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Your Window on
Money
AUTUMN 2020

Age 20 or 50+? Maintain your retirement focus

Research[1] has revealed that almost a fifth of people aged 50 or over believe their retirement will be affected by the pandemic. Of these, a quarter say they have not been able to retire due to their finances, a fifth have had to use some of their retirement savings whilst out of work and a tenth have retired sooner than expected due to redundancy.

Playing catch up
Separate data[2] shows employees in certain industries, who were already struggling to save into a pension, could be particularly hard-hit and face a lifetime of 'playing catch up' with their retirement savings. More than a quarter of those working in travel and the arts have not yet started saving into a pension, while two-thirds of retail workers are concerned they would soon run out of money if they did retire.

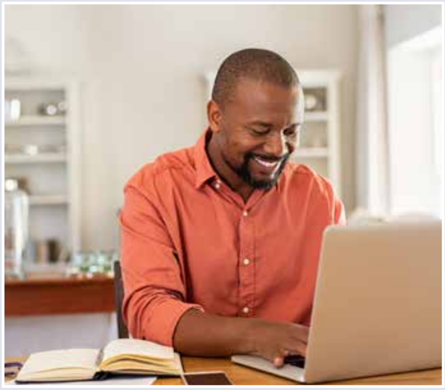
The impact of auto enrolment
It's not all doom and gloom, however. Thanks to auto enrolment, more than 10 million people have saved into a workplace pension, and those putting away the minimum has reached a record high. However, there are signs the positive impact of auto enrolment is starting to wane, with almost half of 22 to 29-year-olds still not doing enough to prepare for later life and many potentially facing retirement poverty.

It's all about you
It's never too early or too late to get your retirement plan on track, whatever stage you're at and whatever sector of the economy you work in.

If you're younger, don't allow any dips in income to impact your pension contributions if at all possible. Small, frequent contributions throughout your life add up and make a difference to the quality of your retirement. If you're older, you may be considering postponing retirement or if you lose your job, you might choose to retire earlier than you had originally intended. If you still have a job but your savings have been impacted, delaying retirement to give yourself more time to prepare may be an option.

Don't rush into making life-changing financial decisions
Of course, it all depends on your individual circumstances. The key takeaway is that for many people, decisions about their retirement, now more than ever, have been driven by the financial impact of the pandemic, rather than personal choice. We want you to be able to call the shots, to be in control of your retirement and to have options. Whatever your circumstances, we're here for all your financial planning needs.

[1]Co-op, 2020, [2]Scottish Widows, 2020



Have you saved during lockdown?

If so, you're part of 37% of the UK population who managed to put away more money during lockdown, as daily expenditure on commuting and leisure activities dramatically decreased.

What's more, it looks like Britain's growing army of savers are here to stay, with 36% stating they aim to keep cutting costs post-lockdown[3].

Could savings rates harm your goals?
Unfortunately, this wave of savings enthusiasm has come at a time when interest rates are at rock bottom. The average instant access rate has plummeted, from rates savers enjoyed at the beginning of the year.

Make your savings work for you
There are still better rates out there – you might just have to shop around and work a bit harder to find them.

Take a long-term perspective
Interest rates fluctuate over time, so don't despair. We can help you manage your cash balances to achieve your personal savings goals.

[3]Nationwide, 2020

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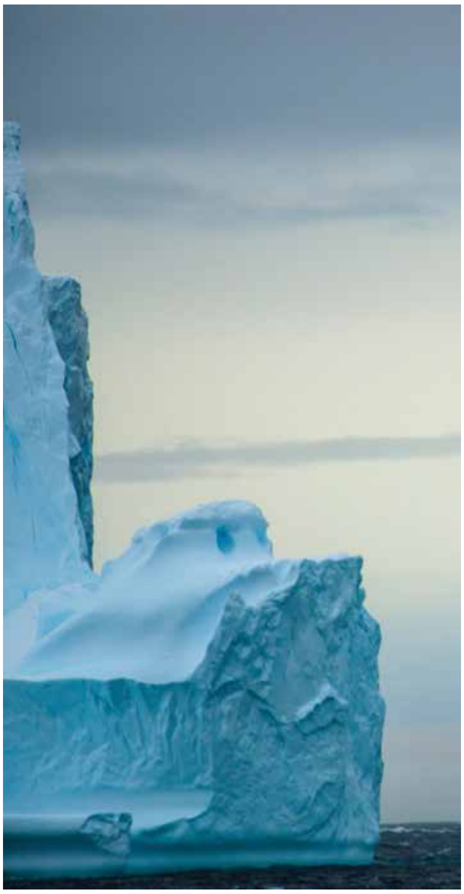

Titanic disaster led to historic life insurance payouts

When the ‘unsinkable’ Titanic hit an iceberg and sank in 1912, life and accident insurance companies lost $3,464,111, according to a contemporary article published in The Shore Press.

The accident led to some of the largest insurance payouts ever, with the beneficiaries of business magnate John B. Thayer receiving a total accident insurance payout of $120,000 (equivalent to around $3.2m today) from insurance firm Travelers and his widow on the receiving end of a $50,000 life insurance payout (around $1.3m today).

According to another article from 1912, Herbert F. Chaffee of North Dakota held the largest life insurance policy of all those who perished, with his beneficiaries receiving a staggering $146,750 (around $3.9m today)!

No less relevant today

The Titanic may have been considered as a once-in-a-lifetime disaster, but recent events show us that life insurance is every bit as important in 2020 as it was in 1912. The coronavirus pandemic has led to the tragic loss of over 40,000 lives in the UK alone, with many grieving families left financially devasted.

Peace of mind

Don’t leave your family’s future to chance. Life insurance is often cheaper than many think and ensures your dependants will be financially secure if the worst should happen.

Are you on the ball? ScamSmart campaign targets football fans

In the last three years, over £30m has been lost to pension scammers, with losses ranging from under £1,000 to £500,000, with some rare cases topping the £1m marker. A new ScamSmart campaign is aimed at football fans, after discovering they are highly likely to be drawn in by fraudsters targeting long-term pension savings.

Research[4] found that just 43% of football fans approaching retirement knew how much was in their pension pot, with 45% not knowing how to check if an approach about their pension was legitimate. This compared to 76% knowing the cost of football-related items, such as a season ticket.

Teaming up with football commentator Clive Tyldesley, the Financial Conduct Authority (FCA) and The Pensions Regulator have reminded savers to check who they are dealing with before making any changes to their pension arrangements, reject any unwanted offers and to get advice.

Clive Tyldesley commented, *“Scammers are very good at breaking down your defences and putting you under pressure with various deadlines. But your pension isn’t a football transfer – there are no deadlines! Your favourite team wouldn’t buy a new striker just because his agent says he’s good. They’d ask around, check out his stats, do some research – just like you should when handling your pension plans. Before you fall foul to savvy scammers, remember to take your time, seek advice, and speak to an FCA-authorised adviser. Don’t agree to anything you’re unsure of.”*

Animal lovers lose £300k

During March and April, Action Fraud reported 669 people lost a combined total of £282,686 in deposits paid for pets advertised online, which didn’t even exist. Criminals took advantage of lockdown restrictions to justify why the fraud victims were unable to visit their prospective pet before committing to the purchase. After paying the initial deposit, more funds were typically requested to cover insurance, vaccinations and delivery of the pet.

Private pension age rise confirmed

In September, the government confirmed the private pension age will increase from 55 to 57 in 2028, meaning those retiring in future will have to wait longer to access their pension.

[4]FCA, 2020

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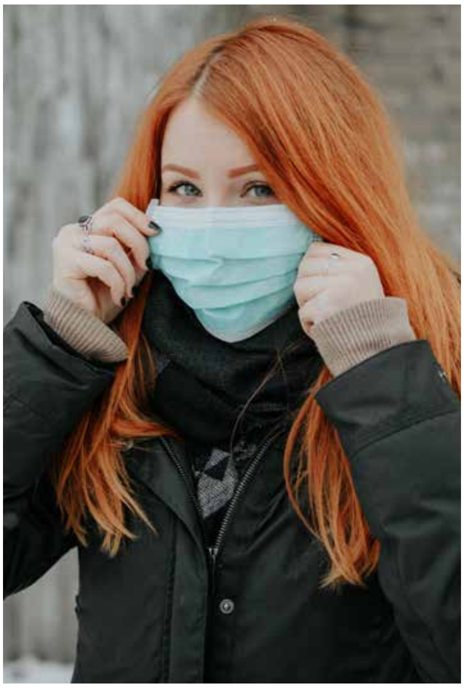
The intergenerational impact of coronavirus



The pandemic has touched the lives of billions of people. Everybody, it seems, has been impacted in some way.

However, evidence shows that the pandemic has affected different age groups in very different ways. A recent report[5] indicates that although older generations have suffered the greatest health impact, young people have borne the social and financial brunt of the outbreak.

The FCA agreed that younger people have been among the worst hit financially, attributing this to their disproportionate likelihood to work within sectors most affected by the crisis, including retail, leisure and hospitality.

Younger and older workers face significant challenges
Recent data[6] confirms that this intergenerational pattern extends into the workplace. Younger (under 25) and older (50+) workers face different, but very real, challenges, with under-25s far more likely to be furloughed and over-50s more exposed to health risks due to their higher presence in sectors containing 'key workers'.

Compounding the financial difficulties of younger people, severe disruption to education and training opportunities will make it harder for them to achieve employment in a depressed jobs market.

'Middle' age groups comparatively unharmed
Those between the ages of 25 and 50 are therefore less likely to be impacted by the financial and health risks of the pandemic. These generations are more likely to own their own homes, work in sectors less vulnerable to shut down, and are less at risk of severe health repercussions.

[5]OECD, 2020, [6]Business in the Community, 2020

Small island living – rediscovering what we already have

In recent weeks, there has been an 800% rise in Brits searching for 'Staycation UK', as the uncertainty surrounding international travel during the pandemic continues to prevail[7].

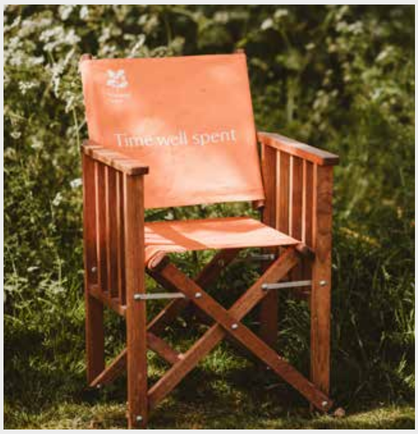
Appreciating what you already have...
Destinations such as Plymouth, the Isle of Wight and Exeter are expected to recover quickly due to the staycation tourism boost, according to new research[8]. It would seem that the pandemic is allowing Brits to rediscover and appreciate the thousands of beautiful destinations that we already have on our doorstep.

...including your finances!
This attitude of appreciating what we have extends to our finances. Over the years, life gets busy and it's easy to lose track of our money. A reported one in five savers have lost track of a pension pot – and the situation is likely to get worse. Meanwhile, other research[9] suggests that 43% of us have lost track of a bank account, 17% don't know what's happened to their Premium Bonds and 15% have been separated from an ISA – leaving them needlessly out of pocket.

In these troubled financial times, taking stock of your finances and appreciating what you have can give you a sense of financial control during a period of uncertainty.

Time for a financial review
If you feel like you've lost your grip on your finances, undertaking a review can help you make the most of what you've already got. So, before you set off on an autumn break to rediscover a favourite UK holiday spot, contact us to get reacquainted with your finances.

[7]Staysure, 2020, [8]Colliers International, 2020, [9]NS&I, 2018



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ISA – 21 not out

When the Individual Savings Account (ISA) was launched in 1999, the allowance was £3,000 for a cash ISA or £7,000 for a stocks and shares ISA each tax year. Now at the grand old age of 21, the overall allowance has risen to a generous £20,000.

In the early days, choice was limited to either a cash ISA or a stocks and shares ISA, but the range has been extended over time and the total investment of £20,000 can be spread across different types of ISA. Any investment growth is tax free.

First investment route
Junior ISAs (JISAs), introduced in 2011, can be opened by parents or a guardian with parental responsibility for a child from birth. Once opened, anyone can pay into the JISA, but the child is unable to access the cash until they reach the age of 18. The JISA annual allowance per child was almost doubled to £9,000 per tax year at the Budget in March.

ISAs have proved a popular investment choice over the years; recently released government figures show around 11.2 million adult ISA accounts and around 954,000 JISAs were subscribed to in the 2018–19 tax year, with new investments totalling around £67.6bn and £974m, respectively.

Are you looking to invest tax efficiently, either through a lump sum investment or regular savings? If so, get in touch.

Brits spend £40.6bn on lockdown entertainment

According to Barclaycard Payments[10], the UK population spent £40.6bn, or a staggering £771.34 each, on dispensable items to alleviate lockdown boredom.

The ordinary…
Popular purchases included takeaways (24%), summer clothes (19%) and garden plants and flowers (16%) – but not everybody was so conventional.

And the bizarre
Topping the list of the weirdest items purchased by lockdown consumers were an inflatable pub, an antique diving suit, a penny farthing bicycle and a piece of the moon!

Satisfied customers
Most customers proclaimed themselves satisfied with their lockdown purchases, with only 6% regretting their expenditure.

[10]Barclaycard Payments, 2020

Child Trust Funds' coming of age
Child Trust Funds (CTFs) are long-term tax-free savings accounts that were set up by the government for every child born between 1 September 2002 and 2 January 2011. Over 6 million CTFs were opened, with the first of these maturing in September 2020. Every year between now and January 2029, the government estimate that 800,000 18-year-olds will receive access to their matured funds. Parents or guardians of qualifying children were sent a starting payment voucher from the government of either £250 or £500, depending on the household income, for investment. Children whose seventh birthday fell between September 2009 and July 2010 also received a second payment of a similar amount, while parents, family and friends have been able to make additional contributions. Although most accounts are likely to contain a few hundred or a thousand pounds, in cases where extra contributions were made, sums will be higher. We can help recipients assess their options at maturity.

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Getting financially fit for a new way of life

With millions of people having been affected financially by the pandemic, it's possible that your finances no longer match your lifestyle and needs, so take some time to review your situation to keep on track.

Budget and debt planning – Regularly review your income and outgoings, particularly if your circumstances have changed; also make sure you prioritise clearing any debt you have, including credit card balances.

Build a financial safety net – Start saving asap. If you have been fortunate enough to save in lockdown, channel some into a savings account, considerable peace of mind can be gained from having a minimum of three to six months' income as a buffer.

Strengthen your safety net – For you and your family, protection policies such as income protection and life insurance should be considered. If you already have policies in place, review them to ensure they still offer the most suitable cover.

Look to the future – Don't let short-term events divert you from plans for the future. Investing into a pension, no matter what age you are, is imperative. If you have any questions, talk to us. We can help you see the bigger picture, weigh up all your options and make a balanced plan for your individual needs.

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