GEM FINANCIAL SERVICES

SPRING NEWSLETTER

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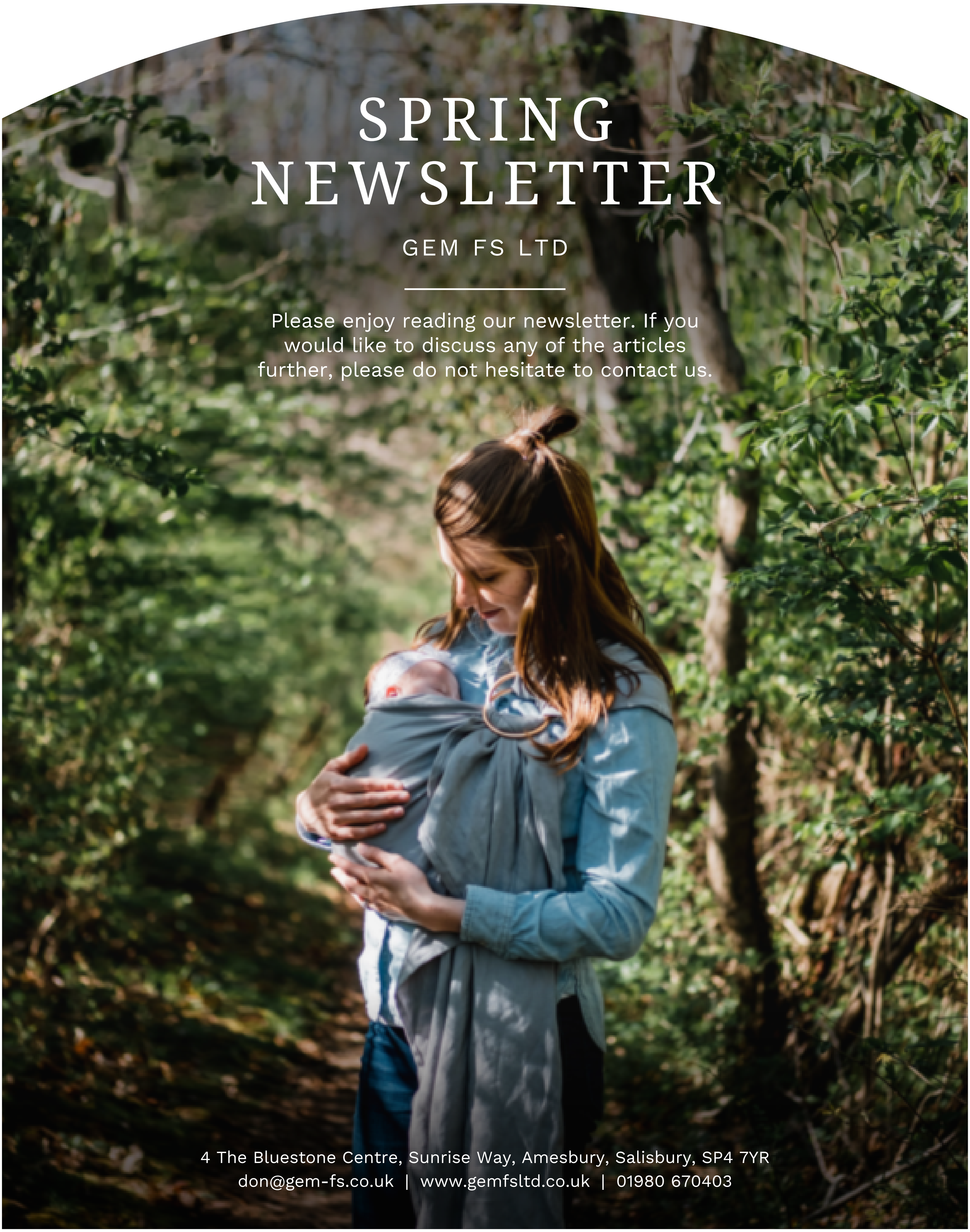
Please enjoy reading our newsletter. If you would like to discuss any of the articles further, please do not hesitate to contact us.



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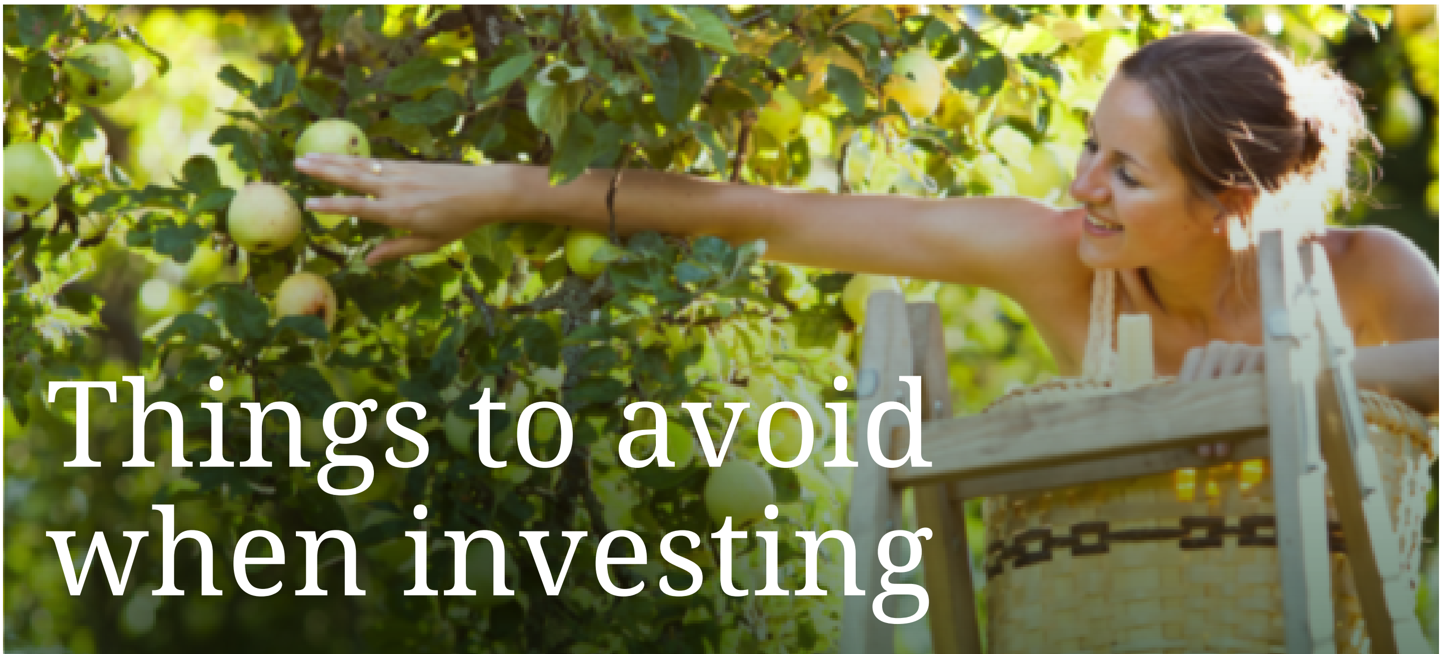


Things to avoid when investing

To keep your investments from losing value or slowing the growth of your assets, avoid these common investing mistakes.

There are more risks and opportunities than ever for investors to navigate in today's rapidly evolving markets. Here are four approaches we believe every investor should follow.

1. Don't pile into cash – stay invested

The biggest advantage of cash is that it offers relative safety. Cash can help diversify a portfolio during times of volatility and is easy to access in an emergency. With cash you'll be paid interest on the money, which will be tax free where it's in an ISA.

You won't lose any money by putting your money in cash, but it tends to offer lower returns than other asset classes. It's also important to know about the impact of inflation on your savings and investments as it can make a huge difference to how much profit you make. Cash is seen as a shortterm safe haven and should not be held over a substantial period of time to avoid the impact of inflation.

While it's good to have some cash savings for a rainy day, the spending value of your money can fall over time if inflation is higher than the interest rate you receive. With interest rates on cash investments at historically low levels, and well below the inflation rate, millions have seen the value of their savings eroded in recent years. To make money on your investment you'll need to find an account or investment that gives you a greater return than the current rate of inflation.

2. Don't go chasing fads – think about the long term

Short-term gains can seem appealing for investors, but if you don't want to lose your savings, it's best to not believe the hype about the latest investment craze. Choosing the wrong investment can be a costly mistake. Many investors are turning to social media platforms such as Facebook, Twitter, YouTube, TikTok and other unregulated sources for information about investing.

While it may seem tempting to get investment recommendations this way, it puts you at significant risk from volatile stocks or even fraud. It's easy to jump on the bandwagon, but momentum is typically falling by the time most people join.

3. Don't put all your eggs in one basket – diversify

One of the biggest mistakes when investing is putting all your eggs in one basket as it can leave you exposed to fluctuations in the market. If you've invested in one stock and something unexpected happens and it plummets, you could find your nest egg suddenly disappearing.

One way to lower risk is by spreading your wealth over a wider range of investments so it's not concentrated in one place (known as diversification). By diversifying your portfolio you can reduce the risk that all of your investments will experience the same negative impact at the same time.

Ideally, you should be looking to build a diverse portfolio with a mix of different investments in line with your attitude to risk. A balanced portfolio will contain a mixture of asset classes, such as stocks, bonds, and alternatives.

4. Sit tight when it's right

When markets wobble it can be tempting for investors to sell their shares to avoid any further losses. It's easy to react to short-term losses but the best thing you can do is most often precisely nothing.

Timing the market involves buying and selling investments when you think they will rise or fall at exactly the right moment. It's a difficult strategy that rarely works and there are too many unpredictable factors.

If you sell into a falling market you will lock in your losses and it could take you years to get back to where you were. While markets can fall sharply, given time they can rebound, so instead make sure you take the long view. Stock markets have a history of recovering from downturns. If you see your investment drop, don't worry. Just keep your cool and sit tight.

It pays to seek advice

A financial adviser can help you work out how to achieve your long-term financial goals, while taking inflation into account so it doesn't eat up your returns. Your adviser will speak to you about your attitude towards risk and the level you are comfortable with, helping you make the right investment choices..

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

What does a financial adviser do?

A financial adviser can help with your investment goals, but they can also offer many more ways to understand and make the most of your money.

You might think that people who use financial advisers are just investing in the stock market or need someone to manage their portfolios. But a financial adviser can do a whole lot more.

Different types of financial advice

For an adviser, it's their aim to help you achieve your financial goals, but that doesn't just cover building wealth through investment – their expertise can apply to everything from mortgages to life insurance, pensions, saving for retirement or handling an inheritance. Advisers can vary in what they specialise in, and fall under a large umbrella of services including:

Pensions
You may have several workplace pensions that you'd like to consolidate, or you could have questions about drawing an income from your pension. Whatever your circumstances, a financial adviser can examine the details within your pensions to guide you on how to approach them, considering how much you will need to live comfortably when you retire.

Tax
You might think that there is little difference between Another area where expert help is needed is tax. From inheritance tax to capital gains tax or working out how much you should be paying (and if there are ways to minimise your tax bill) – is tricky. With the help from an adviser, you can become more tax-efficient and make the most of any tax breaks available to you. An adviser is best placed to help minimise your tax bills and get you the best returns.

Inheritance
An adviser can help you with leaving a legacy – an important part of planning the future of your estate and making sure your wishes are carried out when the time comes, and your wealth is passed tax efficiently. This advice could range from inheritance tax mitigation to making or updating your will.

Mortgages
Mortgages can be a tricky area, whether you're a first-time buyer, searching for the best remortgage deal or looking for an investment property. A financial adviser can help you navigate the process, find the right type of mortgage and map out how your mortgage will work over the years (and when it could be a good time to review your mortgage). They'll also be able to let you know your tax obligations if your property is an investment.

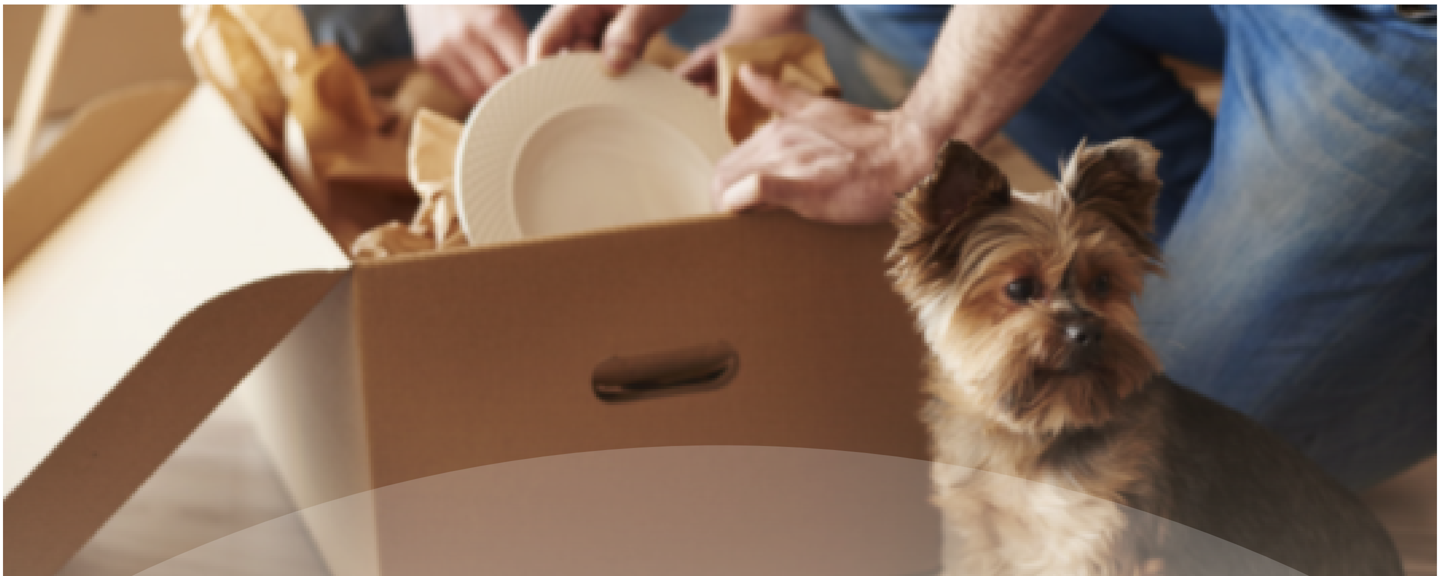
Investment
A financial adviser can help you navigate the world of investing safely, helping you take your first steps in investing or reviewing and managing your existing investments, as well as making you aware of any risks along the way and making sure you keep focused on the long-term goals through any market highs and lows. Our advisers have a broad breadth of experience and take an objective approach – offering ongoing advice and expertise – both of which are crucial to seeing your investment and retirement objectives come to fruit.

Our financial advisers are here to help you make sense of your finances, build, and manage your wealth and protect what you have going forward – to the benefit of you and your family.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE



Protect your peace of mind when moving home

Moving home can be a hectic and exciting time, but don't forget about protection – taking out the appropriate policies can save you a lot of stress in the long term.

If you've just moved home or are about to, it probably feels like you've been caught up in a bit of a whirlwind over the past few months. With searching for a property during a pandemic, making the move before the stamp duty holiday ends and potentially getting caught up in the resulting conveyancing backlog, protection policies are probably not top of your priority list.

Yet it's important to take the necessary precautions to ensure your new home and possessions are looked after – now more than ever. Here are some of the main types of protection you should be thinking about.

Mortgage protection

If you're unable to work due to illness or injury or because you've lost your job, mortgage payment protection will cover the cost of your mortgage each month. These policies usually last for a year or until you return to work – whichever is soonest.

You can pick how much you want your policy to pay out each month, and this can include a buffer for other expenses, such as bills. It's important to bear in mind though that providers usually set monthly limits of between £1,500 and £2,000. You won't always be able to claim straight away, and there's usually a waiting period of one or two months. The cost of mortgage protection will depend on:

- your salary;
- the size of your mortgage repayments;
- the type of policy you choose; and
- how soon you want to be covered.

Income protection

Income protection provides you with a regular income if you've lost your job or are unable to work due to illness or injury. There's usually a minimum wait of four weeks before you can start receiving payments. There are different types available:

- A short-term plan covers you for involuntary redundancy, but is usually limited to a set time period.
- A long-term plan will usually cover you until you return to work, retire, die, or the policy ends – whichever is soonest.

Buildings insurance

If you've got a mortgage, you're likely to have buildings insurance to cover the cost of repairing damage or rebuilding the structure of your home if it's damaged. But have you looked carefully through the policy and made sure that it definitely covers everything you need it to? Once you've moved, you may realise that your new home has a slightly more complex structure than you first realised, and it's important to make sure your buildings insurance takes this into account. If you're lucky enough to not have a mortgage, it's still a sensible idea to invest in this type of insurance for peace of mind.

Contents insurance

If you've bought new furniture and gadgets for your home, you might need to review your contents insurance. This type of insurance covers the cost of replacing possessions in your home if they're stolen, destroyed or damaged. It's a good idea to double check which of your items are covered so that you're not caught out if something does go wrong.

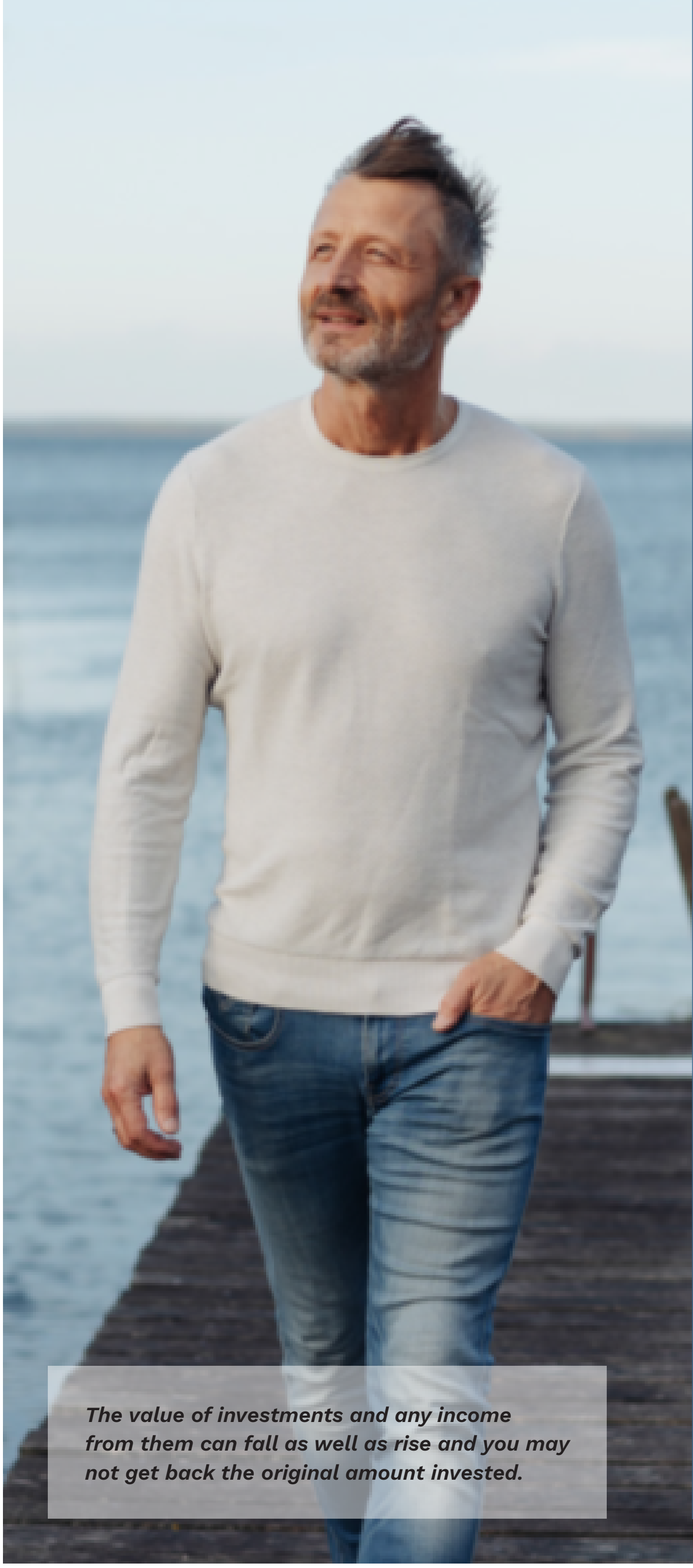
Act now

When you're caught up in the excitement of moving, thinking about protection might be the last thing on your mind. But remember that your circumstances can change quickly and it's important to make sure you're prepared now in case things don't go to plan in the future. For more information about protection and to talk about whether your current policies are right for your situation, speak to your financial adviser today.

OW3261 Exp. 19/04/2022

Myths about retirement

When it comes to retirement, there are some ideas that can turn out to be quite different when you examine them closely. We explore five of them.



The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

1. You can live off the state pension alone

The current basic state pension is £137.60 per week, or £179.60 for the new state pension if you were born on or after 6 April 1951 (for a man) and on or after 6 April 1953 (for a woman). That works out annually as £7,155 or £9,339 respectively, depending on meeting National Insurance contribution requirements and other eligibility criteria.

This could be enough for those who own their home outright, to cover the very basics for everyday living but is limiting for those who want to enjoy a more comfortable retirement without money worries. As life expectancy rises, so does the amount of time we'll need to fund our lives in retirement, including long-term care when we're older.

2. Matching your workplace pension is enough

With an occupational (workplace) pension, the overall minimum total contribution is 8%, with employees paying in 5% of salary and employer contributing 3%. But this might not be enough to give you the kind of income you're expecting once you've retired.

The good news is you can back your workplace pension up by increasing your contributions if you're able. Better still, some employers also offer to pay more into your pension to help build your retirement benefits faster, by matching any additional contributions you make up to a set level. If you start the ball rolling earlier, the more tax relief you'll receive and the more time your overall pot will have to grow.

3. It's possible to keep working for longer

The reality is, even if you wanted to continue working either full – or part-time after state retirement age, you might not be able to do so. It might be too physically demanding or might not fit in with retirement goals like spending more time with grandchildren, travelling or other pursuits you've been looking forward to.

Getting help from a financial adviser can ensure you have your desired level of income in retirement. You'll then be able to focus on keeping busy through hobbies, part-time work or other areas like volunteering in your community.

4. After a certain point it's too late to save for retirement

As we're living – and working – longer than before, while it's true that the sooner you start the better, life doesn't always go as planned so it's never too late to start saving for retirement. Compound investment growth can make a big difference to the value of your pension over time.

5. You can save for retirement without help from an adviser

Even with the best intentions when it comes to saving and investing, doing it alone is difficult. That's why working with a professional investment adviser can give you confidence about the direction of your investments. An adviser will be able to point out the long-term benefits of your investments and how they can pay off for you.

Speak to your adviser about making the most of your pension investments.

OW3811 Exp. 04/01/2023

What are value-added services?

Value-added services are benefits included in an insurance policy that you might not be aware of – but could help improve your overall health and wellbeing.

When you take out an insurance plan like life insurance, critical illness or income protection, you get the financial protection in the form of a payout, but there are also other services available to you as complementary parts of those plans.

These 'value-added services' or 'wellbeing services' are designed to provide customers with a range of emotional and practical support services throughout the life of the plan, not just when you may need to claim. Most services are included within the price of the plan and can often be accessed by family members too.

It's a good idea to check your policy first (and contact your provider to see if any of their services carry a charge) but you may find some of the following complementary value-added services are part of your policy:

These are just some of the extra-value services that your insurance plan could offer, covering a wide range of needs.

If you're unsure about how to find out more information from your policy, our advisers are here to look at the small print and help you make the most of any value-added benefits available to you.

Annual health check

A range of tests to check various health markers such as cholesterol and blood sugar levels. This may be followed by a consultation with a nurse or GP to discuss the results, depending on how your policy works.

Bereavement counselling

Giving you access to emotional and practical support at a difficult time, if you have been affected by bereavement.

Mental health support.

Being mindful of mental health is more important than ever. These value-added services help those facing mental health challenges, with counselling through various health providers.

GP services

Ability to see or speak to a medical professional from your home or faceto-face, without facing long waiting times, and at a time that suits you.

Second medical opinions

Second medical opinion services give you the chance to check with a second medical professional about the course of treatment or a diagnosis you've received.

Nutritional support

Gives you access to a nutritionist to help improve your diet, which could boost your overall health.

Fitness services

These services give you access to fitness services to enhance your overall health and wellbeing.

How does a remortgage work?

A remortgage could help you save money if you weigh up the fees involved with the savings you could make. Here's how it works.

A remortgage is the process of moving your home's existing mortgage to one with a new lender.

People remortgage for many different reasons, including:

- Finding a better deal elsewhere – you might be on a standard variable rate (SVR) and want to move to a fixed-term rate.
- Coming to the end of a fixed-term deal on your current mortgage and wanting to lock in a lower rate with a new lender.
- The loan-to-value on the home is lower (as more of the mortgage has been repaid).
- Wanting to get ahead of a rise in interest rates, which would affect mortgage rates.

How a remortgage could help you save

One of the big reasons people remortgage is to save money on their monthly payments. If you're on a standard variable rate that is higher than the fixed-rate deals currently available, you could save by switching – either to a fixed-rate mortgage or one that 'tracks' the Bank of England's base rate.

If your home has gone up in value and you've paid off enough of your mortgage to give you a lower loan-to-value, it means you own more of your home and have less to pay off. Remortgaging could result in lower monthly mortgage payments because you're paying off less of a loan amount (and in turn, less interest on it too).

How long does the remortgage application take?

The process can take between four to eight weeks from the time you apply so it's good to start planning early. If you're coming to the end of a fixed-rate or tracker term, your lender should tell you that your mortgage will move onto their standard variable rate[1]. This could be an ideal time to move if you find a better deal elsewhere, or you may even find an attractive deal with the same lender and go through a 'product transfer' (see box).

How much does a remortgage cost?

Existing lender fees

Your existing lender could charge you a fee if you're leaving them early into a fixed period in your mortgage. This is known as an 'early repayment charge' and could be in the range of 1% to 5% of your outstanding mortgage balance. They will also charge you an 'exit' fee of around £50 to £100 to cover their administration costs.

***New lender* fees**

Your new lender could charge you a range of fees, so before you commit it's important to check what you will pay. This will help you calculate whether a move is financially beneficial overall.

Their fees could include:

- **Application fee** to set up your new mortgage. Could also be called an 'arrangement', 'product' or 'booking' fee. This could be around £1,000.
- **Valuation and conveyancing fees.** Some providers won't charge for these, but it's worth checking if you are moving to a new lender.
- **Solicitor's fee** covering the legal paperwork to do with managing the transfer of your mortgage.

Is a remortgage right for you?

Whether or not you remortgage all depends on your situation and the type of mortgage plan you're currently on. You may want a mortgage that lets you make overpayments, or you could be coming to the end of your current deal's fixed term and think the lender's SVR will be too high. One of the most important things you can do before you decide is gather your current mortgage paperwork, look at the fees and get some expert advice on your next steps.

What about product transfers?

If your mortgage is coming to its maturity date but you'd prefer to stay with your current lender, you could consider a product transfer. Switching to a new mortgage product with the same lender could save you money and time. Our financial advisers can help guide you through choosing the right product to make it worthwhile and explain the logistics of transferring your mortgage product.

Our advisers can help you work out the pros and cons of a remortgage, and what could work best for you.

[1] www.investorcoms.com

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

OW3821 Exp. 10/01/2023

10 ways to reduce your tax bill

Being tax smart means knowing the basics about how tax affects your life and money. Here are 10 ways to reduce your tax bill, which could make your money go further for you and your loved ones.

1. Personal savings allowance

You're entitled to receive some interest on your savings tax-free every year, depending on your income tax band. For non-taxpayers or basic rate taxpayers you're allowed up to £1,000 per year; for higher rate taxpayers you get £500. If you have savings with a spouse or partner, you can each use your allowances against your joint savings.

2. Marriage allowance

If you are married, you might be able to take advantage of the marriage tax allowance. It allows one half of a couple who earns less than the income tax threshold (£12,570) to transfer up to £1,260 to their higher-earning spouse (who must be a basic rate taxpayer).

3. ISA allowances

An ISA account allows you to save or invest up to £20,000 tax free annually, whether it's in a cash ISA or stocks and shares ISA – which also comes with the benefit of being exempt from dividend tax and capital gains tax on all growth.

4. Dividend allowance

You are allowed to receive up to £2,000 a year in dividends, tax-free. This allowance can be particularly useful if you own shares or you're a company owner or director.

5. Capital gains allowances

Profits (or 'gains') you make on the sale or disposal of an asset (like a property where it's not the main home, investments and shares not in an ISA or even personal possessions worth more than £6,000 (apart from your car) are exempt from tax up to the annual allowance of £12,300. For married couples or those in civil partnerships who own joint assets, the allowance is doubled – to £24,600.

6. Pension allowance

Your pension allowance annually is £40,000, although it can be lower for higher earners and where pension savings have been flexibly accessed. Any contributions you (or your employer) make receive tax relief from the government (based on your income tax band) of 20% or more – and the money in your pension pot will grow tax free.

7. Pension carry forward

If you don't use up your annual pension allowance, you can 'carry forward' the previous three years' worth of unused allowances providing you are still registered with the pension and have earned in the current tax year the amount you (or your employer) would like to contribute.

8. Charitable donations

You can donate to charity tax free and claim back the tax on your donation through gift aid. If you are a higher or additional income taxpayer, you can also claim back the difference to the basic rate on your gift aid donations. Just remember to keep hold of all records of your donations to claim tax relief when the time comes to submit your tax return.

9. Gift giving exemptions

Gifting comes with the benefit of being exempt from inheritance tax, for an annual gift amount of £3,000. Other tax-exempt gifts include money towards a wedding or grandchild's education. No inheritance tax is due if you live for seven years after making the gift to someone who is not your spouse (for example, gifting your children a property).

10. Knowing your tax code

This one is important because your tax code tells HMRC how much of your salary they will collect. It's a good idea to check your tax code each time you change jobs or at the start of the tax year. Being on the wrong code could mean you've overpaid tax and are due a refund.

These are just some of the ways you can ensure you're making the most of your money and not paying more tax than is necessary. Speak to your adviser to learn more about your money, estate, and taxes. Please not that Openwork advisers are not able to provide specific tax advice.

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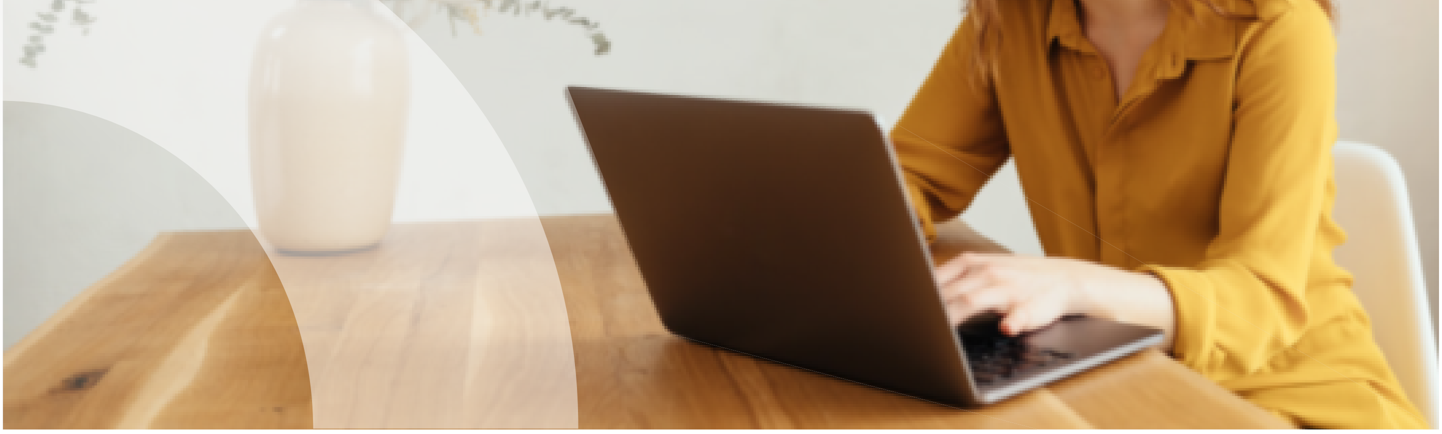
For specific tax advice please speak to an accountant or tax specialist.



OW3813 Exp. 05/01/2023