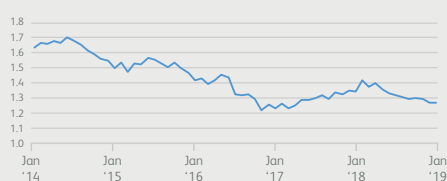


What is the British Pound worth vs. Euro?



What is the British Pound worth vs. Dollar?



FTSE 100 Chart



KEY FACTS & FIGURES – The UK Economy

BoE Base Rate	0.75%	February 2019
Unemployment	3.90%	December 2018
Inflation (CPI)	2.00%	December 2018

Agenda

Zurich

Are we in a new volatility regime?

Pension drawdown investors remain resilient despite market volatility

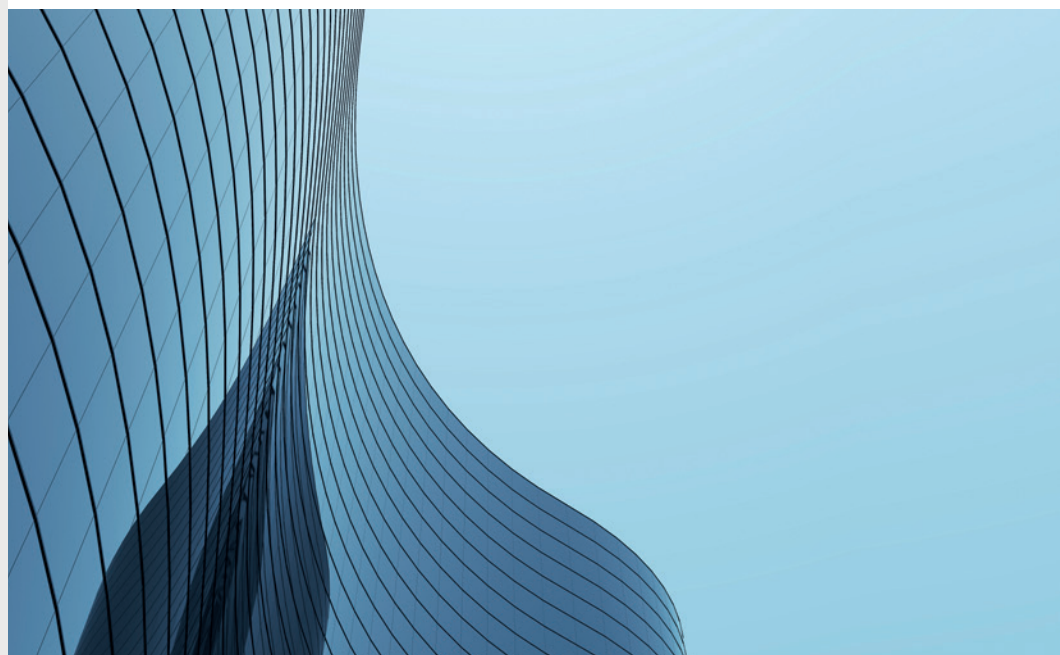
Built for income – How to generate income in retirement

VitalityLife – How drinking (a little) less coffee can be good for your financial health

The clock is ticking...

The Architas outlook – Risks and opportunities in 2019

Communication is key



Base rate

The Bank of England's Monetary Policy Committee have voted to keep the base rate to 0.75%.

UK economic outlook

- UK gross domestic product (GDP) grew by 0.3% in the three months to November 2018.
- Monthly gross domestic product (GDP) growth was 0.2% in November 2018, following flat growth in September 2018 and growth of 0.1% in October 2018.
- Monthly growth in the services sector was 0.3% in November 2018. The main driver to growth was retail sales, which saw a boost from Black Friday promotions. This was partially offset by a slight contraction in legal activities and accounting.

Inflation

- The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 2.0% in December 2018, down from 2.2% in November 2018.
- The largest downward contributions to change in the 12-month rate came from falls in petrol prices and from air fares, where ticket prices rose between November and December 2018, but by less than a year ago.
- These downward effects were offset by upward contributions from a variety of categories including accommodation services and, to a lesser extent, mobile phone charges, games, toys and hobbies and food.
- The Consumer Prices Index (CPI) 12-month rate was 2.1% in December 2018, down from 2.3% in November 2018.

UK unemployment

- Estimates from the Labour Force Survey show that, between June to August 2018 and September to November 2018, the number of people in work increased, the number of unemployed people was little changed and the number of people aged from 16 to 64 years not working and not seeking nor available to work (economically inactive) decreased.
- There were an estimated 32.53 million people in work, 141,000 more than for June to August 2018 and 328,000 more than for a year earlier.
- The employment rate (the proportion of people aged from 16 to 64 years who were in work) was estimated at 75.8%, higher than for a year earlier (75.3%) and the highest since comparable estimates began in 1971.
- There were an estimated 1.37 million unemployed people (people not in work but seeking and available to work), little changed compared with June to August 2018 but 68,000 fewer than for a year earlier.
- The unemployment rate (the number of unemployed people as a proportion of all employed and unemployed people) was estimated at 4.0%, it has not been lower since December 1974 to February 1975.
- There were an estimated 8.65 million people aged from 16 to 64 years who were economically inactive (not working and not seeking nor available to work), 100,000 fewer than for June to August 2018 and 86,000 fewer than for a year earlier.

This year is set to be a year of uncertainty, but this doesn't have to extend to your finances. Many people use the New Year to make resolutions but if you haven't already, don't worry, it's never too late. Performing a financial health check now will help your finances throughout 2019 and we've outlined our top saving tip for each month below to give you a helping hand.

January

Review your savings

While other New Year's resolutions may be starting to fall by the wayside it's not too late to get your money on track for the year. Be proactive with your savings and make them work harder. Feeding small amounts into a stocks and shares ISA or a tax-efficient pension fund over time is a practical method to help your savings grow. Remember that it's common for investments to dip every now and again, so don't panic, it's the time in the market that counts.

February

Love your own finances

It may be the month of romance but if I had one piece of money advice that I'd give to my younger self it would be to always keep your own bank account, no matter how many relationships and joint accounts you move in and out of. Irrespective of whether you're in work and earning money, or are reliant on a partner for an income, all the cash you receive or spend should go into and come out of your personal bank account. This ensures you can maintain your financial independence, no matter what happens in your life.

March

Profit from cash ISAs

The end of the month also marks the end of the financial year. Take advantage of the tax benefits of cash or stocks and shares ISA by using as much of your allowance as possible. You can save or invest up to £20,000 a year tax free so top up that ISA.

July

Save with a friend

Thoughts are well and truly turning to summer and with the warmer weather comes more social occasions. Trying to save money alone can be a bit of a bore, especially if you're watching your friends go out for dinners, shopping trips or holidays. A good way to keep yourself financially motivated and on track is by setting a challenge with a friend. A bit of healthy competition is good for everyone, but it's also an extra reminder to save every day.

August

Leave credit cards at home

Cash-less spending has been made even more efficient with contactless payments. But it's also made it easier for us to lose track of our spending habits. Next time you go shopping, leave your credit card at home and take only enough cash for the items on your list. This will make it less likely that you will overspend.

September

Take cover

As the kids go back to school and people across the country return to work take a moment to think about your contribution to the family finances. Many of us will happily take out car, home or holiday insurance but what about protecting yourself against loss of salary? Some 17.6 million adults in the UK do not feel financially resilient and would struggle to recover from a financial shock or loss of income. Consider if an income protection policy, which can replace part of your income if you can't work due to an illness or accident, would you give you greater peace of mind.



April *Don't get sucked into deals*

Easter eggs are firmly on the shopping list for April but as you hit the supermarket keep your wits about you. Clever tactics by supermarkets and shops advertising a two-for-one offer or a 50% off deal make us think we are saving money. But, unless you're already buying the item and were going to pay full price for it anyway, you're not making a saving. Not getting sucked into deals means that you'll really be making a saving of 100% and stops you spending money on things you don't need.

May *Nip unused subscriptions in the bud*

It's time for some spring cleaning and with that should come a clean bill of health for your finances. Go through your monthly statements and thin out your subscriptions. Think about how often you're really going to the gym, watching Netflix or reading your monthly magazines and ask yourself if you truly need it.

June

It's holiday time

Whether you are travelling abroad this summer, or planning a staycation, make sure you think about travel insurance when you are planning your holiday. This will protect not only you and your family but will also cover cancellations, delays or damage to luggage.

October *Do a maintenance check on your appliances*

Temperatures are starting to drop and now is the time to ensure that our homes are ready for winter. A boiler repair, for example, could range from £100 to £300 depending on the fault or damage, so it's important to check such objects are working efficiently before being faced with an expensive bill. Often these items also have the biggest energy consumption, so it's important to make sure these are working efficiently to keep your energy bills down too.

November *Make the most of loyalty points*

Get rewarded for your spending by collecting points on a loyalty card with your favourite supermarket. This can help you claim money off, win free treats or get you exclusive discounts. The most rewarding cards include Sainsbury's Nectar card, Tesco Clubcard or a Boots Advantage Card.

December *Make a budget*

Organising your festive budget will help monitor exactly what you're spending and prevent any Christmas guilt. Split your expenditures into themes, such as your needs (bills), your wants (shopping or meals out), and savings. Allocate each of these a percentage of your income; ideally your needs should take up 50%, your wants 30%, and savings 20%. Christmas may well be a time that these limits need to flex but try not to stray too far.

*Author: Rose St Louis,
Money Savings Expert at Zurich*

Are we in a new volatility regime?

As we start 2019, we inevitably see the regular 'year in review' and 'year ahead' commentaries. The tone of such conversations is different this year, and the exceptionally low volatility market on which commentators reflected in 2017 is no longer a topic of discussion.

Until the end of the third quarter of 2018, it appeared that the story of the year was going to be the continued divergence of US stock market performance from the rest of the world. This was driven in large part by technology stocks, as well as the continued low volatility environment, despite a blip in volatility early in the year. But as stock market returns have showed us since the onset of 2018's final quarter, cracks have emerged and as a result investors need to be prepared for a more volatile environment.

Back in 2017, and even through much of 2018, the Volatility Index (VIX) - known as the market's 'fear gauge' which captures expectations for future volatility was a hot topic. Sometimes referred to as 'picking up pennies in front of a steamroller', the much-discussed 'short-the-VIX' trade netted some investors enormous returns.

But this trade blew up with the first onset of higher volatility in 2018. This forced the closure of many of the Exchange Traded Products which allow retail investors to access this trade, after the products were nearly wiped out overnight. Out of the public eye, many institutional investors, including hedge-funds, were also hit hard in the futures markets.

What led to this exceptionally low volatility throughout 2017 and much of 2018, despite heightened political uncertainty and stretched valuations? The economy was performing strongly, riskier assets were still supported by monetary policy, and corporate profitability was high on the back of tax cuts - in short, all of these conditions supported equity markets. But strong performance in equity markets doesn't necessarily mean low volatility. In fact, these conditions were in place going back much further than 2017, and most bull markets saw volatility rise to much higher levels. Here is where the stories of low volatility and the narrowing performance of US markets converge.

Since October 2018, correlations have picked up as the technology stalwart stocks led the broad market selloff, which in turn led volatility to spike. While sectors more sensitive to interest rates have been struggling for much longer as financial conditions tightened, the upward trajectory of tech stocks is no longer enough to wash out the poor performers. December trading was also extremely volatile, with very large swings in markets over what is a usually tranquil holiday period. Whilst the wild swings have receded at least temporarily, the elevated volatility seems as though it's here to stay.

Perhaps most importantly, what does this regime change mean for how investors should now be positioned? With the return of volatility, broad market exposure earning attractive returns is unlikely to continue, and true active management will take on increasing importance to effectively navigate this environment. Overall, we appear to be facing a new volatility regime, and so we need to be highly selective with the risks we take.

Important information

The value of investments and the income from them can go down as well as up so you may get back less than you invest. Past performance is not a reliable indicator of future results. These funds take their annual management charge and expenses from your capital and not from the income generated by the fund. This means that any capital growth in the fund will be reduced by the charge. The capital may reduce over time if the fund's growth does not compensate for it. These funds use financial derivative instruments for investment purposes, which may expose the funds to a higher degree of risk and can cause investments to experience larger than average price fluctuations. The funds invest in overseas markets and so the value of investments can be affected by changes in currency exchange rates. There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. When interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your clients' investment to fall. Investors should also note that the views expressed may no longer be current and may have already been acted upon by Fidelity. They are valid only as of the date indicated and are subject to change without notice. Investments should be made on the basis of the current prospectus, which is available along with the Key Investor Information Document, current annual and semi-annual reports free of charge on request by calling 0800 368 1732. Issued by Financial Administration Services Limited, authorised and regulated by the Financial Conduct Authority. Fidelity, Fidelity International, the Fidelity International logo and F symbol are trademarks of FIL Limited. UKM0119/23263/SSO/NA

Author: Eugene Philalithis,
Portfolio Manager, Multi Asset Income Fund range

Pension drawdown investors remain resilient despite market volatility

Pension drawdown gives you more control over your savings. You can choose to take a regular income and have unrestricted access to your money. Put simply, you allocate your money, with the aid of your financial adviser, to funds that are invested in shares, bonds, property and other financial investments. This gives your pot of money a chance to grow and counter the effect of inflation.

However, there is the potential risk of your investments not performing as well as hoped. If you put all of your money into pension drawdown you risk running out of money if your income or withdrawals are in excess of fund growth. It's difficult to budget when you don't know how long you're going to live.

- A third (33 %) of pension drawdown investors would remain steadfast and never make changes to their investments no matter how much stock markets fell
- Of the just over two thirds (67 %) who said they would be worried about stock market moves, markets would need to fall by 7.5 % on average in a single day to spook investors enough to review and move their money
- In the event of major stock market moves, 59 % of investors would move their money around a mix of asset classes, while 21 % would move their money into cash

Stock markets would need to shift significantly in one day before drawdown investors would be worried enough to consider moving their money, according to a study from Canada Life. In fact, the research¹ suggests most drawdown investors are a risk tolerant bunch with a third (33 %) prepared to weather the storm and make no changes to their portfolio no matter how much the stock market fell in one day.

Mini-market crash

Effectively it would take a mini-market crash of 7.5 % to make people worried enough to review investment strategies and change their asset allocations. In the event of a significant market fall, 59 % of investors would shift their money around a mix of asset classes, while just over one in five (21 %) would transfer their entire savings into cash in the event that the stock market fell significantly.

In the event of market falls, DIY investors are more likely to see cash as a safe haven (25 %) and less likely to move to a mix of asset classes (50 %) compared to people who have an adviser relationship – of whom 18 % said they would move to cash with a further 66 % switching asset classes.

Andrew Tully, Canada Life technical director:

“The majority of drawdown investors show they will remain remarkably resilient in times of stock market volatility and global economic uncertainty. Far from knee-jerk reactions to the latest breaking macroeconomic news, our research suggests most people using drawdown to fund their retirements are sensibly taking a longer term view.”

“Dealing with the prevailing headwinds is all part of the game when you continue to invest into retirement. It is key though to have the right diversified investment strategy and ensure your essential expenditure is covered through a regular income. Only then will you be able to flex and change your investment approach as the economic environment dictates.”

“As people move into retirement, it can become increasingly tempting to adopt a risk-averse stance and reduce exposure to stock markets. With global markets fairly volatile and continuing Brexit uncertainty, consumers will likely see cash as the safe haven in an increasingly blustery storm. But cash also carries its own risks, that being inflation and historical low interest rates, so settling for such poor yields exposes a pension pot in real terms.”

“Making rash investment decisions without a plan can be wrought with danger. Seeking the help of a professional financial adviser can not only help consumers make proper informed decisions around retirement but can also ease the worry in turbulent times.”

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¹ Source: The research was conducted online by Censurwide between 5.11.2018 and 9.11.2018 among 500 respondents aged 55+ who have income drawdown investments.

Built for income

How to generate income in retirement

With retirements that could span decades rather than years, Simon Morris, Head of Strategic Partners at Premier Asset Management, discusses an investment approach that retirees could consider when looking for a sustainable, long-term income stream to meet their needs.

Providing a sustainable income

One key issue for retirees is how they can obtain a decent level of sustainable income that has the potential to last the duration of their retirement. The traditional annuity with its guaranteed income may still be the preferred choice for many, but it is not necessarily the most suitable option for everybody. Increasing numbers of people are considering other income generating options following the radical changes to pensions regulations that were introduced in 2015, including investing their retirement pot into an investment fund that is designed to pay out a regular income.

We recommend that you speak to a financial adviser before taking any investment decisions.

Cashing in shares vs natural income

Broadly speaking, there are two popular ways of obtaining income from an investment fund. One is encashing shares. The amount of income paid out will depend on the number of shares encashed and their price at the time this was done. The level of income can potentially be managed; the number of shares that needs to be encashed to achieve your desired level of income will depend on their price on the date of encashment. This means that the number of shares you own will decrease over time, so there is the risk that your capital could be completely eroded over time.

Principle of natural income

An alternative option is to receive the natural income from the underlying income-generating assets held in your fund. This is the income that you receive from your investment as dividends, which is aggregated from the portfolio's underlying income distributions. The income in this case is the number of shares you hold in a fund multiplied by the dividend per share. The income is not guaranteed and can fluctuate over time but no shares have to be cashed in, meaning you will have your full number of shares paying dividends for as long as you hold the investment. The share price will also fluctuate but may grow over time. Crucially, natural income can provide you with a steady income stream in troubled markets because even if the share price of your fund goes down, this might not affect the amount of income being paid to you. An income focused investment fund can still maintain its dividend payments even when markets, and the fund's share price fall, although income is not guaranteed.

Income diversification

For those in retirement and whose main investment focus is to receive a regular income, a multi-asset income fund may be of interest. Multi-asset income funds offer diversification by investing in a range of different asset classes, such as bonds, company shares, property, and alternative assets. With a multi-asset fund you are not reliant on a single type of asset to generate your income as the income comes from lots of different types of asset.

One such fund is the Premier Multi-Asset Distribution Fund, which is built on the principle of natural income. Our multi-asset investment team look to construct a diversified portfolio of income-generating investments that aim to pay an attractive dividend per share to our clients over the long term, with no need to cash-in shares to pay the income, which is why we believe the fund could be of interest for retirees whose main objective is long-term income. Please note that there is no guarantee that the investment objective of the fund will be achieved and its income is not guaranteed.

About us

We are a fast-growing UK retail asset-management group with a focus on providing good long-term investment outcomes for investors. We aim to do this by providing relevant products and active management across our range of investment strategies. These include multi-asset, equity and absolute-return funds. We are responsible for managing £6.4 billion on behalf of clients (as at 31 December 2018).

Multi-manager portfolio

The Premier Multi-Asset Distribution Fund is a multi-asset and multi-manager fund, which means that instead of investing directly into underlying investments, such as company shares or bonds, the fund is usually invested in a portfolio of other funds and investments, managed by carefully selected specialist investment managers. Each of these are usually invested in a range of carefully picked investments, including company shares and bonds, with the aim of creating a highly diversified portfolio in a single fund.

The fund has a strong focus on delivering a good income stream for investors by investing in a range of different income-producing funds. Income is paid out in the form of dividends, four times a year, to help you plan your expenditure. All of the underlying funds in the fund are chosen for their potential to pay attractive levels of income, but the income is not guaranteed.

Full time, active management

Our multi-asset, multi-manager investment team continually research new investment ideas, check on existing investments and, if they think it's necessary, make changes to the Premier Multi-Asset Distribution Fund's underlying portfolio to ensure it stays on track to meet its objective. The team includes five investment managers with many years of combined investment experience.

The fund was launched in 1995 and has been paying income to investors for over 20 years. For more information about the fund, including the fund's dividend history, please visit www.premierfunds.co.uk.

This document has been produced for information purposes only and does not constitute advice. If any of the information contained in this document is unclear, we recommend you consult with an authorised financial adviser. Persons who do not have professional experience in matters relating to investments should speak with a financial adviser before making an investment decision. For your protection, calls may be monitored and recorded for training and quality assurance purposes.

Snapshot

Premier Multi-Asset Distribution Fund

Aim

To provide an income, that increases over time, with the potential for increasing your savings over the long term (long-term capital growth).

Pays income

Every three months (quarterly)

When you invest, your money is at risk because the value of investments, and any income from it, can go down as well as up and you could get back less than you invested.

Before investing, please read the Prospectus, Key Investor Information Document and Supplementary Information Document for the fund. These documents contain important information that you should consider before investing, such as the fees you will pay and specific investment risks.

Issued by Premier Asset Management, which is the marketing name used to describe the group of companies, including Premier Portfolio Managers Limited and Premier Fund Managers Limited, that are authorised and regulated by the Financial Conduct Authority.



VitalityLife

How drinking (a little) less coffee can be good for your financial health

For less than the price of your daily cappuccino¹, protecting yourself, your home and your family's future is now quick, easy and even more affordable

Despite rising prices and largely stagnant incomes over the last decade, home ownership remains the cornerstone on which millions of people's lives are built. Often making extraordinary financial efforts simply to get on the property ladder, it now takes over eight years for the average UK first-time buyer to save a 20% deposit towards their own home².

For many, the precarious long-term financial balancing act in search of the property-owning dream doesn't end there.

Assuming you do buy a home, 43% of workers don't have anyone in their household they could depend on to support them financially in the event of hardship³, such as an illness or injury.

As if that wasn't enough, there's also a 57% chance that the average 30 year old mortgage holder will need to take at least a month off work before the age of 65 during the loan term for the same reasons⁴.

Therefore, having gone to such extreme efforts, it's frankly mind-boggling how few first-time buyers in particular take out any form of mortgage protection. Why work so hard for so long to own your own home, only to have it taken away in a relative flash just because of a single stroke of bad luck?

It could be that the need for mortgage cover is somewhat lost in the highly stressful buying process – arranging the mortgage, solicitors, moving and the rest. It could be that it's not considered necessary, but then no-one bats an eyelid at insuring buildings and contents, mobile phones or even pets, so why not your mortgage? What it certainly can't be for is reasons of cost or simplicity, as even the best mortgage protection costs less than a daily caffeine hit and takes just five minutes to arrange.

VitalityLife Mortgage Plan

Take the example of the new VitalityLife Mortgage Plan. It always includes life cover. You can choose to add either Serious Illness Cover, which protects you against 145 different serious conditions, or Income Protection - to give you an income if you can't work due to accident or illness, or both. It's also very quick to arrange: with just 5 medical questions, you could be fully protected in minutes. And it's eminently affordable: £250,000 of comprehensive protection for a 30-year mortgage costs just £52.53 a month – or around £1.75 a day.

So how would that work for, let's say, Dave (35) and Katy (32) with a £250,000 five-year fixed-rate mortgage costing just under £800 a month⁵? With our mortgage plan, they could get life cover on a decreasing basis to pay off the mortgage, £25,000 worth of serious illness cover to provide a lump sum in the event of a serious illness, and income protection of £800 per month on a three-month deferred period. All in one plan. All for £1.75 a day.

As the insurer that rewards its members for healthy habits, the plan also includes access to a whole range of deals and discounts that could save hundreds of pounds a year. These include up to 40% off monthly gym membership, which on its own could almost save the equivalent cost of the entire plan; a weekly handcrafted drink at Starbucks; a fortnightly cinema ticket at Cineworld or Vue; a monthly Amazon Prime membership and many more.⁶

For the cost of a daily coffee, it seems a small price to pay, when it comes to protecting what's probably your biggest investment in life, not to mention your family's future. Find out more about the new all-in-one VitalityLife Mortgage Plan at vitality.co.uk

Author: Andy Philo,

Director of Strategic Partnerships and Employed Distribution

¹ Based on cost of Starbucks Cappuccino (Grande) of £2.60 [https://uk.menuwithprice.com/starbucks-menu/Jan 2019](https://uk.menuwithprice.com/starbucks-menu/Jan%2019).

Premiums are charged on a monthly basis

² <https://www.bbc.co.uk/news/business-42565427> Jan 2018

³ <https://www.theguardian.com/money/2018/jan/25/uk-workers-chronically-broke-study-economic-insecurity> Jan 2018

⁴ Based on a male 30 year old, non-smoker <https://vitalityriskcalculator.co.uk/>

⁵ Mortgage rate, Nationwide, 5 year fixed, 80% LTV, £250,000 2.54%

⁶ T&C apply. Visit <https://adviser.vitality.co.uk/rewards/partners/for> more information



The clock is ticking...

It only seems like yesterday that we welcomed in 2019 but already another year is coming to a close. In fact, the 2018/19 tax year ends on 5 April 2019 and, while you may not celebrate this milestone, it's very important from a financial planning perspective. This is because you receive valuable allowances each tax year, which have to be used before the tax year ends. Your ISA and Capital Gains Tax allowances for instance, can't be carried forward – you either “use them or lose them”.

Now could therefore be a good time to speak with your 2plan adviser as they can help ensure you've made the most of your various tax allowances and check that you are on course to meet your long-term objectives. For example, you may want to discuss the following areas:

1. Your ISA allowance

Individual Savings Accounts (ISAs) are a great option if you want to make your investments work harder for you. This is because no matter how much your investment grows or how much income it produces, your returns are free from income and capital gains tax. What's more, you can access your savings whenever you wish, although the tax benefits will be lost once you've withdrawn your savings.

You can invest up to £20,000 in the 2018/19 tax year, which means that a couple can invest up to £40,000 before 5 April 2019, although an ISA cannot be held in joint names. Once the tax year is over, any unused allowance is lost forever although the good news is you'll receive a new ISA allowance on 6 April 2019. This means you can invest up to another £20,000 tax efficiently, whether you used your 2018/19 allowance or not. Some providers, including FundsNetwork, even allow you to arrange this year's and next year's ISA at the same time – simply speak to your 2plan adviser if this appeals to you.

You can hold a wide range of investments in an ISA, including stocks and shares and cash together. Again, speak to your adviser about which investments could be suitable for your circumstances.

Save for a child's future

A Junior ISA is another type of Individual Savings Account which allows you to save tax efficiently on behalf of a loved one, such as your child or grandchild. The Junior ISA allowance for 2018/19 is £4,260, and again you have until 5 April 2019 to take advantage of it. Like the adult allowance, each child has a new allowance each tax year (it increases to £4,368 in 2019/20). The money is held in the child's name and is locked away until they reach age 18.





2. The benefits of pensions

A pension is one of the best ways to save for your retirement, offering tax benefits both while saving for the years ahead and when you eventually retire. With a personal pension you receive one of the biggest benefits straight away as tax relief immediately boosts your contribution by 20%. If you pay higher or additional rate tax, you can reclaim any additional tax relief through your tax return. This means, for example, a £10,000 contribution effectively only costs a higher-rate UK taxpayer £6,000. Rates of tax relief for Scottish Residents may be different.

You can usually put aside up to £40,000 in a tax year and receive tax relief at your highest rate. However, if you're likely to earn over £150,000 in this tax year, there are additional restrictions on how much tax relief you can receive on your contributions. Your 2plan adviser can explain to you how the annual allowance is gradually reduced for high earners. They can also talk to you about "carry forward", which allows you to make use of any unused annual pension allowances from the three previous tax years (subject to certain conditions).

While your savings are invested, they grow free of any income or capital gains tax. There are also tax benefits when you eventually come to draw the money from your pension pot, as you usually have the option of taking a 25% tax-free lump sum (the rest of your income is taxed at your marginal rate though). What's more, any money left in your pension when you die isn't normally subject to inheritance tax and may be passed on to beneficiaries tax-free if you die before age 75.

One final consideration is the Lifetime Allowance, which currently stands at £1,030,000 in the 2018/19 tax year (increasing to £1,055,000 in 2019/20). This is the total amount you can build up in your pensions over the course of your life that will enjoy full tax benefits. This can be a complicated area and so if your retirement savings are close to or above this level, it is important to discuss the complexities with your adviser.

3. Your capital gains tax allowance

This allowance is sometimes overlooked, but can be very valuable if you've invested outside a tax-advantaged account like an ISA or pension. Capital gains tax (CGT) is a charge on the profit when you sell an investment that's increased in value. The amount you pay depends on whether you are a basic, higher or additional rate taxpayer and the type of asset sold.

Fortunately, everyone receives an annual CGT allowance, which is £11,700 in this tax year. This means you can generate profits from selling investments up to this amount without facing a tax charge. Many investors then choose to reinvest the proceeds in a tax-advantaged ISA – this is commonly known as a "Bed & ISA" transaction.

Your annual CGT allowance cannot be carried forward to the following tax year and so, again, it's a case of use it or lose it. This is also a complex area of tax planning and making changes to long-term investments may not be consistent with your goals and objectives. You should therefore always consult your 2plan adviser before making any decisions about your investments.

I've not covered all your annual tax allowances here, but your adviser will be able to discuss those most relevant to your individual circumstances. Some are for specialised forms of investment so may not be appropriate for everyone. Please remember you only have until 5 April 2019 to make the most of your allowances for the current tax year, so I recommend contacting your 2plan adviser as early as possible – their expertise can really help.

Important information:

The value of investments can fall as well as rise, so you may get back less than you invest. Tax treatment depends on individual circumstances and all tax rules may change in the future. This information is not a personal recommendation for any particular product, service or course of action. If you are in any doubt whether or not a pension transfer is suitable for your circumstances we strongly recommend that you seek advice from an authorised financial adviser. Withdrawals from a pension product will not normally be possible until you reach age 55.

Author: Lesley Davidson,

Associate Director – FundsNetwork Strategic Accounts

The Architas outlook

Risks and opportunities in 2019

What happened in 2018?

2018 was a challenging year for investors as volatility, the rate of change of asset prices up or down, returned with a bang. Markets suffered their biggest overall losses since the 2008 financial crisis with nowhere to hide across asset classes as global bonds provided scant protection from sharp declines in equity markets around the globe.

After notching up the longest bull market in history, stock markets finally succumbed to concerns over trade war uncertainties and signs of a global economic slowdown. A strong dollar and worries about corporate earnings, in particular in the tech sector, also weighed on markets.

Meanwhile, although bond markets were boosted towards the end of the year by the weaker economic outlook, they were affected early on by interest rate hikes in the US necessitated by the threat of rising inflation. In addition, there was growing uneasiness over the scale of debt taken on by companies. The challenges for investors didn't stop with stocks and bonds; gold and oil were also among the assets down in 2018.

Outlook

In 2019 the overall investment environment remains complex and we are conscious that many of the risks that hurt markets last year are still in the picture for 2019. Last year as global growth slowed, the world's major central banks continued to reduce their monetary policy accommodation in an attempt to bring the financial system back to more normal levels.

This added enormous pressure on global equity markets and the already flagging corporate bond markets. However, as we have seen significant dips in assets prices, especially in the latter part of the last year, valuations are certainly now more attractive, which could offer some opportunities.

What does this mean for investors?

Markets are unpredictable and it will always be difficult to foresee what will happen in the future but we believe the bumpy ride is likely to persist over the coming months. So to help our portfolios weather the market conditions, we will continue to advocate the principles of diversification across asset classes, currencies, regions and investment managers.

It may be wise not to take a short-term outlook, and avoid overreacting to immediate stock market moves. Right now, investors can see that markets are struggling, but most believe that given time they will bounce back. In fact, many see this as a buying opportunity.

We believe that diversification can help to smooth out the returns. A well-constructed portfolio, designed around your time frame and keeping your portfolio diversified could be a prudent way to weather the current uncertainty.

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Author: Sheldon MacDonald,
Deputy Chief Investment Officer, Architas

Top potential risks and opportunities

Risks — top three risks we have identified for markets:

- 1 If the US Federal Reserve continues to raise rates to a level that is too high to be sustained by a slowing economy then it could increase the risk of a slowdown or even a recession in the US which could quickly spread to the global economy.
- 2 Geopolitics caused significant disruption to markets in 2018. Although there are fewer market-moving political events on the calendar for 2019, we still believe the remnants of recent political events such as the US-China trade war, Brexit and Trump related incidents could continue to influence market sentiment and therefore volatility.
- 3 The level of debt on company balance sheets relative to their earnings is hovering at pre-financial crisis highs. There is a worry that as interest rates rise weaker companies with substantial debt loads could find it tougher to make payments on loans. This puts pressure on corporate bond markets leading to lower valuations for investors.

Opportunities — three asset classes we currently favour:

- 1 Last year we saw traditional financial markets, like equities and bonds, become more volatile after several years of calm. Adding real assets or specialist property to a portfolio can be a good diversifier, as it can be helpful to have exposure to assets which tend not to behave in the same way as traditional asset classes.
- 2 If some of the potential risks for 2019 do not materialise, there could be a number of buying opportunities. We believe that emerging market equities in particular - from a valuation perspective - would benefit relative to developed market equities in the event of an easing in US-China trade tensions. Also, we expect the economic growth of emerging markets to outstrip their developed market counterparts. Another potential buying opportunity, if risks dissipate, could be European equities. The settlement of Italy's budget row with Brussels helped investor sentiment and the possibility of trade tensions easing could provide a boost to Europe, a region that is highly leveraged to global growth due to its significant exporting industry.
- 3 If the outcome is negative on these risks, there may not be many places to hide. With a global downturn potentially on the cards, even though they are currently expensive government bonds could provide a counterbalance to riskier assets like equities that would be likely to provide negative returns.



Communication is key

As the old adage goes, communication is key, and in financial services this is definitely so. Explaining what we do for the consumer and why we do it is probably more important and can affect peoples' lives more than they realise.

Communicating in a way which is secure is also of great importance. You trust us with more personal information on you and your finances than you probably realise, and perhaps more than any other person in your life.

To this end, we need to ensure that when we pass information to you, it is done so in a secure manner. This means that potential eavesdroppers, or anybody in general, who might seek to cause malice, are not able to intercept and use the information.

To this end 2plan will be introducing a secure document portal to allow you, your adviser and ourselves to pass information and messages between each other without the worry of personal and sensitive information being intercepted by an unwelcome third party.

Essentially, it is a security guarded message delivery system. Whereas most emails fly across the Internet as plain text that anybody can read, we will be implementing a system whereby all this information will be encrypted as it is moved around from your computer or phone to our servers, back to your advisers and vice-versa.

If you require it, you can even increase the security for yourself by using 2factor authentication - meaning that even if somebody was to access your computer, they could not gain access to your information on the 2plan secure portal without also having access to your mobile phone. This will assist 2plan and your adviser to fulfil "principle f" of the GDPR regulations:

The 6th data protection principal: Integrity and confidentiality (security) of data.

(f) Integrity and confidentiality

processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using appropriate technical or organisational measures ('integrity and confidentiality')."

We will be working on this exciting initiative over the next few weeks and we are keen to give you prior notification of this development.

There will be more to follow from your adviser and 2plan wealth management in the near future.

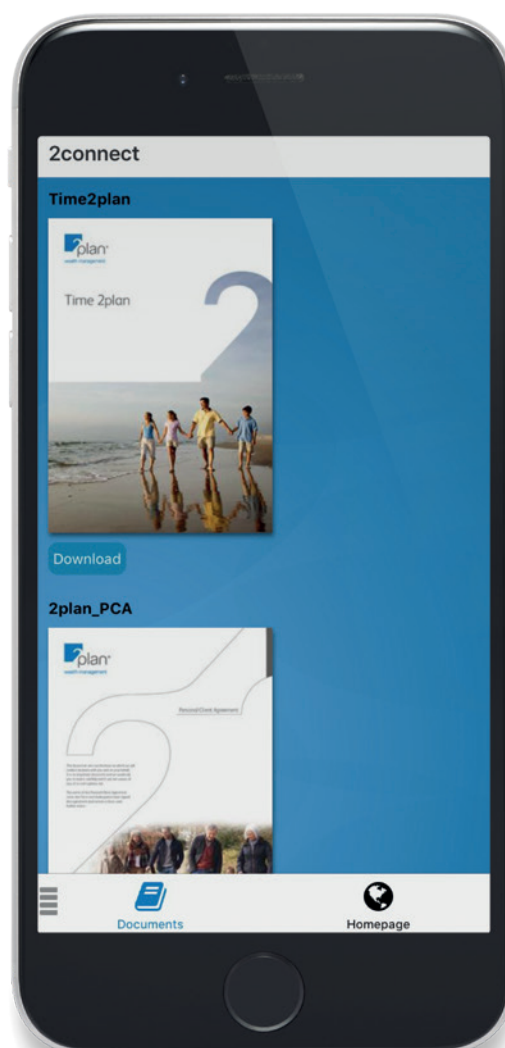
In the meantime, remain vigilant as unfortunately it appears that every day someone out there becomes a victim of online fraud.

Author: Mark Smith

IT Director, 2plan wealth management Ltd



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