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FISHFINANCIAL

SMARTMONEY

PRESERVING YOUR WEALTH

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PROTECTING YOUR RETIREMENT PLANS
Don't let coronavirus derail your financial future

RISE OF THE FEMALE BREADWINNER
Women now earn the most in one-in-four households

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INSIDE THIS ISSUE

Welcome to our latest issue. As the world continues to work out how to live with the coronavirus (COVID-19) pandemic, many will agree that the new normal needs new thinking.

The pandemic has unleashed changes that seemed unthinkable only six months ago. Along with the health, safety and well-being of family, friends and loved ones, the new normal has also highlighted the need for financial guidance and support during this turbulent period.

Whether you have earned your wealth, inherited it or made shrewd investments, you will want to ensure that as little of it as possible ends up in the hands of the taxman and that it can be enjoyed by you, your family and your intended beneficiaries. Without an appropriate estate plan, if you pass away, your family may end up spending a substantial amount of time and money battling over your assets – and no one can really be sure of how you were planning to distribute your wealth. Turn to page 04 for the full article.

The coronavirus (COVID-19) pandemic has touched virtually every part of our lives and is having a widespread impact across all aspects of financial life, including retirement plans. As a result, a significant number of people aged over 50 and in work are potentially considering delaying retirement (15%) by an average of three years, or will continue working indefinitely on a full or part-time basis (26%), as a direct result of the COVID-19 pandemic, according to new research which we examine further on page 06.

The only constant in life is change, which is why individual financial life planning should not be a one-off exercise. Reviewing your finances regularly is essential if you want to stay on track to meet your financial goals. On page 07, we look at why making sure your finances are in the best possible shape will also make sure you stay on course to achieving everything you want.

A full list of the articles featured in this issue appears opposite.

IS YOUR FINANCIAL PLANNING STRATEGY READY FOR THE NEW NORMAL?

We hope you enjoy this issue, and if you require any further help or guidance, please do not hesitate to contact us – we're here to help and support you and your family.

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THE VALUE OF INVESTMENTS MAY GO DOWN AS WELL AS UP, AND YOU MAY GET BACK LESS THAN YOU INVESTED.

KARLEY HOWE

I joined Fish in June 2020 to become the dedicated Protection Consultant. I chose to become a member of the Fish team as I was impressed with the team ethic that was displayed in my interview. The office environment is fantastic and I really appreciate the team dynamic and support available.

Having worked in Financial Services for over 15 years, I have built up a wealth of knowledge by working in lots of different sectors such as Mortgages, Equity Release and Annuities, before focusing on Protection.

I aim to ensure our clients have sufficient protection in place to safeguard their families, homes or businesses from financial deprivation. As with the wealth management side of Fish Financial, the provision of protection advice is a bespoke tailored service which evolves with a client's changing circumstances, which is especially important when different life events happen.

When I am not working, I spend most of my time taking my daughter to sporting events but when I do get some free time I enjoy the theatre, travelling and seeing my family and friends. ■

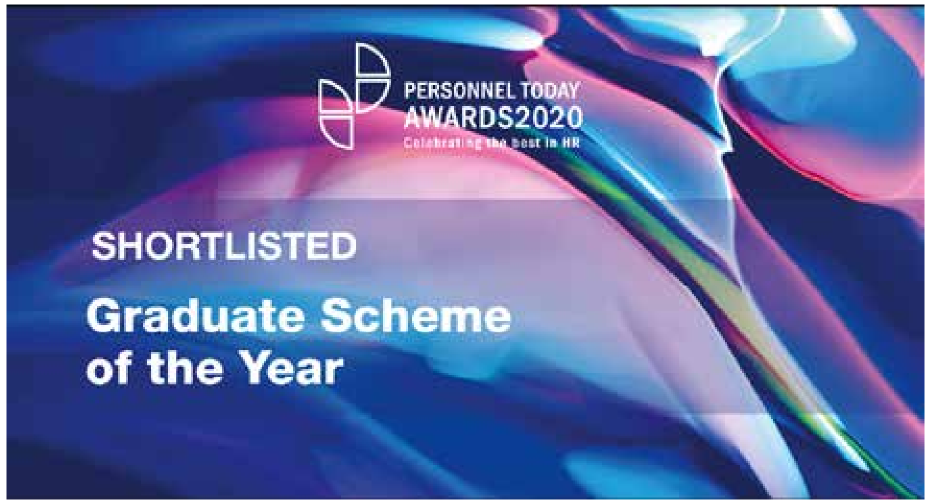
GRADUATE SCHEME OF THE YEAR AWARD

We are proud to announce that Fish Financial has been shortlisted by Personnel Today for their prestigious Graduate Scheme of the Year Award.

Client Adviser, Guy Prysor-Jones, attended the inaugural Fish Financial recruitment day in July 2017 and has gone on to pass all six exams: tax planning; investments; pensions; protection (insurance); regulation and ethics; and a summary case study exam. He has gained his diploma in regulated Financial Planning, allowing him to give advice to our clients, and now has his sights set on gaining Chartered status.

"We are genuinely excited about the quality of the people we've got coming through our graduate recruitment and training programme," enthuses Ian Colley. "We are creating a strong culture, within a high-performance business. We want to create an environment where people can progress as quickly and as far as they want to, and where they will stick with us, so that we can continue to offer the highest levels of service for our clients."

The winner will be announced at a virtual presentation event on 26th November. ■



OUR PERSONAL FINANCE PORTAL IS READY!

Many clients have already registered for access to our client portal and are enjoying the secure benefits it provides, but have you?

PFP can give you access to view all your finances in one place, 24/7, on any mobile or web device. You can view your fund information and financial portfolio in an instant, so whether you're looking for an up-to-date valuation for your portfolio, want to assess how you're progressing against your goals, share documents securely, update your personal information or simply wish to get in touch, PFP has it covered.

Visit our website – www.fishfin.co.uk – and click on the link "Log in to your Personal Finance Portal" to register today! ■

PRESERVING YOUR WEALTH

ONCE YOU HAVE ACQUIRED YOUR WEALTH, THE LAST THING YOU WANT TO DO IS LOSE IT THROUGH POOR ASSET PROTECTION

Whether you have earned your wealth, inherited it or made shrewd investments, you will want to ensure that as little of it as possible ends up in the hands of the taxman and that it can be enjoyed by you, your family and your intended beneficiaries.

Without an appropriate estate plan, if you pass away, your family may end up spending a substantial amount of time and money battling over your assets – and no one can really be sure of how you were planning to distribute your wealth.

This means that the process of dividing up your assets could become complicated. Estate planning gives you control over what happens to your assets when you pass away. It is a fundamental part of financial planning, no matter how much wealth you have accumulated.

Not only does an estate plan help to ensure that those who are important to you will be taken care of when you're no longer around, but it can also help ensure that assets are transferred in an orderly manner, and that Inheritance Tax liabilities are minimised.

The process involves developing a clear plan that details how you would like all of your wealth and property to be distributed after your death. It involves putting documentation in place to ensure that your assets are transferred in line with your wishes.

Your estate consists of everything you own. This includes savings, investments, pensions, property, life insurance (not written in an appropriate trust) and personal possessions. Debts and liabilities are subtracted from the total value of all assets.

WHAT TO CONSIDER WHEN DEVELOPING AN EFFECTIVE PLAN FOR THE FUTURE

WRITE A WILL

One of the most important components of an estate plan is a Will. First and foremost, a Will puts you in control. You choose who will benefit from your estate and what they are entitled to. You also decide who will administer your affairs after your death.

If you don't make a Will, the intestacy rules will decide who benefits from your estate – and that can produce undesirable results. The law also sets a hierarchy of who is able to handle your financial affairs after death, and that can lead to problems if the person is not suitable because of age, health, geographical location, or for any other reason.

MAKE A LASTING POWER OF ATTORNEY

A Lasting Power of Attorney (LPA) can be made for Property and Financial Affairs, as well as Health and Welfare. These documents can be put in place at any time, and it is important to consider setting them up, no matter what age you are.

An LPA sets out your wishes as to who should assist you in relation to your property and financial affairs and health and welfare. You can control who deals with these and set out any limitations and guidance.

PLAN FOR INHERITANCE TAX

Once the Will and the LPA are sorted, the next step is to think about Inheritance Tax planning. Whenever someone dies, the value of their estate may become liable for Inheritance Tax. If you are domiciled in the UK, your estate includes everything you own, including your home and certain trusts in which you may have an interest.

Inheritance Tax is potentially charged at a rate of 40% on the value of everything you own above the nil-rate band threshold. The nil-rate band is the value of your estate that is not chargeable to UK Inheritance Tax. The amount is set by the Government and is currently £325,000, which is frozen until 2021. In addition, since 6 April 2017, if you leave your home to direct lineal descendants, the value of your estate before tax is paid will increase with the addition of the residence nil-rate band. For the 2020/21 tax year, the residence nil-rate band is £175,000.

GIFT ASSETS WHILE YOU'RE ALIVE

One thing that's important to remember when developing an estate plan is that the process isn't just about passing on your assets when you die. It's also about analysing your finances now and potentially making the most of your assets while you are still alive. By gifting assets to younger generations while you're still around, you could enjoy seeing the assets put to good use, while simultaneously reducing your Inheritance Tax bill.

MAKE USE OF GIFT ALLOWANCES

A gift from one individual to another constitutes a Potentially Exempt Transfer (PET) for Inheritance Tax. If you survive for seven years from the date of the gift, no Inheritance Tax arises on the PET.

Each tax year, you can give away £3,000 worth of gifts (your 'annual exemption') tax-free. You can also give away wedding or registered civil partnership gifts up to £1,000 per person (£2,500 for a grandchild and £5,000 for a child). In addition, you can give your children regular sums of money from your income.

You can also give as many gifts of up to £250 to as many individuals as you want, although not to anyone who has already received a gift of your whole £3,000 annual exemption. None of these gifts are subject to Inheritance Tax.

INVEST INTO IHT-EXEMPT ASSETS

For experienced suitable investors, another way to potentially minimise Inheritance Tax liabilities is to invest in Inheritance Tax-exempt assets. These schemes are higher risk and are therefore not suitable for all investors, and any investment decisions should always be made with the benefit of professional financial advice.

One example of this is the Enterprise Investment Scheme (EIS). The vast majority of EIS-qualifying investments attract 100% Inheritance Tax relief via Business Relief (BR) because the qualifying trades for EIS purposes are very similar to those which qualify for BR. Qualification for BR is subject to the minimum holding period of two years (from the later of the share issue date and trade commencement).

LIFE INSURANCE WITHIN A TRUST

Writing life insurance in an appropriate trust is one of the best ways to protect your family's future in the event of your death. Your life insurance policy is a significant asset – and by putting life insurance in trust, you can manage the way your beneficiaries receive their inheritance.

The proceeds from the policy can be paid directly to your beneficiaries rather than to your legal estate, and will therefore not be taken into account when Inheritance Tax is calculated.

KEEP WEALTH WITHIN A PENSION

A defined contribution pension is normally free of Inheritance Tax, unlike many other investments. It is not part of your taxable estate. Keeping your pension wealth within your pension fund and passing it down to future generations can be very tax-efficient estate planning.

If you die before 75, your pension will be passed on tax-free. However, if you die after 75, your beneficiaries will pay tax on the proceeds at their highest income tax rate. Your pension will not be covered by your Will, so you will need to ensure that your pension provider knows who your nominated beneficiaries are. ■

PRESERVED WEALTH FOR FUTURE GENERATIONS

We all have one thing in common: we can't take our assets with us when we die. If you want to ensure that your wealth is preserved for future generations and passed on efficiently, an estate plan is crucial. To discuss your situation, please contact us for more information.

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ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE.

THE RULES AROUND TRUSTS ARE COMPLICATED, SO YOU SHOULD ALWAYS OBTAIN PROFESSIONAL ADVICE.

THE VALUE OF INVESTMENTS AND THE INCOME THEY PRODUCE CAN FALL AS WELL AS RISE. YOU MAY GET BACK LESS THAN YOU INVESTED.

THINKING AHEAD

HOW OUR RETIREMENT PLANS MAY CHANGE IN RESPONSE TO THE CORONAVIRUS PANDEMIC

The coronavirus (COVID-19) pandemic has touched virtually every part of our lives and is having a widespread impact across all aspects of financial life, including retirement plans.

As a result, a significant number of people aged over 50 and in work are potentially considering delaying retirement (15%) by an average of three years, or will continue working indefinitely on a full or part-time basis (26%), as a direct result of the COVID-19 pandemic, according to new research[1]. The findings also suggest that people, particularly those who have been furloughed or seen a pay decrease, would benefit from a financial review to assess their options before changing their plans.

DELAY RETIREMENT

Data from the Office for National Statistics currently shows the number of workers aged above 65 years is at a record high of 1.42 million[2]. However, if people change their retirement plans in response to the pandemic, this could increase considerably.

While, on average, those who plan to delay their retirement expect to spend an additional three years in work, 10% admit they could delay their plans by five years or more. These figures are significantly higher for the 26% of over-50s workers who have been furloughed or seen a pay decrease as a result of the pandemic. 19% of these workers will delay, and 38% expect to work indefinitely.

FUTURE PLANS

Some retirees nearing retirement age might need to be flexible with their plans for the future. It's uncertain just how long it will take for life to return to normal, and while some people may still be able to retire right on schedule amid the COVID-19 crisis, others may need either to postpone retirement or consider retiring early.

As a result, the impact of COVID-19 on stock market performance may also be leading some retirees and those close to retirement to question their investment strategy, but what's the right approach? Understandably, the impulse to react – and to protect what we have – is strong.

REGULAR REVISION

Retirement planning and financial planning, in general, are not 'one-and-done' exercises. It's much better to think of them as fluid and as requiring regular revision. Attempting to time the market and avoid volatility by making dramatic changes to your portfolio can cause harm to your long-term investment results.

With many areas of the global economy coming to an abrupt halt, markets have see-sawed between gains and declines as investors weigh the potential impact of massive stimulus initiatives by governments and central banks.

ECONOMIC UNCERTAINTY

The barrage of news is unrelenting. On a daily basis, we hear about more COVID-19 cases, job losses, economic concerns and oil price shocks, to mention just a few. But long-term investing is ultimately about avoiding selling out of the market during periods of economic uncertainty and crystallising losses. Staying invested means you'll be able to benefit from any potential recovery, and it helps to remember that volatility is actually the norm for stock markets.

To give yourself the best chance of achieving your retirement investment goals, the right mix of asset classes is essential. An effective strategic asset allocation is one that takes enough risk to give your portfolio the potential to grow, but not so much that you feel uncomfortable – and therefore more likely to withdraw funds at the wrong moment.

BETTER OPTION

Whether you decide to postpone retirement or retire early depends on your situation. If you still have a job and your savings have been impacted over the last few months, delaying retirement to give yourself more time to prepare may be a better option.

On the other hand, if you lose your job and don't know when you'll be able to find another one, you might choose to simply retire earlier than you'd planned. If you have plenty of savings set aside, you may be able to enjoy retirement comfortably. Otherwise, you might choose to go back to work in a few years when jobs aren't so scarce to build a stronger retirement fund. ■

MAKING THE BEST DECISION FOR YOUR SITUATION

Whatever option you choose, make sure you've thought about the advantages and disadvantages so you know you're making the best informed decision for your situation. For further information or to discuss your situation, we're here to help you.

Source data:

[1] Opinium Research for Legal & General Retail Retirement ran a series of online interviews among a nationally representative panel of 2,004 over-50s from 15-18 May 2020.

[2] Office for National Statistics, Labour market overview, UK: May 2020

A PENSION IS A LONG-TERM INVESTMENT. THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN. YOUR EVENTUAL INCOME MAY DEPEND UPON THE SIZE OF THE FUND AT RETIREMENT, FUTURE INTEREST RATES AND TAX LEGISLATION.

BUILDING A STRATEGY THAT MEETS YOUR FINANCIAL NEEDS

PREPARING OURSELVES FOR LIFE TO BE REALLY STRANGE FOR SOME TIME

The only constant in life is change, which is why individual financial life planning should not be a one-off exercise. Reviewing your finances regularly is essential if you want to stay on track to meet your financial goals. Making sure your finances are in the best possible shape will also make sure you stay on course to achieving everything you want.

Everyone has been affected by the coronavirus (COVID-19) pandemic and the measures needed to control it. It's likely that coronavirus will loom over us until we have an effective vaccine, so we need to prepare ourselves for life to be really strange for some time.

CHANGES IN YOUR FINANCIAL CIRCUMSTANCES

As situations in our lives change, it's important that our financial plans are updated by carrying out regular reviews. One of the main reasons why you should review your financial plan regularly is to reflect any changes in your financial circumstances, be it internal or external. You'll also have different goals and priorities as you enter different stages of your life. So where are you currently?

EARLY CAREER

You're likely to be just starting out in your career and might be feeling a little unsure how to implement a budget or manage and maximise your cash flow. A house deposit may be on your horizon, or perhaps you are considering your investment options, but you're just not sure how to get started. It's never too early to start looking at your financial position.

When you first begin earning an income, budgeting is the critical financial skill that you need to master. Developing a suitable budget and building the discipline to live within your income so that you don't fall into a debt trap is key.

Once you learn to contain your expenses to available income, you should start building savings into your budget. The emergency fund will have the first claim on your savings, and this is an urgent and important task.

Initiating some investments for retirement is another key task at this stage, even though the goal may seem too much in the future to be relevant now. Investments for other goals are optional at this stage and can commence once your income and savings stabilise.

MIDDLE-AGED

This is the stage that you'll find the most demanding. You're settled in your career, a young family means your expenditure has increased, and you are looking to repay your mortgage fast while also funding your children's education and/or childcare.

Receiving professional financial planning advice will help you manage an increasingly complex budget, as well as looking to ensure your family is protected in the event of something happening to you. Of course, you may also want to know if you can afford an annual holiday to enjoy the family you now have.

Implementing a plan early in this stage will allow you to reap the benefits later on in life, as well as providing security for your family and any other dependents.

PRE-RETIREMENT

You may now be looking to leave the workforce soon and want to find out if this is financially possible. Your children are now adults and your expenditure has steadied, so you may be starting to look seriously at your ideal retirement lifestyle.

By managing your personal finances prudently so far, this stage of your life will be the golden stage for your finances. Your income is higher and seeing an upward growth trend, while your expenses have stabilised, resulting in growing savings.

Being mindful of expenses is important even at this stage, and the focus of budgeting is to maximise on savings and investments. Managing your investments is critical in this period. Many of your goals are close to being funded, and the investments may need to be rebalanced to reflect this.

Your life and other protection requirements should be updated and aligned to your current and future situation. Now that you have accumulated wealth, it's time to consider how you would like to eventually distribute your estate in the most tax-effective way.

RETIREMENT

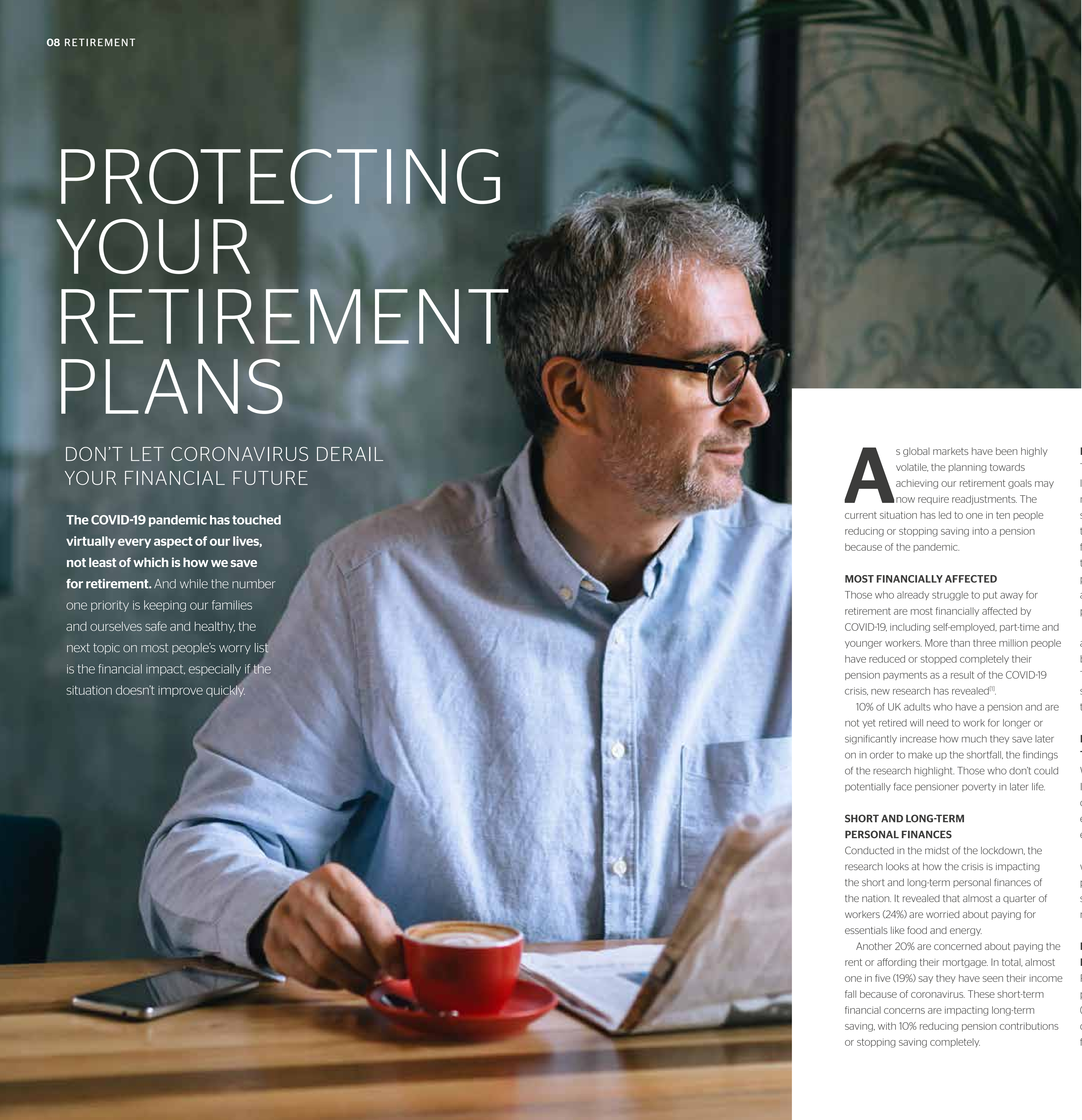
You have finally left the workforce and are looking at how to maintain a steady income, discovering what benefits you may be entitled to, and how to maximise these.

Budgeting becomes the focus of finances once again during retirement. The object now is to control expenses to stay within the available income. Managing your investments to generate income and protect it from rising inflation also becomes a primary investment activity at this stage.

Adequate health protection is critical, as health costs can throw your income off the rails. Life insurance may be relevant only if it is required to protect retirement income for your spouse, and debt should not be a big part of your finances at this juncture. ■

WHAT OPTIONS ARE AVAILABLE TO YOU?

Whether you're looking for advice in relation to saving for retirement, asset allocation, protection or estate planning, we will be able to offer expert advice and help you make the right financial decisions for your own unique situation and goals. Speak to us to see how we can help.



PROTECTING YOUR RETIREMENT PLANS

DON'T LET CORONAVIRUS DERAIL YOUR FINANCIAL FUTURE

The COVID-19 pandemic has touched virtually every aspect of our lives, not least of which is how we save for retirement. And while the number one priority is keeping our families and ourselves safe and healthy, the next topic on most people's worry list is the financial impact, especially if the situation doesn't improve quickly.

As global markets have been highly volatile, the planning towards achieving our retirement goals may now require readjustments. The current situation has led to one in ten people reducing or stopping saving into a pension because of the pandemic.

MOST FINANCIALLY AFFECTED

Those who already struggle to put away for retirement are most financially affected by COVID-19, including self-employed, part-time and younger workers. More than three million people have reduced or stopped completely their pension payments as a result of the COVID-19 crisis, new research has revealed[1].

10% of UK adults who have a pension and are not yet retired will need to work for longer or significantly increase how much they save later on in order to make up the shortfall, the findings of the research highlight. Those who don't could potentially face pensioner poverty in later life.

SHORT AND LONG-TERM PERSONAL FINANCES

Conducted in the midst of the lockdown, the research looks at how the crisis is impacting the short and long-term personal finances of the nation. It revealed that almost a quarter of workers (24%) are worried about paying for essentials like food and energy.

Another 20% are concerned about paying the rent or affording their mortgage. In total, almost one in five (19%) say they have seen their income fall because of coronavirus. These short-term financial concerns are impacting long-term saving, with 10% reducing pension contributions or stopping saving completely.

PAINFUL LACK OF FINANCIAL RESILIENCE

The COVID-19 crisis has revealed a painful lack of financial resilience in the UK, leaving millions of people exposed with little or no safety net to fall back on. As the full impact of this crisis becomes clearer, more people may feel forced to pay for today's essentials with tomorrow's savings. However, this will only prolong the economic pain of coronavirus and could result in more people facing poverty in retirement.

Those who have traditionally struggled to save adequately for retirement before now are also being disproportionately affected by COVID-19. Two in five self-employed workers (43%) have seen a drop in their income, almost three times the proportion of employees (16%).

NOT SAVING ANYTHING TOWARDS RETIREMENT

While the Government's Self-employment Income Support Scheme will help cover some of these lost earnings, those who have been self-employed for fewer than two years will receive even less support.

As a result, one in five (19%) self-employed workers have felt the need to pause or reduce pension contributions. This is on top of the 41% of self-employed people who in 2019 said they were not saving anything towards retirement.

REDUCED OR STOPPED PENSION CONTRIBUTIONS

Part-time workers also tend to be less well prepared for retirement, and now three in ten (28%) have lost their job or been furloughed due to coronavirus, compared with 18% of full-time workers. Because of this, part-time workers are two-and-a-half times more likely to change their long-term savings habits than full-time workers (15% as opposed to 6%).

The nation's youngest workers are also sacrificing their long-term financial plans. Almost one in five (18%) 18-24-year-olds have reduced or stopped pension contributions. Of this age group, 7% have actively moved their pension to a lower risk investment fund, despite being many years away from retiring.

Women who are not yet retired are more worried about paying for essentials than men (27% as opposed to 22%), and are more concerned about paying the rent or mortgage (22% as opposed to 18%). ■

WANT TO TALK TO US ABOUT ANY ASPECTS OF YOUR FINANCIAL WELL-BEING?

With COVID-19 making headlines around the world, it's normal to feel uncertain about many aspects of life right now, including our finances. If you would like to talk to us about any aspects of your financial well-being, please contact us.

Source data:

[1] Research was carried out for Scottish Widows online by YouGov Plc across a total of 2,251 adults aged 18+. Data is weighted to be representative of the GB population. Fieldwork was carried out 11–12 May 2020. More than 3.1 million (3,135,601), calculated as 5.9% of the adult population (52,673,433), have reduced or stopped paying into a pension (equal to 10% of workers who have a pension).

TIME IN THE MARKET, NOT TIMING THE MARKET

DON'T GET DISTRACTED FROM STAYING FOCUSED ON YOUR INVESTMENT GOALS

Investment market swings can be unnerving, but they shouldn't distract you from staying focused on your financial goals. Periods of market volatility, like whose we've seen over recent months, will undoubtedly be unsettling times for most investors. The risks of incurring losses can make holding investments difficult to bear, with the temptation being to sell out and cut your losses. But volatility is part and parcel of investing.

DAY-TO-DAY UPS AND DOWNS OF THE MARKETS

Rather than focus on the day-to-day ups and downs of the markets, it's far more important to focus on the things you can control. With global markets in the grip of the COVID-19 pandemic, investors have been faced with an impossible dilemma: whether to stay invested or to withdraw to a safe haven. It's important to remember what really matters: it is 'time in the market, not timing the market' that dictates long-term returns.

So rather than asking 'Should I remain invested and continue to invest regularly?', it's worth inverting the question and asking 'What's the alternative?' The alternative is to sell when you believe the market is at its high, and then buy back in when you think the market is at a low. So you have to get not just one, but two major decisions right.

PROFOUND PESSIMISM TO BLITHE OPTIMISM

Not only that, but you have to do it at a time when emotions are running high, and the media and analysts are expressing views ranging from profound pessimism to blithe optimism, all of them equally convincing.

The reality is that no one knows if we've already seen the bottom of the market, or if there is further volatility to come. On the one hand, it's perfectly possible that we've seen the bottom. Markets look to the future rather than to the present.

WEAKER AND MORE DRAWN-OUT RECOVERY

But on the other hand, there are many unknown factors: perhaps it will take longer to escape lockdown than investors currently hope, or perhaps there will be further waves of the virus that will result in any recovery being weaker and more drawn out than expected.

If you are still tempted by the idea of trying to time the market, bear in mind that even professional fund managers who are studying the market on a daily basis can struggle to beat the market on a consistent basis.

EVEN STRONGER GROWTH IN THE FUTURE

Sudden market moves can be testing times for all investors because we get a stark reminder of what investment risk really feels like. Short-term volatility, while unpleasant, should not detract your focus from your long-term investment objectives.

Market corrections can be healthy and result in even stronger growth in the future, although this is not guaranteed and you could get back less than you invest. This is why holding a well-diversified portfolio of collective investments for the long term, such as Individual Savings Accounts (ISAs), unit trusts and investment trusts, as well as having a strategy you are happy with, is critical.

PUTTING MONEY TO WORK AS SOON AS POSSIBLE

COVID-19 is unlike any crisis we've faced in living memory. As well as the terrible cost in lives, the measures taken to combat the spread of the virus mean that the global economy is facing an even more extreme downturn than that seen in 2008.

One of the fundamental principles of investing is to put your money to work as soon as possible. An investment needs time to grow, so the longer your money is in the market, the more chance you have of reaching your goals.

HAVING A WELL-DEFINED VISION OF YOUR GOALS

This is sometimes known as 'pound-cost averaging,' and it's a way to sidestep your own behavioural biases and ride out market volatility without having to pore over the financial pages every day. By ignoring short-term noise, you give yourself a better chance of meeting long-term financial goals.

The COVID-19 outbreak has sent markets into a chaos not seen since the last financial crisis. For many investors, like people saving for retirement, big market corrections will be worrying. For millennials, especially, this may be the first time they've experienced the bottom fall out of the market.

When times are stressful and uncertain, it's natural for investors to worry, often excessively, about what will happen in the short term, rather than focusing on longer-term opportunities. ■

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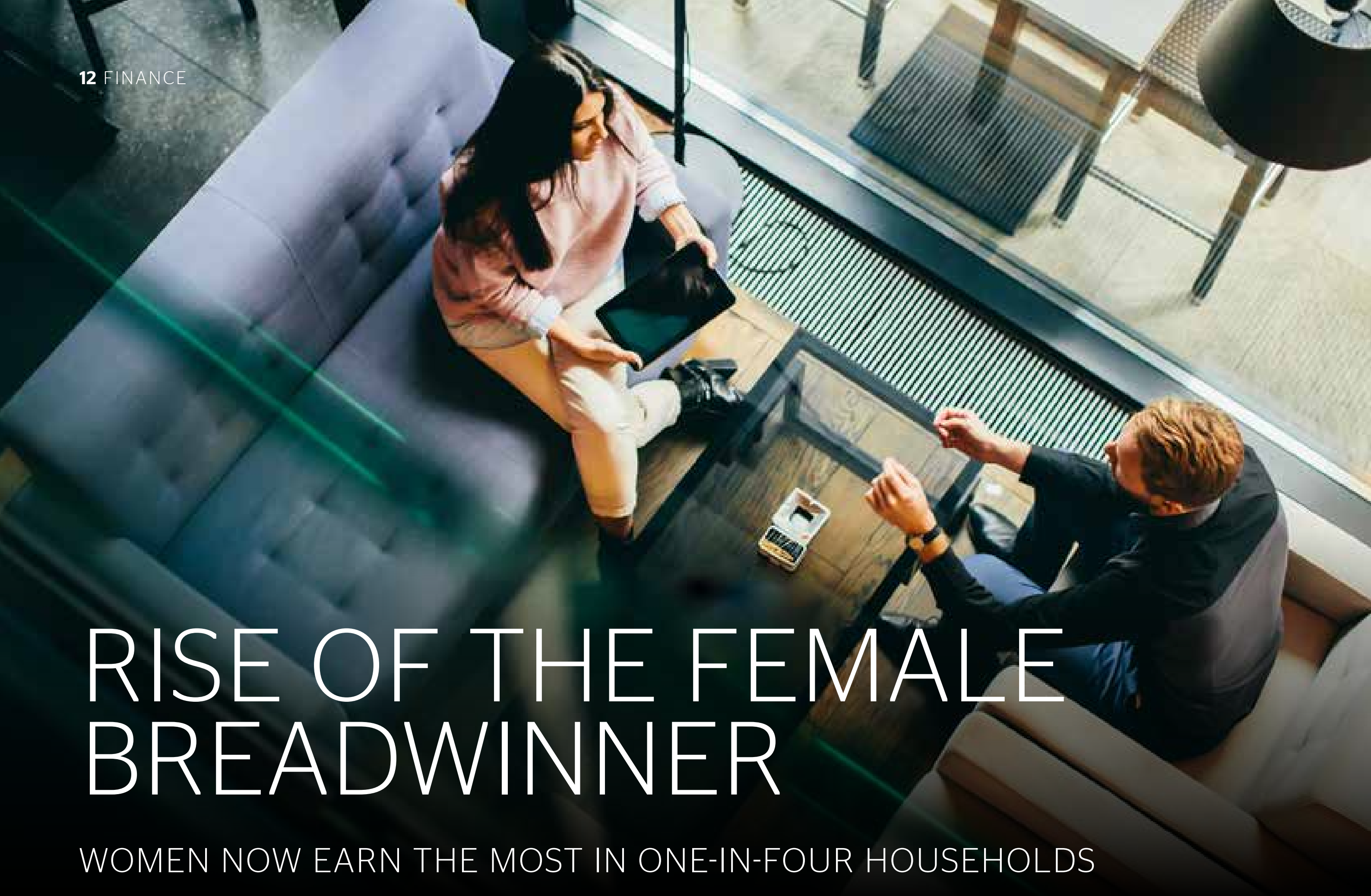
KEEPING A CLEAR HEAD AND REACTING IN THE RIGHT WAY

Striking the right balance between risk and return is something every investor must consider and revisit periodically. Market falls are inevitable from time to time. When they happen it's important to keep a clear head and react in the right way. To find out more, please contact us.



RISE OF THE FEMALE BREADWINNER

WOMEN NOW EARN THE MOST IN ONE-IN-FOUR HOUSEHOLDS

The proportion of female breadwinners is steadily rising but the trend could be knocked off course by the coronavirus (COVID-19) crisis. Women out-earn male partners in almost a quarter of households, up from a fifth 16 years ago, according to new research[1].

The findings show a shift in the traditional earning dynamic between couples and reveal that the common assumption that male partners are the higher earners is becoming outdated. There is a risk that the coronavirus crisis will knock the trend off course, as more women than men are expected to have reduced hours to cover caring responsibilities, be furloughed or lose their jobs.

The percentage of households in which the female partner earns more than the male partner has steadily risen from 19.8% 2004 to 23.3% in 2019, an 18% rise.

Women earn the same as or more than their male partner in almost three-in-ten households, up from 22.3% of households in 2004 to 27.6% of households in 2019, the research figures show. Men earn more than women in seven-in-ten households (72.4%), down from 77.7% in 2004.

At the current rate of growth, it will take 62 years before women earn more than men in more than half of households.

A rise in the proportion of female breadwinners and women who earn the same as their male partners has potentially profound consequences for society, including:

- The way couples spread the burden of caring responsibilities for children and adult relatives
- The way couples manage their joint finances
- The gender pay gap and pension gap

The shift also suggests that demand for wealth products and financial advice will increasingly come from women.

These figures suggest women's earning patterns are breaking out of a vicious circle that has persisted for generations, in which women have traditionally assumed caring roles, so have earned less, then because they earn less, their incomes and careers often take the hit when caring duties arise.

The expected impact of the coronavirus lockdown on women's work and earnings is an example of this playing out in real time, as women's work has been lost through job cuts and caring demands. This could have lasting impact and derail the rise of the female breadwinner.

However in those households where women already earn more, it may make economic sense for male partners to take on more of the responsibilities that typically take women out of the workplace. This could mean more children seeing their fathers as carers.

Understanding the dynamic of earnings in someone's household can also help employers shape HR policies on matters such as flexible and part-time work for men as well as women. ■

Source data:

[1] Office for National Statistics (ONS) on behalf of Royal London. Data from ONS analysis of the Annual Population Survey cases where the ONS has information on earnings for both the Household Reference Person (this is the highest-earning, or oldest in the case of equal incomes, person in the household who owns the property or with responsibility for paying the mortgage or rent) and their spouse/co-habiting partner, comparing the earnings of the man and the woman in the household.