



ECFS

Independent Financial Advisers

MAY/JUNE 2022

FED UP WITH YOUR NINE-TO-FIVE?

SIXTY THE MOST POPULAR AGE TO RETIRE EARLY



TAX IN UNCERTAIN TIMES

Key financial changes that have affected millions of people from April

SCAMMERS 'SOCIALY ENGINEER' VICTIMS

17% increase in suspicious or scam-related activity

RETIREMENT NEST EGG

Nearly a half of over-50s regret not saving into their pension earlier

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INSIDE THIS ISSUE

Welcome to our latest edition. Are you fed up with your nine-to-five? There are many factors that can influence when someone decides to retire. For some, it may be based on health reasons, while others may want to take advantage of government benefits or simply enjoy a more relaxed lifestyle. However, one of the most common factors that determines when people choose to retire is their age. On page 10 we look at what is the most popular age to retire early. New research reveals the key steps people have taken to embrace early retirement and examines the costs and benefits of doing so.

Most taxpayers started to see their tax bills increase from April 2022. As we move into the new 2022/23 tax year, now is the time to review your tax affairs to ensure that you have taken advantage of all reliefs available and have considered some planning opportunities to help reduce your tax liabilities. On page 04 we explain what changed at the beginning of the 2022/23 tax year, and what you need to be aware of.

Any of us can fall victim to a scam. Scams are increasingly common and many people are caught out. They can be very distressing, and the impact is often emotional as well as financial. If you've been the victim of a scam, remember that you're not alone. Turn to page 09 to read how increasingly scammers are relying on our psychological biases to trick us into handing over important data, financial information and our money.

The days of working for a single employer for your entire career and retiring with a comfortable pension are largely gone. The responsibility for accumulating a retirement nest egg now rests with individuals as opposed to their employers. Saving enough for retirement is challenging for many people, but an era of changing demographic trends, such as increased longevity and delayed marriage, can make this journey even more difficult. Read the full article on page 12.

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

NEED FURTHER GUIDANCE TO HELP CHART YOUR PATH THROUGH LIFE?



We know you'll have different priorities for your wealth at different points in your life. Whatever your financial aims, we can help you achieve them. For more information or to discuss your situation, please contact us. We hope you enjoy reading this issue.

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INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS. ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE.

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



PASSING ON WEALTH TO THE NEXT GENERATION

30 MILLION PARENTS WANT TO LEAVE WEALTH IN THEIR WILL

Millions of Britons say they want to plan to pass on wealth to their children and grandchildren in a Will - but fewer than half have written one, according to new research^[1]. Failing to plan to write a Will or complete estate planning could potentially lead to a significant Inheritance Tax (commonly called IHT for short) bill being levied on a person's estate when they die.

ANYTHING THAT ISN'T EXEMPT WILL BE TAXED

IHT is a tax that may be paid on your estate (your money, possessions and your share of any property) when you die, reducing how much value will ultimately pass to your beneficiaries. The starting point for IHT in the current 2022/23 tax year is £325,000. When the value of an estate exceeds this amount, anything that isn't exempt will be taxed at 40%.

The tax year runs from 6 April to the following 5 April. So, the tax year 2022/23 started on 6 April 2022 and finishes on 5 April 2023.

RISING NUMBER OF PEOPLE COULD UNEXPECTEDLY FACE IHT BILLS

Recent rises in houses prices mean the estates of a rising number of people could unexpectedly face IHT bills. The research found that 30 million (88%) people with children say they plan to leave money to their children and/or grandchildren in their Will but only 41% have written one. Twenty million (59%) parents do not currently have a Will.

Although over half (57%) of people with children are considering seeking professional

financial advice about the best way to pass on wealth, only 13% have done so. More than half (56%) of people with children say they are considering writing wealth into trust but only 12% have actually done so.

HOW PARENTS PLAN TO PASS ON WEALTH

- Leaving it in a Will 88%
- Bank transfer/cash 67%
- Consulting financial adviser 57%
- Writing wealth into trust 56%
- Putting money into investment 53%
- Putting money into a pension for their children 43%

MINIMISING THE AMOUNT OF IHT YOU COULD BE LIABLE FOR

The research identified that mass affluent consumers - those with assets of between £100,000 and £500,000 excluding property - are more likely to have their affairs in place to pass on an inheritance. More than half (51%) of mass affluent parents have a Will in place. 20% of mass affluent parents have put money into an investment for their children or

grandchildren (compared to 12% of all parents).

17% of mass affluent parents have obtained professional financial advice to discuss the best way to pass on wealth. And 13% of mass affluent parents have written wealth into trust for their children. The average amount written into a trust was £184,000 while more than one in five (21%) wrote more than £250,000 into a trust. ■

HOW WILL I PASS ON MY ESTATE EFFICIENTLY?

Tax rules depend on individual circumstances and may change. You should always obtain professional financial advice for more information on tax. We provide all the elements you need to protect, grow and pass on your wealth. To discuss your plans or for further information, please contact us.

Source data:

[1] LV= surveyed 4,000 nationally representative UK adults (of which at least 500 were mass affluent) via an online omnibus conducted by Opinium in December 2021.

TAX TREATMENT DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES AND MAY BE SUBJECT TO CHANGE IN FUTURE.

TAX IN UNCERTAIN TIMES

KEY FINANCIAL CHANGES THAT HAVE AFFECTED MILLIONS OF PEOPLE FROM APRIL

Most taxpayers started to see their tax bills increase from April 2022. As we move into the new 2022/23 tax year, now is the time to review your tax affairs to ensure that you have taken advantage of all reliefs available and have considered some planning opportunities to help reduce your tax liabilities.

Here's what changed at the beginning of the 2022/23 tax year, and what you need to be aware of.

NATIONAL INSURANCE INCREASE

From 6 April, National Insurance increased by 1.25%. That's an increased cost of £255 for those earning £30,000, or £505 for those earning £50,000. The National Insurance threshold increased to £9,880 per year, meaning you don't pay National Insurance if you earn below that level. This means you pay National Insurance at a rate of 13.25% on earnings between £9,880 and £50,270 per year, and 3.25% on earnings above £50,270 a year.

In July 2022, the National Insurance threshold will increase again so that you only start paying National Insurance on earnings above £12,570. This means the threshold will align with the personal allowance. You will pay National Insurance at a rate of 13.25% on earnings between £12,570 and £50,270 per year, and 3.25% on earnings above £50,270 a year.

There's been a similar rise for employers' National Insurance. One way to help to mitigate it is to consider salary sacrifice schemes for pensions and other benefits, which allow you to take some of your benefits before your salary is paid, essentially avoiding National Insurance on these items.

STATE PENSION

State Pension payments increased by 3.1% to align with inflation in the year to September 2021.

The full new State Pension increased to £185.15 a week. Full basic State Pension payouts rise to £141.85 a week.

RISE IN DIVIDEND TAX RATES

The dividend tax rates vary depending on your income. Dividend tax is payable on earnings from dividends above £2,000 a year. If you are a self-employed director of a company and pay yourself with a combination of tax and dividends, this will affect you too.

If you have shares outside of an Individual Savings Account (ISA) or pension, you may end up paying more tax on the income from them. From April 2022, the dividend tax rates increased by 1.25%. This means the dividend tax rates are 8.75% for basic rate taxpayers; 33.75% for higher rate taxpayers; and 39.35% for additional rate taxpayers.

NATIONAL LIVING WAGE INCREASE

For those on lower incomes, and their employers, an increase in the National Living Wage of 6.6%. The living wage for workers over 23 increased to £9.50 an hour, while for under-18s and apprentices it is £4.81, £6.83 for 18-20-year-olds and £9.18 for 20-21-year-olds.

FROZEN THRESHOLDS

The Chancellor often uses a new tax year to update the thresholds for basic rate tax, higher rate tax, stamp duty and other taxes in line with inflation. This year, nearly all will be frozen, meaning that most of us are worse off in real terms.

The personal allowance (the amount most of us can earn without paying tax) remains at £12,570, and the threshold for paying higher rate tax remains at £50,271. From earnings of £100,000, the personal allowance begins to be withdrawn, and the additional rate threshold remains at £150,000.

Freezing thresholds contributes to something called 'fiscal drag', which means that, as wages rise, more people are subject to higher rate tax because the threshold doesn't keep pace with the rises.

HIGHER COUNCIL TAX

Councils were permitted to raise your tax rates by up to 3% from April, with prices up by a quarter in the past decade. Those in bands D and above receive a £150 tax rebate, aimed at dealing with higher energy prices, while those in bands E and below will have no recourse to this.

CHILD BENEFIT

Child Benefit payments increased in line with inflation of 3.1% in line with other benefits. This means that parents will be able to receive £21.80 a week for their eldest or only child and £14.45 a week for any additional children. This works out at £1,133.60 a year for one child, and £751.40 a year for subsequent children.

If one parent in your household earns more than £50,000, they have to start paying the Child Benefit back through their tax return. Once they earn more than £60,000 they have to pay all the Child Benefit back.

HIGHER ENERGY PRICES

Although the change in the energy cap is not pegged to the tax year, for most of us our energy bills will go up at roughly the same time. Unless you are on a fixed rate for energy, the capped amount your provider can charge for energy increased by 54% from 1 April. ■

TIME TO TAKE A FRESH LOOK AT YOUR FINANCES?

It can be difficult to stay on top of the key tax rates and allowances amid day-to-day living. With taxes increasing from April 2022, you need to consider what steps you can take from a tax planning perspective to maximise tax reliefs that are available in the 2022/23 tax year. We look at your wealth and tax planning as a whole. To find out more, please contact us for more information.





MORE BRITONS INSURE THEIR HOMES THAN THEIR LIVES

ENSURE YOUR FINANCIAL SECURITY FOR WHEN YOU MIGHT NEED IT MOST

There are a number of reasons why you might need life cover and critical illness cover. If you have dependents, then it is important to make sure that they will be financially secure if something happens to you. If you have a mortgage or other debts, then life cover can help to pay these off.

Critical illness cover can provide you with a lump sum of money if you are diagnosed with a specified serious illness, which can help to cover the cost of treatment and make sure that you and your family are financially secure.

NOT SO KEEN TO INSURE OUR OWN LIVES

But, according to new research^[1], only 32% of people in the UK have life insurance compared to 64% who have taken out an insurance policy to cover their homes. Showing that there is still some truth in the old adage 'An Englishman's home is his castle', it would seem some people place more importance on insuring their homes than their lives.

The figures reveal that whilst we're happy to protect our latest iPhone purchase (14%), our upcoming holiday from the unpredictability of COVID (21%) and our furry four-legged friends (19%), we're not so keen to insure our own lives to protect our loved ones.

RELUCTANT TO THINK ABOUT OUR OWN MORTALITY

Indeed, 66% of people aged over 35 do not have life insurance cover, and a further 84% do not have critical illness cover. Whilst 58% of people

with pet insurance and 47% with mobile phone insurance have not taken out life insurance.

It is not unusual for people to be reluctant to think about their own mortality, especially younger people in their 30s and 40s. However, it is important for people during the accumulation phase of their lives, which is generally those under 50, to think about protecting their financial journey.

TRANSFER RISK TO AN INSURANCE PROVIDER

Taking out life insurance and critical illness cover can help to transfer risk to an insurance provider. It is a way to help protect the journey towards meeting your financial goals.

Almost a fifth of the respondents (19%) who have life insurance in place said they do not have, or they are not confident that they have, sufficient life insurance to pay off their debts and provide for their dependents should the worst happen.

PROTECT YOUR FAMILY OR OTHER LOVED ONES

Less than half (45%) of those polled say their existing life insurance policy will cover their

mortgage and only a quarter (24%) say it would cover their current salary. A further 15% say it will only cover the basic cost of living for their dependents, 4% realised that their current policy covers a previous salary which is lower than their current earnings, and 20% admit they simply don't know how much their life insurance would cover.

Whether it's to protect your family or other loved ones, it is important to take professional advice and make a plan, which can be reviewed regularly, to ensure that the people that matter to you are taken care of and that your financial goals can be achieved. ■

MAKE SURE YOUR LOVED ONES ARE LOOKED AFTER, SHOULD THE WORST HAPPEN

We're here to help you protect your loved ones today, so you don't have to worry about tomorrow. To discuss your plans or for further information, please contact us.

Source data:

[1] The research of 1,000 nationally representative UK adults was commissioned by Find Out Now in November 2021 on behalf of Brewin Dolphin.

DEALING WITH DIVORCE



REVOLUTION IN FAMILY LAW FINALLY REMOVES THE NEED FOR BLAME AS A BASIS FOR DIVORCE

No one enters into marriage expecting it to end in divorce. However, for many couples, divorce is the sad reality. If you are facing divorce, it is important to know that you are not alone. Each year, thousands of people go through the divorce process.

While divorce can be a difficult and emotionally charged time, there are things you can do to make the process go more smoothly when important decisions need to be made. Keeping a level head to negotiate a fair financial settlement is vital.

NO-FAULT DIVORCE REMOVING THE NEED FOR BLAME

From 6 April 2022 no-fault divorce came into effect in England and Wales. This is a long-awaited revolution to family law, finally removing the need for blame as a basis for divorce. Now the only ground for divorce is that the marriage has 'irretrievably broken down'.

This means the law no longer requires blame to be apportioned, neither is there any requirement to fit your particular circumstances into one of the five facts that you previously had to prove, i.e. there is no need to cite behaviour or adultery nor wait for the minimum two-year separation period.

MORE AMICABLE RESOLUTIONS FOR PARTIES

In addition, further crucial changes are that the respondent to the divorce is now unable to contest the divorce (the limited grounds to challenge a divorce relate to jurisdictional grounds or validity of marriage).

If you and the other party both agree the marriage has broken down irretrievably, then a joint application for divorce can now be made.

IF YOU FIND YOURSELF IN THIS SITUATION, HERE ARE 5 POINTS TO CONSIDER

1. SEEK PROFESSIONAL ADVICE IMMEDIATELY

Seek legal and separate financial advice immediately. Your professional financial adviser

can help you draw up a list of joint and personal assets and valuations, so any legal advice you seek is based on accurate information. This can make an appointment with your solicitor more time and cost effective.

You'll need to draw up a list of assets e.g. first or second homes, pension pots, investments, value of any businesses etc., checking when they were purchased and finding out if they should fall into the category of marital assets. In addition, list all your outgoings both joint and individual.

2. CANCEL ALL SHARED FINANCES

Cancel any financial commitments that might be in a joint name immediately. The more unscrupulous partner could take advantage otherwise and saddle you with debt you are liable for. So cancel credit cards, joint accounts, personal loans and even overdrafts if possible and set up afresh in your own name.

3. TIMING IS EVERYTHING

Although it may be the last thing on your mind, choosing the right time of year to divorce could significantly impact on the financial outcome for each individual. When a marriage or registered civil partnership breaks down, it is likely that tax will not be at the top of the agenda.

Your tax position refers to the amount of Income Tax and Capital Gains Tax you'll need to pay. During the divorce process, there is a window of time where a spousal exemption applies and then drops off.

4. SPLITTING PENSIONS

When it comes to pensions, finding a way to achieve a clean break so you are not tethered to your partner forever is key. What can be divided depends on where in the UK you are divorcing. In England, Wales and Northern

Ireland the total value of the pensions you have each built up is taken into account, excluding the basic State Pension.

In Scotland, only the value of the pensions you have both built up during your marriage or registered civil partnership is considered. Normally, anything built up before you married or after your 'date of separation' does not count.

There are two main ways of dealing with pensions at divorce that apply across the UK.

1. Pension sharing is often the favoured way of dividing a retirement fund because it achieves a 'clean break'. This involves couples splitting one or more pensions. The aim is to ensure that the future incomes of both spouses are equalised. Your professional financial adviser will be able to help you implement any pension sharing order after the splitting process is complete.

2. The second option, pension offsetting, sees pension rights balanced against other assets, such as the home. Typically, if one spouse has a pension fund worth £500,000 and the couple jointly own a property worth £500,000, one may keep the property and the other keep the pension - though things are rarely that simple, so professional advice is key.

5. BUDGET FOR YOUR FUTURE

Whatever happens, your life is going to be very different once the divorce is complete so it's important to budget for the future life you want to live. Obtaining a copy of your credit report is a good start, so you know what your standing is, especially as many people will need to think about a new mortgage after divorce. A credit report will also highlight any joint lending you might be liable for. ■

FINANCIAL PLANNING FOR DIVORCE - WHAT DO YOU NEED TO KNOW?

Obtaining professional financial advice can be invaluable in guiding you through the myriad financial decisions from valuing and splitting pensions, financial disclosure and income planning, to valuing investments, managing tax and implementing court decisions to get your finances back on a sound footing. To discuss your options, please contact us.



GENDER PENSION GAP WIDENS

WOMEN HAVE LOWER PENSION POT SIZES IN EVERY AGE BRACKET

The staggering impact of the gender pension gap has been revealed in new research^[1] which shows that women have lower pension pot sizes in every age bracket, with the situation significantly deteriorating as they approach retirement. Worryingly, women on average retire with less than half the income of men.

GENDER PENSION GAP BY PENSION CONTRIBUTIONS

Age	Gap in pension contributions
20-24	13%
25-29	16%
30-34	15%
35-39	18%
40-44	23%
45-49	29%
50-54	35%
55-59	40%
60-64	45%
65-69	49%

REDUCTION IN CONTRIBUTIONS PAID INTO PENSIONS

The amount paid in contributions has a big impact on what is received at retirement and the difference between men's and women's contribution rates is stark. For most people, the effect of working part-time means a reduction in contributions paid into their pension.

If a person opts to reduce their full-time working hours to three days a week, they might expect their pay and their pension contributions to reduce by 40%. However, because of auto-enrolment (AE) thresholds, the impact could be greater than that.

GOOD FINANCIAL PLANNING

A person earning £30,000 opting to reduce their hours by 40% would see their pay reduce by 40%. However, because of the lower qualifying earnings threshold (LET) under AE, their pension contributions would reduce to around 50% of their full-time value. A worker

earning £20,000 would see their pension contributions reduce by over 58%.

Pension contributions are unlikely to be a deciding factor when considering whether to work part-time. What is important is that people understand the long-term impact on their pension when they are making that decision. This is crucial to good financial planning.

UPPING PENSION CONTRIBUTIONS

Some people might consider upping their pension contributions, but this would have to be carefully balanced against disposable income. Another option some parents may consider is sharing the caring responsibilities to help spread the long-term financial impact.

One significant change to help women in this position would be to remove the LET. It has the potential for the biggest impact on closing the gender pension gap and has been promised by government for the 'mid-2020s'.

HOW TO HELP CLOSE THE GENDER PENSION GAP

- If you are working part-time and are automatically enrolled into a workplace pension scheme, consider increasing your monthly contributions, if it is affordable.
- If you earn less than £10,000 per year, speak to your employer about your options for joining your company pension scheme.
- If you are thinking about reducing your working hours to help balance family life, you might want to consider whether it is better for you or your partner to work part-time. As part of those considerations,

you might want to look at which of you gets higher employer pension contributions.

- When it comes to saving into a pension, starting early allows a small contribution to build up over time.
- For those in a long-term relationship, have a stake in your finances. Should divorce ever come into the picture, keep pensions at the forefront of your mind when splitting assets.
- Check your National Insurance record to see if you will get the full State Pension amount when you retire. You need a total of 35 years of National Insurance contributions, or, in some cases, you can apply for credits. If it looks like you might be short, you might have the option to pay to fill in the gaps.
- Apply for Child Benefit even if your overall household income means you need to pay it back through a high-income Child Benefit charge. If you are not working while looking after a child you get State Pension credits automatically until your youngest child is 12 years old as long as you are claiming Child Benefit. If you do not claim Child Benefit you do not receive the credits.
- Talk to your employer about the policies they offer.

TIME TO BOOST YOUR RETIREMENT SAVINGS?

Whatever retirement means to you, we're here to help you establish a financial plan for the lifestyle you want. To ensure your plans stay on track or for more information, please contact us.

Source data:

[1] Aviva Workplace Pension Data: Percentage difference in mean total contributions paid in January 2022, men versus women, by age group, based on a sample of 2,073,000 workplace pension plans receiving contributions in the month.

FUTURE WEALTH

THE AVERAGE BRITISH CHILD IS WORTH JUST UNDER £5,000 BY THE TIME THEY REACH SCHOOL

When we talk about the Bank of Mum and Dad, we are effectively talking about handing money over to your children. There are many reasons why your descendants might look to you for financial support, and many routes you could take in funding them, if you so choose.

All children, regardless of means, benefit from learning simple concepts like saving to attain goals and operating within a budget. That can start with pocket money for non-essentials and mature into allowing teenage children to manage their own clothing budget or take control of a portion of the family's charitable donations. You may even want to allow older teens to allocate and manage a small portfolio for exposure to investments.

CHILDREN'S KEY LIFE MOMENTS

A nationwide survey^[1] of parents has revealed the wealth that average British children have accumulated by the time they reach adulthood, with the average UK child having amassed just under £5,000 by the time they reach school at the age of five, just over £10,000 by the age of 18 and £12,000 by the time of their 21st birthday.

The majority of UK parents surveyed said they began saving for their children's key life moments when they were five years old, with 27% saying they started before their child reached their first birthday and 15% even admitting they began before their child was even conceived!

MAKING THEIR OWN MONEY

The findings revealed that £125 a month was the average amount that parents put aside for their child's future each month. 39% of those who responded said they feel it is the duty of every parent to save for their children, whilst 55% believe it is their duty but admit they can struggle with the obligation.

One in 20 (6%) insist their children should make their own money and their own way in life, without assistance from their parents.

BEST POSSIBLE START IN LIFE

Everyone wants to do right by their child but we appreciate it's not always easy. Instead of large presents on birthdays or at Christmas, consider using part of the budget to save for their future.

The majority of parents want to give their child the best possible start in life, but what are the best ways to invest for children? Some ways of passing money on to your children can start very early, including putting money into a Junior Individual Savings Account (JISA) for your child.

HELPING THE YOUNGER GENERATION

The current annual allowance for contributions is £9,000 (tax year 2022/23), meaning that if you start paying into a JISA when your child is young, they could find themselves with a sizeable sum of money by the age of 18.

Focusing on later life stages, some parents might also consider contributing to their children's pension pots. Covering school fees and other expenses for grandchildren is another possible way to help out younger generations financially. But with house prices at historically high levels, the most common 'Bank of Mum and Dad' queries we receive concern helping the younger generation onto the property ladder. ■

BUILDING UP A SAVINGS POT

Putting money aside for a child is a great way to prepare them for their future, and can also teach valuable lessons about their managing their finances. To discuss how we could help you make their savings work harder, please contact us for more information.

THE VALUE OF INVESTMENTS CAN FALL AS WELL AS RISE AND YOU COULD GET BACK LESS THAN YOU INVEST. IF YOU'RE NOT SURE ABOUT INVESTING, SEEK PROFESSIONAL ADVICE.

Source data:

[1] The research of 1,500 parents with dependents currently living at home with their parents, was commissioned by Perspectus Global in March 2021 on behalf of Brewin Dolphin.



SCAMMERS 'SOCIOALLY ENGINEER' VICTIMS

17% INCREASE IN SUSPICIOUS OR SCAM-RELATED ACTIVITY

Any of us can fall victim to a scam. Scams are increasingly common and many people are caught out. They can be very distressing, and the impact is often emotional as well as financial. If you've been the victim of a scam, remember that you're not alone

Increasingly, scammers are relying on our psychological biases to trick us into handing over important data, financial information and our money. There are a growing number of scams that are harder to identify, with scammers using increasingly complex psychological tactics to 'socially engineer' their victims into handing over personal data or money.

Would-be investors are vulnerable to manipulation from scammers when put under time pressure, promised greater returns on investments or contacted by what they think is an authority figure. Research highlights the psychological tricks that scammers use, as data shows a 17% rise in reported scams^[1]. The data highlights that almost three-quarters of Britons have seen an increase in suspicious activity and of those who were scammed nearly four in ten (39%) didn't report it.

Criminals carrying out scams usually apply pressure tactics, illusions of scarcity or pretending to be a trusted authority to 'socially engineer' their victims. The findings come as consumer polling shows that seven in ten Britons claim to have seen an increase in suspicious or scam-related activity, but almost a third of respondents (31%) admit they wouldn't know what to do if they found themselves in that position.

PURCHASE SCAMS

Purchase scams, where people buy goods online which don't exist or never arrive, accounted for over half (53%) of reported scams - with an average value of £980.

Scammers create a perceived scarcity and therefore 'value' in what they are selling to

motivate consumers to act quickly and not rely on their better judgment. This might be advertising something as a 'one-time offer', a limited edition price or availability, or rushing us into buying something that 'has' to be bought now - even if you've never seen the product in real life.

You should never be rushed; it's always important to take the time to check before proceeding with a purchase. If it's a big-ticket item like a car, unless you're buying directly through a well-known brand, it's good practice to see it in person before spending any money.

IMPERSONATION SCAMS

Over two-thirds of Britons (64%) would be more likely to comply with a request if they believed it was coming from an institution they knew, such as their bank, the police or even the NHS.

It's not surprising, therefore, that scammers exploit this insight. In these situations, scammers will harness that sense of authority to instil fear in their victims - perhaps suggesting their bank account has been compromised, a payment is overdue or that they will be fined if they do not pay the full amount. Psychologically, many of us will take these at face-value if they're coming from what we believe to be a reputable institution.

Real phone calls from a bank will never ask customers to do things like share their PIN/ security information or to transfer money to a 'safe account'.

INVESTMENT SCAMS

Investment scams often account for the highest average value type of scam, which is why they're

such enticing options for fraudsters - with £15,788 lost on average to these types of scams in the last quarter.

Investing should generally be a very measured activity and people who are looking to invest their money will often do a lot of research before making their decision, or at least ask for a second opinion. However, scammers are experts at exploiting the fact that people want to grow their assets, and that we can sometimes put our better judgement aside for a high return opportunity.

Worryingly, this is reflected in the research, with three in ten (32%) admitting they would be willing to go with an investment or savings provider they'd never heard of if they thought the returns would be higher than those of their existing provider. A further fifth (21%) stated they were unsure, indicating they could potentially be convinced.

Check the Financial Conduct Authority (FCA) website and its warning list (<https://www.fca.org.uk/scamsmart/warning-list>) for cloned companies to make sure you're dealing with a genuine company. If you have any suspicions, talk to someone you trust and don't ignore your concerns. It's important to ask questions and make sure you feel comfortable in the choices you are making - and remember, if the returns seem too good to be true, they probably are. ■

WE'RE HERE TO HELP YOU

If you would like to speak to us about any concerns you may have, we're here to listen to you. To find out more or to discuss your situation, please contact us.

Source data:

[1] Barclays data on reported scams from October 2021 - December 2021. Mortar Research study of 2,002 participants, January 2022.

/// WHEN IT COMES TO THEIR HEALTH AND WELLBEING, MORE THAN HALF REPORT THAT EARLY RETIREMENT HAS DELIVERED A BOOST TO THEIR MENTAL WELLBEING (57%) AND HALF (50%) SAY THEIR PHYSICAL WELLBEING IMPROVED.^[1]

FED UP WITH YOUR NINE-TO-FIVE?

SIXTY THE MOST POPULAR AGE TO RETIRE EARLY

There are many factors that can influence when someone decides to retire. For some, it may be based on health reasons, while others may want to take advantage of government benefits or simply enjoy a more relaxed lifestyle. However, one of the most common factors that determines when people choose to retire is their age.

So, what is the most popular age to retire early? Sixty is the most popular age to retire early, according to new research^[1] which reveals the key steps people have taken to embrace early retirement and examines the costs and benefits of doing so.

WANTING TO ENJOY MORE FREEDOM

One in four (25%) are planning to celebrate their 60th birthday by leaving work behind. With the State Pension age currently standing at 66, the findings show one in six (17%) people who have taken early retirement did so when they were 60, making it the most common age to make an early exit from working life.

This is also the most popular target age for people who intend to retire early in the years ahead, with one in four (25%) planning to celebrate their 60th birthday by leaving work behind. The desire to retire early is primarily driven by 'wanting to enjoy more freedom while still being physically fit and well enough to enjoy it.'

EMBRACING A NEW LIFESTYLE

Nearly one in three people (32%) who have retired early or plan to do so gave this reason for embracing a new lifestyle. Financial security is the second most common factor prompting people to embrace retirement. More than one in four (26%) early retirees say their decision was a result of 'being in a financially stable position' so they can afford not to work.

The influence of money matters is also visible in people's choice of early retirement age. One in five (20%) people targeting early retirement have set their sights on 55 to make the transition from working life. This is likely to be influenced by their ability to access their pension savings from this age.

'TOO TAXING AND STRESSFUL'

Other key factors encouraging people to seek early retirement include reassessing their priorities and what's important to them in life (23%), wishing to spend more time with family (20%) or finding they are either 'tired and bored' of working (19%) or find it 'too taxing and stressful' (19%).

The research suggests the impacts of early retirement are wide-ranging and broadly positive in many areas of life. Most notably, more than two in three (68%) people who have retired early say their happiness improved as a result. In terms of the world around them, 44% of early retirees

say their family relationships improved and 34% reported improvements in their friendships.

BOOST TO MENTAL WELLBEING

When it comes to their health and wellbeing, more than half report that early retirement has delivered a boost to their mental wellbeing (57%) and half (50%) say their physical wellbeing improved.

However, the findings suggest these benefits come at a cost, with nearly half of early retirees finding their finances worsening as a result (47%).

Women are the most likely to have felt a negative financial impact from retiring early (50% vs. 44% of men). Across both genders, only 22% feel they have benefited financially from their decision to retire early.

STEPPING STONE TO RETIRING EARLY

Among those people who have retired early, one in three (32%) identify having a defined benefit (final salary) pension among the main measures that enabled them to take retirement into their own hands. This suggests the concept of early retirement may get harder for younger generations to achieve, with the majority of the private sector workforce now saving into defined contribution pension schemes.

However, the findings suggest that people can still take positive steps to make an early retirement possible. Paying off your mortgage (30%) is identified as the second most common stepping stone to retiring early, while almost three in ten early retirees (29%) say saving little and often was one of their main strategies. Nearly one in five (19%) say they also saved extra whenever they received a pay rise or a bonus during their working life.

THE MAIN MEASURES ENABLING PEOPLE TO RETIRE EARLY OR THINK ABOUT RETIRING EARLY

- 32% - Having a defined benefit (final salary) pension
- 30% - Paying off one's mortgage
- 29% - Saving little and often
- 19% - Saving extra whenever receiving a pay rise or bonus
- 16% - Receiving a redundancy payout
- 14% - Receiving an inheritance

WANTING A NEW SENSE OF PURPOSE

Among those who take early retirement, the research also reveals there is a small contingent

who have returned to work (17%) or envisage themselves doing so in the future (15%). Over one in four (27%) cite the reason for returning to work is because they 'wanted a new sense of purpose', making this the most frequent driver, followed by 'missing the company and social interactions with colleagues' (26%). However, a similar number (24%) of early retirees find themselves heading back to work having experienced financial issues.

While happiness soars in retirement, many people find their finances take the strain when they retire early and money worries are one of the biggest factors resulting in people returning to work. If you aspire to retire early, it's vital you plan your finances to be sustainable for the long-term. ■

WHAT DO YOU NEED TO DO TO RETIRE EARLY?

The dream of an early retirement is very much alive and kicking, but there are many factors to consider along the way and the current uncertainty about the future does not make this an easy decision. For further information or to discuss your requirements, please contact us.

Source data:

[1] <https://www.aviva.com/newsroom/news-releases/2021/12/sixty-the-most-popular-age-to-retire-early/>

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS PLAN HAS A PROTECTED PENSION AGE). THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE. YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.

THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION WHICH ARE SUBJECT TO CHANGE IN THE FUTURE. YOU SHOULD SEEK ADVICE TO UNDERSTAND YOUR OPTIONS AT RETIREMENT.

RETIREMENT NEST EGG

NEARLY A HALF OF OVER-50S REGRET NOT SAVING INTO THEIR PENSION EARLIER

The days of working for a single employer for your entire career and retiring with a comfortable pension are largely gone. The responsibility for accumulating a retirement nest egg now rests with individuals as opposed to their employers.

Saving enough for retirement is challenging for many people, but an era of changing demographic trends, such as increased longevity and delayed marriage, can make this journey even more difficult.

NOT FINANCIALLY STABLE ENOUGH TO CONTRIBUTE

New research^[1] into the attitudes of the over-50s towards their pension has uncovered that nearly a half (49%) regret not saving into their pension earlier, and almost two-thirds (64%) wish they had contributed more into their retirement savings at an earlier stage.

Just over a quarter (26%) stated that they only started paying into their pension after they turned 30 years old, primarily because they did not feel financially stable enough to contribute any sooner (51%). Many, understandably, prioritised raising children (42%) and paying off their mortgages (40%) before putting any surplus cash into their pension. However, a third put leisure/holidays (32%), clothing (21%) and their pets (10%) before their retirement income.

'MODERATE' STANDARD OF LIVING IN RETIREMENT

Almost four in ten (39%) people over the age of 50 believe that an income of between £10,000 and £20,000 per annum in retirement will be enough to live 'comfortably'. This is despite figures announced stating that £20,800 per annum will only provide an individual with a 'moderate' standard of living in retirement. To enjoy a 'comfortable' standard of living, the amount would need to increase to £33,600 per year.

Just under a quarter (24%) of those aged over 50 believe that a personal contribution of between 0% to 5% of their salary is an 'appropriate and

achievable' level to attain a savings pot big enough to support them in retirement.

TAKING PROFESSIONAL FINANCIAL ADVICE IS KEY

When asked about financial advice, worryingly more than 70% of over-50s say they have never sought professional financial advice regarding their pension. Almost a third (30%) say they feel they know what they are doing and don't need financial support, whilst 10% say they rely on their family and friends for support and advice. However, after hearing that they could add as much as £47,000 to their pension^[2] (over a decade) by taking professional financial advice, half of them say they would.

Pensions are more important to more of us than ever before. Automatic enrolment has brought pension savings to millions, but this was only introduced in 2012 and for many, especially those over the age of 50, it is perhaps too little, too late.

TAKE STOCK OF YOUR FINANCIAL SITUATION EARLY

Hindsight is a wonderful thing and life in your 20s and 30s can often take over, with children to raise, debts to pay and holidays to be had. However, it's important to take stock of your financial situation early. You may think you have enough spare cash, or that you have years until you retire, but most people over the age of fifty (64%) wished that they had paid more into their pension pot, earlier.

It's also important that people are realistic about how much they might need to live on in retirement. With more people continuing to pay rent or mortgages after they finish working^[3], it is unlikely that an income of between £10,000 and £20,000 per year will be sufficient to have a 'comfortable' lifestyle. ■

PLANNING FOR A FULL AND HAPPY RETIREMENT?

To avoid sleepwalking into retirement it's important to understand how much you have in your pension, what that money might look like as retirement income and how long you might need that money to last. For advice on all your options to make your money last a lifetime, please contact us.

Source data:

- 1,034 UK adults over the age of 50 (retired and non-retired) interviewed between 31/01/2022-07/02/2022
 [1] <https://www.retirementlivingstandards.org.uk/news/retirement-living-standards-updated-to-reflect>
 [2] <https://ilcuk.org.uk/financial-advice-provides-47k-wealth-uplift-in-decade/>
 [3] <https://www.bbc.co.uk/news/business-42193251>

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