

## **Wealth Management.**

### **Financial planning and investment management should go hand in hand by Ben Howland.**

Many high and ultra-high-net-worth individuals are still served by separate financial planning and investment management firms. This may not necessarily provide the best wealth management advice.

#### **The accumulation phase.**

Whether you are in the accumulation or decumulation phase of your financial roadmap there are tax efficiencies which can be achieved and allowances to be utilised.

In the accumulation phase of wealth management, it's preferable to consider your own personal long-term financial needs – the use of tax-efficient savings allowances and investment wrappers, but also the necessary insurance protections for any liabilities which exist (which are usually at their most prevalent in the accumulation phase).

#### **The 'decumulation' phase.**

In the decumulation phase, your liabilities have often evolved and other considerations emerge, such as later-life care. The primary objective in this phase is to plan for an enjoyable retirement while maintaining a steady standard of living and limiting any negative surprises.

In this phase, decisions can be made around inter-generational planning, with a framework from which you can structure your decisions. The focus can also shift towards income provision.



With the rebirth of meaningful interest rates, gilts and annuities should re-emerge as valuable planning tools from which to provide income security.

Higher interest and annuity rates provide an excellent way to increase guaranteed income levels. Gilts offer tax efficiency which can make them particularly attractive for higher rate and additional rate taxpayers.

#### **Constructing portfolios.**

In the short term, the stock market is a barometer of sentiment. Over the long term, it becomes a weighing machine: its currency of measurement is profitability.

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The essence of creating a sustainable and prudent financial roadmap allows you to benefit from the currency of long-term profitability while being able to withstand and benefit from periods of irrationality.

The journey will never be a straight line and a long-term perspective is an essential component of reaping the rewards.

## **Beyond equity markets.**

Beyond traditional equity markets, there are a range of other asset classes which contribute to multi-asset investment portfolios. The short-term price movements of different asset classes do not move in distinct vacuums. Typically, they are all interconnected.

The stitching together of these different asset classes, in portfolio form, is built around this interconnectivity and should be applied to your objectives and expectations. Your portfolio should be aligned to your personal financial roadmap and built in conjunction with your personal financial planning requirements. This ensures the requisite foundations are in place to take a long-term perspective.

## **Inheritance Tax Planning – keeping it simple can make a big difference.**

Successive governments have made it harder to mitigate inheritance tax. But sensible, dynamic and proactive planning based around gifting, spending, and insuring against a future liability can help.



Suitable inheritance tax plans can be built without jeopardising your long-term financial security.

For example, as well as making gifts to beneficiaries, surviving seven years, and for that amount to fall outside of your estate, it's possible to make gifts under the 'normal expenditure from income' exemption.

This rule provides a valuable exemption from inheritance tax. Where available, gifts made are immediately outside the donor's estate. There is no upper limit on the value to which the exemption can apply, provided the conditions are met. The exemption can apply to lifetime gifts made to either individuals or trustees. This is just one example of sensible planning which can help reduce a future inheritance tax bill as well as helping with the possibility of VAT on school fees.

**Thanks. Ben Howland, Director, London Wealth Management. For more information, head to their website here.**