Your

Finance Matters

Financial Magazine

Vegan Mortgage Adviser

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Your Window on
Money
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Does your money need a personal trainer?

If you're determined to make 2019 the year you get into shape, you might want to think about giving your finances a makeover too. Sometimes we can all benefit from a little help and encouragement to ensure our finances are fit and healthy. We can help you see things more clearly and put in place the right financial plans for your future.

Toning up your savings
At some stage in our lives we are all going to need savings to fall back on. As we head towards the end of the tax year, it's a good idea to maximise the amount you're saving into your ISA. The allowance for the 2018-19 tax year is a generous £20,000, and the tax benefits are attractive.

Adding pensions muscle
Whatever stage you've reached in your working life, it's worth reviewing your pension provision. Remember, if you want a carefree and comfortable retirement, it's up to you to provide for it. The state pension will only ever be a safety net and won't do more than cover the basics.

Maintaining 20:20 vision on your protection plans
It's worth keeping life policies under review, as over the years your circumstances change. It pays to check you have enough cover for your current situation. There are policies that cover death and critical illness, provide an income if you're unable to work due to an accident or sickness, and ones that can protect your mortgage payments. If you've recently bought a house, had a baby or changed jobs this could mean you need to think about a different type of cover to meet your new needs.

Flexing your investments
If it's been a while since your investments were checked out, this could be a good time to revisit your portfolio. We will ensure that your investments remain in line with your risk profile and, if necessary, rebalance your assets to ensure you achieve your financial goals.

So, make 2019 the year you keep your financial plan fit and well. Why not schedule a review meeting?

Single adults find it hard to save

With more people now living alone than ever before, and the numbers predicted to rise, new research[1] shows that single people in Britain are finding it harder to save for retirement than those who are married or co-habiting. More than six million single adults are under-prepared for retirement. The study reveals that just 47% of single people are saving enough for their future and a quarter aren't making any contribution to a pension.

Sadly, the report found that single people don't feel optimistic about their chances of saving for a pension; two-thirds felt it unlikely they'll ever be able to save more for their retirement with three in 10 admitting that they feel pessimistic about it.

Every little helps
With those retiring on a full state pension likely to receive around £8,700 per annum, there is clearly a case for starting a pension and planning for retirement, whatever your circumstances. Even small amounts saved regularly into a pension can, usually boosted by tax relief, mount up over the years. If you'd like advice, get in touch.

[1]Scottish Widows, 2018

As a mortgage is secured against your home or property, it could be repossessed if you do not keep up mortgage repayments.

The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated.

INSIDE THIS ISSUE:

GIFTING PREMIUM BONDS

Following announcements in the 2018 Autumn Budget, National Savings and Investments (NS&I) will now allow people other than grandparents and parents to gift Premium Bonds to a child. The government is also lowering the minimum investment to £25 (from the previous level of £100) from the end of March 2019. This means that aunts, uncles, godparents and family friends will be able to buy bonds for children aged under 16.

LOST PENSIONS COULD BE WORTH £20BN

People can often lose track of pensions they have built up with previous employers, especially as today the average person is likely to have several jobs over their lifetime. If this has happened to you, contact the Pension Tracing Service – it's a free service which can help reunite you with a lost pension.

MILLENNIALS PUT PROPERTY BEFORE PENSIONS

Analysis from Prudential[2] shows that dreams of owning a home outweigh the desire to put money aside for retirement.

Their data shows that 35% of millennials prioritise saving for a deposit over their retirement; 19% say buying a house is the main reason they don't save more into their pension, while 10% say student debt prevents them saving, and 9% admit that frequently changing jobs affects their ability to make pension contributions.

[2]Prudential, October 2018

How to side-step retirement remorse

The good news is that most pensioners thoroughly enjoy the freedom that retirement brings. They can pursue their hobbies, take more holidays and spend more time with their family and friends. When people have regrets, it's often to do with the way they planned for their retirement and the decisions they did or didn't take about their finances whilst there was still time.

Plan early

Many people reach retirement and wish they'd put more into their pension plan in their peak earning years. Keeping a regular eye on how much you're saving towards your pension will ensure that you know how much you're likely to have when you retire and give you the chance to increase your contributions if you can afford to. Getting a state pension forecast is important too; many people overestimate how much their state pension will be worth and aren't sure at what age they will receive it.

A recent report from Aviva[3] warns that millions of workers risk sleepwalking their way to a pension that will, in effect, be less than the minimum wage at retirement. Don't let this happen to you.

Take advice

Not getting appropriate advice is often highlighted as a regret by those people who feel they made poor financial choices when they retired. People retiring today can expect to have several decades of active life ahead of them. Making sure that their funds don't run out too soon can often be a major concern. Getting good financial advice can help ensure that you have a plan in place that meets your likely pattern of expenditure and keep funds in reserve in case you need to pay for nursing or residential care.

[3]Aviva, Sep 2018

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Self-employed? Prioritise your pension in 2019

There are now around 4.8m self-employed[4], representing around 15% of the UK workforce. Being your own boss brings freedom but could mean that you won't have a workplace pension scheme to rely on when you retire.

A recent nationwide study[5] revealed that many self-employed people aren't making provision for their retirement years. More than two-fifths (43%) do not have a pension, with 36% saying they can't afford to save into one. Nearly a third (31%) expect to rely on the State Pension to fund their retirement.

How to plan for the future

If you're self-employed, contributing to a pension can be a more difficult habit to develop than it is for those in employment. Irregular income patterns can make regular saving difficult, but there are plans available that can give you the flexibility you need, and the good news is that your contributions are topped up by Income Tax relief.

Despite often having more complex financial requirements, just 10% of self-employed people regularly see a financial adviser.

[4]Office for National Statistics, Feb 2018

[5]Prudential, Aug 2018

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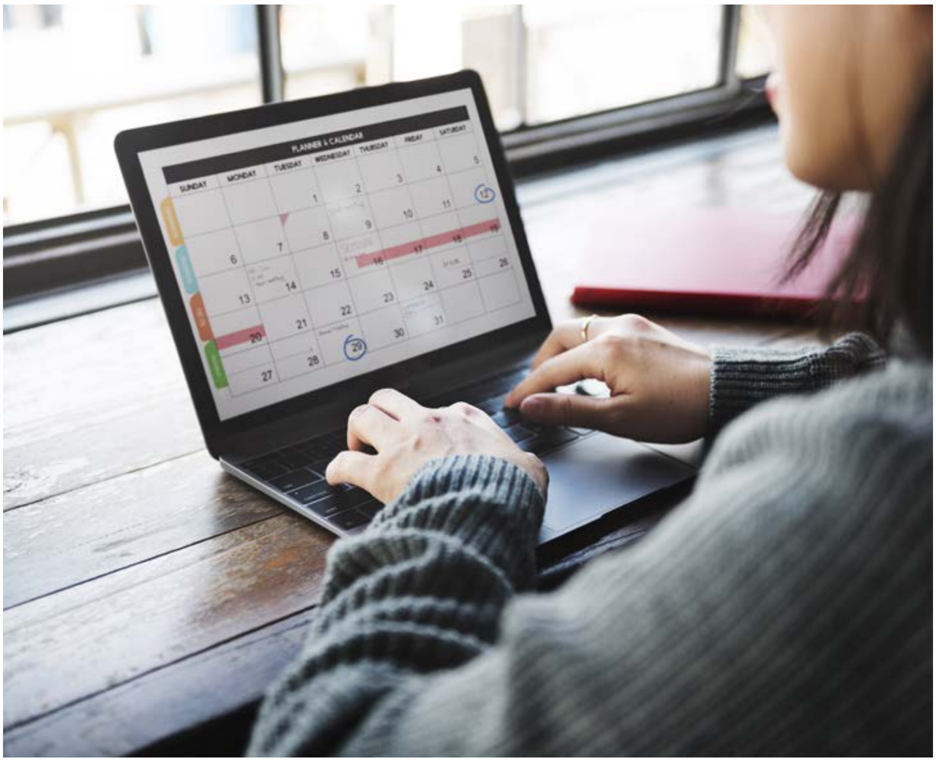

Poor health prompts retirement

Choosing when to retire is one of the most important decisions facing more mature workers. Whilst employees are no longer excluded from the workplace when they reach a certain age, one factor that undoubtedly plays a major part in deciding when to retire is their state of health.

A recent study[6] found that nearly four million employees over the age of 50 in the UK expect poor health to be the main reason they retire. Work pressures were described by 21% of those surveyed as a major strain on their physical and mental health, with 37% reporting that their work could be detrimental to their health and wellbeing.

Planning gives flexibility

Most workers would like to feel that they have a degree of flexibility when it comes to deciding to give up work. Retirement planning can help make this choice easier. Saving regularly over the years and accumulating a reasonable amount in your pension pot means you have more options available to you. You can retire if you feel that would be better for your health and wellbeing, but equally if you are still fit and healthy and enjoying your job, you can stay in the workplace.

[6]Aviva, Sep 2018

Pensions – there's good news!

Many commentators had predicted that the Chancellor would announce major changes to pension tax relief in his 2018 Autumn Budget. However, this wasn't the case. Other than the raising of the Lifetime Allowance in line with the Consumer Prices Index to £1,055,000 for the 2019-20 tax year, the rules surrounding pensions remain the same.

Valuable tax relief

Pensions continue to offer generous tax breaks to encourage us all to provide adequately for our retirement years. If you make contributions to a pension, or if your employer deducts your payments from your salary, you automatically get 20% tax relief as an additional deposit into your pension pot. If you are a higher-rate taxpayer, you can claim an extra 20%, while those paying additional-rate tax can claim back an extra 25%. From age 55, you can take 25% of your savings as a tax-free lump sum. There are different ways of doing this, including taking the tax-free cash only, taking part of the tax-free cash, taking a lump sum including the tax-free element and taking the whole pension fund including the tax-free cash.

Plans to suit your needs

Ideally, everyone would start to save for their pension as soon as they start work, however even if you only have a few working years left, you can still start a pension. Pension plans come in various forms to suit the needs of different types of worker, from the basic state pension to self-invested personal pensions (SIPPs), personal or private pensions, and workplace pensions schemes, to name but a few. The sooner you start your pension, the longer your money will have to grow.

If you're self-employed, an employee, work part-time, run your own business or have accumulated pension pots with past employers, we can offer you the advice you need. If you haven't looked at your pension plan recently, then arrange to see us for a review.

It is important to take professional advice before making any decision relating to your personal finances. Information within this newsletter is based on our current understanding of taxation and can be subject to change in future. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK; please ask for details. We cannot assume legal liability for any errors or omissions it might contain. Levels and bases of, and reliefs from, taxation are those currently applying or proposed and are subject to change; their value depends on the individual circumstances of the investor.

The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated. If you withdraw from an investment in the early years, you may not get back the full amount you invested. Changes in the rates of exchange may have an adverse effect on the value or price of an investment in sterling terms if it is denominated in a foreign currency. Taxation depends on individual circumstances as well as tax law and HMRC practice which can change.

The information contained within this newsletter is for information only purposes and does not constitute financial advice. The purpose of this newsletter is to provide technical and general guidance and should not be interpreted as a personal recommendation or advice.

Make 2019 the year you get the **protection you need**

If you haven't got proper insurance in place for you, your family and your valuables, then **you could be vulnerable if you faced one of life's unexpected crises**. Insurance cover doesn't just pay out if you die, it can also give you the satisfaction of knowing that if you fall ill, have an accident or lose your treasured possessions, there would be a pay-out from a policy to help you deal with your financial loss.

We can help you find the cover that's right for you.

TIME TO TOP UP YOUR ISA?

If you're planning to save into your ISA this tax year, don't leave it too late and miss out on this great way to save tax-efficiently; remember you can't carry any unused allowance over to the next tax year, so timing is important.

The ISA allowance for the 2018-19 tax year is a generous £20,000 and remains the same for the 2019-20 tax year. If you're thinking of saving tax-efficiently for a child, the Junior ISA limit is £4,260 for the 2018-19 tax year, and £4,368 in 2019-20, rising in line with the Consumer Prices Index.

If you have cash that you don't need to access in the short term and would like to start using this year's ISA allowance now, then don't leave it too long, the clock is ticking.

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IF YOU WOULD LIKE ADVICE OR INFORMATION ON ANY OF THE AREAS HIGHLIGHTED IN THIS NEWSLETTER, PLEASE GET IN TOUCH.