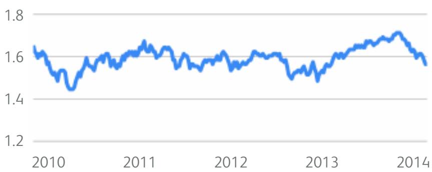
2plan® wealth management

financial Newsletter

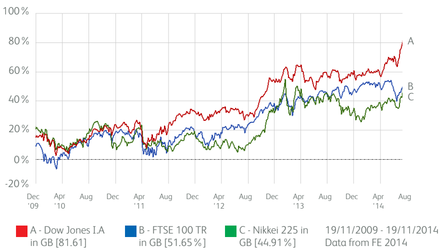
Edition 14

What is the British Pound worth vs. Euro?

What is the British Pound worth vs. Dollar?



World stock market performance over last five years.



Agenda

1. Key economic and market update
2. Avoiding fraud and scams
3. Investors actively seek out Independent Financial Advisers
4. The importance of a life cover policy
5. Long term investment is key to a comfortable financial future
6. Retire assured

KEY FACTS & FIGURES – The UK Economy		
BoE Base Rate	0.5%	Nov. 2014
Unemployment	6.0%	Jul. – Sept. 2014
Inflation (CPI)	1.0%	Nov. 2014

Base rate remains stable

UK interest rates have been kept on hold at a record low of 0.5% for nearly six years.

Inflation

- UK inflation rate falls to 12-year low of 1% in November.
- The Consumer Prices Index (CPI), which covers the cost of basic household goods - fell to a rate of 1% in November from 1.3% in October.
- Inflation as measured by the Retail Prices Index fell to a five-year low of 2%, down from 2.3%.
- The Office for National Statistic (ONS) said falling fuel prices, caused by the decline in global oil prices, have brought the costs of both road and air travel down, with petrol prices down 5.9% in November.
- Additionally, food prices fell by 1.7%.

Average pay overtakes inflation for first time in five years

- Growth in average pay for UK workers overtook inflation for the first time in five years in Autumn 2014, according to data from the ONS.
- Wages excluding bonuses rose by 1.3% in the year to September, beating the 1.2% CPI inflation rate.
- Including bonuses, earnings rose by 1% from a year earlier, the ONS said.

Unemployment

- The ONS also said that UK unemployment in the July-to-September period was down 115,000 on the previous quarter, cutting the total to 1.96 million.
- Comparing the estimates for July to September 2014 with those for April to June 2014, employment continued to rise and unemployment continued to fall. These changes maintain the general direction of movement since late 2011/ early 2012.

Avoiding fraud and scams

When it comes to investing your money, the old adage 'if it sounds too good to be true it probably is', certainly rings true.

However, with interest rates at record lows, even the most experienced investors can find themselves tempted by schemes that purport to offer high returns on their investment. While legitimate opportunities certainly do exist there are an increasing number of bogus schemes, leaving investors at risk of being conned by scams and fraudsters.

Even if you are a seasoned investor it is sensible to be cautious and know what to look out for. While fraudsters are using increasingly sophisticated methods to con their victims, there are some common signs that should set alarm bells ringing.

Cold calls

If somebody calls you unexpectedly or sends an unsolicited email offering you an investment opportunity, it is likely to be a scam. Companies authorised by the Financial Conduct Authority (FCA) are highly unlikely to contact you randomly to sell investment products.

Pressure to invest

Fraudsters often use high pressure sales techniques to persuade people to invest. They could put time restraints on the opportunity with phrases such as 'this opportunity won't be around for long', or offer bonuses and discounts for those who sign up within a certain time frame. Other common signs include selling the investment as an exclusive opportunity, and repeated phone calls which are long and even threatening.

Downplayed risk

Fraudsters will downplay the risk of the opportunity to make it more tempting to their victim. They may use legal jargon to convince them their money will be safe, or talk about how they will own and be able to sell any assets if the investment does not work.

Promised returns

Bogus investment opportunities often offer tempting returns which sound too good to be true, for example by offering better interest rates than anywhere else on the market. Remember – if it sounds too good to be true it probably is.

There are many ways you can protect yourself from fraudulent investments and scams that use these methods. The first is to check that the company is legitimate by checking their listing on the FCA register, and ensuring that they are not fraudulently using another company's name. The FCA website also provides a warning list which potential investors can check their opportunity against.

http://scamsmart.fca.org.uk/warninglist/

However, the best way of protecting yourself is to seek good independent advice before making any new investment. Your 2plan adviser will give you impartial and truly independent advice on any investments you are thinking of making, and will use their experience and expertise to advise you whether an opportunity is legitimate and advisable.

Investors actively seek out independent financial advisers

Recommendations from family and friends play a key role when it comes to choosing a financial adviser, but investors continue to state that 'independence' is the most important factor.

That's according to research independently carried out by a specialist consultancy focused on the insurance and investment industries.

56% of those asked how they would go about finding a new financial adviser said they would ask family and friends for a recommendation (42% said they'd ask another professional; and 31% said they would use a website).

But, when asked which would be the most important factor when actually choosing a financial adviser following their own research, 50% said that their decision would be based on whether the adviser was independent (i.e. an IFA) or not. Only 27% said they would make the actual decision based on recommendation from family or friends.

This research clearly indicates that 'independence' is a deciding factor when it comes to choosing a financial adviser.

Why is that?

Being independent - as opposed to restricted - means that an IFA can advise from right across the market, with the aim of finding the right solution for you.

Therefore, if required, they can research and arrange any product through any provider; unlike a restricted adviser, who will, as the name suggests be 'restricted' to limited types of products or providers.

2plan wealth management is absolutely committed to independence, and every adviser that works under the 2plan wealth management brand is an IFA.

A good IFA will keep the cost down for you rather than artificially inflate premiums or platform charges for their own financial benefit.

As recent stories in the press have shown, even internet search engines are sometimes selective in the providers they highlight to you, based on whether there is a financial incentive for them.

Although this is quite often not clear for clients to understand, rest assured that, at 2plan wealth management, there is a clear focus on costs to ensure that your interests are always at the heart of any recommendations.

We also pride ourselves on transparency. Our Personal Client Agreement (PCA) will ensure at outset that you fully understand all the costs involved in dealing with 2plan wealth management.

The document promotes our 'four-step' financial advice process and sets out the terms on which we will do business with you, to ensure transparency. Using the PCA, you will agree with your adviser the services that are appropriate and relevant to your needs and understand how much you will be charged.

Independence is - as the research demonstrates - highly valued by both client and adviser alike. 2plan wealth management and its advisers have no intention whatsoever of giving up their prized 'independent status'.

The importance of a life cover policy

Many people fail to recognise the importance of life cover and its place in a solid financial plan.

If you don't currently have a life cover policy in place, you're not alone, as it is estimated by Swiss Re that over half of the UK adult population do not have this protection. With all the uncertainties that life can bring it is important that you protect your family's most valuable asset – you!

If you have a family that are dependent on your income, a good life cover policy could mean the difference between them scraping by and being financially secure. Even if you are not the main breadwinner, life cover can ensure that your family are not saddled with any outstanding debts, mortgage costs and funeral expenses you may leave behind.

For business owners, a good life cover policy could ensure that your business can continue to operate in the event of your death. With the right cover in place, whether you are a director or a partner, you can ensure that there is enough capital to keep the business from deteriorating if the worst happens.

Arguably the most important thing life cover provides is peace of mind. We understand that many individuals worry about the people they would leave behind. Life cover can provide you with security that the family and the business you love will be well looked after in the event of your death.

A term assurance policy is the most basic type of life cover and means that you choose the amount you want to be insured for and the length of time that you want your cover to last. If you die within this term, the policy will pay out. As these policies have a fixed term, they can be an ideal way to cover the repayment of mortgages and give your family financial protection.

Alternatively you can choose a whole-of-life policy, which are ongoing policies that will pay out in the event of your death, with no fixed term.

A further consideration will involve whether it is in your interests to place the cover under trust, to ensure your beneficiaries receive the proceeds of the policy as per your wishes.

Whatever your interests in taking out life cover, it is important to seek out independent advice that you can trust, so you get the right policy for you. Your 2plan wealth management IFA can assess your situation and advise you on the options that are available. 2plan wealth management IFAs offer truly independent advice, meaning they can research the whole of the market to ensure you get the right policy for your individual circumstances.

Long-term investment is key to a comfortable financial future

Deep down, nearly all of us would love to get rich quick. How would you go about doing that?

Win the lottery? That's one way.

Come up with a groundbreaking new piece of life-changing mobile technology? Somewhat difficult, and it takes a lot longer than many might think to actually bring an idea of that extremely rare kind to fruition.

A gung-ho roll-of-the-dice on the stock market? That could work. The overwhelming likelihood, however, is that it won't. And the risk to your finances could be too great to take.

2plan wealth management strongly believes in investments. But long-term investments that bring you long-term rewards. A 2plan wealth management IFA's interest is in helping their clients to plan towards financial stability, comfort and peace of mind – something we feel can only really be achieved through long-term planning and sensible asset allocation.

Asset allocation is an investment strategy that aims to balance risk and reward by allocating a portfolio's assets. The four main asset classes - equities, fixed-interest, property and cash - have different levels of risk and return, so each will behave differently over time.

Your 2plan wealth management adviser will agree your asset allocation with you based on your individual financial goals, attitude to risk and investment horizon (the total length of time that an investor expects to hold a security or portfolio).

We believe that a well thought-out, sensible asset allocation strategy designed to suit your individual needs will serve you well in the long-term. Resisting the temptation to dip in and out of stocks is key to this strategy.

That is because you are very unlikely to be able to enter and exit the market at the right moments, so the approach will be to stay invested and come to terms with the fact that this means coping with the inevitable ups and downs.

Although market volatility can never be entirely removed, you can mitigate its effects. Diversifying your investments across a range of assets - which should help to offset weaknesses at any given time in some areas with strengths in others - can help you to do that.

Your 2plan wealth management adviser will be at pains to make sure that you keep your investment horizon in mind - and to remember that long-term investors should not be deterred by short-term declines.

History - and our own extensive experience - clearly demonstrates that, over the long-term, a well-diversified portfolio should create a positive return above the rate of inflation.

Let your asset allocation and your 2plan wealth management adviser do what they do best – helping you on your way to financial peace of mind.

Retire Assured

You may be about to retire and want assurance on investing, maximising and protecting your pension. You may have dependents. Or belong to the so-called 'sandwich generation', with ongoing responsibility for both children and ageing parents, and need assurance your pension is suitable for multiple needs.

Whatever your position, it is important to take a panoramic view and 'cherry picking' the right option for you.

What you need to know

The ways in which you can draw your pension are changing from April 2015. You will have greater freedom and more options.

You can currently take up to a quarter of your pension savings as a tax-free lump sum when you retire. From April 2015, individuals aged 55 or above will be able to take the whole of their pension pot as a cash lump sum, subject to a potential tax charge.

Currently, although you don't have to buy an annuity with your pension pot, you are not allowed to withdraw it all as a lump sum unless it falls under specific rules governing 'small pots'.

Consider how taking a lump sum will affect your retirement income. For example, being able to take up to a quarter of your pension savings as a tax-free lump sum represents a significant tax break. If you took the money as a pension income instead – for example, by buying an annuity – you'd pay Income Tax on it.

So, what if you don't wish to draw a lump sum or don't have a 'small pot'?

Buying an annuity - a financial product which converts your pension fund into a regular income regardless of the financial market performance - is one option. We now have 'better annuity options': people can select from a much wider product base. The 'open market option' allows people the right to 'shop around' and enhanced annuities (available to those with health issues) can offer potentially up to 40% more income.

Alternatively you can opt to keep your pension fund invested, with the option of taking a specified level of income (drawdown) from this.

Independent advice is your best option

It is vital to research the whole market. 2plan wealth management IFAs – as opposed to restricted advisers that focus on a limited selection of products and/or providers - can offer the full range of financial products and providers available. Our passion, here at 2plan wealth management, is to create tailored advice to suit your specific needs.

At a time where what you do with your money has never been more important, you need to ensure you have made full use of all of the options available to you in a changing pensions landscape, especially as retiring is one of the biggest financial decisions of your life.

If you would like to discuss any of these topics in more detail, please feel free to contact me to make an appointment. If you have friends, family members or colleagues who you think would be interested in these topics, please pass this newsletter to them.

2plan®
wealth management

safety in numbers
2plan.com

The information contained in this newsletter is based on 2plan wealth management Ltd's current understanding of tax laws as at December 2014. These laws are subject to change at any time and 2plan wealth management Ltd cannot be held responsible for any decisions made as a result of this newsletter. Tax advice is not regulated by the Financial Conduct Authority.

2plan wealth management Ltd is authorised and regulated by the Financial Conduct Authority. It is entered on the Financial Services Register (www.fca.org.uk/register) under reference 461598.
Registered Office: 3rd Floor, Bridgewater Place, Water Lane, Leeds, LS11 5BZ.
Telephone: 0113 302 1369. Registered in England and Wales: 05998270