



THE VALUE OF ADVICE: THINGS TO CONSIDER

Your finances play a role in every stage of your life, but preparing effective financial plans can be challenging. A professional adviser could help you make informed choices suited to your unique needs and aspirations.



Lifestyle priorities

In today's ever-changing work environment, it pays to stay informed and plan ahead. Firstly, you can help secure your family's financial future by putting your life insurance policy into a trust, which may help to reduce inheritance tax liabilities and could give you greater control over how the policy payout is distributed.

Secondly, when buying and selling property, it's important to plan effectively to minimise the potential costs while maximising possible profits. You need to budget for mortgage, legal, estate agent and surveyor fees which can easily run into thousands of pounds. Stamp Duty is a cost which buyers often overlook – especially the additional 3% charge for an additional residential property.

Thirdly, you may wish to consider if your earnings could be disrupted. Many people take out life cover but overlook critical illness cover, which can be just as important: not only could it ease the financial burden that can come with critical illness, it will also ensure your family is taken care of if you should become unable to.

A professional adviser can help you to get the most of your money by assessing the level of risk you're prepared to take, and by ensuring that you invest tax-efficiently.



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Family life

Deciding to manage money jointly or separately? For couples, merging accounts could affect your credit score, but joint responsibility can also make some financial situations easier to manage.¹

Having children is rewarding, but it's important to be financially prepared; parents will pay more than £231,843 to raise a child, according to 2016 research from the Centre for Economics and Business Research.²

As your children reach adulthood a whole new set of financial decisions need to be made, especially if you own one of the UK's three million family businesses – 100,000 family firms pass from one generation to the next every year.³



Working life

When it comes to your career, it's useful to plan for both progress and setbacks. As many as 1 in 10 people intend to change their career⁴, but effective financial planning is essential to turn intention into action. Meanwhile, if your employment situation is unpredictable, the Money Advice Service suggests having at least three to six months of your living expenses saved up and easily accessible.⁵

If your dream is to start your own company, effective financial planning becomes even more important – a 2016 study found that the average UK start-up spends £22,756 in its first year on incorporation, legal, accountancy, HR and general admin costs.⁶



Retirement

When it comes to retirement planning the benefits of financial advice are clear; while research indicates average UK income in retirement is £18,000 per year, the average among those who set goals with a financial adviser rises to £24,175.70



£40,000

Those who receive financial advice accrue an average of £40,000 more than their counterparts.⁸



£231,843

According to research, raising a child costs an average of £231,843.⁹



£6,000

2017 studies show that retirement income is more than £6,000 per year higher for those who plan ahead with an adviser¹⁰

¹<https://www.moneyadvice.service.org.uk/en/articles/should-we-manage-money-jointly-or-separately#protecting-yourself-and-your-family> ²<https://www.theguardian.com/lifeandstyle/2016/feb/16/cost-of-raising-children-in-uk-higher-than-ever> ³<http://www.telegraph.co.uk/finance/personalfinance/tax/10421200/Passing-on-your-business-Keep-tax-bills-down.html> ⁴<http://www.thecareerpsychologist.com/career-change-statistics/> ⁵<https://www.moneyadvice.service.org.uk/en/articles/managing-your-money-if-your-job-is-at-risk> ⁶<http://www.telegraph.co.uk/business/sme-home/start-up-costs/> ⁷Source [derived from the Intrinsic Services Guide, page 14]: Retirement Income Uncovered – The New Normal 2016. ⁸<https://www.theguardian.com/lifeandstyle/2016/feb/16/cost-of-raising-children-in-uk-higher-than-ever> ⁹<https://www.which.co.uk/money/pensions-and-retirement/starting-to-plan-your-retirement/guides/how-much-will-you-need-to-retire> ¹⁰Source [derived from the Intrinsic Services Guide, page 14]: Retirement Income Uncovered – The New Normal 2016.



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Passing on wealth

Government income from Inheritance Tax receipts is estimated at £4.7 billion for the year 2016-2017.¹² Although an additional allowance for residential property forming part of an estate was introduced in April 2017, the value of many houses will far exceed this allowance.

The standard IHT rate is 40%, but there are ways to mitigate your liability – for example, a reduced rate is payable if 10% of the net value of an estate is left to charity.¹³ The rules are far from straightforward, but an adviser can assess your situation to ensure the majority of your estate ends up in the hands of your loved ones.

For advice tailored to your personal circumstances, and to ensure you're making the most of the financial opportunities available, talk to a professional adviser today.

A 2017 Which? report indicated retired households with an annual income of £39,000 could enjoy luxuries such as long-haul trips and a new car every five years.¹¹ Money saved by planning ahead with an adviser makes these luxuries more accessible and affordable. Personalised financial advice can help you grow your wealth through pensions and investments, then preserve and manage it once in retirement.

For more information or to discuss any of these issues, contact your Financial Planner.