

ISSUE NO 7 / MARCH 2020

informed

THE WILD ATLANTIC WAY

STEVE & GERALDINE'S CALL TO ADVENTURE

tax year end
actions

financial
planning
questions

virtual
security

MEET THE TEAM

DREAM TEAM

EDITOR / SHELLEY MCCARTHY
EDITORIAL ASSISTANT / EMMA HILL
EDITORIAL ASSISTANT / JAMES SPOONER

CONTRIBUTORS

SHELLEY MCCARTHY
NICK BAMFORD
AMELIA CASTLE
ANDY BODMAN
VICTORIA MCNULTY

ONLINE

INFORMED MAGAZINE IS ALSO AVAILABLE
TO READ ONLINE AT ICFP.CO.UK/MAGAZINE

COVER

PHOTOGRAPHY / JOE DENYER
MODELS / STEVE & GERALDINE BARKER

IMPORTANT NOTICES

ALL CONTENTS COPYRIGHT INFORMED CHOICE
LTD, 2020.

INFORMED CHOICE LTD IS AUTHORISED AND
REGULATED BY THE FINANCIAL CONDUCT
AUTHORITY.

YOU SHOULD SEEK PROFESSIONAL
INDEPENDENT FINANCIAL ADVICE BEFORE
MAKING ANY IMPORTANT INVESTMENT OR
FINANCIAL DECISIONS.

THE CONTENTS OF THIS PUBLICATION ARE
FOR INFORMATION ONLY AND DO NOT
CONSTITUTE ADVICE.

THE VALUE OF INVESTMENTS CAN GO DOWN AS
WELL AS UP. PAST PERFORMANCE IS NOT
NECESSARILY A GUIDE TO FUTURE RETURNS.
OUR ADDRESS IS SUNDIAL HOUSE, 20 HIGH
STREET, CRANLEIGH, SURREY, GU6 8AE.

WWW.ICFP.CO.UK

CONTRIBUTORS



SHELLEY MCCARTHY

EDITOR

Shelley is Managing Director of Informed Choice, a Chartered Financial Planner and Chartered Wealth Manager. She's responsible for editing our client magazine.



NICK BAMFORD

CONTRIBUTOR

Nick is a Chartered Financial Planner and Executive Director of Informed Choice.



VICTORIA MCNULTY

CONTRIBUTOR

Victoria is a Chartered Financial Planner.



AMELIA CASTLE

CONTRIBUTOR

Amelia is a Chartered Financial Planner and a Fellow of the Personal Finance Society.



ANDY BODMAN

CONTRIBUTOR

Andy is currently studying to become a Chartered Financial Planner.

CONTENTS

- 4 WELCOME — SHELLEY INTRODUCES THIS EDITION
- 6 FEATURE — AMELIA WRITES ABOUT TAX YEAR END PLANNING
- 12 FEATURE — THE WILD ATLANTIC WAY
- 21 PROFILE — MEET THE ADMINISTRATIVE TEAM
- 25 FEATURE — FINANCIAL PLANNING, THE QUESTIONS IT ANSWERS

IN THIS EDITION



21



25



30



12



22

5

COMING UP
EVENTS HAPPENING SOON AT
INFORMED CHOICE

6

**TAX YEAR END
PLANNING**
ENHANCE YOUR FUTURE FINANCIAL
WEALTH

12

STEVE & GERALDINE
THE CALL TO ADVENTURE IN
IRELAND

22

VIRTUAL SECURITY
LOOKING AFTER YOUR DATA

25

FINANCIAL PLANNING
THE QUESTIONS IT ANSWERS

30

PODCAST
CATCH UP WITH THE LATEST
BIG NAME GUESTS

W E L C O M E

welcome

WORDS / SHELLEY MCCARTHY



Welcome to the seventh edition of Informed Magazine, the first for 2020 and with me as Managing Director of Informed Choice!

You will probably have noticed a number of changes at Informed Choice over the past few months, such as the introduction of a client portal that enables us to send you information in a secure manner, reducing time and our carbon footprint.

However, most things remain constant in that we are still working as a team to provide you with great financial planning advice and outcomes and producing an excellent magazine!

In this edition, we meet some of the newest members of the Informed Choice team and focus on what actions you may need to take before the tax year end. This includes considering your pension and ISA contributions but also some things you may not have considered.

Also within this edition, Andy Bodman & Nick interview our clients, Steve & Geraldine Barker, who tell us about their story and how financial planning has helped them. Andy also writes about how financial planning can answer some of the most important questions with which we are faced.

We hope you find the contents of the magazine interesting and we always welcome suggestions for future editions.

coming up



CRANLEIGH TRAIL MARATHON

Takes place at 9am on Sunday 10th May 2020. Runners can choose from a trail marathon or half marathon, with walkers tackling the 13.1 mile challenge distance.



SPRING INTO CRANLEIGH

Saturday 25th April 2020. Cranleigh Chamber of Commerce presents Spring into Cranleigh 2020, an all day event for the whole family.



A MIDSUMMER NIGHT'S DREAM

Outdoor Theatre in the Rectory Garden, Performed on Fri 24th July at 7.30pm. Blankets, deck chairs and picnics are actively encouraged!

MORE EVENTS

1 THE CRANLEIGH BUSINESS SHOW 14TH MAY

Exhibitors cover all key areas of business, from online marketing specialists and graphic designers, from accountants and legal experts to business networks and support organisations and environmental consultants to IT services, plus many more.

2 CRANLEIGH SHOW 28TH JUNE

The 74th Cranleigh Show takes place on Sunday 28th June 2020

www.cranleighshow.org.uk

3 CRANLEIGH CARNIVAL & FUN DAY SATURDAY 27TH JUNE

With amazing arena events, sideshows, craft & charity stalls, plus plenty of food & drink, every visitor young and old has a truly fun day out at the Cranleigh Lions Carnival and Fun Day.

TAX YEAR END ACTIONS



TAX YEAR END ACTIONS

WORDS / AMELIA CASTLE

It's almost time again

The end of this tax year is fast approaching and 6 th April will see the start of a new one. In the Financial Planning world this is a key date for certain actions and in this article I describe some of the things that you might consider doing to enhance your future financial wealth.

Use your ISA Allowance

We should never let the “tax tail wag the investment dog” but using your annual ISA allowance, whether you invest (a stocks and shares ISA) it or save it (a cash ISA) at £20,000 annually it is a pretty good allowance to consider using.

Once the tax year ends you lose that years' allowance but just like the proverbial bus there will be one along shortly after this year end;

Use your CGT allowance

You can sell certain assets and use an annual allowance of £12,000 to reduce your capital gains tax bill or avoid it altogether. Some clients sell assets that they hold in their investment portfolio and transfer that money to their ISA. Over time this means that you can transfer wealth from a taxable environment in to a tax free environment.

This may take a long time to achieve but once done it means that taking monies, perhaps post-retirement, can be done without having to pay tax or even report to the taxman;

Take dividend income

If you own a limited company business or have an investment portfolio that generates dividends it may well be worth taking some of those dividends in this tax year. Up to £2,000 of dividend income is available; at 0% tax rate.

Like the ISA and CGT allowances it's a “use it or lose it” situation as these allowances cannot be carried forward;

Give some money away

If you are keen to reduce the amount of inheritance tax that will ultimately be paid by your estate then consider gifting money away before the tax year end. Of course you will want to make sure that you don't need that money for yourself in the future but there are plenty of allowances for you to exploit.

You, and your spouse, can each give £3,000 per year to the children or grandchildren and that gift is outside of your estate for calculating the ultimate inheritance tax bill. This is one allowance where there is a carry forward facility because if you didn't gift £3,000 last year you can add that to this year's allowance. So, between a married couple, who didn't gift last year, up to £18,000 can be gifted away. (£12,000 before 6 April 2020 & then £6,000 on 6 April).

Gift aid

Did you make any charitable donations this year? If you did don't forget to claim Gift Aid for the charity you gave to. This way the charity gets basic rate tax relief added to your gift.

Pay a pension contribution

Top up your retirement pot by putting some money into a pension plan. The contribution you pay will qualify for income tax relief at the highest marginal income tax rate that you pay, so between 20% and 45% will get added to your contribution.

There are limits on how much you can pay, up to a total of £40,000 as long as your earnings are at or above this level. For those without earnings it is still possible to pay a pension contribution and get tax relief added with a contribution of £2,880 tax relief at 20% or £720 gets added to take your contribution up to £3,600.

For very high earners and those who have already started to draw down a pension pot using flexible access drawdown the limits are different so check with us before making a payment to your pension plan.

Think about your future

As we approach the tax year end it shouldn't be just about short term actions. Now is as good a time as any to start planning for the longer term future. As you will see in Geraldine & Steve's profile story planning for the future can truly be life changing.

TAX YEAR END ACTIONS



my life as a financial planner

Philip has been with Informed Choice Ltd since the day we first started the firm back in July 1994.

I first met Philip when he was introduced to me by a client based in London. We struck it off and I invited him to leave his current position (he was a self-employed adviser with Legal & General) and he joined me at my previous adviser firm, Weybourne Financial Services Ltd.

Within two weeks of him joining, it was all-change brought about by the tragic death of the Weybourne Financial Services Ltd Managing Director.

Andy and I decided to start Informed Choice Ltd and we took Philip along on the journey!



Born in Tunbridge Wells, Philip describes his early years as “pretty normal.” He played a lot of sport and like many children imagined himself a football player.

His father was an Architect and accepted a job in Nigeria which meant that Philip took a break from the English education system to spend two years in Africa. He explains “this was a tremendous experience which really opened up my horizons. I met so many people from other countries which I would never have done if I had stayed in England”.

The education in Nigeria was different “I didn’t do much in terms of qualifications because it was less formal and not compulsory, so my time there was more about life experiences than the academic side of things”

Back in England Philip completed his “A” levels and then went on to the Polytechnic of Central London where he did an HND in business studies and followed that with a degree in economics.

He says though "I was really never that academic!" I tease him by telling him of the time when he was studying for financial services qualifications but it always seemed to me that his study manual remained sealed inside its plastic wrapper! He is used to me teasing him!

I ask him about jobs that he has held. "I did lots of work experience as I was growing up because I needed the money to fund my playing Squash and other sports. My first ever job was washing up in a pub when I was 14. The worst job I had was in a laboratory in a sterile environment working on eye-drops for cats, it was a true motivator to get on in life.

Philip's first post University job was to take on a sales role with the now closed Life Assurance firm Target Life. He explains that "it offered me everything I wanted. I could be self-employed and working in the financial sector. It was though super tough work. I then moved onto a role with Legal & General and it was here that I started to study for the finance sector taking the Financial Planning Certificate exams". (These became a mandatory minimum qualification for advisers in 1995).

It was whilst at Legal & General that Philip and I met. His firm rented some office space from a client of Informed Choice based in Central London.

Philip says, rather kindly, "You seemed like a pretty good guy and certainly the client rated you highly so I had the opportunity to become an independent financial adviser". Shortly after Philip joined me at Weybourne Financial Services Ltd we then left to set up Informed Choice.

"Initially I worked with anyone who was prepared to listen to me but because I have always been self-employed I was able to develop empathy with other self-employed people. I also have a very good relationship with my Accountant, we studied economics together. He claims he got me through my degree and there is some truth in that!"

A lot of the people Philip works with are in the legal profession. Their challenge, he explains, is that "They tend to be time poor but earn well. They are also very bright so I always need to be at the top of my game. What they really want is for me to take away the problems they have and explain the solutions as quickly and succinctly as I can. They are looking for someone who is technically strong who can get the job done"

I ask him what being a Chartered Financial Planner means to him. "It means being respected like other professions, such as my Accountant". The interaction between the taxation system and the financial services products and services is just so complex. The more complicated the government makes these things the more advice is needed by our clients. If it were simple then we probably wouldn't be needed" Philip continues, "We also need to be educators and make sure that we are communicating well in order to provide our clients with confidence"

What does Philip do in his spare time?

"I suppose I am lucky in that my body is managing to hold up, I'm in my mid-50s. So if I'm not playing tennis then I'm running. I am preparing for a half-marathon in March (which, since the interview, he completed). If not sport then I am walking the dogs and of course spending time with my wife Candy and both families. We tend to have pretty busy week-ends"

steve and geraldine

WORDS / NICK BAMFORD
PHOTOGRAPHY / JOE DENYER

We were in a holding pattern above Ireland West Airport, listening to the cabin crew conversing behind us. It seemed that the stark choices we faced were either returning to London Gatwick or diverting to Dublin. Fortunately, the latter option was chosen by the pilot. Unfortunately it meant hiring a car and driving for 3 hours across Ireland to reach our destination just to the north of the county town of Sligo.

Ireland certainly wasn't the Emerald Isle on this occasion. Snow and hail storms coupled with strong winds were the cause of our flight problems and also made for difficult driving conditions. We did though persevere, and we (me, Associate Financial Planner - Andy Bodman and Bamford Media photographer - Joe Denyer), are so glad we did. The end prize was joining Geraldine and Steve Barker to hear about their marvellous adventure.

Milk Harbour Holidays is their business in the beautiful coastal region south of Mullaghmore Head in County Sligo. Their story is a great example of what Financial Planning can help our clients to achieve.

Geraldine tells us a little about her family background here in Ireland:

"We are just a couple of miles outside of a little village called Grange. My Mum was born on the site, and, as far as we know, we can trace back to my great grandfather, but we think it probably went back beyond that.

"My grandfather and my uncles were boat builders. They built traditional wooden fishing boats. When my uncle John died in 2013, they left the property to me. We've never felt comfortable about owning a second home for two reasons; first it's just incredibly wasteful, and secondly it means you go on holiday to the same place all the time.

"So we were then left with a decision about what to do with the house.

"It's on quite an exposed position, and we are directly facing the Atlantic. Having it as a holiday home wasn't really a proposition for us, well not one that we wanted to follow. Maintenance costs are huge, and we've got a massive boat shed on the land as well.

"Nonetheless, for us, it's always been a special place, and we thought we need to throw everything we have at it and look after the family legacy.

"We started planning how we were going to move across. Our initial idea was to sell our home in England at some point and just move across, lock, stock and barrel."





Grande Arche
SAINT-EMILION GRAND CRU
6 x 75cl 2008 CRD



Steve picks up the story:

"So, if we were going to move here we go all-in. We've worked corporately for years, commuting from East Grinstead to Central London. Up at 5.30 am, catch the 6.32 am train into London, and not back into East Grinstead until 7.15 pm. Then it was dinner at 7.30 pm, and time for bed because then you are up again at 5.30 am the next morning.

"I've said before, commuting can become a miserable existence. But we recognised that we had an opportunity for change and started wondering about what we would actually do.

"We did know that we would need an income. So our plan started in earnest in 2013 by clearing the site and applying for planning permission. It's worth saying that our plans evolved, initially we thought we would build two houses on the site, live in one and have the other for self-catering, but the council wouldn't let us build two separate properties so we could have the B&B as we liked but not self-catering."

It's worth pointing out that this is not a traditional B&B. In Steve and Geraldine's words, it is "boutique". This is a very high standard with en-suite bedrooms, a dining room and two sitting rooms, all separate from the couple's living accommodation.

What also makes it different is Steve and Geraldine's attitude; this is more about providing a retreat for their clients - they don't turf them out at 10.00 am and ask them not to return until 4.00 pm!

The boatshed needs explaining as well. This separate building is not only a combination of storage for activity equipment (a good selection of kayaks), but a third of the floor space is devoted to a room used for art activities. It's also in high demand by yoga teachers whose pupils also benefit from the high-class B&B facilities.

Location wise, if I had climbed out of my bedroom window and jumped the low wall and started swimming, my next stop might well have been Newfoundland! A somewhat soothing, low rumble is noticeable; it's not road traffic, but the surf of the Atlantic Ocean, visible between the islands ringing the harbour, crashing to shore.

Dawn broke on our visit at 8.32 am and to use the term breathtaking is no exaggeration.

Behind Milk Harbour is Benbulbin Mountain, flat-topped and, on our visit, snow-covered. The area is a Site of Special Scientific Interest and actually on the Wild Atlantic Way. There is a seal colony on the sand spit opposite the house less than 400 meters away.

This is a perfect place for walking, surfing, watching wildlife (particularly the birdlife), and most importantly experiencing Irish culture. I don't just mean Guinness! The Poet WB Yeats is buried some five miles from their home.

A single word that sums it all up is, unspoilt.

Steve explains the journey on which they have been:

"2013 was the trigger point when Geraldine was left the family home. We had a background plan to clear the site because it had been an industrial site. We had to go to the planning commission, and they wouldn't let us have two houses here, so we had to remain as one building. That meant we had one set of drawings from the architect and could cost the project.

"The exchange rate between the Pound Sterling and the Euro was significantly different - €1.45 to £1. However, when we went to Ireland, it was only €1.14 to £1 that made one hell of a difference to our business plan.

"It was becoming very real, and we recognised that we had to get our financial priorities in order. Some neighbours of ours in East Grinstead introduced us to Informed Choice.

"You started by asking us what we had, where it was and we had a long conversation about our risk profile. You also asked us all about our income and expenditure so that you could prepare the lifetime cashflow forecasting.

"During that meeting, we did the 'What if?' part and we thought that was going to be a dry conversation where you just told us what we had and what we could do with it which is funny because it wasn't dry at all! You listened intently and what was really insightful was you showed us our options and asked us if we had considered doing it now."

STEVE AND GERALDINE



STEVE AND GERALDINE

Geraldine adds,

"You looked at us and said, 'Why are you still working, you can do it now?' In fact, you said it to us three times. After the meeting, I said to Steve, I think he meant it!"

Steve joins in with his building metaphor about an arch:

"You came back a week later, and while we thought we were imposing on your time, it was such a very, very big message for us. We discussed it long and hard. You were the last piece of the building process. We had all the other bricks, but the only thing that fixes it all together is the one that takes the longest, the keystone is the one that holds it all together.

"We put the house on the market at the beginning of August 2017 and exchanged at the start of January 2018. I moved over here straight away and Geraldine moved into the rented flat in East Grinstead. The building started in late February."

It was a massive project and Geraldine and Steve faced some significant challenges along the way including a sink-hole under the property that swallowed a 13-ton digger (the driver escaped safely) which could have ended the whole project.

However, 120-tons of concrete delivered down the narrow country lane by five trucks and more brickwork underground on one side of the house than above the ground solved the problem, even if it did use up the whole of their contingency fund. Any number of episodes of Grand Designs spring to mind!

It's a nice house, although the word nice is sometimes seen as a bit of a pejorative term.

We are having this conversation in a local pub, one of huge character and history. Geraldine's grandfather built the bar and the other wooden fittings. It has a grocery shop, a bar, restaurant and in the past contained the post office and a barber.

We are introduced to a local man who has not met Geraldine and Steve before but knows of what they have done at the McCanns Boatyard. He tells them that "they have the nicest house in Ireland" which is high praise indeed.

The activity centre in the Boathouse has a yoga studio and is now used by a local teacher for her yoga classes with the participants staying in the B&B rooms. They have also engaged with local artists to let them know about the availability of the studio.

Steve shows us around the Boathouse and the racks of kayaks available for when the weather turns better.



S T E V E A N D G E R A L D I N E

They call the business a retreat, and it really is. They want people to learn about the local community, the people, its history and culture and the local wildlife. They have been able to apply for the Wild Atlantic Way branding, and the buildings are literally on the Wild Atlantic Way!

Who are their clients then? Walkers, kayakers, cyclists, artists and Yoga enthusiasts - to use Steve's words, "People who do stuff!"

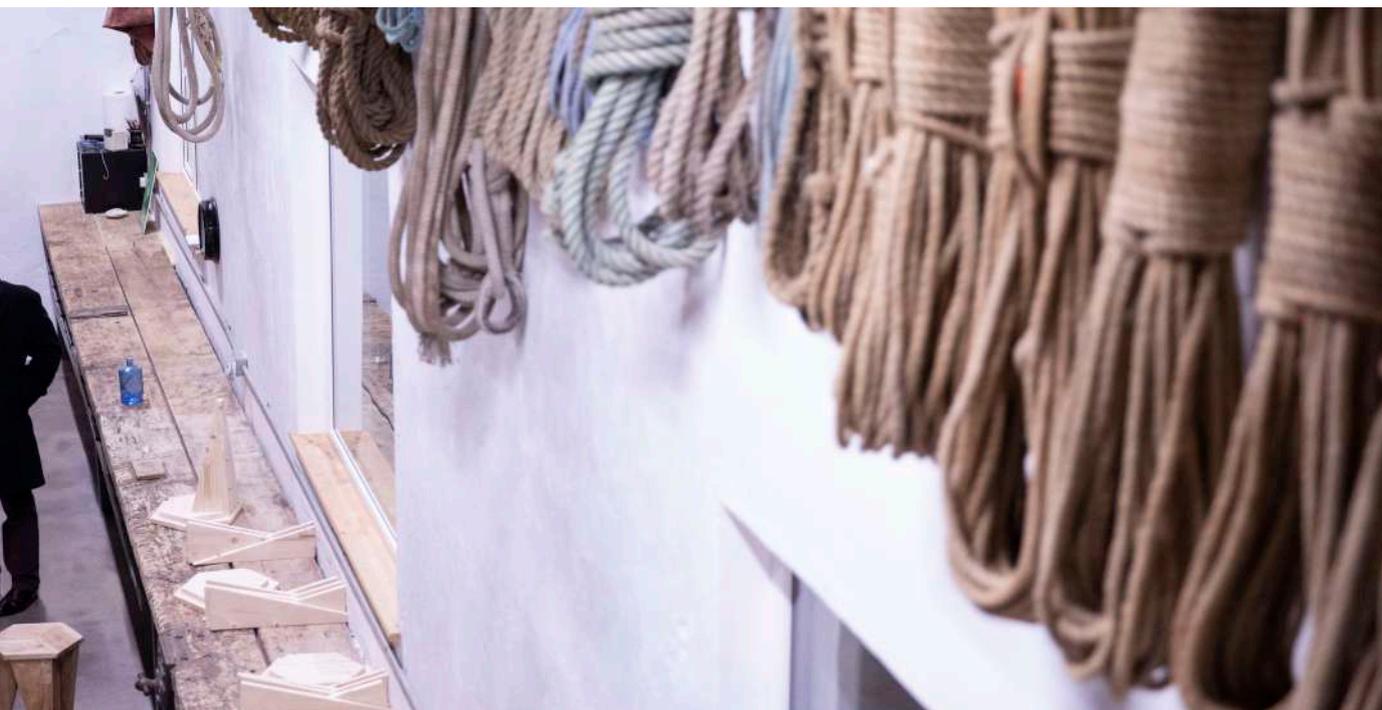
We haven't yet seen the buildings in daylight, but despite indulging in the Guinness (and a taste of the locally distilled spirit), Joe, Andy and I are down for breakfast at 7.00 am and waiting for the promised sunrise at 8.32 am.

We went to the other side of the harbour to take photos while the sleet fell and the wind was quite strong. It's truly a magical place. Wild, scenic, embracing, and relaxing all at the same time.

We look across the harbour at McCanns Boathouse and the house that Steve and Geraldine have built and can only agree with the comments of the locals at the pub last night; it could well be the nicest house in Ireland.

Had I the heavens' embroidered cloths,
Enwrought with golden and silver light,
The blue and the dim and the dark cloths
Of night and light and the half-light,
I would spread the cloths under your feet:
But I, being poor, have only my dreams;
I have spread my dreams under your feet;
Tread softly because you tread on my dreams.
WB Yeats

If you go to visit Steve and Geraldine at Milk Harbour Holidays, please tread softly because they are living their dream.



A CORPORATE MEMBER OF THE COMMUNITY

a corporate member of the community



We believe strongly that a business should be a supporter of the local community. We serve the local residents with our professional services, have a High Street presence in the form of Sundial House, and therefore feel responsible for the community in which we work.

There are lots of ways we can contribute such as participating in such things as Cranleigh in Bloom, a volunteer led endeavour to keep the village looking wonderful with planting and hanging baskets (amongst other things), joining in the regular litter picks to keep our roads and green spaces clean.

If you arrive in Cranleigh on an early summer's morning the lady you may see on her hands and knees weeding the curbs is likely to be Andy Bamford, she hates weeds and is a passionate supporter of all things Cranleigh in Bloom.

We support the local Chamber of Commerce, Martin is the Vice-President of the Cranleigh Chamber, and the events they organise such as "Spring into Cranleigh" are a chance to enjoy and celebrate the arrival of lighter nights and warmer days and also

the Christmas lights turn on in December with an artificial snow machine that delights attendees young and old.

For my part, Tuesday evenings and Saturday mornings are about coaching the U9s at Cranleigh Football Club as we continue to develop player skills in the South Surrey Youth Football league.

One of our sponsorships is in respect of the Cranleigh Arts Centre which is a really important resource to local residents. It's a vibrant and ambitious arts venue that prides its self on providing a diverse and enjoyable programme of arts activities for the community.

It really does offer the best in live music, theatre, comedy, film, talks, event cinema, workshops, family-events and free to explore exhibitions. We have supported the delivery of classical music recitals at the Arts Centre and currently sponsor the lunchtime classical recitals. The season has just finished and we are looking forward to starting again in the autumn.



These recitals usually last for about 45 minutes starting at 1.00pm. This gives local people the chance to experience some truly brilliant young performers who are outstanding international professional musicians. The fact that we can bring them to Cranleigh is a real delight.

Recently we have enjoyed a Flautist, a Violin and Piano duet, and a superb Music ensemble from St Catherines School Bramley, a local school.

The recitals are free to attend with a retiring collection for those who want to support the Arts Centre which is charitable organisation. Most importantly, because these are lunch-time recitals, they are accessible to residents who might find evening concerts more challenging to attend.

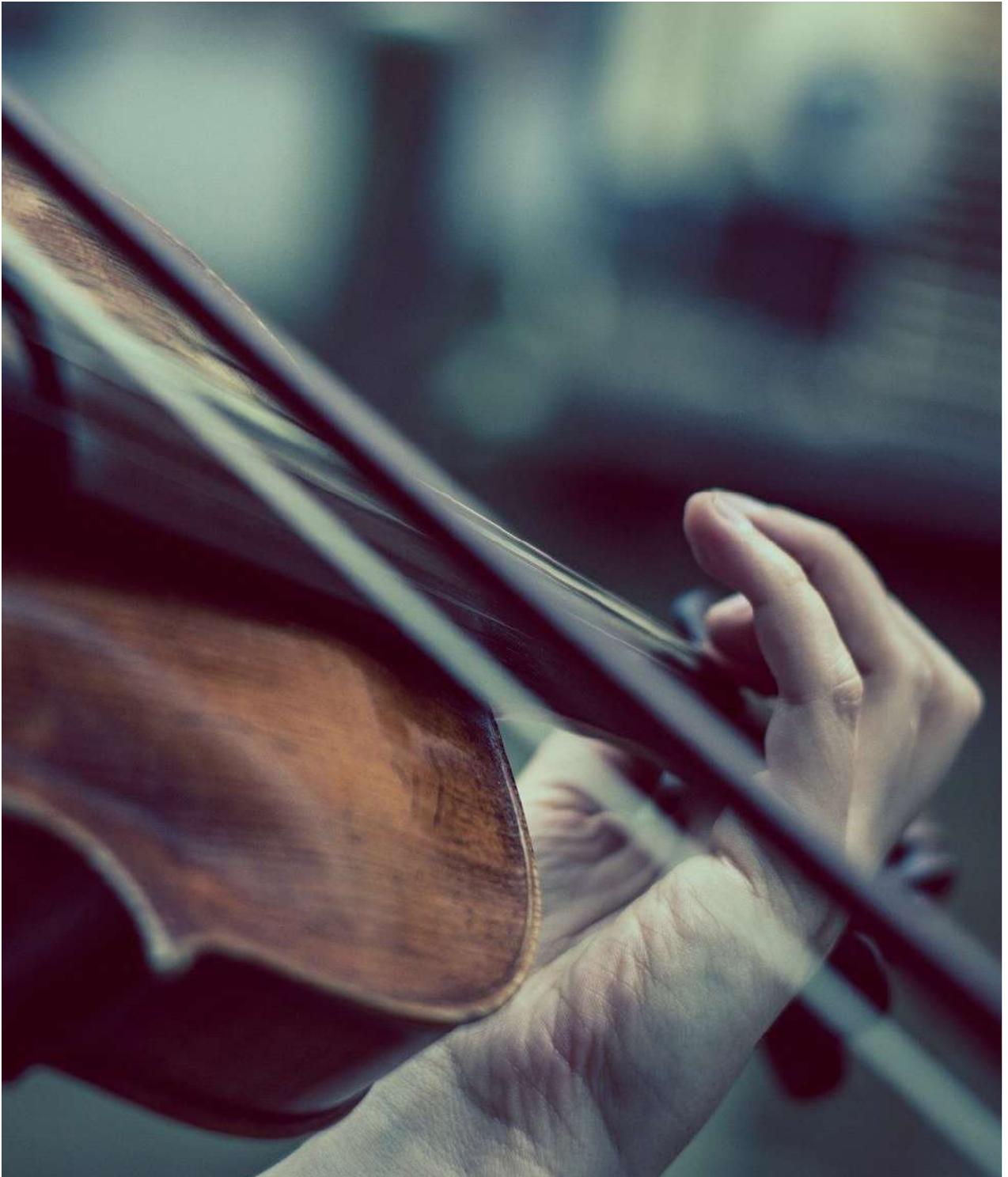
Also in conjunction with Cranleigh Arts Centre we sponsor a yearly Shakespeare in the Garden production in the Rectory garden.

This year it is A Midsummer Night's Dream and the troupe from Changeling Theatre will be our entertainers. Changeling Theatre was founded in 1997 to produce high quality, entertaining theatre for community audiences across the South east of England.

It is a wonderful evening of Shakespeare, picnics and wine! What adds to the atmosphere are the uncontrollable elements such as the weather, noisy Jackdaws coming home to roost in the surrounding trees or some raucous noise from the local hostelry or even a lawn mower starting up in a nearby garden!

Long may we continue to support these events and our local community.

A C O R P O R A T E M E M B E R O F T H E C O M M U N I T Y



TEAM PROFILE

kim holliday



My first job was Office Junior for Mortgage Systems in Fleet (unless an "Egg Round" at the age of 8 counts!!)

I joined an IFA firm Young Ridgeway & Associates in 1995 as an administrator and then worked with a few companies to achieve my Financial Planning Certificate and also Certificate in Mortgage Advice and Practice.

In my spare time I like to cook, watch my son Luke play U9s football and spend time with my family.

My nearest and dearest are Phil my partner of 16 years and children Charlotte aged 11 and Luke age 8.

I know this sounds "corny" but my favourite thing about Informed Choice are the people, I love the banter!

My favourite film is 13 going on 30, a real chick-flick.

I listen to all types of music, I always have the radio on!

One thing people might be surprised to learn about me is probably my age, I'm 48 this year but don't act or feel like it (ask the Mums at school!!!)

virtual security

Looking after the data we have in respect of our clients is high on our agenda. These days there is a real risk of data falling into the wrong hands and we wish to ensure that risk is managed and indeed minimised.

Recently we have introduced Virtual Cabinet into our systems and processes. VC (as we call it) enables us to send important documents to our clients via a secure “portal”. Instead of putting documents into the post or adding them as an attachment to an email we invite our clients to view them on-line having created a unique password and PIN.

Not only does this save all the paper usually associated with the financial planning reports that we create, it also makes it easier for you, our client, to respond to any requests we have for you to sign a document. For many of the transactions that we carry out for you we can accept your electronic signature.

A good example of this in action might be where we send you a review follow up letter. In that letter we might recommend that you rebalance your pension and investment portfolio.

Historically we would have sent this letter by post. With the letter would have been a rebalancing form for you to sign and return; as an advisory firm we need your permission before we can make any changes to your portfolio. You would have signed that form and returned it in the reply envelope provided.

Just in terms of time spent in the postal system this might have taken five days for the signed form to have reached us.

With VC you receive the follow up letter and rebalance form as soon as we have prepared it. Within hours you could have signed in, read our advice and electronically signed the rebalance form. On receipt we can then make, on-line, the necessary investment trades.

Of course sometimes we need a “wet signature” on a form so we will have to rely on the mail system to do that. But we estimate that 80% of what used to go into the mail can now be done through VC.

Speed and security are improved as a result of this technology.

Your Financial Planner will be delighted to tell you more about VC and how it works if you have any questions.

V I R T U A L S E C U R I T Y



karen brown



My first Saturday job was working as a shop assistant for Woolworths!

On leaving college my first full-time job was working as a receptionist for a well-known insurance provider. I worked my way up through a variety of roles to Technical Pensions Consultant. Having been made redundant, I worked as a Pensions Administrator before making the move into Paraplanning.

In my spare time I like to spend time with my family and friends, taking my dog for long walks.

My nearest and dearest are Alfie, my Pug, and my family.

My favourite thing about Informed Choice are the people.

My favourite film is Pretty Woman – I just love a Cinderella story!

I was brought up on a variety of music.

Something people might be surprised to learn about me is that I was once a member of an American Drum Corp (marching band).

financial planning - the questions it answers

WORDS / ANDY BODMAN

Those important questions

Each of us reaches a stage in our life that we refer to in our profession as a "transition point". This is where something significant is happening and it means we have to think about our future. Transition points often throw-up some questions that need to be answered and Financial Planning is the perfect tool for answering those questions.

In this article I am going to examine those important questions and demonstrate how our approach to answering them allows our clients to make really good decisions about their future.

When will I be able to afford to retire?

To be fair our clients don't always ask this direct question. We often have to read between the lines. For example they might say to us "I have six different pension arrangements and I would like you to review them".

This happens quite often. The six pension plan providers will send annual statements to the plan owner and each of them will be in a slightly different format and arrive at different times. The statements will provide current values and future projections of benefits and detail where the money is invested.

If one of those plans happens to be a defined benefit pension from an ex-employers scheme it might detail the pension amount that has been accrued but that could be valued at the time the pension scheme member left, or

today's value, or the estimated value at retirement. Let's be honest, for many people all of this can be quite confusing and, dare I say it, quite boring.

What Financial Planning does is to take all of that data, interrogate it and show you what those plans might actually provide to you when you retire.

It also helps you to decide what to do with those plans, how to invest them, whether to add more money to the plans and describes your choices and options when it comes down to talking the benefits.

By finding out all about you and what you expect to do in retirement and how much you expect to spend, we can start to answer the question "bubbling beneath the surface" which is "When will I be able to afford to retire?"

This also generates some other key questions;

- What is it you actually want to do with your life?
- How much will that cost?
- If not now, when can you afford to do it?



Will there be a time when I run out of money?

This is clearly connected with the question about being able to afford to retire. It could be that you can afford to retire now but unfortunately at some point in the future you will have used up your financial resources such as savings, ISAs and Pension Pots. You might still be receiving your State pension and any guaranteed income from a former employer's pension scheme, but everything else in terms of liquid money may have run out.

However, you might own property and therefore the question might arise which is "What if I were to downsize my home?"

It could be that selling your home later on in life and buying a smaller place could release some of the equity in your home and you could spend that to fund your future lifestyle. Or perhaps you might consider "Equity release" instead. Financial Planning allows us to answer these questions and to come up with strategies to deal with future potential shortfalls.

Am I taking too much (or too little) risk with my money?

Without a Financial Plan this is a very difficult question to answer. This is because the Financial Plan will tell you what you need to accumulate in terms of your assets. We can compare the value you need to have against the value you have now and work out by how much that value needs to grow.

We can also take into account the amounts that you will be saving in the future. The conclusion of this part of the Financial Planning process is that we can calculate how much investment risk you might need to take to achieve your targets.

Sometimes we find that people are taking too much investment risk and we can advise them to reduce that exposure to risk. Other times we find that people need to take more risk than they are currently taking and then we can discuss whether or not they would be comfortable doing so. We could go further and say that most people should not be taking investment risk unless their Financial Plan indicates they should do.

FINANCIAL PLANNING QUESTIONS

What will happen to my family if I am unable to work?

This can be a key concern for people who are still working and have a family. Part of the Financial Planning process is to carry out “catastrophe scenarios” where we can show the answer to this question.

Sometime it is necessary to mitigate this risk by buying insurance. Other times rearranging the existing assets, for example starting to take income from investments or pensions can reassure our client that they will have enough even if they are unable to work, particularly through illness or disability.

For how much do I need to sell my business to achieve the lifestyle that I want?

This is a powerful example of where Financial Planning adds value. Imagine that you had built up a business that you felt was worth £3m. Your Accountant and other professional advisers have valued your business based on your profits and other factors.

However, the offers you have received are lower than this valuation, say £1.75m. Would you accept that offer or hold out for a buyer prepared to pay the valuation of £3m?

What if your Financial Plan showed you that to be able to retire and not run the risk of running out of money you needed only £1.3m?

That might prompt you to consider the £1.75m offer on the grounds of who knows if there ever will be a buyer at £3m and the uncertainty of the future market for your business.





Can I afford to privately educate my children or put them through University?

If you are still reading this you will be unsurprised to learn that the answer lies in your Financial Plan. By calculating these education costs and deducting them from the value of current and future assets the plan will show you if it's affordable or not.

Financial advice can help you to determine the best place from which to take those costs but the plan is the source of the answer as to whether it's affordable.

How much inheritance tax will my children have to pay?

Inheritance tax has something of the marmite feel to it! People either hate it, the prospect of the HMRC taking a 40% slice of a big chunk of their estate or are ambivalent about it. "My children are going to inherit far more than I ever did even after inheritance tax has been paid"

There are actions that can be taken to mitigate inheritance tax including making lifetime gifts. But donors of such gifts will want to know that making the gift won't damage their own future financial position.

Going through the Financial Planning process enables us to work out the impact of inheritance tax on our clients estate and determine if any action is necessary

The Values of Financial Planning

Financial Planning delivers;

- Reassurance that things are going to be ok;
- Validation of the numbers around your financial future;
- Confidence to make life changing decisions (see the profile of Geraldine and Steve);
- Clarity around what you need to do in the future to hit your goals

T H E L A S T W O R D



Like any business ours has certain costs that must be paid for us to function as a successful firm.

We have the usual overheads related to staff, the office infrastructure and the technology that we use to deliver our financial planning services. As a Financial Conduct Authority (FCA) authorised and regulated firm, we also have certain regulatory costs to bear. Our view is that if the FCA didn't exist we would pretty much continue to do the things that we do anyway.

Focusing as we do on the combination of the suitability of our advice, transparency of costs and charges and ensuring that we manage any risk that our clients take- none of that would change.

Being regulated though brings certain costs that we might not necessarily choose to pay if we were not.

The Financial Services Compensation Scheme is paid for by existing authorised and regulated firms to compensate the clients of firms who

have failed leaving behind the damage to their customers of unsuitable advice.

We pay a levy each year of tens of thousands of pounds. We also pay an interim levy where the FSCS identifies that is necessary to compensate customers of those defunct firms. They deduct this levy by direct debit from our bank account. We have no say in whether or not we pay it or any control over the amount.

The FSCS levy for the 2020-21 year is £635m. This is some £87m more than the previous year.

In addition we have to have suitable Professional Indemnity Insurance in place, it is a regulatory requirement that we do so. This also costs us tens of thousands of pounds per year.

Our premium last year rose nearly 100% and by something similar this year. It is also getting more difficult to secure this cover but I am pleased to say that we have done so, unlike many of our peers who struggle to do so.

Being an authorised and regulated firm is certainly not a low cost business to be in for sure.

- Victoria McNulty, Chartered Financial Planner



Tina Hay created Napkin Finance, a thriving company built around the concept of taking seemingly overwhelming topics – including budgeting, investments and retirement planning – and turning them into simple, skimmable explanations.

Her new book, also called Napkin Finance, includes dozens of individual learning modules, covering everything from credit scores to paying off student loans, to economics and blockchain.

podcast

Did you catch these recent guests on the Informed Choice Radio podcast?

With more than 460 episodes published and 300,000 downloads to date, our audio podcast is attracting some excellent guests. We publish new episodes each week on Monday mornings, with guest interviews covering a range of personal finance and investing topics. Search for Informed Choice Radio in iTunes or your favourite podcast player, or listen online at www.icradio.co.uk.



Nigel Cumberland, international bestselling author of *100 Things Successful People Do*. Nigel is a leading executive coach and leadership facilitator, having spent the past decade successfully coaching a range of local and expatriate leaders through a range of challenging transitions.



Louise Ansari author of *When We're 64* a book designed to help you get ready for a major adventure. Louise is Director of Communications and Influencing at the Centre for Ageing Better, a charity working to create a society where everyone enjoys a good later life.



Harry Stout, is a senior leader in the global financial services business. Harry's new book is called *The FinancialVerse*; it presents a straightforward, easy to read explanation of what you can expect to experience at each stage of your financial life.



Barney Whiter AKA The Escape Artist didn't realise he was part of the wider FIRE movement until a chance encounter with the work of Mr Money Mustache.



WWW.ICFP.CO.UK



TWITTER.COM/INFORMEDCHOICE



FACEBOOK.COM/INFORMEDCHOICE



INSTAGRAM.COM/INFORMEDCHOICE

Informed Choice

INDEPENDENT FINANCIAL PLANNING

