



New Year, new start to your finances

Taking time to understand your financial plans will really pay off

At the start of every year we have great intentions, as financial promises are renewed. Getting our financial life in order will be a top priority for many as we enter 2021.

Consider focusing on two key areas: goals related to being prepared for the unexpected this year, and those related to what you want to be different at the end of the year.

10 AREAS TO CONSIDER WHEN SETTING NEW YEAR FINANCIAL GOALS

New Year's resolutions can be notoriously difficult to stick by. However, there are a few ways to help make sure you start the year on a positive financial footing.

1. NEW YEAR, NEW FINANCIAL GOALS

There's nothing like the fresh start of a New Year. Which makes it the perfect time to sit down and set some financial resolutions for the next 365 days. Having clear financial goals to work towards will give you a sense of purpose and motivation to spend less and to save and invest more throughout the year ahead. To ensure you achieve your financial resolutions, it helps to break the bigger goals down into more manageable bite-sized objectives that you can gradually work through bit by bit to create better financial habits.

2. GO OVER YOUR BUDGET

Review this past year's budget. What did and didn't work for you? If your current budgeting methods and tools aren't working, look for a better way to track your spending. Assess your income and expenses, looking for places to save money. Revise your budget to reflect any changes to your income or expenses in the new year. If you don't have a budget, it's time to make one. Ask yourself: what are my priorities? How can I make this sustainable?

3. REVIEW YOUR BORROWING

Find out if you could save money by refinancing your mortgage, car loan or student loan. If you have high-interest debt, make a plan to pay it down. If you don't have enough extra money in your budget to make a big dent, investigate credit cards with a 0% introductory balance transfer offer. Could you transfer your high-interest balances to a card with a temporary 0% interest introductory period to save on interest? The key is making a plan to pay off the balances before the introductory period ends and you begin paying a standard interest rate. Are you utilising less than 25% of your available credit across all of your cards and loans at any one time? Anything higher could affect your overall credit rating score.

4. CHECK THE INTEREST RATE ON YOUR SAVINGS

Different types of savings accounts have different rules on how much you can put in and when. Could you deposit money into another account where you receive a better rate of interest? It's important to check how your savings are growing and at a rate above inflation, and then decide if you need to make changes. When choosing a savings account, you need to think carefully about whether you will need access to your money, how long you are looking to save for, and how you want to operate it.

5. TAKE A LOOK AT YOUR INVESTMENTS

Whether your goal is to create a nest egg for early retirement or to leave something behind for grandchildren, reviewing what they are and whether you're on track is important. Ask

yourself these questions: How long should I be prepared to put your money away for? Do I want to invest for income, growth, or both? Are my investments aligned with my values and life goals? How can I grow my wealth? Differing circumstances and goals may mean that what was once appropriate, no longer is. It's important that you feel comfortable with the level of risk you're taking with investments. Should I review my investment portfolio? Is my portfolio sufficiently diversified? Does my portfolio reflect my goals and risk profile?

6. PLANNING FOR YOUR RETIREMENT

Even if retirement seems a long way off, think about what you want your money to do for you when you stop working. Ask yourself: Do I know how much money I may need in retirement? How long will my money need to last for? How much should I be saving today? The earlier you start the process of planning for your retirement, the more manageable it will be, and the less of an impact it'll have on your daily finances. Questions to include: Am I taking full advantage of the tax-efficiency of my Personal Pension or Workplace Pension? What am I looking forward to doing the most in retirement? How much retirement savings will I actually need? How much can I afford to spend yearly once I have retired?

7. COMBINING A NUMBER OF DIFFERENT PENSIONS

It's not uncommon now for people to have built up a number of pensions during the course of their lives. Ask yourself the following: Over my career, have I worked for different employers and



ROBERTS MACKIE WINSTANLEY

INDEPENDENT FINANCIAL ADVISERS

built up a number of different pension pots and/or pension schemes? Do I have personal pensions built up during times spent being self-employed? Pension consolidation could potentially be a way to maximise the value of your investments. It can make it easier to track how well a fund is performing in putting your money to work on the markets to boost your investment returns. However, consolidating a pension isn't for everyone.

8. MAKE THE MOST OF YOUR TAX-EFFICIENT ALLOWANCES

Time is running out if you haven't taken full advantage of your tax-efficient allowances before the end of the tax year on 5 April. Every tax year, commencing on 6 April, you receive new Individual Savings Account (ISA) and pension allowances. Questions to ask: Have I fully maximised my contribution levels for the current 2020/21 annual £20,000 ISA allowance, and annual £40,000 pension allowance? Can I take advantage of pension carry forward to make extra pension contributions? Am I fully using my Personal Savings Allowance for tax-free interest payments? What is my financial gifts tax allowance? Can I use my Capital Gains annual allowance to create tax-free returns?

9. REVIEW YOUR ESTATE PLAN

There is never a good reason to not have a Will. How can I write my family's future? Have I written a Will, or does my existing Will need updating? Making a Will is not a task that many people look forward to. It can easily slip down the to-do list – for a number of reasons. A Lasting Power of Attorney for Health and Welfare (LPA) will also allow you to give someone you trust the legal

power to make decisions on your behalf in case you later become unable to make decisions for yourself. How can I leave money to charity? How much money can I give away each year in gifts without tax implications? Can I make regular gifts out of my surplus income? Should I put my assets into a trust during my lifetime?

10. CHECK WHEN YOUR NEXT REVIEW IS

You're not sure what to prioritise – your pension, your mortgage or your ISA. You're starting to lose sleep over whether you're saving enough for your children's education. And you can't quite recall whether you have accumulated four, five – or was it six? – pension pots from previous jobs. Now may be time to consider your next financial review so that we can discuss your immediate and future plans, and talk you through your financial goals. ■

HELPING YOU TOWARDS YOUR GOALS

The beginning of a new year is the perfect time to consider your existing financial goals and decide if they still align with your priorities. It may also be a good time to check if you have the right systems and support needed to achieve these goals when you want to. If you'd like to know more about how we can help you achieve your financial and life goals, please contact us.

INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS. ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE. TAX TREATMENT IS BASED ON INDIVIDUAL CIRCUMSTANCES AND MAY BE SUBJECT TO CHANGE IN THE FUTURE.

ALTHOUGH ENDEAVOURS HAVE BEEN MADE TO PROVIDE ACCURATE AND TIMELY INFORMATION, WE CANNOT GUARANTEE THAT SUCH INFORMATION IS ACCURATE AS OF THE DATE IT IS RECEIVED OR THAT IT WILL CONTINUE TO BE ACCURATE IN THE FUTURE. NO INDIVIDUAL OR COMPANY SHOULD ACT UPON SUCH INFORMATION WITHOUT RECEIVING APPROPRIATE PROFESSIONAL ADVICE AFTER A THOROUGH REVIEW OF THEIR PARTICULAR SITUATION. WE CANNOT ACCEPT RESPONSIBILITY FOR ANY LOSS AS A RESULT OF ACTS OR OMISSIONS.



Roberts Mackie Winstanley

Jonathan Scott Hall, Thorpe Road, Norwich NR1 1UH

T: 01603 628403 F: 01603 661223 E: enquiries@robertsmackie.co.uk W: www.rmw-ifa.co.uk

Partners: Andrew Mackie • Iain Mackie

Authorised and regulated by the Financial Conduct Authority

