PROSPECTS

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U-TURN ON PROBATE FEES

Ahead of the general election, the government postponed plans for a sharp rise in probate fees. Obtaining a grant of probate is the process by which someone is given authority to deal with the property, money and possessions of a person after they die. It is usually applied for by the executor of a Will or someone acting on their behalf.

Currently, probate is free if the deceased's estate is valued at less than £5,000. For estates above that figure, a grant of probate costs £155 if you use a solicitor, or £215 if you apply yourself.

WHAT THE CHANGES WOULD HAVE MEANT

Under the proposal, whilst estates under £50,000 would be free, at the other end of the scale a £2m estate would be charged as much as £20,000. On an estate valued at £300,000 the fees would be £300.

The proposals, which had been earmarked to reduce the net annual cost of running the court system, had attracted criticism from MPs, peers and the media. It will now be up to the new government to decide whether the plans should go ahead, and if so, in what form.

WHAT WILL BABY-BOOMERS DO WITH THEIR WEALTH?

Although it has been suggested many grandparents are spending the kids inheritance, research[1] shows that they are much more likely to be focused on passing money on to the next generation. Indeed, fears have been voiced that they are often putting the needs of other family members before their own entitlement to a financially-secure retirement.

The last few years have seen property values soar, meaning that many older people have built up considerable wealth in their homes. In addition, theirs is the generation that received loan-free education and many also benefited from generous final-salary pension schemes.

THE FINANCIAL PROBLEMS FACED BY THE YOUNG

Young people in the UK are facing a lot of financial pressure. Wages have been slow to rise, inflation has been climbing too. The jobs market comprises more low-paid, low-skilled jobs than it did a few years ago. There's far less economic certainty for the current generation, meaning it's far more difficult for them to buy a property or save enough to enjoy a comfortable retirement.

DISPELLING THE MILLENNIAL MYTHS

It's often been said that Millennials change jobs frequently and aren't sufficiently engaged with savings or pensions. However, the facts don't bear this out. A report from the Resolution Foundation found that Millennials are staying with their employers for longer than previous generations, focusing on job security rather than chasing pay rises.

Research[2] has also shown that in the past three years, more Millennials than their counterparts in Generation X, those born between the 1960s and early 1980s, have increased their pension contributions. In addition, HMRC figures for 2016 showed that 2.7m under-35s were contributing to a personal pension plan, the highest number since 2001. The advent of auto-enrolment is likely to be a positive contributing factor here.

SHARING WEALTH AMONGST THE FAMILY

Baby-boomers are increasingly aware of the difficulties facing their children and grandchildren, and worry about how they are going to get by with less property wealth, smaller pensions and a higher cost of living. Many grandparents want to give their money away during their lifetimes to help their families and to reduce the amount of inheritance tax that might otherwise be payable on their estates.

If you'd like to discuss how to plan your finances in a tax-efficient way so that you enjoy your later years whilst helping family members get a good start in life, do get in touch.

A pension is a long-term investment. The fund value may fluctuate and can go down. Your eventual income may depend on the size of the fund at retirement, future interest rates and tax legislation.

[1]Royal London, 2017
[2]Chase de Vere, 2017

THE 17 MILLION 'SANDWICH' GENERATION

If you are feeling the financial pressure of looking after your elderly parents, whilst meeting the demands of raising your family, you aren't alone. Today it's estimated that up to 17 million people[1] are finding themselves part of what's increasingly becoming known as the 'sandwich' generation.

We're all living longer and often starting families later in life which means that more of us are facing these twin demands on our time and energy and there could be implications for our finances too.

CONSIDERING YOUR FUTURE

Although the sandwich generation earns more than other age brackets, it tends to have less capacity to save. Life may be said to begin at 40, but it also appears to be the age at which our financial burdens are at their heaviest. However, it's important to remember that some people aged 45 to 54 could be facing no more than 15 more years of employment before they're hoping to retire, so it's vital to keep track of how your pension pot is doing, and save as much as possible to ensure a comfortable retirement.

Many parents of this age are facing the prospects of their children going to university and needing help with the fees, or older children wanting money for a deposit for a first home. Whilst many are hoping that their own parents will leave them a reasonable inheritance, with life expectancy increasing and care costs rising year on year, this is by no means a foregone conclusion.

Finding yourself squeezed in this way, having to juggle work and caring responsibilities can be stressful. There can be many calls on both your time and your cash, so it's important not to lose sight of your own future financial security.

A financial review will help you plan your finances and think about your retirement. There are many tax-efficient ways to save and invest for a secure financial future, so if you'd like some advice, get in touch today.

[1]Aviva, 2017

IS YOUR PENSION PLANNING ON TRACK?

We'd all like to look forward to a comfortable retirement. However, we all lead increasingly busy lives and this often means that tasks like reviewing pension arrangements can take a back seat. Sadly, many people don't realise until they come to retire that they don't have sufficient money saved to enjoy life to the full.

With the onus on all of us to provide for our later years, it pays to make time to check up on how much you'll have to live on in retirement. If there's likely to be a shortfall in your savings, the earlier you spot it, the easier it should be to fix.

The state pension has recently undergone changes, so you might want to request a state pension statement so that you know what your entitlement is likely to be. You may also have other savings, investments, property, or pensions you have built up in past employment, all of which could be used to provide an income in retirement.

FUNDING A SHORTFALL

If you find yourself facing a likely shortfall, there are various things you can do to address it. The longer you have before retirement, the more time you'll have to boost your pension pot. If you're employed and haven't joined your workplace scheme, you should think about doing so. By 2018, all employers will have to provide a pension that they, as well as you, contribute to unless you opt out. If you're already a member of a scheme, you could consider increasing your contributions to improve your pension outlook.

In addition, you can set up your own personal pension plan. This could, for example, be a stakeholder plan or a Self-Invested Personal Pension (SIPP).

More and more people are realising that it's never too late to act on their retirement planning, or too early to put their pension arrangements on track. If it's been a while since you assessed your pension plans, why not contact us for a review?

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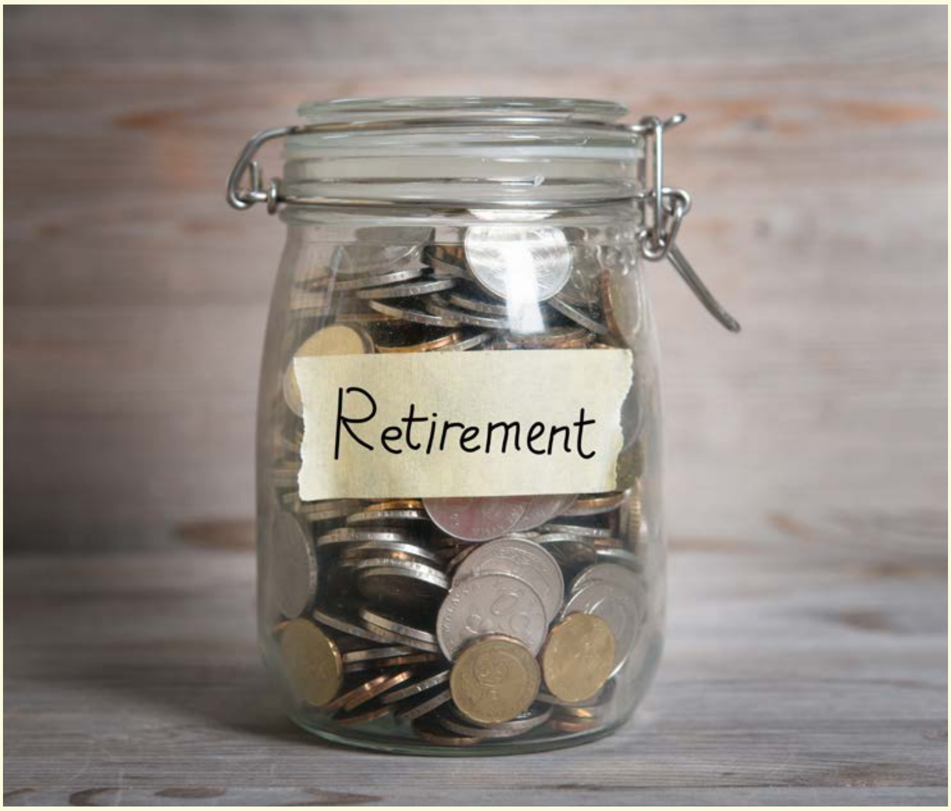

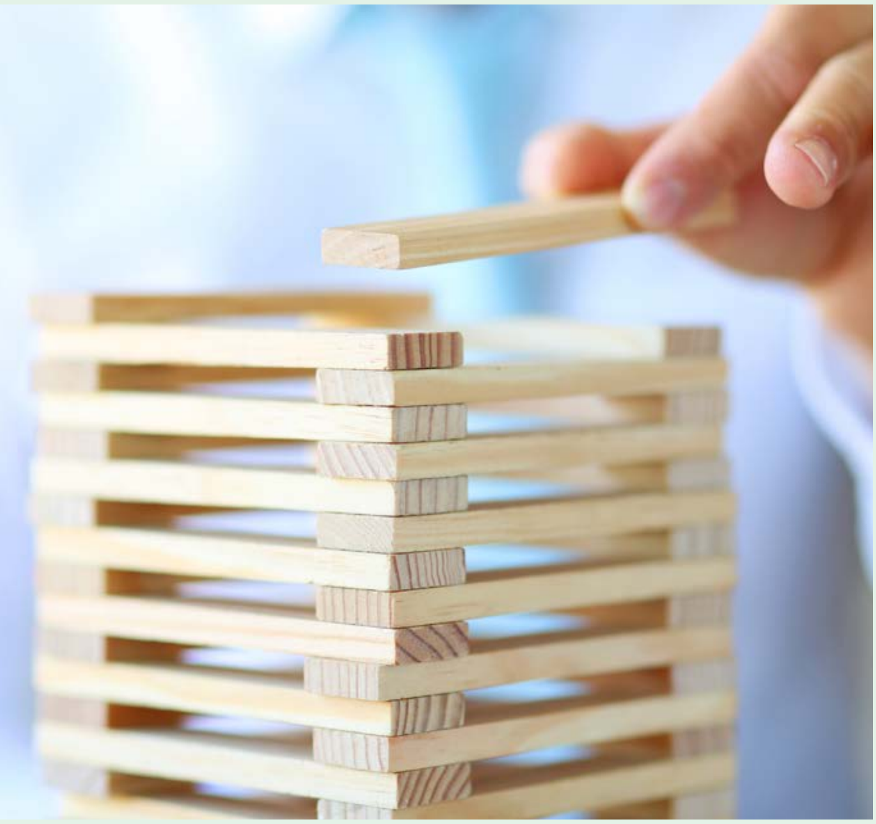

BUILDING YOUR PORTFOLIO

Before you begin, there are some important points you should consider. You'll need to ensure that you have ready access to a cash fund to cover everyday living expenses and unforeseen expenditure. Obviously, there's no point rushing into investment if you've got substantial debts, or if you know you're going to have to make major financial commitments that will take up all your spare cash.

An important step in the process of defining a good strategy that will work for you is to take into consideration any existing savings and investment plans and pension arrangements you may have.

In simple terms, building a portfolio is a means of seeking higher overall returns for your money than you can currently expect to get from cash accounts. You'll need to be prepared to leave your money invested for at least five years and, along the way, accept a degree of risk. You should also expect that from time to time, markets will go down as well as up, as this is all part and parcel of investing.

DEFINING YOUR GOALS AND ATTITUDE TO RISK

The next step is to think about the right mix of investments to suit your future goals and just as importantly, your attitude to risk. You will need to establish how much risk you're comfortable with and the impact that has on the rate of return you can realistically expect to earn.

The next step is choosing which equities, funds and bonds might be right for you. It's important to ensure you have a spread of investments across different market sectors, in different geographies, to diversify your risk. Don't forget, a great way to start is by investing via an ISA, making your returns free of income and capital gains taxes.

Taking the decision to invest money can seem like a major step, but with help and advice, building up a portfolio of investments is an achievable ambition.

The value of investments and income from them may go down. You may not get back the original amount invested.

PARENTS ARE WORRIED SICK ABOUT FALLING ILL

Recent research[1] shows that 43% of parents are concerned about what would happen to their finances if they or a member of their family developed a serious illness, and 76% of those surveyed admitted they had no back-up plans that would replace the income they could stand to lose due to ill health.

Becoming a parent means dealing with huge financial responsibilities, so it can really pay to have a plan in place that would provide protection if the family found themselves facing illness and a consequent drop in income.

Experiencing a long-term illness or injury can be difficult enough on its own without the added pressure of financial worries. This is where taking out an income protection plan makes good financial sense, as it would mean that when they are needed most, funds are available to ensure that bills continue to be paid.

INCOME PROTECTION POLICIES

These policies pay out if you're not able to work and earn money due to illness or injury, and, in some cases, forced unemployment. They are designed to cover core monthly financial commitments such as a mortgage or rent, food and bills, providing valuable protection for breadwinners, the self-employed, and employees who receive limited or no sick pay from their employers.

The maximum amount you can claim is usually your net monthly earnings after tax, minus any state benefits you may receive. This could be around 55% of your gross earnings and is usually tax-free. Policies pay out after a chosen deferred period, typically between four and 52 weeks, and can continue until you return to work or the policy term comes to an end. Some policies also provide benefits if you go back to work in a reduced capacity on a reduced salary.

There's a wide range of policies and benefits available; we offer advice that will help you make the right choice for your family circumstances.

If the policy has no investment element then it will have no cash in value at any time and will cease at the end of the term. If premiums are not maintained, then cover will lapse.

[1]Aviva, 2017

AGE-APPROPRIATE INVESTMENT – WHAT DOES THAT MEAN FOR YOU?

It's often said that age is only a number, but just as our taste in clothes and music change as we mature, we may need to revisit our savings and investment strategy at different stages of our lives.

In your **20s** you are starting your career, may be paying back student loans or saving as hard as you can for the deposit on your first home. Investing at an early age, rather than keeping all your spare cash in an account that pays low rates of interest, can be a good long-term strategy. Plus, there is plenty of time to ride out any short-term ups and downs in the stock market. You can make use of your annual ISA allowance (up to £20,000 for the 2017–18 tax year), meaning that your investments will be free of income and capital gains tax.

In your **30s**, you are likely to have more financial obligations, like a home and a family. This can often be a challenging time, but it's important not to lose sight of important financial objectives for your future, like investing for a child's education or building up a sizeable fund for your retirement.

YOUR MIDDLE YEARS

By the time you reach your **40s**, retirement can still seem a long way off, but you could be approaching your peak earnings years, so maximising your pension contributions and taking advantage of your tax-free ISA allowance are both good ways of investing in your future.

The new pension regulations introduced in 2015 mean that many people in their **50s** could be considering retiring at age 55. If that's the case, you should consider the investment options that will be available; you may, for instance, change your investment strategy from one that concentrates on growth to one that focuses on producing income.

Not so many years ago, reaching your **60s** would have meant an often-abrupt end to your working life. However, nowadays many more people are working well into their 60s and even 70s. What you may want to revisit is your attitude to risk. You may be more concerned than you were in your younger days about protecting your funds from the ups and downs of the stock market and may want to opt for less risky investments.

If you're in the fortunate position of having sufficient funds in retirement for your own use, you may want to invest part of your assets for the benefit of younger members of your family.

Whatever your age and investment aim, we can offer advice that's tailored to your circumstances.

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WHY THE SELF-EMPLOYED NEED TO MIND THE PENSIONS GAP

Figures from the Office for National Statistics released last year show that the number of self-employed people in Britain rose from 3.6 million in 2008 to 4.8 million in 2015.

However, when it comes to retirement provision, the UK has come bottom in a recent survey of the self-employed in 15 countries around the world.

The study found that 52% of Britain's self-employed workers don't have a retirement plan. This compares with an average of 36% of workers in the same position in other parts of the world including Continental Europe, Asia, the Americas and Australia.

Being your own boss provides many opportunities, including the freedom to choose what type of work you do, and when and where you do it. But it does mean that you need to make your own arrangements for your pension. Currently many self-employed people are overlooking the need to plan their finances in retirement, meaning that many people have little or no pension provision in place. Unlike employed workers, the self-employed don't have auto-enrolment schemes at their disposal, although the government has been actively considering this as an option.

PUTTING PLANS IN PLACE

If you're self-employed, the day-to-day pressures of working for yourself can mean that saving for retirement is way down the priorities list. However, it's worth remembering that the new flat-rate state pension is only worth just over £8,000 a year, so if you want to enjoy a more financially-comfortable retirement, you will need to make your own pension arrangements too. The sooner you can start saving for a pension, the longer the money invested in your plan will have to grow.

Tax relief on contributions is a great incentive to save into a pension. The government provides relief on your contributions equal to the amount of tax you pay. So, if you are a basic rate taxpayer, a contribution of £100 costs you just £80 of net pay. If you are a higher rate taxpayer, your £100 contribution costs you just £60, as you can claim the additional relief on your self-assessment tax return. Being self-employed can mean that your income is unpredictable; however, the good news is that you can carry forward any unused annual allowance from the last three tax years.

HOW MUCH WILL YOU NEED?

We will all have differing needs in retirement, so it makes sense to draw up a budget that covers the regular bills you will need to pay, includes a fund for emergencies, and covers money you will want to spend on an enjoyable lifestyle.

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