

VISION

Issue 11 | Summer 2019

MAGAZINE

Impartial, accountable and trusted

WHAT'S YOUR MAGIC NUMBER?

Your five-year plan to a comfortable retirement

LATER LIFE PLANNING

The importance of building a strategy

CHOPPY WATERS, NOT FULL-ON GALE

Wait for the bad weather to pass and stay the course

FORTY YEARS ON

John Griffin on four decades in the UK financial services sector



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Hello and welcome to the Summer 2019 edition of *Vision* magazine. I hope you have been enjoying the season and catching some sunshine – whether it be on holiday, at the beach or perhaps, like me, in the garden.

We are more than halfway through another busy year, and as ever our SGWM magazine is full of advice we hope you will find useful.

In this issue, you can find guidance on whether to invest into a pension or an ISA ('Smart investments', page 11), keeping 'Healthy, Wealthy and Well-Advised' (page 06) and making a five-year plan to retire ('What's Your Magic Number', page 05).

You may remember Norfolk Community Foundation talked about philanthropy in our Winter 2018 edition of *Vision*, and carrying on that theme we welcome hearing from Virginia Edgecombe of law firm Mills & Reeve on the subject of supporting charities when considering family wealth planning (page 10).

We will continue to include other articles from guest contributors in forthcoming editions of *Vision*, so do keep reading!

The full list of articles featured in this issue appears opposite.

We hope you find *Vision* enjoyable and informative. If you have any ideas for articles or topics you'd like us to feature, or to discuss any of the articles in this issue, please contact us – and don't forget to follow and like us on LinkedIn, Twitter and Facebook. 

With best wishes
Helen Tavner, Editor



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FOCUSING ON THE BIGGER PICTURE AND KEEPING INVESTED FOR THE LONG TERM

As I write this, we are more than midway through the summer and, although it's a sobering thought that the days are already getting shorter, I am currently still enjoying the light evenings, bright mornings and the warm weather.

However, by the time this edition of *Vision* reaches you, you may already be starting to contemplate what autumn could bring, although – rather like Brexit – it's difficult to foresee what will happen in the future!

On that note, the markets are unpredictable too and, in terms of investing, we always counsel against a short-term outlook or overreacting to immediate stock market moves. Our multi-asset approach and a carefully considered diversified investment portfolio, held for the medium to long term, can smooth out your returns and is the best way to weather market uncertainty.

Volatility, which refers to periods of short-term rises and falls in the price of investments, can be caused by a variety of political and economic factors. So, while it's natural to be concerned when you see sharp fluctuations in the value of your investments, it's important to remember that it's a normal part of investing, and all long-term investors will experience it to some degree.

I thought you would find the chart opposite interesting as it shows why it's so important to ensure your investments are diversified. As you can see, over time, no single asset class or region is a consistent top performer. Spreading your investments across a range of asset classes and regions can help smooth the impact of ups and downs. One

investment may perform badly in any particular year, but the negative performance could be offset by the positive performance of another investment.

At SG Wealth Management, we continue to focus on your long-term goals and look at the 'bigger picture'. We will always help you select the right mix of investments, advise against making emotion-based decisions and always endeavour to tailor your investment plan to meet your specific

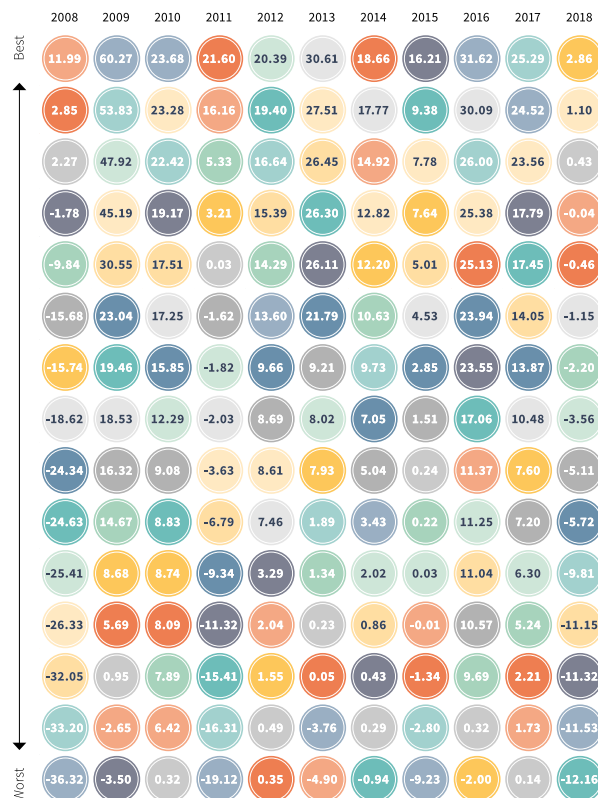
needs. The best strategy is always to remain calm and maintain a long-term perspective.

Which is what we may still need to do with Brexit....Enjoy the rest of your summer. ■

Stephen Girling

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Source: Morningstar as at 31.12.2018

WHAT'S YOUR MAGIC NUMBER?

Your five-year plan to a comfortable retirement



Retiring is a huge life event. And the very concept of retirement is changing with phased retirement becoming more common. The way we

access our pension is now a lot more flexible, and it's no secret that in the UK we're living longer than ever before which means we need to make the right choices.

So you're now age 50 and you want to wave goodbye to the 9-to-5 grind and retire at age 55. You may think it seems like a pipe dream, but early retirement is achievable – and it's not only reliant on you picking the winning lottery numbers.

FINANCIALLY SECURE FUTURE

But with a longer retirement ahead of you than previous generations and a greater choice over how you take your pension, planning ahead will help ensure you're on track to a financially secure future.

There's a very rough rule of thumb to follow in order to find the magic number for a comfortable retirement. To do this, take the age you started saving into your pension and then divide it by two. This will give you an indication as to the percentage of your pre-tax salary you should be putting aside each year until you retire. Also, don't forget to include your employer's contribution in that percentage.

We've provided our nine things to consider to boost your retirement finances during your final years in the workplace.

COUNTDOWN HAS COMMENCED – YOUR FIVE-YEAR PLAN TO RETIREMENT

- Firstly, it may seem obvious but decide the age you're likely to retire.
- Think about phasing your retirement and continuing to work part-time for your current or a new employer.
- Boost your pension by increasing your contributions and/or adding lump sum payments – making sure to take advantage of any unused pension tax allowance.
- Trace any lost pensions through the Pension Tracing Service.
- Ask for up-to-date statements for all your pensions. You can also get a forecast of your State Pension at www.gov.uk.
- Review your investments and savings to see if they still meet your attitude to risk as you approach retirement.
- Consider whether you'd like to take an income from your pension or whether you want a pot of cash, including any tax-free allowance, to do something different in retirement.
- Write a Will or review your existing Will – and plan what will happen to your pension and estate if you die, plus any of the tax implications.
- Finally, discuss your plans with us and we'll apply all of the above to your particular situation, where applicable – no matter what your vision of retirement is, we'll provide the professional advice to help you calculate your magic number for a comfortable retirement.

Early retirement planning is identical to conventional retirement planning with one big exception – time. You have less time to achieve your financial goals and more time that your money

must last after retiring. What this means is that you have a shortened, accelerated financial preparation phase and an extended, post-retirement spending phase when you retire early. ■

Mike Moore

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Time for a wealth check?

The precise amount you'll need to save each month to retire depends entirely on the kind of lifestyle you plan on having in retirement. Whether you have just started out on life's journey, or are counting the days to retirement, pension planning should be high on your agenda. To assess your current position – contact us for a wealth check.

A PENSION IS A LONG-TERM INVESTMENT.

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

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

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



HEALTHY, WEALTHY AND WELL ADVISED

Financial complexities of passing on wealth



Passing on wealth is a sensitive subject, not just because of the financial complexities of it all, but also the emotion and family politics involved.

Having built up their business or wealth, many families wish to enjoy it while also ensuring that it is passed on to the next generation in their families. Passing on what you have accrued in the most efficient way is of paramount importance. But some people find the idea of discussing passing on wealth uncomfortable.

MAKING DECISIONS ON YOUR BEHALF

It is often said about those people who are healthy, wealthy and well advised that they rarely pay Inheritance Tax – or rather, their estates do not. As part of the planning process, it is essential to make certain that you have a current Will in place. Your Will ensures that when you die, your wishes are clear.

Also, give consideration to arranging a Lasting Power of Attorney, a legal document that lets you appoint one or more people to help you make decisions or to make decisions on your behalf.

YOUR WEALTH OVER THE YEARS

Dying without a Will could leave your partner without any rights or protection if you're not married. If you don't have close family, your estate could pass to a distant relative you do not wish to benefit or do not know, or even to the Crown. If you already have a Will, you should consider reviewing it at least every five years.

It might be the case that you have built up your

wealth over the years, or perhaps you have had a windfall or inherited a sum of money. Whatever your individual circumstances, setting up a trust could be the right decision for the future, with the added flexibility of tax-efficiency.

POTENTIAL INHERITANCE TAX LIABILITY

With our help, we can work out if you have a potential Inheritance Tax liability. Once we have this information, we'll make recommendations about how you could reduce your Inheritance Tax by reviewing all the different allowances and options available. By funding your expenses from assets that are subject to Inheritance Tax, this will also help reduce your taxable estate.

A trust may also help you protect your wealth, making sure that the people who matter to you most are the ones who benefit in a way that you want them to at the right time. Even though the current climate is less favourable, following major Inheritance Tax reform in 2006, there are still a number of instances where trusts can be created without an immediate Inheritance Tax charge.

SIGNIFICANT DEGREE OF ASSET PROTECTION

Putting taxation to one side for the moment, the separation of legal ownership of an asset from its beneficial ownership creates great flexibility and offers a significant degree of asset protection. This can be valuable in a range of situations, such as providing for children or grandchildren, dealing with assets on death and on marriage breakdown.

In thinking about passing wealth down the generations, another concern is whether your

property may have to be sold to pay for nursing home fees. If a couple, whether or not married, own their home jointly, then it is normally possible by way of their Wills to ensure that if the longer-lived member of the couple eventually has to go into a home, the share of the house which was owned by the other member of the couple is ring-fenced by means of a trust, so at least that part of the value of the house does not end up going on home fees.

TAX LEGISLATION AND ALLOWANCES CONSTANTLY EVOLVE

If you are a farmer, you are probably aware that agricultural property relief on agricultural property, including the farmhouse, can be claimed to reduce or avoid an Inheritance Tax bill after death. You should also be aware, though, that if before your death you retire, in the sense that you are no longer actively farming the land yourself, then the relief may be lost, particularly on the farmhouse.

Making sure that you can pass on your wealth to the right people, at the right time, will be one of the most valuable things you can do for yourself and your family. Tax legislation and allowances are constantly evolving, so it is essential to review your financial and investment arrangements to ensure unexpected tax bills won't jeopardise any wealth intended for your family. ■

Linda Kent

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Protecting what is yours

You have worked hard throughout your life to accumulate and preserve your wealth. We can give you the peace of mind of knowing that you have laid the firmest foundations for your family's future. Please contact us if you would like to arrange a meeting to discuss your situation – we look forward to hearing from you.

INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS.

ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE.

THE RULES AROUND TRUSTS ARE COMPLICATED, SO YOU SHOULD ALWAYS OBTAIN PROFESSIONAL ADVICE.

CHOPPY WATERS, NOT FULL-ON GALE

Wait for the bad weather to pass and stay the course



Volatility fluctuates based on where we are in the economic cycle, but it is a normal feature of markets that investors should expect. When stock markets start correcting, daily injections of bad news may sound as though it will never end. This can spark anxiety, fuel uncertainty and trigger radical decisions in even the most seasoned investors.

From the unfathomable Brexit playbook and the continued prominence of populist ideology, to unconventional US foreign policy and the retirement of Draghi, the highly respected European Central Bank president, uncertainty prevails. But it's essential not to panic and to keep perspective when markets are turbulent.

Whether it's rough seas or a volatile stock market, the same rules apply. When storms rock the boat, don't jump ship. Wait for the bad weather to pass and stay the course.

Here are some strategies to consider when volatility strikes.

KEEP CALM – SHORT-TERM VOLATILITY IS PART AND PARCEL OF THE INVESTMENT JOURNEY

Markets can fluctuate depending on the news flow or expectations on valuations and corporate earnings. It is important to remember that volatility is to be expected from time to time in financial markets.

Short-term volatility can occur at any time. Historically, significant recoveries occur following

major setbacks, including economic downturns and geopolitical events.

While headline-grabbing news can affect short-term market sentiment and lead to reductions in asset valuations, share prices should ultimately be driven by fundamentals over the long run. Therefore, investors should avoid panic-selling during volatile periods so that they don't miss out on any potential market recovery.

REMAIN INVESTED – LONG-TERM INVESTING INCREASES THE CHANCE OF POSITIVE RETURNS

When markets get rocky, it is tempting to exit the market to avoid further losses. However, those who focus on short-term market volatility may end up buying high and selling low. History has shown that financial markets go up in the long run despite short-term fluctuations.

Though markets do not always follow the same recovery paths, periods after corrections are often critical times to be exposed to the markets. Staying invested for longer periods tends to offer higher return potential.

STAY DIVERSIFIED – DIVERSIFICATION CAN HELP ACHIEVE A SMOOTHER RIDE

Diversification basically means 'don't put all your eggs in one basket'. Different asset classes often perform differently under various market conditions.

By combining assets with different characteristics, the risks and performance of different investments are combined, thus lowering overall portfolio risk.

That means a lower return in one type of asset may be compensated by a gain in another.

STAY ALERT – MARKET DOWNTURNS MAY CREATE OPPORTUNITIES

Don't be passive in the face of market declines. When market sentiment is low, valuations tend to be driven down, which provides investment opportunities. In rising markets, people tend to invest as they chase returns, while in declining markets people tend to sell. When investors overreact to market conditions, they may miss out on some of the best-performing days.

Although no one can predict market movements, the times when everyone is overwhelmingly negative often turn out to be the best times to invest.

INVEST REGULARLY – DESPITE VOLATILITY

Investing regularly means continuous investment regardless of what is happening in the markets.

When investors make fixed regular investments, they buy more units when prices are low and fewer when prices are high. This will smooth out the investment journey and average out the price at which units are bought. It thus reduces the risk of investing a lump sum at the wrong time, particularly amid market volatility.

The longer the time frame for investment, the better, because it allows more time for investments to grow, known as the 'compounding effect'. ■

Henry Gaskin

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Organising your wealth to support your needs and goals

We take a personalised approach to assessing your needs, which allows us to provide you with long-term, bespoke solutions. To discuss your future investment plans, goals and dreams, please contact us.

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FORTY YEARS ON

Wealth Manager John Griffin's thoughts on four decades in the world of UK financial services



Incredibly, to cries of, *'It's not possible...you're too young...etc.'*, July 2019 marked my 40-year anniversary of working in financial services.

Having attended secondary school through the worst of the late 1970s 'Winter of Discontent' era of strikes (including our teachers, for most of my final year), my parents and I decided that 'getting into the world of work' seemed a good idea. We lived in commuter-belt Surrey and – like many people there who worked either in the City of London or at Surrey-based insurance groups such as Legal & General or Friends Provident – my father worked for a major international bank in the City. Whilst I had no particular desire to follow a financial career, it seemed a good place to start, so this background led me to make speculative applications to Midland Bank and the Bank of England (BoE).

STOP-GAP

An interview with the BoE in Threadneedle Street (an imposing, museum-like institution, with top-hatted, pink tail-coated doormen) led to an offer to join their 'Exchange Controls' Department. This may have been interesting, but rumours that newly elected Margaret Thatcher's Conservative Government planned to abolish British trade restrictions meant the 'job offer' was withdrawn. Another job with Midland was offered, but too far away travel-wise, so when the local Branch Manager

of the Trustee Savings Bank (TSB) South East visited our school seeking someone suitable for a bank clerk vacancy, I applied, seeing it as a 'stop-gap' to earn some money while I decided what I REALLY wanted to do. The office life of *Dad's Army's* Private Pike beckoned.

Banks then offered current and deposit accounts and personal loans. To pay for goods and services, or to withdraw cash, one wrote a cheque (supported by cheque guarantee card, maximum £50 per go). Chip and Pin, contactless, online payments and cash machines were the stuff of BBC's (one of just three TV channels available then!) *Tomorrow's World*. Barclaycard and Access were the only UK credit card providers, but few people had – or wanted – one.

The bank clerk's job involved basic duties common to most high-street banks: serving queues of customers at the counter, filing 'balance/position slips' in account number order, and encoding branch cheque deposits before the 'clearing' process. Branch managers had professional qualifications and the authority to approve loans at local level. These were not the modern 'shops' we see today, which focus on 'selling' financial products and services (if they remain open at all, that is!).

The only part that hasn't really changed – and which still puzzles me – is the time cheques take to 'clear' (i.e. authorise transfer of money between bank accounts) across this country, hence the increasingly

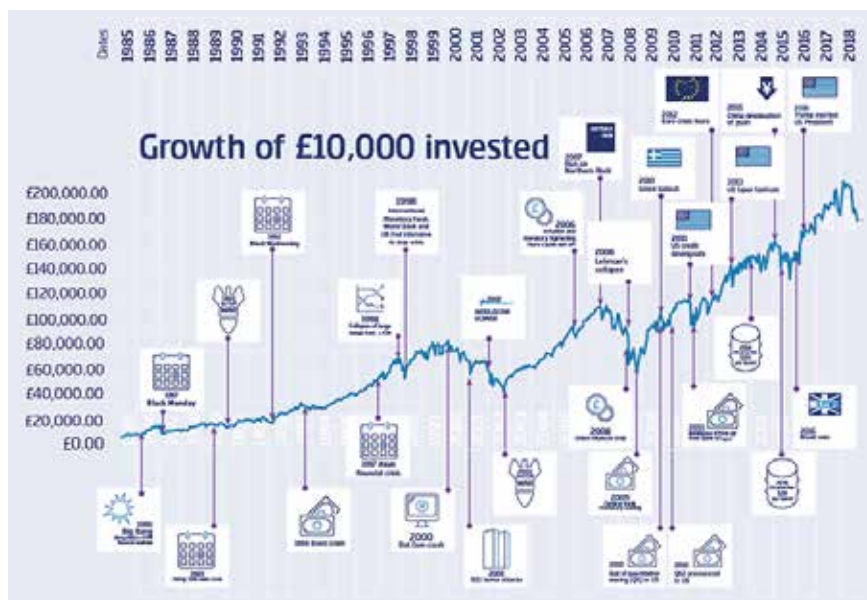
minimal use of cheque payments. Otherwise, with the incredible progression of digital technology, most aspects – and indeed many branches – have been consigned to history.

The need for, and appreciation of, a personal service for a client's financial requirements has been the one factor that has threaded throughout my career, though, and whatever the major companies may think, it is still much-valued.

HUGE LEAP IN TECHNOLOGY

I worked for TSB for four years when, due to a promotion in my father's career, a family move in 1983 led me to join Leicester Building Society's largest branch office. At this time, the so-called 'building society movement' was still thriving, and their traditional, fairly simple approach involved 'long lending' (i.e. to individuals as mortgage loans to buy their own homes) by 'short borrowing' (i.e. attracting savings paying attractive interest rates from other customers). I remember observing the huge leap in technology in the early 80s when they were the first building society to offer customers an ATM facility. 'It'll never catch on in this country,' opined one Building Society Director, 'it's the local fish and chip shop mentality – people like to queue as they think it's a sign that there's something worth waiting for!'

The subsequent merger of the Alliance & Leicester



building societies, one of many rationalisations leading to mostly ill-fated conversion to plc status, led me to be selected for Branch Manager training and relocation to Norwich in 1986.

My role was looking after branch agencies (where local estate agents, insurance brokers, etc. offered mini-branch counter facilities to building society customers) and developing new mortgage business. Around that time, I met a young Legal & General Inspector called Stephen Girling who was responsible for liaising with their broker connections. Quite an ambitious chap... I wonder what happened to him...

From Norwich, I moved around the East Midlands in various branch management roles before leaving A&L during a time of uncertainty in the whole sector to briefly work for two smaller, regional societies. One highlight was formally opening a new branch in Cambridge for a regional building society, attended by Prime Minister at the time, John Major. Spending time with him and being involved in organising a PM visit in a period of heightened security concerns was a fascinating experience.

MORE CONTACT WITH CUSTOMERS

I then joined an estate agency financial services group managing regulated mortgage advisers, before re-joining A&L (by now a plc) to manage branches in Norfolk. This 'new' company had, post

de-mutualisation, expanded their services to include personal loans, credit cards, insurance and longer-term investments. They even tried estate agency, acquiring a number of small independent agencies in an attempt to create a supply chain of new mortgage customers, but it was a huge loss-making operation and ultimately written off. They did, however, acquire Girobank from the Government during this period, and I was Area Manager for the branch-based financial adviser team covering East Anglia.

Deciding I'd prefer to return to a role offering more contact with customers – rather than the less-rewarding demands of a 'management' role – I joined a solicitors' practice with an established financial services team in Norwich as an Independent Financial Adviser. A few years gaining expertise and achieving professional qualifications led to a move to established Norwich IFA firm, D K Wild & Co.

I enjoyed looking after Wild & Co. clients for almost ten years and, following its sale in 2014, was pleased to have a chance to join Stephen Girling (yes, that chap from L&G!) – by now a co-founding Director of SG Wealth Management.

AND HERE WE ARE, FIVE YEARS ON

The values of SG Wealth Management embody much of what I've learned in the course of my career. Many of our clients have been dealing with us personally for 10–15 years or more, which gives the satisfying

feeling that we're looking after and meeting your financial needs as you wish us to – which is what I set out to do. Without wanting to sound clichéd, a personal financial services company is still very much a business about people and their lives: our clients, our colleagues, other professionals and those people we deal with on behalf of our clients on a daily basis.

Some things do change, however:

- UK Interest Rates were a staggering 17% when I started work; basic rate Income Tax was 33%
- There was little in the way of tax-free savings options available to savers, apart from very small allowances for regular schemes such as Friendly Society Plans and Save As You Earn (SAYE)
- There was no favourable planning available for people in the area of Inheritance Tax (nil-rate bands and transfer of these between spouses had not been thought about; the residence nil-rate band took a long time for successive chancellors to introduce)
- Professional qualifications and regulatory standards in UK financial services are at much higher levels, significantly enhancing the professionalism of our world. While we often seem to have to issue our clients with several reams of paperwork, it is perhaps preferable to relying on the 'smoke and mirrors' of the past where financial products were less than transparent

Even with the 2007/08 UK 'banking crisis' (pivoting on the Northern Rock debacle), no saver or depositor has lost a penny of their savings in a UK-based bank or building society since the Second World War. Undoubtedly, this country continues to offer a stable and reputable financial system. Long may that continue.

Here's to the next decade... ■

John Griffin

Wealth Manager

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PHILANTHROPY – A NEW PERSPECTIVE

Family wealth planning: a gift to charities?



Philanthropy is much discussed these days. It's a grand word, giving the impression that acts of philanthropy are only possible for the super-rich,

rather than the majority. However, the evidence is that many people with different degrees of wealth really like giving and, when the opportunity arises, will often choose to use it to benefit society.

TAX PLANNING

There are specific tax advantages to planned giving in relation to Income Tax, Capital Gains Tax (CGT) and Inheritance Tax (IHT). These are potentially very valuable reliefs. Disappointingly, however, the evidence is that donors generally are not as structured as they could be, or would like to be, around giving – indeed, there is under-use

of the tax reliefs available, although it's not clear why this is.

According to government research, charities are missing out on £600 million per year because people are not enabling them to claim Gift Aid on donations. The downside for higher and top rate taxpayers is that they can't reclaim the difference between the basic rate and higher/top rate of tax from HM Revenue & Customs.

Tax benefits aside, the evidence is that society's attitudes have shifted in such a way as to make planned giving more attractive to the wealthy.

FAMILY WEALTH PLANNING: A NEW FOCUS

We've noticed an increased interest in clients thinking about how they and their family interact with their wealth. They're asking themselves what it's all for and often say that they don't want their wealth to mess up their children's lives. They want

a framework of how it is to be used, including provisions for clear governance. Wealthy individuals are increasingly seeking to instil in their families a good way of operating and to develop a 'healthy' relationship with the family wealth. Research has suggested that millennials are more likely to give than their parents or grandparents, and a structured approach can often be enthusiastically embraced by the younger generation.

STRUCTURED GIVING

Sometimes, this may involve the creation of a family foundation, giving the next generation the opportunity to work with their elders in its administration, thereby developing their understanding of the family's wealth and core values. On other occasions, it may involve other structured giving including the use of donor-advised funds, such as those offered by Norfolk Community Foundation or the Charities Aid Foundation. These may in turn permit donors to use part of their charitable donations for social impact investment.

Clients want to see their giving make a difference. What sort of charities should they support? How do they identify need? How do they evaluate success? Should they have their own charities or will a donor-advised fund serve them better? There are now so many options available, and advising clients on their choices is a specialist area of its own.

If you want to find out more, contact your Wealth Manager, who can collaborate with experts in this field and ensure you are getting the right advice. ■

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MILLS & REEVE
Achieve more. Together.

SMART INVESTMENTS

Should I invest into a pension or an ISA?



Investors looking for tax-efficient ways to build a nest egg for retirement often look to both Individual Savings Accounts (ISAs) and pensions. Tax-efficiency is a key consideration when investing because it can make a considerable difference to your wealth and quality of life.

However, the type of investment and tax-efficiency is a common dilemma faced by many people. Which is better – an ISA or a pension? In truth, there's a place for both, and it's easy to argue the case for each of them.

ISAs allow you to invest in the current 2019/20 tax year up to £20,000 each year, providing tax-efficient growth and income. Withdrawals are tax-free because the money paid in was from after-tax income.

Pensions are also very tax-efficient. All contributions receive tax relief from the Government payable at your highest rate of tax. For example, it would only cost a basic-rate taxpayer £80 to contribute £100 into their pension

because they would receive tax relief at 20%. This is added to the £80, representing the 20% tax they would have paid if they had earned that £100.

For higher earners, it is even better, with higher-rate taxpayers only needing to contribute £60 in order to boost their pension fund by £100, and additional-rate taxpayers only needing to pay £55.

So, pensions give you tax relief on money going in, but when it comes to drawing on your pension, tax will be payable at your marginal rate.

ISA investments don't allow for tax relief on the money being invested, but they do give you total tax exemption on any gains made within the ISA. So with an ISA, when you come to withdraw funds, you will not pay a penny of income or Capital Gains Tax.

Put simply, the right option will be different for different people. There will be some for whom the right answer is a pension, others for whom the right answer is an ISA. If it was clearly one or the other, it would be far simpler. ■

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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.

A PENSION IS A LONG-TERM INVESTMENT.

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

YOUR PENSION INCOME COULD BE AFFECTED BY INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS. THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION, WHICH ARE SUBJECT TO CHANGE IN THE FUTURE.

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

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

INVESTORS DO NOT PAY ANY PERSONAL TAX ON INCOME OR GAINS, BUT ISAS DO PAY UNRECOVERABLE TAX ON INCOME FROM STOCKS AND SHARES RECEIVED BY THE ISA.

	PENSION	ISA
Funds in	Income Tax relief on contributions at the highest marginal rate	No tax relief on contributions
Investment returns	No tax paid on income and gains	No tax paid on income and gains
Funds out	25% of fund paid as tax-free cash. Remaining fund subject to Income Tax at highest marginal rate	Not subject to Income Tax or Capital Gains Tax
Death benefits pre-75	Paid as a lump sum or drawdown to nominated beneficiary free of all tax Does not normally form part of estate	Forms part of estate and subject to Inheritance Tax (IHT) if estate exceeds nil-rate band and not left to exempt beneficiary Spouse/registered civil partner can inherit additional ISA allowance based on value of deceased's ISA funds
Death benefits post-75	Taxed at beneficiary's marginal rate Does not normally form part of estate	Forms part of estate and subject to IHT if estate exceeds nil-rate band and not left to exempt beneficiary Spouse/civil partner can inherit additional ISA allowance based on value of deceased's ISA funds

PLUGGING THE FINANCIAL GAP

More over-65s are working than ever before



There is no legal retirement age, and employers can no longer force their employees to retire at a particular age. It's up to you when you decide

to stop working.

But nearly three quarters (71%) of UK employees – equivalent to 23 million people – are set to work beyond their 65th birthday, according to new research[1]. A further two in five (37%) believe they will reach their 75th birthday before they retire.

RIISING PRICES AND POOR RETURNS ON SAVINGS DELAY RETIREMENT

Among those expecting to work beyond the age of 65, seven in ten (71%) cite the rising cost of living as a reason. Food prices in particular have been rising at their fastest pace for more than five years – the result of last year's extreme weather and an increase in global import costs[2].

Despite a fall in inflation over the past year, another two in three (63%) say that rising inflation eating into the value of their savings is an influential factor, while 62% say the same of poor returns on their savings.

EXTERNAL FACTORS WHICH MAKE EMPLOYEES MORE LIKELY TO WORK BEYOND 65

- Rising cost of everyday necessities - 71%
- Rising inflation eating into the value of my savings - 63%
- Poor returns on savings - 62%

- Slow wage growth - 58%
- Economic uncertainty caused by Brexit - 51%

The respondents could select more than one answer.

POOR RETIREMENT PLANNING PLAYS A ROLE, ALTHOUGH SOME ENJOY WORKING LONGER

A third (32%) of those who intend to work beyond the age of 65 admit that they need to continue earning a wage because their pension savings are insufficient, rising to two in five (39%) among the age group approaching the traditional retirement age of 65 (45-54-year-olds).

This lack of planning has been exacerbated by the recent changes to the UK State Pension age, with a quarter of employees (25%) acknowledging that they can no longer rely on it and will have to work for longer to bolster their savings, up from a fifth (21%) last year.

However, not everyone views working for longer as a grim prospect: three in ten (30%) say they plan to work beyond the age of 65 because they enjoy their job, while one in five (17%) employees say they will stay in work to continue receiving valuable employee benefits.

TOP FIVE FACTORS WHY PEOPLE ARE PLANNING TO WORK BEYOND 65

- My pension will not be sufficient, so I need to continue earning a wage - 32%
- I enjoy my job and would like to work for as long as possible - 30%
- I can no longer rely on a State Pension/state benefits - 25%

- I have saved for my retirement, but the cost of living is so high I will still need a wage - 21%
- I get other benefits from work, for example, social interaction - 21%

HIGHLY VALUED BENEFITS

In particular, income protection (17%) and life insurance (16%) are highly valued benefits for employees who are considering working beyond the age of 65, while one in ten also appreciate the support of a critical illness cover (13%) or access to an Employee Assistance Programme (10%).

It comes as little surprise that UK workers are planning to work longer as external factors like the rising cost of living and poor returns on savings exert extra pressure on employees' finances. ■

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Your personal financial journey

If you have concerns that you may be heading towards a retirement income shortfall, we are here to help you shape your personal financial journey. We will understand your ambitions and support you to achieve them – please contact us for more information.

Source data:

[1] ONS Labour market data,

March 2019

[2] British Retail

Consortium, Shop Price

Index February 2019



THOUSANDS OF RETIREES IN DRAWDOWN LACK PLANNING

Have you worked out how much you can afford to take from your pension pot in retirement?



Thousands of retirees who have moved their pensions into drawdown are not taking basic steps to work out how much they can afford to take from

their pot now to ensure it can support them for the rest of their life. This is putting them at risk of draining their savings too soon, according to new research[1].

Four years on from the introduction of Pension Freedoms, over 435,000[2] people have shifted their pensions into drawdown. However, just a third (34%) of retirees in drawdown calculated how much sustainable income they would be able to generate from their pot before retiring.

COVERING DAY-TO-DAY LIVING

A third (34%) calculated how much money they would need to cover day-to-day living expenses and, again, just a third (34%) considered how long their money would need to last, be it 20, 30 or 40 years. Even fewer (22%) calculated how much money they would need to fund leisure activities, such as going out for dinner and going on holiday.

Worryingly, this lack of planning also encompasses retirees' investment strategy. Only 16% decided where they would invest their drawdown funds to achieve the desired income. As few as 17% decided which strategy they would use to withdraw income, be that selling units of investment funds or shares, or living off the dividends and interest the funds or shares produce and leaving the underlying investments untouched.

RELYING ON BLIND LUCK

Many retirees in drawdown are relying on blind luck to make their savings last throughout retirement. But by taking simple steps and obtaining professional financial advice, you can work out how much is affordable to take from your pot to ensure you do not withdraw too much, too soon.

It's not just retirees themselves that this lack of planning will impact; it also has consequences for people who are set to inherit this wealth. Just one in five (19%) retirees in drawdown have ensured that their partner has the financial knowledge and understanding to continue managing their investments.

SWAMPED BY COMPLEX DECISIONS

Only 15% of retirees have put a financial plan into place for when they or their partner pass away. Many people don't like talking, or even thinking, about themselves or a loved one passing away.

However, to ensure wealth is passed on efficiently and not leaving loved ones swamped by complex financial decisions, it's important that those set to receive an inheritance are engaged with financial conversations from the outset. ■

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Getting ready to retire?

Living the life you want in retirement will almost certainly mean having access to more than just the current State Pension. By planning ahead, we will help ensure you are on track for the financial future you want. If you would like to assess your current position in relation to your retirement goals – please contact us.

Source data:

[1] *Retirement Income Market Data Bulletin*
- <https://www.fca.org.uk/publication/data/data-bulletin-issue-14.pdf>

[2] *Research undertaken by YouGov on behalf of Zurich. The online questionnaire was completed by 660 retirees who have entered drawdown and was undertaken between 3-15 October 2018.*

LATER LIFE PLANNING

The importance of building a strategy



The UK's average life expectancy is increasing, and thanks to modern medicine, nutrition and healthier lifestyles, we are now

living longer than ever before.

But, while the prospect of living longer is what most people wish for, it has to be recognised that there are a number of financial and legal implications that go with it. So in May, we joined forces with Clapham & Collinge Solicitors to hold a free lunchtime seminar on 'Essential Later Life and Care Planning'.

The seminar explored a range of legal and financial measures you can take to make provisions for care in later life, providing you with peace of mind at a time when it's needed most.

During the seminar, John Griffin, our Solla accredited Wealth Manager, discussed funding options for long-term care, care fees planning and safeguarding capital. Clapham & Collinge Private Client Solicitor, Lauren Abbs, then highlighted a range of legal measures to make provisions for later life, including the importance of making a Will, Lasting Powers of Attorneys and Trusts. ■



With the continuing social care budget cuts and the growth of the ageing population, planning for later life has never been more important – because the 'risk' of living longer, but in poorer health, has become greater. We are all likely to need some type of care in our final years, so it's important to build a financial strategy to ensure your future care and well-being is catered for. If you missed this seminar and you – or someone you care for – needs advice on later life care fee planning, please contact us on 01603 760866 or 01473 255948

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Later Life Care Planning seminar with Clapham & Collinge

This is what some of the delegates who attended had to say:

"Good to have a session that covered off most common concerns regarding later life financial planning. I really appreciate that Clapham & Collinge and SG Wealth Management set up sessions like these – thank you!"

"The format worked well and the content was well presented. Useful for clarification and reminding of importance."

"This is a useful reminder that we should review the arrangements we have in place from time to time."



WHAT EMPLOYEES WANT

A recruiter's view



A quick Google of the term 'employee benefits' brings up over a billion search results. But one of the problems of this high level of coverage can be a lack of focus on why it's supposed to be there – i.e. benefitting employees.

To that end, recruiters have a unique insight into exactly what employees and candidates are looking for from firms in 2019 and beyond – and how those demands are changing.

TRANSPARENCY FROM THE OFF

In its 'What Workers Want Report 2018', recruitment and HR firm Hays looked at what made a successful applicant journey. It found that almost half (49%) of employees had left a job within the first 12 months as a result of mismatched expectations set during the interview process[1].

'One out of two people won't consider applying if they can't find information about one or more of the following: an organisation's investment in staff training, career plans, commitment to diversity and inclusion, Employee Value Proposition (EVP) and employee testimonials, as examples[2].'

FLEXIBILITY ACROSS THE BOARD

The number of flexible working options in the UK continues to rise. Flexible working experts Timewise say the proportion of quality jobs advertised with flexible working options now stands at 11.1% – up from 6.2% four years ago[3].

Recruiters tell the same story.

'The biggest shift in candidate expectations has been in flexible working policies,' says Georgia Morgan-Wynne, Manager – Commerce & Industry Division at the legal, compliance & risk recruiters Taylor Root.

'We've noticed businesses that aren't able to offer flexible working from home or flexibility on, say, core hours are much harder to attract talent to. Businesses where you can work from home have a higher attraction rate.'

WELL-BEING

There is increasing understanding that working culture and practices are directly linked to an individual's well-being. Research from Business in the Community shows that 85% of line managers acknowledge that employee well-being is their responsibility[4].

But there is work to be done to turn this into practical action.

In the CIPD's 'Reward Management report – 2018', Dipa Mistry Kandola, Head of Flexible Benefits Service at LCP, says: 'While "well-being" is the latest buzz term, the reality from our results finds that few are doing or planning much in this space [...] The Government and UK policy-makers are taking steps towards bettering the UK's overall financial and mental well-being.'

A CULTURAL SHIFT

For recruiters, one thing that continues to dominate conversations with candidates is the issue of workplace culture.

'Not only is workplace culture a significant conversation, it's often what will determine if someone applies for a position or dismisses it outright,' says Napora, a Recruiter. 'One of the main reasons we see candidates registering is due to culture not hitting the mark. There are some things that money can't buy, and a strong, collaborative culture is most certainly one.'

WHAT WE'VE LEARNED

'Employee benefits' is a wide-ranging term. As such, employers face a tough task in attempting to provide support and benefits for each individual.

But that is the task in hand. Strong candidates know their worth and employers must work hard to attract the best talent – and, to apply the same logic, retain the best talent. ■

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Source data:

[1] Hays. (2018). *What Workers Want Report 2018*, p1

[2] Hays. (2018). *What Workers Want Report 2018*, p1

[3] Timewise. (2018). *The Timewise Flexible Jobs Index 2018*

[4] Business in the Community. (2018). *Mental Health at Work 2018 Report*, p56



SG CORPORATE SERVICES

Workplace Pensions and Employee Benefits



WE SPECIALISE IN ADVISING ON WORKPLACE PENSIONS, EMPLOYEE BENEFITS AND BUSINESS PROTECTION

WE HELP BUSINESSES

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by providing them with engaging
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meaningful communications.

*To find out more, contact our
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