ISSUE 18 ■ AUTUMN 2017

INFORMED

Working with professional partners

by Clayden FINANCIAL
INDEPENDENT FINANCIAL ADVISERS

STATE PENSION AGE RISE BROUGHT FORWARD

Finding a balance between funding and being fair on future generations of taxpayers

FINANCIALLY UNPROTECTED

Dads putting their family's financial security at risk if the unexpected were to happen

Clayden Financial, 1 Constable Court, The Street, Belstead, Ipswich IP8 3LY
Tel: (01473) 730090 **Fax:** (01473) 730092 **Email:** advice@claydens.com

www.claydens.com

In this issue...

Clayden FINANCIAL
INDEPENDENT FINANCIAL ADVISERS

1 Constable Court, The Street,
Belstead, Ipswich IP8 3LY

Tel: (01473) 730090
Fax: (01473) 730092
Web: www.claydens.com
Email: advice@claydens.com

Welcome to our **Autumn issue**

We have had a very busy summer as activity in the pensions market continues to grow following the introduction of flexible retirement options. Clients have appreciated our specialisation in this area.

Clayden Financial is particularly keen for staff to develop and improve their skills. Continuous professional development is important both for staff members themselves and for the firm as we aim to give clients the best possible service.

Paraplanner Sean Parker is working towards becoming a Chartered Financial Planner and recently passed his R01 – Financial Services Ethics and Regulation and the Certificate in Discretionary Management. He will be taking the Personal Taxation paper in early September and probably the Pension Transfer Specialist paper in early October.

Following promising results, Administrator Lewis Offord has only a dissertation remaining to complete the DipFA Financial Planner course. In the longer term, Lewis is hoping to take the Adv.DipFA which advances study into more specialised areas of Financial Advice such as 'Taxation, Trusts and Tax Compliance' and 'Later Life Planning and Advice'. Completion of this can lead to a Chartered Designation awarded by the London Institute of Banking and Finance.

Enjoy the autumn, and do give us feedback about *Informed*. We strive to make the content relevant and an entertaining read.

Leigh Clayden

Sean Parker

Lewis Offord

Herman and Sherman

This issue, we thought we would focus on a rather unusual subject for a financial publication – tortoises! Both our IFA Karen Last and Office Manager/Administrator Shirley Hines have tortoises, and they write here a little about their wonderful pets. Apparently, the choice of names was pure coincidence!

From Shirley

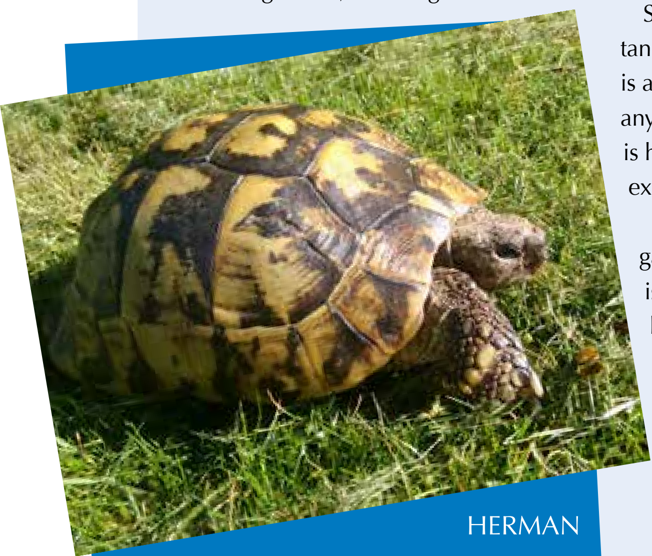
My tortoise is called 'Herman Tortoise' because he is a Hermann's tortoise. He could well be Hermione, but Herman suits him best. Herman has been in our family for about 31/32 years. We found him crossing the main Ipswich to Felixstowe Road near the Seven Hills roundabout (narrowly avoiding a juggernaut), and he has been with us ever since.

Herman will escape given the opportunity, and he also likes to climb in his quest for freedom – however, this does sometimes result in him falling onto his back and being unable to get up. Fortunately, this has not happened for a few years now, as it is quite distressing to find him on his back. This may be that he is becoming less adventurous, or I am more adept at anticipating where any attempt could occur.

Amongst other things, he likes to eat lettuce (not iceberg), cucumber, the occasional banana and strawberries. Having the run of the garden, he eats clover and dandelions (my excuse for not having a pristine lawn) and anything else that takes his fancy. When it gets hot, he charges around the garden, making no allowance for anything in his way, be it sleeping cats or my favourite plants.

When it gets cooler, Herman eats less and is usually ready to hibernate around mid October. He has a nice box of straw in the cupboard under the stairs which has a constant temperature, and he stays there undisturbed until around Easter. When ready, he comes up to the top of the box. If I am a bit slow to check on him, he has been known to climb out of the box and wander around the cupboard.

I am always pleased to see him when he emerges, and always a bit anxious until I have seen him eat something.



HERMAN

And from Karen

My partner will not let me have a pet that has skin, fur or feathers. (That makes him sound like a brute, but he really isn't!)

My stepdaughter doesn't do snakes and I don't do spiders, so pet options were becoming very limited.

I remember my mother telling me that she cooked her tortoise as a child by hibernating it in the cupboard next to the chimney breast, so I thought I would try to redeem her disgraceful, if unwitting, actions.

Sherman the Hermann (named after the tank for obvious reasons) and aged just 3, is a delight. He will barge his way through any obstacle in his way, especially if he is heading for red-coloured food, for example, tomato or strawberry.

If it is hot, he is racing around the garden eating everything in sight (clover is a particular favourite). If it is cold, he is snuggled up at the back of his hutch, buried in the straw.

Tortoises are not particularly cuddly, although they do have a certain determined character, and I find it odd that he will probably outlive my grandchildren, when/if they appear. But he is better than nothing, and he is probably the most spoilt tortoise in Suffolk!

SHERMAN

8 Tortoise Facts

1. The hotter the climate, the lighter coloured a tortoise's shell becomes.
2. The scales on the top of a tortoise shell are known as 'scutes'.
3. A group of tortoises is called a 'creep'!
4. Like other reptiles, tortoises don't have noses: they use the Jacobson's organ in the roof of their mouths to smell.
5. Tortoises can hold their breath for long periods – maybe 30 minutes – although some turtles can spend months underwater without breaching the surface to breathe.
6. A tortoise is a turtle, but a turtle is not a tortoise! Any shelled reptile belonging to the order Chlonii is a turtle. The name 'tortoise' refers to the terrestrial turtles.
7. Tortoises reach maturity when they reach a certain size. Only then can you tell their sex.
8. Tortoises were passengers on board the first spacecraft to circle the moon and return to earth.

NAVIGATING MARKET VOLATILITY

Protecting your portfolio from the ups and downs of investing

No particular investment consistently outperforms other investments. One of the most effective ways to manage investment risk is to spread your money across a range of assets that, historically, have tended to perform differently in the same circumstances. This is called 'diversification'.

BLEND OF ASSETS

While it cannot guarantee against losses, diversifying your portfolio effectively – holding a blend of assets to help you navigate the volatility of markets – is vital to achieving your long-term financial goals while minimising risk.

Although you can diversify within one asset class – for instance, by holding shares (or equities) in several companies that operate in different sectors – this will fail to insulate you from systemic risks, such as an international stock market crash.

INSIDE ASSET CLASSES

As well as investing across asset classes, you can further diversify by spreading your investments within asset classes.

For instance, corporate bonds and government bonds can offer very different propositions, with the former tending to offer higher possible returns but with a higher risk of defaults, or bond repayments not being met by the issuer. Similarly, the risk and return profiles of shares in younger companies in growth sectors like technology, for example, contrast with those of established, dividend-paying companies.

INSULATE YOUR PORTFOLIO

Effective diversification is likely to also allocate investments across different countries and regions in order to help insulate your portfolio from local market crises or downturns. Markets around the world tend to perform differently, reflecting short-term sentiment and long-term trends.

There is, however, the added danger of currency risk when investing in different countries, as the value of international currencies relative to each other changes all the time. Diversifying across assets valued in different currencies, or investing in so-called 'hedged' assets that look to minimise the impact from currency swings, should reduce the weakness of any one currency significantly decreasing the total value of your portfolio.

PROFESSIONALLY MANAGED FUNDS

Achieving effective diversification across and within asset classes, regions and currencies can be difficult and typically beyond the means of individual investors. For this reason, many people choose to invest in professionally managed funds (typically with several assets) rather than building their own portfolio of individual investments.

> "AS WELL AS INVESTING ACROSS ASSET CLASSES, YOU CAN FURTHER DIVERSIFY BY SPREADING YOUR INVESTMENTS WITHIN ASSET CLASSES."

Individual funds often focus on one asset class, and sometimes even one region, and therefore typically only offer limited diversification on their own. By investing in several funds, which between them cover a breadth of underlying assets, investors can create a more effectively diversified portfolio.

LESS VOLATILE RETURNS

One alternative is to invest in a multi-asset fund, which will hold a blend of different types of assets designed to offer immediate diversification with one single investment. Broadly speaking, their aim is to offer investors the prospect of less volatile returns by not relying on the fortunes of just one asset class.

However, multi-asset funds are not all the same. Some aim for higher returns in exchange for assuming higher risk in their investments, while others are more defensive, and some focus on delivering an income rather than capital growth. Each fund will have its own objective and risk-return profile, and these will be reflected in the allocation of its investments – for instance, whether the fund is weighted more towards bonds or equities.

DO YOUR CURRENT INVESTMENTS MATCH YOUR ATTITUDE TOWARDS RISK AND RETURN?

As with all investments, you should always check whether the strategy and underlying investments of any fund, or combination of funds, match your own attitude towards risk and return. Whatever phase of investment you are in, from capital accumulation to drawing upon your savings, there is always a valuable role for effective diversification. To review the options available to you, please contact us.

STATE PENSION AGE RISE BROUGHT FORWARD

Finding a balance between funding and being fair on future generations of taxpayers

Will you be one of the millions of workers that will have to work an extra year before retiring after the Government announced that it would be extending the retirement age to 68? The announcement was made by the Secretary of State for Work and Pensions, David Gauke in July this year. New plans mean that the rise in the State Pension age to 68 will now happen in 2039, affecting people born between 6 April 1970 and 5 April 1978.

HAVING TO WAIT A YEAR LONGER

Six million men and women will have to wait a year longer than they expected to get their State Pension.

RISE IN THE PENSION AGE WILL BE PHASED

The rise in the pension age will be phased in between 2037 and 2039, rather than from 2044 as was originally proposed. Those affected are currently between the ages of 39 and 47, but the exact date that you receive your State Pension will depend on the year and month you were born. This announcement is aimed at catching up with years of increasing life expectancy, even if recent indications suggest that growth has slowed.

WAITING FOR FUTURE ANNOUNCEMENTS

The Government announcement is based on the recommendations of the Cridland report, which proposed the change. Anyone younger than 39 will have to wait for future announcements to learn what their precise pension age will be.

NO EXCEPTIONAL CHANGES TO THE DATA

John Cridland also said that the State Pension age should not increase more than one year in any ten-year period, assuming that there are no exceptional changes to the data used. This would give those generations affected by changes adequate time to save and plan.

PROTECTED FOR FUTURE GENERATIONS

'As life expectancy continues to rise and the number of people in receipt of State Pension increases, we need to ensure that we have a fair and sustainable system that is reflective of modern life and protected for future generations,' Mr Gauke told MPs.

SAVING HARDER FOR OUR OWN RETIREMENT

The Government has also committed to regular reviews of the State Pension age in the years ahead, which inevitably raises the prospect of further rises. It seems evident that the Government is taking a gradually declining role in supporting retirement income. A combination of increases in life expectancy, and the growing number of retirees relative to the working age population, means that individuals will now have to save harder for their own retirement.

WHERE WILL YOUR RETIREMENT TAKE YOU?

To find out more about the different pensions and savings options you could utilise, or to discuss your requirements, please contact us.

STATE PENSION AGE UNDER THE LATEST PLANS (JULY 2017)

YOUR DATE OF BIRTH	STATE PENSION AGE
After April 6 1978	68
April 6 1970 to April 5 1978	67 years 1 month to 68 years*
April 6 1960 to April 5 1970	66 years 1 month to 67 years*
December 6 1953 to April 5 1960	65 years 3 months to 66 years*

*Depends on exact date of birth

Financially unprotected

Dads putting their family's financial security at risk if the unexpected were to happen

What would happen to you and your family in the event of unforeseen circumstances such as the diagnosis of a serious illness or premature death? Worryingly, research from Scottish Widows reveals that more than half (53%) of men in the UK with dependent children have no life cover, meaning that 3.9 million dads[1] are potentially putting their family's financial security at risk if the unexpected were to happen.

INSURING AGAINST SERIOUS ILLNESS

Only 16% of fathers have a critical illness policy, leaving many more millions at financial risk if they were to become seriously ill. Fathers are, in fact, more likely to insure their mobile phones (21%) than to insure themselves against serious illness.

More than a fifth (22%) of fathers admit their household would be placed at financial risk if they lost their income due to unforeseen circumstances, and 28% say they could only pay their household bills for a maximum of three months. Two fifths (40%) say they'd have to dip into their savings to manage financially, but 42% say that their savings would last for a maximum of just three months.

BASIC LEVEL OF SUPPORT

The research shows that in the event of themselves or their partner dying, 22% of men with dependent children believe they could rely on state benefits to support their family. While this provides a basic level of support, we would firmly advise people to make their own provision for themselves and their families in order to provide peace of mind with the knowledge that there's a financial safety net in place.

DO YOU HAVE APPROPRIATE PROVISION IN PLACE TO PROTECT YOUR FINANCIAL PLANS?

No matter what our personal circumstances, it is vital for all of us to ensure we have an appropriate plan in place to protect our finances, helping avoid the need to dip into our savings, which could present even greater challenges further down the line. If you have any questions or queries, or you'd just like to know more about how to protect you and your family, get in touch with us and we'll be happy to help.

Many fathers don't consider having insurance as a necessity, with 18% saying they don't see critical illness cover as a financial priority, 19% saying they don't think they need it, and 17% saying they can't afford it.

BEREAVEMENT SUPPORT PAYMENT SYSTEM

With a new Bereavement Support Payment system now in place, it's more important than ever for fathers to review their financial protection needs. You may be able to get a Bereavement Support Payment if your husband, wife or registered civil partner died on or after 6 April 2017.

It's estimated that 91% of widowed parents will be supported for a shorter period of time (now just 18 months) than they would under the previous system, which could pay out until the youngest child leaves school, according to research from the Childhood Bereavement Network. In 2014, 70% of claimants were female[2], so it's important that fathers seek advice to make sure their household is covered.

CLAIMING FOR BEREAVEMENT BENEFITS

This is especially the case for cohabitees, who are not eligible to claim for bereavement benefits, despite the fact that 21% of couples with children are not married, according to figures from the Office for National Statistics for 2016.

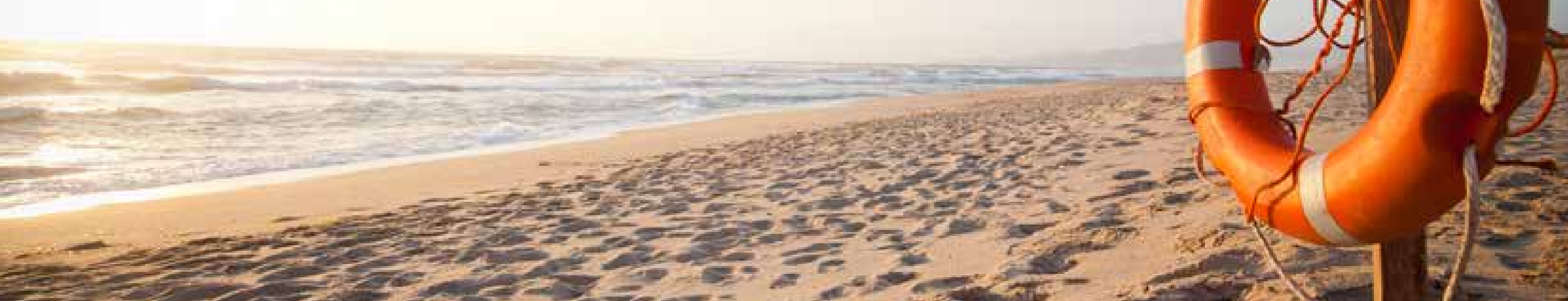
There are many things to consider when looking to protect you and your family. Being diagnosed as suffering from a specified illness or the loss of income need to be considered as part of an effective protection planning strategy.

Source data:

Scottish Widows' protection research is based on a survey carried out online by Opinium, who interviewed a total of 5,077 adults in the UK between 16 and 27 March 2017.

[1] Percentage of adult population that are fathers with dependents = 735/5077 = 14.48%; 14.48% of adult population of 51,339,000 = 7.4 million; 53% of these don't have cover, so 3.9 million.

[2] Childhood Bereavement Network submission to the Commons Work and Pensions Select Committee



CLASSIC CAR INSURANCE

ryan's
YOU CAN BE SURE IT'S RIGHT

One of the first questions that often comes up when discussing classic cars is: 'What is a classic car?'

To most insurers, the simple answer will be: 'Any car over 25 years old'. However, if you ask a classic car owner, you are likely to get a multitude of different answers – and we understand this.

A classic car can mean different things to different people. As an insurance broker, we consider many factors including what the car is being used for, the user mileage, and storage of the vehicle.

This approach reflects the fact that a significant number of vehicles that are not yet 25 years old are being purchased and owned as an investment. The value may have reached its lowest and depreciation stopped, or the value may already be on the increase – either way, it is important that vehicles like this are both covered and rated in the correct way.

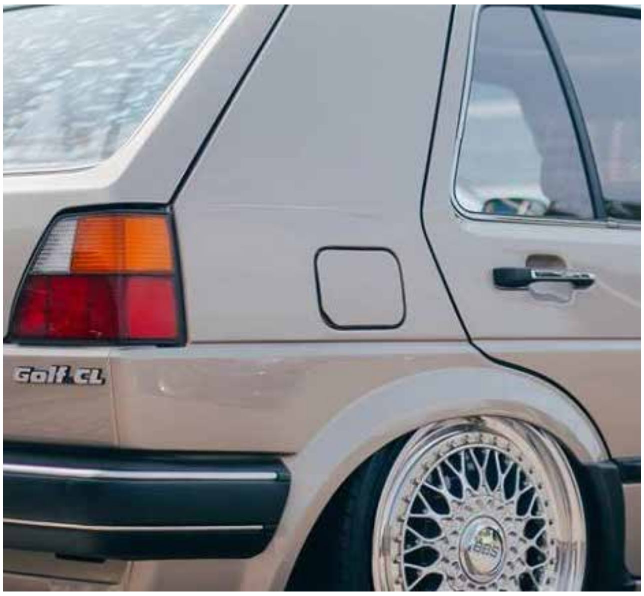
During a recent visit to the Classic Motor Show at the NEC, it became very apparent that there are many vehicles from the 1980s and 1990s that are now a real target for collectors and classic car enthusiasts.

It was quite a sobering moment for Barry Knight, Executive Motor Manager from Covea Insurance, when he noticed that 'normal' cars from his youth and even his first car, a Ford Fiesta LX, would now be classed as classic cars! He reports that he was torn between feeling both old and fortunate to be so familiar with this new breed of classic car.

SPECIALIST COVER

Ryan's understands that customers' classic cars are very much their pride and joy, so we can offer specialist policies to reflect this, including:

- The ability to agree the vehicle's insured value based on the customer's self-certification
- Salvage buy-back option – sometimes, the customer would rather keep the vehicle and restore it themselves, even if it is a total loss
- Spare motor parts and accessories kept at the customer's property
- Use of the customer's preferred supplier to undertake any repairs



2017 Gold Trusted Service feefo

Best Companies to work for in Insurance Broking 2017

If you would like to talk to one of our advisers about our range of personal or business insurance solutions please call the Ryan's team on 01473 343300 or visit our website www.ryans.co.uk

Clayden Financial Independent Financial Advisers
1 Constable Court, The Street, Belstead, Ipswich IP8 3LY
Tel: (01473) 730090 **Fax:** (01473) 730092
Web: www.claydens.com **Email:** advice@claydens.com

Clayden FINANCIAL
INDEPENDENT FINANCIAL ADVISERS