

FOR IMMEDIATE RELEASE

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7 KEY MOMENTS IN LIFE WHEN IT COULD PAY TO TAKE FINANCIAL ADVICE

While managing your finances and investments yourself can be very rewarding, it can be fraught with dangers as recent events in the fund management world have shown, so it can often pay to take financial advice. Of course, deciding when and if to take financial advice can be difficult but there are some key moments in life when doing so really makes sense.

Michael Martin, Private Client Manager at 7IM, identifies seven life changing moments that may be an especially good time to ask a professional to help steer you through:

1. Getting married or entering a civil partnership

“You’ve tied the knot, enjoyed your honeymoon and settled down. While it’s not very romantic, an important next step for couples is to consider their future finances.

“One of the first things you might want to look at is tax-free allowances. Are you and your partner both using all your allowances for tax-free income, capital gains, savings and pension contributions, to name a few? Of course, tax treatments will depend on your individual circumstances and may change in the future – which is why it is so important to have someone who can guide you along the way. Seeking professional help to advise you on moving assets between partners could considerably reduce your combined tax bill each year and therefore be well worth it.”

2. Getting a divorce

“The average age of divorce has risen to the mid-40s, around six years higher than it was 20 years ago¹. And that means it’s more likely those couples divorcing have collated more assets between them.

“A divorce agreement can involve many complex processes, particularly with estates, pensions and investments. All these processes must be perfectly timed to avoid the possibility that either party loses out. Some assets may need to be sold and some others earmarked - this should all be done as tax-efficiently as possible.”

3. Invest in your children’s future

“Children focus your mind firmly on the future. An adviser can help you prepare for their future, whether it is covering education costs or taking that first step onto the eye-wateringly expensive housing ladder. Plus, children can be exhausting, so take any opportunity to delegate!

“Choosing between a Junior ISA and a Junior Self Invested Personal Pension can be difficult as each has its merits and pitfalls. A professional financial planner will be able look at your individual circumstances and advise what’s best for you.”

4. Receiving a windfall, inheriting money

“Receiving a sum of money can transform your financial outlook. But then the pressure’s on to make the most of it, and deciding what to do can be daunting. This is where an adviser can prove invaluable.

“In a low-rate climate, it can be tricky to choose between company shares, managed funds, investment trusts, bonds, property funds, or bricks and mortar. And what about all the options you haven’t even thought of?

“Having a large lump sum to invest could give you access to vehicles you’ve not been able to invest in before, such as enterprise investment schemes and venture capital trusts. These offer generous tax breaks to those prepared to take more risk. If you’re unsure about the risk you want to take or unsure whether this is a suitable approach for you, an adviser could also help determine this and help you build a suitable investment portfolio.”

5. Retiring

“With the pension freedoms, you now have far more choice over what to do with your pension pot once you’ve reached 55. However, with more choice comes more complexity. You now need to consider whether to take out a lump sum up front, and if so, how much. You could also think about buying an annuity, which guarantees you an income for life. Or you could invest in other income-generating products, giving you more flexibility.

“Another major consideration is how much money do you need? Unless you have a crystal ball, a spot of financial planning could help with that too, forecasting what you might need, whatever your financial future may hold.

“Not fully retiring is another option. After all, going from working 50-60 hours a week to doing very little with your time, could be quite a shock to your lifestyle so working part time can be appealing. However, working while drawing on your investments could create some complicated tax implications.

“A financial adviser is well equipped to analyse your situation, help plan your approach, and advice on your tax position and on suitable tax wrappers.”

6. Passing wealth on

“Rising house prices have pushed more people than ever before into the dreaded inheritance tax net. Current HMRC stats show that £5.2 billion was paid to the Treasury in inheritance tax in the 2019/2020 tax year.²

“Nobody wants to leave their loved ones with a huge bill. With careful planning and some financial advice, you can reduce the impact of this hefty 40% tax. Giving money away at least seven years before you die is one way, and there are various types of trusts that you could set up for future generations.

“It’s also important to think about your will. Whilst clearly not the most cheery of subjects, making sure your will is done by a qualified adviser or solicitor, and is up to date will ensure that everything will be quicker and easier to sort out after you’ve gone.

“Estate and tax planning can be complicated, and the rules change often, so it is well worth getting advice.”

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7. Stay flexible

“While having a clear financial plan in place is the best way to arm yourself to secure a robust financial future, it’s also important that those financial plans are flexible and that you don’t leave yourself dependent on one outcome.

“Diversifying your risk, be that tax or investment, and having a mix of both short and long-term savings should allow you to weather any storms and keep your financial plans on track. Having the proper advice to implement this flexibility to cover unforeseen costs or market downturns can still allow you to protect your finances and achieve the lifestyle you want.”

¹ Source: Office of National Statistics

² Source: HM Revenue & Customs

Tax rules are subject to change and taxation will vary depending on individual circumstances. This article does not constitute advice or a recommendation; please consult a financial adviser.

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Notes to Editors:

About 7IM

It all began in 2002, with seven of us in a basement establishing 7IM because we couldn't find anywhere we wanted to invest our families' money. Our assets under management now stand at around £17bn, and we have moved from '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.

Seven Investment Management LLP is authorised and regulated by the Financial Conduct Authority, the Jersey Financial Services Commission and the Guernsey 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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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.**
- 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. There are different funds for different profiles: **7IM Adventurous, 7IM Moderately Adventurous, 7IM Balanced and 7IM Moderately Cautious.**
- 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.**

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.**

In 2019, we launched **7IM Pathway**, a diversified range of passive multi asset model portfolios underpinned by our robust Strategic Asset Allocation (SAA) process. The Pathway Model Portfolios differ from our traditional offering and are built purely using a streamlined version of 7IM’s robust (SAA).

The 7IM funds and Model Portfolios are available through the 7IM Discretionary and Platform 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, the Jersey Financial Services Commission and the Guernsey Financial Services Commission. Member of the London Stock Exchange. Registered office: 55 Bishopsgate, London EC2N 3AS. Registered in England and Wales No. OC378740.