



# BROADWAY BULLETIN

## WELCOME TO OUR SUMMER NEWSLETTER

Well, although we're not quite "back to normal" following the reopening of the office to clients in April, it certainly feels like we're heading that way. We've been able to provide a safe environment for clients to visit us at last and we have certainly enjoyed seeing them, even if we are wearing unusual headgear!

As we move away from the challenges posed by Covid, we're seeing small signs of optimism both from clients and markets. Most clients have not been able to live their normal lives and, as a result, have saved money. This provides opportunity for planning in the future whether that's organising the much missed foreign travel, gifting to family members or having work carried out on the house... if you can find a tradesman, of course.

The article entitled "coconuts versus sharks" addresses the issue of risk, how we assess this within our lives and the impact it can have on investments. I have to admit I bore myself with the same line "don't panic at times of strife and sit it out" but all evidence continues to indicate that this is the best course of action. For clients who are now reviewing their portfolios with us, I hope you'll agree with me.

We're thrilled to be able to invite clients to join us in July for drinks down at the Fish Hotel to celebrate the ending of lockdown, surviving home schooling and just about anything else! If you are able to join us and haven't yet let us know, please do so by 18th June 2021.

We look forward to seeing you back at Farncombe soon!

**Keri Carter, CFP™**  
CERTIFIED FINANCIAL PLANNER™ Practitioner  
Managing Director



## BFP NEW AND VIEWS

You may have seen us recently in either the Broadway Magazine, the Chipping Campden Bulletin or on our website. Financial Planner, Rebecca Ryan, has written several articles covering different aspects of Financial Planning. In case you missed any of them, here are some of the subjects we covered:

- PENSION MYTHS DISPELLED**  
 Rebecca takes a look at some of the common myths that we come across when talking to clients about their pensions.
- MANAGING FINANCIAL CONFUSION FOLLOWING THE DEATH OF A LOVED ONE**  
 In this article we look at where to start if you find yourself in this situation, and what things to look at in the longer term.
- INHERITANCE TAX**  
 Britain's most hated tax? – Rebecca provides an explanation of what Inheritance Tax (IHT) is and reviews some of the ways you can reduce your

IHT liability.

- ARE YOU READY FOR RETIREMENT?**

It isn't just about planning for retirement from a financial point of view, there is an emotional side which you also need to plan for. In this article we give you some tips that may help.

- VULNERABILITY**

If you are considered to be a vulnerable person, things such as Financial Planning can seem extremely daunting. Rebecca looks at where vulnerability can arise and what we can do to help.

To read these articles in full visit the news and views page on our website: [www.broadwayfp.co.uk](http://www.broadwayfp.co.uk)

We are regularly adding content to our website so watch this space. If you would like to discuss any of the articles we have published, please do not hesitate to contact us.



## COCONUTS VERSUS SHARKS

If you have ever been fortunate enough to swim in the azure tropical waters of the Caribbean, or on Bondi Beach amongst the surfers, or in the chilly waters of Cape May (where the film 'Jaws' that scared the 1970s generation out of the water was filmed) in the back of your mind may have lurked the thought that a large shark might just be out there looking for lunch. What was that shadow? Yet most of us don't think twice about the risks of sitting under a coconut tree, which urban myth suggests is far more likely to kill you from a falling coconut than a shark attack, as is the malaria-carrying mosquito that lands on bare flesh as the sun sets in paradise. Nor did we consider the risk of a deep vein thrombosis from the long-haul flight to get there. We fixate on the shark.

Humans are irrational and find it hard to place risks in perspective, in part because they involve numbers (which many people hate), are influenced by fear or recent news and often depend on the way in which they are framed, to name just a few of the challenges. We have a very clear recent example of our confusion with the extremely rare possible side effects of some of the Covid-19 vaccinations. Latest estimates, suggest that the risk of dying from the vaccine due to blood clots is 1 in 1 million, which is similar to the chance of being murdered next month (nasty) or dying in a road accident on a 250-mile road trip<sup>1</sup> (bring it on!). And that, is the point. Life is full of risks and those that we deem to be everyday consequences of modern life, we take, usually without batting an eyelid, such as: driving, using ladders, drinking alcohol, climbing mountains, and walking through fields of cows (nearly 100 people were killed by cows between 2000 to 2020)<sup>2</sup>. Yet other exceptionally low risks we deem 'too big' to take.

It is similar with investing. Investors tend to worry about equity market crashes, perhaps not surprisingly, as equity markets can and have fallen by more than 50% in the past. Yet owners of equities should not be looking to sell them in the next few years but relying on fixed income assets to meet liquidity needs. In most cases, markets recover relatively quickly over say 3-5 years, sometimes more slowly. With horizons well beyond these falls and recoveries, investors who stay the course should be rewarded - as they have been in the past - with strong returns above inflation. The latter is the real (excuse the pun) risk to long-term investors. Avoiding equity market risk and putting money on deposit is actually the risky strategy. Over the past 10-years, those holding cash have lost around 1/5, or 20%, or £20 in every £100 of purchasing power<sup>3</sup>, however you want to describe it. That is risky. Managing risk in our lives is summed up well by Professor Dame Glynis Breakwell who wrote a book titled *The Psychology of Risk*<sup>4</sup>.

**'Risk surrounds and envelops us. Without understanding it, we risk everything and without capitalising on it, we gain nothing.'**

Go on, get the vaccine, take that long-haul flight (once you can) back to the azure waters, brave the sharks and stick with your equities. The risks will be worth it.



<sup>1</sup> <https://www.bbc.co.uk/news/explainers-56665396>

<sup>2</sup> UK Health and Safety Executive (HSE): <https://www.hse.gov.uk/>

<sup>3</sup> Bank of England – 1 month Treasury bills

<sup>4</sup> This is not for the faint-hearted – it is an academic tome. If you are interested in how to use and understand statistics in a statistics-laden world, an enjoyable and accessible read is Tim Harford's new book 'How To Make The World Add Up.'

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## DOES SOMEONE YOU KNOW HAVE DEBT PROBLEMS?

Hundreds of thousands of people struggling with debt problems could be supported through a new debt respite scheme, Breathing Space, that launched recently. The new scheme will provide debt advice, or mental health crisis treatment.

Those in the scheme will be given legal protections from their creditors for 60 days, with most charges and penalties frozen. The scheme will then provide debt advice and help put together an action plan to get their finances back on course.

People across England and Wales who are struggling to repay their debts could be eligible, and the government expects 700,000 people to benefit in the first year of the scheme.

Although interest and fees are frozen, a Breathing Space is not a payment holiday. People entering a Breathing Space will need to keep paying for any debts and ongoing liabilities they have. For more information visit <https://www.gov.uk/government/publications/debt-respite-scheme-breathing-space-guidance/debt-respite-scheme-breathing-space-guidance-for-creditors>



## DIY FINANCIAL PLANNING CHECKLIST



No matter what your financial situation may be, everyone can benefit from having a Financial Plan in place. We are often asked what this entails and where to begin, so here we have set out a Financial Planning DIY Checklist that can help get you on track to gaining the peace of mind that comes with being financially organised.

- Establish your total annual expenditure – current and future if different.
- Collect details of all sources of income – current and in retirement. For personal pensions, your provider will supply a forecast of expected income based on default rates. Remember, under existing regulations, you can normally draw as much as you wish.
- Assess what dates various forms of income will become due i.e. normal retirement dates for personal and work pensions and how much is payable.
- Establish your State Pension and the date this will start. Go to [www.gov.uk/check-state-pension](http://www.gov.uk/check-state-pension) to check that you have qualified for the full pension (minimum qualifying period is 35 years to ensure a full pension entitlement). If not, contact the DWP to see how much it would cost you to replace missed years. Normally, it will be worth doing this depending on how long you live!
- Consider using a specialist forecasting software to give you a clear idea of income/ expenditure in the future and any shortfalls. Follow this link to Truth Software's free consumer cashflow modelling website <https://my.truthaboutmoney.co.uk/>
- Add up all of your savings/investments remembering to keep a note somewhere.
- If investments are held, check you understand the underlying fund choices and that the risk approach remains appropriate for you and your requirements. All funds will provide a useful factsheet detailing how your money is invested and the risk factor applied. Ensure you are still comfortable with this particularly if you require access to the money in the next 1-3 years.
- You can then decide how you will plug any gaps. You may need further advice at this stage on how best to achieve this.
- Remember, you are likely to live for longer than you think, so make sure you've allowed income for a reasonable time!

If your financial situation is a little more complex, you may benefit from professional advice. At BFP, we are here to help. Feel free to get in touch if you think we can help you plan for peace of mind.

## BACK IN THE OFFICE

Now that life is starting to return to some sort of normality, we are very happy to be back in our lovely office on the Farncombe Estate. We are now able to hold face to face meetings as we have the facilities to do so, whilst adhering to the recommended precautions. If you are still not confident meeting face to face, we are still offering online meetings or a telephone call.



## FINALISTS!

We are delighted to announce that we have been selected as a finalist for the Moneyfacts Tax and Estate Planner of the Year award 2021. We will find out who the winner is at the awards ceremony in September – please keep your fingers crossed for us.



## CONGRATULATIONS ON 15 YEARS!

2021 is an important year for many reasons, one of which is that we are celebrating Claire being with us for 15 years! Claire started with the firm in 2006 as our Administrator and went on to develop her role to Office Manager and now as Operations Manager. A familiar face to many, she is no longer “client facing” as such, although you will still speak to her on the phone occasionally or see her busying around at our various events.

Concentrating her time on addressing the firm’s compliance burden and promoting our service through the marketing side of the business, Claire also has the huge task of keeping the office open and running efficiently. Keri says “it’s amazing to think that Claire has been with us for such a long time. Claire’s calm and organised manner meant that we were able to react to the challenges of Covid-19 quickly and efficiently ensuring the continuance of our service to all of our clients. We’re incredibly fortunate that her working knowledge of the firm is so vast which proves invaluable on so many levels!”



## GILL CLARK – ASSISTANT TO FINANCIAL PLANNERS

Many of you will have spoken to Gill at various times on the phone or in person, especially those of you who kindly kept in contact with her during the lonely months of the first lockdown. However, you may not realise the integral role Gill plays with assisting our clients on a day to day basis. That’s why we’ve recently changed her job title to “Assistant to Financial Planners” which we think reflects more closely the role she plays within the team. Gill spent over 30 years providing relationship management to customers of HSBC. Although when she joined us in 2013, she was happy to assume an administrative role within the team, we quickly realised that we could harness her skills with clients and utilise all that experience she’d accrued over the years. As such, Gill is now the “go to” person to assist clients with most non-advice queries such as arranging withdrawals from investment portfolios, diary management and helping to complete Lasting Powers of Attorney. This means that you can be reassured that she can assist you with most day to day queries and, if she can’t, she’ll find someone within the firm who can!



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