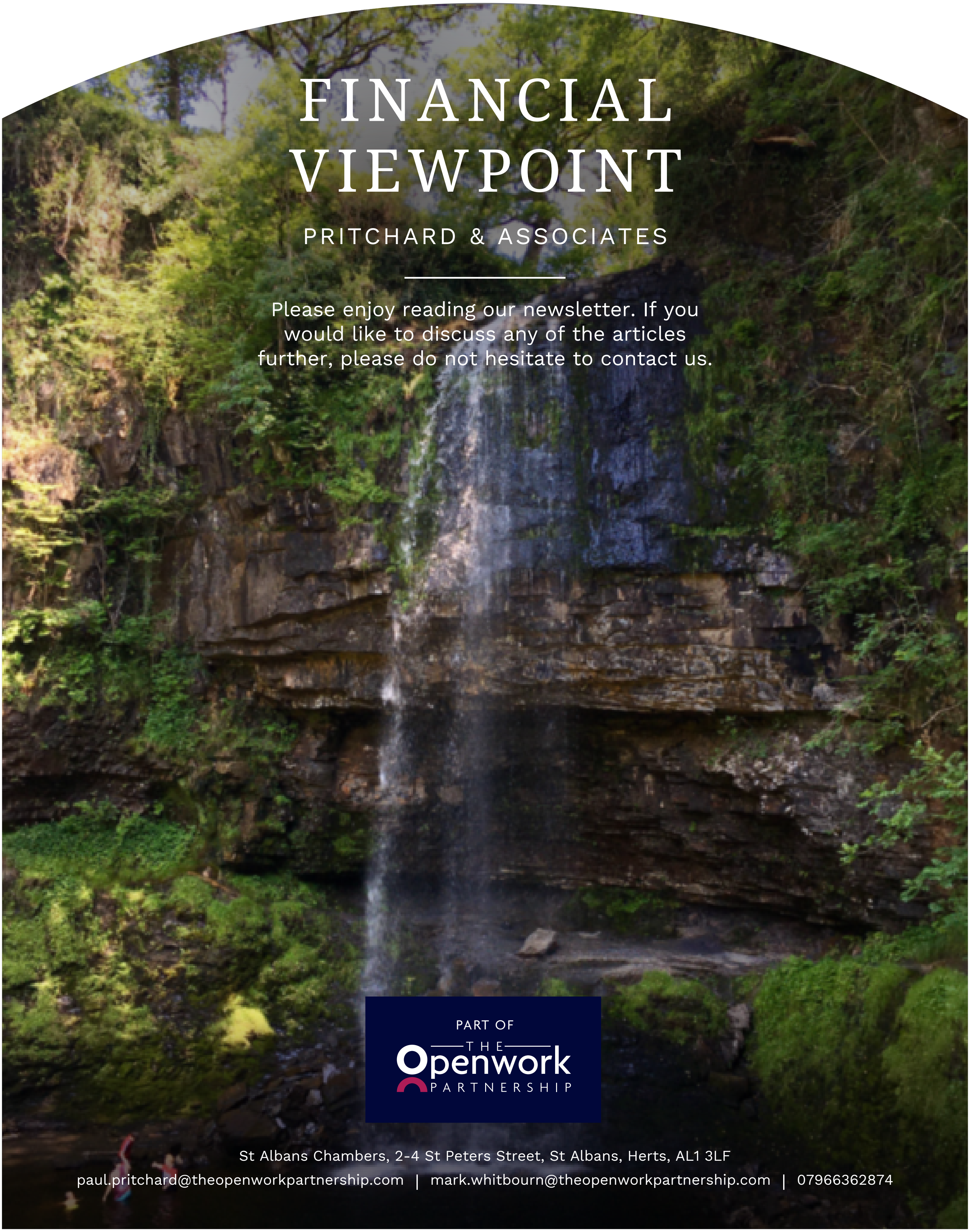

FINANCIAL VIEWPOINT

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Please enjoy 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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The benefits of starting a pension early

It's never too early to start saving for retirement. In fact, the sooner you start saving, the more time for your money to grow.

Starting a pension early is one of the best things you can do for your financial future. By taking advantage of the benefits of early retirement savings, you can ensure that you have a secure financial future and enjoy your retirement years to the fullest.

More time to save

One of the most significant benefits of starting a pension early is the additional time you have to save money. The longer your money is invested, the more time for it to grow, which can help you accumulate a larger retirement fund. Starting early also means that you can take advantage of compound interest, which is interest earned on both the principal and the accumulated interest. Over time, compound interest can significantly increase the value of your pension fund.

Lower monthly contributions

Starting a pension early can also help you keep your monthly contributions lower. Because you have more time to save, you can spread your contributions over a longer period. This can make it easier to budget for your retirement savings and ensure that you are putting away enough money to reach your retirement goals.

Employer contributions

If you are enrolled in a workplace pension scheme many employers offer to match employee pension contributions, (up to a certain percentage). This 'free money' can help you save even more for retirement.

Tax benefits

The government offers tax relief on pension contributions, which means you can put more money into your pension each month. For example, if you're a taxpayer, you can get up to 60% tax relief on your contributions.

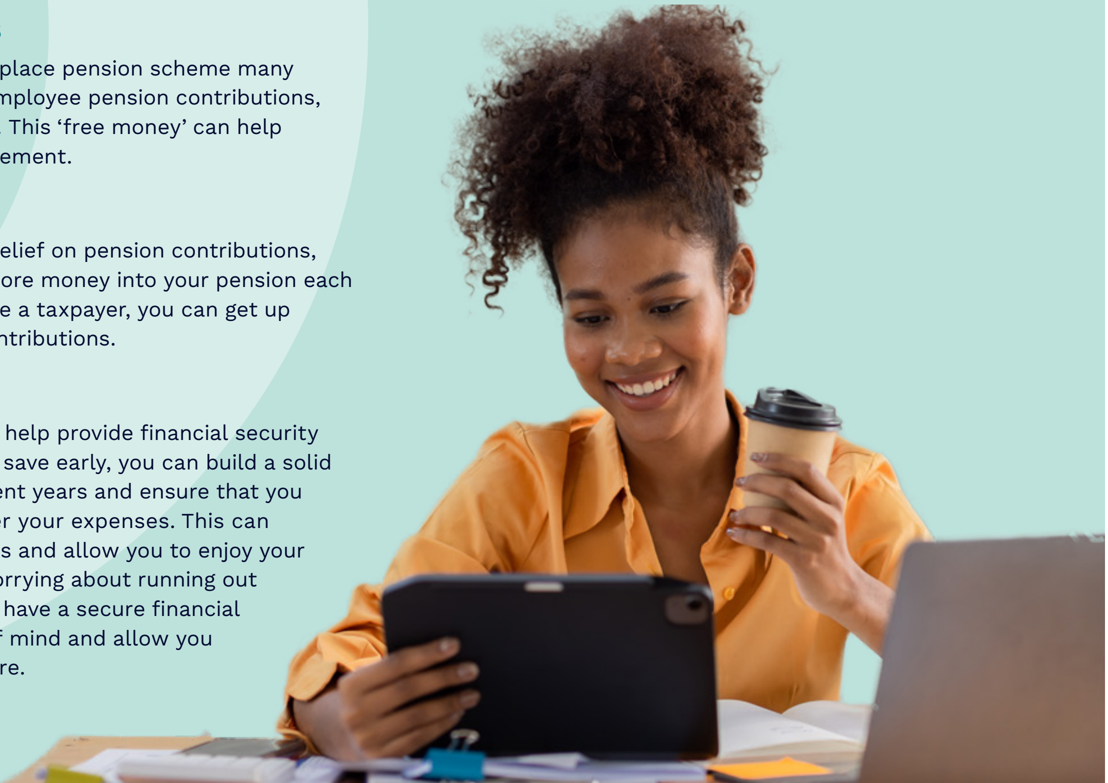
Financial security

Starting a pension early can help provide financial security in retirement. By starting to save early, you can build a solid foundation for your retirement years and ensure that you have enough money to cover your expenses. This can help alleviate financial stress and allow you to enjoy your retirement years without worrying about running out of money. Knowing that you have a secure financial future can give you peace of mind and allow you to enjoy your retirement more.

Tips for starting a pension early:

- **Set up a regular contribution**
  The best way to make sure you're saving for retirement is to set up a regular contribution. This could be a fixed amount each month or a percentage of your salary.
- **Increase your contributions as you earn more**
  As your income increases, you can increase your pension contributions to make sure you're on track for a comfortable retirement.
- **Take advantage of tax relief**
  The government offers tax relief on pension contributions, which means you can put more money into your pension each month.
- **Consider employer contributions**
  Many employers offer to match employee pension contributions, which is free money that can help you save even more for retirement.

By giving yourself more time to save, keeping your contributions manageable, taking advantage of tax benefits, and providing financial security in retirement, you can set yourself up for a comfortable and fulfilling retirement. So, if you haven't started saving for retirement yet, now is the time to start!



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.

Investment strategies as you approach retirement

It's usually a good idea to start reducing the risk of your pension fund as you approach retirement. But it's important to strike the right balance so you can continue to power the growth of your portfolio for many years to come as well as draw an income.

As we move through the different stages of life it's important that our investment strategies adapt. Typically, your financial goals change when you retire. You may want a regular reliable income, which usually means you have to take less risk when it comes to investing. People nearing retirement traditionally switch savings out of risky investments and into safer assets to protect their portfolios from market downturns.

Reduce risk in your portfolio as you near retirement

Managing your portfolio's risk level (the possibility of losing the money you invest) as you get older is important to ensure you meet your financial goals. Younger investors with longer timelines to retirement (typically 30 to 40 years) are generally encouraged to take more risk in their portfolios as if there are any market falls, they have longer to recover.

As you get older and approach retirement the more important it is to preserve the wealth you have accumulated. This is because as the timeline to retiring gets shorter, your portfolio has less time to recover in the event of a market decline.

So, it's a good idea to lower the level of risk to reduce the possibility of your investments falling in value. In most cases, this means reducing exposure to equities and increasing exposure to lower-risk investments that produce an income such as bonds to shield your investments from the ups and downs of the market.

Why it's important to diversify

Portfolio diversification is a way of reducing potential risks by spreading your investments across different assets, rather than having it concentrated in one place. By investing across different asset classes, companies, countries, and sectors, you can help reduce the impact of any major market swings on your portfolio.

While you can't eliminate all investment risk, diversification can help smooth out any fluctuations that happen over time. For instance, stocks can earn more money than other asset classes, but they tend to be more volatile. Therefore, most financial professionals agree that as you approach retirement it is best to reduce the allocation to equities in your portfolio.

Government bonds are less likely to lose money than stocks and are seen as a better bet for retirement thanks to their predictability and income-generating potential. Bond prices are also not affected by the same market conditions that move stock prices. By shifting their investments out of stocks and into bonds, people nearing retirement can lower their risk and enjoy greater financial stability.

Finding the right balance

It's always important to review your investments before any big life changes, which is particularly true if you are approaching retirement. With any decision about your investments, there are trade-offs. The greater the risk you are prepared to tolerate, the more potential there is for your investments to grow.

While reducing risk with bonds can help shield you from any downturns in the market, your returns could be lower. As you approach retirement, it's important to strike the right balance between assets reducing risk in your portfolio so you can continue to power its growth for many years to come as well as draw an income.

A financial adviser can help you build a well-diversified portfolio appropriate for your risk tolerance and investment goals and adapt it, so the strategy always reflects your age and circumstances.

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.

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The effect of psychology on investors

You should base financial decisions on logic and facts. But psychology can have a much larger effect than you think, and it can lead to you making decisions that aren't right for you. Read on to find out more about what behavioural finance is and how it could affect you.

"Behavioural finance" was first coined in the 1970s by economist Robert Shiller and psychologists Daniel Kahneman and Amos Tversky. They used the term to refer to how unconscious biases and previous experiences affect the way people make financial decisions.

It can be used to explain why investors can make knee-jerk decisions or invest in opportunities that aren't in their own best interest. Rather than relying purely on facts, investors often have biases that affect how they react to certain situations.

Finance bias can lead to "irrational" decisions through shortcuts

There's a reason why people often make decisions based on biases: they can make the decision-making process quicker.

If you imagine how many decisions you need to make every single day, it's easy to see why this kind of decision-making can be useful. From what to eat for breakfast to which way to travel to work, it'd take up all your time if you carefully went through the facts for each decision you make. So, you make shortcuts by using biases.

However, while it can be a useful process in your day-to-day life, bias can have a negative effect when you're making important decisions, including financial ones.

Behavioural finance covers five concepts:

1. Mental accounting
Mental accounting can be incredibly useful when you're managing a budget. However, inflexibility could mean you miss out on opportunities.

The concept refers to how people may designate money for certain purposes. So, you may have different savings accounts for various goals. It's a process that can help you manage your outgoings and work towards goals.

However, it can also lead to irrational decision making.

You may not dip into a savings account that you've allocated to buying a new car even when you face an emergency and it'd make sense logically.

How you receive the money may also affect how you use it. For instance, you may put off using money that was given as a gift in an emergency because you believe it should be used for something special.

2. Herd behaviour
Herd behaviour is something that's often seen in investing. When you hear that lots of people are selling certain stocks or buying a specific share, it can be easy to be led by this and follow suit.

It can lead to you making decisions that, while possibly right for others, don't suit you or your circumstances. It's not just investing where herd behaviour can have an effect. You may be tempted to purchase an item after a friend has or choose a savings account because someone you know has.

3. Anchoring
When you have some information, you may focus on this – anchoring your views to this data.

Setting a benchmark can be useful, but it can mean you don't take in other information, especially if it's contradictory.

So, you may hold on to investments even after the value has fallen because you've anchored its worth to a previous valuation.

4. Emotional gap
Emotions often play a role in financial decisions. You may sell a stock because you fear that the price will fall, or make an impulse purchase because you're happy.

Being comfortable with your financial plan is important, but an emotional gap can fuel irrational decisions as you're more likely to overlook data.

5. Self-attribution
This concept refers to how investors are likely to have overconfidence in their abilities.

You may believe you can reliably time the market to maximise profits when the markets are unpredictable. In this case, it's common to see "wins" as being down to your knowledge, while "losses" are attributed to things outside of your control.

Unconscious bias may affect your decisions in ways you don't expect. If you have any questions about your finances and the decisions you need to make, please contact us.

The value of your investment can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance.

The pros and cons of downsizing

Downsizing could mean lower overheads as well as the extra cash from the sale of your home. But there are factors to consider before you make the decision.

From reducing household bills to boosting retirement savings, there are plenty of reasons why people choose to downsize and move to a smaller property.

It's important to consider interim costs, however, like whether you decide to rent in the area you're thinking of moving to, as the search could take some time. There are also fees to pay when selling your home including stamp duty, survey costs, legal expenses, agents' fees and moving costs. Your adviser will be able to help breakdown these costs for you.

Practical benefits of downsizing

Along with cutting your bills, helping you to pay off debt and putting some money towards your retirement savings goals, downsizing has other benefits too.

The stress of maintaining a larger home might become unmanageable as you grow older – leaving you out of pocket and physically drained too. Moving to a less expensive-to-run, smaller home could make your life simpler, leaving you with more time to do the things you enjoy during your retirement years.

Downsizing and tax

Your financial adviser can guide you through the tax implications for downsizing, like inheritance tax and whether your estate may still be able to benefit from the residence nil rate band (RNRB) even if you have downsized your property before your death. The rules around this are complex and often come with qualifying conditions, however, so it's essential to let your adviser examine your options and potential tax implications beforehand.

If you're considering downsizing, your adviser can expertly guide you through the process, explain your options and ensure you are fully informed throughout the process

Plan ahead when downsizing

It pays to plan ahead for the type of home you need when you're downsizing. Your mortgage adviser can help you do this and ensure you're buying somewhere that's the right size for you, as well as keeping you updated on what your eventual mortgage payment might be. They will also be able to explain the advantages and disadvantages of other options, like moving to a retirement village.

It's an emotional decision too, especially if the home you are selling is where your children grew up and holds happy memories. Talk about it as a family so that you are all clear about the reasons for the move. Thinking about your future and planning what your retirement income and outgoings could be – in your current home compared to a smaller one – is also something your adviser can help with.

Things to think about if you've made the decision to downsize:

- Clear out any clutter before you move and consider selling items (like furniture) you will no longer need.
- Look at your home and assess whether any repairs are needed before you sell. Your mortgage adviser can help you with this.
- Your adviser will also be able to factor in the costs for selling your home and moving to a new one, to help you budget.
- Think about how much space you will need in your new home, for hobbies, work and when guests come to stay.

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

Get savvy against financial scammers

Retired teachers Paul and Mary are devoted parents and grandparents to their three children and eight grandchildren.

As their family started to grow, they decided they wanted to begin saving for their grandchildren's future. Disappointed with the returns from their savings accounts, they decided to look into other investment opportunities. After comparing a number of companies online, they settled on one and made a £30,000 bank transfer. Within just a few months, their initial investment had grown sizably.

Soon afterwards, their eldest grandchild passed his driving test. They decided they'd like to buy him a car, so they made a withdrawal. Being able to do this so easily cemented their trust in the investment company. Over the next year, they made several more deposits.

Paul and Mary then agreed they'd like to help one of their children with a deposit for a house. However, when they tried to withdraw most of their original investment, they couldn't access their money or get through to the company by phone, email or any other means. It was at this point, they realised they'd been scammed.

On top of wiping out most of their life savings, the scam took a toll on the couple's mental health. They both suffer from feelings of embarrassment and guilt, and Paul has developed severe depression.

Anyone can fall victim to a financial scam

Although Paul and Mary feel foolish, financial scams can be extremely sophisticated and trick the savviest of us. We're used to hearing stories about elderly and vulnerable people being conned but recent research by Lloyds Bank found 18 to 24 years olds are most likely to fall victim to investment scams, making up approximately 25% of all cases. And, in fact, victims aged under 45 account for 70% of all reported investment scams.

Types of financial scam

Financial scams take many forms including high-return investment opportunities, like the one Paul and Mary fell for, pensions transfers and health insurance supplements. Criminals use phishing (emails) or smishing (texts) to impersonate trusted organisations and trick people into giving away their personal information or money.

Top tips to avoid being scammed

1. **Follow the advice of UK Finance's Take Five to Stop Fraud campaign**
   - **Stop:** Take time to stop and think before parting with money or personal information.
   - **Challenge:** It's OK to refuse or ignore requests that make you feel uncomfortable. Only criminals will try to rush or panic you.
   - **Protect:** Tell your bank immediately if you think you've fallen for a scam and report it to Action Fraud.
2. **Great deals don't come looking for you**
   Scammers often advertise on social media and the internet. They may also send 'deals' by email, phone, or direct message.
3. **Make sure it's genuine**
   As in Paul and Mary's case, scammers can easily set up fake companies, profiles and websites. Don't underestimate the lengths a fraudster will go to in order to convince you they're genuine. Before parting with any money, it's a good idea to seek professional advice. You can also use the FCA website to check the details of financial services companies.
4. **Protect your payments**
   Consider your payment method. It's very hard to get money back if you pay by bank transfer. Paying by card offers the greatest protection.

Lifetime mortgages are more popular than ever, **but is one right for you?**

The number of new equity release plans hit record highs in the third quarter of 2022, with the Equity Release Council (ERC) noting a 32% jump in enquiries compared to the previous year. A lifetime mortgage is one type of equity release product that has grown in popularity in recent years.

Despite their rising popularity, though, the loans may not be suitable for everyone. Read on to learn more about how they work and the pros and cons you should consider.

A lifetime mortgage releases tax-free cash from the equity in your home

A lifetime mortgage allows you to convert some of the equity in your home into tax-free cash while still retaining ownership.

Although interest is charged on them, unlike residential mortgages, you do not need to repay the loan or the interest until you either move into long-term care or pass away – hence the name "lifetime" mortgage.

Even though the interest accrues over time, ERC-approved products have a "no negative equity guarantee", which means that the total amount you repay will never exceed the value of your home.

You can also repay some of the interest or loan on a monthly basis to reduce the overall amount owed.

To be eligible for a lifetime mortgage, you must be over 55, own your home, and be a UK resident.

The amount of equity you can release will depend on the value of your home, your age, your health, and whether you are applying for a single or joint mortgage. We can create a personalised illustration of what you could borrow.

Since a lifetime mortgage will affect how much you can leave to beneficiaries in your will, it's a good idea to discuss the decision with your family.

Money from your lifetime mortgage could help you achieve your financial goals

A lifetime mortgage can be paid to you as one lump sum or in a series of smaller lump sums over time. If you choose the latter option, interest will be charged based on the rates when you receive each lump sum.

There are no restrictions on what you can use your lifetime mortgage for.

You could use the cash to:

- Fund home improvements
- Help your children or grandchildren buy their first home
- Pay for a once-in-a-lifetime holiday
- Repay an interest-only mortgage
- Clear existing debts.

If clearing debts is your priority, remember that the interest accrued on a lifetime mortgage might make this an expensive way to do that. We can help you explore all options for debt consolidation before you decide on a lifetime mortgage.

What are the pros and cons of equity release?

Benefits of lifetime mortgages

- Allows you to access tax-free cash without having to move house
- You retain ownership of your home
- No monthly payments required.

Disadvantages of lifetime mortgages

- Interest is charged on the original loan you take out, as well as the interest that has been added, so the total that you owe will grow over time
- Taking equity from your home means you may have less to leave to beneficiaries in your will
- The interest rates on lifetime mortgages tend to be higher than those on traditional residential mortgages.

There are additional costs to be aware of when taking out a lifetime mortgage, too. Legal and financial adviser fees, as well as valuation and completion fees, are fairly standard. There may also be an early redemption fee if you pay off the loan early.

What if a lifetime mortgage isn't right for you?

Taking out a lifetime mortgage can have emotional as well as financial implications. Repaying the loan might require your property to be sold after you die, which might upset some family members if they had hoped to keep your home in the family. This is another reason to involve your family in the decision-making process and to think carefully before going ahead.

If a lifetime mortgage isn't the right option for you, there are several alternatives you could consider.

For example, you could consider downsizing. By moving into a smaller house, you could free up cash from the equity of your home without taking out a loan. Alternatively, if you have other savings or investments, it might be more appropriate to use these instead.

GET IN TOUCH

If you'd like to learn more about whether a lifetime mortgage is right for you, we can help. We will review your circumstances to establish what is right for you, whether that be a Lifetime Mortgage or something else entirely. Please get in touch to arrange a time to chat.

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

Think carefully before securing other debts against your home. Your home may be repossessed if you do not keep up repayments on your mortgage.

A Lifetime Mortgage is not suitable for everyone and may affect your entitlement to means tested benefits, so it is important to seek financial advice before taking any action. If you are considering releasing equity from your home, you should consider all options available before equity release.

The interest that may be accrued over the long term with a Lifetime Mortgage, may mean it is not the cheapest solution. As interest is charged on both the original loan and the interest that has been added, the amount you owe will increase over time, reducing the equity left in your home and the value of any inheritance, potentially to nothing.

Although the final decision is yours, you are encouraged to discuss your plans with your family and beneficiaries, as a Lifetime Mortgage could have an impact on any potential inheritance. We would also encourage you to invite them to join any meetings with your Financial Adviser so they can ask questions and join in the decision, as we believe it is better to discuss your decision with them before you go ahead.

Approved by The Openwork Partnership on 18.05.2023

Regular investing: 5 ways saving little and often could help you grow your wealth

When it comes to investing your money, making small regular investments can provide more benefits than investing a lump sum.

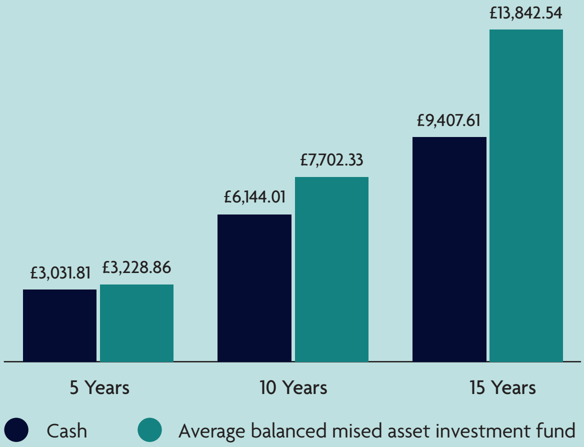
Through regular investing, you can invest a small amount into the markets every month. Investing little and often is a great habit to develop and instil in younger family members, too.

Instead of saving up a chunk of money to invest in one lump sum, investing this way can make a significant difference to your overall levels of wealth over the longer term.

One big benefit of investing a small regular sum is that, instead of saving your cash until you have a lump sum, you're putting your money to work straightaway. Even with rising interest rates, leaving money sitting in a bank account can be less profitable than investing it in the market.

The chart below illustrates the benefits of adopting a regular savings approach, comparing the historic outcomes of investment in the stock market compared to a cash deposit account.

The value of £50 per month invested in an average balance mixed asset investment v cash over 5, 10, and 15 years.



Read on for five more reasons why it can pay to drip-feed your money into the markets.

1. Form a healthy and potentially profitable habit

Investing regularly helps you to build good habits and keep you committed to a long-term investment strategy. No matter how little you put away, over time, your steady and regular investment should build up.

A good way to start is to invest a fixed portion of your income every month. Then, as your income fluctuates over your working life, simply adjust the amount you're saving in line with the amount of money you are making.

2. Limit your exposure to one-off events and benefit from pound cost averaging

Global stock markets can be unpredictable and volatile. They move up and down frequently, sometimes sharply. This is why, when investing in stocks and shares, it's important to take a long-term view – usually at least five years.

Saving regularly means you can benefit from "pound cost averaging" and this helps smooth out the market's peaks and troughs. Although there's no guarantee of this, the theory is that when markets are low, you acquire more shares or fund units for your money, and when markets are high, you acquire less.

So, by drip-feeding your money into an investment over a period of time, you will inevitably end up investing across a range of prices. In effect, you should pay the average price over a fixed period, which can help to reduce your risk and, potentially, provide smoother returns.

3. Reap the rewards of compound growth

Compound growth is one of the most powerful and underrated benefits of long-term investment.

Investing small amounts of money each month could mean you start investing sooner. And the sooner you start investing, the longer your money will be exposed to the growth potential of both being in the markets and from compounding.

The powerful effects of compound growth mean that even small sums add up and can help make a big difference later down the line.

As you might imagine, compounding has its largest impact during the latter stages of your investment journey; 5% growth on £100 is only £5, but 5% growth on £1,000 is £50.

So, if you want to reap the rewards of compound growth, start early, and establish (and maintain) a good savings habit.

4. Instils good investing discipline

Some people hesitate over when to invest money and attempt to time the best moment to buy in to the market. This approach is incredibly difficult and even seasoned fund managers don't try to time the market.

In fact, professional investors and fund managers with large sums to invest will often drip-feed their funds into the market over time.

If it's good enough for the experts, it a great approach for novice investors!

5. Pick up potential bargains

When stock market prices start to fall, many people panic. They will often sell their investments and, when spooked by market changes, many investors may refuse to re-enter the market until things settle down.

Because fear can sometimes drive prices artificially low, this is often the best time to buy into the market. So, adding to your investment at these times may mean that you enjoy larger returns when the markets rally.

If you find it difficult to remove emotion from investing and struggle to benefit from market downturns, regular investing can help by removing the emotional element of buying into the stock market.

GET IN TOUCH

If you're interested in finding out more about how you could invest your money wisely and potential profit from long-term growth through regular investing, we're here to help.

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.

Past Performance is not a guide to future performance and should not be relied upon.

Approved by The Openwork Partnership on 18.05.2023