BPI House
Bourne End Business Park
Cores End Road
Bourne End
Bucks
SL8 5AS

T 01494 442700
T 01628 566234
E info@bpinvestment.com
www.bpinvestment.com

YOUR MONEY WINTER 2019

INSIDE THIS ISSUE

ARE YOU AND YOUR FAMILY PROPERLY PROTECTED FOR 2019?

One of the primary reasons people take out life insurance is to ensure that in the event of their death, there would be a financial payout available to those they leave behind. However, the great thing about insurance is that it comes in a number of different forms and it can protect you and your family against a variety of risks that can happen to anyone at any time.

LIFE'S UNEXPECTED EVENTS

Insurance policies can also protect you against the impact of falling ill, having an accident, or through no fault of your own finding yourself unemployed, by providing cash to help you deal with your financial loss. It's worth remembering that the younger and healthier you are when you take insurance out, the lower the premiums are likely to be.

If you haven't got proper protection in place for you and your family, then you could be vulnerable if you faced one of life's unexpected crises. We can help you find the cover that's right for your needs.

DOES YOUR MONEY NEED A NEW YEAR WORKOUT?

We can all be guilty of letting our finances go, especially over the Christmas season. So now is a good time to take a long look at the state of your wealth and review the plans you have in place for the future. Regard us as your personal trainer, here to help you get your money in shape.

ADDING BULK TO YOUR SAVINGS

With the tax year-end approaching, it's a good idea to maximise the amount you're saving into your ISA. The allowance for the 2018-19 tax year is a bountiful £20,000, and the tax benefits are alluring. Don't leave it to the last minute, the longer the money is in your ISA account, the more opportunity it has to grow.

TONING UP YOUR RETIREMENT PLANS

If it's been a while since you last looked at your pension, it may be time to get it reviewed. To enjoy a comfortable retirement, it pays to save as much as possible for as long as you can. The state pension will only ever provide a basic safety net.

PUMPING UP YOUR PROTECTION PLANS

If you haven't reviewed your protection plans, you may find that you need more cover. If you've recently bought a house, had a baby or changed jobs this could mean you need to think about a different type of plan to meet your new needs. Policies don't just provide a payout on death, they protect against the effects of critical illness, provide an income if you're unable to work due to an accident or sickness, and can protect your mortgage payments.

STRENGTHENING YOUR INVESTMENTS

Now could be a good time to revisit your portfolio. If you haven't informed us of a change in your circumstances, get in touch. We will ensure that your investments remain in line with your risk profile and if necessary, rebalance your assets to ensure you achieve your current goals.

So, make 2019 the year you keep your financial plans fit and well. Why not schedule a review meeting?

Income protection (with no investment link) has no cash in value at any time and will cease at the end of the term. If you stop paying premiums your cover may end. The value of investments and income from them may go down. You may not get back the original amount invested.

A pension is a long-term investment. The fund value may fluctuate and can go down. Your eventual income may depend on the size of the fund at retirement, future interest rates and tax legislation.

IN THE NEWS...

MILLENNIALS PUT PROPERTY BEFORE PENSIONS

Many younger people are focusing on a home of their own and overlooking the need to start saving for their pension, analysis from Prudential shows[1].

Their survey found that 35% of millennials prioritise saving for a deposit over their retirement. 19% say buying a house is the main reason they don't save more into their pension, while 10% say student debt prevents them saving. 9% admit that frequently changing jobs affects their ability to make pension contributions.

GIFTING PREMIUM BONDS

Changes announced in the 2018 Budget mean that National Savings and Investments (NS&I) will now allow people other than grandparents and parents to gift Premium Bonds to a child. The minimum investment is lowered to £25 from £100 from the end of March 2019. So anyone will be able to buy bonds for children aged under 16.

POOR HEALTH PROMPTS RETIREMENT

One factor that undoubtedly plays a major part in workers deciding when to retire is their state of health. A recent study[2] found that nearly four million employees over the age of 50 in the UK expect poor health to be the main reason they retire. Work pressures were ascribed by 21% of those surveyed as a major strain on their physical and mental health, with 37% reporting that their work could be detrimental to their health and wellbeing.

A pension is a long-term investment. The fund value may fluctuate and can go down. Your eventual income may depend on the size of the fund at retirement, future interest rates and tax legislation.

[1]Prudential, Oct 2018
[2]Aviva, Sep 2018

HURRAH! PENSION TAX RELIEF UNCHANGED

Although there had been much speculation, the Chancellor stopped short of major pension changes in his 2018 Budget speech, leaving pension tax relief unchanged. Other than the raising of the Lifetime Allowance in line with the Consumer Prices Index to £1,055,000 for the 2019-20 tax year, the rules surrounding pensions will stay the same.

AN INCENTIVE TO SAVE

Pensions continue to offer enticing tax breaks aimed at encouraging us all to provide for our later years. If you contribute to a pension, or if your employer deducts your payments from your salary, you automatically get 20% tax relief as an additional deposit into your pension pot. Higher-rate taxpayers can claim an extra 20%, while those paying additional-rate tax can claim back an extra 25%. At age 55, you can take 25% of your savings as a tax-free lump sum. There are different ways of doing this, including taking the tax-free cash only, taking part of the tax-free cash, taking a lump sum including the tax-free element and taking the whole pension fund including the tax-free cash.

BAN ON PENSIONS COLD-CALLING

The Chancellor announced that the long-awaited ban on pensions cold calling would at last be implemented following Parliamentary review. Cold calling is a common tactic used by scammers to try and access pension pots and has resulted in people losing substantial amounts to fraud.

The government's new rules make it illegal for companies to call people out of the blue and discuss their pension plans. Unsolicited calls are banned and only companies authorised by the Financial Conduct Authority who have your prior permission, or a trustee of your workplace scheme, will be allowed to call about your pension.

KEEPING YOUR PENSION PLANNING ON TRACK

If you're self-employed, an employee, work part-time, run your own business or have accumulated pension pots with past employers, we can offer you the advice you need. If it's been a while since you checked out your pension, then why not arrange to see us for a review?

A pension is a long-term investment. The fund value may fluctuate and can go down. Your eventual income may depend on the size of the fund at retirement, future interest rates and tax legislation.

IF YOU'RE SELF-EMPLOYED, MAKE 2019 THE YEAR YOU SORT OUT YOUR PENSION

Being your own boss has risen in popularity over the last few years. There are now around 4.8m self-employed workers in the UK[3], representing around 15% of today's workforce. Whilst being your own boss comes with lots of benefits, it does mean that you have to be responsible for your own pension arrangements and can't rely on an employer scheme.

Recent research[4] shows that many self-employed people aren't making provision for their retirement years. More than two-fifths (43%) do not have a pension plan. Up to two out of five (36%) say they can't afford to save into one. Nearly a third (31%) expect to rely entirely on the State Pension to fund their retirement.

DON'T NEGLECT YOUR FUTURE

If you're self-employed, saving for a pension can be harder than for employees. Irregular income patterns can make regular contributions more difficult. But there are plans available that can give you the flexibility you need, and the good news is that your contributions are topped up by income tax relief.

A pension is a long-term investment. The fund value may fluctuate and can go down. Your eventual income may depend on the size of the fund at retirement, future interest rates and tax legislation.

[3]Office for National Statistics, Feb 2018
[4]Prudential, Aug 2018

SINGLE ADULTS FIND PENSION SAVING MORE DIFFICULT

Research[5] shows that single people find it more difficult to save for retirement than those who are married or cohabiting. The survey estimates that more than six million single adults are under-prepared for retirement.

Just 47% of single people are saving enough for their future and a quarter, 2.8m, aren't contributing to a pension.

Starting a pension and planning for retirement makes sense, whatever your circumstances; even small amounts saved regularly into a pension can, usually boosted by tax relief, mount up over the years.

A pension is a long-term investment. The fund value may fluctuate and can go down. Your eventual income may depend on the size of the fund at retirement, future interest rates and tax legislation.

[5]Scottish Widows, 2018

TEENAGERS SAVVIER THAN MILLENNIALS

Research[6] has revealed that 16-year-olds have higher levels of financial literacy than 19 to 39-year-olds – suggesting financial education in English secondary schools is having a positive impact.

More than 1,000 people in England were tested on their personal finance skills, sitting a financial literacy exam to gauge their understanding of key financial principles such as calculating the best interest rates, analysing the impact of inflation, understanding the difference between good and bad debt and choosing the right supermarket multiple purchase deal.

[6]Noddle, Nov 2018

REBUFFING RETIREMENT REGRETS

We'd all like to think that our later years will be enjoyed and not just endured. Thankfully, most people find their retirement a relaxing and enjoyable period of their lives, an opportunity to take long holidays, pursue their hobbies and spend more time with friends and family.

However, some people can find retirement more of a struggle than they would like. When they have regrets, they're often to do with the way they planned for their retirement and the decisions they did or didn't take about their finances whilst there was still time.

ENSURE YOU'RE SAVING ENOUGH

Lack of money is likely to be the most obvious regret. If you haven't saved enough for your retirement everything else becomes more difficult and your opportunities to enjoy life are more limited.

Regularly reviewing how much you're saving towards your pension will ensure that you know how much you're likely to have to live on when you retire and will give you the chance to increase your contributions if you can afford to. Remember, the State Pension isn't overly generous and on its own won't make for a financially-comfortable retirement.

Research[7] warns that many workers aren't saving enough for retirement and risk sleepwalking their way to a pension that will, in effect, be less than the minimum wage. Don't let this happen to you.

TAKE ADVICE

Those retiring today can expect to have several decades of active life ahead of them. Making the right choices about when and how much to take from your pension can help ensure that your funds don't run out too soon. Getting good financial advice can help ensure that you have a plan in place that meets your likely pattern of expenditure and keeps funds in reserve in case you need to pay for nursing or residential care.

LEARNING TO SAVE

Junior Individual Savings Accounts (JISAs) are a good way for children to learn about the benefits of accumulating money for the future, and develop good savings habits that will stand them in good stead throughout their lives. Your child can have a cash JISA, or a stocks and shares JISA, or a mixture of the two.

The advantage of a JISA is that they are tax-free, and once the account has been opened by the parent or guardian, anyone can make contributions, including grandparents, friends and family. The savings limit for the 2018-19 tax year is £4,260 per child, rising to £4,368 from April 2019.

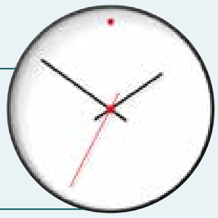
Children gain control of their JISA at age 16, but the money cannot be withdrawn until they are 18. At that point, the account is automatically rolled over into an adult ISA, a valuable facility for teenagers who want to continue saving or investing tax-efficiently.

A pension is a long-term investment. The fund value may fluctuate and can go down. Your eventual income may depend on the size of the fund at retirement, future interest rates and tax legislation.

[7]Aviva, Sep 2018

TIME FOR AN ISA TOP-UP?

With the tax year-end fast approaching, if you're planning to save into your ISA, don't miss out on this great way to save tax-efficiently. You can't carry any unused allowance over to the next tax year, so timing is important.



The ISA allowance for the 2018-19 and 2019-20 tax years is £20,000.

The value of investments and income from them may go down. You may not get back the original amount invested.

IF YOU WOULD LIKE ANY ADVICE OR INFORMATION ON ANY OF THE AREAS HIGHLIGHTED IN THIS NEWSLETTER, PLEASE GET IN TOUCH.