ST. JAMES'S PLACE
WEALTH MANAGEMENT

Corcillium Wealth Management

Associate Partner Practice of St. James's Place Wealth Management

Providing specialist financial advice

AUTUMN NEWSLETTER | ISSUE 3

Welcome to Issue 3 of my newsletter

In this edition we are featuring Pension planning throughout the decades and the benefits of utilising the Asset Preservation Trust, as well as reasons that it is appropriate to review your life assurance needs and requirements. Two of the basic needs of Financial Planning, which I hope will be helpful to you and your loved ones.

If you would like any further information on the topics discussed within this newsletter, or if you would like to give feedback please contact me by telephone or email as detailed below. I hope you enjoy it and welcome your feedback.

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Refer a friend

As a client, you know that my Practice is built on trust and personal word of mouth recommendations.

I always appreciate being referred to like-minded friends and colleagues of my clients.

Five reasons to review your life insurance needs

There are many stages in life when we should re-evaluate the need to protect our families.

No one likes to think about a time after they've gone. Yet there are milestones in our life that do, or should, prompt us to think about the future and what might happen to those we leave behind. That's where life insurance can provide peace of mind for you and your loved ones.

Single adulthood

If you're a 20-something, you're more likely to be single and not to have children; so you might not have given life insurance much thought. But there are several reasons why you might want to think again.

Do you have credit card debts or a university loan, or do you share a debt, such as a mortgage, with someone else? Having life cover in place can ensure that your debts are paid off in the event of your death, rather than putting that additional burden and strain on those you leave behind.

You may decide to settle down in your 30s or 40s. As plans for marriage and starting a family become a reality, the reasons for having life cover become far clearer. But the downside is that, by then, you may be facing higher premiums. So, it can be cost-effective to buy life insurance when you're younger.

Getting married

When you marry, you accept responsibility for another life, and shared responsibility for income and debts. Death will leave the surviving spouse responsible for both; but having life cover in place enables you to contribute to your partner's financial security after you've gone.

A mortgage is the biggest debt most people are likely to incur, so enabling your partner to pay off the balance if you die is one of the most important things you can do for them.

Joint term insurance is usually cheaper, but in most instances only pays out once: which would leave the surviving partner needing to take out their own policy after that, when it could be more expensive. Two single policies can typically provide a higher level of protection and can pay out on the deaths of each person. It's also worth bearing in mind that it removes some complications if the relationship comes to an end.

Parenthood

Having adequate life insurance for each parent is critical when your children are young. Raising a child is expensive, even before factoring in things such as private education and university costs.

Whilst the first thought might be to have cover in place for the main breadwinner, the value of the role performed by stay-at-home parents also shouldn't be overlooked. It can be especially difficult to assess the potential financial impact of the death of a parent who spends most of their time looking after children and the household. A good starting point is to estimate the costs of buying in these services.

If you've divorced, you will want to consider steps that ensure children are provided for when you die. There are various trust structures that can be used to give you the assurance and peace of mind that your chosen beneficiaries will receive what you wish them to and cannot be excluded by events or actions that are taken after your death.

Owning your own business

If you're self-employed, there's a good chance you have invested substantially in your business. Adequate life cover can ensure that any debts the business has incurred are covered in the event of your death, avoiding the need for your family to find the funds or, potentially, sell the business you might have hoped to pass on.

Empty nesters

By the time you are in your mid-50s, there is every chance that your children will have flown the nest and that your mortgage is all but paid off. But that doesn't mean you should stop thinking about protecting your family and wealth.

It's still important to have life cover in place if you have financial dependents, such as a spouse. If you have a large estate and are concerned about Inheritance Tax (IHT), then a life insurance policy placed in the appropriate trust can provide a sum of money to pay the tax bill after you die, so that your estate can be passed on in full to your family.

Whether you are young or old, life insurance underpins most good financial planning, especially for those with financial dependents.

How to plan for your retirement through the decades

Robert Gardner, Investment Management Director, shares some advice on how to save for a pension in your 20s, 30s, 40s and 50s.

I'm often asked, "How much do I need to retire on?" It's a question many people struggle with, but I always recommend starting with the end goal in mind. Once you are clear on how and when you want to retire, you can work backwards to calculate how much to save.

A good rule of thumb is to have a pension pot worth about ten times your annual salary by the time you retire. That may sound like a lot to save. But, like every big challenge, it's about breaking it down into simple, actionable steps.

The most important thing is to start early. The earlier you start putting money away, the greater your chances of building a pension pot that can last the rest of your life.

In your 20s

You should aim to have saved the equivalent of your annual income by age 30. So, if you anticipate reaching 30 with a £35,000 salary, you'll want the value of your retirement savings to be about the same amount.

You will most likely start your first job in your 20s. If you work for a company, they will enrol you in a workplace pension. You can choose to opt out, but my advice is to stay in. Even if you start off by saving £5 a day, this could equate to over £10,000 in five years, assuming a 5% return*. This can include money from your employer and the taxman. As hard as it may feel to get started, your future self will thank you. And you will have more years to benefit from that magic ingredient: compounding.

In your 30s

By the end of your 30s, you should aim to have a pot that's equal to three times your annual salary. At this time of life, you may be tempted to postpone pension saving – especially if you have kids and a mortgage. But if you have the discipline to stick to your savings plan, you will have more chance of creating your dream retirement.

By now, you will understand the benefit of tax relief on contributions. A basic rate taxpayer gets an extra £25 for every £100 they save into their pension, thanks to tax relief. Your employer will also be contributing to your pension and may even match your extra savings. Free money – what's not to like?

As your investments will be locked away for decades, they will have more time to recover from market falls, so it's worth thinking about investing in riskier areas where the long-term return potential is greater.

In your 40s

Your savings goal should be equal to six times your annual salary by the time you turn 50. Earnings often peak in this decade, giving you the opportunity to take advantage of greater financial resources at your disposal. Can you use your 'fabulous forties' to make bigger strides towards your retirement target?

You have seen your savings grow and understand the magic of compound interest. You have experienced investing for over 20 years, through different market conditions and hopefully in a well-diversified portfolio that has helped grow and protect your money.

Invested and managed with help from your financial adviser, you can see how you could potentially double your pension pot every decade, despite the ups and downs of financial markets. This is why a pension fund is a great way to save and invest – you can't touch it until you retire.

In your 50s

You should aim to have saved the equivalent of eight times your annual salary by the time you turn 60. With retirement nearing, now is the time to make more specific plans. How much will you need to retire? Have you got enough money to live off? Do you need to save more and work a bit longer to get there? Factor-in how much State Pension you could get, and when you could get it, by using the government's online service.

Enjoying your retirement

Hit those near-term milestones and you're setting yourself up to build a retirement fund worth about ten times your annual salary as you head into retirement.

*This figure is only an example and is not guaranteed - it is not minimum or maximum amount. What you will get back depends on how the investment grows and on the tax treatment of the investment. You could get back more or less than this.

The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than the amount invested.

The levels and bases of taxation, and reliefs from taxation, can change at any time and are dependent on individual circumstances.

The writing of a Will involves the referral to a service that is separate and distinct to those offered by St. James's Place.

Asset Preservation Trust

The Asset Preservation Trust is designed to receive any proceeds payable under a pension scheme and hold them for a range of the scheme member's beneficiaries. The principal advantage of such an arrangement is that, while benefits can be paid to the member's surviving spouse or registered civil partner, the value of the trust is not aggregated with the survivor's estate for IHT purposes.

If you would like to know more about the Asset Preservation Trust, please do contact me.

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