Life Centred Planning

Seneca Reid Limited

If you want to discuss how the details in this newsletter may affect your financial plan please contact us

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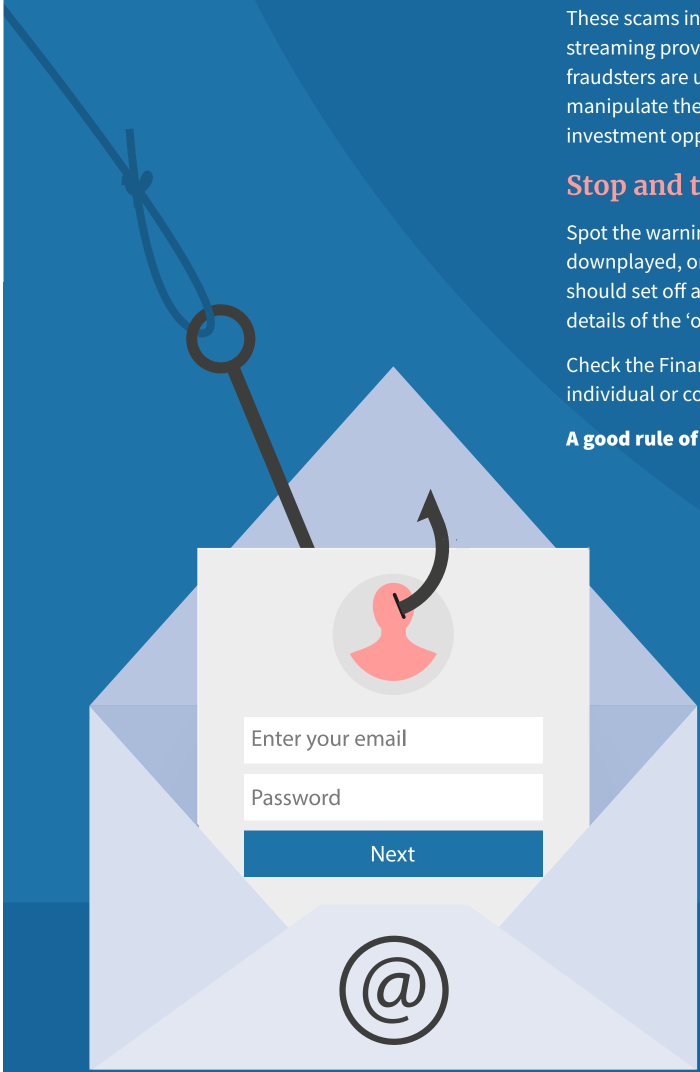
Don't fall for a financial scam

Official bodies are warning consumers of an increase in scams designed to prey on people's coronavirus fears.

Statistics from Action Fraud reveal that over £16m was lost to online shopping fraud during lockdown. In some scams consumers purchased goods online that never arrived. Others targeted animal lovers who lost nearly £300k in just two months after putting down deposits on non-existent pets advertised online.



Get scam savvy

Being familiar with the most common scams is essential to recognizing the danger signs. Recently, UK Finance released a list of the most common scams relating to COVID-19.

Financial support scams

Victims report receiving official-looking emails purporting to be from government departments or local authorities, offering financial assistance in the form of grants or 'COVID-19 relief funds'. These emails contain links to websites encouraging victims to enter their personal and financial details. Other examples include emails offering a 'council tax reduction' as well as scams targeted at Universal Credit recipients.

Health scams

These scams prey on victims' fear of contracting COVID-19. They include fake Test and Trace emails informing the victim they've been in contact with somebody with COVID-19, containing links leading to websites that steal the victims' personal and financial details, as well as fake adverts for PPE.

Lockdown scams

These scams include fake emails that look like they are from TV Licensing or an online streaming provider, informing victims that they need to update their payment details. Other fraudsters are using online dating websites to take advantage of isolated people and manipulate them into handing over cash, while some are tricking victims with fake investment opportunities.

Stop and think

Spot the warning signs - If you're contacted out of the blue, if the investment risks are downplayed, or they are using pressurised selling tactics which offer a bonus or discount, it should set off alarm bells. And if the offer is 'one time only' or you're asked not to share the details of the 'opportunity', there is a high risk of a scam

Check the Financial Services Register – **register.fca.org.uk** or **0800 111 6768** – If an individual or company is not on the register it's probably a scam

A good rule of thumb, with all scams if it's too good to be true, it probably is.

If you think you are being targeted by a scam hang up the call, delete the email, rip up the letter. If you think you have been the victim of a scam already contact action fraud, the UK's national fraud and cybercrime reporting centre, immediately on **03001232040**.

To find out more about how to protect yourself from financial scams visit

- FCA ScamSmart **fca.org.uk/scamsmart**
- Take Five **takefive-stopfraud.org.uk/**
- Pension Wise **pensionwise.gov.uk/en**
- The Pension Advisory Service **pensionsadvisoryservice.org.uk/**

OW2991 Exp. 15/04/2021

Working from home – are you covered?

Due to the lockdown, many firms have closed workplaces, meaning that millions of people across the UK have been temporarily required to work from home.

Should I inform my insurer that I am working from home?

The Association of British Insurers (ABI) has issued reassurance that, if you are an office-based worker and you are working from home because of government advice or because you are self-isolating, your home insurance cover will not be affected.

The ABI has stated: 'You do not need to contact your insurer to update your documents or extend your cover'

Will my work laptop be covered by my home insurance?

If you're using company property such as a laptop or mobile, you should check with your employer whether they have the correct insurance policy in place to cover these items outside of the usual place of work should any damage, loss or theft occur.

Such equipment is not usually covered by a standard household insurance policy, but it is worth checking your insurance policy document to check.

I need to see business clients at my home – will this affect my insurance?

If you are receiving visitors to your home on business matters, you should check this with your insurer as having additional people coming to your house could be an insurance risk and affect your insurance premium. There may also be restrictions in the cover provided, such as theft and loss of money being excluded, unless there is evidence of forcible and violent entry to the property.

What if I have an accident whilst working from home?

Your home environment is under your own control so there is a significant duty upon you to look after your own safety. If you were to suffer an accident whilst working at home, your employer would generally only be responsible if it was due to their negligence, meaning that they had failed to take reasonable care for your safety and the accident was due to that negligence.

If you have a protection policy such as Accident and Sickness or Income Protection, and you have an accident or suffer an illness that prevents you from working, you may be able to make a claim.

I need to make a claim on my insurance – will this be difficult at the moment?

ABI home insurers have implemented business continuity plans and are continuing to handle claims and support customers, as well as prioritising those in vulnerable circumstances.

Do you have the right cover in place?

If you are unsure whether you have the right insurance cover in place, contact us for advice on your own individual circumstances.

As with all insurance policies, conditions and exclusions will apply

OW2767 Exp. 03/06/2021

Spreading the risk

Stock markets do not react well in times of uncertainty and the effects of the pandemic continue to pile pressure on financial markets worldwide. During periods of increased volatility, such as we have seen over the last few months, the importance of spreading risk and considering the longer term, remain constant investment principles.

Why diversify?

Adopting portfolio diversification means you do not put all your eggs in one basket. A balanced portfolio contains a combination of different asset classes, such as equities (shares), bonds, property and cash. Equities have the potential to deliver higher returns than bonds, but bonds can provide an element of capital preservation for times when a more risk-averse approach is required. You can also diversify your portfolio further through choosing different geographical regions and industry sectors.

Don't overdo it

While building diversity into an investment portfolio is undoubtedly important, try to guard against over-diversification. This could make your portfolio unmanageable and could mean you spread your investments too thinly, resulting in a detrimental impact on potential returns.

Holding your nerve

The pandemic has unsettled global markets and it has been an unnerving time for many investors. I's important to remember that stock market volatility is inevitable, and markets can often rebound quickly once immediate issues are resolved. Experienced long-term investors know that the worst investment strategy you can adopt is to jump in and out of the stock market and sell up when investments have hit rock bottom.

Diversification is key

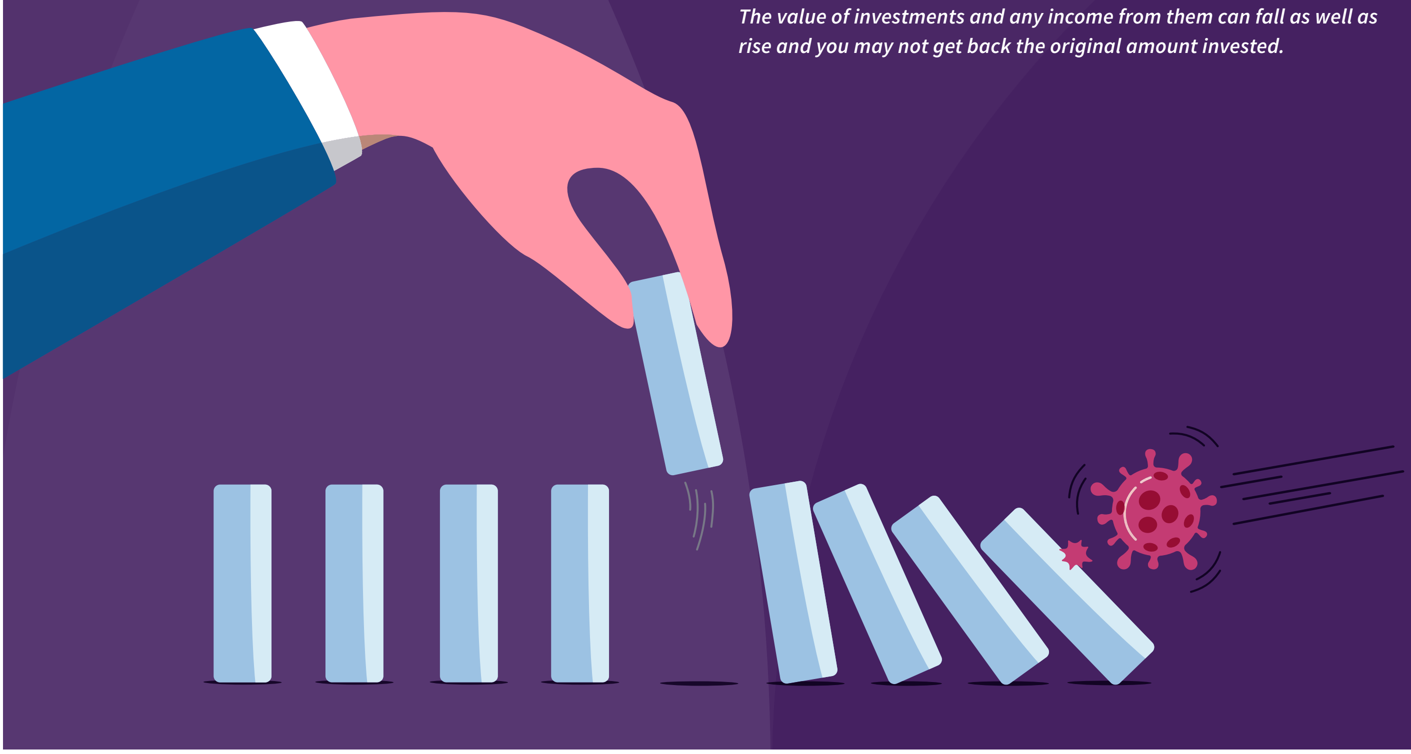
We can help you to identify how much risk you are prepared to take and advise you how to achieve your long-term investment goals, through an appropriate balance of risk and reward. A sensible way to build a portfolio is through collective investment schemes with a risk profile to match your objectives and needs. We can advise on the investment strategies and products most appropriate for your own individual circumstances.

Keep in touch

Financial advice and regular reviews are essential to keep your portfolio in line with your attitude to risk and your objectives. This allows you to develop and continue to follow a well-defined plan.

Your circumstances or objectives may well have changed recently, so please don't hesitate to contact us with any questions or concerns you may have.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.



Retirement and risk – striking a balance

The impact of COVID-19 caused extreme stock market volatility, with the average pension fund falling over 15% in Q1. While some of that value may have been regained over the last few months, pension savers remain understandably cautious.

In the past, the level of risk to which pension funds were exposed would reduce on the approach to retirement – a strategy called 'pension lifestyling'. This approach involves adjusting your portfolio to replace riskier assets with lower risk (although usually lower returning) options such as bonds.

In the current climate, with 1.5m workers planning to delay their retirement as a result of the pandemic and many more concerned about the continuing impact of stock market volatility, is pension lifestyling relevant at the moment?

Greater income needs

Just a few decades ago, the average pension pot would probably have needed to last for 20 years of retirement. As life expectancy increases, however, that period has stretched to 30 or even 40 years in some cases. As a result, it's likely you'll need to maintain some level of investment risk in order to generate the income required to live in comfort for the duration of your retirement – however long that may be.

The average pension fund fell over 15% in Q1 of this year

Keeping up with inflation

Even if you have enough in your pension pot now to keep you comfortable, inflation has the potential to erode the purchasing power of your savings over the passage of time. Therefore, lowering risk as you approach retirement, may not always be a suitable course of action, depending on your circumstances.

Risk and reward

The pandemic may have made you reflect on your attitude to investment risk but accepting a certain level of risk could ensure that your pension pot keeps up with, or even beats inflation. It could also help you save additional income for potential extra costs, such as long-term care fees. It's important to balance risk by diversifying your portfolio and perhaps setting aside some readily available cash in low-risk bonds or a savings account, to act as a buffer.

Financial advice is vital

In today's uncertain environment, taking financial advice can make the difference between a comfortable retirement and living in reduced circumstances. We can assess your personal situation and work with you to create a tailored plan for your pension that is aligned with your objectives, time frame and attitude to risk. If you'd like to understand how your approach to your pension should change in the run up to retirement, please get in touch.

A pension is a long-term investment. The fund value may fluctuate and can go down.

Your eventual income may depend on the size of the fund at retirement, future interest rates and tax legislation.

The value of investments and income from them may go down. You may not get back the original amount invested.

OW2993 Exp. 31/12/20

Business Protection

You need it more than ever

Prior to lockdown, over half (51%) of businesses had some form of debt, owing an average of £176,000 each – and yet just 20% used an insurance policy as security.

To add to this already significant issue, bank lending to struggling businesses via government-backed COVID-19 loan schemes reached nearly £52bn as of mid-August – meaning that UK businesses are more heavily indebted than ever.

Business loan protection

Business loan protection provides funds to repay a business loan, commercial mortgage, or a director's loan if one of the company's owners were to die or be diagnosed with a serious or terminal illness. Essentially, this type of insurance comprises a life cover or critical illness policy taken out on the life of the business owner or key person, with the payout ensuring the business can pay its debts should the worst happen.

Most lenders require some form of security when lending to businesses; often, business owners will use their own personal wealth (e.g. their property) as security. So, in addition to their business suffering if they were to unexpectedly die or become seriously ill, their family could face serious financial hardship or even lose their home.

Director's loans

It is common for businesses to have a director's loan account, through which the director can:

— Lend money to the business to fund initial start-up costs or see it through cash flow pinch points, for example;

— Borrow money from the company that is not classed as salary, dividends or expense repayments.

According to research from Legal & General, the average director's loan totals £169,000 – and yet well over a quarter (28%) of businesses are unaware that director's loans must be repaid upon death. This means the business could collapse if there is no insurance policy in place as security.

Loss of a key person

A staggering 52% of businesses say they would cease trading within a year if they lost a key person. Losing a key member of staff can have a huge impact on the business in terms of lost profits, poor cashflow and, potentially, a change in its creditors' attitudes to outstanding debts. That's where business loan protection comes in – it can help alleviate financial pressure by paying off the company's debts and enabling the business to get back on track.

As with all insurance policies, conditions and exclusions will apply

51%
of businesses had some form of debt prior to lockdown

£176k
was the average amount owed by businesses in the UK

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Are you at the end of your deal?

When your current mortgage deal comes to an end you might be tempted to do nothing and simply move on to your lender's Standard Variable Rate (SVR). However, by doing so you could risk your mortgage rate more than doubling.

SVR tend to be higher than the rates offered by other types of mortgage like tracker. In January 2019, the average SVR was 4.9%, compared to 2.52% for a two-year fixed-rate mortgage. Over the life of the mortgage this can mean paying thousands more interest than you need to.

Remortgaging to a better deal
Finding a new mortgage deal is a lot easier than getting your first mortgage. You don't have the stress of finding a home, working with estate agents, negotiating contracts or worrying about onward chains.

When it comes to remortgaging you could choose to stay with your current lender, and they might offer you something tempting to stay with them, but you don't have to. Switching to a new lender may seem like hassle you don't need, but it's worth the effort as it could mean you get a better rate.

Whether you're staying with your current lender or moving to a new one, just as with your initial deal it can pay to get advice to help find the most suitable mortgage for your needs. That's where we come in.

The value of our advice
We'll look at your current deal and work out if there are any exit fees or early repayment charges.
We'll discuss your needs and future plans; whether you want to pay off your mortgage early or you're looking for lower monthly repayments.

We'll check any changes in circumstances and how they impact your financial plans; have you started a new job or reduced your hours to care for a new baby?

What's more, We'll complete your mortgage application and take care of the legwork for you. As part of Openwork Ltd, one of the UK's largest financial adviser networks, we can access competitive rates from most of the UK's best-known lenders.

You may be able to save money if you switch to a new deal. Don't leave it too late and end up paying more than you have to. Contact us today to discuss your remortgage.

Your home may be repossessed if you do not keep up repayments on your mortgage