

# ROUSE

INTELLIGENT FINANCIAL PLANNING

Planning for the future, looking to invest or simply saving for a rainy day. Either way...

## ...we've got you covered



*British summertime edition*

[www.rouseitd.co.uk](http://www.rouseitd.co.uk)

## Who's who at Rouse?

Contacting a member of our admin team in the first instance will quicken the response time for your enquiry. You can be assured that the appropriate action will be taken immediately and your issue speedily resolved. For further details, call us on: **01983 535740** Email: [admin@rouseltd.co.uk](mailto:admin@rouseltd.co.uk) Visit: [www.rouseltd.co.uk](http://www.rouseltd.co.uk)



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# Welcome to Rouse

We have often said that financial planning is about more than just putting your money where it will get the best return. Investments and savings are a part of the process but they are only cogs in a much bigger wheel.

Whether you have money to save or invest, want to plan your retirement, buy a house or release equity, these are the means to the end – your financial goal. Your journey will be different from anyone else's. Your motivation for seeking financial advice, your goal, and all the considerations in between, are unique to you.

There lies the skill, and purpose, of financial planning in a nutshell: helping you to identify the most appropriate course of action for you to achieve financial stability throughout your life.

Although clients have come to us with a specific issue they want to resolve, once they see that issue in the wider context of their financial lives, many recognise the opportunities to make their money work even harder for them through intelligent financial planning.

**It's a changing world, but whatever the financial forecast we've got you covered.**

## 04 Cash flow forecasting

Life presents many challenges and in a world where confusion currently outweighs clarity, it helps to take a longer view. Cash flow forecasting can help you be prepared.

## 06 Equity Release

Equity Release can be your flexible friend but it's crucial to take advice – and involve your family in discussions. Set up properly it now carries much less risk and can be used to help boost your retirement income, help offspring, or pay for an unexpected expense; the choice is yours. Take a fresh look.

## 08 Retirement planning

Now is always a good time to plan for the future and inertia is no longer an option in retirement planning. Our checklist of what you should consider when thinking about retirement can help them really become golden years.

## 10 Investment management

The ups and downs of market activity is a normal part of investing. However, on occasion, global events, or those closer to home, can create greater volatility. These are the times when a cool head should prevail.

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Riding the wave

Like the weather, your financial situation can change unexpectedly. Be prepared for unexpected events with appropriate planning and cash flow forecasting.

Just as there's a difference between climate and weather, understanding the fundamental character of your finances and what might be realistically achievable is essential in order to be prepared for all the changes that occur through life. Cash flow forecasting is the umbrella that's always in your bag.

### Fail to plan, plan to fail

Forward planning is the key to managing your money and cash flow forecasting is one of the ways we can help you to examine how your spending, savings, and investing will affect your plans for the future.

It can help you see how much you need to live on and to prepare for the ongoing costs of your lifestyle – as well as any unexpected expenses.

There is a thread that runs through our financial lives and each decision we make will have an impact on another decision or stage of our lives. You will have heard us refer to lifetime financial planning before. We have always preferred to take the time to understand our clients' lives in order to take a holistic and long-term view when considering anyone's financial situation.

We recognise that your priorities for your money will change as you enter different phases of your life and the focus of your decision-making will shift. However, you will always need a plan and that plan needs to accommodate the changes in your life.

How we imagine our lives panning out can sometimes attract a rosy tint but the unfortunate truth is that we won't all be millionaires relaxing on yachts, having stopped work aged 35. But that doesn't mean it will be a disaster. Cash flow forecasting allows you to get a better understanding of how everything is shaping up so you can relax and enjoy life now.

### Anyone can benefit

Cash flow forecasting allows you to help create your own timeline, using your own data, and by inputting real life events relevant to your own circumstance we can help you see just what can be achieved. It allows you to take an honest look at your current wealth and see clearly how life decisions made now will affect your finances over any given timeframe.

### Bringing money to life in this way helps to manage expectations.

By considering 'what if' scenarios, such as the usual milestones of children, education costs, marriages, loss of income, or being Bank of Mum and Dad (and the good things such as holidays and other rewards for a life well-planned) we can help you see clearly how much you need to live on and, importantly, how to prepare for the ongoing costs of your lifestyle as well as any unexpected expenses.

The software we use is flexible too: we can include bonuses from employment or dividends for business owners. There's a potential IHT simulation, which allows us to show your potential IHT liability in every year of the plan. If your wealth is set up appropriately, the IHT liability your estate might attract can be considerably reduced.

We can also stop the plan calculations at any event either before or after mortality.

Among many other facilities, there is easy entry of non-legal partners as marital status can be specified at entry and easily changed within any plan.

### Golden years?

We're all living longer and this should mean enjoying a longer retirement. But these years need financing and many of us aren't putting enough aside. By planning for your future you could allow for this – and avoid having to work longer than you intended.

Historically, cash flow forecasting has been used by businesses to analyse income and expenditure over a set period of time. Allowing for a variety of 'what if' scenarios, forecasting allows a business owner to see any patterns of growth or expenditure and make any appropriate adjustments to its business activities.

It's no different if you're an individual. Carrying out such an exercise is essential to keep control of your financial future and the software we use allows your Financial Planner to show you how to appropriately frame your expectations and then discuss the options open to you.

Financial planning is about getting help to make decisions about your money so it works hard for you throughout your life, wherever you sit on the financial scale.

If you would like to know more about cash flow forecasting, please contact us on 01983 535740.



*We've got you*  
**covered**

You can't always predict the weather, but with cash flow forecasting you can see the outlook for your financial future.



# Your home your castle

Equity Release – what to watch out for and why you need to take advice

This route isn't an alternative to rainy day savings but a wide range of options come under the Equity Release umbrella and this route can be a useful tool in your retirement planning. It shouldn't be your first choice – you need to explore all other possibilities first – but it's no longer a last resort option.

For most people the family home is their biggest asset. However, it's not of much practical use if you find yourself needing a cash boost and your income isn't quite measuring up. Equity Release products allow you to access money tied up in your home while retaining ownership.

Now entering mainstream lending, the popularity of Equity Release as a way to unlock the value of a home has also meant that regulations have become tighter for these products. Equity Release advice and lending is now fully regulated by the Financial Conduct Authority (FCA) and further safeguards are provided by the Equity Release Council (ERC). One of these safeguards is the 'no negative equity' guarantee, meaning that provided you've met the lender's terms and conditions you, or your beneficiaries, won't have to pay back more than your property is sold for. This is provided it is sold for the best price reasonably obtainable.

## Can you do it?

Understandably there are strict eligibility criteria:

- You must be a UK resident
- You must be aged 55-95
- Your property must be worth a minimum of 70k
- The property must be your main residence

Even if you meet these it's important to consider all other options first – and take qualified advice. Remember also that Equity Release will affect the inheritance you leave your family, so you should involve them in the decision-making process.

## What are the options?

There are two main types: Lifetime Mortgages and Home Reversion plans. But within that there is flexibility in, for example, how you take the money, or repay it.

**Lifetime Mortgages:** These allow you to continue to own your own home and to borrow money against it. There is interest to pay on the loan and you can either pay all or part of this interest every month, if income allows, or choose to pay nothing and have the interest (compounded) added to the loan. The loan amount plus any interest is normally repaid to the lender upon death or when you need to move into long-term care. With a Lifetime Mortgage, the amount you're able to borrow depends on your age, health and the value of your home. We recommend that you involve family

in your decision to take out an Equity Release contract as it will have an effect on the inheritance they will receive.

Lenders are becoming more flexible and adapting to people's needs. For example it is possible to guarantee that an agreed percentage of your home's future value is kept for beneficiaries; ad hoc payments can be made without penalty; a cash drawdown facility can be included. You must be aged over 55.

**Home Reversion:** This is a product that allows you to release capital by selling all or a part share of your property to a provider who then grants a lifetime tenancy allowing you to remain living in your home until your death (or for a couple, the death of the remaining partner) or move into long-term care. Generally, the older you are the greater the amount you can release or the smaller the share of the property you need to sell. You must be aged over 65.

To understand the features and risks of a Lifetime Mortgage you should ask for a personalised illustration.

## FAQs

### ▶ How much can be released?

Typical release value is up to 55.5% of the property's value

### ▶ How much can I borrow?

The amount you can borrow depends on your age, health, and the value of your home

### ▶ Will I still own my home?

You can still own your home

### ▶ Will I be allowed to move if I take out an Equity Release contract?

You can move home (subject to provider criteria)

### ▶ Will a long-term health condition impact my borrowing capacity?

Health conditions, and certain lifestyle choices, could mean you can release even more cash

### ▶ Will I still be able to leave my home to my dependants?

Equity Release will affect the inheritance you leave your family. We recommend that you involve family in your decision to take out an Equity Release contract.

If you are considering Equity Release as an option, please call our Property Finance Adviser on 01983 535740.

# No time *like the* present

When is the right time to start planning your retirement? The simple answer is NOW!

Time passes in the blink of an eye and we all have an idea of how we would like our retirement to be. Key questions need to be answered first though if you're to avoid running out of money in later life - and working out when you can retire is the first step.



## Stability

Your financial wellbeing is our priority and a significant part of that is to help you plan for your retirement. Our holistic view of financial planning aims to take you from cradle to grave, all stops in between and then to infinity and beyond via your legacy.

The idea is that you enjoy your life – live it well without worrying if you might not have enough to live on when you stop working. The lifetime financial planning we offer means just that: it's a long-term view and we take time to understand every aspect of your life to help you manage your expectations and your dreams. Our aim is always to help you make the most of the money you have – and to help make it last.

## What's the forecast?

One of the first things to decide when planning your retirement is deciding when you actually want to retire. Doing this will help you see how long you have to save, which in turn will indicate how much you need to save in order to achieve the retirement you'd like.

So, you need to consider your future lifestyle and where you might be living. You need to think about what your costs might be in retirement - and consider both your living costs and how much extra you might like to spend on yourself (hobbies, travel or other rewards).

## Change

Retirement is the biggest change in your life and improving your financial outcome for this can be a challenge. It's a two-stage approach because the journey doesn't stop when you reach retirement. Your strategy needs to allow not only for the accumulation stage but also, once you're in retirement, how to sustainably receive an income from the funds you've built up.

Accumulating a sufficient amount of money to provide the retirement you want is the first goal. But arguably the greater challenge is how to draw an income from your investment sustainably, particularly since many now live in retirement for around 30 years. Your priorities for your money may well change when you start to dip into your fund – preserving your capital and sustaining your income could replace the simple need for growth.

Our retirement years are changing but we still need to know we have enough to live on while potentially still be supporting our dependants. We are living, and working, longer and our lives now have a different pattern – for example, these days many people in their fifties might still have children at school or heading for university. We won't be able to work forever.

## Fix the roof when the sun shines

If you're currently working, and if you can afford it, it's a good idea to put money aside in another savings vehicle (other than your main pension savings), such as an ISA. This has the added benefit of compound interest to boost your fund.

Most people will also be enrolled on their employer's pension scheme through the auto-enrolment initiative but it's still worth considering a private pension as well, if you don't already have one, particularly if you have some years to go before retirement.

Pension freedoms are a mixed blessing – it's great to have the power to take your money earlier but that power is nothing without control. If you don't know what's round the corner, how do you know if it's ok to start drawing on your pension savings? Much as the opportunity to retire can be an attractive one, it also requires making decisions that will have a huge effect on the so-called golden years. Financial planning advice, together with cash flow forecasting, can help you take control.

## Retirement checklist

- ▶ **Create a date plan:** When do you want to retire? Consider the rising retirement age, new pension freedoms, and how much you can save over the time period.
- ▶ **Evaluate the here and now:** How much time do you have before you plan to retire? Look at your current income and financial commitments and consider how you will continue to fund your life as time goes on: you might need to get used to a different pattern of income as well as a different amount.
- ▶ **Check how much you might have:** Get an estimate of how much you might have saved for your retirement. Look at all your pension savings (both workplace and personal, including any final salary schemes) and get a state pension statement from the gov.uk website too.
- ▶ **Know your options:** Pension freedoms can be a double-edged sword, creating more confusion and indecision. Before you access your pension savings we would suggest that you take advice from a qualified Financial Planner.
- ▶ **Decide where you want to be:** Where do you plan to live and will your home play a part in shaping your future?
- ▶ **Consider the lifestyle you want in the future:** Work out what your costs might be in retirement and consider your living costs as well as how much extra you might like to spend on yourself.
- ▶ **Update your Will:** Or make one if you don't already have one. Lives change as we age and it's important to keep your Will up to date so it reflects your current life.

The decisions you make now could affect your standard of living for the rest of your life. If you would like to discuss your retirement plans with us, please contact us on 01983 353740.

When the markets get spooked a common, and not unnatural, reaction is to cut and run. But this often compounds the existing volatility and can leave investors nursing big losses. The wise investor knows to weather the storm, if possible, as history suggests that markets recover and that upturns have generally been stronger than downturns.

### Pressure rising

Stock markets are driven by fear and greed with fear being the stronger emotion but trying to second-guess the market is stressful and seldom successful. When looking at stock market patterns over a period of time, although short-term volatility has an effect, the overall trend is generally a rising one.

Mistakes can be made, and volatility increase, if investors react to market news. Quite often this news has already been factored into share prices so knee-jerk responses could intensify any market reaction that has already taken place. Significant downturns generally occur suddenly and are difficult to endure but a robust plan and a diversified portfolio has the capacity to help you weather the storm.

### The long-range forecast

All investments involve some degree of risk: risk and reward are inextricably linked. If your financial goal has a long time horizon you are likely to make more money by carefully investing in asset categories that carry greater risk, such as equities or bonds, rather than restricting your investments to assets with less risk, such as cash equivalents.

Investing solely in cash maybe an appropriate route for short-term financial goals and it's tempting to see cash as a safe haven against all market volatility. However, recent years have seen higher rates of inflation and lower rates of interest, which increases the pressure on your cash.

The rise and fall of markets is part of the normal process. Dips can even be the source of opportunity so, for many financial goals, investing in a mix of assets is a good strategy. Depending on your time horizon and risk tolerance, a mix of assets can be picked that has the highest probability of meeting your goals and can be at a level of risk with which you're comfortable. By balancing an investment portfolio in this way it's possible to take the pressure off a particular asset class to continually perform well: there is no guarantee that a sector that performs well one year will do so again the next. Diversification helps to avoid exposing a portfolio to undue risk.

### I can see clearly now

It's very disappointing to react to market volatility, exit the market in an attempt to reduce further losses, only then to see it all start to climb. Hindsight is 20:20 vision. But since market movements can't be predicted and being out for even a few days can have a huge impact, it's generally better to stay put and wait until the storm passes. Far better to prepare your portfolio appropriately in the first place.

### The takeaway

- ▶ **Get advice.** A qualified, independent Financial Planner will help take the emotion out of your investing.
- ▶ **Make a plan and stick to it.** This will help you stay focused on your financial goals without being distracted by short-term market fluctuations.
- ▶ **Get in as early as you can.** Reinvesting gains will allow greater growth. Time means money with the magic of compounding.
- ▶ **Don't just stick to cash.** It might seem like a safe bet and it helps to retain some liquidity but if you have a long investment horizon, gains will be greater with a mix of assets.
- ▶ **Diversify your portfolio.** If one class is struggling, other classes maybe performing well. Remember the bigger picture and keep your eyes on the prize.
- ▶ **Invest for the long-term.** Use time to your advantage: the longer you can leave your money the better. With a long time horizon you're better placed to withstand short-term volatility and history has shown that over time the overall trend for markets is upwards.
- ▶ **Commitment.** Don't cut and run when things look iffy. Make a plan and stick to it.

# Riding the wave

The ups (and downs) of investing in turbulent times

If you would like to know more about how we can manage your investments, please contact us on 01983 535740.



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