

FOR IMMEDIATE RELEASE

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## **7IM: Seven steps to better financial wellbeing**

The concept of financial wellbeing is about people feeling secure and in control – knowing that not only are they able to manage day-to-day and deal with the unexpected, but that they are also building towards a healthy financial future.

According to recent research by the Bank of England, 28% of UK households had accumulated additional savings throughout the coronavirus pandemic<sup>1</sup>. But how can this extra cash be used to get a sense of financial wellbeing?

So, how do you get that sense of financial wellbeing? **Chris Hardie, Financial Planner at 7IM**, talks us through the 7 key steps to achieving it.

### **1. Understanding your financial position**

“Do you know how many pensions you have? A lot of people don’t, and it’s a common issue we see with new clients coming to 7IM for help and advice. Which makes it the first step in getting to grips with your finances – knowing what you have and where it is.

“In latest figures, 6.6 million people have lost track of some, if not all, of their pensions. That equates to approximately £20 billion in assets<sup>2</sup>. That’s a lot of money going unclaimed.

“So, keeping a record of all assets and income and tracking down those lost pensions could really help to get you started on the road to financial wellbeing.”

### **2. Save more**

“As Albert Einstein allegedly once said, “compound interest is the 8th wonder of the world”. What does this mean in reality? Save early and save often. For example, if an investor starts saving at 25 and then stops aged 35, they would have more cash than someone investing from ages 35 to 65. Missing out on the first ten years of compound interest on savings can make a huge difference further down the line. If, like many of our clients, you’re not at the spritely young age of 25 and looking to start saving, you may think you’ve missed on this. However, you can make a difference to the next generation. By setting a regular savings scheme for your children or grandchildren. However small that amount might be, this can really help get them on the right track for the future.”

### **3. Insurance**

“You may not think it, but having the right insurance for your and your family’s circumstances can provide a real sense of financial wellbeing. Many of us might think we’re invincible, but you never know what’s around the corner, as the last twelve months have sadly proven. So, do you have insurance and protection in place for the unforeseen? By planning for the worst-case

scenario, you can put provisions in place to cover your and your family's wealth. Whether it's income protection, life insurance, or simply reviewing your employee benefits, it's definitely worth considering."

#### **4. Make your money work for you**

"It's easy for us to say save more, invest more, and put some money aside for when you need it most. But, in reality it can be hard to justify putting savings aside if you don't know what you're saving for. So, save for a purpose. Set a goal for what you want your money to achieve and work backwards.

"Do you want to retire early? Do you want to set sail around the world one day? What about helping your kids get on to the property ladder? Whatever it may be, by having this clear purpose for your money you are much more likely to be committed building and maintaining it."

#### **5. Use the allowances available to you**

"Making sure your investments are working in the most tax efficient way for you is important too. The UK government provides several allowances to help. Whether you have an ISA allowance you can use (up to £20,000 per year for the tax year 2020/21) or perhaps a Junior ISA to use to help save for your kids future (up to £9,000 per year for the tax year 2020/21), these are useful tools to take advantage of. By investing in a stocks and shares ISA, your investments can grow in value tax free. The same can apply with pensions – you can also claim tax relief on pension contributions, up to a certain amount, which for most is the lower of your salary or the 'Annual Allowance' of £40,000; (although this can be reduced to as low as £4,000 for high earners).

"It's important to take financial advice before you embark on any specific tax work, as taxation will depend on your circumstances and the rules are subject to change, so you can get caught out if you don't follow the rules."

#### **6. Wills and Powers of Attorney**

"There is a surprisingly large number of individuals who do not have a will in place – 54% of the population<sup>3</sup>. People don't like to think about death, but by planning for this inevitability, you can save yourself, and your family a lot of stress, both emotionally and financially, further down the line.

"There are two ways to do this – firstly, write your Will and keep it up to date. Dealing with a dispute over a loved one's estate after they've passed away is not how many would want to spend their time grieving. In line with this, be open about your Will, and what you want to happen after you've gone. Talk to your family, and make sure they're clear about your wishes.

"In addition, there is, almost more importantly, the Power of Attorney. By putting this in place when you still can, you will be safe in the knowledge that if the time comes where you are no longer able to take care of yourself and your finances, you and your family will know what to do."

## 7. Retirement planning

“As humans, we often associate retirement with a slow decline into care homes and eventual death. However, we try to get clients thinking about it differently. Your retirement could be up to 30-40 years long, depending on when you take a step back from working life. That’s a huge chunk of time, that many often overlook. It’s all well and good planning your finances for care home fees, but what about before then? Expenditure is rarely seen in a straight line on a chart – in retirement, that line will often go up before it starts to go down, when you can actually enjoy your free time and spend the money you’ve worked so long to earn. So, working backwards and making sure you have a plan for your retirement and what you want to do, will help you put a plan in place for your finances, well in advance of when you might need them.”

**Chris Hardie, Financial Planner at 7IM**, summarises: “Take a step back. Look at what shape your finances are in now, and what needs to change to help you reach that end goal. And spend money now on the important things – legal advice, wills, insurance etc – as they will be the best investment for your next of kin. Finally, make a plan, but make sure it’s flexible. As the last year has shown, anything could happen.

“If you follow these simple tips, then whatever the world throws at you, you can keep working towards that sense of financial wellbeing.”

***Tax rules are subject to change and taxation will vary depending on individual circumstances.***

***You should be aware that the value of investments may go up and down and you may receive back less than you invested originally. Please consult an adviser before making a decision to invest.***

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### **Note to editors:**

<sup>1</sup> Bank of England: <https://www.bankofengland.co.uk/bank-overground/2020/how-has-covid-affected-household-savings>

<sup>2</sup> Pensions Policy Institute (PPI): <https://citywire.co.uk/new-model-adviser/news/uk-missing-out-on-20bn-of-unclaimed-pension-pots/a1165951/print?section=new-model-adviser>

<sup>3</sup> Research by Royal London: <https://www.which.co.uk/news/2018/12/half-of-adults-dont-have-wills-but-what-happens-to-your-children-when-you-die/>

### **For further information, please contact:**

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**Henry Chan**  
**Head of Communications & Content**  
Seven Investment Management  
Henry.Chan@7im.co.uk  
0203 823 8696  
07786 000 313

**Adam Walmsley**  
**PR & Social Media Manager**  
Seven Investment Management  
Adam.Walmsley@7im.co.uk  
0203 823 8727  
07790 655 584

## **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.

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.**

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## **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.