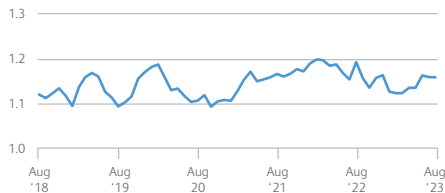




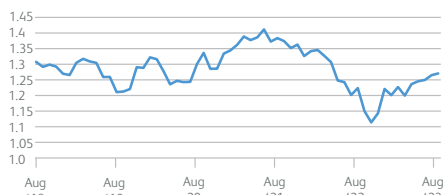
financial Newsletter

Edition 42 – 2023

What is the British Pound worth vs. the Euro?



What is the British Pound worth vs. the US Dollar?



FTSE 100 Chart



Corey Cook CFA, Ch.FCSI CertCii (MP & ER)

Octo Financial Planning Limited

MOBILE
07738 843 740

EMAIL
corey.cook@octofp.com

WEB
www.octofp.com



Bank of England Base Rate

- The base rate has gone up by another 0.25 percentage points, from 5% to 5.25% to a new 15-year high. It marks the 14th consecutive time the rate has been increased since December 2021.
- The reason behind the aggressive rate rises is UK inflation remains stubbornly high. Inflation did dip slightly to 7.9% in the 12 months to June - however, this is still way above the Bank of England target of 2% inflation.

Inflation

- The Consumer Prices Index (CPI) rose by 6.8% in the 12 months to July 2023, down from 7.9% in June.

Cost of Living overview

- The cost of living has been rising in recent months in the UK and across the world.
- Food and energy prices have been rising markedly over the past year, particularly gas prices, partly in response to the conflict in Ukraine. Global recovery from the coronavirus (COVID-19) pandemic is putting further pressure on prices.

Cost of Living – food

- More than half of adults (51%) in Great Britain said they were buying less food when shopping in past two weeks.
- Rising food costs was the most commonly reported reason among the 56% of adults who said their cost of living had risen compared with a month ago.
- According to “*more detailed analysis from the survey covering the period 8 February to 1 May 2023*”, 1 in 20 adults (5%) said they had run out of food in the past two weeks and been unable to afford more.
- The price of food and non-alcoholic beverages rose by 17.4% in the year to June 2023, according to our latest consumer price index.
- Prices in restaurants and cafes rose by 9.1% in the year to June 2023, down from 9.3% in May and a peak of 11.4% in February.

Cost of Living – energy

- The price of motor fuels fell in the year to June 2023, which has helped reduce the annual inflation rate.

- Petrol and diesel prices, which fell 22.7% in the year to June 2023, after a 13.1% fall in May.
- Average petrol and diesel prices were 143.0 and 145.7 pence per litre, respectively in June 2023, down from 184.0 and 192.4 pence per litre a year earlier.
- Household energy prices continue to rise sharply, with the annual inflation rate remaining stable.
- Gas and electricity prices rose 36.2% and 17.3%, respectively in the year to June 2023, and have been one of the largest contributions to the overall inflation rate since April 2022.
- Around half of people (51%) are using less fuel, such as gas or electricity, in their home because of the rising cost of living.

Cost of Living – housing

- Close to 4 in 10 adults (38%) in Great Britain who pay for rent or a mortgage are finding it very or somewhat difficult to afford these payments.
- It was around 3 in 10 (29%) in early August 2022.
- Across the UK, house prices increased 1.9% in the year to May 2023 (provisional estimate).
- The average UK house price was £286,000 in May 2023 (provisional). This is £6,000 higher than the same month a year ago, but £7,000 less than the recent peak in September 2022.
- England saw the lowest growth rate of any UK nation in the year to May 2023, at 1.7%. However, average house prices are still higher in England than in any other nation, at £304,000.
- Of the English regions, the North East saw the highest house price growth in the year to May 2023 (4.0%), although house prices here remain the lowest of all English regions at £159,000. The East of England saw the lowest annual inflation (0.0%).

Employment

- The UK employment rate was estimated at 75.9% in January to March 2023, 0.2 percentage points higher than October to December 2022. The increase in employment over the latest three-month period was driven by part-time employees and self-employed workers.
- In February to April 2023, the estimated number of vacancies fell by 55,000 on the quarter to 1,083,000. Vacancies fell on the quarter for the 10th consecutive period.



Responsible Investing Matters

We hear a lot about Sustainable, ESG and Responsible Investing but what does Responsible Investing mean and why does it matter?

Responsible Investing can, simplistically, be summarised as investing in companies that are positioned to perform well in the future because their business model seeks to avoid activities that can be considered harmful.

In our view, Responsible Investment should be based on three key principles: ESG integration, Active Ownership and its Leadership. These issues are all related to one another and importantly can all have a material impact on a company's performance over the longer term.

If we take the UK oil and gas industry as an example; in order to meet its UN objectives, the UK government plans to end the sale of new petrol and diesel cars by 2030. For the oil and gas companies to continue delivering investors strong returns, they need to evolve.

Companies that don't evolve their business model won't make for a good investment, if they remain around at all. Responsible investment is not just about finding and investing in companies that are already doing this. As investors, we have a role to play in encouraging the laggards to transition as well. This can be accomplished through the votes we cast as shareholders during company AMGs, or the conversations we have with company management and the board of directors.

A good example of how this can work in practice, is the work we have been doing to encourage the companies we invest in to minimise their packaging waste.

Unfortunately, we're all too familiar with packaging waste in most

areas. This waste can find its way into the environment and damage animal ecosystems and human health. Supermarkets are particularly exposed, and in some cases more than 50% of their revenue is linked to the sale of products with high levels of packaging waste.

We analysed the largest 12 holdings in the consumer staples sector where we considered consumer packaging waste risk to be most acute and developed a framework to assess good and bad practices across a number of areas. We then wrote to the companies highlighting where we felt they were doing well and where they were falling short of best practice.

In our one-to-one calls that followed the companies agreed with our assessment of the risks and the problems with focusing solely on recycling. We were encouraged to hear that the underlying objective of some companies' waste initiatives is absolute waste reduction by having less packaging, even where a target is not yet stated publicly. This was a positive, and responsible, outcome.

Finally, responsibility also means actively engaging in investor-led initiatives such as the Principles of Responsible Investment and Climate Action 100+ as well as engaging with policymakers and industry leaders. This can help support the transition to a low carbon economy and support behaviour change through engagement with clients and stakeholders.

Responsible Investing is about looking to the future in a more holistic sense, not just thinking about returns, and that is why it matters so much and we all have a role to play both as consumers and investors.

The HSBC Global Sustainable Multi-Asset Portfolios are a range of five globally diversified and risk managed, multi-asset funds with a focus on sustainable investment. Providing diversification across bonds, equities, property, currencies and regions, the range provides a sustainable investment solution no matter what your attitude to risk.

Please speak to your adviser to learn more about the funds.

Author: HSBC Asset Management



Busting the Myths of Lifetime Mortgages

A lifetime mortgage is a form of equity release. Equity release is about giving people the flexibility and choice to unlock cash from their home in later life. But a lifetime mortgage is a big financial decision – and a lot of myths still remain about how they work. Here, I'll try to clear up some of the common misconceptions about equity release.

“I won't own my own home anymore”

The truth is that having a lifetime mortgage does not mean you are selling your home to the lender. It's a loan secured against your home that will be repaid when you die or move out of your home and into long term care.

“I'll end up paying more than the value of my home and my children will inherit my debt”

Lifetime mortgages are protected by the Equity Release Council's, “No Negative Equity” guarantee. You, or your estate, will never owe more than the value of your home. You will never have to pay back more than the amount your property is sold for.

“I won't be able to move home”

The truth is you can transfer the lifetime mortgage to a new property, providing the property is suitable. Get in touch with your financial advisor if you want to check property suitability.

“I can't release equity as I already have an outstanding mortgage”

The truth is even if you have an outstanding residential mortgage, you can still release equity, providing you use the lifetime mortgage to repay the interest-only mortgage first. This is dependent on the equity available, your age and the terms and conditions of the mortgage.



“I’ll have to make monthly repayments”

Some products do offer the option to pay off interest, but you are not obliged to make repayments. You may prefer to allow the interest to roll up and be repaid when you die OR move into long-term care. There’s a range of products available to suit your needs.

“Equity release is just a last resort for those desperate for money”

People say that they have, or would take out, a lifetime mortgage for many reasons: More than a third use the money to refurbish or renovate their home. 17% use the money for a dream holiday, whilst 13% use the money to help buy a new vehicle.

If you’d like to find out more, contact your financial adviser. They can advise you on whether equity release will help you achieve your financial objectives.



Important Information

Interest is added to the amount you owe each month, and the amount owed will increase quickly over time. If you’re considering repaying debts, you should think carefully before securing debts against your home. Arrangement fees apply. There may be cheaper ways to borrow. A lifetime mortgage will reduce an inheritance. A mortgage may affect means-tested benefits and your tax position. speak to your financial adviser.

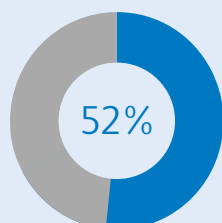
Author: Legal & General Home Finance



Retirement And The Cost Of Living

The uneven effect of the rising cost of living on women compared to men can indirectly affect women's ability to save for retirement. Given the current deterioration in women's finances – both in absolute terms and compared to men – they will first have to 'build back' and find their financial footing, before they can attempt to reduce the gender gap in retirement savings.

This comes in the wake of the financial impact of Covid-19, when in August **52% of women report worse household finances** today compared to before the pandemic (47% of men).



There is also evidence that the rising cost of living is having a direct impact on retirement savings. In August, 16% of women said that they have cut back on their retirement savings to cope with rising prices. This is similar to men (15%), though within the context that women are less likely to be saving for retirement in the first place. The average reduction in contribution for women is £152 a month.

On the one hand, it is encouraging that this is still only a minority of women, showing that people are rightly reluctant to touch their retirement savings. However, some people have unfortunately been forced to do so, and the share has risen significantly since March (when it was 10% of women).

These reductions have taken a few different forms, and a significant proportion has not in fact come from cutting back on savings into pension products. Of those who have reduced retirement savings, nearly a third cite reducing their non-pension savings that (at least implicitly) they have earmarked for retirement. This is consistent between men and women. Other reductions come in the form of workplace pensions (19% for women) and personal pensions (23%).

Men are more likely to have reduced their workplace or personal pensions, though this may in part reflect their greater likelihood of having these pensions in the first place.

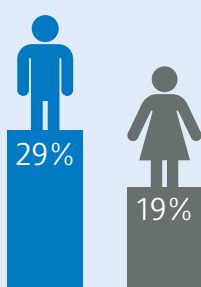
These reductions in savings add up. A woman aged 40, who has reduced her retirement savings by almost £150 per month for a year could have over £3,000 less in her pension pot by the time they retire (including investment returns). This may be more if she cuts her savings by stopping her workplace contributions, in which case she would miss out on employer contributions as well.

It becomes even more worrying if the reduction in contributions is never reversed. In that case, the reduction in retirement savings could be over £62,000 by the time they retire.

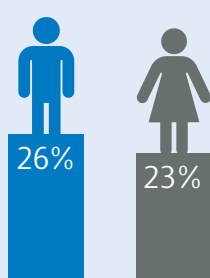
Source: 2022 Women and Retirement Report

The largest share of retirement savings reductions in response to the rising cost of living have come from non-pension savings

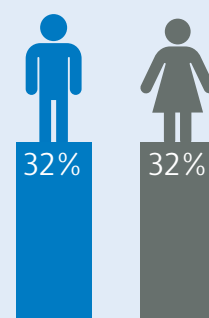
Reduced workplace pension



Reduced personal pension



Reduced other retirement savings



Navigating the Dynamic UK Interest Rate Market: To Fix or Not to Fix Savings

In the ever-shifting landscape of the UK interest rate market, the choice of whether to fix or not fix savings has gained renewed significance amidst recent rate hikes. This article delves into the crucial indicators shaping this decision - including the base rate, 1-year, and 2-year gilt yields - and parallels between the thought process behind fixed savings and remortgaging.

Understanding the Indicators: Base Rate, 1-Year, and 2-Year Gilt

The Bank of England's base rate is the cornerstone, dictating borrowing and savings rates. Frequent adjustments based on economic conditions prompt savers to consider fixing for favourable rates.

Concurrently, 1-year and 2-year gilt yields sway savings rates. As government bonds, they are considered safe investments and are closely monitored by financial institutions. When gilt yields rise, banks are motivated to offer more attractive savings rates, making fixed-term options appealing.

During the last two meetings of the Monetary Policy Committee (MPC) held on [22 June and 03 August](#), the base rate increased by [50 and 25 basis points](#), reaching [5.25%](#). Over this period, 1-year and 2-year gilt yields peaked at [5.474%](#) and [5.488%](#), now easing to [5.056%](#) and [4.921%](#) (at the time of writing). This may indicate that market sentiment is that the interest rate cycle could be near its peak. Allocating funds into a 1-year or 2-year fixed-term savings account may therefore seem prudent. However, it's important to note that earlier this year, those indicators dropped before rising again.

A Unified Thought Process: Mortgages and Savings

Both fixed savings and mortgage decisions hinge on anticipating interest rate trends. When selecting a mortgage, homeowners strive to secure a lower rate in anticipation of a favourable rate environment upon remortgaging at the end of the fixed term. This decision is often accompanied by a significant amount of time and energy spent on predicting future interest rate trends, given the long-term commitment and financial implications of a mortgage.

Similarly, savers lock funds into fixed accounts with the belief that future rates will be lower, safeguarding their savings against potential declines. However, the level of attention and scrutiny directed towards predicting interest rate movements is often lesser in the context of savings.

Strategically aligning fixed savings with the outlook on mortgage remortgaging yields potent insights. When individuals believe interest rates are poised to rise significantly, opting for a fixed mortgage over a two or five-year term might be prudent. Conversely, if an individual anticipates that interest rates have peaked and will stabilize or decrease within two years, fixing savings becomes an appealing option.

This underscores the interdependence, driven by the pursuit of financial stability in the face of changing interest rates.

Diversification: A Shield Amidst Uncertainty

Inherent in the choice of savings is the power to diversify financial risk. Distributions across varying accounts and maturities serve as a shield against the volatility of interest rate fluctuations. This strategic diversification provides flexibility to manoeuvre in response to market dynamics.

Modern financial technology has introduced a valuable tool to aid diversification: cash management platforms. Seamlessly facilitating diversification, these platforms empower individuals to allocate funds across a spectrum of accounts and maturities, from easy access, short-term high-yield savings to longer-term fixed-rate options. By judiciously distributing funds among multiple banks, individuals can amplify their risk mitigation strategy, harnessing the protective shield offered by the Financial Services Compensation Scheme (FSCS). This dynamic approach not only emboldens savers to confidently traverse the intricate interest rate market but also provides the dual advantage of elevated returns and reduced risk.

Conclusion

The chosen path - to fix or not to fix - ought to emerge from meticulous research, diligent scrutiny, and a deep understanding of individual financial aspirations and liquidity requirements. The compass guiding these decisions remains firmly rooted in market awareness and a diversified approach, steering economic outcomes toward their utmost potential.

With the base rate at its highest since February 2008, fixing surplus funds not needed for a year could prove advantageous. Contrasting the [2022 1-year fixed term at 2.85%](#) with the present robust [6.10%*](#) emphasises seizing opportunity. For an investment of [£50,000](#), missing this chance could mean forfeiting around [£3,050](#) in returns.

In this dynamic financial landscape, the strategic alignment of fixed savings and leveraging the tools of modern technology enable savers to confidently navigate the interest rate market. This approach ensures financial strategy resilience and allows savers to enjoy the benefits of fixed savings while maintaining liquidity.

*Rates respectively available in the Insignis Cash Platform on 08/08/22 and 08/08/23.

Author: Insignis Cash



The Pension Tax Changes They Don't Want You To Notice

Do you remember the tagline from HMRC in bygone days that “tax needn't be taxing”? Well, I'm not so sure anymore.

The UK is in a difficult position with its public finances. Inflation has been rampant and remains stubborn. The Government has borrowed and continues to borrow money at a tremendous rate. To pay that back, the bill needs to be paid by taxpayers – and this is made harder in times of lower economic growth.

Tax is increasing, even if tax rates don't appear to be

Every single one of us is destined to pay more tax. The impact of the Chancellor's recent announcements has been significant. We have seen more people affected by additional tax rates while many tax-friendly thresholds are frozen until 2028.

This brings about the dreaded 'fiscal drag', where inflation and income growth move taxpayers into higher tax brackets. This effectively increases tax revenue without increasing tax rates. Because a larger share of people's income goes to pay taxes and there is less consumer spending, prices are gradually 'dragged' down, leading to deflation. In times of high inflation and wage increases, this is a very easy way for the Government to relieve you of more of your hard-earned cash, and most people won't be any the wiser.

Last November the Chancellor was particularly ruthless for those with significant wealth or property, announcing huge reductions in the annual exempt amount for capital gains tax, and drastic cuts to personal savings and dividends allowances. Government papers suggest the tax revenue from these changes could be over £4.5bn in the next five years.

New rules will sting pension savers

In amongst the takeaways, there have been some giveaways too. In March this year, the Chancellor surprised everyone by scrapping the limit on the total amount you can build up in your pension savings without incurring a tax charge, called the lifetime allowance (LTA).

Whilst this is welcome news for most, there is a nasty sting in the tail. Whereas previously you could take 25% of your pension tax free, this tax-free amount is now capped at £268,275. You would expect this figure to grow with inflation over time, but with fiscal drag entrenched, it simply won't. So as pension savings grow – either through investment growth, further contributions, or both - once this new limit is reached it means some serious questions emerge for pension savers as to how effective their financial plans are.

Professional advice has never been more worthwhile

If you have accrued significant wealth and have good savings in pensions and other investments, it is now more important than ever to sit down with an adviser to consider the impact of these recent changes and what can be done to make your pension savings and income as tax-efficient as possible.

Tax needn't be taxing, but it will be if you don't take action now. Don't fall into the inertia trap that has been laid for you.

The value of investments and the income from them can go down as well as up. You may not get back as much as you invested.

This document is based on Quilter's interpretation of the law and HMRC customs practice as at August 2023. We believe this interpretation is correct, but cannot guarantee it. Tax relief and the tax treatment of investment funds may change.

Author: Quilter

Will You Make The Most Of The Latest Pension Changes?

A recent change has dramatically increased the potential for saving into pensions. Announced in the Spring Budget, the overall limit on what can be held in pensions tax efficiently is in the process of being removed. Meanwhile, the annual allowance – the amount that can usually be paid into pensions with tax relief applying – has risen from £40,000 to £60,000. But other factors also mean the benefits might be limited in other ways.

I'll provide a brief overview of these latest pension changes below and please speak to your 2plan adviser if you'd like to find out more.

Saving £60,000 a year for retirement

The increase to the amount you can save into a pension is only of use if you have the money to save in the first place. To benefit from the rise in the annual allowance to £60,000, you need to have been already able to pay in at least £40,000 into pensions. With or without the annual allowance, contributions to pensions cannot exceed your earnings in a given financial year.

Tapered annual allowance – another limit on saving

Another limiting factor on the potential benefit from the increase in the annual allowance to £60,000 is another, related, limit in the pension system – the tapered annual allowance. This gradually reduces the annual allowance of very high earners – the more you earn, the more your annual allowance shrinks. The allowance of £60,000 is potentially 'tapered' downwards if your 'threshold income' (your annual income before tax, less any personal pension contributions and ignoring any employer contribution) is over £200,000. If it's below £200,000, the tapered reduction will not normally apply.

If your threshold income is above £200,000, then you need to check if your 'adjusted income' (your annual income – broadly all income that you are taxed on including dividends, savings interest and rental income – before tax, plus the value of your own and any employer pension contributions) is over £260,000. If it's above £260,000, the annual allowance will reduce by £1 for every £2 that your 'adjusted income' exceeds £260,000. The maximum reduction is £50,000, which reduces the annual allowance to £10,000 – but only once adjusted income reaches £360,000.

The potential benefits

If you can take full advantage of the new, higher annual allowance, what could it be worth to you?

To get an idea, imagine a person contributing to a pension with 10 years to go until they retire. If they were to pay in the full annual allowance, assuming they achieve 5% a year investment growth after fees, the extra £20,000 they could pay in would result in an extra £252,926¹ in their pension by the time they retire compared to what would have been possible under the old annual allowance.

Were they to turn this extra money into an income via drawdown, based on withdrawals equalling 4% of their fund, they could expect an extra £10,117 of income per year².

The extra money held in their pension would also enjoy some shelter from Inheritance Tax in the event of their death. Money held in pensions is normally considered to be outside of your estate for IHT purposes, and can be passed on tax free if you die before age 75. If passed on after age 75, it would be taxed as income to the beneficiary.

A limit on tax-free cash

One final consideration for those hoping to take advantage of the higher annual allowance is the tax treatment of those extra contributions. Money paid into a pension usually benefits from tax relief, while withdrawals from a pension are taxed as income, with the caveat that 25% of money held within them is usually available tax free.

However, following the recent pension changes, this tax-free cash amount has now been capped at £268,275. Another way to look at it is that 25% of the first £1,073,100 in your pension can be withdrawn tax free. Money on top of that will all be taxed, in full, at your marginal rate of income tax.

While the recent changes to pensions have made the system potentially more generous, helping people to save in a tax efficient manner for their retirement, they have also added more complexity. If you want to know more about how these changes may impact you, simply speak to your 2plan adviser. They will be able to advise whether increasing your pension contributions is right for you.

Source: 1, 2 Fidelity International, May 2023

Important information

Investors should note that the views expressed may no longer be current and may have already been acted upon. Tax treatment depends on individual circumstances and all tax rules may change in the future. The value of investments can go down as well as up, so you may get back less than you invest. Withdrawals from a pension product will not be possible until you reach age 55 (57 from 2028). This information is not a personal recommendation for any particular investment. If you are unsure about the suitability of an investment you should speak to your financial adviser.

Author: Fidelity Adviser Solutions

Not On The High Street



When was the last time you made a significant purchase in an actual shop on your local high street? A while ago, I'd imagine. If you're anything like me, you probably did some research online, then went down to the high street to have a look at whatever it was in the flesh, before buying it online (probably at a lower price and with cashback). Many retailers are aware of this, and sadly closing their high street stores - they're just not economically viable any more.

Now let's think about the rise of price comparison websites. Many would assume a similar phenomenon is happening there - that financial comparison sites like confused.com, Money Supermarket, and Compare the Market are replacing traditional financial advisers and brokers. It's an easy parallel to draw. The reality is somewhat different, though, after all, getting a mortgage isn't the same as buying a new TV.

We supply the data behind most of the UK's comparison websites and are seeing an interesting trend emerge. While many consumers are indeed doing their initial research on comparison websites, those that don't complete the journey themselves, still rely on a broker. Anecdotally, we've found that consumers want to educate themselves

on what's available first and what might be suitable but want the advice of an expert to make sure.

There are a number of reasons why it's a good idea to get a second opinion from your broker or financial adviser. Firstly, comparison sites don't take into account our total financial picture. Yes, they might be able to fetch the best price on a mortgage or protection product, but we all have unique circumstances and complexities that can't be completely factored in by a comparison engine. So while many of us like to do some pre-shopping to get an idea of which products might be suitable for us and educate ourselves along the way, many of us still value the holistic and personalised service only an adviser can provide. This seems to be particularly the case when it comes to significant financial commitments like mortgages.

While many mortgage lenders (and technology partners like ourselves) have made huge strides to simplify the mortgage buying process as much as possible, for now, most of us still find comfort in having a professional to walk us through the journey. It helps to alleviate the anxiety that seems to go hand-in-hand with the whole mortgage process.

There's no doubt price comparison sites have helped us all become more involved in our financial decisions (which can only be a good thing), but we predict it will be a while before they close the doors (or laptop) of your local broker or financial adviser.

Author: IRESS

Finance Watchdog Warns Banks They Must Treat Customers Fairly

The financial watchdog is stepping up the pressure on banks and other lenders to pass on higher interest rates to savers by insisting that data protection rules cannot be used as an excuse not to tell consumers of better deals.

The Financial Conduct Authority (FCA) and Information Commissioner's Office warned banks and building societies that the rules do not prevent them from informing customers about better rates available.

The advice, in a letter to industry lobby groups UK Finance and the Building Societies Association, came after a summit earlier this month when the financial regulator put lenders on notice to speed up the process of passing on savings rates.

The latest warning comes as banks sought to defend themselves against criticism, they are profiteering by not passing interest rate rises to savers. The parliamentary Treasury Select Committee has accused banks of not offering good value.

Harriett Baldwin, the committee chair, said: "If the high-street banks continue to pay poor savings rates on their instant-access accounts, they should make sure their customers know that better rates are available."

The time for weak excuses is over." Alison Rose, chief executive of NatWest, told the MPs it had passed on more than 60 per cent of higher interest rates to its instant-access savings accounts in the first half of the year.

The FCA expects firms to have "a strategy to ensure customers are adequately informed of available rates across their product set and how they may benefit from switching". It added: "We have been closely monitoring firms' interest rate decisions and have regularly raised the issue in our supervisory discussions."

Author: 2plan





Annuities Look Attractive Again.

Sales of pension annuities have soared as rising interest rates mean much better returns for retirees – but many people remain sceptical about them. Until recently, annuities, which typically pay out a set income for life to a pensioner, have been largely dismissed because of their poor value.

But recent increases in interest rates, which have piled pressure on homeowners, have meant there are much better deals on the market. It is now possible for a 65-year-old to get £7,100 a year if they invest £100,000 – compared with £5,500 just 12 months ago.

The Association of British Insurers (ABI) says sales were up 22% in the first three months of the year, to the highest level in almost five years. And Canada Life, a leading provider, says it is seeing the highest sales since before the announcement of so-called pensions freedoms in 2015. But research shows scepticism remains:



- So are they a good option?
- And what should people consider before they spend their pension pot?

People can buy one by paying an insurer a lump sum. The insurer then guarantees an income. That could be for life, or for a set period; it could be the same every year or be linked to inflation; and the payments could stop on death or be passed on to a spouse.

The major advantage is a guaranteed income, with the possibility that a family member could continue to receive it after death.

However, you will be locked in for either life, or a set period – such as 10 years – and they may not perform as well as other products, such as an income drawdown plan, which leaves your money invested and takes income direct from your fund.

For a number of years, the rates on annuities have been derisory, leading them to be dismissed as an option for many people approaching, or in, retirement. But with higher interest rates have come much better offers.

A typical annuity for a 65-year-old with no health concerns now pays just under 7%. Figures from Canada Life show that it takes 14 years to get your money back from a typical investment, compared with 19 in 2018.

Author: 2plan

Download 2connect from the App Store to keep up to date with the latest marketing material from 2plan wealth management. Our whole library of marketing material is available for you to view, when you want, keeping up with the latest news.



If you would like to discuss any of these topics in more detail, please feel free to contact me to make an appointment. If you have friends, family members or colleagues who you think would be interested in these topics, please pass this newsletter to them.



safety in numbers
2plan.com

The information contained in this newsletter is based on 2plan wealth management Ltd's current understanding of tax laws as at August 2023. These laws are subject to change at any time and 2plan wealth management Ltd cannot be held responsible for any decisions made as a result of this newsletter. Tax advice is not regulated by the Financial Conduct Authority.

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