



LIGHTHOUSEPLATINUM
Wealth Management Ltd



Nick Hodgetts

A note from Nick...

I hope this newsletter finds you well and looking forward to the festive season. I'm happy to say 13 has not been unlucky for us and business has been brisk in 2013. Investment returns have been quite positive and mortgage rates have stayed low - great news for investors and borrowers but cash savers will feel cheated. I have some interesting alternatives for those that have stock-piled cash and seek better returns but want to keep it as a Cash ISA.

If you would like a review of your financial planning, please get in touch and I look forward to hearing from you. Full details of my service can be found at www.lighthouseplatinum.com and my website is currently being refreshed so please take another look in January.

Wishing you a very merry Christmas and a healthy and prosperous New Year!

Nick

Protection Matters

My process for financial review usually begins by ensuring loved ones, mortgages and business interests are adequately protected and there is now a new and very tax-efficient way of setting up life assurance. 'Relevant Life Policies' can be used for death-in-service type benefits to pay tax-free lump sums to your dependants. Premiums are paid by your company or employer, who will usually gain Corporation Tax relief, while you will have no Income Tax or NI to pay. I can provide more details on request.

A survey undertaken by Sainsbury's found that around 40% of UK mortgages are not covered by life assurance. If you are in doubt about your mortgage protection, please call me.

At or Near Retirement?

Much of my work recently has been in this area and it's such a vital time to take the proper advice. Annuity rates have suffered the double-whammy of increasing life expectancy and low interest rates - you would think they would both be good things but they have brought annuity rates down to an all-time low. I can shop around for the best rates from the whole of the market as well as advise on the various alternatives such as Income Drawdown, Asset-Backed Annuity, Fixed Term Annuity etc.

Continued overleaf...

If retirement is still a long way off now is the time to be adding to your retirement fund. Workplace Pensions are already with some of us and will be fully rolled-out by 2017, I encourage you to take advantage of your employer's contributions but make your own contributions realistic – you are unlikely to retire with a pension income of 50% of your salary by saving just 4% into a pension fund. Make a start to your long-term savings either by pension contributions or saving into an ISA. Both have merit and I can help you understand them and how much you need to save to achieve your financial goals.

Incidentally – I can also help employers understand how to cope with the Workplace Pension legislation so please pass on my contact details.

Investment Contentment

With so much going on in the world and the constant stream of news flow telling us all about it (perhaps too much?) investment markets can seemingly twitch up or down at the flap of a butterfly's wings on the other side of the world. The current low interest rates struggle to exceed inflation so even low risk investors are including some riskier assets in their portfolio to achieve positive returns. I can help you understand risk, its benefits and downsides and how to use it to your advantage.

For example, there is approximately £45.7 Billion current sitting in Premium Bonds. According to NS&I the average returns are currently around 1.3% pa and your chances of winning are around 26,000 to 1. Of course, you could win a million (!) and they will certainly be suitable for many people but the bottom line is the average return is currently around half the rate of inflation. Would you consider that a safe investment, or a silly one? There are many alternatives I can help you with.

Those with at least £50,000 in their investment or pension fund can now make use of Discretionary Fund Managers (DFM) who can react instantly to changes in markets, economies, changes to legislation and all things liable to impact on the value of your pot. For the past couple of years I have been building close links with three DFMs and I also have a similar proposition for those with £25,000 or more. Please call if you would like more information about this more active approach.

Generation Veneration

A recent survey of 14 to 25 years olds by the Personal Finance Education Group found that 42% of them did not know the difference between being overdrawn and in credit on a bank statement; 28% did not understand interest rates on loans and how a lower APR is more attractive than a higher one and 36% did not know the correct meaning of APR in relation to interest charges on loans and credit cards.

Please tell your children or young relatives that:

- Credit Cards should really be thought of as Debt Cards
- Using them to borrow usually only works well over very short terms – otherwise consider using a Personal Loan
- Borrowing is only a good idea when you make an immediate and achievable plan to repay it
- It's a small world – but I wouldn't want to paint it! (Or be serious all the time).

Around the office...

Can't believe it's already two years since we moved to our new office in Wisteria Court, Copdock but it's working well and I now hold around a third of my client meetings here.

I'm fed up with the winter already and looking forward to a quick, cheap week of Canarian warmth in the New Year but Lynn has just come back from a long-awaited shopping and sight-seeing trip to New York. She highly recommends it!

I hope to see you in 2014 – whether at my office, your home or work-place.