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Seven personal finance tips for Talk Money Week

No one finds talking about money easy but sometimes talking something out is the only way to get it sorted, and with Talk Money Week upon us 7IM believes there is no better time to get talking.

Talk Money Week is a UK wide initiative to encourage people of all ages, financial experience and wealth to talk about their finances. **Michael Martin, Private Client Manager at 7IM,** says that there is no better time to start talking about money than the present, and being honest and open about your finances can lead to discovering solutions to any potential future issues.

He comments:

“Talking about your personal finances can be difficult at the best of times, but it can make a real difference to peoples’ lives.

“Albeit everyone has different circumstances, people go through the same life stages, and talking about money could be the first step to future-proofing your finances.”

Below, Martin gives his seven top tips to help UK savers get their finances into shape now, and into the future.

1. **It’s never too early to start planning for your retirement**

“Pensions and long-term savings are often easily dismissed – they can be shrouded by jargon and there are of course so many other things competing for your money. But, when it comes to pensions it’s never too late to start.

“Since the introduction of the pension freedoms in 2015, the onus is now more than ever on the individual to ensure their own financial security in retirement.

“The best thing you can do is to start saving early and have a plan in mind for when it comes to your retirement. This will not only give you the best opportunity of securing a safe financial future but means you can also take advantage of the power of compounding returns, attractive tax breaks and additional contributions from employers via your workplace pension.”

2. **Keep some cash for a rainy day**

“Cash may not be king at the moment but it certainly still holds a position of power in the inner circle.

“As long as you keep to the fundamentals, holding cash for 1-2 years’ worth of expenditure, you will be able to ride the dips.

“Everything else is based on the same fundamentals; invest for the long term and diversify. When you have been through the markets of the ‘dot com boom’, Iraq wars, the Global

Financial Crisis, and currently COVID-19, you know that every 6-7 years events like these come along. So this is nothing new."

3. **Diversify your tax risk**

"Political uncertainty and a fluid tax system means that diversifying your tax risk is a good way to ensure that you won't be caught out by any changes that may happen.

"While it's impossible to be completely 'future proofed' you can try to be as robust as possible by making sure that you use all your allowances. That way, should one investment become tax inefficient, the others can compensate. Use pensions, your Capital Gains Allowance, ISA and dividend allowance. Other higher risk investment vehicles could also be Enterprise Investment Schemes and Venture Capital Trusts.

"The government does not give us many ways to save tax, so make sure you use as many as you can – you never know when they may be taken away!"

4. **Be clever with wealth structuring and inheritance**

"Most people are familiar with the seven-year gifting rule, which means that assets given to the next generation are not liable for Inheritance Tax (IHT) as long as the donor lives on for seven years; what you might not know is that even if the donor does not survive for seven years after the gift IHT can be still be reduced proportionately to the period of time that they did.

"There are complexities in this area, but gifting might be a good option as long as you take proper legal and tax advice – it is often a 14 year rule."

5. **Plan for your family's future**

"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 up to date and done by a qualified adviser or solicitor, will ensure that everything will be quicker and easier to sort out after you've gone."

6. **Take advice for the big moments**

"Whether it's covering education costs or taking that first step onto the eye-wateringly expensive housing ladder, speaking to a professional can help you prepare for those big moments that matter.

"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; such as getting married or entering a civil partnership, receiving a windfall of money such as inheritance, or when it comes to your retirement.

"Throughout all these moments a professional financial planner is well equipped to analyse your situation, help plan your approach, and advise what's best for you and your family."

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."

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Notes to Editors:

*figures shown are for 7IM Holdings Limited

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 £14bn, 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.

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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.