



Nick Hodgetts

A note from Nick...

It finally happened! Interest rates have been increased for the first time since 2007 – but only by 0.25%, so can you spot the difference? If you are a saver, probably not yet! If you have a mortgage perhaps now is the moment to talk to Michael, our Mortgage Advisor, about a review? One thing that is increasing, however, is inflation so if you aim to grow your savings to show a real gain you're probably now aiming for at least 5% pa. That target will currently have to involve a low investment risk and there is a wide choice of low risk investments aiming at modest but consistent returns. Call me to hear all about them.

MiFID II sounds like the latest expedition to Mars but it is in fact the 'Markets in Financial Instruments Directive 2' – the latest update to European legislation for financial services. By the way, we were apparently going to adopt it in the UK irrespective of Brexit. One of the changes you will see is more frequent valuations sent to you for your investment and pension savings – in the past you will have seen annual reports, in future you will see half-yearly or even quarterly valuations so bear that in mind when looking at the returns quoted, they may only be reflective of the past three months.

On your statements you may well see reference to the "yield". This is the part of your return that is either interest or dividends – in other words this is the income. In addition you would hope to achieve some investment growth.

Despite the current confusion over the UK's position in the world over the near future, I'm looking forward to a repeat of this year's positive investment returns and I wish you a very Happy Christmas and a healthy and happy New Year!

Best wishes,

Nick

It's beginning to look a lot like Christmas...

According to that ultimate tome of knowledge and wisdom, The Sun newspaper, at least one snowflake has fallen on Christmas Day 38 times in the past 54 years. So statistically we can expect to see some white at Christmas at least once every two years. Layers of snow on the ground are, however, about as rare as a rise in interest rates – but that just happened so...

The Bank of Mum & Dad

Some recent research carried out for Prudential showed that 68% of parents have or expect to lend money to their children (on average around £12,700) but nearly half don't expect to see it repaid. The most common reason is to help with house purchase but 1 in 5 is for general living expenses with cars, credit cards and student loans also popular reasons.

These loans (gifts?) from parents and grandparents risk making long-term dents in their own financial planning. Please call me to chat though how best to access your financial assets.

State Pension Age changes

Those who are now younger than 47 have to wait until age 68 to receive the State Pension which is now based on a flat rate, currently around £159 per week. If you want to retire younger and have personal pension savings you could make use of Flexible Drawdown to "fill the gap". In the past, up to 90% of those with pension funds used them to purchase an annuity at retirement but that trend is reversing now with more pension savers wanting access to capital and income flexibly while still providing financial protection for loved-ones at retirement.

Please get in touch to tell me your plans so I can help you achieve the retirement you want.

Later Life lending

Interest only mortgages have been around for decades but they peaked in 2007, then lenders virtually stopped offering them in the credit-crunch of 2008. Many still exist and some borrowers plan to use investments, inheritances or down-sizing to pay the debt off but it is estimated that up to a million interest only mortgages have no repayment plans in place. Equity Release could be one more solution – think of it as an interest only mortgage with no end date that you do not have to make monthly repayments for. Michael can explain the advantages and disadvantages.

Around the Office

Two of my children have bought houses this year, followed by the inevitable rounds of re-modelling and decorating. Our charity work this year was aimed at women and families. Lynn has just taken part in a world record attempt for the longest fashion show totalling 30 hours – in her stint she wore 43 outfits! The event raised £24,000 for The Blossom Charity and is just waiting for ratification from the Guinness World Record authority. I took part in The Great East Swim to raise £900 for Lighthouse Women's Aid. Both very worthy organisations doing great work.

On the holiday front, between us this year we've been to Versailles, Sorrento and Ibiza amongst others so our fridge magnet collection has expanded. Some clients and contacts have kindly donated *fridgies* from their trips for our collection. They are always welcome – the quirkier the better!

I hope to see you in 2018 – whether at my office, your home or workplace

The value of your investments can go down as well as up, so you could get back less than you invested. Tax advice contains no investment element, is not regulated by the Financial Conduct Authority. The value of income from investments can go down as well as up. Lighthouse Platinum Wealth Management Limited is an appointed representative of Lighthouse Advisory Services Limited, 2 Hunns Mere Way Business Park, Woodingdean, Brighton, BN2 6AH which is authorised and regulated by the Financial Conduct Authority.