kba

THE FINANCIAL
PLANNING COMPANY

We've helped you navigate the mortgage market.

Now let us help you build a great financial future.

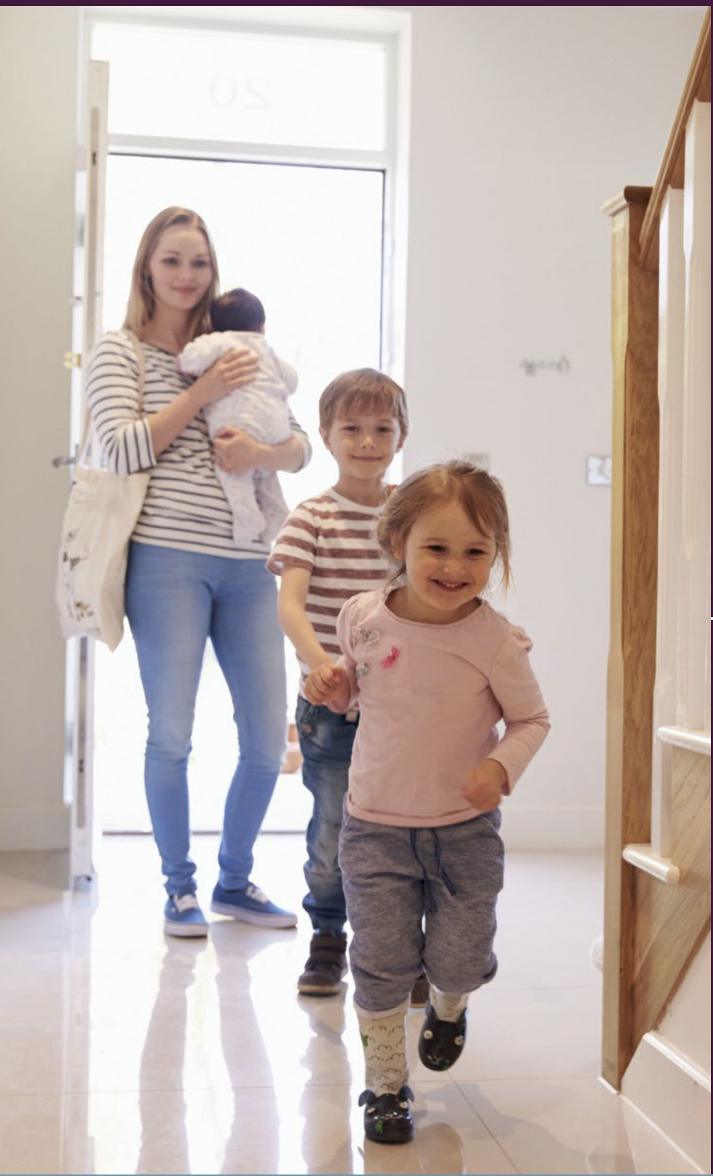
www.kbafinancial.com

We were delighted to advise you on your mortgage – one of the most important financial decisions you can make.

You'll know that a mortgage is just one part of your family's financial landscape. As your life changes, you'll face many new financial decisions.

We want to be there to help you at every stage.

So, we've produced this simple guide to the next 10 steps you should consider taking. These are steps that could give you more confidence and reassurance that you're on the right track to secure your financial future.



We are an experienced firm of financial planners here to help you achieve your life goals and secure your financial future.

We'll make sure you take the necessary steps to protect you and your family, giving you the peace of mind to face the future with confidence.

To find out more about our full range of services, and how we can help you, please contact us.

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1. MAKE SURE YOUR MORTGAGE IS PROTECTED.

Your mortgage is a sound decision you can appreciate every time you turn the key in your front door.

It's more than a financial commitment – it's the place you will call home, welcome friends or perhaps raise your family. So, it's essential that you take steps to ensure you give your loved ones the security that the mortgage will be paid off should the worst happen.

To put it another way; do you want your family worrying about how they will pay the mortgage each month while they are grieving?

Simple life insurance can help put everyone's mind at rest – and it need not be expensive. Cover can start from as little as the cost of a couple of takeaway cappuccinos each month.

That's a small sum to pay for peace of mind yet many people can neglect this vital step.

Your checklist to consider

- ✔ What would be the impact on your family if you were not around to manage mortgage repayments?
- ✔ What options do you have to protect your home if you or your partner are taken ill, stop working, or suffer a decline in income for other reasons?
- ✔ What insurance and other safety nets do you have in place to protect your home and family?

There are several ways to use insurance to protect your mortgage and we're here to help you find the right option for you and your family.

2. DEAL WITH YOUR DEBT

Many of us will borrow money at some point in our lives and debt can be a useful financial tool if managed responsibly.

You can use debt for clear, tangible benefits, such as a mortgage or a car loan. This will be secured, involve a clear repayment plan, and the interest rate will generally be competitive.

Other debt can be less specific or purposeful such as the money you owe on credit cards or overdrafts, and the interest rates can be high.

Without proper management, this type of debt can have a negative impact and hinder your ability to achieve your life and financial goals.

Your priority should be to put a plan in place to clear that outstanding debt.

Focus on paying off the debts with the highest interest rate first. Once you have paid these off, consider diverting the money you were paying on debt into pension contributions or regular savings.

Your checklist to consider

- ✓ Do you have a full list of all your outstanding debt?
- ✓ Do you know how much interest you are paying on each debt?
- ✓ Do you have a plan to pay down your debt and put your hard-earned money to better use?

With the rising cost of living and higher interest rates, life with debt can feel overwhelming.

For more help on taking control of your debt, visit Yorkshire Building Society's "Help with the cost of living" page* (www.ybs.co.uk/cost-of-living). It contains links to resources that can help you put a plan together to pay off the debt as quickly as possible. This could help you to free up your money in support of more important things in your life.

*We give no endorsement and accept no responsibility for the accuracy or content of any sites linked to this site. Please only click if you wish to proceed.

3. MAKE SURE YOU HAVE THE CORRECT AMOUNT OF LIFE COVER

Once you've made sure that your mortgage will be paid off should the very worst happen, it's worth looking at your other liabilities.

- Are there any other debts that you'd like to clear in the event of your death?
- Would you like to leave an additional lump sum to help your family move forward and plan ahead with some confidence?
- Do you need to replace your income?

Knowing that the people who depend on you will be able to live a comfortable life without financial worries should be your aim when considering the amount of life cover you need.

As we have mentioned, it's not expensive – yet it can be one of the wisest and most caring things you can do for your family.

Your checklist to consider

- ✔ If you are employed, do you understand the full range of life protection benefits available as part of your benefits package?
- ✔ Are the details of how you would like these benefits paid correct and up to date?
- ✔ Have you assessed the gap between the cover you may have in place and what your family will need if the worst happens?

Whatever your starting point, we can help you understand the full picture of your current protection and can help you work out what you need to give you and your family full peace of mind.

4. SAVE MONEY FOR YOURSELF

BUILD AN EMERGENCY FUND

Your priority when it comes to saving money is to ensure you have an emergency fund. As the name suggests, this is your "rainy day" money – the money you draw on in the event of something unexpected happening.

As a rough rule of thumb, your emergency fund should be three to six times your monthly take-home salary. It should be easily accessible and in a safe, easy access savings account.

One way to build up a solid emergency fund over the course of a year is to find a high interest regular savings account and commit to putting away a regular, affordable sum. This will help you to start an emergency fund and build a healthy savings habit.

TAX-EFFICIENT SAVINGS IN AN ISA

After an emergency fund, you could then start making use of tax-efficient savings options like an ISA to build up a fund.

How you save and invest will be dependent on your time frame. If you're saving for a short-term event, such as a holiday or a new car, then you'll probably want low-risk investments such as a Cash ISA.

If you have a longer-term horizon of more than five years, then you could consider investing in higher-risk funds with a potentially better return – such as a Stocks and Shares ISA.

Your checklist to consider

- ✔ Do you fully understand where all your household expenses are going and where you could make changes if needed?
- ✔ How much would you need to have in your savings account to cover three to six months of living expenses?
- ✔ Create a plan by dividing this amount by twelve and setting the result as your target monthly savings amount. In a year's time you'll have a healthy emergency fund and the start of an effective savings habit.

When you're ready to make choices about your long-term savings and investment choices, we're here to help you find the best options for your circumstances.

PLEASE NOTE

The value of your investment can go down as well as up and you may not get back the full amount you invested.

5. PROTECT YOUR INCOME

So far, you've read about the steps you can take to protect your family in the event of your death.

It is also worth taking steps to ensure that they, and you, are protected if you are unable to work because of ill health for an extended period.

According to the Association of British Insurers (ABI), 1 million workers a year find themselves unable to work due to a serious illness or injury[1] .

You can claim Statutory Sickness Pay (SSP) for up to 28 weeks, but this will only pay out £116.75 a week in 2024/25, which for most people might just cover their weekly food shopping.

It's important to make sure you have the right protection in place in case you suffer a temporary or long-term loss of income.

Your checklist to consider

- If you're employed, check your employment contract to see how long your employer will pay you for if you are ill and unable to work.
- Consider how you could cover the shortfall.
- If you are self-employed or run your own business, consider the impact of your inability to work for both your family or your business.
- What are your contingency plans to protect your family or your business?

There are many protection options available to help you protect your family or your business from unexpected changes in your ability to work. We can take you through the options and help you build the security you need.

[1]Source: Association of British Insurers

6. SAVE INTO A PENSION

What are you going to live on when you stop working?

Depending on your goals, the State Pension may not be enough to maintain the life you want to live. As such, it's likely you will need pension savings.

Pensions are a flexible way to save for later life, and the tax relief provided by the government makes them a very effective way to put money aside for your retirement.

If you're a basic-rate taxpayer, the government will top up any contributions you make by 20%.

If you're a higher- or additional-rate taxpayer, not only will you get basic-rate relief at source when you make any contributions, but you can claim additional relief through your tax return each year.

Navigating pensions can seem daunting but the simple truth is that the longer the money is invested, the more chance it has to grow in value. So, the sooner you can start contributing to your pension, the better it will likely be for you and your family.

Let us help you see the value of a monthly investment and how it could grow over the years.

We can also talk you through how to get the very best out of your current employment scheme, help you understand the tax benefits of investing in your pension, and much more.

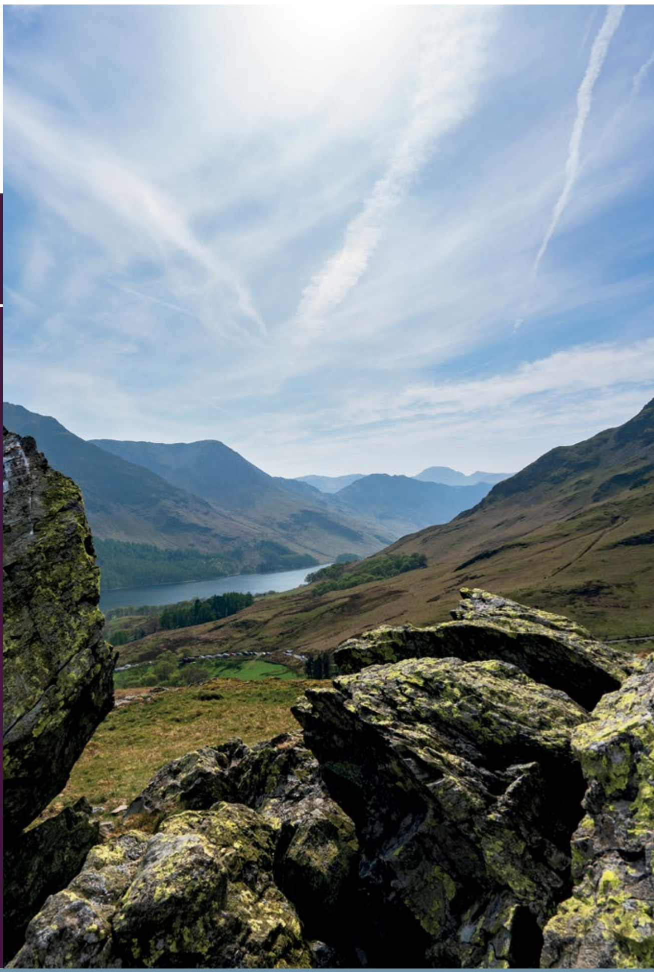
For more help go to our website to download our pension fact sheet or get in touch for a meeting to find out more.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

Your checklist to consider

- ✔ What State Pension will I receive and when?
- ✔ Am I making the best of my current workplace pension?
- ✔ Could I afford to contribute more to my pension and what impact could this have?
- ✔ Am I optimising the tax opportunities of my pension?



7. SAVE MONEY FOR YOUR CHILDREN

You want your children to face their future with confidence and optimism, no matter what lies ahead.

With the rising cost of university education, greater difficulty in getting onto the housing ladder, and changing patterns in employment and retirement, your children will likely face different and sometimes more challenging choices than those that you have faced.

Taking action now can help support your children in the future, whatever choices they make. Setting up savings and investments for your children in tax-efficient products such as a Junior ISA (JISA) can help to reduce the potential burden of student debt or support them in buying their own home in the future.

Your checklist to consider

- Do you know how much can you start to put aside for each child every month?
- Are other relatives (such as grandparents) expressing interest in providing financial support? As well as helping your children, this could also reduce your parents' Inheritance Tax liability.
- Have your children learned about saving and spending money? There are many different ways to help young people make healthy financial choices that will set them on the right path from the beginning.

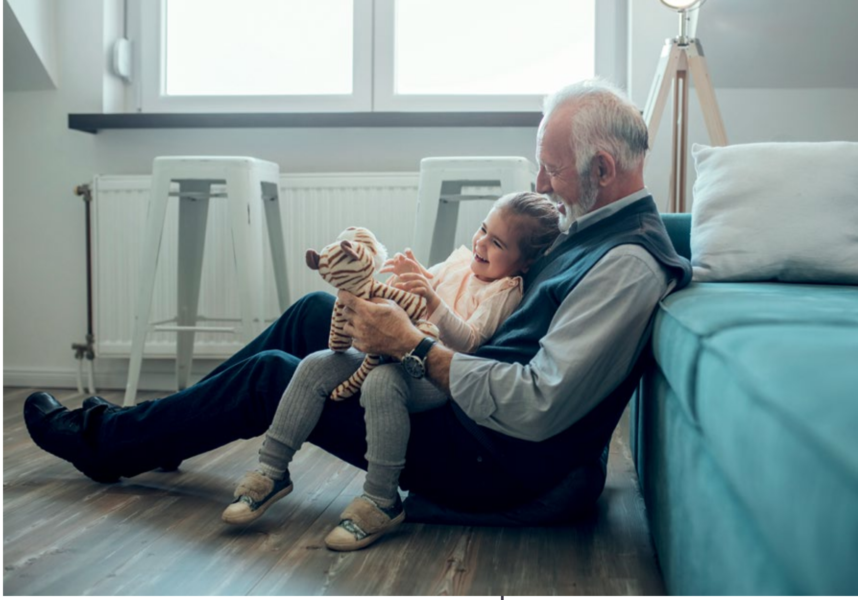
We can help you understand all the different options for saving and investing for your children and even point you to useful tools that can help your children make wise financial decisions right from the beginning.

PLEASE NOTE

The value of your investment can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

8. MAKE A WILL



Making a will is one of the simplest financial actions anyone can complete, yet research shows that nearly 60% of people in the UK currently don't have a will set up.

Without a will, you will die "intestate". Your assets might not end up with the people you want, and your family will have no say over how, and when, your assets are distributed.

By making a will, you can ensure that your wealth will pass to the people of your choice. It also means that your executors – the people you name in your will to carry out your wishes – can distribute your assets in accordance with your wishes, and in a timely manner.

If you are married or in a civil partnership your spouse or partner should also consider making a will.

Your checklist to consider

- Have you made a joint plan with your partner about how you want to protect each other as well as distribute your assets after your death?
- Do you have clear ideas of how you would want to distribute your assets?
- Have you considered who would take care of your children in the worst-case scenario?

These are challenging matters to consider. Start by making a list of all your assets and insurance policies. Ask for our "My Financial assets" leaflet to help build a complete picture.

We do not offer will writing as part of our service but we can help you work through the financial aspects of leaving a legacy and introduce you to will writing experts who can make sure your wishes are represented.

Please note will writing is not protected by the Financial Conduct Authority.

9. SET UP A LASTING POWER OF ATTORNEY

As well as making a will to ensure your assets are managed in accordance with your wishes in the event of your death, it's also worth considering what would happen if you were incapacitated and unable to make financial decisions yourself.

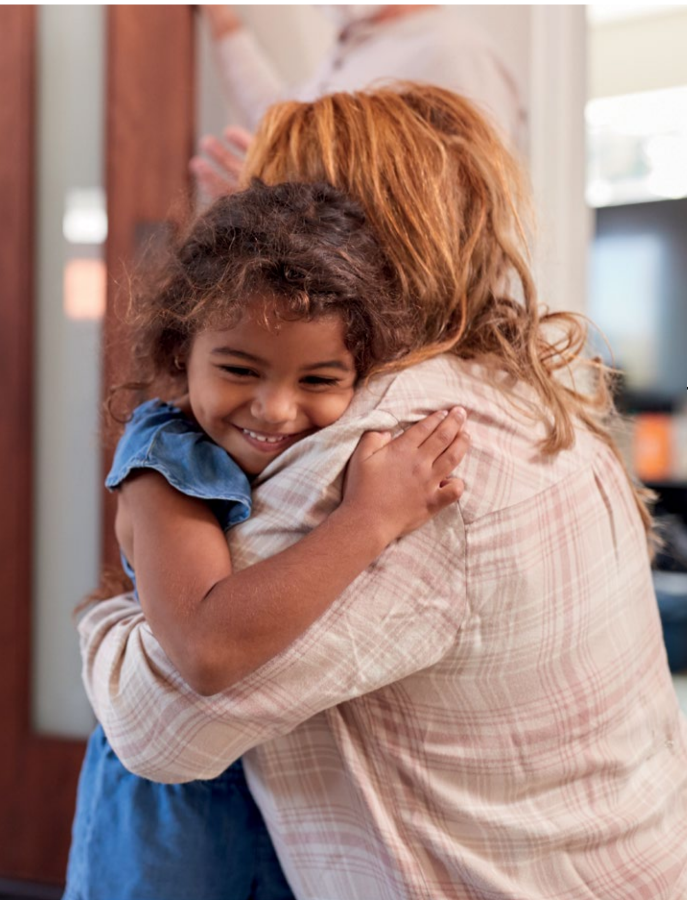
By setting up a Lasting Power of Attorney (LPA) you can appoint an individual you trust to manage your financial affairs if you become unable to.

They will then make decisions on your behalf, based on any specific stipulations and guidelines you will have set out in the legal agreement that forms the LPA. This will cover how your finances are managed, including your investments, pensions, and property.

Knowing a trusted person will make decisions on your behalf provides vital peace of mind.

Your checklist to consider

- ✔ Have you considered who you would like to be responsible in the event that you were not able to make your own decisions?
- ✔ Before starting the process, it is worthwhile talking to this person or people, to check that they are happy to take on the responsibility and that they understand how you would like your affairs to be managed.



4 KEY REASONS TO SET UP A LASTING POWER OF ATTORNEY:

1. You get to choose who acts on your behalf if you're no longer able to.
2. You can set specific instructions in the LPA document that have to be followed.
3. You can separate different assets. For example, if you own a business, you can have an LPA set up specifically for the running of your company.
4. You will have the comfort of knowing your financial affairs will be managed by someone you know and trust.

A Lasting Power of Attorney is not regulated by the Financial Conduct Authority.

10. WORK WITH A FINANCIAL PLANNER

Financial planning can be complicated. Working with an experienced financial planner can ensure you're making the right choices.

A planner will also be able to help you with all the aspects of financial planning you've read about in this guide, and help you put together a detailed financial plan to help you achieve your aims.

They will also be able to help you with the different taxation implications associated with pensions and savings, so you benefit from the tax advantages and avoid any unnecessary charges.

A recent report from **Royal London** revealed that working with a financial planner can also give you peace of mind, and help you feel more confident and in control of your money.

34% Having access to financial expertise makes me feel more confident in my financial plans.

34% Receiving professional financial advice helps me feel in control of my finances.

32% Having contact with a financial adviser gives me peace of mind.

A 2020 report into the benefit of financial advice found that:

- Customers who took financial advice were on average £47,000 better off.
- Those with an ongoing relationship with an adviser were up to 50% better off than those who only received advice once.

Source – **Royal London**

HOW KBA FINANCIAL PLANNING CAN HELP

We are an experienced firm of financial planners focused on helping you plan your financial future.

We can help you take the necessary steps to ensure you and your family are protected, and that you can face the future with confidence.

To find out more about our services, and how we can help you, please get in touch.

contactme@kbafinancial.com

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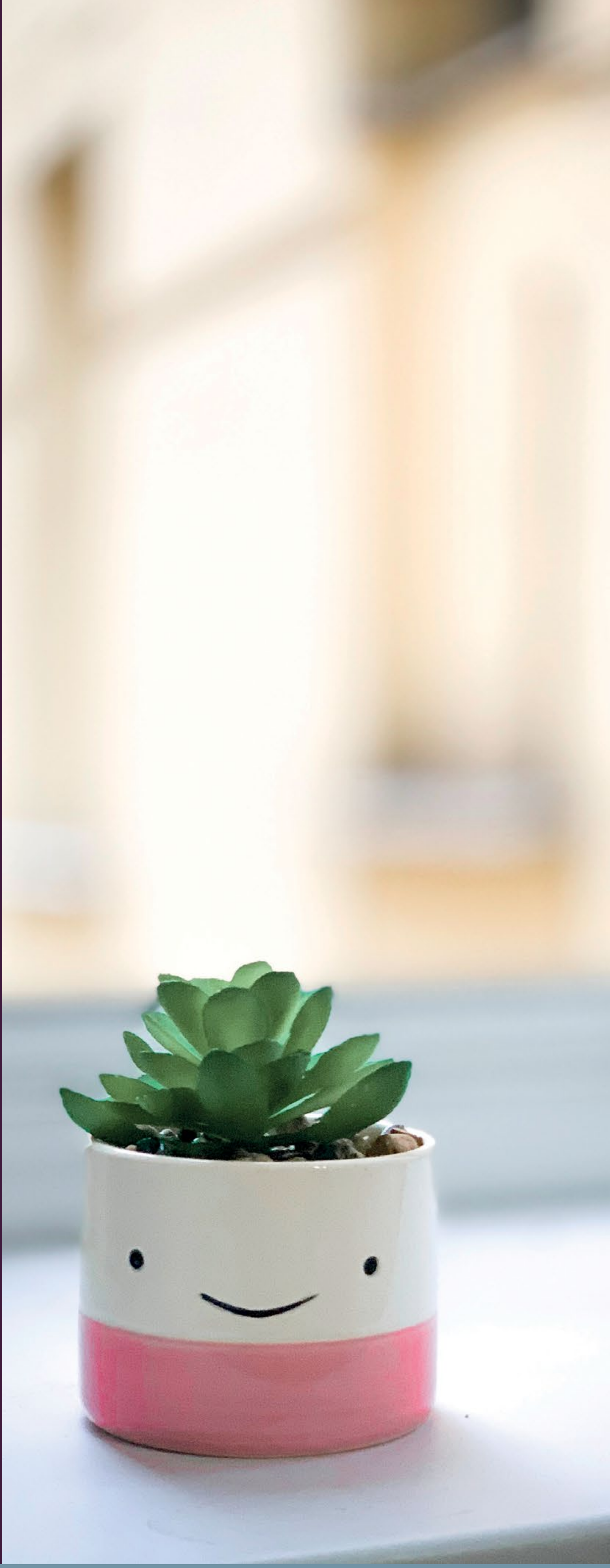
PLEASE NOTE

The Financial Conduct Authority does not regulate estate planning, tax planning or will writing.

This article is for information only. Please do not act based on anything you might read in this article. All contents are based on our understanding of HMRC legislation, which is subject to change.



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