ANGLO INTERNATIONAL
PERSONAL FINANCIAL MANAGEMENT

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Has COVID-19 derailed your pension?

5 financial mistakes

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The GREEN bond introduction

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COVID-19 BUDGET

In his 2021 Budget, the Chancellor set out a £65bn spending package to support the UK economy as it recovers from the effects of the Covid-19 pandemic.

HERE ARE ALL THE KEY POINTS FROM MR SUNAK'S SPEECH AT A GLANCE:

FURLOUGH

It was confirmed that the furlough scheme will be extended until the end of September, and employees will continue to receive 80 per cent of their salary for hours not worked. From July, employers will make a small contribution of just 10 per cent and 20 per cent in August and September.

SELF-EMPLOYED GRANT

The Chancellor said the support for self-employed workers will also continue until September, with the fourth grant providing three months of support at 80 per cent of average trading profits.

MINIMUM WAGE

The Chancellor also announced that the minimum wage will increase to £8.91 an hour from April.

STAMP DUTY

The chancellor confirmed an extension to the stamp duty holiday. He explained that the tax cut will continue until the end of June, with the nil rate band set at £250,000, double its standard level, until the end of September.

MORTGAGE GUARANTEE

Another measure leaked ahead of the announcement was a "mortgage guarantee," duly confirmed in the announcement. The Chancellor explained: "Lenders who provide mortgages to homebuyers who can only afford a 5 per cent deposit will benefit from a Government guarantee on those mortgages."

BUSINESS 'RESTART GRANT'

A "new restart grant" will be provided in April to help businesses reopen, with the Chancellor explaining: "Non-essential retail businesses will open first, so they'll receive grants of up to £6,000 per premises.

"Hospitality and leisure businesses, including personal care and gyms, will open later, or be more impacted by restrictions and they will receive grants of up to £18,000.

BUSINESS RATES

He added that the business rates holiday for the retail, hospitality and leisure sectors would continue until the end of June, and would be discounted by two thirds for the remaining nine months of the year.

BUSINESS RECOVERY LOANS

The Chancellor said that even with the "restart grants" some businesses will still need loans to see them through: "As the Bounce Back Loan and CBIL schemes come to an end, we're introducing a new recovery loan scheme to take their place. Businesses of any size can apply for loans from £25,000 up to £10m, through to the end of this year."

VAT CUTS

Mr Sunak said the reduced 5 per cent rate of VAT will be extended for six months to 30 September, and that after that there will be a delay until it returns to its usual rate of 20 per cent. There will be an interim rate of 12.5 per cent for another six months; not returning to the standard rate until April next year.

INCOME TAX

Mr Sunak announced that the basic personal tax allowance will increase to £12,570 in April but will be maintained at that level until April 2026, meaning more people will be dragged into paying tax as wages increase. The 40p rate threshold will increase to £50,270 and then be frozen.

CORPORATION TAX

Corporation tax will rise from 19 per cent to 25 per cent in 2023, but a new "small profits rate" will maintain the 19 per cent rate for firms with profits of £50,000 or less. There will also be a taper above £50,000 so that only businesses with profits of £250,000 or greater will be taxed at the full 25 per cent rate, around 10 per cent of firms.

OTHER TAXES

Inheritance tax thresholds, the pensions lifetime allowance, and the annual exempt amount in capital gains tax will be maintained at current levels until April 2026.

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IS HEALTH INSURANCE SOMETHING YOU SHOULD CONSIDER?

With the current challenges of Covid-19, you may be wondering about taking out health insurance.
The pandemic has seen people facing more delays for treatment and unable to book appointments when they need to speak to a health professional due to backlogs and restrictions.

Taking out private health insurance could provide you with an alternative and should allow you to see a nurse, doctor or specialist, as you need to.

Around 1.2 million people are covered by personal health insurance. In the four years between 2015 and 2019, the figure has fallen by around 10%. A further 3.5 million people are also covered by corporate health insurance, a fall of 5% in the same period. The fall has been linked to a tax that means insurance premiums are higher, but there are many reasons why people have more recently decided to reduce or cannel their cover.

HOW DOES HEALTH INSURANCE WORK?

Health insurance works in a similar way to other insurance products. You will pay a 'one-off' premium or regular premiums for your cover and if you experience illness or injury during the policy's term, it will pay for medical treatment, tests, and surgery.

In the UK, health insurance is designed to work alongside the NHS. You may still make appointments with your GP through the NHS while seeing a specialist privately.

The key benefits of taking out health insurance are:

- Faster appointments
- Faster treatment time
- More choice in where you receive treatment
- A more personal attentive consultation
- A private room if you are an inpatient
- A wider range of drugs and treatments that may not be available on the NHS.

There is a range of health insurance policies available. Some are more comprehensive, for instance, including physiotherapy, dental treatment, or optical appointments than others. There are also policies that cover your partner and children if you wish.

Many policies will have exclusions too, depending on your medical records. You should read the small print before you proceed to understand what isn't covered.

Most private health insurance policies do not cover:

- Chronic illnesses
- Elective treatments, such as cosmetic surgery or fertility treatments
- Emergency treatment
- Care and treatment during pregnancy

There is normally a limit on how much you can claim, but this will vary by policy and the way it is calculated can differ too. Some providers will set a total amount that can be claimed, while others will set a maximum per condition.

The NHS is available to all UK people, so it's a personal choice but if you prefer peace of mind of being able to book appointments quickly or prefer more choice when receiving treatments, then health insurance can make sense.

Please get in touch if you'd like to discuss how health insurance and other protection policies can fit into your financial plan.

POINTS TO RESEARCH WHEN TAKING OUT HEALTH INSURANCE

1 DO YOU HAVE ANY EXISTING POLICIES?
You may have cover that you're not fully aware of. For example, your employer may offer corporate health insurance and some premium bank accounts include some cover too, so take some time to review your circumstances first.

2 WHO SHOULD THE POLICY COVER?
This can be just you or you can include your partner and children too. If you want to cover multiple people, choosing a joint or family policy will save you money rather than taking out a policy for each individual.

3 WHAT SHOULD THE POLICY COVER?
The more comprehensive the policy, the more the premiums will be. Working out what you want the policy to cover at the start can help you compare different options. Some policies, for instance, will cover mental health and sports injuries, while others may not. Always check what will be excluded as much as what will be included.

4 HOW MUCH WILL THE PREMIUMS BE?
The cost of the policy will depend on the level of cover you want, as well as your lifestyle and health. Premiums vary between different providers, so make sure you compare different options.
While talking out health insurance, it may be a good time to look at other insurance products too. Critical illness cover, for example, can provide you with a lump sum following the diagnosis of certain critical illnesses, providing you with financial peace of mind. You may also want to consider Income Protection and Life Insurance policies.

What's the difference between Growth and Value investing?

What do investors need to think about when choosing between value and growth investments?

How do we decide which companies are worth taking a closer look at, and which might not be worth our time?

INVESTING STYLES

Generally, stocks generate returns in one of two ways. The business grows and keeps growing, or investors change their view of its prospects. This has led investors to loosely distinguish between two investing styles – growth and value.

Growth investors look for businesses they think will grow. They hope to profit as the share price rises in line with improvements in the underlying business.

Value investors look for companies that seem to be undervalued, where they think a company's assets or profit potential aren't fully reflected in the share price. They hope to profit when other investors later recognise this value and the share price rises to reflect it.

Most investment decisions involve thinking about both growth opportunities and valuation.

But, with thousands of different shares trading on stock markets around the world, what is the best way of deciding which might be worth researching. Looking for businesses that fit into a rough framework can help because it narrows down the search.

GOOD VALUE

Classic value investing is all about maximizing your investment when you buy. Investors look at the fundamentals of a business to look for discrepancies between what a company's really worth and its share price.

The company may own assets like property, which aren't reflected in the share price. Or a business might have competitive advantages that the market hasn't been accounted for. Maybe the company has run into problems, which value investors think the market's overreacted to. Meaning the share price is lower than what they think it should be.

There are lots of different ways to value a company, but the most popular is the Price to Earnings (PE) ratio. A PE ratio is calculated by dividing a company's share price by its earnings per share (expected earnings for a forward PE ratio).

For example, if a company earns 50p per share and its shares cost £10.00 each, it would have a PE ratio of 20.

But value investing doesn't always mean looking for companies trading on low PE ratios, classic value investors will often look for shares that trade on valuations below their long-run averages, or in unfashionable industries.

These stocks tend to come from unfashionable sectors, which often have large fixed cost bases

Fixed costs unlike variable costs have to be paid no matter what. They don't change depending on how much a company produces or makes.

Low growth, capital intensive or otherwise unfashionable companies are usually a value investor's port of call. Not all will be good value, but diligent investors do find good opportunities in such areas.

Value investors also tend to look at other figures, as well as Price to Earnings ratios, like Price to Book ratio

A price to book ratio is calculated by dividing the company's share price by its books value per share. To calculate the book value of a company per share, you subtract the liabilities on the balance sheet from the assets and divide it by how many shares are in issue. If the ratio is less than 1, the company's trading at a price below the value implied by its net assets, so could be undervalued.

The price to book and the PE ratio is then used alongside the strength of the business's balance sheet, its competitive landscape and any distinctive advantages it has.

GOING FOR GROWTH

Growth investors, look for companies that can grow their profits over time, usually in the long-term.

These tend to be in growing industries, like software or new growing brands or valuable intellectual property, where investors will be buying for future potential. Growth stocks, perhaps unsurprisingly, all tend to show strong or more reliable sales growth, regardless of other factors.

As with many things, there's a price at which even the fastest-growing companies will be overvalued. But growth investors play the big game and therefore don't insist on an exceptional price every time. They buy strong and promising businesses and let compounding work overtime.

Both growth and value investing make sense, and investors have had success pursuing both strategies.

In fact, we think it's important to have some of both value and growth as part of a diversified portfolio.

This article is not personal advice or a recommendation to buy, sell or hold any investment. If investors are not sure of the suitability of an investment for their circumstances, they should seek advice. No view is given on the present or future value or price of any investment, and investors should form their own view on any proposed investment.

Past performance is not a guide to the future and all investments rise and fall in value so investors could make a loss.

5 expensive financial mistakes

How do you avoid five expensive financial mistakes, that particularly couples make?

They say you can't put a price on love, but when it comes to extra spending on gifts, weddings, cars and holidays, or the acrimony that can come from separation, the costs can all add up. Having regular and honest conversations about your finances can help avoid costly mistakes later on.

So here we take a closer look at five costly mistakes couples make and how best to avoid them.

1 IT'S GOOD TO TALK

When your financial future is tied together, you need to be able to talk to each other about money.

If you are living together, you probably have a joint budget or bank account to ensure the bills are paid. You could even have joint savings goals.

By discussing your financial situation together, it could help you both keep more on top of any issues and even allow you to reach your goals sooner.

2 DON'T LEAVE THE FINANCES TO ONE PERSON

Recent research has found that only 41% of couples take joint responsibility for long-term financial planning. Taking a back seat, even when your partner is more interested in finances, or has more to invest, can be a risky strategy.

If your partner were to pass away, have a serious illness or you separated, you'd be thrown in at the deep end during what would be an already difficult time.

You could consider dividing up the financial tasks between you. If this isn't an option then at least make sure you understand what your partner is doing and check in every so often.

3 OVERLOOKING TAX BENEFITS

Marriage offers very good tax planning opportunities. When married, you can share assets so you can both make the most of tax allowances on things like dividends, capital gains and savings. If one of you pays tax at a lower rate (or is a non-taxpayer), gifting assets to your spouse can reduce how much income tax you pay.

However, whilst it is a clever strategy to share assets purely on a tax basis, think about what would happen in the event of a divorce or separation. Gifts to your spouse are irrevocable, so you can't get them back if things go wrong.

Tax rules are complicated, can change and any benefits will depend on your circumstances. If you're not sure, speak to a tax specialist.

Another consideration is the marriage allowance. If one of you is a non-taxpayer and the other a basic rate taxpayer, the non-taxpayer can transfer up to 10% of their personal allowance (£12,500 for the 2020/21 tax year) to the other.

For example, you are a non-taxpayer earning £10,000 and your spouse is a basic-rate taxpayer earning £20,000. If you claim the marriage allowance you could transfer £1,250 (10% of your personal allowance) to your spouse. Your personal allowance becomes £11,250 and your spouse gets a 'tax credit' on £1,250 of their taxable income.

This means your spouse will only pay tax on £6,250. As a couple you benefit, because you only pay income tax on £6,250 rather than £7,500, which saves you £250.

4 ASSUMING YOUR LOVE IS ETERNAL

Whilst we all begin relationships hoping they will last forever; things don't always work out. Divorce can be an expensive and messy business, so it's important you protect yourself where you can by ensuring joint ownership of all assets.

If you're living together without being married, you have very few rights, so think about how assets are legally owned between you. This means that if you do split up, you'll have legal ownership to protect your rights.

5 FACE THE REALITY OF LIFE

All couples should consider the impact of death. Putting this off could make a difficult situation even worse for your loved ones. You should think about, life insurance, your Will, trust funds and of course pension assets.

The value of your investment and the income from it can go down as well as up and you may not get back the original amount invested. Past performance is not a reliable indicator for future results. Levels, bases and reliefs from taxation are subject to change and their value depends on the individual circumstances of the investor. Please contact us for further information or if you are in any doubt as to the suitability of an investment.

Has Covid-19 dera

WHAT IS THE IMPACT OF CORONAVIRUS ON PENSIONS AND WHAT CAN INVESTORS DO?

The coronavirus pandemic has touched almost every aspect of our lives and our pensions.

The impact of Covid-19 has seen many lose their jobs and we have experienced a downturn in stock markets. Both of which could have a significant impact on investors' retirement income, both now and in the future.

So what should pension investors do? Here we look at different lifetime scenarios.

1 IF YOU'RE A LONG WAY FROM RETIREMENT

The stock market always goes up and down, it's something you have to accept if you invest. If your pension pot has taken a hit in recent months, and you're not planning an early retirement, then you still have time on your side.

History has shown that stock markets recover and deliver long-term gains. Take the 2008-09 global financial crisis. Peak-to-trough, the FTSE All Share dropped in value by almost 50% over the 18 months from October 2007 to March 2009. But by 2014, five years on from the 2009 trough, it had recovered and was over 30% higher than the October 2007 peak.

Past performance doesn't tell us what will happen in the future, but it is a recognisable trend.

It's important to look past short-term fluctuations when investing for long-term targets like retirement, even when big events cause fluctuations in your pension pot.

A falling stock market could actually benefit those saving regularly. Drip-feeding contributions into a volatile market could mean the average price you pay for your investments ends up being lower than a single lump sum investment. Investors average out the price of buying investments and benefit from a phenomenon known as 'pound cost averaging'.

This means your investment buys more units or shares when the price goes down, letting you smooth out the returns from investing in the stock market. However, when the market rises above the original price, fewer units will be purchased.

Keeping to your goals and waiting it out is probably the biggest challenge facing those with at least 10 years to retirement. It can be painful seeing your pension fall in value but remember not to be rash and overreact.

2 WHEN YOU ARE NEAR TO RETIREMENT

When you are near to retirement, you are probably most vulnerable to a stock market fall as your investments will have less time to recover. The strategy now is to review your pensions and where you're invested.

If you need to take money from your pension in the next few years, shifting your investments so they line up with how and when you plan to retire is sensible. You could think about removing some risk by, perhaps selling some higher-risk investments or shares and moving them to lower-risk investments like bonds or cash.

You don't have to sell investments straight after they fall, you could consider building up cash over time using your investment income and saving the cash rather than re-investing it.

Many workplace pension plans do actually start de-risking your investments with lifestyling as you approach the retirement age you have set.

You should review the retirement age you have set as it could be something you set with your employer and pension provider many

iled your pension?

years ago. It could no longer be accurate or working in your best interests, particularly if you're plans have changed. Contact your pension provider if you want to check this out.

3 SHOULD I DELAY RETIREMENT PLANS?

You may consider delaying your retirement plans in bad times, but this depends on how much you want to access and the pension option you choose, you could end up limiting what you can pay into a pension in the future. Or even settling for a tax-free cash amount that could potentially increase when the market recovers.

4 WHEN YOU ARE OUT OF WORK AND APPROACHING RETIREMENT

Redundancies for those aged 50 and over has remained the highest among all age groups throughout the pandemic, when compared to August - October 2019, levels have increased by a staggering 144% for that age group.

If you find yourself out of work or unemployed because of the coronavirus pandemic, this could have increased pressures on you financially. If you're over 55, you might be tempted to take your pension, especially if you don't have savings to fall back on.

It could be that you have no choice, but remember, taking large one-off withdrawals could push you into a higher tax band, where you may have to pay emergency tax on your first taxable pension payment.

5 WHEN YOU ARE SEMI OR FULLY RETIRED

If you fall into this category, then it's your income that you need to think about, which will depend on how you've chosen to access your pension.

If you have enough secure income, say from the State Pension, a defined benefit pension or an annuity, then you should be able to survive any market volatility. If you have a drawdown pension, then reducing or stopping withdrawals, or only taking the income naturally produced by your investments, could help you protect your remaining investments.

The bigger worry is if your strategy involves selling your investments regularly to generate your income. You could be selling at lower prices. This is risky and can mean irreparable damage to your pension funds because you could run out of money sooner than planned.

Many drawdown investors may not have experienced falling markets before, so it's likely to be a worrying time. Buying annuities could still be a good option, particularly when buying several smaller annuities using a bit of your pension at a time allows you to hedge your bets and diversify your income. Remember, once you set up an annuity it can't usually be changed or cancelled, so it's important to consider your options carefully.

HAS CORONAVIRUS CHANGED OUR RETIREMENT OUTLOOK?

We believe there are three questions to consider when thinking about your retirement.

1. WHEN AND HOW DO YOU WANT TO FINISH WORK?

In recent years lots of people have chosen to semi-retire first. But as a result of the pandemic, people are now planning to work longer and retire later.

Research suggests that around 12% of adults over 55 who expect to retire in the future are delaying their retirement plans due to coronavirus. Undoubtedly during these uncertain times, it can be hard for people to think about giving up the security of a job. Many may be thinking if now is the best time to reduce their income.

2. WHERE WILL YOU BE LIVING?

For many downsizing is a key part of their retirement plan. Two years ago, 3.1 million households aged 55 and over were looking to downsize in the future. People might well rethink their plans of moving to a smaller house. The idea of giving up space or relocating away from friends and family might seem less appealing now.

There again, if people need some cash, with the current stamp duty holiday (to 30 June 2021) and house prices broadly increasing, it could seem like a good opportunity to cash in now.

3. HOW MUCH INCOME WILL YOU NEED?

With fewer opportunities to spend during the covid-19 lockdown, people are being more careful with their money. Half of the country is spending less than they once did. When covid-19 lockdown is over, there could be the potential for more permanent changes to the way we spend. Investors might find they don't need to spend as much. That in turn could mean higher contributions into pensions and lower withdrawals – allowing retirees' pension pots to potentially last longer.

This article isn't personal advice. Pension and tax rules can change and any benefits will depend on your circumstances. To find out more about the type of pension you hold and your options, you could get guidance from Pension Wise. Or if you'd like personal advice as you're unsure about what to do, you could ask for financial advice.

Do ISA's still have a place?

The financial sector keeps telling us to make use of our ISA allowance. Many of us know they shelter our savings and investments from UK income tax and capital gains tax (CGT), with generous tax allowances on offer, depending on your situation, you might not see the benefit today.

We now have interest rates at record lows. That means cash ISAs now need a sizable pot to start worrying about income tax on these savings.

A UK basic rate taxpayer would need over £160k in a high-interest easy access account, before paying income tax. For many people, this is quite a substantial amount.

Why should we persevere with an ISA and is it still the foundation of most savings and investment portfolios?

POINTS TO CONSIDER:

TAXES WILL RISE

The government's response to Covid-19 has been a massive increase in public spending, on things like furlough, intending to protect jobs and the economy. This has taken UK debt to a record £2.tn.

We all know, you can't borrow money forever. Soon the government will need to raise taxes to recoup the borrowings and balance the finances. HMRC's expected to collect £193.2bn in income tax for the last tax year (2019/2020). This tax year (2020/2021), the figure may be even higher. There may be increasing income tax rates from increased changes to CGT, inheritance tax and even getting rid of the dividend allowance.

Tax rules do change more regularly than we think and their impact or benefit will depend on your current circumstances.

It seems unlikely ISA tax rules will change, other than the amount you can invest each tax year. If all your savings and investments are in ISAs, you probably won't have to worry as much if there's a potential cut to the dividend allowance or if the government increases CGT.

TAX CAN BE TAXING

We don't want new tax rules to impact our decision-making process.

Because ISAs are outside tax and tax rules, they let you make changes to your holdings without needing to think about any UK tax implications. That means you can focus on growing your investments over the long term, rather than worrying about any tax bills that could come your way because you don't need to include investments in your ISA on your tax return.

IT'S A SMALL PRICE TO PAY

The benefits of an ISA don't need to cost a lot. The limit of how much you can put in an ISA is the ISA allowance (£20,000 in the 20/21 and 21/22 tax years). This is the total amount you can put into an ISA this tax year. You can have a Cash ISA, a Stocks and Shares ISA or both. Cash savings rates can vary between ISA and non-ISA products, so it's always best to check the rate you'll receive and weigh up the pros and cons in line with your investment goals.

WHICH ISA IS BEST?

If you need quick money in the next five years, it's often sensible to hold cash.

Cash ISAs are a secure way to save over the short term because unlike investing, the value won't go down. But over time they may not keep up with or beat inflation (the cost of goods and services rising over time). This can erode the real spending power of your money.

A stocks and shares ISA which is, investing in the stock market will likely better your chances of beating inflation over the long run. From 1899-2018 the UK stock market has outperformed cash in 76% of five-year periods. If you'd invested for 10 years, stock markets beat cash 91% of the time.

So if you're putting away money for the long term, and are happy with the extra risks involved, investing could give you a better chance of growing your money.

The value of your investment and the income from it can go down as well as up and you may not get back the original amount invested. Past performance is not a reliable indicator for future results. Levels, bases and reliefs from taxation are subject to change and their value depends on the individual circumstances of the investor. Please contact us for further information or if you are in any doubt as to the suitability of an investment.

How can women gain financial security in retirement?

Progress has been made for women as they reach retirement age, but they still have far less put away for retirement than their male counterparts.

Due to the introduction eight years ago of auto-enrolment, the pension gap is closing.

As a percentage of earnings, 59% of women are now saving adequately for their future, according to a report from Scottish Widows. This is just 1% behind men and the narrowest gap on record. However, despite men and women saving broadly equal shares of their income, the amount they are ending up with at retirement varies significantly due to the pay gap.

On average, women are saving £1,300 less than men each year. Over their working lives, this adds up to a pension gap of £100,000. It's a figure that can significantly affect financial security once giving up work for retirement.

One of the key factors why women save less is that women are more likely to take a career break to have children or work part-time. In fact, 75% of part-time workers are women. Women are more likely to work in low-income positions too. The average annual difference in median wage between men and women in full-time work is £6,100.

Here we look at some step's women can take to improve their finances for retirement.

1. SAVE INTO A PENSION AS SOON AS POSSIBLE

By starting sooner rather than later, you'll be saving over your entire career. Small regular contributions are better than none at all.

It's never too late to start saving into a pension, but it's never too early either. The sooner you start saving into a pension, the better the final position you'll be in. To achieve the same goal, your regular contributions will be less. You'll also have longer to benefit from investment returns, boosting your retirement fund further.

2. TAKE SOME TIME TO REVIEW YOUR PENSION ARRANGEMENTS

Under auto-enrolment, most workers will now be automatically enrolled in their Workplace Pension scheme. Ensure you know what you're contributing and what your employer is contributing, and how pension investments are helping these contributions to grow. Your pension provider will also provide a pension forecast, showing an estimate of what your pension is expected to be worth at retirement.

If you have pensions from previous employers too, consider consolidating these into a single pot, making your savings easier to manage, but always check transfer fees and exit charges before you proceed.

3. TALK TO YOUR EMPLOYER

If you're not eligible for auto-enrolment, your employer may still offer you a Workplace Pension scheme if you speak to them. There may also be other options, such as a salary sacrifice scheme that will increase your pension contributions. Under auto-enrolment, if you contribute to a Workplace Pension scheme, your employer must also contribute to it. This is currently 3% of pensionable earnings.

4. CONTINUE YOUR CONTRIBUTIONS

You don't have to be part of a Workplace Pension scheme to continue adding to a pension. If you take a career break or aren't eligible for auto-enrolment, setting up your own contributions can help close the gap and keep retirement plans on track. However small the contributions maybe they will add up over the long term.

5. THE TAX ADVANTAGE

There are benefits to saving in a pension if you have long-term goals. You will receive tax relief on your pension contributions. That means an extra 20% will be added if you're a basic rate taxpayer and more if you're a higher or additional rate taxpayer.

This gives your savings an instant boost. If you're in a position to do so, diverting money from your usual savings into your pension can make sense. However, you need to keep in mind that your pension money will not be accessible until you're 55, rising to 58 in 2028.

The research found that 58% of women are worried about running out of money in retirement and 55% don't feel like they're preparing adequately.

If you'd like to discuss your current pension arrangements and what you can do to secure the retirement that you want, please contact us.

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 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

Are you emotionally prepared for retirement?

As you approach the end of your employment you begin to consider whether your pension will be enough and how you will create an income.

While retirement makes a big change to your income, the lifestyle expectation and emotional aspect of retirement are just as important. Not preparing emotionally can mean you miss out on opportunities to get the most out of the next chapter of your life and don't enjoy it as much as you could.

As retirement draws near, you need to take steps to prepare your income, as well as thinking about where you'll live and what your expenses look like. You may also want to plan for travel or undertaking a project of some kind.

Retirement has a lot to offer and it's a chance to indulge your interests. With good planning, it can live up to your expectations.

5 STEPS TO IMPROVE EMOTIONAL WELLBEING IN RETIREMENT

1. CONSIDER WHAT THINGS YOU ENJOY DOING

Our working lives take up a lot of our time, some of the things that you enjoy can get pushed to one side. Now is the time to consider those missed opportunities, like hobbies or adventure and how they can help you fill your time in retirement and improve your sense of wellbeing.

2. FIND SOMETHING TO FOCUS ON

More retirees today are taking a flexible approach to retirement, following lifetime dreams like starting a small business. Alternatively, many retirees get involved with charity work or help raise grandchildren.

3. REMAIN SOCIALLY ACTIVE

Isolation and loneliness can do more harm than good to our emotional wellbeing. Your workplace often plays an important role in your social life, from a quick chat on your lunch break to going for a drink together after work with your colleagues. Spending time with family, friends or old colleagues comes with plenty of benefits. Retirement can be the perfect time to meet new people with who you share an interest.

4. STAY OPEN-MINDED

With more time on your hands, it may be time to try new things. Pushing your boundaries or going to classes you've always been interested in is a great way to learn new things, meet people and get a break from the day-to-day routine.

5. REMEMBER, YOU CAN JUST RELAX AND ENJOY YOUR TIME

If you are a person who always has a packed schedule, you may feel guilty about doing nothing at all. Whether you want to go for a leisurely stroll, spend all day buried in a book, or just watch the world go by, taking some time to yourself is fine. You don't always have to be productive. Having more time to relax is something you may have looked forward to before retirement. Taking some time before embarking on your next chapter is not a bad thing.

Financial planning is about more than just your pension. It's a common misconception that financial planning is all about going over your pensions, investments and savings. Of course, you want to understand your assets and how to get the most out of them that suits your lifestyle, so financial planning starts with you, not your assets.

We know that what you can do and achieve with your pension is far more important to you than its value. Preparing for retirement with a financial planner means thinking about what you want to achieve, how you want to spend your time and what your priorities are. The financial side comes after we help you create a long-term plan that will show you how you can use your assets to reach those goals and improve wellbeing.

Please get in touch if you're planning for retirement and would like to arrange a meeting.

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 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.

The Green Bond introduction

The market for green bonds has been growing quickly. Last year a value of around £190bn of green bonds were sold globally, they made up 3.5% of all the bonds issued. In November 2020, Chancellor Rishi Sunak announced the UK will issue its first sovereign green bond in 2021.

WHAT ARE GREEN BONDS?

Similar to a normal bond, green bonds can be issued by companies or governments looking to borrow money. The idea of a green bond is to raise money for projects that benefit the environment.

As this is a government-issued bond, its focus could be on improving green infrastructure or creating new jobs in generating renewable energy.

The government haven't yet said exactly what they'll be using them for, the Treasury is committed to creating a list of green activities that match their long-term climate targets. This will make sure the money raised by the bond is used in the right way by the government.

This should give confidence to investors and could open up the UK to investment from a broader range of ESG minded investors around the world.

WHY IS THE UK GOVERNMENT DOING THIS?

The UK government's trying to reduce the country's carbon emissions as part of the global Paris agreement. This was signed in 2016 to stop global temperatures rising more than 2°C compared to pre-industrial levels.

As a result, the UK has committed to achieving the following emissions targets to reduce the impact of climate change:

UK GOVERNMENT TARGET	DEADLINE
Reduce all emissions by 68% from levels in 1990	2030
Achieve a net-zero carbon economy	2050

These ambitious targets require action and real changes in the way different sectors operate.

Between 2008 and 2018, the energy sector reduced greenhouse gas emissions by 62%, and the waste sector also cut emissions by 46%. These were the most productive sectors, which has contributed to overall greenhouse gas emissions being 45% lower in 2019 than they were in 1990.

WHY AIM FOR A MORE SUSTAINABLE ECONOMY?

Growing populations, longer life expectancies and higher consumption have all increased the pressure on our planet's natural resources.

Air pollution from inefficient transport alone damages ecosystems and biodiversity and harms our health.

Waste is a big problem, the most obvious is probably the methane released from landfills. But there are much wider impacts. How much of this ends up in oceans interfering with the species that live there?

Waste is also closely linked to human consumption, if there are more of us on the planet, we're likely to consume more. But as recycled materials replace new ones, fewer new raw materials need to be used in the first place.

Green bonds have a role to play in bringing a range of positive social benefits like creating new green jobs and revitalising regions.

A sustainable economy isn't at the expense of human wellbeing, it's what's needed to support it and green bonds have a role to play in getting us there.

Green bonds can be a great way to invest according to your principles, lending money to companies or governments trying to create a greener future. Remember though, all investments fall as well as rise in value, so you could get back less than you invest.

While the government have announced the arrival of green bonds in 2021, they haven't given us any set dates yet.

The value of your investment and the income from it can go down as well as up and you may not get back the original amount invested. Past performance is not a reliable indicator for future results. Levels, bases and reliefs from taxation are subject to change and their value depends on the individual circumstances of the investor. Please contact us for further information or if you are in any doubt as to the suitability of an investment.

Diversification - possibly the best investor's tool

Why is diversification an essential tool for investors and do you use it in your investment portfolio?

There are different ways to think of diversification: -

THINK GLOBALLY

The best performing stock markets will usually change each year. If we can spread our investments around the world, then we have got a better chance of making our investment less risky overall.

THINK TYPES

Different types of investments carry different risks and rewards. Shares are generally more volatile than other investment types, so it's important to consider other investments like bonds. Each should perform differently at different times, that's why it's usually best to have a mix.

One of the most successful investors of all time, Warren Buffett, once said "I make plenty of mistakes and I'll make plenty more mistakes too."

Assume you'd narrowed down your investment choices to five investments. At this stage, you don't know how they're going to perform. Now, if you put all your money into just one of these five investments you have a greater risk of losing your money.

Instead, if you spread your money between the five investments in a diversified portfolio, you could smooth out the ups and downs. You need to think long term when investing and spread your bets.

It's exactly why diversification is so important. Instead of putting all your eggs in one basket, you should spread your money over lots of different investments.

This means if one of your investments performs poorly, your other investments will hopefully pick up the slack to help you deliver the returns to help you reach your goals.

SO HOW DO YOU DIVERSIFY?

A diversified portfolio doesn't just mean holding more individual companies. Unless you're a full-time stock picker with decades of experience, you're probably not going to reach a good level of diversification investing in your favourite stock picks. Investors know that there's more risk in investing in individual shares. Make sure you understand the companies you're choosing. If the company fails, you risk losing your whole investment. Instead, use them to put a personal spin on your wider portfolio.

While there's no picture-perfect portfolio, we do think the core-satellite approach is a good one.

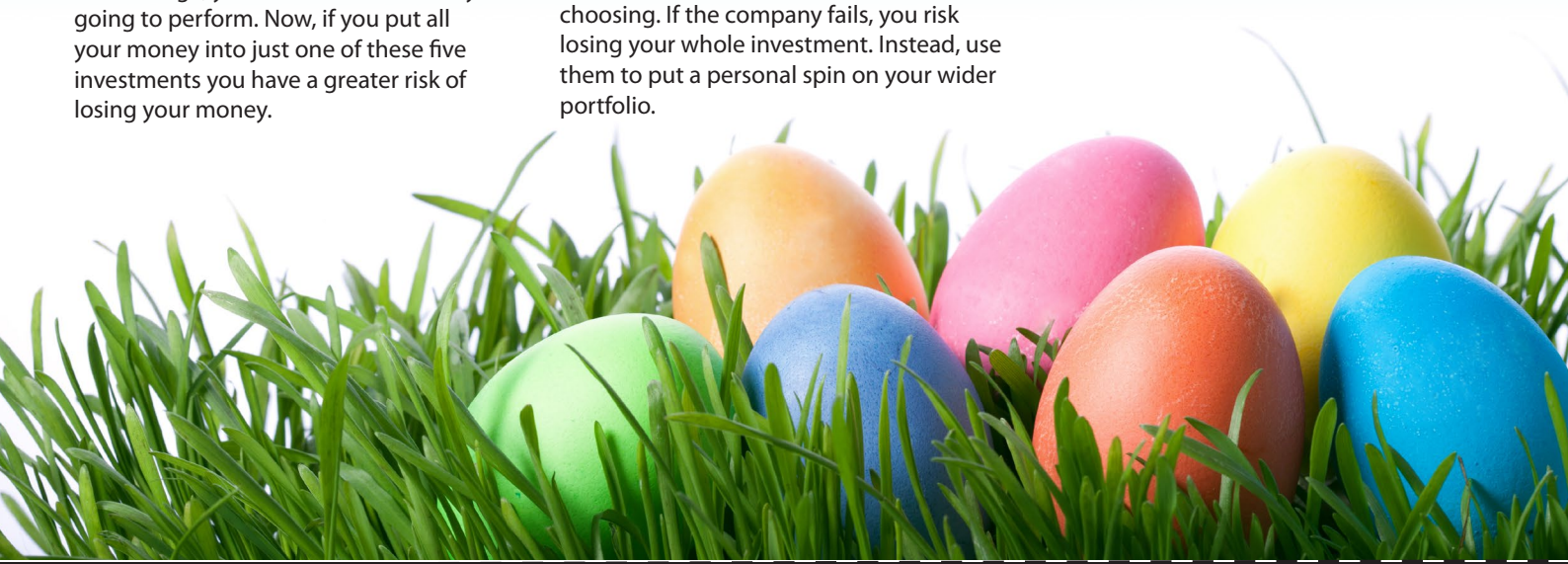
Think of owning a few shares like satellites. They're the bits around the edges for that added pop of adventure and even more diversification.

Your core is your main group of investments – well-diversified and matching your risk profile. This should be the bulk of your portfolio. Usually a sensible mix of funds.

KEY POINTS FOR INVESTING SUCCESS

- Own global companies as investments
- Own a mixture of investment types
- Put a personal spin on your portfolio with a core-satellite approach

This article gives you information to help you build a diversified portfolio, but it isn't personal advice. If you're not sure of the best course of action for your circumstances get advice.



For more information on any subject that we have covered in this issue, or on any other subjects, please tick the appropriate box or boxes, include your personal details and return this section to us.

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