“Getting Financially Organised 49 Tips to Save Time and Reduce Stress”

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“Getting Financially Organised – 49 Tips to Save Time and Reduce Stress”

1st Edition

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Please feel free to email this guide in its entirety to any colleagues.

Introduction

Thank you for your interest in our services and requesting this Free Guide:

Getting Financially Organised – 49 Tips to Save Time and Reduce Stress

It was that time of year again. It was only a couple of months since Michael paid his tax bill and now the cycle was starting all over again. It was time to prepare for his tax return. But it wasn't a task he was looking forward to.

For years his accountant had been nagging him to organise his paperwork throughout the year. But being busy, Michael had never got round to it.

He stared at the pile of receipts, bank statements, credit card statements and a ton of mail that he'd amassed over the last 12 months.

Enough was enough! - Michael decided he couldn't go on like this. Things had to change.

We're not sure how organised you are. Maybe Michael's story sounds familiar. We recently polled our Financial Tips newsletter readers and the subject that they wanted to know the most about was getting financially organised.

We decided to put this free guide together so that the Self Employed, Small Business Owners and Corporate Executives throughout the UK could learn from the common issues that we see every day and use the information to their advantage. We've also included our suggestions to what action you could take to avoid each mistake. Our hope is that once you read this guide you will:

We know from personal experience that being organised in all aspects of life can save a ton of time and frustration. We hope that you pick up some tips that will help you plan ahead and reduce your stress levels!

The guide has been kept brief on purpose as we're aware that you are probably busy and may not be able to set aside a lot of time to read it. Itshould take you no longer than 15 minutes to read. We would encourage you to take the time though, and not put it off until later.

Please contact us on 01329 888494 of you have any questions or if you'd like more information about how we can help you plan for your retirement.

We hope you enjoy reading this as much as we did putting it together!

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Member of the Institute of Financial Planning

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Client Relationship Manager

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Getting Organised Basics

1. Create a paper filing system and discipline yourself to keep everything there. Consider one of the many software programmes available. It's also a good idea to complete a spending plan to see exactly where you are spending your money.

2. Keep tax returns for 6 years and then throw out. Also, discard/shred any old product literature and bank statements more than a year old.

3. If your spouse is a non tax payer, ensure deposit accounts are in their name and fill in form IR 85 to receive the interest gross – so it's tax free! Even if they pay tax at the basic rate and you at the higher, put the money in their name to save 20% tax.

4. Ensure you have an emergency fund of at least twice your monthly net income in a competitive deposit account or your flexible mortgage.

5. Pay off your credit cards in full each month.

6. Keep your credit rating high by paying all your bills on time. Check your credit score on www.experian.com

7. Ensure that your various home/contents/car insurances are good value and cover you for what you need. Visit www.moneysavingexpert.com for ideas on reducing your monthly expenses.

Mortgages and Loans

8. By simply remortgaging to a more competitive rate you can often save a lot of money. Many lenders will pay your costs to move your mortgage to them. It may be worth researching the deals you can get, and challenging your existing lender to match it.

9. If you wish to overpay your mortgage and/or are self employed saving in a normal deposit account, then look at a flexible/offset loan. The savings here can be massive, especially for higher rate tax payers, and the actual rates charged are now similar to the “cheap” deals on offer for normal loans.

10. On a normal mortgage, even though not totally flexible, it is common to be able to overpay up to 10% of the loan each year. If affordable this makes sense and will pay off your debt sooner.

11. If you have an endowment policy have it reviewed to see if you should continue investing into the plan. The ongoing charges on many plans can be high meaning you may be better off paying the monthly premium into your mortgage rather than endowment.

12. If you have a “buy to let” property then ensure you are claiming tax relief on all the interest payments and allowable expenses. Be aware of who owns the property to be able to claim the maximum amount.

13. If you have debt on credit cards that you don’t pay off each month then think about transferring this debt to a 0% card deal. Another way of sorting this out is to transfer this debt by remortgaging, which may have a lower rate of interest.*

14. Most lenders will attempt to sell you Accident/Sickness & Unemployment cover. This is normally expensive and often unnecessary. Check your existing income protection and Occupational benefits before you sign on the dotted line.

* You should think carefully before securing unsecured debt on your property. Replacing any short term debt with a longer term commitment may mean that you may pay back a greater amount over the longer term.

YOUR HOME MAY BE REPOSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

The FCA does not regulate all types of mortgages.

Protection

15. As you are a professional person, then you are likely to want quality cover. After all, if you were to fall ill, you do not want the insurance company to say to you that although you can't work in your current occupation, you could do telesales for a living! Check that your income and critical illness protection are on an "own occupation" basis and do not have exclusions.

16. When working out how much cover you need to cover debt and living costs, don't forget to build in the benefits you will receive from your business or employer.

These can be substantial and should not be over looked. Don't pay for cover you do not need!

17. Then consider whether you wish to have guaranteed or reviewable premiums. We would normally recommend the peace of mind that comes with guaranteed rates, which means that the insurance company cannot increase the premium in the future if they are experiencing a high level of claims (which is what they can do with reviewable premium plans).

18. Most protection, particularly if for the longer term, should be inflation proofed so that the cover increases to protect you from increases in the cost of living.

19. Having considered these areas, ensure that you are paying the minimum for your cover. Life assurance policies, for example, are now available with tax relief on the premiums, and could save you a lot of money.

20. For life cover for couples, consider taking out individual plans rather than a joint life plan which pays out on the first death. The cost will be slightly more, but the cover will survive the first death and could pay out double if the second life dies within the term of the policy.

21. When applying for cover on any insurance policy, ensure you disclose all your medical history. Insurance companies may not pay out a claim for non-disclosure.

Estate Planning

22. Gordon Brown has a habit of wanting to grab as much of your money as possible on your death, rather than it passing to your children or relatives. Assuming you hold the opposite view, there a few simple steps you can take, and the first is for a couple to make proper wills ensuring that you both benefit from utilising the nil rate band (£325,000 for 2009/10).

23. Ensure that existing or new life cover policies are written under trust. This means that although the benefits will still go to the people you want to leave your money to, the revenue will not count these monies as part of your estate. This can prevent large amounts of your money from going to the government instead of your family.

24. If you are a member of your Occupational Pension Scheme you may have death in service benefits up to 4 x Gross income as a lump sum.
This will form part of your estate unless you take action and write this benefit under trust possibly gifting this to your children or other beneficiaries.

25. The above planning technique can also be used for any private pension arrangements you have made such as personal pensions or added voluntary contributions.

26. Gifting can be very effective if affordable to do so. If you are a couple you can gift up to £3,000 per annum each, and £5,000 if your child marries. If you gift more than this as a lump sum, this is called a potentially exempt transfer (PET). This means that after 7 years there would be no tax if you were to die, and there is a sliding scale from the third to the seventh year reducing the bill.

27. Another way to gift above the £3,000 per annum limit is to gift from income that is "spare". As long as it does not reduce your standard of living, and is habitual and recorded properly, it does not form a PET.

28. Ensure you have (one each for couples) an Enduring or Lasting Power of Attorney set up whilst you have Mental Capacity. This means that if you were involved in a car accident and were mentally incapacitated, a trusted spouse or relative would be able to take over your affairs and have access to your bank accounts etc. If not they would have to apply to the Court of Protection for decisions to be made and this could cost a fortune in legal fees.

Investing

Investing should be thought of as the route to help you achieve your goals in life. The following is based on an investor who has an emergency fund and has a separate strategy for debt. We also presume that the investments would be put in the appropriate “Tax Wrapper”, for example an Individual Savings Account.

29. The first step is to assess the amount of risk you do or don’t want to take with your money and over what timescale. This should be done with a psychometric Risk Profiling system, which helps you to determine clearly where your boundaries lie in terms of what level of volatility you are prepared to accept.

30. The risk profiler will point you to how you should decide on your asset allocation, which is the amount you have in equities, bonds, property and cash. The percentage mix of these will determine the returns you can expect over time as different types of asset class will have an expected rate of return and prosper in different economic conditions.

31. You can now build a proper investment portfolio, and not simply a collection of unrelated policies, which is a mistake many investors make.

32. Once you have decided on your asset allocation, use a wrap platform, which is an administration service to help you manage many investments in one place. You may need help from your financial planner to set this up, but the main advantages are:

- Reduced amount of paperwork.
- Valuations available online, via username and PIN.
- Funds can be switched from one investment provider to another with minimum delay and a reduced (or nil) initial charge.
- Competitive terms for funds held in cash, with immediate access
- A single point of contact for all valuations etc
- Access to discounted institutional asset class investments

The main disadvantage is that wrap platforms will normally charge for their service, meaning the overall administration charges could be higher than holding the investment funds direct with the fund manager.

33. Most investors are used to using retail funds sold and promoted by the banks and financial advisers. Traditionally, only investors with millions of pounds could gain access to institutional funds, which allow consistency in asset allocation and lower costs. But now you can gain access to these funds through platforms who pool your money with many other investors.

34. Diversification is much more than not putting all of your eggs in one basket. It is important to select different ‘baskets’ of shares whose patterns of return are different from each other. All asset

classes have good and bad times.

The next logical step is to accept that the UK is only a small part of the world's equity and bond markets and to invest only into UK equities and bonds alone is inherently riskier.

It is therefore appropriate to have some exposure to foreign equities and bonds to provide greater stability to the returns, notwithstanding the exchange rate risks that may be involved.

35. Once you have settled on your portfolio the funds should remain invested. Don't try to be clever and guess the markets. Many investors have attempted this with disastrous results. If you miss the best rises in the market over the years this could have disastrous consequences for your returns!

36. Because different asset classes grow at different rates of return, it is necessary to periodically re-balance (usually annually) a portfolio to maintain the target asset mix that is necessary to meet your risk profile. By re-balancing whenever portfolio allocations migrate outside an allowable strategic range, you are enforcing a 'buy low sell high' discipline which may enhance the long term return for the portfolio.

Selling assets that are performing well and buying asset classes that are performing poorly may seem to contradict common sense. Rebalancing by definition will involve 'buying low' and 'selling high'.

Many investors make the costly mistake of doing the opposite, which can result in lower returns in the long run. Re-balancing allows the portfolio to take advantage of favourable time periods for each asset class, which can often result in a steadier, less volatile performance.

Pensions

37. ‘A Day’ was introduced in April 2006 which introduced an overall change to the UK pension rules, including an overall limit of £1.75 million (your lifetime allowance for tax year 2009/2010) that each individual can have in their “pension pot” without penalty. Therefore the first thing to do is to measure where you are. Get a valuation from your current Occupational Pensions and on any private pensions you have, and calculate if you’re over the limit.

38. If you have exceeded the lifetime allowance, apply for primary or enhanced protection.

39. When considering buying extra benefits such as added years in the Occupational Pension or a personal pension, think hard whether this is the best route. It is our experience that many clients invest more into pensions for the 40% tax relief than for the crucial test of whether they need more income in retirement. Many clients are, for example, then hit for higher rate tax in retirement which reduces every £1 to 60p.

40. Write to the Pension Service (0845 3000168) to get a projection of your State Pension. The state pension does not count towards your lifetime allowance.

41. If you are married and have a younger wife with few benefits of her own, then consider a pension for her instead of more for you. You can contribute up to £3,600 per annum with no evidence of earnings. If you employ her then you could obtain tax relief at your higher rate on this pension. It could well be then that in retirement she will pay no or little tax as the pension benefits could be less than their personal allowance.

42. It is important that you are made aware that by investing in a pension you are losing control of the way you can take the benefits later. For example, the government dictate the rules here, and these rules change! It is also worth mentioning that annuity rates (the amount of income you receive for a given amount of money) have been falling for many years with little prospect of recovery as life expectancy continues to rise.

43. This does not mean that you should ignore pensions of course, but you could be far better off to reduce debt or invest in ISAs or buy to let etc.

Advanced Planning Tips

Once you've managed to get yourself organised, you may still want help from an expert who will be able to keep all your planning on track.

We may be a little biased, but it's our opinion that all clients should work alongside a financial planner over the long term, with the aim of achieving your long term objectives. The alternative is usually to use a financial adviser who may provide a policy selling service. Whilst the latter can be useful, it carries many limitations.

If you do use a financial planner make sure the following applies:

44. The service you receive to be not only independent but impartial, with no hidden agenda to get you to buy more policies (unless you need to buy more). They act for you and only you.

45. The job they will do for you will be based on an accurate **diagnosis** using forecasting software to see where you already are in relation to your goals in life. Quite often clients can retire or slow down before their expectation simply because they have some form of measurement.

46. Knowing this context, the financial planner will **prescribe** by creating a detailed strategy for you to achieve your goals with the right amount of risk.

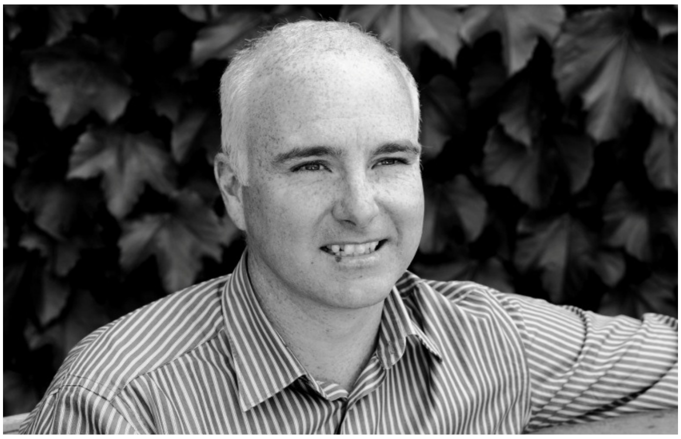
47. Your planner will take great care in investing your money (see investment tips). Based on these sound fundamentals, they will ensure that the projected return is appropriate for the level of risk that you are willing to assume.

48. It is our experience that clients are sometimes paying hundreds or thousands of pounds on policies they do not need! Make sure you cancel any policies that you don't need.

49. Your "financial map" will then be amended and updated every year and follow you through your wealth creation stage whilst you are working, to your wealth preservation stage in retirement. It is all about achieving peace of mind, leaving you to concentrate on your family life and career.

Thanks for taking the time to read this tips guide and we hope it helps you to get and stay more organised!

About The Authors



Greg was born in Kenya and grew up in South Africa. He returned to the UK when he was 10 and attended Henry Cort School in Fareham.

After school he continued his studies, completing a degree in Marketing and graduated with honours in 1996 from Southampton University.

Greg's first job was working for a General Insurance Broker as Assistant Manager. "I remember falling into the job really, but soon realised I was good at dealing with the public and really enjoyed this aspect of the work. This was where I found my niche and where my career in Financial Services started."

In 1999 he was approached by Pearl Assurance to become a Mortgage Consultant looking after Portsmouth, Southampton and the Isle of Wight. "I must have done a fairly good job because within 6 months I was promoted to Area Manager and I begun to look after Pearl Pension and Investment clients. I built some really great relationships with Pearl customers many of which are still clients of ours now."

In 2002 Greg became an Independent Financial Adviser working for a small IFA firm in Fareham. After gaining valuable experience he then decided to set up his own Independent Financial Planning Company, S & S Financial Solutions, which is now Unity Wealth Management Ltd, a firm specialising in providing Financial Planning advice to the Self Employed, Small Business Owners, Corporate Executives and Pre and Post Retirement clients where he has built a loyal client following.

His passion is working with and helping clients who want an unbiased view as to how they can achieve their desired lifestyle, financial goals and objectives. "Nothing gives me more pleasure than seeing a new client walk out of the office with a clearer picture of their financial future and less worry and concern over how they are going to achieve it.

Greg has continued to pass various financial papers and is on his way to pass the Diploma in Financial Planning accredited by the Chartered Insurance Institute.

He is married with 2 children. Sarah his wife works in the Financial Planning firm taking care of Client Management and ensuring the smooth running of the office.

Greg is a keen golfer and plays off a handicap of 5 although he admits it would be better if he had more time!

Sarah was born in Winchester and grew up in Chandlers Ford. She attended Thornden School, Barton Peverill College and graduated with honours from Chichester University in 1998.

Sarah holds the three Financial Planning Certificates and worked as a Financial Adviser prior to having children. She now takes sole responsibility for the smooth and efficient running of the office and systems.

If you become our client you will find that Greg and Sarah work as a close team to ensure that the service you receive is of the highest standards. It helps to know that Sarah can help with queries when Greg is out of the office.

Sarah has 11 years experience of working in financial services with Pearl Assurance and other financial services organisations.

About Unity Wealth Management Ltd

Unity Wealth Management Ltd was set up by Greg to provide quality financial planning advice to meet the needs of all types of client, whether business or personal.

As well as holistic fee based financial planning, Unity Wealth Management Ltd offers a wide range of financial services:

- Retirement Strategy, to help you manage your affairs when you decide to give up work
- Portfolio Evaluation, so you can align your investment strategy with your attitude to risk
- Estate Planning / inheritance tax mitigation / wills
- Family Protection, to make sure your family have financial security if you die prematurely or suffer a critical illness
- Income Protection, ensuring you have enough income if you can't work due to illness, injury or accident
- Debt Management, understanding how to make debt work for you
- Foundation Planning including product selection (suitable for younger clients)
- Individual Product Research, to help you buy the right financial policies
- Long Term Care, planning for when you can't look after yourself or a family member
- Comprehensive Mortgage Service, residential and buy to let (sourcing the right deal for you and handling many aspects of the administration)

To find out if we can help you with your financial planning call **01329 888494** or **email us** (**greg@unitywealthmanagement.co.uk**) for further information. Initial telephone discussions are free of charge and without obligation.

If you're not receiving our monthly Financial Tips newsletter, simply **visit our specialist website** (**www.unitywealthmanagement.co.uk**) to join. By doing so you'll be able to keep up to date with all the latest pensions and financial news. (Your details are safe with us and we will not sell or pass them to any third parties).

Risk Warnings

All content provided in this special report is only for your own information and use, and is not intended to address your particular personal requirements or to be relied upon in making (or refraining from making) any specific investment or other decision. Such content shall not constitute any form of advice or recommendation by us.

The content relating to the past performance of an investment is not necessarily a guide to its performance in the future. The value of investments or income from them may go down as well as up. The value of investments may rise or fall due to the volatility of world markets, interest rates and capital values or, for investments held in overseas markets, changes in the rate of exchange in the currency in which the investments are denominated. You may not necessarily get back the amount you invested.

Where you are unsure about any specific investment or other decision, you should obtain appropriate expert independent advice.

Levels and bases of, and relief from taxation are subject to change as UK legislation and regulations and the UK tax regime are amended from time to time. Any content referring to such legislation, regulations or tax regime should not be relied upon. The content in this guide refers to the 2009/10 tax year.

Clients outside the United Kingdom should not use or rely upon any content provided.

Seek advice from an Impartial Independent Financial Adviser whenever considering restructuring your investments. Each investment should be considered on merit and not just for the tax advantages.

The Financial Conduct Authority does not regulate taxation advice, trusts or wills.

Your home may be repossessed if you do not keep up repayments on your mortgage.

There may be a fee for mortgage advice. The precise amount will depend upon your circumstances but we estimate that it will be £750.

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