Dalbeath FINANCIAL PLANNING

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SMARTMONEY

MARCH/APRIL 2018

Market matters

Don't let current global uncertainties affect your financial planning

Wealth preservation
Reducing Inheritance Tax means taking action now

Tips to minimise the tax you pay
Have you utilised your tax planning deadline opportunities?

Retirees enjoy new lease of life
Pensioners embracing the benefits of retirement

Financial resilience
How prepared are you for any financial shocks?

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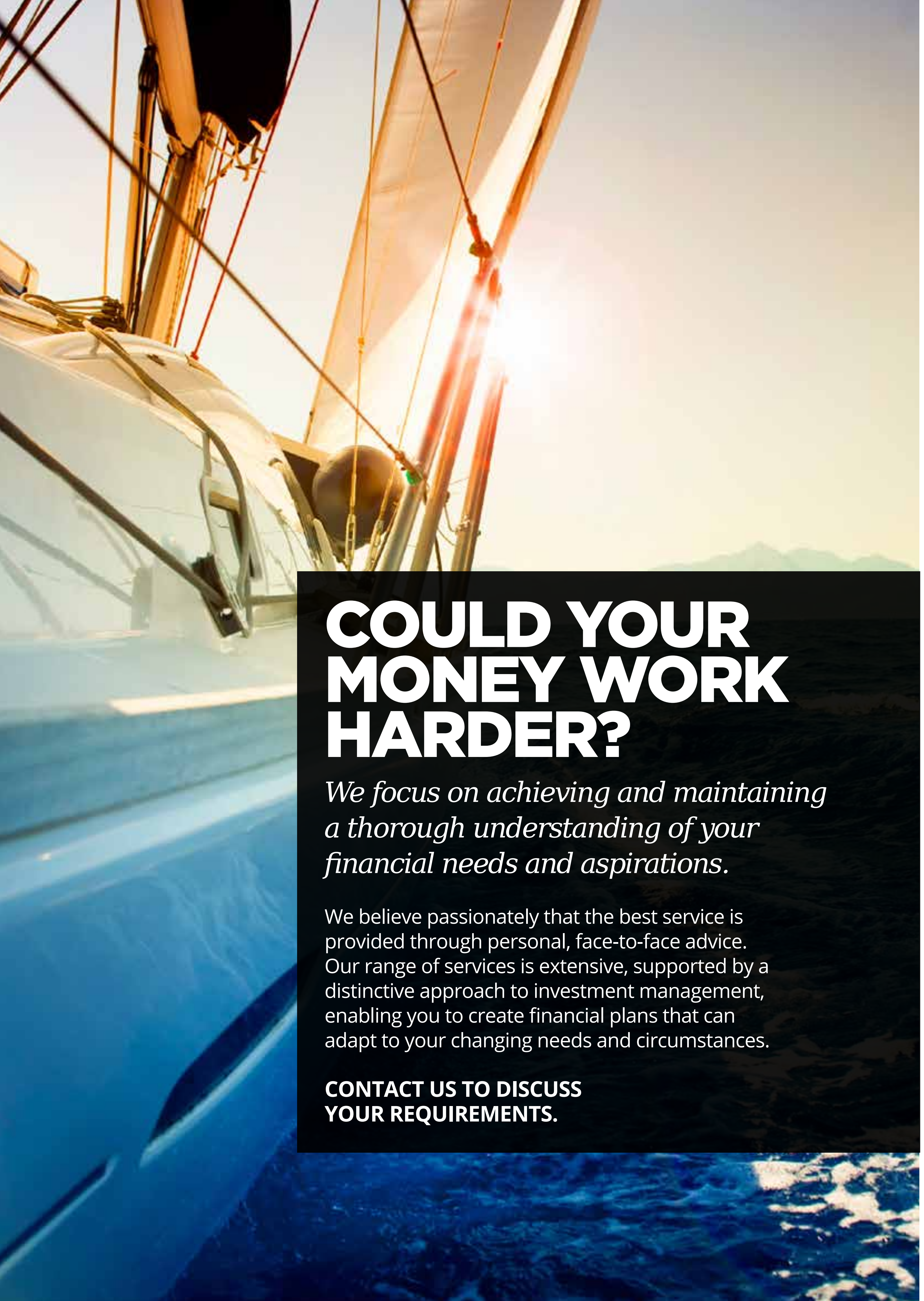
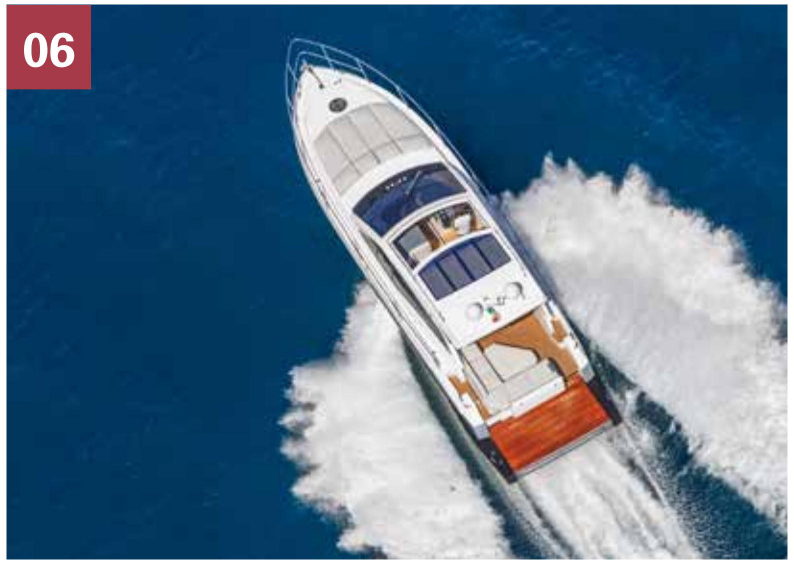


COULD YOUR MONEY WORK HARDER?

We focus on achieving and maintaining a thorough understanding of your financial needs and aspirations.

We believe passionately that the best service is provided through personal, face-to-face advice. Our range of services is extensive, supported by a distinctive approach to investment management, enabling you to create financial plans that can adapt to your changing needs and circumstances.

CONTACT US TO DISCUSS YOUR REQUIREMENTS.



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INSIDE THIS ISSUE

Welcome to our latest edition. Whether you are looking to create, protect or preserve your wealth for future generations, inside this issue we look at areas you may wish to discuss with us.

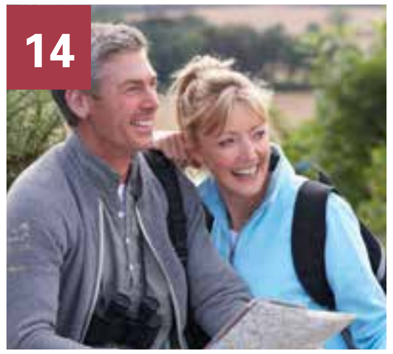
Trying to second-guess the impact of events such as Brexit or the recent stock market correction – or even attempting to make a bet on them – rarely pays off. Instead, investors who focus on long-term horizons – at least five to ten years – have historically fared much better. It's important not to let current global uncertainties affect your financial planning for the years ahead. On page 12, we look at why investors need to stick to their strategies and keep moving ahead consistently by spreading risk and growing their wealth for the long-term.

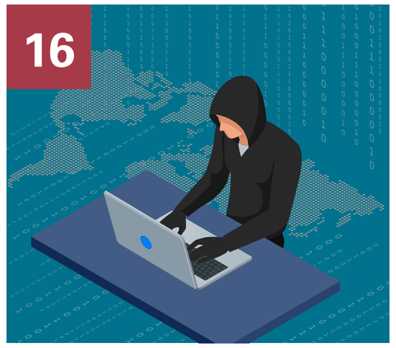
Without professional advice and careful financial planning, HM Revenue & Customs can become the single largest beneficiary of your estate following your death. On page 06, we consider the findings of a recent survey about Inheritance Tax that shows many wealthy Britons over the age of 45 are either ignoring estate planning solutions or they have forgotten about the benefits these can provide.

How prepared are you for any financial shocks? Over three million working couples are classed as 'double income, no option' (DINOs), which means they are potentially financially vulnerable if one of the two loses their earnings. On page 26, we consider the scenario many couples could face without adequate savings or protection insurance if one of the main earners was unable to work for a period of time.

On page 05, as we near the 2017/18 tax year end on 5 April, if appropriate to your particular situation, we've provided some tax planning tips to help you maximise the use of your various tax allowances and minimise the tax you pay. The full list of the articles featured in this issue appears opposite.

We hope you enjoy reading this edition and invite you to contact us if you would like to discuss or review any area of your financial plans. Seize the day. Your wealth is your life's work; helping you create, protect and preserve it is ours.





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

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

Tips to minimise the tax you pay

Have you utilised all your year-end tax planning deadline opportunities?

AS WE NEAR THE 2017/18 TAX YEAR END ON 5 APRIL, IF APPROPRIATE TO YOUR PARTICULAR SITUATION, WE'VE PROVIDED SOME TAX PLANNING TIPS TO HELP YOU MAXIMISE THE USE OF YOUR VARIOUS TAX ALLOWANCES AND MINIMISE THE TAX YOU PAY.

We take a personal approach to your tax needs. Informed by our detailed knowledge of your affairs, we explore some of the best options which you could consider to help manage your tax obligations most effectively.

Income Tax planning

- Ensure income-producing investments are held by the spouse who has the lowest tax rate
- Make use of the transferable married couple's allowance where one spouse is not fully using their personal allowance and the tax-paying spouse only pays the basic rate of tax
- If your income is around the £100,000 figure, look at ways of preserving the personal allowance. You could consider making Gift Aid payments or pension payments to help minimise loss of this allowance
- Consider topping up any Individual Savings Accounts (ISAs) you or your spouse have to the maximum limit, which is £20,000 each
- Make use of any unused annual pension allowance brought forward before it is lost
- Make use of the £5,000 dividend allowance available when considering salary and dividend options
- If your company car arrangement is coming up for renewal, consider opting for cars with lower emissions and list prices to help minimise an Income Tax charge

Inheritance Tax (IHT) planning

- Use your annual exemption for gifts of up to £3,000 per tax year; this exemption can be carried forward to the next tax year
- Regular (qualifying) gifts out of net income are exempt from IHT – consider establishing a pattern of regular gifting to take advantage of this tax break
- Wedding or civil ceremony gifts of up to £1,000 per person (£2,500 for a grandchild or great-grandchild, or £5,000 for a child) are exempt from IHT
- Small gifts exemption up to £250 – you can give as many gifts of up to £250 per person as you like during the tax year, providing you haven't used another exemption on the same person

Capital Gains Tax planning

- Make use of the annual exemption – currently £11,300 – and remember that assets can be transferred between spouses and registered civil partners tax-free

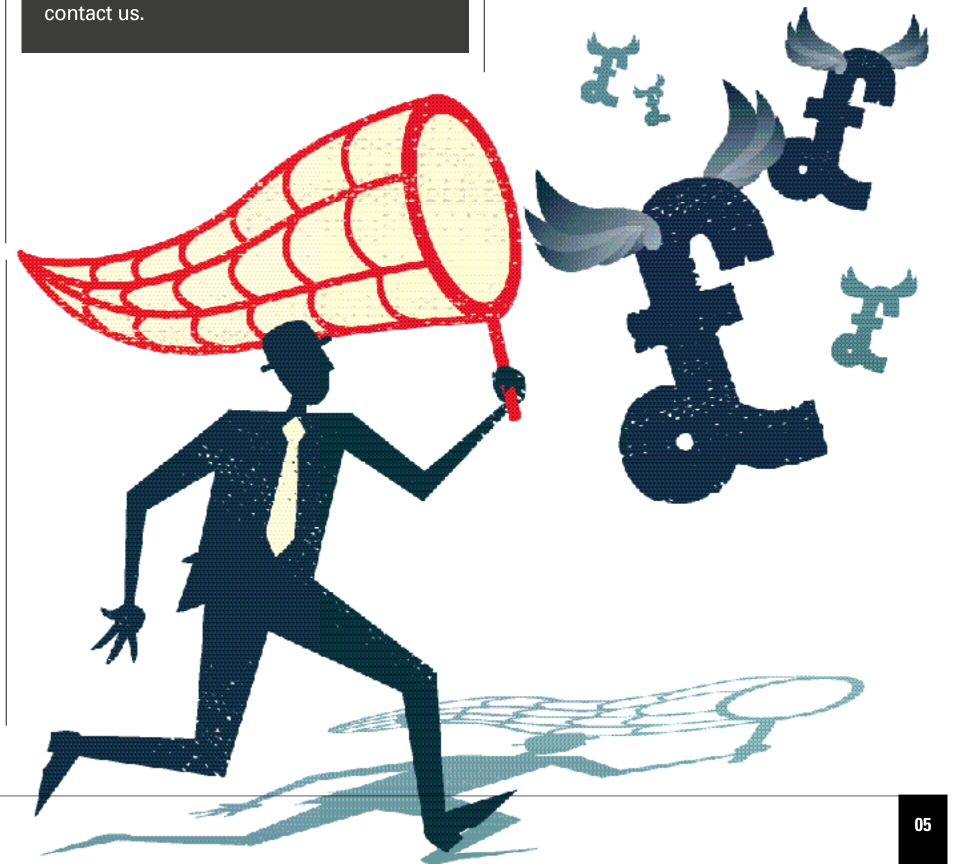
Help to optimise your tax position

The UK tax system continues to grow ever more complex, with a greater responsibility being placed on the individual to get their tax right. If you pay tax, we can help to optimise your tax position. To review your situation, please contact us.

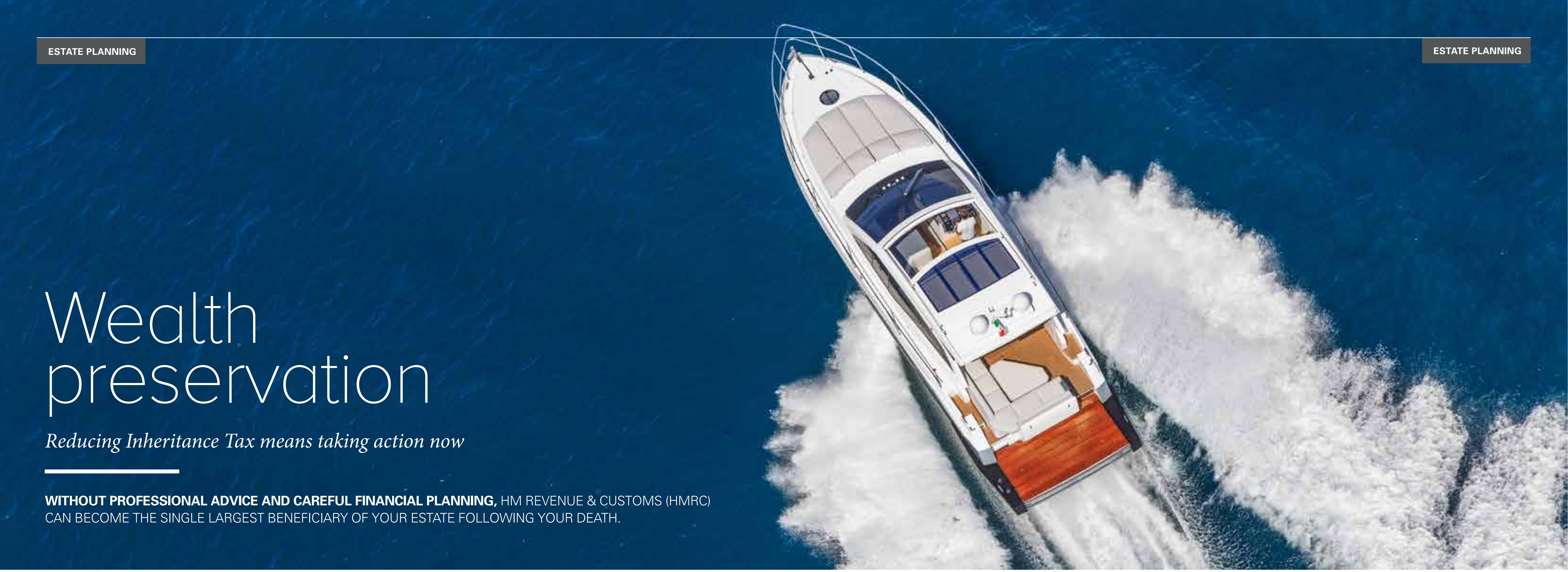
THE INFORMATION CONTAINED IN THIS ARTICLE DOES NOT CONSTITUTE INDIVIDUAL ADVICE. ALWAYS OBTAIN PROFESSIONAL ADVICE RELEVANT TO YOUR OWN CIRCUMSTANCES.

ANY REFERENCE TO LEGISLATION AND TAX IS BASED ON OUR UNDERSTANDING OF UNITED KINGDOM LAW AND HM REVENUE & CUSTOMS PRACTICE AT THE DATE OF PRODUCTION. THESE MAY BE SUBJECT TO CHANGE IN THE FUTURE. TAX RATES AND RELIEFS MAY BE ALTERED.

THE VALUE OF TAX RELIEFS TO THE INVESTOR DEPENDS ON THEIR FINANCIAL CIRCUMSTANCES. NO GUARANTEES ARE GIVEN REGARDING THE EFFECTIVENESS OF ANY ARRANGEMENTS ENTERED INTO ON THE BASIS OF THESE COMMENTS.



ESTATE PLANNING



Wealth preservation

Reducing Inheritance Tax means taking action now

WITHOUT PROFESSIONAL ADVICE AND CAREFUL FINANCIAL PLANNING, HM REVENUE & CUSTOMS (HMRC) CAN BECOME THE SINGLE LARGEST BENEFICIARY OF YOUR ESTATE FOLLOWING YOUR DEATH.

A recent survey about Inheritance Tax (IHT)[1] shows that wealthy Britons over the age of 45 are either ignoring estate planning solutions or they have forgotten about the benefits these can provide. Only 27% of those surveyed have taken financial advice on IHT planning, despite all of them having a potential IHT liability.

60% of people surveyed want to leave assets to their spouse or registered civil partner, and 29% would like to leave an inheritance to younger relatives such as nieces, nephews and grandchildren, but the largest single beneficiary from people's estates is still HMRC. To highlight this point, HMRC revealed they received IHT payments to the value of £4,670,000,000 (that's £4.67 billion) in the 2015/16 tax year alone.

How much could your estate pay?

The level of IHT your estate will pay depends on the amount your estate is worth and the tax allowances in place at the time. The current IHT allowance of £325,000 is set to remain level until 5 April 2021. Your estate will normally pay IHT on anything above that at 40%. If you leave any assets to your spouse or registered civil partner, they won't have to pay IHT – it can be added to their estate and settled on their death. In the event your full IHT allowance isn't used on your death, the remaining proportion will pass to your spouse or registered civil partner to increase their IHT allowance.

> "Another way you can reduce your IHT is to put your money into a trust. This enables you to make a gift without losing control of the money, although care is needed if you still need to be able to access the money for yourself."

From 6 April 2017, on top of the £325,000 allowance, a new allowance was introduced for people owning their own home. This Residence Nil Rate Band (RNRB) provides an additional £100,000 allowance to be applied against the deceased's main residence, as long as it is left to a direct descendant and the estate is valued at less than £2,000,000. Beyond that figure, the RNRB (and any transferred RNRB) will be gradually withdrawn. Like the main nil rate band, any unused proportion can be taken on by the surviving spouse or registered civil partner.

Reduce IHT and maximise the wealth you pass on

Make a Will

Having a Will is arguably one of the most important things you can do for yourself and your family. Not only can a Will legally protect your spouse, children and assets, but it can also spell out exactly how you would like things handled after you have passed on.

If your estate is worth more than the current IHT threshold, when you die and it passes to a non-exempt beneficiary (such as a child) or doesn't qualify for relief as an agricultural or business asset, then IHT at currently 40% will have to be paid on the excess.

Appraise your assets

IHT is a tax payable on the value of your assets when you die. It covers your estate, which can include your home, savings and investments, jewellery, cars, art, other properties (including holiday homes abroad), and proceeds from life insurance policies not written in an appropriate trust.

Potentially exempt transfers

If you're in reasonably good health, you could think about making an outright gift to someone you love. If you live for seven years after making the gift, it will usually be free of IHT.

Think about giving

You can give away up to £3,000 each year as either a single gift or several small amounts.

If you haven't used this in any tax year, you can carry it forward for one year. This will give you an annual exemption of £6,000 in the next tax year. For a couple, this could add up to £12,000 in one tax year, all free of IHT.

Consider establishing a trust

Another way you can reduce your IHT is to put your money into a trust. This enables you to make a gift without losing control of the money, although care is needed if you still need to be able to access the money for yourself.

Some trusts still attract IHT but are worth considering nonetheless. There are three main types of trust that can assist you with any IHT planning you are considering. If this is the case, please speak to us or your legal representative regarding placing money under trust and how it could help you.

Take out life insurance

If you don't want to give your money away while you are still alive, taking out life insurance could be an option. You may be able to set up a policy to pay out an amount equal to your estimated IHT bill.

It's possible to set up the policy in the form of an appropriate trust to remain outside your estate. It will pay out to the trustees to pass on to your nominated beneficiaries, giving them the money to pay the IHT due.

Gifts from monthly income

You can make regular gifts from your income after tax without paying IHT. This is the money you use for normal living expenses. You must make sure you only pay money from your income and not any savings or investments you have.

Gifts to qualifying charities

One way you can instantly reduce your tax rate to 36% is by leaving at least 10% of your estate to charity.

All gifts to qualifying charities and political parties are free of IHT.

Protect your pension

Maintaining your money purchase pension pot is another way to protect your family's inheritance. Unlike Individual Savings Accounts (ISAs) and other savings vehicles, pensions are not normally subject to IHT and can be passed to loved ones on death. Spending down other taxable areas of your estate before calling on your pension makes sense.

Have you preserved and protected your legacy?

There are many things to consider when looking to protect your family and assets. Whatever your priorities are, the sooner you start thinking about IHT planning, the more you can do. To arrange a meeting to review your situation or discuss how we can help guide you through this highly complicated area of wealth preservation, please contact us.

Source data:

[1] Survey conducted by Canada Life of 1,001 UK consumers aged 45 or over with total assets exceeding the individual inheritance tax threshold of £325,000 carried out in September 2016.

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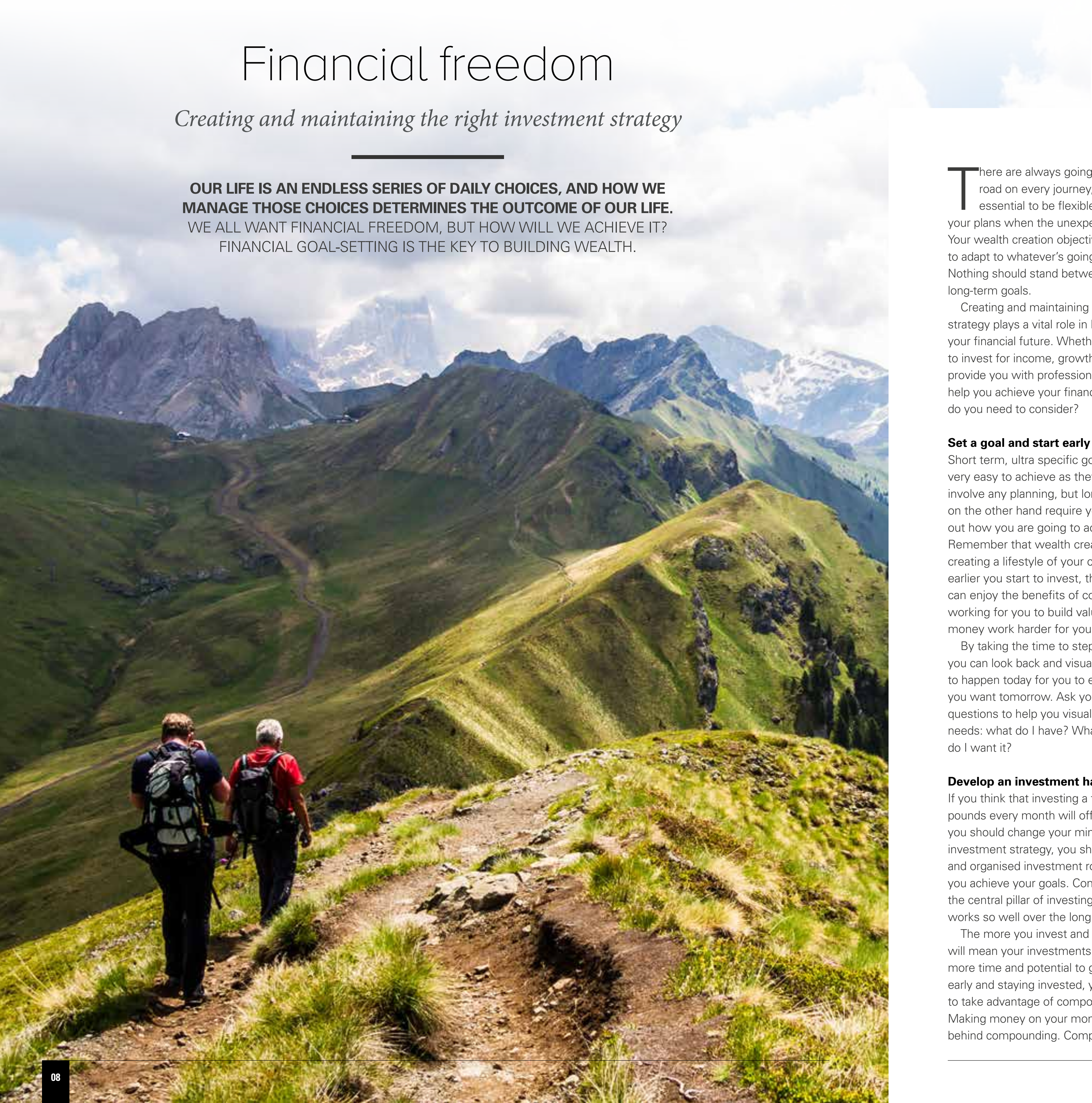
INVESTMENT

Financial freedom

Creating and maintaining the right investment strategy

OUR LIFE IS AN ENDLESS SERIES OF DAILY CHOICES, AND HOW WE MANAGE THOSE CHOICES DETERMINES THE OUTCOME OF OUR LIFE. WE ALL WANT FINANCIAL FREEDOM, BUT HOW WILL WE ACHIEVE IT? FINANCIAL GOAL-SETTING IS THE KEY TO BUILDING WEALTH.



There are always going to be bumps in the road on every journey, which is why it's essential to be flexible enough to adjust your plans when the unexpected happens. Your wealth creation objectives need to be able to adapt to whatever's going on in your life. Nothing should stand between you and your long-term goals.

Creating and maintaining the right investment strategy plays a vital role in helping to secure your financial future. Whether you are looking to invest for income, growth or both, we can provide you with professional expert advice to help you achieve your financial goals. So what do you need to consider?

Set a goal and start early

Short term, ultra specific goals are generally very easy to achieve as they don't really involve any planning, but longer-term goals on the other hand require you to actually plan out how you are going to achieve the goal. Remember that wealth creation is about creating a lifestyle of your choosing, and the earlier you start to invest, the sooner you can enjoy the benefits of compound growth working for you to build value and make your money work harder for you.

By taking the time to step into your future, you can look back and visualise what needs to happen today for you to enjoy the lifestyle you want tomorrow. Ask yourself these three questions to help you visualise your future needs: what do I have? What do I want? When do I want it?

Develop an investment habit

If you think that investing a few hundred pounds every month will offer little in return, you should change your mindset. To start your investment strategy, you should adopt a stable and organised investment routine that will help you achieve your goals. Compound growth is the central pillar of investing. It is why investing works so well over the long term.

The more you invest and the earlier you start will mean your investments have that much more time and potential to grow. By investing early and staying invested, you'll also be able to take advantage of compound earnings. Making money on your money is the concept behind compounding. Compounding is when the money you earn from your investments is reinvested for the opportunity to earn even more. However, you need to keep in mind that while compounding can make an impact over many years, there may be periods where your money won't grow.

Be consistent

Many people stop their investment planning particularly during market downturns, as we've seen in recent weeks. By doing this, they often miss out on opportunities to invest at lower prices. If you keep to your investment strategy and keep moving ahead consistently, this helps spread risk and enables you to grow your wealth for the long term through pound-cost averaging and careful asset allocation.

It's important to remember that investing is an ongoing process, not a one-time activity. The right way to begin your investment strategy is by establishing goals that need to be achieved over the short, medium and long term. Secondly, it is necessary to assess your current position in the financial lifecycle. Thirdly, you must ascertain your risk profile, as that decides how much risk you should take while investing. This is particularly important as different financial objectives require different investments approaches.

> "Many people stop their investment planning particularly during market downturns, as we've seen in recent weeks. By doing this, they often miss out on opportunities to invest at lower prices."

Maintain a well-diversified portfolio with regular reviews

Regular reviews of your portfolio enable you to adjust your portfolio to meet your changing needs and risk appetite at different stages of your life and in different market conditions. This helps you keep up your investing momentum towards achieving your long-term financial goals. It's also important not to put all your investment eggs into one basket.

Investing randomly into different asset classes without ascertaining their asset allocation, not following a disciplined approach to investing, exiting abruptly from an asset class and investing without a clear time horizon are some of the most apparent inconsistencies in any investment process. ◀

Create the right investment strategy

We recognise that choosing how to invest your money can seem daunting. When it comes to planning for your future and that of your family, you'll want to be sure that you have everything covered. We help our clients set goals and then create the right investment strategy to achieve them, whether it's growing family wealth or leaving a legacy. We know everyone is unique and has different priorities. To discuss your future dreams, please contact us.

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PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

New lease of life

Pensioners embracing the benefits of retirement and new-found time

AS WITH ANY NEW LIFE STAGE, PLANNING OFTEN HELPS A SMOOTH TRANSITION FROM THE OLD TO THE NEW. PREPARING PROPERLY FOR ANYTHING NEW REQUIRES PLANNING AND COMMITMENT. SPENDING TIME ON PLANNING NOW WILL ENSURE YOU ENJOY THE RETIREMENT YOU'VE WORKED HARD TO ACHIEVE.

> As people who plan to finish work in the next ten years begin to look forward to their retirement, there's plenty they can still do to make sure they are as comfortable as the people who have become pensioners over the last decade.

According to new research[1], retirement has meant a new lease of life for millions of people who have given up work in the last ten years, with more than one in four (26%) saying they are fitter and healthier since they stopped working. Far from winding down, nearly half of those who have retired since the height of the financial crisis (48%) say they are busier and more active than they anticipated.

Experience of retirement

Through embracing the benefits of retirement and making the most of the new-found time, more than one in three (35%) say they have more time to make their life more adventurous than they could have hoped while they were still at work.

When asked how else their experience of retirement was exceeding their expectations, many of those who have become pensioners in the last ten years pointed to improvements in their relationships. More than a quarter (26%) believe they now get on better with their partner, while 25% think that their relationship with their family is happier since stopping work. Meanwhile, just under one in four (23%) say their social life has improved more than they expected.

Professional financial advice

As people who plan to finish work in the next ten years begin to look forward to their retirement, there's plenty they can still do to make sure they are as comfortable as the people who have become pensioners over the last decade. Most importantly, in the face of changing pension rules, many people will benefit from obtaining professional financial advice in the run-up to retirement.

Retirement will continue to change over the coming years, but for many people the desire to make the most of their new-found free time will remain. Reflecting on their retirement in general, the vast majority who gave up work in the last ten years (86%) said that it had met their expectations or they were happy with how it had panned out so far, while only one in eight (13%) said that it has been a disappointment.

Thoughts, feelings, emotions

Nearly two in five (37%) thought they would have missed work more than they have since retiring, and in fact one in four (26%) wish they had retired earlier. Meanwhile, on reflection, more than one in ten (11%) wish they had been more active or found a job in the early years of their retirement.

It's important to prepare your thoughts, feelings and emotions for the next phase in your life: a time to look forward to and welcome as a chance to do the things you have been dreaming about, as well as a rest after a long career. There is likely to be a mixture of feelings and thoughts as you start on this new venture into uncharted territory. ◂

Any concerns about your retirement?

If you have any concerns about your retirement provision or would like to assess your personal circumstances to see what type of retirement income your current planning will give you once you've retired, please contact us. If your goals are out of reach, or you're taking undue levels of risk, we'll let you know.

Source Data:

[1] Consumer Intelligence conducted an independent online survey for Prudential between 26 May and 5 June 2017 among 751 adults in the UK who had retired within the last ten years.

MARKET MATTERS

Don't let current global uncertainties affect your financial planning

INVESTMENT

IT'S IMPORTANT NOT TO LET CURRENT GLOBAL UNCERTAINTIES AFFECT YOUR FINANCIAL PLANNING FOR THE YEARS AHEAD. PEOPLE WHO STOP THEIR INVESTMENT PLANNING, PARTICULARLY DURING MARKET DOWNTURNS, OFTEN MISS OUT ON OPPORTUNITIES TO INVEST AT LOWER PRICES.

It's important to stick to your strategy and keep moving ahead consistently by spreading risk and growing your wealth for the long term.

Higher inflation and faster interest rate rises

At the time of writing this article in February, markets had reacted to the signs of faster wage growth and a strengthening US economy that may lead to higher inflation and faster interest rate rises. The global sell-off began following a solid US jobs report that fuelled expectations that the Federal Reserve would need to raise interest rates faster than expected because of the strength of the economy. That concern prompted the pullback from stocks.

The Bank of England seemed to offer support for the view that rates in general are on an upward path with a strengthening UK economy, meaning interest rates are likely to rise sooner than the markets were expecting.

More attractive investment alternatives

A government budget proposal announced by US lawmakers to raise spending caps could also fan inflationary pressures. Rising US bond yields are another possible signal of higher rates to come, which could impact on corporate profits and curb economic activity. But at the same time, higher interest rates can make investment alternatives to stocks, such as bonds, more attractive.

In practice, everyone's investment goals are different. By deciding on your long-term financial priorities – whether it's funding your children's education or saving enough to be able to retire early – you can avoid being blown off course by short-term events.

Investors should focus on long-term horizons

Trying to second-guess the impact of events such as Brexit or the recent stock market correction – or even attempting to make a bet on them – rarely pays off. Instead, investors who focus on long-term horizons – at least five to ten years –have historically fared much better.

Sensible diversification – owning a mix of assets, including shares, bonds and alternative investment such as property – can help protect investors over the long term. When one area of a portfolio underperforms, another part should provide important protection – and it's never too early or too late to start taking this considered and strategic approach.

> “If you have a well-diversified portfolio, then it's more important than ever to stay the course. You have a strategy in place that reflects your risk tolerance and timeline, so stay committed.”

Media frenzy

Volatility, risk and market declines are a normal part of the investing cycle, but the media likes drama. Reports will use words that make these market fluctuations sound alarming, so be cautious about reacting to the unnerving 24/7 news cycle.

Stay strategic

If you have a well-diversified portfolio, then it's more important than ever to stay the course. You have a strategy in place that reflects your risk tolerance and timeline, so stay committed. However, if you reacted and sold in a previous market decline or have not implemented a strategic asset allocation, then now is the time to have a discussion about your investment options.

Stay calm

Be aware of the psychological affect this type of volatility has on you as an investor and resist the urge to be reactive. The recent decline was expected and is coming after financial markets as a whole have experienced a historic bull phase for close to ten years now.

Stay focused

No one knows how severe any market turbulence will be or what the market will do next. It could be over quickly or linger for a while. But no matter what lies ahead, proper diversification and perseverance over the long-term are what's most important.

It's about achieving a good balance

There are many ways that you can invest, and while we all want our money to grow, it's important to think about the level of risk you might be willing to take with your hard-earned money. It's about achieving a good balance. To discuss your future investment objectives or review your current portfolio, please contact us.

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Why being over 40 is the new mid-20s

Healthier lifestyles and feeling happier about financial planning for retirement

AN INCREASING NUMBER OF MIDDLE-AGED BRITONS ARE GETTING HEALTHIER AS THEY EXERCISE MORE AND EAT BETTER THAN THEY DID WHEN THEY WERE YOUNGER. OVER-40S ARE TURNING TO HEALTHIER LIFESTYLES, WITH MORE THAN HALF RATING THEMSELVES AS MORE HEALTH-CONSCIOUS THAN THEY WERE IN THEIR MID-20S, ACCORDING TO NEW RESEARCH[1].

Nearly one in five (17%) of working over-40s say they are physically fitter than they were in their mid-20s, the nationwide study shows. And the fitness bug even applies to older age groups, with 11% of over-65s reckoning they are physically fitter than in their mid-20s.

Career, finances and relationships

The study asked over-40s to rate themselves now compared with their mid-20s and found 53% believe they have a healthier general lifestyle now. However, being happier with their lifestyle than in their mid-20s does not necessarily translate into all aspects of their lives according to the research which asked about career, finances and relationships.

Just 45% of over-40s feel happier about their financial planning for retirement than in their mid-20s, while a worried 36% admit to feeling less positive about retirement planning than in their mid-20s. Over-40s are most positive about financial security and relationships now compared with in their mid-20s.

But being happier at work now than in their 20s and being generally happier is not always the case as findings show.

Less positive about retirement planning

Growing older means changing attitudes, and it is striking that more than half of over-40s believe that they are healthier now than in their mid-20s, with nearly one in five claiming to be fitter. As people earn more and save more, it is good to see they feel more financially secure. However, it's worrying that so many are less positive about retirement planning, especially as many will be fast approaching retirement.

The commitment to healthier lifestyles does not always translate into taking exercise – around 30% admit they either rarely (if ever) exercise for 20 minutes or only do it once a month. However, a committed 22% say they exercise for 20 minutes every day.

Making the most of your pension savings

Taking control of our finances is not as daunting as it seems if we plan and focus on a range of small steps, such as saving and investing as much as possible based on your future needs. To find out more, please contact us to see which options could work for you.

Source data:

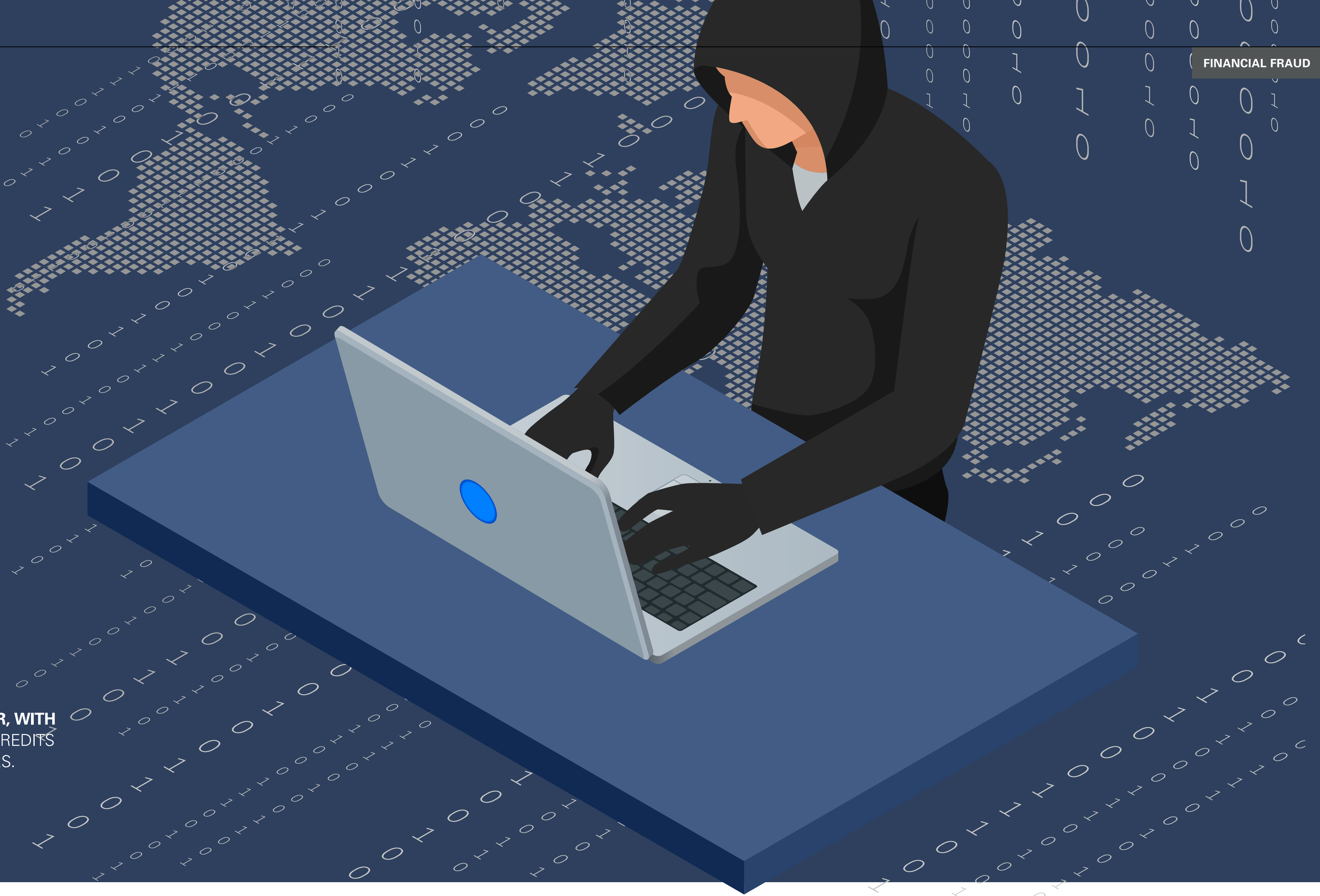
[1] Research conducted by Consumer Intelligence for Prudential amongst 1,057 adults aged between 40 and 65 across the UK from 6 to 11 July 2017.

OVER-40s VIEWS OF	BETTER OVER-40	BETTER MID-20s
Financial security	62%	31%
Relationship	60%	24%
Healthier lifestyle	53%	37%
Happier	51%	35%
Retirement planning	45%	36%
Job	41%	36%
Fitter	17%	74%

FINANCIAL FRAUD

Beware of the **scammers**

Fraudsters employ increasingly advanced psychological tactics to persuade victims to invest



AN ESTIMATED £1.2BN IS LOST TO INVESTMENT SCAMS EACH YEAR, WITH SHARE SALES, WINE INVESTMENTS, LAND BANKING AND CARBON CREDITS COMMONLY USED BY FRAUDSTERS TO TARGET POTENTIAL INVESTORS.

A recent study by Citizen's Advice found nine out of ten people would fail to spot common warning signs of a pension scam, such as unusually high investment returns, cold calling and offers of free financial advice.

It's very important to remain vigilant when you are looking to access the money you have invested. Last year, victims of investment fraud lost on average £32,000 as fraudsters employed increasingly advanced psychological tactics to persuade victims to invest.

So what is an investment scam?
Investment scams are a form of fraud where there is a high risk that you could lose some, or all, of your money. Often, the investment opportunities that scammers offer don't really exist – or don't have the rewards being promised. Scammers can appear professional and trustworthy, so even experienced investors may fall victim to these schemes.

How to spot an investment scam
Scammers are always changing their tactics, so the following are some of the red flags that could help you to spot an investment scam:

- Be vigilant – if a phone call or voicemail, email, or text message asks you to make a payment, log in to an online account or offers you a deal, be extremely cautious. Financial institutions, banks and online retailers never email you for passwords or any other sensitive information by requesting that you click on a link and visit a website. If you get a call from someone who claims to be from your bank, don't give away any personal details.
- Scammers often use very convincing tactics to get you to sign up. Beware of anyone trying to pressurise you into making a decision.
- Scammers will make an investment sound very appealing and will often suggest that it's less risky than it is.
- Offers made by scammers often sound too good to be true. For example, you might be offered better interest rates or returns than you've seen elsewhere.
- Scammers are persistent and will often try to form a relationship with you in an effort to build your trust. Beware of anyone who calls you repeatedly and/or anyone who tries to keep you on the phone for long periods of time.
- You might be told that you're receiving a very special and/or limited offer.
- You might be told not to tell anyone about the offer you've been given. But talking with trusted friends and family about any investment offer you've been given could help you spot a scam.
- Fraudsters are known to target previous victims of investment fraud, claiming that they can recover lost money. You might be asked to pay an upfront fee, but these companies will not get back your money.
- Some companies that run scams base themselves overseas in order to avoid regulatory requirements. Be cautious if a company that is based overseas contacts you with investment opportunities.

“It's very important to remain vigilant when you are looking to access the money you have invested. Last year, victims of investment fraud lost on average £32,000 as fraudsters employed increasingly advanced psychological tactics to persuade victims to invest.”

How to protect yourself from investment scams

- Get to know the red flags above that could suggest a scam. The Financial Conduct Authority ScamSmart website offers helpful support about what you can do to spot investment fraud.
- More information about pension scams can be found at www.pension-scams.com – check out the leaflet there.
- Make sure that the company or financial adviser you're dealing with is authorised by the UK Regulator – the Financial Conduct Authority (FCA). You can check their Financial Services Register and get more information on unauthorised firms overseas.
- The FCA also have a warning list that you can check to help stay 'scam smart' before you go ahead with any investment.
- Reject any cold calls that you receive, and please don't give out any personal or financial information until you are sure you are dealing with a reputable company.
- Useful information to help protect you from scammers can be found on The Pensions Regulator website.
- You can report fraud and cyber crime via ActionFraud, the UK's national fraud and cyber crime reporting centre.
- Keep up to date with the latest scams and fraud warnings with useful advice at Age UK.

Remember to trust your instincts. If you think the offer sounds too good to be true, it probably is! ◀

FINANCIAL FITNESS

Time to track and celebrate your wealth goals?

WITH THE CHRISTMAS FESTIVITIES NOW A DISTANT MEMORY, MONEY MATTERS ARE FIRMLY ON PEOPLE'S MINDS THIS YEAR ACCORDING TO RECENT RESEARCH[1].

A poll of more than 3,500 UK adults[2] found the most common money goals are: putting more money into their savings accounts (21%); paying off their credit cards or loans (17%); and starting a regular savings habit (15%). Some people also plan to reduce their household expenses by switching energy suppliers and insurers (9%).

Clear goals in mind

Many are planning to save or invest this year, with clear goals in mind. Four out of ten (38%) people are saving for a holiday, one in ten are putting money aside for a new car (11%) and the same number (11%) are tightening their belts so they can financially help their children. A further one in ten (10%) are saving for a deposit for a house.

However, one in seven (14%) are thinking long term and investing for their retirement, and one in 13 (8%) are saving for later life care.

Setting a financial plan

Others are keen to set a financial plan (7%) and use all their Individual Savings Account (ISA) allowance (6%) in the year ahead. While some (6%) say they want to more actively manage their investments in 2018, one in 20 (5%) people say they want to start investing – perhaps recognising that they need to start making their money work harder for them in 2018.

Most people acknowledge that they may need help if they want to change their money habits in 2018. While some people turn to their mum (12%), dad (9%) and friends (8%) for advice, six out of ten (62%) say they'll do their own online research in order to achieve their financial goals in 2018.

Familiar goals listed

The poll also found people have some familiar goals on their list for 2018. For instance, losing weight (26%), exercising more (25%) and travelling (15%) are all activities that many people want to do in 2018. Other common goals include: getting organised (12%); spending more time with family and friends (11%); and learning a new skill (9%).

An ambitious one in ten (9%) people have set their sights on getting a pay rise or a new job (8%) this year. ◀

Making good choices with your savings and investments

Whatever your plans for the future, we are here to help you take the next step. To explore your options, please contact us.

Source data:

[1] Brewin Dolphin research published 28 December 2017.

[2] Opinium surveyed 3,500 UK adults online between 8 and 13 December 2017. Results weighted to reflect a nationally representative audience.

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How to make the most of your retirement

Steps you could take to increase your eventual income

EVEN IF RETIREMENT ISN'T FAR AWAY, THERE ARE STEPS YOU COULD TAKE TO INCREASE YOUR EVENTUAL RETIREMENT INCOME. THIS APPLIES BOTH TO YOUR STATE PENSION ENTITLEMENT AS WELL AS TO ANY PERSONAL OR WORKPLACE PENSION POTS.

We've provided some areas to consider that you may wish to discuss with us to help you to meet your retirement goals.

Make sure you have details for all your pension pots

Locate pension pots that you may have forgotten about. The Pension Advisory Service and the Pension Tracing Service can help you to trace forgotten pension pots. Remember to take your State Pension into account. Check your State Pension entitlement to help determine if and how much you're likely to receive when you reach State Pension age – and whether you'll need to top it up.

Consider topping up your pensions

Think about topping up your pension in the years leading up to your retirement. That little bit extra could make a difference. Remember, you might be eligible to top up your State Pension too. This could be particularly beneficial if you're self-employed or a woman, because it's possible your State Pension entitlement may be low.

From age 55 you can draw your pension savings as and when you need it and still pay into your pension. You'll continue to receive tax relief on your payments up to age 75, although taking benefits flexibly will limit how much you can put in.

Maximise your employer's contributions

You and your employer must pay a percentage of your earnings into your workplace pension scheme. How much you pay and what counts as earnings depend on the pension scheme your employer has chosen. Ask your employer about your pension scheme rules.

In most automatic enrollment schemes, you'll make contributions based on your total earnings between £5,876 and £45,000 a year before tax. When you increase your contributions to a workplace pension or private pension, some employers will also boost the amount they contribute.

National Insurance credits

National Insurance credits allow you to fill in gaps on your National Insurance record when you're not working and unable to make National Insurance contributions – for example, if you're unemployed, caring for children, ill or disabled, taking an approved training course or doing jury service. The credits go towards building qualifying years for your State Pension and could help boost your final entitlement.

Redirect regular spending into your pension

If you have a regular expense that stops being needed, you could redirect that extra money to your pension instead. As an example, once you finish paying off a car loan, you can use those payments towards your pension fund. This is a quick and simple way to give your retirement savings a boost while sticking to your everyday budget.

Save any income increases

If your income rises – for example, due to a pay rise or a new income stream – put all or part of the sum towards increasing your retirement savings. This can be done in a number of ways, including by increasing the sum you contribute to a workplace or personal pension.

Carry forward tax reliefs

Carry forward allows you to make use of any annual allowance that you may not have used during the three previous tax years, provided that you were a member of a registered pension scheme. The current annual allowance is £40,000, so you might be able to boost your pension by up to £120,000 without incurring tax.

Consolidate your pensions

If you have paid into several different pensions over the years and find it hard to stay on top of all the paperwork, you could consider consolidating your pensions into one plan. This will also help to keep track of your overall retirement sum and whether or not you're on track towards your targets.

Before you switch, it is essential to obtain professional advice to check that you don't have any guarantees that you'll lose by moving your pension savings to another scheme, and that the charges you pay aren't higher in the new scheme. Not all pension types can or should be transferred. It's important that you know and compare the features and benefits of the plan(s) you are thinking of transferring.

Consider retiring a little later than you'd originally planned

Delaying your retirement might give your pension fund more chance to grow. Remember though, if your pension fund remains invested the value could go down as well up and you may not get back what you put in. If you defer your retirement, it's also important to check whether this will affect any state benefits you're entitled to.

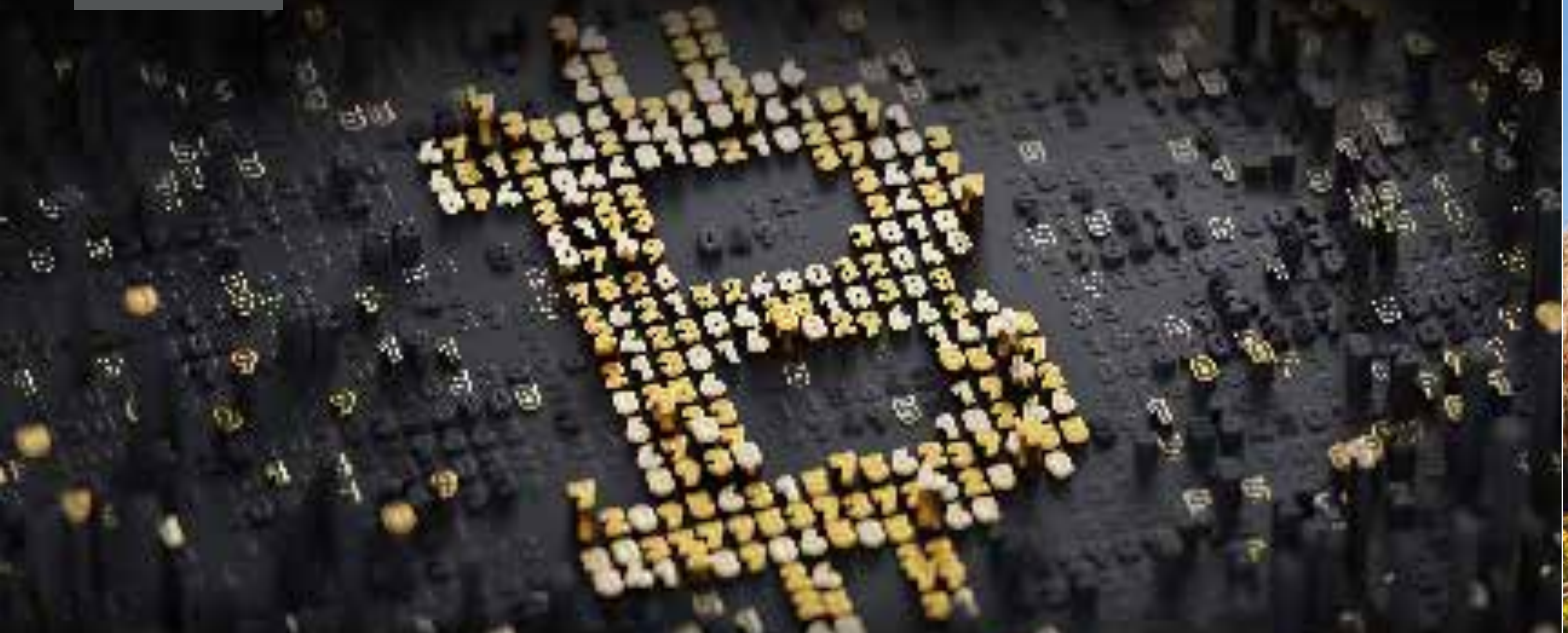
Working part-time for a while after you finish full time work might enable you to delay drawing money from your State Pension or your pension, meaning your money may last longer when you do retire.

You could consider trying something new, like setting up your own business. Becoming your own boss could be a good way to stay active and keep earning.

The longer you put it off, the smaller your eventual income could be

Planning for retirement can be a daunting prospect, especially when it comes to your pension. But the longer you put it off, the smaller your eventual income could be. To ensure you make the most of your money in retirement and enjoy the lifestyle you'd always hoped for, we'll make sure you find the right options for you – to see how you could give your pension a boost please contact us.

PENSIONS ARE A LONG-TERM INVESTMENT. THE RETIREMENT BENEFITS YOU RECEIVE FROM YOUR PENSION PLAN WILL DEPEND ON A NUMBER OF FACTORS INCLUDING THE VALUE OF YOUR PLAN WHEN YOU DECIDE TO TAKE YOUR BENEFITS WHICH ISN'T GUARANTEED, AND CAN GO DOWN AS WELL AS UP. THE VALUE OF YOUR PLAN COULD FALL BELOW THE AMOUNT(S) PAID IN.



Crypto currencies

Don't believe the hype

DIGITAL OR CRYPTO CURRENCIES SUCH AS BITCOIN, ETHEREUM AND RIPPLE HAVE BEEN CAUSING A FINANCIAL FRENZY OVER THE PAST MONTHS. BITCOIN IS THE OLDEST AND MOST WELL-KNOWN CRYPTO CURRENCY CREATED IN 2009 BY AN UNKNOWN PERSON USING THE ALIAS SATOSHI NAKAMOTO.

Transactions are made with no middle men – this means there's no bank, regardless of the hype around getting rich by trading it. The frenzy was sparked by bitcoin soaring to more than 1,900% in 2017 to around $20,000, before falling to around $14,000 in February this year at the time of writing this article.

Separate components

There are two separate components. You have bitcoin-the-token, a snippet of code that represents ownership of a digital concept – or a virtual IOU. Then you have bitcoin-the-protocol, a distributed network that maintains a ledger of balances of bitcoin-the-token. Both are referred to as 'bitcoin'.

Crypto currencies can be used to buy merchandise anonymously. In addition, international payments are easy and cheap because bitcoins are not tied to any country or subject to regulation. Some people just buy crypto currencies as an investment, hoping that they'll increase in value.

Private transactions

Though each transaction is recorded in a public log, names of buyers and sellers are never revealed – only their wallet IDs. While that keeps bitcoin users' transactions private, it also lets them buy or sell anything without easily tracing it back to them. That's why it has become the currency of choice for some people online buying drugs or other illicit activities.

There are now hundreds of other such currencies that can be traded – and new ones are regularly being created. For some investors, one attraction of crypto currencies is the ability to participate in an initial coin offering, or ICO. Investors jump in, hoping to get the digital currency at a low price, and then profit as it rises. But ICOs are far riskier than stock initial public offerings (IPOs) and have other key differences.

Imperfect information

Crypto currencies are very risky investments because the technology is new and unproven, and prices have been extremely volatile. Many experts are sceptical about bitcoin as an investment primarily because there is nothing for them to analyse, so people are investing with imperfect information and joining the herd of speculators.

Aside from the operational issues of trading in crypto currencies, there is also a high risk of fraud. There is still a good deal of misinformation and lack of clarity regarding bitcoin trading, and fraudsters have taken advantage of this to launch Ponzi schemes, which promise 'guaranteed high returns'. Some companies claim to double the initial investment within a very short period of time. The growing use of virtual currencies in the global marketplace makes it easy for miscreants to lure investors into Ponzi schemes. Investors should be careful to steer clear of such unrealistic promises.

For any investor looking to take the plunge and buy crypto currencies, it is essential they make sure it's a very small part of their diversified portfolio – and that they can afford to lose their investment.

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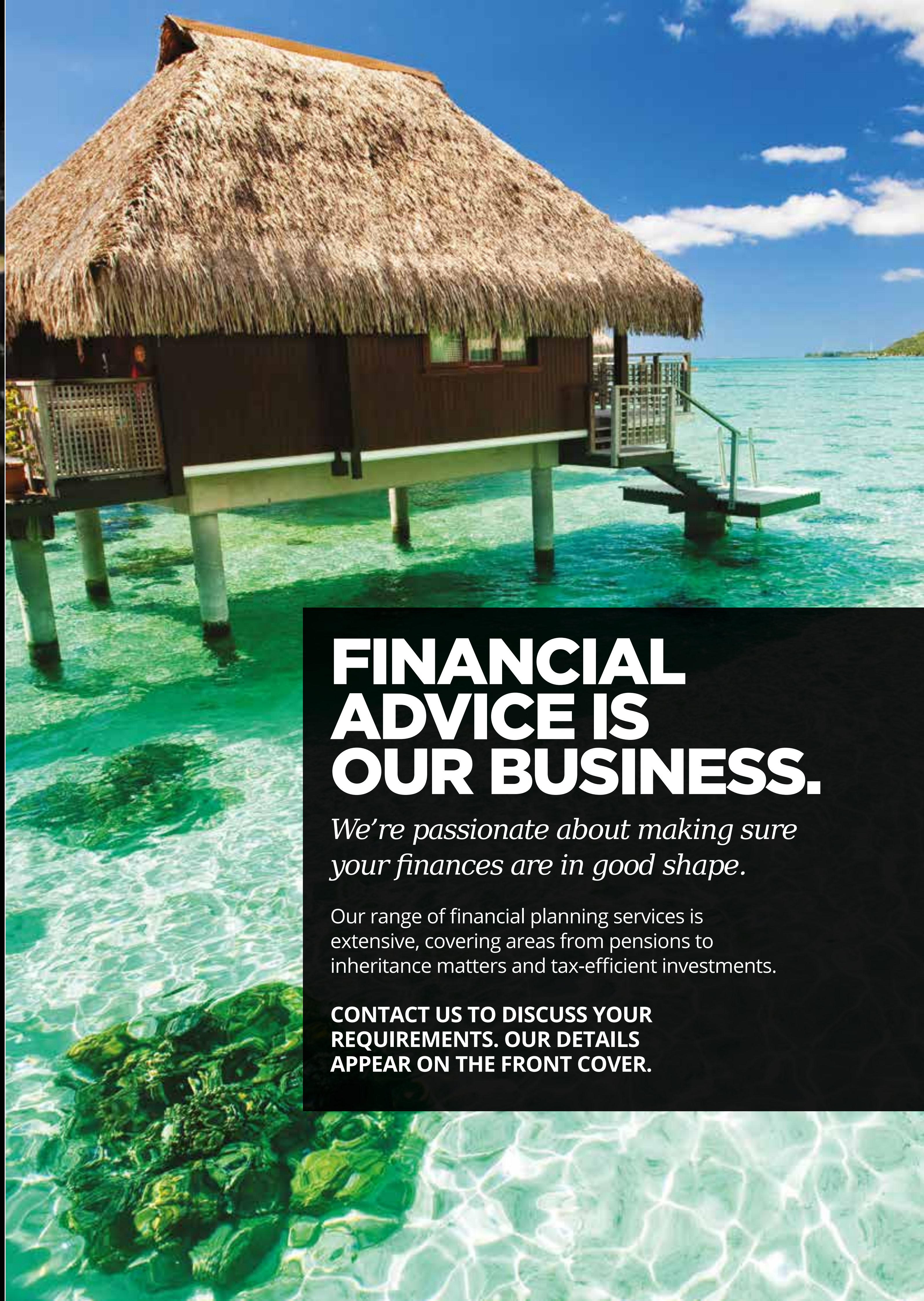

Life events

What will influence your retirement income needs?

RETIREMENT IS A TIME FOR YOU TO DO THE THINGS YOU'VE ALWAYS WANTED. WHEN CONSIDERING YOUR RETIREMENT INCOME NEEDS, YOU NEED TO CONSIDER THE TYPES OF EVENTS YOU WOULD LIKE TO HAPPEN AFTER YOU RETIRE THAT MAY IMPACT YOUR BUDGET. THINKING ABOUT THESE EARLY COULD HELP YOU WHEN YOU'RE DECIDING THE BEST WAY TO TAKE YOUR PENSION SAVINGS.

Perhaps you're looking forward to having more time to explore faraway places. Or maybe you dream of simply waking up each day and doing whatever takes your fancy. However you see your future, retirement is a time for you to do the things you've always wanted to do.

Concept of retirement

The very concept of retirement has changed. 'Phased retirement' is becoming more common; the way we access our pension is now a lot more flexible, and in the UK we're living longer than ever before. A longer retirement and more choice over how you take your pension require planning ahead to help ensure you're on track to a financially secure future.

Working habits

Although you may have retired from full-time employment, perhaps you may wish to earn money from part-time work. Besides the State Pension, consider any other income sources you'll have when you finish working full-time and find out when they commence.

Supporting your family

Perhaps you have children or grandchildren that you plan to help through further education. How will you provide this financial support once you've retired? Some people intend to help their children onto the property ladder. Have you made a plan for how you'll afford this?

Health

Leading a healthy lifestyle can help ensure you'll be fighting fit during your retirement. However, ill health can strike at any time. And although you may not like to think about it, it's important to factor things like medical costs into your financial planning.

In the longer term, you may also need to pay for residential care for yourself, your partner or your parents.

Savings and property

The amount you have in savings may influence what you'll need from your pension. Is this enough to live on?

If you own a home, you may have decided that you'll sell your home and move somewhere that better suits your lifestyle needs. You'll also need to think about how you would pay for a new property, and factor in any repair costs to a new or existing home.

How you choose to take your pension

The way you choose to take your pension can impact things like your tax position or pension allowances. If you choose to move provider, you may lose any guarantees that you may have with your existing pension provider. You should also think about the impact of taking any tax-free cash, income or lump sums may have on any means-tested benefits you currently receive.

The effects of inflation

The effects of inflation may reduce the buying power of your savings and investments in the future, so think about how you'll maintain your lifestyle if your money doesn't stretch as far. ◀

What to do with your pension is a big decision

The ways that you can take your pension savings changed in April 2015, giving you greater choice over how you can access and use the money you've saved up. Deciding what to do with your pension is a big decision. If you're looking for further information or want to review your options, we can help. Please contact us.

Avoiding hidden dangers in retirement

Make sure you don't run out of money or face a reduced standard of living

INCREASINGLY, MORE AND MORE PENSIONERS ARE KEEPING MUCH OF THEIR PENSION INVESTED AFTER THEY RETIRE. THIS MEANS THEY'RE FACED WITH TWO VERY DIFFERENT RISKS WHEN DECIDING WHAT TO DO WITH THEIR SAVINGS IN RETIREMENT IN A WORLD OF 'PENSION FREEDOMS'. SINCE APRIL 2015, PEOPLE WHO REACH RETIREMENT HAVE HAD MUCH GREATER FLEXIBILITY OVER HOW THEY USE THEIR PENSION FUNDS TO PAY FOR THEIR LATER YEARS.

A recent report[1] identified that many savers in retirement are either taking 'too little' risk (the 'risk averse' retiree) or taking 'the wrong sort' of risk (the 'reckless' retiree). Each of these approaches increases the danger of a saver either running out of money during their retirement or having to face a reduced standard of living.

The risk-averse retiree – how can you take too little risk?

An example of taking 'too little' risk is the saver who takes their tax-free cash at retirement and invests the rest in an ultra-low risk investment such as a Cash ISA, believing this to be the safe approach. The report points out that 'investing in retirement is still long-term investing' and shows that decades of low-return saving can seriously damage the living standards of retirees.

It highlights the case of someone who retired ten years ago with an illustrative pension pot of £100,000 which they invested in cash. Assuming they withdrew money at £7,500 per year (in line with annuity rates at the time), they would now be down to £27,000 and likely to run out in around four years' time, less than fifteen years into retirement. By contrast, if the same money had been invested in UK shares, there would still be around £48,000 left in the pot, despite the 2008 stock market crash.

The reckless retiree – what is 'the wrong sort' of risk?

In an era of low interest rates, some retired people may be tempted to seek out more unusual forms of investment with apparently high rates of return but accompanied by much greater risk to their capital. Examples could include peer-to-peer lending, investment in aircraft leasing or even crypto currencies such as bitcoin.

Concentrated exposure to a single, potentially volatile investment can produce very poor outcomes, particularly if bad returns come early in retirement. The pension pot in the previous example would still have £88,000 in it if the bad year for UK shares had happened at the end of the ten-year period we looked at and not at the start.

The rational retiree – what is the best way to handle risk in retirement?

Rather than invest in an ultra-low-risk way or chase individual high-risk investments, the report identifies a 'third way' of spreading risk across a range of assets, including company shares, bonds and property, both at home and abroad. This multi-asset approach can be expected to provide better returns over retirement than cautious investing in cash but also helps to smooth the ups and downs of individual investments.

Pension freedoms open up new possibilities for people in retirement, but they create new dangers as well. There is the danger of being too cautious and not making your money work hard enough – investing in retirement is still long-term investing. There is also the danger of taking the wrong sort of risk, seeking high returns but putting your capital at risk.

Spreading money across a range of asset classes and in different markets at home and abroad is likely to deliver better returns in retirement – and a more sustainable income – than remaining in cash, without exposing you to the capital risks that can come from chasing after more exotic or risky types of investment.

These investments do not include the same security of capital which is afforded with a deposit account. You may get back less than the amount invested. ◀

Help to ensure your expectations are fulfilled

By understanding your retirement plans, we are able to help ensure your expectations are fulfilled by establishing tailored plans to preserve your capital, produce income and pass on wealth securely and efficiently. If you would like to review your current planning provision, please contact us – we look forward to hearing from you.

Source data:

[1] Research report published 13 January 2018 by mutual insurer Royal London

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Financial resilience

How prepared are you for any financial shocks?

OVER THREE MILLION WORKING COUPLES ARE CLASSED AS 'DOUBLE INCOME, NO OPTION' (DINOS), WHICH MEANS THEY ARE POTENTIALLY FINANCIALLY VULNERABLE IF ONE OF THE TWO LOSES THEIR EARNINGS.

The typical household today looks very different from the traditional image of a working family made up of one primary breadwinner and one homemaker. Instead, nowadays many households rely on two incomes to maintain their lifestyle, or even just to get by. Of the two thirds of Britons who are living as part of a couple, half (51%) are both currently working. Yet, without adequate savings or protection insurance, millions could be at risk financially if one of the main earners was unable to work for a period of time.

Dependent on two incomes

Research by LV= has found that there are 3.2 million working couples in Britain that would be classed as DINOs. This means they are dependent on two incomes to make ends meet, and would struggle to cope if they lost one of their incomes. The Money Advice Service (MAS) recommends the provision of 90 days' worth of outgoings in savings to protect against a financial shock.

The lack of savings may be down to people simply not being able to afford to put money aside. A quarter (27%) of working couples surveyed say their double wage isn't stretching as far as it did this time last year. However, not having a back-up source of money leaves many couples at a high risk of financial difficulty if one person couldn't work for a period of time.

Level of financial pressure

The level of financial pressure is also clear in the numbers who anticipate they'll be working for many years to come. Of couples who both work, three in five (58%) wouldn't choose to work if they didn't have to, while over half (54%) say the same of their partner. Three in ten (30%) people in a working couple expect that both they and their partner will have to work until retirement to make ends meet, while one in five (21%) think both of them will actually need to work throughout retirement.

Millions of couples need both incomes to pay the bills, with a significant proportion saying they'd have to make major changes if they had to rely on one income. And the impact of losing an income is not just financial. Two in five (42%) people in a couple say that if one of them couldn't work, it would strain their relationship.

Few have income protection

Despite the reliance so many households have on both incomes, worryingly few have income protection, leaving them vulnerable if one member of the household was unable to work for a period of time. Three in five (59%) say that neither they nor their partner has any form of income protection.

If your household is reliant on two incomes to make ends meet, it's important to consider how you would survive financially and emotionally if you were forced to live off one income. With so many households now relying on two salaries to get by, it has never been more important for couples to protect their joint incomes.

Help to support you financially

Income Protection (also known as 'IP insurance') is a form of insurance that helps support you financially if you have time off work and suffer a loss of earnings because of injury or illness. However, it is important to remember that Income Protection only covers you if you're unable to work due to illness or injury – it does not pay out if you are made redundant.

This type of insurance covers most illnesses that leave you unable to work. What that means, exactly, depends on your individual policy. For example, it may cover you if you are unable to work due to a stress-related illness or a serious heart condition. ◀

Much-needed boost to your financial resilience

Income Protection is one way for people to equip themselves should they find themselves unable to work for a period of time. It can be an affordable and valuable safety net that can provide a much-needed boost to their financial resilience. If you have any concerns or would like to review your options, please contact us – we look forward to hearing from you.

Source data:
Research conducted by LV= published 17/1/2018

MOST INCOME PROTECTION PLANS HAVE NO CASH VALUE UNLESS A VALID CLAIM IS MADE.

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