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INDEPENDENT NEWS

KELLANDS
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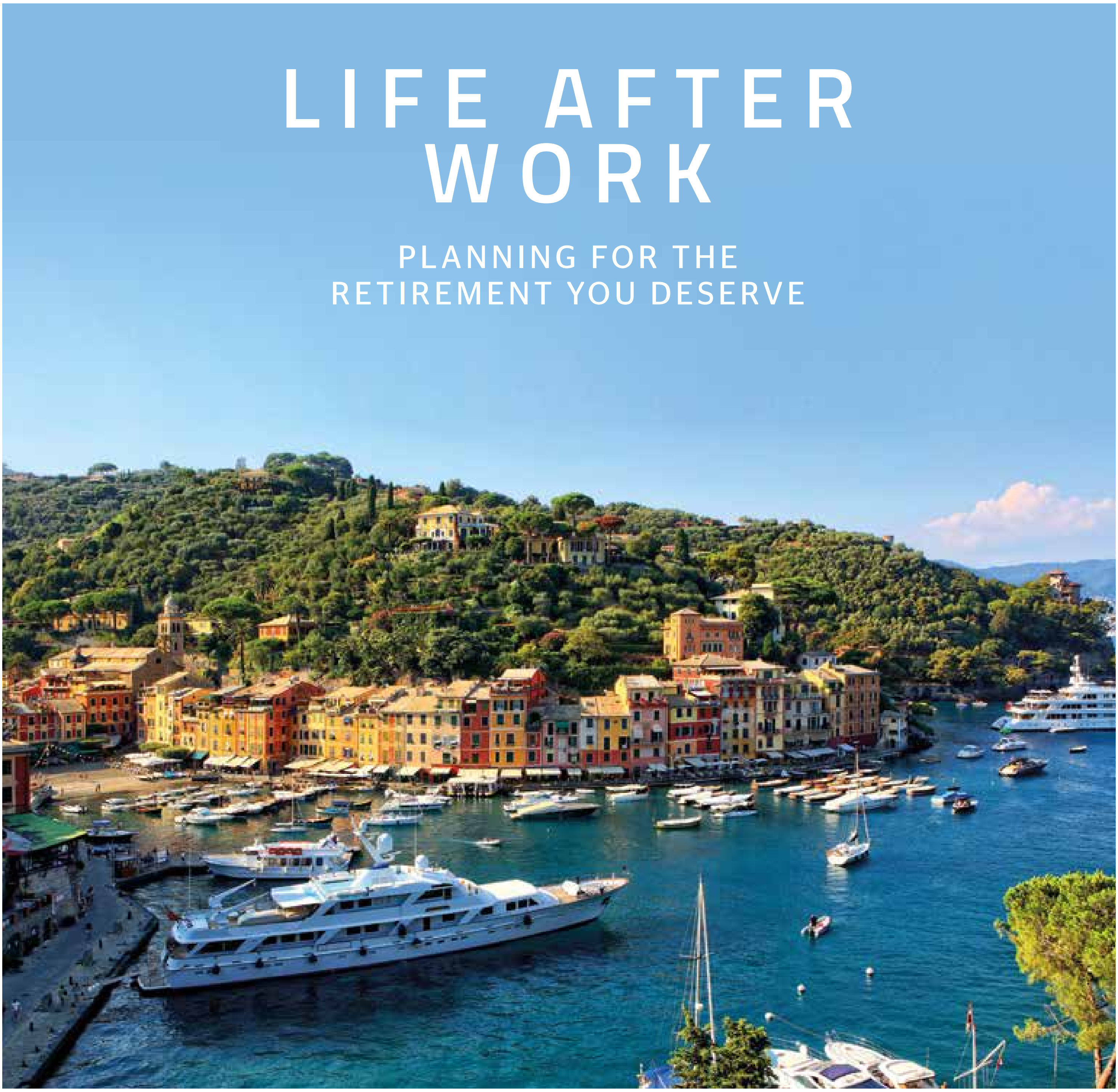

SPRING STATEMENT 2019
Key announcements from the Chancellor at a glance

NO PAIN, NO GAIN
Planning to get you where you want to be

SMART PLANS
Living a less complicated life!

SPRING INTO ACTION
Taking a closer look at what you're spending as a family can help make significant savings

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EXPERIENCE
LIFE TO THE FULL

Welcome to our latest issue. Robert Kiyosaki, the American businessman and author of the best-selling book Rich Dad, Poor Dad, once remarked, 'Making money is common sense. It's not rocket science. But unfortunately, when it comes to money, common sense is uncommon.' As we continue into 2019, we look to de-mystify the ever-changing landscape of the financial world.

Over time, with life expectancy and the cost of living rising, it could mean that some retirees are at risk of running out of pension income in later life. On page 04, we consider what you can do to make sure that you have a big enough pension to meet your needs for your entire retirement.

Some people may believe that since they have reached their 60s and 'retired', the hard work is over. But there are probably another three or four decades ahead, so it's not the time to be without expert professional financial advice. Take a look at the opposite page to read the full article.

Philip Hammond, the Chancellor of the Exchequer, delivered his Spring Statement 2019 to Parliament on 13 March. Set against continuing uncertainty over Brexit and just hours before MPs were due to vote on whether to exit the EU without a deal, Mr Hammond devoted much of his speech to the possible effects leaving the European Union could have on the UK's finances. On page 06, we look at the key takeaways from Spring Statement 2019.

We hope you enjoy this issue. A full list of the articles featured in this issue appears opposite.

Best wishes,
STEVE KELLAND
Chairman

Pictured: The team at Kellands Gloucester.

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READY TO MAKE YOUR NEXT BIG DECISION?

Whatever your next step is in life, we'll help you make your next big decision easier by getting the most out of your finances. To discuss your situation, please contact us – we look forward to hearing from you.

INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS. ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE.

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

SMART PLANS

LIVING A LESS COMPLICATED LIFE!

For anyone enjoying their retirement years and living a less complicated life, it can be easy to assume that you no longer require professional financial advice. Some people may believe that since they have reached their 60s and 'retired', the hard work is over.

But there are probably another three or four decades ahead, and if we were to split life into two halves, this second half is likely to be more complex and challenging than our careers. From age 60-plus, the world will throw a host of challenges our way.

This is not the time to be without expert professional financial advice. This is the period of life when financial planning is most valuable and rewarding.

LOOKING AHEAD

Between the ages of 20 to 60 is typically the period of working life for most people. You work and strive, building a career, buying a property, raising a family, perhaps paying for education and enjoying a certain standard of living.

This entails managing debt, balancing income and expenditure, putting money away into a pension, saving for a rainy day and topping up ISAs annually.

All of a sudden, the striving is over. Enough money, or so you hope, has been invested to leave the workplace behind, and your mortgage is repaid. The pension pot is bulging, your children have graduated and the new car on the driveway is finance-free for the first time. Your sights are set on a holiday home, and everything looks good.

You may well have had professional financial help during this 40-year growth phase, but most of those years may be behind you. You need to look ahead.

OVERRIDING EMOTIONS

But it's the second half of life, from the 60-plus stage, that is more aligned to spending. Having achieved so much in life, the overriding emotion can now be the fear of loss. The conundrum being: 'How can we live our ideal life, safe in the knowledge that we will always have enough?'

Safety and fear of loss are key concerns. Have we got enough income to meet our obligations? Will we run out of money? Can we afford to support our favourite charity? What happens if one of us needs long-term care? Should we help our children now, or later? Is our capital keeping up with inflation? Can we keep on having fun?

As people age, illness can strike out of the blue and blow plans off course overnight. What then? A new and unexpected challenge, and no life experiences to fall back on. There are choices and tough emotional decisions to be made – this is when professional financial advice and support are essential. ◀

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MAINTAINING YOUR LIFESTYLE ONCE YOU'VE STOPPED WORK

One of the most common worries for many people as they enter retirement is to ensure they're able to maintain their lifestyle once they've stopped work. Continuing to have access to and receive professional financial advice is key. If you've retired and want to reassess your options, please contact us.

LIFE AFTER WORK

PLANNING FOR THE RETIREMENT YOU DESERVE

Over time, with life expectancy and the cost of living rising, it could mean that some retirees are at risk of running out of pension income in later life. So what can you do to make sure that you have a big enough pension to meet your needs for the whole of your retirement?

To begin with, we all know when planning for retirement, the earlier we start saving and investing, the better off we'll be, thanks to the power of our money compounding over time. And even if we start saving later in life or we've yet to begin, it's important to know that we're not alone and that there are steps that can be taken to increase our eventual retirement savings.

IT'S NO SECRET – RETIREMENT CHANGES YOUR LIFE

After years of hard work, retirement is an exciting period in life. You might be looking forward to taking a trip to sunnier climes, dedicating more time to a favourite hobby or spending more time with family and friends. However, to ensure that you are able to continue to pay the bills and live comfortably when you are no longer drawing an income, you need to start putting money aside as soon as possible. The thought of it may be daunting, and it can feel like an impossible mission.

The process of building a retirement pot typically involves a combination of consistent saving and long-term investments, but saving and investing for your retirement can look pretty different during your twenties versus your forties or fifties.

ON YOUR WAY TO A COMFORTABLE LIFE AFTER WORK

With discipline and determination, you can be on your way to a comfortable life after years of hard work. Building a retirement pot requires more certainty in your financial planning and less risk-taking (depending on factors such as age and your attitude to risk). But first, you need to figure out how much you need in order to set a goal.

Retirement is personal and full of surprises, so it's important to decide what you want yours to look like first, and then plan how to make it a financial reality. We've provided some tips to help boost your savings – no matter what your current stage of life – to enable you to pursue the retirement you deserve.

THE PROCESS OF BUILDING A RETIREMENT POT TYPICALLY INVOLVES A COMBINATION OF CONSISTENT SAVING AND LONG-TERM INVESTMENTS, BUT SAVING AND INVESTING FOR YOUR RETIREMENT CAN LOOK PRETTY DIFFERENT DURING YOUR TWENTIES VERSUS YOUR FORTIES AND FIFTIES.

1. RETIREMENT GOALS

Setting up a retirement goal requires you to find out how much income you need when you have stopped working. To get an indication of this, use the following questions to help you:

- At what age do I plan to retire?
- How many years do I have to plan for whilst I'm in retirement?
- What is my desired monthly income during retirement?

2. RISK APPETITE

Are you a 'conservative' investor who cannot afford to lose the initial capital you put up? Can you sacrifice the certainty of having your principal protected in order to gain higher potential earnings?

If you do not already have a large sum of retirement savings, you shouldn't take too much risk when you invest, since you may not have the luxury of time to recoup any investment losses as you approach your target retirement age.

3. TIME HORIZON

If appropriate, generally a bigger portion of your retirement pot can be apportioned for higher-risk investments if you start early in your career. As you progress closer towards the retirement years, it's usually prudent for your pension pot to focus increasingly on lower-risk investments or savings with the objective of providing more stable returns.

It's important to consider allocating your investments into products suitable for different investment horizons (short, medium and longer term) depending on your risk appetite. You should always be reminded that with higher expected returns come higher risks.

4. INFLATION

If you choose to save your way to retirement by putting cash into a savings account, the value of your money could potentially be eroded due to inflation. Therefore, in order to ensure that the money you have now preserves its purchasing power during your retirement years, you need to choose savings or investments that have the potential to provide you with higher returns.

5. DIVERSIFICATION

While putting all your retirement savings into a bank account can be potentially risky, so too can investing all of your savings in shares. The key to growing your retirement fund will typically include having different asset classes in your portfolio, which is otherwise known as 'diversification'. Diversification not only helps you manage the risk of your investments, but it also involves re-balancing your portfolio to maintain the risk levels over time.

6. AFFORDABILITY

Building a retirement pot is a long process. By starting late, you may find that you need to set aside a larger amount for your retirement.

Therefore, you'd want your retirement sum to be an affordable amount for your current lifestyle. We can work with you to help you take a look at your current commitments to make saving for your retirement a sustainable habit. ◀

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HOW MUCH MONEY DO YOU NEED TO RETIRE?

It's never too early to start planning for your retirement! With discipline and determination, you can be on your way to a comfortable life after years of hard work. To find out more or to discuss your situation, please contact us.

A PENSION IS A LONG-TERM INVESTMENT.

THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

PENSIONS ARE NOT NORMALLY ACCESSIBLE UNTIL AGE 55. YOUR PENSION INCOME COULD ALSO BE AFFECTED BY 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.

THE VALUE OF INVESTMENTS AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

SPRING STATEMENT 2019

KEY ANNOUNCEMENTS FROM THE CHANCELLOR AT A GLANCE

Philip Hammond, the Chancellor of the Exchequer, described the economy as “remarkably robust” and added that it has “defied expectations,” pointing to improvements in government finances, wage growth and “on target” inflation levels. These are the key takeaways from Spring Statement 2019.

GROWTH

- Forecast of 1.2% growth for 2019
- Then 1.4% in 2020, 1.6% in 2021, 2022, and 2023
- In October, growth was forecast at 1.6% for 2019, 1.4% for 2020, 1.4% in 2021, 1.5% in 2022 and 1.6% in 2023

BORROWING

- Forecast for borrowing to be £3bn lower in 2018/19 than forecast at the Autumn Budget
- Borrowing forecast to be £29.3bn in 2019/20, then £21.2bn in 2020/21, £17.6bn in 2021/22, £14.4bn in 2022/23 and £13.5bn in 2023/24
- In October, borrowing was forecast to be £25.5bn in 2018/19, then £31.8bn in 2019/20, £26.7bn in 2020/21, £23.8bn in 2021/22, £20.8bn in 2022/23 and £19.8bn in 2023/24

DEBT

- Debt is forecast to be 82.2% as a share of GDP in 2019/20
- Debt as a share of GDP is forecast to fall to 79% in 2020/21, 74.9% in 2021/22, 74% in 2022/23 and finally 73% in 2023/24

BREXIT

- Direct message issued to parliament that building a stronger country was only possible by avoiding no-deal Brexit
- £15.4bn headroom in the public finances that could be used in a no-deal Brexit increased to £26.6bn
- No-deal Brexit would cause the economy to be smaller and weaker in future leading to higher prices for consumers
- No-deal Brexit would mean a “short to medium-term reduction in the productive capacity of the economy”
- Tax and spending responses and Bank of England policy changes could only ever be temporary to handle a no-deal Brexit, to avoid higher levels of inflation

SPENDING REVIEW

- Treasury will conduct a full spending review before the summer recess, to be concluded before the Autumn Budget
- There will be a “deal dividend” from lifting business uncertainty, encouraging firms to invest. Government able to spend some of the money left in reserve for a no-deal scenario

GLOBAL BRITAIN

- From June the government will begin to abolish the need for paper landing cards at UK points of entry, including airports and Eurostar terminals, for countries including the US, Australia, Canada, South Korea and Japan
- PhD level roles will be completely exempt from visa caps

HOUSING

- £3bn in funding announced to help deliver 30,000 affordable homes
- £1bn for small and medium-sized builders of homes
- £117m from the housing infrastructure fund to unlock up to 37,000 new homes in Cheshire, London, Didcot and Cambridge

PRODUCTIVITY

- Capital budgets set to protect “record levels” of spending, while ensuring this will boost productivity

- Government aims to "slay once and for all the twin demons of low productivity and low wages and build an economy that works for everyone"

TECHNOLOGY

- Investment packages for laser technology and nuclear research
- Funding for a new supercomputer at Edinburgh University

TECHNOLOGY COMPANIES

- Government will make technology companies "pay their fair share" and protect consumers from online harm
- "This government will lead the world in delivering a digital economy that works for everyone"

ENVIRONMENT

- "Future homes standard" announced to mandate the end of fossil-fuel heating systems in all new houses from 2025
- Comprehensive review of the link between biodiversity and the economy by Prof Partha Dasgupta from Cambridge University
- Additional £100m make available immediately over the course of the next year, ring fenced to pay for extra police overtime targeted specifically at knife crime
- Free sanitary products available in secondary schools in England from the next school year

GOVERNMENT WILL MAKE TECHNOLOGY COMPANIES "PAY THEIR FAIR SHARE" AND PROTECT CONSUMERS FROM ONLINE HARM

RETIREMENT OPTIONS

GREATER RESPONSIBILITY ON INDIVIDUALS TO PLAN FOR FINANCIAL SECURITY IN OLD AGE

Deciding what to do with your pension pot is one of the most important decisions you will ever make for your future. The 'pension freedom' changes of April 2015 represented a complete shake-up of the UK's pensions system, giving people much more control over their pension savings than before.

New research[1] has revealed that the number of savers who have embraced their freedoms now exceeds one million (1.04 million). The report from HM Revenue & Customs shows that a record-breaking sum of £7.83 billion was withdrawn in 2018[2], up from £6.54 billion in 2017. It is reported that there have been 5.49 million individual withdrawals since the pension freedoms were introduced in 2015.

UNCONTROLLED 'DASH-FOR-CASH'

There is, however, currently no evidence of an uncontrolled 'dash-for-cash' that was feared by some when the freedoms were introduced. The 2018 figure of £7.83 billion needs to be seen in the context of a total private pension wealth in the UK of approximately £5,000 billion[3].

Withdrawal payments have also consistently averaged less than £4,000 since summer 2017, showing little evidence of savers rushing to buy extravagant luxury items. These freedoms are attractive to younger savers too, with recent figures released[4] finding that one third (33%) of under-35s believe this flexible access encourages them to put more money towards their pension.

FIVE TIPS TO HELP MAKE THE MOST OF THE PENSION FREEDOMS

1. UNDERSTAND YOUR STATE PENSION

The State Pension continues to be most people's biggest source of income in retirement. But the State Pension, and the age at which you are entitled to this money, is changing – www.gov.uk/check-state-pension.

2. TAKE YOUR TIME

You may have spent 40 years saving for your retirement. Take more than 40 minutes considering your options.

3. OBTAIN PROFESSIONAL FINANCIAL ADVICE ABOUT WHAT YOU CAN DO WITH YOUR PENSION POT

There are a number of different ways you can take your defined contribution pension pot. You can usually take 25% of your pot tax-free from age 55.

YOUR OPTIONS ARE:

Leave your whole pot untouched

You don't have to start taking money from your pension pot when you reach your 'selected retirement age'. If you want to build up your pension pot further, you can continue to receive tax relief on your own pension savings of up to £40,000 each year (tax year 2018/19) less employer contributions being made, or currently 100% of your earnings if you earn less than £40,000, until age 75 (beyond 75 for employer/company contributions).

Guaranteed income (annuity)

You can use your pot to buy an insurance policy that guarantees you an income for the rest of your life – no matter how long you live. You don't have to accept the annuity that your pension provider or pension scheme offers you. The 'open market option' allows someone approaching retirement to shop around for a number of options to convert their pension pot into an annuity, rather than simply taking the default rate offered by their pension provider.

Adjustable income

This option is also known as 'flexi-access drawdown'. You move your pension pot into one or more funds that allow you to take a taxable income at times to suit you. You choose funds that match your income objectives and attitude to risk and set the income you want. The income you receive might be adjusted periodically, depending on the performance of your investments. The full 25% tax free lump sum can be taken at outset or you can move funds gradually into flexi-access drawdown and take your tax free cash in stages.

Take cash in lump sums

Another option is to take smaller sums of money from your pot until you run out. How much you take and when you take it is up to you. You decide how much to take and when to take it. You don't have to take your 25% tax-free amount in one lump sum – you can decide to receive it over time. Each time you take a lump sum of money, 25% can be tax-free, and the rest is taxable.

Take your entire pot in one go

You can cash in your entire pot – 25% is tax-free, and the rest is then taxed at your highest tax rate/s (by adding it to the rest of your income). However, cashing in your pension pot will not give you a secure retirement income. If you're thinking of doing this, you should first obtain professional financial advice to discuss your options.

Mix your options

You can mix different options. Usually, you would need a larger pension pot to do this.

4. CONSIDER YOUR LIFE EXPECTANCY

Pension savings are intended to last the rest of your life, yet we typically underestimate how many years we may live. Figures from the Office for National Statistics[5] show that for 2015 to 2017, a woman's life expectancy in England from birth remains 82.9 years, and for a man it is 79.2. For men and women in Scotland and Wales, the latest figures show a slight decline by more than a month. Men in Northern Ireland have seen a similar fall.

5. APPROACH FINAL SALARY PENSION TRANSFERS WITH CAUTION

If you have a final salary pension, you will need to transfer it elsewhere to access the freedoms. This is a significant decision, as you could lose important benefits. Such a decision should be approached with caution and with the guidance of professional financial advice.

The onus is now firmly on us as individuals to plan our financial security in retirement. We're now expected to take greater responsibility for funding the time in our lives when we're dependent on a lifestyle that we've spent the last 40 years saving for. ◀

THE 'PENSION FREEDOM' CHANGES OF APRIL 2015 REPRESENTED A COMPLETE SHAKE-UP OF THE UK'S PENSIONS SYSTEM, GIVING PEOPLE MUCH MORE CONTROL OVER THEIR PENSION SAVINGS THAN BEFORE.

IT CAN HELP TO BE FLEXIBLE

There's a lot to think about when you're planning for retirement. And don't forget that your situation may change in the future, so it can help to be flexible. If you would like to discuss your particular situation or arrange a meeting, please contact us.

Source data

[1] https://www.gov.uk/government/statistics/flexible-payments-from-pensions
[2] Note: this figure underplays the total amount withdrawn as it does not include any additional amounts taken as tax-free-cash.
[3] https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/wealthingreatbritainwave5/2014to2016#private-pensions-wealth
[4] Aviva 2018 survey of 1,000 UK adults: 'Would you put more money towards your pension if you were able to access the money more flexibly?'
[5] https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/lifeexpectancies/bulletins/nationallifetablesunitedkingdom/2015to2017

SPRING INTO ACTION

TAKING A CLOSER LOOK AT WHAT YOU'RE SPENDING AS A FAMILY CAN HELP MAKE SIGNIFICANT SAVINGS

Spring is finally upon us, and those winter months (even though we've had a really mild winter) are starting to become a distant memory. But with spring comes a new tax year.

It may be tempting to leave the family finances ticking along. However, while you may feel the urge to give your home a spring-clean as we move into this time of year, why not take the same approach with your finances?

Here are some simple tips on how you can take a closer look at what you're spending as a family and help make significant savings.

CREATE A BUDGET AND TRY TO STICK TO IT

The best financial planning begins with a piece of paper and a pen (okay, you may want to use a computer and spreadsheet). By working out your family incomings alongside your outgoings, you'll soon spot easy ways for saving cash, such as cutting down on takeaways or shopping trips for a single item.

If you're looking to track your finances more closely, you could use an app to help keep on top of your income and expenditure budget. This will instantly show you how much money is spare so you don't overstretch yourself.

CLEAR LOANS OR CREDIT CARDS WITH SAVINGS

If you're just clearing the minimum payment on loans and credit cards despite having cash in the bank, then it's worth doing the maths to work out what's actually doing more for you. Your savings could be earning little or no interest, while your payments are costing you money in interest.

While it's good to keep a nest egg for an emergency, in this scenario you're paying for the privilege of doing so – money that would be better spent elsewhere.

TAKE A LOOK AT YOUR CREDIT REPORT

Whether you want to take out new lines of credit or not, it pays to stay on top of your personal financial data. In the UK, the three main credit reference agencies (CRAs) are Experian, Equifax and Callcredit. Be aware that repeatedly applying for credit can harm your chances of getting credit, because lots of credit searches might indicate you're having problems. You can apply for your credit record as often as you like, though.

REVIEW YOUR INSURANCE COVER

Being underinsured or overinsured will cost you money either way. Whether it's life insurance, policies for your home, car, medical bills or travel, or just a backup in case products break down, put a date reminder in your diary a month before the renewal. You'll then have enough time to shop around and ensure you get the best possible quote for your specific needs.

DON'T FORGET ABOUT YOUR PENSION POT

For many people, retirement may feel a long way off, but with UK life expectancy increasing it pays to think ahead. Many people choose to pay off their mortgage with surplus cash rather than invest in a pension. But for many, owning a home is still a dream.

Whether you're a millennial or nearing the end of your working life, you need to keep a constant eye on how much your pension is performing and whether it needs topping up. This is especially important with the latest changes to the State Pension age.

CHECK YOUR COUNCIL TAX BAND

Some homes are in the wrong Council Tax band, as houses in England and Scotland were put into valuation bands in the early 1990s – bands that don't accurately reflect what the house is worth today. You can check what band your property fits into on the Government's website and, if you feel the band is incorrect, challenge it as well.

USE THE INTERNET WISELY TO SAVE BIG

Online comparison sites are one quick way to save money, but consider using voucher code websites or buying online through sites where you can receive cashbacks on purchases from many top brands and stores, so you could soon see the savings mount up.

Also, don't forget to empty your browser's history and cache when shopping for the best deals. Some sites remember if you've already looked at a product and won't give you the best price, presuming you want the goods too much already – a tactic common among airlines and holiday websites.

GET YOUR CHILDREN INVOLVED IN SAVING

Teaching kids the value of money can instil the financial skills they'll need as an adult and even stop them from wanting you to spend so much. Set up jars around the home for them to put coins into instead of buying sweets or toys.

Visually seeing the coins mount up encourages them to save and skip impulse buys. You could even write a monetary goal on the jar to incentivise them further – either the amount to reach or what will be bought, whether it's a video game or a new bike. ◀

GETTING YOUR FAMILY FINANCES IN ORDER

These tips are just a few simple ways to spring-clean your finances – and there's no time like the present to start. Keep a list of what you save each day, and you'll soon be encouraged to save harder and faster as the amount grows. Please contact us to find out more about our services and how we could help you make the most of your hard-earned money.

NO PAIN, NO GAIN

PLANNING TO GET WHERE YOU WANT TO BE

Successful saving and investing is arguably a lot like exercise – no pain, no gain. As is the case when undertaking a new fitness regime, if you properly commit yourself and stick to it, the eventual outcomes can be very rewarding.

Many people have savings and investment goals in their life, from the old adage of saving for a rainy day to planning for a comfortable retirement. Working out exactly what you want to get out of your investments will help you set realistic targets and keep you on track.

It will also give you an incentive to keep going when you need to and enable you to arrange your personal finances to get you where you want to be.

TYPES OF GOALS

The three most common types of investment goal are retirement planning or a property purchase over the very long term (15 years or more); life events, such as school and university fees over the medium term (10-15 years); and rainy day or lifestyle funds to finance goals such as that dream car or dream cruise over the medium to shorter term (5-10 years).

The minimum time horizon for all types of investing should be at least five years. But whatever your personal investment goals may be, it is important to consider the time horizon at the outset, as this will determine the type of investments you consider to help achieve your goals.

It also makes sense to revisit your goals at regular intervals to account for any changes to your personal circumstances, for example, the arrival of a new member of the family.

INVESTMENT STRATEGIES

Investment strategies should often include a combination of various fund types in order to obtain a balanced and diversified approach. Maintaining this approach is usually key to the chances of achieving your investment goals, while bearing in mind that at some point you will want access to your money. This makes it important to allow for flexibility in your planning.

LONG TERM: RETIREMENT PLANNING

The importance of shifting goals can be seen in retirement planning, where it is quite common for funds to be more geared towards equities in their early stages to try to build capital. As an individual grows closer to retirement age, their pension plan will tend to lean more towards bonds to reduce volatility. Exposure to riskier sectors such as commodities or real estate may also be gradually reduced as the individual ages.

A typical pension plan may start out as 60% equities, 30% bonds and 10% 'other', including real estate or commodities, when the employee starts work. Towards the end of its life, the plan may be 70% bonds, about 20% in equities and up to 10% in cash. This ensures that the person retiring does not become susceptible to a sudden slump in stock markets just as they are about to cash in some of the fund.

MEDIUM TERM: SCHOOL AND UNIVERSITY FEES PLANS

School and university fees planning may involve the same idea of buying a mix of equities, bonds and other investments in order to build enough capital to pay for education. Most plans of this type are geared to begin paying out after a fixed-term horizon, usually ten years, with withdrawals allowed incrementally after that to meet the fees. In this way, they need to be more flexible than pension plans that only pay out on retirement.

For this reason, parents often start plans when their baby is born so that they can start paying out when the child starts secondary school at age eleven, or even years before then, especially if they want their children to go to fee-paying primary or preparatory schools.

SHORT TO MEDIUM TERM: LIFESTYLE PLANS

Investment companies can offer ten-year plans or even shorter savings schemes that help pay out for a future holiday or dream car. A large number of products now exist for this, including Individual Savings Accounts that contain stocks and shares, depending on your timescale and willingness to accept risk. ◀

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READY FOR THE NEXT STEP?

Whether you are looking to invest for income or growth, we can provide the professional financial advice, comprehensive investment solutions and ongoing service to help you achieve your financial goals. To identify which options are right for your individual circumstances or to find out more, please contact us – we look forward to hearing from you.

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BUILDING A STRONGER, FAIRER ECONOMY

INFLATION EXPECTED TO STAY CLOSE TO OR ON TARGET FOR THE DURATION OF THE FORECAST

The Chancellor announced the government's efforts to build a stronger, fairer economy are paying off. He said the economy remains resilient, and is forecast to continue growing.

There have been nine consecutive years of growth, and the OBR has forecast further growth every year for the next five-years.

Since 2010, the economy has grown faster than France, Italy and Japan.

The OBR expects inflation to stay close to or on target for the duration of the forecast.

Business investment is forecast to start growing again from 2020, once businesses have the certainty they need to invest.

Employment continues to break records since 2010, there are now over 3.5 million more people in work, and the OBR forecast employment will increase by a further 600,000 by 2023.

The unemployment rate of 4.0% is the lowest rate since 1975. The OBR forecast it will remain near historic lows over the next five years.

Wages are increasing at their fastest pace in over a decade, and are forecast to continue growing faster than inflation, which means more money in people's pockets.

Since 2010, there are a million fewer workless households and every region and nation of the UK has higher employment and lower unemployment.

The Chancellor confirmed the remit for the Low Pay Commission in 2019 and said a new remit would be extended in 2020. He also announced a new review into the effect of minimum wages around the world, and whether the UK could benefit from implementing innovations from other countries. This is being done with 'the ultimate objective of ending low pay in the UK,' Mr Hammond said. ◀

PUBLIC FINANCES REACH A TURNING POINT

GOVERNMENT'S FISCAL RESPONSIBILITY AND THE HARD WORK

Mr Hammond announced that due to the government's fiscal responsibility and the hard work of the British public, the public finances have reached a turning point.

Borrowing has already been reduced by four-fifths since 2009/10 and debt has begun its first sustained fall in a generation.

Debt fell in 2018, and is forecast to fall continuously, to 73.0% of GDP in 2023/24, compared to the peak of 85.1% in 2016/17.

The public finances have continued to improve since the autumn. Borrowing and debt are lower in every year of the Spring Statement 2019 forecast than at Budget 2018.

The Chancellor announced that the government is focused on keeping debt falling so as to not burden the next generation. The government is taking a balanced approach, reducing borrowing and debt, while supporting public services, investing in the economy and infrastructure, and keeping taxes low. ◀