



TALKING FAMILY FINANCIAL SECURITY ICAEW WEBINAR

November 2020



Important information

Nothing in this talk is advice to take, or refrain from, any course of action.

Tax rates and reliefs depend on individual circumstances and may change so people should seek advice on their particular situation.

Regardless of the choices you make, you should always bear in mind that investments fluctuate and you may not get back the amount invested.

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What we will cover today

- The situation ahead
- Disruption
- Looking after your finances
- Defining what's important to you
- What you can do to help family members
- Protection
- Actionable areas

Disruption

Our businesses and our personal lives

- We are being tested like no other time in recent history
- Businesses have had to take being tested to their limits
- A demand and supply shock
- Government support required at almost every level
- Society and our working and living environments have changed dramatically



YOU AND YOUR NEEDS

Your financial planning and investment requirements



Looking after yourself

Review your financial position

What does your overall balance sheet look like?

- Having a cash reserve on hand helps us navigate short term shocks

Has your personal cash flow changed?

- Income and/or expenditure will be temporarily or permanently affected

Do you know where everything is?

- If the worst should happen, who else knows the bigger picture?

Clear thinking – job security

Income, expenditure and your budget

How secure is your income?

- Safe/safe for now/ at risk

Reliance and concentration – one income, stock & options, benefits

- Income and future expectations for some of your assets will be temporarily or permanently effected

Income and expenditure – the budget

- All our spending plans have changed in the last three months, but what will be your ‘new normal’?

Wills and other legal issues

Ensuring that your assets go where you intend

- Update your wills
- Implement LPAs
- Nominate beneficiaries on your pensions
- Ensure that existing life policies are in trust where appropriate

Impact - Where should I spend my time?

Practical steps

- What are all the sources of income and capital that you will have?
- What is your spouse's/partner's situation? Are they in a sector with more or less risk than your own?
- Get to grips with your current plans – personal cash, employee benefits, company pensions, as well as investments
- Obtain a State Pension Forecast at: www.gov.uk/check-state-pension

Looking after your family

Key ways families have been affected

Financially

- Stock market volatility
- Job security and business prospects
- Worries over family being adequately insured for illness/bereavement
- Financial support for family members e.g. school fees

Emotionally

- Family safety is the priority – puts things into perspective
- Mental and physical well-being during lockdown
- Appreciate seeing family and friends once restrictions lifted
- News can be relentless – but history shows we will get through this

Providing financial assistance

4 options to consider

- Gifting a lump sum
- Paying off debts
- Creating a trust for their benefit
- Paying their expenses

Importance of protection

Protection at a glance

- Life insurance
- Critical illness
- Income protection
- Family income benefit
- Business protection



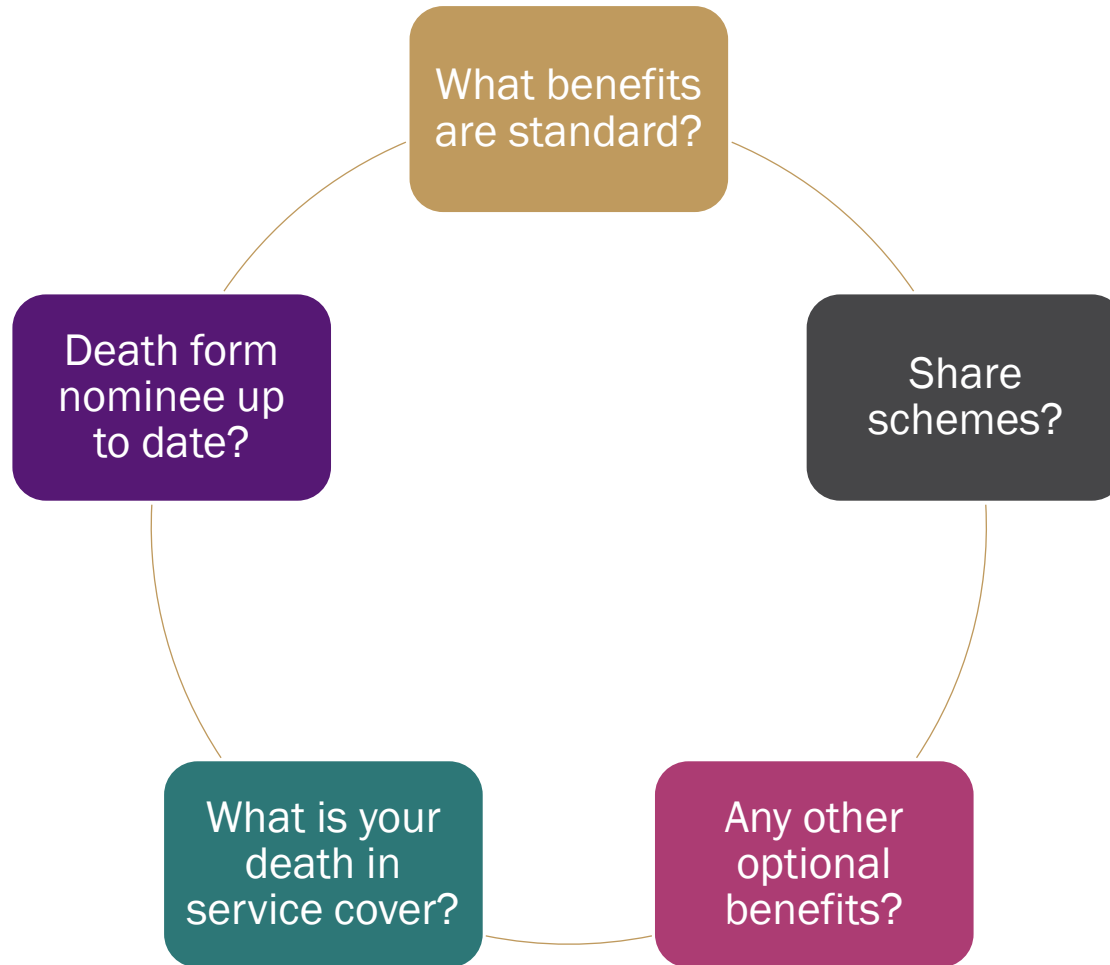
Review your existing protection policies



How is your home protected?



Review your employee benefits



Do you have health insurance?



What are providers doing differently?

- Additional questions around Covid-19
- Delays if any test or additional information is required
- Increased likelihood of a postponed decision
- Some providers would consider using existing medical evidence such as work related medicals
- Virtual medical screenings
- Most providers will maintain covers for up to 60 days following the first missed payment.
- Some providers allow to defer paying premiums for 3 months

Considerations

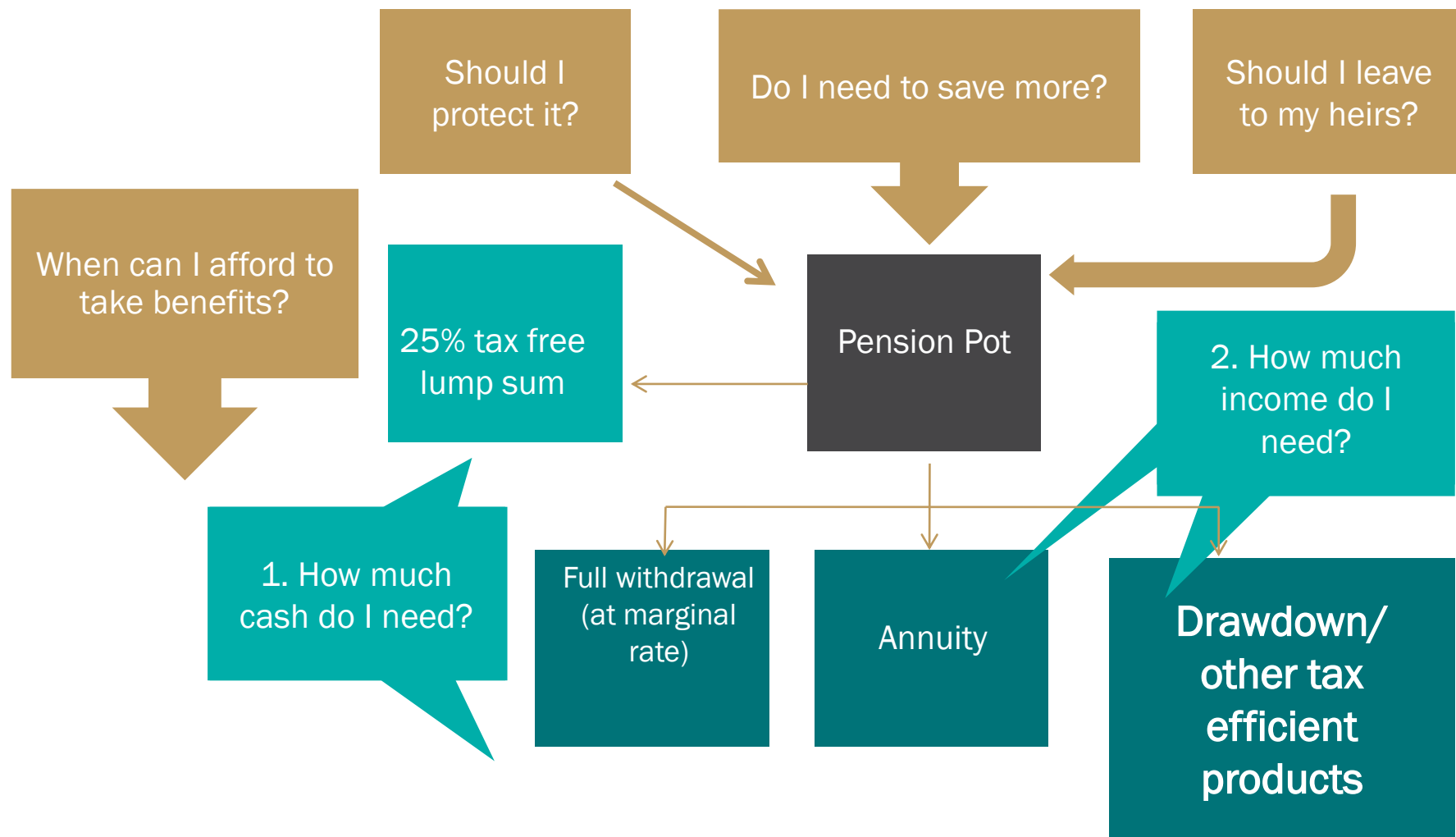
- Dig your well before you're thirsty - don't wait until you have a health scare
- Non-medical limits are higher the younger you are
- Don't cancel any cover before a new policy is in place
- Guaranteed insurability options (before age 55 typically)
- Ensure suitable trusts are in place

What's important to you?

How to review my situation



Retirement can be a complex process



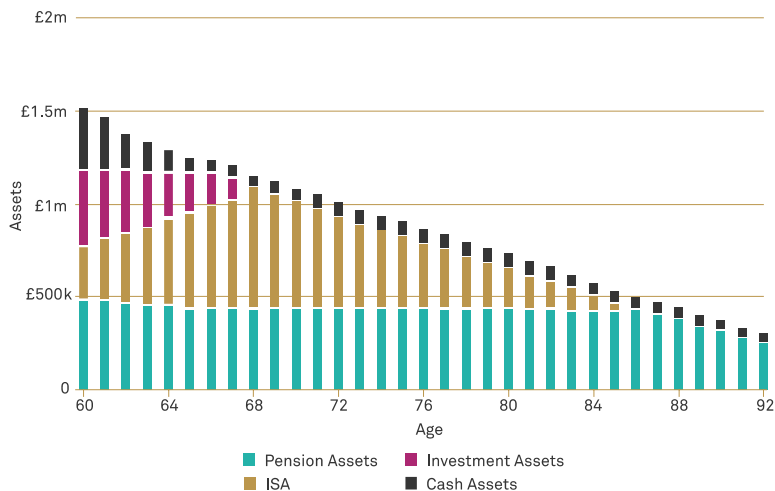
What's your number?

Financial independence

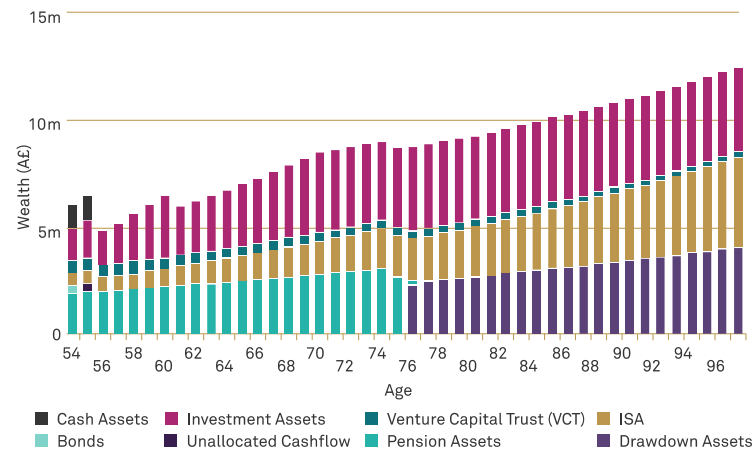
- **When will you know that you have reached financial independence?**
 - Have you planned and accounted for all the future costs you may need to pay for?
- **How have you planned for future income**
 - The sources of income and realistic assumptions about returns
- **How could your plan differ to what you have in place today?**
 - What might change your previous assumptions about the future?

Cashflow modelling scenarios

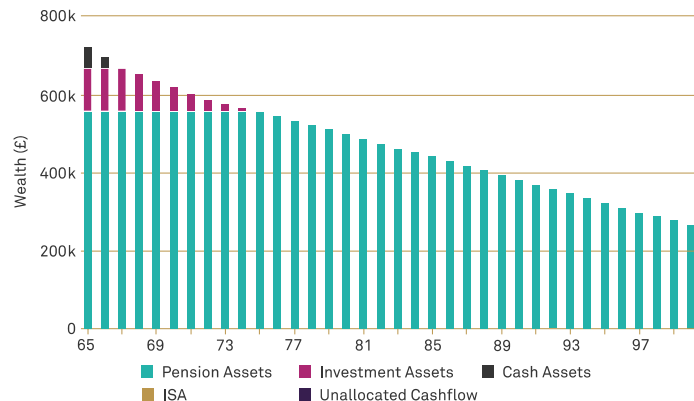
1. Approaching retirement



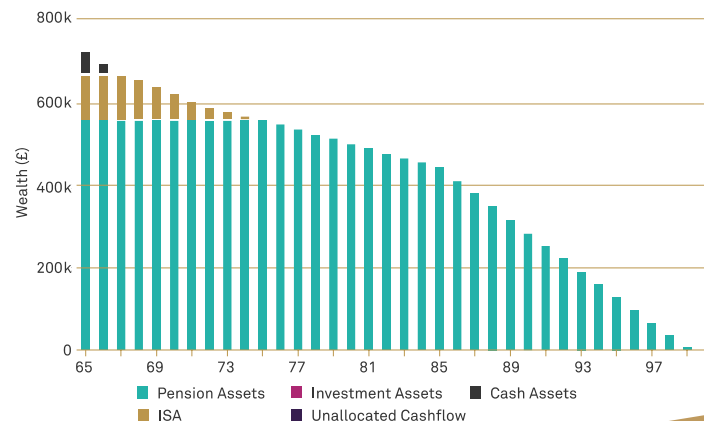
2. Planning for early retirement



3. Later life financial management



4. Long term care



Things to consider

Actionable Areas



Do you have enough cash to see you through the worst of this crisis?



Have you revisited your overall assets, income, wills and nominations?



Are you realistic and confident that you'll continue to earn, uninterrupted ?



Have you stress tested your assumptions and revisited your planning in light of the crisis we're in? Is there a 'plan B'?



How can you assist your family? Support with debt, bills and cashflow



Have you reviewed your income and where you should draw from in light of the changes to asset values, dividends and volatility?



Are your Wills and legal affairs in order?



Do you have adequate protection in place to support your family?



QUESTIONS



Important information

Nothing in this webinar is intended to constitute advice or a recommendation and you should not take any investment decision based on its content.

Remember that the value of investments, and the income from them, can fall as well as rise and that you may not get back the amount you originally invested.

Prevailing tax rates and reliefs depend on your individual circumstances and are subject to change. Please note we do not provide tax advice.

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