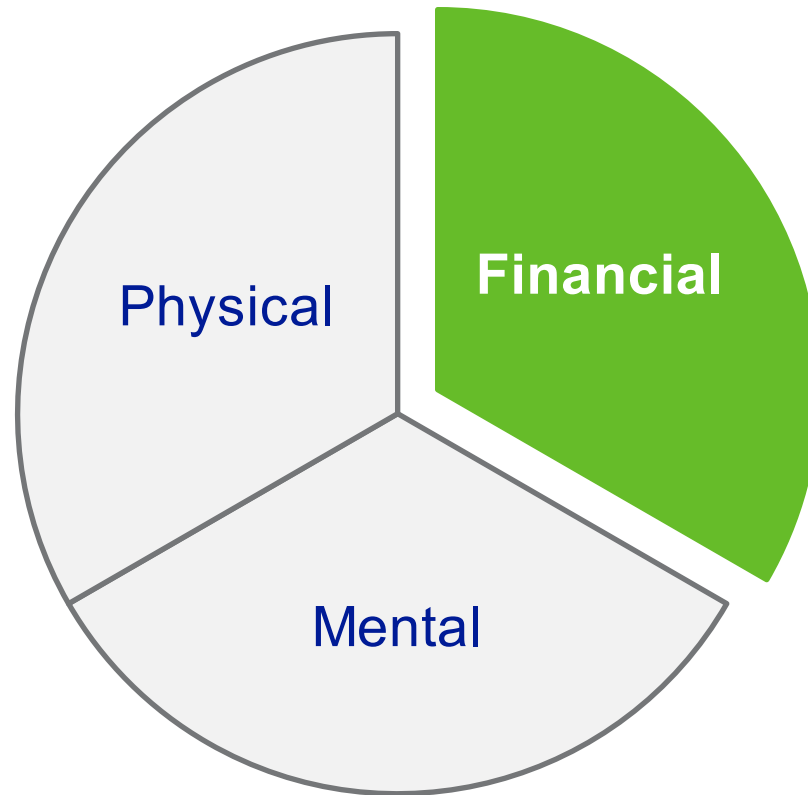


# Financial wellness *in action*

Jeanette Makings & Simon Williams



# Wellness



Only 24% wellbeing strategies include financial wellbeing  
**Close Brothers Business Barometer, April 2016**



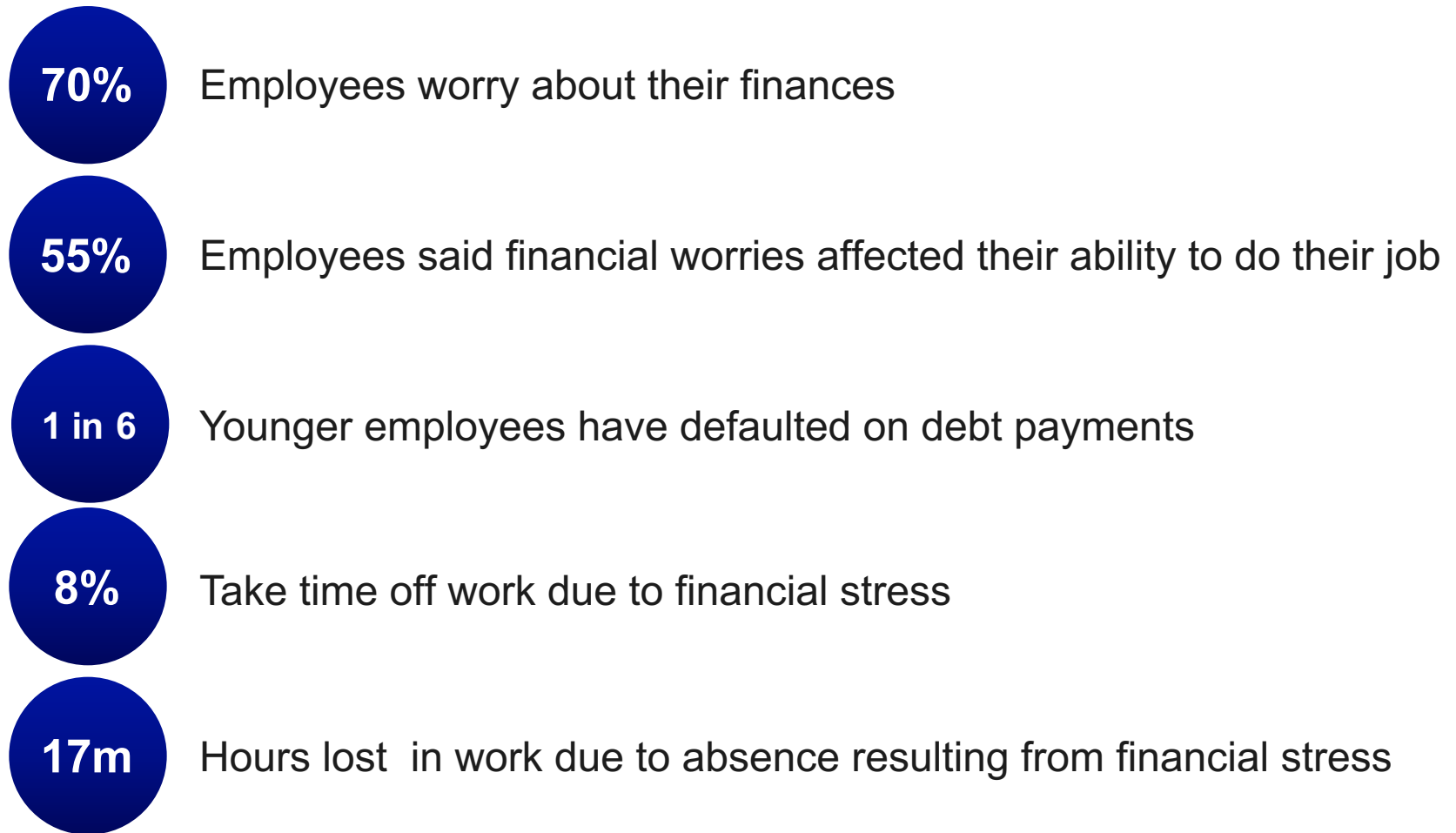


Financial wellbeing occurs when:

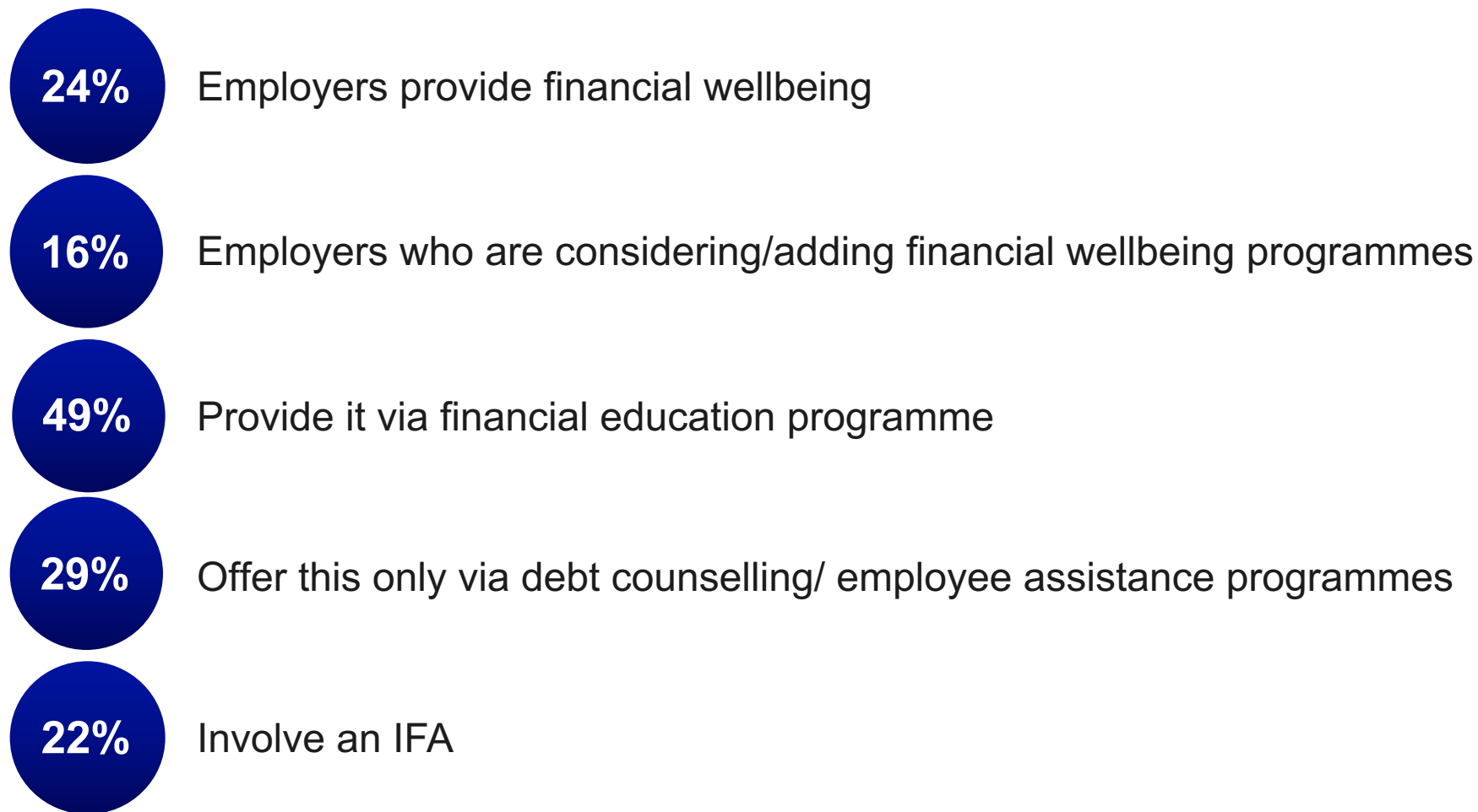
1. You have control over day-to-day/ month-to-month finances;
2. You can absorb financial shock;
3. You are on track to achieve your own financial goals; and
4. You have the financial freedom to make the choices you want to enjoy life



Source: Consumer Financial Protection Bureau – Financial well-being January 2015



Source: Naylor DNA Financial Wellbeing May 2016



Source: Close Brothers Business Barometer research May 2016

**it's not just  
those with  
debt**

Approaching retirement

---

Divorce

---

Funding relatives in care

---

Optimising tax

---

Choosing investments

---

Protecting family

---

Pension savings plan

---

Mortgages

# wellness comes from positive change

1



Inform

2



Inspire

3



Implement


# Financial wellness Yes or No








**Who knows where  
their pension fund  
is invested?**




**Who has carried out  
a personal  
budgeting exercise  
in the last 6  
months?**




**If you lost your job  
tomorrow, who  
knows how long their  
savings would last  
based on current  
expenditure?**



**Who checks their  
tax code every time  
it is issued?**



**Who has a will or  
has arranged a  
lasting power of  
attorney?**




**Who knows to the  
nearest £100, the  
amount owing on  
their mortgage,  
loans and credit  
cards?**



Improving  
financial  
wellbeing





**PLAN DETAILS**

Please tell us this number if you contact us  
**Your plan number:**  
**13 April 2016**

This document tells you about the changes that have been made to your plan. You have:

- changed your regular contributions

**Questions?**  
Contact your dedicated servicing team on:

**0370 850 1991**  
Mon - Thurs, 8.00am - 6.00pm  
Fri, 8.00am - 5.00pm  
We may monitor calls to improve our service.

**CSTeam3@royallondon.com**  
**royallondon.com/pensions**

**Plan type:**  
**Plan start date:**  
**Yearly statement date:**  
**Chosen retirement date:**

**Personal Pension Plan**  
**1 October 2012**  
**1 August**  
**28 July 2026**

Decrease in expected monthly contribution: **£0.12**  
*Made up of*  
Decrease in your employer's contribution: £0.12 (0.00% of your salary)

**Total regular contributions into your plan**  
First new contribution: 1 April 2016

Total new monthly contribution: **£565.89**  
*Made up of*  
Your employer's contributions: £565.89 (16.84% of your salary)


into your plan on your behalf. This has been included in your employer's contribution.

Plan details  
page 1 of 4

02456422010/1/0

Note: For Illustrative purposes only, not a personalised scenario





**PLAN DETAILS**

Please tell us this number if you contact us  
Your plan number:  
13 April 2016

This document tells you about the changes that have been made to your plan. You have:

- changed your regular contributions

**1 YOUR DETAILS**

Client Name

Plan type: Personal Pension Plan  
Plan start date: 1 October 2012  
Yearly statement date: 1 August  
Chosen retirement date: 28 July 2026

**Questions?**  
Contact your dedicated servicing team on:

0370 850 1991  
Mon - Thurs, 8.00am - 6.00pm  
Fri, 8.00am - 5.00pm  
We may monitor calls to improve our service.

CSTeam3@royallondon.com  
royallondon.com/pensions

**Here to help**  
We'll use this margin to explain some of the terms we've used.

**1 Salary**  
Contributions are calculated using the pensionable salary provided by your employer, which may not be the same as your salary. Your employer will be able to provide you with more information on the definition of pensionable salary, if required.

**Change to regular contributions**

Effective from: 1 April 2016

Salary: £40,325

**Total regular contributions into your plan**

First new contribution: 1 April 2016

Total new monthly contribution: £565.89


Made up of

Your employer's contributions: £565.89 (16.84% of your salary)

Plan details  
page 1 of 4

CH5042220101/0

Note: For Illustrative purposes only, not a personalised scenario



**ROYAL  
LONDON**

**Questions?**  
Contact your dedicated servicing team on:

📞 **0370 850 1991**  
Mon - Thurs, 8.00am - 6.00pm  
Fri, 8.00am - 5.00pm  
We may monitor calls to improve our service.

✉ **CSTeam3@royallondon.com**  
🌐 **royallondon.com/pensions**

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**PLAN DETAILS**

Please tell us this number if you contact us  
**Your plan number:**  
**13 April 2016**

**1 YOUR DETAILS**

**Client Name**

Plan type: Personal Pension Plan  
Plan start date: 1 October 2012  
Yearly statement date: 1 August  
Chosen retirement date: 28 July 2026

---

**2 CONTRIBUTIONS INTO YOUR PLAN**

**Change to regular contributions**  
Effective from: 1 April 2016  
Salary: £16,225.00

**Here to help**  
We'll use this margin to explain some of the terms we've used.

**1 Salary**  
Contributions are calculated using the pensionable salary provided by your employer, which may not be the same as your salary. Your employer will be able to provide you with more information on the definition of pensionable salary, if required.

**1 Employer's contribution**  
You have an arrangement with your employer to give up some of your salary, in exchange

**Total regular contributions into your plan**

**First new contribution:** 1 April 2016

**Total new monthly contribution:** **£565.89**

**Made up of**

**Your employer's contributions:** **£565.89 (16.84% of your salary)**

Plan details  
page 1 of 4

CH04422010/1/0

Note: For Illustrative purposes only, not a personalised scenario

### What benefits could you get at your chosen retirement date?

	Low	Mid	High
Investment growth rate ⓘ	-0.5%	2.4%	5.4%

Projected plan value	£84,400	£109,000	£141,000
----------------------	---------	----------	----------

This example shows you what you could get if you take tax-free cash and a retirement income from your plan:

Tax-free cash ⓘ	£21,100	£27,400	£35,400
-----------------	---------	---------	---------

*plus*

Retirement income each year before tax ⓘ	£2,440	£4,140	£6,730
--	--------	--------	--------

Alternatively, if you used all of your projected plan value to provide a retirement income you could get:

Retirement income each year before tax	£3,260	£5,520	£8,970
--	--------	--------	--------

### Assumptions we've made about your projected plan values

- No income payments will be taken from your plan.
- Regular contributions will continue until your chosen retirement date.
- Your employer's contributions will increase each year in line with salary.
- The charges on any future regular contributions will be the same as those applying to your existing regular contributions.

Note: For illustrative purposes only, not a personalised scenario

*Policy Summary*

Details as at 11-September-2015

Policy Name  
Policy Number  
Manager Name  
Employer Name  
Policy Holder(s)  
DOB  
Status  
Commenced

***Investments***

<b>Name</b>	<b>Units</b>	<b>Current Price</b>	<b>Value</b>
Royal London Global Managed	1,669.3940	£8.9880	£15,004.51
Royal London Property	262.2380	£9.7400	£2,554.20
			<b>£17,558.71</b>

2013/2014  
2014/2015  
2015/2016

£5,691.21  
£6,440.67  
£2,830.05  
**£17,536.08**

£5,691.21  
£6,440.67  
£2,830.05  
**£17,536.08**

Note: For Illustrative purposes only, not a personalised scenario

# The income gap

**£8,093**

Maximum  
State Pension  
2016

**£15,800**

Average  
spend in  
retirement\*

**~ 60% final  
earnings**

Your desired  
spend in  
retirement?

From DB  
pension?

Buy an annuity/  
income product?

Other savings?

How will you  
fund the gap?

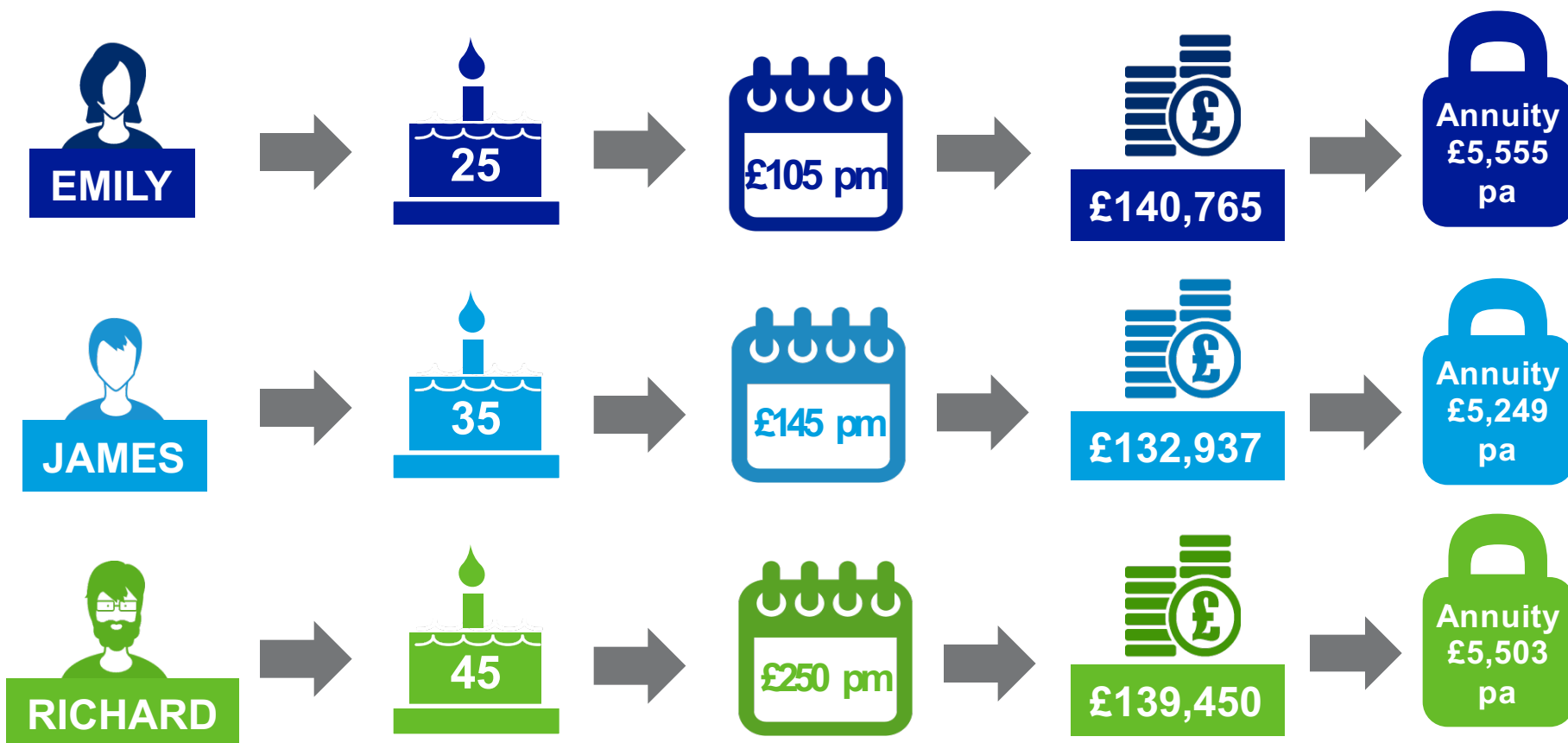
Drawdown from  
DC pensions?

Continue  
working?

Some  
combination?

Source: \* ONS 2014

# Pension contributions example



Source: Money Advice Service pension saver calculator 15.6.16. This is an illustration only.

Assumes approximately 5% employee contribution and matching contribution from the employer, retirement age of 65, 25% tax free lump sum taken, single life, no guarantees, level income and good health. These pensions are started at the ages and contribution rates shown. All assumptions in respect of inflation, interest rates etc are consistent between all scenarios.

# Tax efficiency tactics



# How much can you earn without paying tax?

	Basic rate tax payers
Personal allowance	£11,000
Savings allowance	£1,000
Dividend allowance	£5,000
Capital gains allowance	£11,100
Total	<b>£28,100</b>
<b>And.....</b>	
.....ISA Allowance, PCLS from pension, Investment Bond	
.....Per couple therefore	Double everything above



# Understanding risk

1. Risk inherent in an asset
2. Attitude to risk
3. Capacity to withstand financial loss
4. Risk of not acting

3.3m

Brits supporting adult children

1m

Brits supporting elderly relatives



The **FCA** explains **capacity for loss** as "the customer's ability to absorb falls in the value of their investment. If any **loss** of capital would have a materially detrimental effect on their standard of living, this should be taken into account in assessing the risk that they are able to take."

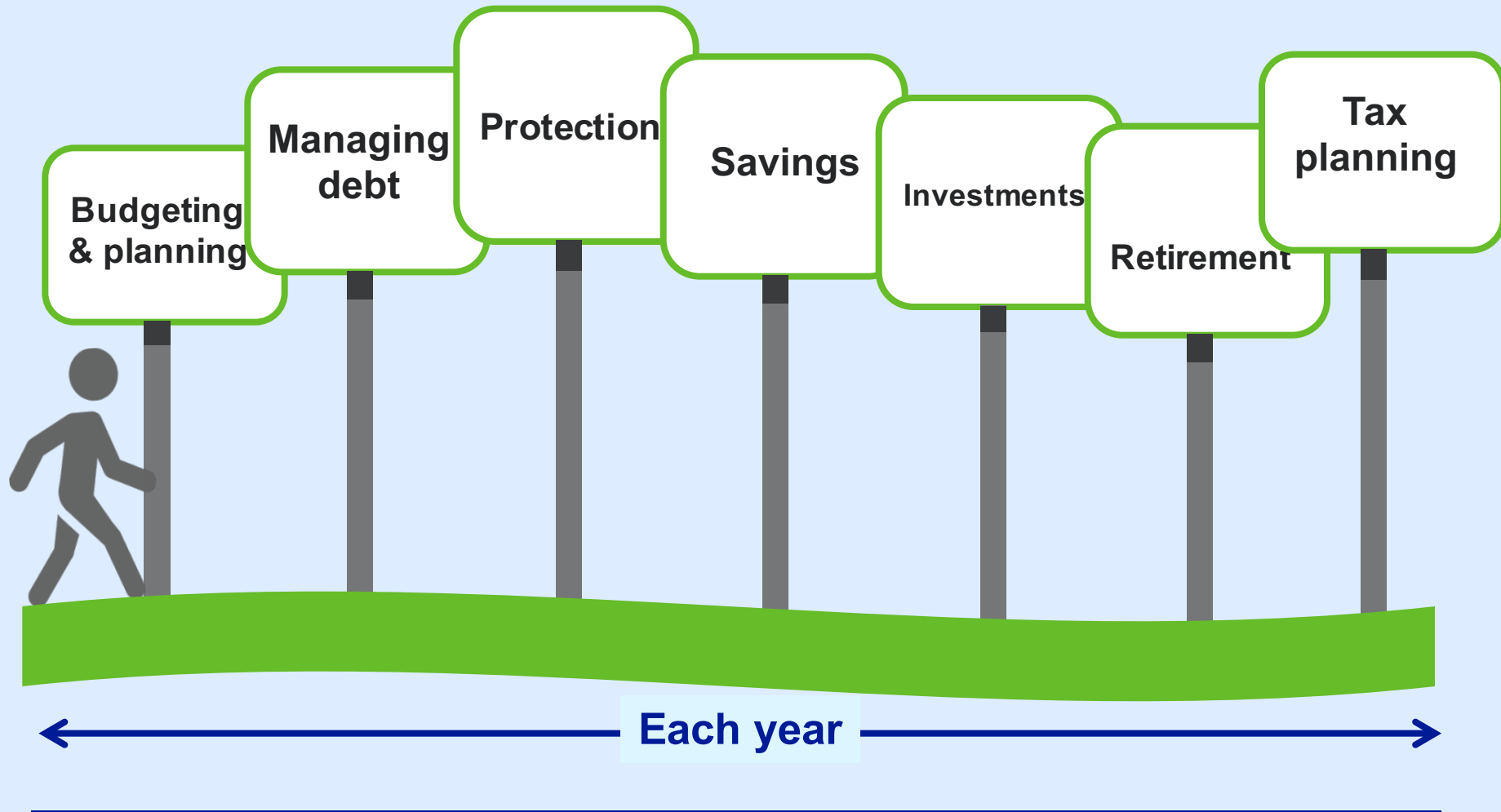
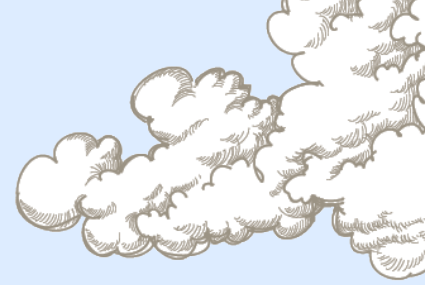


# Finding a 'good' investment

Fund	Ranking 2005 - 2010	Ranking 2010 - 2015
Smith & Williamson Global Gold & Resources A Inc in GB	1	1409
Fidelity China Focus A GBP TR in GB	2	1086
Charlemagne Magna Latin American C EUR in GB	3	1388
Henderson China Opportunities A Acc in GB	4	1201
Templeton Latin America A YDis GBP TR in GB	5	1403
First State Greater China Growth A GBP Acc in GB	6	856
Invesco PRC Equity A USD TR in GB	7	1256
Henderson Gartmore Latin American R Acc USD in GB	8	1394
BlackRock Gold & General A Acc in GB	9	1407
CF Ruffer Gold C Acc in GB	10	1412

Source: FE, Close Brothers Asset Management as at 04 February 2016. Universe of 2900 registered funds.

# Seven steps to financial wellness





# Close Brothers

a leading  
provider of financial  
education for  
over 45 years

Helping  
employers to  
improve financial  
wellbeing

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