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CRANWELL NEWS

The rise of the multi-retiree family

A new study by St. James's Place into intergenerational wealth and retirement planning has revealed that the number of families with multiple generations in retirement at the same time will exceed one million in the next 20 years, meaning people may need to start reassessing how they plan for the later stages of life.

The study, which analysed ONS data[1] and included research among 4,000 adults in the UK[2], predicts there will be 1.2 million families containing more than one retired generation by 2039, rising from 624,000 families today. As the table below shows, it is anticipated that today's number will grow by 13% to 704,000 over the next five years, with growth becoming steadily more dramatic over time.

Year	Number of families with more than one generation retired	Change from 2019	% change
1999	328,000	-	-
2019	624,000	-	-
2024	704,000	+80,000	+13%
2029	863,000	+239,000	+38%
2034	996,000	+372,000	+60%
2039	1,192,000	+568,000	+91%

Source: ONS data[1]

Although retirement may seem a long way off for many, the research reveals that people are already thinking about what the future may bring. A quarter (24%) of future retirees expect to provide financial support to someone other than their current partner, such as children, grandchildren, a former partner or a partner's children. This compares with just 7% of current retirees and highlights how retirement income will increasingly need to stretch across generations within complex family structures.

The most common ways future retirees anticipate providing financial support to others is through everyday living costs (17%), followed by school or university fees (14%) and childcare (12%). Over a fifth (22%) feel either pressured or worried by the prospect of providing financial help to other generations.

Value of inheritance to decrease

In addition to the effect of changing family structures on retirement, the research also reveals that people expect to pass on less after they have gone. For those who enjoy sufficient wealth, the amount they expect to pass on is likely to be impacted significantly, with future retirees expecting to pass on average £50,606 less of their retirement pot compared with current retirees:

- Current retirees with £50k or more in household assets, that have or will pass on a percentage of their retirement fund to other generations, have an average of £261,375 in retirement funds (pensions and investments, including SIPPs), and have passed or expect to pass on almost half (48%) of their fund to other generations – amounting to £124,676 on average.

- Future retirees with £50k or more in household assets, that expect to pass on a percentage of their retirement fund to other generations when retired, have an average of £235,143 in retirement funds (pensions and investments, including SIPPs). On average, they expect to pass on 32% of their fund to other generations - amounting to £74,070.

The way we plan for retirement has fundamentally shifted and building sufficient funds for your future whilst supporting others can seem like a daunting task. However, putting the right plans in place at an early stage will provide more opportunity to build wealth over time and leave behind as much as possible when you're gone, without making unnecessary sacrifices along the way. If you would like to discuss retirement planning further, please get in touch.

The value of an investment with St. James's Place will be directly linked to the performance of the funds you select and the value can therefore go down as well as up. You may get back less than you invested.

1. Estimating the number of families with multiple retired generations relies on looking at the age of children of the eldest age groups and projecting how changing demographics will impact these figures. We know approximately how many older age groups have a child aged 65 and above currently, and we have applied those percentages to the ONS projections of increased numbers of adults aged 80-89 and 90+, to ascertain future numbers of families with more than one generation in retirement.
2. Opinium Research carried out an online survey of 4,000 UK adults aged 18+ from 18 to 24 April 2019. Results have been weighted to representative criteria.

PRIZE DRAW WINNER

We are delighted to announce that the winner of the prize draw from our Spring newsletter was a wonderful client of ours. She chose to take her prize of afternoon tea at Buxted Park Hotel and had this to say: *"This is such a lovely surprise!!! I have many visitors coming, so I look very much forward to our treat."*

RECENT EVENTS

21st September
Office Manager Becks and Stephen's wife, Sarah, took on Tough Mudder and raised £148.50 for Uckfield based charity Baby2Baby of which, one of our Financial Planners, Peter Morris is a trustee. Baby2Baby East Sussex is a baby bank run by volunteers who collect donations of new and used baby clothing and redistribute them to families in need within East Sussex.
https://www.crowdfunder.co.uk/baby2baby

27th September
We raised £106 having a Macmillan Cake sale

UPCOMING EVENTS

20th November
Client General Meeting at Denbies Wine Estate in Dorking, Surrey

Our up and coming drop in surgery dates…

HELD AT THE CIVIC CENTRE IN UCKFIELD

Friday 29th November	10:00-11:30am
Tuesday 28th January	10:00-11:30am

Investing through BREXIT

Do unprecedented times call for unprecedented investment strategies?

For three years, UK investors have been rocked by Brexit and its implications. Politics in the UK has rarely felt so like a rollercoaster ride with the pound feeling every twist and turn, the shifts in its value impacting stock prices along the way.

Changing expectations of the Brexit outcome are often reflected in shifts on markets, because the type of Brexit will impact on the growth outlook for companies that do business in the UK. The choice of prime minister will also have a significant impact on market sentiment, given the range of Brexits (or Brexit reversals) currently on offer from Party leaders in the Commons.

Regardless of new elections, this will not necessarily resolve where Brexit is headed, let alone bring an end to Brexit-related volatility on markets. So, should investors manage that volatility by following events closely enough to make fast and timely investment decisions?

"If you're waiting for the newsflow, you'll miss out on some of the upside," says Richard Colwell of Columbia Threadneedle, manager of the St. James's Place Strategic Managed fund. "It's portfolio common sense, and it always feels uncomfortable, but market timing is a mug's game."

The balance of Brexit probabilities may be what the market is pricing anyway, meaning that a decisive turn on Brexit could hit asset prices, but is unlikely to completely upend them, as UK assets have already taken a lot of pain. It has been a similar story for UK shares, with some investors already assuming a negative outcome and selling off accordingly.

"Valuation is ultimately the key factor in stock investing and, however Brexit arrives, it is not arriving from a clear blue sky," Richard Colwell continues. "Since the referendum, share prices have adjusted quite materially, so the market may well go down [further], but it's not going to be cataclysmic."

On that basis, the UK market could even be at a point of historic opportunity. Yet if it fell still further, that does not mean select opportunities can't be found. However, investors who simply respond to the latest piece of political news will find themselves at the mercy of short-term events. Could it be, then, that the current period of volatility is not so much danger as an opportunity?

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The information contained above, does not constitute investment advice. It is not intended to state, indicate or imply that current or past results are indicative of future results or expectations.

The opinions expressed are those of Columbia Threadneedle and are subject to market or economic changes. The views are not necessarily shared by other investment managers or St. James's Place Wealth Management.

TOP TIPS

Growing a business to sell is a long game with many considerations. There are a few key things to be aware of if that's where you want to channel your entrepreneurial spirit.

1. **Get to know your industry**
Every sector has its own machinery of key players, processes, and networks – to name just a few of the moving parts.

If you're going to buy, grow and sell a business effectively then you need to understand all the ins and outs of the engine that drives it so that you can make smart investments.

2. **Nurture keystone elements to grow**
Even if your ultimate plan is to exit the business, you must fully commit yourself to ensuring the quality of its core components - the customers, staff and bottom line.

Establish contracted, recurring revenue streams that will allow sustainable growth, and review assets and costs to see how you can automate or cut back to operate more efficiently.

Nurture all customers by monitoring their end-to-end journey. That goes for your main suppliers too. This will alert you to any issues that could damage the business and impact on your saleability.

And don't forget your staff! Skilled, productive, loyal employees are the lifeblood of every business and something future acquirers will view as a major asset.

3. **Refine processes and systems**
Transparent processes and systems will allow you to show a buyer just what an attractive proposition your business is when you come to sell it. A disruption to customer service could cost them business at a critical point. Robust processes and systems help to mitigate that risk as the future business owner can hit the ground running.

4. **Build a strong exit strategy**
If you've just bought a business, an exit strategy might not be at the forefront of your mind. However, even if you aren't thinking about selling for another 10 years or more, that exit strategy should act like a compass in everything you do.

Every decision you make could have a potential impact on the value of your business in the long run, so it's crucial to consider how it will influence your eventual goal of selling.

Exit strategies involve the referral to a service that is separate and distinct to those offered by St. James's Place.

Reviewing your life insurance needs

Significant milestones in our life can prompt us to think about the future and what might happen to those we leave behind. Re-evaluating your life insurance cover at these key stages can provide peace of mind for you and your loved ones.

Single adulthood
During your 20s you are much more likely to be single and child-free, so you may not give life insurance much thought. However, if you have life cover in place, credit card debts and university loans can be paid off in the event of your death, removing the burden from those you leave behind.

Co-habiting and getting married
Sharing income and debts with your significant other means that death will leave the surviving spouse responsible for both. A mortgage is the biggest debt most people are likely to incur, so having life cover in place that enables your partner to pay off the balance if you die is imperative.

Joint term insurance is usually cheaper but tends to only pay out once, leaving the surviving partner to take out a new policy which works out more expensive. Two single policies can provide a higher level of protection and will pay out on the death of each person. It could also remove some complications should the relationship come to an end.

Parenthood
Having adequate life insurance for each parent is essential when your children are young. Raising a child is expensive, even before factoring in things such as university costs. Although the main concern is to have cover in place for the main breadwinner, the value of the role of stay-at-home parents shouldn't be overlooked. It can be difficult to assess the financial impact of the death of such a parent, however estimating the cost of buying in these services is a good place to start.

If you've divorced, there are various trust structures that can be used to give you peace of mind that your chosen beneficiaries will receive what you wish them to and cannot be excluded by events after your death.

Owning your own business
If you're self-employed, you will have invested substantially in your business. Having the right life cover in place can ensure that any debts the business has incurred are covered in the event of your death, avoiding the need for your family to find additional funds or even sell the business you had hoped to pass on.

Empty nesters
Upon reaching your mid-50s, the chances are that your children will have flown the nest and your mortgage is all but paid off. However, it's still important to have life cover in place if you have financial dependents. If you have a large estate and are concerned about Inheritance Tax (IHT), then the correct life insurance policy can provide a sum of money to pay the tax bill after you die. Your estate can then be passed on in full.

Whether you are young or old, life insurance underpins most good financial planning.

CRANWELL
Wealth Solutions Limited

www.cranwellws.co.uk

Could your savings be working harder for you?

When buying a new car, washing machine or even booking a holiday, many of us shop around for the best deal. Yet, when it comes to savings, people are willing to settle for average interest rates rather than seeking out accounts that pay more. According to a study, conducted in May of this year, by the Centre for Economics and Business Research (CEBR), this costs British savers around £7 billion a year in lost interest.

The research also found that around half of the 4,207 UK adults surveyed believe there isn't a big enough difference between their current savings rate and what is on offer elsewhere to make switching worthwhile. More than two-fifths said they would need at least an extra one percentage point on their current rate to contemplate switching to a new account. They would be surprised to learn that the difference between the best and worst-paying accounts is well in excess of one per cent.

Those surveyed also felt that the process of opening a new account was long and complex which put them off shopping around. This goes someway to explaining why UK households have more than £1.3 trillion languishing in accounts with the big five banks, which often pay some of the lowest rates on the market.

Fortunately, technology has the potential to solve this cash conundrum, with new online deposit platforms now providing a simpler way of unlocking extra interest for savers. As such, St. James's Place has now appointed Flagstone as its approved and exclusive cash deposit platform provider and are very excited about how this innovative new savings proposition can benefit clients.

The Flagstone platform gives you access to some of the best savings rates in the market and makes it much easier for you to move your money between accounts. There are currently more than 550 savings rates available on the platform – many of them market-leading and exclusive to Flagstone – from 38 different banks and building societies.

Using the platform removes the hassle from opening new savings accounts and switching your money between them. Instead of having to go through a laborious application process every time you want to take advantage of a new rate, with Flagstone the only application you need to fill out is the one you complete at the start of the process. After that, opening new savings accounts and moving your money to a better deal takes just a few clicks. We believe that this new technology has the potential to revolutionise the savings market and will help us to get our clients' money working harder.

The minimum deposit required to open a Flagstone platform account is £50,000.

Dependent upon the value of the deposit (and whether you are an individual, looking to open a joint account, or acting on behalf of a company or charity), different banks, accounts and interest rates will be available to you on the platform.

TEAM NEWS

A piece from our Financial Planner Steve Sanders

In February next year, I will have worked in the Financial Services sector for over 20 years, having previously worked at Nationwide Building Society for 14 years and then HSBC bank for 3 years, before joining Cranwell Wealth Solutions.

My role as a Financial Planner is to understand what a client would like to achieve in the future and then develop and recommend a plan in order to reach that goal. The areas that my clients usually ask me to focus on are protection, retirement, Inheritance Tax planning or growing capital / producing an income for the future.

I mainly spend my spare time taking my nine year old daughter to tumbling practice and cheer competitions around the country. Otherwise you'll find me walking my Labrador, Fudge, and following the fortunes of West Brom, Bath Rugby and Somerset CCC.

Last book you read:
The Chimp Paradox by Prof Steve Peters

Film you loved:
The Greatest Showman

Favourite tipple:
Jamesons

Favourite City:
Edinburgh

Guilty Pleasure:
I love watching musicals from all the different eras

PRIZE DRAW WIN AN AFTERNOON TEA FOR TWO

Our popular prize draw is back for new entries. Once again to thank our readers for taking the time to read our newsletter we would like to offer you the opportunity to win an afternoon tea for two.

All you need to do is email your full name and telephone number to our Office Manager Becks Abbott at becks.abbott@sjpp.co.uk Entries to our draw close on 31st December 2019. The winner will be drawn at random and will be notified by 15th January 2020. If the winner does not accept their prize by 31st January 2020, then a new winner will be chosen at random and this will continue until a winner is selected. Only one entry per person, per email address.

The winner can choose from a large range of hotels to redeem their afternoon tea. The afternoon tea voucher will need to be redeemed within 6 months of being issued. Bookings are subject to availability and must be made directly with the chosen hotel by the winner.