ONE FOUR NINE WEALTH

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GETTING RETIREMENT READY

Key steps to achieving a comfortable retirement

10 REASONS TO GET YOUR TAX RETURN FILED NOW
British workers overpay £8.2bn in tax due to wrong codes

TAX RELIEF MATTERS
How to build a bigger pension pot

BUILDING A DIVERSIFIED PORTFOLIO
What is it, and why is it important?

One Four Nine Wealth Limited

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CONTENTS

Welcome to One Four Nine Wealth.
As we reach the halfway point of 2023, the weather is warming up and the sun finally making a consistent appearance. The halfway point also marks the start of the summer holiday season, with many of us taking time away from our busy lives to enjoy spending some quality time with loved ones. It is perhaps during this downtime that some might reflect and assess their finances.

As we continue to navigate a tricky economic climate, many will be thinking about their short-term, medium-term and long-term financial objectives and the impact the rising inflation rates will have on these goals. During these uncertain times, planning and making smart decisions about your savings now can help you secure a stable and enjoyable future.

One Four Nine Wealth focuses on topical financial matters and is accessible for every client of One Four Nine Group, be that of Charter Financial Planning; Rice Whatmough Crozier; Total Wealth Planning; APC Financial Solutions; Russell Gibson Financial Management; HFL Financial Advisers; or McCrea Financial Services. Please do get in touch with your local investment, financial advisory or planning team – they are on hand and happy to help, guide and advise.

INSIDE THIS ISSUE
When it comes to planning for your future, there are many ways to make your money go that little bit further. Seeking the right qualified advice from a financial professional will help you plan for the future. In this magazine, we look at how a significant change is on the horizon that may affect when you can access your pension money, how to build a bigger pension pot, maximizing your investments and getting retirement ready. We hope you enjoy reading One Four Nine Wealth.

WANT TO DISCUSS NAVIGATING THE COMPLEXITIES OF YOUR FINANCES?
Our comprehensive financial planning services are designed to align with your current and future goals. We'll help you navigate the complexities of your finances, ensuring a well-structured strategy for life's various stages. Don't hesitate to contact us for more information about how we can help guide you towards a secure and prosperous financial future.

03
NORMAL MINIMUM PENSION AGE UPDATE
Essential information for your retirement planning

04
10 REASONS TO GET YOUR TAX RETURN FILED NOW
British workers overpay £8.2bn in tax due to wrong codes

05
ARE WE ENTERING AN INVESTMENT BOND RENAISSANCE?
Exploring why they are an attractive option to mass-affluent investors

08
MAXIMISING YOUR INVESTMENTS IN YOUR 50S
Time to evaluate whether you need to modify your objectives or saving strategies?

10
RESPONSIBLE ASSET SELECTION
Supporting responsible practices and contributing to a sustainable future

12
KATHERINE HARVEY, CHARTERED FINANCIAL PLANNER AND PRESIDENT OF THE INSURANCE INSTITUTE OF ABERDEEN
Katherine explains financial wellness and legacy, why they go hand in hand and how it's important to everyone

14
GETTING RETIREMENT READY
Key steps to achieving a comfortable retirement

15
BUILDING A DIVERSIFIED PORTFOLIO
What is it, and why is it important?

16
TAX RELIEF MATTERS
How to build a bigger pension pot

INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS. ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE.

THE VALUE OF INVESTMENTS MAY GO DOWN AS WELL AS UP, AND YOU MAY GET BACK LESS THAN YOU INVESTED.

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NORMAL MINIMUM PENSION AGE UPDATE

ESSENTIAL INFORMATION FOR YOUR RETIREMENT PLANNING

A significant change is on the horizon that may affect when you can access your pension money. We'll guide you through this change and its potential implications, so you can confidently prepare for retirement.

The current normal minimum pension age (NMPA) is 55, which means you can start taking your pension savings once you reach that age. Some exceptions exist, such as if you're experiencing ill health or have a lower protected pension age. However, the general rule applies to most people.

Starting from 6 April 2028, the NMPA will increase to 57. This change may affect you differently depending on your birth date. What does this mean for you?

WHAT ACTIONS SHOULD I TAKE?

IF YOU WERE BORN AFTER 5 APRIL 1973:

It's a good idea to review any existing plans to determine if the change will affect them. You may need to plan for another couple of years of saving, which could alter your retirement income. No action is required if you didn't intend to access your pension savings before turning 57.

Regularly reviewing your retirement plans is a smart habit, especially as you approach the age when you'd like to start accessing your pension savings.

IF YOU WERE BORN AFTER 6 APRIL 1971, BUT BEFORE 6 APRIL 6 1973:

You have two options – carefully consider which one best suits your circumstances.

OPTION 1: ACCESS YOUR PENSION SAVINGS BEFORE THE DEADLINE

If you don't want to wait until you're 57 to access your pension savings, you'll need to begin withdrawing funds between turning 55 and 6 April 2028. Remember that you can access your pension savings without taking large or regular amounts; you can decide what's right for you. However, obtaining professional financial advice before making any decisions is essential.

Remember that leaving your pension savings invested longer allows for potential growth. Also, note that taking taxable money from your plan (anything exceeding your tax-free entitlement) may reduce the amount you can contribute to your plan due to the Money Purchase Annual Allowance.

OPTION 2: WAIT UNTIL YOU TURN 57

No action is needed if you weren't planning to access your pension savings before age 57. You can access your pension savings at any time after turning 57. However, if you crystallise funds before 6 April 2028, you'll retain the opportunity to do so before age 57.

IF YOU WERE BORN ON OR BEFORE 6 APRIL 1971:

No action is required, as you will already be 57 when the change takes effect, and your retirement plans won't be impacted.

NOT RETIRED YET? REVIEW YOUR RETIREMENT DATE

Even if you can no longer access your money at 55, your retirement date may still be set to your 55th birthday. It's worth checking it now.

You can change your retirement date at any time, but the chosen date can affect your plan. For example, if you've invested in a lifestyle profile, your pension investments are designed to transition to lower-risk investments as you approach your retirement date. This helps reduce the impact of market fluctuations on your pot's value.

If your retirement date is set to your 55th birthday, but you don't plan to access your money until 65, your investments won't align with your plans, potentially affecting the value of your pension savings when you're ready to withdraw them. ◀

THINKING ABOUT RETIRING BUT TRYING TO FIGURE OUT WHERE TO BEGIN?

Retiring is a big decision. You'll have different options when it comes to taking your money. We'll help you find suitable options so you can make the right choices. To discuss your retirement plans, please get in touch with us for more information.

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS THE PLAN HAS A PROTECTED PENSION AGE).

THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.

10 REASONS TO GET YOUR TAX RETURN FILED NOW

BRITISH WORKERS OVERPAY £8.2BN IN TAX DUE TO WRONG CODES

According to new research, more than two-fifths (43%) of UK adults who have checked their tax code have found they are on the wrong one[1]. While a fifth (20%) of those who were on the wrong tax code were underpaying, almost three-quarters (71%) were overpaying as a result.

Those who paid too much gave the tax man £694 more than they were supposed to on average, with one in seven (13%) overpaying more than £1,000 – this totals £8.2bn in overpayments because of wrong tax codes[2].

CLAIMING BACK OVERPAID TAX

With only a third (36%) of UK adults comfortable with claiming back overpaid tax, around 34 million individuals need clarification about the process, many of whom could currently be owed an unclaimed tax rebate.

Conversely, two-thirds of UK adults (67%) believe they are on the correct tax code, but just 38% know this for sure, and taxpayers who haven't checked their code have yet to check their code for two years on average.

SOONER RATHER THAN LATER

However, nearly two in five (38%) say they have noticed a change in the amount they pay in Income Tax in the past three months.

Filing your tax return can be daunting, but there are plenty of reasons why you should get it done as soon as possible.

HERE ARE 10 REASONS TO FILE YOUR TAX RETURN NOW:

1. Avoid penalties: The earlier you file your tax return, the less likely you are to incur late filing penalties. These can add up quickly and put a dent in your finances.

2. Reduce stress: Filing your tax return early allows you to avoid the last-minute rush and reduces stress associated with meeting deadlines.

3. Get your refund faster: If you're due a tax refund, filing early means you'll receive your money sooner, which can help pay off debts or make new investments.

4. More time to pay: If you owe taxes, filing early gives you more time to budget and make payment arrangements.

5. Avoid errors: Rushing through your tax return increases the likelihood of mistakes, which can lead to penalties or delays in processing your return. Filing early gives you ample time to double-check your information and make necessary corrections.

6. Maximise deductions and credits: Filing early gives you more time to gather documentation and ensure you claim all eligible deductions and credits. This can help reduce your overall tax liability.

7. Plan for the future: Knowing your tax situation early allows you to make informed decisions about your finances for the coming year, including retirement contributions, investment strategies and other financial planning.

8. Beat the rush: Tax professionals tend to be swamped during the peak tax season. Filing early ensures you can secure an appointment and receive personalised attention from your tax advisor.

9. Protect against identity theft: Filing your tax return early can reduce the risk of identity theft, as it leaves less time for criminals to file a fraudulent return in your name.

10. Peace of mind: Finally, filing your tax return early provides peace of mind, knowing that you've fulfilled your obligations and can move on to other essential tasks.

ENSURE YOU'RE PAYING THE RIGHT AMOUNT OF INCOME TAX

Understanding your tax code is vital to ensure you're paying the right amount of Income Tax. Those not on the correct code may find themselves out of pocket. If it's wrong, you may contribute more or less than you should.

And although overpaying means you should get a rebate – if and when it's spotted – underpaying means you may have to pay HMRC a lump sum to make up the shortfall. If you are in doubt about your tax code, there are a variety of online resources to help you check, including salary and pension withdrawal calculators.

If you think you need to have your tax code corrected, you can call HMRC directly. Remember there are time limits to reclaim overpaid Income Tax, which is four years from the end of the tax year in which you are trying to claim. There are minimal exceptions to this – for example, if HMRC has made an official error – so if you are in any doubt, the earlier you contact HMRC, the better.

WANT TO DISCUSS YOUR FINANCIAL PLANS?

Filing your tax return early offers many benefits, from avoiding penalties and reducing stress to maximising eligible deductions and protecting against identity theft. Don't wait until the last minute – start preparing your tax return now and enjoy these advantages. For more information, please get in touch with us.

Source data:

[1] Research conducted by Opinium among 2,000 UK adults between 21–25 April 2023.

*[2] On a nationally representative survey of 2,000 UK adults, 445 are UK adults who know how much they overpaid in tax the last time they were on the wrong tax code. 445 / 2,000 * 52,890,000 (UK adult population) = 11,768,025 (shorthand 11.8 million). £694 * 11,768,025 = 8,167,009,350 (shorthand £8.2 billion).*

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THE TAX TREATMENT IS DEPENDENT ON INDIVIDUAL CIRCUMSTANCES AND MAY BE SUBJECT TO CHANGE IN FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.

ARE WE ENTERING AN INVESTMENT BOND RENAISSANCE?

EXPLORING WHY THEY ARE AN ATTRACTIVE OPTION TO MASS-AFFLUENT INVESTORS

Onshore investment bonds typically carry a lower risk and contribute significantly to a well-rounded portfolio. Historically, numerous investors have opted for a 60% equities and 40% bonds split in their portfolios, as these two assets often (keep in mind, not always) exhibit contrasting performances under varying economic circumstances – a beneficial attribute during market volatility.

Following the Capital Gains Tax (CGT) changes announced in last year's November Autumn Statement, many investors are likely considering investment bonds a more attractive option. The Chancellor's decision to reduce the CGT allowance to £6,000 this year and to £3,000 in April 2024 means investment bonds are more attractive to mass-affluent investors who previously held money in OEICs and unit trusts.

INVESTMENT BONDS OFFER SEVERAL BENEFITS:

- Onshore bonds are not liable to CGT. Onshore bonds are treated as having already paid 20% tax on any gains when calculating a chargeable gain. In reality, the tax deducted is likely to be less than this.
- They can be ideal for Inheritance Tax (IHT) planning and are exempt from IHT after seven years if held in a trust.
- Investors can withdraw up to 5% of their initial investment annually without triggering a chargeable event or any immediate tax liability.
- Top slicing relief is available to reduce tax liability, which can eliminate or significantly reduce any tax liability when a chargeable event is incurred – helpful if investors are in the accumulation phase and are preparing for retirement (maybe a higher rate taxpayer while owning the bond, but a basic rate taxpayer when encashing).
- There are options to assign a bond (for example, between husband and wife as a genuine gift). For tax purposes, the assignment will generally be treated as if the new owner had always owned it – if one is a basic rate taxpayer, they could have no tax to pay on encashment.

HAVE YOU EXHAUSTED YOUR OTHER TAX ALLOWANCES?

Changes to CGT and the tax-free dividend allowances are also likely to appeal to investors looking to reduce IHT liabilities and those who have used their Individual Savings Account (ISA) allowances or received a large windfall payment.

WANT TO LEARN MORE ABOUT INVESTMENT BONDS?

If you would like to arrange a no-obligation consultation to discover your investment options, please get in touch with us to discuss your distinct needs. We're looking forward to hearing from you.

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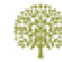

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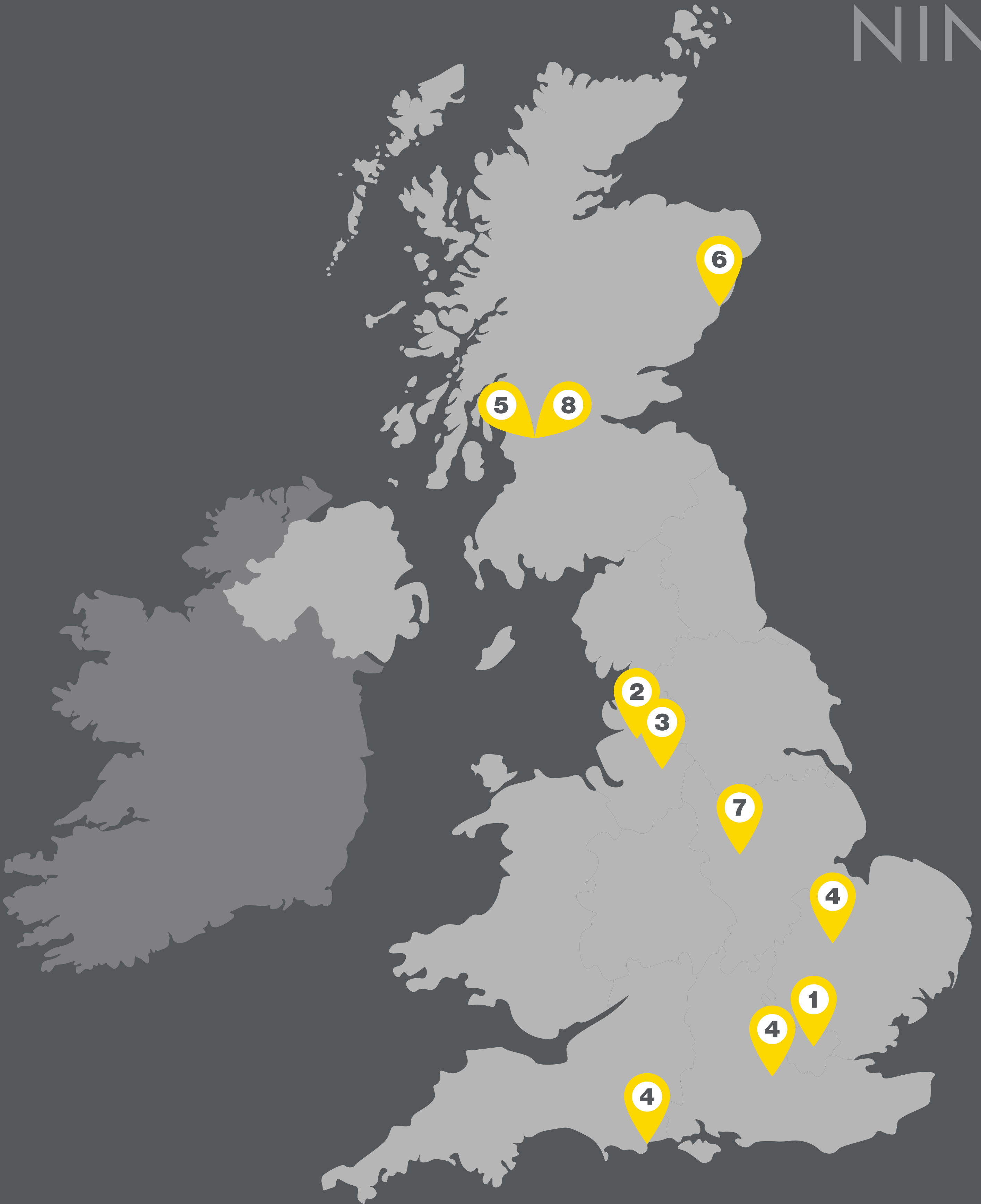

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MAXIMISING YOUR INVESTMENTS IN YOUR 50s

TIME TO EVALUATE WHETHER YOU NEED TO MODIFY YOUR OBJECTIVES OR SAVING STRATEGIES?

As you enter your 50s, retirement is no longer a distant dream but a rapidly approaching reality. Ensuring that your investments work diligently to secure the lifestyle you envision for your golden years is crucial. By optimising your financial strategy now, you can confidently retire according to your personal goals and aspirations.

Defining your retirement savings target may have been on your financial to-do list for some time. However, delving deeper and establishing a more precise goal is essential. Determining the amount you need to save for retirement involves considering your desired retirement age, post-retirement activities, expected investment returns and inflation rates.

Obtaining professional financial advice will provide valuable insight into the longevity of your retirement savings', helping you evaluate whether you need to modify your objectives or saving strategies. By refining your retirement goals, you can work towards a concrete target and ensure a comfortable and secure future.

EVALUATE YOUR INVESTMENT STRATEGY IN YOUR 50S

In your 50s, as you approach retirement, it's crucial to reassess your investment portfolio to ensure the proper balance between risk and reward. The level of risk suitable for you will depend on your retirement funding plan and target retirement date.

If you plan to purchase an annuity in a few years, it may be wise to gradually shift your pension fund from equities to lower-risk assets like cash. This helps avoid a potential stock market downturn that could deplete your pension just before you need to buy an annuity.

On the other hand, if you intend to finance your retirement through income drawdown and additional savings and investments, moving to cash too early might result in your money running out sooner than expected. Maintaining some exposure to equities allows your portfolio the chance for long-term growth. Remember that your retirement could last for several decades, during which inflation will decrease the real value of your savings and diminish your money's purchasing power.

One way to counter rising prices is to stay invested in the stock market, as history demonstrates that it performs better than cash and outpaces inflation over extended periods. Diversifying your investments across various asset classes can help your portfolio withstand market fluctuations.

Obtaining professional financial advice will help you determine the ideal asset mix for your situation, considering your investment horizon and risk tolerance.

BOOST YOUR RETIREMENT SAVINGS WITH PENSION TAX RELIEF

Pensions are a powerful tool for saving for retirement, especially when you're in your 50s. One of the main reasons for this is the tax relief you receive on personal pension contributions. This tax relief can significantly enhance your retirement savings, making it essential to focus on your pension as you approach retirement.

When you make a pension contribution, the government provides tax relief, essentially free money. For example, a £1,000 pension contribution would only currently cost you: £800 if you're a basic rate taxpayer; £600 if you're a higher rate taxpayer; and £550 if you're an additional rate taxpayer (assuming you have at least £1,000 of income in the higher/additional rate bands). This tax relief can help you grow your retirement savings more quickly and efficiently.

You can make tax-relievable personal contributions of up to 100% of your UK relevant earnings or £3,600 if more up to age 75. The annual allowance is currently £60,000 and this applies to contributions from all sources including any employer contributions. If the annual allowance is exceeded, you will be liable for a tax charge on the excess. However, your pension annual allowance could be lower than this if you have a very high income.

If you wish to save more than your annual allowance, you may be able to utilise unused allowances from the previous three tax years under carry-forward rules. This option allows you to maximise your pension contributions and use the tax relief available.

Focusing on your pension and taking advantage of tax relief is a smart strategy for those in their 50s looking to boost their retirement savings. Understanding the benefits of pension tax relief and maximising your contributions can ensure a more financially secure future during your retirement years.

MAXIMISE YOUR TAX ALLOWANCES

As an investor, there are numerous tax allowances you can take advantage of to maximise your financial benefits. One such allowance is the Individual Savings Account (ISA), which currently allows you to invest up to £20,000 per year (tax year 2023/24) and enjoy tax-efficient income and growth.

With the flexibility to withdraw from ISAs without paying tax, they serve as a valuable income source for those retiring before age 55 (the current normal minimum pension age (NMPA) and contribute to a tax-efficient retirement income portfolio. Starting 6 April 2028, the NMPA will increase to 57. This change may affect you differently depending on your birth date.

Other essential allowances to explore include the personal savings allowance, dividend allowance and capital gains tax exemption. These allowances currently allow you to earn tax-free interest up to £1,000, depending on your marginal Income Tax rate. Additionally, you can receive tax-free dividends up to £1,000 (the allowance is set to reduce to £500 in April 2024) and enjoy tax-free investment gains up to £6,000 for the 2023/24 tax year (the allowance is set to reduce to £3,000 in April 2024).

Obtaining professional financial advice will help you optimise your allowances and structure your portfolio for maximum tax efficiency. By leveraging these allowances, you can make the most of your investments and secure a comfortable financial future.

ARE YOU LOOKING FOR GUIDANCE TO NAVIGATE THE WORLD OF INVESTMENTS?

Investing your money is an effective way to reach your long-term goals and aspirations. By investing your money, you could earn a higher return than if you were to save it in a low-interest savings account. This means that your money could grow substantially over time, giving you a better chance of achieving your financial goals. For more information, please get in touch with us.

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RESPONSIBLE ASSET SELECTION

SUPPORTING RESPONSIBLE PRACTICES AND CONTRIBUTING TO A SUSTAINABLE FUTURE

Environmental, Social and Governance (ESG) investing is a strategy that focuses on companies that prioritise environmental, social and governance factors in their operations. Investing in these businesses aims to support responsible practices and contribute to a sustainable future.

By focusing on companies with high ESG scores, investors can support sustainable and ethical businesses while enjoying the potential for superior financial performance.

HERE'S A BREAKDOWN OF THE THREE ESG CRITERIA:

Environmental: This criterion evaluates a company's impact on the environment. Factors such as energy use, sustainability policies, carbon emissions and resource conservation are considered when assessing a company's environmental performance. Companies with strong environmental practices often have lower environmental risks and demonstrate a commitment to reducing their ecological footprint.

Social: The social aspect of ESG investing examines how a company treats its employees and interacts with the communities in which it operates. Businesses prioritising employee welfare, workplace safety and community engagement are more likely to have a positive social impact and maintain a good reputation. Supporting companies with strong social values can promote fair labour practices and foster a more inclusive society.

Governance: Governance factors relate to a company's leadership, management and overall corporate structure. Key considerations include executive compensation, audit processes, internal controls, board independence, shareholder rights and transparency. Companies with robust governance structures are more likely to be accountable, trustworthy and better prepared to manage potential risks.

By considering ESG factors in investment decisions, investors can support companies that demonstrate a commitment to sustainability, ethical practices and strong governance. This approach aligns investments with personal values and can lead to long-term financial benefits, as ESG-focused companies are often better equipped to navigate evolving regulations, mitigate risks and capitalise on emerging opportunities.

FOCUSED ON SUSTAINABILITY, ETHICAL PRACTICES AND STRONG GOVERNANCE

ESG factors are increasingly essential for investors when evaluating companies and making investment decisions. Investing in high-scoring ESG companies allows for responsible and ethical investments without sacrificing returns. Numerous studies have shown that companies with strong ESG performance tend to outperform their counterparts with lower ESG standards.

High ESG scores indicate that a company is focused on sustainability, ethical practices and strong governance, which can lead to long-term success and reduced risk exposure. These companies are more likely to be resilient in market fluctuations and other challenges.

On the other hand, businesses with low ESG standards have often faced consequences like declining share prices and reputational damage. Examples of such companies include those causing significant environmental harm, engaging in unethical practices or attempting to cheat regulatory systems. These events can lead to financial losses for investors who hold shares in these companies.

CHALLENGES OF ESG INVESTING: GREENWASHING AND SUBJECTIVITY

ESG investing has gained significant traction recently as investors increasingly seek to align their portfolios with ethical values. However, the varying interpretations of ESG categories and the rise of 'greenwashing' can make it challenging for investors with specific ethical requirements to navigate this space.

SUBJECTIVE NATURE OF ESG

One of the main challenges of ESG investing is the subjectivity in evaluating companies based on their environmental, social and governance policies. What is considered a responsible

investment for one person could be viewed as unethical by another. For instance, a sugary drinks manufacturer may have an excellent recycling policy, earning them high marks in the 'E' category. However, some investors might argue that sugary drinks are detrimental to society, making the company an unsuitable investment choice.

This subjectivity makes it difficult for investors to find a universally agreed-upon standard for determining whether a company or fund meets their ethical criteria.

THREAT OF GREENWASHING

Another challenge facing ESG investors is the phenomenon of 'greenwashing,' where companies or funds market themselves as environmentally friendly or socially responsible when, in reality, they do not meet these standards. This deceptive practice can lead to investors unwittingly supporting businesses that do not align with their values.

To combat greenwashing, investors must conduct thorough due diligence on the companies and funds they are considering. This may involve reviewing third-party ESG ratings, examining a company's sustainability reports and scrutinising the portfolio holdings of ESG-focused funds.

NAVIGATING ESG INVESTING CHALLENGES

Despite the challenges posed by subjectivity and greenwashing, ESG investing remains an essential tool for those who wish to align their financial goals with their ethical values.

To successfully navigate these obstacles, investors should:

- Clearly define their values and priorities when it comes to ESG issues.
- Conduct thorough research on companies and funds, utilising third-party ESG ratings and other available resources.
- Be cautious of companies or funds that make bold sustainability claims without providing concrete evidence to back them up.
- Diversify their investments across ESG-focused companies and funds to mitigate the risk of inadvertently supporting unethical businesses.

By taking these steps, investors can better ensure that their investment choices align with their ethical values and contribute to a more sustainable and socially responsible future.

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TIME TO BUILD A MORE ETHICAL PORTFOLIO?

As awareness and interest in ESG factors continue to grow, the trend towards responsible investing will only strengthen. Starting a portfolio and filling it with environmentally, socially and governance-minded investments doesn't need to be difficult. To find out more, speak to us today.

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KATHERINE EXPLAINS FINANCIAL WELLNESS AND LEGACY, WHY THEY GO HAND IN HAND AND HOW IT'S IMPORTANT TO EVERYONE

Financial wellness and legacy, terms I think it's fair to say that everyone associates with their retirement. Yet, I believe, both terms can mean very different things to every person and can change throughout a person's lifetime before they get to their official retirement.

Certainly, when you are younger financial wellness and legacy is likely to look different than when you are older, but I believe the key is that every person should be thinking about what financial wellness and legacy means to them earlier in life. Earlier in life doesn't necessarily mean when you are a child; however the sooner you start thinking about it, the more time there is to plan and achieve what financial wellness and legacy means to you.

I have recently become the President of the Insurance Institute of Aberdeen (IIA), the local branch of the Chartered Insurance Institute, where my role is to facilitate the support of local members who are looking to engage in professional development and study to progress their careers. I've been involved with the IIA for just over three years and it has always been important to me, as part of my legacy, to help those looking to further develop themselves because everything we do (and give) impacts everyone around us. I firmly believe that financial skills should be taught in schools and as part of that, the Insurance Institute of Aberdeen is looking to engage in the secondary and tertiary education spaces over the coming year. The earlier people start to realise what is important for financial security, the better. We often have enquiries from people who have only started thinking about their financial situation or retirement in their 40s and 50s. If we started having these conversations with people earlier in life, it means individuals have so much more time to plan and achieve their goals. This also stems from my day job at Russell Gibson Financial Management that is proudly part of One Four Nine Group, where we focus on creating and maintaining financial wellness for clients.

LET'S START AT THE BEGINNING

My desire to help others didn't naturally take me into the financial advice industry. I recall my first introduction to financial wellness was when I was an adolescent. My family went through a period of financial hardship for a few years. My mum, who was the most financially sensible person I have ever met, clawed the family back to a position of financial wellness through sheer hard work, thriftiness and making some very sensible decisions about lifestyle and money. This was a very early life lesson that I learnt, not necessarily because of the difficulty we went through but how my mum planned and how that enabled us to 'bounce back'.

Two of my passions are creative writing and art and I truly believe had I not gone through those challenges at a young age I may have tried to pursue a different kind of career. I never gave up my passions and instead viewed (perhaps unconsciously) that I should play the percentages and pursue further education and a career that would give me the best chance of getting work. Part of this was, undoubtedly, to mitigate the chances of going through financial hardship again and would allow me to carry on my passions during my spare time. This led me to a Business Studies degree rather than English Literature or History of Art. I stayed in Edinburgh during my studies and after I graduated, I worked for a short period (as most students do) as a waitress in a fine dining restaurant. Quite noticeably, at the time I graduated, all the job adverts were in financial services and Scottish Widows were recruiting. The student lifestyle had come to an end, I needed a proper job and thankfully my application with Scottish Widows was successful, so it must have been destiny getting into financial services!

WHAT IT MEANS TO ME

I started to think about the concept of financial wellness again and even after my break from the profession, when I returned in 2015, the landscape had changed and attitudes had developed and broadened. Advisers and clients now looked at the entire picture, using tools like cashflow modelling. This has allowed us, as a profession, to be able to drill down into people's hopes and aspirations – and make a proper plan, to allow them to achieve their objectives for the future, whilst living the lives they want to, today.

Legacy was at the forefront of my mind last summer, specifically the impact we have on everyone, sometimes without knowing, following the decisions we make in every area of our lives. Why last summer? Well, sadly, my mum passed away last June, only six weeks after a cancer diagnosis, which no one saw coming. As she came to terms with dying, mum asked me if I would speak at her funeral and being someone who always needed to know the plan, she wanted to know what I was going to say about her. So, I wrote her a letter, in the present tense, and read it to her while she was still alive – and then I read it again at her funeral, a few weeks later. It meant that I was able to tell mum how much we recognised and appreciated everything she had done for us, as a family, as individuals, as a community and as a highly respected medical professional. My mum's legacy wasn't just the impact she had on so many people, it was the fact that she had held things together for all of us and left things in a much better place than those times of hardship I remember from childhood. This is why I believe legacy and financial wellness go hand in hand. After all, isn't it important to leave things better than we found them and to bolster peace of mind for us and our loved ones? Surely, something to which we all aspire?

Given the events of the last few years, it has highlighted how important it is to have the proper protections in place and that people make robust plans to ensure the financial wellness of themselves and their families. Things can change so rapidly and having our financial affairs in order gives us peace of mind when circumstances change, which can often be out of our control. Talking to a financial planner can ensure that you are prioritising the right things at the right time and working towards your financial future in a helpful and meaningful way.

HOW WE CAN HELP

Every firm in One Four Nine Group, including Russell Gibson Financial Management, is about creating and maintaining financial wellness for our clients – whatever that means to them. Clients have such varying objectives that there is no 'one-size-fits-all' approach. One client's goals might include being able to financially support their children through university. Another client might have a dream of owning an Aston Martin. It's all about the journey to get our clients where they want to be. To do this, we use powerful tools like cashflow modelling, which illustrate in detail how close a client is to their objectives and what tweaks are required on an ongoing basis, to achieve those objectives.

Sometimes it illustrates that people are closer to their goals than they might realise and other times it shows what needs to be done to achieve the legacy they want. Our annual review service means all these things are looked at every year, in order to make sure clients are on track. People's goals can also change over time, so it is vitally important to keep reviewing the position every year.

HOW YOU CAN HELP YOURSELF

If you haven't already, and even if you have, take a look at the questions below and see what the answers mean to you.

- What does legacy mean to you?
- How do you achieve financial wellness and what does that look like for you?
- What do you want the financial future to look like, for yourself and for your loved ones?
- How do you maintain that financial wellness and protect it for future generations?
- How do you grow any wealth you already have?

We'll be able to help you answer all of those questions AND crucially, once you have identified the answers to those questions, help you to get there.

GETTING RETIREMENT READY

KEY STEPS TO ACHIEVING A COMFORTABLE RETIREMENT

A comfortable retirement is a common financial goal, and contributing to a pension is essential to achieving it. Although retirement may appear distant at the moment, there's much to consider. Let us assist you in navigating this crucial life milestone.

By planning ahead and making smart decisions about your savings, you can ensure a stable and enjoyable retirement.

HERE ARE 10 STEPS TO HELP YOU GET PENSION RETIREMENT READY:

1. ASSESS YOUR CURRENT FINANCIAL SITUATION
Start by evaluating your current financial standing, including your income, expenses, assets and liabilities. Determine how much you can save for retirement without compromising your current lifestyle.

2. SET RETIREMENT GOALS
Think about the kind of lifestyle you want to have during retirement. Consider factors like travel, hobbies, healthcare and support for family members. Estimate the annual income you will need to maintain this lifestyle, taking inflation into account.

3. CALCULATE YOUR PENSION GAP
Compare your projected retirement income with your current savings and expected pension benefits. This will help you identify any potential shortfall in your retirement fund, known as the 'pension gap'. Knowing this gap will give you a clear target to work towards.

4. CONTRIBUTE TO YOUR PENSION PLAN
Commit to regularly contributing to your pension plan. The earlier you start, the more time your investments have to grow, thanks to the power of compounding. Look into your employer's pension scheme and take advantage of any matching contributions.

5. DIVERSIFY YOUR INVESTMENTS
Don't rely solely on your pension plan for your retirement income. Diversify your investment portfolio with other assets like equities, bonds and property. This will help spread risk and provide the potential to increase your returns.

6. REVIEW YOUR PENSION PLANS REGULARLY
Revisit your pension plan at least once a year to ensure it's on track to meet your retirement goals. Adjust your contributions or investment strategy if necessary, and contact us about seeking professional financial advice if you need clarification on your decisions.

7. PLAN FOR THE UNEXPECTED
Life can be unpredictable, so it's essential to have contingency plans in place. Ensure you have an emergency fund to cover unexpected expenses and consider insurance policies like life and health insurance to protect yourself and your family.

8. REDUCE DEBT BEFORE RETIREMENT
Aim to pay off high-interest debts, such as credit card balances and personal loans, before you retire. Entering retirement with minimal debt will reduce your financial stress and help you enjoy a more comfortable lifestyle.

9. CONSIDER WORKING PART-TIME DURING RETIREMENT
If you're concerned about your retirement income, consider working part-time or freelancing during your retirement years. This can provide additional income and help you stay active and engaged.

10. STAY INFORMED ABOUT PENSION REGULATIONS AND CHANGES
Keep updated with any changes to pension regulations, tax laws and investment options that could impact your retirement planning. Staying informed will help you make better decisions and adapt your strategy accordingly.

By following these steps, you can take control of your financial future and work towards a comfortable and fulfilling retirement. Starting early and staying consistent with your contributions and investments is vital to a successful pension plan.

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DO YOU NEED TO GET YOUR RETIREMENT PLANS IN ORDER?
We prioritise building personal connections with our clients, using our expertise to instil confidence in your financial decisions. We aim to help you enjoy life today while strategically planning for a secure tomorrow. Don't hesitate to get in touch with us to discuss your plans.

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS THE PLAN HAS A PROTECTED PENSION AGE).

THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.

BUILDING A DIVERSIFIED PORTFOLIO

WHAT IS IT, AND WHY IS IT IMPORTANT?

Trusting that your investments are progressing toward your objectives is vital, allowing you to concentrate on the things you value most in life. This is why building a diversified portfolio is crucial to any successful investment strategy.

Diversifying your investment portfolio can limit your exposure to any single type of asset, therefore helping to reduce the risk and volatility of your portfolio. The primary goal is to spread your investment portfolio across many different asset classes to mitigate the risk of each.

ACHIEVE LONG-TERM INVESTING SUCCESS

Investing in multiple different asset types ultimately means that the positive performance of certain investments neutralises the negative performance of others. Whilst this may be tipped in one way or another, it yields long-term, stable returns and lower risk over time.

Building a diversified portfolio is essential for anyone wanting to achieve long-term investing success. With the right approach, investors can create a balanced investment strategy that helps them reach their financial goals while minimising risk.

UNDERSTAND YOUR RISK TOLERANCE

Before you begin, it's crucial to assess your risk tolerance. This involves evaluating your financial goals, time horizon and comfort level with potential losses. Knowing your risk tolerance will help you select investments that align with your goals and preferences.

CHOOSE A VARIETY OF ASSET CLASSES

A well-diversified portfolio may include asset classes such as equities, bonds, cash and alternative investments like property or commodities. Each asset class has its own risk and return characteristics, so including a mix of them can help balance your overall risk.

INVEST IN DIFFERENT SECTORS AND INDUSTRIES

Within each asset class, diversify further by investing in various sectors and industries. This helps to protect your portfolio from downturns in specific areas of the economy. For example, if you invest in equities, consider holding multiple sectors like technology, healthcare, finance and consumer goods.

CONSIDER GEOGRAPHICAL DIVERSIFICATION

Investing in different countries and regions can also reduce risk. Other economies and markets may respond differently to global events, so having exposure to international investments can provide additional diversification benefits.

REGULARLY REBALANCE YOUR PORTFOLIO

Over time, the performance of your investments will cause some to grow more than others. This can make your portfolio unbalanced and expose you to more risk than you initially intended. To maintain your desired level of diversification, reviewing and rebalancing your portfolio periodically is essential.

MONITOR AND ADJUST

Keep an eye on your investments and the overall market conditions. Stay informed about global events that could impact your investments, and be prepared to adjust your portfolio if necessary.

Building a diversified portfolio requires time, research and ongoing management. However, the benefits of spreading your risk and protecting your investments from market volatility make it a worthwhile endeavour for any investor.

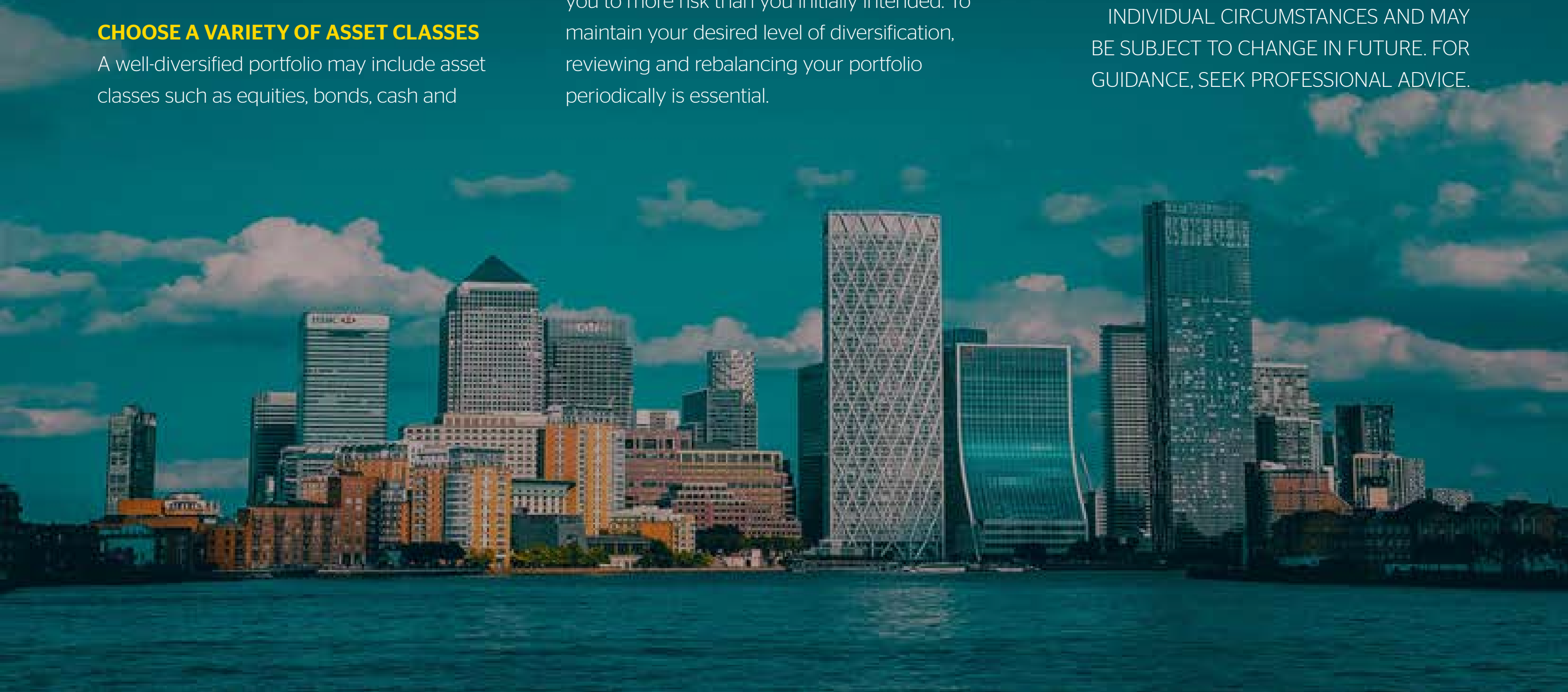
ARE YOU LOOKING TO BUILD AN INVESTMENT PORTFOLIO CRAFTED AROUND YOUR UNIQUE NEEDS?

Dedicating yourself to managing personal investments for long-term success demands expertise, impartiality and perseverance. Overseeing your portfolio can be both laborious and time-intensive. To learn more about how we can help you plan to grow and protect your wealth, don't hesitate to contact us for more information.

THIS ARTICLE DOES NOT CONSTITUTE TAX OR LEGAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH.

THE VALUE OF YOUR INVESTMENTS CAN GO DOWN AS WELL AS UP AND YOU MAY GET BACK LESS THAN YOU INVESTED.

THE TAX TREATMENT IS DEPENDENT ON INDIVIDUAL CIRCUMSTANCES AND MAY BE SUBJECT TO CHANGE IN FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.



TAX RELIEF MATTERS

HOW TO BUILD A BIGGER PENSION POT

If you're under 75 and have relevant UK earnings, you can benefit from tax relief when contributing to a personal pension like a Self-Invested Personal Pension Plan (SIPP) or workplace pension scheme within the annual allowance.

The government provides basic rate tax relief of 20% through 'relief at source,' which is claimed by the pension provider from HM Revenue & Customs (HMRC). For instance, if you invest £8,000 in your pension, the government adds £2,000, making your total contribution £10,000.

Higher and additional rate taxpayers can also reclaim further tax relief on their pension contributions. In the 2023/24 tax year, the higher rate tax starts at just over £50,000 of income per year, while the additional rate begins at £125,140. The tax rates for earned income at these levels are 40% and 45%, respectively.

This means that higher and additional rate taxpayers can reclaim an extra 20% or 25% on their pension contributions. Using the previous £10,000 example, these taxpayers may be eligible for an additional refund of up to £2,000 or £2,500, respectively.

TO CLAIM THIS RELIEF, FOLLOW THESE STEPS:

Contribute to a pension scheme: Ensure you're contributing to a registered pension scheme through your employer or a personal pension plan.

Check if you receive tax relief automatically: If you're part of an occupational workplace pension scheme, your employer might already deduct your contributions from your salary before applying tax. In this case, you'll automatically receive tax relief at your highest Income Tax rate. If your pension plan, workplace or not, is a personal pension, you will usually make your contributions from after-tax income but net of 20% basic rate relief. Any higher rates of relief need to be claimed from HMRC. If your contributions are made using salary sacrifice you won't need to claim any tax back as this is given to you automatically.

Claim additional tax relief through Self Assessment: If your pension provider claims tax relief for you at the basic rate, and you're a higher rate taxpayer, you'll need to claim the additional tax relief through a Self Assessment tax return (or tax code adjustment). Register for Self Assessment on the HMRC website and complete the form annually, declaring your pension contributions.

Adjust your tax code: If you don't want to file a Self Assessment tax return, you can contact HMRC to adjust your tax code to claim higher rate relief (but not additional rate relief). Provide them with details of your pension contributions and relevant information about your income. They'll update your tax code, and you'll receive the additional tax relief through your PAYE (Pay As You Earn) system.

NEED SPECIFIC GUIDANCE ON YOUR RETIREMENT PLANNING SITUATION?

Remember, tax rules can change and individual circumstances may vary. It's always a good idea to consult us for specific guidance. To tell us about your situation or for advice, don't hesitate to contact us.

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