

# moneyworks

The essential consumer guide to making your money work harder.

Autumn 2015

## Your countdown guide to retirement

Are you on the right  
financial tracks  
for retirement?

### Chris Evans

How the new Top Gear presenter built up his financial fortune.

### Where there's a Will

A look at the importance of making a Will

### Raiding the pension pot

The risks of dipping into your retirement funds

# Welcome

Welcome to the autumn issue of **moneyworks**, the quarterly consumer publication, written and designed to provide an informative guide to the current financial issues and stories in the news.

Following the retirement revolution earlier this year we take a look at the importance of addressing the countdown to your retirement and the steps you should be taking as the clock ticks down. We also take a look at the growing number of people who are dipping into their retirement funds early and the impact this could have in later life.

We reflect on the importance of making a Will and how taking some simple steps now could ease the financial and emotional burden on your family when you are no longer here.

In addition we also look at how despite recent stock market volatility, a balanced investment approach can still prove rewarding over time.

Continuing our series of celebrity interviews we get behind the wheel with new Top Gear host Chris Evans and discover how he has made his millions over the years and why he can't wait to take over the BBC show next year.

The importance of seeking financial advice to help you navigate the choppy waters of future planning has never been greater and we hope this latest issue of **moneyworks** continues to inform and advise you on the important issues affecting us all.

Best wishes

The **moneyworks** team

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# The News in Brief

A round up of the current financial stories.

## The true cost of happiness



**W**hat price can you put on a happy, contented household? It turns out that the answer is £390.

April 2015 research commissioned by SunLife, and published in August, asked people how much spare money they need, each month, in order

to be happy. The average response was £390 – and the good news is that we are not far off this magic number. On average UK households have £381 spare cash each month, once matters like bills, food and petrol are accounted for.

Scotland has the highest amount of spare cash (monthly average: £454), with the East Midlands at the bottom of the happiness league (£280). To be amongst the 10% of the happiest people in the UK, households need £713 spare cash each month.

Dean Lamble, SunLife's managing director commented, "Our research shows that having spare cash – money that you haven't already got earmarked – is really important for happiness. It also shows that financial happiness could be more attainable for many people than they might think, with the average person needing to find an extra £33 a week – less than £5 a day – in spare cash to be among the happiest in the UK."

[Source: <https://www.sunlifedirect.co.uk/press-office/cash-happy/>]

## Investors on the increase

**T**he FTSE 100™ might have endured a difficult period of late, but over the last few years it has enjoyed a rise in popularity amongst UK savers.

According to September 2015 figures by the Office of National Statistics, at the end of 2014, UK individuals held 12% of all FTSE 100™ shares. This is an increase from a historic low level of 10% in 2010 and 2012 – or, in monetary terms, a rise of investments into the market from £162 billion to £206.2 billion.

This increase in UK investors coincides with a period where the FTSE 100™ has experienced sharp rises. From a low point of 3530.70 on 2nd March 2009, the FTSE 100™ rose to 6547.80 on the final trading day of 2014 – an 85% rise.

Another key consideration has been the drastic reduction in the interest rates available from bank and building societies over the same period. As a result of base rate falling to the historic low of 0.5% in March 2009, rates on the high street have become increasingly unappealing.

The value of your investments can go down as well as up and you may not get back the full amount invested. These investments do not include the same security of capital which is afforded with a Bank or Building Society savings account.

[Sources: [http://www.ons.gov.uk/ons/dcp171778\\_415334.pdf](http://www.ons.gov.uk/ons/dcp171778_415334.pdf) and <https://uk.finance.yahoo.com/echarts?s=%5EFTSE#symbol=%5EFTSE;range=5y>]

## The burden of debt

**F**or most people, the concept of retiring conjures up images of relaxing on the beach without a care in the world. Yet August 2015 research by Old Mutual has found that 30% of people retire with the burden of debt.

The average retiree owed £34,000 when they gave up work. However, 19% owed over £50,000, and almost one in 10 had debts of £100,000 or more. A mortgage was the most common type of debt, with 21% still owing money on their house when they retired. Despite this, a further 14% still owed money on store or credit cards, whilst 6% had unsecured loans.

Retiring with debts to pay off could cause significant financial headaches. As you no longer have the security of a regular employer wage, in retirement you will become almost wholly reliant on your own savings, such as your pension, with only limited support from the basic state pension.

For many people this could mean a drop off in their income, and if there are debts to pay it could seriously undermine their ability to afford the leisure activities they want to fulfil in retirement.

[Source: <http://moneyfacts.co.uk/news/retirement/30-of-retirees-are-still-in-debt/>]



# The Final Countdown

The final few years before you give up work are absolutely crucial in shaping the next chapter of your life, here we will look at what you should be doing to ensure financial security when you retire.



**U**nless you plan to retire late, by the time you reach your 60s, you really need to step up your retirement plan.

The five years leading up to your retirement are an especially important period in shaping your future. Making preparations at that point will give you time to focus on the lifestyle changes in front of you, and to make sure you have suitable financial provisions to achieve your retirement goals. Should anything be overlooked, you can make up for it now – rather than waiting until you retire and risking it being too late.

To give you an idea of what you should be preparing on the countdown to retirement, here are the key considerations.



### **If you are five years away from retiring...**

It's time to look at the great unknown. If you haven't already considered what you want out of retirement, you will have no idea whether you have made suitable preparations. So what do you want out of retired life? Do you have specific, possibly expensive, goals in mind? And will you have future obligations, such as a desire to financially support your loved ones?

With a blueprint in mind, you can then determine if you have the financial capability to fulfil it. When was the last time you reviewed your pensions, savings and investments? If you plan to rely on them in retirement, you should start considering whether they are suitably positioned to offer you what you need.

Do you have any debts that need paying off, such as a mortgage? Addressing them now could mean you have greater financial capability in the long-run.

When contemplating all of this, don't forget to include your partner. Talk to them about their expectations in retirement, to make sure they match up to yours. If you're both due to retire at the same time, you will soon be spending a lot more time together.



### **If you are four years away from retiring...**

You need to start developing the habit of regularly reviewing your pension. In the run-up to retirement, you should be assessing it every 12 months – possibly with the help of an expert.

Don't forget, your pension is an investment and so how it is performing will be a key factor in how much money you receive from it. You may, for example, want to look at reducing the level of risk it is exposed to (if your pension provider isn't automatically doing so on your behalf).



### **If you are three years away from retiring...**

You should be considering your likely expenditure in retirement well ahead of time, in order to gauge the level of income that will be needed for you to meet your future requirements.



### **If you are two years away from retiring...**

Reviewing your pension fund again is vital. You should also be considering how you might want to use your pension in retirement, as this might go a long way to determining how it is positioned.

For example, if you want to keep your pension invested via a drawdown option, taking an income from it, you might not want to 'de-risk' your pension now.

“At this point, financial advice is recommended if you haven't obtained any up to now.”



### If you are one year away from retiring...

You're nearly there, but over the next 12 months there is a lot to do.

Firstly, it's time to make a firm decision about how you will receive your pension. If you have a defined contribution pension you can withdraw some or all of it (you can usually take 25% of a pension pot tax free, your pension provider takes tax off the remaining 75% before you get it). If you want a guaranteed income in retirement, it might be appropriate to take out an annuity. If you want to remain invested and take an income, drawdown could be the right route for you.

It's a major decision and there are a number of complexities to it. For example, if you want an income through an annuity or drawdown, you need to make sure you find a suitable arrangement for your needs. At some stage during your final 12 months before retiring, your pension provider will write to you with details of their default annuity. This might not be as suitable for your situation as other available products – you must assess your wider options before committing to anything.

At this point, financial advice is recommended if you haven't obtained any up to now. There are major consequences to how you use your pension to fund retirement and, if you get it wrong, you could be left to regret it for decades. An adviser can provide you with expert help, so you can feel more confident about making decisions.

Beyond your own pension, there is the government's basic state pension to think about. The age of when you are entitled to it is increasing, but you won't automatically start to receive it. You must claim for it.

You might feel that you don't need to receive state pension just yet. If so, there are certain incentives available to you for deferring it: namely that you will receive a higher income from it in the long-run. Either way, the state pension can help your plans by topping up your income, so you should look into it before you retire.

And finally, as this is the last year of receiving a regular employer wage, you might want to look at your possessions and consider whether any are in need of replacing or upgrading. If you've held a long-term desire to do up your conservatory, for example, you might want to go ahead with it before you begin to rely on your savings for day-to-day living. Perhaps now is also the right time to upgrade your car, rather than risking your current one breaking down a couple of years into retirement, where it would be more of a headache to replace.

### The benefits of advice

The stakes are so high with retiring, as a lack of preparation or a bad decision could have an adverse impact on your quality of life in retirement. For this reason it's worth considering the benefits of speaking to a financial adviser for expert help making plans. A good financial adviser can take a thorough look at your finances, and assess how they measure up towards providing for you in retirement. This includes reviewing your pension arrangements and providing suitable advice.

When it comes to the moment of retiring, seeking financial advice on how to use your pension pot could make a huge difference. By doing so, you can find out about all your options and the positives and negatives of each – in order to make a considered decision that is right for you.

The value of investments can fall as well as rise. What you get back at retirement cannot be guaranteed and will depend on how much you pay in, investment performance and interest rates when you retire.

# The importance of getting financial advice.



**There are many times throughout our lives when we may need the help and reassurance of a financial adviser.**

Whether it is taking out a mortgage to purchase your first home; planning your retirement and pension; investing your savings wisely to avoid unnecessary taxation or ensuring you and your family are adequately protected, the value of professional financial advice has never been greater.

However, despite it being such an important consideration in our journey through life, financial advice is often overlooked for many reasons. People may assume the cost of adviser fees will be too high or that they don't need any help having spent a lifetime looking after their own concerns.

But with so many financial implications, new rulings and everchanging legislation to consider, it is vital to ensure that some of the most important decisions you will ever make are carried out with careful consideration and the best possible reliable information.

Planning for your own future and that of your family is a huge responsibility so surely it makes sense to have access to the best financial advice and options available to you.

With the sheer range of investment, pensions, and protection solutions available in the market it is important that you know which financial products best suit your requirements, the alternatives that are available, and most importantly the risks involved.

With access to the latest technology and knowledge of the current trends and products, we can tailor our recommendations to meet your specific needs and ensure you don't take the wrong path.

It is also important to stress that financial advice is not just about selecting the most appropriate products or solutions. Equally important is the need to create a solid financial plan to help you achieve your long term objectives, regularly reviewing that strategy, and making any necessary adjustments along the way to ensure you stay on track to achieve your financial goals.

For more information on how you can make your money work harder and to benefit from the best possible advice please do not hesitate to contact us.

# Good Evans

As Chris Evans gears up to take over as the presenter on Top Gear we look at the new man behind the wheel and how he's made his millions, going from boozing bad boy to national treasure in the process.

Picture by Rex Features



He was the restless, cheeky boy-next-door who became insanely famous on Radio 1 and Channel 4's The Big Breakfast. He produced his own shows such as TFI Friday and earned so much money that he was able to buy Virgin Radio.

Now Chris Evans is set to rise again as the new host of Top Gear after landing a three year deal worth an estimated £3 million.

Self confessed petrol-head Evans, who initially denied reports he would take over the show, was confirmed as a replacement for Jeremy Clarkson by the BBC in the summer and he is clearly delighted to be back in the spotlight.

He said: "I'm thrilled, Top Gear is my favourite programme of all time. Created by a host of brilliant minds who love cars and understand how to make the massively complicated come across as fun, devil-may-care and effortless.

"That's the genius of Top Gear's global success and I promise I will do everything I possibly can to respect what has gone on before and take the show forward."

While Evans is seen by TV bosses as a much safer bet than Clarkson these days, that wasn't always the case.

“It's a bit like being the new Doctor Who.”

His first career in the mid 90s disappeared in a storm of drink, drugs and bad behaviour, such as not turning up for shows because he was on a bender. His best-selling book, Memoirs of a Fruitcake, detailed exploits such as getting on a night bus and trying to pay with a bunch of bananas, because he was so drunk.

Talking about those days he said: "I lost control because I was playing with fire. I'm not saying I won't play with fire again, but I don't know if there's any more fire to be played with."

He was genuinely grateful to be given a second chance by Radio 2 in 2005 and gobsmacked to take over the breakfast show from Terry Wogan. Many listeners hated him replacing their hero, but millions more loved it; the ratings soared and he will be hoping there's a pattern there.

In an interview with BBC's Top Gear magazine, he said: "This is, without doubt, the most challenging thing I have ever done in my career," comparing his move to when he took over the Radio 2 show.

"People kept saying after Wogan I had 'big shoes to fill', and they're saying it again now. I don't mean they're wrong or they're right, it's just such a predictable thing to say – and, by the way, Jeremy is very tall, so they're even bigger shoes."

Describing the pressure of his upcoming job, he added: "There have been 34 presenters, so it's a bit like being the new Doctor Who."

To date, Evans' career has turned out to be like a game of two halves but with both earning him a mint from the small screen and radio.

The adrenalin-fuelled first half of the DJ and television presenter's working life earned him a fortune of well over £80m.

He climbed the greasy pole to stardom from a modest start at Manchester Piccadilly Radio in the mid 1980s to fronting a seriously successful string of television shows The Big Breakfast, TFI Friday - now back on our screens - and Don't Forget Your Toothbrush, the latter made by his own company Ginger Productions.

For some of that time he was also on a BBC salary presenting the popular Radio 1 breakfast show.

The workaholic redhead spent his money as fast as he could earn it, investing in a rectory in Kent and a Bentley and pouring the rest into a celebrity party lifestyle. But the hard living and long hours took its toll and Radio 1 eventually sacked him for repeatedly failing to turn up to work.

In 1993 Evans switched to Virgin Radio, which he later bought in 1997 from Richard Branson in a consortium with others for £85m. When he sold it in 2000 to the Scottish Media Group he netted a reputed personal cash windfall of £35m.

Soon Evans got bored with the show, turned to drinking and began going AWOL again. He was fired and after suing his employers, lost the case and had to pay out millions in legal fees, costs and compensation to SMG.

“ I will do everything  
I possibly can to respect  
what has gone on before  
and take the show forward.”

Despite these financial and professional hiccups, which removed him from the public spotlight for about three years, the Sunday Times Rich List calculated Evans was worth £55m in 2003, which enabled him to indulge in lavish spending sprees during the time of his marriage to Billie Piper, the former teen pop star turned actress.

Since then Evans has not only divorced Piper and married a golf pro Natasha Shishmanian he has stocked up on his car collection, adding a Lamborghini, a Rolls-Royce, a Land Rover and a Mark II Jaguar plus several more classic Ferraris.

Brought up on a Warrington council estate, he also has a taste for property and over the years has bought and sold in up-market areas from Beverly Hills to Portugal. He sold his Chelsea home to singer George Michael in 2001 for £7.5m and owns a multi-million pound pad in Ascot, Berkshire which he shares with Natasha and their two children.

He has also owned at least three pubs but due to the credit crunch he sold two, leaving him with the Mulberry Inn in Chiddingfold, Surrey. By 2008, The Sunday Times suggested his wealth had dipped to nearer £45m but his spending habits continued to suggest deeper pockets. In 2008 he spent a record £5m on a Ferrari Spyder once owned by the late Hollywood star James Coburn and £12 million on a rare 1963 Ferrari.

Now earning a large and steady income again estimated at £600,000 for his high profile Radio 2 job plus £500,000 a year for his half-hour Friday evening gig as co-host of BBC1's The One Show, Evans is very much back in the fast lane.

Evans has also raked in substantial cash by relating his roller-coaster career and personal life in print. His books 'It's Not What You Think' and 'Memoirs of a Fruitcake' have been best-sellers with the latter coming out in paperback in July 2011.

Whether the new look Top Gear will be successful remains to be seen. But with Chris Evans at the wheel, it is sure to be a wild ride.

# Raiding the pension pot

**New figures show that many over 55s are raiding their pension pots early to take advantage of the new rules, but doing so could leave you short later in life.**



According to September 2015 figures from the Association of British Insurers (ABI), over 55s in Britain are withdrawing money from their pension pot to the tune of £27 million a day.

ABI looked at the first three months since radical changes to the pension rules were implemented in April, to gauge how many people were taking advantage of the sudden ability to access their full pension pot. For April, May and June a staggering £2.5 billion was withdrawn from funds, with more than half of that amount taken as straight cash lump sums.

## What has prompted the rush?

The frustrations over UK pensions has been building up for several years. If you had a defined contribution pension, when it came to retiring there were significant restrictions over how you could use it to fund the next chapter of your life.

Whilst 25% of the pot could be withdrawn as a tax-free lump sum and used however you like, there were significant restrictions over how you could use the remaining three quarters of your pension to fund retirement. In most cases, this meant taking out an annuity insurance product. The advantage being you would receive a guaranteed income for life; yet rates available had fallen steeply over recent years, and many people mistakenly took out a poor deal, failing to realise they could do better elsewhere.

With public and financial media pressure growing, in 2014 the chancellor George Osborne reacted by ripping up the restriction. With effect from this April, you can access your entire pension pot from 55 and use it however you like. No requirement to arrange an income. No need to buy an annuity if that path isn't the one you wish to take. Osborne argued that, as it is your money, you should be able to spend it however you like.

And so, since April, these ABI figures illustrate that many over 55s are doing just that. Of those who have opted to take a cash lump sum, the average amount withdrawn is £15,000. £1.1 billion has been paid out via 264,000 income drawdown payments, an average payment of nearly £4,200. In effect, these are people who have chosen to keep their pension invested for now and in the meantime withdrawn some money from their pot.

“ For April, May and June a staggering £2.5 billion was withdrawn from funds. ”

## The key considerations

Although the option to withdraw cash from your pension is clearly proving popular, there are a number of important factors you need to consider before following suit.

The first is to remember just why you have been paying into a pension for all these years. When you eventually come to retire, you will no longer receive a wage from your employer and instead become reliant on your savings. If you need your pension fund to last for years to come, it would be unwise to take out too much now and squander it. Doing so could cause you to face a reduced standard of living in your later years.

And then there is tax. In effect, the government freedoms come with a catch: you might be able to withdraw as much of your pension as you like, but doing so could see you lose a chunk of it to the taxman.

In line with the old rules, you can withdraw up to 25% of the pot tax-free – that is, you receive every penny of it. However, any income withdrawals are taxed at your highest marginal rate. Assuming you are a basic rate taxpayer the minimum you would have to pay is one fifth of what you withdraw in tax (20%). But if you were to take too much in one tax year, some of it would be taxed at 40% or even as much as 45%. That would be a lot of your hard-earned savings to lose. You really do need to look before you leap.

Some people who have started to make withdrawals from their pension have also discovered HMRC deducted more tax than they were expecting, as their withdrawals were taxed at emergency rates. Individuals who lose out either have to wait for HMRC to repay the excess tax charged – which could be many months later – or fill out an HMRC repayment form. This is an added complication.

The ABI figures show that many over 55s have heeded such warnings about making their pension last. Over this three-month period, £1.3 billion has been invested into drawdown products and £990 million into annuities, rather than taken as cash.

In other words, nearly £2.3 billion worth of pension savings has been moved into products that will provide a retirement income. These people have taken steps to ensure their pension lasts them throughout their retirement.

## The benefits of a lump sum

It doesn't mean that it's a bad thing to make a lump sum withdrawal from your pension – especially with regards to the 25% tax-free element. You might have ambitions to use a lump sum to pay for a special retirement treat – a round the world cruise perhaps, or to move to your dream house. If you have debts, such as a mortgage, you might want to use your lump sum to pay them off once and for all. By doing so, your outgoings in retirement would reduce.

It's all about having a careful and considered plan. Before touching your pension, investigate the options available and the positives and negatives of each approach. If you want to take out a lump sum, for example, look at how much income the rest of the pension pot is realistically likely to provide you with, to see if it is comfortable enough for you to live on.

“ You can withdraw up to 25% of the pot tax-free. ”

There is no doubt that it's a difficult decision, and unsurprisingly many people turn to an expert for help. By seeking financial advice, you can benefit from clear recommendations that take into account your circumstances and future goals. You can make sure that you fully understand the implications of your options, and feel confident of making the right decisions.

Levels and bases of and reliefs from taxation are subject to change and their value depends on the individual circumstances of the investor. The value of investments can fall as well as rise. What you get back at retirement cannot be guaranteed and will depend on how much you pay in, investment performance and interest rates when you retire. Accessing pension benefits early may impact on levels of retirement income and is not suitable for everyone. You should seek advice to understand your options at retirement. These investments do not include the same security of capital which is afforded with a Bank or Building Society savings account.

[Source]  
<https://www.abi.org.uk/News/News-releases/2015/09/Payments-made-to-savers-since-the-pension-reforms-reach-nearly-2-5-billion-ABI-stats-show>



# Where there's a **will**...

**U**nfortunately there may come a time when your family will have to cope without you, but simple steps now can ease that burden.

It is such a difficult subject to contemplate: leaving your loved ones behind. But amongst all the emotion that would be triggered by your death, you wouldn't want to add to it by causing financial headaches for your nearest and dearest.

According to May 2015 research by the Dying Matters Coalition (DMC), more than 30% of us think about our death at least once a week. Yet it remains such an uncomfortable subject matter to discuss, especially with the people who matter to us the most.

Perhaps not surprisingly, the same research found that only a small percentage of the UK population has faced up to making practical plans around their death.

Yet by looking into such financial matters now, you can ease the burden on your loved ones during a period where, as they grieve, they would find it especially difficult to cope. What's more, you can make sure that your own personal wishes are both known and acted upon. DMC found that 71% of us agree that if people felt more comfortable discussing dying, death and bereavement, it would be easier to have our end of life wishes met.

Claire Henry, Chief Executive of DMC said: "We need to change the nation's approach to dying, so that all of us become better at making our end of life wishes known and asking our loved ones about theirs. Talking about dying and planning ahead may not be easy, but it can help us to make the most of life and spare our loved ones from making difficult decisions on our behalf or dealing with the fallout if we haven't got our affairs in order."

By planning ahead for all eventualities, you can develop your own peace of mind from knowing that, when your time comes, your family will be supported.



## Where there's a Will, there's an understanding of your wishes

Setting up a Will is the most obvious place to start, yet DMC found that only one in three of us have actually drawn up one. 2014 research by Unbiased.co.uk found that 28.7 million of the adult population don't have a Will.

The importance of having a Will in place can be simply illustrated by what happens if you die without one: the rules of intestacy will apply in determining how your estate is distributed.

As a result, your partner won't automatically receive your assets. If you are not married to your partner, they will receive nothing from your estate. In England and Wales, if you are married, your partner would inherit your estate. However, the intestacy rules are different in Scotland and Northern Ireland.

Not having a Will could result in family members arguing over the distribution of assets/possessions, which could lead to unnecessary stress and pain that could be prevented from the outset.

Although you may already have a Will, failing to keep it up-to-date could potentially cause some difficulties. Consider, for example, the huge impact of failing to include an additional child or grandchild as a beneficiary.

Drawing up a Will can be an inexpensive process – if your situation is straightforward, you simply need to fill out a form and have it legally verified. If your circumstances are more complicated, you may need estate planning advice from an expert. Either way, you shouldn't ignore the benefits of having a valid Will in place. It will make everything clear and eliminate family arguments.

### Inheriting your estate

Beyond the need for a Will, if your estate is above a certain value your family might face the added complication of inheritance tax – unless you take action now.

Everything you own above your threshold of £325,000 per person will be liable for a 40% tax bill, and in most cases it would fall upon your loved ones to settle it before they can inherit your estate.

The gradual introduction of the main residence nil rate band, from April 2017, means fewer families will face a bill. Yet still, thousands of estates will continue to be affected every year. It's worth finding out if you need to be making plans to tackle any inheritance tax liability, speaking to an expert is recommended.

## What if you can't make your own decisions?

It's a sad fact of life that your health may deteriorate as you get older; and for many people this may include losing the ability to make their own decisions.

Having a Lasting Power of Attorney (LPA) agreement can ensure that – in the unfortunate event of suffering from Dementia, or if you had an accident that left you mentally incapable – someone you trust can step in and act on your behalf, managing your interests (becoming your attorney). Arranging an LPA does not mean giving up control of your affairs now; you can choose for it to only be used if and when it becomes necessary.

There are two types of LPA – Property & Affairs (allowing someone to manage your finances including property) and Health & Welfare (where someone has legal permission to make decisions about your personal health). You can choose to make both types of LPA, or just one. You can have the same attorney for both, or you can have different attorneys.

DMC's research found that just 7% of us have discussed what sort of care we might want if we were unable to make our own decisions. It's such a difficult conversation to have, but could prove beneficial in the event of poor health getting the better of us later in life.

### Planning for your funeral

January 2014 research by University of Bath found that the ever-rising cost of funerals means that one in five families are sadly unable to meet them. Planning for your funeral now can mean your family can take comfort from knowing all the details are taken care of and – crucially – the costs are covered.

One option is to take out a funeral plan that means you would be paying for it at today's prices. It also enables you to confirm the details of your own ceremony, so that your wishes are acted upon.

Alternatively, you could take out a whole of life insurance policy (sometimes known as whole of life assurance), which would be guaranteed to pay out whenever your time comes. You would pay a premium (either monthly or annually, or as a lump sum) to pay for it, in return for valuable guarantees. This type of product is not suitable for everyone and so financial advice is recommended.

The Financial Conduct Authority does not regulate Will Writing, Lasting Power of Attorney Agreements, and taxation and trust advice. Levels and bases of and reliefs from taxation are subject to change and their value depends on the individual circumstances of the investor.

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# Riding the investment wave

**Recent stock market volatility has dominated the headlines lately, but a balanced investment approach can still prove rewarding over time.**

**It doesn't matter how experienced an investor you are, when markets take a tumble it can prompt uncomfortable feelings of uncertainty. Late summer of 2015 was such a period, as stock markets around the globe endured sharp periods of volatility that had a wide-reaching impact.**

**O**ur view is that the root cause of this downturn was China, which over recent years has overtaken the USA as the world's largest economy. Since 1978, China's GDP (growth domestic product) has averaged 9.8% per year. However, such strong economic performance has slowed down of late, and earlier this year China recorded its slowest growth rate in six years. The Shanghai Composite stock market reached a seven-year high in June, but the subsequent falls have been sharp.

In view of China's importance to the worldwide recovery, its troubles have been felt across other markets; with Europe and the UK especially experiencing a sharp spike in volatility over August.

With Europe itself enduring another difficult year – headlined by Greece's desperate negotiations over its debt repayments – 2015 has seen more than its fair share of bad news for investors.

## Don't panic

During such difficult moments, it can be tempting to cash in your investments and flee to the greater security of deposit-based accounts, to avoid further potential losses.

Yet such drastic action can prove to be a costly mistake – especially if you originally agreed a long-term investment horizon with us at the outset. Whether you've been investing for years or are considering doing so for the first time, although sudden market falls can be disappointing news in the short-term, it may not impact as significantly on, or spell the end of, your overall strategy.

The dilemma of whether to stick or twist can perhaps be answered by that old investor sentiment: sometimes, doing nothing is best.

“It’s always worth taking steps to make sure you’re in the right place.”

As originally explained to you before you made an investment, stock markets by their nature are cyclical. They go up, and they come down. The danger of withdrawing your investment when the markets are down is you incur the losses, but miss out on the gains that may follow if and when markets recover.

It’s all about maintaining a long-term outlook towards achieving your long-term goals. For example, whilst the UK FTSE 100™ fell 8.32% over July and August 2015, between August 2009 and August 2015 it climbed 24.55%. Over this longer period, investors with exposure to this market would have made a profit. As the saying goes ‘it’s about time in the market, not timing the market.’

## The benefits of a balanced approach

Another important point is that you might not have been impacted by recent events to the extent you might fear. For instance, did you take a balanced investment approach when you set up your plans? This may have included us recommending you invest into a multi-asset fund, or a range of different single-asset funds.

Rather than only having exposure to stocks and shares investments, essentially there are four other types of assets that can also feature in your overall portfolio – cash (deposit-based savings), fixed interest (loans to the Government or companies), property and commodities (such as gold). By investing into a range of these asset classes, you could reduce the overall risk to your capital.

In effect this means that when one type of asset is performing less well – such as stocks and shares – other areas may produce higher returns.

This balanced approach means the performance of your investments isn’t solely dictated by stock market trends – as you may enjoy the benefits from the better-performing assets to help you achieve your objectives.

## Reviewing your finances

If you’re unsure whether your portfolio has been impacted by recent events, it is worth finding out.

We can help you by providing details of how your investments are performing and how recent market volatility has affected them. If you haven’t reviewed your investments for a number of years, it might be worth arranging to do so now, in order to check you are still on course to achieve your goals.

Whilst doing nothing may indeed prove to be best, it’s always worth taking steps to make sure you’re in the right place. Sometimes investment funds will under-perform as a result of the wider market conditions, which for a period are not conducive to its objectives. However, sometimes other factors are the reason for an investment failing to deliver the desired level of return – poor fund management, for instance. If this is the case, we can help you to consider alternative options for achieving your goals.

Ultimately, perspective is always needed. The recent market falls are not on the same level as those that occurred in 2008 when the credit crunch hit the financial world, and you may not need to feel too concerned by any short-term dips in the performance of your investments. But if speaking to an expert would put your mind at ease and mean you can reshape your plans if needed, you should look to do so now.

The value of investments can fall as well as rise. What you get back at retirement cannot be guaranteed and will depend on how much you pay in, investment performance and interest rates when you retire. Investments do not include the same security of capital which is afforded with a deposit-based account. The value of your investments can go down as well as up and you may not get back the full amount invested.

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