VISION

Issue 6 | Christmas 2017

MAGAZINE

Impartial, accountable and trusted

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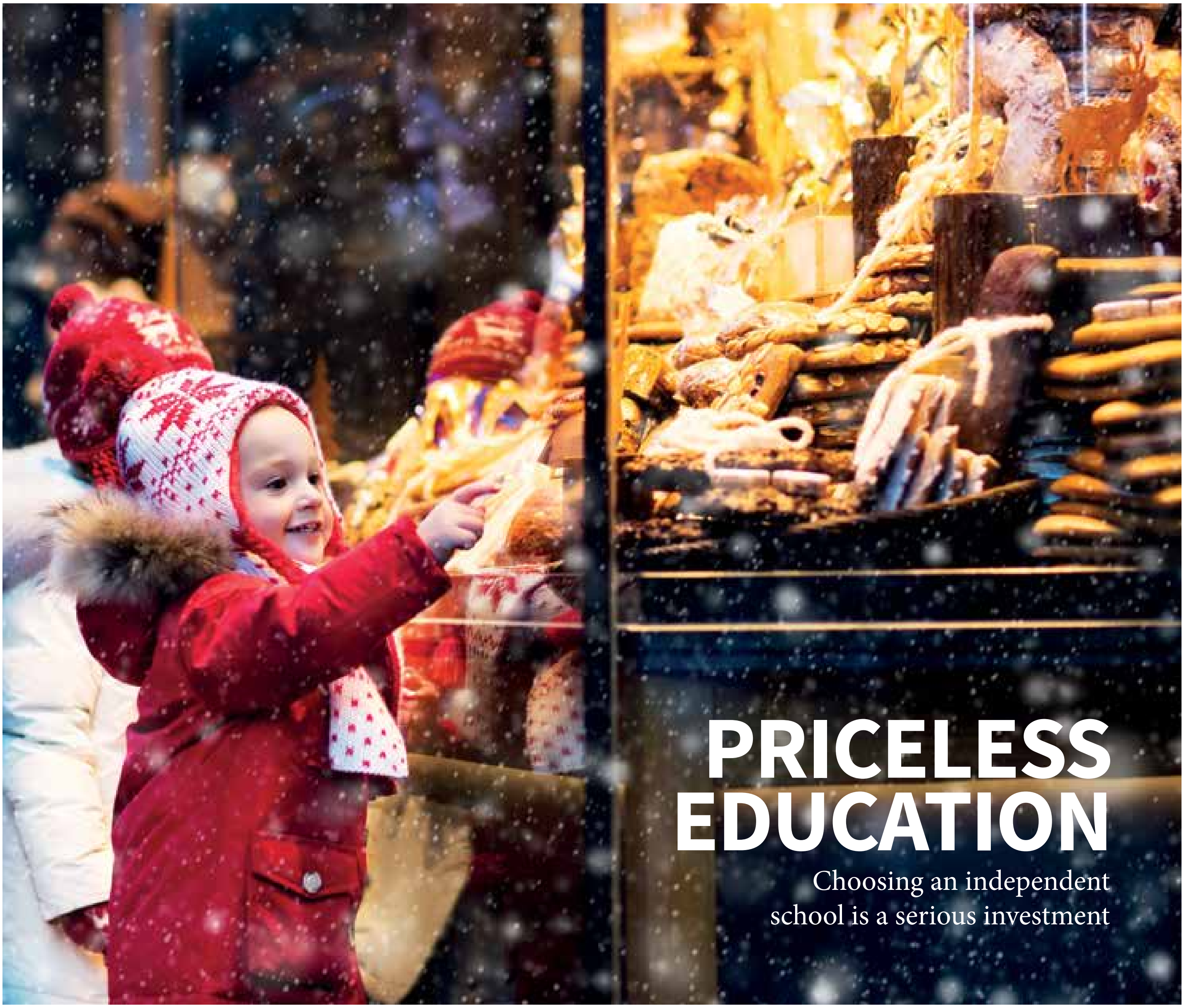

PRICELESS EDUCATION

Choosing an independent school is a serious investment

SG WEALTH MANAGEMENT
Impartial, accountable and trusted.

Incorporating
Stan Gaskin Ltd
Financial Advisers

Welcome to issue 6 of *Vision Magazine* and my first missive as the newly appointed Marketing Manager here at SG Wealth Management! It's an exciting time to be joining the company, and you can read more about me and my role here on page 05.

With Defined Benefit (DB) pension transfers still highly topical in the news, we retain our stance of providing completely impartial advice on the disadvantages and advantages of transferring pension benefits into a personal pension scheme. Although this is not the best option for some people, we have recently helped many new clients for whom this was the best course of action. Read more about how we worked with our client, Peter, to advise him on his options on page 07.

Also in this issue, you can read about our second wonderful annual Gala evening as principal sponsors of Norwich Baroque (page 06) and how delighted we are to be sponsoring them again for a third year.

Just before we went to press, the Chancellor presented his Autumn Budget, so we've included some of the main headlines on the back page.

The full list of articles featured in this issue appears opposite.

We hope you enjoy reading this issue and find it informative. To discuss any of the articles featured, please contact us.

Helen Tavner, Editor

SG WEALTH MANAGEMENT
Impartial, accountable and trusted.

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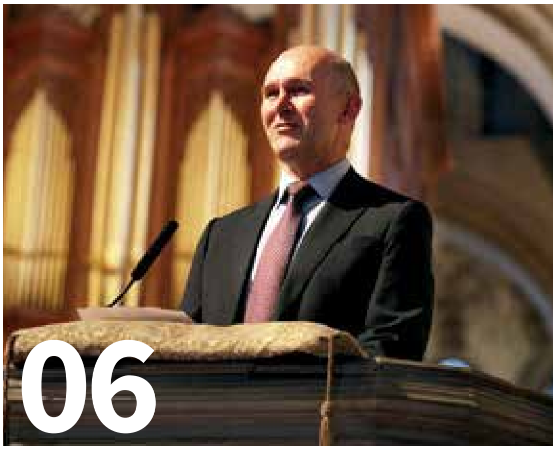

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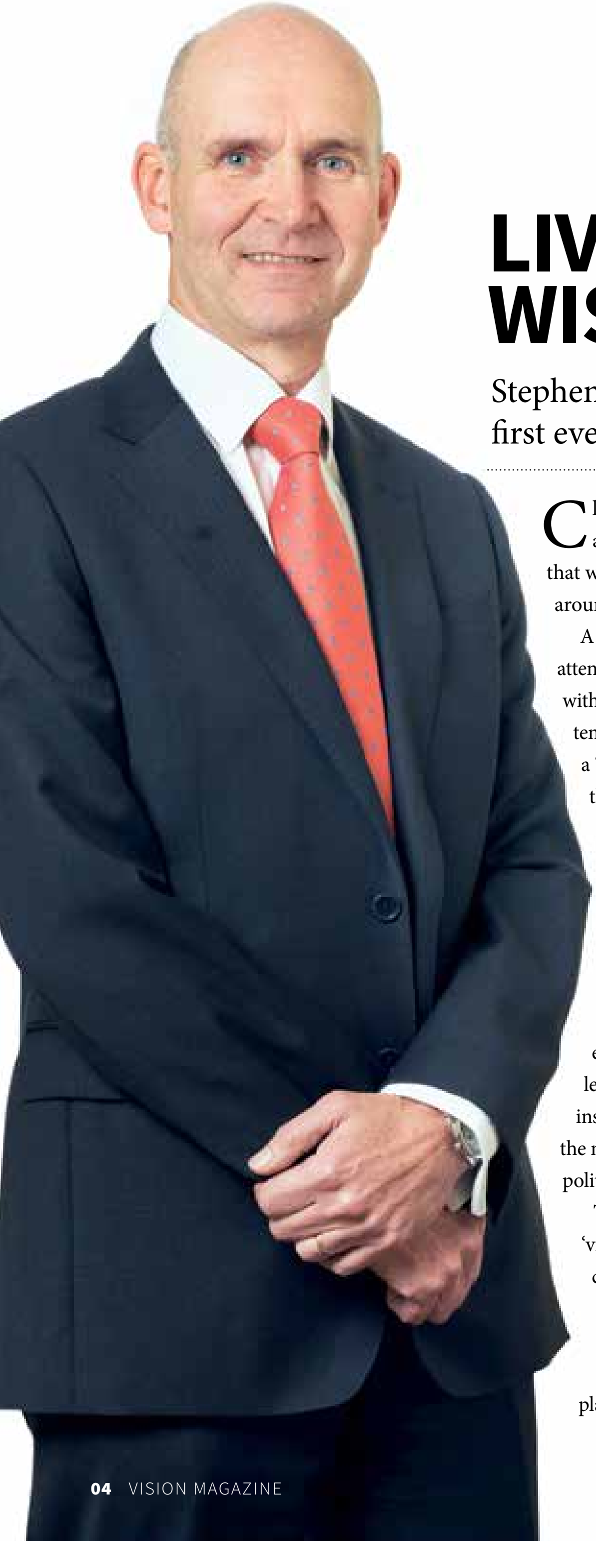

LIVE THE LIFE YOU WISH TO LIVE

Stephen Girling, Managing Director, reflects on his first ever festival

Clocks have gone back, the leaves are falling, and the ice on the car windscreens tell us that winter is approaching and Christmas is just around the corner.

A bit of a surprise for me then to have just attended a 'festival', which one often associates with balmy summer days and evenings, pop-up tents, and loud music. However, this was a 'Festival of Financial Planning', held at the NEC, Birmingham and attended by some 3,000 delegates who, like me, had come to hear the latest thinking on future financial trends, see the latest technological innovations (the Tesla Model X looks very impressive!) and hear from many informed speakers. Top of the bill was Sir Vince Cable, former chief economist at Shell and current Lib Dem leader who gave us a non-party political insight to his view on Brexit, the economy and the many current uncertainties both in world politics and economics.

The marketeers had really gone for it – a large 'village green' with a stage, food vans, and ice cream and popcorn sellers too. Proceedings were even opened by a group of Morris dancers! Of the many speakers, I picked up a strong theme throughout that good financial planning is now at the top of most clients' wish lists and at the heart of an increasing number of advisers' business models. We at SGWM would heartily agree, as it is what we have preached, practised and (hopefully) delivered since inception. The many tax wrappers and investment funds are all tools we use to try and meet our clients' ultimate goals and 'live the life you wish to live', which may even include dancing to a thumping rhythm at Glastonbury or Woodstock!

And with Christmas approaching…

Over the years, many of you have kindly endorsed and referred us to those you know who you feel could also benefit from our 'client-centred' approach to financial planning, due to your personal experience of what we do for you. From next year, we will now be saying 'thank you' with a nice case of wine (or similar) should you refer us and we then gain a new client.

I hope you enjoy this latest edition of *Vision*, and as always we appreciate any feedback. Merry Christmas and best wishes for the New Year from all of us here at SG Wealth Management. ■

Stephen Girling
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NEW MARKETING MANAGER JOINS SG WEALTH MANAGEMENT

We have recently appointed Helen Tavner as our new Marketing Manager

With almost 30 years' experience in a variety of roles including PR, advertising, marketing, design and event management, my remit here will be to ensure we have a strategic approach and consistency across all of our marketing platforms.

Most recently, I was employed by Virgin Money, where I worked in the main marketing department as a Communications Manager, Over the years, I've also worked for Aviva, Orbit Housing and Which?, plus commercial radio and a local design agency.

Needless to say, I am delighted to be joining SG Wealth Management. We have a strong client-centric ethos which is built on core values of impartiality, accountability and trust, all of which are demonstrated through our high-quality service. I am looking forward to being integral to our ambitious growth plans and in making sure our marketing strategy delivers a joined-up approach and accountable results.

I am from Middlesbrough in the North East originally, but I've lived in Norwich for 26 years, and in my leisure time I enjoy Zumba, dancing, gardening, walking and interior design. I am also passionate about animal welfare. ■

Helen Tavner
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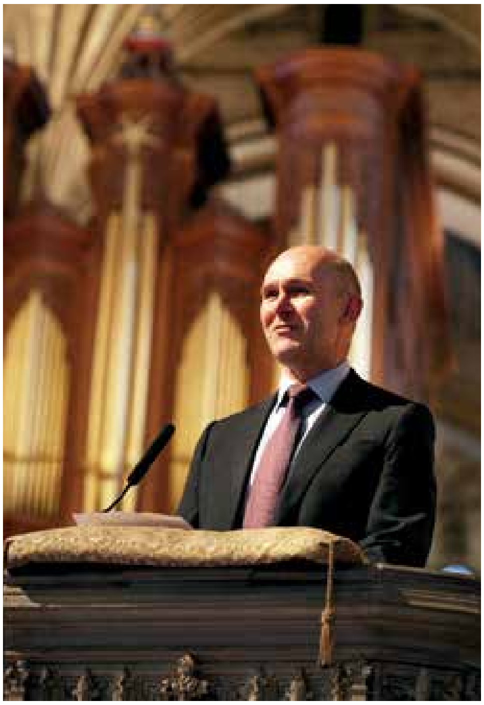
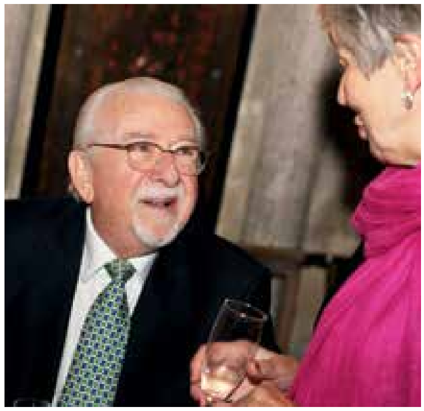
“I am delighted to be joining SG Wealth Management. We have a strong client-centric ethos which is built on core values of impartiality, accountability and trust, all of which are demonstrated through our high-quality service.







A MAGICAL GALA EVENING WITH NORWICH BAROQUE

Over 500 people enjoyed the spectacle

Our 2nd annual Gala concert on Saturday 2 September saw us once again welcoming over 500 people to the stunning surroundings of Norwich Cathedral. Guests were treated to an outstanding performance of Bach's *Brandenburg Concertos* – a pillar of the Baroque repertoire.

Featuring five solo instruments in different combinations of instrumental variety and virtuosity, the performance was wonderfully upbeat, then magically still and full of catchy melodies from a fine group of soloists.

Commenting on the evening, our Managing Director, Stephen Girling, said, 'It was wonderful to see so many people enjoying the annual Gala concert again. As an established and important part of the arts in Norfolk, we are delighted that our support is helping the orchestra grow and develop.'

"It was wonderful to see so many people enjoying the annual Gala concert again. As an established and important part of the arts in Norfolk, we are delighted that our support is helping the orchestra grow and develop.

On a different 'note', we are delighted to announce that we have once again agreed to renew our principal sponsorship of Norwich Baroque throughout 2018, and we will also continue to offer all new clients one year's complimentary membership of Friends of Norwich Baroque. To find out more about the orchestra, the benefits of being a Friend and to view the concert line-up for next year, visit **norwichbaroque.co.uk.** ■

REVIEWING YOUR RETIREMENT PLAN

A closer look at Defined Benefit Pension schemes

By transferring your Defined Benefit Pension scheme rights to a personal pension, you may have more flexibility in retirement and upon death.

There will be valuable guarantees included within your occupational pension, and we will be able to assess whether or not it is beneficial for you to transfer and give these up. With historically high transfer values (the Bank of England's base rate rise could impact transfer values, since an increase in rates is likely to see gilt yields rising), now is a good time to at least consider your options as part of reviewing your retirement plan.

In order to assess whether a transfer is the right option for you, we would first complete an income versus expenditure exercise. This looks at you drawing pension benefits from your expected retirement age – compared to you retaining your Defined Benefit Scheme pension rights – to what your retirement might look like upon transfer.

We suggest looking to work towards your maximum income requirement, with a low net annual investment return assumed, as investment returns are by no means guaranteed. We also factor in charges and inflation.

Our analysis will take into account all assets disclosed, and the possible impact of any Lifetime Allowance charge, in assessing how your income needs can be best met to age 100 (and beyond).

Whether a transfer is suitable is specific to each individual and is not for everyone.

Investment returns are required, and it is important to understand that consistent growth is not guaranteed and unlikely. There is also a risk that actual growth is less than inflation, which means your pension fund could run out during your lifetime. People need to be willing and able to take the financial risk of these eventualities occurring if a transfer is to be considered at all.

It is important to assess the pension rights held as part of a full retirement income plan. ■

David Tooley
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CASE STUDY

Peter, who is almost 55 and single, having been divorced since 2010, came to us for help in assessing what option was best for him. The financial cost of his divorce, alongside bringing up two children, had depleted his finance – and with a large mortgage in place, Peter was resigned to working into his late sixties.

Through a former colleague, Peter heard that Defined Benefit Pension scheme transfer values had increased significantly. He had accrued scheme rights himself through a previous employer, and his final salary pension entitled him to £12,500 a year from age 60. Peter requested a transfer value and was offered £565,000 in exchange for his benefits.

Peter's main aim was financial security. By transferring his pension, he was able to access a larger tax-free cash sum (usually 25% of the fund), which could be utilised to pay off his mortgage, with the residual fund value used to provide for his income in retirement, which we were able to demonstrate could be met through modest investment returns.

The mortgage had been a burden on Peter, and being able to pay this off from age 55 has lifted a big weight from his shoulders. The key reasons for transferring were to allow Peter to control when he retires and pass on what he can to his children both during his lifetime and after. Without the cost of servicing his mortgage, Peter can retire from age 55, but he feels he is likely to work for longer, at least part-time anyway. He now works because he wants to, not because he has to.

On Peter's death, each of his children will inherit 50% of his pension fund, as a pension. If he dies before age 75, they can draw tax-free income or lump sums; after age 75, they will be taxed at their marginal rate for Income Tax. This is a significant benefit compared to his Defined Benefit Pension, which would have ceased on death, unless he were to remarry.

YOUR WEALTH, YOUR LEGACY

Families shying away from difficult conversations

If you have significant assets, you may be wondering whether Inheritance Tax (IHT) affects you. Worryingly, some families appear to be shying away from difficult conversations, as almost half (47%) of UK adults say they have never discussed inheritance matters, according to new research[1].

IHT receipts increased by 22.9% in the first quarter of this tax year, according to data from the Office for National Statistics. The figures show that more than £2 billion has been taken from people's estates in IHT since March.

EXTREMELY EMOTIONAL SUBJECT

Talking about estate planning is an extremely emotional subject, as people generally don't like talking about money or death. However, the research shows that around one in ten people would like to talk about it but haven't found the right time, and some people just don't know where to start (7%).

When someone dies, the value of their estate becomes liable for IHT. Everyone is entitled to pass on assets of up to £325,000 IHT-free. This is called the 'nil-rate band'. It hasn't changed since 2009 and will remain frozen until 2021. Any excess above £325,000 is taxed at 40%.

RESIDENCE NIL-RATE BAND

The new £100,000 residence nil-rate band was introduced in April 2017. It will increase in steps to £175,000 in April 2020, so married couples or registered civil partners with children will be able to pass on up to £1 million IHT-free. The residence nil-rate band is only available when passing on the family home, or the value from the sale of it, to a direct descendent, so it is important to consider structuring your estate to make the most of these allowances.

The research of 4,000 UK adults shows that a quarter (26%) of people say they haven't discussed the subject with loved ones because they're not old, so it's not a priority. However, age isn't the only factor preventing people from talking about inheritance, as one in seven (14%) say they don't like talking about death, and one in ten (11%) say they avoid it because it's a morbid subject.

TALKING TO LOVED ONES

While more than a third (36%) of people say they don't feel comfortable talking about their legacy, there are some life events that may prompt people to talk to loved ones about this important subject, such as a health scare (52%), a near-death experience (46%) and getting older (46%).

There are also some people who hold the key to unlocking inheritance conversations. After their partner or spouse (32%), people feel most comfortable talking to their mum (8%) or a financial adviser (8%) in the first instance.

PASSING ON WEALTH

Of those who have broached the subject, most (36%) have talked about passing on wealth when they die, a quarter (26%) have discussed Will writing, and one in five (18%) have discussed passing on personal items such as jewellery and photos. One in ten (10%) say they have talked about which belongings they want to give to loved ones while alive.

The research suggests that as people live longer and have healthier lives, many may be torn between the desire to help loved ones while also maintaining their own financial independence. Those who have a plan estimate that 65% of their wealth will be needed to cover their 'cost of living', leaving them able to pass on a quarter (25%) to loved ones in a Will and to share 10% with their family as a 'living legacy' while they are alive.

RETIREMENT OR LATER-LIFE CARE

Gifting wealth – whether it is money, property or family heirlooms – is important to Britons, with half (45%) hoping to pass on a legacy to loved ones. The research shows that the most common reason over-50s choose to pass on wealth after they have died is because they are worried their loved ones won't have enough money to fund retirement or later-life care (52%). Other reasons include wanting to help family members even if they're not here to see them receive it (47%), and leaving younger family members something to remember them by (26%).

Those over 50 opting for a living legacy are motivated by the thought of being around to watch loved ones benefit from their wealth (49%) and thinking that younger family members need the money more than they do (23%). One in eight (12%) also see the financial benefits of gifting money while they're alive and plan to do so for tax reasons.

> IHT receipts increased by 22.9% in the first quarter of this tax year, according to data from the Office for National Statistics.

PROVIDING FINANCIAL SUPPORT

In fact, more people are stepping in and providing financial support to family members this year, compared to last year. For instance, 59% intend to fund family weddings and deposits for first homes in 2017, compared to 52% of people in 2016[2].

5 CONVERSATIONAL TOPICS ABOUT INHERITANCE TO HAVE WITH YOUR LOVED ONES

1. The importance of an up-to-date Will

When you are making a Will, this is a good time to talk to your family about your wishes. The research found just four in ten (40%) of over-55s have an up-to-date and valid Will.

2. Take advantage of the gift allowance

You can give away £3,000 each year, and this will not be subject to IHT. In addition, parents can gift £5,000 to each child as a wedding gift, while grandparents can give £2,500. However, the research shows one in three people don't know how much you can gift each year without having to pay IHT.

Gifting money regularly throughout the year can be a great way to financially help loved ones, and it can also reduce your IHT liability. Some people will find it hard asking for money, so try and speak to your children and grandchildren to find out if you can help them with something specific, such as a new car or school fees.

3. Let life events help you start a conversation

The research shows that some life events, such as a health scare, could prompt people to talk to their loved ones about inheritance matters. However, there are some positive events, like a birth in the family or getting married, that can also make people evaluate their plans. Use these opportunities as a way of talking to relatives about how you would like to pass on your wealth.

4. Talk about later-life care

Social care is a much-talked-about topic, and many people are worried about how they will pay for care when they get older. As a result, people may be starting to plan for this earlier than previous generations. It's important to talk to your family about the care you want so they stay true to your wishes. This could be the perfect time to introduce the subject of inheritance, as estate planning and later-life care go hand in hand.

5. Talk about family heirlooms

If you find it hard to approach the subject of estate planning with your family, then a good place to start could be talking about family heirlooms. People love to hear stories about older relatives, even if they never had the chance to meet them. Talking about items that are important to you or were important to other family members can be a great way to start a conversation about estate planning. ■

John Griffin
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Source data:
[1] Brewin Dolphin
[2] YouGov surveyed 10,951 UK adults online between 10 and 16 August 2016

Looking to secure more of your wealth for your loved ones?

Planning for what will happen after your death can make the lives of your loved ones much easier. To discuss putting in place an estate plan to reduce or mitigate Inheritance Tax, please contact us – don't leave it to chance.

DON'T WORRY, BE HAPPY

How to build a sustainable retirement income plan

It is impossible to consider retirement, and our experience of it, without also considering how we'll pay for it. But almost 30% of people over the age of 55 are unsure if they will be able to retire on their current savings, according to new research[1].

Four out of five Britons are unhappy with the amount they are putting into their pension fund every month, while one in four people regret not starting to save for retirement earlier in life.

A Financial Conduct Authority (FCA) retirement income study has pointed to some of the risks faced by individuals with pensions who are approaching retirement.

ONE IN FOUR BRITONS REGRET NOT STARTING TO SAVE FOR RETIREMENT EARLIER IN LIFE

1. Take advice

As people approach retirement, it is crucial they take advice. The FCA has reported that non-advised people almost always remain with their existing pension provider instead of shopping around.

2. Think twice before disinvesting your pension

Half of people are taking their pension savings out but not actually spending it. Instead, they are investing the proceeds into other products. This could be in cash, Individual Savings Accounts or buy-to-let properties. These actions will result in them giving up the advantages that pensions offer, such as future tax-free investment growth.

3. Do you need to touch your pension?

Pensions are not included in an individual's estate on death, which means Inheritance Tax of up to 40% will not apply. They used to be subject to a separate 'pensions death tax' but this has been removed as part of the pension freedom reforms. Now any unused drawdown funds can be passed on and will be tax-free or taxed at the beneficiaries' marginal rate of Income Tax.

4. Can you afford to retire early?

The FCA report says 72% of pension pots are accessed before age 65, and individuals rarely consider 'the future and any of the broader issues around how much they would need to live off'. Many people want to retire early, but it is important to ensure that won't leave an income shortfall later on. A lot of people underestimate how long they will live for.

5. Don't rule out an annuity purchase

Drawdown has surged in popularity versus annuities. However, before going into drawdown, people should consider which option best suits their needs. For instance, if they cannot afford for their pension to run out, considering an annuity may be more appropriate. Or they may decide to combine drawdown with an annuity to balance flexibility with security.

6. Consider your housing wealth

Many people have a good deal of their wealth tied up in their home. Relying on their home in retirement is difficult, and accessing it isn't always simple. However, it is possible to access that wealth through equity release schemes or downsizing. ■

Henry Gaskin
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Source data:
[1] Pension Geeks

PRICELESS EDUCATION

Choosing an independent school is a serious investment

Parents or grandparents wishing to give their children or grandchildren the benefit of an independent education face startling costs. This is followed after school by the costs of a university education, which are also considerable. However, with careful planning, it may be possible to avoid a huge outstanding student loan or tax burden.

Choosing an independent school is a serious investment. Recent figures show that average boarding school fees stand at over £30,000 a year, with day-only attendance costing more than £17,000. These fees continue to rise, last year increasing by 3.5% compared to 2015[1].

FINANCIAL SACRIFICE FOR MANY PARENTS

The overall cost for just one child can end up being about the same as buying an average home in the UK. That's a massive financial sacrifice for many parents, leading them to wonder if it's better to pay for their child's education or save the money to help them onto the property ladder later in life. In any case, without planning ahead, the cost can be a huge money sink or lead to further borrowing.

There are a number of simple strategies to consider. The first option to consider is likely to be Individual Savings Accounts (or 'ISAs'), along with directly held investments in the parents' own name. This means that they will keep the right to access capital at any point with little or no tax liability through the ISA. In addition, the directly held portfolio can be used to take annual gains tax-free if within the Capital Gains Tax (CGT) allowance (£11,300 for the 2017/18 tax year).

DEFERRED RATHER THAN EXTINGUISHED

Once ISA and CGT allowances have been used, further capital could be held via an investment bond. This allows a portfolio to be invested and offers the facility for 5% per annum to be drawn on a tax-deferred basis (deferred rather than extinguished),

> "The overall cost for just one child can end up being about the same as buying an average home in the UK.

which can be particularly useful when it comes to paying annual school fees.

Investment bonds offer UK resident individuals a number of attractive benefits. The allowance is tax deferred, rather than 'tax-free'. If the 5% withdrawal allowance is not taken in any policy year, the unused allowance can be carried forward on a cumulative basis. If a withdrawal is taken which is over the 5% cumulative allowance, the excess is added to the policyholder's other taxable income and taxed as savings income in the tax year in which the policy year end falls. On the final policy encashment, all previous withdrawals are accounted for when calculating the overall policy gain.

REDUCE THE TAX LIABILITY ON ANY EXCESS

Top slicing relief may reduce the tax liability on any excess. However, if capital is required from the bond – which is in excess of the cumulative allowance – it is maybe more tax-efficient to surrender individual policies (segments) rather than take a partial surrender from across the entire bond.

In some situations, surrendering full segments could have immediate tax benefits. However, it is important to note that thereafter the allowance will be based on the initial premium paid in relation to the remaining segments. ■

Hefty price tag?

When it comes to our children, a good education is priceless – but sending them to an independent school comes with a hefty price tag. If you are planning on giving your children or grandchildren a start in life by planning for their education, we can discuss with you the various options available. To find out more, please contact us.

Stuart Sutton
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Source data:

[1] Independent Schools Council, annual census 2017

BALANCING ACT

You've worked hard for your money – now investing can get your money working harder for you

Before investing, you need to decide how much risk you are willing to take and consider your ability to deal with any losses. Some investors are happy to take higher risk if there is a chance for higher returns over the longer term, while others don't want to accept any risk. Others may sit somewhere in the middle. The value of investments can go down as well as up, and so there is always a risk that you may not get back the amount you put in.

WHAT ARE MY FINANCIAL GOALS?

Whether you decide to save or invest your money will depend on your financial goals and attitude to risk. If your financial goals are shorter term, such as saving for a car or holiday, you will be unlikely to want to take any risk with your money and might prefer to keep it in a savings account. If you have a longer-term goal, you may be willing to accept the risks of investing in exchange for the potential for better returns.

COULD I MANAGE IF MY INVESTMENT FELL IN VALUE?

Think about whether you could afford to lose your money or manage financially if your investments fell in value. Would your lifestyle be impacted? Are others financially dependent on you, and how would they be impacted? Your own financial situation will impact how you feel about this and how much of your money you are investing.

WHAT IS MY ATTITUDE TO RISK?

Whilst most investments carry the risk that you may not get back the amount you invested, some types of investments carry more risk than others. The general rule of thumb is that the more risk you take, the greater the potential return – but also the greater the potential loss. The less risk you take will generally reduce potential losses but offer less potential returns.

When you invest, the value of your investment will fluctuate. Some investors are comfortable with the value of their investment going up and down over time, while others may prefer to see less or no fluctuations. You need to be happy with the level of risk you are taking.

HOW DO I UNDERSTAND INVESTMENT RISK?

Trying to understand and decide on the level of risk you are willing to take with your investment can be a difficult task. Understanding some of the risks that an investment could be exposed to could help you assess how much risk you are willing to take. Growth from your investment cannot be achieved without exposure to some risk.

Some investment funds are more risky than others, so how do you decide which investments are most appropriate for you based on how much risk you are willing to take with your money? One way of balancing potential returns whilst limiting investment risk is to spread your money across different types of investment. This is called 'diversification' and is an investment concept meaning that you avoid putting all your eggs in one basket. ■

Susan Steel
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Get your money working harder for you

Does it feel like your savings aren't earning as much as you'd like? You've worked hard for your money – now investing can get your money working harder for you. We believe you'll be better off having the best information to hand to make investment decisions. To review your investment objectives, please call us to arrange a meeting.

'EMPTY NESTERS' PLAN TO DOWNSIZE

Convenience rather than cash is the biggest motivation

There are plenty of reasons why moving into a smaller home makes sense, and more than 3.9 million over-55 'empty-nesters' approaching retirement are planning to downsize to a cheaper property later in life[1] – but it is convenience rather than the cash that is their biggest motivation.

The nationwide study found nearly half (47%) of over-55 homeowners are planning to sell and move to cheaper homes in later life. On average, they expect to raise around £112,000 in equity by downsizing with around one in ten (11%) expecting to make more than £200,000. In fact, more than one in seven (13%) said they could not afford to retire unless they downsized.

NOT ALL ABOUT THE MONEY

However, it is not all about the money – the main reason for downsizing is the convenience of running a smaller home in retirement. Nearly three quarters (74%) rated convenience as their main reason for downsizing compared with just 28% who said they were doing so mainly to release cash for retirement. Meanwhile, just over one in three (34%) said having a smaller garden was a major motivation.

However, worries about a shortage of homes suitable for retirement, fees and high property prices are the major reasons deterring some older homeowners from downsizing, the study found.

LACK OF SUITABLE AVAILABLE HOUSING

A lack of suitable available housing is the main reason over-55s believe downsizing is not more popular – nearly four in ten (38%) blame the lack of suitable houses, while 24% blamed the cost of moving in terms of stamp duty, solicitors and estate agents, and 17% say high house prices put people off.

> "Nearly three quarters (74%) rated convenience as their main reason for downsizing compared with just 28% who said they were doing so mainly to release cash for retirement.

Of those who expect to raise money from downsizing, 60% will use it to boost their retirement funds and improve their standard of living. Nearly half (47%) will use the cash for travelling more, while 13% want to release equity to help their children buy a house, and 14% will simply give the cash to their children. ■

Andrew Morley
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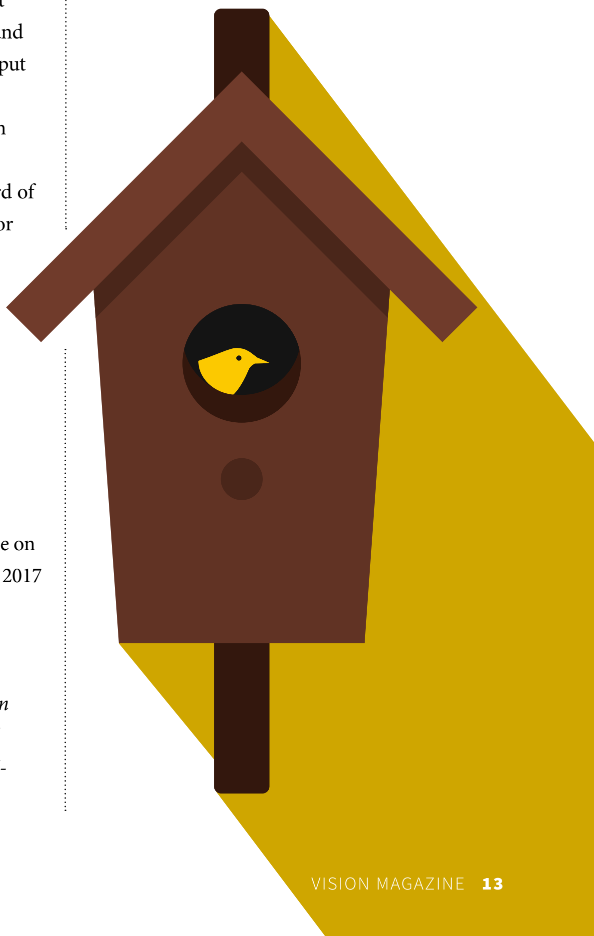
Source data:
Research conducted by Consumer Intelligence on behalf of Prudential between 22 to 23 August 2017 among 1,092 homeowners aged 50+

[1] Estimate based on English Housing Survey showing 7.725 million homeowners aged 55+ in England and Wales (www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report), National Records of Scotland figures showing 1.04 million households with 55+ heads of households (www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/housholds/household-projections/archive/1998-based-household-projections/tables#table4), and home ownership rate of 58% in Scotland (www.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/TrendTenure)

Considering making major financial decisions?

The results highlight the fact that many people are worried that the costs involved in moving house may eat into the equity they'll be able to take from their home. If you are considering making major financial decisions in the run-up to retirement, such as selling your home, you should obtain professional financial advice for guidance on your pension options. Please talk to us.



RETIREMENT DELAYS

Access to health and well-being support in the workplace

There is now a clear trend of people working for longer and delaying their retirement. Although some are staying in work out of financial necessity, others want to keep working because they value the mental and social stimulation their job brings.

One of the primary concerns people have about working beyond their 50s is the impact this could have on their health, or whether any health concerns might prevent them from working.

ACCESS TO HEALTH AND WELL-BEING SUPPORT

Although it's hard to predict what the future might bring, having access to health and well-being support in the workplace can help minimise the impact health problems have on people's ability to work. Flexible working options and reduced responsibilities are also a way of ensuring those with developing health concerns can remain in the workforce.

More than five million workers over the age of 50[1] are concerned that health issues will prevent them from prolonging their working lives. Half (55%) admit to fearing that work will become detrimental to their health, or they might not be well enough to keep working, including 13% who say this is already an issue for them.

ADVICE AND INITIATIVES IN THE WORKPLACE

Fewer than one in five (17%) over-50s workers say they have access to well-being advice and initiatives in the workplace which could help prevent health issues from impacting their careers.

While the research suggests the average over-50 worker expects to retire completely at 66, many intend to work into their late 60s and beyond. Nearly half (48%) now expect to work past the age of 65 – the former Default Retirement Age – including nearly one in four (23%) who plan to work beyond 70, and 13% who do not expect to ever retire fully. Two in five (41%) don't know when they'll be able to retire fully.

OLDER EMPLOYEES ALREADY EXPECT TO RETIRE LATER

Many older employees already expect to retire later than they planned to at a younger age. Among those who know when they expect to retire[2], three in five (62%, or 3.6 million people) say their expected retirement age is older than they thought it would be ten years ago. In 2010, the average retirement age for men and women was 65 and 62 respectively[3]. The research suggests the average expected retirement age for both men and women in 2017 is 66.

Those retiring later than planned are partly doing so out of financial necessity. Two in five (43%) do not have enough in their pension savings to retire when they wanted to, and 32% say the cost of living means they cannot afford to stop working. ■

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Source data:
The Real Retirement Report is designed and produced by Aviva in consultation with ICM Research and Instinctif Partners. The Real Retirement tracking series has been running since 2010 and totals 29,568 interviews among the population over the age of 55 years, including 1,177 in July 2017 for the latest wave of tracking data (Q2 2017). This edition examines data from 3,327 UK adults aged 50 and over, of whom 1,829 are still working.

[1] ONS Table A05: Labour market by age group: People by economic activity and age (seasonally adjusted). There are 9,934,000 workers aged 50 and above
[2] Representing 59% of over-50s workers, or 5,861,060 people
[3] ONS Pension Trends – Chapter 4: The Labour Market and Retirement, 2013 Edition

MONEY TALKS

Six reasons why 'financial well-being in the workplace' is the next big thing

Following a new report from HM Treasury and the FCA, helping employees to manage their finances is a hot topic – and set to get even hotter.

HERE ARE 6 REASONS WHY:

1. Filtering content

The Internet is a noisy place, and one frequently distorted by the need for advertising revenue. Employers can add significant value simply by curating and filtering services for their staff – and by doing so impartially.

2. Productivity

Financial worries are one of the main causes of stress at work[1], potentially affecting engagement and productivity. Providing support tools that empower employees to plan for their future can make them happier, more loyal and more productive.

3. Bulk buying

Benefits bought through the workplace can often be cheaper than those employees can find on their own. Providers are able to spread the risk while reaching a far greater potential customer base without the need for hefty advertising and promotional costs.

4. Convenience

In a world of 'one-click' buying, financial services are playing catch-up. Employers are uniquely placed to help reduce the hassle of financial services by making it easy to find tricky bits of information (like NI numbers) or even allowing payment via payroll. It might seem minor, but removing small obstacles makes a surprisingly big difference.

5. The war for talent

The battle's already begun. Providing financial services through the workplace is already happening. Those employers offering it are a step ahead in attracting and retaining the best talent, while those lagging behind are forced to follow suit just to stay competitive.

6. Demographics

One size doesn't fit all when it comes to financial priorities. Baby boomers are likely to be looking at pensions and Generation X may be juggling work with childcare, while Millennials are thinking about how they can step on to the housing ladder. Employee benefits need to match the increasingly diverse make up of today's workforce. ■

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Source data

[1] CIPD. (2016). Absence Management 2016: Annual Survey Report, p29

AUTUMN BUDGET 2017

Key announcements at a glance

ECONOMY

- Growth forecast for 2017 downgraded from 2% to 1.5%
- Gross Domestic Product (GDP) downgraded to 1.4%, 1.3% and 1.5% in subsequent years before rising to 1.6% in 2021/22
- Annual rate of Consumer Price Index (CPI) inflation forecast to fall from a peak of 3% towards 2% target later this year
- £3 billion to be set aside over next two years to prepare UK for every possible outcome as UK leaves EU
- Productivity growth and business investment revised down – the non-partisan Office for Budget Responsibility (OBR) reports an average of 0.7% off UK trend productivity growth each year, meaning the economy will be 3% smaller in 2020 than previously expected
- Another 600,000 people forecast to be in work by 2022

PUBLIC BORROWING

- Annual borrowing £49.9 billion in 2017, £8.4 billion lower than forecast in March
- Borrowing forecast to fall in every subsequent year from £39.5 billion in 2018/19 to £25.6 billion in 2022/23
- Public sector net borrowing forecast to fall from 3.8% of GDP last year to 2.4% this year, then 1.9%, 1.6%, 1.5% and 1.3% in subsequent years, reaching 1.1% in 2022/23
- Debt will reach 86.5% of GDP this year, then fall to 86.4% next year, 86.1%, and 83.1% and 79.3% in subsequent years, falling to 79.1% in 2022/23

PERSONAL TAXATION/PENSIONS

- Tax-free personal allowance on Income Tax to rise to £11,850 in April 2018
- Higher-rate tax threshold to increase to £46,350 Bereaved spouses to claim backdated marriage tax allowance
- Short-haul air passenger duty rates and long-haul economy rates to be frozen, paid for by an increase on premium-class tickets and on private jets
- National Living Wage to rise in April 2018 by 4.4%, from £7.50 an hour to £7.83
- Weekly basic State Pension to rise by 3% from April 2018 to £125.95
- People covered under the new State Pension to see an increase from £159.55 to £164.35 a week

HOUSING AND STAMP DUTY LAND TAX (SDLT)

- SDLT abolished from 22 November for most first-time buyers purchasing properties worth up to £300,000
- First £300,000 of the cost of a £500,000 purchase by all first-time buyers exempt from SDLT from 22 November to help those in London and other expensive areas
- Reduction will apply immediately in England, Wales and Northern Ireland, although the Welsh Government will have to decide whether to continue it when SDLT is devolved in April 2018. It will not apply in Scotland, unless the Scottish Government decides to follow suit £44 billion in government support for construction industry to meet target of building 300,000 new homes a year by the middle of the next decade
- Introduction of a 100% Council Tax premium to be levied on empty properties
- Land banked by developers for financial reasons to be compulsory purchased
- Review into delays in developments given planning permission being taken forward

WELFARE

- £1.5 billion to help deal with the delivery of Universal Credit payments
- Seven-day initial waiting period for processing of Universal Credit claims to be scrapped
- Universal Credit claimants to get 100% advance payments within five days of applying from January 2018
- Universal Credit payments to take five weeks rather than the current six
- Repayment period for advances to increase from six to twelve months
- New Universal Credit claimants in receipt of Housing Benefit to continue to receive it for two weeks

HEALTH (ENGLAND ONLY)

- £2.8 billion in extra funding for the NHS in England
- £350 million immediately to address pressures this winter, £1.6 billion for 2018/19 and the remainder in 2019/20
- £10 billion capital investment fund for hospitals

EDUCATION (ENGLAND ONLY)

- £40 million teacher training fund for underperforming schools in England. Worth £1,000 per teacher
- 8,000 new computer science teachers to be recruited at cost of £84 million
- Secondary schools and sixth-form colleges to get £600 for each new pupil taking maths or further maths at A Level or Core Maths at an expected cost of £177 million

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