ASPIRE

PLAN • DREAM • ACHIEVE

FIRST QUARTER 2020

NEW DECADE, NEW DAWN…
How are your finances poised for the 2020s? Take note of our five time-tested principles

SUNRISE OVER THE CITY
Positive thinking: read the fund managers' views on Boris and our exit from the EU

MOUNTAINS TO CLIMB?
We talk gender equality for International Women's Day

DON'T WORRY, BE HAPPY
Discover the money experts' antidote to financial stress

The magazine of Willson Grange Limited

SPRING 2020

A FIRM AXIS

"Our role as wealth managers is all about the long term – planning ahead, protecting our loved ones and making sure we have enough to keep us comfortable and happy, for as long as we live"

Hello, and welcome to the first edition of *Aspire* for the new decade! We're just a few weeks in, and already we could certainly describe it, as 'interesting'. As things currently stand, Boris Johnson and his newly elected government, with its comfortable majority, saw success not only at the polls but also in getting the Brexit Withdrawal Bill through parliament. On 31 January, we - the United Kingdom - said our last farewell at the European Parliament. And so the beginning of the end of that 47-year tie has finally arrived. The next year, the 'transition phase', will be taken up with the finer detail and seeing where we go from here. 'Interesting' indeed!

If you follow the financial markets, you'll no doubt have seen how political crises in the Middle East can impact the flow of oil worldwide and, in turn, the global markets. A third of the world's reserves are in the region and, within that region, they are largely clustered in countries that border the Persian Gulf - making the politics of just a few countries felt all around the world. The coronavirus is also making its mark, as the decline in air travel is concerning oil traders (the price of Brent crude dropped almost 6% to $62 a barrel at the end of January).

In the UK, employment figures in January showed a more positive slant, with jobs reaching their highest level since 1974 (though weekly real earnings remained below their pre-crisis peak). Sadly, retail sales for the festive period took quite a dip, including lower-than-hoped takings for John Lewis, M&S and others, so Britain's high streets generally seem to be flagging. Sterling, on the other hand, has picked up, and stayed up comfortably since the Conservatives' electoral victory, which suggests that the markets prefer a direct and definite path, no matter where it's headed.

All that said, should the daily nuances of the money markets leave you cold (and no one would blame you if they did!) or anxious about your financial future, there's really no need to worry from a planning perspective. Your specialist advisers at Willson Grange are all set up to keep your plans on course, using the insight of our strategists and investment experts at St. James's Place to keep you well ahead of the game.

Our world is an ever-changing arena, of that you can be sure. You may, or may not, be impacted directly by that change. What's important, on a more personal level, is that you have a vision and long-term plan for your future. Our team can then help to get you there as steadily, and as securely, as we can. We hope, in the meantime, that *Aspire* gives you some hope and inspiration for that life you really want to lead. Enjoy this First Quarter read!

Stuart

Stuart Willson
CEO Willson Grange Limited

Shiny new decade

What do the financial experts think our world will look like in the 2020s? We take a look at the key areas that could drive investment opportunities over the next 10 years

As we so often say, savers and investors are always advised to take the 'long view' of events as they happen rather than get caught up in the dramas of the day. A new decade is always a great catalyst for speculation and debate. Strategist Michael Power of Investec Asset Management offers his forecast of what we can expect the financial future to look like by the end of the 2020s.

"One of most important things you can do when investing money is to make sure that the wind is at your back and not in your face," says Power. "That requires looking forward to determine the winners and losers before they become clear. It means building a portfolio that's not just going to perform well in the short term, but that will be well positioned for the long term."

As the new decade begins, thoughts turn to what humanity's journey to our next age will look like. Power identifies five key themes that we believe will drive investment opportunities in the years ahead. You can also catch up with the current thinking from some of St. James's Place's dedicated Fund Managers in *Sunrise over the City*, over on page 6.

1. Technology

Often referred to as the 'Fourth Industrial Revolution', technology featured as the major driving force of the global economy throughout the 2010s and is set to continue to deliver rapid change across all sectors.

Artificial intelligence (AI) will transform human society in the coming decade. Computers will be able to conduct independent research, finding new materials and technologies before we even know we need them.

The advancement of technology is also set to revolutionise medicine, with a basic cure for cancer, diabetes and malaria expected by 2030. Genomics will advance early diagnosis, and AI will be able to offer early prognosis for common conditions such as the flu.

The 2020s are predicted to see the end of plastic, with materials technology creating alternative ways of containing liquids and solids that will be environmentally friendly.

2. Climate

Most of the world is going to be negatively impacted by climate change, as extreme weather events, rising sea levels and deforestation test our planetary boundaries.

The terrible bushfires currently ravaging Australia are just one example.

On a more benign level, the ramifications of shifting temperatures are already being felt here in the UK. Last year, close to 25% of all grapes used in the production of champagne were grown in South-East England. By 2030, London is set to have the same climate that Barcelona has now.

Investment decisions in the coming decade are likely to be increasingly driven by our climate as the 2020s present the opportunity to use investing as a force for good in limiting the effects of climate change.

3. Demographics

Investors will face a myriad of risks as they navigate an ever-changing world; one of the most pressing being a rapidly ageing population.

Currently, there are more people over the age of 60 than under the age of 20 living in Japan, and this ageing population can offer select investment opportunities. For example, the sale of adult diapers vastly exceeds the sale of baby diapers.

The strain between the old and new world will also determine national economic prospects, as the electoral power of the 'grey vote' in retirement states such as Florida is set to exacerbate intergenerational tensions.

The 2020s will also host an extending society, with babies born at the start of the decade predicted to live to 142. That will raise questions around the 'right' age to retire and how we are going to build up our pensions to last 80 years after retirement.

4. Debt

Debt defines our society. The concept of capital is based on debt and it is a driver of major investment decisions. Even if negative interest rates prevail, rising debt will continue to haunt the old world as we journey into our next age.

The primary challenge for debt investors is creating a fixed-income portfolio when bond yields are negative. Looking to the next 10 years, emerging market debt could fill this gap, with capital continuing to flood back into the asset class after a strong performance in 2019.

However, the battle for global hegemony between the US and China may herald an era of political risk for emerging market debt.

5. China

China is no longer a copycat, but a cat to be copied.

Heading into the 2020s, investors cannot underestimate the rise of a China-centred Asia and the power it holds in changing huge parts of the world. Over the next ten years, China will overtake the US and become the largest economy on earth.

Consumer markets will be driven by vast population growth in Asia – the Brookings Institution conducted a study concluding that, between 2015 and 2030, global middle classes will grow by about 2.4 billion. Of this 2.4. billion, 88% will reside in Asia.

A population of this size will undoubtedly have considerable influence on key market drivers and trends – as investors, it's clear we have to be thinking about Asia.

Winners and losers

As investors enter what is set to be a profoundly disruptive decade, it's important to emphasise that avoiding the losers is just as important as picking the winners. This should favour active investors.

Asia, Asia-focused businesses, and new technologies are likely to emerge as the winners of the next 10 years. Old energy, old tech and regions hit by climate change could be left trailing behind."

• *The opinions expressed above are those of Michael Power of Investec Asset Management and are subject to market or economic changes. This material is not a recommendation, or intended to be relied upon as a forecast, research or advice. The views are not necessarily shared by other investment managers or by St. James's Place Wealth Management.*

2020 VISION

None of us knows what the year 2020 is set to bring us, but we can at least take what we know and use the elected government's initial manifesto as a benchmark for our expectations. The Budget is on its way… let's see what's in store…

As this edition of *Aspire* went to print, we were yet to know the details of the new government's first Budget (scheduled for 11 March).

However, given that the Conservative Party manifesto prior to the election was reasonably thin and gave no indication for any swingeing changes, it is possible to predict, with a degree of confidence, a few moves we can expect Chancellor Sajid Javid has in mind for us for the coming year.

Firstly, we could assume that the new government should ensure some kind of tax cut for some 32 million workers across the UK, even as it raises spending after years of austerity.[1]

However, recent data showed that the public finances are less healthy than previously anticipated. The OBR forecast government borrowing to be £20 billion higher than previously expected in each year to 2023-24.[2]

That may limit the government's scope to spend and cut taxes. The prime minister abandoned his former pledges to cut taxes in favour of a programme of public investment. That suggests that, if the government is forced to choose between helping taxpayers and boosting investment, it may yet favour the latter. Tax giveaways are likely to be in short supply.

So, what are the key predictions that could affect you and your family?

● **NATIONAL INSURANCE.** The threshold will rise from £8,632 today to £9,500 in 2020 and ultimately to £12,500.

● **TAX FREEZE.** The manifesto pledged not to raise the rates of Income Tax, National Insurance or VAT.

● **INHERITANCE TAX.** The Conservative manifesto did not include a promise to abolish IHT, as some had hoped, but the party has pledged not to increase it.

● **CARE.** The manifesto guaranteed that nobody will have to sell their home to pay for care.

● **HOUSING.** The party has pledged to introduce Lifetime Mortgages (ie with permanently fixed rates), specifically aiding first-time buyers; a First Home programme (offering a 30% discount to those buying their first home in their local area); and a Lifetime Rental Deposit scheme (enabling rental deposits to be transferred when the renter moves home).

● **SMALL BUSINESS.** The government plans to increase the Employment Allowance for small businesses, but has also scheduled a review and reform of Entrepreneurs' Relief.

● **PENSIONS.** The triple lock remains in place, meaning the State Pension will continue to rise, but significant reforms remain possible on tax relief; the Annual Allowance taper has been identified as a reform priority by the new government. However, the claim that reform will only apply to NHS workers has already been widely questioned; it may yet be that reform is rolled out far more widely.

There may of course be policy changes ahead of the Budget and there is the small matter of our formal withdrawal from the European Union to get through first, with all the potential short-term implications that could have for sterling, stocks and market sentiment.

As always, you'd be well advised to use your available tax allowances while you have them, if it is appropriate to do so, before the end of the tax year on 5 April. It's worth remembering that tax-saving opportunities today are often worth a good deal more than government pledges about tomorrow.

■ The levels and bases of taxation, and reliefs from taxation, can change at any time. Tax relief is dependent on individual circumstances.

[1] Source: https://fullfact.org/economy/income-tax-being-cut-32-million-people/
[2] Source: https://obr.uk/restated-march-2019-forecast/

TESTS OF TIME

With the UK's departure from the European Union now formalised (if not quite finalised), the winds of change are blowing. Retirement savers would do well to heed our five time-tested principles that should help you reach your long-term goals…

The financial markets generally don't like uncertainty. So the continued lack of clarity about the UK's future economic arrangements with the EU are likely to cause volatility for the time being at least.

At such times, it's easy to let fear cloud your judgement. However, when it comes to investing for your future, you need to put aside short-term concerns and accept that you stand a better chance of reaching your goals if you remain focused on the things you can control. You can also read about the views of the investment fund managers, many of whom manage funds for St. James's Place, and how they believe the markets could be affected by Boris and his newly elected government, overleaf. The general consensus is that the natural feelings of fear and foreboding, at least as far as investments are concerned, are usually misplaced and there are a number of positives to take away for consideration.

Here are our top five retirement saving tips:

1 Focus on the long term

We don't know whether Brexit, trade wars, slowing global growth or something else will provide the next shock to markets. But if you look at history, it's apparent that market corrections have always been ironed out, often quite quickly. So, unless you're nearing retirement and want to take all risk off the table, you should probably continue to invest for the long term – even if your gut instinct is telling you to do something else.

Remember that when volatility strikes and markets fall, fund managers are given the chance to buy quality companies at attractive prices. As painful as volatility can feel, it's at just such times that active managers can help long-term investors build wealth.

"Some investors might 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," says Rob Gardner, Director of Investment Management at St. James's Place.

2 Invest on a regular basis

One way to reduce the worry of investing at the wrong time is to drip-feed your money into the market over time. This strategy takes out the influences of our in-built behavioural biases and assumptions.

The biggest benefit of drip-feed investing is something known as 'pound cost averaging'. The idea is that by making small regular payments, you can smooth out the highs and lows of the market, buying fewer shares when prices are high and more when prices are low.

If you're in a company pension scheme, you will probably have been drip-feeding for years. But if you've set up your own personal pension, you can invest small amounts regularly through a savings plan, or by automating the transfer of funds from cash. What's more, if you invest a regular contribution of, say, £400 a month, that will be boosted to £500 immediately, thanks to tax relief.

3 Make sure your investments are well spread

If you take a broad and diversified approach by investing in lots of different companies, asset classes and geographical areas, you should be better insulated from market turbulence created by Brexit, or any other event. The theory is that, whilst all your investments may not go up at the same time, nor will they all go down together.

Companies solely focused on the UK and EU should ideally only make up a proportion of a well-diversified portfolio. If you're concerned about your portfolio being over-concentrated, you may wish to consider modifying it with help from your financial adviser.

"Whatever your personal view on Brexit and how it will turn out, there's no need for your investments to be reliant on any one particular outcome," says Gardner. "Investors with a spread of diversified assets can shelter themselves from Brexit uncertainties – and sleep easier at night."

4 Take extra care when drawing an income

When capital is drawn from investments in a falling market, often to supplement income needs, funds erode more quickly because more assets have to be sold to achieve the required level of income. In these instances, depleted funds have less potential to bounce on any market recovery.

That's why it's a good idea to have a cash buffer to provide extra income and help you avoid the need to sell investments when prices are depressed. If you're eligible to start drawing it, your State Pension could also provide some income without the need to sell investments.

5 Know the value of financial advice

An increasingly complex investment climate has made it challenging for investors who go it alone. That's why many turn to professional financial advisers. It's their job to recommend a suitable investment portfolio and make sure that you are invested appropriately according to your risk profile.

"A financial adviser will give you a personalised recommendation based on your own individual circumstances — whether you're saving for your future or selecting your retirement income options. If you're facing a big decision on which your financial future depends, advice is invaluable," says Gardner.

■ 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. Drip feeding your investment does not guarantee you a higher return than making a one-off payment.

An investment in equities does not provide the security of capital associated with a deposit account with a bank or building society, as the value and income may fall as well as rise.

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

The information contained above does not constitute investment advice. It is not intended to state, indicate or imply that current or past results are indicative of future results or expectations. Full advice should be taken to evaluate risks, consequences and suitability of any prospective fund or investment.

SUNRISE OVER THE CITY

As the new decade opens, and the final Brexit countdown begins, could there be some positive vibes in the City?

At *Aspire*, we always find it wise to step away from all the doom-and-gloom media headlines, panic-mongering pundits and fake-news touts on Twitter, particularly when we've reached such a critical political crossroads for the UK. So, as our newly elected government settles in, and the sun has finally set on our membership of the EU, we thought we'd share the responses to recent events of a handful of fund managers in the heart of the financial action… and find out how it feels to be investing under Boris.

From a financial viewpoint, it seems the horizon could be a little brighter than the papers have led us to believe. What's the view across the City? St. James's Place fund managers put their perspectives forward.

The view from
Ian Lance, RWC Partners

"Sterling has spiked against the dollar and a lot of our shares spiked too. We don't make macro forecasts but I think it is safe to make a few observations. The market was worried about the economic implications of a Labour victory which would have probably been bad for the economy. As such, there will be relief this has been avoided.

"In terms of fears of the economic implications of a hard Brexit, one could argue the large majority allows Boris Johnson to become more moderate in his stance.

"Some have stated that a lot of investment has been put on hold as a result of the last couple of years of uncertainty. Clarity on Brexit may release this pent-up investment which had been held back due to the uncertainty. In addition, there will be investments associated with some of the Tory policies (infrastructure spending). This will have a positive effect on companies likely to be involved and could be beneficial for the wider economy.

"A case can be made that the new government is likely to be business-friendly and pursue policies which could be well-received by the market.

"At the very least, those companies at threat of nationalisation (Royal Mail, BT) will now have that threat lifted and the risk premium in the share prices will decline.

"The fears alluded to above have driven investors out of UK equities with the result that they stand at a 30-year discount to the MSCI World index. The reduction in some of those concerns should cause that gap to close. Expect to see some allocation back to UK equities. One of the ways it may close is via mergers. US companies have the opportunity to take out UK rivals whose share prices are discounted and also get the benefit of the weakness of GBP against USD. It is quite possible we will see bids for UK companies. The fears of an economic slowdown have pushed investors out of domestic cyclicals like banks and retailers and in to quality growth like consumer staples and technology. It is quite possible that this will flip back in the other direction especially because market positioning is so lopsided, ie investors seem to be underweight value and overweight growth.

"We believe there is a large bifurcation of valuations in the market with financials, retailers, energy and support services trading at very low valuations and quality growth trading at very high valuations which we feel is not justified by fundamentals

"We have seen that when that valuation dispersion becomes extremely stretched, it can move back together very quickly and we expect this to happen now.

"A lot of investors have been hiding out in quality growth and have been reluctant to switch to value stocks until they saw a clear catalyst. It is just possible that the December election could have been the catalyst they have all been waiting for (although obviously we will only know this with the passage of time)."

The view from
BlackRock

"We see the UK entering a period of relative political stability for the first time in a decade. Johnson has political authority and flexibility but faces another difficult Brexit deadline: to negotiate a trade deal with the EU by the end of 2020 when the current Withdrawal Agreement expires.

"This is a tight timeframe, with end-2020 serving as another cliff edge leading to a disorderly exit on World Trade Organisation terms if no deal is in place. We see this as a risk but not our main scenario.

"That said, negotiating a trade deal will be difficult and could take many months to play out; uncertainty could spill over into the second half of 2020. A large parliamentary majority likely gives him a freer hand to negotiate with the EU and make some concessions without materially changing what will be a relatively hard Brexit – leaving the single market and customs union. That should benefit UK goods more than services.

"The result in Scotland will be a source of tension and up pressure for an independence referendum, but we don't expect this government to grant one."

The view from
Azad Zangana, Schroders

"This general election brought a surprisingly strong victory for the Conservative party. The result was that, on 31 January, the UK left the European Union (EU) as planned, under the rubber-stamped Withdrawal Bill. Now, trade, customs, and indeed everything else regarding the UK's future relationship with the EU will need to be negotiated. Investors and economists will be hoping that the trade and future relationship talks take place quietly in the background, with the focus shifting to the domestic agenda."

The view from
David Riley, BlueBay Asset Management

"A Conservative majority of 80 surpassed the predictions of even the most ardent Tory supporters, with the Labour vote share collapsing on the 'Corbyn effect'. We would emphasise that we are now witnessing the 'End of the Beginning' of the Brexit process, rather than an end to Brexit altogether – given the need to move onto the future trading relationship.

"Here there is an underlying risk that EU policymakers, who have been treading a conciliatory line towards the UK in recent months on the hope that the UK would decide to back 'remain', may turn more hostile towards the UK in coming weeks and thus raise a renewed no-deal risk later in the year. That said, the large majority which Johnson now enjoys should enable him more freedom in negotiations than would have been the case were he to have had a very thin majority, leaving him beholden to the hardline Brexiteers in the European Research Group. This hope for compromise and thus a softer Brexit may help sustain a more constructive tone around the UK for the time being and with fiscal easing likely to be confirmed – we believe it is unlikely that the Bank of England will now cut rates and we continue to look for gilts to underperform other global bond markets.

"With respect to the pound, we cut a long sterling position ahead of the election given the uncertainty in the run-up to the vote. We are not inclined to take a strong view on sterling in either direction for the time being."

The view from
Ken Hsia, Investec Asset Management

"A Conservative majority had increasingly become the consensus view in the run-up to polling day, reflected in the gradual strengthening of sterling. While it introduces the least amount of uncertainty, the final Brexit terms and any trade deal with the EU remain to be established. Thus, while we expect a relief bounce in UK-centric companies that have de-rated to trade at a discount to the rest of Europe, we do not expect an immediate impact on incomes or corporate investment within the UK.

"We maintain our neutral portfolio positioning with respect to Brexit. Much of our UK weighting relates to multinational companies that derive most of their revenues overseas, although we do hold Lloyds Bank and Berkeley Group, the UK housebuilder. We believe both of these stocks are quality assets trading at a discount that should benefit from the incremental reduction in economic uncertainty."

The view from
David Page, AXA Investment Managers

"The Conservative Party under Boris Johnson has won with the party's biggest majority since 1987. A more Brexit-aligned Tory party with a large working majority was, as we saw, able to pass the Withdrawal Bill to allow the UK to leave the EU on 31 January 2020. The manifesto pledge to "not extend" the transition period means the risk of a de facto no-deal exit at the end of 2020 will persist, continuing to weigh on investment.

"Fiscal easing should provide a lift to the economy despite ongoing Brexit uncertainty. However, the Tories have been unclear on how much easing they would undertake. Despite that uncertainty, we expect the UK economy to accelerate this year. We forecast growth of 1.2% in 2020, with sterling rising modestly as Brexit risks reduce."

The view from
John Betteridge, Rowan Dartington

"Of all the outcomes, the international community will view the Conservative victory as the most positive and we would likely see increased fund flows into the UK and mid cap in particular, as this area of the market has generally been unloved and under-owned by global asset allocators (BofAML Global Fund Manager Survey). Further strength in sterling would, nevertheless, be a short-term negative for the UK's larger overseas earners (due to the translation of overseas earning back to sterling) and this could be a drag on the relative performance of the often quoted FTSE 100 index.

"Given that all political parties have promised what one commentator called 'a bout of fiscal incontinence', it seems unlikely that interest rates across the curve should head anywhere but up."

■ AXA, BlackRock, Bluebay, Investec, RWC and Schroders are fund managers for St. James's Place. Rowan Dartington is a subsidiary of St. James's Place.

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 are those of the fund managers listed above and are subject to market or economic changes. This material is not a recommendation, or intended to be relied upon as a forecast, research or advice. The views are not necessarily shared by other investment managers or St. James's Place Wealth Management.

DON'T WORRY BE HAPPY

There is an antidote to financial stress if you're equipped with the right strategic thinking. Introducing VUCA (Volatility, Uncertainty, Complexity and Ambiguity) and anti-VUCA (Vision, Understanding, Clarity and Agility)…

If you've read the reactions to recent events by our City experts (*Sunrise over the City*, page 6), you'll have the reassurance that, as an investor, it's worth sitting tight and riding out the storm in order to gain long-term stability in your portfolio. However, there's no doubt that we live in volatile and uncertain times and that alone can make the task of planning for your and your family's future feel all the more daunting.

If you're feeling the weight of the challenge, you're certainly not alone, and not the first, either. In fact, following the collapse of the USSR in 1991, the US military was so challenged by factors such as volatility, uncertainty, complexity and ambiguity in the political arena that it even gave them an acronym: VUCA.[1]

VUCA is also highly relevant in the context of saving and investing your money, and has particular financial meanings and implications:

- **VOLATILITY** is ubiquitous in financial markets. Values go down as well as up, whether that's for shares, bonds or currencies.
- **UNCERTAINTY** is an accepted part of investing – the past doesn't necessarily equip you to predict the future. The direction of the US-China trade war, Brexit outcome, Donald Trump's impeachment, who will win the next US election, and how the world will respond to the existential threat of climate change, are just some of the uncertainties facing today's investors.
- **COMPLEXITY** refers to factors or variables that muddy the financial picture. In today's markets, that includes everything from negative interest rates to fake news – the latter can impact markets significantly in a matter of seconds.
- **AMBIGUITY** is the feeling that these unpredictable elements can create – reality is rarely black and white. What happens when we become a cashless society? Will sovereign bond yields stay negative? Where and when should we invest our money?

The wide range of current challenges makes the world highly unpredictable. In the context of saving and investing, the products and services we need to help us are similarly numerous and complex.

Do you DIY invest, seek guidance, or look for professional financial advice? Do you know your ISAs from your pensions and unit trusts – and how do you choose? Where should you invest? In public or private markets? In equities, bonds, or property? And should you seek out active managers or passive funds?

The weight, number and nuance of such questions can make us yearn for simpler times – and bury our heads in the sand. Yet that will not help you secure a brighter future for you and your family.

After all, the average person in the UK will run out of money 10 years before they die.[2] What we do with our money today affects not only our quality of life in the future, but our aspirations for that future too.[2]

PAY DAY BLUES

Top bosses' pay overtakes average worker's entire 2020 earnings in just three days

A report published in January by independent think tank the High Pay Centre has revealed that some of the UK's highest-paid executives only needed to work until just before 5pm on Monday 6 January 2020 (having started on Thursday 2 January) in order to make the same amount of money that the typical full-time employee will do in the entire year. The equivalent of just three working days!

The calculation for 'High Pay Day' is based on data and analysis by the High Pay Centre and the CIPD, the professional body for HR and people development. It also shows that:

- Top bosses earn 117 times the annual pay of the average worker.
- In 2018 (latest available data) the average FTSE 100 CEO earned £3.46 million, equivalent to £901.30 an hour.
- In comparison, the average (as defined by the median) full-time worker took home an annual salary of £29,599 in 2018, equivalent to £14.37 an hour.

High pay will be a key issue in 2020 as this is the first year that publicly listed firms with more than 250 UK employees must disclose the ratio between CEO pay and the pay of their average worker. Under changes to the Companies Act (2006), firms must now provide their pay ratio figures and a supporting narrative to support their reasons for their executive pay ratios. The first round of reporting will be seen in annual reports published in 2020.

Luke Hildyard, director of the High Pay Centre, says, "How major employers distribute pay across different levels of the organisation plays an important role in determining living standards. CEOs are paid extraordinarily highly compared to the wider workforce, helping to make the UK one of the most unequal countries in Europe. New reporting requirements mean that publicly listed firms will have to be more transparent over how and why they reward their CEOs compared to the wider workforce. Hopefully this will lead to a more sensible balance between those at the top and everyone else."

Source: www.highpaycentre.org/blog/high-pay-day-2020, published 5 January 2020

Yet the effects of VUCA can undo that if we are not ready for them, and equipped with the right strategic and critical thinking. One way to counter those effects is to find a good financial adviser, someone who can help you secure your financial future with a well-worked plan that leaves you feeling confident.

To put it another way, dealing with VUCA requires an anti-VUCA:

- **VISION.** The reality of a 100-year life[3] needs to frame your financial decisions, whether that is buying a new home, saving for retirement, or leaving a legacy. Goal-based tools can help you visualise your financial future and think long term.
- **UNDERSTANDING.** Armed with a clear vision of your future, ask what will happen if you spend less and save more. Ask what happens should you live longer than expected, or what happens to your planning if markets fall. Consider the impact of tax, and how your assets and liabilities change throughout your lifetime. Plan to benefit from compound interest.
- **CLARITY.** Understand the impact of key decisions on life events along the way. Ensure you are informed – and feel informed – about the impact of asset allocation decisions, fees, and taxes. Ensure that you won't run out of money.
- **AGILITY.** Annual tax allowances can make an enormous difference. Moreover, when financial situations change, you may need to adapt your plans – a regular review can help keep you on track.

Thinking ahead and reviewing regularly can make an enormous difference. A goal-based approach can improve your financial wealth by 15%, according to research by Morningstar, so it can pay off to set your long-term vision, and to remember that time in the market is ultimately more effective than timing the market.[4]

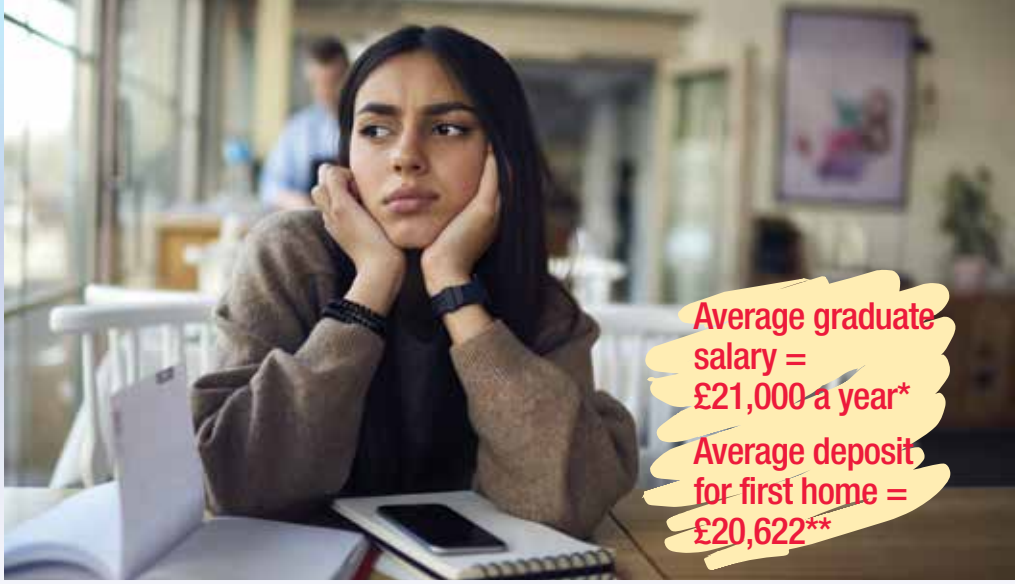
You'll then be better-placed to understand the different products and options that can help you achieve those goals; clarify how they will interact with key life decisions along the way; and remain sufficiently agile to make changes when life calls for them.

Finally, if you can seek out expert advice along the way, you'll give yourself the best chance of making the right decisions – and following them through.

■ The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and the value 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.

[1] Source: https://www.vuca-world.org/ [2] Source: World Economic Forum, 2019 [3] Source: https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/lifeexpectancies/datasets/expectationoflifeprincipalprojectionunitedkingdom [4] Source: https://www.morningstar.com/blog/2018/12/12/goals-based-planning.html



Future Perfect?

Choosing university or technical training may be the best career decision your child ever makes – but it comes at a price

According to the latest figures, a three-year university course costs around £27,750 in fees alone in England or Wales.[1] The average living costs for a UK student across that period come to £14,355, based on a 39-week student year.[2]

Of course, higher education can pay off in the long run but, in the meantime, students are entering the workplace heavily in the red. Graduate salaries don't always offer much scope for paying off debt, especially once you factor in rent.

In short, if you're wanting to help your child or grandchild through university or training, you're better off planning for it long before it's on their radar – giving compound interest the time it needs to do its magic on the money you save.

Where to put your money

Starting early isn't all that matters – getting the tax right can make all the difference too. Tax-advantaged wrappers such as ISAs and Junior ISAs help parents and grandparents to save for a child's future.

Well-laid plans can even reduce your Inheritance Tax (IHT) bill, For example, everyone can give away up to £3,000 a year without the gift being liable for IHT when they die. Put the full £3,000 gifting allowance into a Junior Stocks & Shares ISA every year from a child's birth, and a tax-free sum of £87,664 could be available to the child by the time they hit 18, assuming a 5% annual growth rate after charges.

Choose your borrowing

It might be tempting for your child to take out a student loan to pay for university – and, of course, it might be necessary. It can be a difficult decision, however, given that your child or grandchild may well have no idea when they will end up earning enough to have to pay back the loan. (The threshold is £1,577 a month, after which 9% of their surplus salary must go towards repayments.)[3] They may end up not having to pay it all back; on the other hand, if they get a well-paid job, they'll have to pay back both capital and interest which, depending on your view, either makes it worthwhile or chips away at its long-term financial benefits.

There are other advantages to saving for a young child's higher education or training. By freeing them up from borrowing large sums to pay for their education, they will have greater capacity to get onto the property ladder once they start earning – a step that looks increasingly challenging.

Planning to give a child the best possible financial start in adulthood means starting early and understanding the most effective and tax-efficient savings solutions available to you. Seeking out the best advice can help you make those crucial first steps.

■ The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and the value 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.

[1] https://www.ucas.com/finance/undergraduate-tuition-fees-and-student-loans
[2] https://www.timeshighereducation.com/student/advice/cost-studying-university-uk
[3] https://www.gov.uk/repaying-your-student-loan/what-you-pay

* www.graduate-jobs.com/gco/Booklet/graduate-salary-salaries, viewed February 2020.
**HSBC UK: 'Beyond the Bricks' survey, July 2019

FISHER GERMAN

Impeccable service

Fisher German LLP is a leading national firm of specialist property consultants and chartered surveyors adding maximum value through understanding, creativity and excellence. Operating across the UK we support a broad range of clients in six main sectors: residential, commercial, rural, utilities & infrastructure, development and sustainable energy. If you need expert advice on any matter relating to property and land, our talented team of specialists are here to help.

Alasdair Dunne
Residential
07501 720412

Ben Marshalsay
Development
07771 974322

David Kinnersley
Agribusiness
07501 720405

Duncan Bedhall
Commercial
07831 824663

David Merton
Rural
07770 333331

Darren Edwards
Sustainable Energy
07918 677571

www.fishergerman.co.uk /FisherGermanLLP /company/fisher-german-llp @fishergerman /fisher_german

THE PERSONAL TOUCH

At Willson Grange Limited, we're committed to building and sustaining long-term client relationships based on trust, superior service and the quality of our initial and ongoing advice. Our philosophy is simple: to ensure financial peace of mind for you and your family across the generations. We promise to provide a highly personalised service, with the aim of 'earning the right' to be considered as your trusted financial adviser for many years to come. We'll help you make informed financial decisions to achieve your goals through personal, face-to-face financial advice.

Here's just a taste of what some of our clients have said about the financial planning and advice they've received through wealth managers based at Willson Grange:

Financial Adviser: Andrew Cunningham BSc Hons, DipPFS

"I first met Andrew four years ago. He was recommended to me by a long-standing patient of mine (at the time I was a Community Pharmacist). I am so glad he did! Previously, I'd had a [non-Willson Grange] financial adviser, who was what I would call simply a 'figure cruncher' and didn't explain things very well at all.

"Planning for early retirement is a very scary thing and you certainly don't want to make any mistakes. From the first minute of meeting Andrew, my wife and I were put at ease. Andrew is a professional, with immense knowledge and expertise. He's so easy to talk to, and he explains anything you might be unsure of. He's dedicated to you, as an individual, and really takes the time to understand your situation, needs and aspirations. I had no doubts whatsoever that his advice is 100% spot on. Thanks to him, my wife and I had the confidence to take early retirement, safe in the knowledge that we could afford to do it.

The long term plan is also working very well. Andrew is always available to speak to, should you have any worries or concerns, and never fails to sort us out whenever we need him."

P Dickinson, Conwy

Financial Adviser: Sophie Lackie, Chartered ALIBF, APFS, BBA

"Sophie has been a delight to work with. She travelled down to Peterborough a few days before Christmas (2019) to meet with me to discuss my financial needs, and could not have been more helpful. I don't consider myself to be at all financially minded, and Sophie explained everything to me clearly. Sophie has put a lot of time and energy into finding the right product for me (I am new to running my business so don't have mega bucks to invest). I think that Sophie exudes integrity and professionalism. I'd also like to point out that I wasn't asked to write this review: I was so impressed with the service offered, I wanted to share my opinion with any other prospective clients. Thank you, Sophie! I massively appreciate all of the help you've given me."

L Forman, Peterborough

Financial Adviser: Mark Titley

"I approached Mark for pension and investment advice. I was really impressed with how knowledgeable he was and how clearly he explained the products and services that are available. The personal touch was something that was important to me, knowing that we would have regular contact to see how my investments are performing. I'm a happy client and would recommend Mark if you also want to plan for the future."

S Holian, Wirral

Financial Adviser: David Forster LLB, ACII, Chartered Financial Planner

"We started a business four years ago and needed pensions advice and a benefits package for directors and staff, as well as advice on what we should do on existing pensions built up. As our appointed financial adviser, David delivered on the plan and provided exactly what we needed and he is always available for ongoing advice. We've already seen the outcome we were hoping for and our wishes have been easily accommodated during significant growth in staff numbers, with group reviews and individual advice when we take on new employees. David only ever exceeds our expectations, in a highly professional yet very friendly manner."

NS, Herts

To continually improve our service, we welcome all client feedback. You can send feedback to us by email, over the phone or in writing.

Willson Grange Limited,
12 Princes Parade, Princes Dock,
Liverpool L3 1BG

Tel: 0151 632 7100
Web: www.wgcfp.co.uk
Email: wgcfp@sjpp.co.uk

Mountains to Climb

In response to International Women's Day (8 March), *Aspire* shared a roundtable discussion with four financial advisers who trained and qualified through the Willson Grange Wealth Management Career Development Centre. What are their thoughts on issues such as the pensions savings gap… and do they feel they have a role in attempting to close it?

The first question, of course, on everyone's lips was: what is International Women's Day, and why do we need it?

Described on its website [www.internationalwomensday.com] as a 'unified direction' rather than a specific organisation or campaign group, International Women's Day aims to guide individuals and groups to try to make change happen, whether through awareness, discussion and debate or active petition. The wider call is to "challenge stereotypes, fight bias, broaden perceptions, improve situations and celebrate women's achievements… Gender equality is essential for economies and communities to thrive." Our advisers were delighted to join the debate.

IN CONVERSATION…

with financial advisers Vicki Wright, Zoe Healey, Rebecca Pearson and Sophie Lackie

With finance clearly our main topic, what do our advisers feel are the greatest inequalities impacting women today, and what do they feel can be done about them? Do they, as female advisers, feel they have any particular responsibilities? And where (and when) can we all join hands and start to make some meaningful change?

The facts on the table …

- Women are retiring on pensions A THIRD the size of men's. The typical sum saved towards retirement by a woman in her 60s is £51,100, while men of that age have put away £156,500[1].
- The average female in the UK will outlive her savings by 12.6 years; for men the gap is 10.3 years[2].
- Working part-time to care for family slashes women's pension wealth by nearly half compared to men's by the time they reach their late 50s[1].
- The gender pay gap - which means women earn on average 18 per cent less than men - reduces their pension wealth by more than a quarter by the same age[1].

Vicki

The facts speak for themselves – women are on average retiring on smaller pensions than men and it has been that way for a long time – but I think society has finally woken up to it, and there's plenty that can be done to keep on improving the situation. Encouraging financial awareness and understanding from an earlier age will definitely help to plug the savings gap. If more can start saving earlier, the power of compound interest alone should make a huge difference.

In the past, I think many women haven't been in a financial position to put money into a pension or savings plan, especially if they've taken gaps in their career to bring up children. That means they've missed out on all that interest; and it's surely one of the reasons why the gap is so large.

Family set-up can be significant, too.


Vicki Wright

There's a whole generation of women who, traditionally, would have left their financial arrangements, such as savings, protections, bill paying etc, to their husband or partner. If the man dies first, the woman can be left unaware or unsure of their situation, and they might not be used to making financial decisions. As an adviser, I feel it's so important for couples and families, if appropriate, to be involved in discussions about money so that everyone

[1] Report carried out by the Pensions Policy Institute for NOW: Pensions. Source: 'Women retire on pensions a third the size of men', www.thisismoney.co.uk/money/pensions, published July 2019
[2] World Economic Forum report, 2019. Source: www.moneywise.co.uk, published June 2019

understands their situation. That way there are no hidden issues or biased decisions.

But there's more to it than that. Some of my colleagues and I have been working towards 'Financial Wellbeing' accreditation through our association with St. James's Place. I'm also involved with a number of women's organisations locally. That's really helping to roll out the 'education' side of finance and see that more women (and men) are able to make informed decisions for themselves. It's crucial that I try to help my clients to understand and have control over their finances and financial plans in general.

It's also important to me that women don't feel intimidated by money matters and other similar factors that affect them. Again, I find that my approach, where I'll chat and listen to people, means they tend to view me as an approachable person first and a knowledgeable financial professional a close second. That's great, as it can lead to a solid and trusting relationship – and that's when the message has a better chance of permeating and making a lasting difference to their lives.


Zoe Healey

Zoe

I'd agree that things are generally improving for younger women, but the inequalities of previous decades are still having an effect.

As Vicki said, there's a tradition and culture in many families in the UK that the man tends to make the financial plans and decisions. Obviously it's not always the case (and it can work the other way round, too!), but we do still see it a lot, particularly with more mature clients.

It is a situation that is improving, though.

Auto-enrolment has been a good thing in many working people's lives, but again the improvement mainly benefits younger workers, who will have more time in the scheme to build up significant savings. For older workers, it won't have such an impact, and the fact that there's still a difference between men and women's average earnings means that women are in a worse position to start with! Lower wages mean it's more difficult and takes longer to build up your pot [there's also a £10,000 qualifying threshold], so it's like a stealth blow.

For me, the major changes that are needed


Rebecca Pearson

really should come from the government. More should be done to equalise pay. We should also be seeing financial education starting much younger… certainly in schools. Understanding personal finance and the importance of saving for later life, is something we all need to learn, and the younger the better.

Rebecca

Many of the things we're talking about today aren't 'women's issues' specifically… they're political and social issues; it just so happens that, historically, women have been much more affected by certain aspects of life than men. But because it's always been that way, it's harder for many people to see. For me, awareness of the difficulties many women face, and knowing that there is a potential solution, is a very important first step. Reaching out and offering the right support is also vital.

The pensions landscape has changed radically in the last decade for men and women and continues to evolve, which is what makes it one of the most talked about topics when it comes to personal financial planning. Since the 2015 pension freedoms, savers now have the option to take 25% of their personal pension tax free when they reach the age of 55. This can provide many men and women with the opportunity to enjoy a chunk of their well-earned life savings from age 55, however it can pose a risk for later life and leave savers vulnerable if they access their pension without the best planning and advice. It is really important for me as a financial adviser to help women understand whether they will have enough for when they retire before drawing on any funds from 55.

The state pension age has also been subject to reform in the last 10 years and, whereas at one point women could expect to retire at 60, many in the future will now need to reach the age of 68 before they can access their government pension. We can help women understand whether they will be entitled to a full state pension at retirement age as any career breaks may have had an effect on their national insurance contributions. If we find that a client's National Insurance contribution history is not enough to give them a full State Pension, they may be able to pay voluntary contributions to increase their entitlement. These are all areas where we can use our knowledge and experience to help improve their financial situations.

Sophie

It goes without saying that, whether we're men or women, we should all be treated equally. It's actually quite sad that we have to have this discussion… but the fact is that there's still a gender gap, in pay, pension savings and career paths, where women still feel they have to prove themselves more to reach their goals.

I used to work in the City, where I saw the difficulties that many of my female colleagues faced when it came to things like maternity leave and returning to work after raising a family. Now I'm about to have a baby myself, I appreciate the fact that I'm self-employed and will be able to carry on working the hours that suit, but it's definitely still a struggle for many employed women taking time out.

One of the major issues around this is how returning to work on a new part-time contract, or taking career break, can have a detrimental effect on a woman's pension pot. If we can encourage more women to continue paying into their pensions while on maternity pay, that's a good start, but maybe the government could do more to help, perhaps with a pensions top-up?

On the subject of careers and pay gaps, I feel very strongly that if you do a good job then it doesn't matter what your gender or age is, you should be paid the same as everyone else doing the same or similar role. The recent case of news presenter Samira Ahmed, who took the BBC court, is going some way to highlight the issue.

I'm also aware that my own industry continues to struggle to attract females as advisers, as it's traditionally seen very much as a 'male role'. I think that's really just down to education and an understanding of the role of a financial adviser. I know that it's an ideal job for women like me and my colleagues; we have so much to offer clients and their families.

As more women progress to higher earning careers and/or find themselves on the receiving end of inheritance, we need to make sure that they can choose the financial adviser they want – whether that's a man or a woman."


Sophie Lackie

En route to Tanzania

Laura at the Kenyan side of Kilimanjaro

Almost at the summit

Trainee financial adviser Laura Pearson had her own personal mountain to climb – it just happened to be the "highest single free-standing peak in the world!"

TREK TO THE TOP

Laura, who is studying for her financial adviser qualifications with Willson Grange Wealth Management, took on the massive challenge in 2019 to raise money for Cancer Research UK and Mind, two charities close to her heart.

Signing up with Action Challenge, Laura and Lucy, her friend of 25 years, began their memorable journey to the top of Mount Kilimanjaro – a 'mere' 5,895 metres above sea level and one of the world's most iconic peaks for adventurers to climb.

Aspire is delighted to feature an exerpt from Laura's gripping (and entertaining) logbook. We join her as she leaves her hotel room in Tanzania and is reminded by the group's leaders that only 65% of people who attempt Kilimanjaro actually reach the summit, as the battle against altitude illness sees many turn back…

"After a four-hour coach journey from our hotel in Moshi to the Kenyan side of Kilimanjaro, we started our ascent from the Rongai Gate. Before we knew it, just three hours later after passing through rainforest-like terrain, we were at our first camp and arrived to mounds of warm, salty popcorn in the mess tent and big flasks of hot water which we used to make coffee, tea, hot chocolate and Milo (a malted chocolate drink which would become a favourite with the group).

We could see the snow-capped peak of the mountain in the distance and it felt a long way away! Our orange tents were set up by the porters and we were shown our tent number, which we would be using for the trip, while our main duffel bags (with 15kg of kit) were identified and taken for us by the porters to our tents. There were three 'toilet tents' set up on camp, which consisted of a chemical bucket, a waste basket for tissue and two water basins. One was warmed water, which we could use for washing and another was purified water, which had been pumped out of the stream next to the camp and purified by the porters on site. We could use this for drinking.

The first three days of hiking were easy: three hours day one, six hours day two, seven hours day three, nice sunshine, great views and lots of laughing and chatting and bonding with the rest of the group.

Day four was when things changed. By this point we were 4,315m up and people were starting to suffer from the altitude. Lucy was really suffering with constant nausea and little appetite and generally people were just starting to feel rough. We woke up to torrential rain and the plan today was to walk half way to our next camp, Kimbo camp, and then turn and come back – this would allow us to gain altitude and acclimatise, coming back down to sleep lower down with the effect that the next two days at higher altitude should be easier on our bodies.

"Day four was when things changed and people were starting to suffer…"

The trek was horrendous. The rain and wind were relentless and the reality was we were just walking through a huge rain cloud so the rain seemed to come from all directions. The guides decided after three hours or so of hiking that it was time to head back and we retraced our steps back to camp.

That was a tough day. Drying out our boots and clothes as best as we could by putting things between our sleeping bag liners and sleeping bags, or blagging the porters to let us put our boots in the cook tent to try and get them dry. Morale was low and everyone called it an early night as soon as dinner was done.

The next morning, the rain had subsided and we got up to the usual breakfast of pancakes, omelettes, porridge and sausages and a load of coffee and went back along the same route reaching Kimbo in freezing cold, grey but drier weather about five hours later.

This was to be our final camp before the summit attempt. We had an early 4pm tea time and Stewart, the lead guide, and Ankur, the UK doctor, discussed the plan for the summit attempt, reminding us that it was more important to get to the

bottom alive than to push too hard and ignore our bodies' warnings just to reach the top. Nice! There were 19 of us in the group and we would have 15 local guides with us at the summit attempt, which goes some way to explain the difficulty of the mission. The guides would carry oxygen and water and would carry the rucksacks of those who didn't feel they could.

It was time to get our kit ready for the main event and I retired early to bed at 6pm ready for the 11pm wake-up, dressed in thermal base layers, two pairs of trousers, two jumpers and a fleece. Five hours later, we were woken to the sound of snow being scraped off our tents. It had snowed heavily during our slumbers and the snow was lying six inches thick outside. You couldn't make it up! This was to be the story of our summit.

I threw an extra fleeced jacket on, some waterproof pants over the thermals, another two pairs of trousers, a balaclava, hat, gloves, scarf and down jacket, had a quick breakfast of sugary carb-loaded biscuits and pancakes covered in Nutella (my treat brought from home) and off I went with the group with my head torch on in the dark, up the endless, steep gradient snow climb following our experienced guides.

Lucy was now really struggling; projectile vomiting every half hour or so and really questioning her ability to keep going. With a check by the doctor, her oxygen saturation levels were reasonable so we convinced her that she still had some left in her, knowing how disappointed she'd be if she didn't make the summit. If there was ever a time to quit, now wasn't it, when we were so close.

The doctor was earning his money at this stage, bouncing between those who were feeling weak, dizzy, breathless and nauseous and prescribing any reasonable solutions and medication. Being the stubborn Capricorn I am, I had of course refused any help with my rucksack, but a guide called Emmanuel took one look at me at a moment of weakness about four hours in and took away that option from me, removing my rucksack and throwing it over his shoulder along with the heavy tank of oxygen he was already carrying and making it his mission to stick by me for the rest of the climb.

After five hours of non-stop uphill trekking in the snow, we finally reached Gilmans Point just as the sun was starting to rise, the first summit point on this route and 5,756m above sea level. This brought with it joy, elation, tears and emotion for most of the group. We had made it to the top of this beast of a mountain against the tough weather conditions and snowfall, and the very fact we could take a break from the relentless uphill climb, even for just a short while, gave an overwhelming sense of relief. It was this point that Lucy decided she had achieved her goal and Stewart arranged for two guides to take her down back to Kimbo camp. We took our photos, had our tearful hugs goodbye and Lucy then projectile vomited all over the sign, leaving her final mark on the mountain. Very fitting we thought considering her journey thus far.

The rest of us had a hot cup of tea (which had been carried up in flasks by a few of the guides). I even had two ginger biscuits in my pocket, pinched from breakfast, and they were the best tea and biscuits I will ever have, perched on a rock covered in snow on top of the highest free standing mountain in the world.

But it wasn't over. Everybody knows that to really conquer Mount Kilimanjaro you have to reach Uhuru Peak, the highest point of the mountain and the highest point on the African continent. So off we set again on the two-hour trek around the volcano rim to the peak. This was like being on another planet, completely covered in snow. We battled through wind and snow storms around the 3km wide crater rim which was beautiful, veiled in untouched white snow and ice. The guides were amazing, feeding us water, dragging us through the thick snow areas, holding us up as we slipped and struggled and even reaching in front of us from behind wiping our noses when we needed it!

You can still donate to Laura's Just Giving page (www.justgiving.com/fundraising/laurapearson11), which will go towards Cancer Research UK and the mental health charity, Mind.

CANCER RESEARCH UK

mind for better mental health

The guides paired up with us and we pretty much all had our own 'buddy'. Emmanuel took me under his wing. He had climbed the mountain 100 times so I was in safe hands. I just kept telling myself, it won't be forever, mind over matter, ignore the negative messages your brain is sending on you, stay strong. It was a real battle of mental strength for all of us.

We hardly took photos at this point, I guess as we were too scared to stop, for fear of being left behind or not being able to continue. So it was heads down and trudging on until we eventually reached Uhuru peak and that all-important sign. The fatigue and altitude illness seem to subside from everybody for 20 minutes and was replaced with euphoria and elation whilst we took our photographs with the blue sky behind us and the summit just to ourselves. It was perfect. We were literally on top of the world.

19 out of 19 reaching the summit, especially under the conditions we faced, is a fantastic record for any group. This was a personal goal for some people (ie not charity-related) but, despite this, between us we raised over £60,000 for various causes.

Thank you so much to everyone who has sponsored me, some of you have remained anonymous on the Just Giving site so if this was not intended this is probably the reason why I haven't thanked you personally! So far the total has reached £6,186 (with Gift Aid), and you can still donate to my Just Giving page (www.justgiving.com/fundraising/laurapearson11), which will go towards Cancer Research UK and Mind the mental health charity.

I can promise you I worked for it and will keep you posted on my next challenge - climbing Europe's highest peak, Mont Blanc (late 2020/early 2021).

"If there was ever a time to quit, now wasn't it, when we were so close…"

At Kilimanjaro National Park

Higher & drier?

Cuts to pension limits mean thousands of higher earners in both the public and private sectors could be caught in the 'taper trap'… with a large tax bill to boot

The combined weight of varying forms of tax relief on pension savings is an undeniable burden on the government. HMRC figures in October last year indicated the net cost to the Treasury would have been around £40 billion for 2019.[1] Successive chancellors have sought to rein in the costs, with cuts to the amount that can be saved tax-efficiently. Unfortunately, what we've ended up with is a maze of stringent and complex allowances for pensions – both on the amount that can be saved each year, and the total sum that can be built up over a lifetime.

WHAT IS THE ANNUAL ALLOWANCE?

The annual allowance is the total amount that can be paid into your pension each year for tax relief purposes. It was set at £215,000 when it was first introduced in 2006. Today it sits at £40,000 for most people. But some individuals can see it reduced to as little as £10,000 a year, thanks to the 'tapered annual allowance' - a measure introduced in 2016 by former chancellor George Osborne to limit the amount of pension tax relief that can be claimed by high earners.

The taper reduces the annual allowance by £1 for every £2 of income – which includes earnings, rental incomes and other investment income – over £150,000 (see table below).

There has been confusion over the tapered annual allowance ever since its introduction. The problem is that it's an incredibly complex and confusing way to curb pension tax privileges at a time when the government itself is aiming for greater simplicity.

There have been a number of unintended consequences, too. For example, the taper has had a knock-on effect on the NHS. Faced with the prospect of paying extra pension tax charges, a third of doctors have reacted by reducing their work commitments.[2] This has left patients with fewer medics and longer waits for treatment.

The government has now come up with a fix for doctors. But the problem is not confined to NHS employees, or even just public sector workers. Thousands of people in the private sector have been caught out by the clampdown on their pension allowances, and many more could be caught out in the future.

It has been reported that the number of pension savers that were hit with annual allowance charges increased year-on-year from 23,800 to 37,300 in 2017/18.[3] And HM Revenue and Customs has already taken about £173 million in annual allowance charges from more than 10,000 savers this year.[4]

The culprit is almost certainly the tapered annual allowance and the money purchase annual allowance (MPAA) – yet another restriction on pension saving. Under the current MPAA rules, the annual allowance is reduced to £4,000 for anyone who has taken their retirement pot flexibly.

Many across the political spectrum are now calling for wholesale reform, while the pensions industry itself continues to lobby for greater clarity and simplicity.

"We've continued to advocate for change in this area – whether that's scrapping the tapered allowance entirely or making it more user-friendly by having it calculated a year in arrears," says Claire Trott, Head of Pensions Strategy at St. James's Place. "By calculating in arrears, it would make pension planning accrual and contributions possible, rather than just being hit by a surprise tax charge at the end of the year."

Ministers have so far only committed to review the impact of the taper on the delivery of public services. There appears to be a lack of appetite to scrap the taper entirely. This means many high earners will continue to be left with the challenge of investing tax-efficiently once their pension allowances have been exhausted.

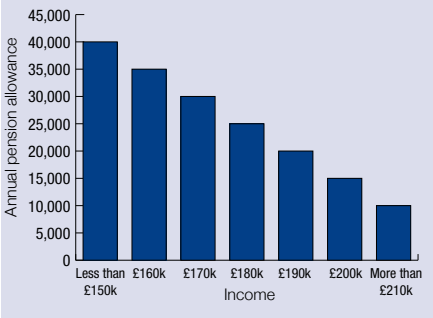
"There's very little to compete with a registered pension arrangement on grounds of pure tax efficiency," says Tony Wickenden, Executive Director at St. James's Place. "But, once you accept this, you have to look at maximising ISA contributions.

"Through smart use of the various allowances and exemptions for dividends and savings income, as well as the Capital Gains Tax annual exemption, meaningful tax-free streams can be secured from collective investments."

■ 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 dependent on individual circumstances.

Tapered annual allowance



Since the 2016/17 tax year, people with a taxable income over £150,000 have had their annual allowance restricted.

[1] HMRC Estimated Costs of Tax Reliefs, October 2019. [2] British Medical Association (BMA): www.bma.org.uk, 'Government step forward on NHS pensions is down to tireless lobbying by BMA', last updated 9 August 2019. [3] Pensions Age magazine: www.pensionsage.com, 'Number of savers hit with Annual Allowance charges rises', published 26 September 2019. [4] HMRC, Personal Pensions Annual Allowance Statistics, 26 September 2019

■ Willson Grange is a Principal Partner Practice of, and an Appointed Representative of, St. James's Place Wealth Management plc (which is authorised and regulated by the Financial Conduct Authority) for the purpose of advising solely on the Group's wealth management products and services, more details of which are set out on the Group's website at www.sjp.co.uk/products.

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

Willson Grange Limited, 2nd Floor,
12 Princes Parade, Princes Dock,
Liverpool L3 1BG
Tel: 0151 632 7100
Fax: 0151 632 7101
Email: wgcfp@sjpp.co.uk
Website: www.wgcfp.co.uk

WILLSON GRANGE LIMITED
FINANCIAL PLANNERS

FSC

ASPIRE is published for Willson Grange Limited Financial Planners by Text in the City, 0792 964 0006
Written and produced by Carol Tinsley. Designed by Heather Reeves. Printed by LT Print Ltd.