Edition 26

Isham Financial Centre Limited

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Viewpoint

BECOME A SUPERHERO

IN THE EYES OF YOUR FAMILY

When he was younger one of my son's favourite questions was; *"if you could have any super power, what would it be?"* He loved the idea of being a Superhero.

I think, deep down, we all like the idea of being a Superhero. Being able to do things others can't; amazing things to help those around you.

Now I can't grant you any super powers (sorry) but I can help you do something amazing to help those you love. Best of all there's no need to be bitten by a radioactive spider, hit by a strange space mist, or hail from a different planet.

And there's no need to be a heroic billionaire looking to save the city with an arsenal of high-tech gadgets. No, your new super powers are just going to need a little money.

How do these powers sound to you?

- If you die unexpectedly for any reason your family has the mortgage paid off, or there's a lump sum available to help them out
- If you are struck down with a serious illness and need to take time off work, someone else pays the bills - and maybe they clear the mortgage too
- If you have an accident and break a bone (maybe whilst fighting crime?) someone pays money into your bank account to help ease the financial pain a little

Now, I know it's not like you can stop a bullet, or run faster than the speed of sound, but they're still pretty useful powers for your family.

Best of all, there's no need to pay for them in one go. You can rent your super powers for just a little each month. In fact, you might be surprised how little it could cost to become a superhero.

To find out more about our range of personal and family protection insurance, please get in touch.

Please note - we can't guarantee any form of comic book franchise off the back of your new powers, nor can we promise your new powers will make you "cool" with your kids. We'd also not recommend actually trying to fight crime.

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Confused about pension planning?

With more UK employees saving for their retirement than ever you could argue that Automatic Enrolment has been a success since its launch six years ago. However, research from the Office for National Statistics (ONS) has revealed that many people contributing to their workplace scheme don't even realise they're saving for retirement.

Auto enrolment emerged from the Pensions Commission back in 2005. It took effect in 2012, when it was made compulsory for employers to enrol their staff into a workplace pension scheme, and rolled out in phases. Figures suggest that just over nine million individuals are now newly saving or saving more for their retirement.

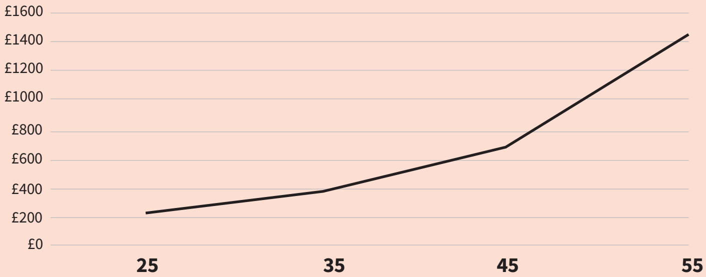
This is clearly a positive outcome of auto enrolment, but the ONS research has raised concerns that the 37% of those surveyed who didn't realise they were contributing to their workplace pension scheme could opt out - a risk which might be greater when the minimum contribution level for employees increases from 3% to 5% in April 2019.

So, do you know if you are saving in to a workplace pension? Even if you are, are you saving enough? Industry estimates for a comfortable retirement tend to range between £23,000 and £27,000 a year. A 25 year old employee earning £30,000 a year would need to save just under £300 a month to achieve the lower figure and you can see what effect age has on the amount you need to save in the graph below.

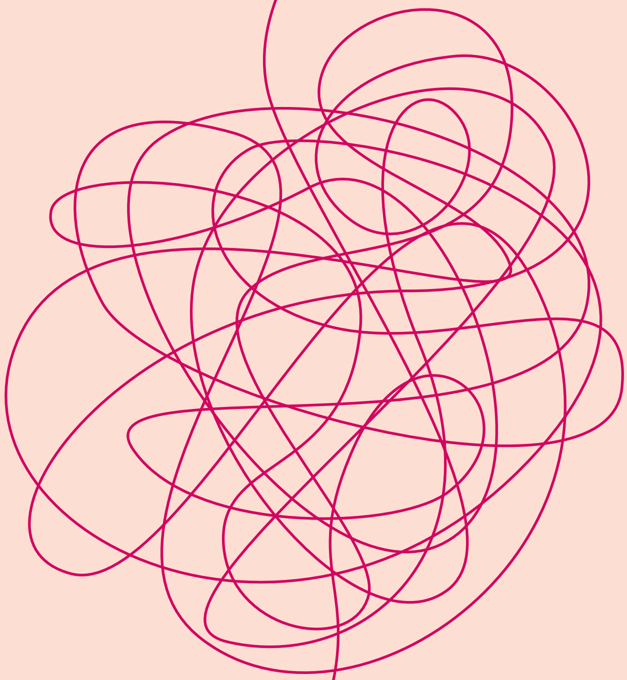
The simple fact is that the more you save and the earlier you start saving the better position you are likely to be in, subject to investment performance of course. The first thing to do if you're concerned about your pension planning is get advice.

Please give us a call and we'll help you get a clear picture and straightforward plan to put you on track.

What an individual would need to contribute each month to achieve an annual retirement income of £23,000



Age at which you start saving into a pension



According to the ONS

27% don't think they can afford to save for retirement

13% are put off because they think they don't know enough about pensions

7% think it's too early to start saving for retirement and 3% think it's too late

Those aged between 16 and 24 feel the least equipped when it comes to making decisions about their pension.

How a trust can help your financial planning

Writing a policy in Trust could be perceived as something that only the wealthy require, but the reality is Trusts can play an important part in financial planning for people from all walks of life.

When it comes to planning your family's financial future it makes sense to take all steps possible to help protect their current, and future, standard of living. As part of this, it's important to make sure any policies you have in place will pay out to those they are intended to benefit, and this could mean writing the policy in trust.

If you're thinking of putting a life policy in trust, please talk to us first. We can tell you which type of trust is most appropriate for your circumstances and help you put the trust in place.

Put simply, a trust is a legal arrangement that assets such as cash, investments and property can be transferred into, and a trustee or trustees appointed to look after on the policyholder's behalf. Trusts are usually straightforward to set up but it's important to select the right type of Trust and complete the documentation carefully.

The three most common types of Trust are:

Bare Trusts
Typically set up to pass assets to young people. When the beneficiary turns 18 (16 in Scotland), they can use the capital and income held in the trust in any way they choose. Bare Trusts are treated as Potentially Exempt Transfers (PETs) which means inheritance tax would be payable if the trust settler dies within seven years of setting up the trust.

Discretionary Trust
Here, trustees can make certain decisions about how the beneficiary uses the assets held in the trust. For instance, what gets paid out and to whom and how often payments are made. They can also impose certain conditions if, perhaps, they deem the beneficiary is not responsible or capable of dealing with the money themselves.

Interest in possession (IIP) Trust
Under this type of trust, a beneficiary is entitled to the income generated by the trust as it arises, which will be subject to income tax. They are unlikely to have any rights to the capital, which will pass to another beneficiary in the future. A common use of an IIP trust is for it to form part of the will of someone who remarries after divorce and wants their children from their first marriage to continue to receive financial support.

Despite the positive impact setting up a policy in trust can have on your financial planning, only 6% of life insurance policies in the UK are set up in trust, according to insurer Aegon.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen. The Financial Conduct Authority does not regulate Trust Advice.

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