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evolve

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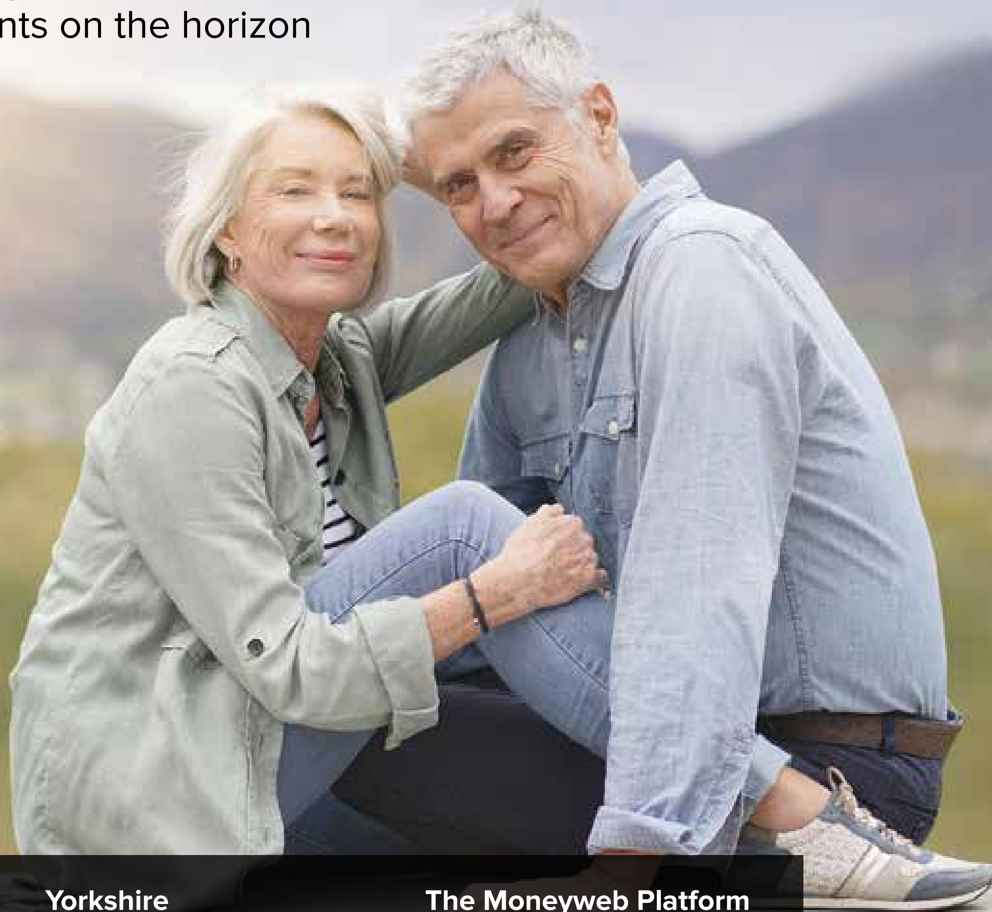

Quick-fire questions
Thomas Marshall – Trainee Investment Adviser

Yorkshire Financial Awards
The region's best and brightest

The Moneyweb Platform
A defining moment for the company

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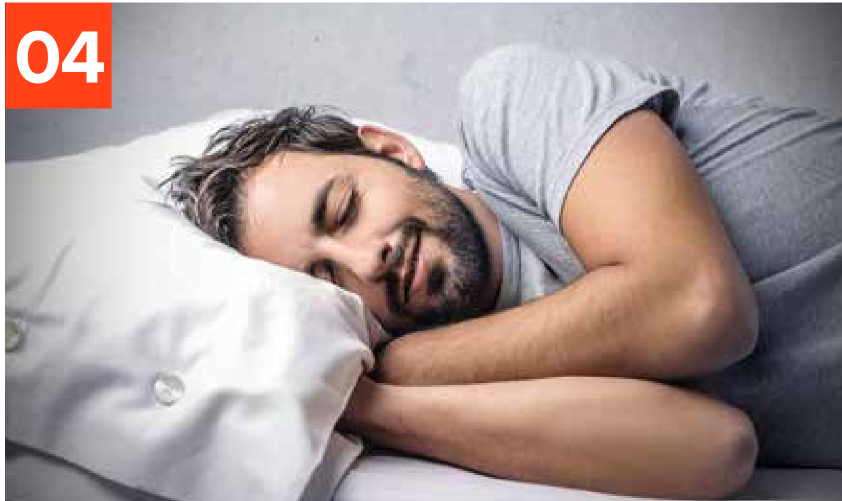
welcome

Welcome to the first issue of 2020. There is a widespread and common-sense-based perception, backed to some extent by evidence, that planning and preparing for later life is associated with increased well-being in older age. Despite this, it's concerning that some people at mid-life have not thought much about their later life nor taken fundamental future-oriented actions, such as engaging in financial planning or writing a Will. On page 04, we look at new research which highlights the fact that millions of mid-life UK employees are sleepwalking into retirement

Divorce – it's one of the most difficult subjects to talk about. The emotional upheaval of divorce can be difficult to deal with, but so too can the financial implications. When relationships come to an end, there are so many things to consider. Children, home and support are naturally the first things you focus on. When you begin the process of separating a shared life, the sheer number of things to deal with is daunting. On top of that, the settlement may come with its own financial pressures, having a lasting impact on your plans for later in life. Find out more on page 06.

A growing number of ageing baby boomers are saying, 'No, thanks' to downsizing, choosing instead to remain in the same house in which they raised their family and created lifelong memories. Over two thirds of people say they plan to stay in their own home during their retirement, according to new research. The findings suggest nearly 14 million people plan to remain in their current home when they retire. Typically, people look to downsize or move to retirement housing following a negative event, such as health issues or the death of a spouse, and we look at this further on page 16.

A full list of the articles in this issue appears opposite. We hope you enjoy reading this edition and invite you to contact us if you would like to discuss or review any area of your financial plans.



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Nine out of ten employees continue to work even while being ill

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More baby boomers plan to stay in their own home

Quick-fire questions

Thomas Marshall – Trainee Investment Adviser

1. If you could only eat one meal for the rest of your life, what would it be?
Chicken Katsu Curry.

2. If you could have any one superpower, what would it be?
Invisibility.

3. If you could be an animal, which would it be?
Lion.

4. If you could travel around one country, which would it be?
India.

5. What would be the number one thing to do on your bucket list?
To see Oasis reform and perform live.

6. What is your favourite TV show?
Gavin & Stacey.

7. What is your biggest fear and/or phobia?
Snakes.

8. Which would be more important to you if stranded on a desert island: company or supplies?
Company.

9. Sweet or Savoury?
Savoury.

10. Would you rather be 10 years younger, or 10 years older?
Older.

The Moneyweb Platform

Director Paul Robinson: 'I am delighted that after 18 months of hard work and negotiations, Moneyweb can bring to market its own Investment Platform after collaborating with an IT company that has captured our own needs and objectives, but more importantly those of our clients.'

To date, Moneyweb has solely relied on third party providers, their timescales, capability and availability. However, January 2020 prompted a defining moment as embracing technological advancements has led to launching the exclusive Moneyweb Platform, which enables clients to invest directly with the company. By exercising the option to transfer across, clients will benefit from a recently developed internal proactive administration centre with a single point of control and comprehensive autonomy leading to streamlined processes.

A key driver behind the development of the Moneyweb Platform is to reduce the number of encounters associated with external providers being unable to accommodate suitable timescales and reduce potential for errors by maintaining an entirely in-house procedure from beginning to end.

To complement the platform is the creation of an integrated client website and mobile application, specifically designed to facilitate a greater level of interaction between users and their investments, allowing information to be updated and to amend small policy changes at the click of a button. Clients can therefore expect an enhancement to their overall experience and can choose to take a proactive approach should they follow through with a transfer across to the Moneyweb Platform.

In addition to those universal benefits outlined previously, clients can also potentially benefit from:

- Lower Platform Charges – on behalf of clients, Moneyweb negotiates with providers to attain special deals to reduce the charges associated with an investment, and it is not possible to guarantee this is successful. The Moneyweb Platform has produced a fair and transparent charging structure that ensures all business is charged accordingly.
- Lower Fund Charges – by removing the requirement to hold external funds, Moneyweb can now offer a bespoke selection of cost-effective funds that are specifically tailored towards pre-defined levels of risk.

Remaining independent

At Moneyweb, the advisers understand that financial solutions aren't 'one size fits all' and will continue to take pride in the Independent status that has been maintained over the preceding 20 years. Therefore, Moneyweb will continue to consider all available options and are providing a complementary consultation at standard Annual Review meetings to determine if it is in the best interest of a client to consider transferring. ■

‘Sleepwalking’ into retirement

How much will you need to save to afford a comfortable retirement?

There is a widespread and common-sense-based perception, backed to some extent by evidence, that planning and preparing for later life is associated with increased well-being in older age. Despite this, it’s concerning that some people at mid-life have not thought much about their later life nor taken fundamental future-oriented actions, such as engaging in financial planning or writing a Will.

New research[1] highlights the fact that millions of mid-life UK employees are sleepwalking into retirement. The study, which looked into mid-life[2] employees’ financial preparedness for later life, revealed that 64% of employees aged 45 and over – equivalent to nearly nine million people – do not know how much they will need to save to afford a comfortable retirement.

Eligible for the State Pension

In addition, over five million mid-life employees (37%) do not know how much is already saved in their pension. Question marks also hang over the State Pension, with two in five (43%) respondents unaware of how much support they will receive from the Government. A further 26% do not know at what age they’ll be eligible for the State Pension.

If you’re entitled to the full new single-tier State Pension currently valued at £168.80 per week, this adds up to a retirement income of £8,777.60 per year[3]. Most employees (62%) aged 45 and over also do not know what the pension freedoms mean for them, while 37% do not know what type of pension scheme they have – for example, whether it’s a defined contribution or defined benefit scheme.

Never too late to save

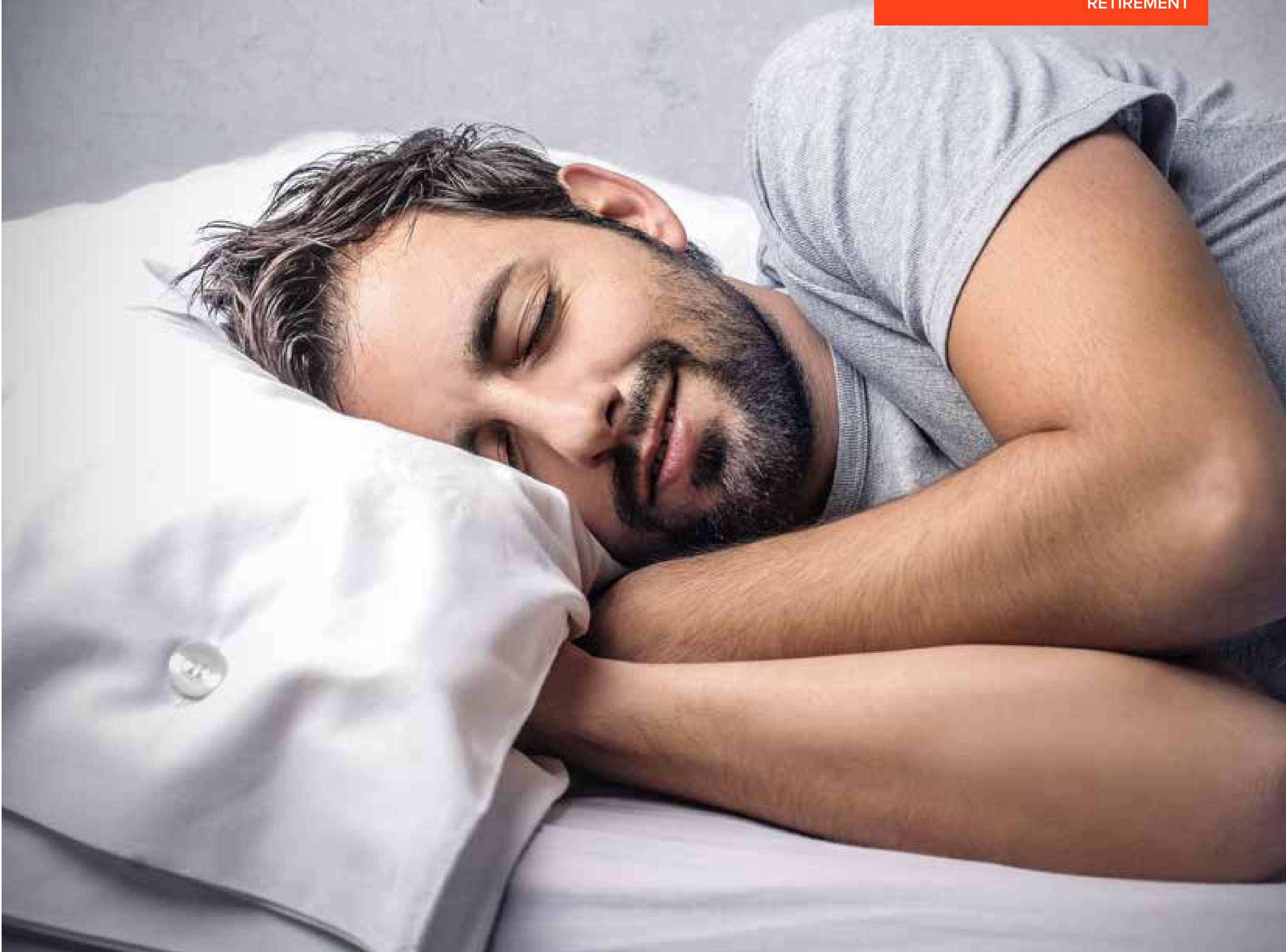
The analysis highlights that it is never too late to save. But without a clear picture of what they currently have saved or might need to save for a comfortable retirement, the findings show that many UK employees are approaching retirement with their eyes closed – with no realistic idea of how near or far they are from their retirement destination.

As a first step, mid-life employees who are mystified by their pension savings should try to get a clear picture of what they have saved so far and how much of an income this can provide them with over the course of retirement.

Pensions in need of a boost

For some, this may be a pleasant surprise, while for others, it could be the wake-up call that’s needed to spur them to take action. People whose pensions are in need of a boost shouldn’t be disheartened, however, as it’s never too late to save. Your retirement should be something to look forward to, so it’s good to make sure you’ll have financial security for when you decide to stop working.

There are various ways to save for



your retirement. Putting your money into a pension is one of the most tax-efficient ways to save for the kind of life you want in retirement. With the tax breaks you receive, it can mean that building up your retirement savings could cost less than you might think. What's more, your pension is invested, which gives your money the potential to grow. ■

Helping you save for your future

It's important to make sure you keep an eye on your pension value and understand if the amount you're putting away will be enough to fund the future you want. We're here to help you make good decisions so you can live the lifestyle you want when you retire. If you would like to discuss your particular situation, please contact us – we look forward to hearing from you.

Source data:

[1] Research of 1,036 UK employers and 2,020 employees aged 45+, conducted on behalf of Aviva by Censuswide, January 2019. All figures are based on this research unless otherwise stated. 8.9 million figure scaled up according to the latest ONS Labour Market Stats – calculated as 64% of UK employee population aged 45+

[2] Employees aged 45+ are defined as 'mid-life employees' throughout the release

[3] UK State Pension Allowance – weekly allowance of £168.80. £168.80 multiplied by 52 = £8,777.60

A PENSION IS A LONG-TERM INVESTMENT AND IS NOT NORMALLY ACCESSIBLE UNTIL AGE 55. 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.

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For richer, for poorer

Pension and asset advice should be part of the divorce process

Divorce – it's one of the most difficult subjects to talk about. The emotional upheaval of divorce can be difficult to deal with, but so too can the financial implications. When relationships come to an end, there are so many things to consider. Children, home and support are naturally the first things you focus on.

When you begin the process of separating a shared life, the sheer number of things to deal with is daunting. On top of that, the settlement may come with its own financial pressures, having a lasting impact on your plans for later in life.

Divorce rates are increasing for men and women over 55

A study from Research Plus[1] shows that divorcees retiring in 2018 expected to receive up to 18% less in retirement income. And with the Office for National Statistics[2] confirming that divorce rates are increasing for men and women over 55, it's an issue likely to affect a growing number of the baby-boomer generation.

One of the most difficult assets to split

Divorcing spouses are often unaware of their rights and still less aware of how to begin to approach the issue of a fair split of pension assets. While it may not be the first thing you need to think about, a pension fund is likely to be one of the most difficult assets a couple will have to split in the event of a divorce, so it's best to start early.

The stress of getting through a divorce can mean people understandably focus on the immediate priorities like living arrangements and childcare, but a pension fund and income in retirement should also be a priority.

Advice is crucial as early as possible in any separation

A pension fund is one of the most complex assets a couple will have to split, so anyone going through a divorce should seek legal and professional financial advice to help them do so. For many more couples, the increase in the value of pensions means that it is often the largest asset.

It goes without saying that this advice is crucial as early as possible in any separation where couples have joint assets. The law on divorce is different across the UK. Taking legal advice in the early stages of separation is important.

How much money you think you'll need to live on later in life

Before planning how to separate your pension assets, you may want to consider how much money you think you will need to live on later in life. It's never easy when things come to an end, but support and advice can make this clearer.

So what are the options available when you are ready to look at separating your assets? Firstly, it's important that you both list the different pensions you and your ex-civil partner or spouse have. Then you can start to explore the options.

Across the UK, there are three core options to consider when you're separating pension assets. These are pension sharing orders, pension attachment orders (called 'pension earmarking' in Scotland) and pension offsetting. Some of these options need to be administered by the courts, and not all of them will be suited to your individual circumstances.

Pension sharing order

Pension sharing is one of the options available on divorce or the dissolution of a registered civil partnership. Each party owns a share of the pension fund but is able to decide what to do with their share independently. This provides a clean break between parties, as the pension assets are split.

Pension attachment order

This redirects some or all of the pension benefits to you or your ex-civil partner or spouse at the time of payment. When the person who owns the pension receives their benefits, the pension provider makes a payment to their ex-civil partner or spouse. With this option, you don't get the clean break as you would from the pension sharing order.

Pension offsetting

With pension offsetting, the total assets are considered and then divided up. For

example, if your ex-partner has a large pension pot, they may keep this as you may agree to receive an asset of similar value (the house, for example). This may be an appropriate option if there are overseas pension assets that need to be split, as these cannot be shared via a UK court order.

When contemplating divorce, many people put themselves under undue stress worrying about their financial well-being. Much of that stress is due to the fear of the unknown before, during and after divorce. It is important to focus on your financial situation realistically, since doing so will give you a sense of control over your life, which in turn can reduce your stress level. ■

Protecting your pension and assets in a divorce

A divorce is never something people plan, but it should be something to plan for. There are so many assets to consider and so much legislation to understand. If you are considering a divorce and want to know more about the options available to you regarding your finances, please contact us.

Source data:

[1] Research Plus conducted an independent online survey for Prudential between 29 November and 11 December 2017 among 9,896 non-retired UK adults aged 45+, including 1,000 planning to retire in 2018.

[2] Divorce statistics from the Office of National Statistics, published 26 September 2018

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Some 10.9 million unsolicited pension calls and messages are made a year, according to Citizens Advice. The new research suggests people could fall for at least one of six common tactics used by pension scammers.

Women's State Pension age changes

Government's bid to ensure 'pension age equalisation'

On 3 October, campaigners lost a significant legal battle against the Government's handling of the rise in women's State Pension age. Up until 2010, women received their State Pensions at the age of 60, but that has been increasing since then.

The retirement age for women has increased from 60 to 65, in line with men, and will go up to 66 by 2020, and to 67 by 2028. Nearly four million women have been affected by these changes. Women born in the 1950s claim the rise is unfair because they were not given enough time to make adjustments to cope with years without a State Pension.

Fast-tracked changes

Plans to increase the State Pension age were announced firstly in the Pensions Act 1995, but the changes were fast-tracked as part of the Pensions Act 2011. The Government decided it was going to make the State Pension age the same for men and women as a long-overdue move towards gender equality. Campaigners have argued the changes are discrimination, but the judges disagreed.

In a summary of the High Court's decision, the judges said: 'There was no direct discrimination on grounds of sex, because this legislation does not treat women less favourably than men in law. Rather it equalises a historic asymmetry between men and women and thereby corrects historic direct discrimination against men.'

Pension age entirely lawful

The Court also rejected the claimants' argument that the policy was discriminatory based on age, adding that even if it was, 'it could be justified on the facts'. The State Pension age has been increased by successive governments in a bid to ensure 'pension age equalisation' – so that women's State Pension age matches that of men.

A spokesman for the Department for Work and Pensions said: 'We welcome the High Court's judgment. It has always been our view that the changes we made to women's State Pension age were entirely lawful and did not discriminate on any grounds.'

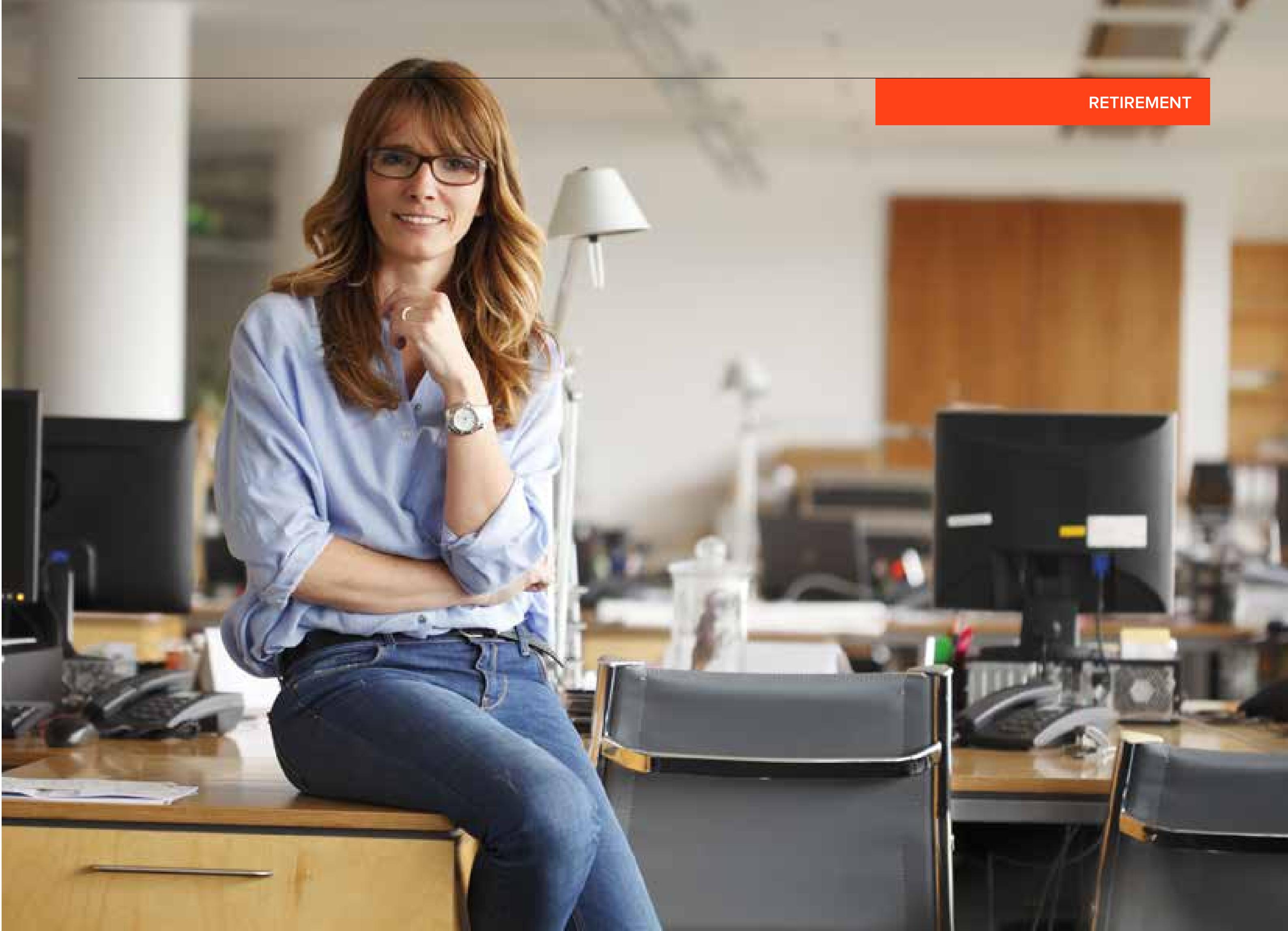
Financial hardship for many

Up until 2010, women received their State Pensions at the age of 60, but that has been rising since then. While most campaigners support pension age equality, they argued that the Government was discriminatory in the way it has introduced it. The judges said there was nothing written into the law that ordered specific notification about the pension age changes.

The result has been that some women who thought they would retire and receive a State Pension at 60 found that they would have to wait longer – for some, a wait of more than five years, which has resulted in financial hardship for many.

Focus of much of the campaign

Those affected were born in the decade after 6 April 1950, but those born from 6 April 1953 were particularly affected and have been the focus of much of the campaign.



In June, the judicial review in the High Court heard the claim from two members of the Backto60 group who said that not receiving their State Pension at the age of 60 had affected them disproportionately. They argued that many women took time out of work to care for children, were paid less than men and could not save as much in occupational pensions, so the change had hit them harder.

Disadvantaged millions of women

The Backto60 group is seeking repayment of all the pensions people born in the 1950s would have received if they had been able to retire earlier. It argues that the speed of the change and what it calls the 'lack of warnings' has disadvantaged millions of women.

However, the Government has estimated that a reversal of the pension changes in the Acts of Parliament of 1995 and 2011 would cost £215 billion over the period 2010/11 to 2025/26. About £181 billion of that would be money potentially owed to women, and the rest to men.

'Bridging' pension to cover the gap

The Backto60 group has taken this legal action to demand 'the return of their earned dues'. The separate Women Against State Pension Inequality (WASPI) group is calling for a 'bridging' pension to cover the gap from the age of 60 until their State Pension is paid.

Commenting, the group said: 'We can't simply follow in our parents' footsteps as the social norms that worked for them are unlikely to work over longer lives. We will all have to start doing things differently. This is particularly apparent in retirement planning.' ■

What will your retirement income be?

Increasingly, people now feel saving for a pension is right, sensible, worthwhile and – above all – a normal part of working life. The fact that we are generally living, and remaining healthy, for longer than ever before is welcome news. If you have any questions or require any further assistance to find the right pension strategy for you, don't delay – please contact us.

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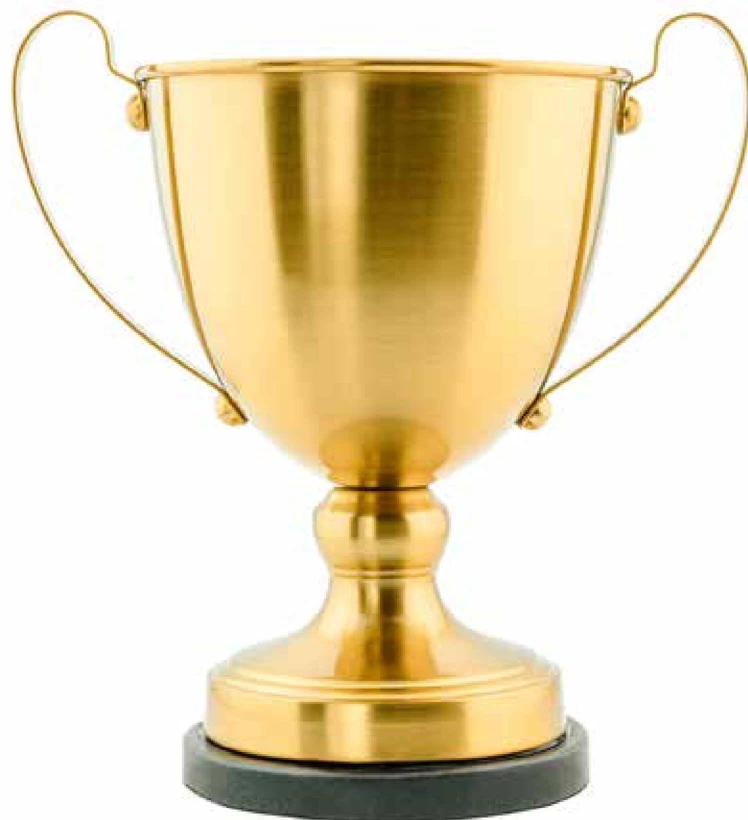


Yorkshire Financial Awards

Celebrating the region's best and brightest

Moneyweb is excited to announce that we have been shortlisted by a panel of independent judges for two categories: Wealth Manager of the Year and Investment Team of the Year.

The Yorkshire Financial Awards reviews hundreds of businesses across the region in the industry and selects on their merits those to be shortlisted, with winners to be announced 27 February. Within the categories, Moneyweb is proud to be recognised and nominated for these awards, competing against larger companies more established across Yorkshire.

Similarly, in 2019, Moneyweb was also shortlisted for the Charitable Business Award at the Yorkshire Choice Awards, after being distinguished for raising almost £9,000 towards UK Sepsis Trust. At the time, this was particularly personal due to the unforeseen diagnosis that affected Paul Robinson, who is recovering well now. It is the hope that Paul will guide Moneyweb in continuing this trend of excellence into the future, as seen in the preceding five years.

Five years at a glance

Paul Robinson acquired the sole Directors position at Moneyweb in 2014. With an entrepreneurial mindset, Paul has in subsequent years produced ground-breaking achievements and opportunities that have expanded and strengthened the Moneyweb brand.

To date, 2019 was the best performing year in the history of Moneyweb with an additional £20 million accumulated in Assets Under Management (AUM), but a selection of achievements since 2014 include:

- 1,000 additional clients utilising Moneyweb services, which to date amount to in excess of 3,100 clients receiving advice
- 43% increase in AUM – the equivalent of £70 million that has resulted from strong fund performance, organic growth and company acquisition, which to date takes total firm AUM to £163 million
- 1,500 unique recommendations produced each year
- Relocation to an improved office which has alleviated difficulties in commuting for both clients and advisers

The Moneyweb ethos

Moneyweb's approach will always intend to define those issues faced by clients and produce custom-fit, action-driven plans that aim to solve them. With that in mind, it has become the bedrock of Moneyweb's ethos, which leads to realistic and affordable planning procedures and forms lasting client relationships. Throughout the 20 years of operation, Moneyweb has never wavered from these ideals which shall always remain at the forefront when conducting business with new or existing clients. ■

State pensioners

Inflation-busting increase to weekly payments on the horizon

In October this year, those receiving the State Pension are likely to find out that their weekly payments will increase by 4% from April 2020, subject to any last minute adjustments.

This means the full new State Pension will see an increase from £168.60 weekly to £175.35 weekly, and the full old basic State Pension will see a rise from £129.20 weekly to £134.35 weekly.

'Triple lock'

Under current rules, the State Pension is increased by the 'triple lock' which is the highest of earnings growth, price inflation or 2.5% a year. The price inflation figure used is for the year to September, which is announced in mid-October, following a fall in the August figure to 1.7%, down from 2.1% the previous month[1].

But the earnings growth figure used is that to July (seasonally adjusted and including bonuses), which was 4%[2]. This means pensioners are on track to receive a 4% increase – far above the rate of increases we're currently seeing with prices.

Purchasing power

The triple lock was announced back in 2010 as a way of making sure pensioners didn't fall behind the working age population in terms of their State Pension purchasing power. It was first used to increase the State Pension in April 2011 and, since then, state pensioners have done well from the triple lock, with overall increases outstripping both price inflation and earnings growth.

Significant cost

A single person receiving the old basic State Pension, which was £97.65 back in April 2010, is now receiving £129.20 – an increase of 32% – while prices have increased by 24% and average earnings by only 20%.

This will be welcome news for current state pensioners. However, these above-inflation increases do come at a significant cost. The State Pension is not funded in advance, so pensions are funded on a 'pay as you go' basis from today's workers' National Insurance contributions. At the time of writing, with the prospect of an early General Election, it will be interesting to see where each party stands on commitments to retaining the triple lock for the next five years. ■

Pointing you in the right direction

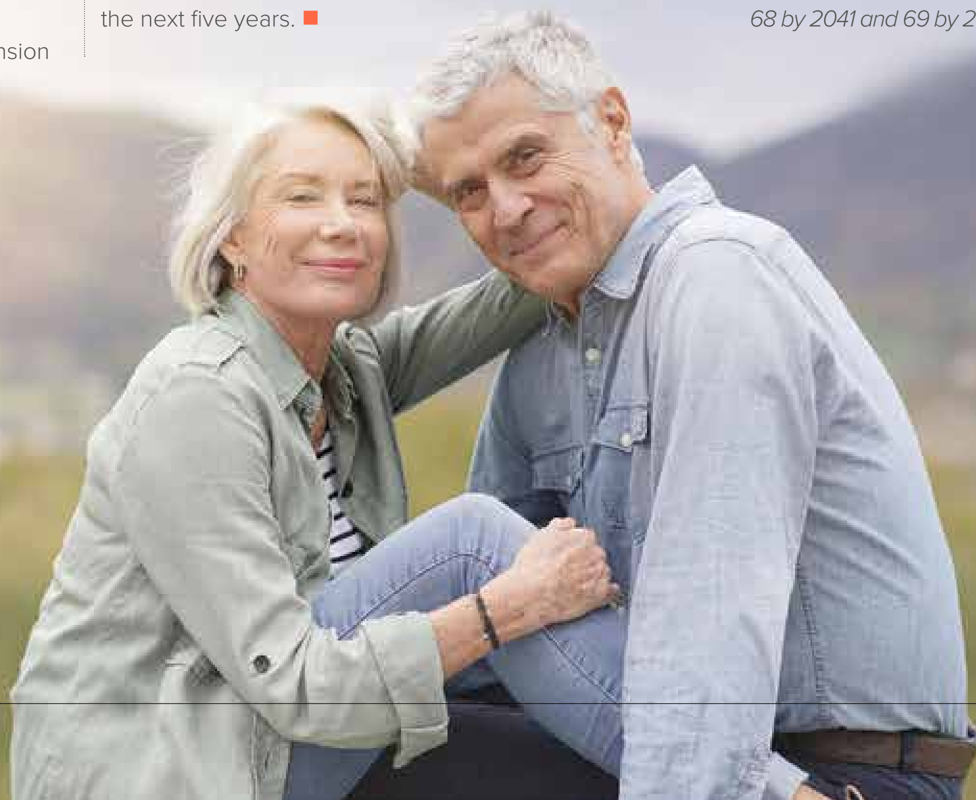
Whether you're looking for advice on how to invest for retirement or wanting to better understand how and when to take your pension benefits, we can help point you in the right direction. For more information, please speak to us – we look forward to hearing from you.

Source data:

[1] CPI Annual Rate: https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7g7/mm23

[2] LMSB SA AWE total pay WE growth yr on yr 3 months average: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/timeseries/kac3/lms

Figures from the Office for Budget Responsibility show that without the triple lock, or under just earnings indexation, spending is projected to increase by £21 billion between 2020/21 and 2060/61. Under the triple lock, the increase is projected to be £35 billion in today's terms for the same period. These figures assume the Government raises the State Pension age for men and women to 68 by 2041 and 69 by 2055.



Get-rich-quick schemes

Financial fraud nets millions for organised crime scammers

Fraudulent get-rich-quick schemes are netting millions for organised crime. But investment scams can be difficult to spot because they're designed to look like genuine investments, with most scammers having a professional-looking website and documents.

In the first six months of this year, across all categories of financial fraud, a total of £207.5 million was stolen from almost 60,000 people, according to UK Finance, an industry body. Increasingly, they are using sophisticated and effective tactics to get you to part with your money. Even though some investment scams may look like a real deal, there are some red flags you can spot to help you steer clear of them.

The scammer's offer will sound legitimate

You may receive a telephone call or email from a scammer claiming to be a stockbroker or portfolio manager and offering you financial or investment advice. They may claim what they are offering is low-risk and will provide you with quick and high returns, or encourage you to invest in overseas companies. The scammer's offer will sound legitimate, and they may have resources to back up their claims. They will be persistent and may keep calling you back.

Some investment scams may even claim to be regulated by the relevant authorities to mislead you. In the UK, a firm must be authorised and regulated by the Financial Conduct Authority (FCA) to perform most financial services activities. A growing number of scams, often promoted on social media websites, involve foreign exchange trading and cryptocurrencies.

According to the FCA, the number of scams involving these two more than tripled in 2018/19, meaning they should be treated with particular caution. Many scams will try to use social proofing, using fake online reviews or fraudulent adverts to look credible.

How to protect yourself

The FCA has recommended four simple steps to help protect yourself from investment-related scams:

- Reject unexpected offers – if you receive a call or email concerning an investment opportunity out of the blue, there is a very high chance that it is a scam. The best thing to do is to hang up the phone or ignore this kind of correspondence
- Check who you are dealing with – literature and websites may appear authoritative, but don't assume it's real. You can easily verify a firm's identity on the Financial Services Register. Use the contact details on the Register, not the details given to you, to avoid 'clones' of companies you trust
- Don't be rushed – common strategies employed by fraudsters include pressure to invest before a false deadline or on special terms. Sales tactics like this should always ring alarm bells. Any investment company you would want to deal with won't pressure you into making important financial decisions
- Seek impartial information or advice – rather than take advice from an outfit that has approached you unexpectedly, consider seeking professional financial advice to plan your investment decisions. While you will be charged a fee for this service, it could end up being money well spent

Remember the old adage: if the opportunity sounds too good to be true, it probably is. ■

Knowing how to recognise a scam

Scams are getting more and more sophisticated, particularly when it comes to targeting you online and through mobile devices. The key is knowing how to recognise a scam, protect yourself and what to do if you think you've been targeted or have fallen victim. To discuss any concerns you may have, we're here to help

Parents and grandparents delay passing on wealth

Growing uncertainty over the future cost of care the main concern

Increasingly, we read and hear about how the Bank of Mum and Dad is being stretched to the limit, as children are making increasing calls on its limited resources. However, research shows that a quarter (24%) of over-55s[1] are not planning to pass on any wealth in their lifetime over feenteears they could face crippling care costs in old age.

This means that an estimated 4.8million[2] parents and grandparents will delay passing on wealth until after their death because of growing uncertainty over the future cost of care. The findings reveal how a lack of clarity on social care funding is hindering the movement of wealth down generations. This later transfer of wealth could impact on younger generations the hardest, many of whom depend on financial support from relatives to get on the housing ladder or pay university fees.

Gifting unlimited sums

Under current rules, people can gift unlimited sums – known as 'potentially exempt transfers' – which are free of Inheritance Tax if the individual making the gift survives by seven years. Individuals can also pass on wealth using a £3,000 annual gift exemption.

Baby boomers are growing more cautious about passing on wealth in their lifetime in case they are hit by huge care bills in old age. As older generations hold onto their wealth for longer, younger people could find access to the Bank of Mum and Dad is increasingly restricted, or cut off altogether. For many young people, this could mean the dream of buying a first home or going to university slips further out of reach.

Fears over social care

Overall, nearly two thirds (59%) of over-55s will not pass on any of their wealth while they are still alive. As well as a quarter citing fears over social care, a fifth (16%) said worries of running out of money in retirement prevented them from passing on their wealth, while a third (32%) said they would like to spend their savings and pass on what is left.

Fewer than a quarter (22%) of over-55s have already contributed or intend to contribute to a house deposit for a family member, while an equivalent figure (23%) have paid or intend to pay towards a relative's university fees.

Build up a nest egg

Parents who save small sums early on in their child's life could build up a nest egg they can pass on without jeopardising their own retirement or ability to pay for care. Making small, regular contributions to a Junior ISA is a good way to build up a nest egg for your child by the time they turn 18.

These accounts keep savings out of the taxman's reach, where they can grow tax-efficiently until adulthood and beyond. Investing just £50[3] a month into a Junior ISA from birth could grow into a pot of £14,800 by the time a child reaches their 18th birthday. ■

Advice tailored to your personal circumstances

Whether you are looking to start saving for your family, preparing for life after work or protecting your estate, we offer trusted professional financial advice at any stage of your life. Contact us to discover how we can help you with your financial plans.

Source data:

[1] Research for Zurich 22 August 2019 – all figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,012 adults. Fieldwork was undertaken between 8 and 9 May 2019. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

[2] ONS population stats show there are an estimated 20,132,486 people aged 55 and over in the UK @24% = 4,831,796

[3] Based on £50 invested every month for 18 years, assuming a balanced investment portfolio and ongoing charges of 1.75%

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.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

'Presenteeism' more of a problem than absenteeism

Nine out of ten employees continue to work even while being ill

Feeling ill? Well, staying at home would seem to be the sensible course of action. However, for many, going to work while sick has become the norm. Employers are seeing more staff turning up to work while ill, according to a new survey[1].

The problem of presenteeism has seen an increase of three times as many people working while ill than 'taking a sickie'. There is no official definition for worker sickness. Employees are able to self-certify sickness for up to seven days. For longer periods and statutory sick pay claims, a doctor's note is needed. Some workplaces have their own specific rules.

Workers feel pressured

While some workers feel pressured to work when ill, others choose to. Nine out of ten employees say they have been into work while ill, more than three times the number who will admit to 'pulling a sickie', according to the new research. The findings show 'presenteeism' continues to rise and may be more of a problem for employers than absenteeism.

The financial implications

The causes of presenteeism are varied. On the one hand, it stems from the fear that staying off work, even when ill, will be interpreted as a lack of commitment. This induces people to attend work when they shouldn't. The survey also found that as many as two in five (42%) of employees took no time off whatsoever for sickness in 2018.

When asked why they went into work when feeling unwell, three in five (58%) of employees said they did not believe they were ill enough to warrant a day off. Meanwhile, a quarter (27%) said their workload was too large to take a sick day, while slightly fewer (23%) worried about the financial implications of taking a day off.

Extending beyond the office

The survey also found that one in five (18%) said their colleagues made them feel guilty for taking time off, even when they were ill. Similarly, one in ten workers say they have had their work ethic questioned in the past, either by their manager (11%) or colleagues (10%).

But this problem is also extending beyond the office nine to five. The survey identified a trend it calls 'casual presenteeism' where employees are checking emails and laptops outside office hours. A total of one in five (22%) monitor work emails in their spare time, which rises to 26% for workers under 40. A further 21% check work emails first thing in the morning, and 17% admit to checking and responding to emails when they're unwell.

Sickness absence support

At the moment, nearly half (47%) of employees are either unaware or unable to access sickness absence support in the workplace. However, three in ten (29%) can speak to a designated member of staff, while one in five (21%) have access to a helpline or external organisation, and 17% have access to an Employee Assistance Programme (EAP).

Meanwhile, the survey found that a quarter (24%) of employees would feel

more comfortable taking time off for illness if there was less pressure from their employer to be 'always on' and working.

Cover if you're unable to work

Income Protection (also known as 'IP insurance') helps support you financially if you have time off work and suffer a loss of earnings for a longer period due to an injury or illness. People often think about taking out Income Protection Insurance especially when they're self-employed and don't receive sickness pay, or rely on their health to make a living.

This type of insurance covers most illnesses that leave you unable to work. For example, it may cover you if you're unable to work due to a stress-related illness or a serious heart condition. Income Protection only covers you if you're unable to work due to a specified illness or injury – it does not pay out if you are made redundant. ■

Providing financial support until you can work again

Whatever the reasons for presenteeism – negative or positive – its effects on our health are likely to be the same. Working while ill can lead to greater sickness. By taking time off work, in short, you can protect yourself against even worse health – and possibly even premature death – in the future. If you would like to discuss how you can safeguard your income, please contact us.

Source data:
[1] Canada Life – 9 October 2019

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‘No, thanks’ to downsizing

More baby boomers plan to stay in their own home

A growing number of ageing baby boomers are saying, ‘No, thanks’ to downsizing, choosing instead to remain in the same house in which they raised their family and created lifelong memories.

Over two thirds of people say they plan to stay in their own home during their retirement, according to new research[1]. The findings suggest nearly 14 million people plan to remain in their current home when they retire. Typically, people look to downsize or move to retirement housing following a negative event, such as health issues or the death of a spouse.

Generating income through equity release

Of those who say they will stay, an increasing percentage will use their property to generate income through equity release. The research highlights that 69% of adults say they will remain in their current home in old age when asked what they are most likely to do with their main property in retirement.

There has been a 5% increase in three years, compared to when the survey was last carried out in 2016. The second most popular option was downsizing at 24%, with less than 4% of those surveyed saying they would sell or rent their house when they retire.

People who want to grow older in their homes

Of the respondents who said they would remain in their home, 6% plan to release cash from the property, up from 5% in 2016. This increase is in line with the growing popularity of equity release options, which includes lifetime mortgages.

The latest figures from the Equity Release Council[2] reveal that in the first two quarters of 2019, £1.85 billion was lent to customers using equity release, more than double the amount in the first two quarters of 2016 at £908 million. Equity release may be an option to consider for some people who want to grow older in their homes and need to make improvements to make life more comfortable and their property more accessible.

An increasingly popular form of equity release

Lifetime mortgages are an increasingly popular form of equity release because, for many people, a large proportion of their wealth is tied up in the value of their home. A lifetime mortgage involves taking a type of mortgage that does not require monthly repayments. However, with some plans, rather than rolling up the interest, you can opt to make monthly repayments if you wish.

You retain ownership of your home, and interest on the loan is rolled up (compounded). The loan and the rolled-up interest is repaid by your estate when you either die or move into long-term care. If you are part of a couple, the repayment is not made until the last remaining person living in the home either dies or moves into care, meaning that both you and your partner are free to live in your home for the rest of your lives. ■

It’s good to talk

The reality is that increasingly fewer people are budging in retirement. Instead, they are ageing in place, preferring to remain in their own homes for as long as possible, whether to keep the family home, stay close to friends or remain in comfortable and familiar surroundings. To discuss your situation, please speak to us for further information.

Source data:

[1] Canada Life 08 October 2019

[2] The latest edition was produced in Autumn 2019 using data from new plans taken out in the first half of 2019, alongside historic data and external sources as indicated in the report. All figures quoted are aggregated for the whole market and do not represent the business of individual member firms.

EQUITY RELEASE MAY INVOLVE A HOME REVERSION PLAN OR LIFETIME MORTGAGE WHICH IS SECURED AGAINST YOUR PROPERTY.

TO UNDERSTAND THE FEATURES AND RISKS, ASK FOR A PERSONALISED ILLUSTRATION.

EQUITY RELEASE REQUIRES PAYING OFF ANY EXISTING MORTGAGE. ANY MONEY RELEASED, PLUS ACCRUED INTEREST, TO BE REPAID UPON DEATH OR WHEN MOVING INTO LONG-TERM CARE.

EQUITY RELEASE WILL AFFECT POTENTIAL INHERITANCE AND YOUR ENTITLEMENT TO MEANS-TESTED BENEFITS BOTH NOW AND IN THE FUTURE.

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