LIFESTYLE

ISSUE 11

JANUARY–APRIL 2019

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Your Finances Under Control

LUDLOW

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WELCOME TO *LIFESTYLE*

Happy New Year, and welcome to our first edition of *Lifestyle* for 2019. Although the current tax year does not end until 5 April 2019, tax planning shouldn't be a mad March rush. Now is the perfect time get a head start on your tax planning resolutions to enhance your own, your family's or your company's tax-efficient plans for the future. On page 08, we've set out some tax tips and actions that may be appropriate to certain taxpayers. Reviewing your tax affairs now will ensure that available reliefs and exemptions have been fully utilised, together with future planning which could help to reduce your tax bill.

At Ludlow, we pride ourselves on our client-focused approach to financial planning and strive to develop long-term relationships with clients. We appreciate it takes time to develop trust, and that is why we work closely with our clients to understand their needs, address any concerns and develop appropriate, goals-based solutions which are personal and meaningful to each client. To help us to continue to improve the service we deliver, on 1 October we introduced a five-question client survey, and to date we have received some very positive feedback. We would love to hear from more clients, so please do take a few minutes to answer the questions when you receive the email survey.

Faced with the task of caring for elderly parents alongside your children, being in the Sandwich Generation can be a testing time. Finding yourself squeezed between – and often by – these two generations can be very stressful. As well as facing time pressures, chances are your finances will be stretched too. On page 10, we look at new research that warns that the UK's Sandwich Generation is feeling strained when it comes to their financial responsibilities.

We strive to provide stories that are informative and inspire you to look at your financial plans in a proactive way. To discuss any of the articles featured in this issue, please contact a member of the Ludlow Wealth advisory team – telephone: 01704 500324, email: info@ludco.co.uk or visit our website: www.ludco.co.uk.

Ian Hemingway
CEO

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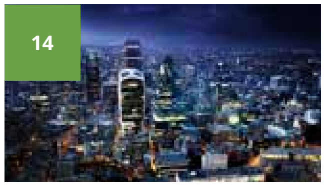

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CAN YOU JUSTIFY **TAKING TIME OFF?**

Why a break may benefit your business

FOR MANY OF US, RUNNING OUR OWN BUSINESS LOOKS LIKE AN ATTRACTIVE PROSPECT: THE OPPORTUNITY TO WORK FLEXIBLE HOURS, TAKING HOLIDAYS WHENEVER YOU WANT AND PUTTING AN END TO OFFICE POLITICS ALL PAINT A PICTURE OF WORKING BLISS.

What is often forgotten is the sheer pressure many business owners are under as they work to please clients, deliver on deadlines and turn a profit. What once looked like freedom can quickly become an all-consuming responsibility, making it nearly impossible for small-business owners to step away from their desks.

Worryingly, recent research indicated that a third of small business owners take ten or less days holiday each year, while half a million admitted working throughout the 2016/17 festive period, even on Christmas Day. The knock-on effects of these relentless routines are also proving detrimental, with a survey by mental health charity MIND revealing that a quarter of SME owners experience some form of mental illness each year. Striking the perfect work/life balance is definitely easier said than done.

So if you are already working every hour under the sun to try and pay your own wages, can you ever justify taking time off? Here are five things you might want to consider:

1. TAKE A BREAK TO BOOST BRAIN POWER

If you're living and breathing your business all day, every day, it's often difficult to see the bigger picture. Taking time off is a great way to reflect on successes or failures, and to think about what's coming up next. Stepping back could well give your brain the break it needs to bring on that all-important eureka moment.

2. DELEGATE TO ACCUMULATE

By delegating responsibilities to other team members, you might find out that you could hand over more work, more often, freeing up your time for the most important decisions. It's also likely your employees will be further motivated by the chance to take on new responsibilities. Going on holiday is a great chance to give this a go.

3. REBOOT

With entrepreneurs working an average of 50.5 hours per week, compared to the UK average of 37 hours, it's even more important for business owners to take a break occasionally to avoid stress building up and long-term exhaustion.

4. SET AN EXAMPLE

The best entrepreneurs set an example for their employees and want them to have a good work/life balance. Set an example by taking time off and encouraging your staff to do the same.

5. ACCEPT THAT TIMING ISN'T ALWAYS EVERYTHING

Unless you're running a seasonal business, there's rarely going to be a perfect time to take a break. Accept that running a business shouldn't stop you from having some all-important time off. Also, booking in your holidays months in advance gives everyone time to prepare accordingly, so there are no surprises on your return.

BALANCING DOWNTIME AND BUSINESS ACTIVITY

An easy way to help you find the ideal balance of downtime and business activity is through investing in the right technology, so you can stay connected while you are on the move. Two in one laptops offer increased flexibility, while smartphone tethering and mobile hotspots will help you keep on track of business from the beach.

Simple innovations like battery cases that increase your phone's battery life can also prove invaluable if you're in a more remote location. What's more, investing in a video conferencing kit for your office will mean you can always have a quick face-to-face catch up to stay updated on the day's progress, saving you from scrolling through emails. Investing in the right tech before take-off will save you lots of time and stress while you are away.

For any small business owners debating whether to book a holiday this summer, don't lose sight of why you started all this – the freedom, the control, the ability to take time and think about the bigger things. So go ahead, get away, and take the right tech with you – you might just find the work/life balance you've been longing for. ■

> "IF YOU'RE LIVING AND BREATHING YOUR BUSINESS ALL DAY, EVERY DAY, IT'S OFTEN DIFFICULT TO SEE THE BIGGER PICTURE. TAKING TIME OFF IS A GREAT WAY TO REFLECT ON SUCCESSES OR FAILURES, AND TO THINK ABOUT WHAT'S COMING UP NEXT."

STAY SMART

The strongest home products on the market

DO YOU SOMETIMES FEEL THAT IT CAN BE TOO MUCH WORK TO GET OFF THE SOFA, WALK OVER TO THE WALL SWITCH AND TURN THE LIGHTS DOWN? IN WHICH CASE, SMART HOME GADGETS ARE FOR YOU. A SMART THERMOSTAT MEANS YOU CAN TURN THE HEATING ON BEFORE YOU GET HOME, SMART SPEAKERS CAN PLAY MUSIC WHEN YOU TALK TO THEM, AND A SMART CAMERA CAN ALERT YOU WHEN THERE'S AN INTRUDER – OR EVEN FEED YOUR DOG FOR YOU.

There are several main control systems: Google Home, Apple HomeKit and Amazon Echo. Other companies have their own systems, such as Panasonic and Samsung. They are not compatible with each other, so make sure your gadget of choice works with your system. Some work with more than one (the Google-owned Nest, for instance, does not work with Apple).

Google Home and Amazon Echo are hardware hubs, but Apple HomeKit means gadgets from Elgato, Philips, Honeywell, Netatmo and more are controlled using the Home app in the iPhone, iPad and Apple TV (until December, that is, when the just-announced Apple HomePod smart speaker goes on sale). There are a number of emerging brands, but for the time being, we think these are the strongest products on the market.

1. AMAZON ECHO: £149.99, AMAZON

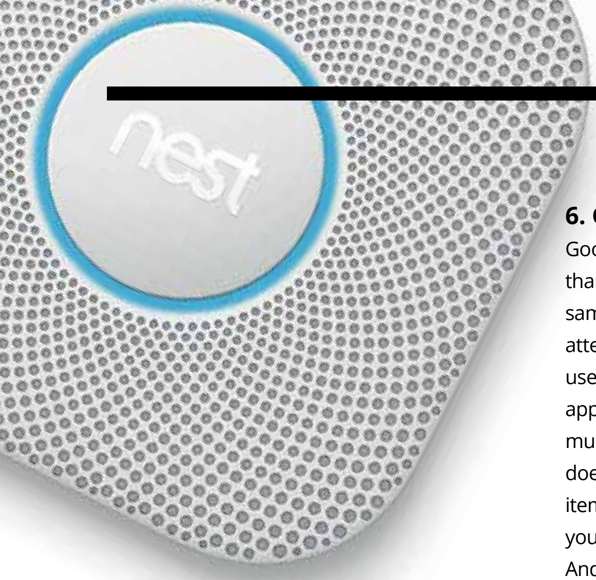
It may look not too dissimilar to a tube of Pringles, but this is a voice-controlled speaker with its own virtual assistant, called Alexa. Say, 'Alexa, turn up the heating in the living room', and if you have the right thermostat such as Nest, British Gas Hive and a range from Honeywell, Alexa will oblige. She will also tell you a joke, confirm sports scores, convert pounds to kilograms and so on. The multi-directional speakers in the Echo can be used for playing music, too, though this is not hi-fi quality. Incidentally, if you have a person called Alexa in your household, you can change the 'wake word' which gets the system listening to you. Available in black or white finish.
You can also order an Uber, control the Neato Botvac and find out your weight that morning on the Fitbit Aria bathroom scales.

2. NEST LEARNING THERMOSTAT: £279, NEST

The handsome Nest comes in several anodised aluminium finishes and can be wall-mounted or placed on a portable stand (for £29 extra). It talks wirelessly to your boiler and can control radiators and water heating. If the sensor realises you have left the house, it switches to Away mode to save energy, though you can also turn heating and water on or off remotely via your smartphone.
The system gently encourages you to turn the heating down and emails you an energy summary each month. You can set a schedule, though for the first few days it notes when you turn the heating on and off and creates a suitable timetable automatically. Works with Google and Amazon. Installation by a Nest-approved agent is quick, simple and only adds £50 to the price. It doesn't work with every kind of heating but the website is pretty comprehensive and guides you through crucial details.

3. ELGATO EVE DEGREE: £59.95, APPLE

The new Eve Degree is an attractive, tiny weather sensor. It has an anodised aluminium case and is easy to set up: turn it on, download the Elgato Eve app and point your iPhone's camera (it's only compatible with HomeKit) at the code printed on the bottom. The Degree has water-resistance so it can be placed indoors or outdoors. It measures humidity, temperature and atmospheric pressure.
You can check the temperature and so on remotely by using the excellent Eve app or the Home app on Apple devices. Or just say, 'Hey



Siri, what's the temperature in the living room?' and your iPhone or Apple Watch can tell you. Works with HomeKit.

4. NEST CAM IQ: £299, NEST

The IQ is Nest's latest security camera and is very smart and advanced. It looks great, too. A high-quality lens and digital sensor means if it sees an intruder, it can alert you and stream footage at high enough resolution to make the evidence useful. Clever software also means the transmitted video can zoom in on a person and follow them round the room. It has face recognition smarts, too, available as part of Nest Aware which has an £80 a year subscription. It can see in the dark, and a speaker and microphone mean you can communicate with home from your phone. Available for pre-order now for delivery within a few weeks. Works with Google and Amazon. Straightforward to set up and with a slick app.

5. PHILIPS HUE AMBIANCE STARTER KIT: £139.99, ARGOS

The Philips Hue range is fantastic. There are three bulbs in the starter kit which are controlled from a wireless bridge unit. The bulbs can be set to any of 16 million colours – just pick the shade you like best, and you can set up automated timers. Or turn the lights on and off remotely. You can add other Hue lights such as candle bulbs and standalone lights. Choose from screw fit or bayonet fitting bulbs. It works with HomeKit, Google Home and Amazon, and does equally well with each.

6. GOOGLE HOME: £129, CURRYS

Google's smart speaker looks more striking than Amazon's Echo and does many of the same things as soon as you've caught its attention by saying, 'OK, Google.' If you've used Google's voice recognition on its phone app, you'll know it's pretty accurate. It'll play music from services like Spotify, as the Echo does. It can also set alarms, timers, add items to a shopping list, tell you the time your commute will take today and so on. And, of course, it can set the temperature on your Nest thermostat, Belkin, Honeywell, Samsung SmartThings and so on. It works with your smartphone, Apple and Android, which is where you set up new accessories to work with it.

7. ELGATO EVE ENERGY: £44.95, APPLE

A smart power switch is one of the simplest ways to get into home automation. This HomeKit-enabled device plugs into your wall socket, and you can then plug your light or fan or kettle or whatever into the switch. Like the Degree, it's easy to set up, and it means you can turn the attached electrical device on and off remotely and monitors electrical consumption. It can then calculate the cost of the switch's usage. Works with HomeKit.

8. FURBO: £225, AMAZON

Furbo is a smart dog camera which lets you see what your dog's up to, when it is in front of the lens. A microphone and speaker let you talk to the dog or get an alert when the dog's barking. And Furbo has one more trick up its sleeve: before you go out, fill the device with treats. Then, with a press of the screen in the smartphone app, Furbo will eject a treat for your dog to enjoy. It works through its dedicated smartphone app which is available on iOS and Android.

9. NEST PROTECT: £99, NEST

This is the most elegant smoke and carbon monoxide alarm you're likely to see. It's a smart sensor, too, as it can tell the difference between smoke and steam. And instead of the shrill and unpleasant noise most smoke alarms make, this one speaks a warning before the alarm properly goes off. It alerts your phone, too. It comes in two versions: wired and battery-powered. If you have the battery version, it alerts you when the battery needs replacing. If you have Nest Thermostat, the two can work together, so if Protect detects an emergency, Thermostat turns off the heating. It even works as a night light when it senses you walk past it. Works with Amazon and Google.

10. AMAZON ECHO DOT: £49.99, AMAZON

This is one of the big bargains of the smart home world. A small hockey puck of a gizmo, it listens as the bigger Echo does for your spoken command. It's not designed to be a music speaker like the Echo, but instead you can connect it to hi-fi speakers so it can play music through those instead. Like the bigger Echo, you can ask it to read the news, today's schedule, set a timer while you're cooking, or as an alarm in the bedroom. Audio is good enough to play the radio, for instance.

11. DYSON 360 EYE: £799.99

You know with Dyson you're going to get something impressive, and this small robot vac didn't disappoint. Although this one has the largest price tag, it's the smallest and most compact (roughly the size of a Quality Street tin), taking up minimal space in the cupboard or at its charging dock. It's simple to use – you leave it to charge and then press the (only) button to get it going. It works its way methodically around your home, and if it gets stuck on rugs or shoes, it turns off, navigates its way back to safety and starts again. The app allows you to schedule when you want your robot to start cleaning, and the instruction manual is clear to follow. ■

AVOID THE MAD MARCH RUSH

Get a head start on your tax planning resolutions

ALTHOUGH THE CURRENT TAX YEAR DOES NOT END UNTIL 5 APRIL 2019, TAX PLANNING SHOULDN'T BE A MAD MARCH RUSH. NOW IS THE PERFECT TIME TO GET A HEAD START ON YOUR TAX PLANNING RESOLUTIONS TO ENHANCE YOUR OWN, YOUR FAMILY'S OR YOUR COMPANY'S TAX-EFFICIENT PLANS FOR THE FUTURE.

We have set out some tax tips and actions that may be appropriate to certain taxpayers. Reviewing your tax affairs now will ensure that available reliefs and exemptions have been fully utilised, together with future planning which could help to reduce your tax bill.

It is important to ensure that, if you have not done so already, you take the time to carry out a review of your tax and financial affairs to identify any tax planning opportunities and take action before it's too late. Personal circumstances differ, so if you have any questions or if there is a particular area you are interested in, please contact us.

HERE ARE OUR TIPS TO HELP YOU GET AHEAD ON MANAGING YOUR TAX AFFAIRS IN 2018/19

Pension contributions – spouses and children – consider contributing up to £2,880 towards a pension for your non-earning spouse or children. The Government will add £720 on top – for free.

Individual Savings Accounts (ISAs) – fully utilise your tax-efficient ISA allowance. The allowance for 2018/19 is £20,000 per person, whilst the Junior ISA allowance is now £4,260 for children under 18.

Capital gains – use the capital gains annual exemption of £11,700 (2018/19) to realise gains tax-free. The allowance cannot be transferred between spouses or carried forward.

Pension contributions – maximise contributions amount and tax relief. Take full advantage of increasing pension contributions by utilising the annual allowance, which is £40,000 (tapered if you earn over £150,000). Unused annual allowances may also be carried forward from the previous three tax years.

Remuneration strategy – if you run your own company, it's a good idea to determine your pay and benefits strategy sooner rather than later. For 2018/19, the dividend nil-rate band is reduced from £5,000 to only £2,000 – it's really important to consider the tax implications of your chosen approach to salary, benefits, pensions and dividends.

Gifting – you can act at any time to help reduce a potential Inheritance Tax bill when you're no longer around. Make use of the Inheritance Tax annual exemption that allows you to give away £3,000 worth of gifts outside of your estate. If unused, the exemption can be carried forward one year.

Transfer income-producing assets – consider transferring income-producing assets between your spouse or registered civil partner in order to use the Income Tax personal allowance and lower Income Tax bands of the transferee.

Overpayment and capital loss claims – submit claims for overpaid tax and capital loss claims for the 2014/15 year before 5 April 2019, after which such claims will be time-barred.

Landlords – for 2018/19, the restriction on deductibility of mortgage interest and other finance costs doubles from 25% to 50%. If you plan to take steps to mitigate the impact (such as incorporation, for example), you may save more tax by taking those steps earlier on in the year. In future years, the restriction will apply to 75%, and then from April 2020, 100% of finance costs incurred by individual landlords. ■

> IT IS IMPORTANT TO ENSURE THAT, IF YOU HAVE NOT DONE SO ALREADY, YOU TAKE THE TIME TO CARRY OUT A REVIEW OF YOUR TAX AND FINANCIAL AFFAIRS TO IDENTIFY ANY TAX PLANNING OPPORTUNITIES AND TAKE ACTION BEFORE IT'S TOO LATE.

SAVE TAX – WE'RE HERE TO HELP

Not all of these tax tips will be relevant to you, your family or your business. However, where an idea is of interest or to review your situation, please contact us for a discussion on how this could form part of your tax-efficient plans for 2018/19 and the future. We look forward to hearing from you.

INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS. ANY LEVELS AND BASES OF, AND RELIEFS FROM TAXATION, ARE SUBJECT TO CHANGE.

SANDWICH GENERATION

Financially squeezed between elderly parents and children

FACED WITH THE TASK OF CARING FOR ELDERLY PARENTS ALONGSIDE YOUR CHILDREN, BEING IN THE SANDWICH GENERATION CAN BE A TESTING TIME. FINDING YOURSELF SQUEEZED BETWEEN – AND OFTEN BY – THESE TWO GENERATIONS CAN BE VERY STRESSFUL.

As well as facing time pressures, chances are your finances will be stretched too. New research[1] warns that the UK's Sandwich Generation is feeling strained when it comes to their financial responsibilities. It has found this group of around 2.4million[2] people – typically between 40 and 60 years old – lacks financial confidence and preparedness. And as this age group grows older, the issue is set to intensify.

CONSEQUENCES OF A SERIOUS ILLNESS

More than half (52%)[2] are worried about the consequences of a serious illness affecting themselves or their partner in the next 12 months (versus 35% national average). They are also nearly two times more likely to worry about the prospect of themselves or their partner dying and leaving the family without an income (30% compared to 17% national average)[3].

The research also reveals the Sandwich Generation are unprepared for the longer-term future. Nearly two in five (37%) have less than £125 disposable income each month[3], with nearly half (46%)[3] citing their children as a constant source of unexpected expenses. More than half (54%)[3] say they want to save but can't afford to do so – which also means they struggle to top up their pension pots. On average, this group has around £60,000 to retire on, while expecting their funds to last around 20 years, which would provide a monthly income of less than £260[3].

BEING PULLED IN MANY DIRECTIONS

While your own financial security is important, many of the Sandwich Generation find that their parents' finances also become a pressing issue, especially if they become unwell. It is clear that this group feel they are being pulled in many directions, with pressures to care for older relatives and ongoing responsibilities for their children.

Many people who fall into the Sandwich Generation may have significant financial obligations and, with the rising cost of living, are worrying more about what could be around the corner. Spreading finances too thinly and dwelling on their worries mean the impact of having little or no plans in place could expose them to a real income shock. The Money Advice Service recommends you should have an emergency savings fund buffer for essential outgoings of between three to six months to help maintain financial resilience.

UNDERSTANDING THE OPTIONS AVAILABLE

Getting a better understanding of the options available is essential to being prepared for a more secure financial future. This can provide peace of mind against income shocks, such as not being able to work due to illness, and can help you ensure you are putting away what you need for your retirement.

Nearly three in five (57%)[3] of people within the Sandwich Generation fall short of the Money Advice Service (MAS) recommended amount of savings to be financially resilient, and more than a third (34%)[3] don't feel they could handle a personal financial crisis. ■

PREPARING FOR A MORE SECURE FINANCIAL FUTURE

As more baby boomers become both Sandwich Generationers and seniors, the need to understand ageing dynamics and family relationships – and how to financially plan for these – increases dramatically. To discuss any concerns you may have, please contact us. We look forward to hearing from you.

> GETTING A BETTER UNDERSTANDING OF THE OPTIONS AVAILABLE IS ESSENTIAL TO BEING PREPARED FOR A MORE SECURE FINANCIAL FUTURE. THIS CAN PROVIDE PEACE OF MIND AGAINST INCOME SHOCKS, SUCH AS NOT BEING ABLE TO WORK DUE TO ILLNESS, AND CAN HELP YOU ENSURE YOU ARE PUTTING AWAY WHAT YOU NEED FOR YOUR RETIREMENT.

Source data:

[1] Methodology for consumer survey: YouGov, on behalf of LV=, conducted online interviews with 8,529 UK adults between 20–26 June 2018. Data has been weighted to reflect a nationally representative audience.

[2] Estimate from CarersUK.

[3] Based on averages from YouGov from consumer survey. This is the average of 'Total amount in pensions' divided by 'Time retirement funds will last'. So, £60,933 divided by 19.82 years.

PENSION FREEDOMS

Taking responsibility for funding our own retirement

ALTHOUGH EACH GENERATION WILL LIKELY FACE DIFFERENT CHALLENGES AND OPPORTUNITIES, ACHIEVING RETIREMENT READINESS WILL REQUIRE ACTIONS COMMON TO US ALL. WE ALL KNOW THAT OUR AGEING POPULATION AND INCREASED LIFE EXPECTANCY ARE PUTTING A STRAIN ON GOVERNMENT FINANCES. FOLLOWING PENSION FREEDOMS, THERE'S GREATER CHOICE THAN EVER BEFORE IN HOW YOU ACCESS AND TAKE YOUR RETIREMENT BENEFITS.

Now, more than ever, it is vital that we all take responsibility for funding our own retirement. But what if you've reached your 50s and you have little or no savings to speak of? Don't panic. You can still build a decent pension. Here's how:

MAKE THE MOST OF FREE MONEY

The good news is that there's still time to build a decent pension pot when you are in your 50s. For starters, many people of this age are at the peak of their career earnings, so can make the most of the tax relief available when contributing to their pension. You can put as much as you want into your pension, but there are annual and lifetime limits on how much tax relief you get on your pension contributions.

If you're a UK taxpayer, in the tax year 2018/19 the standard rule is that you'll get tax relief on pension contributions of up to 100% of your earnings or a £40,000 annual allowance – whichever is lower.

Any contributions you make over this limit won't attract tax relief and will be added to your other income and be subject to Income Tax at the rate(s) that applies to you. However, you can carry forward unused allowances from the previous three years, as long as you were a member of a pension scheme during those years.

But there is an exception to this standard rule. If you have a defined contribution pension and you start to draw money from it, the annual allowance reduces to £4,000 in some situations. Since April 2016, the annual allowance is also reduced if you have an income of over £150,000, including pension contributions.

TRACK DOWN YOUR WORKPLACE PENSIONS

Launched in May 2016, the Pension Tracing Service is a free-to-use government initiative that searches a vast database of pension schemes to help you find a lost pension from companies you almost forgot you worked at, as well as private pension providers.

All you need is the name of the employer (or the pension provider), and the dates you worked there, and the system can locate it. What it can't do is tell you if you do or do not have a pension there, or how much the fund is worth. However, with the details it provides, it can help 'reunite' you with pensions you may have forgotten you had.

Steps to take to trace your old pension:

- Keep hold of statements, old emails or mail you've had from previous pension providers
- Contact former employers for long-forgotten workplace pensions
- Get in touch with the pension provider if possible
- If you can't, then track them down via the Pension Tracing Service
- Get as much information as you can about those pension plans

PENSION CONSOLIDATION

If appropriate to your particular situation, having all your pension savings in one place could mean you're clearer about your financial position, giving you the option to

make more informed decisions. If you've had more than one job during your career, you could have more than one pension pot.

Pension consolidation means bringing a number of pension pots together into a single pot. This process will not be right for everyone, and it is essential to obtain professional financial advice before moving any pension monies.

You will need to compare the benefits from your current pension with the estimated benefits of your new pension, including any guarantees that you may be giving up or any exit penalties that may apply if you transfer out of a scheme. Transferring your pension may not be the best option for you.

If appropriate, consolidating your pension monies may reduce the money spent on multiple charges and could make managing one pension easier than looking after several. Instead of receiving statements from different providers at different times, you'll only receive one statement that shows all of your pension savings.

By combing all of your pension pots together, you can also quickly and easily see how much you've got, if you're invested in the right funds and how your pension is performing. This single view could make it easier to see if you're on track to meet your retirement goals and to make changes if you need to.

It's important to keep a close watch on the pension savings you've got, and consolidating them could mean you don't lose track of your savings. ■

TAKING GREATER RESPONSIBILITY

We're now expected to take greater responsibility for funding our own retirement. There's a lot to think about when you're planning your retirement. And don't forget your situation may change in the future, so it can help to be flexible. If you would like to discuss your particular situation or arrange a meeting, please contact us.

A PENSION IS A LONG-TERM INVESTMENT.

THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

PENSIONS ARE NOT NORMALLY ACCESSIBLE UNTIL AGE 55. YOUR PENSION INCOME COULD ALSO BE AFFECTED BY INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS. THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION, WHICH ARE SUBJECT TO CHANGE IN THE FUTURE.

THE VALUE OF INVESTMENTS AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

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

ACCESSING PENSION BENEFITS EARLY MAY IMPACT ON LEVELS OF RETIREMENT INCOME AND IS NOT SUITABLE FOR EVERYONE. YOU SHOULD SEEK ADVICE TO UNDERSTAND YOUR OPTIONS AT RETIREMENT.

TAX TREATMENT DEPENDS ON INDIVIDUAL CIRCUMSTANCES AND MAY BE SUBJECT TO CHANGE IN THE FUTURE.

MARKET EXPOSURE

Build a portfolio that meets your needs

THE EARLIER YOU COMMIT TO AN INVESTMENT STRATEGY, THE LONGER YOUR MONEY CAN WORK IN THE MARKET. HOWEVER, THE WORLD IS AN UNCERTAIN PLACE AT THE MOMENT. THE DEADLINE FOR THE UNITED KINGDOM'S WITHDRAWAL FROM THE EU IS EDGING CLOSER, AND THERE IS ALSO THE ONGOING THREAT OF AN ALL-OUT TRADE WAR BREAKING OUT.

Investing should be for the long term. Why? Because markets and the economy have a tendency to rise over time. For investors, this should mean a return on investment for people who can ride out the ups and downs along the way – a reward for the extra risk they're taking.

KEY DRIVERS OF LONG-TERM RETURNS

Fundamentals and changes in value are the key drivers of long-term returns, and they are possible to forecast with a degree of accuracy rather than trying to time the markets or second-guess rises and falls in prices.

But throughout history, we have seen periods of extreme volatility when there have been rallies and sell-offs time and time again for a variety of reasons. With long-term investing, you can expect cycles – periods of falling prices followed by a recovery. A key to successful investing is being comfortable knowing that there will be falls as well as rises in the market.

CYCLICAL IN NATURE AND PRONE TO VOLATILITY

Many people will remember the dot-com bubble of 2001 and the global financial crisis of 2007. However, stock markets are cyclical in nature, and although prone to volatility, markets and wider economies have a tendency to rise over time. This applies to everything from share prices and earnings to wages and the price of household goods.

On the other hand, short-term returns are driven by changes in valuation and investor sentiment. These are impossible to forecast consistently, and trying to time the markets can also mean potentially locking in losses and missing out on gains.

RETURNS GENERATING MORE RETURNS

Compounding is one of the reasons long-term investing has the potential to give such great returns. This is the snowballing effect of your returns generating more returns. In the stock markets, compounding is usually a result of reinvesting dividend income. Companies are collectively owned by their shareholders, and their board members may agree to pay investors their share of the profits through a dividend.

Dividend-paying shares are a staple of most income-seeking investors' portfolios. But when the income is reinvested, we can see a significant increase in total return over time. This makes them ideal for investors who are seeking growth – especially as a stable and growing dividend is seen as a sign of good corporate governance.

POLITICAL UNCERTAINTY OR VOLATILITY

When people feel nervous about investing – perhaps due to political uncertainty or volatility in the stock market – a common reaction is to sell their investments and keep their money in cash. Cash is seen as a 'safe' asset, but it does leave investors open to the risk of inflation. Inflation erodes the buying power of your savings over time. Your account balance doesn't change, but you can buy less with your money.

Although markets have been volatile and there remains uncertainty over the global political future, there will always be reasons not to invest and scenarios to worry about. However, you must remember that every period of time spent out of the stock markets is a period of time potentially missing out on returns. ■

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WE DO THE HARD WORK FOR YOU

If you have a long time horizon and can accept the fact that markets tend to rise and fall along the way, whatever the future holds, we're here to help you build the portfolio that meets your needs. When it comes to managing your money, the financial markets can be a daunting place – that's why we do the hard work for you. To discuss your requirements, please contact us.

TIME TO **REVIEW YOUR CIRCUMSTANCES?**

Everything we do is shaped by you

We provide you with a financial plan, a way of achieving that plan and a way of adjusting your plan as your circumstances change over time.

We put your unique needs first, so if you are not yet a client of ours and would like to find out more, please contact a member of our wealth advisory team.

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