



Feature Article

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In this issue, we open with an unusual article in which we set out some of our practices that might leave you wondering a bit! This is followed by the latest in our series of articles that is looking at the financial challenges of a particular age group. Now it's the turn of the 60-somethings!

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

5 ways we help you stay on track that might leave you wondering!

We are in the business of helping you to achieve the life that you want to lead, through wise management of your money and by helping you to establish sound financial behaviours. We know from experience that developing a financial plan for you is the first step to enabling you to achieve your desired lifestyle, followed by years and years of relentless and rigorous focus on this plan.



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In relation to your financial behaviours, our role is akin to being your (financial) guardian angel! The biggest factor in wealth destruction is very often the investor's own misguided behaviours and actions. As a result the most important role that we can play is to stop you making mistakes that will impact your wealth. This is sometimes the unseen work that we do, so we thought it would be useful to give you a sense of a few ways in which we add value, without you probably even realising it!

1. Keeping a long-term perspective

This is probably the biggest challenge for investors. You are bombarded every day by news of markets falling (this is followed at some stage by a rise again – every time), economic warnings, news of financial meltdown – all potential threats to your financial wellbeing. As a result you could be tempted to constantly make “tactical” changes. The problem is that more often than not, you'll make the wrong changes and most of these doomsday scenarios never come to pass. Even when they do, they correct themselves given time.

So we avoid this short-term news and focus on your plan, which is all about your long-term financial health. We are confident that we have put the right strategies in place to help you achieve your goals over the long-term and we don't get distracted by short-term noise. It might appear like we're doing very little. In fact we're usually doing you a huge favour by avoiding any unwanted activity!

2. Seeing volatility as your friend

Volatile markets are very good for your wealth! While they might (temporarily) be very bad for your nerves, there is a real upside to volatile markets. We are real believers that saving regularly is a core

principle of long term wealth. When markets drop, your savings buy more assets – think of these opportunities as an asset sale! Market falls offer a great opportunity for buyers (savers). Unfortunately for many people, market falls result in the panic button being pressed and people getting out of markets – selling when prices are low. This is bad for your financial health... so we will help calm your nerves when markets are volatile.

3. We'll encourage you to do very little

Constantly tweaking your portfolio makes an adviser look very busy, possibly even appear as an expert who is making highly brilliant changes for your benefit. Unfortunately in most situations, the opposite is actually the case. Developing a plan, developing the right investment strategy to achieve that plan and then sticking with the strategy (and right behaviours) over many years is the road to success.

4. We'll follow the plan and not the markets

Following the markets means you're driving while looking through the rear view mirror. You're basing your future decisions on what is gone and behind you, rather than the road in front of you. We want to keep you looking forwards, as this is all you can influence. If we can help you do the right things that will have a huge impact on your future financial wealth, then we'll have done a good job. So we'll spend much more time talking about how much you are saving (and spending!) rather than investment performance, as these are the factors that will make the most difference to the achievement of your financial plan, and ultimately your desired lifestyle.

Yes investment performance is important. But it's gone, it's over. And it doesn't tell us anything about the future. We can't time markets any better than you can. Nor can fund managers. So very often those little tweaks will simply be the wrong action to take. Review the plan, change the plan as needed and adjust the investment strategy in line with the plan is the road to success. Not "brilliant" short-term bets.

5. Not getting bogged down in products

Similar to the last point, we can make the biggest difference to your financial health by helping you to avoid making mistakes, and by guiding you to do the right things to improve your future. This usually has very little to do with products. Of course, we will make sure that you have the right life cover, income protection and investment products in place, that goes without saying. But while keeping them under review, we let them do what they are meant to do.

Instead we focus on the more important items. Have you got your wills completed and up to date? Should you have Enduring Power of Attorney in place? Are your bank accounts optimally set up to enable you always to be able to access your money? Are you controlling your spending, in line with your financial plan? And are you saving enough for your desired future life? All nothing really to do with products, but these are the things that will make the big difference to you in the future.

In summary, it all comes back to developing your financial plan, and the strategy to achieve that plan. And then by all of us staying out of the way (while keeping everything under constant review) and letting products and markets do what they are supposed to do over many years.

Your 60's - cruising to the end of your working life

This month it's time for the latest in our series of age related articles – welcome to the world of the sixty-somethings! As you (potentially) approach the end of your working life, you are at a really important stage in your financial life. We hope to give you some food for thought to ensure you make the wisest financial decisions to see you through the next phase of your life.



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Plan carefully for the end of your working life

It is really important that you are getting the best financial advice at this stage – there are so many significant decisions that need to be taken. You want to work with somebody who can confidently confirm to you the lifestyle that you can afford into the future, who can help you plan your financial life **for the rest of your life**.

Your adviser needs to have their finger on the pulse too in relation to all of the pension related opportunities that are available for you – maximising tax-free cash opportunities, carefully planning your post-retirement strategy and deeply understanding the various tax reliefs that are available to you. The days of saving until you're 65 and then buying a fixed income for the rest of your life are long gone. Now is the time to start thinking about managing your pot of money wisely until the day that you die.

Of course if you are a business owner, you need to have clear line of sight of your exit strategy and how you will generate the maximum personal value from your exit from the business.

Keep saving while you're earning

Now is not the time to ease off on your savings, instead you need to put your foot to the floor! Your expenses have probably reduced – your mortgage hopefully is in the past, the kids are educated and have moved out and you have more spare cash.

Remember your time horizon for saving is no longer age 65, it's until you die. So the more you save now, the better your lifestyle will be later in life.

Review your investment strategy carefully

In the past when your time horizon was age 65, it used to be all about having everything in cash or other low risk assets at this stage. Now that people are financially planning into their 80's and 90's (and beyond), your time horizon is longer and your investment strategy needs to reflect that. We will always carefully consider your total investment timeframe before carefully constructing your investment portfolio for you.

An example of such a strategy that some people consider is an investment "glide path". Instead of putting all of your money into low risk assets as before, some use a rule of thumb of keeping "age 100 minus your current age" in equities. So, a 65 year old would have 35% of their investments in equities. While such rules of thumb are useful, we will always look at your individual circumstances, your own specific attitude to risk and all of your available assets in deciding what's right for you.

Know your current (& likely future) expenses

As the days of earning income draws towards a close, a significant factor that will impact your future wealth is your expenditure. Now is the time to get crystal clear on what you spend. So actively track your spending, know how much you're going to need in the future to live the life that you want. Then we can demonstrate to you everything that is financially achievable for you for the rest of your life.

Keep your emergency fund full and protection in place

There can sometimes be a temptation to think that you've cleared all the hurdles and can now just start spending your hard-won savings. Unfortunately things can go wrong at any stage in life. That emergency fund that you had built up is still really important to see you through any significant bumps in the road.

Your life cover and specified illness cover are also still very important. You may not need as much cover as before, but you still need to protect your loved ones and yourself against future disasters. And it's a fact of life that you're also more likely to claim at this stage in your life too...

Think about future work (seriously!)

We suggest that you look at future work opportunities too. However you will be doing this as much for the mental wellbeing benefits as for the actual financial benefits. And you will only look at work on terms that suit you – doing work that you like, in a location that is easy for you and where the work hours really fit around the rest of your life. Work at this stage should be a source of enjoyment, not a chore!

As the world of work draws towards an end, you still hopefully have a very long life in front of you. So it is really important that you retain a long-term view of your finances and get really good advice in doing so. And that's why we're here. We want to guide you to allow you live the very best life that you can lead, for the rest of your days.

Around the Web

Volatility: The long-term investor's unlikely ally

Volatility creates opportunities. This is quite a long article but there are useful thoughts in it.

Household debt levels rise for second time since the crash

For the economy as a whole, we don't want to see significant increases in household debt. Hopefully this is just a blip.

If you're under 40 you should be hoping for another stock plunge, says pundit Josh Brown

Josh Brown is not your average Wall Street pundit. This is worth a read if you've been feeling jittery about markets.

How Much Money You Need to Be Happy

How much money do you need to be happy? Some people believe the best things in life are free.

Food for thought

In times of volatile markets, remember that the financial independence journey is a marathon, not a sprint.

Five fun ways to teach kids about money

It's never too early to start talking to your little ones about money.

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