

Sentinel

Guardians of your wealth management



Get all your ducks in a row

Keeping your financial affairs in order
avoids problems coming home to roost

www.rouseltd.co.uk

ROUSE
INTELLIGENT FINANCIAL PLANNING

Welcome

After a year that threw everyone the biggest curve ball since the celestium launched that meteor at the dinosaurs, we thought it appropriate to create something positive from these unsettling times. Welcome to Rouse: Sentinel.

The cycle of life has always afforded us moments when we can draw a line under an event or period of time. It could be New Year, the start of a new term, or new kid on the block: a post-pandemic rebalance. It can be cleansing, reaffirming, or simply a good tidy up. But whatever your trigger, the process is the same and the result is more control and hopefully greater motivation to keep matters in check.

There's nothing like a good clear out for helping us feel in control. Taking time to reassess, rebalance, and rationalise our affairs can result in a greater feeling of positivity – and we all need that right now.

Never ones to waste the pain, this issue of Rouse: Sentinel intends to help you do just that. Looking back at a chaotic year but simultaneously looking forward to a journey of recovery by absorbing lessons we have learned through necessity. We'll remind you of some easy wins to get yourselves financially organised alongside commentary from the trusted team at Glanvilles Damant Legal Services.

We've also been taking steps to get our own ducks in order by improving our service offering and facilitating clearer communication.

Goodbye 2020, hello 2021. Whatever's in store, we'll be with you every step of the way.

New decade, new way of living.

We don't want to challenge Marie Antoinette's position as the poster-girl for the seriously out-of-touch – even if cake-eating has been a feature of many a locked-down life – but it's important to accentuate the positives that can be found in a changing world.

For example, we all had to learn to manage our lives differently and one of the key changes involved working from home. For many this brings benefits simply in itself but there are other gains too:

- ▶ You can claim tax relief for the whole year, even if you have only worked from home for one day since 6th April. Claiming working-from-home tax relief has increased enormously so HMRC has now provided a microservice and claims are processed through your tax code. Learn more at www.gov.uk/tax-relief-for-employees/working-at-home

Note though, if you're employed but do your tax via self-assessment each year, you can't use the microservice. You will need to claim the allowance as part of the self-assessment form (section 20 on the full return and section 2.5 on the short form).

- ▶ If you've had to buy equipment in order to work from home your employer should pay you back and this tax year (20/21) the repayment won't be taxed as a benefit in kind. Your employer should do this automatically www.legislation.gov.uk/ukxi/2020/524/pdfs/ukxiem_20200524_en.pdf

Whether it's progress in the roll-out of effective vaccines, reconnecting with our communities, or re-discovering our environment and our humanity, there is always light to be found in the darkness. It's a tough time that is changing life for us all, so let's not waste the pain.

Rouse: Innovation

We're getting our house in order. Putting the spotlight on how we are constantly trying to improve our service offering.

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Clarity, vision, security: you can't have a clear head without clear lines of communication and when the outlook is volatile, agility matters.

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Recognising, and acting on, the opportunities that will benefit you the most.

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We're not reinventing the wheel but we are driving change so we are better-placed to offer sharper insights and faster reactions to the changing financial landscape.

Rouse: It's your life

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Keeping in touch got easier

with Horizon Collaborate

Your data security is our priority. Updating our Personal Finance Portal (PFP), Nutshell, and moving to a more secure online communications solution are innovations we have been improving and developing for a while; it has to be said, our timing has been impeccable!

In order to make our systems and communication channels function more securely and flow smoothly – under whatever working conditions are necessary – we use a secure communication system, **Horizon Collaborate**. This complements **Nutshell**, our existing PFP hub.

Agile and flexible, we can respond quickly to client queries. Speak easy with our secure communication system.

As part of our commitment not only to improving our service to clients but also ensuring that communication between us is as secure as it can be, the video conferencing software we use is Horizon Collaborate.

It is a complete, fully encrypted and secure, Unified Communications and Collaboration solution, built on the market-leading Horizon cloud-based phone system. As part of our service provision, it also allows us to record dialogue in support of service delivery and staff training.

It does require the use of Google Chrome as your web browser though so, to interact with us in this way, you will need to ensure that Google Chrome is downloaded on your computer. As there can be some limitations when using Google Chrome on a tablet or mobile phone we are happy to agree to video conference calls on other platforms but we would draw your attention to the possible security risks involved.

Your wealth in a nutshell

Nutshell, Personal Finance Portal

Nutshell makes keeping an eye on the money you've squirrelled away easier than ever. It gives you secure access to all your finances in one place, day or night, on any mobile or web device.

Encrypted messaging

Nutshell enables you to correspond with us knowing that any information you share is encrypted and completely private. Using Nutshell's secure messaging service to communicate means the security of your data won't be compromised.

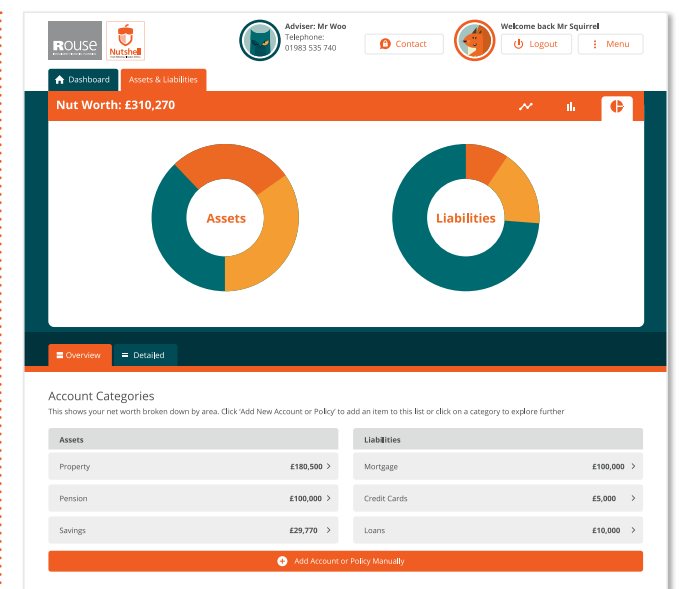
We understand the need for caution regarding the storage of financial data online. Because of that, Nutshell was created with cyber security as a priority. This is provided by global partners who have outstanding reputations and expertise in security.

All data is held in an extremely secure environment used by thousands of financial institutions in the UK, and bank details are stored at Yodlee the world's leading specialist in providing secure data services.

Regular security audits are carried out by third-party experts, such as NCC, a global information assurance specialist that provides cyber security services to the UK government.

Up-to-date information and access to the bigger picture

Wherever you are, whether you use a laptop, desktop, tablet or mobile phone, the system allows you to access the most up-to-date information regarding all your financial interests with Rouse Limited securely and easily, 24/7. You can see details of your plans and investments on our system as well as add other plans and upload documents.



Your money's safe

All your information is read-only, so money can only be moved in, out or between your accounts through liaison with your Financial Planner.

Security

Nutshell provides you with a secure document vault, so all your financial documents can be housed online where they are secure and fully backed up.

Our simple guide to using Nutshell is available to download from our website.



Engine room insight: our investment process

We work hard to develop an effective, diversified investment portfolio that reflects your ethics, is in line with your attitude to risk and keeps you on track to achieve your financial goals.

You are at the heart of everything we do so we take time to get to know you. We offer a balanced and nurturing approach to your wealth and do our best to ensure we understand your personal and financial circumstances as well as identifying your attitude to risk.

Working closely with you allows us to develop a diversified financial portfolio that reflects your time horizon, ethical view and attitude to risk. Once created we monitor its performance and rebalance as necessary to ensure you remain on track to achieve your financial goals.

Our objective and expert view enables us to guide you away from decisions you might later regret.

Understanding you

Investing is about more than just putting your money where it will get the best return.

A good relationship with your Financial Planner is essential. We are talking about your money so you need to feel comfortable with us and we need to know we have the full picture of your life in order to help you make informed decisions about your investments.

Taking time to get to know you, and collecting and assessing your relevant personal data, allows us to identify the most appropriate way for us to help you achieve your financial goals.



Our 6 step process

We pride ourselves on offering a personalised service that all clients value.



Meet

We'll spend time talking to you and helping you to identify your financial objectives. Essential to good financial planning is having a strong relationship between client and Financial Planner. Our team works hard not only to understand your financial situation but also to support other aspects of your life within that.



Plan

Once we fully understand you, and what you would like to achieve, we will put together a written plan that reflects your aims, interests and attitude to risk. We'll take you through the plan and get your go-ahead for implementation.



Profile

Next, with your help, our team will collect and then assess all your relevant personal and financial data, including establishing your attitude to risk and to investments. We'll help you by taking you through financial questionnaires and using approved tools to identify your financial approach.



Implement

If you choose to accept our plan and give us the go-ahead to action it, we will implement it in accordance with the service arrangement we agreed, and our admin team will ensure that all processes are rigorously adhered to.



Analyse

Using our knowledge and expertise, we'll then analyse all the data and your responses to assess the most appropriate way for us to help you reach your financial goals.



Review

Our team will regularly review your plan, and its progress, against your financial goals. This ensures your money continues to work hard for you and the plan remains suitable for your current circumstances. Any modifications that need to be made to your plan will be implemented strictly within the manner of the service agreement we set up with you at the start.

Risk and reward

All investments involve some degree of risk: the reward for taking on risk is the potential for greater investment return. Risk questionnaires are a recognised way of assessing attitude to investment risk and have been designed to measure an individual's emotional response to changes in the value of their investments.

When we think of attitude to risk we tend to think in terms of how a person feels about taking risk: how much of a gambler they are; how do they strike the balance between seeking a favourable outcome against the risk of an unfavourable one? This is known as risk tolerance. However, the extent to which that person's financial plan can withstand unexpected or negative events also needs to be assessed and is called their risk capacity.

Understanding emotion

Investment decisions can be influenced by emotion, as many have learned to their cost. Risk profiling can't remove emotion from investing but it does aim to understand the individual and thereby work within an investor's emotional landscape in order to maximise their returns.

To do it properly requires sound processes and robust tools as well as advisory skills - if you can't understand the data you can't apply it to a particular situation. The science lies in the tools we use, the art in interpreting the data.

Choosing the right ingredients

We believe that determining your asset allocation is the most important decision you'll make with respect to your investments – even more than the individual investments you buy.

When we talk of asset allocation we mean that the assets within an investment portfolio are divided among different asset classes. These classes can be simplified as: cash, fixed interest, equities, property, and other forms of investment. We can then further divide these so that, for example, equities, is split into UK, North American, European, Far East etc.

Two factors are involved when we decide what could be a suitable asset allocation for an individual investor: time horizon – the length of time over which you expect to invest in order to achieve a particular financial goal, and risk tolerance – essentially your willingness to lose all or part of the original investment. With these factors in mind, for many financial goals, investing in a mix of assets is a good strategy.

But that's not the end of the story. Change happens so it's important to regularly adjust and rebalance that mix to ensure it stays on track to meet your financial goals as your life and expectations change.

Part of our recent internal innovations involve our investment process and these changes will enable us to continue to improve our service to you. Read more on the next pages.



QUICK OFF THE MARK

Discretionary investment management

The LGT Vestra difference



2020 was a year of reinvention and adaptation within the changing social and business landscapes. We won't claim to have known a pandemic was on the horizon but we're very glad we had already put wheels in motion to change the way we work.

Evolution has taken place deep within the engine room of our business: our Investment Committee. Creative collaboration means we can offer sharper insights and faster reactions to the changing financial landscape.

The biggest change to our investment process though has been the development of our discretionary investment strategy in association with City of London-based investment firm, LGT Vestra LLP.

It has been a long time in the planning but, after extensive due diligence, we now have a formal arrangement with them and they sit on our Investment Committee. This arrangement provides access to LGT Vestra's comprehensive research and latest thinking, while allowing us to drive the investment strategy and final decisions in formulating our model portfolios. It is very important that we are fully involved with the investment process, to ensure the way in which our clients' investments are managed continue to reflect their values.

As LGT Vestra hold discretionary investment permissions, we can offer our model portfolios on a discretionary basis. This means that, for clients who agree, we can make changes swiftly and in a more timely fashion than we can with our advisory service – this could be a clear advantage in times of volatility.

We are also able to access their expertise in sustainable investing, an area in which we have found our clients have a keen interest.

Staying in control

We offer both an advisory (Advantage) and discretionary (Premier) investment management service. Both services see your investments actively managed and benefit from regular rebalancing – and you always retain ultimate control.

Under the Advantage service we are unable to change a fund or its weighting without first obtaining your authority to do so. We therefore need to communicate the changes we wish to make and why, then await your response confirming that you are happy to proceed before we can enact the recommended changes. This can prove time consuming and means we cannot always act swiftly enough to fully capitalise on the opportunities that we have uncovered.

Under our arrangement with LGT Vestra, we can offer our model portfolios to you on a discretionary basis. This is our Premier service and it improves our chances of capitalising on the opportunities we find: we can respond quickly because it does not require your authority to make changes to your investments. As such there will be no need for us to issue paperwork to obtain your authority to make those changes. Instead we write to you each quarter to confirm the changes we have made and explain why they took place.

Who is LGT Vestra LLP?

LGT Vestra is a global wealth management firm with offices in 20 countries and over 350 staff. They collectively manage around £14bn for private investors and institutions, such as banks, pension funds and insurance companies.

We find them a highly professional organisation but simultaneously approachable and communicative. They are run in a socially responsible manner and remain open to fresh developments as the world changes.

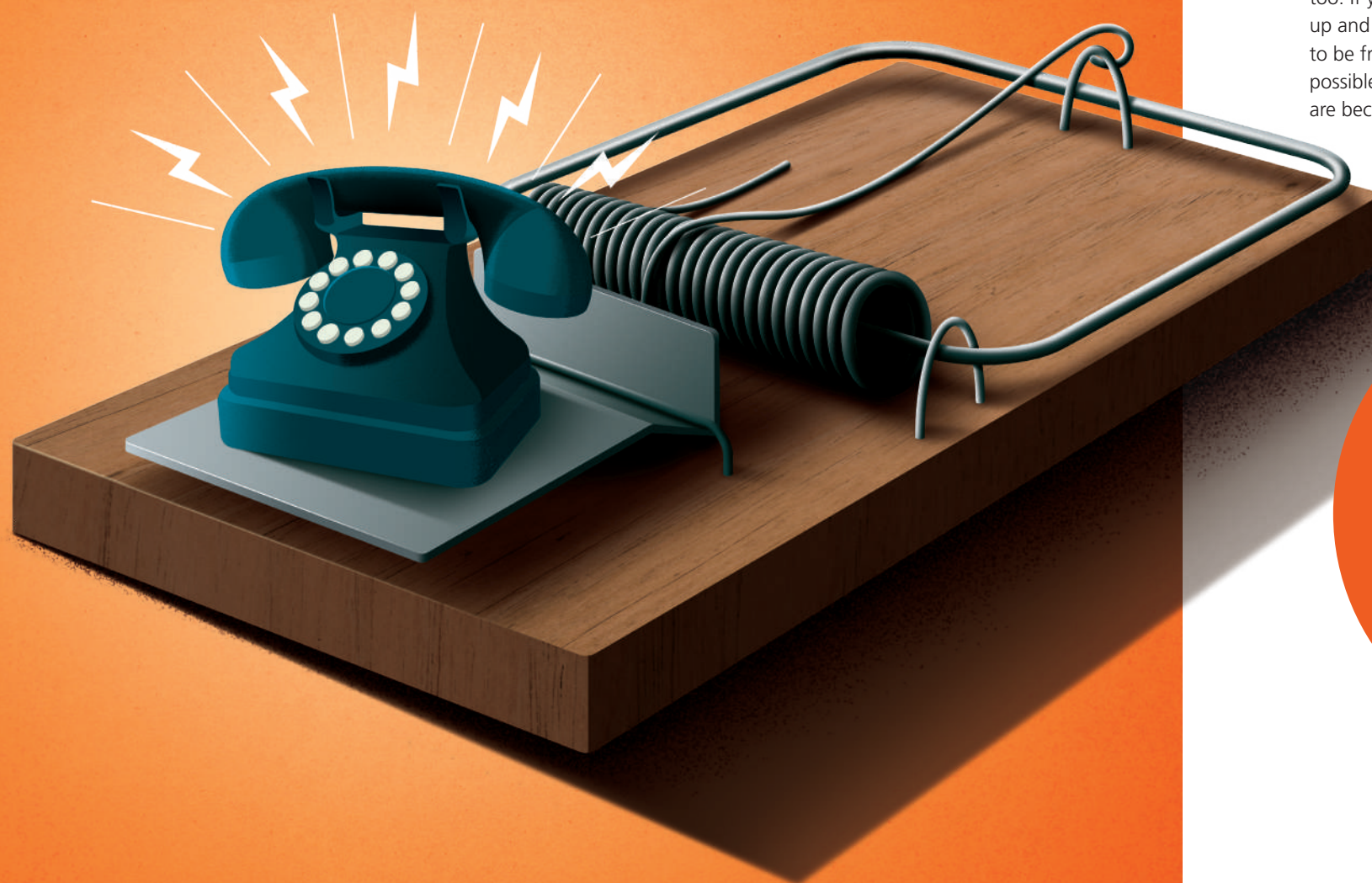
Of equal importance is that they share our core values: always putting the interests of a client first, never losing sight of the fact that it is your money in our care.

If you'd like further advice on any of these points, please contact Rouse Limited on 01983 535740

ALARM BELLS!

Avoid being caught by the phone scammers

The cyber spivs of our digital age are invisible, everywhere and usually two steps ahead of everyone. Legitimate innovations to help our communication links stay safe are being compromised by scammers. You won't even get a cheap pair of nylons for your trouble.



We tend to associate a greater risk of being scammed with being online. However, criminals are combining an old school approach with digital innovation and improved software. They catch their targets when they least expect it: at home, through their landline.

With at least one in four calls to landlines thought to be from scammers, people are beginning to dread the phone ringing. It won't necessarily mean there's a human at the other end of the line either. Voice over internet protocol (VOIP) technology has allowed scammers to call all the numbers on their data lists simultaneously. This kind of automated call is increasingly being used, particularly to target bank customers. Not all automated calls are scams but even telemarketers must have your permission before they call you – you can complain to the information Commissioners Office (ICO) if they don't.

Legitimate services allowing businesses to rent numbers in a local area are also exploited by criminals to make a number look more trustworthy and increase the chance of the call being answered – regardless of where in the world the caller is actually located.

Number spoofing is a variation on this – this is when software allows scammers to display false caller ID. It can be alarming how much of your personal information they have too. If you're suspicious of a call it's always best to hang up and call the bank or business the original call purported to be from – preferably using a different phone as it's also possible for scammers to divert calls, knowing that people are becoming increasingly savvy.

Did you know

One in four nuisance calls are thought to be scams – up from just 4% in 2017.

Did you know

Approximately 70m calls with invalid numbers are identified and blocked every month

If they do get you on the phone the scammers are usually after personal data (to hack your accounts) or to convince you to send them money. Unfortunately, cheap remote access programs are allowing them to do this. This kind of software is used legitimately by many tech support businesses but a criminal could ask you to install such a program claiming it will help with your security when in actual fact it's opening the door for them. Once in they can do as they like, even reconfiguring the software to give them access whenever they want. Whilst the owners of the software utilised in this way do take steps to prevent misuse they say they're unable to impose limitations such as blocking access to particular sites.

What action can you take?

Key to tackling this issue is to prevent the scam calls getting through in the first place but at the moment the scammers are remaining one step ahead. You can block calls, but vigilance is key.

Remember:

- ▶ If you're contacted out of the blue – treat the call with caution. Hang up, wait a few minutes and call back on a number you trust
- ▶ Don't let them rush you – professionals don't pressure you into making a decision quickly
- ▶ Don't share your personal details – your bank or building society will never ask you to share your details or move money to a different account
- ▶ Never let someone access your computer, smartphone, or tablet unless you know them (and their intentions)
- ▶ If they attempt to stop you talking about the call to someone you trust – seek support.

Financial housekeeping

Get your financial assets in order

One of the quickest financial housekeeping wins you can action is by making sure the key people in your life know where all your important information is.

Obviously it's made really easy if you have everything filed with your Financial Planner but even having it written down and stored safely (and at least one trusted person knows where it is!) will help save a lot of time and anxiety.

If you lose mental capacity or die someone will need to sort out your affairs. Making this process as straightforward for that trusted person will expedite much of the process.

Checklists are available online covering all the basics such as who your solicitor is (and therefore where your Will is kept), all financial details, including savings and investments, as well as any outstanding debts. Your list can also include an outline of your funeral plans and who your main beneficiaries are.

Granting Powers of Attorney to a trusted individual can help further should you lose mental capacity or die, and this person should be the keeper of this information. If you die, there is a facility called Tell us Once, which means the information of your death is sent to all government departments (such as HMRC, NHS, DVLA), saving time for your family; the checklist will mean nothing gets forgotten.

Did you know?

All your bank accounts are frozen when you die, until Probate, or Letters of Authority (if there is no Will) are granted.

Don't forget your digital assets

You should also create an inventory of your digital assets. Although there is currently no legal definition in the UK for digital assets, they are essentially:

- ▶ those that have a financial value such as
 - cryptocurrencies
 - loyalty points
 - intellectual property
 - domain names
- ▶ those that have sentimental or personal value, such as:
 - digital photos
 - social media accounts
 - cloud storage

Unlike your physical assets, ownership of digital assets is tricky as they could be owned by you or a service provider. Each online service has its own end of life process, which must be followed if your family are to gain access to your digital assets. A digital asset plan is essential.

Take steps to:

- ▶ Create an inventory of your digital assets and accounts with user names
- ▶ Understand your rights. This means taking the time to understand the policies for each of the services you use and then make a plan for each asset
- ▶ Consider appointing a digital executor and granting them the power to access, control, delete or transfer your digital assets.

Did you know?

If you are the Executor of a Will, you can apply for out-of-pocket expenses but you don't get paid – and you could be liable for any debts the estate has if the estate is insolvent.

Legacy and tax planning

The legal view



Did you know

Whilst a marriage or civil partnership revokes an existing Will, divorce does not. It's a good idea to consider revising your Will at the same time as settling the divorce – particularly if you have dependants: you need to ensure your assets end up with the people for whom they're intended.

What does the future hold in terms of legacy and tax planning? Changes are afoot and it's likely they will be phased in. A lot has changed and someone will have to pay – make sure it's not you or your beneficiaries!

Death and taxes

Rouse Limited encourages financial planning for life but, without wanting to be too morbid, we need to plan for death too. The uncertain landscape that the world currently presents does retain life's two certainties: death and taxes.

We might all have become a little more aware of our own mortality so, in the spirit of not wasting the pain, a timely reminder is due that you also need to get your death in order.

Where there's a Will, there's a way ...

Having a Will that reflects your current circumstances is more important than just having a clear route to your beneficiaries. Each time your life changes, such as getting married or divorced, having children, buying a house etc, you need to update your Will. Things get even more complicated if you start a new relationship, whether or not that new relationship produces children. Protecting assets has greater significance within the context of second marriages. Family wealth that might otherwise have been kept within one tight family group is suddenly spread across an extended family. Professional help is essential to help create the correct balance between the security of the surviving spouse (or the individual parties in a divorce) and the interests of any children from the first marriage.

"Wills aren't mutually binding and, in revising your Will to exclude your first partner and include your second, you need to ensure that any children from your first marriage don't miss out in the long run. If all is left to your new spouse, they might later change their Will in favour of any of their own children, or those that subsequently come from your new union, and the children from your first marriage could end up penniless."

Claudia Roberts, partner and Chartered Tax Adviser at Glanvilles Damant Legal Services

Cometh the hour, cometh the taxman ...

But not necessarily. Your affairs can be arranged in such a way to at least minimise the impact of Inheritance Tax (IHT) on what you intend to leave your beneficiaries.

If you're single or divorced, IHT is currently charged at 40% on assets that amount to more than £325,000; this is the Nil Rate Band (NRB). If you're married or in a civil partnership all your assets can be passed to a surviving spouse without any IHT applied. Moreover, when the surviving spouse dies, both partners' allowances are utilised, which means it could be up to £650,000, depending on how much allowance was used by the first death.

There is also a Residence Nil Rate Band (RNRB) that can be applied to the value of the deceased's main residence - the maximum currently available to an individual is £175,000. This is applied to the value of the estate before the general NRB is applied. However, it isn't applicable on lifetime transfers or gifts that are made within seven years of the death (unlike the general NRB). Taking all allowances into consideration this means there is a potential allowance of £1 million to be applied.

But it's never that simple ...

"If your estate, including any business and or agricultural assets (but excluding pensions that have been nominated), is valued at over £2million, there's a tapering off of the RNRB by £1 for every £2 over that limit – and tapering can reduce the RNRB to zero. A well prepared Will, or lifetime planning, can avoid this loss and save up to £140,000 of tax!"

Claudia Roberts, partner and Chartered Tax Adviser at Glanvilles Damant Legal Services

Complications can also arise if the home is held in trust, either before or after your death. If you want to leave your home to a direct descendant (for example a child or grandchild), they must be eligible to inherit at the time of your death in order for the RNRB to be applied. If you stipulate in the Will that the recipient must reach a certain age before they can inherit (meaning the home is held in trust subject to a contingency) the RNRB will likely be lost wholly or partly because they didn't inherit at the time of your death. Any Wills made before April 2017 should be checked carefully to avoid the risk of loss.

Structure and order counts

It is crucial to take advice as to how your Will is structured and on death, tax accounts must be submitted correctly to ensure claims are put in the correct order. More so if you have a complicated estate, are eligible for business or agricultural relief, own multiple homes or even intend to sell, mortgage or downsize the family home. The downsizing addition has complicated rules within complicated rules: should you sell your home and move to a smaller house, or into care, this could affect the IHT allowances applicable on your death. If you have more than one 'qualifying' home on death your executors only have one chance to elect the right one for the best claim.

What's next?

If you're relying on IHT allowances then correct advice is essential. Changes are afoot and there is consultation planned on amendments to the IHT rules. This potentially includes changes to business/agricultural relief and whether the Capital Gains Tax (CGT) 'uplift' should be removed. Currently business property relief allows a beneficiary to inherit a business tax free and to subsequently sell the business and not have to pay CGT either. The Government is considering removing this CGT uplift so that a business sold by the beneficiary would have CGT applied.



FAMILY LIFE 2.0

In the past we have looked at the UK's changing household dynamics and how your family and relationship status could impact your financial and tax planning. From singletons, civil partnerships, traditional marriages and divorces, to co-habitees, and extended families, there is no such thing as a typical situation.

We look again at the key issues facing our modern families.



Singles

It remains important for single people not only to have fun but to recognise that situations can rapidly change. Be prepared:

- ▶ **Protection:** for your income and your health
- ▶ **A Will:** we are usually far wealthier on death and, even without dependants, having a Will saves extra heartache for your relatives
- ▶ **Powers of Attorney:** as we now know, anything can happen. Arranging for a trusted individual to act on your behalf should you be unable (eg after an accident) will avoid lengthy court applications and mean your financial affairs will continue smoothly
- ▶ **Pension:** the earlier you start, the greater the gains

Marriage and civil partnerships

It still pays to say 'I do':

- ▶ **Income tax:** any tax paid on savings can be reduced if one spouse pays a lower rate of tax, or is a non-earner. The marriage tax allowance means a basic rate tax payer can share up to 10% of the non-earner's personal allowance
- ▶ **Protection:** just as important as when you're single, more so if you have children
- ▶ **Legacy:** you need a Will. Being married gives you a greater chance of receiving your spouse's share of any assets but if there's no Will it makes the process much slower and more complicated. Children make this even more of a priority



Retirement

You may have taken time recently to consider changing the way you live and work. If you now find yourself facing redundancy, or considering an offer of voluntary redundancy, look closely at your financial situation – you might already have enough saved to allow you to at least reduce the hours you need to work. Retirement doesn't necessarily have to mean the absence of work, if you don't want it to, it's more about having the financial independence to choose if, and how much, you work. Consider:

- ▶ **Savings:** the priority for most people as they get older is ensuring they have enough money to live on in retirement.
- ▶ **Any debt?:** as you get closer to retirement your priority should be reducing any debt you may have: mortgage, credit cards etc if you're able.
- ▶ **A Will:** it's vital to keep your Will up to date. If your family dynamic has become more complex then an appropriately arranged Will is crucial in ensuring your assets go to the people for whom they are intended.
- ▶ **Lifetime Powers of Attorney:** for your financial affairs and for health and welfare.
- ▶ **Care:** if it's on your mind that you might need living assistance as you get older but are concerned how to fund this, your assets could be protected by a lifetime trust within your Will. This could help protect your assets from being used to fund care fees, whilst allowing your spouse to continue living in the property. Trust planning is complex though and you should always seek professional advice before making any amendments to your Will.

There are many options available to an individual contemplating retirement so it's worth considering taking advice from a qualified Financial Planner, preferably one with specific experience for later years and pension planning.

Rouse: it's your life

Divorce

Ending a close alliance with another person is never going to be easy – you can't plan for the emotional fall out. However, you can ensure that your financial situation is arranged and protected in such a way as to ensure you're not setting yourself up for penury, or that your share of any assets passes to your preferred beneficiaries and not to those named in an out-of-date Will. So the key issue to cover here is legacy:

- ▶ **Your Will:** a divorce does not revoke a Will but a new marriage or civil partnership does. Professional help is essential when updating your Will in these circumstances to help create the correct balance between the security of your new spouse and the interests of any children from the first marriage.
- ▶ **Powers of Attorney:** divorce revokes any Powers of Attorney. If you have these in place you will need to amend them accordingly.
- ▶ **Trusts:** can protect your assets from tax implications but the rules are complicated and specialist help is crucial.

If you'd like further advice on any of these points, please contact Rouse Limited on 01983 535740





Your financial evolution

Financial planning is for life

If 2020 taught us anything it's that not only can the impossible happen but that with planning and a little forethought you can certainly mitigate some of the disasters that might strike.

We have always preferred to take a holistic and long-term view regarding financial planning. Yes, specific issues crop up, such as choosing a mortgage or help with pension planning but in general, financial decisions should be made with as wide a perspective as possible.

Your priorities will change as you enter different phases of your life and the focus will shift but with a plan that allows for adjustment you can smooth out some of the bumps along the way.

Your health

Your health is your most valuable asset. Our NHS has risen to the challenge the health crisis presents, for which we are all enormously grateful, but what if you want further security for yourself and your loved ones? Those who have other health issues may be particularly keen to add a safety net. You can't plan when you'll be ill but you can plan how to deal with it should it happen.

This is where private medical insurance (PMI) could help. It can provide virtual GPs and consultations, allow for cancer treatment at home, in-patient hospital treatment, and it can help insulate you from significant delays to your treatment.

A general misconception is that PMI is expensive and that it won't cover pre-existing medical conditions but this is not the case. The fundamental benefit of a private healthcare policy is that it offers choices you would not otherwise have – something that might well turn out to be priceless.

Lifetime cash flow forecasting

Lifetime cash flow forecasting is one of the tools used to help examine how your spending, saving and investing will affect your plans for the future. It can help you see how much you need to live on, how to prepare for the ongoing costs of your lifestyle, as well as any unexpected expenses.

Your real-life scenarios can be added so you can see how hard your money has to work in order to achieve your financial objectives. If the answer to 'how hard?' is 'too hard', we can discuss the options open to you.

But as we touched on elsewhere, the skill of your Financial Planner is key to interpreting the figures in order to establish a realistic and achievable picture.

Mortgages

Whether you already own a home or it's a milestone to be reached, you still need to consider ongoing costs and changing circumstances.

Affordability remains the biggest hindrance to first time buyers. Deposits are increasing and with the Help to Buy ISA now closed to new accounts, and interest rates at an all-time low, the opportunities to save are dwindling.

Reducing any debt you may have will help, and although not everyone can tap into the Bank of Mum and Dad, it is possible to harness their financial power. For example, they can help with a deposit, act as guarantor, or facilitate using specific family-type mortgage products.

It's also wise to look at your spending in advance of a mortgage application. Be brutal: anything you can cut down will help when it comes to the affordability checks that lenders are required to carry out.

Once you've secured your mortgage and the home of your dreams, don't risk losing it by not having appropriate protection for your income.

Pensions

Retirement is one of the biggest changes we will experience and can be one of life's positive milestones. This makes it even more important to keep on top of your financial planning.

- ▶ **Have a date plan:** decide when you want to retire
- ▶ **Evaluate:** look at your current financial commitments and consider how you will continue to fund your life as time goes on

- ▶ **Estimate:** get an estimate of how much you might have saved for your retirement
- ▶ **Know your options:** pension freedoms can have a sting in the tail. Before you access your savings we would suggest you take advice from a qualified Financial Planner
- ▶ **Decide:** where you want to live and will your home play a part in shaping your future?
- ▶ **Your future lifestyle:** work out what your costs might be in retirement both for living and luxuries
- ▶ **Update your Will.** Or make one

Your legacy

It's important to think beyond the grave in terms of inheritance tax and legacy. Changing family dynamics mean it's even more important to make sure your money goes to the people for whom it's intended.

Making a Will should be a priority, particularly if you have children. It's important that your assets are passed on appropriately to avoid extra heartache. If you're married or in a civil partnership and neither of you has a Will, you could be leaving your partner and any children exposed to a potential inheritance tax liability, depending on the size of your estate.

Death and taxes come together in one glorious union in inheritance tax. But if planned for correctly and the property allowance is factored in, many could see their liability significantly reduced.

If you'd like further advice on any of these points, please contact Rouse Limited on 01983 535740



A clearer view of your financial future?

Lifetime cash flow forecasting

Cash flow forecasting isn't a crystal ball but it is a useful tool in a Financial Planner's kit bag.

However, it has to be used properly and the results interpreted realistically. Having experienced huge volatility in the markets, we look at a recently raised question amongst financial services professionals: should we have standardised cash flow forecasting software?

Life, as has been graphically illustrated, can be random. We all know forward planning is the key to managing our money; lifetime cash flow forecasting is just one of the methods we use to create the broadest picture of your existing financial situation and project it into the future, travelling along the ideal financial road you'd like to take.

It can help you see 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 key word here is unexpected.

The level of unexpected we all experienced in 2020 has been off the scale and in many ways it has highlighted the importance of the role cash flow forecasting plays in helping you understand and meet your financial objectives. This is particularly important with retirement planning. Because painting too rosy a picture, by relying on a fixed rate of investment return throughout retirement (ie no allowance for market volatility), might not provide a sufficiently realistic picture, potentially resulting in insufficient income in later life. A recent survey of Independent Financial Planners (IFAs) showed that around 84% of respondents agreed that cashflow projections, particularly for drawdown clients, should consider ongoing variables including volatility.

Currently, standard illustrations apply projected growth figures of 2%, 5% and 8% but, as we all know, growth doesn't happen on a consistent trajectory because markets and economies don't either. But we live in a data-driven world with real-time feeds from every possible aspect of life meaning that data-led software, could (and should) be pretty adaptable - shouldn't we just trust the bots?

In short, probably not – but also yes, up to a point. It's been argued that if a random economic generator model were used across the board, it would enable forecasting to be based on a more realistic set of outcomes. This argument has resonance now since we've actually experienced the danger. However, not everyone is unhappy with using fixed rate projections so a stumbling block would be if only a small number of IFAs adopted a random economic scenario generator as it would not be possible to offer any meaningful comparison to any plan based on fixed rate projections. At the moment, there are different forecasting platforms available but all follow the principle of a fixed rate of growth, so comparison is possible between different plans.

Comparing plans and interpreting the data is when the knowledge, experience and expertise of a Financial Planner comes in - the ability to interpret data in these scenarios needs the human angle.

Which brings us to the suggestion of a standardised format. We have minimum standards in qualifications, so why not in making projections and in cash flow forecasting, with that minimum allowing for random economic broadsides? Everyone has learned the painful lesson that what we thought impossible is, in fact, possible.

As with everything there are arguments for both sides. For now though, we're confident that alongside our skills, the cash flow forecasting we offer as part of our lifetime financial planning service is robust and allows for all scenarios to be taken into consideration, including random ones.

Central to both sides, and key to this issue, is actually a Financial Planner's expertise in interpreting the data produced by any software package so that a more realistic outcome is provided.

The data is just the start – it takes the human touch to map a successful financial journey.

If you'd like further advice on any of these points, please contact Rouse Limited on 01983 535740

We take our social responsibility seriously and it's important to remember that all charities and community groups need the support of the whole community, particularly as their opportunities to fundraise have been so significantly reduced recently.

We had hoped to continue to build on the relationships we have developed with many organisations over recent years. Happily, as a number of these groups were able to adapt to the changes we all faced, we were able to continue to provide support in some cases.

The show must go on!

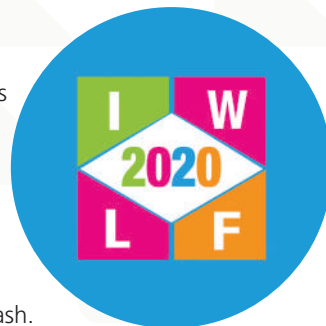
Events such as the IW Literary Festival and the Mountbatten Gift Fair were able to provide digital offerings this year, so we were still able to support and promote these two very popular events.



We have continued with our annual donation of £2000 to Wight Aid, which provides a very efficient way to support a variety of Island charities and organisations.

We have also made donations of £500 each to IW Samaritans and Wight Dash.

Mental health challenges and domestic abuse have increased so much, yet these vital charities have lost fundraising opportunities. We welcomed the opportunity to support them.



It's the little gestures

Having cemented a relationship with Age UK IW at the end of 2019 with a collaboration to offer a Christmas party to socially isolated older people, we were delighted to be involved with the Geranium Project they were supporting and facilitating.

NHS employee, Steve Double, who works at St Mary's hospital, bought 30 geraniums to send to members of the community who were socially isolating. Geraniums symbolise good health and friendship, so it was the perfect choice of plant. In order that more people could receive a plant Care in the Garden bought a further 300 plants and distributed them through the community with the help of Age UK IW.

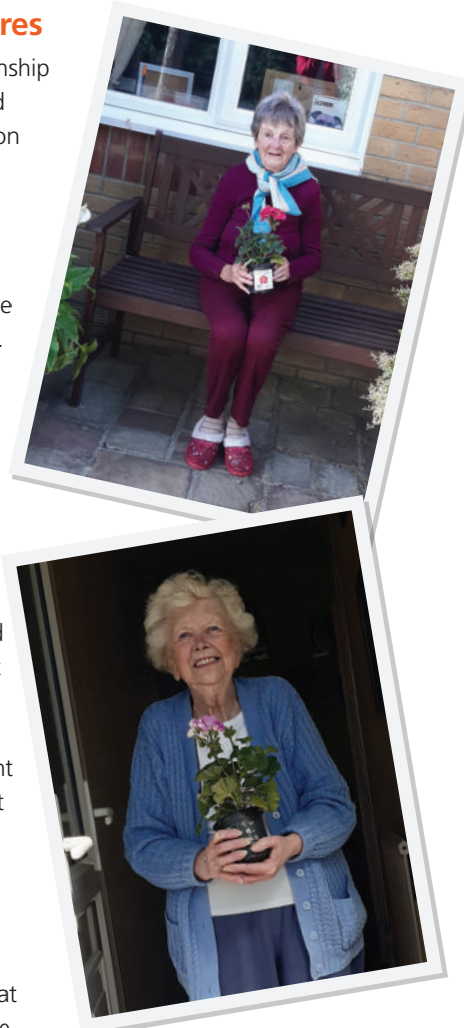
Rouse Limited added to that with 200 more, which were again delivered with the help of Age UK IW. We were delighted to be able to help bring a little sunshine into the lives of some of the most isolated and vulnerable members in our community.

Supported in spirit

Wherever possible we have continued to provide financial support to those organisations and community groups that have been unable to hold their fundraising events this year. But there were obviously some events that were unable to continue in any form.

Our three-year run of supporting the Royal Isle of Wight Agricultural Show was necessarily broken this year but will be resurrected as soon as is practical.

The popular Y6 Safety Event, a Rouse Limited initiative involving all the emergency services and key local businesses that was so well-received in 2019, will return as soon as it is safe to do so, as will the popular primary school visits to the Law Courts and the Mock Trials.



Our mission

To change lives for the better

This is the anchor for everything we do. It is what we measure any suggestions or management decisions against, always keeping our clients at the heart of the process.

Our philosophy

We feel we provide a good service to our clients and, judging by the feedback we receive, we are actually achieving this. But we always strive to improve. We believe we are good employers, again based on feedback from our team members, and illustrated by the length of time many team members have worked with us.

But we always want to be better

In a sector that deals with very personal and sensitive information, providing a secure and supportive environment in which clients can share their financial goals is vital.

Our vision

We have a vision for the continuing evolution of our business that focuses on how our team can be motivated, and driven, to provide a unique service to our clients.

Our core values

- ▶ Do the right thing
- ▶ Be open
- ▶ Look after each other
- ▶ Share the good

Our core values are principles and beliefs at the heart of our culture and brand.

They are the guiding tenets that align our day-to-day work with our vision. They inform each and every decision we make and are the drivers of our behaviour, making us a remarkable business for team members and clients alike. It is important that our core values are truly powerful, speaking clearly to everyone in the Rouse family.

By integrating these core values into our company culture:

- ▶ all decisions and actions are guided by these four tenets
- ▶ team members at all levels feel more engaged in the business, have more confidence in the leadership, develop a sense of pride and ownership and allow them to be true ambassadors of our brand

In addition to serving as a decision-making gauge for team members and leadership alike, our core values also tell the story of what life is like within our company.

Please see the community page on our website for more detail.
www.rouseltd.co.uk/community-projects

It's vital that investment decisions are
based on a thorough understanding
of an ever-changing world

We're with you every step of the way

If you'd like further advice please
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