

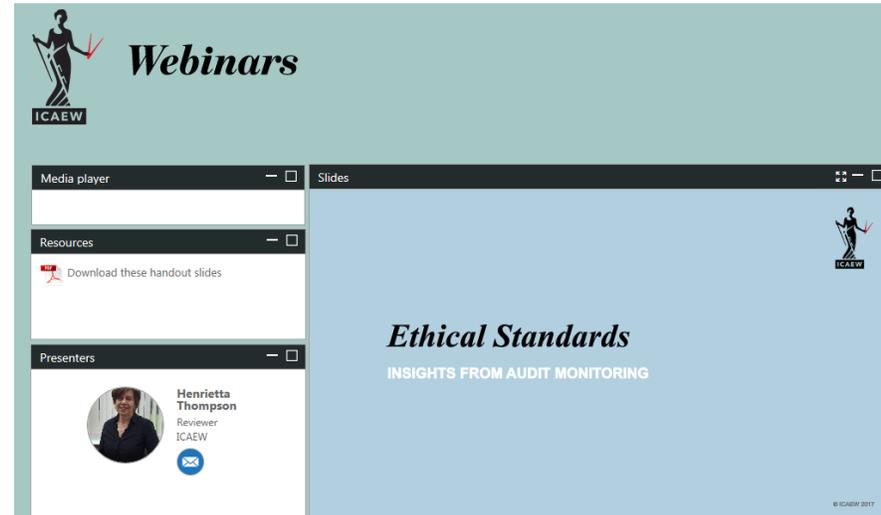


WealthCare: Personal Financial Planning Steps Through Your 30s and 40s

IN ASSOCIATION WITH MAZARS

FACILITATED BY JOHN GASKELL, HEAD OF PERSONAL
FINANCIAL PLANNING, ICAEW

- You can customise the webinar console, move and resize the widgets:



- You can also minimise and maximise the widgets by clicking on the icons. The icons are located in the dock at the bottom of the console:
- You can submit questions using the Q+A widget at any time during the webinar



Today's speakers



OLIVIA BUCHER
FINANCIAL PLANNER
MAZARS



JAMES ROBINSON
FINANCIAL PLANNER
MAZARS



WEALTHCARE: PERSONAL FINANCIAL PLANNING STEPS THROUGH YOUR 30S AND 40S

Mazars & ICAEW
September 2020

WHAT WILL BE COVERED

- Introduction to basic financial planning, tax & investment principles
- Understanding the financial planning needs and opportunities in your 30s and 40s
- How to protect your family and financial liabilities
- Understanding the various saving options and their interaction with your tax position
- Other top tips for your 30s and 40s
- Q&A



KEY FINANCIAL PLANNING PRINCIPLES

James Robinson
September 2020

THE BUILDING BLOCKS OF FINANCIAL PLANNING

1. Goals & Objectives
2. SMART Objectives
3. Cash Reserves
4. Repayment of Debts
5. Financial Protection
6. Will and Powers of Attorney

1

GOALS AND OBJECTIVES

- What do you want your future to look like?
 - House purchase / early mortgage repayment
 - School fee & University funding
 - Early Retirement
 - 'Getting by' vs living your best life
- Prioritise - Needs vs Wants
- Short-term and Long-term
- SMART Objectives (Specific, Measurable, Achievable, Realistic, Time-Based)

2

SMART OBJECTIVES

Common Objective	SMART Version
I want to remain financially secure.	To have the ability to spend £30,000 per annum for the rest of my life.
To repay my mortgage.	I want to repay my mortgage of £200,000 by the time I am 60.
To send my children to private school.	To fund private school fees of £15,000 per annum per child, from their ages 11 to 18.
To retire by the time I am 60.	To retire by the time I am 60 with a net income of £40,000 per annum.
For my family to be protected in the event of my death.	For my family to be able to spend £40,000 per annum in the event of my death, without my spouse going back to work.

3

BUDGET FOR YOUR GOALS

- Review spending habits
 - Shortfalls & Surplus
- Anticipated changes to cashflow
- Plans for the future and assigning a cost – research
- Cash flow planning

4

EMERGENCY RESERVES

- Emergency Buffer : Three to Six Months' of Expenses
- Review Interest Rates
- Beware of 'Hoarding' Cash – inflation vs interest rates
 - Financial Services Compensation Scheme (FSCS) Protection
 - £85,000
 - Per person
 - Per licence
- National Savings & Investments – treasury backed with competitive interest rates
- Term deposits and cash flows

5

REPAYMENT OF DEBTS

- Rate of Interest
- Personal Loans
- Mortgage repayments – risk/tax free return vs liquidity
- Term to repayment
- Repayment method - interest only or capital and interest?

6

PROTECTING YOUR FAMILY

- What needs covering?
 - Life Insurance
 - Income Protection
 - Critical illness Cover
- What is in place?
- What do you and your family need?

It's not just for paying off the mortgage.
- Lump sum vs Income
- Personal / Workplace / Business Protection
- Trusts

7

COMMON PROTECTION OBJECTIONS

- “It’s someone else that this happens to.”
 - “The mortgage will be paid off, they will be fine.”
 - “Get help from the family.”
 - “It’s expensive.”
 - “Life companies will try to not pay out.”
-
- Life Cover – 95% - 99% Payout on Claims for Providers
 - Critical Illness – 90% - 94% Payout on Claims for Providers

8

PROTECTION EXAMPLE

- John & Sarah are both 35 with two children. Both earn £50,000 per annum gross and aim to retire at 60. They have an interest only mortgage of £300,000. Their only cover is 4x Death In Service each.

8

PROTECTION EXAMPLE

- John & Sarah are both 35 with two children. Both earn £50,000 per annum gross and aim to retire at 60. They have an interest only mortgage of £300,000. Their only cover is 4x Death In Service each.

Cover Reason	Need	Existing Cover	Shortfall	Cost to cover
1 st Death	£300,000 lump sum	£200,000	£100,000	£11.73 p.m.
1 st Death	£30,000 p.a. to 60	Nil	£30,000 p.a.	£34.24 p.m.
Long-term Ill x2	£30,000 p.a. to 60	Nil	£30,000 p.a.	£27.96 p.m. x2
Critical Illness	£50,000 lump sum	Nil	£50,000	£37.02 p.m.

8

PROTECTION EXAMPLE

- John & Sarah are both 35 with two children. Both earn £50,000 per annum gross and aim to retire at 60. They have an interest only mortgage of £300,000. Their only cover is 4x Death In Service each.

Cover Reason	Need	Existing Cover	Shortfall	Cost to cover
1 st Death	£300,000 lump sum	£200,000	£100,000	£11.73 p.m.
1 st Death	£30,000 p.a. to 60	Nil	£30,000 p.a.	£34.24 p.m.
Long-term Ill x2	£30,000 p.a. to 60	Nil	£30,000 p.a.	£27.96 p.m. x2
Critical Illness	£50,000 lump sum	Nil	£50,000	£37.02 p.m.

- Total cost is £138.91 per month – just 2.3% of net monthly income.
- One provider quoted £206.39 per month, or £20,238 over the term – benefit of shopping around
- Can flex cover depending on what is affordable (no CI, reduce income on 1st death, etc.)

9

WILLS & LASTING POWERS OF ATTORNEY

- Ensure Wills are up-to-date:
 - Guardians for children
 - Laws of Intestacy (especially unmarried couples)
 - Family & Finance
- Lasting Powers of Attorney:
 - Health and Welfare
 - Property and Financial Affairs

10

SUMMARY

- Set objectives
- Repay immediate debts
- Emergency Reserve
- Protected against death & disability



THE BASICS OF INVESTING

Olivia Bucher
September 2020

1

WHERE TO INVEST?

- Purpose
- Funding
- Timeframe
- Accessibility
- Tax-efficiency



2

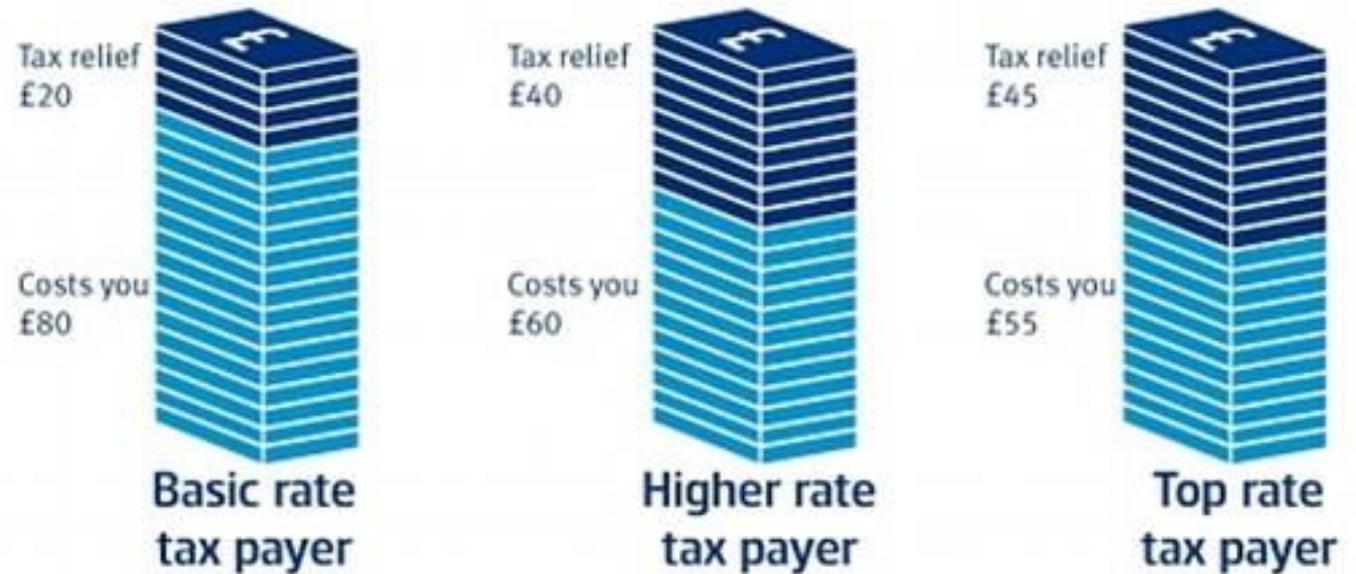
PENSIONS EXPLAINED

- More than a retirement provision
- Normally IHT free
- Funding options
 - Employer / employee funding
 - Personal funding
 - Annual & lifetime allowances
- Tax relief & tax efficient growth
- Access age
- Pension Drawdown

PENSIONS TAX RELIEF

3

The benefits of pensions tax relief To invest £100 in a pension



BENEFITS OF PENSION CONTRIBUTIONS

Tax Position Pre-Retirement	Gross Contribution	Net Cost After Tax Relief	Net Benefit after TFC & 20% Tax in Retirement	Return on Net Contribution (%)	Net Benefit after TFC & 40% Tax in Retirement	Return on Net Contribution (%)
Basic Rate (20%)	£10,000	£8,000	£8,500	6.25%	£7,000	-12.5%
Higher Rate (40%)	£10,000	£6,000	£8,500	41.6%	£7,000	16.7%
Additional Rate (45%)	£10,000	£5,500	£8,500	54.5%	£7,000	27.2%

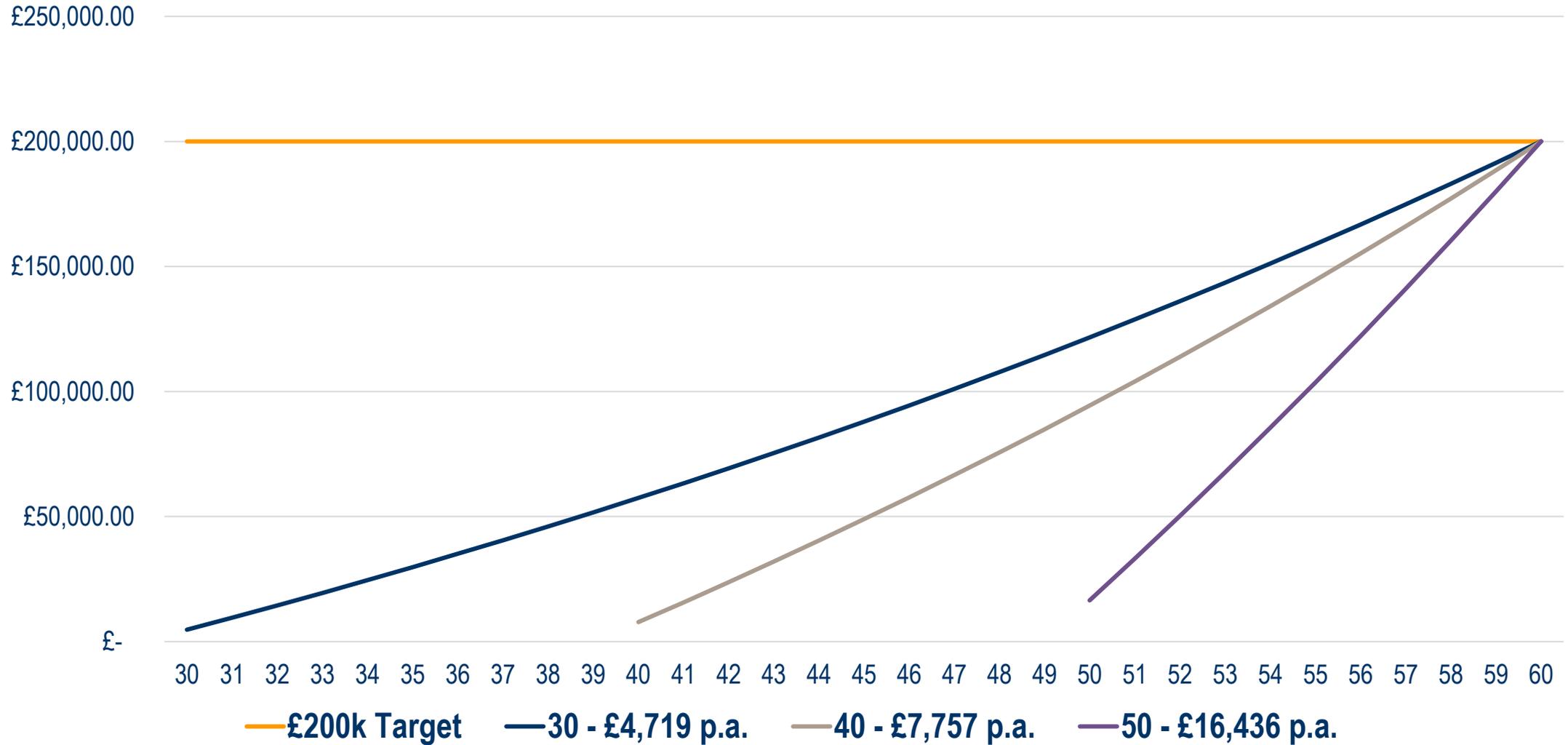
5

DISPELLING THE MYTHS

- 'The state pension will be enough'
 - 35 years' NI contributions = maximum
 - NI credits during childcare
 - £9,110 p.a.
- 'Sale / income of my property'
 - Lifestyle & Real Returns
- 'I can catch up later in life'
 - Start now!

START EARLY

Target £200k with regular savings



6

NON-PENSION INVESTMENTS OPTIONS

- Different Options for Different Goals
- Wrapped vs Unwrapped Investments
- Political Climate, Regulation effects availability
 - HTB ISAs, LISAs
- Investment on behalf of children & minors

ISAS, LISAS, JISAS, ...

7

- Wrapped Investment Products
- Annual allowance (2020/21)
- Tax efficient growth
- Flexibility
- Withdrawals
- Subject to Inheritance Tax

8

INVESTMENT & TAX PLANNING

- Capital Gains Tax
 - Allowance & Rates
 - Tax Planning for Married Couples
- Income & Dividend Tax
 - Personal Allowance & Dividend Allowance
 - Tax Planning for Married Couples
 - Tax Planning for Parents

9

THE UNDERLYING INVESTMENT

- Why invest?
 - Savings & Inflation-erosion
 - Inflation-proofing capital
- Dispelling the Myths
 - 'All investments are high risk'
 - 'Everything I need to know is on the internet'
 - 'I only invest in bitcoin'

DISPELLING THE MYTHS



DISPELLING THE MYTHS

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	10 Years
REITs 35.1%	Emerging Mkts 33.1%	Bonds 7.6%	Emerging Mkts 68.9%	REITs 28.3%	TIPS 13.3%	Emerging Mkts 19.1%	Small Cap 41.0%	REITs 30.1%	REITs 2.2%	Small Cap 8.4%
Emerging Mkts 31.4%	Comdty 14.9%	Cash 2.1%	Small Cap 41.6%	Small Cap 27.2%	REITs 8.5%	Int'l Stocks 18.8%	Mid Cap 33.1%	Large Cap 13.7%	Large Cap 1.3%	Mid Cap 7.9%
Int'l Stocks 25.9%	TIPS 11.9%	TIPS -0.5%	Mid Cap 37.6%	Mid Cap 26.3%	Bonds 7.7%	Mid Cap 17.8%	Large Cap 32.2%	Mid Cap 9.4%	Bonds 0.5%	REITs 7.4%
Small Cap 17.0%	Int'l Stocks 9.9%	Mid Cap -36.4%	REITs 29.6%	Emerging Mkts 16.5%	Large Cap 2.1%	REITs 17.5%	Int'l Stocks 21.4%	Bonds 6.0%	Cash 0.1%	Large Cap 7.2%
Large Cap 15.6%	Mid Cap 7.1%	Large Cap -36.6%	Int'l Stocks 26.9%	Comdty 16.2%	Small Cap 1.1%	Large Cap 15.8%	REITs 2.3%	TIPS 3.6%	Int'l Stocks -1.0%	Bonds 4.3%
Mid Cap 10.0%	Bonds 6.7%	REITs -37.1%	Large Cap 25.9%	Large Cap 14.8%	Cash 0.1%	Small Cap 15.7%	Cash 0.1%	Small Cap 3.0%	TIPS -1.8%	TIPS 3.8%
Cash 4.9%	Large Cap 5.5%	Comdty -37.4%	Comdty 20.1%	Int'l Stocks 8.2%	Mid Cap -2.1%	TIPS 6.4%	Bonds -2.0%	Cash 0.1%	Small Cap -1.8%	Int'l Stocks 2.8%
Bonds 3.9%	Cash 5.0%	Small Cap -37.6%	TIPS 8.9%	Bonds 6.4%	Int'l Stocks -12.3%	Bonds 3.8%	Emerging Mkts -3.7%	Emerging Mkts -3.9%	Mid Cap -2.5%	Emerging Mkts 2.8%
Comdty 2.1%	Small Cap 1.8%	Int'l Stocks -41.0%	Bonds 3.3%	TIPS 6.1%	Comdty -14.0%	Cash 0.1%	TIPS -8.5%	Int'l Stocks -6.2%	Emerging Mkts -16.2%	Cash 1.3%
TIPS 0.2%	REITs -16.5%	Emerging Mkts -48.9%	Cash 0.2%	Cash 0.1%	Emerging Mkts -18.8%	Comdty -2.1%	Comdty -11.1%	Comdty -18.6%	Comdty -28.2%	Comdty -7.7%

10

THE UNDERLYING INVESTMENT

- Diversification is Key
- Attitude vs Capacity for Risk
- Invest for the longer-term, protect the short-term
- Regularly reassess

11

SUMMARY

- Start early
- Various saving options and your tax position
- Different investments for different goals
- Don't follow the herd
- Getting it right, speak to a professional

CONTACT

Olivia Bucher

Financial Planner - Sutton

Olivia.bucher@mazars.co.uk

James Robinson

Financial Planner - London

James.robinson@mazars.co.uk



Mazars LLP. London. Tower Bridge House, St. Katharine's Way, London E1W 1DD

Visit us online at www.mazars.co.uk

Mazars Financial Planning Ltd is registered in England and Wales No 3172233 with its registered office at Tower Bridge House, St Katharine's Way, London E1W 1DD. Mazars Financial Planning Ltd is authorised and regulated by the Financial Conduct Authority. Mazars Financial Planning Ltd is a wholly owned subsidiary of Mazars LLP, the UK firm of Mazars, an integrated international advisory and accountancy organisation.



thewealthnet



Follow us:



About Mazars

Mazars is an international, integrated and independent firm, specialising in audit, accountancy, advisory, tax and legal services. Operating in 89 countries and territories, as of 1 January 2019, the firm draws on the expertise of 23,000 professionals to assist major international groups, SMEs, private investors and public bodies at every stage in their development.

Q&A

The information contained in this document/presentation/factsheet does not constitute individual advice. Mazars Financial Planning Ltd will not accept any responsibility for decisions taken or not taken on the basis of the information presented. Always obtain independent, professional advice relevant to your own circumstances.

Any reference to legislation and tax is based on Mazars Financial Planning's understanding of United Kingdom law and HM Revenue & Customs practice at the date of production. These may be subject to change in the future. Tax rates and reliefs may be altered. The value of tax reliefs to the investor depends on their financial circumstances. No guarantees are given regarding the effectiveness of any arrangements entered into on the basis of these comments.

Mazars Financial Planning is wholly owned by Mazars LLP, the UK firm of Mazars, an International advisory and accountancy group. Mazars Financial Planning Ltd is registered in England & Wales No 3172233 and is authorised and regulated by the Financial Conduct Authority. Registered Office: Tower Bridge House, St Katharine's Way, London E1W 1DD

Join the ICAEW Personal Financial Planning (PFP) Community



- Follow this link to join for free: www.icaew.com/pfp
- Free for all ICAEW members and other professionals
- Keep abreast of topics affecting the PFP sector.
- Access resources covering regulation, pensions, investments, estate planning and business & practice development.
- Book your place on our webinars, workshops and conferences.



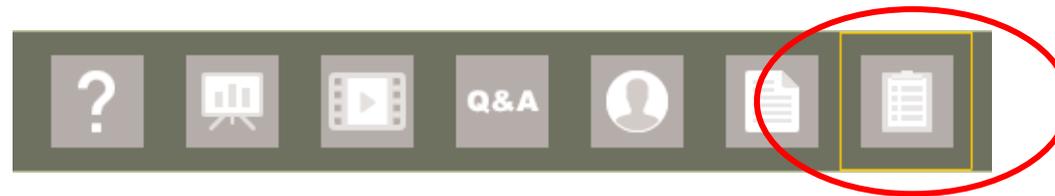
Upcoming PFP Events

SAVE THE DATE: Personal Financial Planning and Property Conference
– 18th and 19th November, launching soon.

3-part webinar series in partnership with Tilney '*WealthCare: Tilney – Time to Talk*'. Part 2 on 6th October 2020 12pm, register through this link:

<https://events.icaew.com/pd/17837/wealthcare-tilney-time-to-talk-webinar-seri?txt=wealthcare&returncom=productlist&source=search>

- What did you think of this webinar?
- Let us know by completing our survey. Click the icon highlighted below.



- You can complete it now, or it will appear at the end of the webinar.
- Help us improve our digital services with your feedback, and choose whether to opt into any services from our partner.

