BROUGHT TO YOU BY

find a wealth manager.com

#WEALTHGOALS

Client Case Studies

A selection of real-life examples showing how
the wealth managers on our panel have helped people
like you achieve their financial objectives

CONTENTS

TIME TO MOVE OUT OF CASH

Many people have been wedded to cash for decades and recent stock market volatility has hardly encouraged new investors to step up and take on risks they need to be convinced of. Careful planning and frank discussions can, however, help clients appreciate the investing opportunity, as Allie Kirk, Private Banker at Nedbank Private Wealth, explains.

THE SITUATION

Mr and Mrs W were in their late 50s, and Mr W had retired from a career as a CFO for a large company. Having not had children, the couple believed that their substantial cash savings and property assets would be able to sustain their lifestyle throughout retirement.

The coronavirus pandemic, however, brought the realisation that the physical property assets they owned may not always be so easy to manage. Meanwhile, the actions of central banks – as they sought to support the rapidly rising levels of government debt – negated an income stream as interest rates were slashed to new record lows. In addition, the support that Mrs W wished to provide for her mother highlighted the potential for further outgoings that had not previously been considered.

As a result, they contacted the team at Nedbank Private Wealth to understand their options, and that sought a cautious approach to risk.

“

The coronavirus pandemic brought the realisation that the physical property assets they owned may not always be so easy to manage

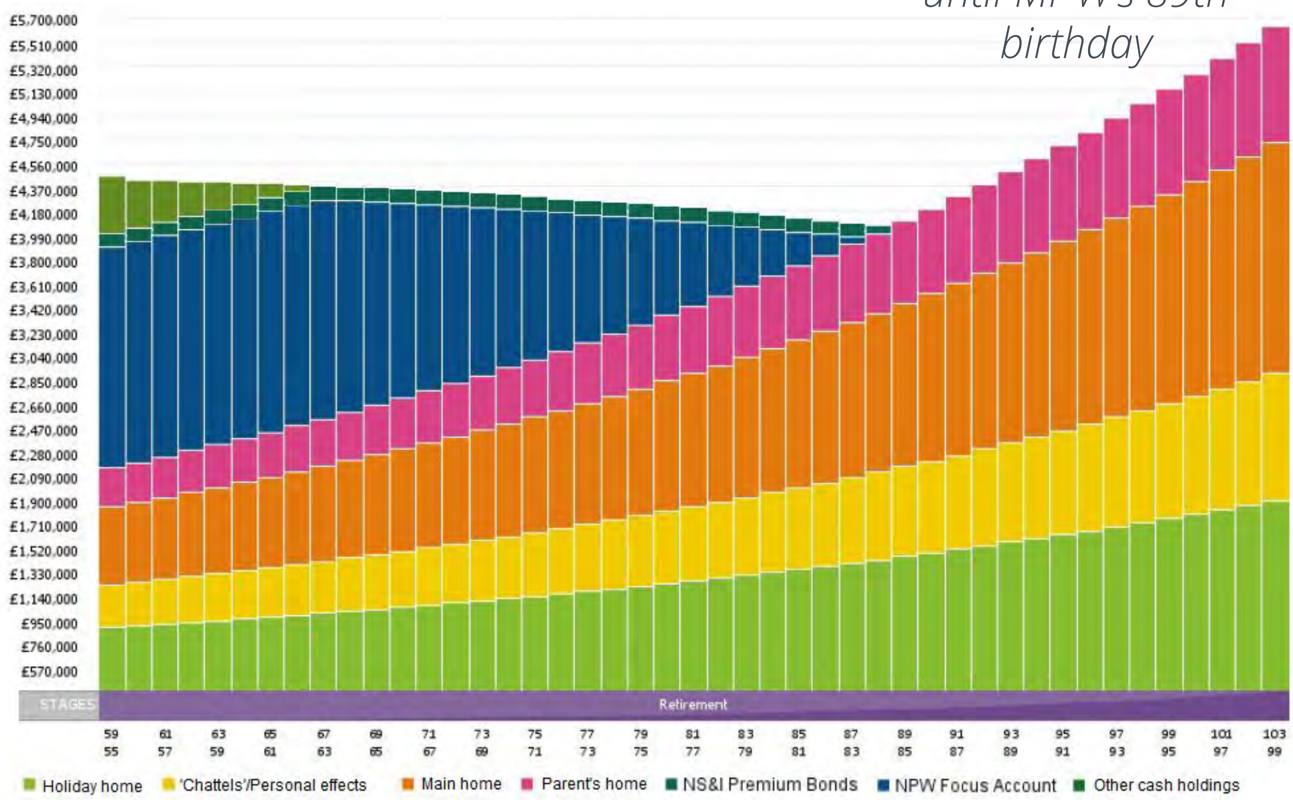
THE SOLUTION

The private banker to whom they were introduced provided some immediate advice on the opportunities available for them, and shared her experience of working with clients in similar situations. The couple then met an investment counsellor and a wealth planning specialist for conversations that plotted all of the "what if" scenarios that were of concern. For example, would they be able to shoulder the cost of the care of Mrs W's mother without having to sell her home?

Working in tandem with the private banker, the wealth planner was able to draw up a cash flow plan that enabled them to see the projections for their cash savings over time. In addition, while inflation remains at very low levels, the private banker was able to help the clients understand that their personal inflation number was likely to be different from a centrally published catch-all. The couple could also factor in planned short-term spending on home improvements.

> *"The cash flow projections showed their cash, based on the current spending, would only last until Mr W's 89th birthday*

Assets Detailed



While the couple had firmly believed their savings would last their entire lives, the cash flow projections instead showed their cash, based on the current spending, would only last until Mr W's 89th birthday.

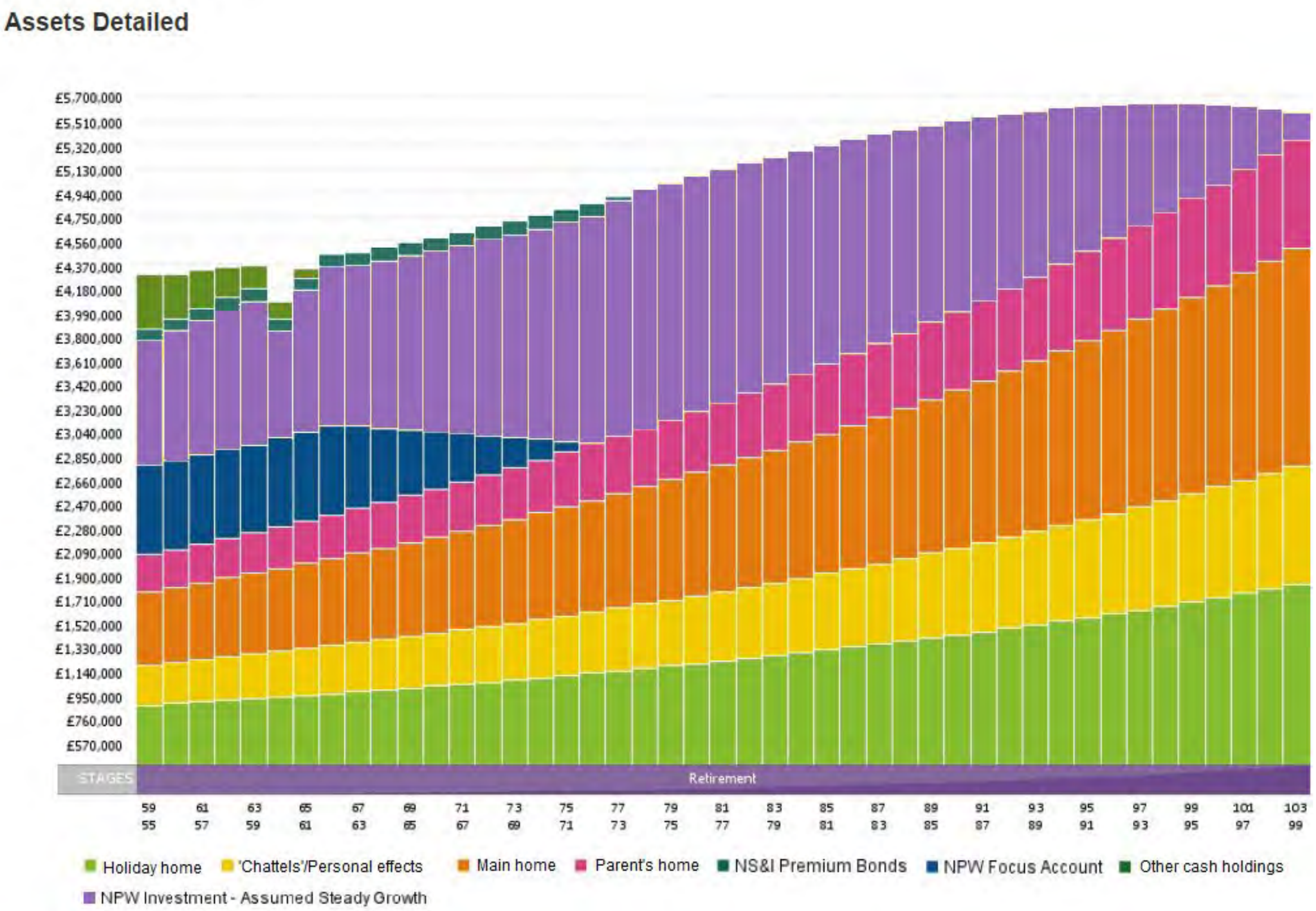
The couple completed a risk-profiling questionnaire, which was then discussed with our investment specialist to explore investment options at the more cautious end of the risk spectrum.

THE RESULTS

The couple realised that their previous fall-back position of selling one of their properties was often not an option given the proceeds may be impacted if they were forced to sell at an inopportune time, while circumstances, such as a lockdown, could prevent a sale proceeding.

In addition, one of the cash flow “scenarios” included a 30% fall in financial markets across the board in the fifth year of investing to provide a practical view as to what that would mean for the couple’s finances. This highlighted the benefits of investing over the 30-40 years that the couple expected to live given their lifestyle and their family history of longevity.

The deciding factor, however, was the potential for new financial opportunities for them through investing when seeking to take a higher level of risk than initially discussed, which would enable the flexibility to sell assets at the “right” time, care for their elderly relative and have a wider range of choices for their own long-term healthcare, if needed.



In addition, the projections showed surplus income which would enable gifting to charity and their wider family. In the clients' own words, the recommendations were "an eye-opener and exactly the guidance they needed" – advice which is now being implemented.

In the clients' own words, the recommendations were 'an eye-opener and exactly the guidance they needed' – advice which is now being implemented

Allie Kirk is a Private Banker at Nedbank Private Wealth. She manages selected portfolios of High Net Worth clients, working closely with their professional advisers, such as lawyers and accountants, to provide services tailored to their specific financial needs. These include wealth management, succession planning, pensions, lending and banking services. Allie is a Fellow of the Chartered Institute for Securities & Investment.

LETTING GO OF BUY-TO-LET

Specific investment concerns often bring clients through wealth managers' doors, but these invariably uncover other areas where their investments and financial planning could be working harder. Here, Chris Hardie, Financial Planner at 7IM, illustrates with a recent case.

THE SITUATION

"

As part of our initial discussions, we established that drops in the stock market weren't really a concern for her as she understands that investments should be long-term in nature

Mrs P, in her late 60s, has a Stocks and Shares ISA, which she doesn't ordinarily take notice of because her state pension and rental income cover her spending of approximately £30,000 per year.

Unfortunately, the property's tenants of six years have moved out and she is struggling to find new tenants. Therefore, Mrs P felt that she now needed advice on how to manage her ISA because she needs to use the funds to replace the lost rental income. As she inherited the plan from her late husband, she doesn't really know how ISAs work and how the plan is invested.

As part of our initial discussions, we established that drops in the stock market weren't really a concern for her as she understands that investments should be long-term in nature. What keeps her up at night is the ongoing maintenance of the rental property and the worry of not having tenants. She is also very keen to support her two sons financially who have young families, but she has never felt that she could afford to do this.

THE SOLUTION

After discussing the pros and cons of doing so, Mrs P decided that she would sell her second property and use the proceeds to fund her retirement income (which was her main priority) and gift to her family where possible. As she had to pay Capital Gains Tax on the property sale, she was keen to ensure that the new arrangement was as tax-efficient as possible.

As a starting point, using cash flow modelling, we projected the value of her cash and investments over time when taking withdrawals to meet her income target of £30,000 per year. As this illustrated that there would likely be a significant value remaining on her death (for the purposes of the modelling we agreed that she will live to age 100), we projected different scenarios accounting for different levels of gifts to her sons and potential care costs.

Following this work, we agreed that Mrs P would gift her sons £100,000 each, keep a cash emergency fund of £60,000 (2 years' worth of income) and invest the remainder of the property sale proceeds in a tax-efficient plan to provide her with a regular income for the rest of her life. We recommended that Mrs P invested the funds in an offshore bond within a Discounted Gift Trust (DGT) that would pay her a monthly income of £1,750 (£21,000 per year). In addition to her £9,000 State Pension, this would meet her income target of £30,000.

"We recommended that Mrs P invested the funds in an offshore bond within a Discounted Gift Trust (DGT) that would pay her a monthly income of £1,750 (£21,000 per year)

"After discussing the pros and cons of doing so, Mrs P decided that she would sell her second property and use the proceeds to fund her retirement income (which was her main priority) and gift to her family where possible

THE RESULTS

Although Mrs P now has a lot more exposure to the risks and volatility of the stock market, our cash flow modelling analysis showed that future market crashes are very unlikely to impact her ability to fund her retirement income, which provided her with great comfort. She also has her ISA available to use when required, e.g. for further gifting, spending or care costs, which she now knows can be accessed tax-free.

Mrs P will not pay any income tax on her withdrawals (tax is deferred until the bond is surrendered) and the investments within the bond will grow tax-free. In addition, due to the treatment of the DGT for Inheritance Tax (IHT) purposes, some of the bond value will drop out of her taxable estate immediately, with the remainder dropping out after 7 years. This is a significant improvement from her previous arrangement where most of the rental income was taxable at 20% and on her death most of the property would be subject to IHT at 40%.

We significantly improved the tax-efficiency of Mrs P's finances and more importantly gave her peace of mind that her investments should comfortably fund her spending throughout retirement, without the worry of tenants and ongoing repairs. Cash flow modelling also gave Mrs P comfort that she can make gifts to her children without impacting her ability to fund her income.

"This is a significant improvement from her previous arrangement where most of the rental income was taxable at 20% and on her death most of the property would be subject to IHT at 40%

Chris Hardie is a Financial Planner. He joined 7IM in 2018 following the acquisition of Tcam. Chris has worked for Tcam and Mearns & Company in wealth planning and technical research roles. Chris has a degree in Education Studies from The University of Edinburgh, having studied to become a PE Teacher. He is now a Chartered Financial Planner, holding the Advanced Diploma in Financial Planning, and has recently become a Fellow of the Personal Finance Society.

LANDLORDS WOULD CERTAINLY BE FORGIVEN FOR THINKING THAT BUY-TO-LET IS SOMETIMES MORE HASSLE THAN IT IS WORTH. THERE MAY WELL BE MORE TAX-EFFICIENT AND PROFITABLE WAYS TO ARRANGE YOUR FINANCIAL AFFAIRS TO DELIVER THE RESULTS YOU NEED.

EXPLORING THESE CAN BE FAST AND FREE.

WHY NOT LET US SET UP SOME CALLS WITH YOUR BEST-MATCHED ADVISERS AT A CONVENIENT TIME?

COACHING THE KIDS FOR INHERITANCE

Business owners who enjoy a successful exit can suddenly find themselves with a surprising amount of wealth and juggling the challenges of Inheritance Tax (IHT) planning and helping their children without giving them too much too soon. James Hambro & Partners found a solution for one family, as financial planner Charlotte Brayton explains.

THE SITUATION

Mrs B sold her company for c.£3.5m after tax. As is common in these cases, she was tied in to carry on working within the business for a set period and will eventually receive another £4m.

She and her husband (both in their mid-50s) have three adult children, who were aged 23, 24 and 26 at the time of the sale. Mum and Dad have a family home and a flat in London, as well as a holiday property in the West Country. They had limited savings beyond this. The result was that should they die their estate would face a £2.4m IHT liability (and that is before the next tranche of cash comes in).

They wanted to reduce this IHT liability. The obvious solution was to give money to their children - but how much, when, and how to do it without demotivating them?

“

The obvious solution was to give money to their children - but how much, when, and how to do it without demotivating them?

THE SOLUTION

My colleagues advising Mum and Dad first calculated through a careful budget review how much they will need a year in income when they retire. A figure of £100k pa was agreed. This enabled us to work out how much to keep back for them and start to invest it sensibly.

Next, they looked at the children's needs. Mum and Dad were keen to pay off their university debts and help them get on the property ladder. We had several discussions around the size of the gift and after careful analysis agreed that £900,000 in total was a sensible amount and would not undermine their own finances. We discussed the downsides of gifting too early against the positives of tax planning.

> *Each [child] agreed that they wanted to use the money as the deposit on a house but as all three live in London they would still need a substantial mortgage and none had the earnings yet to achieve that*

The easiest way to avoid IHT is through what is known as a "potentially exempt transfer" – this allows you to make gifts of unlimited value, which become exempt from IHT if the donor survives for seven years.

To be scrupulously even-handed, Mum and Dad wanted to give each child £300k at the same time but were concerned that this might demotivate them at the outset of their careers and wanted to be sure that all three would use it sensibly and appreciate its value.

We agreed to give them their own financial planner – me. I met each of them individually to talk about their own plans and objectives. Each agreed that they wanted to use the money as the deposit on a house, but as all three live in London they would still need a substantial mortgage and none had the earnings yet to achieve that. So, they each agreed to hold off buying for five years. Through ongoing discussions, I have coached each to examine how much they spend each month and set up savings plans to add to the initial gift. They all now understand the principles of budgeting and investing and the importance of constantly monitoring your plans.

We have invested the money in a balanced multi-asset portfolio that has already generated an extra £35,000 for each of them (despite the crisis). We will reduce the risk on this as we get closer to the point of purchase. All three are writing wills, gifting their estate to their siblings in the event of anything terrible happening to them at this point (as without a will the money would automatically return to their parents' estate starting the whole 7-year gift cycle over again).

THE RESULTS

It has been rewarding to see their knowledge expand and they have valued having someone nearer their own age, and independent of their parents, to talk through major financial decisions. I challenge their decisions and that helps them to work out what they really want. They have seen their money grow in the 18 months it has been invested, the impact of the crisis and the recovery that followed. That will stand them in good stead for investing later. They have become smarter about budgeting. All are saving. None takes their gift for granted.

"*Mum and Dad have, potentially, reduced their IHT liabilities by £400,000 and can continue to review IHT planning for the rest of their estate with greater confidence*

Meanwhile Mum and Dad have, potentially, reduced their IHT liabilities by £400,000 and can continue to review IHT planning for the rest of their estate with greater confidence. They know that their children are better prepared for inheritance and are going to use money they are given wisely.

Charlotte Brayton joined the financial planning team at James Hambro & Partners in 2018. She began work in the financial services industry after obtaining a combined honours degree in Mathematics and Spanish from the University of Exeter in 2013. Charlotte is a Chartered Financial Planner, having attained the CII Advanced Diploma in Financial Planning, and is a member of the Chartered Institute for Securities and Investment.

WE OFTEN HEAR FROM INDIVIDUALS WHO ARE KEEN TO OFFER THEIR CHILDREN A LEG UP FINANCIALLY, BUT ARE UNSURE AS TO HOW MUCH TO GIVE, AND WHEN. DON'T WRESTLE WITH THESE ISSUES ALONE.
WHY NOT ARRANGE A FREE, NO-OBLIGATION DISCUSSION WITH AN EXPERT THROUGH OUR SMART MATCHING TOOL?

HOW DO YOU PROTECT YOUR FINANCES AGAINST A CRASH?

David Goodfellow, Head of Wealth Planning at Canaccord Genuity Wealth Management, explains why cash flow modelling is vital in protecting your quality of life.

THE SITUATION

Sarah and Jack (names changed), both turning 50, came to us because they wanted to make sure their finances were on track and that they would be robust enough to survive an unexpected shock, such as a financial crisis or a change in personal circumstances.

They were earning around £60k a year and predicted they would earn around £90k by the time they retired.

Of course, they had no idea of their life expectancy or what challenges they might face, but we used cash flow modelling to help us figure out what "good" might look like.

> "*They had no idea of their life expectancy or what challenges they might face, but we used cash flow modelling to help us figure out what 'good' might look like*

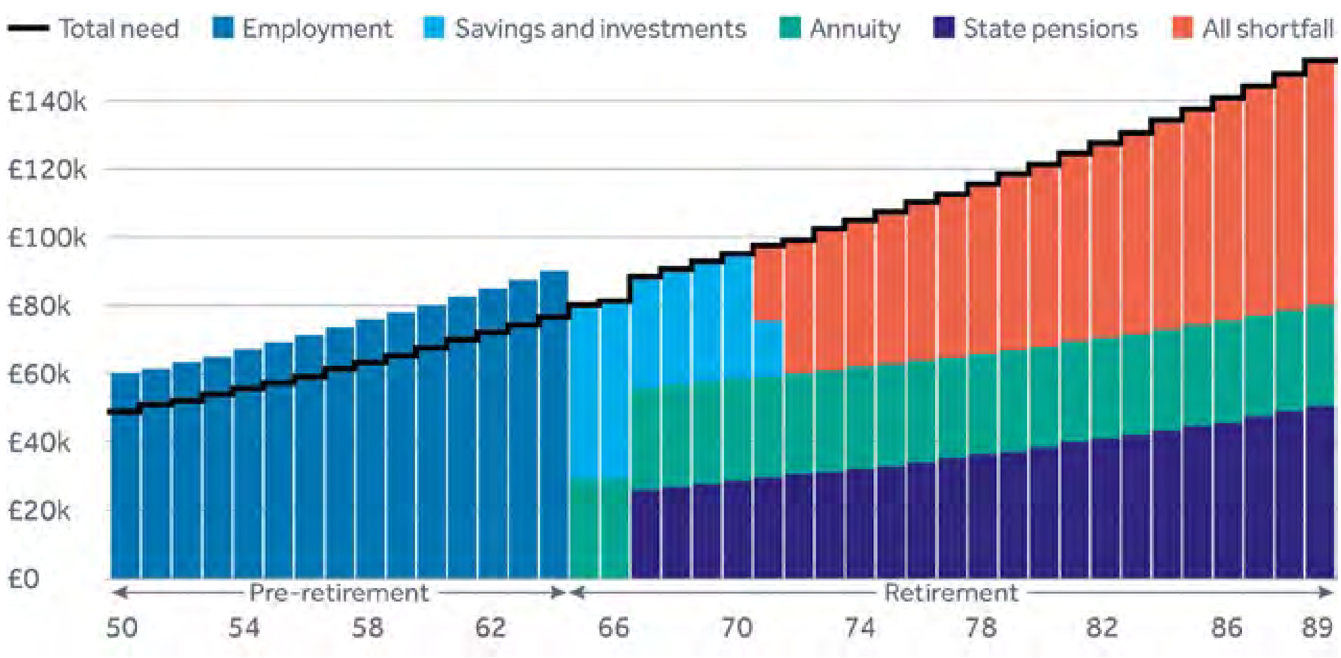
THE SOLUTION

Firstly, we built a complete picture of their finances by assessing their current and forecasted wealth, along with their income and expenditure. We checked their current arrangements – like their pensions and savings accounts – were right for their needs and we also highlighted any shortcomings that needed to be addressed.

We then tried out different scenarios to see if they would work for this couple. Although we hadn't predicted the coronavirus pandemic, we ensured their cash flow plan included alternative solutions for various eventualities. It illustrated different "what if?" scenarios – such as "what if markets fall by 25%?", "what if I don't get paid for 12 months?", "what if I can't contribute fully to my pension?", "what if I don't get the big bonus I was expecting?" or "what if my partner becomes ill?"

If you take a look at the first diagram, we found that, until they retire, Sarah and Jack will earn roughly 15% a year more than they spend (this is shown by the black line). Their savings, annuity and state pensions, which will kick in when they are 67, will be enough income for the first six years of retirement. But by the age of 71, their savings are reduced and they cannot spend as much as they would like. This considerable shortfall is shown by red bars in the graph.

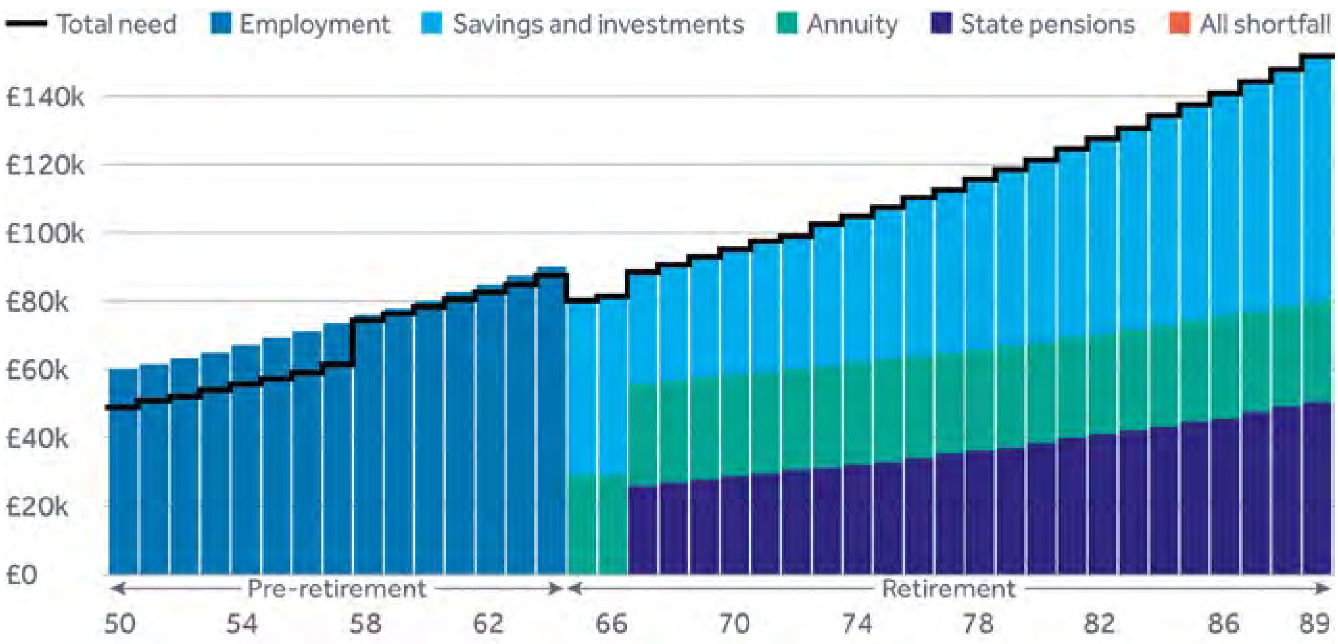
CASH FLOW WITH NO PLANNING



THE RESULTS

The cash flow modelling exercise helped us to come up with a new financial plan that would address some of the issues that had been highlighted. For example, the surplus income that Sarah and Jack will earn in the years before they retire, is being used to make extra pension contributions and invest in ISAs. As the second chart shows, this will increase their pension contribution when they retire and make sure their investments last longer. The plan we came up with ensures there is no shortfall in their projected lifetimes. Regular reviews will be a must for Sarah and Jack, especially as they approach retirement – if there is another period of volatility as they approach this time, they might need to change the amount they were planning to draw, so they don't deplete their savings.

CASH FLOW WITH PLANNING



Luckily, it's unusual for the markets to drop by 25% as we witnessed in 2020, but we stress tested the plan to withstand a market fall. While the projected value of their savings and investments is lower, the plan is still on track to generate Jack and Sarah's required income for life – giving them the reassurance they need at this unprecedented time.

The combination of cash flow modelling, a well thought through financial plan and an inbuilt "crisis planning" contingency isn't necessarily failsafe, but it will stand you in much better stead than sailing on blindly. You need to approach your financial future with a hefty dose of common sense and a side order of realism – it isn't a sure-fire way to save your finances from the wolves, but it will give you a fighting chance.

"The cash flow modelling exercise helped us to come up with a new financial plan that would address some of the issues that had been highlighted

People often focus on their investments without paying sufficient attention to the financial planning side of the equation. Cash flow modelling is a vital part of this and will help inform your investment strategy to a very great degree. Many of our panel wealth managers are one-stop-shops for both elements of managing your wealth optimally, but please do get in touch if you are unsure of what you need before starting your search for an adviser.

David Goodfellow is Head of Wealth Planning at Canaccord Genuity Wealth Management. He specialises in financial planning and tax-driven investment planning. He has over 15 years' experience in advising on and investing in VCTs, EISs and tax-driven property structures. He is currently Head of UK Financial Planning at Canaccord Genuity Wealth Management and a member of the Personal Finance Society and The Chartered Insurance Institute.

> *The combination of cash flow modelling, a well thought through financial plan and an inbuilt 'crisis planning' contingency isn't necessarily failsafe, but it will stand you in much better stead than sailing on blindly*

MAKING A BUSINESS PROPERTY PURCHASE SECURED AGAINST A PORTFOLIO

Daniel Porteous, Client Senior Manager at Brown Shipley, explains how his firm helped the owner of a business further its growth with a significant property purchase, without the need to withdraw a large amount from his investment portfolio.

THE SITUATION

Mr H is the second-generation owner of a successful language school which offers a range of courses to both domestic and international students. The college had no accommodation of its own and instead relied on a number of third-party businesses and individual households to house students during their studies. This had become a significant administrative task and one which only generated a modest income for the business. For some time, Mr H had been considering purchasing bed and breakfast style accommodation near to his college to enable him to add this as an ancillary service to the students and generate additional income.

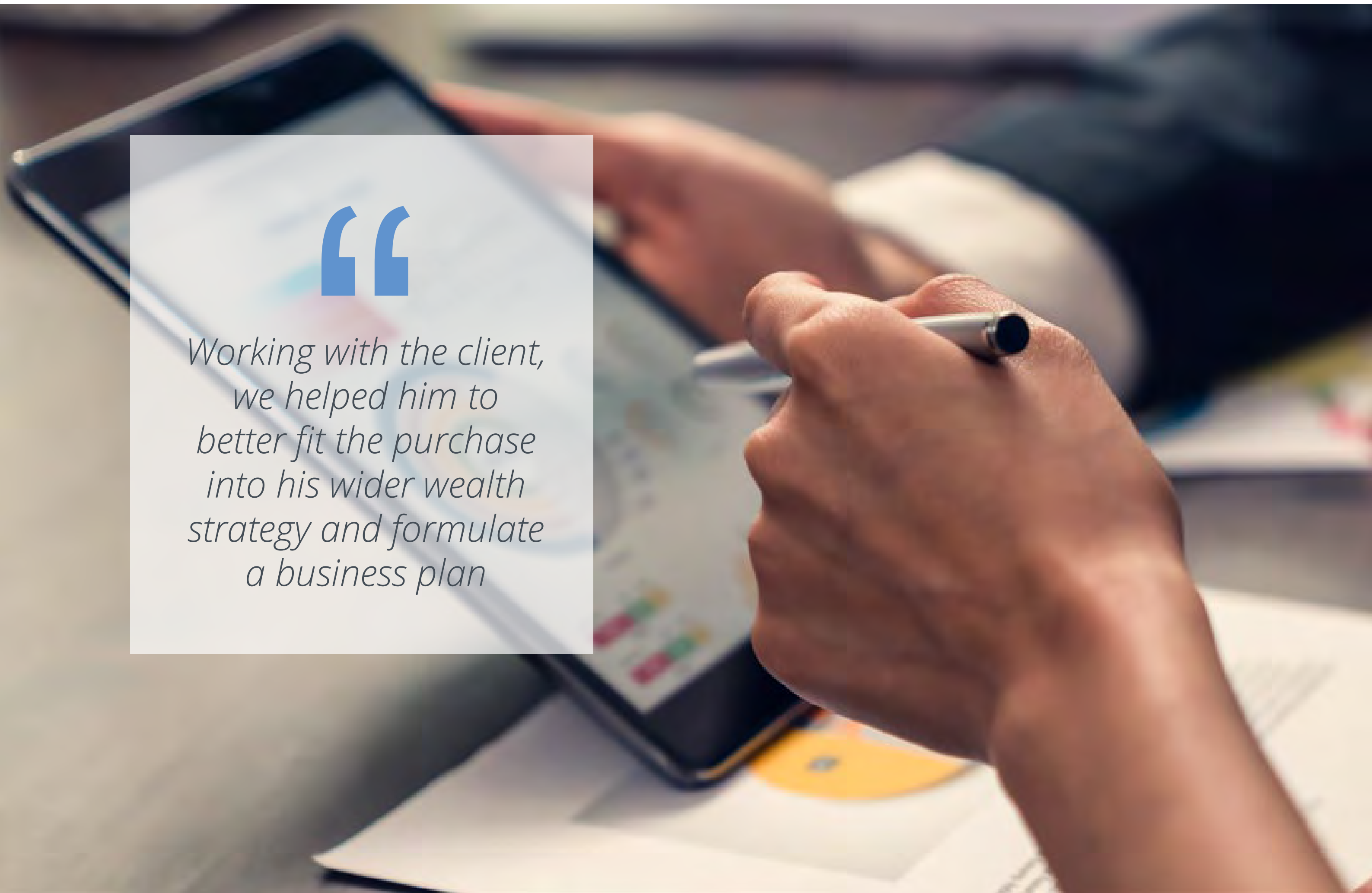
A small 14-bedroom hotel located next door to the college went up for sale and Mr H decided this was an opportunity not to be missed. Mr H has been a client of Brown Shipley for over 30 years and held significant investments with us but had never borrowed from us, so his initial thought was that he would need to withdraw £1.5m from his investment portfolio. At this point I was introduced to the client as a lending specialist to discuss other potential ways of funding the purchase.

During a number of conversations with the client, his ability to borrow against his investments was discussed which allowed him to borrow the funds required at a low rate of interest

THE SOLUTION

During a number of conversations with the client, his ability to borrow against his investments was discussed which allowed him to borrow the funds required at a low rate of interest. The facility avoided the capital gains associated with selling such a large portion of his investment portfolio at that specific point. By considering how the purchase sat with his long-term plan and wider priorities, a range of funding options were able to be provided and the client ultimately decided to borrow, secured by his investments, to fund the property purchase.

Whilst Mr H had significant experience in running a business, he had no experience in the hospitality industry and no formal business plan in place. Working with the client, we helped him to better fit the purchase into his wider wealth strategy and formulate a business plan. In addition, the client's company needed to be restructured prior to purchasing the hotel so consideration also needed to be given to this.



Working with the client, we helped him to better fit the purchase into his wider wealth strategy and formulate a business plan

THE RESULTS

By working closely with Mr H and his accountant, we were able to provide a company loan secured by his investment portfolio with Brown Shipley. This allowed the client to acquire the hotel within the correct company structure and secured by his investments. He was also able to meet his wider wealth plans by remaining invested, but also avoiding the potential capital gains associated with selling his investment which he had initially considered.

The client could then decide how best to repay the facility in the longer term, whether that be from the business profits, or a more controlled sale of investments in the future. At Brown Shipley, we take the time to understand clients and their wealth plans over the long term. This case study is another great example of how we utilised the broader proposition at Brown Shipley to best meet our client's needs and to find the most effective solution.

"

The client could then decide how best to repay the facility in the longer term, whether that be from the business profits, or a more controlled sale of investments in the future

Daniel Porteous is a Client Senior Manager at Brown Shipley. With over 10 years of private banking experience, Daniel specialises in providing clients with tailored lending solutions looking at their specific circumstances to assess complex financial arrangements. Daniel joins directly from Handelsbanken where he was an Individual Banking Manager overseeing a portfolio of High Net Worth clients.

ENTREPRENEURS MAKE UP
A SIGNIFICANT PROPORTION OF
THOSE COMING TO US TO FIND A
WEALTH MANAGER,
AND BUSINESS OWNERS ARE OFTEN
SURPRISED AT JUST HOW VALUABLE
THEIR ADVICE AND SERVICES CAN BE.
WHATEVER STAGE YOU ARE AT,
WEALTH MANAGERS CAN ALIGN YOUR
PERSONAL AND BUSINESS STRATEGY
TO MASSIVELY IMPROVE YOUR
FINANCIAL POSITION.
PLEASE DO GET IN TOUCH TO DISCUSS
THE MYRIAD WAYS WEALTH FIRMS
CAN HELP BUSINESS OWNERS.

PUTTING SOCIALLY RESPONSIBLE INVESTING INTO PRACTICE (WITHIN A FINANCIAL PLAN)

Socially Responsible Investment doesn't have to be an afterthought when your financial planner has suggested that an investment portfolio is suitable for your current situation. Andy Pearce, Investment Manager at Punter Southall Wealth, explains how the Socially Responsible Investment (SRI) service fits within a wider financial plan, and is a continuation of their investment philosophy.

THE SITUATION

Mr F approached Punter Southall Wealth following the death of a parent and subsequent large inheritance. In his forties, Mr F felt that his finances were in good order; he was earning a good salary, owned his own home along with another property which generated rental income, and he was making regular pension contributions.

Initially, Mr F wanted Punter Southall Wealth to advise him on investment options for the cash and shares he had inherited. He felt that there was limited need for any changes to be made to his existing finances. His main wish was for some detail on how he could invest the inherited sum with a socially responsible bias.

Mr F, like many others, felt that using an inheritance to invest for the benefit of future generations was vital. More and more investors are becoming concerned about the impact that their money is having on the world around them.

Punter Southall Wealth, being an advice-led wealth management firm, felt that Mr F would benefit from a full financial review. In arranging for a financial planner to be present at the first meeting with Mr F, as well as an investment manager, it was possible for Mr F to appreciate how the two specialities work hand in hand and therefore why a full review would be helpful at this stage.

THE SOLUTION

By including a financial planner in the proceedings, it quickly became apparent that some valuable changes could be made to Mr F's existing situation for his long-term benefit. By undertaking a full review, it was possible to create a bespoke financial plan, taking into consideration short-term, medium-term and long-term goals.

The inherited share portfolio and part of the cash sum were earmarked for investment as part of Mr F's financial plan. As part of the process, Mr F's attitude to risk was determined, and it became apparent that a balanced investment portfolio was most suitable for Mr F. This raised concern for Mr F, who now felt it would be difficult to achieve his goal of investing with a socially responsible bias. Mr F believed that to do so involved only investing in shares, screening out companies that failed to meet set screening criteria (also known as negative screening).

The Punter Southall Wealth SRI service is specifically designed to address this issue. A dual approach is taken: looking to achieve a client's financial objectives (within a particular risk framework) whilst also creating a positive social impact. This provides our clients with a no-compromise solution, and Punter Southall Wealth can offer SRI portfolios across the entire risk spectrum. Different asset classes, such as bonds and alternatives, are used within a multi-manager approach in order to cater for each client's needs whilst always keeping a focus on being socially responsible.

“

Mr F, like many others, felt that using an inheritance to invest for the benefit of future generations was vital. More and more investors are becoming concerned about the impact that their money is having on the world around them

“

Different asset classes, such as bonds and alternatives, are used within a multi-manager approach in order to cater for each client's needs whilst always keeping a focus on being socially responsible

THE RESULTS

By undertaking a full review, it was possible to create a bespoke financial plan, taking into consideration short-term, medium-term and long-term goals

Comfortable that this bespoke financial plan suited his needs, Mr F was able to fully engage with the SRI portfolio that was a key concern following his inheritance.

Punter Southall Wealth focuses on positive inclusion, rather than negative exclusion, meaning that clients can choose the investments they want to own, rather than following a process based exclusively around screening. Punter Southall Wealth's SRI framework is linked to the United Nations' 17 Sustainable Development Goals.

As it is an extension of Punter Southall Wealth's existing investment philosophy, investing in an SRI portfolio enabled Mr F to access all the benefits of using a discretionary investment manager. In this case, it meant a prudent reduction of the inherited shares and reinvestment into the SRI portfolio, whilst being mindful of market timing and tax considerations.

Mr F achieved his aim of investing his inheritance with a socially responsible bias, but with the added bonus of this being part of a well-constructed and bespoke financial plan created for him by Punter Southall Wealth.

Andy graduated from the University of Leeds with an Honours degree in European Politics in 2010. He joined Punter Southall Wealth (previously Psigma Investment Management) in 2014 and has worked in various roles within the private client team. Andy now works as an Investment Manager and has several years of experience managing a broad range of private client, pension and trust portfolios. Andy has completed the CISI Investment Advice Diploma and the Chartered Wealth Manager (Level 7) qualification, and is a Chartered Fellow of the CISI. Andy is currently studying towards the CFA Society Certificate in Environmental, Social and Governance (ESG) Investing.

OUR USERS ARE REALLY WAKING UP TO THE FACT THAT DOING WELL FINANCIALLY, AND DOING GOOD WITH YOUR CAPITAL CAN BE EFFECTIVELY YOKED TOGETHER TODAY.
MANY OF THE WEALTH MANAGERS ON OUR PANEL MAKE A REAL SPECIALISM OF SUSTAINABLE/SOCIALLY RESPONSIBLE INVESTING, SO WHY NOT LET US SET UP A NO-OBLIGATION CONVERSATION ABOUT HOW YOU COULD ACHIEVE BOTH YOUR PERSONAL AND WIDER GOALS?

PROTECTING LOVED ONES AND DEFENDING YOUR POST-DEATH LEGACY

Following the outbreak of the coronavirus global pandemic, clients are naturally considering the impact of morbidity and mortality more. What impact does this have on their family and business? Steve Pennington, Head of Wealth Planning at Arbuthnot Latham, illustrates this with a recent case.

THE SITUATION

Mrs A was keen to discuss her long-term financial plan. We used a sophisticated and interactive lifetime cash flow tool to help Mrs A visualise, identify and consider possible solutions which would allow her to achieve her financial objectives.

THE SOLUTION

We talked to her about the impact of potential direct gifts to her son, including vintage cars (her late husband's passion). We also had round-table discussions with her tax adviser about gifting company shares to her son.

We talked about her initial liquidity need and drawing down on her different "pots" as part of her decumulation strategy. While she could have looked to her Arbuthnot Latham portfolios, it was important to discuss with her other investments and options to utilise her Capital Gains Tax losses in other portfolios to raise liquidity.

We pointed out some key mathematics which were two-fold: What was her current potential Inheritance Tax (IHT) liability should she die now aged 76? What would it leave her beneficiaries? Our discussion on the impact of IHT played a major role in how Mrs A framed her future wealth planning strategy. Once she became fully aware of the impact of IHT, the conversation really got interesting.

Mrs A was facing a potential IHT liability of £5.6 million, leaving a legacy of £9.3 million, which meant that HMRC would be a significant beneficiary of her estate. By having the appropriate gifting strategy discussion, retaining the maximum amount in her pension and completing a pension death benefit nomination form, and protecting her legacy by having a guaranteed whole of life policy in trust to mitigate partially her IHT liability, Mrs A's projected IHT position was reduced and there was a much larger legacy pot for future generations.

"

By having the appropriate gifting strategy discussion, retaining the maximum amount in her pension and completing a pension death benefit nomination form, and protecting her legacy by having a guaranteed whole of life policy in trust to mitigate partially her IHT liability, Mrs A's projected IHT position was reduced and there was a much larger legacy pot for future generations

THE RESULTS

We have achieved trusted adviser status for this client and Arbuthnot Latham are looking after her banking, investment and wealth planning needs; we are now "holding her hand" as a trustee, investor and somebody who is going through a financial journey with a business inherited.

The client is reassured that, as her advisers, we are here for the long term and we are well placed to address any changes to her financial planning needs for many years to come.

"We used a sophisticated and interactive lifetime cash flow tool to help Mrs A visualise, identify and consider possible solutions which would allow her to achieve her financial objectives

Steve Pennington is Head of Wealth Planning at Arbuthnot Latham. Steve is a Fellow of the Personal Finance Society, a Chartered Financial Planner and a Chartered Fellow of the CISI. Steve heads up the wealth planning business at Arbuthnot Latham. He is a people person, and is experienced at advising High Net Worth Private clients, trustees and corporate clients.

IT IS ONLY TOO HUMAN TO PUT OFF LEGACY PLANNING; OVER HALF OF BRITONS DO NOT HAVE A WILL IN PLACE. BUT THIS NOT ONLY ADDS CONFUSION TO A DISTRESSING TIME, IT ALSO MEANS LOSING MYRIAD OPPORTUNITIES TO REDUCE TAX LIABILITIES ON YOUR ESTATE. A WEALTH MANAGER CAN HELP YOU QUICKLY GET A PLAN IN PLACE THAT WILL ENSURE AS MUCH MONEY AS POSSIBLE STAYS WITH YOUR LOVED ONES, SO WHY NOT LET US ARRANGE A NO-OBLIGATION DISCUSSION WITH AN ADVISER TODAY?

FREEING UP TIME FOR TRAVEL AND FAMILY

Many people know they need to make their wealth work harder, but are concerned that investing will involve a lot of hassle and time. Here, investment manager Tim Healy explains how Quilter Cheviot Investment Management created a powerful yet pain-free strategy for a recently retired couple.

THE SITUATION

Our client is a recently retired couple with children in their late 20s and early 30s. Other than their house, they had savings and investments worth £500,000. The husband received a final salary pension that provided them with a sufficient income for the essentials in life. They wanted to keep £100,000 in cash at their bank while making an initial investment of £400,000.

Our clients knew that they would need to depend on their savings to pay for holidays, gifts to their children and unplanned expenditure. They were concerned with the paperwork and number of investment decisions they might have to make.

“

Our clients knew that they would need to depend on their savings to pay for holidays, gifts to their children and unplanned expenditure. They were concerned with the paperwork and number of investment decisions they might have to make

THE SOLUTION

We took the time to understand our clients' aspirations and investment objectives, as well as the amount of risk they are willing to take on their investments. After receiving advice from their accountant as well as their Quilter Cheviot investment manager, they agreed they were happy to take a long-term capital growth approach with their portfolio given that they also have substantial assets including properties and cash reserves.

Our investment manager considered the couple's overall financial position and ambitions, and recommended our discretionary service, using a cautious strategy for the investments. Through this approach, all of the paperwork and future investment decisions would be made by the investment manager, freeing up our clients' time and taking away some of the stress associated with financial decisions.

THE RESULTS

The couple transferred their ISAs, share certificates, share scheme payments and a cash sum to Quilter Cheviot. Their investment manager reorganised these investments in a way that meets their objectives while also keeping their annual capital gains tax liabilities to a minimum. The portfolio is primarily invested in equities and, as the couple arranged to take a monthly income from the portfolio, part of this comes from capital gains. We also made arrangements for the couple to top-up their ISAs each year from the personal portfolio and have easy access to their savings when they need additional cash.

A PORTFOLIO DESIGNED FOR THEIR NEEDS

Given the clients' desire to use their savings to fund lifestyle activities, we have been managing the portfolio on a growth strategy that is diversified across assets, geographies and individual investments. Just 6% of the portfolio is invested in bonds and 3% is in alternative investments, such as infrastructure and private equity currently. The rest of the portfolio is invested in equities.

Quilter Cheviot has been actively managing this portfolio since inception and recently reduced its exposure to commercial property assets, except for some specific exposure to UK-listed real estate investment trusts, or REITs. Finally, an investment was made into renewable energy. At all times, the focus has been on investing in assets that help our clients meet their investment objectives within their risk appetite.

EQUITY INVESTMENTS

Within the equity portion of the portfolio, 26% is invested in UK company shares, with the majority of this exposure through direct shareholdings, such as property company Segro and Experian, a credit score company.

North American shares make up 32% of the portfolio, with the majority of the exposure through direct holdings, including Microsoft and Visa.

The portfolio holds 8% in European shares, with some exposure to direct holdings, such as pharmaceutical company Roche. The portfolio also has holdings in investment trusts that have a global approach, such as Scottish Mortgage and Impax Environmental.

Tim Healy is an Investment Manager at Quilter Cheviot Investment Management. He is responsible for the management of one of the London investment management teams, and runs a wide array of private client portfolios, including SIPPs, offshore bonds, trusts and charities. He joined Quilter Cheviot in 2008 and now has 30 years' experience in investment management. He started his career with the Swiss private bank, Julius Baer, going on to work at Merrill Lynch and Thesis.

> "*At all times, the focus has been on investing in assets that help our clients meet their investment objectives within their risk appetite*

Navigating Your Wealth.
Made Simple.

findaWEALTHMANAGER.com

T:+44 (0) 207 193 5691 | E: ukteam@findawealthmanager.com
A: Alpha House, 100 Borough High Street, London SE1 1LB, UK