

U3A Presentation

Sunninghill School Dorchester
2nd September 2019



Objectives

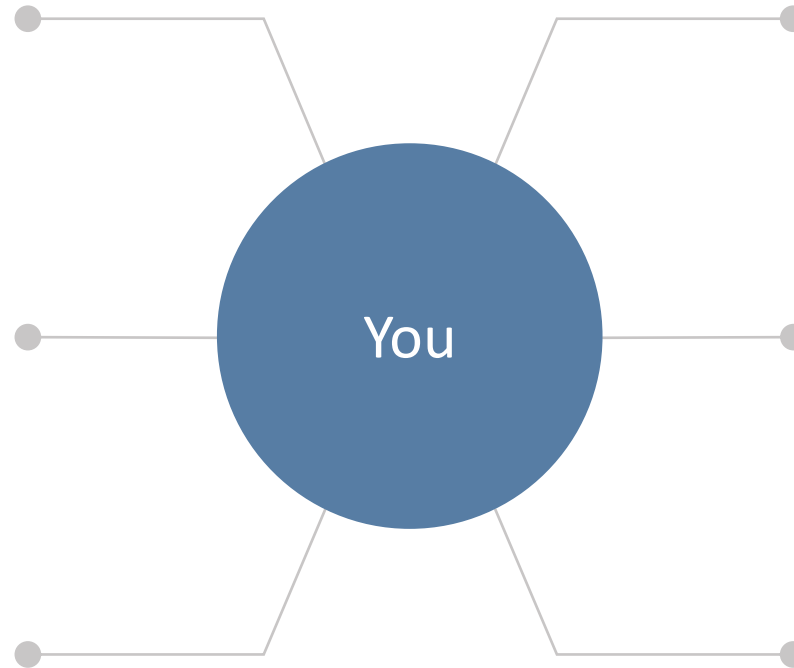
- When would you like to retire
- How much would you need to retire
 - Giving assets away
- Mitigating Inheritance Tax
- Care Home Fee Planning

Ongoing Review

- Investment Risk
- Investment Performance
- Cash Flow Modelling – insight into your financial future
- Change and adapt

Retirement Options

- How to take pension benefits
 - Annuities
 - Income Drawdown
- De-accumulation & Sequential risk
- Death benefits and nominations



Current Arrangements

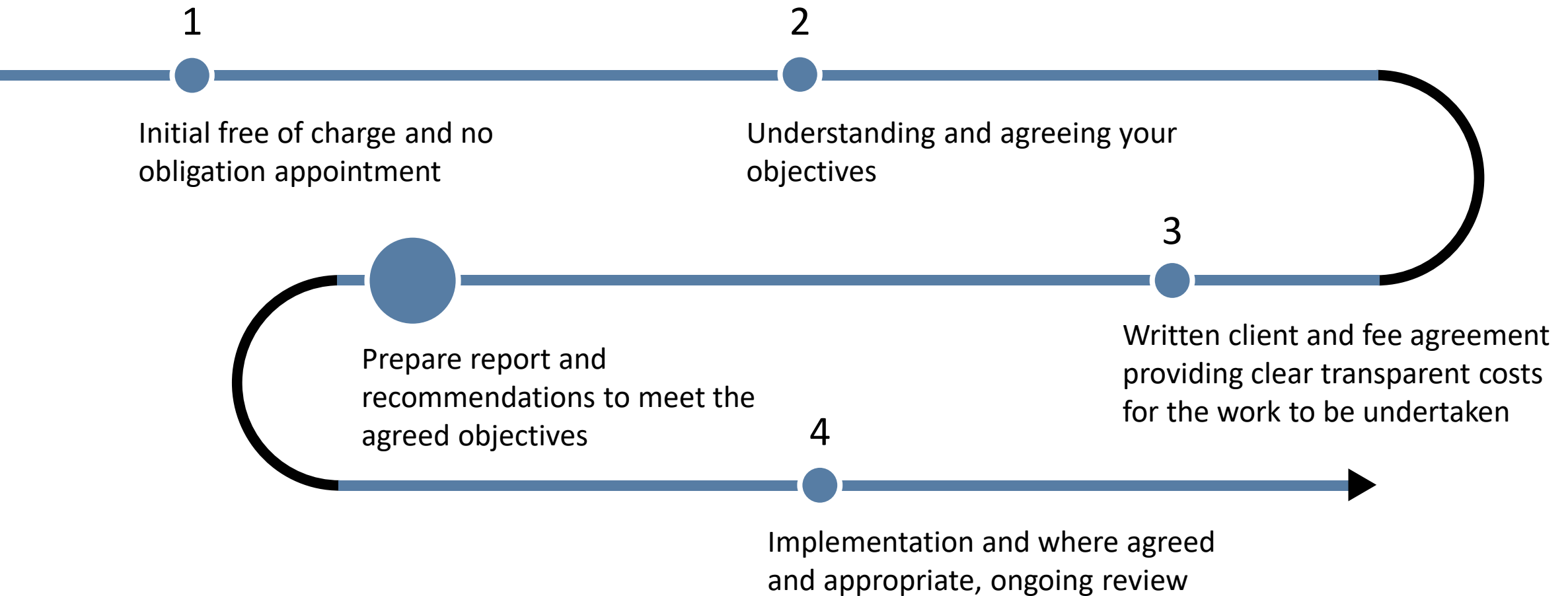
- What do you have
- What do you need
- Investment Risk
- Costs & Charges
- What happens on death

Inheritance Tax

- The Nil Rate band
- The Residence Nil Rate Band
- Gift Exemptions
- Potentially Exempt Transfers
- Chargeable Life Time Transfers

Planning for care

- The Cost of Care
- Upper and Lower Capital Limits
- Disregarded Assets
- Lasting Powers of Attorney
- Will arrangements & Trusts



Demographics of an Ageing Population

Population

- 12 million aged over 65 in UK of which:
 - 5.4 million aged over 75
 - 1.6 million aged 85+
 - Over 500,000 aged 90+
 - 14,430 centenarians
 - (ONS 2018e)

Life Expectancy

- 2018 babies born in this year are expected to have a life expectancy of 79.9 years for a man and 83.4 years for a woman.
- 2017 life expectancy at age 65 was 20.9 years for a woman and 18.6 years for a man (ONS 2918k)

Healthy & Disability Free Life Expectancy

- In England, healthy life expectancy at birth is 63.3 years for men and 63.9 years for woman.
- Disability –free life at age 65 in England is 8.9 years for men and 9.8 years for women (ONS 2018i).

Pensions

Retirement Options

- State Pension - Personal Tax Account or BR 19
- Annuities
- Level vs. Increasing
- Value Protection
- Income Drawdown
- Phased Drawdown
- Call Future Pension
Centre Helpline 0800 731 0175

Consider

- Current Expenditure
- Essential Expenditure
- Discretionary Expenditure
- Income Needs
- Investment Risk
- Inflation Risk
- Life Time Allowance

Consider

- Pension death benefits pre 75
- Pension death benefits post 75
- Nominations
- Not all pensions death benefits are the same
- Changes to circumstances
1st death scenario

Care at Home, or in a Home

Long Term Care

- Upper Capital limit
£23,250 cash investments
- In most instances care will be self funded
- The average cost of Residential Care in Dorset over 4 years £136,240*
- It is often substantially more

*dorsetcouncil.gov.uk

Funding

- Use cash and investments
- Consider the purchase of an Immediate Need Care Annuity
- Attendance Allowance
- Carers Allowance
- Funded Nursing Care
- Deferred Payment Agreement
- Equity Release

www.albertgoodman.co.uk

Consider

- Disregarded Assets
- Intentional Deprivation of Capital
- Continuing Healthcare
- Reviewing your Will and the use of Life Interest Trusts
- Ensure Lasting Power of Attorney (LPA) Property & Financial / Health & welfare in place



Cash Flow Modelling – Case Study

Tom 76 and his wife Barbara 74

Income

- Tom pension income £20,000 in income drawdown
- State pension £8,500 pa
- Barbara £5,000 pa pension income from income drawdown.
- State pension £8,500
- Total combined income £42,000 pa

Assets

- Home owned jointly – value £600,000
- Joint emergency fund £50,000

Tom

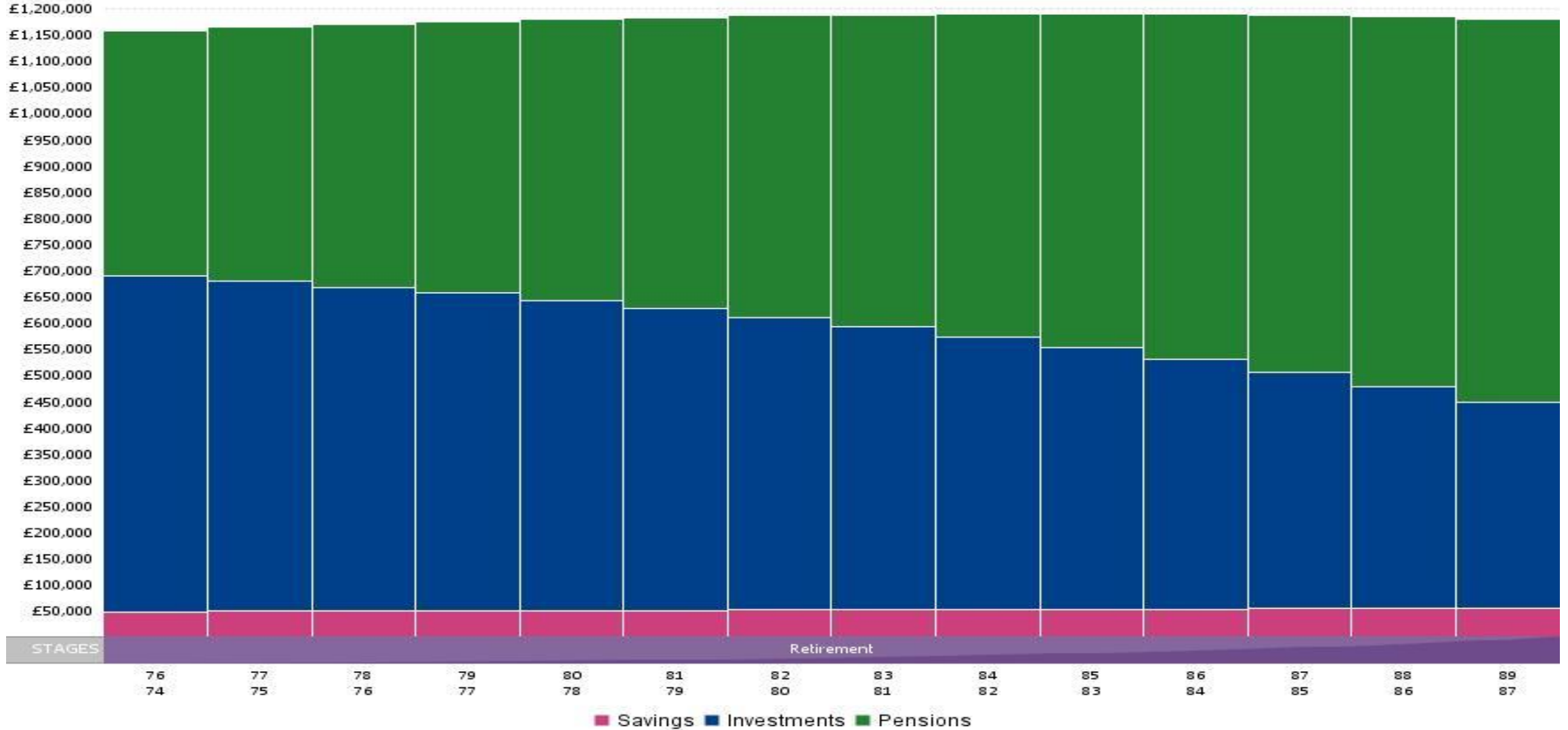
- Pension – current value £300,000
- ISA Portfolio £300,000

Barbara

- Pension – current value £150,000
- ISA Portfolio £300,000

Cash Flow Modelling – Case Study 1

Tom and Barbara are retired and live comfortably taking holidays twice a year and enjoying their garden.

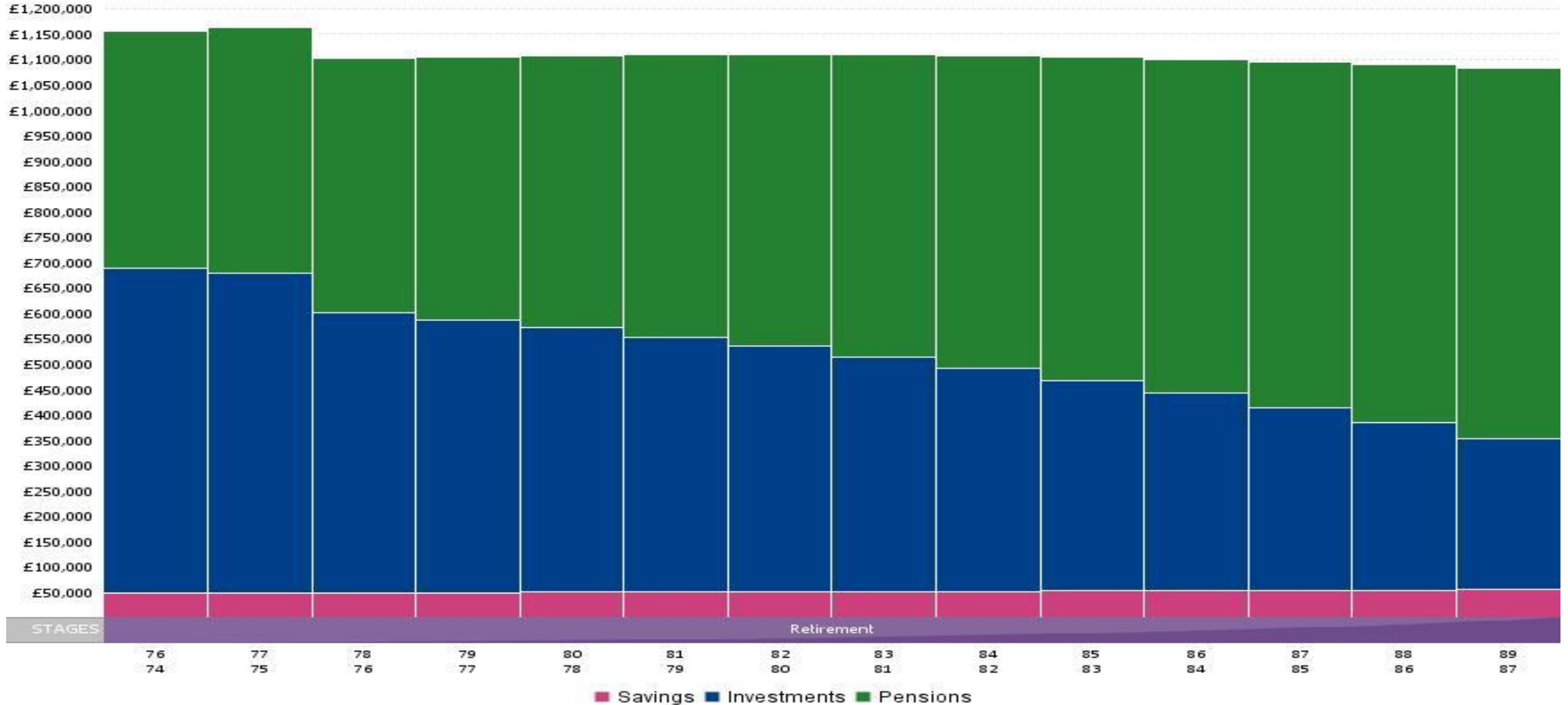


Year	Savings	Investments	Pensions
2019	£50,500	£640,750	£465,750
2020	£51,005	£630,376	£482,051
2021	£51,515	£618,819	£498,923
2022	£52,030	£606,018	£516,385
2023	£52,551	£591,906	£534,459
2024	£53,076	£576,418	£553,165
2025	£53,607	£559,482	£572,526
2026	£54,143	£541,026	£592,564
2027	£54,684	£520,973	£613,304
2028	£55,231	£499,244	£634,769
2029	£55,783	£475,755	£656,986
2030	£56,341	£450,419	£679,981
2031	£56,905	£423,147	£703,780
2032	£57,474	£393,845	£728,413

Cash Flow Modelling – Case Study 2

Tom and Barbara are retired and live comfortably taking holidays twice a year and enjoying their garden.

They have two children in their early 40's and would like to help them both with a lump sum gift of £50,000 each



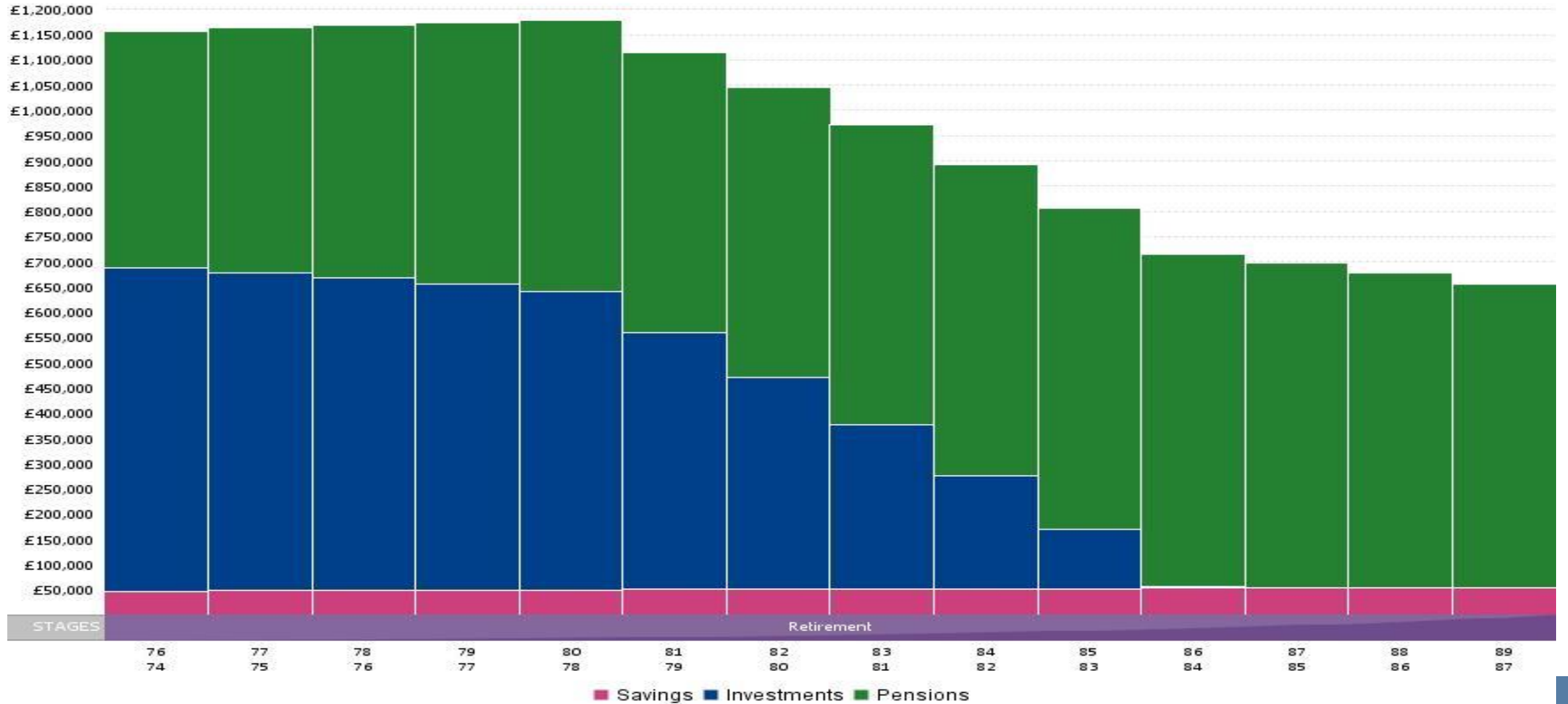
Year	Savings	Investments	Pensions
2019	£50,500	£640,750	£465,750
2020	£51,005	£630,376	£482,051
2021	£51,515	£552,439	£498,923
2022	£52,030	£537,314	£516,385
2023	£52,551	£520,798	£534,459
2024	£53,076	£502,821	£553,165
2025	£53,607	£483,310	£572,526
2026	£54,143	£462,188	£592,564
2027	£54,684	£439,375	£613,304
2028	£55,231	£414,790	£634,769
2029	£55,783	£388,345	£656,986
2030	£56,341	£359,950	£679,981
2031	£56,905	£329,512	£703,780
2032	£57,474	£296,932	£728,413

Cash Flow Modelling – Case Study 3

Tom and Barbara are retired and live comfortably taking holidays twice a year and enjoying their garden.

They have two children in their early 40's and would like to help them both with a lump sum gift of £50,000 each

At 81 Tom's health has deteriorated to the point that he must now go into a Care Home the cost is £1,000 per week

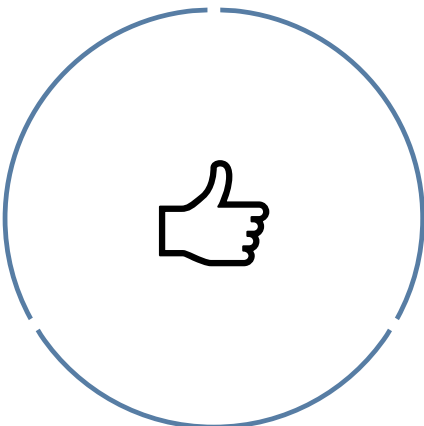


Year	Savings	Investments	Pensions
2019	£50,500	£640,750	£465,750
2020	£51,005	£630,376	£482,051
2021	£51,515	£618,819	£498,923
2022	£52,030	£606,018	£516,385
2023	£52,551	£591,906	£534,459
2024	£53,076	£508,533	£553,165
2025	£53,607	£419,640	£572,526
2026	£54,143	£324,969	£592,564
2027	£54,684	£224,249	£613,304
2028	£55,231	£117,203	£634,769
2029	£55,783	£3,537	£656,986
2030	£56,341		£641,655
2031	£56,905		£621,076
2032	£57,474		£598,702

Weymouth

Taunton

Yeovil



Chard

Bristol

Thank You

01823 286096



07703 732653

Michael.seagrove@albertgoodman.co.uk