ASPIRE

PLAN • DREAM • ACHIEVE

SPRING 2019

SUDDEN IMPACT

Knock-on effect
We ask: what are the economists' views of Brexit?

A strong start
Why planning early for retirement is the way to go

Just a number?
When does 'youth' end and 'middle age' start? It's the age-old question

Introducing Gen Z
The fired-up young voices shouting to save our planet

The magazine of Willson Grange Limited

UP TO THE WIRE

It's 40 years, almost to the day, since Labour Prime Minister James Callaghan uttered those defiant (and, as it turned out, defiantly dangerous) words: "Crisis? What crisis?"

The very real crisis that ensued included his party's defeat in the General Election that followed the 'Winter of Discontent' of 1979… a sobering reminder that it never pays to even try to pull the wool over the British public's eyes!

Not that we're drawing any comparisons with the set of social crises that beset the UK back in the difficult years of the 70s and 80s. There is, however, something of an air of stalwart Britishness in our current prime minister's defiant negotiations over the Brexit 'deal'. The political shoe might be on the other foot, but maybe Theresa May (and, to be fair, politicians of all parties) would do well to heed the lessons of the past. All the positioning and posturing we've witnessed of late has been, in the main, to save their political skins.

That's politics, of course. So if you're still baffled and bemused after the 29th March, you might be heartened to know that the world of economics has a slightly different, more measured, slant. See '*Forward Motion*' on page 5 for a clearer view of where UK could be headed.

SPRING 2019

All in the timing

Hello, and a warm welcome to our first edition of *Aspire* for 2019. As a quarterly newsletter, we're perhaps not in the best position to keep you as up to date with the ever-changing Brexit situation as we would like… however, we try to keep as topical as we can as we bring you comments and critical analyses from the experts who are closest to us – the financial forecasters, professional advisers and economists – who, we believe, have a lot of wisdom to share.

In this issue, we're focusing on three main areas that can impact your future, financial or otherwise. Timing – why it's important to prepare well in advance for your later years. Resilience – keeping a cool head and adjusting your goals as you journey through life. And age – is it really 'just a number'?

Our view is that we all need to tackle the realities of life head-on. And now is the best time to start.

Looking at the wider world, we were particularly inspired this quarter by a new generation – Generation Z (or 'Gen Z', as they're known) and their emergence as 'players' on the world stage. The World Economic Forum in Davos in January introduced us to 16-year-old climate change campaigner Greta Thunberg, who reminded us, in no uncertain terms, that 'Our world is on fire!'

Maybe we need more people like Greta, who can tell us like it is. After all, as the saying goes, we don't inherit the world from our ancestors – we borrow it from our children.

And as our own Willson Grange Career Development Centre continues to grow, that thought is part of our daily vision. Our new generation of Financial Advisers is taking shape. You can read of their progress on page 15.

Stuart

Stuart Willson CEO
Willson Grange Limited Financial Planners

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FINANCIAL PLANNERS

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PRINCIPAL PARTNER PRACTICE OF
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WEALTH MANAGEMENT

Of the Essence

Savers who are put off investing by current global political and economic worries can learn some lessons from the past

Making the decision to invest your money can often be a tough one. There's always the worry that you will be the unlucky one, investing your money one day, only to see stock markets fall significantly in the days or weeks immediately after.

It's the reason why many people shy away from investing at all. After all, behavioural scientists reckon the psychological pain of losing money is about twice as powerful as the pleasure of gaining.

The reality is that the last 30 years or so have included some of the biggest stock market crashes in history, providing plenty of shocks that might have put people off investing. With the US/China trade war unresolved and the huge uncertainty about the UK's exit from the European Union, who knows when, or what, the next market shock will be?

Of course, the alternative to investing is to remain in cash, perhaps waiting for the 'perfect' time to invest. There is no perfect time to put money into the stock market, and the risk of holding out for one is that savers remain in cash forever, harming their personal wealth for decades to come.

So, what has happened in the past when investors have picked what looked like the worst time to commit money to the stock market?

The Black Monday crash of October 1987 saw the FTSE All Share index drop 23% in two days; the fastest and biggest fall in history. The market eventually dropped nearly 34% before staging a recovery. Yet, if it were possible to invest directly into the FTSE All Share, an investor who put £100,000 into the market just before the crash would have seen their money grow to £318,000 in the decade that followed[1]. They would have grown the real value of their money significantly; the fundamental reason why we need to invest.

Similarly, the Global Financial Crisis saw the UK stock market fall over 41% between October 2007 and February 2009. What would that have meant for an investor who 'got their timing wrong'? Over the next decade, an investment of £100,000 (based on the same assumption of investing in the FTSE All Share), would have returned £171,000, comfortably beating inflation despite that terrible start[2].

"It's time in, not timing, the market that really matters"

Although it isn't possible to invest directly into the FTSE All Share, these two examples prove the value of the adage that it's time in, not timing, the market that really matters. One other way to reduce the worry of investing at the wrong time is to drip-feed your money into the market on a regular basis. You can do this through a savings plan or by automating the transfer of funds from cash into the stock market over a number of months.

"To create real wealth, you need to take some measured risk, and you need to allow your investment time to weather the peaks and troughs of stock markets," says Rob Gardner, Director of Investment Management at St. James's Place. "We don't know whether Brexit or some other event will present the next challenge to markets, and some investors might therefore be tempted to adopt a 'wait and see' approach. But as previous market events illustrate, what might feel the worst time to invest is still likely to prove a better long-term decision than leaving your money in cash, due to the eroding effects of inflation."

■ Please be aware that past performance is not indicative of future performance. The value of an investment may fall as well as rise. Returns on equities cannot be guaranteed. Equities do not provide the security of capital characteristic of a deposit with a bank or building society.

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[1] Source: Financial Express. Data for the FTSE All Share index and RPI/CPI from 30/9/1987 to 30/9/1997. *https://www.finance-monthly.com/2017/10/black-monday-1987-in-numbers/*
[2] Source: Financial Express. Data for the FTSE All Share index and CPI from 31/10/2007 to 31/10/2017.

About TIME

How much income do you think you'll need in retirement? A recent study shows there could be an unwelcome surprise for those who save too little, too late…

Research shows that UK investors expect to need an annual income equal to two-thirds of their current salary to afford to live comfortably. Yet, the average amount received by today's retirees is far less, at 53% of final salary, according to research by Schroders, fund managers for St. James's Place.* This gap spells disappointment for those individuals and couples who do not have the funds to support the lifestyle they would like in retirement. It also raises the rather difficult question of how much of our salary we should be putting away to maintain our lifestyles after we stop work.

The study suggests that a 25-year-old who would like to retire on a two-thirds pension at 65 should be tucking away 15% of their salary each year.

At that savings rate, an average annual return of 2.5% above inflation would create a pot large enough to produce a retirement income to meet their target.

But if that person was to save 10% of their salary, the annual return they'd need would shoot up to 4.2% over inflation.

If they were to save only 5% of their salary (the current overall minimum contribution rate for auto-enrolment), they may need returns that exceed inflation by 7%.

Unfortunately, history is not on the side of investors relying on achieving that rate of return over the medium to long term.

The Schroders research also revealed general acknowledgment by non-retired people that they need to be saving more to achieve the standard of living they want in retirement. The difference between what they are saving, and what think they should be saving, was biggest amongst Generation X – individuals aged between 37 and 50 – indicating perhaps a growing concern that they are at risk of leaving it too late.

"To have the best chance of a comfortable retirement, the lesson for younger workers is to start saving early," says Lesley-Ann Morgan, Head of Retirement at Schroders. "Leaving retirement saving until you are nearing your 50s and 60s is likely to be too late to make up the savings gap."

■ The value of an investment with St. James's Place will be directly linked to the performance of the funds you select and the value can therefore go down as well as up. You may get back less than you invested.

The levels and bases of taxation, and reliefs from taxation, can change at any time and are generally dependent on individual circumstances.

*Schroders, Global Investor Study 2018

ON YOUR SIDE

Time is your biggest ally when it comes to saving, thanks to the power of compounding. But that doesn't mean there aren't significant opportunities to catch up, and the end of the tax year presents an ideal opportunity to do so.

Some experts suggest that if you leave retirement saving until age 40, then you'll need to put away at least 20% of your income – and that you should maintain this percentage as your earnings increase.

If that's a tall order, there might be other opportunities to boost your savings rate; for example, a bonus or inheritance could make a big difference to your long-term prospects. So, if you have surplus cash that is not earmarked for other purposes and you haven't used all your pension allowances, making a one-off pension contribution can be a smart way to get nearer that retirement goal.

- If you have maximised this year's annual pension allowance, you may wish to consider making use of the allowance that is still available from the 2015/16 tax year before this is lost for good on 6th April.

FORWARD MOTION

While the Brexit pendulum is in full swing, it's worth reminding ourselves that, in financial circles, it's seen more as a political than an economic risk. Declining business investment could be merely temporary, the analysts suggest, as the UK re-establishes itself on the world stage

The soap opera of Brexit has continued its cliff-hanger endings almost every week throughout the first quarter of 2019, as the various 'meaningful' deadlines and votes came and went. And, in true soap saga fashion, we're still no nearer to knowing, or even understanding, how this is all going to end.

What *is* certain is that our politicians have the Sword of Damocles dangling over them. Whichever way it falls, they're not coming out of this unscathed.

The debate, as it has played out, has, for them, become a fight for their own political survival. Prime Minister Theresa May and her fellow Tories find themselves in a very odd position right now: as humiliating as it was to get an extension to the withdrawal process, as voted for on the 14th March, it does at least give them a prolonged period of power, and one with a split, and weakened, opposition. But it is a very tenuous hold… and if there is no eventual Brexit, which some forecasters now predict, then they will pay a heavy electoral price, having miserably failed in their mission.

It's a political quagmire, make no mistake. Time seems, almost, to have stood still as the debates rumble on, yet this has given many analysts and commentators the time and space to think about Brexit, and what it really means to Britain, not merely as a society, but as a global economic force. Are the current machinations really going to be that damaging in the longer term?

As Tony Abbott, the former prime minister of Australia observed in the *Spectator* in March, "All along, the real difficulty has not been negotiating Brexit; it has been the neurotic anxiety of the official political class about leaving the European project.[1]"

It's just one opinion, of course. But many other observers, including leading economists, are taking such 'politicking' with a large pinch of salt. London-based macro-economic research analyst Capital Economics forecast before the first 'meaningful votes' in March, that a deal-based Brexit could spur the UK to be the fastest-growing economy in the G7 in the year 2020. Seeing a global slowdown already under way, it believes its impact in the UK would be mitigated by an exit deal, as business investment picks up.

"While the uncertainty caused by Brexit has clearly hampered investment and consumption, the economy is fundamentally sound and its foundations will probably strengthen over the next year or two.[2]"

Meanwhile, US-based financial, data and media company, Bloomberg, argued that a three-month delay to Brexit would cost the economy 0.2% in annual GDP growth, versus 0.6% for a six-month delay.[3] However, its projections show that a UK–EU exit deal would enable a pick-up in growth "due to a fiscal expansion, a boost to incomes via a rising pound, and more certainty about the future". (The latter would presumably boost business investment, too.)

NO BIG DEAL? Brexit impact versus global impact

While few economists expect Brexit to have a major impact on economies beyond the UK and EU, the reverse is not true: global growth trends will still have enormous influence on the direction of a post-Brexit UK economy.

Anatole Kaletsky of Gavekal, one of the world's leading independent providers of global investment research, argued that one of the best, and perhaps most likely, outcomes would be for the EU to unilaterally extend the Brexit deadline, allowing for a tweaked version of Theresa May's deal to set seed. "If European leaders had the gumption to take this step, sterling and British domestic asset prices would really take off – and assets in other European countries might find some badly needed support.[4]"

Even without a hard Brexit, Kaletsky believes sterling and the euro could fall some way if Brexit goes ahead. On the other hand, Société Générale, a leading French bank, sees huge potential upside in sterling – a rise to \$1.40 in the case of what it calls a "sensible" Brexit, or above \$1.50 if Brexit is cancelled.[5]

Investors tempted to flee UK assets should bear this potential recovery in mind. Yet leaving all your investments in UK-focused assets could make you vulnerable in the current political climate. Unless you know something that we – and the politicians – don't, it's best to be prepared for all scenarios, and diversify your holdings. Whatever your personal view on Brexit and how it will turn out, there's no need for your assets to be reliant on any one particular outcome.

■ The value of an investment with St. James's Place will be directly linked to the performance of the funds you select and the value can therefore go down as well as up. You may get back less than you invested.

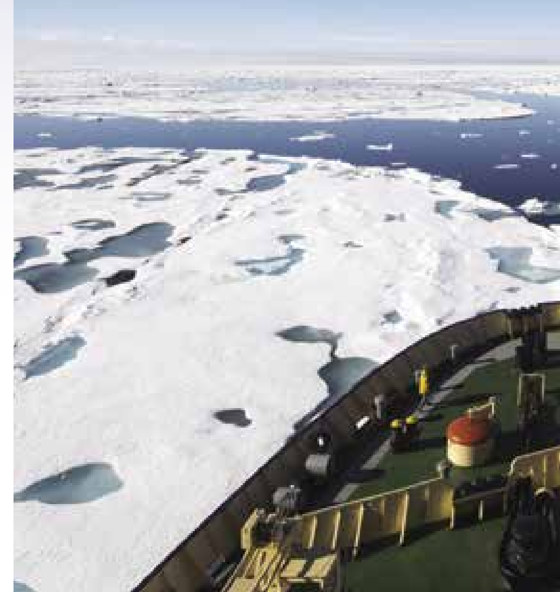
The opinions expressed by Capital Economics, Gavekal and Bloomberg are subject to change at any time due to changes in market or economic conditions. This material is not intended to be relied upon as a forecast, research, or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or adopt a strategy. The views are not necessarily shared by other investment managers or St. James's Place Wealth Management.

[1] The Spectator, 2 March 2019: *No deal? No problem*
[2] Source: Capital Economics
[3] Source: Bloomberg Economics
[4] Gavekal Research
[5] The Pound Live

NOTHING SHORT OF RESILIENT

When the going gets tough, a strong leader will win the day. And nobody has ever done it better than expedition leader Ernest Shackleton. Beset by the worst weather and the worst luck in the Antarctic of 1914, he kept his head, changed his priorities and brought his entire crew back to safety. He lived to tell the tale. And it's a real tale to tell…

"Faced with the cold reality of the situation, Shackleton successfully realigned his expectations and goals"



However you might feel about Brexit, and the government's subsequent rollercoaster ride through the negotiations, you can't deny that our Prime Minister, Theresa May, has been as dogged and determined as an Arctic icebreaker ploughing its way through the fog and ice.

One of the favourite stories that psychologists and leadership coaches use when explaining the importance of resilience in business is that of Ernest Shackleton, who spent nearly 600 days marooned in the Antarctic from early August 1914 along with his 27-man crew. His objective: to be the first person to cross the 1,500 miles of frozen tundra.

History knows, of course, that he failed – completely – in his mission. One disaster followed another. Becoming stuck in the icebound waters for five months, his ship, the fittingly named *Endurance*, had to be abandoned, crushed and sunk into the unforgiving ice. Undeterred, the men set up camp on a nearby ice floe, where they drifted further into the icy wilderness. The camp, itself, eventually succumbed to the splitting ice too, and Shackleton and his crew were forced into their lifeboats to paddle, exhausted, into the open ocean.

Yet the incredible story doesn't end there: the catastrophes, unbelievably, kept on coming. Rowing for a week, Shackleton and his crew reached Elephant Island, a small isle that lay well away from any shipping routes and, therefore any possible help.

The captain was forced, again, to rethink. Now, he decided, he'd row, with just a few of his men for a further 800 miles – the aim, to return to the whaling station they'd left 15 months earlier and from where they could seek help.

Battling on through hurricane-strength winds, they landed… only to discover they were on the wrong side of the island. Twenty-two miles of ice and mountains now lay between them and the whaling station. Pressing on, they reached their destination in just 36 hours. However, due to more horrendous weather, it would be another three months before Shackleton could rescue the men he had left behind.

So why is Shackleton such an icon when it comes to resilience coaching?

THE GENDER DIVIDE

Despite big efforts to address gender inequality, there's still an imbalance in financial resilience between men and women.

Women still tend to earn less than men. They also save less and are more likely to have part-time jobs which pay below the earnings trigger for automatic enrolment into workplace pensions.

Sadly, the imbalance doesn't stop there. Women, for instance, are far less likely to prioritise protection insurance.

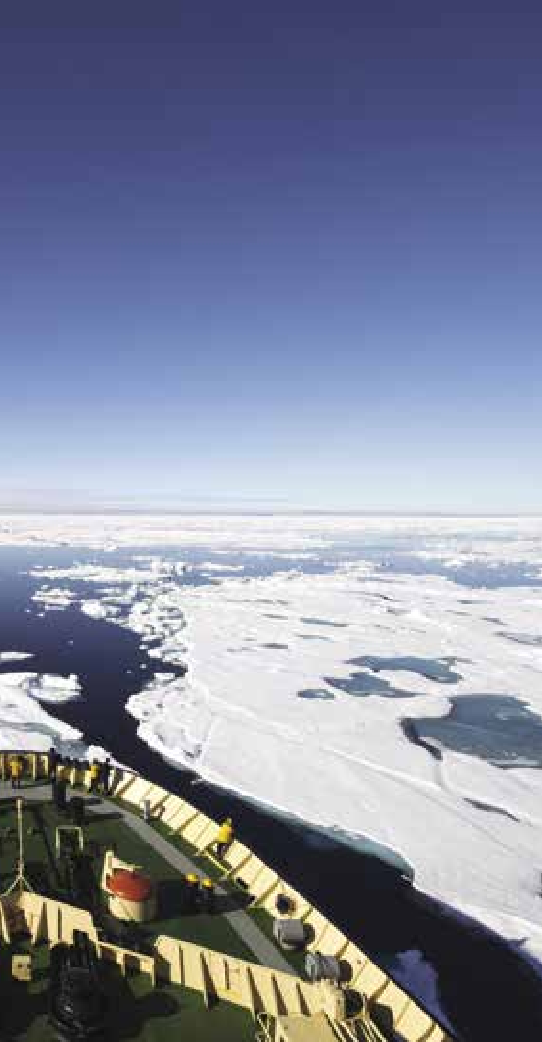
Figures from Canada Life show that more than half of all women aged between 25 and 45 do not have insurance that could help to protect them against loss of earnings.[1]

The research also shows that half of women at the height of their careers have never considered their families' protection needs and are not planning to do so… staggering when you consider that women account for nearly half of the UK workforce[2], and contribute huge amounts to their household.

When asked to estimate how much their absence would cost their household, 29% believe this would be between £10,000 to £25,000 per year. But a similar proportion believe the total cost could be higher.

It's not clear whether a lack of protection is due to ignorance, affordability or a belief that 'it won't happen to me'. Nevertheless, many women are still failing to view – and, more importantly, protect – themselves as key earners.

Whatever your plans for the future, careful financial planning can make a real difference



As disastrous as it sounds (and, indeed, was, for Shackleton's expeditionary mission), all his men survived, returning home… albeit more than two years after leaving port in Plymouth.

Because of his leadership qualities, which included improvising and adapting to each situation as it arose, he was able to encourage and support his men, allowing them to pull together and never lose hope.

Faced with the cold reality of the situation, Shackleton successfully realigned his expectations and goals. Acknowledging his original objectives were doomed (due, in the main, to horrific weather and sheer bad luck), his new goals were to make sure his crew would return safely. In that goal, he triumphed against all the odds.

to your life and those you care about. Providing a lump sum upon death, illness or disability, or an income if you were unable to work, could be the best way of protecting your family's standard of living should the worst happen.

Even if you're a stay-at-home parent who is married to a high earner, your contribution to the family still has a monetary value that would need to be replaced if you died or fell ill. So, it's worth prioritising insurance no matter what your situation. A financial adviser can talk you through your options and offer solutions tailored to your specific needs.

[1] www.canadalife.co.uk, March 2018
[2] UK labour market: February 2018

How resilience can help your business succeed

Employers who build resilience into their business strategy are opening the door to stability and a more-than-likely healthy return

Building resilience in business goes well beyond the individual. Managers and organisations have an important part to play in supporting and encouraging healthy behaviours, and providing support to return to work if ill health does occur. Employees who feel unsupported and concerned about repercussions are less likely to ask for help and therefore more likely to struggle.

Line managers can often be the first line of defence in stress prevention. Training them to spot the signs can help nip potential problems in the bud and stop a short-term concern from becoming a long-term problem. Group risk insurance providers can often offer training sessions – face-to-face, online or via webinar – as part and parcel of their employee assistance programmes.

One such provider, Unum, recommends that employers take the following proactive steps.

- **Consider the evidence –** Managers should start conversations based on the changes they have seen, any problems they may have heard or already know about, or physical records such as increased absence.
- **Understand the issues –** Any discussion should take place in a relaxed and private setting. Managers should listen to what the person has to say, gather information and work together to understand and recognise the issues.
- **Identify solutions –** There should be no pressure to come up with answers on the spot, while others should be involved if it's felt necessary. What's achievable depends on how practical it is to make changes to the employee's role. Where it's possible, the employer can look at altering their responsibilities – minimising contact with customers, or introducing flexible working, such as changing their hours or allowing them to work from home. Where changes are impractical, helping to prioritise tasks, offering work-related training or weekly catch-ups to provide social support are all worth exploring. If the problem is nothing to do with work, employers should be empathic and offer compassionate leave, or counselling. Many employee assistance programmes provide advice and support, including counselling, on a range of work/life issues.
- **Agree an action plan –** It's important that both (or all) parties are on the same page and the employee is involved in the decision-making. However, while it can be tempting to 'see how things go', the plan should be specific and time-limited.
- **Implement the solutions –** Action should be taken immediately because short-term issues can become long-term problems. Employers should prioritise and tackle the main causes of stress and look for support where it's needed, such as from HR, occupational health or an internal or external employee assistance programme. Record-keeping should include the date of the meeting, what was discussed, the action plan and the actual actions taken.
- **Review –** Finally, regular reviews should take place where everyone can check on progress, talk about what's working and what isn't, and where tweaks need to be made to the ongoing action plan.

Resilient individuals can mean reduced sickness absence and better productivity – all leading to enhanced company performance.

The *Health and Well-being at Work* report from the Chartered Institute of Personnel and Development (CIPD) in May 2018 revealed that, alongside mental ill-health, stress is the second biggest cause of both short-term and long-term absence.

Additionally, the Health and Safety Executive has found that 40% of all work-related illnesses are the result of workplace stress, depression and anxiety, and account for an average of 24 days off for each person over their working life. Yet the CIPD has also found that almost 30% of businesses which have cited stress as one of the top three causes of absence are doing nothing about it.

There are huge business benefits to be gained by recognising and addressing the problem, according to employee benefits provider Unum. It says that counselling provided through its employee assistance programme improves mental health for 92% of its users.[1]

[1] www.unum.co.uk/media/counselling-provided-by-unums-eap-improves-mental-health- for-92-percent-of-users, March 2018

JUST A NUMBER?

Advances in medicine, higher living standards and healthier attitudes to life, mean that most people consider retirement as a time to 'live' rather than a time to 'stop'. Yet that doesn't mean we're immune from illness or ageing. It's as important as ever that we think of the unthinkable and lay down plans for our later years

Does anyone ever consider themselves 'old'? Ask any 95-year-old and they will, more than likely, say they still think themselves as 'young' - or, at least, younger than they are. So what are most people's perceptions of 'age'?

According to a YouGov survey in 2018, most Britons believe that youth ends by the age of 30. The general consensus revealed by the research was that 'youth' lasts up to, and including, the age of 29. Once we've reached the age of 30, it seems, the majority of us no longer consider ourselves to be young.

Likewise, the point at which most Brits believe a person has become middle aged is 48, while 70 is the age by which a majority of people believe someone is getting 'old'.

Unsurprisingly, perceptions of when 'young' ends and 'middle age' and 'old' begin are influenced by a person's own age. Generally speaking, the younger we are, the earlier we place the boundaries for each of the stages. For instance, most 18-24 year-olds consider a person to have reached middle age by the age of 40, while most of those aged 45 and over don't think that stage of life is reached until the age of 50.

The majority of Brits aged 40 to 64 consider themselves to be 'middle aged', as do 44% of those aged 65-69, says YouGov.

"People in their 50s are the most likely to self-identify as 'middle aged' (82-84%). Very few consider themselves old until they hit at least 60. One in five 60-64 year olds consider themselves 'old', as do a third of 65-69 year olds. Only the 70+ age group features a majority of people (59%) that self-identify as 'old'."

55 AND COUNTING

When it comes to financial planning, the number 55 does seem to crop up quite a lot. It's the age where, following the pension

SILVER SCREENING…
Preventing bowel cancer from the age of 55

Bowel cancer is the third most common cancer in the UK. According to the NHS Bowel Cancer Screening Programme (www.nhs.uk/conditions/bowel-cancer-screening/), about one in every 20 people will get bowel cancer in their lifetime. Both men and women are at risk and it is more common in older people – most people who get it are over the age of 55, and people can be at risk of bowel cancer even when nobody else in the family has had cancer.

A LETTER THROUGH THE DOOR

- If you happened to have turned 60 in recent years, you will be aware of the 'poo test' – or faecal occult blood (FOB) – a home screening kit that checks for tiny amounts of blood in your poo. It doesn't diagnose bowel cancer, but it's a simple way to find out if you need further tests. The poo test is repeated every two years from the age of 60 (but if you're 75 or over, you can ask for a kit every two years by phoning the free bowel cancer screening helpline on 0800 707 60 60).

- A new (additional) test called 'bowel scope screening' is now being offered to all men and women aged 55, and its introduction could save even more lives. For every 300 people screened, it stops two from getting bowel cancer and saves one life from bowel cancer, says the NHS

Though not a test that can be done at home – those choosing to have the screening on offer will go to their local hospital for a bowel scope (a thin, flexible tube with a tiny camera on the end to look at the large bowel) – it is nonetheless a quick, easy and painless way to remove polyps that could, later, turn cancerous and form a tumour.

People are invited to have bowel scope screening only once, at the age of 55. However, if you decide not to have the screening when you are first invited, you can still have it at any time up until your 60th birthday. Again, phone the free bowel cancer screening helpline on 0800 707 60 60.

CRITICAL THINKING

Four in five people with cancer are, on average, £570 a month worse off as a result of a cancer diagnosis, according to cancer charity Macmillan Cancer Support*.

"Many find themselves in serious financial difficulty and are forced to rely on improvised financial solutions, such as selling assets or borrowing from family members," says Lynda Thomas, the charity's chief. "However, when people get the right help and support at the right time, they have a much better chance of coping with the financial impact of cancer."

FACING YOUR FEARS

The results of a survey, conducted in April 2018 by life-curation website wishlockr.com, found that half of people over the age of 55 had not had a conversation with their loved ones about end-of-life finances. In the survey of just over 2,000 people, it was revealed that more than 90% of over-55s haven't discussed estate planning with a financial adviser, a third of these saying that it's because they're uncomfortable talking about their own death. Such reticence to talk openly is more likely to result in estate planning being put off until the last minute, by which time it could be too late to make a difference.

freedoms, you can now access funds built up in your pension (though you should always seek advice to make sure you won't be leaving yourself too short later on in life).

It's also an age that's often targeted by medical and financial groups as a 'starting point' for certain life-stage issues, such as bowel cancer screening (*see below*), or perhaps beginning to plan and invest for your twilight years, which are still, hopefully, still way ahead in the future.

So, a starting point, yes. Not a sign that you're getting old. As we've seen, in our society, 55 is simply a golden number; one that acts as a sensible platform for kickstarting the rest of your life, and one that gives you plenty of time to set any troublesome kinks straight, helping you to navigate your path to the future with ease.

The options for insuring against unforeseen events are vast, however, a Critical Illness policy can often be a help in difficult circumstances. If you're unsure about what would be most beneficial to you and your family, it's a good idea to get some financial advice. With the help of a specialist, you'll be able to explore your options, determine how much protection you can afford, and find the best deals to meet your needs.

*** Macmillan Cancer Support : 'No Small Change' Money and Cancer Policy Report http://www.macmillan.org.uk/documents/policy/money-and-cancer-policy-report.pdf accessed November 2018**

Midlife MOT

A financial health check in your 40s or 50s could significantly improve your chances of a comfortable retirement

When is the best time to take our pension; and do we take it all, or just part of it? When should we access our tax-free entitlement?

These are the sort of questions which we will usually need to answer in our 60s or early 70s. Yet, many of us would benefit from examining our choices much earlier in life.

Financial planning should address a range of issues, such as how long we're prepared to keep working for, our predicted life expectancy, our State Pension entitlement, how much income our savings need to provide, and how much money we want to pass on to loved ones. We may also need to consider how much to have in reserve that could be used to pay for care.

Yet there is no natural trigger point during our working lives which encourages us to think about these issues, meaning that many of us will end up leaving it too late.

According to Michelle Cracknell, Chief Executive of The Pensions Advisory Service, there needs to be a much better way of supporting people in their mid-40s to mid-50s through an intervention intended "to reflect the fact that your retirement income is now your responsibility".

She supports the introduction of a midlife MOT, under which individuals would review their financial health at an age when it was still possible to take reparative action such as increasing pension contributions.

This idea has gained prominence since it was recommended by John Cridland's *Independent Review of the State Pension age: Smoothing the transition*, which was published last year. The report highlighted that a midlife MOT facilitated by employers and government could be a useful trigger to encourage people to take stock and make realistic choices about work, health and retirement.

"The majority of online careers advice we have observed is targeted at young people, which is often not directly transferable to older people. As a first step, an online midlife MOT could allow people to consider their existing plans, as well as provide signposting and guidance on where to get more help," says the report.

Cridland proposes that this guidance is connected to financial advice.

"Once you've made up your mind on how you're going to spend your time and where, then you need financial advice," he said. "I want to combine the two. I think this could be done with a diagnostic tool on the internet, one that helps you through the decision-making tree and then connects you with advice."

While details of the initiative are still to be finalised, some employers are already responding to the recommendations. Aviva has announced it will be rolling out its midlife MOT service to employees aged 45 or over in 2019. Meanwhile, Legal & General, The Pension Advisory Service and Mercer have launched their own pilots.

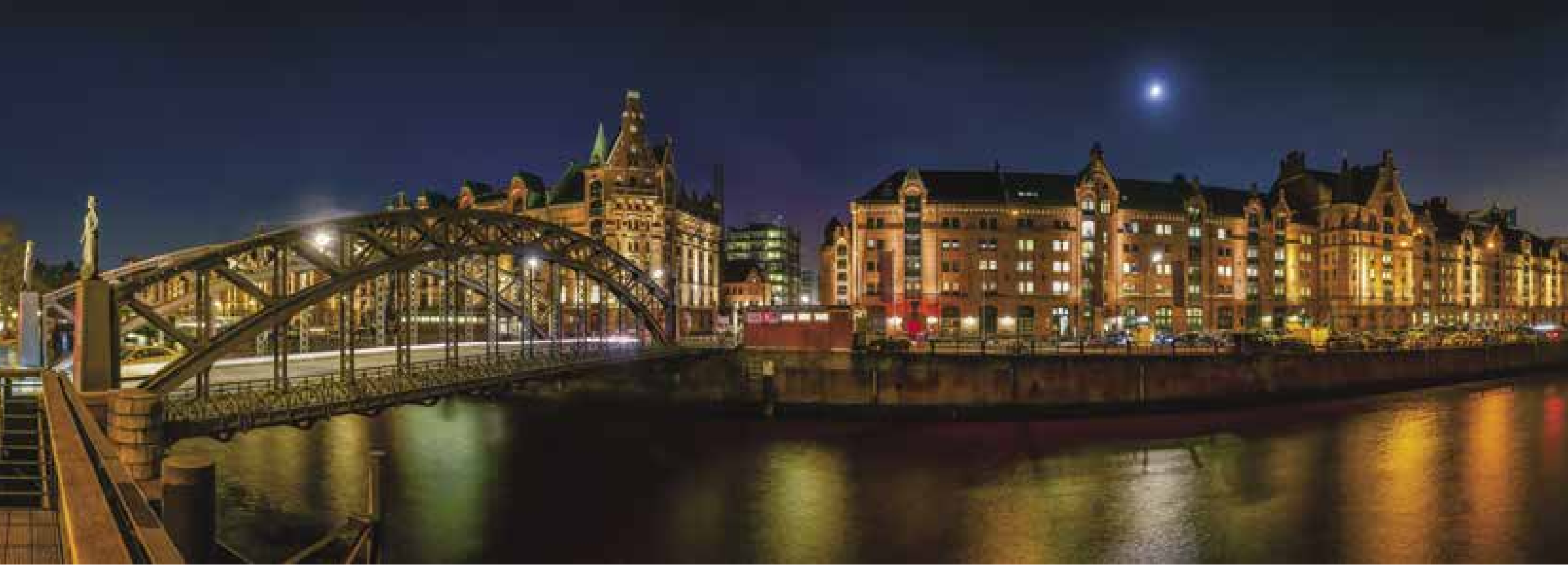
Ian Price, divisional director at St. James's Place, says the report shines a light on the importance of engaging with retirement planning early. However, he agrees that, with the right interventions, there is scope to change behaviour.

"Your 40s and 50s is a time of life when you need to look under the bonnet, see what you're spending your money on, and see if your retirement plans are on track," he says.

"If a midlife MOT encourages more people to seek financial advice earlier in the planning process, then I'm all for it."

■ The value of an investment with St. James's Place will be directly linked to the performance of the funds you select, and the value can therefore go down as well as up. You may get back less than you invested.

The levels and bases of taxation, and reliefs from taxation, can change at any time. The value of any tax relief depends on individual circumstances.



The time it takes to sell a home has increased, nationwide, by a week in the last year, so it's not surprising that the market for bridging loans has remained strong[1]

Bridge the gap

According to a recent report, UK property takes on average 102 days to sell. Properties in London and Blackpool take the longest to sell – taking on average 126 and 131 days, respectively.[2]

A bridging loan can be very useful for people who want to buy a new property before they have sold their existing home, or until long-term financing has been sourced. Nevertheless, with high interest rates and punishing terms, it can be an expensive and risky exercise.

Thankfully, there are other steps that would-be purchasers can take to help unlock property chains and maximise the chances of concluding a sale, although suitability will depend on their own individual circumstances.

One potential solution is the Money Management Account, which is offered by

SEPARATE WAYS

If a partner has custody of the children, it's often wise to maintain a life insurance policy on their ex-spouse with a benefit amount high enough to replace maintenance income

We all hope that marriage will last forever, but the sad fact is that some 42% of marriages in England and Wales end in divorce[1]. Sadly, many break-ups become bitter or lengthy because couples can't agree how to split the finances. In these cases, professional financial and legal advice is required

It's unfortunate, but divorce is not something that we can properly insure against. The nearest thing is a pre-nuptial agreement, which, while it's not yet recognised in statute, it will at least be taken into consideration by UK courts when making a settlement.

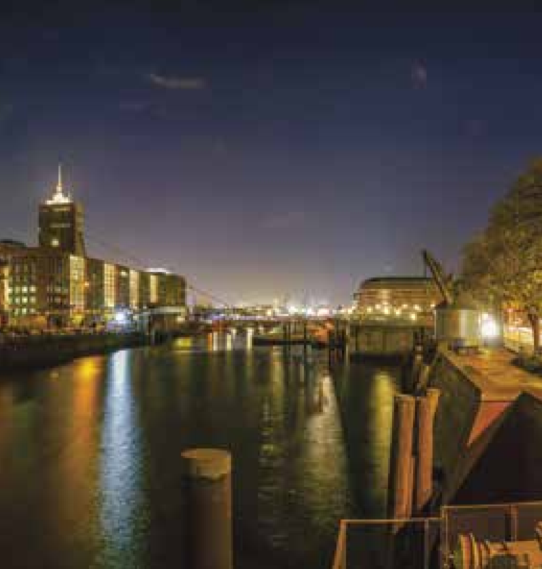
With the help of a trained mediator or solicitor, couples may be given the opportunity to reach agreement without necessarily going to court. However, many break-ups become acrimonious because couples can't agree how to split the finances; and those cases will often end up being put before a judge.

Rules of disengagement

The process for separating finances and property on divorce in England and Wales is a discretionary one. That means there is no set formula that the courts follow. However, both parties must be left in the position of equal standing and there must be no discrimination between the respective roles of breadwinner and homemaker, which are regarded as equal.

When deciding a case, the courts will look at income, earning capacity, property and other financial resources which each of the parties

[1] Office for National Statistics, 26 September 2018



"The Money Management Account is available to existing clients of St. James's Place who have a minimum of £250,000 of eligible St. James's Place investments"

Metro Bank. This offers immediate access to funds for a number of short-term borrowing needs, and is available to existing clients of St. James's Place who have a minimum of £250,000 of eligible St. James's Place investments.

The Money Management Account is structured as a secured overdraft facility, which is renewable annually. It is specifically designed to meet short-term liquidity requirements which exceed a client's cash holdings, where the funds are required for a relatively short period, and where a defined repayment method exists.

Unlike most bridging facilities, there's no set repayment schedule since the borrowing is in the form of an overdraft. This means that interest can be paid each month or added to the overdraft where there is sufficient credit available.

Clients can borrow up to 40% of the value of their eligible assets at a rate of 2.99% + Bank of England base rate per annum. There's also an arrangement fee of 0.4%.

"The interest rate and arrangement fee look very good value when you compare it to a typical bridging loan, which will typically come with an arrangement fee of 1% of the sum advanced, plus interest of about 1% a month," says Paul Emery, Head of Client Banking at St. James's Place. "On top of that, there may be a 1% exit fee."

While the Money Management Account is typically used by property buyers to bridge the gap between the sale of their current home and the purchase of their next home, it has many other potential applications. For instance, it can be used to pay an unexpected tax bill, fund home improvements, or pay school fees.

Nevertheless, it must be remembered that the Money Management Account is designed to be a short-term funding solution; although it can be very useful when needed, it can be more expensive than longer term debt. Also, it's crucial that you're able to repay the amount borrowed, especially if you're rolling up interest that you wouldn't otherwise be able to afford to pay.

It's therefore vital to weigh up the pros and cons with your financial adviser.

The lending bank will take a charge over your investments and you will be unable to make withdrawals from or changes to your charged investments without prior approval from the bank. If the value of the investments falls relative to the agreed loan facility, the lending may need to be repaid in full. Rates and charges will apply.

[1] EY, UK bridging market study, 2018 [2] Post Office Money, City Rate of Sale Report, 2018

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has or is likely to have in the future, as well as future financial needs, obligations and responsibilities. Clearly, where there are dependent children, this will be the first consideration when deciding division of the matrimonial assets.

PROPERTY

Your home will likely make up a considerable portion of the value of your assets, but ownership of a property is not reflected in a divorce settlement. It is not unusual for each party to receive an equal share of the equity even if the property was only in the name of one of them. The court can also order a property to be transferred from one party to another.

"A court could order the sale of a property and share out the proceeds between both parties in any way it chooses; or it could split the ownership differently so that one party retains an interest in the property until a later date," says Obi Nnochiri, Head of Division - Private Clients - at St. James's Place.

For some couples, particularly if there are no children, it will normally just be a question of selling the home and sharing any proceeds equally. For families with children, it is more a case of trying to disrupt them as little as possible, while ensuring that accommodation is in place for the other parent.

Bear in mind that who gets the marital house in a divorce is closely linked to child custody, with the court typically awarding the right to the primary care-giver.

PENSIONS

You must disclose all your financial assets when coming to a fair settlement in a divorce, including any pensions you have built up or are claiming. This covers both workplace and personal pensions.

Courts can order a pension to be split, with part of the benefit transferred to the other party. Alternatively, the pension assets may be 'earmarked', meaning that all or some of the member's pension will be paid to the ex-spouse or civil partner when it comes into payment.

In some cases, the court decides that each person keeps their own pension schemes, but that other assets are used to offset the value. So, for example, if one person has a large pension pot, the other may receive a larger proportion of a share portfolio.

"Bear in mind that if each person keeps their own pension, the ex-spouse is unlikely to receive any entitlement under the deceased's pension after the divorce," explains Nnochiri.

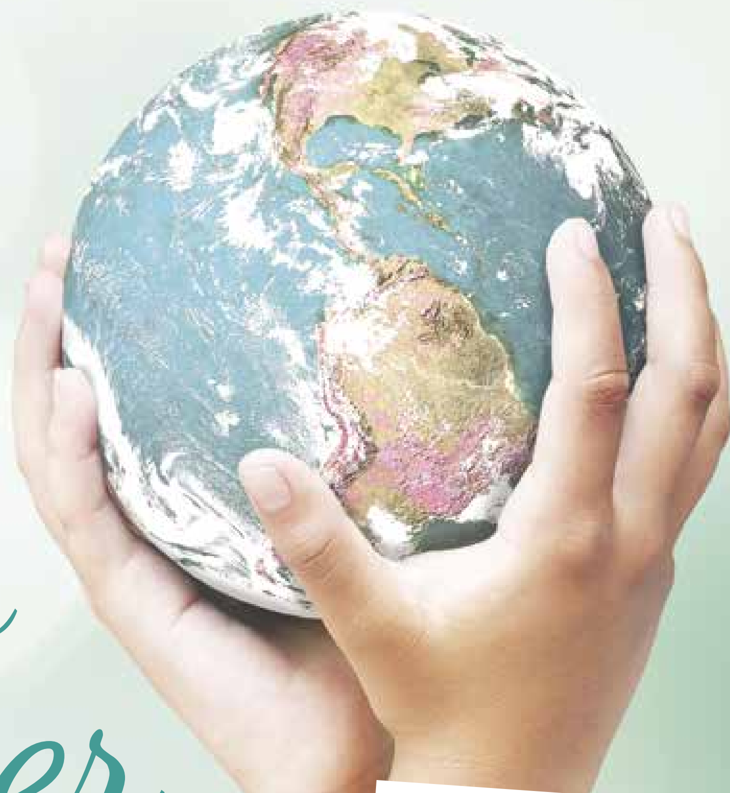
WILLS AND LASTING POWERS OF ATTORNEY (LPA)

Unlike a marriage, divorce does not automatically invalidate a Will. Instead, anything that you have left to your ex-spouse in your Will would be dealt with as if they had died on the date that your marriage legally ended. Consequently, whatever they were set to inherit would be passed on to the next beneficiary who is entitled to it.

If you have made an LPA then the effect of divorce will usually mean that the appointment of your spouse as attorney will be revoked. It's therefore vital that you review your LPA to ensure that someone else can make decisions on your behalf, should you fall ill or lose mental capacity. Once a replacement attorney is chosen, it's normally quite straightforward to have the LPA amended.

"In any divorce situation it's not just a lawyer who needs to be engaged. It is equally as important to engage with an experienced financial adviser who can work with your lawyer in reaching the right settlement," says Nnochiri.

* Will writing and advice given in relation to a Power of Attorney involve the referral to services that are separate and distinct to those offered by St. James's Place. Wills and Powers of Attorney are not regulated by the Financial Conduct Authority.



In this together

From the oldest to the youngest, climate change campaigners gave voice to their concerns at the World Economic Forum annual meeting in January

Nobel Peace Prize nominee, Greta Thunberg

As the world's greatest, and in some cases oldest, naturalists took to the stage at this year's climate talks in Davos in the Swiss Alps, we were all reminded of our impact on the world - from animals facing extinction to a new threat, e-waste. Ninety-two-year-old Sir David Attenborough, opening the talks, spoke of the implications of species loss and the global effects of human activity on the natural world.

Global warming caused by human activity has impacted animals, their habitats and whole ecosystems, and poses a threat to all of earth's species, including humans, he said.

"We have to recognise that every breath of air we take, every mouthful of food we take, comes from the natural world and that if we damage the natural world we damage ourselves."

The World Wildlife Fund's Living Planet Index 2018 shows that many species of mammals, birds, reptiles and marine life have more than halved over the last 50 years.

Explaining how 'humanity' has the power and the knowledge to live in harmony with nature, Sir David called on the world's political and business leaders to renew their efforts to tackle climate change, before it's too late.

"What we do in the next few years will profoundly affect the next few thousand years," he said.

Also taking centre stage was another, younger, inspiration: 16-year-old Swedish climate activist, Greta Thunberg, who rallied the crowds with a heartfelt and urgent message, "I don't want your hope. I don't want you to be hopeful. I want you to panic ... and act as if the house was on fire."

As part of a new global campaign, VoiceForThePlanet, Greta called for people around the world to raise their voices for nature and to show leaders in businesses and government that they have support from their citizens, consumers, and employees to raise the level of ambition and action for safeguarding nature, protecting our oceans and forests, and tackling climate change.

Armed with social media and growing economic clout, Generation Z (or 'Gen Z', as the new, post-Millennial generation is now being called) is well positioned to influence business practices, Forum organisers noted:

"Tackling climate change is going to need buy-in from corporations, governments and civil society. If today's young activists can speed up this process, all power to them."

Source: weforum.org

E-WASTE: A NEW THREAT TO OUR WORLD?

The Davos summit revealed, pretty starkly, that we're burying ourselves under a mountain of electronic and electrical waste (e-waste) – and it's putting the environment and the wellbeing of the world's inhabitants under growing pressure.

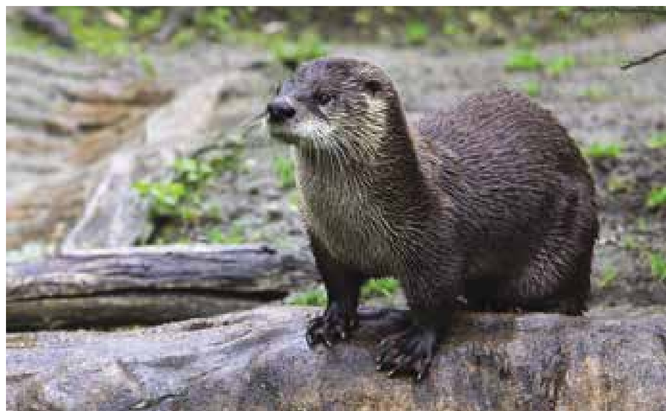
From mobile phones and computers to toasters and TVs through to office equipment and domestic solar power systems, there's so much e-waste, if put together, it would weigh more than 125,000 Boeing 747 jumbo jets – 44.7 million tonnes – enough to build 4,500 replicas of the Eiffel Tower… every year.

While that only amounts to around 2% of all solid waste, it's responsible for 70% of all waste, according to a new report, *A New Circular Vision for Electronics - Time for a Global Reboot**.

As well as valuable metals such as gold and platinum, there are plenty of hazardous materials in e-waste items; lead, mercury and cadmium feature in many electronic devices. In a well-ordered recycling facility, their recovery can be handled without unnecessary risk to workers or harm to the environment.

But around 1.3 million tonnes of undocumented e-waste is exported by European Union member countries every year. Most, possibly even all of which ends up in unregulated hands, where the recycling

*www.weforum.org/reports/a-new-circular-vision-for-electronics-time-for-a-global-reboot, published 24 January 2019



BORN TO BE WILD

Britain, it appears, is doing its bit for wildlife conservation. According to a new study published by the Mammal Society*, many of Britain's wild carnivore species have returned in numbers from the brink of extinction.

In the face of historic declines, most of the country's predatory mammal populations have shown marked improvement since the 1960s. Once-endangered species like otters have repopulated old habitats across the country, polecats have spread through southern regions and pine martens now range freely in the Scottish Highlands.

As a result of legal protection and conservation, animals such as the stoat, red fox, badger and weasel are beginning to recover, having endured traps, toxic chemicals, pollutants and increasing traffic volume.

The wildcat is the only one of Britain's carnivorous mammals still under threat – hybridisation with domestic and feral cats has caused its numbers in Scotland to dwindle.

REVIVE AND SURVIVE

Following regulatory changes in Britain, carnivore populations have been largely responsible for their own revival and each species has recovered for different reasons. Once policy changes were given time to take effect, the surprise carnivore resurgence has happened in a relatively short time span.

A law passed in 1973 gave badgers legally protected status – later extended to cover their setts – resulting in their numbers doubling since the 1980s, for example.

Similarly, otter populations thrived following a 1978 ban on otter hunting in England and Wales, and further restrictions on the sale of dangerous pesticides which polluted the animal's river habitats.

Keeping track of the population density of some of these wild species is no easy task. Researchers at Exeter University relied on reports from gamekeepers to estimate the populations of small, fast-moving, hard-to-track creatures like stoats and weasels.

Despite restrictions on human predatory behaviour, some animal species still receive a hostile reception from gamekeepers, farmers and anglers, highlighting the need to find ways for animals and humans to coexist.

*Mammal Review, published by Wiley-Blackwell, February 2019

and recovery process is far more rudimentary. In Nigeria, there are around 100,000 people working in the unregulated recycling sector. It's not uncommon for the recovery process to revolve around setting fire to large piles of e-waste, to burn off the plastic and leave the metals exposed. It's dangerous work that exposes people to toxic fumes and pollutes the immediate environment.

To address the problem, 10 global companies pledged to take back the electronic waste that stems from their products. The Global Environment Facility (GEF) also announced a partnership with the government of Nigeria, UN Environment, Dell, HP, Microsoft, and Philips. The GEF has invested $2 million and the partners plan to raise another $13 million from the private sector.

OWNING THE FUTURE

How Gen Z, the biggest generation of recent times, is connecting, communicating, and ACTING to shape their world

We might be more used to seeing them attached, motionless, to the latest mobile devices… but our latest generation of teenagers – Generation Z – has another, much more animated, side to them; a side that could, before long, be putting the rest of us to shame.

As the largest demographic cohort since the Babyboomers and Millennials, 'Gen Z' (those born between the mid-1990s and early 2000s) is poised and empowered as never before to make an impact on the shaping of local, regional and global agendas.

'Global Shapers' is a prime example of how young people are coming together, both virtually and physically, to take ownership of their future. Born out of the 2011 World Economic Forum, this inspiring network of activists has taken root, and now connects more than 8,000 under-30s in 376 city-based hubs, spanning 171 countries.

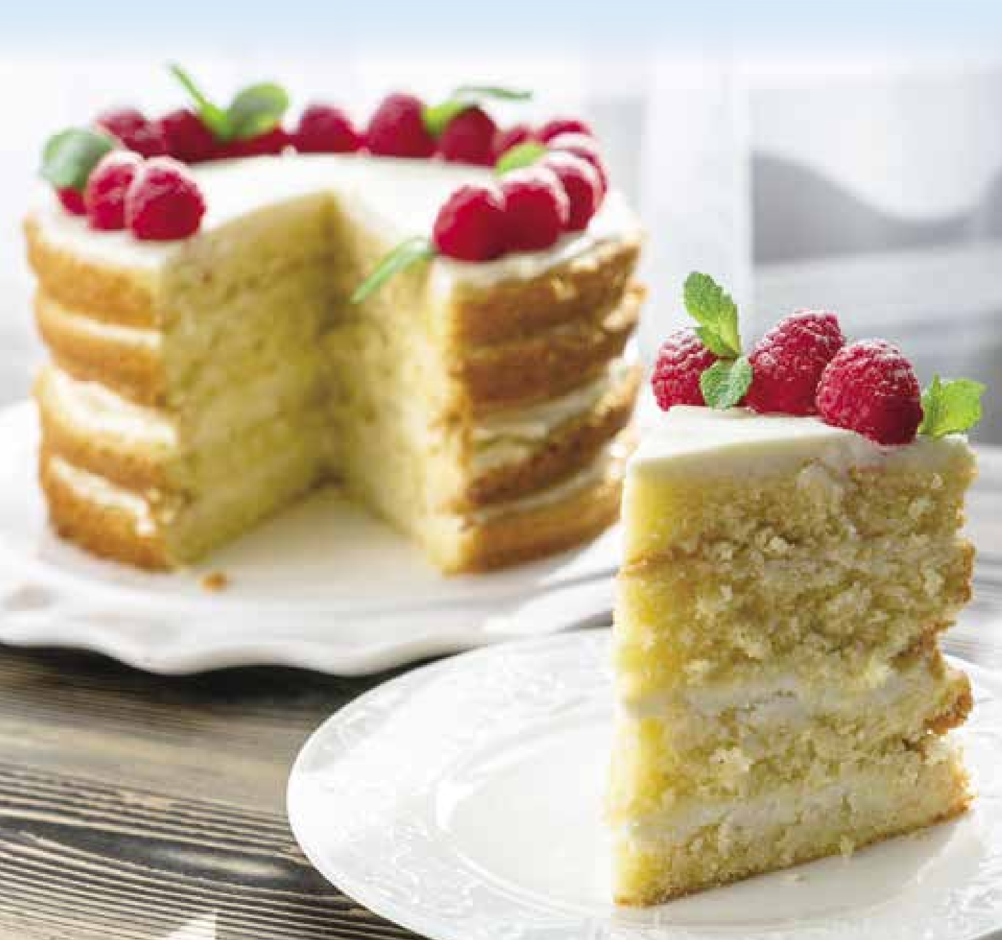
Teams of 'Shapers' have, throughout the world, organised themselves to create projects that address the needs of their communities – from responding to disasters to combating poverty and fighting climate change. The Shapers are, they say, diverse in expertise, education, income and race, but "united by their desire to bring about change".

It's true that young generations, down the centuries, have always had their own ambitions for 'changing the world'. Yet, connected as they are with social and digital media, 'Gen Z's' certainly appear to have a more informed global perspective than perhaps any of their predecessors.

"With the largest youth population in history, there's an unprecedented opportunity for young people to take an active role in shaping the future," the network states on its website, www.globalshapers.org.

"This generation has inherited enormous global challenges, but has the ability to confront the status quo and offer youth-led solutions for change."

■ The Global Shapers Community is a non-profit organisation registered in Geneva, Switzerland, and housed at the World Economic Forum.



TAKE IT OR LEAVE IT?

The chance to pocket a 25% tax-free lump sum is one of the key benefits of saving into a pension, but you don't have to take it in one go, or even at all

Many pensions allow you, usually from the age of 55, to take up to a quarter of your retirement savings as a tax-free lump sum. This is one of the most popular features of the pensions system, as the money can be used to help grown-up children get on the property ladder, pay off an outstanding mortgage or, perhaps, fund a long-hoped-for holiday after a life of work.

Yet the decision to take cash this way is much more complicated than it used to be. Before the introduction of pension freedoms in 2015, most people simply took all their tax-free cash up front and purchased an annuity with the remaining fund, which would provide them with an income for life.

Today, a defined contribution pension can be taken in a variety of ways. If you wish, you can keep it invested and draw an income, or access it as cash either gradually or in one go. Moreover, your pension pot can now be more easily left as part of a tax-free inheritance. As long as the money remains in the pension, it can be passed to heirs free of Inheritance Tax (IHT) – and potentially free of Income Tax, depending on certain conditions.

This favourable tax treatment means that, in many circumstances, it can make sense to draw income from alternative sources in retirement, so a greater value of the pension can potentially pass to loved ones in a tax-efficient manner.

Leaving the pension untouched also means that the investments can potentially benefit from more years of compounding returns. An extra 10 or 20 years of tax-efficient growth could make a big difference to the amount of income available to you or your family in the future.

Yet many individuals still choose to receive all their tax-free cash at outset, simply because it is available to them and appears to be an attractive option. Those funds may then sit in a bank account for years, attracting little interest, being eroded by inflation, and potentially subject to IHT.

A recent survey by Aegon found that some 54% of savers plan to take their tax-free lump sum at retirement, with 15% intending to stash the money in bank accounts, which often offer derisory rates of interest.[1]

"Once you take your tax-free cash from your pension, that money becomes part of your estate," says Ian Price, Divisional Director at St. James's Place. "Putting it in a bank account will also generally limit its ability to grow tax-efficiently in future. So unless you have a definite plan for the cash, it may be better to defer taking pension benefits, including your tax-free entitlement."

"Retirees might want to consider utilising their taxable savings first, then their ISAs, and then their pension last. That may sound odd, but by doing so they can ensure that that their pension, which is generally the most tax-efficient way of saving, is shielded from HMRC for as long as possible," says Price.

CRYSTALLISING THOUGHTS

If you cannot avoid dipping into your pension savings, then a good way to minimise tax is to phase withdrawals by combining small amounts of tax-free cash and taxable withdrawals to meet the need for income or capital.

So rather than 'crystallising' the whole pension fund, a portion of it can be designated to provide benefits, with 25% of that amount being tax-free. This means that more of the fund can remain in the tax-efficient pension wrapper and hopefully grow to create more tax-free cash for the future.

Of course, many people will continue to take all their tax-free cash up front and then the rest of their pension gradually over time, or leave it invested. It must be remembered that the most appropriate approach depends on your own circumstances and income needs, not just on the desire to avoid tax.

If you are unsure about the most suitable way to take retirement benefits, then you should seek financial advice.

■ The value of an investment with St. James's Place will be directly linked to the performance of the funds you select and the value can therefore go down as well as up. You may get back less than you invested.

An investment in equities does not provide the security of capital associated with a deposit account with a bank, building society or Cash ISA.

The levels and bases of taxation, and reliefs from taxation, can change at any time and are dependent on individual circumstances.

[1] https://www.aegon.co.uk/news/should_you_take_your25tax-freepensionlumpsum.html, June 2017

The Next Step

As we follow our first Trainee Financial Adviser recruits through the Willson Grange Wealth Management Career Development Centre, we find that exams have not only been passed, they've been passed with flying colours…

Since our last report in December, the 12 new trainees have been making excellent progress. Two key industry exams have been taken, with success rates well above national levels. Having spent the majority of their first few months in our state-of-the-art training suite making sure they meet regulatory standards, the trainees are now engaged in their final preparations prior to meeting new and potential new clients.

Head of the support team at the Career Development Centre is Will Alterman, who is clearly delighted at Cohort 1's success so far.

"The team has surpassed all our expectations," says Will. "We've had an extraordinary 100 per cent pass rate with the two diploma level industry exams (RO1 – Financial Services Regulations and Ethics, and RO5 – Financial Protection).

"It's a great confidence boost, and means they can now concentrate on building more of the additional skills needed for client-facing work. They're already booking appointments to see clients in our meeting rooms in April; the next step is for them all to be supervised during their initial client meetings in order to evidence their competence prior to being formally signed-off so they can go out to meet people on their own."

Liam Tollady, who we met in the last edition of *Aspire*, had his first taste of client meetings on 25th March. Elated to have passed his LF1, LP2, RO1 and RO5 exams, plus all of the St. James's Place exams, he is looking forward to using his new-found knowledge and skills to secure and enhance his clients' financial futures.

"This is what we signed up for," says Liam (pictured, above right, during a client meeting). "The classroom learning has been crucial, of course – we need to prove that we're knowledgeable and competent to carry out our advisory roles, but the exams are only part of the journey towards gaining full Competent Adviser Status. Beyond that, we will remain committed to our continuing professional development and will eventually go on to achieve Chartered Financial Planner status. This is where our industry, as a whole, needs to move to if we are to be recognised as equals to top professions such as solicitors and accountants and if we are to deliver a truly outstanding experience for our clients."

COMING UP…

Following hot on the heels of our first team of trainees – Cohort 1 – comes, naturally enough, Cohort 2. A fresh set of 12 wealth managers-in-the-making will be embarking on their exciting new careers, preparing to take the next round of CII (Chartered Insurance Institute) exams and learning from some of the best mentors in the business.

Just before the latest recruits arrived, we met Sean Heggarty (26) who will be joining Cohort 2. Sean, a maths graduate, has spent the last five years on the highly coveted Aldi UK graduate development programme, where his final position was as an Area Manager responsible for several stores and over 80 employees. Sean views the Willson Grange Career Development Centre as a real opportunity, not just to further his own career, but to add real value in an area where there is an increasing need for quality advice and trusted, long-term client-adviser relationships.

Sean Heggarty

"There's a current shortage of qualified financial advisers in the UK, and the situation's getting worse as many of those who are practising now approach their own retirement age," says Sean. "It makes complete sense to retrain in this sector, to fill the gaps that are there right now, but more critically to meet the growing needs for financial advice that face the Millennial generations and beyond.

"It's an exciting opportunity for me, personally. But I also see this kind of top-quality training as an important tool in helping to build financial security for the families, and businesses, of the future."

EXCELLENT SUPPORT

One of the great advantages of the Willson Grange Career Development Centre is its structured training programme in a environment where each stage of learning is led by experienced industry specialists.

Glyn Stoker, the centre's first Business Development Manager, has been instrumental in motivating and mentoring Cohort 1, who, as we have seen, have been so successful in safely negotiating the challenge of their initial financial services exams.

"I'm immensely proud of what they've achieved so far," says Glyn. "There's a real team spirit among them – they have all supported one another at every stage. They couldn't have done it any better. Now we just need to keep the momentum going."

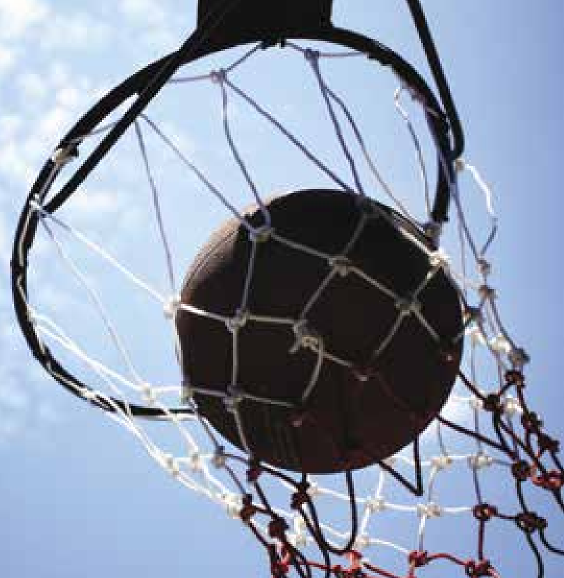
The Career Development Centre support team continues to grow, with the recent appointments of our second Business Development Manager, Peter Ryding. We are also delighted to welcome our new Learning and Development Specialists, Christine Whitehall and David Gatehouse. They all come to Willson Grange with a wealth of knowledge gained from decades of experience in the financial services sector. We look forward to meeting them in the next edition of *Aspire*.

NO BETTER CAREER CHOICE

If you have been inspired by our recruitment stories in *Aspire* and wish to apply for a place with the Career Development Centre, please contact Will Alterman or John Smith on 0151 632 7100 (email will.alterman@sjpp.co.uk or johng.smith@sjpp.co.uk) and ask for application details.

SOUNDS LIKE A PLAN

5 ways to cut your Capital Gains Tax bill



There are some simple steps you can take to help reduce the tax liability on your investment gains

Given the range of tax-saving opportunities available to UK investors, you'd think few people would need to worry about Capital Gains Tax (CGT). But more individuals are being caught in the net and CGT receipts are forecast to exceed £10 billion in 2020/21.[1]

If you sell any investments that were not held in a pension fund or an ISA, you could be liable for CGT on your profits. The same goes for sales of buy-to-let property or, indeed, any property which is not your main residence. So, provided it makes investment sense, you may wish to consider taking the following steps before the end of the tax year to reduce any CGT liability.

1 UTILISE YOUR CGT ALLOWANCE

The annual CGT allowance remains the most valuable, yet underused, opportunity to minimise the impact of the tax on your investments. It's available to all individuals, including children, and will be worth £12,000 in the coming tax year (2019/20). This is a 'use it or lose it' opportunity, so you can't carry your allowance forward to future years.

Gains in excess of the annual allowance are charged at 10% or 20% depending on your other income. If your taxable income and your taxable gain added together put you over the higher rate tax threshold, you'll pay the basic rate (10%) on gains up to the threshold, and the higher rate (20%) on the rest. (These rates are 18% and 28% for residential property).

The strong run by stock markets since the financial crisis means that many investors could be sitting on healthy gains. Therefore, it could be advisable to crystallise these gains up to the limit of this year's CGT allowance, in order to reduce the risk of incurring a significant CGT bill in future years. Those with larger liabilities might look to straddle a disposal across tax year-end to make use of two annual exemptions.

2 TRANSFER ASSETS TO YOUR SPOUSE OR CIVIL PARTNER

If you have a spouse or civil partner who is not using their allowance, you can transfer assets which have grown in value to them – a procedure that is not subject to CGT. If you both then sell assets before the end of the tax year, you can effectively double the amount of tax-free realisable gains to £23,400.

Transferring assets to a lower-earning spouse may also create an opportunity to reduce the overall rate of CGT, as your spouse may be able to utilise their basic rate band so that CGT applies at 10% rather than 20%.

3 INVEST IN AN ISA

By crystallising capital gains each year up to your allowance, you can reduce the risk of larger tax bills in the future. Better still, by reinvesting the proceeds into tax-efficient wrappers, such as ISAs, you will not incur any future CGT liability on those gains.

That's why it makes sense for investors, particularly higher rate taxpayers, to make the maximum possible use of their ISA allowance each year. Over many years, some investors have built up multiple six-figure sums in ISA wrappers by maximising their annual allowance.

4 PAY INTO A PENSION

There is no further liability to CGT when money is invested in a pension. But there are further benefits of paying into a UK-registered pension scheme.

A pension contribution extends the upper limit of a higher earner's basic rate Income Tax band by the amount of the gross contribution. So, by making a pension contribution, any tax on a capital gain realised in the same tax year can potentially be reduced from 20% to 10%.

For example, if an investor is able to make a gross pension contribution of £10,000, the point at which the higher CGT rate becomes payable will increase from £46,350 to £56,350. If the capital gain falls within the extended basic rate band, the CGT liability will become 10% instead of 20%.

5 MAKE USE OF LOSSES

Of course, selling investments can lead you to realise losses as well as gains, and these losses can be offset against gains. So, if your gains are going to exceed your annual CGT allowance, you could sell an investment standing at a loss. The crystallised loss could then be used to reduce your gain to within the CGT annual allowance, thus reducing or even eliminating any CGT liability.

"CGT is a complicated subject, but through the effective use of the CGT annual allowance, you may be able to reduce the impact of the tax on your investment gains," advises Obi Nnochiri of St. James's Place.

"However, it's also important to be careful to avoid the tax tail wagging the investment dog when you're considering any form of tax planning, so you should always get financial advice before taking any decisions."

■ The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than the amount invested.

The levels and bases of taxation, and reliefs from taxation, can change at any time and are generally dependent on individual circumstances.

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■ The title 'Partner Practice' is the marketing term used to describe St. James's Place representatives.

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