SUMMER NEWSLETTER 2024

GEM FS LTD

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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4 The Bluestone Centre,, Sunrise Way, Amesbury, Salisbury SP4 7YR
don@gem-fs.co.uk | www.gemfsltd.co.uk | 01980 670403

What is a lasting power of attorney? And do I need one?

A lasting power of attorney (LPA) is a legal document that allows you to appoint one or more people to make decisions on your behalf during your lifetime.

The people you appoint to manage your affairs are called the attorneys. An LPA is a completely separate legal document to your will although many people put them in place at the same time as getting their will written, as part of planning for their future.

What does a LPA cover?

There are two types of LPA which come into effect when you are no longer able to make your own decisions.

A health and care LPA lets your attorney make decisions about your medical treatment and day-to-day care. This can include where you live, what you eat, what medical treatment you receive and who you see.

A financial decisions LPA lets your attorney handle (and make decisions about) your money and property. This can include paying your bills, selling your property, collecting your pension and collecting your benefits.

Do you need an LPA?

Without an LPA, if you need someone to step in and manage your finances or make decisions about your healthcare in the future, their only option will be to apply for a deputyship order through the court. This can be a costly, complex and lengthy process. If you have an LPA, it can take effect as soon as it's needed, meaning your chosen attorney can step in to help straight away.

Once your LPA is in place, you have peace of mind in knowing that someone you trust can look after your affairs if you're ever unable to yourself, because of an illness or an accident.

Don't put it off

More than 75% of the over 55s have not registered an LPA. The benefits and the simplicity of putting one in place should encourage you to make the decision to get your ducks in a row before it's too late.

Which is where we can help. Getting it right is too important to leave to chance, so get in touch and we can ensure you're directed to the right place to organise and register your LPA.

Will writing and Lasting Power of Attorney are not regulated by the Financial Conduct Authority.

OPW_0032_A347_Marb24 | OW 5097 Expires 18/02/25

The benefits of starting a pension early

It's never too early to start saving for retirement. In fact, the sooner you start saving, the more time for your money to grow.

Starting a pension early is one of the best things you can do for your financial future. By taking advantage of the benefits of early retirement savings, you can ensure that you have a secure financial future and enjoy your retirement years to the fullest.

More time to save

One of the most significant benefits of starting a pension early is the additional time you have to save money. The longer your money is invested, the more time for it to grow, which can help you accumulate a larger retirement fund. Starting early also means that you can take advantage of compound interest, which is interest earned on both the principal and the accumulated interest. Over time, compound interest can significantly increase the value of your pension fund.

Lower monthly contributions

Starting a pension early can also help you keep your monthly contributions lower. Because you have more time to save, you can spread your contributions over a longer period. This can make it easier to budget for your retirement savings and ensure that you are putting away enough money to reach your retirement goals.

Employer contributions

If you are enrolled in a workplace pension scheme many employers offer to match employee pension contributions, (up to a certain percentage). This 'free money' can help you save even more for retirement.

Tax benefits

The government offers tax relief on pension contributions, which means you can put more money into your pension each month. For example, if you're a taxpayer, you can get up to 60% tax relief on your contributions.

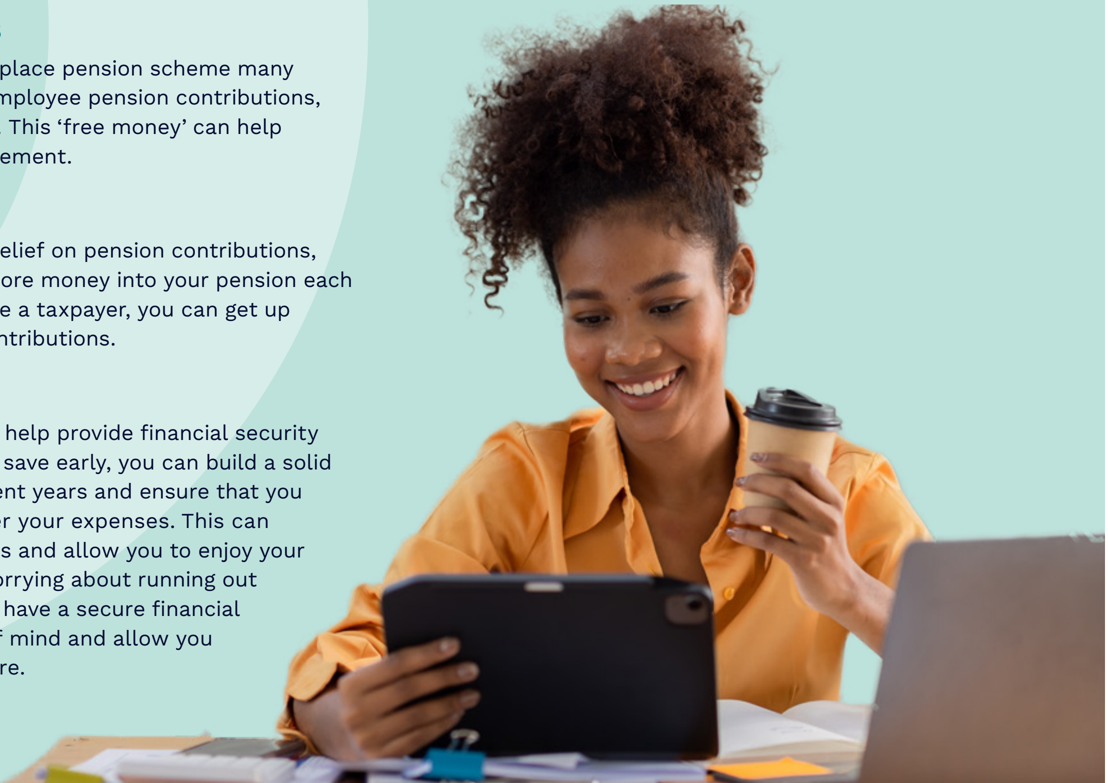
Financial security

Starting a pension early can help provide financial security in retirement. By starting to save early, you can build a solid foundation for your retirement years and ensure that you have enough money to cover your expenses. This can help alleviate financial stress and allow you to enjoy your retirement years without worrying about running out of money. Knowing that you have a secure financial future can give you peace of mind and allow you to enjoy your retirement more.

Tips for starting a pension early:

- **Set up a regular contribution**
  The best way to make sure you're saving for retirement is to set up a regular contribution. This could be a fixed amount each month or a percentage of your salary.
- **Increase your contributions as you earn more**
  As your income increases, you can increase your pension contributions to make sure you're on track for a comfortable retirement.
- **Take advantage of tax relief**
  The government offers tax relief on pension contributions, which means you can put more money into your pension each month.
- **Consider employer contributions**
  Many employers offer to match employee pension contributions, which is free money that can help you save even more for retirement.

By giving yourself more time to save, keeping your contributions manageable, taking advantage of tax benefits, and providing financial security in retirement, you can set yourself up for a comfortable and fulfilling retirement. So, if you haven't started saving for retirement yet, now is the time to start!



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.

Here's how financial protection can offer security for parents

Serious illness can place immense stress on our families. The cost of caring for an unwell child, worry over access to essential services, and the emotional toll of serious illness are all things that no parent wants to think about.

We can't predict what the future will hold for the health of our families, but we can take proactive steps to prepare for the risk that we or our children might become critically unwell.

Appropriate financial protection can be a vital safety net for parents, providing essential cover for children and easing the pressure of caring for them.

Critical illness payouts can help you care for your child

No parent wants to consider the possibility of their child becoming seriously ill, but planning for the worst can offer the greatest peace of mind. Robust and appropriate financial protection can help shore up your finances and allow you to focus on caring for your child.

Critical illness cover pays out a lump sum if you are diagnosed with an illness covered by the policy. Many of these policies include cover for a child of the policyholder, paying out a proportion of the full amount if they become seriously ill. This payout provides a financial safety net, covering your expenses and allowing you to take time away from work to care for your child.

Critical illness cover may also come with other benefits that can offer further support for your family, such as:

- A payout if your child is hospitalised because of an accident.
- Cover for the cost of accommodation so that you can be close to your child if they're in hospital.
- Childcare costs if you're diagnosed with a serious illness that's covered by your policy.

The cost of critical illness cover varies depending on how large you want a potential payout to be, as well as other factors like your age and general health. It's important to note that you'll only be covered as long as you keep paying your premiums.

Children are often automatically included in critical illness cover but this isn't guaranteed. Contact your provider for clarification and be aware that your premiums could rise if you add a child to a policy that doesn't already cover them.

Cover for a child typically starts from the first few weeks after birth and lasts until they're 18, or 21 if they're in full-time education, but this can vary between providers. There may be other restrictions to critical illness cover that you should be aware of – some policies will only allow one claim per child whilst others might exclude certain conditions that are present from birth.

It's important to check the details of critical illness cover thoroughly when comparing your option to make sure that you're buying the right cover for your circumstances.

Private medical insurance could help provide better care for your family

You may want to consider taking out private medical insurance to compliment the security that financial protection could offer you. The Guardian reports that the private health insurance market has grown by £385 million in the last year. At the same time, rising wait times and staff shortages are causing public satisfaction with the NHS to slump according to the long-running British Social Attitudes survey.

Private medical insurance can help to put your mind at ease by reducing waiting times for a range of services (like tests and consultations) whilst giving you a wider choice of treatment providers. It could also help to cover the cost of a private room, giving you and your family greater privacy if you need to stay in hospital overnight.

Private health insurance can cover much more than just physical illness. Some providers offer access to counselling and mental health services which are becoming increasingly important for the wellbeing of younger generations – the number of children and young people seeking support for their mental health increased by 25% from 2022 to 2023 according to data from Aviva.

The cost of private health insurance and the level of cover you'll receive are influenced by a range of factors, including who you want the policy to cover, your lifestyle, and family medical history. It's important to take the time to understand how comprehensive your options are and any exclusions that might affect your family.

Talk to us to see how we can help protect your family

Financial protection is just one way that you can prepare for the unexpected. Get in touch if you'd like to know more about financial protection for your family against serious illness.

Please note: Financial protection plans typically have no cash in value at any time and cover will cease at the end of the term. Cover will lapse if premiums are unpaid. Cover is subject to terms and conditions and may have exclusions. Definition of illnesses vary between providers and will be explained in policy documentation.

OPW_0103_A422_Jun24 | OW5421 | Expires: 16/06/2025

Should I get an interest-only mortgage?

If you're about to come off a fixed rate mortgage, then you could be forgiven for wondering what's in store for you.

Until relatively recently, interest rates have been at near-historic lows for over a decade. In the last two years, though, they've rocketed. Higher interest rates, coupled with the cost-of-living crisis and high inflation levels not seen in almost 40 years, has created uncertainty for those whose fixed-rate deal is about to end.

Homeowners are keen to keep their repayments manageable and one option you may be considering is an interest-only mortgage.

What is an interest only mortgage?

An interest only mortgage means you only pay the interest each month, with the loan amount remaining the same. This means your mortgage payments could be cheaper on a monthly basis. But at the end of the term, the full amount you borrowed needs to be fully repaid.

Is an interest only mortgage the right option for you?

Any mortgage decision needs to be carefully considered, which is why we are on hand to provide you with the expert advice you need to make an informed choice. A lot will depend on your circumstances. Interest-only mortgages can cut the cost of your monthly payments, but you will need a credible repayment plan at the end of the term.

Maybe you have a separate investment vehicle to pay off the debt, or perhaps you've built up significant equity in your property and plan on down-sizing at the end of your mortgage term. If that's the case, then an interest-only mortgage could be an avenue that we can explore together.

What are the drawbacks of an interest only mortgage?

The interest-only option isn't for everyone and can be a route that is, ultimately, more expensive than remaining on a repayment mortgage. There's also a chance that the investment you have in place to pay off the debt doesn't work out – leaving you unable to afford the lump sum at the end of the term.

We're on hand to guide you through...

With its cheaper monthly payments, an interest-only mortgage, can be an effective way to keep your costs down and, in the immediate term, feel like an attractive option but you have to be certain you will be able to repay the loan when it comes to the end of the term.

Our experienced advisers will talk you through all the pros and cons of an interest-only mortgage, assess all your options and help you make the right choice for you and your individual circumstances.

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

Investment strategies as you approach retirement

It's usually a good idea to start reducing the risk of your pension fund as you approach retirement. But it's important to strike the right balance so you can continue to power the growth of your portfolio for many years to come as well as draw an income.

As we move through the different stages of life it's important that our investment strategies adapt. Typically, your financial goals change when you retire. You may want a regular reliable income, which usually means you have to take less risk when it comes to investing. People nearing retirement traditionally switch savings out of risky investments and into safer assets to protect their portfolios from market downturns.

Reduce risk in your portfolio as you near retirement

Managing your portfolio's risk level (the possibility of losing the money you invest) as you get older is important to ensure you meet your financial goals. Younger investors with longer timelines to retirement (typically 30 to 40 years) are generally encouraged to take more risk in their portfolios as if there are any market falls, they have longer to recover.

As you get older and approach retirement the more important it is to preserve the wealth you have accumulated. This is because as the timeline to retiring gets shorter, your portfolio has less time to recover in the event of a market decline.

So, it's a good idea to lower the level of risk to reduce the possibility of your investments falling in value. In most cases, this means reducing exposure to equities and increasing exposure to lower-risk investments that produce an income such as bonds to shield your investments from the ups and downs of the market.

Why it's important to diversify

Portfolio diversification is a way of reducing potential risks by spreading your investments across different assets, rather than having it concentrated in one place. By investing across different asset classes, companies, countries, and sectors, you can help reduce the impact of any major market swings on your portfolio.

While you can't eliminate all investment risk, diversification can help smooth out any fluctuations that happen over time. For instance, stocks can earn more money than other asset classes, but they tend to be more volatile. Therefore, most financial professionals agree that as you approach retirement it is best to reduce the allocation to equities in your portfolio.

Government bonds are less likely to lose money than stocks and are seen as a better bet for retirement thanks to their predictability and income-generating potential. Bond prices are also not affected by the same market conditions that move stock prices. By shifting their investments out of stocks and into bonds, people nearing retirement can lower their risk and enjoy greater financial stability.

Finding the right balance

It's always important to review your investments before any big life changes, which is particularly true if you are approaching retirement. With any decision about your investments, there are trade-offs. The greater the risk you are prepared to tolerate, the more potential there is for your investments to grow.

While reducing risk with bonds can help shield you from any downturns in the market, your returns could be lower. As you approach retirement, it's important to strike the right balance between assets reducing risk in your portfolio so you can continue to power its growth for many years to come as well as draw an income.

A financial adviser can help you build a well-diversified portfolio appropriate for your risk tolerance and investment goals and adapt it, so the strategy always reflects your age and circumstances.

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.

OW4156 Exp. 14/09/2023