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## OVER-50s THINK THEY NEED A £500K WINDFALL TO MAKE FINANCIAL ADVICE WORTHWHILE

Only half (53%) of Britain's over-50s feel well prepared for retirement and four out of ten (38%) worry about it, but it would take a windfall of over half a million pounds before most would call in a financial adviser.

The findings emerge from the latest joint research by **The London Institute of Banking & Finance** and **Seven Investment Management (7IM)**.

Of those shunning professional advice, nearly half (47%) think they can look after their own money, 28% say they don't have enough to justify an adviser and a similar amount (28%) think the costs are too high. One in five (19%) say it doesn't matter how much they inherit – they would never consider getting financial advice.

Women are more reluctant than men to consult an IFA – the advice tipping point for most men is just under £499,171, but it is £544,249 for most women (25% of women said they hold stocks and shares outside of an ISA or SIPP, compared with 40% of men).

**Peter Hahn, Dean at The London Institute of Banking & Finance**, said: "Statistically a 50-year old Briton is expected to live to age 81 so most will have to fund a minimum of 14 years in retirement. That means having a long-term investment strategy with less inflation-exposed cash, a balance many may not be confident about. So while over-50s say they feel well prepared, these findings suggest a poor understanding of long-term risk and reward, risking poorer retirements.

"And you don't need a £500k 'windfall' to make advice worthwhile. Advice can be really helpful in all sorts of circumstances and with much smaller 'pots' of money and assets."

### Regrets, we have a few

In the detailed annual survey of over 2,000 UK adults aged 50 or over (each with at least £50,000 in assets), nearly half (48%) who are yet to retire say they need to save more for retirement.

Asked what they would do differently if they had their time again, 60% of over 50s would start investing earlier, 58% would save for retirement earlier, 30% say they'd spend less and 33% would get on the property ladder sooner. When it comes to children, 18% wish they'd had children earlier and 8% wish they'd given children less (though 24% would give their children more financial support). Only 11% would spend more.

Just over a third (34%) of pre-retirees say they will have to work longer than planned so they can afford to retire – on average more than seven years longer than they expected when they set out on their careers.

**Michael Martin, Private Client Manager, 7IM**, said: "This is the first generation that's really having to confront the double whammy of longevity and diminished pension returns and for some it's proving painful. They started out their careers dreaming of packing in at around 60. Many now face going till they're 70, and often longer.

"There are a number of steps savers should consider to address this problem and one of them is taking a sensible amount of investment risk. Good advice can make a big difference in helping you work out what 'sensible' means in your circumstances and where best to invest to generate the returns you need. They can also give you a proper plan – so you don't reach retirement age with only debts and regrets."

### Brexit driving more to cash

With more than half (56%) thinking the UK economy will deteriorate next year – and the wealthier they are, the gloomier they feel. Brexit has led to different decisions being made by one in ten (11%): of these over a quarter (28%) have opted to invest more in cash and 21% to invest more in international stocks and shares. Maybe because they are so heavily invested in cash, most over-50s think they are cushioned against the potential effects of Brexit – only one in five (20%) think their own situation will deteriorate.

## Ends

### **About the research approach**

- [Opinium](#) surveyed 2,000 UK adults aged over 50, with assets of more than £50,000 (including property and pensions).
- Participants were recruited via a random sampling method to help avoid selection bias, which was developed in conjunction with the London School of Economics. It takes into account various demographic variables (such as age, gender and region) to ensure that we had a representative sample of each demographic group in any sample we recruited.

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### **Notes to Editors:**

#### **About The London Institute of Banking & Finance:**

- The London Institute of Banking & Finance has been at the heart of the finance sector since 1879. We're a professional body and registered charity, incorporated by Royal Charter. Our focus is on lifelong learning: equipping individuals with the financial knowledge, skills and qualifications they need in their careers and for life.
- We're the only specialist provider of [personal finance qualifications](#) for children and young people, helping them to develop vital money management skills as part of the national curriculum.
- We're a specialist university college, providing undergraduate and postgraduate [degrees](#) for students aiming to pursue a career in banking and finance.
- And we're the awarding body for [industry qualifications](#) covering a wide range of subjects, including banking, regulation, asset finance, trade finance, investment and financial advice; in the UK and internationally.

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### **About 7IM**

It all began in 2002, with seven of us in a basement establishing Seven Investment Management (7IM) because we couldn't find anywhere we wanted to invest our families' money. Our assets under management now stand at around £14.3bn (more than doubling since 2013), and we have moved from

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'basement' to 'Bishopsgate' in the City of London.

We manage money aiming to meet people's medium to long term return expectations. Fundamentally, we believe in active asset allocation in both active and passive investments (where we were one of the first to offer actively managed passive portfolios). We build global portfolios based on that allocation, and include alternative assets where appropriate to manage the risk reward trade off. Active currency management is also at the core of what we do.

7IM provides investment services to professional wealth managers, planners, advisers and private investors. These include: Discretionary investment management, a range of multi-asset portfolios, an investment and open architecture trading platform and a fantastic app, 7IMagine, which brings client portfolios to life.

### **Multigenerational investing**

We do our best to pass on economies of scale, reducing fees so more investors within a family save with us. Grandparents, through to parents and their children can invest as individuals with one charging structure – whether they live under the same roof or not.

A story of continuous innovation.

In 2013, we launched 7IMagine, an app allowing investors and advisers to keep up to date with their portfolio. The brainchild of some clients – professional 'gamers' uninspired by their paper statements – 7IMagine was enriched in February 2016, with My Future. Again using gaming technology, My Future allows advisers and investors to capture details about family or individual finances, including any number of streams of income, properties, other assets and expenses, to help identify how sustainable their finances are and if / when their retirement income will run out.

### **Our funds**

- Our **AAP fund range (Asset Allocated Passive)** is populated largely with passive structures to keep costs to a minimum. Asset allocation is actively managed to help exploit opportunities and reduce risk across the spectrum: **7IM AAP Adventurous, 7IM AAP Moderately Adventurous, 7IM AAP Balanced, 7IM AAP Moderately Cautious, 7IM Cautious and 7IM AAP Income**. Some of these risk profiles have funds domiciled in both Dublin (with UK reporting status) as well as the UK.
- Our **Multi-Manager fund range** invests in a range of active and passive vehicles. Costs still matter, but if we think an actively managed fund can outperform a passive alternative we have the freedom to choose it. Asset allocation is actively managed. Again, there are different funds for different profiles: **7IM Adventurous, 7IM Moderately Adventurous, 7IM Balanced and 7IM Moderately Cautious**. Again, some of these risk profiles have funds domiciled in both Dublin (with UK reporting status) as well as the UK.
- We also have a selection of funds designed to meet specific needs, such as the **7IM Personal Injury Fund**, the **7IM Real Return Fund** or the SRI focussed **7IM Sustainable Balance Fund**.
- We also have a range of 'smart passive' funds known as the equity value funds. The range includes: the **7IM UK Equity Value Fund**, the **7IM US Equity Value Fund**, the **7IM European (ex. UK) Equity Value Fund** or the **7IM Emerging Markets Equity Value Fund**. These are entirely systematically managed based solely on company fundamentals, the aim being to outperform the relevant passive market cap-weighted alternative by selecting profitable, high-quality, cash-flow generating companies that trade at a discount to their intrinsic value.

### **Our Model Portfolios**

The 7IM Model Portfolios are a range of risk rated portfolios and are available within our discretionary investment services and standalone on the 7IM platform and other platforms. The Models use the same investment process and asset allocation as our funds.

Our range of Model Portfolios are available across the risk profiles: **7IM Adventurous Model Portfolio, 7IM Moderately Adventurous Model Portfolio, 7IM Balanced Model Portfolio, 7IM Moderately Cautious Model Portfolio, 7IM Cautious Model Portfolio and 7IM Income Model Portfolio**.

The 7IM funds and Model Portfolios are available through the 7IM Discretionary, Managed Investment, Platform, and Self Invest services, as well as on other platforms.

Important information: The information contained in this document does not constitute investment advice and if you are in any doubt about the suitability of the investment or service, you should consult a professional financial adviser. The value of investments, and the income from them, can fall as well as rise and you may not get back the full amount invested. Seven Investment Management LLP is authorised and regulated by the Financial Conduct Authority and the Jersey Financial Services Commission. Member of the London Stock Exchange. Registered office: 55 Bishopsgate, London EC2N 3AS. Registered in England and Wales No. OC378740.

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