

Feature Article

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In our first article this month, we step away from financial products and instead set out how we are helping many of you to achieve the life that you want to live. Of course money is an important element of achieving this life, so in this piece we set out how we can help you identify and live the life that you want through expert and careful management of your finances. This is followed by our thoughts on why you should seriously consider saving regularly to achieve your retirement goals, as opposed to once per year contributions.

Finally, there is our usual mix of content that we found on the web that we think will be of interest to you.

Best wishes!

Main Articles

What does your future life look like?

We hope that you have experienced the quiet evolution of our role in recent years. Going back in time, the role of the financial adviser was to help clients to identify gaps that they had in their portfolio of financial products, to find the best products to fill those gaps and to then put these products in place for clients. While this is still an important strand of what we do, our role has evolved in recent years into a much broader and more valuable service.



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Now our role is one of being your financial guide, of helping you to identify the life that you want to live, and then helping you actually achieve this life. Today our most powerful conversations don't start with a long discussion about your money – your assets and debts, your income and expenditure. Instead the conversation centres around you, yourself. Your hopes and dreams, what you want to achieve in your life and what living life on your terms looks like. When you are clear about your desired future life, only then does the conversation turn to being able to afford that life and how we can help you make the life you want a reality.

While developing a financial plan that will guide you to achieve your desired life requires all of our expertise, experience and financial planning tools, the process of achieving it is relatively straightforward. We take you through four main phases of work when working with you on our full lifestyle financial planning service.

Discovery

This is the most important of all of the stages. This is where we help you to identify and articulate your lifetime goals and ambitions, where we help you to visualise your future life in your own terms – the type of life that you will lead, the possessions that you will own, the positive impact you will have on the lives of others, what you will do and achieve in your life.

Until you know the answer to these questions, what are you financially planning for? Just building a pot of money with no idea of what it will allow you to do?

During this phase of work, we revert to the important old adage of “having two ears and one mouth for a reason”. Our role in this is to carefully ask you the right questions that will enable you to visualise your future life. And then we listen intently. It is not “airy fairy”, instead it is the most important conversation that we will have together, as we get to understand your hopes and dreams.

Planning

The second stage is where we apply our expertise and tools to develop the roadmap that will get you from where you are today to achieving the life that you want to live. As part of this, we may use some clever technology that enables us to map out your future cashflows for the rest of your life – how much money you will have every year and whether you will have enough to live the life that you want. Of course we are making a range of assumptions around this, but these assumptions will be fine-tuned during the lifetime of your plan to increase the accuracy of the forecasts.

We will show you whether you are on track to lead the life you've visualised, and if not what you need to do to get on track. We can demonstrate the impact of unforeseen events and how to plan for them, the impact of your goals changing and of course the actions you need to take, or financial habits and products you need to put in place to achieve the plan.

Implementation

This is the phase of work we are often most commonly associated with. It's also the most straightforward of all of the phases. This is where we put the required financial products in place that will play a role in helping you to achieve your goals in life.

Your ongoing guidance

Regular contact and scheduled meetings sit at the heart of lifestyle financial planning. The ongoing interactions turn the plan into a real journey towards you achieving your lifetime ambitions. These regular meetings are the opportunity to review and restate your goals, consider again the assumptions used, review the progress and performance of the actions and products that were implemented, and to keep you on track in terms of your behaviours with your money and investments.

To help you stay on track, we know that we need to be with you at every turn, helping you to navigate your way towards your dreams. We value our appointment as your financial guide and will be in your corner helping you to make the best decisions possible throughout your life.

Our job is done only when you are living the life that you want to lead.

Do you know what your future life looks like and whether you will be able to lead it or not?

Is it time to save regularly for your retirement?

Paying tax bills can be a challenging time for both business owners and sole traders alike. Of course if your business is very successful, tax is simply an expense that needs to be met when your tax payment deadline rolls around. However, there are also many small enterprises that don't enjoy the comfort of high levels of excess cashflow. For these businesses, the tax payment deadline can be a stressful time...



Paying tax bills can be a challenging time for both business owners and sole traders alike. Of course if your business is very successful, tax is simply an expense that needs to be met when your tax payment deadline rolls around. However, there are also many small enterprises that don't enjoy the comfort of high levels of excess cashflow. For these businesses, the tax payment deadline can be a stressful time, gathering all expenses together and working with your accountant to identify ways in which you can legitimately reduce your tax liability.

Pension contributions are rightly viewed as one of the most effective ways of reducing your tax liability. The challenge is often having the spare cashflow to make that pension contribution while also being able to meet your tax payment! And as a result, the pension contribution often gets reduced or indeed removed in order to meet the tax liability. The unintended consequence of this is that your retirement plans and future lifestyle are now at risk.

So what's the alternative?

The approach that many sole traders and business owners take to overcome this problem is to make pension contributions regularly (usually monthly) throughout the year, rather than leaving the pension contribution until the last minute. This approach has a number of advantages.

You're putting yourself at the top of the queue

Leaving your pension contribution until the end of the year results in this payment being based effectively on money available, rather than your retirement plans. The outcome is often a reduced pension contribution and when this happens, the loser is your future self. Your retirement plan is being paid after everybody else, putting you right at the back of your cashflow queue.

The alternative is to work with us on identifying a *sustainable* regular amount. By then making this contribution regularly each month, you have accelerated yourself to the top of the queue, putting your future self before other expenses. After a while, this simply becomes another regular expense of the business (like your rent, salaries, power and other monthly payments) but now you are truly working for yourself and not just to pay other people's bills.

Life is easier at year end

Consider an individual business owner who wants to put aside €20,000 - €25,000 into a pension plan each year. That is quite a significant amount to find at year end at the same time that your tax bill is due. The alternative is to pay maybe €1,500 per month into a pension plan. At the end of the year, you are then only looking to find the balancing amount of €2,000 - €7,000. If your company has had a very good year, a larger balancing pension payment might also be possible.

Yes, by adopting this monthly payment approach you are increasing the regular overhead of the business. But you are doing this now with your own interests at heart. The flip side of this coin is in how you are making life so much easier for yourself at the end of the year, when your tax payment is also due.

You also need to consider though your options in case your business goes through a difficult period. We always advocate flexible retirement plans that enable you to change your regular contribution amounts or indeed take a break from them if needed. We want you to fully look after your future self, but we also recognise that you can't do this while blindly ignoring your current business environment.

You gain from Euro Cost Averaging

Making a single payment each year increases your investment risk. We never suggest that you should try and time the markets and indeed investment risk works both ways – sometimes you gain and sometimes you lose. But the situation that you want to avoid is being up against a deadline (for example the tax deadline) to make a pension contribution at a time when you feel uncomfortable with the investment conditions.

Making a regular contribution significantly reduces this risk. If markets have been performing poorly, well then you are buying in when prices are low – just where you want them to be when you are entering the market. Of course if instead markets have been steaming ahead and you have a nagging doubt that they may be near their peak, they are now relatively expensive. With a monthly contribution, you are now only committing one twelfth of your full year's pension contribution into the market at that time, rather than potentially the full amount. So in effect your regular payment strategy is smoothing your entry points into the market and as a result reducing your investment risk.

We all like to avoid incurring more regular expenses in our business. However this is one instance where it makes sense. Because you're bringing yourself to the top of the queue.

We would welcome the opportunity to discuss your own pension contribution strategy – please give us a call and we will help you to put your future self first.

Telling people not to panic isn't good enough

Have a plan and then stick to it!

'Life keeps evolving': six ways to have a happy retirement

People dread the R-word. And that's a crying shame, because it can – should – be the best time of your life.

A couple who retired in their 30s with 'multi-millions' explain how much they had to save

There is really only one thing that determines how quickly you could join us on the road: savings rate.

Dear Future Me

Bob Dylan hit on a universal truth when he sang about his son and the attraction of remaining young.

The First Things You Should Do After Paying Off a Big Debt

Once you pay off a big debt (or even better, all your debt), the last thing you want to do is ruin your progress by going right back into debt.

Spending rate versus saving rate

The greater the gap between your earning and spending, the faster you're able to grow your wealth snowball and achieve your goals.

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