ISSUE 14 ■ AUTUMN 2016

INFORMED

Working with professional partners

by Clayden
FINANCIAL
INDEPENDENT FINANCIAL ADVISERS

INVESTING FOR CHILDREN

Building a nest egg to provide for their financial future

Managing your retirement savings

Consolidating your separate pensions into one single pension wrapper

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In this issue...

Front page photo shows left to right: Leigh Clayden (sitting), Lewis Offord, Angela Smith, Grace Whiley, Adrian Firth, Chris McGlone, Shirley Hines, Karen Last, Sean Parker, Krystyna Smithers, Daniel Last, and Martin Cornell (sitting).

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Leigh Clayden with Tracy Healey, Marketing Manager of Ryans

Welcome to our **Autumn issue**

It's been a busy summer and we eventually had some lovely sunny weather.

We hope you like the front cover showing all of us at Clayden Financial with the new banner for use at events. It was used recently at the Junior Open at the Purdis Heath Golf Club in Ipswich. We often support the Club's junior events and on this occasion 46 golfers from 24 clubs across Suffolk, Norfolk, Essex and Cambridge took part. There was quite a cross-section of golfers who all enjoyed playing the course which was in excellent condition with running fairways and holding greens which led to some excellent scores. Ages ranged from 10 to 18 and the handicaps from 1 to 36.

The Anglia Business Exhibition took place on 15th June at Trinity Park and Clayden Financial exhibited with professional partner Ryans. Our stand had a beach hut theme and was very popular, partly due to the delicious ice creams on offer! We held a business card raffle and the winner Katy Pointer of Ipswich Building Society won a week's use of a beach hut at Felixstowe.

We are hoping to hold a client event in the autumn and are considering suitable subject matter. If there are any financial or life planning subjects which you would find interesting or helpful, do let us know. We really want the event to appeal to you.

Investors may be feeling a little weary after a period of market volatility and political change. The markets have stabilised somewhat now, but if you have any concerns at all about the general situation – or your finances in particular – do not hesitate to give us a call. We are always happy to assist.

Leigh Clayden

5K Race for Life in aid of Cancer Research

Administrator Grace Whiley ran this race with her mum, Tonia, on Sunday 19th June. Grace says that she actually dislikes running and trained very little. However, she was gratified to complete the 5k race in just over 29 minutes – much better than she expected!

Nearly £300 was raised and Grace is now all fired up for further running events and may well take part in the Pretty Muddy race in Ipswich next year.

This is Amber, the latest edition to Clayden Financial's empire – and also the Cornell family pet. The picture was taken at just 10 weeks old. Now around 5 months, Martin says she is a typical Labrador, chewing her way through anything and everything!

What's a virtual balloon race?

Clayden Financial recently sponsored two balloons to take part in the Shine Health Advisers' Race. Concerned with the environmental impact of real balloon launches, Shine's races are now virtual, online and interactive while still promoting the cause and raising money. For a small cost, you can design and back a balloon to travel the furthest in one or more of their races – and be in with a chance of winning a choice of prizes! Balloons are boosted by on-line activity, for example, sharing on Twitter.

Funds raised from the Shine charity's virtual balloon races help and support people living with spina bifida and/or hydrocephalus.

Unfortunately, our balloons didn't come close to winning. Clayden Financial 1 came 1,979th (having travelled 672.57 km) and our second balloon came 2,119th. However, funds were raised for a very good cause. 2,204 balloons took part. www.shinevirtualballoonrace.com

Clayden Financial staff training event

Our summer staff training session ended with a trip on board the Lady Florence. Leaving from Orford Quay, we travelled on the rivers Alde and Ore with amazing views of the mysterious Orford Ness, and then enjoyed a delicious meal in the elegant cabin at a beautifully dressed table.

The Lady Florence is an historic fine wooden World War 2 boat – full of style and character. www.lady-florence.co.uk

INVESTING FOR CHILDREN

Building a nest egg to provide for their financial future

Investing and saving for your children or grandchildren is a great way to give them a good financial start in life. Even small amounts can really add up if you save regularly from a child's birth, and there are many ways to invest on behalf of children.

You need to take into account how much you can comfortably put aside, and how much you'll need at the end of the period and if you're saving for something sizeable, such as helping them through university or onto the property ladder. You may want to opt for an option that has the potential for more growth – even if this can't be guaranteed. Investing and saving for your children or grandchildren typically means taking a reasonably long-term view.

Give your children or grandchildren the best start in life, and with some early financial planning, you could help them:

- Fund a university education – university fees, student living and the costs of accommodation can all add up
- Enjoy a gap year – after school, college or university, many young people opt to volunteer abroad, or simply want to see some of the world. The returns from an investment could help make this possible
- Put down a deposit – a maturing investment could help them take their first step on the property ladder

JUNIOR INDIVIDUAL SAVINGS ACCOUNT (ISA)

The first and easiest option to choose is a Junior Individual Savings Account (JISA), if the child is eligible. Junior ISAs are flexible, tax-efficient and can only be accessed by the child when they reach the age of 18. Parents and other relatives can save up to £4,080 in the 2016/17 tax year in a Junior ISA, and, like adult ISAs, Junior ISAs can be held in cash or stocks and shares, or you can divide the allowance between both.

CHILD TRUST FUND (CTF) TRANSFER INTO A JUNIOR ISA

Changes to CTF regulations now mean investors can choose to transfer existing Child Trust Funds into Junior ISAs. Junior ISA tax advantages may depend on your individual circumstances, and tax rules may change in the future.

Your existing CTF provider may make a charge for carrying out a transfer. If your child does not qualify because they have already used their Junior ISA allowance for the current tax year, or they have a CTF that they do not wish to transfer into a Junior ISA, then there are other options you could consider.

NS&I CHILDREN'S BOND

You can invest between £25 and £3,000 tax-free for five years at a time until the child reaches 16, at which point they will gain control of the bond. The interest rate is guaranteed, so you'll know how much the investment will earn at the end of the five-year term.

But if access is needed to the money before the end of the five years, you'll face a penalty – the equivalent of 90 days' interest on the amount you cash in.

REGULAR SAVINGS

If you're able to commit to making monthly contributions, then you can often benefit from higher rates of interest with a regular savings account.

They're ideal for savers who are saving for something specific and wish to drip-feed cash into their account in a disciplined way, but these accounts will usually limit the number of withdrawals you can make each year and restrict the amount of money you can invest each month.

Be careful not to miss a payment or exceed the limit on withdrawals, as doing so can cost you interest.

UTILISE ANY ALLOWANCES

In the 2016/17 tax year, each child will be entitled to a tax-free allowance of £11,000 and an extra £1,000 allowance to cover savings interest. New legislation means that bank interest is paid gross to a depositor so there will generally not be a need to fill in form R40 to claim back any tax. However, the rules (surrounding parental settlements) remain.

However, if you give your children money and it makes more than £100 a year before tax in interest (or £200 if both parents give money), all this income (not just the income over £100) will be taxed as if it were your own. This limit applies to income from gifts from parents only, not other family members.

START INVESTING

When investing for children, it is a good idea to go for something that gives you exposure to a broad spread of companies and sectors. It is important to get the right balance between good growth potential and not taking too much risk.

You can hold investments on behalf of your child in a bare trust or a designated account. A designated account will be earmarked for your child but will be in your name and treated as your investment, and, as such, any income of over £100 will be taxed at your rate, whereas a bare trust will be treated as your child's for tax purposes. The trustees of a bare trust have legal control until the child reaches the age of 18 (age 16 in Scotland).

SET UP A PENSION

If you're thinking of taking a much longer-term approach, you could take out a pension on behalf of your child and pay in regular amounts. You can currently contribute up to £2,880 each tax year, which is increased to £3,600 including tax relief. When your child reaches the age of 18, ownership of the pension would transfer to them, and they could start making their own contributions.

Questions to ask when you're choosing how to save or invest for your children or grandchildren:

- How much can you afford?
- How much risk are you prepared to take?
- How much growth do you need?
- Will you need the money before your child or grandchild reaches their 18th birthday?
- Are you happy for your child or grandchild to have control of the investment?
- Are you saving enough to have to worry about tax issues?

GIVE A WONDERFUL GIFT FOR THEIR FUTURE

Saving for children or grandchildren today is a wonderful gift you can make for their future. Not only can they start their adult lives with some funds in hand, but getting them involved early with saving and investing also helps them learn important lessons about money. To find out more about the different options available, please contact us for further information.

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 AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

Appetite for risk

Striking the right balance is important to avoid losses

While diversification is important, you should keep in mind how much risk you are prepared to accept on your money. If it is important to you to avoid losses, you may want a portfolio that has less in shares and more in cash and fixed interest securities held to maturity, for example.

KNOW YOUR RISK APPETITE

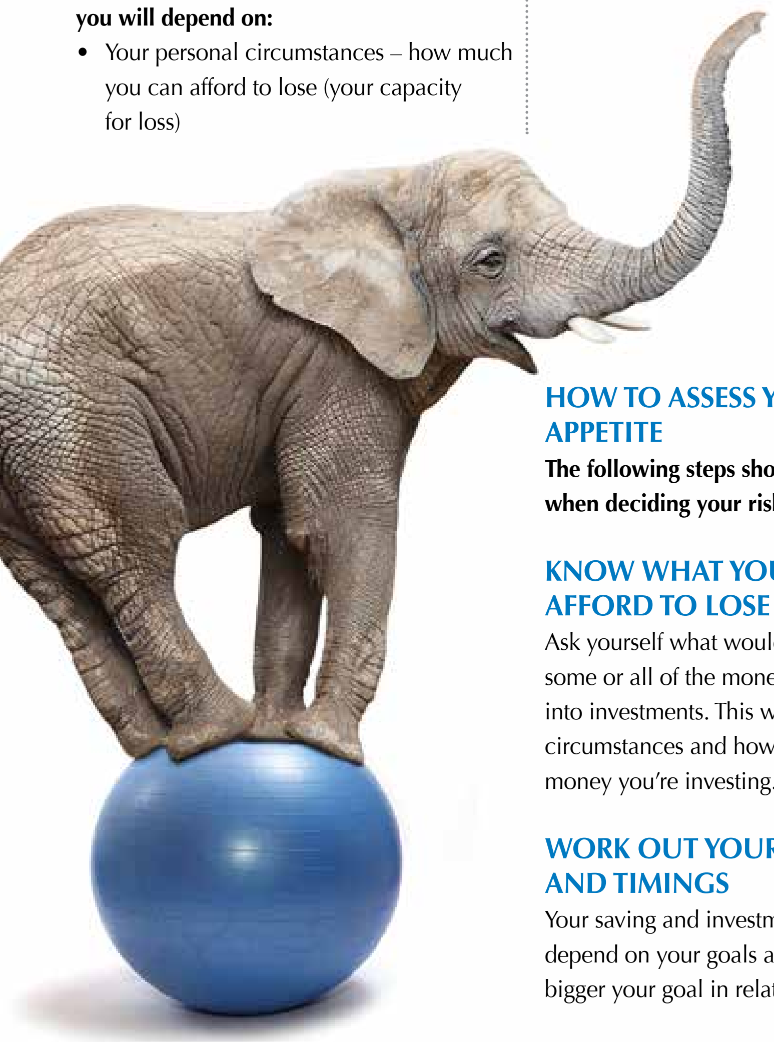
Saving and investing involves a variety of risks, for example, the risk your money will not keep up with rising prices (inflation risk), the risk that comes with share prices going up and down (volatility risk), the risk that an institution will fail (default risk), and the risk that you could have earned better returns elsewhere (interest-rate risk).

The aim is to strike a balance between these different risks. What is a good balance for you will depend on:

- Your personal circumstances – how much you can afford to lose (your capacity for loss)
- Your investment goals, time frame and need for returns
- Your personal attitude to risk

Taken together, these make up what's called your 'risk appetite'. Of these three things, your capacity for loss and your investment goals are most important. Personal attitude to risk is hard to measure and can be changeable; what feels comfortable one day may not the next.

A GOOD WAY TO MANAGE RISK IS TO SPREAD YOUR MONEY ACROSS A RANGE OF DIFFERENT INVESTMENT TYPES.



HOW TO ASSESS YOUR RISK APPETITE

The following steps should be considered when deciding your risk appetite:

KNOW WHAT YOU CAN AFFORD TO LOSE

Ask yourself what would happen if you lost some or all of the money you're putting into investments. This will depend on your circumstances and how much of your money you're investing.

WORK OUT YOUR GOALS AND TIMINGS

Your saving and investment choices will depend on your goals and timescales. The bigger your goal in relation to the assets or income you wish to invest, the greater the rate of return required to beat inflation and achieve your goal. Taking no volatility risk at all may make your aims impossible to achieve; taking too much may lose you your investment.

INFLATION-BEATING RETURNS

With longer-term goals, it's more usual to put your money into investments that have a better chance of giving you inflation-beating returns, such as shares, but which carry the risk of prices going down. A longer time frame gives your investment more time to recover if it falls in value. So if you have a long-term goal, it makes sense to be prepared to take on volatility risk for the opportunity of higher returns.

UNDERSTAND YOUR PERSONAL RISK ATTITUDE

A good way to manage risk is to spread your money across a range of different investment types. Risk attitude is subjective and is likely to be influenced by current events or recent experiences. When stock markets are rising, we tend to feel comfortable with market risk; when they are falling, we do not.

IS IT TIME TO DISCUSS YOUR REQUIREMENTS OR REVIEW YOUR CURRENT PORTFOLIO?

It's important to evaluate and adjust your investment strategy regularly. The products you use and the percentage of your portfolio they comprise will change over time as a result of market conditions, investment performance and other factors. We provide the professional advice and ongoing service needed to help you achieve your financial goals and keep your investments on track. To discuss your requirements or to review your current portfolio, please contact us.

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Managing your retirement savings

Consolidating your separate pensions into one single pension wrapper

If you've accumulated numerous workplace pensions over the years from different employers, it can be difficult to keep track of how they are performing. The process of bringing all your pensions together is called 'consolidation'. It is often referred to as a transfer. If you have more than one pension pot, you might want to consider consolidating all of your pots into one for simplicity. You may also benefit from lower charges by doing this.

LONG-FORGOTTEN PLANS

Long-forgotten plans may end up remaining in expensive, poorly-performing funds, and the paperwork alone can be enough to put you off becoming more proactive.

However, it is important to remember that you might not benefit from transferring your pensions all into one place.

WHY WOULD I WANT TO CONSIDER CONSOLIDATING MY PENSIONS?

- You'll only have to deal with one provider which could make life simpler
- If you decide to buy an annuity when you want to take benefits, you'll only receive one payment each month (if you choose to have your income paid monthly). This can feel more familiar as it will probably mirror how your salary was paid
- If you're likely to buy an annuity, you could receive a better annuity rate as your account will be bigger, and some companies offer better rates depending on the size of your pension account
- A new plan may incorporate the options for you to access your retirement benefits using the new pension freedoms legislation.

This is not an exhaustive list of the issues you should bear in mind. If you are interested in consolidating your pension accounts, you should obtain professional financial advice.

ISSUES TO BE CONSIDERED BEFORE DECIDING TO CONSOLIDATE

- Make sure there are no penalties if you transfer your account from one provider to another
- Some companies offer 'Guaranteed Annuity Rates', and these can provide a much higher income than today's annuity rates might offer. Any 'Guaranteed Annuity Rate' could be lost if you consolidate your pensions – you should check with your pension provider
- If you're in a final salary or defined benefit scheme, you don't need to buy an annuity because final salary pensions aim to provide a known and guaranteed level of cover. If you are in one of these schemes, stop to think about what you may be moving away from. From April 2015, transfers can now only be made from funded final salary schemes so it is not possible to transfer out from an unfunded public sector scheme

IT COULD STILL MAKE SENSE TO CONSOLIDATE

As you approach your retirement, your pension pots may have appreciated significantly, and you may decide that any exit penalties or fees for advice represent significant disincentives to act. However, if you're unhappy with your existing arrangements and your funds are letting you down, it could still make sense to consolidate.

You may still have ten or fifteen years to go, and consolidation now gives you the added benefit of having all your money in one place for the purpose of buying an annuity or putting your money into income drawdown.

There are advantages to consolidating your pensions, but there are also pitfalls. The most suitable course of action may depend on the kinds of pension you have and how long you have until retirement.

CONSIDERING CONSOLIDATING YOUR PENSIONS?

If you're considering consolidating your pensions, it's important to weigh up the benefits and drawbacks. Pensions and tax rules are complex, and normally it is not possible to recover your original pension arrangements if you change your mind. To discuss your situation and ensure that you don't lose any valuable benefits, please contact us.

A PENSION IS A LONG-TERM INVESTMENT. THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY 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.

WHY BUY PERSONAL INSURANCE FROM AN INSURANCE BROKER?

ryan's

YOU CAN BE SURE IT'S RIGHT

When it comes to arranging personal insurance does it really matter which provider I choose? Surely I should just find the cheapest possible deal? If you haven't said this before then you probably know somebody who has.

Questions you should consider when arranging your insurance are: do you know how quickly your insurance company will respond to your claim? Are you sure you are even covered? What are your policy limits? How much can you claim for? Who do you turn to for help and advice?

Independent insurance broker Ryan's understands that no two customers are the same and our approach to protecting your home, car and possessions recognises your individuality.

Our aim is to understand your requirements and to provide you with cover and added benefits that offer value for money but also give you the peace of mind in knowing that you are properly protected should the worst happen and you need to make a claim. We're here when you need us most. Your Personal Account Manager will answer your questions, keep you informed and, most importantly, assist you with any claims to ensure they are dealt with effectively and settled promptly.

Our dedication to customer care is demonstrated by our 100% service rating from Feefo, the independent and trusted ratings and review platform, and this has been recognised as we have recently been shortlisted for the UK Broker Awards 2016 – Customer Service category.

We are also proud to be named as one of the 2016 Best Companies to Work for in Insurance Broking. The programme is a joint project of Insurance Age and Best Companies Group and was designed to identify, recognise and reward the best insurance broking firms to work for in the United Kingdom, benefiting the area's economy, its workforce and businesses.

UK BROKER AWARDS 2016 FINALIST

Best Companies to work for in Insurance Broking 2016

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

Ryan's is a trading name of Ryan Insurance Group Limited which is authorised and regulated by the Financial Conduct Authority

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