

GENDER GAP IN RETIREMENT SAVINGS

*5 tips that add up to teaching
your child about money matters*

SANDWICH GENERATION 'CARERS'

*Nearly half a million quit their
careers in the last two years alone*



PARENTS AND GRANDPARENTS DELAY PASSING ON WEALTH

*Growing uncertainty over
the future cost of care*



GET-RICH-QUICK SCHEMES

*Financial fraud nets millions for
organised crime scammers*

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EVERY JOURNEY STARTS WITH A DESTINATION

Looking at the bigger picture for your wealth and security

Every plan starts with a goal, just like every journey starts with a destination. Planning your financial future is not only important for your security, but it also provides peace of mind. Financial planning should be viewed as a long-term approach to managing your finances.

Creating your financial plan will help you see the bigger picture and set long and short-term life goals, which are crucial for mapping out your financial future. When you have a financial plan, it's easier to make financial decisions and stay on track to achieving your goals.

Time out to consider your financial position

Procrastination is the greatest enemy of achieving financial independence. Creating your financial plan doesn't have to be a daunting process. It is more about taking the time out to consider your financial position and what changes you need to make. And it's built on a close analysis of your entire financial position, requirements, prospects and objectives.

The first step is to identify your financial goals in the short, medium and long term. This could include buying a property, paying off the mortgage, retiring by a certain age or setting up your own business. There is no right or wrong financial goal – they are unique to you and what you ultimately want to achieve.

Meeting your needs today and in retirement

A financial plan will help you meet your needs today and in retirement and help protect you from the unexpected along the way. It includes the right mix of income, savings and insurance protection products to help you meet your financial goals.

Once you have identified your financial goals, it is important then to consider your current financial position. What assets and liabilities do you have, and what is your income and expenditure? You need to determine how much

can you afford to save or invest on a regular basis to assist in achieving your goals.

Establishing the plan

Once you have determined your current position and your goals, the next stage is to develop your plan. Creating your road map will help you understand the financial structure you need in place to achieve your goals and reach each destination successfully. Any effective plan also needs to have tax planning as its foundation.

What should you consider for your financial road map?

Your goals

Where do you want to be or expect to be in 10, 20 and 30 years? Remember that you may be living in retirement longer than you think.

Your emergency fund

How do you plan on paying for unexpected events such as a career break, an extended illness or a job loss?

Your longevity

People are living longer, so there's a chance that you could be living into your 90s. Be optimistic. How much money will you need?

Your lifestyle

Consider the kind of lifestyle you have now and think about what you will want or need later on. How much will this lifestyle cost?

Your protection

How will you keep safe all that you hold dear if you were to die unexpectedly? What would happen if you were diagnosed as suffering from a serious illness? Could you continue to pay the bills?

Your current savings plan

How much money are you saving now? Is it enough to help fund your future short, medium and long-term goals? At what point do you expect to start using your savings for living expenses?

Your level of investment risk

Are you comfortable with the level of risk you're taking with your investments? Does it need to change to better reflect your own situation or the state of the economy?

Your income in retirement

Take a look at any income you may have in retirement. Are you ready for life beyond work? How much money do you need to retire? How long will your money last? How much will you need to spend?

Your estate plan

More than a Will, an estate plan can ease the burden on your loved ones, ensure your assets are distributed as you wish, reduce taxes, and plan for future personal care and health care needs. How do you want to pass on your wealth?

Review the plan

Effective financial planning is about much more than simply coming up with an initial strategy. Regularly going back to your plan and reviewing it is crucial to ensuring it remains suited to your needs and aspirations. As with all of life's plans, things can go awry and opportunities can present themselves.

Finding time in our busy schedules to review our financial plans is not always easy. You should review your plan at least annually, or when your circumstances change, to ensure that you remain on course to meeting your goals. It's also a time for reviewing the performance of your investments and changing these where appropriate. ◀

'SANDWICH GENERATION' CARERS

Nearly half a million quit their careers in the last two years alone

The decision to look after an elderly, ill or seriously disabled relative has been made by 2.6 million people according to new research by Carers UK[1]. The findings also reveal that nearly half a million (468,000) have quit their careers in the last two years alone – more than 600 people a day.

The decision to look after an elderly, ill or seriously disabled relative has been made by 2.6 million people according to new research by Carers UK[1]. The findings also reveal that nearly half a million (468,000) have quit their careers in the last two years alone – more than 600 people a day. This is a 12% increase since Carers UK and YouGov polled the public in 2013.

More people are now caring than previously thought, with almost 5 million workers now juggling their paid job with caring – a dramatic rise compared with Census 2011 figures of 3 million. Previous research shows those aged 45–64 – the so-called 'sandwich generation' – are most likely to have a caring responsibility, providing a strong driver for employers to support and retain some of their most skilled and experienced employees.

Caring for a relative or partner in the future

In other research[2], a further 2.6 million employees aged 45 and over also expect that they will have to leave their careers in order to care for a relative or partner in the future. One in five (19%) employees aged 45 and over in the UK expect to leave work in order to care for adult family members.

Women in particular (20%) are more likely to see their careers cut short by the need to care for a relative or a partner, but men are not far behind (17%). But just 6% of employers view caring pressures as a significant issue faced by their employees, highlighting a disconnect between employee and employer.

Opting to take on their relatives' care duties

Many mid-life employees[3] are opting to take on their relatives' care duties themselves as a means of minimising care bills, but this decision is coming at the expense of their career.

The 'sandwich generation' is facing caring pressures at both ends of the age spectrum. It's not just the care needs of older relatives that mid-life employees are having to contend with, as those aged 45 and over are facing care demands from both ends of the age spectrum.

Supporting both younger and older generations

One in ten (10%) mid-life employees expect they will have to leave work in order to care for children or grandchildren. This highlights the pressures being faced by this generation as they look to support both younger and older generations.

Despite the care conundrum expected to cause one in five employees to leave their jobs, just 6% of UK employers consider care pressures a significant issue being faced by their mid-life workforce.

Lack of support in the workplace is a difficult reality

Asked what support from their employer would be most important if combining their job with unpaid care for a loved one, 89% of UK adults said a supportive line manager or employer, 88% said the option to work flexibly, and 80% said five to ten days' paid care leave.

Asked what supportive employment policies are currently available for carers in their workplace, 38% of UK employees said their employer had flexible working, but only 12% said they had additional paid care leave. A third (33%) of people currently juggling work and care said that there were no policies listed to support carers. This suggests that for many carers, the lack of support in the workplace is a difficult reality.

Financial and emotional costs of caring for relatives

7% of people said unpaid caring had negatively impacted on their paid work, down from 10% in 2013, indicating that measures by employers to support carers in the workplace have been working well for some.

The practical, financial and emotional costs of caring for relatives both young and old are forcing many people in mid-life to make increasingly difficult decisions about balancing their commitments. As the UK population ages, the number of carers at work can be expected to grow. Currently, only a small percentage of employers are prioritising the issue of care.

Employers want to keep valuable staff

If you need to give up your job to care for someone because it's difficult to do both, it might be possible to change your working pattern and reduce your hours. Employers want to keep valuable staff.

Talk to your employer about how they can help you stay in work. You might be able to work part-time, from home or job share. Although reduced hours would have an impact on your salary, you might think about combining work and caring as a solution. ◀

Source data:

[1] All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 4,254 adults. Fieldwork was undertaken between 28 December 2018 and 4 January 2019. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+). All calculations by Carers UK using ONS population statistics for 2018.

[2] 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. 2,666,750 figure scaled up according to the latest ONS Labour Market Stats – calculated as 19% of UK employee population aged 45+

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

MAKE TIME FOR THE THINGS YOU NEED

Not only is your well-being important, but by taking care of yourself, you'll be in a much better position to take care of your family. Try to make time for the things you need. It may feel self-indulgent, but your family – young and old – will benefit from it, as you will be more resilient. To discuss any areas about your financial plans or concerns that you may have, we're here to help.

GENDER GAP IN RETIREMENT SAVINGS

Women say they will have £100,000 less in retirement than men

For women, the salary gap they face during their careers eventually turns into a retirement savings gap. While our country has come a long way on gender equality, the pay gap remains a prominent issue.

It's felt in many aspects of women's lives, most significantly in retirement savings.

Women are saving less than men for their retirement, with only 15% saving for the future compared to 20% of men^[1]. The previously unpublished figures show that women are worried they will not have enough in their pension pot in time for their retirement, with 25% saying this is because they didn't start saving for their retirement early enough.

Saving enough to ensure a comfortable standard of living

When it comes to how much they think they will hold when they reach retirement age, women anticipate they will have £168,006. This is almost £100,000 less than men who think they will have £255,328.

In addition, only 22% of women believe they are saving enough to ensure a comfortable standard of living for the future, compared to 33% of men. Data shows that women are saving less of their net income each month than men, with women putting aside 9.4% of their net income compared to the 11.4% saved by men.

Not knowing what to do with a pension pot at retirement

The findings reveal that more men have plans for their retirement pot than women, with 38% of women claiming that they don't know what to do with their pension when they retire compared to 32% of men.

While 21% of men said they planned to withdraw it as a lump sum, only 13% of women said they planned to do the same. Furthermore, 21% of females said they would be relying on a State Pension in their retirement compared to just 13% of men.

Start early when it comes to saving and investing

The latest figures from the HM Revenue and Customs^[2] show that while the gender split of numbers of Individual Savings Account (ISA) subscribers is broadly equal, males accounted for a marginally higher proportion of the higher value ISA holders. Males accounted for 52% of ISA holdings worth £50,000 or more, while 52% of females' own holdings are worth up to £2,499.

Factors such as longevity and career breaks can negatively affect a woman's long-term

financial situation. 'Start early when it comes to saving and investing' is the adage, and its importance should not be underestimated. But for some, it is even more important, including women and anyone who might take a career break. ◀

WHAT IS THE TRUE PICTURE OF YOUR CURRENT FINANCIAL HEALTH?

Your financial plan should be a true picture of your current financial health and a realistic view of your goals. To be useful, it should be updated annually, or when your needs and life situation changes. For any information you require on making sure you're on track financially, please contact us.

Source data

[1] Brewin Dolphin 23 May 2019

[2] 30 April 2019 <https://www.gov.uk/government/statistics/individual-savings-account-statistics>

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 fears they could face crippling care costs in old age.

“ **Under current rules, people can gift unlimited sums – known as ‘potentially exempt transfers’ – which are free of Inheritance Tax** ”

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.

Gifts 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.