



3D Financial Planning  
Independent Financial Advisors

53a High Street Reigate  
Surrey RH2 9AE

01737 225989  
info@3dfinancialplanning.co.uk

# WEALTH KNOWLEDGE

OCTOBER 2015

www.3dfinancialplanning.co.uk



In this month's Wealth Knowledge... A fifth of business owners feel they can't take a day off. New national minimum wage rates come into effect from 1 October. Research has found that almost two thirds of adults don't have insurance. And the majority of people under 35 have already started planning their retirement.

## Business owners struggle with work-life balance

**Many small business owners do not have the time to take holiday and may be harming their health as a result, according to a survey by Simply Business.**

The insurance company found that 20% of small business owners do not feel they can take a single day off. 30% will only be able to take a break if they can stay close so that they can continue to monitor their business and 25% will only take 10 days of annual leave (including bank holidays).

The other key findings of the survey:

- 25% feel that being overworked and stressed led to illness
- half a million small business owners feel that they cannot commit to social plans
- 50% say they cancel social plans with friends and family at least every 7 days.

Jason Stockwood, CEO of Simply Business, commented:

"Microbusiness owners and sole traders have to be more than the CEO of their company – they have to play every important role from finance director to chief marketing officer.

"The time and effort needed to survive can be punishing, so it's all the more important for small business owners to ensure they balance their work with a social life to prevent getting run down and ultimately putting their business in jeopardy."

Emma Mamo, head of workplace wellbeing at Mind, said business owners "who look after their mental wellbeing are more productive, have higher morale and are less likely to need time off sick."

Get in touch with us today to talk about your small business.

## National minimum wage increases

**The rate of the national minimum wage (NMW) will rise for adults by 20p to £6.70 on 1 October 2015.**

The increase represents the largest real-terms rise in the NMW since 2007, and the government estimates that 1.4 million workers stand to benefit. Figures from the Low Pay Commission show that 52% of the jobs that pay the NMW are located in the retail, hospitality and cleaning sectors.

The rate changes coming into effect on 1 October 2015:

- the adult rate will increase to £6.70 an hour
- the 18-20 year old rate will increase by 17p to £5.30 per hour
- the rate for 16-17 year olds will rise by 8p to £3.87 an hour
- the apprentice rate will be £3.30
- the accommodation offset increases to £5.35 from £5.08.

John Allan, national chairman for the Federation of Small Businesses, said:

“As well as focusing on enforcement, the government must clearly and proactively communicate the change to employers – ensuring business fully understand what they need to do and when.

“This support and guidance is necessary so small businesses avoid inadvertently falling foul of the changes to the law. In addition, ministers should review the employment allowance, which must be set at the right level to help businesses meet the new requirements.”

The penalties for employers who do not live up to their NMW obligations were increased in 2014 to a maximum of £20,000. Employers who are likely to be affected by the mandatory rise in the NMW should review their payroll and make sure that all of the employee information, especially that relating to age, is correct.

Talk to a member of our team about your business obligations.

## Unexpected financial shocks impact the uninsured and unprepared

**A third of adults have had a serious financial shock in the last half a decade, yet only 35% have insurance in place, research by the Money Advice Service (MAS) has shown.**

18% of the 2,000 people surveyed know someone who suffered a severe deterioration in their standard of living due to not being insured.

Of those people who do not have income insurance, the top 5 reasons given were:

- insurance is unaffordable (28%)
- it had not been considered as a potential option (17%)
- no dependents (11%)
- rather spend the money on something else (10%)
- job is secure so there is currently no need (10%).

Many people feel that they have enough savings to cover them in the worst case scenario, with 39% of respondents saying they are confident this is the case.

Andy Webb, money expert at the MAS, said the research highlighted “the big gap between the number of people who experience financial shocks, and those that protect their lifestyles by either saving for a rainy day or considering the relevant protection insurance.”

Our expert team can help you safeguard your finances.

## Young adults planning for retirement

**Most young adults are thinking about their plans for retirement before the age of 30, according to research by the National Skills Academy for Financial Services (NSAFS) and AXA Investment Managers.**

The survey of over 2,000 adults aged 18 and over found that 86% of those aged 18-34 had already started to think about their post-retirement finances. The average member of generation Y starts planning at age 27, a significant difference to over-55s who on average did not start until 41.

There are a number of changes to the pension landscape that could be contributing to this shift, including the introduction of pension freedoms, auto-enrolment and the winding down of defined benefit pension schemes.

However, the research also points to a lack of understanding about how to prepare for life after retirement. 47% of those surveyed said that wished they had been educated about retirement options at a young age.

60% of the 18-34 year olds said they need more financial education to make them ready for retirement.

Sylvia Perrins, CEO at the NSAFS, said:

“Ongoing regulatory changes and the shift away from defined benefit pension schemes means that that is more important than ever for employees to take an active role in planning for their long-term financial future.”

Talk to a member of our team about your retirement planning options today.

## Important Information

This document is solely for information purposes and nothing in this document is intended to constitute advice or a recommendation. Whilst considerable care has been taken to ensure that the information contained within this document is accurate and up-to-date, no warranty is given as to the accuracy or completeness of any information.