LIFESTYLE

ISSUE 6

MAY – AUGUST 2017

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WELCOME TO *LIFESTYLE*

Welcome to the latest issue of *Lifestyle* from Ludlow Wealth Management, featuring articles written to help you make the most of your hard-earned money and achieve your long-term financial security.

Transfer values for final salary or defined benefit pensions have increased to near-record highs in recent months. This is due to falling interest rates and gilt yields. Lower gilt yields increase the cost to defined benefit schemes of meeting its obligations to members. On page 06, we look at why these significant changes mean that reviewing final salary schemes should be the norm as part of ensuring you have the right 'financial plan' which aims to achieve your goals and objectives.

Under the new Inheritance Tax (IHT) rules, more estates are likely to pass free of IHT post–5 April 2017. By 5 April 2021, some estates worth £1 million will pass free of IHT. This is the good news, but it's far from the whole picture. For many, in particular the childless, the IHT could in fact (with the effect of inflation) be higher post–5 April 2017. Turn to page 04 to see how the new rules could impact on you and your family.

We would like to thank all the clients who have kindly supplied us with a testimonial. These have now been added to our website, as we firmly believe that prospective clients appreciate hearing about real personal experiences when they are considering working with a new adviser. This is a continuing project at Ludlow, so we would be delighted to hear from more clients about your experiences working with the Ludlow team and what it means to you, something you would be happy to put your name to.

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.

Sid Ludlow
Chief Executive

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SAFEGUARDING WEALTH FOR FUTURE GENERATIONS

New Inheritance Tax rules apply from 6 April 2017

UNFORESEEN LIFE EVENTS AND CIRCUMSTANCES CAN POTENTIALLY IMPACT YOUR FINANCES IN A NUMBER OF WAYS. WE CAN HELP YOU TO SAFEGUARD YOUR WEALTH FOR FUTURE GENERATIONS.

Although often in the news, Inheritance Tax (IHT) is still not widely understood. That's worrying, because it affects thousands of families every year. If you thought IHT was just for extremely wealthy people to worry about, think again. The amount of IHT collected has doubled over the last five years[1].

MONEY AND POSSESSIONS

If your estate has an IHT liability, IHT must be paid prior to probate and therefore prior to the beneficiaries receiving their legacy. This may not be the kind of legacy most people think of leaving behind. IHT is payable on assets such as property, money and possessions that are passed on when you die. IHT is payable at 40% (or 36% if 10% of the net estate is left to a registered charity) on assets that exceed the threshold 'nil-rate band', which is currently at £325,000.

The good news is that there are things you can do – in your lifetime – to take care of a potential problem. But finding the right options for you will depend on your personal circumstances and receiving appropriate advice.

NEW IHT RULES

Under the new IHT rules, more estates are likely to pass free of IHT post–5 April 2017. By 5 April 2021, some estates worth £1 million will pass free of IHT. This is the good news, but it's far from the whole picture. For many, in particular the childless, the IHT could in fact (with the effect of inflation) be higher post–5 April 2017.

For deaths from 6 April 2017, an additional IHT-free 'residence nil-rate band' (RNRB) will be available. This will begin at £100,000 in the tax year 2017/18 and will increase by £25,000 each tax year, reaching £175,000 by tax year 2020/21. Based on the current information, from tax year 2020/21 onwards, the RNRB will increase each year in line with increases in the Consumer Price Index.

This RNRB is available where the deceased leaves a property (or the proceeds of sale of a property) in which they have lived at some point to their direct descendents or the spouse or civil partner of a direct descendent (children and their issue).

RESIDENCE NIL-RATE BAND

The residence nil-rate band is available on top of the existing IHT nil-rate band of £325,000, so that in 2020/21 an individual will potentially be able to leave £500,000 free of IHT. As is now the case with the standard nil-rate band, where the first of a married couple to die leaves their estate to their spouse, the IHT nil-rate band can effectively be 'passed on' to the surviving spouse.

For those with a conventional family, a modest home and savings (and subject to the rate of house price increases in the coming years), it is therefore likely that no IHT will be payable on their estate.

DOWNSIZED OR SOLD UP

The new rules are designed to ensure that the elderly are not encouraged to retain family homes they would otherwise have sold. Where the deceased has downsized or sold up, it will still be possible to pass on the proceeds of the family home. The rules provide only that the deceased must have lived in the property in question at some point, and that assets of an equivalent value are passed on to direct descendents.

The additional RNRB will not be available to the most valuable estates. This is because where the value of the deceased's estate (after deducting liabilities but before deducting any reliefs and exemptions) exceeds £2 million, the RNRB will be reduced by £1 for every £2 that this £2 million threshold is exceeded. If, therefore, death was to occur in the 2020/21 tax year when the RNRB will be £175,000, this would mean that no RNRB will be available for estates with a value of £2.35 million or more (or £2.7 million on the death of a surviving spouse where a full RNRB is available to be transferred to the survivor).

ERODED BY INFLATION

The nil-rate band of £325,000 is now frozen until at least April 2021. This means that for the unmarried, and for those who leave no children or grandchildren, the IHT-free band will continue to be eroded by inflation. A single person owning property in London, for example, is highly likely to leave an estate subject to IHT. The number of single and childless persons of even modest means who will fall within the IHT bracket will inevitably continue to increase.

The actions you need to take depend on your family's needs for capital and income, as well as your current assets and your intended beneficiaries, so it's important to speak with us for expert advice on the best options for your circumstances. ■

DON'T LEAVE LOVED ONES WITH A LARGE AND UNNECESSARY IHT BILL TO PAY

Estate planning can be complicated, and talking to us about your situation can make a real difference. Our experience is that too many people are leaving their loved ones with a large and unnecessary IHT bill to pay. To review your situation, please contact us.

LEVELS, BASES OF AND RELIEFS FROM TAXATION MAY BE SUBJECT TO CHANGE, AND THEIR VALUE DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF THE INVESTOR.

Source data:

[1] HM Revenue & Customs (HMRC) collected £4.7 billion from thousands of bereaved families in 2015/16. Source: Office for National Statistics, 2016

RETIREMENT INCOME

Should you be reviewing your final salary pension scheme?

FINAL SALARY OR DEFINED BENEFIT (DB) PENSIONS ARE KNOWN FOR BEING GENEROUS, AND TYPICALLY ANYONE WHO IS A MEMBER OF A FINAL SALARY OR DEFINED BENEFIT PENSION ARE USUALLY ADVISED TO REMAIN IN IT.

These pensions pay an income in retirement that is based on a multiple of years worked and a percentage of the member's final salary. It is guaranteed and inflation-linked.

This is very different to the defined contribution scheme where the member receives a pot of money which then should be used to provide an income in retirement.

NEAR-RECORD HIGHS

Transfer values for final salary or defined benefit pensions have increased to near-record highs in recent months. This is due to falling interest rates and gilt yields. Lower gilt yields increase the cost to defined benefit schemes of meeting its obligations to members. A couple of years ago, a £5,000 a year pension could be swapped for a £125,000 lump sum which is 25 times the annual income. However, in recent months we have seen this rocket to more than 40 times in some cases.

If you have a final salary pension, it is a good time to review. Professional advice should be sought before requesting a transfer value, as some providers will only issue one transfer value per year. These are normally guaranteed for three months.

SIGNIFICANT CHANGES

A transfer should not be taken lightly, but defined contribution schemes do have advantages. You would have greater ownership of the money, with options to take lump sums on an ad-hoc basis and being able to vary the level of income you receive. However, one of the biggest changes is on death. Any unused funds in a defined contribution scheme can now be passed on to your family, including children and grandchildren, which now enables your pension assets to be passed down the generations. This is also extremely efficient from an Inheritance Tax standpoint.

With a final salary scheme, the pension ends on the death of the member, and generally a reduced pension would be paid to the surviving spouse. This is often 50% of the member's pension and remains taxable in the hands of the spouse.

These significant changes mean that reviewing final salary schemes should be the norm as part of ensuring you have the right 'financial plan' which aims to achieve your goals and objectives. ■

WITH A FINAL SALARY SCHEME, THE PENSION ENDS ON THE DEATH OF THE MEMBER, AND GENERALLY A REDUCED PENSION WOULD BE PAID TO THE SURVIVING SPOUSE. THIS IS OFTEN 50% OF THE MEMBER'S PENSION AND REMAINS TAXABLE IN THE HANDS OF THE SPOUSE.

HAVE YOU GOT WHAT IT TAKES?

The ultimate endurance tests of 2017

HAD ENOUGH OF BEACH HOLIDAYS AND CITY BREAKS? WHETHER YOU'RE LOOKING FOR A ONE-DAY ACTIVITY OR WANT TO SPEND WEEKS ON A SERIOUS TEST OF YOUR FITNESS, THERE'S SOMETHING FOR YOU IN THIS LIST OF THE MOST EXTREME CHALLENGES OF 2017.

NATIONAL THREE PEAKS CHALLENGE

Climbing the tallest mountains in Scotland, Wales and England is arguably difficult enough, but hardy adventurers have decided to make it more of a challenge by trying to conquer them all in less than 24 hours. Scotland's Ben Nevis (4,409ft), England's Scafell Pike (3,209ft) and Wales' Snowdon (3,560ft) are testing peaks to climb, with the added challenge of travelling between them through the night, descending as dusk falls, making this trek nothing to be sniffed at. The modern record stands at 14 hours and 36 minutes, so aim high!

From £320pp
threepeakschallenge.co.uk

BREAK POINT

The name says it all: courses led by former members of the UK's elite Special Forces push you to your physical and mental edge in a two-day period of training and missions. The team have all worked on and featured in Channel 4's *SAS*: *Who Dare Wins*, and the methods used on the programme are the same as those at Breaking Point. Day One is selection training, where you learn all the skills necessary to survive behind enemy lines as a member of the SF, including bushcraft, medical awareness, and escape and evasion. Day Two is when the action starts, with small teams taking part in mental and physical tests, while facing hostiles behind enemy lines. Not for the faint-hearted!

From £250
break-point.com

NORTH POLE TREK

Join a select list of those who have trekked to the North Pole. After a day's training in the Norwegian town of Longyearbyen to perfect your skiing and trekking skills, you're flown to Barneo Ice Camp, from where you'll head for the Pole. You'll cross the frozen ice fields floating over the Atlantic, meaning that if the tide isn't in your favour, after a night's sleep you could be back to where you started. Temperatures as low as -45ºC mean that this is no walk in the park!

£29,950
charitychallenge.com

IRONMAN TRIATHLON

A 2.4-mile swim, followed by 112 miles of cycling, finished off with a full marathon – you don't get much more of a challenge than that! The most famous Ironman triathlon is held in Hawaii and was founded by US Naval Commander John Collins, and is now a qualification-only event. However, there are plenty of variations on the Ironman concept, with races across the globe – including the 'Norseman Xtreme Triathlon' in Norway through the freezing water and arctic Norwegian winds. No matter where you race, this is the ultimate test of body and mind!

From £150
eu.ironman.com

EVEREST BASE CAMP TREK

Once the remit of the ultra-rich or the sponsored, the trek to Everest Base Camp has become much more accessible – financially at least. The trek starts with a flight in a Twin Otter Plane to Lukla's mountain airstrip, from where you'll walk through Buddhist Sherpa country, taking in stunning villages and monasteries in the Khumbu region and the heart of Sherpa country in Namche Bazaar. As you acclimatise to the altitude, the trek continues from Gorak She along the Khumbu glacier to the final point at Everest Base Camp. Next stop, the summit.

£1,695
themountaincompany.co.uk

TOUR DE FORCE

The Tour De Force offers the opportunity to live like Chris Froome and complete the Tour De France a week before the real event. Choose as many stages as you want to ride and be treated like a professional cyclist, with bag transport, physios, medics and mechanics all part of the team making sure you ride to the best of your abilities. Open to anyone, the team even helps you train through the winter months leading up to the cycle, with regular training rides and social events to help keep spirits and motivation high. Set up by the William Gates Memorial Trust (a family charity that keeps young people away from a life of crime), the entire experience is one of camaraderie. Plus, cycling the Tour De France is not a bad conversation starter at a dinner party.

From £420 + £800 sponsorship
tourdeforce.org.uk

CAREER KICK-START

Parents feel it is their responsibility to support their children

DESPITE FOOTING THE BILL FOR FURTHER EDUCATION, ALMOST A QUARTER (23%) OF PARENTS WORRY THAT THEIR CHILDREN'S QUALIFICATIONS WON'T BE VALUABLE IN THE WORKPLACE.

Parents in Britain are spending on average £17,400 to help kick-start their children's careers, new research from Scottish Widows' think tank, the Centre for the Modern Family (CMF), has found. For the average UK family, this equates to an estimated £7,900 per child[1].

CHALLENGING JOBS MARKET

Against a backdrop of a challenging jobs market, where youth unemployment stands at 591,000, four in ten (40%) parents of over-16-year-olds worry their children will struggle to find a secure job in the future.

Although the majority of parents feel it is their responsibility to support their children practically (78%) and financially (67%) as they take their first foray into the world of work, many are also looking to the Government and educators to provide a certain level of support. While a quarter (25%) of parents would like to see the Government offering financial support, almost a third (30%) also believe schools should play a role in offering young people practical support for their future.

FOOTING THE BILL

Spurred on by concerns that their children will struggle to find a secure job, almost half (48%) of parents claim to have paid for smart clothing for their children to wear to interviews, while almost a quarter (23%) have paid for additional training courses, and 17% helped their offspring with student loans.

While over a third (36%) of parents provided this support because they believe it is their responsibility, one in seven (14%) admit to helping their children due to concerns that they won't be able to find a job otherwise.

UNIVERSITY TUITION FEES

Parents with one or more children contribute on average more than £6,000 to university tuition fees in total, with almost four in ten (37%) also funding their children's accommodation while studying, costing £5,000 on average. This is despite the fact that almost a quarter (23%) are worried their children will gain qualifications which won't be valuable in the workplace.

The research shows that young people entering the world of work need more practical support, and parents feel it's their responsibility to offer this, therefore adding an additional layer of financial and emotional pressure.

To ease the burden on parents and the next generation of Britain's workforce, we need to find ways to offer more support, such as improving access to career support and financial guidance and, crucially, at a younger age than it's currently offered. ■

Source data:

[1] Among those who have paid for something for their children towards their future career. The £17,400 figure was calculated by adding up the mean amount that parents said they spent on each of the following for their children: university degree tuition fees, additional training courses, student loan, smart clothes for job interviews, accommodation while they were studying, and practical equipment to help with studying and training e.g. books. This was then divided by average number of children amongst respondents, 2.205, to arrive at a figure of £7,900 per child.

This report is based on both quantitative and qualitative inputs, including a nationally representative YouGov survey of 2,305 adults, with an added boost of 16–18 year olds, interviews and discussions with the Centre for the Modern Family panellists and a series of focus group sessions also conducted by YouGov. Fieldwork was undertaken between 23 May and 2 June 2016.

WHO WILL BE OPENING A NEW ISA IN 2017?

Five million over-50s looking to make their money work harder

SAVERS HAVE HAD IT EXTREMELY TOUGH OVER MANY YEARS NOW, AND YET MANY STILL FEEL UNCERTAIN ABOUT MAKING THE SWITCH TO INVESTING. THIS IS LARGELY BECAUSE PEOPLE DON'T KNOW QUITE WHERE TO START, AND THEY ARE WARY OF THE RISK. HOWEVER, PEOPLE NEED TO MAKE THEIR MONEY WORK HARDER FOR THEM – NOT JUST TO GIVE THEM A HIGHER LEVEL OF INCOME, BUT ALSO SIMPLY TO STOP THEIR MONEY LOSING VALUE IN REAL TERMS.

Ultimately, holding cash which earns less interest than the rate of inflation means that people are losing spending power. And the compounded effect of this over a number of months or years could be much bigger than they realise. If people have a good cushion of cash savings – say, enough to cover 6–12 months' worth of living expenses – then it may make sense to try investing with some of their additional cash savings. Investing should be a long-term plan – we suggest 3–5 years as a minimum to help even out the rises and falls in the market.

SAVERS CONTINUE TO BE PUNISHED BY ULTRA-LOW INTEREST RATES

Many people look to their savings to boost their income as they move towards retirement or retire completely. But, even though savers continue to be punished by ultra-low interest rates, the over-50s continue to believe that cash is king when it comes to their Individual Savings Account (ISA) allowance, according to new research by Saga.

TAKING ADVANTAGE OF A TAX-EFFICIENT ACCOUNT

When asked about their ISA plans, a quarter say they plan to open a new ISA in 2017. Among those who plan to take advantage of a tax-efficient account, a third say they will look at a Stocks & Shares ISA, but almost half say they will be opting for a Cash ISA. One in five say they will be looking to open both a Cash and a Stocks & Shares ISA.

CHOOSING BETWEEN CASH AND INVESTING

There are big differences between the sexes when it comes to choosing between cash and investing, with women strongly favouring cash over shares ISAs (58% vs 27%). There is a more balanced view among men, with 41% wanting cash and 38% shares ISAs.

TAKING OUT A STOCKS & SHARES ISA

Regionally, there are also big differences in opinion: more than twice as many Londoners are willing to take out a Stocks & Shares ISA (39%) than those in the North East (24%), while those in the North East (61%), Yorkshire and the West Midlands (53%) are the most likely to opt for Cash ISAs.

REASON BEHIND THE DECISION TO INVEST

Just 2% of over-50s say they will be looking to open a Stocks & Shares ISA for the first time. For more than three quarters of these people, low interest rates are the reason behind their decision, while one in ten say they have inherited some money which they would like to invest. ■

Source data:

Populus interviewed 9,128 people aged over 50, online from 13–19 December 2016. Populus is a member of the British Polling Council and abides by its rules.

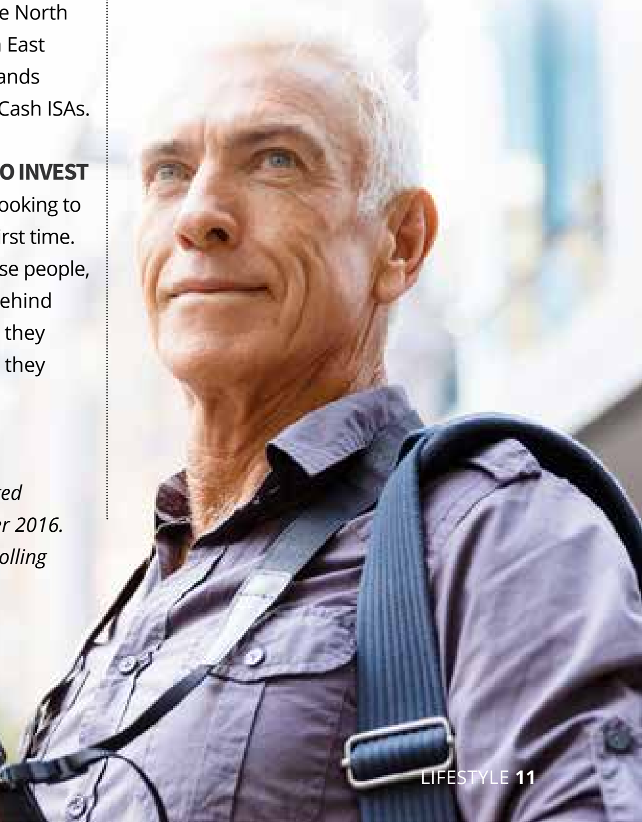
WANT TO LOOK AT THE OPTIONS AVAILABLE TO YOU?

When it comes to making important financial decisions, obtaining professional advice is essential. If you would like to look at the options available, please contact us.

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.

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

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.



GETTING YOUR AFFAIRS IN ORDER

What you have and what you want to happen to it

EVERYONE SHOULD HAVE A WILL, BUT IT IS EVEN MORE IMPORTANT IF YOU HAVE CHILDREN, YOU OWN PROPERTY, YOU HAVE SAVINGS, INVESTMENTS OR INSURANCE POLICIES, OR YOU OWN A BUSINESS.

The very act of having a Will drawn up can be beneficial in that it makes you think about what you have and what you want to happen to it. While most of us find it difficult to think about our mortality, the fact is that one day we will be gone, and we owe it to our beneficiaries to make the task of settling our affairs as easy as we can.

RULES OF INTESTACY WILL APPLY

If you do not leave a valid Will, the rules of intestacy will apply in respect of your estate (your 'estate' is defined as assets less outstanding liabilities). If your estate is very small, this may not matter, and there are circumstances in which the result might be perfectly acceptable (for example, if the value of your estate is such that it will pass wholly to a surviving spouse or children). In most cases, however, it still makes sense to have a Will drawn up. The rules of intestacy do not provide for 'common law' spouses. If you do not provide for them via a valid Will, they may be obliged to make a legal claim against your estate and could find themselves seriously short of funds in the meantime.

PROTECT CERTAIN FAMILY MEMBERS

The very act of having a Will drawn up can be beneficial in that it makes you think about what you have and what you want to happen to it. For example, whether you want to protect certain family members (such as minor children or those who will struggle to manage their affairs), whether you want certain interests to take priority (for example, giving a second spouse or registered civil partner a right to remain in occupation of the family home for the rest of their life), whether you want children or grandchildren to benefit equally (or for any inheritance to be adjusted to reflect lifetime gifts), whether you want to benefit charities, and whether it would be appropriate to consider some tax planning.

ASPECTS OF YOUR ESTATE

In addition to a Will, you can write a letter of wishes. This is not legally binding, but you can use it to deal with smaller items and more significant matters such as the factors you would want trustees for your children to consider in exercising their discretion. You might also want to guide your executors towards professional advisers who you think would be best placed to deal with particular aspects of your estate or the estate as a whole.

REFUSAL TO ACT ON YOUR WISHES

Talk about your Will to those who will be affected by it. You can name people as executors without their prior consent, but they can refuse to act when the time comes. Check that they are willing, tell them why you have chosen them, and make clear why your Will says what it says and what your wishes are in respect of any matters not covered in the Will. Tell them where your Will is kept.

IMPACT AND THE LEGAL COSTS

If the terms of your Will are likely to lead to arguments within your family, think very carefully about the impact and the legal costs associated with any challenge and whether it makes sense to explain things in a covering letter or face to face while you have time. Think carefully about your choice of executors. While family or friends are usually a good option, there are circumstances – for example, if you have business interests, if family conflicts are expected or if there is simply no one else appropriate – where the appointment of one or more professional executors may make sense.

KEEP IT UNDER REVIEW

If you already have a Will, make sure you keep it under review. Are your chosen executors still the right people? Are they still alive? Have your wishes changed in any way? Have your family circumstances changed? (Bear in mind that marriage usually makes a Will invalid and that divorce makes any bequests to your ex-spouse/civil partner null and void.) Minor amendments to a Will can be achieved via a codicil. More wholesale changes call for a new Will which, assuming it is valid, takes priority over your old Will.

MAKE YOUR WISHES CLEAR

You cannot bind family or friends in terms of funeral arrangements or, at present, organ donation. You could sign up to the organ donor register and carry a donor card, and – most importantly of all – talk to your family about your wishes and the reasoning that lies behind them.

KEEP RELEVANT PAPERS SAFE

It is essential that Wills are kept secure, whether in a professional adviser's safe or at home in a fireproof box. Your executors, however, are going to need access to far more. They will need to determine your assets and liabilities on death and, if Inheritance Tax (IHT) is an issue, investigate any gifts in the seven preceding years. Leave them lists, together with relevant papers, life policies and contact details.

Also leave a note of relevant contact details – your accountant, your solicitor, your bank and professional financial adviser – with details of pension and life policies.

IMMEDIATE FAMILY NEEDS

Assets that are owned jointly (including properties held as joint tenants) pass to the survivor automatically on death. Most other assets, however, will be frozen until a Grant of Probate has been obtained (a process that invariably takes several months). Ensure that your spouse or registered civil partner, or any adult child who is dependent on your support, has sufficient funds in a bank account of their own or in a joint account to meet their immediate needs.

Consider life insurance as an appropriate way of supporting your family after you are gone, and make sure that life insurance policies are 'written in an appropriate trust', which means that the proceeds can be released before Probate has been obtained.

SIMPLE AND TRANSPARENT FINANCES

The more complicated your financial affairs, the greater the difficulty could be for those you leave behind. Try and make things as simple and transparent as you can. Go through your documents and either dispose of or identify those that are no longer valid. If there are matters that should have been disclosed to HM Revenue & Customs (HMRC), think seriously about disclosing now and getting everything cleared up.

INHERITANCE TAX PROVISION

In the event that your estate is likely to be subject to Inheritance Tax (IHT), it requires advance planning. If your estate passes to a surviving spouse or partner (or to charity), IHT is not likely to be an issue. On the second death, the first £325,000 (the 'nil-rate band') of your estate is likely to be free of tax. You may benefit from an additional £325,000 if a spouse has pre-deceased you, and those dying after 5 April 2017 may benefit from an additional exemption in respect of the family home. However, if you have remained single, have divorced and not remarried, or are in a common-law relationship, the exempt amount may be just £325,000. And, if you have made substantial lifetime gifts, this may not be available to set against your estate at death. Any value not covered by reliefs or exemptions is charged to IHT at 40% (or 36% if 10% of the net estate is left to a registered charity).

LASTING POWER OF ATTORNEY

All of the above relate to what happens when you die. There is a distinct possibility, however, that you will lose capacity to deal with your affairs well before that point.

Lasting powers of attorney (LPAs) are intended to fill the gap – they are a legal document under which you appoint one or more persons to deal with either or both of your financial affairs and your health and welfare in the event that you are no longer able to deal with things yourself. An LPA is important, and it should be drawn up while you still have full capacity (they are often dealt with at the same time as a Will). Bear in mind that incapacity could be triggered by an accident or a sudden illness, rather than gradual decline. ■

NEED SOMEONE TO TALK THINGS THROUGH?

If you want to be sure your wishes will be met after you die, then a Will is vital. Whatever your circumstances, we are there as someone to talk things through with and guide you in an appropriate direction. If you require more information or would like to discuss your situation, please contact us.

LEVELS, BASES OF AND RELIEFS FROM TAXATION MAY BE SUBJECT TO CHANGE, AND THEIR VALUE DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF THE INVESTOR.

Afar into the land of Nod

Getting the sleep you need in this 24/7 age

IN A CLIMATE WHERE MOBILE PHONES ARE GLUED TO HANDS, EYES ARE FIXED TO SCREENS AND FREE TIME IS INCREASINGLY PRECIOUS, SWITCHING OFF TO GET A GOOD NIGHT'S SLEEP IS BECOMING EVER MORE DIFFICULT.

"From breakfast on through all the day
At home among my friends I stay,
But every night I go abroad
Afar into the land of Nod"

'The Land of Nod' by Robert Louis Stevenson

When it comes to sleep, everyone does it. In fact, we spend a third of our lives doing it. Margaret Thatcher claimed she only needed four hours of it. American inventor and businessman Thomas Edison even declared that it was a waste of time!

HOW MANY HOURS OF SLEEP DO WE REQUIRE?

Sleep is fundamentally important to our daytime performance. In the workplace, we do a lot of high-order executive functions – communicating, recalling memories, problem-solving and being focused to name a few. But how does a lack of sleep affect these functions?

These processes are run by an area of your brain called the 'prefrontal cortex', which is one of the most vulnerable areas to be affected by sleep deprivation. When we experience poor sleep, we encounter reduced focus and attention, our creativity is dulled, our risk of accidents increases, and our ability to manage our emotions is significantly affected. In other words: a bad sleep equals a bad day at work.

An intriguing Dutch study from 2003 entitled *The Cumulative Cost of Additional Wakefulness* by Hans P.A. Van Dongen PhD tested cognitive performance of people who'd slept for eight hours against people that had experienced total sleep deprivation (zero hours). Van Dongen then tested the cognitive performance of people who had had two weeks of six-hour sleeps. He discovered the cognitive performance of the six-hour sleeps after five nights was equivalent to cognitive performance of the zero-hours sleepers after two nights.

This highlights that partial sleep deprivation does also have a detrimental impact on us. Many of us sleep deprive ourselves in the week by sleeping for five or six hours and trying to catch up on the weekend, but the bottom line is that there is no real way to recoup lost sleep.

There's also no specific answer to the question, 'How many hours of sleep do we require?' Our sleep need is determined by genetics, so while the average proportion of the population needs an average of seven or eight hours, there are also a small percentage of people who might need anything from a range of four to twelve. Essentially, you know you're getting the right amount of sleep if you wake up feeling refreshed.

TURN OFF TO SWITCH OFF

The technology we're surrounded by could be one contributing factor to poor-quality snoozing. One of the main issues is the blue light that laptops, phones and TVs emit. The light suppresses the production of melatonin (the hormone that helps control your sleep cycle) and will trick your mind into thinking it's time to wake up. Sending a late-night email or checking Facebook before bed hampers melatonin production and keeps your brain in an active state.

Not all technology is bad though. Those of us with Apple's latest iOS 10 operating system will have noticed the introduction of the 'Bedtime' app, which enables you to notify your iPhone how many hours you'd like to sleep. Your phone will then alert you to when you're nearing your bedtime and wake you will a gradual alarm.

Sleep patterns can also be affected by seasonal change. Melatonin is affected by exposure to light and how tired you feel. Bright light slows down this production and makes us feel more awake, so we often feel more tired and sluggish during the winter and have more energy during the summer and spring.

In 2011, a survey of 6,700 people by the UK's Mental Health Foundation found that just over one third of respondents were classified as 'good sleepers', while more than a third were categorised as possibly having chronic insomnia.

SLEEP HYGIENE

Falling asleep may seem like an impossible dream when you're awake at 3am, but good sleep is more under your control than you might think. Following healthy sleep habits can make the difference between restlessness and restful slumber. Researchers have identified a variety of practices and habits – known as 'sleep hygiene' – that can help anyone maximise the hours they spend sleeping, even those whose sleep is affected by insomnia, jet lag or shift work.

Sleep hygiene may sound unimaginative, but it may just be the best way to get the sleep you need in this 24/7 age. Here are some simple tips for making the sleep of your dreams a nightly reality:

- Keep in sync with your body's natural sleep/wake cycle
- Control your exposure to light
- Exercise vigorously during the day
- Be smart about what you eat and drink
- Wind down and clear your head
- Improve your sleep environment

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