

June 2020



The Premier Partnership Limited

Your Family Office

# What Shall We Do Now?

The one thing that lockdown and the Covid-19 virus has given us is time. Time to consider, time to get things done and time to plan. So in this quarter's Newsletter, we are going to look at important aspects of money and planning that need to be considered and indeed acted upon - whilst we still have that time.

We want to look in this issue at things that need discussing, either between yourselves or the family and hopefully provide some helpful tips to assist your financial planning in these areas.

Money is a notoriously difficult subject to discuss with family members, but we are in extraordinary times. Almost negative interest rates on deposit accounts, stock market volatility and economic turmoil, all dominate our daily lives, but these are the very times that provide the opportunities for openly discussing financial matters and planning, so let's work through our list.



NEWS  
LETTER

## Your Estate

Discuss where you store your basic account details, bank accounts, investment portfolios, savings and things such as utility providers and give your loved ones a copy of passwords etc. Clearly you would only do such a thing for trusted family members, but it can be an enormous help.

Inheritance is a highly emotive subject and whilst it may sound morbid to discuss who may inherit a portion of your estate after you have passed away, doing so could prevent future difficulties or misunderstandings and even disagreements. By doing this you can also explain what your thoughts and plans are, and why you have made the decisions you have.

## Your Will

This time availability will also give you the opportunity to update your Will and to amend where necessary. For example, an old style Will that contains 'Nil Rate Band Will Trusts', could prevent an individual from utilising the Inheritance Tax Nil Rate Band - worth £325,000 each, and may also prevent the use of the 'Residence Nil Rate Band', now worth an additional £175,000 from 6 April 2020. This is a vital piece of estate planning and could save considerable sums in Inheritance Tax if planned correctly.



## Power of Attorney

Dealing with a deterioration in mental capacity can be particularly tough on a family. If you become unable to take decisions for yourself a Power of Attorney (POA) would ensure someone that you trust is in the position to do this for you, and assist.

You can put in place a Power of Attorney, which is a legal document enabling you to name one or more people to look after your affairs, if you lose capacity or become vulnerable due to age or infirmity. Without a POA, attempting to deal with the individual's affairs can be costly and time consuming, as without this document, application has to be made to the Court of Protection (in England), for the power to administer another person's affairs, and this may have to happen at exactly the wrong time due to sudden illness or accident.

## Lifetime Gifting

You may want to consider passing on some of your wealth to your family's future generations, but you must avoid giving money away that you may need in the future, such as for care fees or medical treatment.

There are various ways you can do this by making use of pensions, Trusts and life assurance. This is laying the foundations of your family's financial future, and must be planned carefully. Gifting capital during your lifetime uses various IHT exemptions:

- **You can give away up to £3,000 per annum free of Inheritance Tax. If the previous year's exemption has not been used, you can carry it forward.**
- **You can give up to £250 to as many people as you wish per tax year.**
- **You can make further tax free gifts into Trusts using potentially exempt transfers.**

The above is not an exhaustive list and there are many alternative options to gift capital, but do it with care, and consider the consequences.

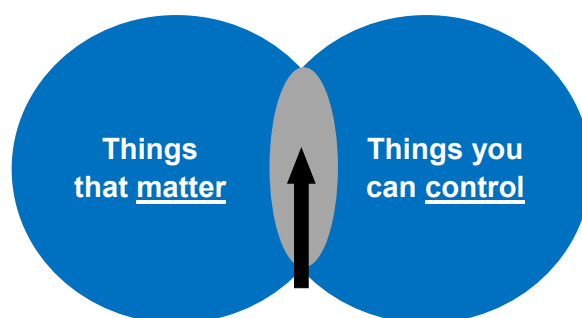
## A Financial Fact Sheet

One of the easiest Estates we ever had to deal with for Probate was preceded by the production of a letter saying 'In the event of my death please pass this onto The Premier Partnership Limited', which was kept with their Will.

The letter contained a list of the person's bank accounts, savings, investments, personal goods and chattels, utility and pension providers, sources of income, and debts such as credit cards.

It was a full financial fact sheet containing every detail needed for us to apply for Probate and administer the Estate. It proved invaluable then, and could equally prove invaluable to your family in the future.

## Focus On What Matters



What you should focus on

# How To Prepare Financially For The Unexpected

Investing is an emotionally charged event that challenges people to contend with uncertainty and doubt. To add to this we get so called 'Black Swan' events periodically (Dot Com Bubble, 9/11, Financial Crisis 2008, Covid-19), where things change dramatically and quickly. So how should we prepare?

Well in following our lists in this issue, here are a few more things to remember, and tips to assist, as we follow the three P's of financial behavioural coaching - Planning, Proactivity and Positivity.

## Hold Cash

There is an old saying that 'cash is king', and in times of extreme volatility in markets you should have immediate money available to cover your bills and payments for the next 6 months. For longer term planning of future capital expenditure - say forthcoming weddings, maintain that capital in term accounts or NS&I for higher interest, covering the next 1 - 2 years.



## Make A Plan And Stick To It

What do you want to achieve? Early retirement? So let's plan for it and when circumstances dictate, amend and adapt that plan to ensure success.

## Pensions

Where are they? Do you actually know where all your previous pensions are and what they are worth? If you do know the above, have you reviewed your investments inside those pensions, are they appropriate now? Very important questions to consider. Every pension you hold will have an expression of wish form for death benefits - make sure yours are up to date.

## Protection Assurance

What would happen to your families' finances if illness or death should occur? Having a financial plan includes covering the things that matter by using life assurance cover. Review your occupational Death in Service terms if you have them, and ensure you have listed correctly your beneficiaries to enable the right money to go to the right place, at the right time.



## Rethink Sources Of Income

If you rely on the natural income of dividends from your portfolio, be aware that the economic impact of Coronavirus could wipe up to 35% off global dividends in 2020. 42 of the FTSE 100 listed companies have cut or cancelled their dividends, so if you are relying on dividends as a source of income, review your current position.

## Tackle Life Admin

Lockdown is the perfect time to tackle things we never find time for - such as paperwork. If your paperwork is in disarray, imagine how long it would take someone else to wade through everything. Admin following a death is an enormous burden at a time of emotional distress, but we can help, and take you through what may be required.

## Be Flexible

Plans are made to be reviewed, but the crucial thing is to make sure you have enough short term cash around to cover immediate needs for at least 6 months, so you don't have to raise capital at the worst possible moment when markets are tumbling.

# Key Things To Remember In Times Of Investment Uncertainty

	Low Risk	Medium Risk	High Risk
	Your willingness and ability to accept investment risk is well below average. Any falls in the value of a portfolio that matches this risk profile should be very small / small.	While there is potential for returns from your investment to match or go above the rate of inflation, you also need to accept that your investment could fall in value, particularly in the short-term.	A portfolio that matches this risk profile is likely to experience significant rises and falls in value.

## BE LED BY THE SCIENCE

Corrections, crashes and crises happen. While they happen for different reasons and are unsettling, the history and social scientific study of stock market cycles tells us to expect a recovery.	It's unsettling. However, you are in a well-diversified portfolio of cash, gilts and quality bonds. Historically, these will limit your downside and over time they will recover.	You are in a globally diversified portfolio of cash, bonds, property and equities, which is performing as expected with falls in value, but these are less than higher risk portfolios. Over the long-term they are expected to recover.	You are in a globally diversified portfolio of mostly equities, which is performing as expected with sharp falls in markets like this. Historically, the rebound should be equally sharp when it comes.
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## REMEMBER THE REVIEW/PLANNING PROCESS

We talked about the fact that events like this can and do happen. The long-term return expectations we used to build your portfolio incorporate the potential for extreme events like this. Stick with the plan and you are in the best position to achieve your objectives in the long-term.	We looked at how you feel and your capacity to withstand these rare events and that's why we selected this risk profile. Remember to focus on your long-term goals and not be driven by emotion in the moment.	We looked at how you feel and your capacity to withstand these rare events and that's why we selected this risk profile. Remember to focus on your long-term goals and not be driven by emotion in the moment.	We looked at how you feel and your capacity to withstand these rare events. That's why we selected this risk profile. Remember to focus on your long-term goals.
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## FOCUS ON RISK-BASED BENCHMARKS, NOT HIGH-PROFILE INDICES

You are invested in a globally diversified, risk matched portfolio - not a single index. Diversification gives you the best chance of mitigating the more extreme losses of individual markets and of positioning your portfolio in the right areas for the upswing when it comes. Risk-based benchmarks are the best comparisons.	Don't look at the FTSE. You're invested in a well-diversified portfolio of cash, gilts and quality bonds. Historically, these will limit your downside.	Don't look at the FTSE - you're not only invested there. You're invested in a globally diversified portfolio which includes cash, gilts and quality bonds. Historically, these will mitigate the worst of the downside.	Don't look at the FTSE. You're not only invested there - but in a globally diversified portfolio. Historically, these will mitigate the worst of the downside.
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## STAY INVESTED

If you sell out of a portfolio in falling markets and then try and time your re-entry to benefit from the recovery, it is almost certain that you will miss the most important days when the markets rebound. The most successful strategy is to stay invested. Think 'time invested', not 'timing of investment'.	Making an impulsive decision because of the emotions you are currently feeling may have a negative impact on your long-term goals. By holding a long-term commitment and staying invested, you can weather the storm and allow your investments to recover.	Making an impulsive decision because of the emotions you are currently feeling may have a negative impact on your long-term goals. By holding a long-term commitment and staying invested, you can weather the storm and allow your investments to recover.	Making an impulsive decision because of the emotions you are currently feeling may have a negative impact on your long-term goals. By holding a long-term commitment and staying invested, you can weather the storm and allow your investments to recover.
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Please remember that past performance is not a guide to future performance. The value of investments and the income from them can go down as well as up and investors may not get back any of the amount originally invested. Exchange rate changes may cause the value of overseas investments to rise or fall.

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5 Pebble Close · Amington · Tamworth · Staffordshire · B77 4RD  
T 01283 711222 F 01283 711444 E [enquiries@premierpartnership.co.uk](mailto:enquiries@premierpartnership.co.uk) W [www.premierpartnership.co.uk](http://www.premierpartnership.co.uk)  
Registered Office: Court Green, Eden Road, Tunbridge Wells, Kent TN11 1TS