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Perspective

MANAGING WEALTH

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WELCOME

To our new look newsletter.

Welcome to the latest newsletter from Perspective (North East) Ltd.

As you know we are part of the Perspective Financial Group and as of 1st June we officially adopted the name and branding of our parent company.

We have a new look but we are still the same team working to provide you with the best advice and information for all your finance and investments needs.

In this issue we look at the benefits of consolidating your Individual Savings Accounts (ISA's) and the options available when transferring your ISA. Do you have a Lasting Power of Attorney? Our article on page 7 looks at the options to consider in retirement.

As always the team at **Perspective (North East) Ltd** will be on hand to discuss all your financial and wealth management enquiries, contact your adviser who will be happy to discuss these with you.

Kind regards

Trevor Clark
Director
Perspective (North East) Ltd

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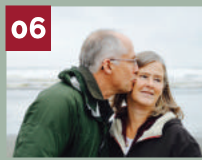

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THIS SUMMER

In this our 10th year since inception, all our offices have recently adopted the Perspective Group name and branding.

In this our 10th year since inception, all our offices have recently adopted the Perspective Group name and branding.

All of our 14 financial advisory firms are now consistently named and branded Perspective which reflects the consistent market-leading service you will receive from any of our 50 financial advisers across our 14 offices. The rebrand allows our teams across our office network to work more closely with one another and use our collective strength to ensure that you, our valued client, always receive the very best service.

Whilst we have a fresh new look, our commitment to providing a tailored service built on integrity and trust remains as strong as ever. These core values continue to guide us as we work with you to achieve your financial goals.

We have received overwhelmingly positive feedback on our new branding and website since our launch in June. Please do have a look on www.pfgl.co.uk and let us know your thoughts.

Thank you for your continued support and engagement with the Perspective Group. We are as committed as ever to provide the very best individually tailored advice for you to achieve your financial goals.

Paul Hogarth
Chairman

Perspective
MANAGING WEALTH

INVEST EARLY

THE NEW 2018/19 ISA ALLOWANCE:

YOU CAN INVEST UP TO £20,000 THIS TAX YEAR IN A STOCKS & SHARES ISA

TRANSFERRING ISAs

Time to bring your investments together?

If you have accumulated a number of Individual Savings Accounts (ISAs) over the years, keeping them all in one place could give you better control and may help you save money. There's a common misconception that you can't move your existing ISAs from one provider to another. Transferring your ISAs doesn't affect its tax-efficient status, but you should make sure that you don't have to pay penalties or give up valuable benefits.

If you want to switch from an existing ISA provider to a new one, you're perfectly within your rights to do so. Much like a mortgage, you shouldn't feel as though you're saddled forever with your first ISA provider choice. Transferring your ISAs could allow you to widen your range of investment choices, as the range on offer can differ between providers.

EASIER TO MONITOR & MANAGE

Another reason to switch is that you may find you're better off because different providers apply different fees and charges, which may be higher or lower than your existing provider.

You can transfer your ISA from one provider to another at any time. You can also transfer from one type of ISA to a different type of ISA – for example, you can move money held in a Stocks & Shares ISA into a Cash ISA, or from a Cash ISA to a Stocks & Shares ISA. Similarly, money held in an Innovative Finance ISA can be transferred into a Stocks & Shares ISA or into a Cash ISA.

Stocks & Shares ISAs do not include the same security of capital which is afforded with a Cash ISA. You may get back less than the amount invested.

Innovative Finance ISAs are generally considered higher-risk investments and may not be considered suitable for all types of investors. You could lose some or all of your capital.

NOT ALL ISA PROVIDERS ACCEPT TRANSFERS

Transferring your ISAs won't affect their tax-efficient status, provided you follow the correct process. You might think that to make a transfer from one ISA to another, you'll need to close down your existing account, make a withdrawal, then open up a new account and pay in. But closing down your current ISA means you'll immediately lose all the tax benefits, so never withdraw your savings to pay into a new ISA.

Instead, if you want to make a transfer, we'll contact your provider to inform them and manage the entire transfer process for you. Remember that tax rules can change in future, and their effect on you will depend on your individual circumstances.

Looking to make an ISA transfer?

Transferring existing ISAs can be a simple and easy way to help you reduce your administration and manage all of your investments in one place. Whether you're a novice or an experienced saver or investor, we'll help you get the most from your ISA investments. Please contact us for more information.

The potential exists for a loss of growth to occur where markets rise, whilst the transfer remains pending.

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 YOUR INVESTMENT CAN GO DOWN AS WELL AS UP, AND YOU MAY GET BACK LESS THAN THE AMOUNT INVESTED. THERE IS NO GUARANTEE EQUAL OR HIGHER INCOME/RETURNS WILL BE ACHIEVED WHEN COMPARED TO YOUR EXISTING ARRANGEMENT.

WHEN I'M GONE

How a simple list can help your loved ones after your death

Although it may not feel like it, your family finances are probably more precarious than you think.

It's all well and good when the breadwinners are healthy and working, but if something unfortunate were to happen, the outlook for those around you could change instantly.

Research from Macmillan[1] highlights the worrying fact that two in three people living in Britain don't have a Will – including 42% of over-55s. Without an up-to-date Will, the law could supersede a person's final wishes and leave treasured possessions, money, property and even dependent children with someone they may not have chosen.

This news comes despite official guidance recommending that people review their Will every five years and after any major life changes[2], yet a quarter of Wills have not been updated for at least five years[3].

PROTECTING YOUR FAMILY

It's an old saying that you should look at protecting before investing, and they are wise words because it's more important to make sure that your family are covered against the financial impact of your premature death than it is to invest for an uncertain future. Please contact us for a review of your situation – we look forward to hearing from you.

Source data:
[1] Macmillan/Opinion Matters online survey of 2,000 UK adults. Fieldwork conducted 1–4 December 2017. Figures based on total population.
[2] Office for National Statistics. UK population mid-year estimate for adults aged 18 or over. Available from: https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets populationestimatesforukenglandandwalesscotlandandnorthernireland [Accessed 12 December 2017]
[3] https://www.gov.uk/make-will/updating-your-will
[4] YouGov findings carried out on behalf of Royal London. 2,089 adults were surveyed between 10 and 11 October 2017. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).
[5] Figures taken from an Opinium survey carried out on behalf of Royal London. 2,020 adults were surveyed between 19 and 21 September 2017. The survey was carried out online. The sample has been weighted to reflect a nationally representative audience.
[6] The Royal London National Funeral Cost Index 2017 found that the average cost of funeral in the UK is £3,784, an increase of 3% from 2016.

THE FINANCIAL CONDUCT AUTHORITY DOES NOT REGULATE WILL WRITING.

TOP FIVE THINGS TO DO TO HELP YOUR LOVED ONES AFTER YOU HAVE GONE:

1. WRITE A WILL

A Will ensures that the right people inherit from you, and while most of us know how important it is to have a Will and keep it up to date, many of us don't do it. The research[4] shows that three in five adults (60%) don't have a Will, and a quarter (26%) of those are aged 55 and above. It's especially important for cohabitating couples to have a Will, as the surviving partner does not automatically inherit any estate or possessions left behind.

2. THINK ABOUT CARE OF CHILDREN

If you have children, it's important to decide on guardians, but three in five (58%) parents with children under 18 haven't chosen guardians should they die[4]. Think about who you would want to step into this role, and ask them if they'd be happy to do so. Then make sure you appoint them as guardians in your Will.

3. WRITE A 'WHEN I'M GONE' LIST

More than one in ten (12%) adults admitted that it would be very difficult for anyone to handle their financial affairs after they died[5]. Pulling together all your personal and financial information into one simple document can really help your loved ones when you're gone.

4. MAKE A PLAN TO PAY FOR YOUR FUNERAL

Research[6] shows that the average cost of a funeral is around £3,800, with one in six people (16%) saying they struggled with the cost. Having a plan in place to pay for your funeral will mean your family won't have to find several thousand pounds at a difficult time.

5. HAVE A CONVERSATION WITH YOUR FAMILY

Having a conversation with your family about your wishes can remove a great deal of uncertainty for them in the event of your death. The research shows that for those who have had to arrange a funeral, two in five (41%) were not left any instructions from the deceased. Starting a conversation might include talking about your funeral wishes with your loved ones or showing them where your important documents are kept.

ISA RULES AND INHERITANCE TAX

Families set to pay millions in unnecessary tax

There's a fundamental lack of awareness and understanding around Inheritance Tax, especially when it comes to how Individual Savings Accounts (ISAs) are treated after death. Given that some people have been able to a mass over a million pounds in their ISAs, it's an area where lack of knowledge could prove costly.

Over half (51%) of over-45s do not know that ISAs are liable for Inheritance Tax, leaving families across the UK set to pay millions in unnecessary taxes according to findings from an annual Inheritance Tax monitor survey[1].

In the last Budget, HM Treasury predicted it would raise £5.3 billion in the 2017/18 tax year in Inheritance Tax, which will eventually increase to £6.5 billion by 2022 to 2023. The research also revealed over three quarters (77%) think the UK's Inheritance Tax rules are too complicated. Yet despite this, only a third (33%) have sought professional financial advice on Inheritance Tax planning. Of those who did seek advice, over two fifths (42%) spoke to a professional financial adviser.

RULES REGARDING INHERITANCE

Some people could inherit less than they expected because they aren't aware or make assumptions about the rules regarding inheritance.

In particular, the rules governing the treatment of ISAs on death mean its ISA wrapper status will cease, the accrued value will form part of the estate for IHT purposes. However, the surviving spouse/civil partner will have the option of utilising the Additional Permited ISA Allowance, but please note time limits apply.

ISAs remain the 'go to' financial product for many people as they look to build up a nest egg in a tax-efficient way during their lifetime. ISAs may be subject to a 40% Inheritance Tax charge where the value of the estate exceeds the available nil rate band(s).

ADDITIONAL PERMITTED ISA ALLOWANCE

On death, the surviving spouse or registered civil partner will be able to apply for the Additional Permitted ISA Allowance, which will enable the value of the ISA holdings at the time of death to be reinvested without incurring tax, but please note time limits apply.

SECURING AND PROTECTING YOUR WEALTH

Early preparation is the key to success here. Taking advantage of methods to secure and protect your wealth will ensure that more wealth can be passed onto the next generation – to find out more, please contact us.

Source data:

[1] Survey of 1,001 UK consumers aged 45 or over with total assets exceeding the individual Inheritance Tax threshold (nil-rate band) of £325,000. Carried out in October 2017.

THE FINANCIAL CONDUCT AUTHORITY DOES NOT REGULATE TAXATION OR TRUST ADVICE.

PROTECTING YOU AND YOUR FAMILY'S FINANCES

Top reasons people gave for not taking out protection

There are many things to consider when looking to protect you and your family. It may not be the most exciting of subjects, but it answers one of our most basic desires – to keep safe all that we hold dear.

The State of the Protection Nation report[1] reveals that the top reason people gave for not taking out protection was that they think premiums are too expensive (69%). They also believe they won't get ill and they don't need insurance. Despite this, many people want to protect their lifestyle and loved ones from the financial impact of dying or becoming seriously ill.

SERIOUS HEALTH CONDITION OR ILLNESS

Nearly half of the people surveyed (46%) felt they were unlikely to go on sick leave for three months or more, 44% thought they were unlikely to have an accident that meant they were unable to work, and a third (34%) felt it was unlikely they would contract a serious health condition or illness. Research[2] shows that the chance of being off work for two months or more before age 65 is 26% for males and 37% for females.

Even if illness struck, nearly half (43%) felt they could manage for a year if they were unable to work due to serious illness or injury, 55% said they would manage for six months, and 71% would manage for three months. Yet the reality is that only two in five could survive financially for more than six months if they were unable to work.

INERTIA PLAYS A PART IN PEOPLE'S DECISION

Despite only a small percentage of consumers saying they had life insurance (3%), critical illness cover (3%) and income protection (5%) through their employer, some people felt they didn't need income protection (58%), critical illness cover (47%) and life insurance (34%).

The results revealed not to buy, as 20% of full-time working people recognise they need income protection but don't have a policy. Over a third (38%) of people working full-time feel they don't need income protection, but just 8% said they didn't need it because they had cover with their employer.

LACK OF COVER IN LINE WITH PEOPLE'S NEEDS

The figures show that 58% of people with a mortgage have life cover in place if the home owner dies, leaving 42% unprotected. But worryingly, 71% of people with a mortgage would have no protection in place if they were diagnosed with a critical illness, and 81% of mortgage owners have no income protection in place. The reason this is concerning is that people are far more likely to be diagnosed with a critical illness or have an injury that stops them working than to die before retirement age, so more people should consider critical illness or income protection.

A quarter (25%) of people who don't own any life insurance, critical illness cover or income protection said they were confident that this lack of cover was in line with their needs. This figure doesn't get much better when we look at those in full-time employment (30 hours a week or more), with 27% saying they were confident.

LIFE HAPPENS – LET'S TAKE CARE OF IT

We believe that receiving professional financial advice is vitally important. Life turns out a little differently for everyone, so the amount and type of protection cover you may need depends on your personal circumstances. Please contact us to review your situation.

Source data:

[1] Royal London's 'State of the Protection Nation' report conducted by Opinium. 2,005 UK adults aged 18+ were surveyed from 9–12 January 2018. Results have been weighted to nationally representative criteria.[2] Source: Pacific Life Re, March 2018. These figures have been produced based on their interpretation of the Institute and Faculty of Actuaries' Continuous Mortality Investigation insured lives incidence rates together with their estimate view of future trends. Incidence rates for the entire population may be different to those lives that take out insurance products.

PURE PROTECTION POLICIES TYPICALLY HAVE NO CASH IN VALUE AT ANY TIME, AND COVER WILL CEASE AT THE END OF THE TERM. IF PREMIUMS STOP, THEN COVER WILL LAPSE.

AVERTING A LATER-LIFE FINANCIAL CRISIS

More retirees drawing pensions without Lasting Power of Attorneys'

People are generally living longer these days. Increasingly, more people are living well into their 80s and 90s – and some even longer. This may mean you have a long time to budget for. That's why it is very important to consider all of your options carefully and think about what will matter to you in retirement.

You can now access your pension in more ways than ever before, after the Government introduced wide-ranging changes in April 2015. These changes give you more options, so it's important that you take time to think carefully before you decide what to do with your money.

LATER-LIFE FINANCIAL CRISIS

Nearly 80% of retirees using the UK's pension freedoms to manage their retirement savings face a potential 'later-life financial crisis' as they have not set up a Lasting Power of Attorney (LPA), a recently published report[1] has warned. There are two types of LPA. These are the Health and Welfare Lasting Power of Attorney, and the Property and Financial Affairs Lasting Power of Attorney.

The research found that 345,265 pensioners accessing their pension pots in this way have not yet given a family member or friend the legal authority to make decisions on their behalf if they were no longer able to do so.

POTENTIALLY CREATING PROBLEMS

With more and more people moving into drawdown, this is potentially creating problems that could leave thousands of people facing a possible later-life financial crisis. It is vital to plan for a time when managing your pension might become hard, or even impossible, and obtaining professional financial advice is one of the best ways to do this.

THE ALZHEIMER'S SOCIETY HAS DISCOVERED THAT THERE ARE CURRENTLY 850,000 PEOPLE IN THE UK LIVING WITH DEMENTIA, WHICH COULD INCREASE TO OVER 1 MILLION BY 2025. YET THE REPORT REVEALED THAT ONLY 21% OF RETIREES WHO HAVE ACCESSED FUNDS UNDER THE NEW FREEDOMS HAVE REGISTERED AN LPA.

DISCUSSIONS WITH YOUR FAMILY OR OTHERS

An LPA can be a very important part of advance planning for a time when a person will not be able to make certain decisions for themselves. It allows you to choose someone you trust to make those decisions in your best interests. This can be reassuring, and making an LPA can start discussions with your family or others about what you want to happen in the future.

The stigma around the LPA, as with dementia, is compounded by its links to mental capacity. Some people are reluctant to consider a future where they may not be able to make their own decisions due to the connotations they associate with this. In cases where LPAs are not in place, assets and equity may be lost, or those in a vulnerable position may be forced to make decisions they are no longer able to make.

DO YOU NEED HELP? GIVE US A CALL

Whatever your plans for the future, we are here to help you take the next step. Please contact us to discuss your requirements or to answer any questions you may have.

Source data:

[1] The study for Zurich UK is based on a YouGov survey of a UK sample of 742 people who have moved into drawdown since the pension freedoms were introduced in April 2015. The survey was carried out between 14 December 2017 and 24 January 2018. FCA Data Bulletin (issue 12) shows 345,265 pots moved into income drawdown between October 2015 and October 2017. Assuming the number of people moving into drawdown continued at a similar rate from November 2017 to April 2018, this would equate to a further 86,316 people in drawdown. 345,265 + 86,316 / 5 x 4 = 345,265 people. 345,265 / 2 years of drawdown data = 172,632 x 10 years = 1,726,325 people.

PENSIONS ARE A LONG-TERM INVESTMENT.

THE RETIREMENT BENEFITS YOU RECEIVE FROM YOUR PENSION PLAN WILL DEPEND ON A NUMBER OF FACTORS INCLUDING THE VALUE OF YOUR PLAN WHEN YOU DECIDE TO TAKE YOUR BENEFITS, WHICH ISN'T GUARANTEED AND CAN GO DOWN AS WELL AS UP.

THE VALUE OF YOUR PLAN COULD FALL BELOW THE AMOUNT(S) PAID IN.

ACCESSING PENSION BENEFITS EARLY MAY IMPACT ON LEVELS OF RETIREMENT INCOME AND YOUR ENTITLEMENT TO CERTAIN MEANS TESTED BENEFITS.

ACCESSING PENSION BENEFITS IS NOT SUITABLE FOR EVERYONE. YOU SHOULD SEEK ADVICE TO UNDERSTAND YOUR OPTIONS AT RETIREMENT.

THE FINANCIAL CONDUCT AUTHORITY DOES NOT REGULATE TAXATION, TRUST, WILL OR POWER OF ATTORNEY ADVICE.

PROTECTING YOURSELF FROM SCAMS

Fraudsters are using sophisticated ways to part savers from their money

Pension and investment scams are on the increase in the UK. Everyday fraudsters are using sophisticated ways to part savers from their money, and the Internet and advances in digital communications mean these kinds of scams are getting more common and harder to identify. A lifetime's savings can be lost in moments. Nearly one in ten over-55s fear they have been targeted by suspected scammers since the launch of Pension Freedoms, new research[1] shows.

TACTICS COMMONLY USED TO DEFRAUD

The study found 9% of over-55s say they have been approached about their pension funds by people they now believe to be scammers since the rules came into effect from April 2015. Offers to unlock or transfer funds are tactics commonly used to defraud people of their retirement savings.

One in three (33%) of over-55s say the risk of being defrauded of their savings is a major concern following pension freedoms. However, nearly half (49%) of those approached say they did not report their concerns because they did not know how to or were unaware of who they could report the scammers to.

ALTERNATIVE INVESTMENTS SUCH AS WINE OFFERED

The research found fewer than one in five (18%) of those approached by suspected scammers had reported their fears to authorities. Nearly half (47%) said the approaches involved offers to unlock pension funds or access money early, and 44% said they involved transferring pensions.

About 28% of those targeted by suspected fraudsters were offered alternative investments such as wine, and 20% say they were offered overseas investments, while 13% say scammers had suggested investing in crypto-currencies (which even under normal conditions are considered to be a very high risk investments). Around 6% believe they have been victims of frauds.

SAFEGUARDING HARD-EARNED RETIREMENT SAVINGS

Pension freedoms, though enormously popular with consumers, have created a potentially lucrative opportunity for fraudsters, and people need to be vigilant to safeguard their hard earned retirement savings.

If it sounds too good to be true, then it usually is, and people should be sceptical of investments that are offering unusually high rates of return or which invest in unorthodox products which may be difficult to understand. If in any doubt, seeking professional financial advice from a regulated adviser will help ensure you don't get caught out.

REPORTING SUSPECTED FRAUDS

Retirement savers can report suspected frauds on the ActionFraud helpline 0300 123 1047 or online at https://www.actionfraud.police.uk/report_fraud, and more advice is available at

SOME SCAMMERS HAVE VERY CONVINCING WEBSITES AND OTHER ONLINE PRESENCE, WHICH MAKE THEM LOOK LIKE A LEGITIMATE COMPANY. ALWAYS CHECK WITH THE FINANCIAL CONDUCT AUTHORITY (FCA) WWW.FCA.ORG.UK/FIRMS/FINANCIAL-SERVICES-REGISTER TO MAKE SURE THEY'RE REGISTERED.

http://www.thepensionsregulator.gov.uk/pension-scams.aspx or by calling the Pensions Advisory Service on 0300 123 1047

Source data:
[1] Consumer Intelligence conducted an independent online survey for Prudential between 23 and 25 February 2018 among 1,000 UK adults aged 55+ including those who are working and retired
[2] https://www.actionfraud.police.uk/fraud-az-pension-liberation-scam

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