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Independent Financial Advisors

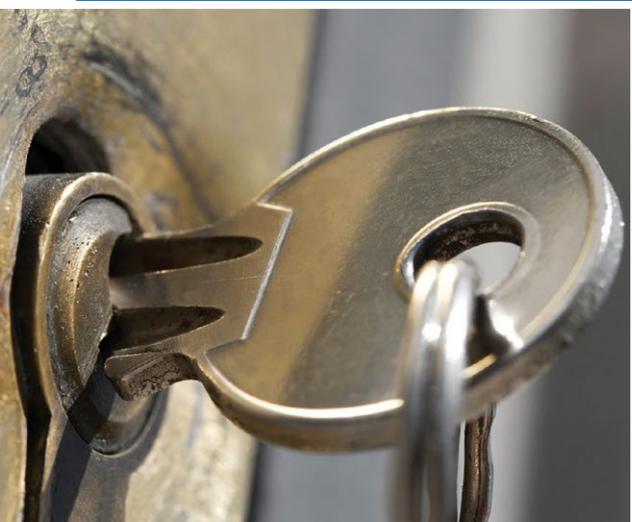
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WEALTH KNOWLEDGE

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In this month's Wealth Knowledge newsletter...

The majority of upcoming retirees haven't planned how they will access their pension. Research found that private school fees have risen dramatically and that grandparents are helping meet the costs. Families are having difficulty balancing work with childcare commitments. And a government report suggested ways employers can support the mental health of their staff.

Retirees lack pension plans

More than 80% of people intending to retire after the April 2015 pension reforms have not planned how they will use their pension savings, according to research by Fidelity Worldwide Investment.

From April 2015, savers over the age of 55 will be able to take all of their pension savings as a lump sum. The first 25% is tax-free but any amount above this will be taxed as income. It is also proposed that taking more than 25% as cash will result in a reduced annual allowance for further pension contributions.

Fidelity Worldwide Investment questioned 500 people planning to retire between April 2015 and March 2016 about how the changes will affect their pension planning:

- 17% have a clear plan in place
- 15% are reviewing their existing plan as a result of the April 2015 changes
- 26% will plan once the new rules come into effect
- 75% will get help with their decision, with independent financial advisers (35%), friends and family (21%) and pension providers (20%) the most popular sources.

Despite the changes, just 6% of savers said they want to take their whole pension as a lump sum. More than half (54%) said they will take advantage of the changes by taking a portion of their pension as a lump sum, while 37% intend to only take the tax-free portion.

Alan Higham, retirement director at Fidelity Worldwide Investment, said:

"With greater freedom, comes greater responsibility. We urge people to start their retirement planning now, rather than waiting for the new rules to bed down."

Talk to us about planning for your income needs in retirement.

Grandparents help with education costs

The cost of private school education has increased by 21% in the past 5 years, according to research by Lloyds Banking Group.

Annual private school fees for day pupils now average £12,345, compared to £10,176 in 2009.

Important statistics on private education costs:

- school fees account for 37% of annual average gross full-time earnings of £33,693
- this has risen from 32% in 2009

Families struggle to combine work and childcare

Families are struggling to combine work and childcare, research by the Centre for the Modern Family (CMF) has revealed.

The think tank run by Scottish Widows found that 46% of parents with school-age children think they are adequately balancing their work and childcare responsibilities.

Important findings:

- 56% of mothers feel under financial pressure to return to work
- 45% find the cost of childcare difficult to manage financially
- 25% of family members who provide childcare say it has a negative impact on their career prospects.

Sarah Jackson, chief executive of Working Families, said:

"We need to work towards a system that delivers good quality, affordable childcare to all working parents when they need it, whilst at the same time protecting and enhancing the well-being of our children; and the challenge must be met not by children spending excessive time in costly childcare, but by more flexible working for parents and a better, more flexible supply of good quality, affordable childcare."

We can assess where you are financially and help get you to where you want to be.

- the biggest regional fee increases were in London, the South East and Wales.

Sarah Deaves, private banking director at Lloyds Bank, said: "Private school fees have increased to almost £12,500 a year which is 4 times more than the rise in average earnings over the past 5 years. It is, therefore, becoming increasingly vital that parents plan ahead as early as possible, to ensure that they secure the future they desire for their children."

A separate study by Towry found that 8% of grandparents contribute towards their grandchildren's schooling and 10% subsidise university fees.

We can help you save and invest to fund your child's education.

Supporting employee mental health

Mental illness is the leading cause of employee sickness absence, according to the Chief Medical Officer's annual report.

The number of working days lost to stress, depression and anxiety has increased by 24% since 2009.

In 2013, 70 million working days were lost to mental illness at a cost of between £70 and £100 billion.

The report into the mental health of the nation made a series of recommendations for ways employers can support the mental health of their staff:

- flexible working for people with mental illnesses
- employers should keep in regular contact with employees on sick leave
- managers should be trained in how mental illness might arise at work.

The Chief Medical Officer, Professor Dame Sally Davies, said:

"Anyone with mental illness deserves good quality support at the right time. One of the stark issues highlighted in this report is that 60 to 70% of people with common mental disorders such as depression and anxiety are in work, so it is crucial that we take action to help those people stay in employment to benefit their own health as well as the economy."

Contact us about employee support and benefit schemes for your business.

Important Information

Pension eligibility depends on personal circumstances. Tax rules and allowances are not guaranteed and may change in the future. The value of pensions can fall as well as rise and you may not get back the amount you originally invested.

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