The financial planning magazine from Fairstone

Intelligent Wealth

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NEW YEAR'S TAX SAVING RESOLUTIONS

Make full use of your relevant tax planning opportunities

GET READY TO BEAT THE ISA DEADLINE
Time to give your financial future a boost?

ADULT SOCIAL CARE CHARGING REFORM
What will the government's proposals mean for the social care system?

WHAT'S YOUR MAGIC NUMBER?
Keeping up your current lifestyle and enjoying your golden years

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Incorporating one of the UK's largest Chartered financial planning firms, our team of financial advisers offer independent financial advice, investment management and estate planning services.




Wealth management

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Portfolio construction

Helping you to plan for your future with a tailored investment plan

Retirement planning

Helping you plan your finances to achieve the lifestyle you deserve

Protection planning

Helping you plan for the unexpected



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Fairstone offer all new clients a **no cost, no obligation, initial consultation.**

Our dedicated client services team will be happy to match you to the local adviser that best suits your needs and objectives, in just a few short minutes.

Speak to the team on

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The value of investments can go down as well as up. Past performance is not an indication of future performance and you may not get back the full amount you originally invested.

Your home is at risk if you do not keep up repayments for a mortgage or a loan secured on your property. Redemption penalties may apply. Interest rates may vary and interest only mortgages may carry additional risks. Think carefully before securing existing debt to your property.

If you are in any doubt about tax implications that may affect you, please seek advice from a tax specialist before making any decisions.

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The content of the articles featured in this publication is for your general information and use only and is not intended to address your particular requirements. Articles should not be relied upon in their entirety and shall not be deemed to be, or constitute, advice. Although endeavours have been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough examination of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions taken in respect of any articles. Thresholds, percentage rates and tax legislation may change in subsequent Finance Acts. Levels and bases of, and reliefs from, taxation are subject to change and their value depends on the individual circumstances of the investor. The value of your investments can go down as well as up and you may get back less than you invested. Past performance is not a reliable indicator of future results.

Inside **this issue**

Welcome to the first edition of *Intelligent Wealth* for 2022. As we start another year, getting your financial life in order should be a top priority and there are a number of ways to help make sure that you start 2022 on a positive financial footing.

For while we all have different financial goals and aspirations in life, the benefits of reviewing these and taking stock helps to make sure that you are on track to meeting them. On page 04 we take a look at the steps you can take this year to help secure your financial future.

There are many ways that you can save or invest and, with interest rates still at very low levels, Individual Savings Accounts (ISAs) can provide the potential to achieve a bigger return for your savings. To utilise your ISA allowance, you should do so before the deadline at midnight on Monday 5 April as the date marks the end of the 2021/22 tax year. You can read the full article on page 07.

Also, with the tax year end on the horizon, taking action now may give you the opportunity to take advantage of any remaining reliefs, allowances and exemptions. The article on page 08 looks into some of the key tax and financial planning tips you should consider prior to the end of the tax year.

Finally, at Fairstone our clients are at the heart of everything we do and your feedback is vital to how we position and grow our business. To that end we carry out an annual client survey and if you haven't done so already, we would really appreciate it if you would take a few minutes of your time to complete our survey. You can find a link to the survey here: https://bit.ly/3JHwhHg

Rest assured that the entirety of the Fairstone team is continuing to work tirelessly on your behalf to support you and your financial health. If you have any queries or concerns, no matter how small, please do not hesitate to get in touch – we are here to help you.

A full list of the articles featured in this issue appears opposite.

Thank you and I hope you enjoy this issue of *Intelligent Wealth.*

Lee Hartley
CEO Fairstone

IMPROVE YOUR **FINANCIAL LIFE**

Setting a financial New Year's resolution you'll actually keep

Heading into the New Year, it's the perfect time to take stock of your budget, liabilities and investments – and check them against your financial goals. The New Year brings an opportunity to reflect on the past year and to set new goals for the year ahead.

But before setting financial goals, it helps to understand your financial priorities and your overall plan to achieve the financial life you want. Think about your financial plan, and what you are hoping to accomplish, not only this year, but in years to come. Think about what you can do this year to help reach your longer-term goals.

SECURE YOUR FINANCIAL FUTURE

Whatever situation you find yourself in, it's important to be realistic about your goals. We all have different financial goals and aspirations in life. Yet often, these goals can seem out of reach. In today's complex financial environment and with the challenges of the COVID-19 pandemic, achieving our financial goals may not be that straightforward. This is where financial planning is essential to help secure your financial future.

The benefits of setting financial goals all work together to boost your financial health. You'll gain more confidence in your money management decisions and significantly decrease money-related stress. If you want to take control of your money and create more security, you need to set some financial goals.

KEEP YOUR GOALS REALISTIC

A financial plan seeks to identify your financial goals, prioritise them, and then outline the exact steps that you need to take to achieve your goals. Figuring out your objectives and matching them with timelines are the keys to setting financial goals. Your financial goals are specific and unique to a number of factors related to you, like your age, your interests, your current financial situation and your aspirations.

Based on these, you need to develop your goals and establish a plan to achieve them. Any goal (let alone financial) without a clear objective is nothing more than a pipe dream, and this couldn't be more true when setting financial goals. However, it's important to keep your goals realistic as it will help you stay the course and keep you motivated throughout your journey until you get to your destination.

MONETARY VALUE TO THAT GOAL

You need to be crystal clear about why you are doing what you're doing. This could be planning for your children's education, your retirement, that dream holiday or a property purchase.

Once the objective is clear, you need to put a monetary value to that goal and the time frame within which you want to achieve it. The important point is to list all of your goal objectives, however small they may be, that you foresee in the future and put a value to them.

SHORT, MEDIUM AND LONG-TERM

Now you need to plan for where you want to get to, which will likely involve looking at how much you need to save and invest to achieve your goals. The approach towards achieving every financial goal will not be the same, which is why you need to divide your goals into short, medium and long-term time horizons.

As a rule of thumb, any financial goal which is due within a five-year period should be considered short-term. Medium-term goals are typically based on a five-year to ten-year time horizon, and over ten years, these goals are classed as long-term.

DEVELOPING A CLEAR PICTURE

This division of goals into short, medium and long-term will help in choosing the right savings and investments approach to help you achieve them, and it will also make them crystal clear. This will involve looking at what large purchases you expect to make, such as purchasing property or renovating your home, as well as considering the later stages of your life and when you'll eventually retire.

Creating and implementing a comprehensive financial plan will enable you to develop a clear picture of your current financial situation by reviewing your income, assets and liabilities. Other elements to consider will typically include putting in place a Will to protect your family, thinking about how your family will manage without your income should you fall ill or die prematurely, or creating a more efficient tax strategy.

ITERATIONS AS LIFE CHANGES

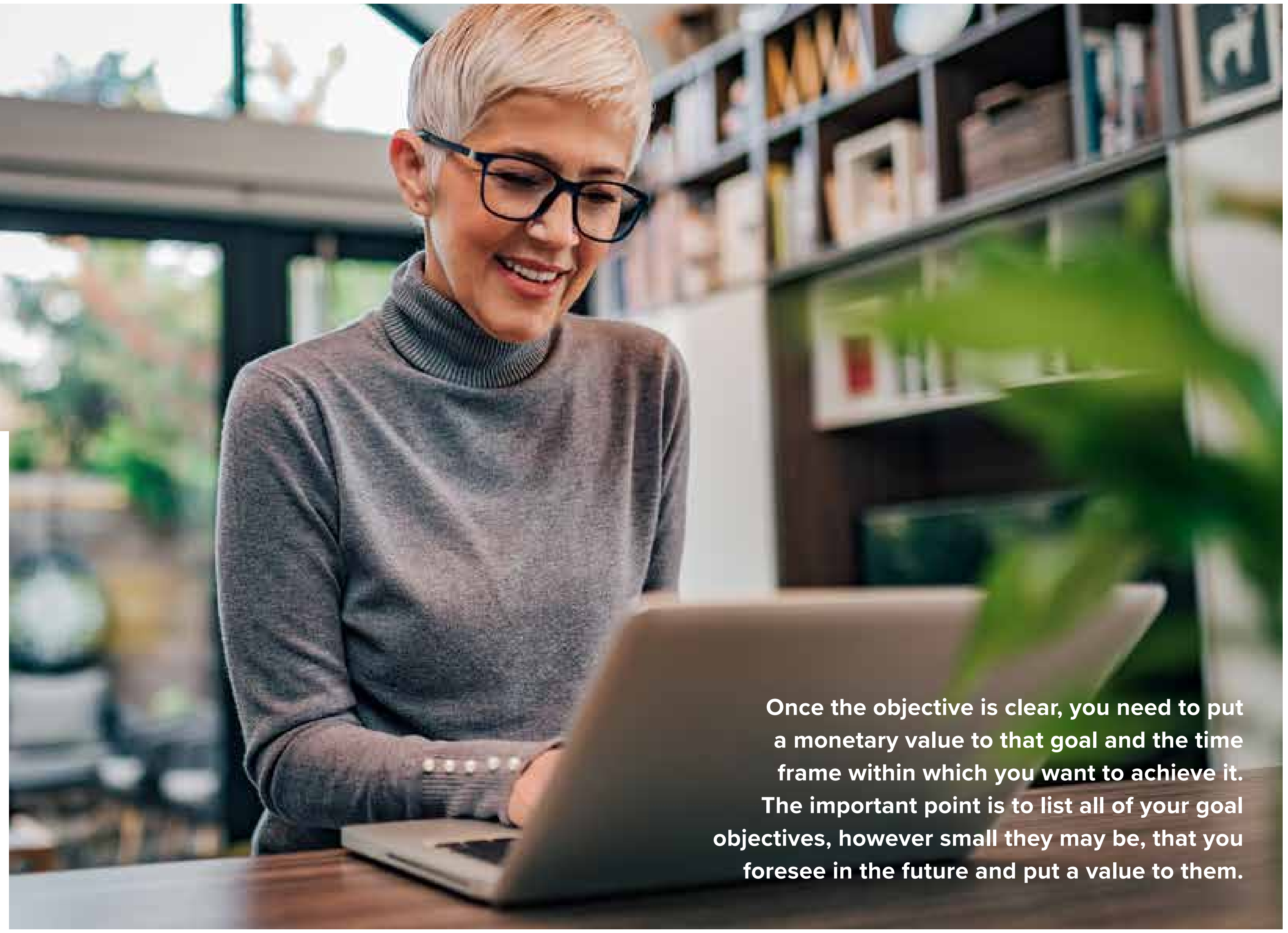
There is little point in setting goals and never returning to them. You should expect to make iterations as life changes. Set a formal yearly review at the very least, to check you are on track to meeting your goals.

We will help you to monitor your plan, making adjustments as your goals, time frames or circumstances change. Discussing your goals with us is highly beneficial as we can provide an objective third-party view, as well as the expertise to help advise you with financial planning issues.

FINALLY, MAKE SURE YOUR FINANCIAL GOALS ARE SMART

Thinking about 'SMART' goals can help give direction to your financial aspirations and make those goals more achievable.

Specific – Rather than pledging to 'save money' or 'reduce debt', thoroughly analysing finances and targeting specific areas for improvement could boost your chances of reaching your end goal.
Measurable – Having benchmarks can help you track your progress, letting you make changes if you need to.
Attainable – Setting a realistic goal can help keep your confidence up as you feel the achievement of getting close to your desired result.
Relevant – Ensuring your goals are appropriate to what you are trying to achieve can help you avoid wasting time.
Time Sensitive – If you know when you want to achieve your goal, this can allow you to pace savings and ensure you put the right amount of money aside.



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BEEN PUTTING OFF PLANNING FOR YOUR FUTURE?

For many people, the New Year often brings around an opportunity for change. We're here to help you achieve your money resolutions and plan for the financial future you want. The start of 2022 is the ideal time to review your financial situation. To discuss your plans or for further information, please contact us.

ADULT SOCIAL CARE **CHARGING REFORM**

From October 2023, the government will introduce a new £86,000 cap on the amount anyone in England will need to spend on their personal care over their lifetime.

What will the government's proposals mean for the social care system?

The government has set out its vision for the future of adult social care. New plans were announced on 7 September 2021 for adult social care reform in England. This included a lifetime cap on the amount anyone in England will need to spend on their personal care, alongside a more generous means test for local authority financial support.

From October 2023, the government will introduce a new £86,000 cap on the amount anyone in England will need to spend on their personal care over their lifetime. In addition, the upper capital limit (UCL), the point at which people become eligible to receive some financial support from their local authority, will rise to £100,000 from the current £23,250.

MEANS-TESTED SUPPORT

As a result, people with less than £100,000 of chargeable assets will not be required to contribute more than 20% of these assets per year. The UCL of £100,000 will apply universally, irrespective of the circumstances or setting in which an individual receives care. The lower capital limit (LCL), the threshold below which people will not have to pay anything for their care from their assets, will increase to £20,000 from £14,250.

To allow people receiving means-tested support to keep more of their own income, the government will unfreeze the Minimum Income Guarantee (MIG) for those receiving care in their own homes and Personal Expenses Allowance (PEA) for care home residents, so that from April this year they will both rise in line with inflation.

PEOPLE IN CARE HOMES

The cap will not cover the daily living costs (DLCs) for people in care homes, and people will remain responsible for their daily living costs throughout their care journey, including after they reach the cap. For simplicity, these costs will be set at a national, notional amount of £200 per week.

DLCs are a notional amount to reflect that a proportion of residential care fees are not directly linked to personal care, for example, rent, food and utility bills, and would have had to be paid wherever someone lives.

KEEPING INCOME AND ASSETS

This is in line with the Commission on Funding of Care and Support's 2011 recommendation. The £200 level is £30 less than a proposal set out in 2015, ensuring people get to keep more of their income and assets.

At this stage, it is too early to say what the end result may be for the proposed adult social care reform in England. As the bill now moves forward to public consultation this year, we'll be watching closely and will be providing further updates to ensure you are kept fully up to date.

GET FINANCIAL ADVICE ON HOW TO FUND YOUR LONG-TERM CARE

We all want the best possible long-term care for ourselves or our loved ones. Planning for the long term can help ensure you have sufficient income to pay for any care you, or an elderly relative, might need in later life. Speak to us to find out how we can help you.

GET READY TO **BEAT THE ISA DEADLINE**

Time to give your financial future a boost?

Savers and investors have less than three months to use the £20,000 they can put into their tax-efficient Individual Savings Account (ISA) before the end of the financial year on 5 April. The current tax year started on 6 April 2021 and ends on 5 April 2022.

ISAs enable you to minimise the amount of tax you pay on your hard-earned cash. Some ISAs give you instant access to your money and can be used to plan your finances for the short term. On the other hand, if you have longer-term savings goals, you can invest in an ISA for your future.

DON'T LOSE YOUR ISA ALLOWANCE

There is a limit you can pay into ISAs each tax year and this is called your ISA 'annual allowance'. For the 2021/22 tax year, your ISA annual allowance is £20,000 and you have until midnight on 5 April 2022 to use this allowance. If you don't use your ISA allowance, you will lose it as it cannot be carried forward.

However, you will have a new annual ISA allowance available from 6 April 2022 in the 2022/23 tax year, so if you have already put £20,000 into an ISA in the 2021/22 tax year, you could put another £20,000 away on or after 6 April 2022. You can only pay into one of each type of ISA in a tax year, within the ISA annual allowance.

ISA OPTIONS

CASH ISA

If you are a UK resident over the age of 18 (age 16 for a Cash ISA only), you can open one of each type in a tax year, providing you don't exceed the annual allowance. Cash ISAs are suitable for your short-term savings goals as they don't invest in the stock market but, with current low interest rates, your savings won't grow much and you might not be keeping up with inflation. You might consider a Cash ISA as your 'emergency' pot of money for any unexpected expenses or a last-minute holiday.

STOCKS & SHARES ISA

This is a tax-efficient investment that allows you to invest your money in shares, government bonds (gilts) and property with peace of mind that you won't pay any capital gains tax or income tax on the proceeds. This type of ISA is more suitable for your longer-term goals as it has the potential to outperform Cash ISAs over the medium to long term, but with varying levels of risk.

The three main factors to consider when choosing between a Cash ISA and a Stocks & Shares ISA is the length of time you'll be saving or investing, your appetite for investment risk and the impact of inflation over time.

INNOVATIVE FINANCE ISA

This is a type of investment account that allows you to lend your money through peer-to-peer lending platforms to receive tax-efficient interest and capital gains. You could be lending money to serve personal loans, small business loans or property loans, or a combination of these.

Interest rates can often be much more attractive than Cash ISA rates, but peer-to-peer lending is a higher-risk form of investing and your capital is entirely at risk as there is no protection from the Financial Services Compensation Scheme (FSCS).

LIFETIME ISA

If you are aged 18 to 39, and are looking to save for your first home or for later life, you could consider a Lifetime ISA. You can hold cash in a Lifetime ISA or choose to invest it just as you would with a Stocks & Shares ISA. You can put in up to £4,000 each year up to and including the day before your 50th birthday but remember that this £4,000 allowance contributes to your full annual ISA allowance.

The government will pay a 25% bonus on your contributions (£1 for every £4 you put in), up to a maximum of £1,000 a year but you must be aware that a charge of 25% will be applied to any withdrawal if it is for any reason other than buying your first home, at age 60 or if you are terminally ill.

JUNIOR ISA

A Cash or Stocks & Shares ISA account, or both, can be opened for a child subject to the annual Junior ISA (JISA) allowance which is £9,000 for the 2021/22 tax year.

The account must be opened by the child's parent or guardian, but anyone can contribute once the account has been opened. Savings in a JISA account cannot be withdrawn until the child reaches 18.

Any child owning a Child Trust Fund (CTF) can't hold a JISA unless the CTF funds are first transferred to a JISA and the CTF closed.

READY TO MAKE THE MOST OF YOUR ISA ALLOWANCE BEFORE IT'S TOO LATE?

With interest rates still at very low levels, you might be looking at investing for the potential to achieve a bigger return from your savings. For more information about how we can help you invest to enjoy a brighter future – please contact us.

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NEW YEAR'S TAX SAVING **RESOLUTIONS**

Have you maximised your pension contributions? The annual allowance for 2021/22 is £40,000. To avoid an annual allowance tax charge, the pension contributions made by yourself, and by your employer on your behalf, must be covered by your available annual allowance.

Make full use of your relevant tax planning opportunities

With the tax year end (5 April) on the horizon, taking action now may give you the opportunity to take advantage of any remaining reliefs, allowances and exemptions.

We have provided some key tax and financial planning tips to consider prior to the end of the tax year. Now is also an ideal opportunity to take a wider review of your circumstances and plan for the year ahead.

CHECK YOUR PAYE TAX CODE

It's important to check your tax code. Your tax code is based on the amount of tax you should be paying and the amount you can earn before tax applies. The tax code is the identifier that tells your employer how much tax should be deducted from your salary each time you get paid. If you have multiple employers or pension providers, you may get more than one tax code. If you're on the wrong one, you could be paying HM Revenue & Customs (HMRC) more than you ought to be. On the other hand, you risk getting penalised if you're paying too little.

TRANSFER PART OF YOUR PERSONAL ALLOWANCE

Married couples and registered civil partners are permitted to share 10% of their personal allowance between them. The unused allowance of one partner can be used by the other, meaning an overall combined tax saving. The amount you can transfer is £1,260 for 2021/22 and a transfer is not permitted if the recipient partner pays tax at a rate higher than the basic rate of 20% (higher than the intermediate rate of 21% for Scottish taxpayers).

CONTRIBUTE UP TO £9,000 INTO YOUR CHILD'S JUNIOR ISA

The fund builds up free of tax on investment income and capital gains until your child reaches age 18, when the funds can either be withdrawn or rolled over into an adult ISA. Relatives and friends can also contribute to your child's Junior ISA, as long as the £9,000 limit for 2021/22 is not breached.

TAX-FREE SAVINGS AND DIVIDEND ALLOWANCES

For 2021/22, savings income of up to £1,000 is exempt for basic rate taxpayers, with a £500 exemption for higher rate taxpayers. The tax-free dividend allowance is £2,000 for all taxpayers. Married couples and registered civil partners could save tax by ensuring that each person has enough of the right type of income to make use of these tax-free allowances.

INDIVIDUAL SAVINGS ACCOUNTS (ISAS)

You can put the entire amount into a Cash ISA, a Stocks & Shares ISA, an Innovative Finance ISA, or any combination of the three (or up to £4,000 out of the overall £20,000 allowance into a lifetime ISA if aged between 18 to 39). Usually when you invest, you have to pay tax on any income or capital gains you earn from your investments. But with an ISA, provided you stick to the rules on how much you can pay in, all capital gains and income made from your investments won't be taxed. Every tax year you have an ISA allowance, which is currently £20,000 for the 2021/22 tax year.

UTILISE ANY CAPITAL LOSSES

If you realise capital gains and losses in the same tax year, the losses are offset against the gains before the capital gains tax exempt amount (£12,300 in 2021/22) is deducted. Capital losses will be wasted if gains would otherwise be covered by your exempt amount. Consider postponing a sale that will generate a loss until the following tax year, or alternatively realising more gains in the current year.

MAXIMISE PENSION CONTRIBUTIONS

The annual allowance for 2021/22 is £40,000. To avoid an annual allowance tax charge, the pension contributions made by yourself, and by your employer on your behalf, must be covered by your available annual allowance. If you haven't used all your allowances in the last three tax years, it might be possible to pay more into your pension plan by 'carrying forward' whatever allowance is left to make the most of the tax relief on offer, though bear in mind that your own personal tax-relievable contribution amount is still capped at 100% of your earnings. However, different rules apply if you've already started to take money flexibly out of your pension plan and you're affected by the Money Purchase Annual Allowance, or if your income when added to your employer's payments is more than £240,000 and your income less your own contributions is over £200,000.

PAY PENSION CONTRIBUTIONS TO SAVE NICS

If you pay pension contributions out of your salary, both you and your employer have to pay National Insurance Contributions (NICs) on that salary. When your employer pays a contribution directly into your pension scheme, the employer receives tax relief for the contribution and there are no NICs to pay – a saving for both you and your employer. You could arrange with your employer to cover the cost of the contributions by foregoing part of your salary or bonus. You must agree in writing to adjust your salary before you become entitled to that salary or bonus and before the revised pension contributions are paid for this arrangement to be tax-effective, although pension contributions are not caught by the clampdown on salary sacrifice arrangements.

MAKE A WILL AND REVIEW IT

If you die without making a Will, your assets will be divided among your relatives according to the intestacy rules. Your surviving spouse or registered civil partner may only receive a portion of your estate, and Inheritance Tax will be due at 40% on anything else above £325,000 (up to £500,000 if the Residence Nil Rate Band is available).

LEAVE SOME OF YOUR ESTATE TO CHARITY

Where you leave at least 10% of your net estate to charities, as well as the gift to charity being free from Inheritance Tax, the Inheritance Tax on your remainder estate is charged at 36% instead of 40%. The exact calculation of your net estate is quite complicated, so it's important to receive professional advice when drawing up or amending your Will.

MAKE REGULAR IHT-FREE GIFTS

As long as you establish a pattern of gifts that can be shown to be covered by your net income, without reducing either your capital assets or your normal standard of living, these gifts will be free of Inheritance Tax. The recipients of the gifts need not be the same people each year.

USE THE IHT MARRIAGE EXEMPTION

If your son or daughter is about to marry, you and your spouse can each give them £5,000 in consideration of the marriage, and the gift will be free of Inheritance Tax. The marriage exemption can also be combined with your £3,000 a year Inheritance Tax exemption to allow you to make larger exempt gifts. You can make an Inheritance Tax-free gift of £2,500 for a grandchild's wedding. Registered civil partnerships attract the same exemptions.

MAKE IHT-FREE GIFTS EACH TAX YEAR

These gifts are free of Inheritance Tax and, if you forget to make your £3,000 gift one year, you can catch up in the next tax year by giving a total of £6,000 but you can only carry forward the £3,000 allowance for one tax year and must fully use the current year's allowance as well. Remember, you and your spouse or registered civil partner can each give £3,000 out of your capital every tax year, in addition to gifts you make out of your regular income.

DO I NEED PERSONAL TAX ADVICE?

It is crucial that year-end tax planning reviews are undertaken as soon as possible, as you will need time to consider all the options available. Many of the allowances and reliefs cannot be applied retrospectively after 5 April 2022. We can provide a comprehensive review, tailored to your individual needs and circumstances. Don't delay, please contact us if you require further information.

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WHAT'S YOUR **MAGIC NUMBER?**

Keeping up your current lifestyle and enjoying your golden years

People planning for retirement should think hard about what they want to do when they eventually stop work. It is helpful to have a good idea of the lifestyle you want, how much it will cost and how you are going to pay for it.

With so much going on in your life – from family and work to pursuing your passions – retirement planning may not have been your priority. But now you want to make sure your pension and overall financial situation will allow you to keep up your current lifestyle and enjoy your golden years. The more enthusiastic you are about retiring, the more likely you are to develop a robust retirement plan.

DIY APPROACH TO RETIREMENT

Obtaining professional financial advice is key to ensuring you achieve the retirement you want. But 8 million people are planning a DIY approach to retirement and many don't know how to avoid running out of money, avoiding a big tax bill or leaving an inheritance, new research has highlighted[1].

Millions of people don't understand their retirement options when they stop work. More than a third (35%) of pension holders admit they know nothing about the product options at retirement and the pros and cons of each option.

PRODUCT OPTIONS AT RETIREMENT

And more than one in five (22%) of those planning to retire in the next five years know nothing about the product options at retirement. And they don't understand some of the big risks in retirement. Worryingly, 35% of pension holders know nothing about how stock market falls can affect retirement savings.

Of those surveyed, 34% commented they don't know how to ensure they will not run out of money in retirement. Half of people with a pension over £100,000 didn't know a good amount about how to take money from their pension in a tax-efficient way.

TAKING PROFESSIONAL FINANCIAL ADVICE

Only 34% of married people understand how to ensure their spouse will be left with enough pension if they die. Although people are unclear about their options, worryingly many are not considering taking professional financial advice.

Only 39% of pension holders are planning on taking financial advice when they retire, with 31% planning to DIY their retirement. Only half (52%) of mass affluent people – those with assets of between £100,000 and £500,000 excluding property – are planning to take professional financial advice.

SERIES OF BIG DECISIONS TO MAKE

The top occasions where mass affluent consumers feel that people should seek professional financial advice are: choosing to invest a large lump sum (43%), Inheritance Tax planning (44%) and deciding how to access a pension (40%).

People have a series of big decisions to make as they approach the end of their working life and each one can make a huge difference to their retirement. For example, should you drawdown your pension in one go or over a period of time? Should you take your 25% tax-free cash or leave the money in your pension fund to grow? Should you buy an annuity to guarantee an income for the rest of your life or go for drawdown? These are questions your professional financial adviser will help answer.

MAKING BIG FINANCIAL DECISIONS

Obtaining advice compensates for the emotional biases people have when they make big financial decisions. A DIY approach to managing large pension funds at retirement is fraught with risk.

People can easily buy the wrong products, incur unnecessary tax bills or simply exhaust their retirement funds too quickly, whereas an adviser will provide an impartial, cool-headed approach to their client's finances and offer solutions that the client will not even have considered.

SIGNIFICANT FINANCIAL DECISIONS MAGNIFY YOUR NEED FOR QUALITY ADVICE

Obtaining professional financial advice is important to consider your options and ensure you achieve the retirement you want. We recognise that increasingly complex and significant financial decisions magnify your need for quality advice. To discuss how we can help with your plans, please call us.

Source data:

[1] The LV= Wealth and Wellbeing Monitor is a quarterly survey of 4,000+ consumers which examines their attitudes to spending, saving and retirement. The Monitor also surveys the attitudes of mass affluent consumers, those with assets of between £100,000 and £500,000 excluding property, who are a key target market for financial advisers. LV= surveyed 4,000+ nationally representative UK adults via an online omnibus conducted by Opinium in June 2021.

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.

THE IMPORTANCE OF **FINANCIAL PROTECTION**

Millions battling with financial hardship, relationship stress and sleepless nights

Fear, worry and stress are normal responses to perceived or real threats, and at times when we are faced with uncertainty or the unknown. So it is normal and understandable that people are experiencing fear in the context of the COVID-19 pandemic.

The pandemic and the resulting economic impact have negatively affected many people's mental health. Nearly half of UK adults (47%) have experienced mental health challenges during the pandemic, with millions battling with financial hardship, relationship stress and sleepless nights.

LIFE INSURANCE OR CRITICAL ILLNESS COVER

New research reveals that only a small proportion of people notify their insurer of a mental health condition in the mistaken belief that it will affect their ability to take out life insurance or critical illness cover. This means they might not have adequate cover or access to support provided by their insurer.

Three in ten (30%) people report that they currently have a mental health condition or have experienced this previously. However, only four in ten (44%) have informed their insurer. There remains confusion around what can, or should, be said to an insurer when it comes to physical and mental health.

INELIGIBLE FOR PROTECTION COVER

Of those who did not disclose a mental health condition, nearly two-fifths (37%) thought their provider would only be interested in physical illness. Over a quarter (26%) felt it was personal and so would rather not share their condition with their provider. Almost one in five (18%) worried they would not qualify for a policy or would be charged more.

Contrary to these misconceptions, declaring a mental health condition does not necessarily mean higher premiums and it is unlikely to mean someone is ineligible for protection cover. Being open with an insurer means those with mental health conditions are more likely to receive the right support.

GETTING THE RIGHT SUPPORT

Some people are confused about how mental health conditions affect their critical illness cover or life insurance, which prevents them from getting the right support. Insurers aren't trying to catch people out – they are there to help.

The challenges of the last 20 months have highlighted the value of protection policies for families and individuals in difficult times.

COULD YOU AND YOUR FAMILY FACE SIGNIFICANT FINANCIAL HARDSHIP?

Personal protection is a key part of any successful financial plan. Without adequate protection, you and your family could face significant financial hardship if you or your partner died unexpectedly or you couldn't work due to an accident or illness. Having personal protection means that you do not have to worry about money during a difficult time. To find out more, please contact us.

Source data:

[1] Research carried out online by Opinium Research across a total of 2,002 UK adults (Booster sample of 502 self-employed workers and 1,015 Renters. Fieldwork was carried out between 21 and 27 October).


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