Financial Viewpoint

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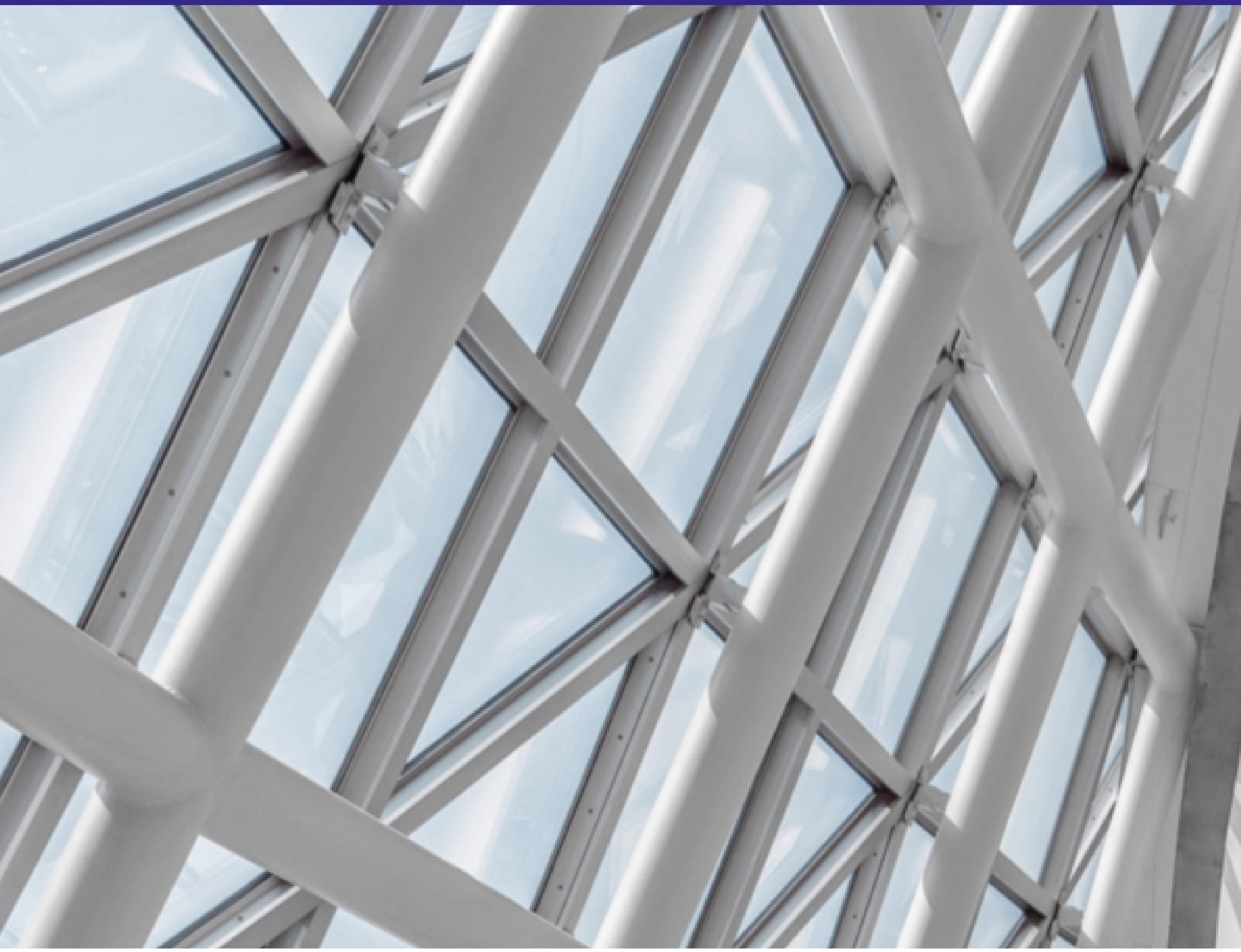

The Junior ISA

Junior ISAs (JISA) are long-term, tax-efficient savings accounts for children, introduced in November 2011 to supersede the phased-out Child Trust Fund (CTF).

If you want to know more about investing for children, or yourself, please get in touch.

There are two types of JISA:

A cash Junior ISA - where you won't pay tax on interest on the cash you save

A stocks and shares Junior ISA – where your cash is invested, and you won't pay tax on any capital growth or dividends you receive

Since April 2015, anyone with a CTF has been able to transfer that money into a JISA. Whilst the savings limit for both the CTF and JISA are the same (£4,260 in the 2018/19 tax year) CTFs have become less innovative and attract a lower interest rate than JISAs, making the latter a more attractive proposition for parents looking to create a tax-efficient nest egg for their kids.

One, or both types of JISA can be opened by parents or guardians with parental responsibility for a child aged 17 or under who lives in the UK. The child takes control of the account when they're 16 (until then the parent manages the investment), but can only withdraw the money when they turn 18. Children aged 16 and 17 can open their own Junior ISA as well as an adult cash ISA.

Topping up

Anyone can pay money into a JISA as long as the total amount invested is no more than £4,260 in the 2018 to 2019 tax year. If you've invested in both types of JISA, this is the total amount you can pay across the two accounts in the current tax year.

JISAs automatically lose their Junior status when the child turns 18 and the maximum contribution limit increases to that of an adult ISA. which is £20,000 in the 2018/19 tax year.

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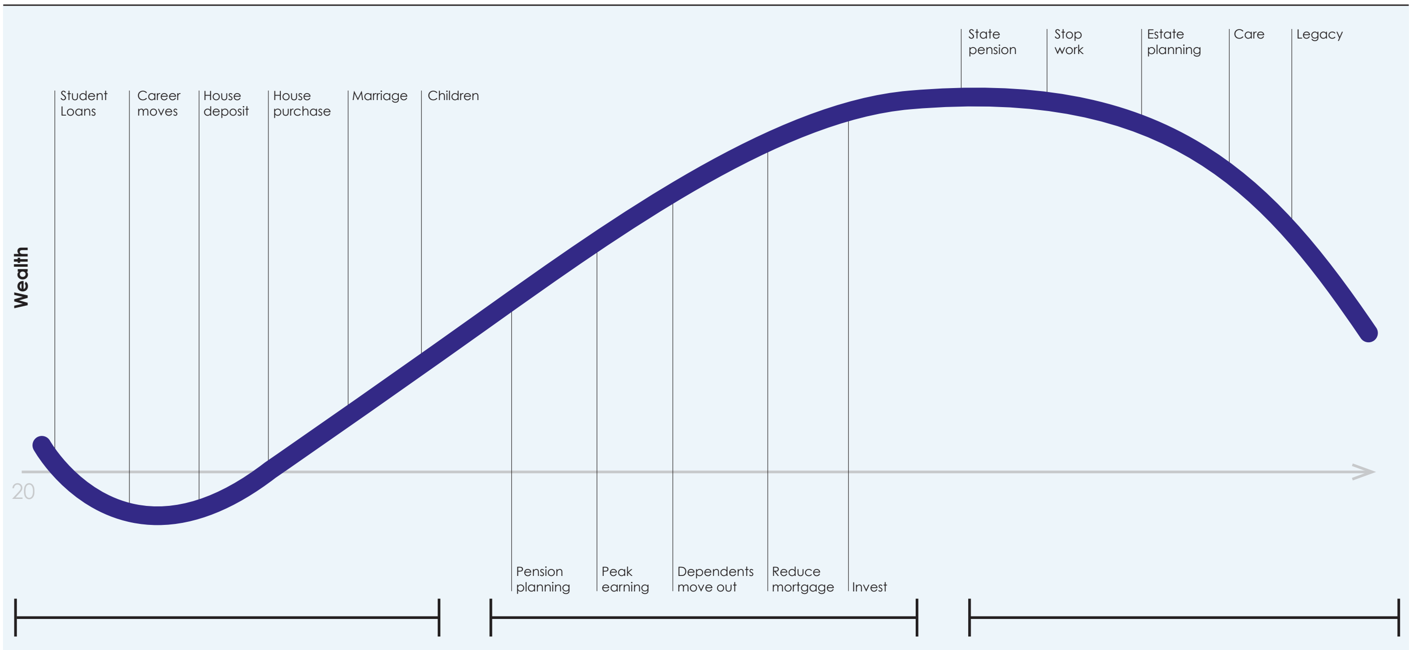
The tax efficiency of ISAs is based on current rules. The current tax situation may not be maintained. The benefit of the tax treatment depends on the individual circumstances. The value of your stocks and shares ISA and any income from it may fall as well as rise. You may not get back the amount you originally invested.

Advice matters - whatever stage in life you're at

The financial products and services we need to navigate through life will change with our circumstances. In the early years, our financial needs are likely to be more straightforward, getting increasingly complex as we grow older and experience more of life's rich tapestry.

We can provide high-quality financial advice whatever your circumstances. Please talk to us to find out more.



20 - 30's: From single and sorted to settling down

Ah, those carefree days of being young, free and single; possibly still enjoying student life (albeit probably with a loan), starting an apprenticeship, or moving onto and along the career ladder.

Our financial needs at this point might be fairly basic: an inflation-beating savings plan for those starting to think about homeownership, income protection for the workers. If budget allows you might even think about cover that helps to pay the bills in the event of an accident or illness. And when you meet someone and start a family, or take on your first mortgage, the need for protection insurance becomes essential.

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

40 - 50's: Accumulating wealth and paying off debts

For most of us, financial wellbeing will depend on whatever it is we do to earn money. At this stage in life, as well as securing good living standards while we're working, it's important to think carefully about putting some of our income aside for the future.

Generally speaking, and subject to investment performance and charges, the earlier you start saving and the more you save, the better shape your financial assets are likely to be in when you need to draw on them. But deciding on the right investment strategy is complicated because of the various factors that can influence it.
For instance:

- your investment objectives - what do you want from your money?
- the level of risk you're prepared to accept and the potential level of loss your finances can tolerate
- the types of investments you should consider in view of your objectives and risk profile
- the tax-efficiency when it comes to holding these investments
- the ongoing management of your investment

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

Over 60: Taking your pension; enjoying retirement

When the time comes to draw money from your pension, you'll need to decide how and from where.

Self-evidently, the greater the value of your investment, the better the prospect of a financially-rewarding retirement. But the more investments you have, the more important it will be to think very carefully about where you take money from when the time comes, and how you continue to manage your money throughout your retirement.

It's also wise to make sure your estate is in good order for any potential beneficiaries. Successful estate planning is all about helping to control the amount of tax you pay on the wealth you create and there are a number of key areas to consider as part of this:

- A will
- Lifetime gifts
- Trusts
- Use of exemptions and reliefs
- Tailored investment products
- Pension arrangements
- Life assurance

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Don't fall for a pension scam

Frank Field, Labour MP and chair of an influential parliamentary committee, has called for legislative action to help keep pension savings safe.

As your trusted Financial Adviser you should always talk to us before taking any critical financial decisions, especially when it comes to something as important as your pension.

This comes after Police data shows that more than £43m of people's retirement savings have been lost to fraud since the pension freedom reforms were announced. Figures from The Pensions Regulator estimate that around £500 million is stolen from our pensions every year.

There are different types of scam, but they often begin by someone contacting you unexpectedly by phone, email or letter. They may invite you to learn more about:

- an investment or other business opportunity that you've not previously spoken to them about
- taking your pension money before you're 55
- ways that you can invest your pension fund

Protect yourself from fraud

Fraudsters and their scams are becoming increasingly sophisticated. They can be financially articulate and very convincing; with websites and marketing material that make them look legitimate. So how would you know if you're about to be the next victim?

Spot the warning signs - If you're contacted out of the blue, if the investment risks are downplayed, or they are using pressurised selling tactics which offer a bonus or discount, it should set off alarm bells. And if the offer is 'one time only' or you're asked not to share the details of the 'opportunity', you should be suspicious.

Check the Financial Services Register – https://register.fca.org.uk or call 0800 111 6768. If an individual or company is not on the register it's probably a scam.

A good rule of thumb with all scams if it's too good to be true, it probably is.

If you think you are being targeted by a scam hang up the call, delete the email, rip up the letter. If you think you have been the victim of a scam already contact Action Fraud, the UK's national fraud and cybercrime reporting centre, immediately on 03001232040.

To find out more about how to protect yourself from financial scams visit

FCA ScamSmart
www.fca.org.uk/scamsmart

Take Five
https://takefive-stopfraud.org.uk/

Pension Wise
https://www.pensionwise.gov.uk/en

The Pension Advisory Service
https://www.pensionsadvisoryservice.org.uk/

OW1285 Exp. 30/09/18

The gender pension gap

If you overheard a conversation about the gender gap, you might automatically think about it in terms of pay, given the relatively recent requirement for firms with more than 250 employees to disclose their pay data.

What is less well known though is the gender pension gap. In the UK, this is thought be between **30 and 40 per cent** and down to two principle reasons:

1. **women need more money in retirement**
2. **women tend to save less than men.**

If you'd like to know more about investing for retirement, please talk to us for advice.

More money needed in retirement

So why would a woman need more money in retirement than her male counterpart? In part, it's down to mortality; women are more likely to live longer than men (estimations suggest by 2.5 years from age 65), which means they will need a bigger pension pot to secure the same level of income throughout their retirement. Because women are more likely to out-live their male partner, they would also effectively lose that second income and potentially have to shoulder things like healthcare-related costs on their own.

Less likely to save as much as men

Women also typically have shorter careers than men; given they are more likely to take career breaks to have children. They are also likely to earn less – as we know from the gender pay gap reports.

What's more, women typically save less than men and are likely to be more cautious when it comes to investing - which means, although there's less risk to their capital, they would lose out on the higher rewards that more adventurous investments have the potential for.

Bridging the gender pension gap

There are a number of ways women can boost their income in retirement:

- **Get Advice!** Research published in 2017 by the International Longevity Centre for Royal London found that people who received financial advice in the 2001-2007 period were around £40,000 better off than their unadvised peers by 2012-14.
- **Start saving more, earlier.** The longer you save the more time it has to grow.
- Find a way to **increase your pension contributions** by budgeting elsewhere
- If you come in to some extra cash from a lottery win to bonus you can **pay a lump sum in to your pension** - basic rate tax payers could get 20% tax relief

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

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OW1466 Exp. 11.7.19

Research by Legal & General in their State of the Nation's Small and Medium Enterprises (SMEs) report has found:

53%

of businesses would cease trading in under a year if a key person became critically ill or died

65%

of businesses have some form of business debt

48%

of sole traders have no business protection in place

70%

of the businesses surveyed had not heard of a Relevant Life Plan.

How secure is your business?

Business protection is a crucial element in a company's financial future, but how many have cover in place?

You may have covered the tangible assets in your business, but have you protected the most important asset; the people who contribute directly to your bottom line?

If the answer is no, you could be putting your business at risk. After all, if you lost a key employee, this could impact the day-to-day running of the business, it could hit profits and create problems repaying an outstanding business loan.

Safeguarding your business

Business protection insurance can help mitigate some of the risks. There are three main types of business protection:

- **Key Person Insurance** provides a lump sum to the business on the death of an important member of the business.
- **Shareholder Protection Insurance** provides a lump sum that will allow remaining shareholders to buy the shares of a deceased shareholder.
- **Business Loan Protection** provides a lump sum to help a business pay any outstanding business loans.

Critical illness cover should also be a consideration, as long-term or permanent absence from work could cause serious financial pressures. In fact, 53% of the businesses surveyed said they would cease trading within a year if a key employee were to become critically ill or die.

Business Protection Insurance is designed to keep you trading. That's why making sure you have the right protection in place should be considered a vital part of running a business.

Get in touch if you'd like to know more about how you can help safeguard your business.

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Offset mortgages explained

With interest rates remaining low, you might want to consider an offset mortgage. This combines your mortgage and savings into one account and, rather then pay interest on the savings, the savings balance is deducted from the loan amount and you pay interest on the remaining balance.

To discuss your mortgage needs, please get in touch.

Advantages

- As you'll owe less in interest, you'll effectively be overpaying, which means you could pay your mortgage off early and save money on mortgage interest payments
- You maintain access to your money, should you need it
- Deals can be flexible and allow you to offset savings and current accounts against your mortgage

Disadvantages

- You won't earn interest on the savings held in your linked account.
- If you don't have much saved, you won't save much on the mortgage, meaning it may be better choosing an alternative deal with a lower interest rate
- Offset mortgages are usually more expensive than standard deals
- Your choice of offset mortgage may be limited as not all lenders offer them

Why choose an Offset mortgage?

Taking out an Offset mortgage enables you to use your savings to reduce your mortgage balance and therefore the interest you pay on it. For example, if you borrowed £200,000, but had £50,000 in savings, you would only be paying interest on £150,000.

Usually linked with one bank account (but sometimes more), an Offset Mortgage allows the money in your savings account to be counted as temporary overpayments towards your mortgage. However, you can still access your savings if you need to.

When is it worthwhile?

If you have a mortgage rate that's higher than your savings rate (after tax), you may find yourself better off by offsetting – even if you don't have a high savings balance. An Offset mortgage may be more appealing if you're a higher rate tax payer. As there's no savings interest paid on the money in an Offset savings account, there is no tax liability.

Offset mortgages can offer real financial benefits if you have a mortgage and some savings. By seeking professional advice, you'll get a clearer picture as to whether it's the right choice for you.

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

Long-term investors needn't fear volatility

You may have read in the press that markets have been particularly volatile in 2018. But what does this mean for your investments?

If you'd like to know more about our approach to wealth management, please get in touch.

While stories about stock market falls are guaranteed to make headlines, the subsequent rebounds in prices get less coverage; and that's when the best investors can often make their money. While the great financial crisis of 2008 and the stock market lows of March 2009 are still fresh in many people's memories, it's worth noting that an investment then in global stocks would have grown more than twofold more than a decade down the line*.

That might be an extreme example with those kinds of returns never guaranteed, and those who try to second-guess markets or try to time when to invest their wealth often get it wrong. However, it does go some way to illustrate the benefits of investing over a long-term time horizon and riding through the peaks and troughs of market movements.

Investing for the long term

Indeed, the investment propositions we can recommend to you (our Graphene models and the Omnis Managed Portfolio Service), are designed specifically with a long-term investment in mind - a minimum of at least five to seven years.

The portfolios are also designed depending on your specific attitude to risk and aim to deliver lower volatility than the wider stock market; dampening extreme spikes in prices. How do we do this? The key is what we call 'asset allocation'. This is smoothing out returns through diversification across different investment types, from stocks to bonds, and alternative types of investments, such as property or natural resources like oil or precious metals.

Volatility in markets has many varied causes; from political shifts and central bank actions through to modern media, for example tweets from world leaders like Donald Trump. Rather than focus solely on these, often random factors, the Omnis fund managers responsible for your investment are looking at specifics that determine the real value of stocks and shares, and overarching thematic trends, such as long-term changes in demographics or spending habits across the globe.

Embracing volatility

The key takeaway here is that short-term movements in stock markets, as sharp as they may be, are part and parcel of investing, and volatility is often welcomed by professional investors looking for new opportunities to put money to work. Those with their wealth in well-managed and well-diversified portfolios should, in most cases, have little to fear as long as they follow their adviser's recommendations in investing over a sensible timeframe and their investments correctly reflect their attitude to risk and capacity for loss.

*MSCI World Diversified Financials Index

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

Past performance is not a reliable indicator of future performance and should not be relied upon.

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