Time to get to grips with your finances?

Do you prefer to spend your money now rather than save it? Yes, so do most people but spending all your money now means that you will probably have less to spend – and therefore limited choices – later in life.

Striking a balance between spending and saving is not as difficult as it seems and you won’t necessarily have to sacrifice things you enjoy now.

It’s all very well putting money aside, but where precisely are you going to put it? A standard deposit account may seem like the safe option, but with interest rates at all-time lows, your money will grow painfully slowly and could end up being worth less in real terms once you take inflation into account. The best thing is to talk to a professional financial adviser, who will be able to explain your options in plain English.

We are offering all RCN members a complimentary, no obligation, appointment with one of our expert financial advisers. To book your appointment call: 08000 85 85 90 or email appointments@lighthousefa.co.uk.

Helping RCN members secure their financial future

Each year we run financial planning seminars and surgeries on topics ranging from redundancy to retirement that give RCN members practical help with securing their financial future.

For example, a financial adviser could spend a day at your hospital, with members able to book individual appointments before or after their shift.

All the branch representative has to do is make a room available. We produce an invitation that is emailed to members, who then booked their appointments via our support team.

We visit some sites regularly. This works particularly well for members approaching retirement and who want to understand their options, especially concerning additional voluntary contributions and any non-NHS pensions they have.

We know you are busy, so we make it easy for you. Simply call or email one of our regional representatives. They will explain how, together, we can encourage members to secure their financial peace of mind.

The events are generally held in the workplace and have a relaxed, informal atmosphere.

To find out about arranging a seminar or surgery for RCN members in your hospital or place of work please contact one of our regional representatives:

London, the South & South Wales:
Helen Andrews
Tel: 07771 804658
Email: helen.andrews@lighthousefa.co.uk.

The Midlands, the North West & North Wales:
John Duffy
Tel: 07535 991722
Email: john.duffy@lighthousefa.co.uk.

The North East, Scotland & Northern Ireland
Gillian McGrath
Tel: 07887 788935
Email: gillian.mcgrath@lighthousefa.co.uk.

Also in this issue

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- Five pension mistakes you can’t afford to make
- Helping you understand investing
- Dispelling the myths about annuities
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Lifetime ISA set to boost savings for the under 40s

Lifetime ISAs will offer flexibility and attractive benefits for people under 40 saving to buy their first home and for retirement. Here we look at what is likely to make them the savings vehicle of choice for younger people.

Data shows that there could be a healthy market for Lifetime ISAs, including among people saving for retirement. According to research conducted for the Scottish Widows Retirement Report, at least 46% of people in their thirties are saving for retirement outside their existing pension.

The typical extra amount these people are saving is £150 a month. This could already be in a current ISA and it suggests that a significant number of people could switch those savings into a new Lifetime ISA.

The new accounts, which will be available from 6 April 2017, will have a number of attractive benefits. They will allow people between the ages of 18 and 40 to save a maximum of £4,000 a year for retirement or to buy their first home.

Tax benefit and bonus – if you meet the criteria
Savers will receive an upfront tax benefit of 25% on all money they invest in a Lifetime ISA up to the age of 50, which is a bonus of £1,000 a year on the maximum investment. Withdrawals are also tax-free from age 60 and, assuming this benefit stays in place until they retire, it will give savers a valuable double tax relief boost.

Many people will also find the dual purpose of Lifetime ISAs attractive. Savers can use some or all of the money to buy their first home, although the properties they buy must cost less than £450,000, and keep the tax benefits. Or they can keep it until 60 and use it to supplement their retirement income.

Access to your money
Crucially, the money is not tied up – savers can withdraw it before they are 60, but if they do (unless it is to buy their first house or are terminally ill) they will lose the government bonus, and any interest or growth on this, and pay a 5% charge. The Government is also consulting on whether savers could withdraw the money with benefits intact for any other life events.

Savers can use some of or all the money to buy their first home, although the properties they buy must cost less than £450,000, and keep the tax benefits. Or they can keep it until 60 and use it to supplement their retirement income.

Incentive to keep your money invested until retirement
One of the main reasons young people do not save into a pension is their concern that they won’t be able to access their money until they reach the age of 55, or even older in the case of some people. The Lifetime ISA addresses this concern while also providing a strong incentive to keep the money until retirement.

Not a replacement for employers’ pensions
The Lifetime ISA should not be seen as an alternative to an employer’s pension as the benefits of workplace pensions, especially the employer’s contributions, make them much more attractive. However, it could appeal to people looking for a flexible way of topping-up their existing pensions.

Find out more
To find out more about Lifetime ISAs book a no obligation consultation with one of our financial advisers now!

Call 08000 85 85 90 or email appointments@lighthousefa.co.uk

or contact your usual Lighthouse Financial Adviser.
Five pension mistakes you can’t afford to make

Putting a scarlet sock in the white wash might be crushing for a week, but make a mistake with your pension and you could pay for it for the rest of your life. Here’s the low-down on what not to do.

Assuming your NHS pension plus your state pension will be enough
Most people need some form of additional pension to live comfortably when they retire.

Putting it off
You know you should start saving for your future and you fully intend to but just not today. You might want to rethink this one. Because if you put it off, it’s not just what you could have saved that you’ll miss out on. You’ll also be kissing goodbye to any tax relief you’d get on your payments – this can help boost your pension fund.

How your investments perform and importantly, how long you’ve been saving for also help determine how much you have when you retire. So, if you put off saving in a pension, you’ll have to pay a lot more in to make up for lost time and you’ll miss out on the effects of potential compound growth.

Not saving enough
Well you’re not alone on that front. According to the Money Advice Service, ‘More than half of people in the UK either aren’t saving at all for their retirement or they aren’t saving nearly enough to give them the standard of living they hope for when they retire.’* But how much is enough? Well, it depends on what you want in retirement and what other savings you’ve squirreled away. To get an idea of how much you might need and how much you might get, seek professional financial advice.

Thinking your home is your pension
Come retirement, you may find yourself in the lucky position of living in a mortgage-free house that’s too big for you. You might think you will sell up to buy something smaller and use the equity left over to fund your retirement. For a start, you may not be ready to sell – and even if you are, it could take time to find a buyer at the price you need. Then there are the moving and legal costs.

Not keeping track of your pensions
Do you know how much your pension is worth? Do you know how many pensions you have or where they are? How about the type of funds they’re invested in or how much risk is involved? If you passed on any of these questions, it’s time to take stock and review your pension.

A good rule of thumb is to check your pension savings at least once a year. Find out if your pension is on track to give you a retirement you’ll love by speaking to your financial adviser.

The value of your investments can go down as well as up, so you could get back less than you invested. A pension is a long-term investment. The fund value may fluctuate and can go down. Your eventual income may depend upon the size of the fund at retirement, future interest rates and tax legislation.

*Source: moneyadviceservice.org.uk as at June 2016

Find out more
To find out whether you are saving enough for a comfortable retirement book a no obligation consultation.

Call 08000 85 85 90 or email appointments@lighthousefa.co.uk or get in touch with your usual Lighthouse Financial Advice adviser.

Helping you understand investing
Many people are confident about running the family finances, but when it comes to finding a good home for their hard-earned savings often choose cash deposit accounts with negligible interest rates over investment funds. This can be because they see investing as risky, complicated and full of jargon and don’t know where to get information they can trust. Yet investing in stockmarket funds tends to provide better returns than cash over the long term.

Part of our role as financial advisers is to explain in clear English how investing works and to recommend funds suitable for your circumstances, objectives and risk profile.

The value of your investments can go down as well as up, so you could get back less than you invested.
Dispelling the myths about annuities

Many people are taking their additional pension savings as cash, rather than buying an annuity. Yet annuities are still worth considering when choosing your retirement income because the income they provide will never run out.

An annuity is a guaranteed annual retirement income that is paid to you for the rest of your life. Now that you can withdraw money from your additional pension pot (i.e., any pension savings you have outside the NHS or similar pension scheme) when you reach the age of 55, some people are choosing to take the cash rather than exchange it for an annuity. But an annuity gives you certainty about your income for the rest of your life—which is what many people want when they retire.

Shopping around can mean more income
Sure, poor value annuities provide certainty, but they give you less income. For example, a man purchasing an income with £50,000 on a single life basis and guaranteed for five years could get £8,484 more each year if they search out the best rates. That’s a huge difference. The difference could be even higher if you are not in the best of health.

People are living longer
Longevity is about how long people might live. Let’s take 65-year-olds—they might for example be a little overweight and/or their blood pressure may be higher than their doctor would like it to be, or perhaps they might be suffering from high cholesterol and taking medication. Yet it’s still likely they will live until 90 if they’re male, and 93 if they’re female. And 50% will live longer than this! There’s actually a one in four chance of a man living to 96 and for a woman to reach 98.

Annuities keep the income from your additional pension flowing, no matter how long you live.

Certainty of income
If you want a secure income to meet your essential expenditure and don’t want to take any risk with stock market investment, an annuity is still an attractive option.

Find out more
To find out more about annuities arrange a no obligation initial consultation with one of our professional financial advisers.

Call 08000 85 85 90 or email appointments@lighthousefa.co.uk or contact your usual Lighthouse Financial Adviser now.

If you draw your additional pension as cash, you could end up running out of money if you live longer than you expect, whereas an annuity provides income for as long as you live—and sometimes for even longer!

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Check your state pension records

Did you know that you can check how much state pension you should receive—and also check whether there are any gaps in your contributions and make sure that all your contributions have been taken into account?

Go to https://www.gov.uk/check-state-pension.