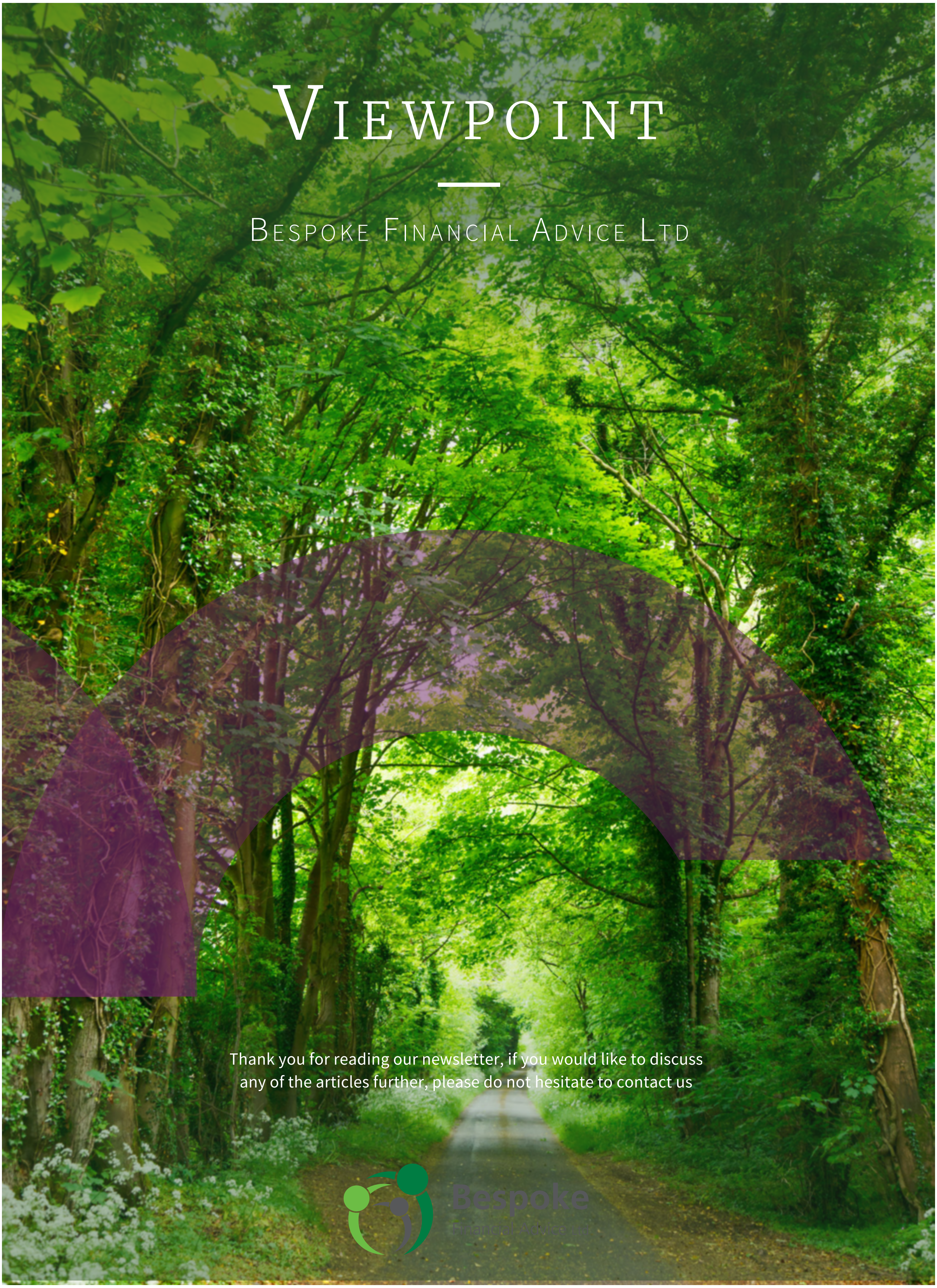
Viewpoint

Bespoke Financial Advice Ltd



Thank you for reading our newsletter, if you would like to discuss any of the articles further, please do not hesitate to contact us

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Don’t underestimate the value of financial advice

Throughout our lives, it is highly likely we will need to take financial decisions that can have a major impact on our wealth, such as taking out the right pension plan, or investing wisely for the future. Over the years, research has produced some interesting findings that highlight the benefit of advice when taking major financial decisions. Those who take advice are likely to accumulate more financial and pension wealth, supported by increased saving and investing in equity assets, while those in retirement are likely to benefit from more income.

Advice is key to achieving your financial resolutions

A new study has found the likelihood of success in this area is heavily linked to receiving professional advice and the establishment of clear financial objectives. The research provides a measure of the value attributed to advice when it comes to helping investors achieve their goals.

The research, based on data relating to more than 100,000 advised investors, found that 8 out of 10 people with a defined retirement goal, had at least an 80% greater probability of achieving their financial objectives.

Create a financial plan to secure your financial wellbeing

The study clearly demonstrates how taking expert advice and constructing a tailored plan can significantly boost an investor’s financial wellbeing. Not a surprise, as the benefits associated with financial planning are renowned and abundant.

The value of financial advice comes in different guises and can include better return on investment, peace of mind, accomplishing goals and understanding opportunities. This combines to create future security, ultimately making sure you have enough money.

Discussing your financial objectives with us enables you to consider exactly what you want to achieve and establish clear goals that are both realistic and achievable. Regular financial reviews provide opportunities to monitor progress and adapt plans where necessary. Good financial planning can mean investments are tax-efficient by minimising both current and future tax liabilities.

It’s good to talk, we can help

This study once again reiterates the significant value that can be gained from seeking professional financial advice.

We can help manage the inherent volatility of markets, so your savings have the best chance of growing for the future – without giving you sleepless nights in the process and help make sure you aren’t taking too much, or too little, risk with your money.

The value of your investments and any income from them can fall as well as rise and you may not get back the original amount invested.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

What are millennials investing in?

It's seems like every day you see another article in a newspaper about millennials 'killing industries'. In recent times young people were said to have caused the demise of doorbells, napkins and even breakfast cereal.

These tales of millennials bringing an end to industries often go viral on social media and bring some interesting responses. When The Economist asked, "Why aren't millennials buying diamonds?" it got some interesting replies including "Because you can't live in a diamond or eat a diamond"

So, we know what industries are being "killed" by the younger generation, but what industries are they supporting and investing in? Data from The Share Centre shows millennials-investors aged 18 to 36, and baby boomers-investors aged 60 plus, are taking distinct approaches to investments.

Millennials

— Are more willing to use tracker funds
— Put a bigger emphasis on investing in technology
— Are more adventurous in their fund selections

Baby Boomers

— Focus more on capital preservation
— Take more of a cautious approach to fund selections

While there are differences in both groups there are some similarities. With a new era of innovation and treatment pharmaceuticals & biotechnology companies appeal to both age groups as well as traditional sectors such as oil and gas producers.

The value of investments and any income from them can go down as well as up and you may not get back the original amount invested.

OW2492 Exp. 12/02/21

Your pension savings, your future options

Thanks to pension freedoms introduced in 2015, savers over 55 have a wide range of options when it comes to drawing from your savings, and this brings opportunities although it's also easier to make a mistake.

There are now essentially four main ways for you to access your pension savings:

1. **Buy an annuity** which guarantees an income, typically for the rest of your life but in some cases for a fi ed period
2. **Flexi-Access Drawdown** allows you to withdraw from your savings when you need to, while the balance remains invested
3. **Take it all out as cash** with the fi st 25% tax free and you pay income tax at your marginal rate on the rest, although you may face a hefty ax bill the following year
4. **Take part of it out as cash** with the fi st 25% tax free with the rest taxed at your marginal income tax rate. You can do this as many times as you like until you no longer have any pension savings.

Why you should consider modernising your pension

As well as giving you greater freedom over how you access your savings, there are several other benefi s when modernising your pension:

- Take full control of your pension savings
- Choose when and how to draw an income to suit your retirement planning
- Keep your options open for drawing an income in the future
- Optimise your tax efficien y - both on any money you might leave invested, and Inheritance Tax.

If your pension plan does not offer all four of these options, then you should think about switching it.

What else do you need to think about?

There are other factors to take into account when switching to a modern pension.

Firstly, the chances are the costs will increase. You may end up paying as much as an extra 1% of the value of your savings annually. So, if you have saved £200,000, your provider could charge up to £2,000 more per year. And if you seek financial advi e, your adviser may also levy a fee, either upfront or as an ongoing service charge. These additional fees eat into your pot, but you could equally benefit f om the fl xible access as well as greater visibility and control.

Another consideration is tax. Regardless of whether you stick with your current pension or switch to a modern one, your income- other than the fi st 25% of a partial or whole lump sum- is subject to your highest rate of tax. Seeking professional advice can help you access your savings in a tax-efficient manne .

There is certainly plenty to consider and it is wise to regularly explore your current and potential retirement routes.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

Information contained in this article concerning taxation and related matters are based on Openwork's understanding of the present law and current legislation.

OW2283 Exp. 04/04/20

The Bank of... Granny and Grandad?

For many younger people struggling to get a foot on the property ladder, the Bank of Mum and Dad is the only option. With rent taking a huge chunk out of their income and the requirement for increasingly onerous deposits, two in five renters do not believe they will ever be in a position to buy a property, despite a desire to own a place of their own. That's where Bank of Mum and Dad come in, as well as ever more frequently, the Bank of Granny and Grandad.

Among the UK's largest lenders

If the Bank of Mum and Dad was a high street lender, it would have been the UK's 10th largest in 2019. Collectively, parents paid out £6.3bn to give their children the final push towards homeownership. What's more, the average amount lent per transaction shot up by £6,000 to hit a generous £24,1002.

Knock-on effect on retirement prospects

The Bank of Mum and Dad phenomenon is not without its consequences however. With prospective retirees facing spiralling living costs and potential care fees, their generosity is directly impacting their future. According to a report from Legal & General, 15% of over-55s are accepting a lower standard of living after funding their child's property purchase. While many are hitting their pensions savings to scrape the cash together.

Granny and Grandad lend a hand

In 2019, nearly a third of 18 to 34-year-olds received financial help from their grandparents to get a foot on the ladder. Coming as they do from a generation where homeownership was much easier to achieve and pensions easier to save for, they are more likely to have spare money available than their own children, who are already feeling the strain of saving enough to fund their later life. On average, grandparents lend £7,400 to their grandchildren (roughly a third of the average 10% deposit). And 23% of lucky homeowners on the receiving end of this assistance don't ever expect to repay it!

Don't compromise your future

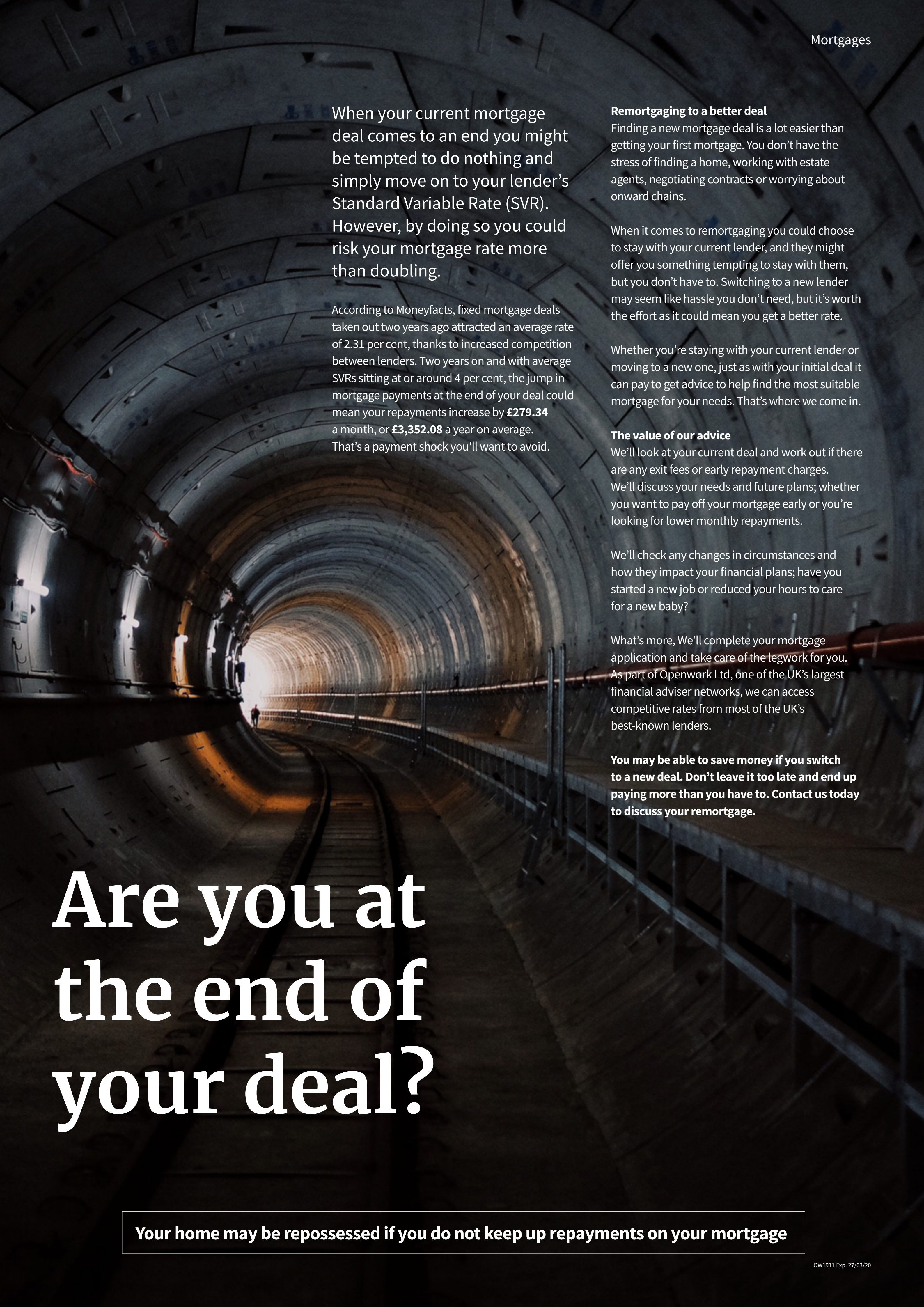
We all want the best for our children, but there are ways of helping them out that don't involve putting your financial security at risk. While the Bank of Granny and Grandad is certainly alleviating the pressure on parents, it's not wise to rely solely on their support. There are a range of government schemes available to prospective homebuyers which can help them buy a property without a significant cash boost from family members. The Help to Buy: Equity Loan, the Help to Buy: Shared Ownership scheme and the Lifetime ISA (LISA) can all help boost your child's ability to buy their first home.

Other investment options

There are more ways to assist your children financially than just helping them buy a property – especially if you get started early. There are a wide variety of savings and investment options that allow you to start providing for your child's future at an early age, putting them in a better financial situation in adulthood.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

OW2490 Exp. 12/02/21



Are you at the end of your deal?

When your current mortgage deal comes to an end you might be tempted to do nothing and simply move on to your lender's Standard Variable Rate (SVR). However, by doing so you could risk your mortgage rate more than doubling.

According to Moneyfacts, fixed mortgage deals taken out two years ago attracted an average rate of 2.31 per cent, thanks to increased competition between lenders. Two years on and with average SVRs sitting at or around 4 per cent, the jump in mortgage payments at the end of your deal could mean your repayments increase by **£279.34** a month, or **£3,352.08** a year on average. That's a payment shock you'll want to avoid.

Remortgaging to a better deal
Finding a new mortgage deal is a lot easier than getting your first mortgage. You don't have the stress of finding a home, working with estate agents, negotiating contracts or worrying about onward chains.

When it comes to remortgaging you could choose to stay with your current lender, and they might offer you something tempting to stay with them, but you don't have to. Switching to a new lender may seem like hassle you don't need, but it's worth the effort as it could mean you get a better rate.

Whether you're staying with your current lender or moving to a new one, just as with your initial deal it can pay to get advice to help find the most suitable mortgage for your needs. That's where we come in.

The value of our advice
We'll look at your current deal and work out if there are any exit fees or early repayment charges.
We'll discuss your needs and future plans; whether you want to pay off your mortgage early or you're looking for lower monthly repayments.

We'll check any changes in circumstances and how they impact your financial plans; have you started a new job or reduced your hours to care for a new baby?

What's more, We'll complete your mortgage application and take care of the legwork for you. As part of Openwork Ltd, one of the UK's largest financial adviser networks, we can access competitive rates from most of the UK's best-known lenders.

You may be able to save money if you switch to a new deal. Don't leave it too late and end up paying more than you have to. Contact us today to discuss your remortgage.

Your home may be repossessed if you do not keep up repayments on your mortgage

OW1911 Exp. 27/03/20