



LIBERTAS
WEALTH MANAGEMENT

10 ways working with
a financial planner will
improve your finances



Whether you're building a career and family or preparing for retirement, ensuring your finances are in tip-top condition can often seem overwhelming.

There are multiple things to think about when it comes to money, but some of the key questions you should ask yourself are:

- Are my personal, financial, and retirement goals on track?
- Is my money invested in the right way?
- Would I be able to manage if I was too ill to work?
- Will my family be taken care of after I'm gone?

You might not have the time or knowledge to be able to answer these questions – and that's where a financial planner can help.

Regardless of which stage you're at in life, a financial planner will help you get the best from your money. From helping you to define your goals through to investing and protecting your wealth, read on to discover the top 10 ways a financial planner will help to improve your finances.

If you have any questions, email info@libertaswm.co.uk or call 01925 320655.

Client testimonial:

“Through working with Phil, we've gained pension peace of mind. The big part of it is knowing that it's going to get done and get done right. Whether I know what I want or whether I'm being guided by Phil, you just know where you stand with him. He's built a great team of like-minded people – he has the belief in them, and he is very grounded.”

- Stuart (Libertas client since 2015)

I. A financial planner will help you develop a solid plan

Having a financial plan is a crucial step in helping you see the big picture. A financial plan sets out your short-, medium- and long-term goals and outlines how your money and other assets can help you achieve those goals.

Your aspirations will be completely personal to you. They could include:

- Travelling the world
- Buying property
- Ensuring a comfortable standard of living
- Privately educating your children
- Saving for university fees
- Investing for the future
- Having the retirement you've always dreamed of.

A financial planner will help you to define your goals and then structure your finances in a way that lets you achieve your goals while making the most of your life today.





2. A financial planner will make sure you're invested in the right way

Once a financial planner has helped you to map out your goals, they'll make sure your money is invested in line with those goals.

Your financial planner will look at:

- How far away your goal is
- What investment return your money needs to generate
- How much investment risk you're prepared to take.

If you have a long-term goal – perhaps you want to retire in 20 years – it's often wise to invest in the stock market. Inflation can seriously erode

the value of cash savings, whereas shares tend to produce greater returns than cash or bonds in the long run. By investing in shares, you'll typically give your money a better chance of increasing over time.

Conversely, if your goal is short term – for example, buying property in three years – it might be better to save it in a cash bank account. The stock market can go up and down in the short term, so you could end up making a loss.

You might have several goals, in which case you can split your money into 'pots' and then save or invest accordingly.



Goal	Situation and timescale	Save or invest?
Buy a new car	Your old car is ready to give up the ghost – you need a new one within a year	Save
Put down a deposit on a house	You'd like to move into your own home by the time you start a family – maybe in three years	Save
Pay for your child's wedding	Your child is still very young – probably at least 15 years away from getting married	Save
	Your child is older – a couple of years away from getting married	Invest
Have a comfortable retirement	You've just turned 30 and you'd like to retire when you're about 65 – 35 years in the future	Invest

Source: Money Advice Service

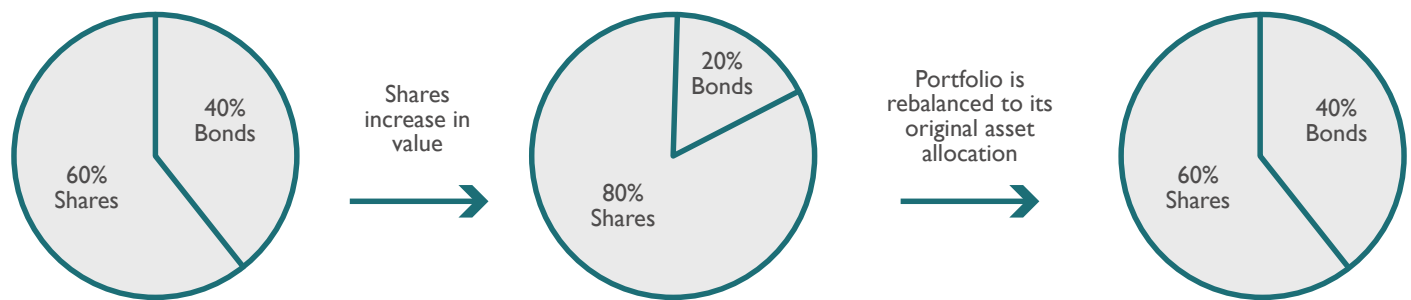
By using lifestyle financial planning and cashflow forecasting tools, a financial planner will determine how much money you need to reach your goals and which investments will generate the required return. They'll devise an investment portfolio containing a diversified mix of assets – shares, bonds, property, and cash – that's tailored to your goals and capacity for investment risk.

Please note: The value of your investment can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance.

3. A financial planner will review your finances regularly to keep you on track

Even if you've already got a financial plan and investment portfolio set up, the job doesn't stop there. The assets in your portfolio are likely to perform differently, so over time, your asset allocation could become skewed and no longer suit your needs.

Let's say you started out with a portfolio with a 60% allocation to shares and a 40% allocation



A financial planner will also review your wider finances regularly to keep you on track. If your goals or circumstances have changed, or new tax rules have come into effect, they'll be able to advise on the best course of action.

Having an ongoing relationship with your financial planner has been shown to lead to better financial outcomes than simply having a one-off meeting.

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to bonds. If the stock market performs very strongly, the value of shares in your portfolio could increase much faster than the value of bonds. You could end up with an 80% allocation to shares and a 20% allocation to bonds, which is inherently riskier. A financial planner will rebalance your portfolio to ensure it's still suitable for your circumstances.

A 2019 report from the **International Longevity Centre** found people who received financial advice at two time points (2006/08 and 2014/16) had nearly 50% higher pension wealth than those who were only advised once at the start.

Overall, it calculated that receiving professional financial advice between 2001 and 2006 resulted in a total boost to wealth (in pensions and financial assets) of £47,706 in 2014/16.



4. A financial planner will ensure you're covered against life's 'what ifs?'

No one likes to think about becoming seriously ill or dying but, unfortunately, bad things can and do happen. As part of your overall financial plan, a financial planner will ensure you and your family are covered should the worst happen.

There are several financial protection products to consider:

- Life Insurance pays a lump sum to your family when you die
- Income Protection pays a tax-free monthly income if you are sick or injured and can't work
- Critical Illness Cover pays a tax-free lump sum if you're diagnosed with a serious illness, like cancer, a heart attack or a stroke
- Mortgage Protection, otherwise known as 'decreasing life cover', helps to pay off your mortgage if you die during the policy term. The amount you're covered for reduces each month in line with your mortgage repayments.

Protection products can be complex. It's really important to have the right cover in place so you and your family are financially supported should the worst happen. A financial planner will be able to guide you on which protection solutions are most suitable for your circumstances.

Only 30% of people could rely on their savings if they lost their income

Source: COVER/Shepherds Friendly

Brits underestimate their life insurance requirements by almost £140,000

Source: FT Adviser/MoneySuperMarket

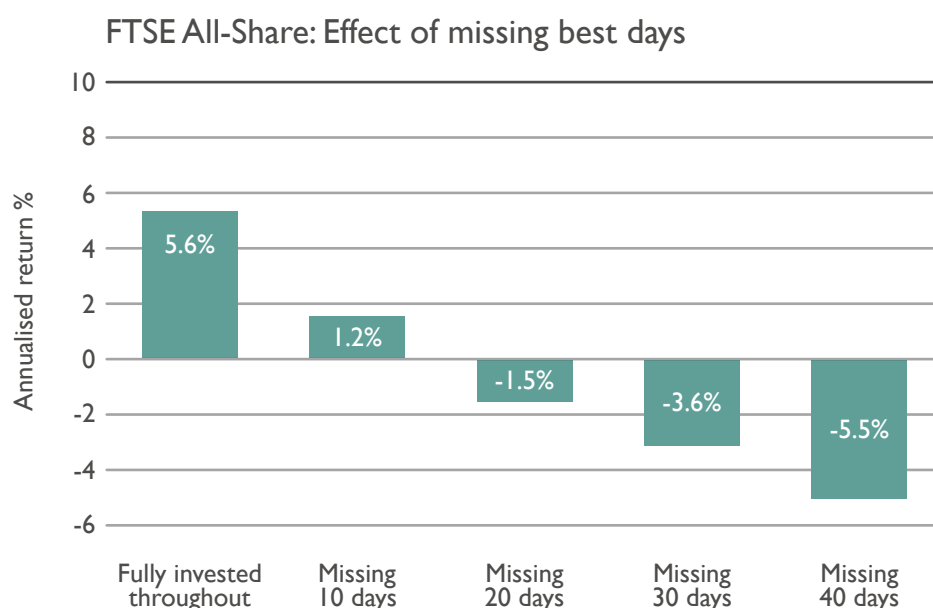
5. A financial planner can act as a sounding board when markets are volatile

The stock market can, at times, be very volatile with prices swinging wildly from one week to the next. If you invest yourself, it's easy to panic and make knee-jerk reactions. Unfortunately, making investment decisions under stress can result in major losses.

It feels counter-intuitive to sit back and relax while the stock market is tumbling but waiting it out usually pays if you're a long-term investor.

The stock market's best days typically follow its worst days and so you could miss out on some major comeback rallies. This could have a big impact on your long-term return.

As the chart below shows, missing just the 10 best days of the UK's FTSE All-Share over the last 15 years would have cut your annual return substantially:



Source: Datastream, from 30.06.15 to 30.06.20, annualised return. Returns based on the performance of the FTSE All-Share, with initial lump sum investment of £1,000 on a bid to bid basis with net income reinvested.

Source: Fidelity

If you're investing for the long term, there's enough time to iron out the ups and downs of the stock market. The key is to invest steadily and consistently.

A financial planner can act as a sounding board when the market is volatile and ensure you avoid costly knee-jerk reactions.

Please note: The value of your investment can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance.

6. A financial planner can help you pay less tax

Although tax remains one of life's certainties, there are lots of ways to legally reduce your tax bill, thereby ensuring more of your money is going towards achieving your goals.

Some of the ways to pay less tax include:

- Pay into a pension – the government provides tax relief of 20% for basic-rate taxpayers and 40% for higher-rate taxpayers
- Deposit up to £20,000 a year into a tax-free ISA
- Use the £2,000 Dividend Allowance and £12,300 Capital Gains Tax allowance
- Use the Marriage Allowance – if one partner earns less than the Personal Allowance, you can transfer any unused Personal Allowance from the lower-earning partner to the higher earner, up to a maximum of £1,250
- Maximise your Personal Savings Allowance – you can earn £1,000 of interest on savings tax-free if you're a basic rate taxpayer or £500 if you're a higher rate taxpayer



A financial planner will take a holistic look at your finances to ensure you're saving and investing in the most tax-efficient way possible. When you retire, they'll structure the way you take your retirement income to make sure you're not paying more tax than you need to.

ISAs vs Pensions

	ISA	Pension
Tax relief on contributions	You don't get any tax relief when you pay into an ISA	Basic rate taxpayers get 20% tax relief from the government; higher rate and additional rate taxpayers can claim a further 20% and 25%, respectively
Annual allowance (2020/21)	£20,000	100% of your salary, up to a maximum of £40,000
Withdrawals	You can withdraw money tax-free at any time (subject to your provider's restrictions)	You can access your pension money when you reach age 55 – 25% can be taken as a tax-free lump sum and the rest is taxed at 20%, 40% or 45% depending on your marginal Income Tax band
Inheritance	ISA savings are counted as part of your estate when you die, so your beneficiaries might have to pay Inheritance Tax	If you die before 75, your pension can be passed to your beneficiaries tax-free; if you die after 75, your beneficiaries will have to pay Income Tax

Tax is a complex subject, so it's important to get advice.

Please note: This article is for information only. Please do not act based on anything you might read in this article. All contents are based on our understanding of HMRC legislation which is subject to change.



7. A financial planner will cut out the jargon and keep things simple

Annuities, equity release, asset allocation, investment horizon – the world of finance is full of jargon. A good financial planner will cut through the jargon and explain things simply and transparently.

Jargon buster

Annuity	A type of insurance product that pays an annual income in retirement
Asset allocation	The way you divide your portfolio into different asset classes, such as shares, property, bonds and cash
Equity release	A way of accessing some of the value in your property and turning it into a cash lump sum
Investment horizon	How long you intend to hold an investment before selling it (usually to achieve a financial goal)
Pound-cost averaging	Investing small amounts on a regular basis to average out the cost of buying shares
ROI	Return on investment measures how much of a return you're making on your money

In a nutshell, a financial planner will take the headache out of organising your finances and planning for retirement. After all, you've got better things to be doing than trying to wrap your head around pound-cost averaging and ROI.



8. A financial planner will challenge your ideas and way of thinking

Most of us have biases, and they're not all necessarily bad. However, when it comes to money they can be very detrimental. You might think all your investment decisions are rooted in logic and discipline, however, biases can lead to inaccurate or irrational behaviour.

A financial planner will challenge your ideas and way of thinking to ensure you avoid these biases during your investment journey.

A common bias that investors succumb to is 'confirmation bias'. This is the tendency to

ignore facts that go against our views and, instead, seek out information that confirms our beliefs.

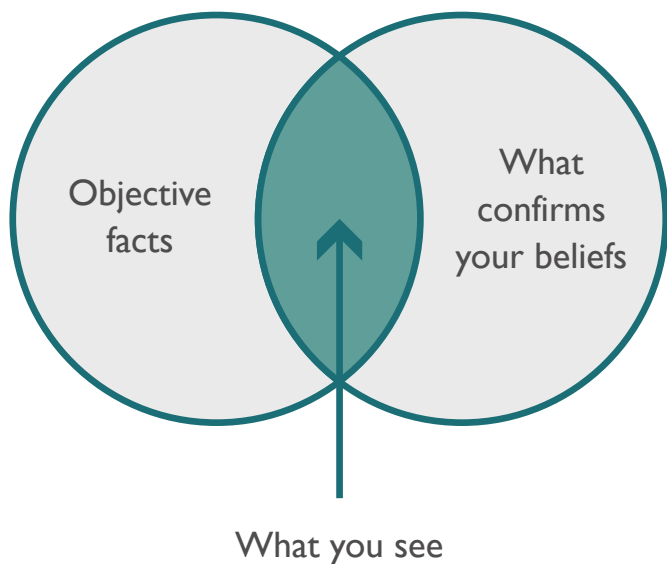
Perhaps you've held a stock for several years and you're convinced the company's new products will change the world? If a report comes out saying the company's success is deteriorating, you might try to discount it as a temporary glitch. Your belief in the company could be getting in the way of rational judgement.

Another bias is 'recency bias', which is when investors emphasise recent events and give less weight to things that happened in the past.

If the stock market plummets, investors are often quick to sell their shares because they think the bear market is here to stay. As we mentioned earlier, if you're a long-term investor, it's usually better to stay invested because the stock market is inherently volatile, and you could miss out on a subsequent rally.

A financial planner avoids these biases by focusing on your financial plan, ignoring market noise and ensuring your portfolio is diversified.

Recency bias: short-term memory dominates long-term memory



9. A financial planner can support your mental health

A financial planner can support your mental health as well as your finances.

Recent research by **Holloway Friendly** found three-quarters of British adults believe financial stresses contribute more than anything else to mental health issues. A further four-fifths said financial worries had negatively affected the relationships in their lives.

A financial planner can help to take away any stress or worries you may be feeling about your financial future. They will organise your pension and investments, ensure you have the right protection in place and create a long-term plan that takes care of your own needs as well as your family's.

The peace of mind that a financial planner's knowledge, qualifications, and experience bring can make a huge difference to your overall mental wellbeing.





10. A financial planner will help you feel confident about your future

Working with a financial planner can help you feel confident about your future – both in retirement and after you've gone.

A financial planner will structure your finances so that your income lasts your lifetime. They'll identify your goals, anticipate the unexpected, determine your cashflow requirements, use

When the time is right, a financial planner will help with your succession and estate planning. This includes:

- Inheritance Tax planning
- Estate planning
- Gifting
- Intergenerational wealth transfers

Inheritance Tax could cost your beneficiaries many thousands of pounds. But with the help of a financial planner, you can ensure your hard-earned wealth goes to those you wish it to, at the time of your choosing.

comprehensive investment strategies and ensure you're taking advantage of all the tax breaks.

A financial planner will also discuss your options should you require care in your later years, whether that's funding a place in a care home or paying for care in your own home.

More than a third of people self-funding their care are worried about running out of money

Source: Which?

By taking control of how your money is transferred, you can feel assured that your legacy and your family's futures will be looked after too.



How we can help

At Libertas Wealth Management, our purpose is to help you create, enhance and protect your wealth. We achieve this through tax-efficient financial planning and by understanding your vision for your future life.

From helping you to grow your wealth to ensuring you have security in your golden years, we'll give you the reassurance that your financial, life, family and retirement aspirations are being well looked after.

Some of the things that set Libertas apart include:

- We are committed to personalised service – we give every client the time, respect and personal attention they deserve
- We are independent – we are free to recommend solutions without restriction and have no financial incentive to recommend any products or providers
- We practise what we preach – we invest our time in developing our team's skills and knowledge and valuing their wellbeing and growth
- We're financial planners, in the true sense of the term – we find out what's important to you, how you tick and what you most want to achieve in your life. And then we build a plan around you.



For more information on how we can help you achieve your goals, email info@libertaswm.co.uk or call 01925 320655.

Libertas Wealth Management is registered in England & Wales no. 8842157.

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