

INDEPENDENT NEWS



KELLANDS

CHARTERED FINANCIAL PLANNERS

PASSING ON WEALTH TO THE NEXT GENERATION

30 million parents want to leave wealth in their Will

FED UP WITH YOUR NINE-TO-FIVE? Sixty the most popular age to retire early.	SCAMMERS 'SOCIALY ENGINEER' VICTIMS 17% increase in suspicious or scam-related activity.	RETIREMENT NEST EGG Nearly a half of over-50s regret not saving into their pension earlier.
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Welcome to **Kellands** Independent News

Welcome to the Kelland's summer newsletter.

It's been a busy 6 months since our last newsletter with some significant changes to the economic and investment landscapes. For many of our younger clients this is their first experience of rising inflation and interest rates. This together with the terrible events in Ukraine will likely lead to a recession over the next 12 months as consumers are forced into tightening their belts.

Although the increased volatility in world markets is unnerving; history tells us that it is important to stick to the strategies that are in place. It is often times of stress when the best investment opportunities present themselves.

It is going to be another tough period for charities and we continue to help and support where we can - good luck to Dennis who is raising money for Cancer Research; his fund raising story is included as one of the many interesting articles.

I am again very proud of the Kelland's team as they have picked up another national award - as the best investment firm in the north West. The whole team continues to work hard in refining and improving our investment solutions and service levels to suit the ever-changing needs of you and your family.

In these turbulent times we greatly value the continued trust you place in Kellands.

Best Wishes,
Guy Kelland
Managing Director

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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.

THE VALUE OF INVESTMENTS MAY GO DOWN AS WELL AS UP, AND YOU MAY GET BACK LESS THAN YOU INVESTED.

LOOKING TO MAKE THE MOST OF TOMORROW BY PLANNING TODAY?

Your wealth needs to serve you differently at different stages of your life. Find out how we can help you make the most of tomorrow by planning today. To discuss how we can help, please contact us.



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WHY IT'S IMPORTANT TO TRUST THE PLAN

When it comes to our money, we're naturally inclined to focus on short term and emotional drivers. Ian unpacks the benefits of having a longer-term view of savings and investments and the power of having a clear plan – and sticking to it.



Ian Boasman, Chartered Financial Planner at Kellands (Hale) Ltd Chartered Financial Planners

WHY IT'S IMPORTANT TO TRUST THE PLAN

I heard an excellent quote recently by ex-Harvard professor and Scottish Historian, Niall Ferguson:

'If the financial system has a defect, it is that it reflects and magnifies what we humans are like. Money amplifies our tendency to overreact, to swing from exuberance when things are going well to deep depression when they go wrong. Booms and busts are products, at root, of our emotional volatility.'

When it comes to money, emotions control our short-term reactions sometimes without considering the long-term implications. Financial Advisers are not life coaches but observing the emotions of clients is a big part of what we do in conjunction with managing money and long-term objective planning.

Long term. That's a short phrase which comes up a lot in conversations, and never has it been more relevant in financial planning given the world events we've seen over the past few years.

It's human nature to witness recent market events and wonder whether you should be doing something differently or hold off until things improve. We should live for today, as

who knows what happens tomorrow? However, any good financial adviser should be able to provide a robust financial plan to help achieve both your long and short-term aspirations.

Let's take the stock market over the long term. The return of the Mixed Investment 20-60% Shares Index over the past 20 years has been 136% (source: FE Analytics). If you had invested £100,000 and simply tracked this index since April 2002, you would now have approximately £236,000 (not accounting for any tax or charges).

UK inflation over the past 20 years has averaged 2.5% per annum, which is considerably less than the return of that index. £100,000 in April 2002 is worth just under £164,000 today.

When looking at the stock market versus inflation, there is a correlation between the two. For example, as the cost of goods for businesses increases, most individual's earnings do not rise in line with inflation. So consumers will subsequently spend less on luxury items. Business profit margins become smaller, which then affects its share price. Central banks increase interest rates to combat inflation so that consumers will see more return on their cash savings in the short term, which hopefully encourages them to spend more in time.

However, as we have all read in the news recently energy prices are a big cause of high inflation. When supply doesn't meet demand, costs increase and everyone feels the pinch, meaning they spend more cash on general living, rather than those luxury items.

Despite uncertainty around global economies, the one thing history tells us when it comes to stocks and shares is that over the long term (10 years +) you should see outperformance of inflation. There might be rocky times in between. However, if you are not a sophisticated investor,

our advice is usually to avoid making short term reactions in times of volatility. Remember, 'timing' the market is very difficult to do correctly but 'time in' the market is your friend.

Whilst history tells us that the stock market will outperform inflation, every individual's circumstances are different, meaning their time horizon for investing differs. For example, are you approaching retirement soon and need to draw down your funds? Do you have complicated tax planning needs to compliment your investment strategy? Are you looking to pass money down to loved ones efficiently?

These additional objectives are the reason you should seek advice, so that a plan can be tailored to your personal needs. The general rule always applies; investing in stocks and shares should be a long-term objective, however, the little personal points that make your scenario different should always be factored in, which still make these short-term market events important to navigate through.

Another regular question I am asked is 'am I contributing enough to my portfolio'? Standard practice when making regular contributions into any form of long-term investment is to increase those contributions by inflation each year. However, with the cost of living rising at a higher rate, is this even affordable? There is nothing wrong with pausing this increase until inflation settles down, as the figures earlier show us that your existing capital should return more than inflation anyway.

Your financial plan and objectives are ever-changing and will need tweaking from time to time. But these short-term events are part of the journey which should be planned for at the outset, so that you do not have to make emotional changes along the way.

Trust the plan. ■



/// I don't have too much spare time as I have 3 children age 12, 16 and 18. I spend a lot of time running the younger two to their various hobbies which takes a lot of my time.

JENNIFER SKEHAN - CHARTERED FINANCIAL PLANNER

It has now been almost a year since Jennifer, one of Chartered Financial Planners joined the team. We took the opportunity to find out how she is finding everything as well as getting the inside scoop on life at Kellands!

WHAT'S YOUR BACKGROUND, HOW DID YOU GET WHERE YOU ARE TODAY?

I began working in financial services 24 years ago, in a building society for a couple of years, before moving to Aegon at the beginning of 2000. This was when I completed my first qualifications in financial planning. My role there involved working with Independent Financial Advisers, but I wanted to help clients directly so decided to move into advising. I have never looked back and have been advising clients for 14 years. I really enjoy helping clients plan, protect and achieve their needs, wants and dreams.

WE ARE DELIGHTED TO HAVE YOU ON THE TEAM, HOW HAVE YOU FOUND THE LAST YEAR?

It's been a really enjoyable year; I feel I've settled into the team straight away. There is an abundance of knowledge and experience focused on putting the clients at the heart of

what we do and I can bring all my experience to add to this. I have been building relationships and helping clients achieve the future they want. I have also achieved Chartered status, so it's been a busy and exciting year.

IT HAS OBVIOUSLY BEEN A CHALLENGING COUPLE OF YEARS AS WE NAVIGATE THE PANDEMIC. HAS IT CHANGED THE WAY YOU WORK?

I've always worked across all mediums, but I think the pandemic has led to more clients wanting to have meetings virtually. I think the pandemic has made a lot of people think about their future and what they want out of life, refocussing. This has led to an increase in people now wanting to seek advice, some for the first time ever.

WHAT ARE YOUR GOALS AND ASPIRATIONS FOR THE YEAR AHEAD?

I want to continue to help more clients improve their financial situation and also achieve Fellowship status which means more exams.

THE BEST THING ABOUT WORKING AT KELLANDS?

The way the client is at the center of everything we do and the whole team works to ensure the best outcomes for them. This is shown by the awards that have been won by the team as a whole and individual members.

HOW DO YOU WIND DOWN & WHAT DO YOU DO IN YOUR SPARE TIME?

I don't have too much spare time as I have 3 children age 12, 16 and 18. I spend a lot of time running the younger two to their various hobbies which takes a lot of my time. I do however enjoy all sports in particular football and I am a season ticket holder at Bolton. ■



/// The last year has been amazing. The whole team has been extremely supportive in helping me navigate new systems, offering support for exams and providing adviser training.

CHARLOTTE KNIGHT - TRAINEE FINANCIAL PLANNER

WHAT'S YOUR BACKGROUND, HOW DID YOU GET WHERE YOU ARE TODAY?

I joined the industry as an apprentice aged 18, I always knew I wanted to work in financial services! I was always interested in the financial sector, be it actuary, accounting or advising. Once I started my apprenticeship I began sitting my exams to achieve the diploma with the CII and quickly realised I would want to progress past diploma to chartered status.

I have always enjoyed expanding my knowledge in order to help others. Previously I worked as a paraplanner at a smaller IFA. This was a great foundation and gave me exposure to many aspects of financial planning as well as interaction with the clients. This interaction concreted my aspiration to become an adviser and continue helping to build financial life plans for individuals, couples and families.

WE ARE DELIGHTED TO HAVE YOU ON THE TEAM, HOW HAVE YOU FOUND THE LAST YEAR?

The last year has been amazing. The whole team has been extremely supportive in helping me navigate new systems, offering support for exams and providing adviser training. I have

had the opportunity to be really hands on too, gaining valuable experience at client meetings. There have also been lots of team outings which have been great fun and helped me to settle in. Kellands has been very welcoming and it feels as if I have been here for longer than a year!

IT HAS OBVIOUSLY BEEN A CHALLENGING COUPLE OF YEARS AS WE NAVIGATE THE PANDEMIC. HAS IT CHANGED THE WAY YOU WORK?

It has not drastically changed the way I work as financial services remains as important as before the pandemic. I did have to adapt to homeworking for a while which came with both positives and negatives, however, it made me realise how important work life balance is. Homeworking avoids travel time but reduces social interaction, a mixture of both is probably ideal.

I think the pandemic helped to solidify how important implementing a financial plan which can help in times of hardship can be. I'm excited to start working with clients to achieve this.

WHAT ARE YOUR GOALS AND ASPIRATIONS FOR THE YEAR AHEAD?

I would like to attain Chartered status and

additionally sit my Pension Transfer exam to become a Pension Transfer Specialist. This would be in addition to continuing my adviser training, developing skills and helping to put financial plans in place for clients. I think for my personal goals I would like to travel more as the pandemic halted travel for a while and there are so many places I would like to visit.

THE BEST THING ABOUT WORKING AT KELLANDS?

The best thing about working at Kellands has to be how the client is at the heart of the business. All of the work done is completed with the clients best interests in mind. There is such a diverse team and wealth of knowledge that any questions I have can be answered and everyone is more than happy to help.

HOW DO YOU WIND DOWN & WHAT DO YOU DO IN YOUR SPARE TIME?

At the moment I continue to study in my spare time and I attend PT sessions and Zumba classes (in addition to seeing my partner, friends and family!). To wind down I enjoy nature walks – luckily the Peak District is only a short drive from where I live and there is lots of countryside to visit. ■

Please sponsor me!



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PASSING ON WEALTH TO THE NEXT GENERATION

30 million parents want to leave wealth in their Will

Millions of Britons say they want to plan to pass on wealth to their children and grandchildren in a Will – but fewer than half have written one, according to new research^[1]. Failing to plan to write a Will or complete estate planning could potentially lead to a significant Inheritance Tax (commonly called IHT for short) bill being levied on a person's estate when they die.

ANYTHING THAT ISN'T EXEMPT WILL BE TAXED

IHT is a tax that may be paid on your estate (your money, possessions and your share of any property) when you die, reducing how much value will ultimately pass to your beneficiaries. The starting point for IHT in the current 2022/23 tax year is £325,000. When the value of an estate exceeds this amount, anything that isn't exempt will be taxed at 40%.

The tax year runs from 6 April to the following 5 April. So, the tax year 2022/23 started on 6 April 2022 and finishes on 5 April 2023.

RISING NUMBER OF PEOPLE COULD UNEXPECTEDLY FACE IHT BILLS

Recent rises in house prices mean the estates of a rising number of people could unexpectedly face IHT bills. The research found that 30 million (88%) people with children say they plan to leave money to their children and/or grandchildren in their Will but only 41% have written one. Twenty million (59%) parents do not currently have a Will.

Although over half (57%) of people with children are considering seeking professional financial advice about the best way to pass on wealth, only 13% have done so. More than half (56%) of people with children say they are considering writing wealth into trust but only 12% have actually done so.

HOW PARENTS PLAN TO PASS ON WEALTH

- Leaving it in a Will 88%
- Bank transfer/cash 67%
- Consulting financial adviser 57%
- Writing wealth into trust 56%
- Putting money into investment 53%
- Putting money into a pension for their children 43%

MINIMISING THE AMOUNT OF IHT YOU COULD BE LIABLE FOR

The research identified that mass affluent consumers – those with assets of between £100,000 and £500,000 excluding property – are more likely to have their affairs in place to pass on an inheritance. More than half

(51%) of mass affluent parents have a Will in place. 20% of mass affluent parents have put money into an investment for their children or grandchildren (compared to 12% of all parents).

17% of mass affluent parents have obtained professional financial advice to discuss the best way to pass on wealth. And 13% of mass affluent parents have written wealth into trust for their children. The average amount written into a trust was £184,000 while more than one in five (21%) wrote more than £250,000 into a trust. ■

HOW WILL I PASS ON MY ESTATE EFFICIENTLY?

Tax rules depend on individual circumstances and may change. You should always obtain professional financial advice for more information on tax. We provide all the elements you need to protect, grow and pass on your wealth. To discuss your plans or for further information, please contact us.

TAX TREATMENT DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES AND MAY BE SUBJECT TO CHANGE IN FUTURE.

Source data:

[1] LV= surveyed 4,000 nationally representative UK adults (of which at least 500 were mass affluent) via an online omnibus conducted by Opinium in December 2021.

MORE BRITONS INSURE THEIR HOMES THAN THEIR LIVES

Ensure your financial security
for when you might need it most

There are a number of reasons why you might need life cover and critical illness cover. If you have dependents, then it is important to make sure that they will be financially secure if something happens to you. If you have a mortgage or other debts, then life cover can help to pay these off.

Critical illness cover can provide you with a lump sum of money if you are diagnosed with a specified serious illness, which can help to cover the cost of treatment and make sure that you and your family are financially secure.

NOT SO KEEN TO INSURE OUR OWN LIVES

But, according to new research^[1], only 32% of people in the UK have life insurance compared to 64% who have taken out an insurance policy to cover their homes. Showing that there is still some truth in the old adage 'An Englishman's home is his castle', it would seem some people place more importance on insuring their homes than their lives.

The figures reveal that whilst we're happy to protect our latest iPhone purchase (14%), our upcoming holiday from the unpredictability of COVID (21%) and our furry four-legged friends (19%), we're not so keen to insure our own lives to protect our loved ones.

RELUCTANT TO THINK ABOUT OUR OWN MORTALITY

Indeed, 66% of people aged over 35 do not

have life insurance cover, and a further 84% do not have critical illness cover. Whilst 58% of people with pet insurance and 47% with mobile phone insurance have not taken out life insurance.

It is not unusual for people to be reluctant to think about their own mortality, especially younger people in their 30s and 40s. However, it is important for people during the accumulation phase of their lives, which is generally those under 50, to think about protecting their financial journey.

TRANSFER RISK TO AN INSURANCE PROVIDER

Taking out life insurance and critical illness cover can help to transfer risk to an insurance provider. It is a way to help protect the journey towards meeting your financial goals.

Almost a fifth of the respondents (19%) who have life insurance in place said they do not have, or they are not confident that they have, sufficient life insurance to pay off their debts and provide for their dependents should the worst happen.

PROTECT YOUR FAMILY OR OTHER LOVED ONES

Less than half (45%) of those polled say their existing life insurance policy will cover their mortgage and only a quarter (24%) say it would cover their current salary. A further 15% say it will only cover the basic cost of living for their dependents, 4% realised that their current policy covers a previous salary which is lower than their current earnings, and 20% admit they simply don't know how much their life insurance would cover.

Whether it's to protect your family or other loved ones, it is important to take professional advice and make a plan, which can be reviewed regularly, to ensure that the people that matter to you are taken care of and that your financial goals can be achieved. ■

MAKE SURE YOUR LOVED ONES ARE LOOKED AFTER, SHOULD THE WORST HAPPEN

We're here to help you protect your loved ones today, so you don't have to worry about tomorrow. To discuss your plans or for further information, please contact us.

Source data:

[1] The research of 1,000 nationally representative UK adults was commissioned by Find Out Now in November 2021 on behalf of Brewin Dolphin.

FUTURE WEALTH

The average British child is worth just under £5,000 by the time they reach school

When we talk about the Bank of Mum and Dad, we are effectively talking about handing money over to your children. There are many reasons why your descendants might look to you for financial support, and many routes you could take in funding them, if you so choose.

All children, regardless of means, benefit from learning simple concepts like saving to attain goals and operating within a budget. That can start with pocket money for non-essentials and mature into allowing teenage children to manage their own clothing budget or take control of a portion of the family's charitable donations. You may even want to allow older teens to allocate and manage a small portfolio for exposure to investments.

CHILDREN'S KEY LIFE MOMENTS

A nationwide survey^[1] of parents has revealed the wealth that average British children have accumulated by the time they reach adulthood, with the average UK child having amassed just under £5,000 by the time they reach school at the age of five, just over

£10,000 by the age of 18 and £12,000 by the time of their 21st birthday.

The majority of UK parents surveyed said they began saving for their children's key life moments when they were five years old, with 27% saying they started before their child reached their first birthday and 15% even admitting they began before their child was even conceived!

MAKING THEIR OWN MONEY

The findings revealed that £125 a month was the average amount that parents put aside for their child's future each month. 39% of those who responded said they feel it is the duty of every parent to save for their children, whilst 55% believe it is their duty but admit they can struggle with the obligation.

One in 20 (6%) insist their children should

make their own money and their own way in life, without assistance from their parents.

BEST POSSIBLE START IN LIFE

Everyone wants to do right by their child but we appreciate it's not always easy. Instead of large presents on birthdays or at Christmas, consider using part of the budget to save for their future.

The majority of parents want to give their child the best possible start in life, but what are the best ways to invest for children? Some ways of passing money on to your children can start very early, including putting money into a Junior Individual Savings Account (JISA) for your child.

HELPING THE YOUNGER GENERATION

The current annual allowance for contributions is £9,000 (tax year 2022/23), meaning that if you start paying into a JISA when your child is young, they could find themselves with a sizeable sum of money by the age of 18. Focusing on later life stages, some parents might also consider contributing to their children's pension pots. Covering school fees and other expenses for grandchildren is another possible way to help out younger generations financially. But with house prices at historically high levels, the most common 'Bank of Mum and Dad' queries we receive concern helping the younger generation onto the property ladder. ■

BUILDING UP A SAVINGS POT

Putting money aside for a child is a great way to prepare them for their future, and can also teach valuable lessons about their managing their finances. To discuss how we could help you make their savings work harder, please contact us for more information.

THE VALUE OF INVESTMENTS CAN FALL AS WELL AS RISE AND YOU COULD GET BACK LESS THAN YOU INVEST. IF YOU'RE NOT SURE ABOUT INVESTING, SEEK PROFESSIONAL ADVICE.

Source data:

[1] The research of 1,500 parents with dependents currently living at home with their parents, was commissioned by Perspectus Global in March 2021 on behalf of Brewin Dolphin.



FED UP WITH YOUR **NINE-TO-FIVE?**

Sixty the most popular age to retire early

There are many factors that can influence when someone decides to retire. For some, it may be based on health reasons, while others may want to take advantage of government benefits or simply enjoy a more relaxed lifestyle. However, one of the most common factors that determines when people choose to retire is their age.

So, what is the most popular age to retire early? Sixty is the most popular age to retire early, according to new research^[1] which reveals the key steps people have taken to embrace early retirement and examines the costs and benefits of doing so.

WANTING TO ENJOY MORE FREEDOM

One in four (25%) are planning to celebrate their 60th birthday by leaving work behind. With the State Pension age currently standing at 66, the findings show one in six (17%) people who have taken early retirement did so when they were 60, making it the most common age to make an early exit from working life.

This is also the most popular target age for people who intend to retire early in the years ahead, with one in four (25%) planning to celebrate their 60th birthday by leaving work behind. The desire to retire early is primarily driven by 'wanting to enjoy more freedom while still being physically fit and well enough to enjoy it.'

EMBRACING A NEW LIFESTYLE

Nearly one in three people (32%) who have retired early or plan to do so gave this reason for embracing a new lifestyle. Financial

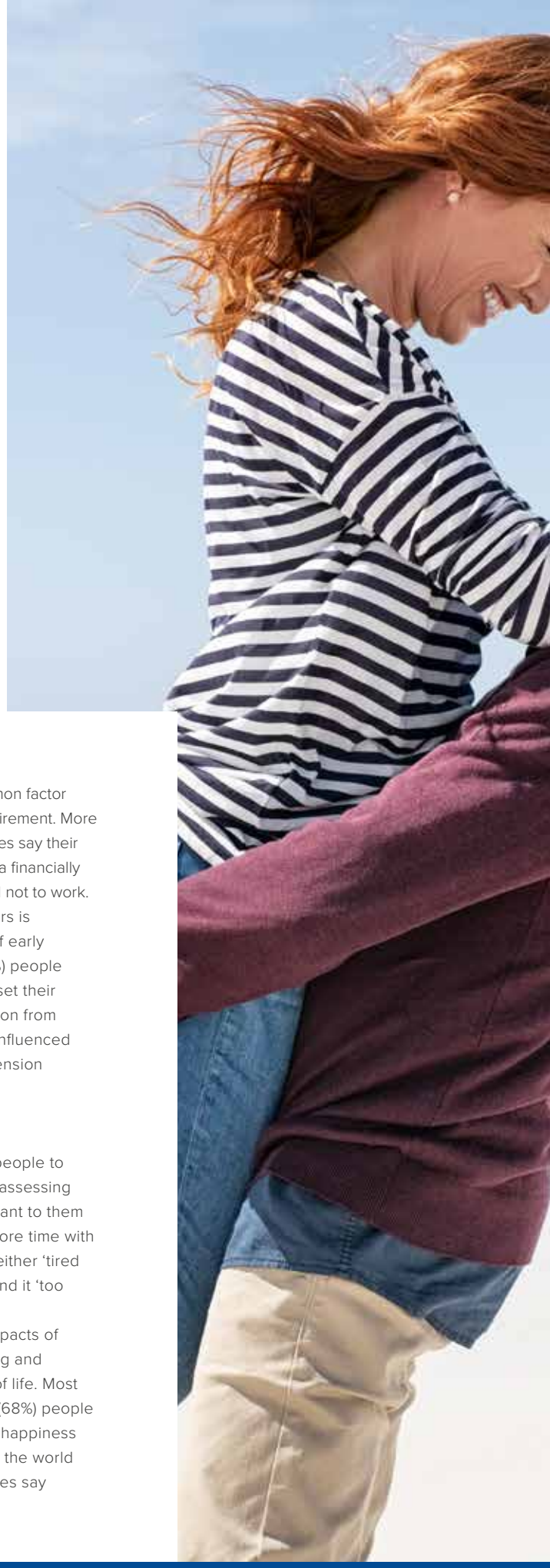
security is the second most common factor prompting people to embrace retirement. More than one in four (26%) early retirees say their decision was a result of 'being in a financially stable position' so they can afford not to work.

The influence of money matters is also visible in people's choice of early retirement age. One in five (20%) people targeting early retirement have set their sights on 55 to make the transition from working life. This is likely to be influenced by their ability to access their pension savings from this age.

'TOO TAXING AND STRESSFUL'

Other key factors encouraging people to seek early retirement include reassessing their priorities and what's important to them in life (23%), wishing to spend more time with family (20%) or finding they are either 'tired and bored' of working (19%) or find it 'too taxing and stressful' (19%).

The research suggests the impacts of early retirement are wide-ranging and broadly positive in many areas of life. Most notably, more than two in three (68%) people who have retired early say their happiness improved as a result. In terms of the world around them, 44% of early retirees say





their family relationships improved and 34% reported improvements in their friendships.

BOOST TO MENTAL WELLBEING

When it comes to their health and wellbeing, more than half report that early retirement has delivered a boost to their mental wellbeing (57%) and half (50%) say their physical wellbeing improved.

However, the findings suggest these benefits come at a cost, with nearly half of early retirees finding their finances worsening as a result (47%).

Women are the most likely to have felt a negative financial impact from retiring early (50% vs. 44% of men). Across both genders, only 22% feel they have benefited financially from their decision to retire early.

STEPPING STONE TO RETIRING EARLY

Among those people who have retired early, one in three (32%) identify having a defined benefit (final salary) pension among the main measures that enabled them to take retirement into their own hands. This suggests the concept of early retirement may get harder for younger generations to achieve, with the majority of the private sector workforce now saving into defined contribution pension schemes.

However, the findings suggest that people can still take positive steps to make an early retirement possible. Paying off your mortgage (30%) is identified as the second most common stepping stone to retiring early, while almost three in ten early retirees (29%) say saving little and often was one of their main strategies. Nearly one in five (19%) say they also saved extra whenever they received a pay rise or a bonus during their working life.

THE MAIN MEASURES ENABLING PEOPLE TO RETIRE EARLY OR THINK ABOUT RETIRING EARLY

- 32% – Having a defined benefit (final salary) pension
- 30% – Paying off one's mortgage
- 29% – Saving little and often
- 19% - Saving extra whenever receiving a pay rise or bonus
- 16% – Receiving a redundancy payout
- 14% – Receiving an inheritance

WANTING A NEW SENSE OF PURPOSE

Among those who take early retirement, the

research also reveals there is a small contingent who have returned to work (17%) or envisage themselves doing so in the future (15%). Over one in four (27%) cite the reason for returning to work is because they 'wanted a new sense of purpose', making this the most frequent driver, followed by 'missing the company and social interactions with colleagues' (26%). However, a similar number (24%) of early retirees find themselves heading back to work having experienced financial issues.

While happiness soars in retirement, many people find their finances take the strain when they retire early and money worries are one of the biggest factors resulting in people returning to work. If you aspire to retire early, it's vital you plan your finances to be sustainable for the long-term. ■

WHAT DO YOU NEED TO DO TO RETIRE EARLY?



The dream of an early retirement is very much alive and kicking, but there are many factors to consider along the way and the current uncertainty about the future does not make this an easy decision. For further information or to discuss your requirements, please contact us.

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS PLAN HAS A PROTECTED PENSION AGE). THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE. YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.

THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION WHICH ARE SUBJECT TO CHANGE IN THE FUTURE. YOU SHOULD SEEK ADVICE TO UNDERSTAND YOUR OPTIONS AT RETIREMENT.

Source data:

[1] <https://www.aviva.com/newsroom/news-releases/2021/12/sixty-the-most-popular-age-to-retire-early/>

SCAMMERS 'SOCIALLY ENGINEER' VICTIMS

17% increase in suspicious or scam-related activity

Any of us can fall victim to a scam. Scams are increasingly common and many people are caught out. They can be very distressing, and the impact is often emotional as well as financial. If you've been the victim of a scam, remember that you're not alone

Increasingly, scammers are relying on our psychological biases to trick us into handing over important data, financial information and our money. There are a growing number of scams that are harder to identify, with scammers using increasingly complex psychological tactics to 'socially engineer' their victims into handing over personal data or money.

Would-be investors are vulnerable to manipulation from scammers when put under time pressure, promised greater returns on investments or contacted by what they think is an authority figure. Research highlights the psychological tricks that scammers use, as data shows a 17% rise in reported scams^[1]. The data highlights that almost three-quarters of Britons have seen an increase in suspicious activity and of those who were scammed nearly four in ten (39%) didn't report it.

Criminals carrying out scams usually apply pressure tactics, illusions of scarcity or pretending to be a trusted authority to 'socially engineer' their victims. The findings come as consumer polling shows that seven in ten Britons claim to have seen an increase in suspicious or scam-related activity, but almost a third of respondents (31%) admit they wouldn't know what to do if they found themselves in that position.

PURCHASE SCAMS

Purchase scams, where people buy goods online which don't exist or never arrive, accounted for over half (53%) of reported scams – with an average value of £980.

Scammers create a perceived scarcity and therefore 'value' in what they are selling to motivate consumers to act quickly and not rely on their better judgment. This might be advertising something as a 'one-time offer', a limited edition price or availability, or rushing us into buying something that 'has' to be bought now – even if you've never seen the product in real life.

You should never be rushed; it's always important to take the time to check before proceeding with a purchase. If it's a big-ticket item like a car, unless you're buying directly through a well-known brand, it's good practice to see it in person before spending any money.

IMPERSONATION SCAMS

Over two-thirds of Britons (64%) would be more likely to comply with a request if they believed it was coming from an institution they knew, such as their bank, the police or even the NHS.

It's not surprising, therefore, that scammers exploit this insight. In these situations, scammers will harness that sense of authority to instil fear in their victims – perhaps suggesting their bank

account has been compromised, a payment is overdue or that they will be fined if they do not pay the full amount. Psychologically, many of us will take these at face-value if they're coming from what we believe to be a reputable institution.

Real phone calls from a bank will never ask customers to do things like share their PIN/security information or to transfer money to a 'safe account'.

INVESTMENT SCAMS

Investment scams often account for the highest average value type of scam, which is why they're such enticing options for fraudsters – with £15,788 lost on average to these types of scams in the last quarter.

Investing should generally be a very measured activity and people who are looking to invest their money will often do a lot of research before making their decision, or at least ask for a second opinion. However, scammers are experts at exploiting the fact that people want to grow their assets, and that we can sometimes put our better judgement aside for a high return opportunity.

Worryingly, this is reflected in the research, with three in ten (32%) admitting they would be willing to go with an investment or savings provider they'd never heard of if they thought the returns would be higher than those of their existing provider. A further fifth (21%) stated they were unsure, indicating they could potentially be convinced.

Check the Financial Conduct Authority (FCA) website and its warning list (<https://www.fca.org.uk/scamsmart/warning-list>) for cloned companies to make sure you're dealing with a genuine company. If you have any suspicions, talk to someone you trust and don't ignore your concerns. It's important to ask questions and make sure you feel comfortable in the choices you are making – and remember, if the returns seem too good to be true, they probably are. ■

WE'RE HERE TO HELP YOU

If you would like to speak to us about any concerns you may have, we're here to listen to you. To find out more or to discuss your situation, please contact us.

Source data:

[1] Barclays data on reported scams from October 2021 – December 2021. Mortar Research study of 2,002 participants, January 2022.

DEALING WITH DIVORCE

Revolution in family law finally removes the need for blame as a basis for divorce

No one enters into marriage expecting it to end in divorce. However, for many couples, divorce is the sad reality. If you are facing divorce, it is important to know that you are not alone. Each year, thousands of people go through the divorce process.

While divorce can be a difficult and emotionally charged time, there are things you can do to make the process go more smoothly when important decisions need to be made. Keeping a level head to negotiate a fair financial settlement is vital.

NO-FAULT DIVORCE REMOVING THE NEED FOR BLAME

From 6 April 2022 no-fault divorce came into effect in England and Wales. This is a long-awaited revolution to family law, finally removing the need for blame as a basis for divorce. Now the only ground for divorce is that the marriage has 'irretrievably broken down'.

This means the law no longer requires blame to be apportioned, neither is there any requirement to fit your particular circumstances into one of the five facts that you previously had to prove, i.e. there is no need to cite behaviour or adultery nor wait for the minimum two-year separation period.

MORE AMICABLE RESOLUTIONS FOR PARTIES

In addition, further crucial changes are that the respondent to the divorce is now unable to contest the divorce (the limited grounds to challenge a divorce relate to jurisdictional grounds or validity of marriage).

If you and the other party both agree the marriage has broken down irretrievably, then a joint application for divorce can now be made.

IF YOU FIND YOURSELF IN THIS SITUATION, HERE ARE 5 POINTS TO CONSIDER

1. SEEK PROFESSIONAL ADVICE IMMEDIATELY

Seek legal and separate financial advice immediately. Your professional financial adviser can help you draw up a list of joint and personal assets and valuations, so any legal advice you seek is based on accurate information. This can make an appointment with your solicitor more time and cost effective.

You'll need to draw up a list of assets e.g. first or second homes, pension pots, investments, value of any businesses etc., checking when they were purchased and finding out if they should fall into the category of marital assets. In addition, list all your outgoings both joint and individual.

2. CANCEL ALL SHARED FINANCES

Cancel any financial commitments that might be in a joint name immediately. The more unscrupulous partner could take advantage otherwise and saddle you with debt you are liable for. So cancel credit cards, joint accounts, personal loans and even overdrafts if possible and set up afresh in your own name.

3. TIMING IS EVERYTHING

Although it may be the last thing on your mind, choosing the right time of year to divorce could significantly impact on the financial outcome for each individual. When a marriage or registered civil partnership breaks down, it is likely that tax will not be at the top of the agenda.

Your tax position refers to the amount of Income Tax and Capital Gains Tax you'll need to pay. During the divorce process, there is a window of time where a spousal exemption applies and then drops off.

4. SPLITTING PENSIONS

When it comes to pensions, finding a way to achieve a clean break so you are not tethered to your partner forever is key. What can be divided depends on where in the UK you are divorcing. In England, Wales and Northern Ireland the total value of the pensions you have each built up is taken into account, excluding the basic State Pension.

In Scotland, only the value of the pensions you have both built up during your marriage or registered civil partnership is considered. Normally, anything built up before you married or after your 'date of separation' does not count.

There are two main ways of dealing with pensions at divorce that apply across the UK.

1. Pension sharing is often the favoured way of dividing a retirement fund because it achieves a 'clean break'. This involves couples splitting one or more pensions. The aim is to ensure that the future incomes of both spouses are equalised. Your professional financial adviser will be able to help you implement any pension sharing order after the splitting process is complete.

2. The second option, pension offsetting, sees pension rights balanced against other assets, such as the home. Typically, if one spouse has a pension fund worth £500,000 and the couple jointly own a property worth £500,000, one may keep the property and the other keep the pension – though things are rarely that simple, so professional advice is key.

5. BUDGET FOR YOUR FUTURE

Whatever happens, your life is going to be very different once the divorce is complete so it's important to budget for the future life you want to live. Obtaining a copy of your credit report is a good start, so you know what your standing is, especially as many people will need to think about a new mortgage after divorce. A credit report will also highlight any joint lending you might be liable for. ■

FINANCIAL PLANNING FOR DIVORCE – WHAT DO YOU NEED TO KNOW?

Obtaining professional financial advice can be invaluable in guiding you through the myriad financial decisions from valuing and splitting pensions, financial disclosure and income planning, to valuing investments, managing tax and implementing court decisions to get your finances back on a sound footing. To discuss your options, please contact us.



RETIREMENT NEST EGG

Nearly a half of over-50s regret not saving into their pension earlier

The days of working for a single employer for your entire career and retiring with a comfortable pension are largely gone. The responsibility for accumulating a retirement nest egg now rests with individuals as opposed to their employers.

Saving enough for retirement is challenging for many people, but an era of changing demographic trends, such as increased longevity and delayed marriage, can make this journey even more difficult.

NOT FINANCIALLY STABLE ENOUGH TO CONTRIBUTE

New research^[1] into the attitudes of the over-50s towards their pension has uncovered that nearly a half (49%) regret not saving into their pension earlier, and almost two-thirds (64%) wish they had contributed more into their retirement savings at an earlier stage.

Just over a quarter (26%) stated that they only started paying into their pension after they turned 30 years old, primarily because they did not feel financially stable enough to contribute any sooner (51%). Many, understandably,

prioritised raising children (42%) and paying off their mortgages (40%) before putting any surplus cash into their pension. However, a third put leisure/holidays (32%), clothing (21%) and their pets (10%) before their retirement income.

'MODERATE' STANDARD OF LIVING IN RETIREMENT

Almost four in ten (39%) people over the age of 50 believe that an income of between £10,000 and £20,000 per annum in retirement will be enough to live 'comfortably'. This is despite figures announced stating that £20,800 per annum will only provide an individual with a 'moderate' standard of living in retirement. To enjoy a 'comfortable' standard of living, the amount would need to increase to £33,600 per year.

Just under a quarter (24%) of those aged over 50 believe that a personal contribution of between 0% to 5% of their salary is an 'appropriate and achievable' level to attain a savings pot big enough to support them in retirement.

TAKING PROFESSIONAL FINANCIAL ADVICE IS KEY

When asked about financial advice, worryingly more than 70% of over-50s say they have never sought professional financial advice regarding their pension. Almost a third (30%) say they feel they know what they are doing and don't need financial support, whilst 10% say they rely on their family and friends for support and advice. However, after hearing that they could add as much as £47,000 to their pension^[2] (over a decade) by taking professional financial advice, half of them say they would.

Pensions are more important to more of us than ever before. Automatic enrolment has brought pension savings to millions, but this was only introduced in 2012 and for many, especially those over the age of 50, it is perhaps too little, too late.

TAKE STOCK OF YOUR FINANCIAL SITUATION EARLY

Hindsight is a wonderful thing and life in your 20s and 30s can often take over, with children to raise, debts to pay and holidays to be had. However, it's important to take stock of your financial situation early. You may think you have enough spare cash, or that you have years until you retire, but most people over the age of fifty (64%) wished that they had paid more into their pension pot, earlier.

It's also important that people are realistic about how much they might need to live on in retirement. With more people continuing to pay rent or mortgages after they finish working^[3], it is unlikely that an income of between £10,000 and £20,000 per year will be sufficient to have a 'comfortable' lifestyle. ■

PLANNING FOR A FULL AND HAPPY RETIREMENT?

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To avoid sleepwalking into retirement it's important to understand how much you have in your pension, what that money might look like as retirement income and how long you might need that money to last. For advice on all your options to make your money last a lifetime, please contact us.

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS PLAN HAS A PROTECTED PENSION AGE). THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE. YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.

THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION WHICH ARE SUBJECT TO CHANGE IN THE FUTURE. YOU SHOULD SEEK ADVICE TO UNDERSTAND YOUR OPTIONS AT RETIREMENT.

Source data:

1,034 UK adults over the age of 50 (retired and non-retired) interviewed between 31.01.2022–07.02.2022

[1] <https://www.retirementlivingstandards.org.uk/news/retirement-living-standards-updated-to-reflect>

[2] <https://ilcuk.org.uk/financial-advice-provides-47k-wealth-uplift-in-decade/>

[3] <https://www.bbc.co.uk/news/business-42193251>

/// Just over a quarter (26%) stated that they only started paying into their pension after they turned 30 years old, primarily because they did not feel financially stable enough to contribute any sooner (51%).





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