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WELCOME TO THE SUMMER EDITION OF THE KELLANDS NEWSLETTER

Over a year has passed since the world changed and like many people, I have been consistently tracking all the Covid data, being consumed with all the news about outbreaks and treatments. While many aspects of life still remain uncertain, there is clear hope, progress and light at the end of the tunnel. The UK hospital admissions have radically reduced as a result of all our combined efforts and, most importantly, the swift programme of UK vaccine roll-out.

Throughout this challenging period Kellands has been operating at full capacity, ensuring your investment strategies remain safe and on target. I would like to say a special 'well done' to my team, who have stepped up to all the challenges they have been faced with and adapted quickly to their new COVID-safe working environments – and for those with children, it has not been easy juggling home schooling and a full-time job, but they have all done so well and should be so proud.

During Lockdown, we at Kellands are delighted to have been the recipients of a wonderful Award (see right). Thank you.

Also, a special thank you to all our loyal clients, many of whom have had to adapt and conduct their review meetings digitally during the pandemic. From the investment perspective it has been a turbulent year, but since the stock market lows of last March, all our core investment strategies have performed remarkably well. Again, well done to the Kelland investment committee for their continued success and diligence in monitoring our suite of investment solutions.

I hope you enjoy the contents of our summer newsletter and the separate Trust document attachment.

In the meantime, I wish you a happy and healthy summer and we are looking forward to being able to physically meet with you safely in the second half of this year.

Guy Kelland
Managing Director

Tax and Estate Planner of the Year

The content of the articles featured in this publication is for your general information and use only and is not intended to address your particular requirements. Articles should not be relied upon in their entirety and shall not be deemed to be, or constitute, advice. Although endeavours have been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough examination of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions taken in respect of any articles. Thresholds, percentage rates and tax legislation may change in subsequent Finance Acts. Levels and bases of, and reliefs from, taxation are subject to change and their value depends on the individual circumstances of the investor. The value of your investments can go down as well as up and you may get back less than you invested. Past performance is not a reliable indicator of future results.

TIME TO LOOK AT THE ‘**BIG PICTURE**’?

DISCOVERING THE EMOTIONAL BENEFITS OF FINANCIAL ADVICE

No two individuals share the same goals or ambitions. Each person is unique, with their own needs, targets and budgets. So when it comes to managing your money, building wealth, securing your future and, above all else, drawing up an effective plan for fulfilling your investment objectives, professional financial advice should be tailored to your unique specific needs.

/// LET’S LOOK AT HOW FINANCIAL ADVICE CAN IMPROVE YOUR FINANCIAL SITUATION AND YOUR WELLBEING.

A recent survey has identified that around 17 million[1] UK adults have sought financial advice and, as a result, many report experiencing emotional, as well as financial, benefits.

With many people currently coping from rapid changes to their financial circumstances due to the coronavirus (COVID-19) pandemic leading to reduced income or redundancy, let’s look at how financial advice can improve your financial situation and your wellbeing.

FEELING LESS ANXIOUS

Having access to financial advice is strongly linked to feeling more secure and less anxious about money. According to the survey, around 3 in 5 people who have received financial advice report that they feel financially more secure and stable, compared with under half of those who have not received any advice.

Only 1 in 3 people who have received financial advice report feeling anxious about their household finances, compared with over 40% of those who haven’t.

FEELING MORE CONFIDENT

One of the key practical benefits of financial advice is that it gives you access to expertise on topics that are complex. This provides you with more confidence and increased peace of mind. People who have received financial advice report feeling three times more confident about their understanding of financial matters and products than those who haven’t.

For example, areas that some people find confusing concern retirement planning and understanding their life insurance and critical illness options. Among those who have not received advice, around 1 in 4 people say they would not know where to start when it comes to the different options available to them. Among those who received advice, that number is fewer than 1 in 12.

FEELING ABLE TO COPE IN A CRISIS

The COVID-19 pandemic has left many people feeling less stable in their financial situation. 35% of those who have not received financial

advice report feeling anxious about their finances, while 65% see the value in being more prepared for unpredictable events in life.

Financial advice helps you prepare, plan and navigate any future shocks or crisis. And while you can experience the benefits of advice after just one meeting, it's essential to receive ongoing advice over the long term as your situation and life goals change.

This means your adviser gets to know you and your background, and can help you adjust to whatever life has in store. Those people who have an ongoing relationship and receive regular financial advice are twice as likely to report feeling in control of their finances as people who do not. ■

TIME TO DISCOVER MORE ABOUT YOUR FINANCES?

If you'd like to feel more confident, able to cope and less anxious when it comes to your finances, start that journey today by speaking to us. We look forward to hearing from you.

Source data:

[1] https://www.royallondon.com/media/press-releases/press-releases-2020/september/financial-advice-improves-emotional-wellbeing/

/// FINANCIAL ADVICE HELPS YOU PREPARE, PLAN AND NAVIGATE ANY FUTURE SHOCKS OR CRISIS.

IT'S GOOD TO TALK

GETTING FINANCIAL HELP DURING THE CORONAVIRUS (COVID-19) PANDEMIC

The coronavirus (COVID-19) pandemic has not only dealt a blow to the UK economy, many people and families have unfortunately experienced financial hardship. According to a recent survey, 31% of the population say they are struggling with their finances due to the effects of the pandemic[1].

With the pandemic causing many workers to lose working hours or their jobs, it's more important than ever to know what financial options you have.

A rise in unemployment has led to increasing numbers of people taking early retirement, with some relying on their property wealth to fund this.

UNDER-35S ARE MOST LIKELY TO BORROW

But the survey shows that the impact is not spread evenly. It appears that people aged 18-35 have experienced the most financial difficulty and are most likely to seek help from others.

During the pandemic, 18-35s have been four times more likely than any other age group to receive financial support from their family or friends. They've also been twice as likely as other age groups to take out a loan to make ends meet.

PEOPLE AGED 35-55 HAVE BEEN IMPACTED LESS

Those in the 35-55 age group have been less likely to need to borrow than the under-35s, and also less likely to report a worsening of their financial situation than those aged 55-65. But that's not to say that they have it easy. Nearly one in three people in this age group say their finances are worse now.

OVER-55S HAVE THEIR RETIREMENT PLANS DISRUPTED

Many people in the 55-64 age group have had to change their retirement plans. Income from work for one in four of these people has fallen 40%.

OVER-65S ARE SUPPORTING THEIR FAMILIES

Over-65s have been less affected than the general population, with 17% reporting that they are struggling financially. This is likely due to their pension income, which, in a lot of cases, will have remained level. More than one in ten of those aged over 65 say they have offered financial support to family members, which is the highest of any age group.

Before providing help to younger family members, it's important to make sure that you can afford to without affecting your standard of living. Consider how your costs might rise later in life and ensure that you retain enough wealth to cover these additional expenses.

SUPPORT IS STILL AVAILABLE IF YOU, YOUR FAMILY OR YOUR BUSINESS NEED IT

In response to the impact of coronavirus, the government agreed a raft of measures with providers across a range of sectors to ensure struggling consumers are treated fairly. For those still worried about paying utility bills or repaying credit cards, loans or mortgages due to the impact of coronavirus, support is still available. Visit www.gov.uk.

PEOPLE STRUGGLING TO PAY ESSENTIAL BILLS ARE ENCOURAGED TO:

- Contact providers: if you think you might have a problem paying bills, contact your providers to explain the situation and receive help
- Ask for help if it is needed: if you are struggling with your bills or credit commitments, free advice is available. Coronavirus has affected the entire nation and many people need support now, even if they never have before
- Explore payment options: if you are struggling with bills, it is better to agree a payment plan with your provider/s and keep making regular instalments, rather than cancelling direct debits and letting debt build. ■

HELP AND FINANCIAL SUPPORT

Even though the government has relaxed some of the COVID-19 restrictions, this is still a particularly difficult time for many households across the UK, with some struggling to keep up with bills, loan payments and mortgages. If you would like to discuss your situation, please contact us for more information.

Source data:

[1] https://www.lv.com/about-us/press/coronavirus-outbreak-leaves-young-people-turning-to-bank-of-gran-and-grandad

MINIMUM PENSION AGE TO INCREASE

AGE CHANGE TO WHEN PEOPLE CAN START TAKING PENSION SAVINGS

The government has confirmed that it plans to increase the minimum pension age at which benefits under registered pension schemes can generally be accessed, without a tax penalty, from age 55 to age 57 commencing 6 April 2028.

The Treasury is consulting on how best to apply its decision to increase the age when people can start taking their private pension savings. The Normal Minimum Pension Age (NMPA) will increase in line with increases to the State Pension age.

UNQUALIFIED BENEFITS RIGHT

Members who currently have an 'unqualified right' to access their benefits under a registered pension scheme before age 57 and members of the armed forces, firefighters or police pension schemes will be permitted to retain their existing minimum pension age.

The government is planning to introduce a protection regime which would mean that an individual member of any registered pension scheme (occupational or non-occupational) who has an unqualified right – for example, without needing the consent of their employer or the trustees – under the scheme rules at the date of the consultation to take pension benefits at an age below 57 will be protected from the increase in 2028.

PROTECTED PENSION AGE

A member's protected pension age will be the age from which they currently have the right to take their benefits. The protected pension age will be specific to an individual as a member of a particular scheme. So an individual could have a protected pension age in one scheme where they have a right to take pension benefits at an age below 57, but for schemes where no such right exists the new NMPA of 57 will apply from 2028.

It will also apply to all the member's benefits under the relevant scheme, not just those benefits built up before April 2028. Individuals with an existing protected pension age under the 2006 or 2010 regimes will see no change in their current protections.

ASSOCIATED PENSION SCHEMES

In recognition of the special position of members of the armed forces, police and fire services, the government is proposing that, where members of the associated pension schemes do not already have a protected pension age, the increase in the NMPA will not apply to them.

Individuals who do not have a protected pension age who access their pension benefits before age 57 after 5 April 2028 would be subject to unauthorised payments tax charges.

PENSION TAX RULES ON ILL-HEALTH

There will be no need for individuals or schemes to apply for a protected pension age. This is in line with the approach taken under the existing protected pension age regimes. The government is not proposing to make any changes to the current pension tax rules on ill-health as part of this NMPA increase.

Unlike the protection regime introduced in 2006, where individuals are entitled to a protected pension age in relation to the increase in NMPA from 2028, they will be able to draw benefits under their scheme even if they are still working.

SCHEME BENEFITS CRYSTALLISED

In addition, currently, if an individual wants to use their protected pension age, then all their benefits under the scheme must be taken (crystallised) on the same date. However, considering the pension flexibilities introduced in 2015, the government proposes that this requirement will not be a condition of the 2028 protected pension age regime.

This would mean, for example, that an individual with a defined contribution pension with a protected pension age of 55 would be able to allocate some of their pension to a drawdown fund, and at a later date use the remainder to purchase an annuity, without losing their protected pension age.

NORMAL MINIMUM PENSION AGE

The government's position remains that it is, in principle, appropriate for the NMPA to remain around ten years under State Pension age, although the government does not intend to link NMPA rises automatically to State Pension age increases at this time.

The announcement means that there is the potential for some people to be caught in the middle, being able to access their pension at 55 prior to April 2028, but having to wait until they turn 57 to access any untouched pension funds after this date where they don't qualify for protection. ■

PLANNING FOR THE RETIREMENT YOU WANT

This announcement may, in particular, have an impact on the timing for taking your pension benefits. It's never too early to be planning ahead. To discuss how we can help you plan for the retirement you want, please contact us.

SUSTAINABILITY **MATTERS**

PLAN FOR A BETTER TOMORROW, TODAY

Responsible investment is a catch-all term to broadly describe funds that invest to make a positive change, either to the environment or for society. Within this umbrella term there are four broad investment approaches: ethical exclusion; responsible practice; sustainable solutions; and impact funds.

Increasingly more pension savers are asking where their funds are invested. Many are no longer just concerned about getting the best returns – they also want their money to be used in a way that helps society and the planet. The Department for Work and Pensions (DWP) is currently consulting on improving the governance, strategy and reporting of occupational pension schemes on the impact of climate change.

The growth of Environmental, Social and Governance (ESG) issues – from an increasing awareness of climate change, global responsibilities and social issues to investing in companies that act responsibly and prioritise making the economy cleaner, safer and healthier – is an important consideration for many investors.

CONSIDERATIONS WITHIN RETIREMENT PORTFOLIOS

While ESG concerns have been gaining profile in the investment world for many years, there is reason to believe that there will continue to be a big shift toward these considerations within retirement portfolios and the coming transfer of wealth to sustainability-minded Millennials.

Eight out of ten people (83%)[1] think global warming will be a serious problem for the UK if action is not taken, and there is a lack of awareness about the extent to which pension funds are working to reduce the impact of climate change. In the survey, around half (51%) say global warming is 'extremely' or 'very' important to them.

CATEGORIES OF CRITERIA USED TO ASSESS COMPANIES

However, there remains a lack of understanding among some savers as to how pension schemes are taking action against climate change. Three-fifths of workplace pension holders (59%) say they don't know if schemes are taking any action; just one in seven (15%) workplace pension holders think schemes are.

ESG refers to the three categories of criteria used to assess companies when investing responsibly: 'E' stands for 'environmental' factors, such as carbon emission and water management; 'S' stands for 'social' factors, such as employee welfare, diversity and inclusion; 'G' stands for 'governance' factors, such as business ethics and corruption.

PERCENTAGE OF PEOPLE'S WEALTH IN THEIR PENSIONS

The concept of ESG investing has existed for decades but has grown enormously in popularity over the last five years. While early adopters of this practice were often driven by moral or ethical concerns, over time the financial benefits of ESG investing have become clearer, which has encouraged mass adoption.

ESG investing is becoming increasingly popular, and many investors are choosing ESG funds for their Individual Savings Accounts (ISAs) and general investment portfolios. However, these accounts usually hold a lower percentage of people's wealth than their pensions.

GREATER TRANSPARENCY AROUND CLIMATE IMPACT

The survey also found a number of people don't understand what pension schemes do with their money. Little more than two-thirds (68%) of the general population understand that pension schemes invest in a range of companies and other investments, and only one in five (22%) pension holders say they know the types of companies that their pension invests in.

Despite these knowledge gaps, when it comes to pensions there is still strong support for greater transparency around climate impact, in terms of the investments that are made and the way firms operate. Six in ten (62%) people think that pension schemes and other investors should hold those in charge of the companies they invest in to account for their efforts to minimise their impact on climate change.

BEHAVE IN A WAY THAT HELPS TACKLE CLIMATE CHANGE

Two-thirds (66%) think investors have a responsibility to encourage the companies they invest in to behave in a way that helps tackle climate change. A similar proportion (65%) think that financial services firms should report on the impact the companies they invest in have on climate change.

Around seven in ten people (68%) say that pension schemes should be transparent about the extent to which they invest in a climate-aware way. Seven in ten (69%) also want financial services firms

/// TWO-THIRDS (66%) THINK INVESTORS HAVE A RESPONSIBILITY TO ENCOURAGE THE COMPANIES THEY INVEST IN TO BEHAVE IN A WAY THAT HELPS TACKLE CLIMATE CHANGE.

to be transparent about the impact of their own operations on climate change. ■

LOOKING FOR MORE FREEDOM OVER HOW YOUR PENSION I S INVESTED?

Pension holders now have far more freedom over how their pension is invested than many realise. If you would like to ensure your pension is invested according to your preferences, including a preference for ESG investments, contact us for more information.

Source data:

[1] Research was conducted for the Pensions and Lifetime Savings Association (PLSA) by Yonder (formally known as Populus), an independent research agency. They achieved a nationally representative online sample of 2,082 UK adults aged 18+. The fieldwork was conducted between 25-26 November 2020.

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SUCCESSION PLANNING

PREPARING YOURSELF, YOUR FAMILY AND YOUR BUSINESS FOR THE FUTURE

The operational demands of running a family business or other closely held enterprise can be all-consuming, but it's vital that business leaders take the time needed to assess their organisation's business succession planning.

After pouring years of your life into building a profitable business, it's natural that you'll want to pass it on to someone who will take equal care of it, whether that's a member of your family or a buyer. That's why succession planning is so important.

In the context of your business, succession planning is the process that ensures a smooth transition in ownership from you to someone else, so that a new owner can continue to pursue your company's goals.

WHY IS SUCCESSION PLANNING IMPORTANT?

A succession plan can help to leave the business without negative repercussions, secure your legacy at the company, ensure a seamless transition to new management and reassure employees and stakeholders.

WHAT ARE YOUR SUCCESSION PLANNING OPTIONS?

The three most common options are:

1. Keeping the business in your family

You might want to pass on your business to a family member, such as an adult child. While this option has many benefits, the relationships and emotions involved can make objectivity difficult, so it can help to involve an external adviser who can remain impartial.

2. Selling the business

It can be difficult to find a buyer with the skill and expertise to run your business, and the inclination to do so. But once you find them, this option can be profitable and strategically successful.

3. Management buyout (MBO)

Another option is for your company's managers to become owners by raising the finances together. This can be the best way to ensure continuity of your business's progress towards its goals, as the same team continue to operate it and service customers.

HOW CAN YOU ENSURE SUCCESSFUL SUCCESSION PLANNING?

A successful succession plan takes time and dedication. It will be unique to your business. But all good plans involve the following steps:

GOAL SETTING

Consider your personal goals and the goals of the business. You may have shareholders or other stakeholders whose goals you must consider.

TIMELINE PLANNING

You need to establish the date you're working towards, which may be definite, for example, your retirement at a specific age or indefinite, your eventual death.

COMMUNICATION

Keep your employees, customers and clients informed. When people feel 'out of the loop', they get uneasy and you may lose them.

SEEKING PROFESSIONAL ADVICE

You'll likely only create a succession plan once. So, to maximise your chances of success, speak to a professional adviser who's helped other businesses create theirs. An expert's perspective provides insights you may not be aware of and keeps your plans on track.

SUCCESSION PLANNING CHECKLIST

For a business, working without a succession plan can invite disruption, uncertainty and conflict, and may endanger your future competitiveness. Do you know the answers to these ten questions?

1. Have you defined your personal goals and a vision for the transfer of ownership and management of the company?
2. Do you have an identified successor in place?
3. If applicable, have you resolved the family issues that often accompany leadership and ownership decisions?
4. Does your plan include a strategy to reduce estate taxes?
5. Will there be sufficient liquidity to avoid the forced sale of the business?
6. If succession will one day require the transfer of assets, have you executed a 'buy-sell' agreement that details the process ahead of time?
7. Is there a detailed contingency plan in case you die or become unable to continue working sooner than anticipated?
8. Have you identified and considered alternative corporate structures or stock-transfer techniques that might help the company achieve its succession goals?
9. Have you determined whether you or anyone else will depend upon the business to meet retirement cash flow needs?
10. Have you recently had the business valued and analysed in the same way potential buyers and competitors would? ■

DO YOU HAVE A COMPREHENSIVE FINANCIAL PLAN?

Succession planning is a complex process that draws upon many business disciplines. There are many benefits for companies and owners who plan properly and strategically for an orderly transition of management and ownership. To find out more, please contact us.

A SHORT GUIDE TO CAPITAL GAINS TAX (CGT)

The current CGT allowance is £12,300 and this is reduced to £6,150 for Trusts. It is not certain whether there will be any change to CGT in the near future following the Chancellor's recent budget in March; however, we are keeping a close eye on developments as this may have been high on the government's agenda before the coronavirus pandemic recovery took precedence.

A RECAP:

You pay CGT on the gain when you sell (or 'dispose of'):

- most personal possessions worth £6,000 or more, apart from your car
- property that is not your main home
- your main home if you have let it out, used it for business or it is very large
- shares that are not in an ISA or PEP
- business assets

These are known as 'chargeable assets' and you only pay CGT if your total gain is above the annual CGT exempt allowance.

No one individual is exempt from paying CGT. However, there are instances when CGT does not apply:

- You do not pay CGT on gifts to a husband, wife, civil partner or a charity. However, if you gift an asset to a spouse or civil partner, they may have CGT upon disposal at a later date
- No CGT is payable on death – Inheritance tax is assessed at that point. However, CGT can later apply if an inherited asset is then sold
- Gains on ISAs, PEPs and pensions are exempt.
- As are lottery winnings and betting winnings.
- Also, UK Gilts and Premium Bonds are exempt

If you are a higher rate taxpayer then you will pay 28% CGT on property sales (residential) and 20% on other assets. If you are a basic rate taxpayer, the rate you pay depends on the size of your gain, your taxable income and whether your gain is from residential property or other assets.

HOW DO I CALCULATE THIS?

1. Work out how much taxable income you have – this is your income minus your personal allowance and any other income tax relief you are entitled to.
2. Work out your total taxable gains.
3. Deduct your tax-free allowance from your total taxable gains.
4. Add this amount to your taxable income.
5. If this amount is within the basic income tax band, you will pay 10% on your gains (or 18% on residential property). You will pay 20% (or 28% on residential property) on any amount above the basic tax rate.

If you are a Trustee or business, then the same rules apply as if you were a higher rate tax-payer.

HOW DO I DECLARE CGT?

You do not have to pay tax if your total taxable gains are under your capital gains tax allowance. However, you still need to report your gains in your tax return if both of the following apply:

- the total amount you sold the assets for was more than four times your allowance
- you are registered for Self-Assessment

If you fail to report in time, then you may be liable to a late filing fine. You must contact HMRC if unsure.

Do I pay capital gains tax if I sell my house, and how do I calculate CGT on property?

If you sold a residential property in the UK after 6 April 2020 then you have to report and pay CGT within 30 days of sale. This does not apply to properties that you have lived in for the entire time you owned it. Even if you have rented the property out at some point in the past, there are certain exemptions available, including the discounting of certain years you lived in and owned the property. This is a complex area, and you should speak to an accountant when dealing with the sale of a rental or partly rented property. ■

Ian Boasman
Chartered Financial Adviser
Kellands

GRANDPARENTS, GRANDCHILDREN AND MONEY

SHARING YOUR WEALTH DURING YOUR LIFETIME CAN MAKE A BIG DIFFERENCE

With all of us leading longer lives, you might be considering how you can help your family when it matters most. Sharing your wealth during your lifetime can make a big difference and bring you a lot of joy, particularly when helping younger generations who are dealing with rising house prices and university fees.

After you've determined how much you can afford to give, there's a simple starting point. What exactly do your grandchildren need, and when do they need it?

The right way to give presents for your grandchildren can vary depending on how old they are, and whether you're concerned about turning over a sizeable amount of money to a child who may still be impressionable.

YOUNGER GRANDCHILDREN

Junior Individual Savings Account (JISA)

If your grandchild is under the age of 18, you might put money into their JISA account. While you won't be allowed to open one on their behalf, you will be able to donate up to their annual JISA limit, which is £9,000 for the 2021/22 tax year.

The benefit of the JISA is that they can't touch the money until they turn 18 – after that, it's theirs to use as they choose. The funds may be stored in cash, invested in securities, or a mixture of both. Investment growth is tax-efficient in a Stocks & Shares ISA, while a Cash ISA's interest is tax-free. If you put money away for 18 years, it might grow into a sizeable amount, but the value of any investment will go up and down.

Child's bank account

Alternatively, a child's savings account is a convenient and easy place for families and friends to deposit money for smaller presents. Keep in mind, though, that savers' rates have been poor in recent years and over time, inflation can reduce the value of the savings, because prices typically go up in the future.

OLDER GRANDCHILDREN

Lifetime Individual Savings Account (LISA)

If your grandchild is 18 or older, a LISA will be able to assist them in saving for their first home. If they turned 40 on or before 6 April 2017 they won't be eligible. Only first-time buyers can use a LISA to buy property under age 60.

For every £4 saved, the government will add £1 (worth up to £1,000 every tax year until they turn 50 years old). Up to £4,000 a year is eligible for the 25% bonus (they can add more but it won't receive a government contribution).

The bonus is paid every month, so they benefit from compound growth. They can invest in either cash or stocks and shares and this forms part of their overall annual ISA limit, which is £20,000 in tax year 2021/22.

WOULD YOU LIKE THE REASSURANCE OF SOME CONTROL?

It's understandable to be concerned about giving too much money to grandchildren too young. You might like to have a say in where your money is spent and where it is spread. Putting a gift into trust will alleviate concerns over giving substantial sums to grandchildren before they have reached financial maturity and it can provide grandparents with the leverage they want.

You maintain some control of the assets and to whom and where they are paid as a trustee, and gifts to the trust will lower the estate for IHT. Giving money to your grandchildren may eventually affect the way your estate is taxed, so it's important to obtain professional advice before doing this.

PLAN AHEAD FOR A BRIGHTER FUTURE FOR ALL

There's a lot grandparents can do today, with a little extra thinking and forward planning, to ensure that the money donated goes towards ensuring a brighter future for your loved ones – when you're still alive to enjoy it. ■

GIVING YOUR LOVED ONES FINANCIAL GIFTS

If you're unsure about the best approach for you, talk to us to discuss your options. Please contact us for more information.

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/// IF YOUR GRANDCHILD IS UNDER THE AGE OF 18, YOU MIGHT PUT MONEY INTO THEIR JISA ACCOUNT.

EXCITING TIMES AHEAD

I am excited to have recently joined Kellands, taking up the opportunity to continue my career as an Independent Financial Adviser. I have worked within financial services for over 20 years, previously in intermediary sales for Aegon and then for the last 13 years working as a Financial Adviser for Lloyds banking group.

Outside of work I am married to Gavin and have three children, Kieran 18, Isobel 15, and Charles 11. The weekends are family time and I enjoy watching my children play sports. We enjoy eating out and are all looking forward to utilising our season tickets for Bolton Wanderers when the restrictions allow stadium access once again.

The main factor in making me consider moving firms was driven by the restrictive advice process my previous firm advocated. I wanted to be able to offer a more flexible, independent and whole-of-market range of financial planning solutions to my clients, and was looking to find a new home where clients' wellbeing and financial objectives were central to the culture of the company. This would enable me to offer the very best financial outcomes for my clients.

There were numerous reasons that attracted me to Kellands other than their excellent reputation within the industry. They are a well-established Chartered Financial Planning practice, meaning the company encourages and helps all its advisers to gain the highest level of knowledge and qualifications. This, in turn, ensures a high quality of advice is provided to clients demonstrating commitment to raising standards, which is a key differentiator.

In addition, the investment committee is impressive – the experience and due diligent process of the investment team has consistently delivered great results for clients. This has been particularly highlighted and proven during the recent turbulent times. The selected fund strategies have performed extremely well, recovering the losses of March 2020 within eight months. I look forward to being a part of it and adding my knowledge and experiences.

I have gained great experience within large corporate firms for over 20 years, working with some fantastic people and building relationships. It has helped broaden my knowledge and provided me with lots of insight and experience. I am now determined to build on those existing skills and continue to develop; you can never stop improving and learning if you want to be the best in your field. The ability to now work within a smaller dynamic team, where you are able to talk directly and share ideas with your colleagues, will inevitably help when the more complicated financial planning situations need to be solved.

Thus, I am pleased to have recently joined this very experienced national award-winning team whose range of backgrounds, experience and knowledge will be invaluable.

In summary: Working within a whole-of-market Chartered Financial Planning company will enable me to offer a more complete range of services, thus widening the audience that will benefit from my experience. Having access to more superior products and services, my new role at Kellands will enable me to continue providing valuable advice in order to improve the financial future of my clients, whatever their needs. This more holistic approach to financial planning will cover all the core areas of investment, pension, protection and generational planning advice needs.

I know I will enjoy being part of the Kellands team and am excited at what the future will now bring. ■

Jennifer Skehen
Financial Adviser
Kellands

WILL YOUR PENSION **RUN OUT EARLY?**

IMPACT ON PEOPLE OPTING FOR EARLY RETIREMENT AS A RESULT OF THE PANDEMIC

An increasing number of people have been forced into early retirement due to the economic impact of the coronavirus (COVID-19), with many worried about how they'll make ends meet in the future. Because of the pandemic, we are currently in a challenging economic period. The global economy has taken over ten years to recover from the shock of the last financial crisis.

In a recent survey, the findings showed that 3% of people in the 55-64[1] age group have taken early retirement due to the coronavirus pandemic. And 4% of people in this age group have had to access some of their pension savings to cover living costs because their income has dropped due to redundancy or reduced pay. These percentages may seem small, but they represent hundreds of thousands of people.

RISKS OF EARLY RETIREMENT

While early retirement may sound like a dream come true, for those with insufficient pension savings it can be a ticking time bomb. Every year of early retirement will have an impact on your pension, in that it represents both a year lost for saving and a year added for spending. Simply put, you'll need to make less money last longer.

Unless you've budgeted carefully and are sure you have enough savings, you could run the risk of your pension running out in your later years. This is an expensive time for many people, due to the cost of financing care, and that can result in unexpected hardship.

PLANNING FOR EARLY RETIREMENT

If you're planning early retirement, you should consider the following steps:

1. Calculate all your savings in different pension pots to find out what your total is.
2. Track down any lost pensions from previous employers and add these to your total.
3. Check how much of the State Pension you can expect to receive, and from what age.
4. Create a budget for your retirement spending, making sure to include any additional future costs you're aware of and a little extra for future costs you're unaware of. Be honest about how much you'll need.
5. Make sure that the total you have in pension savings, when combined with the State Pension you'll receive, is sufficient to cover all your future costs.

ALTERNATIVES TO EARLY RETIREMENT

If your financial situation is forcing you to withdraw from your pension but you're not ready yet to stop saving, there are ways to access your pension that do not affect your annual allowance and therefore allow you to continue contributing at the same rate in the future.

These include:

- Taking up to 25% of your savings as a tax-free lump sum (from a defined contribution pension)
- Accessing a defined benefit pension (if you have one)
- Withdrawing a pension pot worth under £10,000 in its entirety under 'small pots' rules
- Buying certain types of annuity

CAN YOU AFFORD TO RETIRE EARLY?

We know that you work hard for your money, so you should be able to enjoy it as much as possible. When planning for retirement, there are now more choices available than ever before. By understanding precisely what you'll need to get to where you want to be, you can ensure you're prepared for the future.

So when working out if you can afford to retire early, your starting point should be to think about whether your savings and investments will be enough to cover all your outgoings, as well as all your essential living costs and any regular debt repayments you may have to make. ■

ANSWERING ALL THOSE BIG QUESTIONS

We can give you more information on any of these options and help you to choose the ones that are best for you. We'll answer all those big questions you might have: When can I retire? How can I make my money last? Should I take a lump sum? To find out more and discuss your options – please contact us.

Source data:

[1] https://www.lv.com/about-us/press/covid-pandemic-pushes-more-than-154000-into-early-retirement

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028). THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE. YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE 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. YOU SHOULD SEEK ADVICE TO UNDERSTAND YOUR OPTIONS AT RETIREMENT.

/// UNLESS YOU'VE BUDGETED CAREFULLY AND ARE SURE YOU HAVE ENOUGH SAVINGS, YOU COULD RUN THE RISK OF YOUR PENSION RUNNING OUT IN YOUR LATER YEARS.