an expert can be invaluable. Preparing financially for your new baby doesn't have to be difficult or overwhelming. By following these simple tips, you can ease the financial burden and focus on enjoying this special time with your new bundle of joy. To discuss how we could help, please contact us for more information.

Source data:

[1] https://cpag.org.uk/policy-and-campaigns/report/cost-child-2021

The value of investments can fall as well as rise and you could get back less than you invest. If you're not sure about investing, seek professional advice.

MANAGING THE IMPACT ON YOUR PENSION

JUST TWO OUT OF FIVE HAVE PLANNED FOR INFLATION IN RETIREMENT

Retirement planning can be complex at the best of times, so it is easy to understand how some people can find it daunting to take into account factors like inflation. The reality is that inflation hurts everyone, but it can be especially harmful to retirees.

Whether it's the price of food, fuel, energy or other goods and services that we purchase, inflation is definitely increasing. The current economic climate clearly illustrates just how important it is to consider the impact of inflation on your future retirement income and take proactive steps to manage this.

REACHING HISTORIC HIGHS

Just two out of five (37%) over-55s have planned for the impact of inflation on their spending power when they stop work, according to new research[1]. As the consumer price inflation continues to reach historic highs, many over-55s who are either approaching retirement or have retired are facing an inflation shock as they try to manage their retirement income.

Indeed, 41% admitted they had not planned for inflation or did not know whether they had. The other 22% say they just have not planned their retirement income at all. Interestingly, the current discussion around inflation has impacted people's approach to retirement, with 43% of those who are working full-time planning to factor this challenge in – up from 39% of those who have already retired.

RETIREMENT SPENDING POWER

The current challenging economic situation is also encouraging a more thoughtful approach to retirement, with only 15% of the employed confessing to a lack of retirement planning compared to 23% of those who are already retired.

Among those who say they have planned for the impact of inflation on their retirement spending power, more than a third (34%) say they can rely on the State Pension keeping pace with rising prices while 33% believe their company pension will rise in line with inflation.

INFLATION ROSE SHARPLY

As well as looking to the State Pension and company pensions, the 30% of those who have prepared for inflation say they have anticipated the need for their income to rise each year and have approached their savings accordingly.

Around a quarter (26%) say they have considered how much spending they might need to cut if inflation rose sharply. The main reason for failing to take account of inflation was its unpredictability – 31% say they did nothing because they could not forecast it, while 30% say they had been caught out by the recent increase in inflation after years of stability.

EXPLORE DIFFERENT OPTIONS

The importance of future proofing your finances is clearly moving up the agenda and when you compare retirees with those over-55s who are still working, you can see that the recent inflation shock has encouraged people to plan more carefully.

No one wants to find that as they age, they need to cut back more and more just to make ends meet. While saving as much as possible for retirement and careful planning is clearly important, it is also vital to consider all your assets and to explore different options, whether it is boosting your tax-free savings, downsizing or accessing your housing equity. ■

CONCERNED ABOUT HOW INFLATION COULD AFFECT YOUR RETIREMENT PLANS?
Deciding when to retire is a potentially life-changing decision and can feel like a daunting leap. It's never too early to start thinking about how you should plan to fund your retirement and take into account the impact of rising inflation on those plans. To find out more, please contact us.

Source data:
[1] Key Advice 18 May 2022.

TEN TIPS FOR FIRST-TIME INVESTORS

READY TO GET STARTED ON YOUR INVESTMENT JOURNEY?

Investing can help you grow your money faster than simply saving, but it can also be a little daunting knowing where to begin. You may think the volatile global stock markets may not be the ideal starting point for new investors, but it's always a good time to begin investing.

The power of compounding returns over decades is potentially enormous if you save consistently and invest in the financial markets. You can start small but get started.

If you are contemplating investing and looking to take your first steps, we've provided ten tips to get you started.

1. HAVE A PLAN

To start off with, it's important to have a plan for your investments. This means having an idea of what you're trying to achieve and how you're going to get there. Are you looking to invest for a specific goal? Are you looking to achieve investment growth, income or both? Ultimately without a plan, it's easy to get off track and make decisions that aren't in line with your investment goals.

2. START SMALL

You don't need a large sum to start investing. In fact, drip-feeding what you can afford each month – or gradually whittling away a lump sum – could be beneficial during times of stock market turmoil and economic uncertainty.

Your money buys more shares at a cheaper price when the market falls, and fewer shares at a higher price when the market rises. This averages out the price at which you buy investments and, over time, could help to smooth portfolio performance.

3. USE YOUR TAX ALLOWANCES

Remember your Individual Savings Account (ISA) allowance, which renews annually on 6 April. This currently amounts to £20,000 for the 2022/23 tax year. Investments inside an ISA grow tax-efficiently, which means more of your money goes towards achieving your future goals.

4. BE PATIENT

Investing is a long-term process, that's why it's important to be patient. Don't try to time the market or make decisions based on short-term fluctuations. Instead, focus on your overall investment goals and stick to your plan.

5. DIVERSIFY

As the saying goes, 'Don't put all your eggs in one basket.' When you diversify, you spread your risk across different investments and sectors, which can help you weather the ups and downs of investment markets.

6. REVIEW YOUR PORTFOLIO

Your investment portfolio should be reviewed on a regular basis. This will help you make sure that your investments are still in line with your goals and that you're not taking on too much risk with where your money is allocated .

7. STAY DISCIPLINED

Investing can be emotional, which is why you need to stay disciplined. Don't let greed or fear influence your decisions. Instead, keep focused on your goals and stick to your plan.

8. HAVE A TIME HORIZON

When you're investing, it's important to have a time horizon in mind. This is the amount of time you're willing to wait for your investments to grow. For example, if you're investing for retirement, you'll likely have a longer time horizon than someone who's investing to fund a child's further eduction.

9. BE PREPARED FOR BUMPS IN THE ROAD

Investing isn't always smooth sailing. There will be times, as we've seen in recent years, when the market is down or your investments don't perform as well as you'd like. It's important to be prepared for these bumps in the road and have a plan for how you'll handle them.

10. SEEK PROFESSIONAL ADVICE

If you're not sure where to start or how to create a diversified portfolio, seek professional advice. We're here to provide you with the guidance you need to make smart investment decisions and take your first steps. ■

PROFESSIONAL EXPERT INVESTMENT ADVICE AT YOUR SERVICE

Investing can be complicated. It can be hard to know where to begin if you don't have much experience. We are here to help you understand how to invest, make the most of your money and achieve your financial goals. If you are ready to start your investment journey or want discuss any existing investments goal, please get in touch.

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.

GREAT WEALTH TRANSFER

PREPARING BOTH 'THE FAMILY' AND 'THE MONEY' FOR THE TRANSITION OF WEALTH TO THE NEXT GENERATION

If you want to pass wealth on to your children and grandchildren, it's wise to contemplate when it might be best to make that gift. Should you transfer wealth during your lifetime—or after?

Some people may find compelling reasons to avoid giving away wealth during their lives. They think that transferring substantial portions could mean they might not have enough to maintain their lifestyles; their beneficiaries might not use the wealth wisely, or at least in a way they'd want it used; and wealth might end up outside the family because of a child's divorce or other misfortune.

SENSITIVE TOPIC

Understandably, money can be a sensitive topic even among the closest of families. But you will have a better chance of passing on assets tax-efficiently in a way which is acceptable to all family members if you discuss and plan how to do this.

There are a number of considerations to take into account when deciding when the best time is to transfer wealth to your family. These include your age, the age of your beneficiaries, the value of your estate, the types of assets involved, tax implications and your personal circumstances.

NEXT GENERATION

Transfers made during your lifetime may be subject to Inheritance Tax, depending on the value of the assets involved. Gifts made more than seven years before your death are usually exempt from Inheritance Tax. Also the value of assets can change over time, so it's important to consider this when making a transfer. For example, property values can go up or down, and investments can become more or less valuable.

Your personal circumstances will also play a role in deciding when to make a transfer. For example, if you need access to the money yourself, then it may not be the right time to transfer wealth to your family. Alternatively, if you're looking to pass on your business to the next generation, then you'll need to consider when is the best time for them to take over.

Here are four important considerations that should be a part of any family wealth transfer plan:

Age: One key factor to consider is your age. If you are younger, you may have more time to accumulate assets and grow your estate. However, if you are older, you may want to consider transferring wealth sooner rather than later in order to maximise the amount that can be passed on to your beneficiaries.

Age of Beneficiaries: Another key consideration is the age of your beneficiaries. If they are young, they may not need the money immediately and it can be used to help them further their education or buy a property. However, if they are older, they may need the money to support themselves in retirement.

Value of Estate: The value of your estate is another important factor to consider. If your estate is large, you may want to consider transferring wealth sooner rather than later in order to minimise Inheritance Tax liabilities. However, if your estate is small, you may not need to worry about Inheritance Tax and can afford to wait until later in life to transfer wealth.

Types of Assets: The types of assets involved in the transfer of wealth are also important to consider. If the assets are liquid (such as cash or investments), they can be transferred immediately. However, if the assets are illiquid (such as property), it may take longer to transfer them.

ADHERING TO THE FAMILY'S VALUES AND VISION

Taking all of these factors into account will help you decide when the best time is for you to transfer wealth to your family, but it's important to discuss wealth transfer with them sooner rather than later to maximise your options.

Families must overcome many hurdles to ensure their wealth is protected and continues to accumulate over the generations while still adhering to the family's values and vision. ■

IS IT TIME WE HAD A TALK ABOUT FAMILY WEALTH TRANSFER?
Transferring wealth to the next generation is an ongoing process – and it is extremely important to keep talking as a family. Making a decision about when to transfer wealth to your family is also a personal one. It's important to seek professional advice to make sure that you're making the best decision for your circumstances. To discuss your family wealth transfer plans, please contact us.

The financial conduct authority does not regulate taxation and trust advice and Will writing. Trusts are a highly complex area of financial planning.

Information provided and any opinions expressed are for general guidance only and not personal to your circumstances, nor are intended to provide specific advice.

Tax laws are subject to change and taxation will vary depending on individual circumstances.

HOW MUCH WILL YOU NEED TO RETIRE?

QUARTER OF SAVERS APPROACHING RETIREMENT AT RISK OF NOT HAVING AN 'ADEQUATE PENSION'

One of the biggest mistakes you can make is not saving enough for your retirement. This can leave you struggling to make ends meet in your later years, and may even force you to rely on others for financial support. It's never too early to start saving, and the sooner you start, the better off you'll be.

The question of whether or not you are saving enough for your retirement is a difficult one to answer. It depends on a number of different factors, including your age, your current income, your anticipated expenses in retirement and the amount of time you have left to save.

COST OF LIVING CRISIS

According to a new survey, just over a quarter of savers surveyed (26%) who have a workplace pension think that their current amount of pension saving will not be enough to get by on when it comes time to retire[1].

With UK households feeling the pinch off the back of the cost of living crisis, the war in Ukraine and two years of COVID-19 restrictions, savers have reported that they have long-term concerns as to their financial health when they stop working.

LOW-INCOME HOUSEHOLDS

In the survey, those aged between 35 and 54 (29%) were most concerned that they wouldn't have enough to live off, compared to those aged over 55 (20%). Just under a third of women were concerned (31%), compared to one in five men (21%).

Furthermore, 35% of those in low-income households, whose total income is up to £14k, and 31% with an income £14k–£28k stated their concerns. This figure drops to just one in five (20%) for those in households with an income of over £48k.

MINIMUM STANDARD OF LIVING

One in five people surveyed (21%) who have a pension say that they save into a pension to ensure that they have a minimum standard of living in retirement – a pension that meets all their basic needs.

The findings show that a majority of people save to get either a moderate (41%) or comfortable (33%) Retirement Living Standard. However, far fewer people think their current pension saving will achieve this, with slightly over a quarter (27%) saying moderate and just 14% comfortable.

REACHING YOUR FUTURE GOALS

There are some key questions that will help give you a sense of whether you're saving enough for retirement. These include: How much have I saved so far? How much will I need to save? What is my expected rate of return? What sources of income will I have in retirement?

Keep in mind that these are just general guidelines. The best way to know if you're on track for retirement is to obtain professional financial advice to develop a personalised retirement plan and make sure you're on track to reaching your goals. ■

TIME TO START THINKING ABOUT YOUR RETIREMENT?
No matter what your situation is, it is important to start thinking about retirement saving as soon as possible. The sooner you start, the more time you will have to reach your goals. To discuss your options, please contact us.

Source data:
[1] The research was conducted on behalf of the PLSA by Yonder Data Solutions from 10/01/22 to 11/01/22 with a nationally representative sample of 2,093 adults.

A pension is a long-term investment not normally accessible until age 55 (57 from April 2028 unless plan has a protected pension age). The value of your investments (and any income from them) can go down as well as up which would have an impact on the level of pension benefits available. Your pension income could also be affected by the interest rates at the time you take your benefits.

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. You should seek advice to understand your options at retirement.

HOW TO IMPROVE YOUR FINANCIAL HEALTH

GENERAL PRINCIPLES TO HELP YOU ATTAIN SPECIFIC GOALS

The cost of living crisis is putting immense pressure on many households across the country. In order to make ends meet, some people are cutting back on their spending and looking for ways to save money. One of the best ways to save money is to set goals.

Setting financial goals can help you stay on track with your spending and make sure that your money is going towards what is most important to you. When you have a goal in mind, it is easier to resist temptation and make wise choices with your money.

ACHIEVING FINANCIAL STABILITY

Being financially stable has been identified as the top goal or dream by almost seven in ten people, according to new research[1]. Over half say setting goals makes them feel motivated to work towards them.

The findings show nine in ten of us are working towards some kind of goal or aspiration, with the majority (70%) working to achieve financial stability. This was followed by becoming a homeowner (40%) and then to be successful in their job (37%).

POWER TO ACHIEVE GOALS

Almost three-quarters of people felt that they had the power to achieve their goals in their own hands; however, one in ten felt this was completely down to luck. Just over half of people (52%) said financial barriers were the biggest obstacle to achieving their goals, leading some to put their plans on hold.

In fact, 28% of respondents said that they had done this because they had less disposable income to put towards their plans. This was followed by having low motivation (23%) and not wanting to take risks during uncertain times (19%).

ORGANISED AND IN CONTROL

For some people, the act of setting the goal was inspiring in itself. Over half (51%) said they felt motivated by having the challenge. Over two-fifths (41%) said they felt organised and in control of their life while chasing a dream.

However, for others there are different emotions, such as anxiety or worry experienced by almost a third (29%) when tackling a new challenge. Thinking about what hasn't been achieved was a cause of upset for over one in ten (15%).

If you're not sure where to start with setting financial goals, there are a few key things to keep in mind:

1. Be realistic – it's important to set goals that are achievable and realistic, based on your current financial situation.
2. Set specific targets – rather than setting vague goals such as 'saving more money for retirement', try to be as specific as possible with your targets, for example, 'save an additional £500 monthly for my retirement'.
3. Make a plan – once you've identified your goals, take some time to develop a plan of action for how you're going to achieve them.
4. Review and adjust – as your circumstances change, it's important to review your goals and make any necessary adjustments along the way.

ACHIEVING A GOAL OR ASPIRATION

The vast majority of us are working towards achieving a goal or aspiration, whether it's to do with our personal, financial or professional lives. Having a goal to work towards can be extremely motivating, as it gives us that boost to keep going in the face of difficulties and obstacles.

Achieving our ambitions rarely, if ever, happens overnight but don't be downhearted, as making regular small steps towards a goal really can grow into huge strides. A great first step is to seek the help of a professional financial adviser who can create the right path to financial freedom, whatever life throws at us. ■

NEED HELP IMPROVING YOUR OVERALL FINANCIAL WELLBEING?
By taking the time to set financial goals, you can improve your overall financial wellbeing and put yourself on the path to success. To find out more, please contact us for more information.

Source data:
[1] The research was carried out online by Research Without Barriers – RWB, between 18 February 2022 and 22 February 2022, from a sample comprising 1,001 UK adults.