# A E Thomson Ltd

Independent Financial Advisers

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# TRUMP'S TARIFFS CREATE TURBULENCE IN GLOBAL MARKETS

## REMAINING FOCUSED ON ESTABLISHED INVESTMENT PRINCIPLES IS ESSENTIAL

**NEW RULES OF INHERITANCE TAX ON BUSINESSES AND LAND**
What families need to know and how to plan for the future

**TEN YEARS OF PENSION FREEDOMS**
Research reveals worrying trends among savers

**TALKING TO YOUR CHILDREN ABOUT INVESTING**
How to prepare the next generation for financial success

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# INSIDE **THIS ISSUE**

**Welcome to our latest issue.** The first quarter of 2025 has been anything but steady for global markets. With the arrival of President Donald Trump's new administration in the United States, economic tensions have surged worldwide. Global stock markets have been rattled as sweeping tariffs, intended to bolster the American economy, were introduced. While these measures may aim to stimulate domestic growth, on page 10, we consider their ripple effects that are reshaping global trade, inflation, and investor sentiment.

The October 2024 Budget introduced sweeping changes to Inheritance Tax (IHT), significantly tightening the laws that were previously more forgiving for families with trading businesses and farmland. Effective from April 2026, these types of assets will now incur IHT at a reduced rate of 20% on valuations exceeding £1 million. On page 06, we consider why the changes are leaving many families scrambling to reassess their estate planning strategies.

Ten years ago, pension freedoms revolutionised how people access their retirement savings. These changes offered savers over 55 greater options to withdraw and manage their pension pots. However, a decade later, research indicates that many individuals are making critical financial decisions without seeking advice or fully understanding the tax implications. Read the full article on page 05.

A complete list of the articles featured in this issue appears opposite.

**DO YOU NEED GUIDANCE TO TRANSFORM YOUR FINANCIAL GOALS INTO TANGIBLE RESULTS?**

Whether you're building investments, protecting wealth, or preparing for retirement, there's no better time to start than now. We are here to help transform your financial goals into tangible results. Whatever your destination may be, we'll guide you every step of the way with a clear, personalised plan. Take the first step today. If you need more information, please contact us so we can help you get started on your path to success!

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# THE 'SECRET' TO EASING **AN INHERITANCE TAX BURDEN**

## A PRACTICAL SOLUTION TO A CHALLENGE MANY FAMILIES COULD FACE

**When planning your legacy,** it's essential to understand how Inheritance Tax (IHT) may impact what you leave behind for your loved ones. IHT is often seen as a burden that can reduce the value of your estate, leading to financial challenges for your family. Without careful planning, a substantial portion of your hard-earned wealth might end up with HM Revenue & Customs (HMRC) instead of benefiting those you care for most.

**While many solutions are available** to help reduce or mitigate the impact of IHT, finding the right approach for your situation is crucial for securing your family's financial future. One highly effective, though sometimes overlooked, solution is whole of life cover. This type of life insurance can provide your family with the financial means to address an IHT liability when the time comes.

### WHAT IS WHOLE OF LIFE COVER?

Whole of life cover is a type of life insurance policy that guarantees to pay out a tax-free lump sum whenever you pass away, as long as you keep up with the premium payments. Unlike term insurance, which covers you for a fixed period, whole of life cover doesn't expire. It's designed to provide financial protection for your loved ones and can be tailored to meet specific needs, such as covering IHT liabilities.

This kind of policy is frequently used in estate planning, especially for individuals whose assets may exceed the IHT threshold. It essentially acts as a financial safety net, providing funds that can be used to settle any tax dues owed when your estate is transferred to your heirs.

### DOES IHT STILL HAVE TO BE PAID WITH WHOLE OF LIFE COVER?

Yes, IHT still needs to be paid even if you have a whole of life cover policy in place. The policy does not eliminate your tax liabilities but provides a way to meet them without placing undue financial strain on your family. When properly structured and written in an appropriate trust, the payout from a whole of life insurance policy is kept outside of your taxable estate.

This ensures that the funds remain untouched by IHT and can go directly towards paying the tax bill. Without such preparation, heirs might face the daunting task of liquidating assets or accessing savings to cover IHT dues, further complicating an already emotional time.

### WHAT DOES WHOLE OF LIFE COVER COST?

The cost of a whole of life policy depends on several factors, including your age, health, lifestyle and the level of cover you wish to secure. Generally, premiums are higher than term life insurance because of the guaranteed payout and lifelong cover. However, considering the potential IHT savings it provides, many people find it to be a worthwhile investment.

For instance, a healthy 55-year-old non-smoker might pay anywhere from a few hundred to over a thousand pounds per month, depending on the amount insured. Furthermore, some providers offer flexible options, such as reviewable premiums that can fluctuate over time. While this flexibility may appeal to some, others may prefer fixed premiums for increased predictability.

### USING LIFE INSURANCE TO COVER IHT

Whole of life cover is particularly effective for estates that exceed the IHT threshold, which is currently set at £325,000 per individual or £650,000 for married couples, who can transfer any unused allowances (tax year 2025/26) and the residence nil rate band remains in place is currently set at £175,000. The IHT tax-free threshold will remain in place until 2030. Assets above this threshold are currently taxed at 40%. Without proper planning, a significant portion of your estate may be allocated to HMRC instead of your loved ones.

Life insurance, specifically whole of life cover placed in an appropriate trust, guarantees that a designated sum is available to cover this tax bill, preserving most of your estate for your heirs. This strategy is frequently used alongside other estate planning tools such as gifting, trusts or investing in assets that qualify for business relief to maximise IHT mitigation. ◀

### DO YOU NEED TO TAKE ACTION TODAY?

Planning ahead can spare your loved ones from financial stress during a challenging time. If you're concerned about IHT and want to see how whole of life cover could be right for your unique situation, now is the time to act. To discuss your needs or to learn more about IHT mitigation, please contact us. Securing your family's financial future could be simpler than you think.

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# TEN YEARS OF **PENSION FREEDOMS**

## RESEARCH REVEALS WORRYING TRENDS AMONG SAVERS

**Ten years ago, pension freedoms revolutionised how people access their retirement savings.** These changes offered savers over 55 greater options to withdraw and manage their pension pots. However, a decade later, research indicates that many individuals are making critical financial decisions without seeking advice or fully understanding the tax implications[1].

**The survey of UK adults** aged 50 and older found that only 37% of individuals with defined contribution (DC) or personal pensions considered how a lump sum withdrawal might impact their tax rate or could potentially push them into a higher tax bracket. Additionally, only 39% of respondents consulted a financial adviser before withdrawing money from their pension.

### MAKING RASH DECISIONS AT 55

Worryingly, the research highlights a trend of individuals hastily accessing their pension funds as soon as they reach the minimum qualifying age of 55. Nearly 1 in 12 (8%) withdrew their tax-free lump sum within six months of their 55th birthday.

Since the introduction of pension freedoms in April 2015, retirees have been able to choose from a variety of options. These options include taking lump sums directly, withdrawing the entire pension pot, drawing a continuous income through income drawdown or purchasing an annuity for guaranteed lifetime income. Many even combine these choices to suit their circumstances. However, with so many possibilities, deciding on the best approach can be a daunting and complex task.

### ALLURE OF TAX-FREE LUMP SUMS

The allure of tax-free cash remains compelling, as over half (55%) of eligible individuals choose to take the maximum 25% permitted. However, questions emerge regarding how this money is being utilised. The research found that 32% of those withdrawing tax-free sums used the funds to clear debts, including 15% who paid off a mortgage and 18% who tackled other borrowing, such as credit card balances or car finance.

Others took a more cautious approach, with 26% depositing their lump sum into a savings account or bank account. On the other hand, some chose to spend their money on home improvements (19%) or to support family members (8%).

### COMPLEXITIES OF RETIREMENT PLANNING

One of the most striking revelations is how few people seek financial guidance when making these significant decisions. Alarmingly, 18% of those eligible to withdraw from their pension did so without consulting anyone – not even family or friends. Meanwhile, only 20% of those aged 50 or over with a DC or personal pension utilised the government-backed Pension Wise service for advice.

The research also uncovered widespread concerns about the long-term impact of these decisions. Over two in five (42%) people aged 50 or above admitted they fear running out of money during retirement. ◀

**NEED PROFESSIONAL ADVICE TO TAKE CONTROL OF YOUR PENSION DECISIONS?**

Making the right choices regarding your pension is essential for ensuring a comfortable retirement. Whether you are considering taking a tax-free lump sum, planning for future income or are simply unsure where to begin, professional guidance can help you make informed decisions that align with your unique circumstances. Don't leave your financial future to chance. Contact us to discuss your pension options.

**Source data:**

*[1] Survey data collected between 17–19 December 2024 by YouGov plc on behalf of Royal London. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,012 adults aged 50+, of which 311 have done something related to their workplace defined contribution pension or Personal pension/ SIPP. Fieldwork was undertaken between 17–19 December 2024. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).*

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# NEW RULES OF **INHERITANCE TAX ON BUSINESSES AND LAND**

## WHAT FAMILIES NEED TO KNOW AND HOW TO PLAN FOR THE FUTURE

**The October 2024 Budget proposed sweeping changes to Inheritance Tax (IHT),** significantly tightening the laws that were previously more forgiving for families with trading businesses and farmland. Effective from April 2026, these types of assets will have reliefs capped at 100% for the first £1 million of qualifying assets. For valuations exceeding £1 million, the relief will reduce the IHT payable by 50%. While this is lower than the standard 40% rate, the inclusion of businesses and farms within the IHT net has sparked fierce debate, leaving many families scrambling to reassess their estate planning strategies.

**This article looks at the implications** of these proposed changes, outlines steps to minimise their impact and explains why early planning is essential for securing financial peace of mind for future generations.

### LIFETIME GIFTING IS A STRAIGHTFORWARD SOLUTION

For families affected by the new rules, lifetime gifting offers one of the simplest and most tax-efficient ways to minimise IHT liabilities. Assets gifted during your lifetime fall outside your estate for IHT purposes if you survive for seven years after making the gift. For business owners, additional planning strategies like holdover relief could address potential Capital Gains Tax (CGT) consequences when transferring shares or other assets. With holdover relief, the recipient inherits the assets at the donor's original base cost, thus avoiding CGT at the time of gifting.

However, gifting does present its challenges. Most importantly, these strategies are only practical if you can afford to give away assets without jeopardising your financial security. Detailed cash flow planning will help you understand how to ensure your income and future lifestyle needs remain intact. Encouragingly, the £1 million IHT relief for businesses and farms is now set to renew every seven years, similar to the nil rate band, allowing for multiple gifts over time while maintaining flexibility.

### SELLING ASSETS AND PREPARING FOR TAX LIABILITIES

If gifting isn't a viable option, you might consider selling your business or land. However, this approach requires careful preparation, as the proceeds from a sale after April 2026 may attract the full 40% IHT rate on death instead of the reduced 20%. To mitigate this, families may think about placing assets in trust before a sale to shield the proceeds from the higher rate. Keep in mind, though, that the cost and administrative burden of trust arrangements are expected to increase after April 2026.

Additionally, selling assets triggers immediate CGT liabilities, so it's vital to plan for how to meet these costs. With the current economic climate of higher interest rates, there's growing popularity in utilising tax-efficient products like gilts or qualifying corporate bonds to generate post-sale income. These products can help preserve wealth and provide stability, especially in times of economic uncertainty. The effectiveness of this approach depends on individual circumstances and financial goals.

### LIFE INSURANCE AS A SAFETY NET

For families concerned about funding an IHT bill, life insurance can provide an effective solution. When a significant liability is anticipated, a policy written in an appropriate trust can be specifically established to cover the IHT charge. Policies are often designed to complement other strategies, such as gifting. For example, term life insurance may be utilised to cover the seven-year period during which a gifted asset remains part of the estate.

These policies are typically affordable and, when set up through a trust, can ensure that the insurance payout is exempt from IHT. However, premiums rely on factors such as age and health. We can guide you to assess whether this is a suitable option for your needs.

### COMBINE STRATEGIES AND BEGIN EARLY

Given the complexity of the proposed new rules, many families may benefit from adopting a blended approach. Combining lifetime gifting, trust arrangements and targeted use of life insurance provides more flexibility to meet the challenge. The earlier you start planning, the broader the range of options available to you. Acting now allows you to align your tax strategy with your personal goals and protect the business or land you've worked so hard to build. ◀

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**IS IT TIME TO TAKE ACTION AND SAFEGUARD YOUR FAMILY'S FINANCIAL FUTURE?**

If these proposed changes to Inheritance Tax will affect your family, it's crucial to begin planning as soon as possible. We can ensure your estate is structured efficiently and your legacy is preserved for future generations. To discuss your circumstances and explore the available options, contact us. Together, we can develop a tailored plan to safeguard your family's financial future.

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# IS IT TIME FOR **A FINANCIAL MOT?**

## HELPING YOU SECURE A SMOOTHER RIDE TOWARDS A BRIGHTER FUTURE

**Consider your finances as a well-loved car that you've depended on for years.** It helps you reach your destinations, but like any trusted vehicle, it requires regular care and attention. Just as an annual service keeps your car running smoothly and safely, a financial check-up ensures that your money matters are functioning at their best and moving in the right direction.

**A review isn't just about identifying potential problems;** it's an opportunity to fine-tune your financial plan for improved performance, whether you're planning for the short or long term. It allows you to assess your financial health, ensure you're on track and modify your plans as your needs and goals change. Here's how a financial MOT can help you secure a smoother ride towards a brighter future.

### DO YOU NEED TO CHECK IF YOUR RETIREMENT SAVINGS ARE ON TRACK?

How confident are you that you're saving enough for retirement? It's all too easy to set up a pension and then neglect it, allowing it to operate in the background. However, life changes, markets fluctuate and inflation continues to erode your savings, which means you could risk falling short of your retirement goals.

Take time to review your pension contributions and assess how well your pension fund is performing. Are you on track to achieve the retirement you envision? A financial MOT can offer clarity while helping you determine if you need to save more, adjust your investments or explore alternative options to ensure a financially secure future.

### IS IT TIME TO CONSIDER REBALANCING YOUR PORTFOLIO?

Markets change, as we've observed in recent weeks with the announcement of President Trump's tariffs, which may signal a need to rebalance investments. Over time, your portfolio may drift from the original asset mix. For instance, a previously balanced allocation of 50% bonds and 50% stocks may now lean too heavily toward stocks due to strong historical market performance.

That's where portfolio rebalancing comes in. By realigning your investments to your preferred level of risk and financial goals, you maintain control and ensure that your strategy remains tailored to your needs. This step is especially important as you move through different life stages, and your circumstances at the time, each with its own level of risk tolerance.

### ARE YOU SAFEGUARDING WHAT MATTERS MOST?

While we cannot predict the future, we can prepare for it. Ensuring that you have sufficient protection in place is one of the most important steps to safeguard your financial wellbeing. Do you have life insurance, income protection or critical illness cover?

A financial MOT is the ideal opportunity to review your policies and verify that they're suited to your needs. Make sure the level of coverage aligns with your current circumstances, financial obligations or assets, such as your home. By doing this, you can safeguard your loved ones from financial stress in case the unexpected occurs.

### COULD YOU INVEST MORE TAX-EFFICIENTLY?

No one wants to give away more of their hard-earned money in taxes than necessary. However, without regular reviews, you might miss opportunities to invest more tax-efficiently and maximise your savings.

For example, are you fully utilising your annual Individual Savings Accounts (ISA) allowance or contributing enough to your pension to benefit from tax relief? Tax allowance rules can change, so it's essential to stay informed and adjust your investment strategy accordingly. A financial MOT can help uncover simple yet effective ways to make your money work harder for you.

### IS IT TIME TO REEVALUATE YOUR FINANCIAL GOALS?

Do your current financial goals still align with your life situation? Perhaps you've achieved some targets, or other priorities have emerged. Whether it's purchasing a holiday home, establishing an emergency savings fund, starting a business or planning a once-in-a-lifetime trip, a financial MOT provides an opportunity to pause and reflect.

By reassessing your goals, you can develop a financial plan that reflects your current life stage and ambitions. It also presents the perfect opportunity to consider long-term objectives, such as funding your children's education, while remaining focused on your retirement plans.

### TAKE CONTROL OF YOUR FINANCIAL FUTURE TODAY

Your financial MOT isn't merely a box-ticking exercise; it's your opportunity to gain clarity, regain confidence and take control of your future. With expert advice and tailored insights, you can proceed knowing your finances are being managed effectively. ◀

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**ARE YOU READY TO TAKE THE NEXT STEP?**

Contact us to discuss your financial MOT. Together, we can help you identify opportunities, make informed adjustments and secure a healthier financial future. Your future begins with the decisions you make today – so why wait?

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# BRIDGING THE FINANCIAL GAP **ACROSS GENERATIONS**

## WHY PLANNING, TALKING AND TAKING ACTION NOW CAN SECURE YOUR FAMILY'S FUTURE

**There is rarely a perfect moment to discuss finances, particularly with older relatives.** It's a sensitive topic, often accompanied by emotions and discomfort. However, avoiding these conversations can lead to unnecessary stress and uncertainty in the future. Financial strains, such as unexpected medical bills or inadequate retirement savings, can impose a heavy burden on families, not just emotionally but also practically.

**By taking the time to start these conversations,** you can tackle potential challenges early and create a plan that benefits everyone involved. Whether it's ensuring sufficient funds are saved for future care, discussing how assets will be managed or simply understanding the wishes of older relatives, these discussions help eliminate uncertainty.

### WHY TALKING ABOUT FINANCES IS ESSENTIAL

Delaying financial discussions can lead to anxiety and leave families unprepared. Research shows that the life expectancy of a 50-year-old in the UK is now 86, which means many of us will need to finance over three decades in later life[1].

At the same time, societal shifts are altering our financial responsibilities. More families in England and Wales now have adult children living with their parents over 50, with a 13.6% increase recorded between 2011 and 2021[2].

Meanwhile, over 1.3 million people in the UK are juggling caregiving responsibilities for both their children and ageing parents. Rising financial pressures mean that more people are working later in life, with the number of UK workers aged 65 and over increasing by 36% between 2014 and 2022[3].

### START THE CONVERSATION EARLY

Initiating the conversation as early as possible benefits everyone. Addressing topics like care plans, inheritance and financial wellbeing promotes smoother planning and greater peace of mind for the entire family. If you're unsure how to approach these subjects, don't worry – here are some key questions to ask and actions to consider.

### HAVE YOU REVIEWED YOUR LIVING COSTS RECENTLY?

Help older relatives successfully manage their day-to-day expenses by working together on a budget. Include necessities, treats, savings and one-off expenditures. It's also worth reviewing utilities, insurance policies and subscriptions to ensure they're competitively priced and truly needed.

Younger family members can assist with online research, helping their elders access the better deals if they are less confident navigating digital platforms. Finally, check whether all available tax allowances are being claimed, such as the marriage allowance. These steps can make budgets more efficient and savings more impactful.

### WHAT ABOUT PREPARING FOR INHERITANCE TAX (IHT)?

Rising property values, frozen IHT thresholds and pension changes due in April 2027 mean more families may see larger IHT bills in the future. However, strategies like gifting assets and setting up trusts, such as gift or loan trusts, can ease these burdens.

Seeking professional financial advice will help your family choose the best route for reducing IHT responsibilities and protecting the value of your estate.

### LEGAL PREPARATIONS MAKE A DIFFERENCE

### DO YOU HAVE AN UPDATED WILL?

Having a Will ensures your wishes are followed and helps prevent disputes among loved ones. Regularly updating it is crucial, particularly after big life events such as births, marriages or deaths. For example, marriage automatically invalidates a previous Will, which means a new one is needed.

Taking time as a family to discuss the contents of a Will together can provide reassurance and avoid unpleasant surprises later on. Effective communication brings clarity and peace of mind.

### HAVE YOU SET UP A LASTING POWER OF ATTORNEY (LPA)?

An LPA grants a trusted person authority to make decisions regarding your finances or healthcare if you're unable to. By setting this up alongside a Will, you can save time, money and stress down the line.

With the rising costs of long-term care threatening to erode wealth, planning for these expenses is equally important. Options like immediate needs annuities can provide tax-free income directly to care providers, easing financial strain and ensuring your loved ones receive the care they deserve.

**KEEP YOUR RECORDS IN ORDER**

**ARE ALL IMPORTANT DOCUMENTS ORGANISED?**

Good record-keeping can prevent unnecessary confusion during critical times. Ensure financial documents and paperwork, Wills, trust documents and pension letters of wishes are not only stored securely but that family members know where to find them.

Maintaining a thorough record of gifts and expenditures can also help prove any IHT exemptions in future. Having orderly financial documents provides clarity when it's needed most.

**TAKE CONTROL OF YOUR FAMILY'S FINANCIAL FUTURE**

When families come together to collaborate on financial planning, it does more than simply manage money – it strengthens relationships and alleviates unnecessary stress. Investing time now to discuss and plan for the future not only ensures financial security but also establishes a legacy of peace and stability.

Engaging in conversations about savings, investments, retirement and future goals prepares everyone for what lies ahead, reducing potential tensions or conflicts down the line. More importantly, these plans offer a gift that transcends money – the reassurance that your loved ones are well taken care of. When financial concerns are addressed with foresight and collaboration, it paves the way for a more harmonious and fulfilling life for all involved. ◀

**ARE YOU READY TO SECURE YOUR FAMILY'S FUTURE WITH EXPERT, PERSONALISED FINANCIAL GUIDANCE?**

We're here to support your family at every step. Whether it's managing care costs, planning your estate or navigating tax efficiencies, we'll customise our advice to meet your unique needs. Contact us to discuss your requirements or learn more about ensuring financial stability for your loved ones.

**Source data:**

*[1] Projected life expectancy for a 50-year-old UK male is 84 years. Projected life expectancy for a 50-year-old UK female is 87 years. Average projected life expectancy for 50-year-old UK male and females is 86 years. Life expectancy calculator. Data source: Office for National Statistics, calculated on 29 October 2024.*

*[2] More adults living with their parents. Data source: Office for National Statistics, published 10 May 2023.*

*[3] More than one in four sandwich carers report symptoms of mental ill-health. Data source: Office for National Statistics, published 14 January 2019.*

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# TRUMP'S TARIFFS CREATE **TURBULENCE IN GLOBAL MARKETS**

## REMAINING FOCUSED ON ESTABLISHED INVESTMENT PRINCIPLES IS ESSENTIAL

**The first quarter of 2025 has been anything but steady for global markets.** With the arrival of President Donald Trump's new administration in the United States, economic tensions have surged worldwide. Global stock markets have been left rattled as sweeping tariffs, intended to bolster the American economy, were introduced. However, while these measures may aim to stimulate domestic growth, their ripple effects are reshaping global trade, inflation and investor sentiment.

**On April 2,** Trump announced a comprehensive set of tariffs, arguing they would enable the US to 'economically flourish'. The S&P 500 index, however, disagreed, falling over 10% in response and entering what is known as a 'market correction'. Investors were further unsettled when Trump acknowledged the possibility of a US recession, referring to this period as a 'transformation' for the economy.

### IMPACT OF ESCALATING TARIFFS

The situation took a sharper turn when the White House unveiled higher than anticipated tariffs, affecting all imported goods into the US. Starting with a baseline 10% tariff, the administration swiftly expanded the scope to include a 20% levy on EU goods and 'reciprocal' tariffs targeting approximately 60 countries regarded as the 'worst offenders'. These new regulations, introduced on 9 April, were framed as a response to what officials claimed were unfair practices hindering American exports.

The international trade landscape became more volatile as Trump escalated tariffs on China in a tit-for-tat battle with the second-largest global economy. Trump has imposed tariffs of up to 145% on Chinese goods, while China retaliated with 125% tariffs on US products.

Stock markets initially nosedived but partially rebounded after Trump announced a temporary 90-day suspension of certain tariffs, providing room for negotiations. Despite this recovery, markets are still lower than they were before the 'Liberation Day' tariffs took effect.

### WHAT DOES THIS MEAN FOR THE ECONOMY?

The long-term consequences of these policies remain uncertain, but the immediate impact is clear. Global economic activity has decreased, and company earnings have been impacted, further contributing to market volatility. The uncertainty surrounding future tariffs keeps industries and individual businesses anxious. Meanwhile, the threat of rising global inflation has complicated central banks' decisions regarding interest rate adjustments even further.

Beyond these immediate concerns, the rise of 'economic nationalism' is starting to reconfigure supply chains, increasing business costs and, inevitably, consumer prices. While this may seem troubling, history reminds us that market disruptions often create new opportunities for growth. Businesses with solid foundations can still provide long-term returns for investors, even in challenging times.

### STAYING THE COURSE IN VOLATILE MARKETS

Investors encounter a significant challenge during times of heightened uncertainty. Nevertheless, adhering to proven investment principles can make a substantial difference. The essential strategy is diversification. By distributing investments across various asset classes, regions and sectors, you diminish reliance on any single area and minimise your exposure to severe downturns.

It is also essential to focus on the larger context. Market drops often occur more quickly than recoveries, which can be emotionally overwhelming. Resisting the urge to sell when prices are low is crucial. History shows that sharp declines are frequently followed by significant gains, and panicked selling often locks in losses while missing potential rebounds. Staying invested ensures that you continue receiving dividends and reinvestment opportunities, even during turbulent times. When in doubt, remember that effective investing requires a long-term focus. ◀

**DO YOU NEED HELP MAKING INFORMED DECISIONS THAT ARE RIGHT FOR YOU?**

Understanding how global economic shifts may impact your financial goals can be overwhelming. Whether you're aiming to secure your financial future or navigate the current market landscape, we are here to assist you in making informed decisions. If you need further information, please contact us.

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# TALKING TO YOUR CHILDREN **ABOUT INVESTING**

## HOW TO PREPARE THE NEXT GENERATION FOR FINANCIAL SUCCESS

**When it comes to teaching children life skills, financial literacy is often overlooked.** However, initiating conversations about money and investing at a young age can lay a solid foundation for good financial habits later in life. If discussing investing feels daunting, don't worry. Here are some practical tips for introducing your children to the world of finance in an engaging and easy-to-understand manner.

### START WITH SIMPLE MONEY LESSONS

Before delving into stocks and shares, it's essential for children to grasp the fundamentals of money. Educate them about earning, saving and budgeting in a way that suits their age. Younger children may understand the concept by managing pocket money or saving for a small toy, while older children could be encouraged to budget birthday cash or earnings from a part-time job.

Once they're familiar with the basics, start linking savings to long-term goals. Explain that money set aside can grow over time, thanks to something called 'interest'. Use simple examples, like the concept of planting a seed that eventually grows into a fruit-bearing tree.

### USE EVERYDAY EXAMPLES OF INVESTING

Help your children understand investing by relating it to familiar concepts. For example, explain that their favourite businesses, like a beloved toy brand or gaming company, have owners who may seek investors. Sharing that investing means owning a small piece of a company and benefiting as it grows.

Games can also be an excellent way to teach these concepts. Simulated stock market games or apps offer a risk-free environment for children to explore and grasp investing. Some apps even enable you to create a family competition for additional engagement and enjoyment.

### TEACH THE VALUE OF PATIENCE

One of the key principles of investing is patience, a concept that can be challenging for children who are accustomed to instant results. Use relatable examples to illustrate how time is an investor's best friend. For instance, saving pocket money for months before purchasing a highly desired gadget reflects the long-term commitment necessary to see investments grow.

You can also introduce the concept of compound growth by starting a small savings account for your children. Show them how regular deposits accumulate over time, thanks to the magic of interest. This real-life exercise can illustrate delayed gratification in action.

### BE HONEST ABOUT RISKS AND REWARDS

While it's natural to focus on the benefits of investing, it's equally important to acknowledge the risks involved. Explain to your children that while investing offers the potential for returns, there is always the risk of losing money. Use relatable comparisons, such as how a football match doesn't guarantee a win, no matter how strong the team may be.

You don't need to delve into technical details about market fluctuations. Instead, emphasise the importance of making informed decisions and spreading risk, a concept known as 'diversification'. Even a simple analogy like 'not putting all your eggs in one basket' can help them understand this idea.

### ENCOURAGE QUESTIONS AND KEEP THE DIALOGUE OPEN

Children are naturally curious, so they are likely to have many questions about investing. Encourage this curiosity by keeping an open-door policy for discussions about money. Use these moments to enhance their understanding. If your child becomes curious about pensions, savings accounts or investments, explain in simple and relatable terms.

It's also acceptable to acknowledge when you don't have all the answers. Take these opportunities to learn together by exploring books or online resources designed to teach children about money. Positioning yourself as a guide rather than an all-knowing authority encourages positive and ongoing discussions about money.

### MAKE INVESTING A FAMILY ACTIVITY

Consider making investing a family activity. Discuss the family's financial goals and how investing can contribute to achieving them. Choose a small investment together, monitor its performance and review its progress over time. This collaborative approach fosters a sense of teamwork and shared responsibility while making investing feel less intimidating.

If your child shows interest, they may even begin to identify opportunities you hadn't thought of. Making investing a shared interest encourages a proactive mindset and enhances their confidence in financial decision-making. ◀

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**IS IT TIME TO GET EXPERT HELP TO BEGIN GUIDING YOUR CHILDREN ON THEIR FINANCIAL JOURNEY?**

Starting financial conversations with your children is an excellent step towards preparing them for the future. If you'd like personalised support in discussing investing or managing family financial goals, we're here to help. Contact us to discuss your needs or find out more information. Together, we can help your children build a brighter financial future.

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# HAVE YOU LOST TRACK OF **YOUR PENSION POTS?**

## STEP-BY-STEP GUIDE TO HELP YOU RECLAIM YOUR LOST PENSIONS

**It is easier than many people realise to lose track of an old pension pot.** Changes and milestones in life, such as starting new jobs, moving houses or even changing your name, can make it challenging to keep track of your retirement savings.

**It is estimated that £26 billion** in unclaimed pensions awaits reunion with their rightful owners in the UK, according to figures[1]. The good news? With some effort and the right tools, tracking them down is entirely feasible. Here's a step-by-step guide to help you reclaim your lost pensions and secure your future.

### WHY DO PENSIONS GO MISSING?

It's surprisingly common to lose track of a pension, especially if you've changed jobs multiple times throughout your career. Many employers offer workplace pensions, but once you leave a position and move on, those funds can quickly fade into the background. This situation occurs even more frequently if you do not update your contact information with your pension provider after relocating.

Adding to the confusion, changes in the corporate world can complicate matters. If the company you worked for was acquired, renamed or went into liquidation, your pension might now be managed by a different organisation. Similarly, merging providers or those being bought out can leave you uncertain about where your savings are currently held.

### HOW TO KEEP TRACK OF OLD PENSIONS

### GATHER YOUR DOCUMENTATION

Before you begin, take some time to search through your paperwork for old payslips, pension statements or letters from providers. These documents can help you track down vital details, such as policy numbers or employer names. Even small details, like a provider's logo or scheme name, could be crucial in connecting you with your pension.

It's worthwhile to review old emails or online accounts, as some companies may have sent digital statements or communications that could hold the information you require.

### USE THE PENSION TRACING SERVICE

If you reach a dead end with your documents, the government's Pension Tracing Service is an excellent next step. This free online service can assist you in finding the contact details of workplace or personal pension schemes, even if you only have basic information to start with.

To use the service effectively, try to have the name of your former employer on hand. Even if your employer no longer exists, the Pension Tracing Service can often direct you to the organisation now managing that old pension scheme. Just remember that the tool provides contact details only, so you'll still need to reach out to the provider yourself.

### MAKE CONTACT WITH PENSION PROVIDERS

After identifying where your pension may be held, contact the relevant provider. To expedite the process, have your National Insurance number, previous employer names and any former addresses ready. The more details you provide, the easier it will be for the provider to locate your account.

Remember that pension providers will likely ask you to verify your identity. This might require providing copies of identification documents or proof of name changes, such as a marriage certificate. While these precautions may seem time-consuming, they are essential to ensure that pensions reach their rightful owners.

### TACKLING COMPLEX CASES

What if your search yields no results? Some cases of lost pensions can be more complex, particularly

when funds were transferred between schemes or consolidated after corporate restructures. If the trail has gone cold, it is essential to obtain professional financial advice.

We have the resources to perform more comprehensive searches that could reconnect you with potentially thousands of pounds in lost savings. We can also provide guidance on whether consolidating your pensions or keeping them unchanged is the best option for your situation.

**CONSOLIDATING YOUR PENSIONS**

For those juggling multiple pensions, consolidating them into a single pot can bring clarity and simplicity. Managing one pension can be easier, reduce administrative fees and provide a clearer view of retirement funds.

However, consolidation isn't suitable for everyone. Before transferring, we'll check if any of your pensions offer valuable benefits such as guaranteed annuity rates or preferential terms that could be forfeited. Some schemes may also impose exit fees for transfers, so it's crucial to evaluate the numbers before making a decision.

**STAY ORGANISED TO AVOID LOSING PENSIONS AGAIN**

Once you've located your pension pots, prioritise organisation. Create a detailed record of your pensions, including provider contact details, and store this information in a safe yet accessible place. Remember to update each provider whenever your circumstances change, like moving house or getting married.

For additional peace of mind, consider signing up for available online accounts. Many pension providers now offer digital dashboards, making it easier than ever to check your balances and update your details as needed. ◀

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**IS IT TIME TO START THE JOURNEY TO RECLAIM WHAT'S YOURS TODAY?**

Your retirement savings represent years, even decades, of hard work. Reclaiming lost pensions not only enhances your financial security but also provides peace of mind for the future. If you still feel stuck or are unsure where to begin, don't hesitate to speak to us for professional advice and support. Contact us so we can start the search for your pension pots today, taking you a step closer to a secure retirement tomorrow.

> **"IT'S SURPRISINGLY COMMON TO LOSE TRACK OF A PENSION, ESPECIALLY IF YOU'VE CHANGED JOBS MULTIPLE TIMES THROUGHOUT YOUR CAREER."**

**Source data:**

*[1] 'Lost Pensions 2022: What's the scale and impact?', PPI Briefing Note Number 134, Pensions Policy Institute, October 2022.*

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# INVESTING FOR **YOUR FINANCIAL FUTURE**

## WHAT SAVERS NEED TO KNOW ABOUT UK PENSIONS TO MAKE INFORMED CHOICES

**When saving for retirement, understanding where your pension is invested is crucial for securing your financial future.** For many savers, the appeal of UK investments is significant. A recent study revealed that 37% of savers would prefer UK investments if they offer returns comparable to global options[1]. Interestingly, an additional 16% are willing to prioritise domestic investments, even if it means accepting lower returns.

**This indicates a growing sense of loyalty** to supporting the UK economy, but it also raises questions about whether these preferences arise from informed decisions or simply an emotional connection to home-grown investments. Pensions are often the most significant financial asset people possess, yet understanding of their details is surprisingly limited. How many of us can confidently say we know if our retirement savings are invested in UK businesses or infrastructure projects?

### KNOWLEDGE GAP IN PENSION INVESTMENTS

Despite pensions being one of the most significant assets for UK workers, awareness of how pensions are invested remains alarmingly low. Only 13% of savers are certain that their pension includes UK investments, while 24% believe it does but aren't sure. Additionally, 63% admit they have no idea whether their pensions are funding UK businesses or infrastructure projects.

It appears that while 74% of savers recognise that their money is being invested, only a small fraction understand the details. For instance, just 23% of Defined Contribution (DC) savers and 25% of Defined Benefit (DB) savers are aware of where their investments are allocated. With such a low level of awareness, it's challenging for individuals to feel confident about how their pensions are managed.

### CAN YOU CHOOSE WHERE YOUR PENSION GOES?

When it comes to making choices, only 37% of DC savers believe they possess the knowledge and skills necessary to select pension investments. Similarly, 37% stated that they feel incapable of doing so. This lack of confidence underscores the need for improved financial education.

To tackle this issue, pension providers, employers and the government must collaborate to enhance financial literacy. By providing savers with the necessary tools and information, they can make informed decisions that align with both their ethical values and financial objectives.

### BALANCING GREENER INVESTMENTS WITH FINANCIAL RETURNS

While climate change and ethical considerations are important to many savers, research shows mixed opinions about trading returns for greener investments. Only 19% of DC savers would accept lower returns for the sake of sustainability. Additionally, 50% said they might consider it, but only if the environmental benefits were significant. Meanwhile, 31% prioritise maximising financial returns over ethical concerns.

This indicates that, although environmental factors affect decisions, financial performance continues to be a primary concern for savers. Consequently, pension providers encounter the challenge of balancing sustainable investments with delivering strong returns.

### ROLE OF THE GOVERNMENT AND EMPLOYERS

Pension schemes are currently exploring investment opportunities in the UK that promise attractive returns. However, the government plays a vital role in establishing the right framework to make these investments viable. By promoting the growth of UK businesses and infrastructure projects, the government can provide pension schemes with valuable options that benefit savers while contributing to national economic growth.

Moreover, employers should make wiser decisions when establishing pension schemes for their employees. Instead of concentrating solely on low costs, they ought to prioritise value and potential growth. While the types of UK investments under consideration may be pricier, they frequently offer the possibility of larger, long-term returns. ◀

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**ARE YOU UNSURE WHERE YOUR PENSION IS INVESTED?**

Understanding your retirement savings and investment options can help you make informed choices for the future. Whether you want to prioritise UK investments, greener options or simply maximise financial returns, it's essential to take an active role in your pension planning. Contact us today to discuss your requirements or to learn more about how your pension can work harder for you. Start planning for a better retirement with the confidence that your investments align with your goals.

**Source data:**

*[1] Independent research carried out online by Yonder consulting with a nationally representative sample of 2,071 UK adults aged 18+ between 3-4 March 2025, (of which 603 have a DC workplace pension).*

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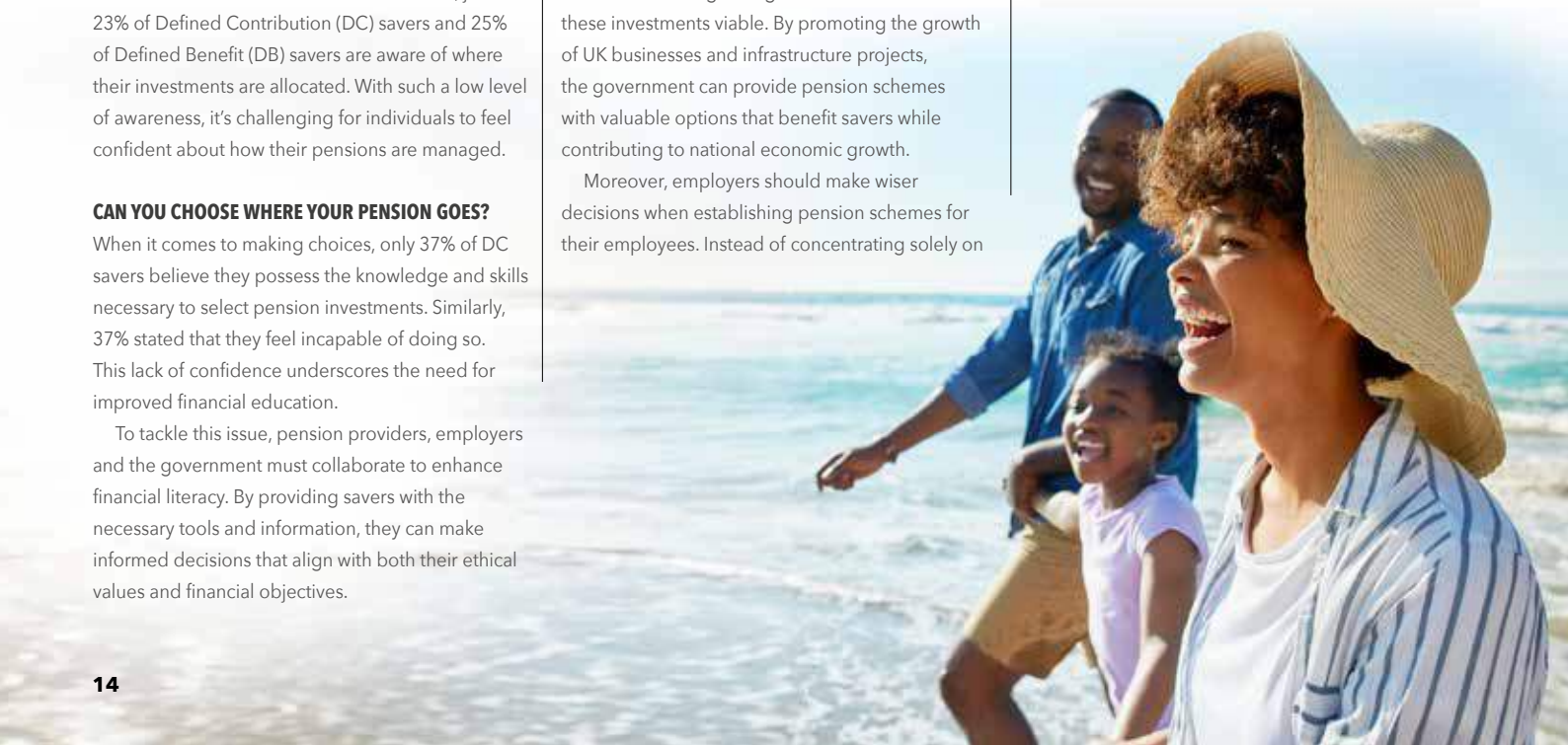

# UNDERSTANDING **FIXED INTEREST INVESTING**

## LOOKING FOR A STEADY APPROACH TO BUILDING YOUR PORTFOLIO?

**Bonds can provide stability and income for your investment strategy.** They are often viewed as a 'safer' and more stable option, particularly in today's unpredictable economic environment. Fixed interest investing, also referred to as fixed income or bond investing, can deliver a reliable and steady income stream.

### WHAT IS FIXED INTEREST OR FIXED INCOME INVESTING?

Fixed interest investments, commonly referred to as bonds, are essentially loans made by governments or companies. When you invest in bonds, you're lending money to the issuer in exchange for a fixed annual income, known as the 'coupon', which is typically a set percentage of the bond's face value.

Bonds are a fundamental part of a well-rounded investment portfolio, alongside equities, alternative investments and cash. They can be traded daily on the markets, offering a mix of liquidity, predictability and security for investors looking for a stable income stream.

### WHO IS FIXED INCOME INVESTING FOR?

Fixed income investing appeals to those prioritising a consistent and reliable source of income. Retirees, for example, often prefer bonds, as they usually rely on their investments or pensions to cover monthly expenses.

However, bonds aren't just for retirees. Fixed income investing can diversify a portfolio, reduce volatility and potentially lower overall risk, making it a sensible option for many investors.

### WHY CONSIDER BONDS?

Fixed interest investments can play several roles in your portfolio:

- **Steady income:** They provide a consistent income stream, perfect for those seeking reliability.
- **Risk reduction:** Bonds generally display lower volatility and can offset riskier investments like equities.
- **Portfolio diversification:** The performance of bonds often has a low correlation with equities, providing an additional protective buffer.
- **Tax advantages:** According to UK regulations, qualifying corporate bonds and gilts are exempt from Capital Gains Tax for individual investors.

### TYPES AND RISKS OF BONDS

Not all bonds are created equal. Their risk and returns can vary significantly based on the issuer's quality and the bond's features.

**There are two main categories to consider:**

- **Investment-grade bonds:** These bonds are regarded as lower risk and encompass government bonds (known as 'gilts' in the UK) and those issued by financially stable, well-established companies. Typically rated between AAA and BBB by credit rating agencies, they provide stability, albeit with lower returns.
- **High-yield (Sub-investment grade) bonds:** These bonds, issued by companies with less reliable payment capabilities, offer the potential for higher returns but come with increased risk. They are rated BB or lower.

### FACTORS THAT INFLUENCE BOND PRICES

Before investing in bonds, it's crucial to understand what affects their price.

**Three key factors play a role:**

- **Interest rate risk:** When interest rates rise, bond prices often fall, especially for higher-quality bonds that are more sensitive to these shifts.
- **Credit risk:** This refers to the issuer's perceived ability to meet payment obligations.
- **Duration risk:** The time left before the bond matures also impacts its price, with longer-dated bonds being more sensitive to rate changes than shorter ones.

Bonds maturing in five years or less tend to be more stable in price, while those maturing later exhibit greater fluctuations. Economic conditions also play a role; during prosperous periods, high-yield issuers are more capable of meeting their obligations.

### ARE FIXED INTEREST INVESTMENTS RIGHT FOR YOU?

Fixed income investments offer value beyond their income potential. They hold a higher position than equities within a company's capital structure, indicating a lower risk of loss in liquidation scenarios. This assurance brings peace of mind to cautious investors.

Beyond this, the tax benefits of certain bonds could make them an attractive option for UK individuals. For example, while the income earned is subject to tax, capital gains from gilts or qualifying corporate bonds are not. This allows investors to offset liabilities and use bonds in their portfolios for tax efficiency. ◀

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**WANT TO KNOW MORE ABOUT FIXED INTEREST INVESTING?**

Are you interested in enhancing stability and diversification in your investment portfolio? Whether you are saving for retirement or seeking a more reliable income stream, fixed interest investments may play a vital role in your strategy. Contact us today to explore your options and start investing with confidence!

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# HOW MUCH IS ENOUGH **FOR YOUR RETIREMENT?**

## THE BEST WAY TO FORESEE YOUR FUTURE IS TO PREPARE FOR IT NOW

**Planning for retirement is one of the most important financial decisions you'll face in your lifetime.** With many factors to consider, including income needs, inflation, investment strategies and unexpected life events, it's easy to feel overwhelmed. Remember, the best way to foresee your future is to prepare for it now.

**How can you ensure you are saving enough** to live comfortably in your golden years? While the answer is not one-size-fits-all, there are key steps to help you gain clarity, build confidence and secure your financial future.

Whether you're contemplating retirement or assessing your current plan, now is the moment to act. It's never too early or too late to improve your financial outlook. Here's a look at how to get ready for a comfortable and fulfilling retirement.

### UNDERSTANDING YOUR INCOME NEEDS

One of the first things to determine is how much money you will need to sustain yourself during retirement. This requires categorising your projected expenses into two primary groups – essential costs and lifestyle expenses.

- Essential expenses encompass housing, utilities, food and health care. You'll need to cover these necessities to sustain your basic standard of living.
- Lifestyle expenses are the additional extras that enhance retirement, such as travel, hobbies, dining out or treating your family.

Start by reviewing your current spending habits. Look at your bank and credit card statements over the past year to get a sense of your regular costs. Then, try to project how these expenses might change once you stop working. Will you downsize your home? Plan to travel more? Or perhaps you'll spend more time with hobbies and less on work-related expenses like commuting.

One budgeting strategy is the 70% to 80% rule, which suggests that you'll need 70% to 80% of your pre-retirement income to maintain your current lifestyle. However, this can vary widely depending on personal circumstances.

### FACTORING IN INFLATION AND RISING COSTS

Inflation is an unseen force that gradually diminishes the purchasing power of money over time. While 2% to 3% inflation may seem minor, its effects can be considerable over 20 or 30 years. For instance, an item that costs £100 today could cost £181 in 25 years at a 2.5% inflation rate.

To protect your savings from erosion, plan for inflation in your retirement strategy. One popular method is to invest in assets that typically outperform inflation, such as equity-based investments. While stocks carry risks, they offer the potential for growth that matches or exceeds rising costs over the long term.

Alternatively, inflation-linked bonds offer protection for more conservative investors. These investments are linked to inflation rates, ensuring that returns match rising prices.

### PREPARING FOR HEALTHCARE COSTS

Healthcare is one of the most significant yet unpredictable expenses in retirement. Medical advancements have increased life expectancy, but they have also resulted in higher medical costs. Consider whether you will need long-term care, such as home assistance or nursing facilities, and explore insurance options to cover these expenses.

The NHS offers free healthcare in the UK, yet many retirees opt to supplement this with private health insurance to minimise waiting times and access specialised treatments. Incorporating these potential costs into your retirement budget can help you avoid financial strain later on.

### PLANNING FOR THE UNEXPECTED

Retirement doesn't make you immune to life's surprises. Health emergencies and economic downturns can quickly derail even the best-laid plans. For instance, events such as the COVID-19 pandemic and market volatility from Trump's tariff announcements have demonstrated how unforeseen crises can impact incomes and savings overnight.

Establishing an emergency fund is a sensible strategy. Strive to save six months' to a year's worth of essential expenses in a liquid, easily accessible account. This safety net can protect you from withdrawing from your long-term investments during difficult times.

Be sure to review your insurance cover, from life to home insurance, to ensure all your bases are covered.

### DIVERSIFYING YOUR INCOME SOURCES

Retirement is no longer about depending solely on a pension. A comprehensive income strategy can ensure financial stability and mitigate risks linked to fluctuations in the economy or government policies.

**If appropriate, consider diversifying your income sources by combining different options such as:**

- Workplace or State pensions
- Individual Savings Accounts (ISAs)
- Dividend-paying stocks
- Rental income from property investments
- Annuities or bonds

Each type of income has its advantages and disadvantages, so the ideal mix will depend on your personal needs. For example, annuities offer guaranteed income for life but may lack flexibility, whereas investments in stocks or real estate can provide growth potential with greater risks.

### USING CASHFLOW MODELLING TO STAY ON TRACK

Cash flow modelling is a tool that allows you to predict your future income and expenses based on different scenarios. This method offers a detailed visualisation of whether your retirement savings will last, taking into account factors such as inflation, investment growth and lifestyle expenses.

By using cashflow modelling, you can explore various scenarios. What if you retire five years earlier? Would you be able to afford a cruise each year? This proactive approach enables you to evaluate options and make informed adjustments to your saving and investing strategy.

### REVIEWING AND ADJUSTING YOUR PLAN

Life is full of twists and turns, and your retirement plan should adapt accordingly. Changes in your health, family situation or financial markets may all require adjustments over time.

Schedule an annual review of your plan to ensure it aligns with your current goals and circumstances. If you're uncertain about what to adjust, we'll help guide your decisions. Staying flexible and informed will help you feel secure about your financial future. ◀

### DO YOU KNOW HOW MUCH IS ENOUGH FOR YOUR RETIREMENT?

If not, now is the time to find out. Whether you're looking to start your plan or refine an existing strategy, having expert guidance will help you feel more confident about your financial future. Contact us today to discuss your retirement requirements or learn more about the options available to you. Together, we can create a personalised plan to secure the financial freedom you deserve.

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# SAFEGUARDING INVESTMENTS **IN A VOLATILE MARKET**

## PLANNING FOR STABILITY BY DIVERSIFYING YOUR INVESTMENT PORTFOLIO

**Diversifying your investment portfolio can feel like navigating a maze,** especially when unexpected events disrupt financial markets. However, diversification offers a solution to tariff uncertainty. The recent tariffs announced by President Trump, coupled with the resulting market volatility, serve as stark reminders of the importance of diversifying your investments to weather economic storms.

**This disruption underscores** why diversification is not merely a buzzword but an essential strategy for safeguarding and optimising your financial future. But where do you start? What specific actions can you take to ensure your investments are truly diversified and resilient? Below, we explore some questions to consider when planning how to protect and balance your portfolio during uncertain times.

### WHAT DOES DIVERSIFICATION REALLY MEAN FOR MY PORTFOLIO?

At its core, diversification involves managing risk through variety. While many people think it simply means holding a bit of everything, it is much more strategic. To achieve true diversification, evaluate the composition of your portfolio. Ask yourself whether you have an appropriate balance of asset classes. Do you possess equities for growth, bonds for stability, cash for flexibility and alternative investments like property? Each asset class reacts differently to market developments, which, when combined strategically, can serve as a buffer against downturns.

Don't forget about geographical diversification. Many UK investors intuitively bias their portfolios toward domestic markets for comfort and familiarity, but this can backfire. For instance, the recent US tariffs introduced by President Trump reverberated well beyond America, causing ripples in global trading routes and impacting sectors crucial to various economies. By allocating some of their investments internationally, investors can reduce their reliance on any single market and add a layer of protection against localised risks.

### AM I BEING DRIVEN BY EMOTION OR A CLEAR STRATEGY?

Investing involves as much psychology as it does economics. Market volatility often provokes fear, even among experienced investors. Price swings can elicit knee-jerk reactions based on emotion rather than informed decision-making. However, it's essential to remember that trying to time the market seldom leads to success. Even professional investors struggle to consistently predict market movements.

Engaging in buying or selling due to short-term fluctuations can lead to costly mistakes. For instance, panicking during a market crash and liquidating your investments locks in your losses and excludes you from the recovery that inevitably follows. Likewise, overconfidence in a bullish market can result in unnecessary risks, making your portfolio vulnerable if the tide turns.

### WHAT IS MY RISK TOLERANCE AS PART OF MY INVESTMENT STRATEGY?

Rather than chasing fleeting market trends, develop a solid investment strategy grounded in your long-term financial goals, whether that means saving for retirement, funding a child's education or buying property. Consistency and discipline serve as more reliable allies than instinctive reactions.

Understanding your risk tolerance is a critical part of adhering to your strategy. Reflect on how comfortable you are with potential losses during turbulent periods. This self-awareness will help you decide whether to prioritise growth-focused or conservative investments, or to strike a balance between the two. Engaging in honest introspection now can save you from costly impulsive decisions in the future.

### HOW CAN I ACCOUNT FOR CURRENT RISKS WHILE STAYING BALANCED?

No one has a crystal ball, but you can prepare for potential challenges by identifying the macroeconomic risks most likely to affect your investments. The recent tariffs serve as a perfect example of how political decisions can destabilise global trade. Stocks in export-oriented industries, for instance, face additional pressure from such policies, leading to wide swings in share prices. Take a moment to evaluate your portfolio's exposure to these risks.

However, resist the urge to seek refuge entirely in 'safe' assets like gold, cash or government bonds. While they often perform well during crises, overloading your portfolio with them could limit your growth potential. The key is to strike a balance. For example, maintaining some exposure to equities allows you to benefit from the market's eventual recovery once volatility eases.

**WHY IS PROFESSIONAL ADVICE ESSENTIAL?**

While there is plenty of information available online, nothing surpasses tailored advice for building a well-rounded portfolio. We can assist you in creating a customised strategy that aligns with your life goals and risk outlook. We also serve as a sounding board, helping you make rational decisions during times of market uncertainty.

Additionally, we can guide you towards overlooked opportunities, fine-tune your asset allocation and ensure your portfolio remains diversified. Furthermore, we can help you avoid common errors, like chasing high returns or prematurely shifting towards low-risk investments out of panic. Our expertise is invaluable, especially when market conditions are unpredictable.. ◀

**ARE YOU LOOKING TO REVIEW YOUR PORTFOLIO AND ENSURE IT IS WELL-PREPARED FOR THE FUTURE?**

Market volatility reminds us of the importance of proactive financial planning and professional investment advice. If the recent tariffs or other global developments have left you feeling uneasy about your investments, now is the moment to review your portfolio and ensure it is well prepared for the future. Contact us today to discuss your financial objectives and explore how a diversified investment strategy can help you achieve them.

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**"RATHER THAN CHASING FLEETING MARKET TRENDS, DEVELOP A SOLID INVESTMENT STRATEGY GROUNDED IN YOUR LONG-TERM FINANCIAL GOALS, WHETHER THAT MEANS SAVING FOR RETIREMENT, FUNDING A CHILD'S EDUCATION OR BUYING PROPERTY. CONSISTENCY AND DISCIPLINE SERVE AS MORE RELIABLE ALLIES THAN INSTINCTIVE REACTIONS."**

# TRANSFERRING WEALTH TO **THE NEXT GENERATION**

## WHAT TO CONSIDER WHEN PLANNING YOUR LEGACY

**Transferring wealth to the next generation is one of the most important financial decisions you will make in your lifetime.** The assets you have carefully built over the years – whether they are property, investments, savings or sentimental items – are a testament to your hard work and dedication. Naturally, you will want to ensure that these assets are preserved, safeguarded and transferred in a manner that benefits your loved ones or chosen beneficiaries.

**The way your wealth is transferred** will profoundly impact their financial stability and could influence the future of generations. However, managing this transition effectively requires much more than merely deciding who receives what. To create a meaningful and lasting legacy, you must engage in thorough planning.

### KEY QUESTIONS TO ASK BEFORE LEAVING A LEGACY

Before transferring your wealth, it's essential to ask yourself some key questions to ensure your legacy aligns with your intentions. Begin by determining how much you will need for the rest of your life, particularly if you want to plan for later-care needs. This ensures that you don't compromise your financial stability.

Next, consider what you are likely to leave behind. This may include cash, savings, investments, properties, vehicles, business interests or even sentimental items such as jewellery and art. Once you understand your assets, identify who or what you wish to provide for.

Do you want to prioritise family members, make charitable donations or a combination of both? Importantly, you should also consider whether there is anyone you wish to exclude from your legacy.

### FINE-TUNING YOUR LEGACY PLAN

Deciding on the amount each beneficiary should receive is another critical step. Will they all be treated equally, or do you want allocations to reflect individual needs or contributions? Consider, too, whether you prefer to restrict how your wealth is used – for example, earmarking funds for education or homeownership.

Many people also wonder whether to gift wealth during their lifetime. Making lifetime gifts allows you to witness the benefits of your legacy while potentially reducing Inheritance Tax liabilities. Finally, ensure you understand how your wealth will be passed down to future generations so it's not squandered prematurely.

### PREPARING THE NEXT GENERATION TO SAFEGUARD WEALTH

A vital part of effective wealth transfer is preparing your children or other heirs to inherit responsibly. Start by having open conversations about your financial values and the purpose of the wealth they will be receiving. Teaching them about financial management, even in basic terms, can make a big difference in helping them handle significant inheritances.

You might also consider setting up trust structures. Trusts allow you to pass on wealth in a controlled manner. They can also build in protections to ensure your estate continues to benefit future generations while minimising risks such as external claims or financial mismanagement.

### PROFESSIONAL ADVICE PLAYS A CRUCIAL ROLE

Navigating the complexities of estate planning and wealth transfer is not something you have to face alone. Professional advice plays a crucial role in ensuring everything is structured according to your wishes. We can help you create or revise your Will, set up trusts and explore Inheritance Tax-efficient options to protect your estate.

We can also help analyse the financial repercussions of your decisions by identifying solutions you might not have considered to maximise what's passed on to those you care about. ◀

**ARE YOU CONSIDERING ESTATE PLANNING OR TRYING TO REFINE YOUR STRATEGY?**

Whether you're just starting to consider estate planning or looking to enhance your strategy, professional support can offer you peace of mind. We assist individuals and families in transferring their wealth with confidence. Contact us today to discuss your needs or to learn more about how we can help you secure your legacy for future generations. It's never too early to begin planning for what comes next.

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# PLANNING FOR LIFE'S MOST **SIGNIFICANT MILESTONES**

## UNDERSTANDING RETIREMENT CASH FLOW MODELLING

**Retirement marks one of life's most significant milestones,** offering the chance to enjoy the rewards of years of hard work. However, ensuring these years are comfortable and secure depends on having a well-organised financial plan. Understanding how to manage your finances during this phase is crucial for maintaining your lifestyle and peace of mind.

**Retirement cash flow modelling** is an effective way to create a detailed overview of your income and expenses, helping you plan wisely to avoid depleting your funds in later life. This approach allows you to identify potential shortfalls, make informed adjustments to your spending habits, and evaluate various funding options for a financially secure and fulfilling future. Here's how to build a personalised retirement cash flow forecast and why it's worth the effort.

### WHAT IS RETIREMENT CASH FLOW MODELLING?

At its core, retirement cash flow modelling outlines your expected income sources compared to your anticipated expenses during retirement. It considers factors such as pensions, savings, investments, living costs and potential one-time expenditures. Think of it as your financial roadmap, helping you understand how your choices and circumstances may unfold.

A significant advantage of this approach is its ability to assess various scenarios. What if you retire earlier than anticipated? What happens if inflation rises more quickly than expected? A cash flow forecast can provide answers and help you make informed decisions before it's too late.

### WHAT TO CONSIDER WHEN BUILDING YOUR CASH FLOW FORECAST

### LIST YOUR INCOME SOURCES

Begin by outlining all potential sources of income you will have during retirement. This may include your State Pension, workplace pensions, investments or rental income. Consider any lump sums, such as pension drawdowns or maturing bonds.

### PROJECT YOUR EXPENSES

Estimate your essential expenses, including housing, utilities, groceries and healthcare. Don't forget to account for discretionary spending such as holidays, hobbies or gifts for family. Be sure to include estimates for inflation to reflect rising costs over time.

### CONSIDER LIFE EVENTS

Life during retirement isn't static. You may downsize your home, require long-term care or assist your grandchildren with university costs. Incorporating these variables into your model provides a more accurate picture.

### DEFINE TIME HORIZONS

Divide your retirement into phases. For example, the early 'active' years may involve higher spending on travel and activities, while the later 'slower' years might focus on healthcare needs. Clearly defining timelines enhances accuracy.

### TEST SCENARIOS

Utilise your model to test various scenarios. What occurs if market returns fall short of expectations? What if you live longer than average? A thorough cash flow analysis allows you to evaluate the best options for stability and security.

### COMMON MISTAKES TO AVOID WHEN MODELLING

While retirement models are highly effective tools for planning your financial future, errors in assumptions or oversights can significantly impact their outcomes. For example, relying on overly optimistic growth projections may leave you unprepared for market fluctuations, while underestimating inflation could erode the purchasing power of your savings over time.

Additionally, unexpected costs like home maintenance, medical bills or long-term care can quickly derail even the most well-thought-out plans if they are overlooked. To ensure your model remains reliable, it's vital to obtain professional financial advice, review it regularly and make adjustments as your personal circumstances, life events or economic conditions change. This proactive approach helps keep your financial strategy accurate, relevant and able to support your retirement goals. ◀

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### TIME TO GET PERSONALISED SUPPORT FOR YOUR RETIREMENT PLAN?

Retirement cash flow modelling doesn't have to be a daunting process. A customised approach can make a significant difference, helping you understand how various scenarios impact your future security. This means you can feel confident that your financial strategy aligns with your goals, lifestyle and loved ones. If you'd like to discuss your retirement plans or explore how cash flow modelling could work for you, please contact us.

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# BASIC TRUTHS **ABOUT INVESTING**

## INVEST SMARTLY, BUILD YOUR FUTURE

**Investing can feel overwhelming,** especially if you are just starting to explore your options. The world of stocks, funds and investment portfolios may seem like a maze of jargon and complexity, but don't worry. With our professional guidance and a solid grasp of the basics, you can take control of your financial future and confidently make decisions.

**To help you get started**, we've compiled the essential truths about investing that every investor should know. These insights will not only clarify the process but also equip you to make smarter, more informed decisions. Let's break it down and approach investing together with clarity and confidence.

### TIME IS YOUR BEST FRIEND

The earlier you begin investing, the more you'll benefit from the power of compounding. Over time, even modest, consistent contributions can grow substantially. For instance, investing just £50 a month for 20 years could result in impressive returns due to compound interest. Time in the market is far more crucial than trying to time the market.

### RISK AND RETURN ARE LINKED

All investments carry some level of risk. Generally, the higher the potential return, the higher the associated risk. Stocks and shares can provide substantial returns but may vary in value, while bonds and savings accounts tend to be more stable but offer lower returns. Evaluate your risk tolerance to create a portfolio that aligns with your goals.

### DIVERSIFICATION REDUCES RISK

The old saying, 'Don't put all your eggs in one basket', rings true for investing. Diversifying your money across various types of assets – such as stocks, bonds and property – can lessen the effect of a poorly performing investment on your overall portfolio.

### INVESTING IS A MARATHON, NOT A SPRINT

Short-term market dips can be unsettling, but investing is about the long haul. Historically, markets have recovered over time. Staying the course and maintaining a disciplined approach is vital for long-term success.

### EMOTION IS YOUR WORST ENEMY

Reacting emotionally to market fluctuations often results in poor decisions. It's tempting to sell during market declines or chase 'the next big thing' during a boom, but adhering to a well-considered strategy is generally the wiser choice.

### YOU NEED TO SET CLEAR GOALS

What do you want your investments to accomplish? Are you saving for retirement, a home deposit or your children's education? Having clear goals helps you determine how much to invest, the timeline and the level of risk you are comfortable with.

### TAX-EFFICIENCY IS KEY

UK investors can utilise Individual Savings Accounts (ISAs) and pensions that provide tax advantages. For instance, you can invest up to £20,000 per year (tax year 2025/26) in an ISA to enjoy tax-efficient growth or contribute to a pension to benefit from tax relief. Take full advantage of these incentives.

### PROFESSIONAL KNOWLEDGE IS POWER

Understanding the fundamentals of investing will boost your confidence in decision-making. We will explain how markets function, the different asset classes and the products available. With our research, we can help you avoid costly mistakes and empower you to recognise valuable opportunities. ◀

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**IS IT TIME TO TAKE CHARGE OF YOUR FINANCIAL FUTURE?**

Investing doesn't have to be complicated; however, it does need to be intentional. If you're uncertain about where to start or wish to evaluate your current strategy, we're here to assist. Contact us to discuss your needs or to find out how you can begin working towards your financial goals. Take the next steps to grow your wealth – the sooner, the better!

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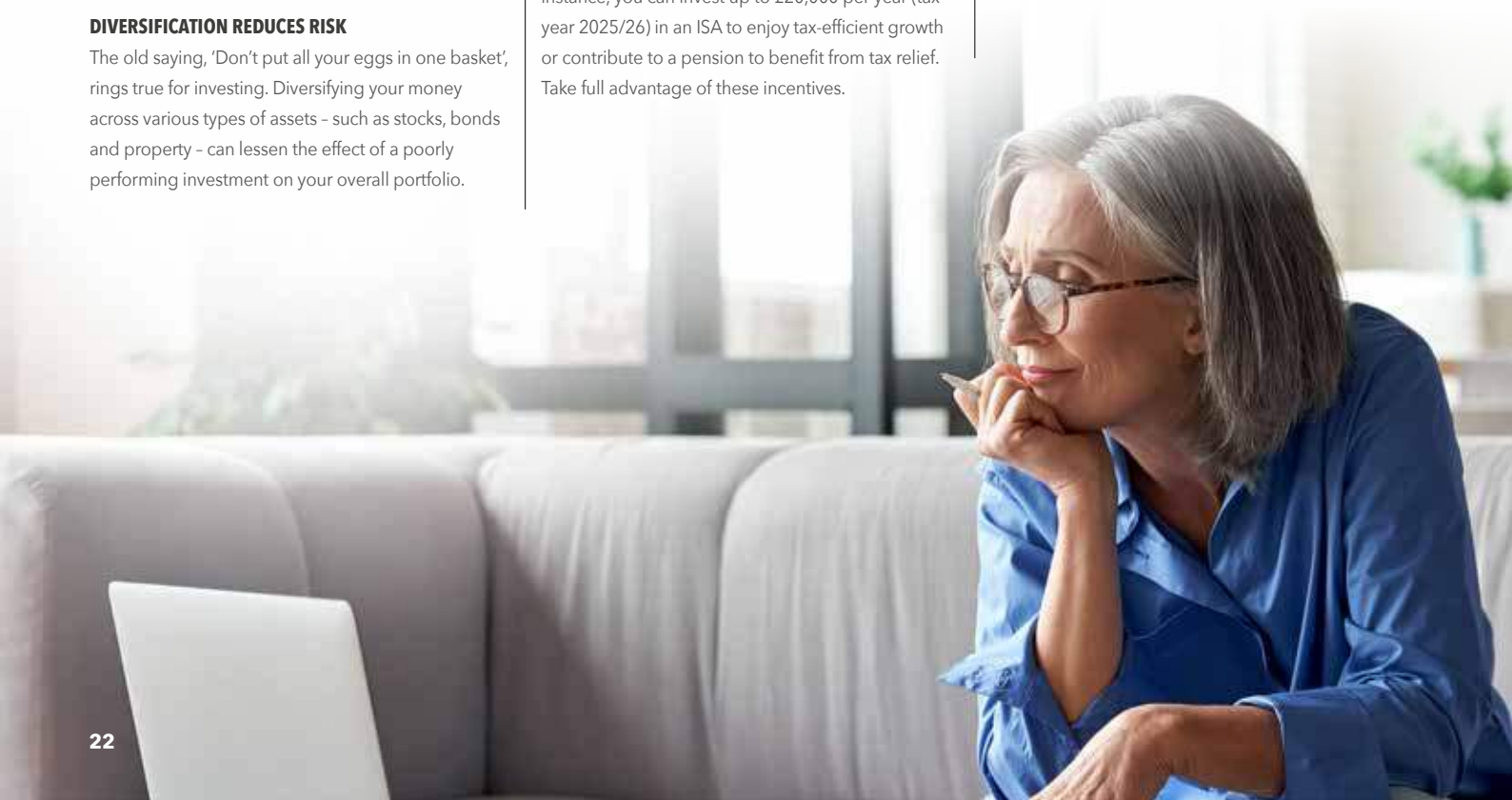

# WHAT TO CONSIDER WHEN **TAKING TAX-FREE CASH**

## MAKE A MORE INFORMED DECISION ABOUT HOW BEST TO UTILISE YOUR PENSION SAVINGS

**Making the most of your pension savings requires understanding your options and planning carefully for the future.** If you have a defined contribution pension, a key feature to consider is the ability to withdraw tax-free money. This can provide a valuable financial boost, whether you plan to use it for immediate expenses, long-term investments or as a safety net in retirement.

**However, it's important to consider** how withdrawing this money could affect your overall retirement income. The remaining funds in your pension pot will need to provide an income for the rest of your life, so taking out a large sum early on might have a lasting impact on your financial security. By understanding these factors, you can make a more informed decision about how best to utilise your pension savings.

### HOW DOES TAX-FREE CASH FROM A PENSION WORK?

When you turn 55 (57 starting in April 2028 unless you have protections in place), you typically have several options for accessing your defined-contribution pension. One of the most appealing choices is to take a tax-free lump sum of up to 25% of your pension savings (subject to any protections in place and the LSA (Lump Sum Allowance). This can be received as a single payment or distributed over multiple withdrawals, depending on your provider's policies.

The remaining 75% of your pension can then be accessed in various ways, such as regular withdrawals, purchasing an annuity or leaving it invested for future growth. However, this portion is typically subject to Income Tax based on your total annual earnings.

### WHAT ARE THE RULES FOR TAKING YOUR 25% TAX-FREE LUMP SUM?

The key rule is that you can only withdraw up to 25% of the total value of your pension pot tax-free. This applies to each pension pot you hold, not just one. Keep in mind that if you have multiple defined contribution pensions, you'll need to check the specific rules and terms with each provider.

### THE FINANCIAL IMPACT OF TAKING A TAX-FREE LUMP SUM

While a 25% tax-free cash option might seem appealing, it's crucial to consider the long-term effects on your retirement income. Taking a lump sum decreases the total value of your pension pot, meaning you'll have less money available to generate income in the future. This is especially important if you rely on your pension for everyday living expenses.

Moreover, if you withdraw your lump sum and deposit it in a savings account or another low-growth investment, you might miss out on the potential returns your money could generate if it remained in your pension. Additionally, inflation could erode the actual value of your cash over time, diminishing its purchasing power.

### COULD TAKING A LUMP SUM BE THE RIGHT OPTION?

Despite these risks, there are situations in which taking a tax-free lump sum may be a wise decision. For example, you could use it to pay off outstanding debts, invest in a new business venture or help a family member with property expenses. It could also fund a dream holiday or facilitate home improvements, allowing you to enjoy your retirement on your own terms.

However, timing is crucial. Taking a lump sum earlier in life can significantly influence your future retirement income, whereas waiting until closer to retirement age preserves more of your funds for a longer period. Careful planning and a clear financial strategy are vital for making the best decision. ◀

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**NEED ASSISTANCE WITH YOUR DECISION? WE'RE HERE TO HELP!**

Understanding the intricacies of pension withdrawals is complicated. If you are considering taking a 25% tax-free lump sum, please contact us. We can assist you in outlining your financial goals and exploring the best options for your unique situation. Let's ensure your pension choices provide you with the retirement you have always desired.

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# IS IT TIME TO MAXIMISE YOUR **SAVINGS AND INVESTMENTS?**

## UNLOCKING THE SECRETS OF TAX-EFFICIENT SAVING WITH ISAS

**Many people in the UK remain unaware of the tax advantages offered by Individual Savings Accounts (ISAs).** Recent research reveals that nearly a quarter (24%) of UK adults mistakenly believe all their savings are tax-free, regardless of the account type or balance[1]. Unfortunately, this misconception could be costing them valuable tax-efficient growth on their money.

**Under the current rules,** UK residents can save and invest up to £20,000 tax-efficiently per tax year (tax year 2025/26), provided the money is held within an ISA. This allowance resets with each new tax year, meaning savers and investors now have a fresh opportunity to maximise their 2025/26 ISA limit. However, over half (55%) of the people surveyed admit they don't know the current allowance, highlighting a gap in understanding, even though 86% of respondents claim to know what an ISA is.

### WHY ARE PEOPLE MISSING OUT ON ISAS?

Despite the benefits, millions fail to utilise their full ISA allowance each year. A notable 23% of current ISA holders did not contribute any funds to their accounts in the last tax year. Several factors may account for this lack of engagement. The most prevalent barrier is a belief that household budgets do not accommodate saving (55%). Others are discouraged by misconceptions, such as thinking their money will be 'locked away' (15%) or believing ISAs are 'too complicated' (12%).

For those considering a Stocks & Shares ISA, the concerns vary slightly. Most people are apprehensive about risking their savings (61%) or believe they lack the necessary knowledge to invest in this manner (29%). By understanding the available options and how ISAs operate, savers could be better prepared to navigate these challenges.

### EXPLORING DIFFERENT TYPES OF ISAS

Not all ISAs are identical. Here's an overview of the main types available and how they align with various financial goals.

### CASH ISAS

A Cash ISA is a popular choice for individuals seeking low-risk savings. While the growth rates are modest, the funds remain secure. For savers willing to lock their money away for a fixed term, such as one year, higher rates are often accessible. This option is straightforward and ideal for those prioritising safety over growth.

### STOCKS & SHARES ISAS

If you're willing to take on more risk for the chance of higher returns, a Stocks & Shares ISA could be the right fit. These accounts allow you to invest in a wide range of assets, such as shares, bonds and funds, all while being tax-efficient for any income or capital gains. Investors should consider investing for at least five years to help smooth out market fluctuations. However, do remember that investments can go down as well as up.

### SPECIALISED ISAS FOR UNIQUE NEEDS

### INNOVATIVE FINANCE ISAS

For those interested in exploring peer-to-peer lending or crowdfunding, the Innovative Finance ISA may be appealing. This type of account presents higher potential returns, but it also carries significant risks, making it unsuitable for cautious investors.

### LIFETIME ISAS

Designed to assist individuals in saving for their first home or retirement, Lifetime ISAs are a great option for long-term planners. You can contribute up to £4,000 each year and receive a 25% government bonus. However, withdrawals incur no penalties only when used to purchase a first home or when taken after age 60. Be cautious of the 25% exit charge if you withdraw for any other reasons.

### JUNIOR ISAS

If you want to encourage children to save, consider a Junior ISA. With an annual limit of £9,000, these accounts do not reduce the £20,000 personal ISA allowance, making them an outstanding choice for families aiming to maximise their tax-efficient saving potential.

### MAKE THE MOST OF YOUR ISA ALLOWANCE

Again and again, savvy savers demonstrate that leveraging ISAs can significantly impact achieving financial goals. Whether you seek a low-risk way to save money or aim for higher investment returns, there's an ISA tailored to your needs and lifestyle.. ◀

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**IS IT TIME TO TAKE CONTROL OF YOUR SAVINGS TODAY?**

If you'd like to learn more about ISAs or discuss your financial goals, why wait? Get in touch with us to ensure you're making the most of your tax-efficient saving opportunities. Whether you need help choosing the right ISA or understanding how to use your allowance effectively, we're here to support you every step of the way.

**Source data:**

*[1] Lloyds Banking Group savings and investment data is at December 2024 month end (December 2023 month end used for YoY comparisons). Analysis of primary account holders based on active customers. (Data excludes all youth savings and under 18s.) All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,212 adults. Fieldwork was undertaken between 13–14 February 2025. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).*

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# GENERATING AN INCOME **FROM RETIREMENT SAVINGS**

## PLANNING FOR A COMFORTABLE, FLEXIBLE AND SECURE FUTURE

**Retirement often signifies the start of a new chapter.** An opportunity to pursue your passions, enjoy quality time with loved ones and take a well-deserved break after years of hard work. Building a comfortable nest egg for retirement is an accomplishment, but the real challenge begins when it's time to convert those savings into a steady income.

**Whether you've saved** through workplace pensions, personal savings or other investments, creating a reliable income stream during retirement necessitates careful planning and consideration.

### UNDERSTAND YOUR RETIREMENT OPTIONS

When it comes to accessing your retirement savings, you need to determine the best way to utilise your money. Many retirees in the UK rely on workplace or personal pensions, which often permit you to withdraw up to 25% of your savings as a tax-free lump sum. The remaining amount is then used to generate income.

Common options include purchasing an annuity, which guarantees a steady income, or entering into a drawdown plan, where you withdraw funds while keeping the remaining investment intact. Each option has its own advantages and disadvantages, so it's essential to evaluate your needs and goals before making a decision.

### BALANCING INCOME WITH LONGEVITY

The key to generating income from your savings lies in balancing the amount you withdraw each year with the necessity of ensuring that your funds last throughout your retirement. How much you can afford to withdraw depends on the size of your retirement pot, additional income sources such as State Pensions and your overall lifestyle expenses.

A common rule of thumb is the 4% rule, which suggests withdrawing 4% of your portfolio each year to help ensure your money lasts for about 30 years. However, this may not be suitable for everyone, particularly in the UK, where tax regulations, inflation and personal circumstances vary.

### MANAGING TAX-EFFICIENCY

Another critical factor to consider is how withdrawing income will impact your tax liability. For example, taking large sums at once could push you into a higher tax bracket. A phased income approach, in which you stagger withdrawals over time, can help minimise taxes and make your income more efficient.

Planning around your personal tax allowance and exploring options like Individual Savings Accounts (ISAs), which offer tax-efficient income, can significantly enhance your financial position. ISAs enable you to earn interest, dividends or capital gains without incurring tax. By combining ISAs with other tax-efficient investments and strategically timing your withdrawals, you could lower your overall tax burden.

### DON'T FORGET ABOUT INFLATION

Inflation can erode the value of your savings over time if not properly invested, gradually reducing your purchasing power and impacting your quality of life. Having a strategy that considers this is crucial to ensure your savings keep pace with inflation. While some annuities provide inflation-linked payments to offer a steady income that adjusts over time, it may be necessary to maintain a portion of your money invested in the stock market or other growth-oriented assets to achieve higher returns and mitigate inflationary pressures.

Regularly reviewing your investments and ensuring they align with your income needs, risk tolerance and long-term goals is essential for maintaining the purchasing power of your retirement fund. This proactive approach enables you to adapt to changing market conditions and make adjustments as necessary, helping to protect your financial security throughout your retirement years.

### SUPPLEMENTING YOUR INCOME

Retirement income doesn't have to stem solely from your savings or pensions. Some retirees opt to supplement their income through part-time work or rental properties. Others may consider downsizing or equity release schemes to access additional funds.

While these options may not suit everyone, they can offer a safety net in case your retirement fund doesn't stretch as far as expected. Understanding all the tools available to you can enhance your confidence in your financial future. ◀

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**HAVE YOU THOUGHT ABOUT YOUR GOALS, TAX-EFFICIENCY, AND THE NECESSITY FOR FUTURE FLEXIBILITY?**

Navigating the complexities of retirement income planning can feel overwhelming, but you don't have to face it alone. We can help tailor a strategy to your individual circumstances, considering your goals, tax-efficiency and the need for future flexibility. Contact us to discuss your requirements or learn more about creating a reliable retirement income.

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# HOW CAN MILLENNIALS **SAVE FOR RETIREMENT?**

## START EARLY, STAY CONSISTENT AND MAKE TIME AND STRATEGY WORK FOR YOU

**For Millennials, retirement may appear to be something distant and remote.** However, starting to save, even in small amounts, sooner rather than later can greatly enhance your financial prospects. Beginning early offers the benefit of time, which, when paired with a solid investment strategy, can have a significant impact on your long-term wealth.

**Even small, regular contributions** can grow significantly over time, thanks to the power of compounding. This process enables your investment gains to generate their own returns, creating a snowball effect that builds momentum year after year. By consistently setting aside even modest amounts, you can establish a foundation for a financially secure future.

### ESTABLISH A CLEAR AND ATTAINABLE SAVINGS GOAL.

One of the easiest ways to stay on track is to establish a clear savings goal. For example, you could start by allocating 12% to 15% of your gross salary towards retirement. While this target may sound ambitious, it is achievable over a 30 to 40-year career if approached methodically. Remember, consistency is more important than perfection.

### DO NOT OVERLOOK EMPLOYER CONTRIBUTIONS AND TAX RELIEF

If you are employed, your employer will likely play a significant role in your retirement savings. Many companies offer pension schemes with employer contributions, often matching a portion of your savings. Additionally, take full advantage of tax relief, which helps to increase your retirement contributions even further. These incentives can greatly lessen the financial burden of achieving your savings goals.

### IMPLEMENT BUDGETING STRATEGIES TO STAY ON TRACK

Achieving a savings goal can feel daunting, but smart budgeting makes it more manageable. The 50/30/20 rule provides a simple framework for organising your spending. Under this rule, 50% of your income is allocated to needs, 30% to wants and 20% to savings, including retirement. By following a formula like this, you can prioritise your future while still enjoying life today.

### UNDERSTAND HOW THE STATE PENSION OPERATES

Understanding the State Pension can further enhance your retirement plans. Many individuals are unaware of how much they are likely to receive or if they have earned their full entitlement. Regularly check your State Pension forecast and consider making voluntary contributions to address any gaps in your National Insurance record. View these payments as an investment in your financial security.

### MONITOR YOUR PENSIONS DURING YOUR CAREER

Millennials often change jobs frequently throughout their careers. Each position may come with a new pension pot, so it's important to keep track of all these accounts. Regularly review your underlying investments to ensure they align with your long-term goals. Understanding your financial position will provide you with greater peace of mind and the ability to make adjustments when necessary.

### STAY ALERT TO INVESTMENT SCAMS

Pensions, unfortunately, are frequent targets for fraudsters. Scammers often operate through unregulated firms, enticing unsuspecting savers with offers that appear too good to be true. Always verify the legitimacy of any investment opportunity and seek professional regulated advice. Protecting what you've saved is just as important as building it. ◀

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### ARE YOU READY TO TAKE ACTION FOR A SECURE FUTURE?

Taking control of your retirement savings doesn't have to be overwhelming. By making small, consistent steps today, you can build the foundation for a comfortable and secure future. If you'd like help analysing your current retirement savings, setting achievable goals or exploring budgeting strategies, contact us. Together, we can create a plan tailored to your unique circumstances to secure the lifestyle you want for tomorrow.

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# ASSET ALLOCATION

## GETTING THE RIGHT BLEND OF INVESTMENT TYPES IN YOUR PORTFOLIO

**Growing your wealth and securing your financial future requires more than saving money;** it necessitates careful planning and informed decision-making. A key element in this process is determining how to invest your funds. Among the various strategies available, asset allocation stands out as one of the most crucial. This strategy involves dividing your investments across different asset classes, such as stocks, bonds, property and cash, to effectively balance risk and return.

**Proper asset allocation** can help you achieve steady growth while protecting your portfolio from significant downturns. By ensuring your investments align with your goals, time horizon and risk tolerance, asset allocation plays a vital role in creating long-term financial stability and growth. But what does it really mean, and how can you ensure that your portfolio is appropriately balanced?

### WHAT IS ASSET ALLOCATION?

Asset allocation refers to the process of diversifying your investments across various asset classes, such as equities (stocks), bonds, property and cash. Think of it as assembling a comprehensive toolkit, with each tool serving a distinct purpose. The goal is to achieve an optimal balance between risk and return, tailored to your financial objectives, risk tolerance and investment horizon. Each asset type responds differently to changing economic conditions.

For example, shares generally provide higher potential returns, which can be appealing for long-term growth. However, they come with significant volatility, meaning their value can fluctuate dramatically. Bonds, on the other hand, offer greater predictability and stability, although their returns are typically lower. Property can yield steady rental income and capital appreciation, but it also presents challenges, such as illiquidity (the difficulty of selling quickly).

Lastly, cash is the safest option for capital preservation, but it usually yields low returns, especially during times of high inflation. By diversifying your investments across these types, you minimise the risk of a single poorly performing area dragging down the overall value of your portfolio.

### WHY DOES ASSET ALLOCATION MATTER?

The importance of asset allocation cannot be overstated; it serves as the foundation of your financial plan. When markets fluctuate, as they inevitably do, a well-balanced portfolio ensures that your investments are not overly concentrated. Instead, you distribute risk evenly, which increases the likelihood of stable, long-term returns.

Consider this real-world example, if your portfolio in 2008 was heavily weighted toward equities during the global financial crisis, you might have experienced substantial losses as markets declined. However, if your allocation included government bonds or cash, those assets likely weathered the downturn better, mitigating some of the overall damage to your portfolio.

While past performance does not guarantee future growth, asset allocation has historically been a crucial factor in long-term investment performance, greatly exceeding the effects of decisions about which specific stocks or funds to purchase. The overall mix is what matters, not just the individual selections.

### HOW TO DETERMINE THE RIGHT MIX FOR YOUR PORTFOLIO

Finding the right asset allocation begins with understanding your financial objectives. Are you investing to grow your retirement fund, save for your child's university expenses or achieve financial independence by a certain age? Clearly defining these goals will help to shape your investment strategy.

Risk tolerance plays a crucial role as well. Consider this scenario: if your investments were to lose 20% in a single year, would you panic and sell, or would you hold steady, understanding that markets generally recover over time? Your response offers a clear indication of how much risk you're comfortable accepting.

If the prospect of significant losses troubles you at night, a portfolio focused on bonds and cash may be a wiser choice. Conversely, if you're comfortable enduring some volatility for potentially greater rewards, a larger allocation to equities could be appropriate.

### CONSIDERING TIME HORIZONS AND REBALANCING

Your time horizon – the period during which you intend to keep your money invested – greatly influences asset allocation. Longer time horizons allow for riskier, high-growth investments such as stocks. For instance, a 30-year-old saving for retirement might allocate 80% to equities and 20% to bonds. Conversely, shorter horizons, like saving for a house deposit in five years, necessitate conservative options such as bonds or cash that preserve capital.

Rebalancing your portfolio is as crucial as selecting the appropriate allocation from the start. Over time, your investments' value will fluctuate, and some asset classes may appreciate faster than others. A previously well-balanced portfolio could become tilted towards equities if they perform exceptionally well.

Regularly reviewing and adjusting your asset allocation helps maintain the intended balance and keeps your strategy aligned with your goals and risk tolerance. For example, if equities originally made up 60% of your portfolio but increased to 70% due to strong performance, you may sell some equities and reinvest in bonds or cash to realign the mix.

### SEEKING PROFESSIONAL ADVICE

While many people feel confident managing their finances, asset allocation can be a complex area to navigate effectively. We offer invaluable support by assessing your situation as a whole, identifying overlooked opportunities, and guiding you through market uncertainties. We will also adjust your portfolio as your life circumstances or market conditions evolve.

Understanding and implementing asset allocation is a crucial step toward achieving your financial goals, but it doesn't stop there. Maintaining a healthy portfolio requires regular monitoring, re-evaluating your goals and making necessary adjustments. ◀

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**ARE YOU UNCERTAIN ABOUT YOUR OPTIONS OR SEEKING PERSONALISED ADVICE?**

If you are ready to develop a customised investment strategy or review your current asset allocation, we are here to assist you. Your financial future deserves a proactive and personalised approach that ensures every step you take brings you closer to realising your dreams.

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# MIND THE GAP

## WHY YOU MIGHT NEED TO RETHINK YOUR RETIREMENT SAVINGS

**The average worker in the UK may face a significant shortfall in their annual retirement income.** Research indicates that many plan to retire with an income of £48,868 a year, which includes the full State Pension of £11,542[1]. However, the reality paints a much bleaker picture.

**A 22-year-old entering the workforce** with a starting salary of £ 24,000 and contributing the minimum 8% to their pension – alongside a 2.5% annual pay rise and 5% investment growth after fees – could accumulate a pension pot of approximately £468,000 by age 67. When the State Pension is included, this amounts to an annual retirement income of around £36,600, which is a staggering £12,200 below their desired goal.

### ARE WE SAVING ENOUGH FOR RETIREMENT?

This gap is widely recognised. According to the study, 60% of workers believe they are either not saving enough for retirement or are uncertain about their savings. Many have a target amount in mind for their retirement needs, but that often does not match the reality of their savings.

Clarifying how much income you will need in later life is essential. Recognising any potential shortfall early allows you to adjust your plans and enhance your financial future, preventing a retirement that does not meet your expectations.

### THE ROLE OF WORKPLACE PENSIONS

Workplace pensions are a vital pillar of retirement planning. Nearly half (48%) of workers rank workplace pensions second only to salary when assessing company benefits. Under current auto-enrolment rules, a minimum of 8% of your earnings must be contributed to your pension, with your employer contributing at least 3%.

Some employers even offer to raise their contributions if employees increase their personal investments. However, 11% of workers eligible for this benefit did not take advantage of it, often citing affordability (44%) or a lack of understanding (24%).

### GROWING CHALLENGE FOR YOUNGER WORKERS

Younger workers today are confronted with increasingly complex pension landscapes. The research indicates that the average individual holds 2.4 pension pots, while those aged 18 to 34 already possess an average of 2.9 pots. Consolidating and managing these pensions can become a significant challenge over time, further emphasising the need for ongoing professional financial planning advice.

### GENDER PENSION DISPARITY

Another pressing concern is the gender pension gap. The research indicates that women often have significantly less pension wealth than men due to various factors, including lower average salaries, unpaid caregiving responsibilities and the effects of menopause. For example, men are twice as likely to have a personal pension as women (34% vs. 16%).

Addressing this imbalance necessitates awareness and action. Women, like all employees, can greatly benefit from financial incentives such as employer contributions and salary sacrifice schemes. Furthermore, even a slight increase in monthly contributions can lead to significant long-term gains.

### SMALL ACTIONS, BIG IMPACTS

If you're concerned about your pension savings, there are steps you can take today. Small but consistent increases in your contributions, utilising employer perks and staying informed about your pension pots can all lead to a more comfortable retirement. ◀

### HOW MUCH WILL YOUR PENSION DELIVER IN RETIREMENT?

Are you confident in your retirement plan? Whether you need assistance understanding your pension pots, navigating employer schemes or finding ways to close the gap in your savings, professional advice is invaluable. Contact us today to discuss your retirement planning needs or to explore ways to maximise your pension savings. A more secure future starts with the actions you take today!

**Source data:**

*[1] Figures are from the Royal London Workplace Pensions Research report. Research conducted between 31 July and 5 August 2024 on a sample size of 4,000 UK adults of working age with a pension and 500 UK adults who have retired who have a pension.*

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# CLOSING THE GENDER GAP **IN INVESTING**

## YOUNG WOMEN NEED TO FEEL MORE CONFIDENT ABOUT THEIR FINANCIAL FUTURES

**When it comes to investing,** young women are noticeably lagging behind their male peers. Recent data paints a stark picture, revealing that only one-third (34%) of women aged 18-24 are investing their money outside of pensions[1]. By contrast, nearly two-thirds (64%) of young men in the same age group are choosing to invest, highlighting a significant gender imbalance in financial engagement at an early age.

**This disparity isn't just a statistic;** it's a critical issue that can have lasting effects on future financial security. The gap highlights the need to understand and address the factors preventing young women from investing. Whether it's a lack of confidence, limited access to resources or traditional attitudes about financial decisions, these barriers are preventing a significant portion of young women from taking the necessary steps to secure their financial futures.

### UNDERSTANDING THE FINANCIAL CONFIDENCE GAP

The disparity is not only about how much young women invest but also about their overall savings. Excluding pensions and property, the average savings and investments for 18-24-year-old men is around £3,000, while young women average only £1,900.

One key factor driving this gap is confidence. Over half (53%) of women aged 18-24 admit they lack confidence in managing their retirement savings. Meanwhile, only 31% of men express the same concerns. Without the confidence to start investing early, young women risk having significantly less by the time they retire.

### A PROBLEM THAT WORSENS WITH AGE

This lack of confidence affects not only young women today; it also lays the groundwork for financial inequality later in life. For instance, the data highlights that women over 55 have an average of £20,000 in savings and investments (excluding pensions and property), while men of the same age average £50,000.

Unfortunately, many women in this age group remain disengaged from financial planning. Alarmingly, only 40% of women over 55 invest outside their pensions, and half have done little to no research on how much they'll need for a comfortable retirement. Men, while still not perfect, fare slightly better, with 40% admitting to being similarly unprepared.

### WHY WOMEN NEED TO START INVESTING NOW

The earlier you begin investing, the greater your chances of building wealth due to the power of compound growth. Young women, in particular, could greatly benefit from exploring investment options. While investing may seem intimidating, starting small and building confidence over time can make a world of difference in financial security.

It's also essential to challenge traditional attitudes toward money. Investments shouldn't be considered a 'risky move' or a male-dominated activity. With the right research and resources, investing becomes a strategic and rewarding method to secure your financial future. ◀

**ARE YOU READY TO TAKE CONTROL OF YOUR FINANCIAL FUTURE?**

Investments are not only about increasing wealth; they also create opportunities, protect your loved ones and promote freedom. It is never too early or too late to take charge of your financial wellbeing. Contact us today for advice on developing a plan that suits you. Whether you are starting from scratch or looking to broaden your portfolio, we are here to assist. Secure your financial future one step at a time.

**Source data:**

*[1] Scottish Widows' Women and Retirement Report. Research conducted online by YouGov across a total 3,626 nationally representative adults aged 18+ in the UK between 23–30 August 2024.*

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# HOW TO PREPARE FOR RETIREMENT

## INSIGHTS FOR TAKING CONTROL OF YOUR FUTURE PLANNING

**It is clear that enjoying a comfortable retirement is a common goal for many people.** However, achieving this requires addressing difficult questions about your savings and vision for retirement. Contributing to a pension is essential for future planning, but how can you assess whether you are on the right track?

**Here are insights** to help you take control of your retirement plans, from understanding how much you'll need to retire to practical steps for preparing your pension.

### START BY DEFINING YOUR RETIREMENT GOALS

Before making financial plans, you need to think about how you want your retirement to look. Do you imagine travelling the world, moving closer to family or enjoying hobbies at home? Your goals will determine how much you need to save.

Once you've visualised your ideal retirement, it's time to calculate your expected costs. Everyday expenses, travel, medical costs and leisure activities should all be considered. We can assist you in calculating these amounts so you can gain a clearer understanding of how much you will need.

### UNDERSTANDING HOW MUCH IS ENOUGH

Understanding the amount you'll need after leaving work is essential. As a guideline, most people will likely require between 65% and 70% of their current income to maintain their standard of living in retirement. For example, if you earn £80,000 a year, you'll probably need around £52,000 to £56,000 annually.

Don't forget to consider inflation. Something that costs £1,000 today might cost significantly more in 20 years. By accounting for annual inflation rates (typically between 2% and 3%), you can more accurately estimate future costs.

### EVALUATE YOUR CURRENT SAVINGS

Now that you have a target, it's time to assess your current savings. Begin with your workplace or private pension schemes. How much is currently in your pot, and how much do you contribute each month? Review your annual pension statements or contact us for an update on your progress.

Don't overlook other savings and investments that can enhance your retirement income. This may include Individual Savings Accounts (ISAs) or property investments. Along with your pension, these assets can form the foundation of your retirement fund.

### MAKE ADJUSTMENTS TO YOUR CONTRIBUTIONS

If there's a gap between your current situation and where you need to be, it may be time to adjust your contributions. Many employers in the UK provide matching contributions, so increasing your payments could double the impact on your pension pot. It's money you won't miss now, but you will be grateful for it later.

Even minor adjustments can lead to significant differences due to compound interest. Saving just an additional £50 each month could accumulate into thousands over 20 to 30 years. Make a commitment to increase your contributions whenever possible, even if it's a modest amount.

### DON'T FORGET ABOUT THE STATE PENSION

While personal savings and pensions are essential, the State Pension offers a safety net. To qualify for the full new State Pension, you'll need 35 qualifying years of National Insurance contributions. If you're uncertain about your National Insurance record, you can check it through the government's website.

The full rate of new State Pension is £230.25 a week, which acts as a useful supplement to your private pensions and savings. However, it is unlikely to cover all your retirement income needs, so relying solely on it would be unwise.

### SEEK PROFESSIONAL ADVICE TO STAY ON TRACK

Retirement planning isn't a one-time activity. Life changes, as we've seen with financial markets fluctuating, and your goals may evolve over time. That's why conducting regular reviews of your retirement savings and financial plans is essential. These reviews help ensure that you're on track to meet your goals and allow you to adapt to any changes in your circumstances or the broader economic environment.

If you're uncertain or overwhelmed by the complexities of retirement planning, we can help you identify the pension solutions best suited to your needs, optimise your investments for long-term growth and ensure you maximise available tax benefits and allowances. With the right strategy and support, you can approach retirement with confidence and peace of mind. ◀

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**WOULD YOU LIKE TO DISCUSS YOUR PENSION GOALS WITH US?**

Retirement may seem like a distant dream, but now is the perfect time to secure your future. Whether you need assistance understanding your current savings or developing a robust plan for the years ahead, contact us to discuss your retirement goals and learn how to maximise your pension. The earlier you begin planning, the brighter your future will be.

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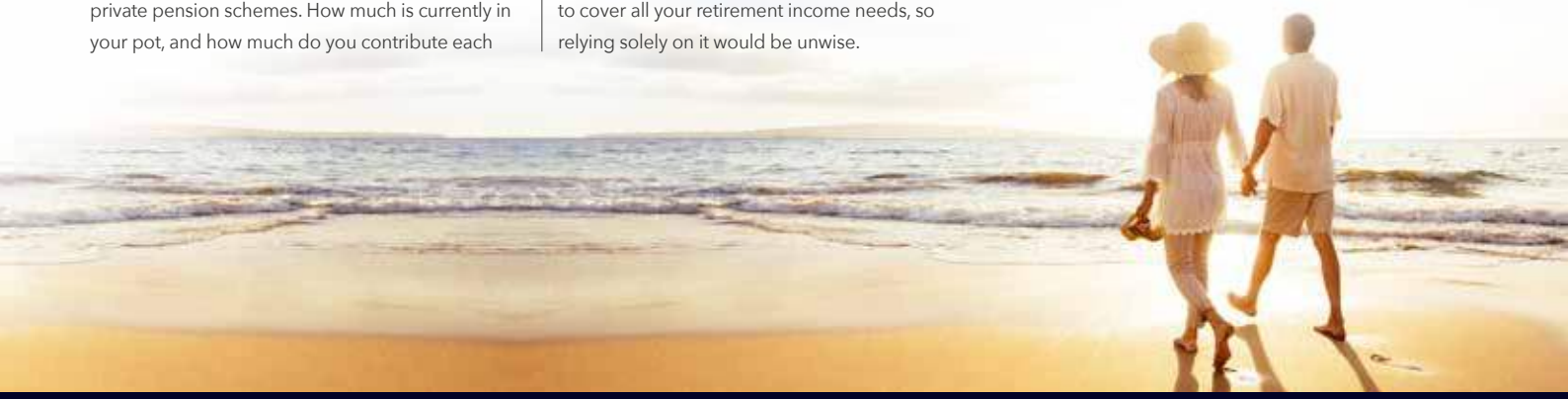

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