

# MONTHLY NEWSLETTER

THROP FINANCIAL PLANNING

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# What is a lasting power of attorney? And do I need one?

**A lasting power of attorney (LPA) is a legal document that allows you to appoint one or more people to make decisions on your behalf during your lifetime.**

The people you appoint to manage your affairs are called the attorneys. An LPA is a completely separate legal document to your will although many people put them in place at the same time as getting their will written, as part of planning for their future.

## What does a LPA cover?

There are two types of LPA which come into effect when you are no longer able to make your own decisions.

**A health and care LPA** lets your attorney make decisions about your medical treatment and day-to-day care. This can include where you live, what you eat, what medical treatment you receive and who you see.

**A financial decisions LPA** lets your attorney handle (and make decisions about) your money and property. This can include paying your bills, selling your property, collecting your pension and collecting your benefits.



## Do you need an LPA?

Without an LPA, if you need someone to step in and manage your finances or make decisions about your healthcare in the future, their only option will be to apply for a deputyship order through the court. This can be a costly, complex and lengthy process. If you have an LPA, it can take effect as soon as it's needed, meaning your chosen attorney can step in to help straight away.

Once your LPA is in place, you have peace of mind in knowing that someone you trust can look after your affairs if you're ever unable to yourself, because of an illness or an accident.

## Don't put it off

More than 75% of the over 55s have not registered an LPA. The benefits and the simplicity of putting one in place should encourage you to make the decision to get your ducks in a row before it's too late.

Which is where we can help. Getting it right is too important to leave to chance, so get in touch and we can ensure you're directed to the right place to organise and register your LPA.

Will writing and Lasting Power of Attorney are not regulated by the Financial Conduct Authority.



# The benefits of starting a pension early

It's never too early to start saving for retirement. In fact, the sooner you start saving, the more time for your money to grow.

Starting a pension early is one of the best things you can do for your financial future. By taking advantage of the benefits of early retirement savings, you can ensure that you have a secure financial future and enjoy your retirement years to the fullest.

## More time to save

One of the most significant benefits of starting a pension early is the additional time you have to save money. The longer your money is invested, the more time for it to grow, which can help you accumulate a larger retirement fund. Starting early also means that you can take advantage of compound interest, which is interest earned on both the principal and the accumulated interest. Over time, compound interest can significantly increase the value of your pension fund.

## Lower monthly contributions

Starting a pension early can also help you keep your monthly contributions lower. Because you have more time to save, you can spread your contributions over a longer period. This can make it easier to budget for your retirement savings and ensure that you are putting away enough money to reach your retirement goals.

## Employer contributions

If you are enrolled in a workplace pension scheme many employers offer to match employee pension contributions, (up to a certain percentage). This 'free money' can help you save even more for retirement.

## Tax benefits

The government offers tax relief on pension contributions, which means you can put more money into your pension each month. For example, if you're a taxpayer, you can get up to 60% tax relief on your contributions.

## Financial security

Starting a pension early can help provide financial security in retirement. By starting to save early, you can build a solid foundation for your retirement years and ensure that you have enough money to cover your expenses. This can help alleviate financial stress and allow you to enjoy your retirement years without worrying about running out of money. Knowing that you have a secure financial future can give you peace of mind and allow you to enjoy your retirement more.

## Tips for starting a pension early:

- Set up a regular contribution**  
 The best way to make sure you're saving for retirement is to set up a regular contribution. This could be a fixed amount each month or a percentage of your salary.
- Increase your contributions as you earn more**  
 As your income increases, you can increase your pension contributions to make sure you're on track for a comfortable retirement.
- Take advantage of tax relief**  
 The government offers tax relief on pension contributions, which means you can put more money into your pension each month.
- Consider employer contributions**  
 Many employers offer to match employee pension contributions, which is free money that can help you save even more for retirement.

By giving yourself more time to save, keeping your contributions manageable, taking advantage of tax benefits, and providing financial security in retirement, you can set yourself up for a comfortable and fulfilling retirement. So, if you haven't started saving for retirement yet, now is the time to start!



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.



# What is critical illness cover?

Whether you need critical illness protection depends on your situation as well as any existing policies you might already have in place.

Critical illness insurance pays out a one-off, lump sum if you're diagnosed with a condition or disability that is covered by your policy. It can be offered when someone applies for life insurance – as extra coverage.

In a similar way to some life insurance plans, critical illness covers a set number of years. You can specify whether you want the payout to rise over the course of the term (so it keeps up with inflation) or the opposite – decreasing because your aim is to cover something specific like your mortgage.

If you're thinking about critical illness cover, it's important to speak to your financial adviser who can help you decide how much cover you'll need and how long the term should last.

## What does critical illness cover?

Products vary depending on the provider. Certain illnesses are covered as standard by most insurers, including, cancer, heart attack, stroke, organ failure, multiple sclerosis, loss of arms or legs and Alzheimer's and Parkinson's disease.

Some providers may allow you to add additional illnesses to your policy, which you'll pay more for. Your children could also be covered as part of your policy so it's worth asking your adviser about these options if it's something you're keen to have in place.

## What does critical illness not cover?

Although a diagnosis of a critical illness can mark the start of a claim in some policies, others may only begin to offer protection once your illness hits a certain level of severity. For example, if you are diagnosed with cancer, payments may only begin when permanent symptoms have been officially diagnosed. Additionally, not all types of cancer are necessarily covered by critical illness protection.

It's important to work with your financial adviser when reviewing a policy and all the small print before you commit to make sure you are sufficiently covered – and aware of areas not included.

## Pre-existing conditions

Just like the life insurance application process, critical illness protection requires you to disclose any pre-existing conditions. If you don't then your policy could be invalid.

Your adviser can search the market for a suitable plan, but you'll probably have to pay more in premiums and there will likely be some extra exclusions. The price you pay will vary, based on things like age, occupation, state of health, lifestyle and how much coverage you need and for how long.

## Do you need critical illness cover?

There are things to consider if you're worried about being diagnosed with a critical illness and the impact on your income and ability to keep up with bills (which would not be covered by state benefits when you're unable to work).

Your adviser will help you look at the following areas:

- Your employer's coverage – is there any paid leave for illness or disability and for how long?
- Do you have an existing life insurance policy and if so, does it have any illness coverage included?
- Could you consider income protection insurance as an alternative to critical illness?
- Do you have sufficient savings and investments you could use in place of critical illness cover?

If you want to proceed, it's important to work with your adviser to see how much protection you'll need. This means looking at your monthly outgoings and how much you and your family require to live comfortably. You might want to add in any potential costs from medical treatment you may need.

During these important decisions it's easy to lose track of the small details, which is why your adviser can help make the process easier for you and your family and give you some peace of mind.

*We can examine your needs and existing policies and then find you the right cover that protects your finances – and your family – should anything happen.*