

# LFA MONEY TALK

THE PERSONAL FINANCE NEWSLETTER PUBLISHED BY LIGHTHOUSE FINANCIAL ADVICE IN PARTNERSHIP WITH UNISON



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## TRUSTED FINANCIAL ADVICE IN UNCERTAIN TIMES

**A study<sup>1</sup> of savers and investors has found that 1 in 25 people have recently sought advice for the first time ever. It also highlights myths that exist surrounding financial advice, with two in five people thinking they aren't wealthy enough to seek advice and 27% thinking advice is only for those with over £100,000.**

### Advice throughout your life

The reality is that 77% of those who have either sought advice or who currently have an adviser, have savings and investments of less than £100,000, compared to just 5% with more than £500,000.

The pandemic has clearly prompted a proportion of people to seek advice. It is often a life event which triggers the need for advice, rather than hitting a financial milestone. Common reasons for seeking advice include a desire for a financial health check, a change in family circumstances like marriage or a decision to invest for a child or grandchild.

### Measuring value

Over the years, research has produced some interesting findings that highlight the benefit of taking advice when making financial decisions. One study<sup>2</sup> found that individuals who receive financial advice were likely, on average, to receive 4.4% more per annum in net returns. This was through a combination of financial planning, tax advice, preventing behavioural mistakes and rebalancing portfolios.

### Helping you with important decisions

Successful planning involves a regular review of your circumstances and adapting to changes over the long-term. If you'd like help planning for life's important milestones or feel that you could benefit from an assessment of your current circumstances and would like help devising an individual plan for your financial future then do get in touch, we're here to help.

<sup>1</sup>Aegon, 2020

<sup>2</sup>Russell Investments, 2019

## A GOOD TIME TO SEEK ADVICE

*"As firms now step back and take time to reflect and review their post-COVID business operations, the threat of redundancy is unfortunately a reality for a number of people. This can understandably prove a very stressful and challenging time, as concerns about financial security come to the fore. Here at Lighthouse Financial Advice we are highly experienced in providing support and advice to employees in redundancy situations. UNISON members are entitled to a complimentary initial consultation with one of our professional financial advisers to explain your options clearly and help you make key decisions to lessen the impact."*

### Lee Barnard

Business Development Director,  
National Advice Business  
– Quilter Financial Planning

## HELPING MEMBERS OF UNISON SECURE THEIR FINANCIAL FUTURE

Each year we run hundreds of seminars on topics ranging from redundancy to retirement that give members of UNISON practical help with securing their financial future. To find out about arranging a seminar or surgery for members of UNISON at your place of work please contact one of our regional representatives. Please note that due to COVID-19, all events will be held remotely either as a webinar or telephone surgery.

### London, the South & South Wales

Helen Andrews  
T: 07771 804658  
E: helen.andrews@lighthousefa.co.uk

### The Midlands, the North West & North Wales

John Duffy  
T: 07535 991722  
E: john.duffy@lighthousefa.co.uk

### The North East, Scotland & Northern Ireland

Gillian McGrath  
T: 07887 788935  
E: gillian.mcgrath@lighthousefa.co.uk

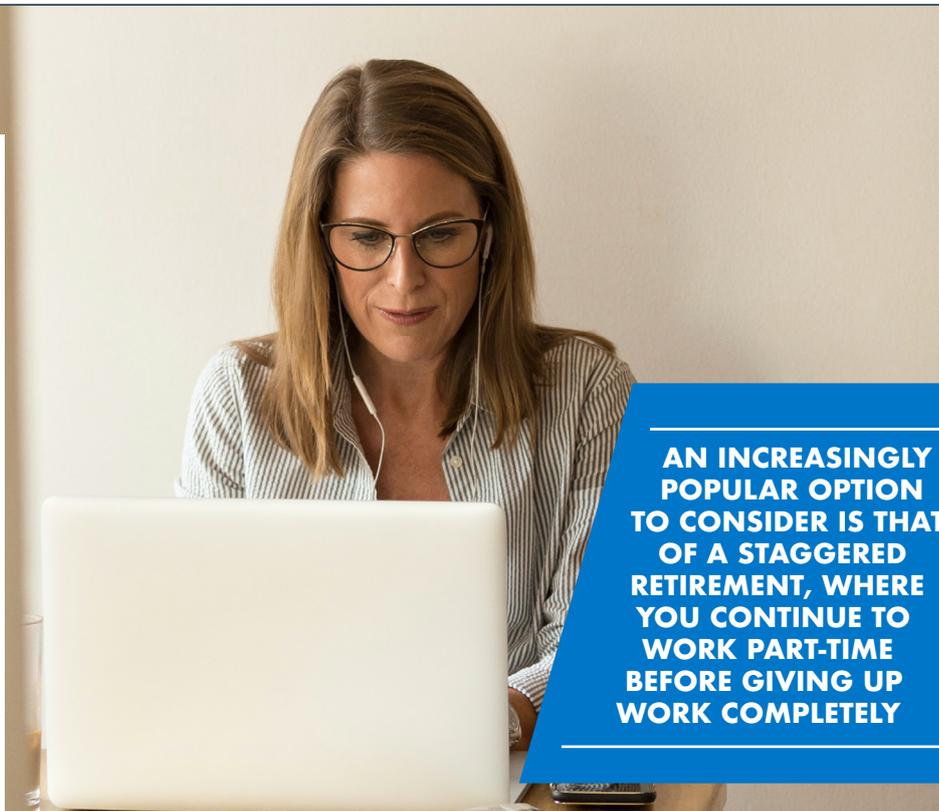
## KEEPING ON TRACK FOR YOUR RETIREMENT

**Recent stock market volatility may have made you anxious about your pension, particularly if you are nearing retirement, but it is important to consider the wider picture to keep your plans on track.**

**Most UNISON members are in defined benefit public service pension schemes like the Local Government Pension Scheme and the NHS Pension scheme. Members in defined benefit schemes should seek further information on options from the pension departments of their pension scheme. For those in defined contribution schemes then read on...**

### **Resilient financial planning**

Those who stick to their carefully-thought-out financial plans will inevitably be in better shape to ride out market volatility. Furthermore, those close to retirement may have already benefited by having their pension fund 'lifestyled', which automatically switches funds into safer assets such as cash, gilts and bonds.



**AN INCREASINGLY POPULAR OPTION TO CONSIDER IS THAT OF A STAGGERED RETIREMENT, WHERE YOU CONTINUE TO WORK PART-TIME BEFORE GIVING UP WORK COMPLETELY**

### **Keep on course**

Making decisions based on what is happening in the short-term can be a very risky thing to do, with the potential to lock in any losses you have made. Pensions are long-term investments, so for younger investors, there should be plenty of time for markets to recover and pension pots to achieve the necessary growth before retirement income is needed. For those closer to retirement, it is a good idea to review your pension pot alongside other savings and investments to get a full picture of your financial situation.

### **Funds for later life**

An increasingly popular option to consider is that of a staggered retirement, where you

continue to work part-time before giving up work completely. With people living longer, to ensure your pension lasts as long as you do, this trend provides for greater flexibility and preserves retirement funds into later life.

### **Financial advice is key**

Recent months have seen an increased demand for professional financial advice. It has never been more important to get sound advice to keep your retirement plans firmly on track.

### **We're here to help**

If you are concerned about the impact of the pandemic on your retirement plans, contact us. We can review your options and tailor make plans specifically to your individual needs.

## **Book a no obligation initial consultation**

To find out more about how we can help you get your retirement plans on track, book a no obligation initial consultation with one of our professional financial advisers.

Call **08000 85 85 90** or email [appointments@lighthousefa.co.uk](mailto:appointments@lighthousefa.co.uk) or contact your usual Lighthouse Financial Adviser.

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**ESTATE PLANNING CAN BE USED TO REDUCE THE AMOUNT OF IHT PAYABLE, ENABLING YOU TO PASS ON MORE OF YOUR ASSETS**

## PROTECT YOUR FAMILY'S FUTURE THROUGH ESTATE PLANNING

**One way of ensuring that your loved ones receive assets is to pass them over while you're still alive. However, this needs careful thought as you may not want to relinquish control and you need to make sure you keep enough yourself to live off – a difficult balancing act.**

### **The first stage**

As a starting point, you need to value your estate, including your home, other property, shares and investments, money and savings, business assets, cars, jewellery and other personal possessions. From this, deduct debts and liabilities, including your mortgage, bills, loans, credit cards, overdrafts, and funeral expenses.

### **Make your wishes known**

Successful estate planning includes having a valid Will in place and establishing trusts which manage money or other assets on behalf of beneficiaries. Trusts can give you control over who receives what and when.

It is also a good idea to set up lasting powers of attorney (LPAs), covering 'health

and welfare' and 'property and financial affairs' at an early stage.

### **Inheritance Tax (IHT)**

Estate planning can be used to reduce the amount of IHT payable, enabling you to pass on more of your assets. The current IHT nil-rate threshold is £325,000 for individuals and £650,000 for a married couple or civil partners. Any unused portion of the nil-rate band can be passed to a surviving spouse or civil partner on death. IHT is usually payable at a rate of 40% beyond these thresholds. A main residence nil-rate band (currently £175,000) may also apply if you want to pass your main residence to a direct descendant.

### **Gifts**

If you have surplus income, you could consider gifting money to the next generation. Professional advice on the current rules is recommended, to ensure gifts are made in the right way to qualify for relevant exemptions, so that IHT is not chargeable on them later unless the rules change.

### **Help with your estate planning**

Our advice will help you to pass on your assets to the people you want, in the most effective and tax efficient way. The Financial Conduct Authority do not regulate estate planning.

### **Update your Will**

Hopefully it won't be needed for a very long time, but you and your partner should nevertheless write or update your Wills so that your wishes are carried out should you die prematurely. Among other things, your Will should specify who will be your child's guardians, any financial arrangements you have made for them, and who you want to receive your assets (e.g. savings, home and other belongings). UNISON Free Wills Service offer one free standard Will (including a standard mirror Will for partners) is available to UNISON members through UNISON's online Wills service. For more complex circumstances a discounted fee is payable. Call UNISON Direct on 0800 0 857 857.

**All Will services are subject to the relevant Affinity**

**Book a review of your finances**

To book a no obligation initial consultation, which will take place by phone. Call **08000 85 85 90** or email **appointments@lighthousefa.co.uk** or contact your usual Lighthouse Financial Adviser.



## COVID-19 – THE ULTIMATE FINANCIAL STRESS TEST?

**Coronavirus has affected every aspect of our lives, particularly our financial stability. The crisis has acted as a stress test for the nation's finances, highlighting the fragility of many people's financial safety nets.**

It has compelled individuals to take a closer look at their finances to see how they can reduce their expenses and become more mindful spenders.

Just like the Bank of England conducts stress tests on banks to gauge how they can withstand severe economic scenarios and have enough capital and are able to support the economy, the pandemic has provided a stress test for the personal finances of millions of people around the globe.

### **Saving for a rainy day**

The outbreak has emphasised the importance of having emergency savings to fall back on. If you have some money put by, it is worth shopping around for the best rates, rather than letting your savings stagnate in a poorly paying account. If you don't have savings, then a regular savings scheme could be an excellent way of building up those rainy day funds.

### **Difficulties with debt**

A sudden reduction in income for much of the population has left many facing higher levels of debt. While mortgage or other debt payment holidays have provided temporary relief, they will not last forever. Doing nothing could put a permanent black mark on your credit score, it's best to be proactive. If you're experiencing

**IF YOU HAVE SOME MONEY PUT BY, IT IS WORTH SHOPPING AROUND FOR THE BEST RATES, RATHER THAN LETTING YOUR SAVINGS STAGNATE IN A POORLY PAYING ACCOUNT**

problems with debt please contact the UNISON Debitline now on freephone 0800 389 3302.

### **Help is at hand**

If the pandemic has shown us anything, it is that we never really know what's around the corner. We're here to help you get financially prepared for whatever lies ahead – so please get in touch.

## **We can help**

We can help get your finances on track whatever your circumstances. To book a financial review (which can take place by phone) with one of our professional financial advisers. Call **08000 85 85 90** or email **appointments@lighthousefa.co.uk** or contact your usual Lighthouse Financial Adviser.

*The value of your investments, and the income you receive from them, can go down as well as up, so you could get back less than you put in. A pension is a long-term investment and inflation will reduce how much your income is worth over the years. Your eventual income may depend upon the size of the fund at retirement, future interest rates and tax legislation. As a mortgage is secured against your home or property, it could be repossessed if you do not keep up mortgage repayments.*

### **Terms and conditions**

**Following the initial consultation if you wish to appoint Lighthouse Financial Advice as your financial adviser we will explain and agree any charges with you before undertaking any work on your behalf.**