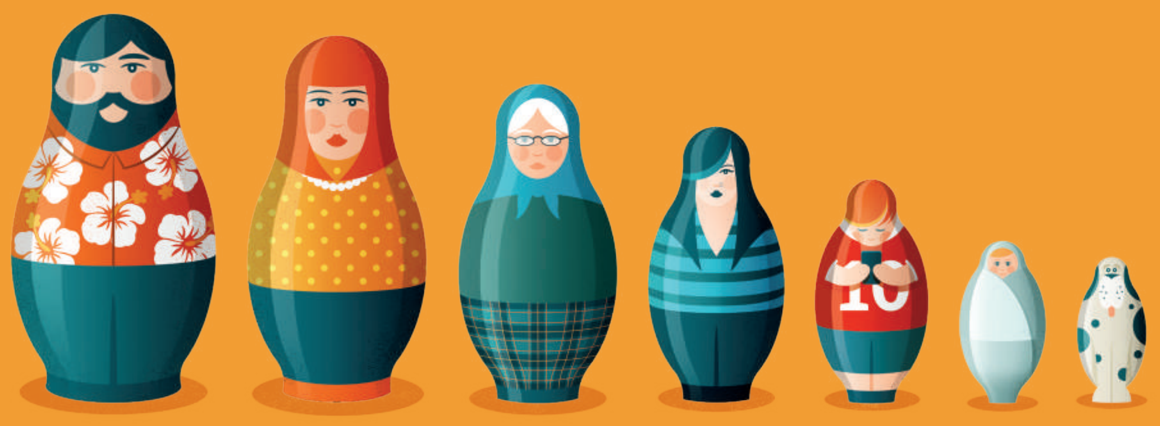

We're with you every step of the way

If you'd like to talk to us about your financial journey please contact us on

01983 535740

Rouse Limited Lugley House Lugley Street
Newport Isle of Wight PO30 5EL

T. **01983 535740**
E. **advice@rouseltd.co.uk**
rouseltd.co.uk

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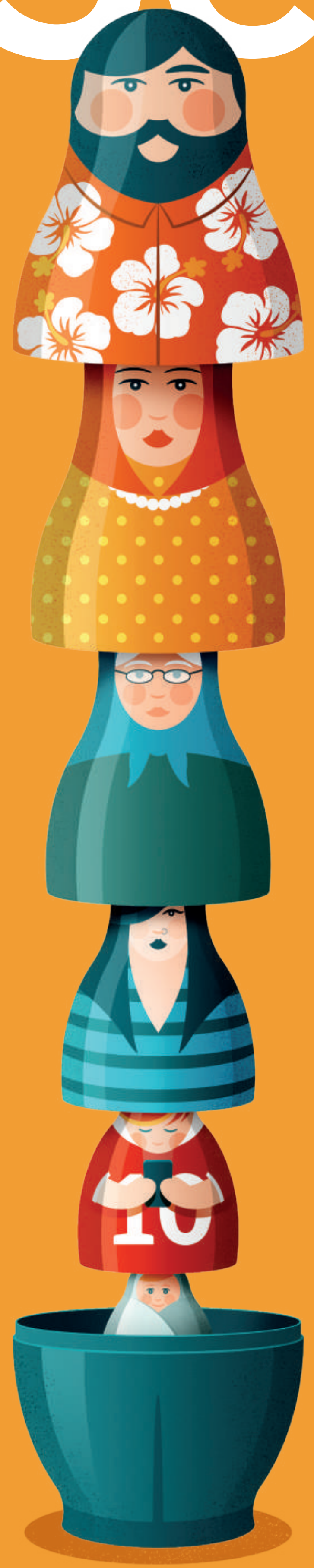
ROUSE
INTELLIGENT FINANCIAL PLANNING

Sentinel

Guardians of your wealth management



Change happens

From growing families to thriving businesses, we'll help you manage your money through all stages of your unique financial journey

ROUSE
INTELLIGENT FINANCIAL PLANNING

Mission Statement & Business Philosophy

MISSION STATEMENT

To change lives for the better

This is the anchor for everything we do: a compact, relevant description of what drives us and our business. It provides focus and motivation for team members and directors alike.

BUSINESS PHILOSOPHY

To continually evolve

We want our business to stand the test of time; one which, in acknowledging that financial service providers must stay alert to industry changes, also recognises that our services must evolve to reflect and exceed the needs and expectations of our clients on their financial journey.

OUR VISION

To be a great business

This is bigger than quantitative goals, like client retention, growth and profitability; it is about how our team members are excited and motivated to drive the business forward.

We want all team members to have confidence in the leadership, have a sense of pride and ownership, and become key advocates for our brand, positively reflecting our business in the ways they communicate and act every day.

OUR CORE VALUES

- **Do the right thing**
- **Be open**
- **Look after each other**
- **Share the good**

Our core values are guiding tenets that align our day-to-day work with our philosophy and vision. They are the drivers of our behaviour and inform every decision we make, always keeping our clients and team members at the heart of our culture.

Welcome

There is no such thing as a typical situation and it's important for this to be reflected in how we approach our financial arrangements.

We have previously looked at the UK's changing household dynamics and, in particular, how your family, work, and relationship status could impact your financial, and tax, planning. We now want to shine the spotlight on those different life stages.

Things change over time. Sometimes it's us that changes, sometimes it's things outside our control. Planning is key, including maintaining the flexibility to adapt our plans as our circumstances change.

In this issue we take a deeper dive into the different life stages. We illustrate how we have been able to support our clients over the years regardless of their personal circumstances and life stage. The circumstances described here are drawn from our years of experience and do not reflect any individual or family group.

Life isn't tidy and sometimes many changes occur at the same time – but you can trust us to be with you every step of the way.

Contents

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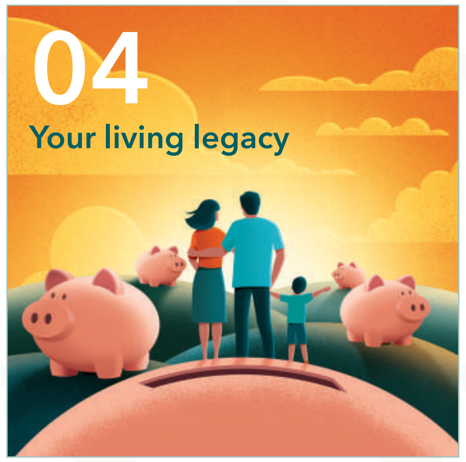
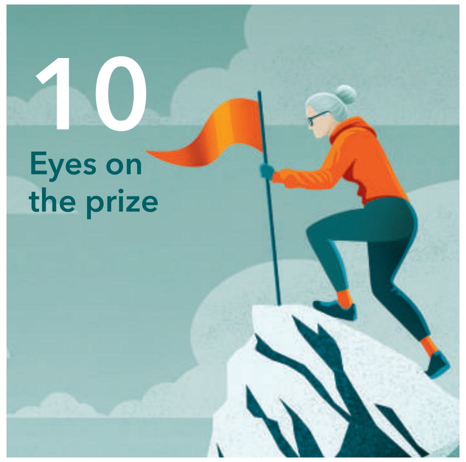




Your living legacy

Giving your children the brightest future

It may be surprising to learn that, according to the latest Young Money report from MRM London, 90% of 18-30-year-olds say they want more help and guidance in managing their money.

It's less of a surprise to learn that nearly half of this number turn to social media 'finfluencers' for this guidance. Despite the Financial Conduct Authority (FCA) having highlighted the risks this poses to young finances and proposing tougher rules on social media promotions, it hasn't altered the numbers who do choose this route. But the overriding message here is that young people want to engage with, and take control of, their finances.

Time is money

Saving for their future while they're still young is an easy and efficient way to build up a decent fund and promote good financial habits for your children. We were able to help long-standing clients of ours provide a sound base for their children's futures by planning for that within their own lifetime financial plan. They started the savings while their children were still young and regularly funded Junior ISAs and pensions for them. The funds that enabled them to do this came from investment accounts that we managed for our clients, making it a smooth and painless way to save.

Importantly, part of the support and advice we gave to our clients included time management: to wait until their own finances were secure, thereby ensuring they had sufficient funds to be able to begin helping their children save for the future.

Knowledge is power

Creating a thread between your money and your children's financial future means you are in a better position to introduce the conversation about money management at an earlier age. As our clients were able to do this, once their children reached 18 we met with them in person to talk to them directly about their own financial journeys.

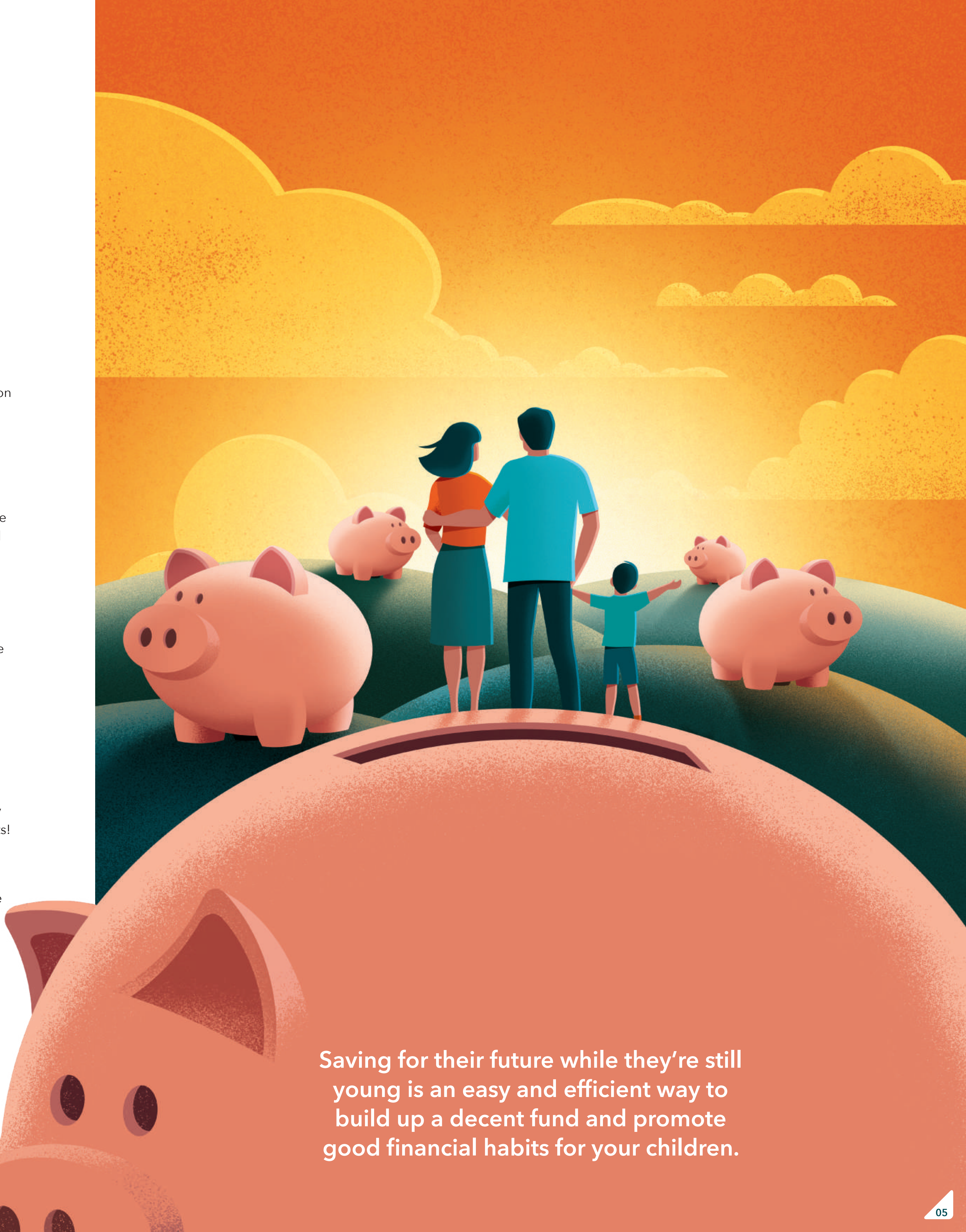
With our help our clients have been making good financial choices for themselves and their children. They have created the foundation for a smooth transition for their children becoming responsible for their own money management because ultimately it's better for young people to have their own relationship with their financial planner.

Now, having met directly with our clients' children and talked about their personal finances, we have been able to talk through all their questions, explain how financial planning works and how it can benefit them. The small but regular savings their parents have made for them helped illustrate this. We continue to look after their investments and have also recommended they use some of their ISA savings to invest in Lifetime ISAs (LISAs), which are designed for a future house purchase and make good use of government tax incentives for first-time buyers.

In giving advice to young people we are conscious of not overwhelming them but try to empower them with the knowledge they need to be in control of their own finances. As independent financial planners we are in a position to be able to provide a neutral ear, outside the family, which can help to avoid making their money feeling like a burden – or burning a hole in their pockets!

It's great news that young people are taking more of an interest in their personal finances – and, despite a challenging economic landscape, many have a positive view of their financial futures. What's important though is first empowering them to know what they have and where they can get support in the right way. As many young people also turn to their parents for help initially, it makes sense to include them in your own financial journey.

The overriding message here is that young people want to engage with, and take control of, their finances.



The sky's the limit

Nurturing your financial future when you're flying high in business

Successful businesspeople are focused, hardworking and know when to take calculated risks with their business strategy. What they sometimes need help with is separating their personal situation from their business life and it's with this mental load that we are able to offer support.

After years of hard work, two of our clients, both high earners and business owners, were being rewarded with a comfortable salary which left them with excess income. But it was when they received an inheritance that they realised they needed our help.

Although they had an idea of when they wanted to retire and knew they needed to put a plan in place, they lacked the time and expertise to do this themselves. They also had reservations about investing and seeing the rise and fall of values.

We helped create a plan for their regular savings, investing in a way that is tax-efficient and flexible so that it can be easily adjusted as their lives evolve. We also recommended that the inheritance was drip-fed into investments over a couple of years, having taken into consideration how they felt about their money from an emotional perspective. We also highlighted the importance of having an emergency cash fund, allowing them to comfortably invest the excess.

The tax incentives we used were mainly pension-related. This involved salary sacrifice and company pension contributions. We highlighted how powerful tax planning can be through your working life. For each £1,000 they gave up of their net income they could receive nearly £2,000 a month of pension saving simply by restructuring how the money was paid to them. This demonstration of upfront tax savings also helped ease their concerns about investment volatility.

Play the long game

Time is often undervalued when individuals consider their financial position but it's key to achieving a better financial outcome. If you're lucky enough to be in the same position as our clients (enjoying a good salary, through employment or running a business) you could also find yourself with excess income. While the temptation might be to spend it on holidays and other leisure, engaging with your finances and planning for the longer term can enable you to enjoy the fruits of your labour both now and in the future. A flexible, tax efficient savings plan, for example using ISAs or a pension fund, that can be adjusted as your life evolves not only provides security for the future but also allows for the creation of an emergency cash fund.

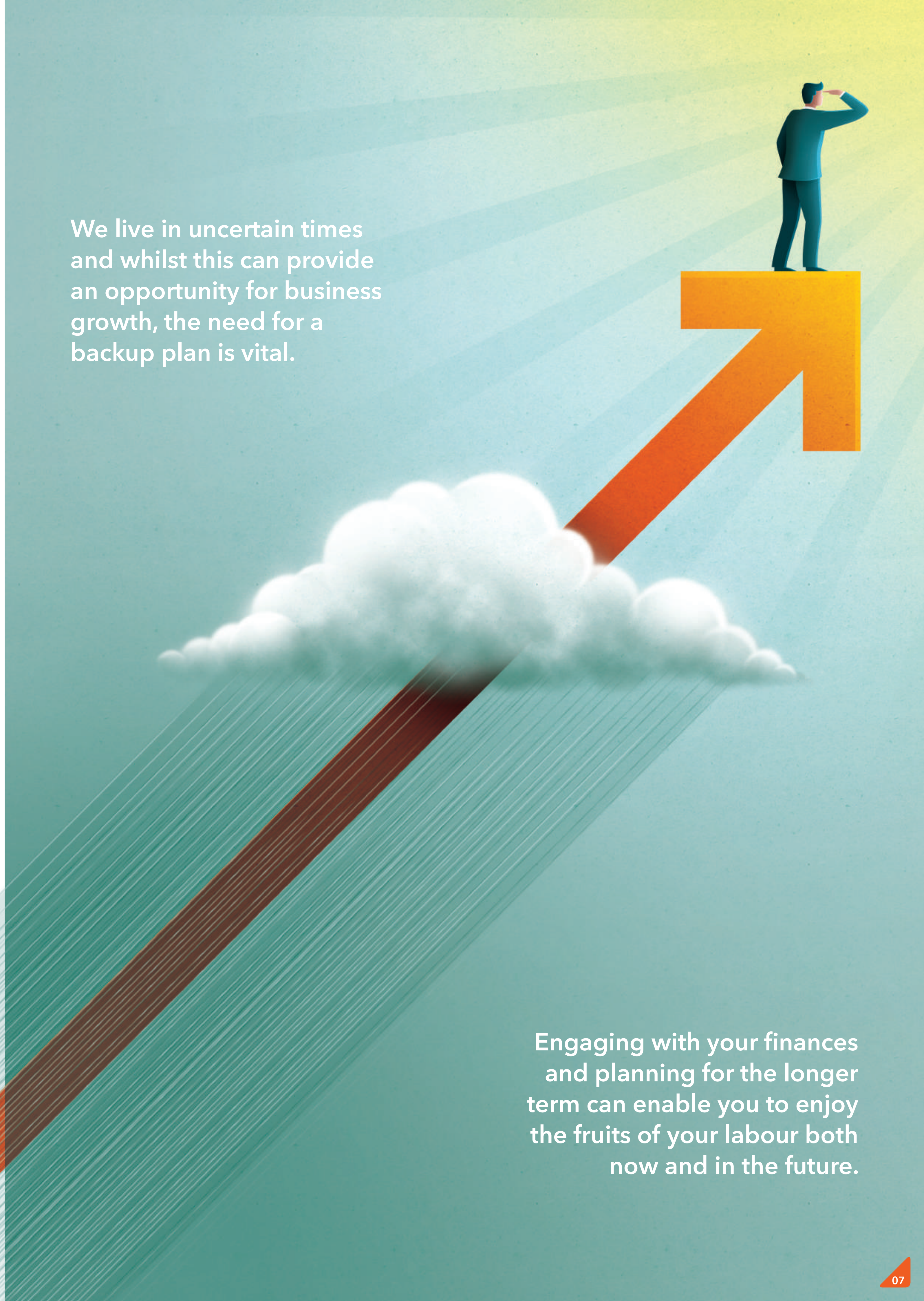
Protect your business

We live in uncertain times and whilst this can provide an opportunity for business growth, the need for a backup plan is vital.

If you're banking on your business being your pension then you are leaving yourself exposed to losing not only your business but your retirement plan too. One option to help minimise the impact of the unthinkable happening is to have your pension managed elsewhere. Also, having a broad asset base within that fund can help smooth out the bumps in market turbulence. Doing this helps distance your retirement plans from the ups and downs of day-to-day business management.

Win-win

Squirrelling money away in a separate pension pot also gives you the opportunity to take your profit when things are going well and put it into a separate legal entity so it will be safe should business take a downturn. But there are many other benefits to taking this route beyond simply capital preservation. For example, the tax relief. Set money aside now and pay tax on your terms - you don't pay tax on the money you put into your pot and neither does your business.



Life's twists and turns

It's possible to be single at any age and in many ways. Whether you're just starting out on your adult life, co-habiting, separated, divorced or bereaved, each situation demands a nuanced approach to financial and tax planning.

While being young and single brings its own challenges, bereavement and divorce are life changing in a more visceral way and it was being widowed that brought our client to us to help her navigate this new stage of her life.

Our client's husband had dealt with his finances separately, so she needed help making things more manageable. She had been left with several different investment policies and wanted to know if she (and ultimately her children) would continue to be financially secure.

We helped her consolidate the various accounts she inherited, putting the money into her name and generally simplifying everything for her. Mindful of the impact bereavement has, and to avoid her becoming overwhelmed, we approached the planning in stages, allowing actions to be taken at her own pace.

We built a financial plan that showed her she could likely stop working and continue to meet her living costs throughout her lifetime. Our process also helped reassure her at a very difficult time and empowered her to enter the next stage of life without having to worry too much about money. As our client's concern was also to ensure her adult children were financially secure, we have since engaged directly with them.

When the unthinkable happens ... we'll be with you every step of the way

Life is turned upside down through death or divorce. No one wants to think about or plan for these life-bombs but they do happen, so it's better to be prepared. Bereavement is particularly challenging and you might have no idea where to start with sorting out the affairs of your loved one. We have a dedicated client support officer who will help you navigate the process of taking control of your life as a single person.

We also have My little orange book. This has space for you to note all aspects of your financial life, property, personal and medical information, along with other information such as any funeral plans and wishes you may have in place. It also provides space to note where important documents are stored along with information regarding your digital assets. Keep it in a safe place and ensure that at least one other trusted person knows where it is. Completing it will help reduce the stress on your family at a time when they could really do with a straightforward process.

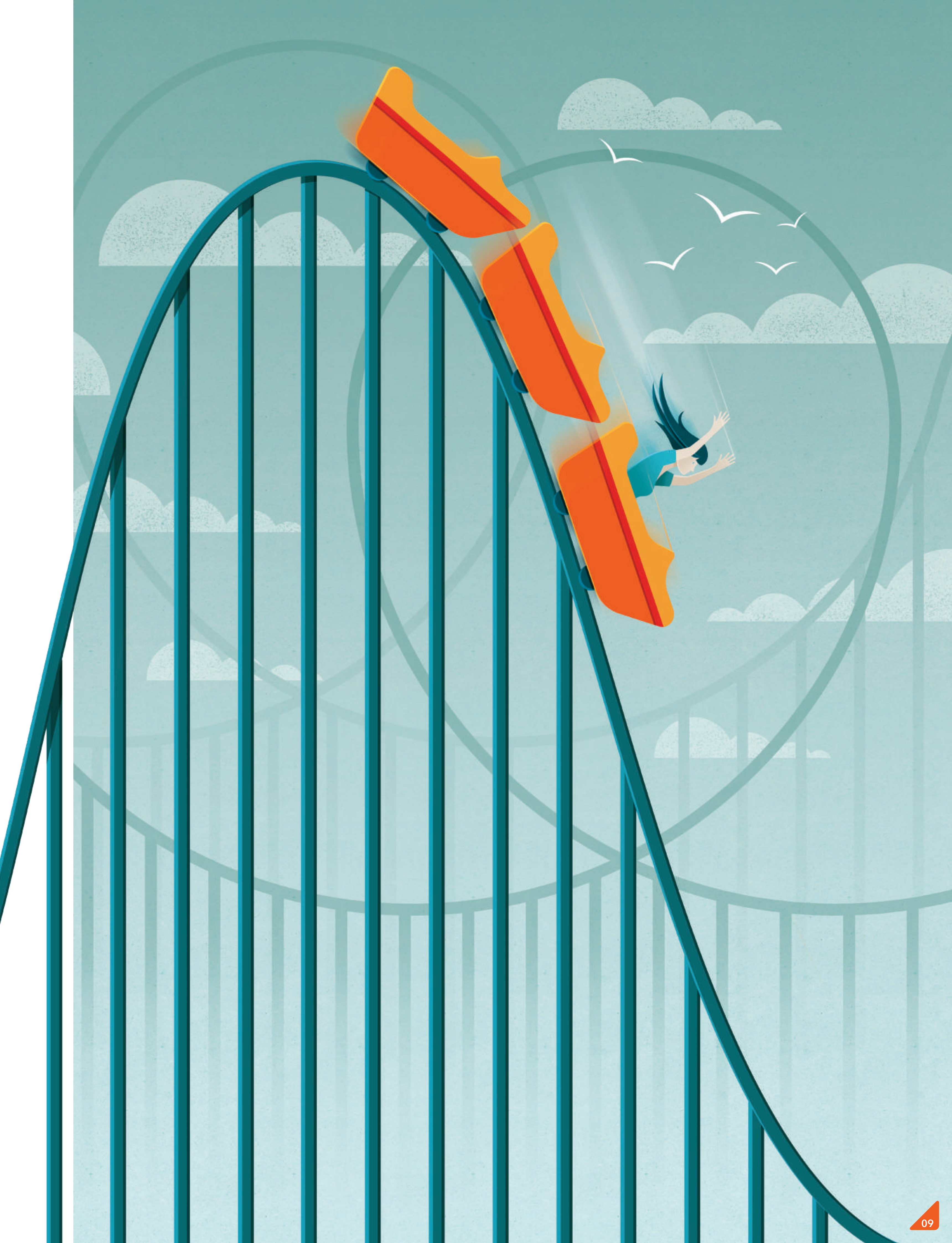
You can't plan for, or organise, the emotional aspects of divorce but there are ways to ensure that your financial situation is arranged and protected in such a way so as to ensure you're not setting yourself up for acrimony or worse, penury. Remember that 'divorce doesn't revoke a Will but a remarriage or new civil partnership does simply by operation of the law, unless a new Will has been made in contemplation of a specific marriage or civil partnership ceremony.' (Claudia Roberts, Glanvilles, Solicitors.)

Also consider who would make decisions for you should you be unable to make them for yourself. Lasting Powers of Attorney (LPAs) can be arranged for finance, and health and welfare. They are vehicles for arranging a trusted individual to act on your behalf. Note that although a Will isn't revoked by divorce, Powers of Attorney are.

Starting out or moving on - be prepared

Even as an invincible young adult it's necessary to think about ageing. By starting your pension savings as early as possible could give you a tidy sum in your retirement savings pot. Auto-enrolment means all working people now have the opportunity to save for their futures but it's a good idea to have additional savings of your own, perhaps in an ISA.

Having a Will is important too, particularly if you're co-habiting but not married or in a civil partnership. You are single in the eyes of the law and the taxman and if you have children it's even more important to get the paperwork sorted.



Eyes on the prize

Helping you to reach retirement in peak financial fitness.

You've been working towards this goal your whole life – we'll give you confidence you can remain on track and even reach your goal sooner than you think.

Future proof

Retirement is one of the biggest changes we will experience and can be one of life's positive milestones. But to make your retirement years golden it's necessary to keep on top of your financial planning.

News flash!

Many people see the state pension age as their retirement goal but it doesn't have to be! With our guidance in your lifetime financial planning, we can help you gain the confidence to achieve your retirement goals earlier.

This is how we helped two of our clients when they approached us having built up a range of pensions during their working life, some of which had complicated features. They wanted to know if they could consider the prospect of retiring within a three-year period as they hoped they could spend the first few years of their retirement living active lives, travelling, cycling etc.

We started by building a cash flow forecast for them, which tested their retirement goals, and presented the results to them face-to-face. This allowed us to run a variety of different scenarios which were led by the client. We included a higher spending goal in the early years, mindful of their desire to travel.

We helped them understand what they actually have in retirement savings and simplified their arrangements where it was possible, so it was easier for them when they actually retired. Overall, the forecast gave them a great deal of confidence in their plan as we were able to show them they could probably retire sooner than they thought and still be able to achieve their goals. In the meantime, we are taking control of the management of their retirement savings so they can focus on enjoying their lives once they have stepped back from work.

Good for them, what about me?

Talk to us, because if you want to get an idea of what the future might look like, you need to start with the here and now. Lifetime cash flow forecasting is just one of the methods we can use to create the broadest picture of your existing financial situation and project it into the future while considering the ideal financial road you'd like to take.

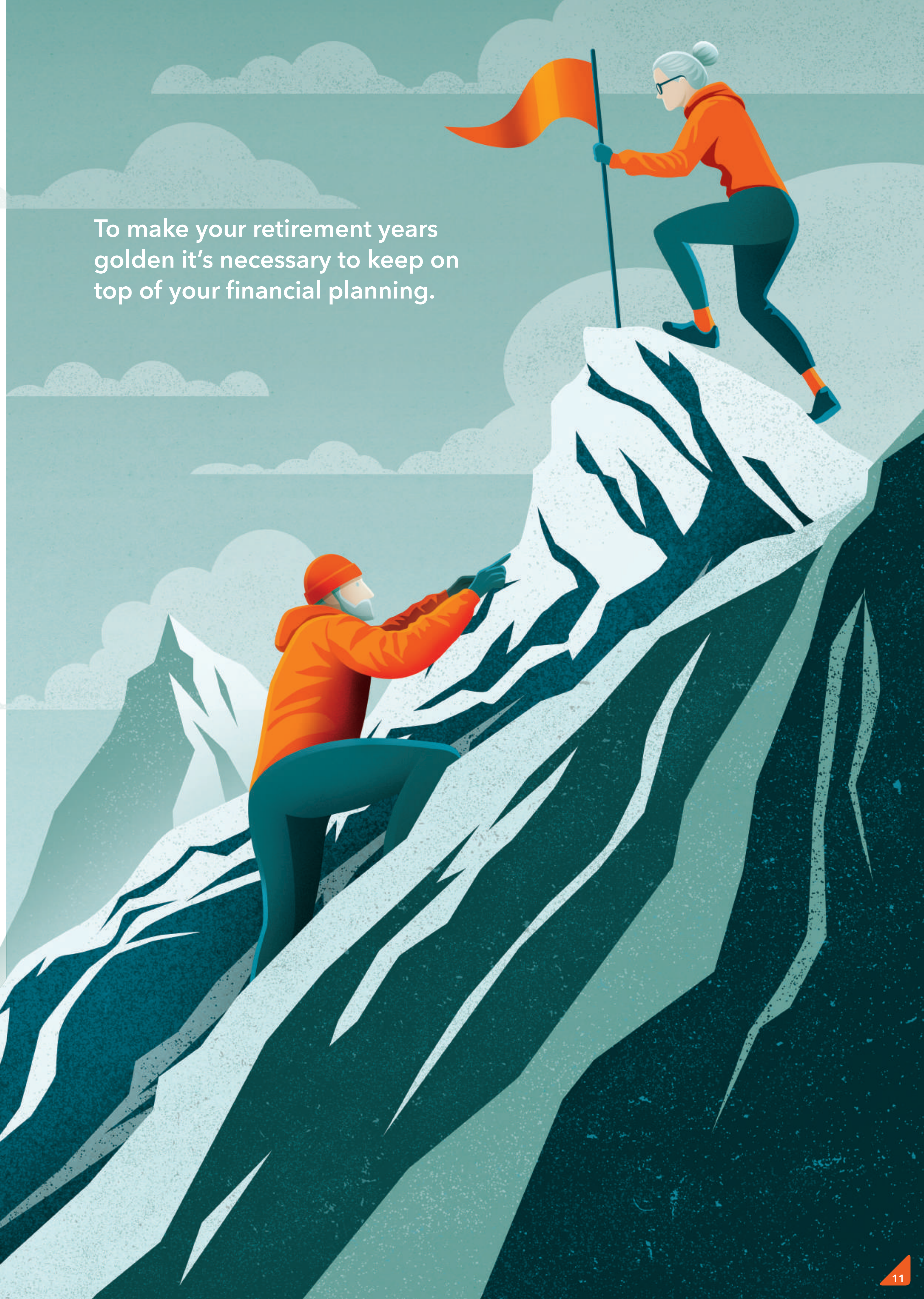
One of the ways cash flow forecasting can help is by determining whether you can spend or give money away in your lifetime in order to reduce the size of your estate, and therefore your Inheritance tax (IHT) liability. With plans for personal pension pots to be included in IHT calculations it has become an even more useful tool. However, should your forecast indicate you won't have enough income and capital to achieve your goals, cash flow forecasting can also assess your income and expenditure in order to identify ways to reduce your spending and help build savings.

Don't get caught out

Cash flow forecasting should be seen as a mirror of your life and should be revisited regularly, and particularly as you approach retirement, because it can also help you decide how to approach ring-fencing for care.

The cost of care is becoming an increasingly important part of financial planning for life. On average we're living longer and this increases the likelihood that more of us will need some kind of care as we age, so it makes sense to factor this into your wealth management for later life. We generally assume that both partners will need care and that most people will need it for about five years. This is likely overestimated but we feel it's better to ring-fence too much rather than too little.

Later life planning can also include ensuring your Will accurately reflects your current circumstances and putting Lasting Powers of Attorney (LPAs) in place with a trusted family member or friend.



To make your retirement years golden it's necessary to keep on top of your financial planning.

It ain't over 'til it's over

Keep tweaking that plan for later life living

It's easy to focus on the fantasy of retirement and think only in terms of our later years being lived in relatively good health while reaping the rewards of a successful working life. But the only way that will happen is by ensuring your financial plan continues to work for you.

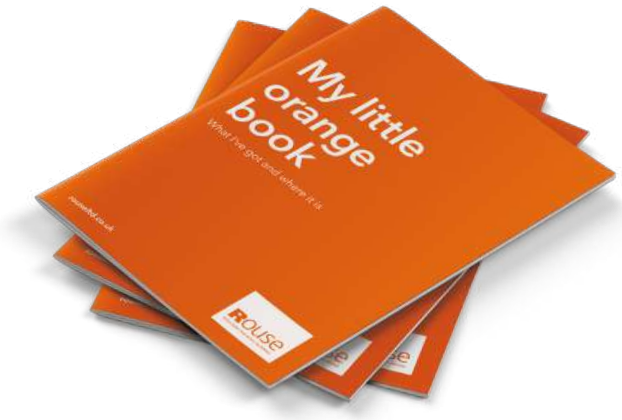
Helping you stay in control

Revisiting your financial plan regularly is helpful because on average we spend about 20 years in retirement: that's a lot of living to do and life will change. The possibility of needing care of some kind increases as we age so factoring this potential cost into your earlier cash flow forecasts will give you a more accurate view of your finances when you do retire.

This situation occurred for one of our long-standing clients: they began to lose mental capacity and needed care. Prior to this though they had expressed a wish to remain in their own home for as long as possible and receive care there where needed.

As part of our lifetime financial planning process, we do factor in the cost of future care. As our client has been with us for such a long time we have been able to guide them in their estate planning and have ensured that their Will remains up to date and there are Lasting Powers of Attorney (LPAs) in place.

Because LPAs are in place we have been able to assist the attorneys in funding the care costs from the client's savings. We also made enquiries regarding equity release, to see if this could be a solution for the funding of long-term care, while allowing our client to remain at home.



A safe pair of hands

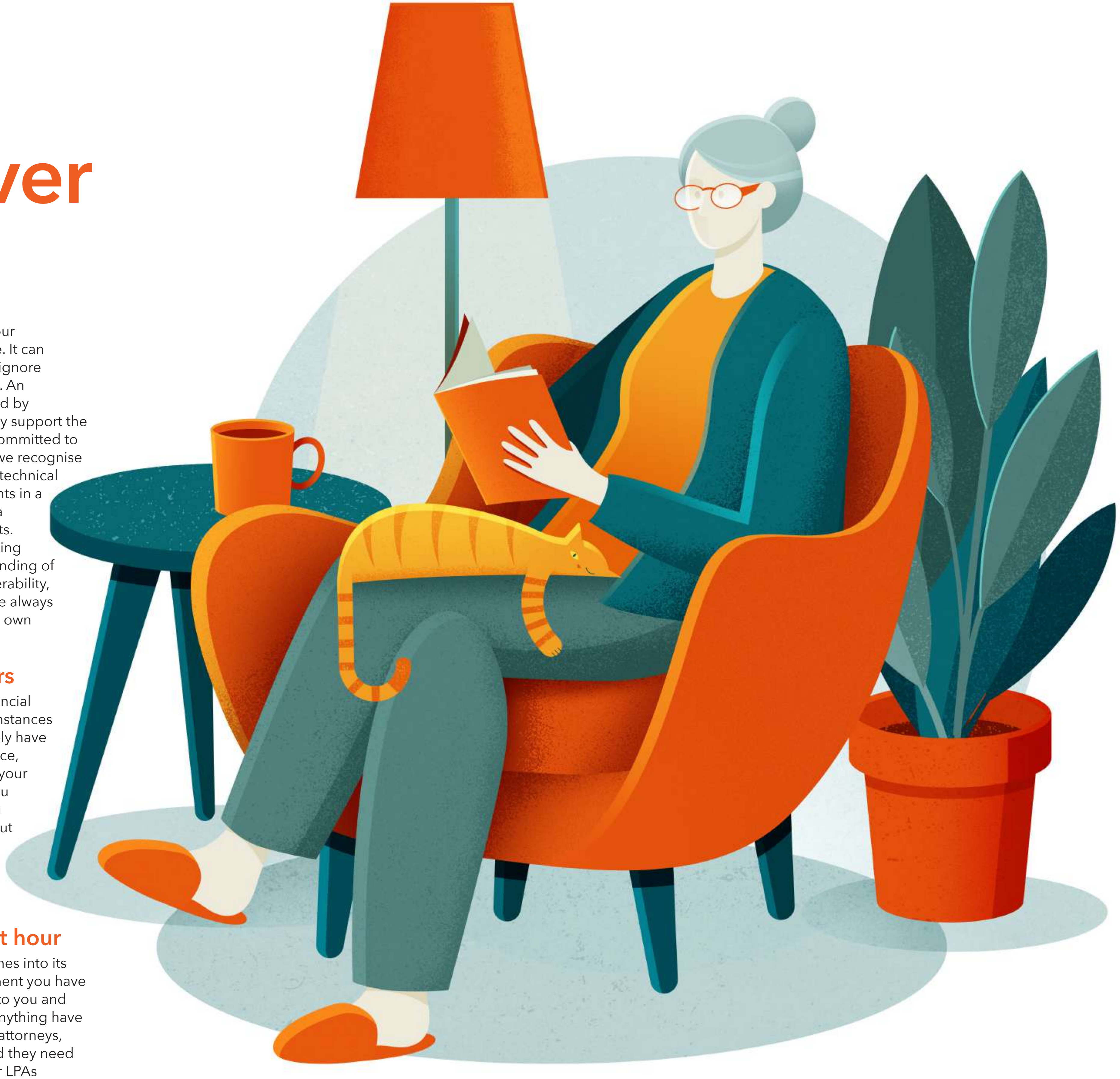
As we age, keeping on top of everything in our lives inevitably becomes more of a challenge. It can feel overwhelming and it can be easy just to ignore everything, but that can lead to further stress. An individual's mental health can also be affected by short- or long-term illnesses. As a firm we fully support the Financial Vulnerability Task Force and have committed to its Charter. This includes a requirement that we recognise that our services often involve specialist and technical financial knowledge, which places many clients in a position of dependency and imposes on us a greater moral duty to act in their best interests. We encourage all staff to develop their listening skills and empathy, along with their understanding of the factors that might indicate a client's vulnerability, so that we can be a safe pair of hands. We are always more than happy to meet with clients in their own homes if this is preferable or necessary.

Paying for those golden years

It becomes more important to keep your financial arrangements relevant to your current circumstances as time goes on. Your family dynamic will likely have altered by this stage through marriage, divorce, illness and death, so it's important to ensure your Will reflects your current situation. By now you should also have put LPAs in place and if you haven't, it really is time to do that now. Without LPAs (for finance, and health and welfare) mundane day-to-day processes can become extremely difficult, time consuming, and potentially costly, for your loved ones.

My little orange book's finest hour

It's at this time that My little orange book comes into its own. Hopefully by the time you reach retirement you have already filled in all sections that are relevant to you and your family and kept them updated should anything have changed. This will mean your loved ones, or attorneys, will have a more straightforward route should they need to help you with any of your affairs. With your LPAs activated, your attorneys will be able to find documents and important contact details easily, removing much of the stress of day-to-day processes. We become slower as we age and paperwork becomes boring and sometimes challenging. Our client support officer is here to help you, or your attorneys, navigate this stage of your financial life.



We are always looking for ways to help make your life easier. We can't ease the pain of losing a loved one but we can help ease the process.

Making it crystal clear

Because sometimes the language used in financial services can seem designed to mystify, here's a glossary to clarify some of our more commonly used terminology.

Financial planning

When we work with you to put a plan together for your future. The recommendations that are given are around actions for you to take, rather than specific products or investments to use.

Financial advice

When we recommend the specific products and/or investments to use.

Chartered Financial Planner

Chartered status is the indicator of the of the highest standard of learning, ethical behaviour and experience. This gold standard assures clients that individuals have satisfied requirements to maintain up to date knowledge and to comply with an ethical code that puts the interests of clients first.

Certified Financial Planner™

This is the only globally recognised mark excellence in financial planning. To obtain this status professionals must successfully complete a rigorous assessment, which tests their technical ability and must also be able to demonstrate practical and relevant work experience.

Chartered Wealth Manager

This title is the mark of an up to date, experienced and qualified financial industry professional. It's achieved through an in-depth examination of an individual's knowledge of financial markets, portfolio construction theory and applied wealth management.

Paraplanner

Provides technical support, research, analysis, and functions such as cash flow forecasting, to help a financial planner give appropriate advice.

Objective

A goal or aim you want to achieve.

Rebalance

When we change how much money is in each type of investment within an investment portfolio. This can be done by adding or removing investment funds and by also changing the amount that is invested into the different funds within the portfolio. The aim is to keep the investments as a whole in line with the level of risk established with you and that the portfolio is aiming for.

Acceptance

This is a form that is supplied along with our recommendations. We ask you to sign this to confirm you have read and understood our recommendations and want to proceed. This keeps our records clear and ensures the actions we take to put a plan in place are accurate.

Cash flow forecasting

Also known as cash flow modelling, this is a way of showing you how your financial situation could change through your lifetime. It takes into consideration your assets, liabilities, income, expenditure, and plans for the future. During a cash flow forecast meeting with your financial planner you are in the driving seat regarding what information is used and what you want to see forecast. It's particularly useful in factoring future care costs and the potential impact on your financial plans.

Platform

A place that holds your investment accounts. You can think of a platform as a filing cabinet with drawers holding different types of investment accounts. Each account has different features or tax positions and can hold cash, investment funds, and individual shares, along with a multitude of other types of investment.

Pension

This is an investment account in which money is saved specifically for retirement. Some pensions promise a set income at retirement and this can't be changed, but more commonly now pensions build up as a pot of money that can be dipped into or converted into a set income when needed.

Drawdown

In pension planning, drawdown refers to drawing money from a pension pot while keeping the remaining funds invested with the aim of generating further returns. Compared to an annuity (a guaranteed income stream based on the amount you have saved in your pension pot) drawdown offers greater flexibility to withdraw funds as needed but also carries risk as investment performance fluctuates.

ISAs and LISAs

ISAs (Individual Savings Accounts) are a type of savings account here you don't pay tax on any returns from contributions. A LISA (Lifetime ISA) is a type of ISA that can only be used to buy your first home or save for later life. You must be aged between 18-40 years to open a LISA.

Salary sacrifice

This is an agreement to reduce an employee's pay in return for a non-cash benefit, usually that any money they sacrifice goes straight into their pension. But it can be used for other benefits such as a car or cycle to work scheme. Salary sacrifice reduces your salary so can reduce your income tax bill and as an employer it can reduce your National Insurance contributions.

Lasting Powers of Attorney (LPAs)

There are two types of LPA: one for financial affairs and one for health and wellbeing. They are legal documents that gives someone of your choosing the authority to make decisions on your behalf if you are no longer able to do so for yourself.

Portfolio

Your portfolio is the overall composition of your investments: a collection of different investments such as shares, bonds, property, and cash.

Shares

Also known as equities, a share is a single unit of ownership in a company. Companies issue shares to raise money so when you buy them you become a part-owner of that company. Shareholders can receive dividends, which are a portion of the company's profits.

Bonds

A bond is a loan that the bond buyer makes to the organisation issuing the bonds. Unlike shares there are no ownership rights. If you buy government bonds, you're lending the government money. They generally pay a stated rate of interest that's usually paid twice a year. Their value can fluctuate.

Yield

This is the income generated by an investment over a specific period of time.

Investment risk

This is the name given to the risk your money is exposed to when you invest. We work with you to define how much investment risk you are comfortable taking and the level you can financially withstand.

Investment fund

A collection of investment opportunities put together by an investment manager that lots of people can put their money into. The manager looks after the investments as per the agreed direction of that fund.

Investment trust

This is similar to an investment fund but they are closed-ended meaning they have a limited number of shares. They aren't actually trusts but public limited companies in their own right and listed on a recognized stock exchange. Investors buy and sell shares by trading amongst themselves.

Asset allocation

This involves dividing your investments among different assets such as stocks, bonds and cash. All investments (other than cash) go up and down in value but they tend to do this at different times. Blending different assets within a portfolio helps mitigate these fluctuations.

Discretionary fund manager

Investment experts who have the authority to change your investments without getting your permission first. This means changes can be made quickly to react to market conditions.

Volatility

The extent to which returns for a given investment change over time. Commonly the higher the volatility, the riskier the security. High volatility implies rapid and large upward and downward movement over a relatively short period of time; low volatility implies smaller and less frequent changes in value.

If you would like to discuss any of the subjects raised in this edition of Sentinel. Call us on 01983 535740 or email advice@rouseltd.co.uk

We're always happy to support our community

Find out who else touched our hearts at rouseltd.co.uk/community-projects