

The Five Ages of Financial Planning



Age 50 - 60

Winding up & Winding down

In a previous edition, we produced a brief guide to help you gain a better understanding of what you should reflect upon financially as you progress through your life stages. (If you missed it or wish to read it again, [click here](#))

Following this, we are developing each section to offer some understanding around some of the points we made. We have considered the time when schooling finishes and you legally became an adult and, last quarter, we discussed heading onwards into the brave world of career development, children and mortgages.

Now, as we plough headlong through middle age, let's think about how we push onwards before we prepare for the biggest holiday of them all: Retirement.

By now, you will likely have plenty of 'plates spinning' as it were. There is every chance you will be at or near the height of your career, any children you have could be at those difficult teenage years or potentially heading off to university and there may also be issues with Parental Care.

Yet, whilst all that is happening, it is important not to lose focus on your financial plan. This is the time to seriously start 'Retirement Planning', especially if you have already paid off your mortgage.

Your relationship with your Financial Planner should have taken on a new course as increased assets bring increased responsibilities. Whilst you will still be accumulating wealth, there is now a requirement to consider how this wealth is going to provide you with an income in retirement.

You will likely have a better understanding of your income needs as you start to consider retirement. The skill of a Financial Planner will be able to consider the most efficient way to drive that income for you.

Your two biggest assets will probably be your house and your pension fund. Inherited wealth could also play a part in your finances.

Depending on the size of your assets, two other key drivers may affect your planning requirements. Firstly, you need to potentially consider some form of succession planning.

Will your overall assets simply be used to provide an income in retirement, or do you hope or expect to support your children as they 'flee the nest'? The Bank of Mum and Dad can take many guises and you will need to plan for this.

Secondly, you will have to think about managing any potential Inheritance Tax for your beneficiaries. IHT can be a very punitive tax with everything more than IHT allowances taxed at 40%. Your plans to provide a legacy for your children and grandchildren can be decimated by HMRC becoming one of your biggest beneficiaries.

A Chinese proverb states that:

“The best time to plant a tree was twenty years ago, the second-best time is now.”

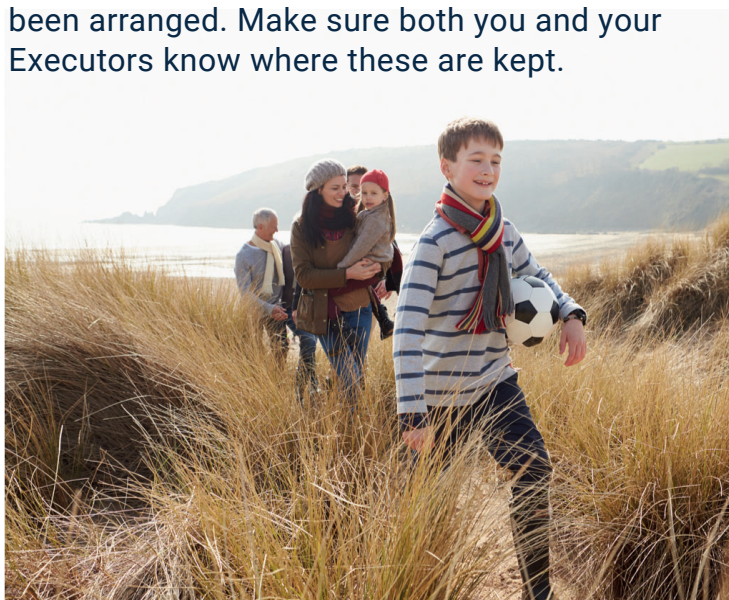
The same could be said for Inheritance Tax planning.

Whilst this may seem like an issue for ‘old people’, any plans put in place now will serve you well in the future.

Concerning your day to day income, try and push hard with your pension savings especially if you are fortunate enough to benefit from Higher Rate Tax Relief. There are few investment options that will benefit from such tax efficiency, and you should make full use of it whilst you can.

Try and keep your cash savings at a modest level and commit to multi asset investing. One of the biggest long-term issues that affect savings is inflation, so don’t fall into the trap of holding too much cash. It has a short-term purpose, but in too many instances, its real value falls due to inflation. This is especially relevant due to concerns around higher inflation going forwards.

Ensure that you keep your Will up to date and your Lasting Power of Attorney (LPOA) should have been arranged. Make sure both you and your Executors know where these are kept.



No one likes to plan for sad or difficult times, but the reality is that investing a bit of time now could make life much easier for everyone later on if you or your partner pass away.

With so many aspects of life being carried out digitally and online, it is more important than ever to organise and record your financial affairs in a way that can ease the burden for others who will be left to sort your affairs. Do also remember that many things may now have online access only (such as Premium Bonds and certain Savings accounts).

Consider your digital legacy. It would be a shame for assets to go missing due to no paperwork being found.

Whilst none of us wish to contemplate what will happen when we die, hopefully this will at least offer you some peace of mind knowing that your estate can be managed easily and efficiently due to the process you have put in place.

If you embrace financial planning and keep an eye on your long term goals, then all that planning, all those hours you put in, will come to fruition and we can discuss the next life stage, entitled: **60-75 – Sailing into the sunset.**

That is now the time that you start moving from ‘wealth accumulation’ to ‘wealth decumulation’.

If you would like to find out more, please email hello@pfgl.co.uk

The value of your investment can fall as well as rise and you may not get back the original amount you invested.