FINANCIAL LIFE

Helping you to live your best Financial life

SUMMER 2024

Finli

Live your best Financial life

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Welcome to Financial Life

Welcome to the Summer 2024 edition of our in-house magazine, created to help you live your best financial life.

Steve Braidford,
Director and Financial Planner

Welcome to this Summer issue of Financial Life, our newly titled magazine that replaces Parklife. We have a new name to reflect our decision to join the recently created financial planning firm "Finli" which has brought together a number of the best advisory and planning firms across the UK under one umbrella.

We explain this change and the benefits it will bring for all of us on pages 10 - 11. The point I can't emphasise enough is that nothing will change for you, our clients, who will continue to receive a comprehensive personal service provided by exactly the same team based at our existing offices on the Wirral.

We are also very excited to be nominated in the category of "Next generation advice firm of the year" at this year's prestigious Money Marketing Awards. The award recognises financial advice firms who demonstrate "an innovative approach to financial planning by leveraging technology, modern business practices, and a client-centric approach." I'm delighted for the whole FLP team who have worked very hard to integrate and adapt to new technology and adopt an innovative and forward thinking approach to the service we provide, which I believe is noticed and appreciated by our clients.

In addition to bringing you up to date with all our news, I hope you will enjoy our usual range of thought-provoking and informative articles united by our philosophy of helping you to live your best financial life.

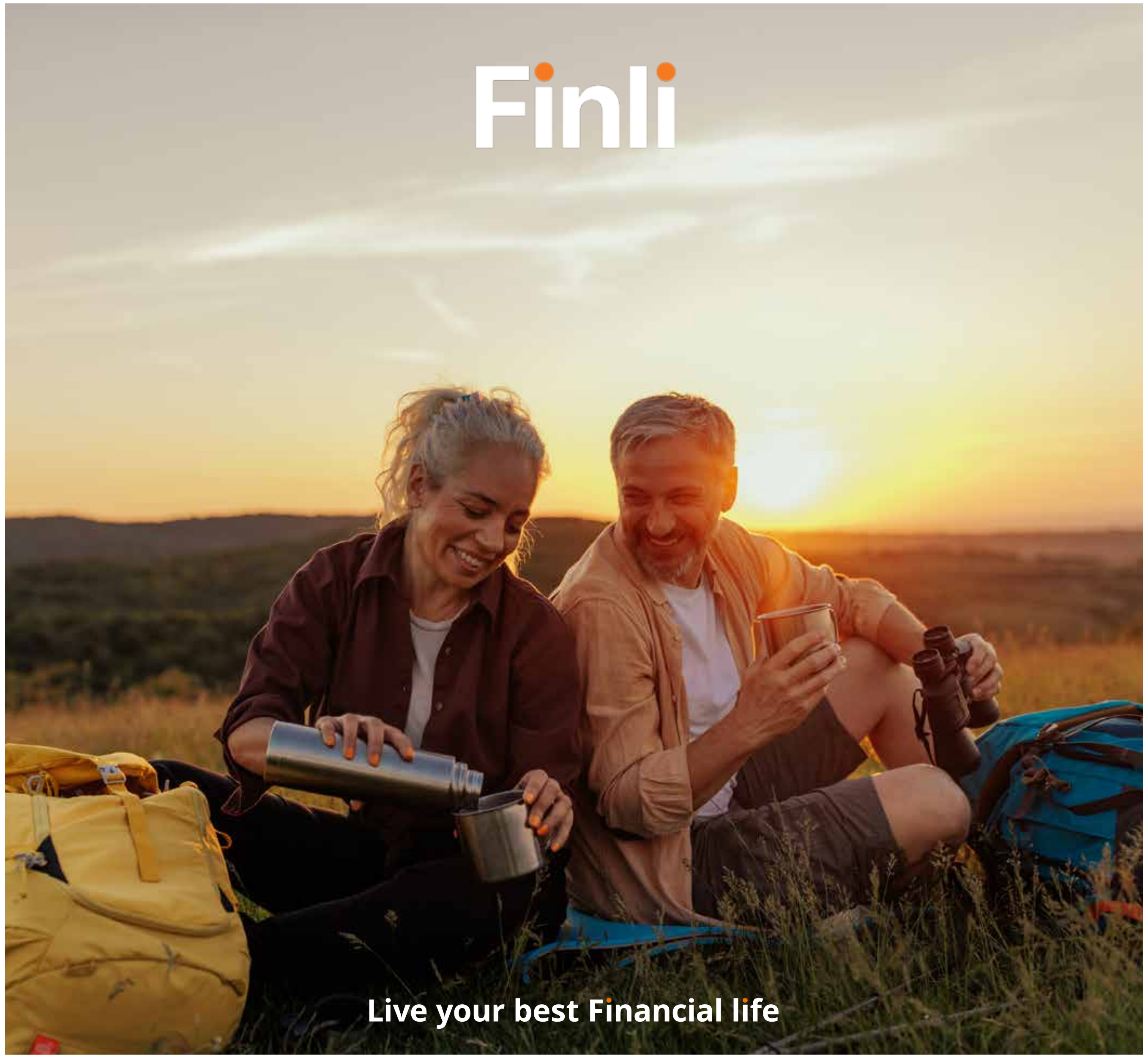
We look at the related topics of why you should always have an up-to-date Will and ways to mitigate Inheritance Tax together with how to know if you are on course to achieve your Financial Life Plan. We even manage to bring together the golfer Scottie Scheffler, the Masters golf tournament and planning for what matters most to you, as we look at the importance of aligning your personal values with your money.

We try to understand why most of us suffer the pain of losing money much more than winning the equivalent amount and how this can affect our financial decision making and finally, our Book Club recommendations include a book of timeless wisdom about the psychology of money by the great Morgan Housel.

As ever, there is much to think and talk about, and I hope you enjoy this edition of Financial Life.

Please get in touch, if you or your loved ones need assistance with any of the issues raised. We are here to help.

mm AWARDS 2024 NEXT GENERATION ADVICE FIRM OF THE YEAR FINALIST



Planning for what matters most

What can the world's best golfer help us to understand about aligning our Financial Life Plan with our personal values, so that we plan to spend as much time and money as possible on what is most important to us?

Linda Fleming,
Financial Planner

At first glance it might be hard to see a link between the recent Masters golf tournament and financial planning, but it was refreshing to hear the personal philosophy of this year's winner Scottie Scheffler.

Prior to the event, he stated very clearly that golf was only the fourth priority in his life after his wife, his soon to be born first child and his faith.

In a clear demonstration of the practical application of his values, and much to the consternation of the world's golfing media he declared that, should his wife go into labour before or during the four days of competition, he would stop playing and return home, even if he was in a winning position.

In another example of his perspective on life he said that he realised that being the best golfer in the world was just a small phase in his overall life which would soon be replaced by something else that he would value equally.

It has been claimed that Scheffler's mindset gives him an unfair advantage on the course. While his competitors have to drag around the anxiety of a "life or death" approach to every shot, he is seemingly able to play with a serenity that allows him to contextualise the importance of golf and quickly dismiss from his mind the most recent missed putt or misplaced drive.

How often do we take the time to reflect on what is really important to us and whether our lifestyles adequately reflect those values? Once you have a clear set of values, as Scheffler seemingly has, then you can apply them in a variety of ways such as:

- Making decisions – "I quit!" (even if I'm 10 shots ahead.)
- Choosing how to react to events around you – "Ok, so I hit it into the water, let's try another one."
- Allocating how you spend your time and money – "I'm not chasing around the world to play every tournament and I regularly donate some of my earnings to charitable causes."

Spending time and money on what matters most

If we set ourselves an objective to please somebody else, or for external reward such as money or fame, we are using an "extrinsic motivation". The feelings of happiness and contentment linked to extrinsic motivation tend to be short lived and shallow. Once a goal is achieved, a new goal is required. A lifestyle geared towards extrinsic motivation is likely to be a repeated round of "sugar rush" targets and activities lacking in any long-term feeling of satisfaction.

Conversely, something we do to please ourselves for its own sake is called an "intrinsic motivation" and is likely to be something that is purposeful, relates to our personal values and doesn't necessarily have a defined finishing line such as learning a new language or a musical instrument, so that we don't have to ask, "what next?" when we think it has been achieved.

Live your best financial life

The process of building and maintaining a Financial Life Plan is a unique opportunity to climb up to an elevated tee and take a Scheffler type perspective on what is most important to you, whether your lifestyle adequately reflects those values, how you have historically set objectives for yourself and and what goals, projects and dreams you could include in your plan that would provide an enduring sense of intrinsic satisfaction and pleasure.

How often do we take the time to reflect on what's really important to us and whether our lifestyles adequately reflect those values?

Get in touch

Please don't hesitate to get in touch if you would like to create or update your Financial Life Plan. We are here to help you make the most of your money and live your best financial life.

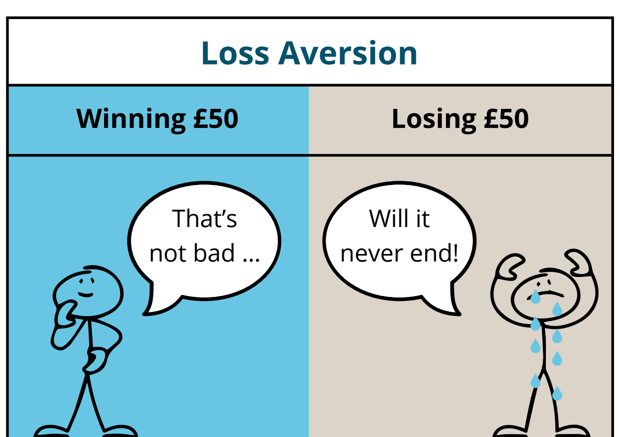
Losing hurts more than winning

Is our innate fear of losing the most important thing for any investor to understand about themselves?

Lee Travis,
Financial Planner

Are your financial decisions consistently rational and logical? Will those decisions, on the balance of probability, always be in your best long-term interests?

If you answered yes to those questions, then you are an exceptional human being because most of the human race has to manage their money handicapped by a set of highly irrational innate behavioural biases evolved and refined to cope with the dangers of life in the jungle, rather than the more recently conceived jungle of financial markets.



Loss aversion

Daniel Kahneman, the Nobel Prize winning psychologist and economist who died earlier this year, proposed the term "loss aversion" to describe how we naturally feel worse about losing than we do about winning. This can be regularly observed in the sporting arena where competitors describe how the pleasure of winning is transitory, while the pain of a loss is likely to be much deeper and long lasting.

The most important money behaviour to understand

There are many examples of natural behaviours that can be detrimental to our wealth. Kahneman's idea of "loss aversion" however is perhaps the most important money behaviour of them all for us to understand.

We can apply the idea of loss aversion to our finances because we are predisposed to feel the pain of losing money more strongly than the pleasure of gaining an equivalent amount. In fact, we feel losses more than twice as much as gains.

This ratio has been quantified over the years by asking numerous groups of people questions such as: If you'd lose £100 on the toss of a coin if it came up tails, how much would you have to win on heads before you'd take the bet? Most people will say £200 or more. Alternatively, people will admit that, given an equal probability of either event, they would rather avoid losing £50 than finding £100.

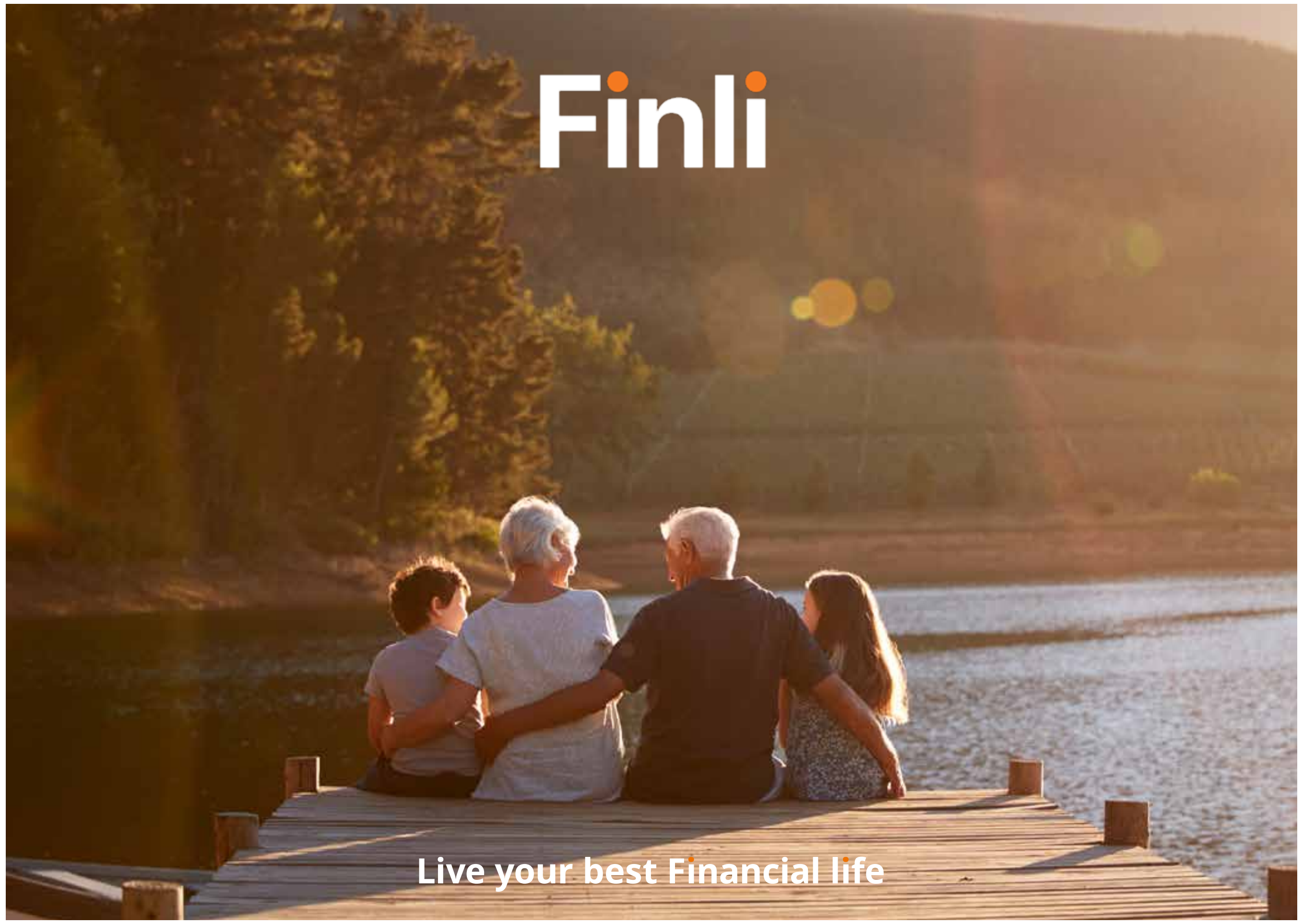
This weighted fear of losing over winning can cause panic in financial markets, distort perceptions of risk, cause suboptimal portfolio allocations, or push investors into retaining losing positions because they won't sell until they break even.

The best we can do is to recognise the

evolutionary handicap that we have been given and accept that our behaviour with money will not always be entirely rational. There appears to be a simple course of action that will more than likely improve our financial situation, but we just don't seem to be able to take it.

Having understood that our natural behaviours are all part of the human condition, we need to understand how loss aversion can impact our feelings and reactions and to what extent we can mitigate those thoughts to edge us towards making better financial decisions.

The potential rewards for making improvements in our behaviours can be significant. The ability to deal with losses is what sets successful investors apart because it reduces the likelihood that their decisions will be driven by emotion, and they will overreact at the worst moment.



Effective estate planning

Will HMRC be the major beneficiary of your legacy?

Bill Ward,
Financial Planner

The Treasury is on course to take record receipts of around £7.6 billion from Inheritance Tax (IHT) in the tax year 2023/2024. As IHT allowances remains frozen, more estates are being dragged into paying the controversial tax due to high house prices.

Effective estate planning is required if you want to have control over what happens to your assets after your death. Having an up-to-date Will is an essential first step and is covered in a separate article on page 12. There are also other actions you can take to reduce or eliminate your potential IHT liability.

1. Gifting

You can give away up to £3,000 each tax year without it being added to the value of your estate. You can choose to give the full £3,000 to one person or split it between a number of people. You can also roll the £3,000 annual allowance over, so if you didn't use it last year, you can give away cash or assets worth £6,000 this tax year. These allowances can be used to cover contributions by a parent or grandparent to a Junior ISA or a child's pension.

There are other gifts you can give too, such as £5,000 towards a child's marriage or £2,500 for a grandchild's.

You can gift more than these amounts if you wish but, if you die less than seven years after making the gift, any amount in excess of the allowances will be taxed on a sliding scale.

You can also make regular payments to another person. There is no limit to how much you can give tax free, as long as you can afford the payments after meeting your usual living costs and you pay from your regular monthly income. Examples would be paying rent for your child, paying into a savings account for a child under 18 or giving financial support to an elderly relative.

2. Prioritise your pension

Pension savings don't usually form part of your taxable estate for IHT. If you die before the age of 75 one or more people could inherit the pot as a tax-free lump sum subject to certain conditions. If you die after 75 those inheriting the pension pot have to pay their highest rate of income tax on any withdrawals.

3. Use one or more trusts

A trust is a legal agreement. You decide who manages the money (the trustees) and who the money is used for (the beneficiaries). There are lots of different types of trust and some will allow you to ringfence the money or property so that it sits outside of your estate when you die. Trusts are a complicated area so you should always get specialist advice.

It is unlikely that there will be a single solution to an IHT liability but rather a collection of actions depending on your circumstances

4. Take out a life assurance policy

You can purchase an insurance policy to cover some or all of a likely IHT liability on your death. You are effectively paying at least part of that liability with often quite significant monthly premiums which can mount up if you have an extended lifespan.

5. Donate to charity

Any money you leave to a charity, providing it is registered in the UK, will be free from inheritance tax. The same goes for gifts to political parties, or to local sports clubs.

6. Release equity in your property

You can either borrow money against the value of your home (known as a lifetime mortgage) or sell part of your home at a reduced market rate but remain living there (a home reversion scheme) as a way to free up cash tied into property and reduce the value of your estate.

7. Make qualifying investments

Investing in certain assets such as shares quoted on the Alternative Investment Market of agricultural land can provide a level of IHT relief.

Conclusion

It is unlikely that there will be a single solution to an IHT liability but rather a collection of actions depending on your circumstances, which when combined could serve to at least reduce the amount that will be payable.

Get in touch

We can guide you through the options to reduce your potential IHT liability and pass on your legacy in the way that you want. So, please get in touch if you need help.

Inheritance Tax Planning, Will Writing, Trusts and Taxation are not regulated by the Financial Conduct Authority.

SPRING TEAM PHOTO 2024

Back row (left to right): Kieran O'Brien, Kim Mercer, Jenny Daly, Jess Braidford, Louis Fletcher, Sam Braidford, Jackie Williams, Hayley Lilliott, Ellie Roberts, David Jones, Tom Price, Ross Welsh, Sam Booyens, James Oliver, Carl Gidman.

Front Row (left to right): Lee Travis, Bill Ward, Suzanne Bradley, Steve Braidford, Gareth Higton, Jenny Allen, Dave Pryce, Jayne Boniface.

Not present: Paula Delaney, Sean Fernyhough, Linda Fleming, Alan Hodgson, Oscar MacFicheallaigh, Matt Taylor.

Everything changes and nothing changes

Finli is now who we are, Financial Life Planning is still what we do.

Gareth Higton,
Director and Financial Planner

You might have noticed that we now have a new "look" and most importantly, a new name! The Financial Life Planning Group is now part of Finli, a newly created national firm of financial planners.

This latest change is another step in the growth and success of the original Parkgate Financial Services business created by Bill Ward almost thirty years ago. Bill was joined by Rob Whittle in 2007 and Steve Braidford and I became involved in 2018.

Soon afterwards we changed the name of the firm from Parkgate to the FLP Group to reflect our adoption of a Financial Life Planning philosophy as a way of offering a comprehensive service that covered not just financial advice but also recognised that money is just a tool to be used to make the most of life.

Fuelled by these changes the business has continued to grow such that once again we needed to find a step-change in our development to keep pace with an ever-growing client base and team of advisers and support staff.

After looking at a number of possible partners we saw that the fresh and innovative approach of Finli was a good fit for our values and the high level of service we have always been proud to provide to our clients. Finli is a recently created business that has brought together a number of well- respected and successful financial planning and advice firms to combine the benefits of a national coverage with a personal service provided by local offices.

Finli are very demanding in the quality of firms they choose to invite into their business, so we were delighted when they completed a very positive review of the FLP Group, and we were able to agree a pathway to becoming part of Finli.

Business as usual for all our clients

The most important thing to say about this evolution is that nothing will change for our clients who will retain the relationships you have now with your adviser and the team and will continue to receive the full "FLP" service from our existing offices on the Wirral.

We will continue to invest behind the scenes to build our team and infrastructure as we move towards making an even stronger firm. We are looking forward to working with Finli to share ideas about how we can keep improving what we do for our clients. Despite our ambitious growth plans, we will not forget how and why the business started and what has made it such a success.

The importance of having an up-to-date Will

An up-to-date and professionally written Will is an essential element of any Financial Life Plan.

Dave Jones,
Financial Planner

If we can only ever be sure of death and taxes, why do so many people die without a Will or with a Will that does not reflect their most recent circumstances?

The two most commonly cited reasons for not having a Will in place include thinking that the value of assets does not warrant one and that it is a chore that can always be put off to another day. There is also a mistaken belief that everything would pass to a spouse in any event, in which case there would be little point in creating a Will.

A deceased person’s estate that is not covered by a Will is subject to what are known as the "intestacy rules", the application of which would mean that the surviving spouse would currently receive only £322,000. The balance of the assets held in the deceased's name would be divided between the spouse and any surviving children. The children would receive their inheritance at 18.

The value of property, such as the deceased's home, is included in calculating the £322,000 so, if the deceased held the family home in their sole name and the property were worth over £322,000, the deceased's spouse would not inherit the entirety of the family home.

The intestacy rules also don’t recognise a cohabiting partner meaning that an unmarried partner could inherit nothing were their partner to die, irrespective of the duration of the relationship. If the unmarried couple had children, everything held in the deceased's name would pass to the children, rather than to the surviving partner.

A Will allows you to set out precisely who should inherit their assets and the age at which they should inherit. This is particularly important where the deceased has re-married and has children from a previous relationship.

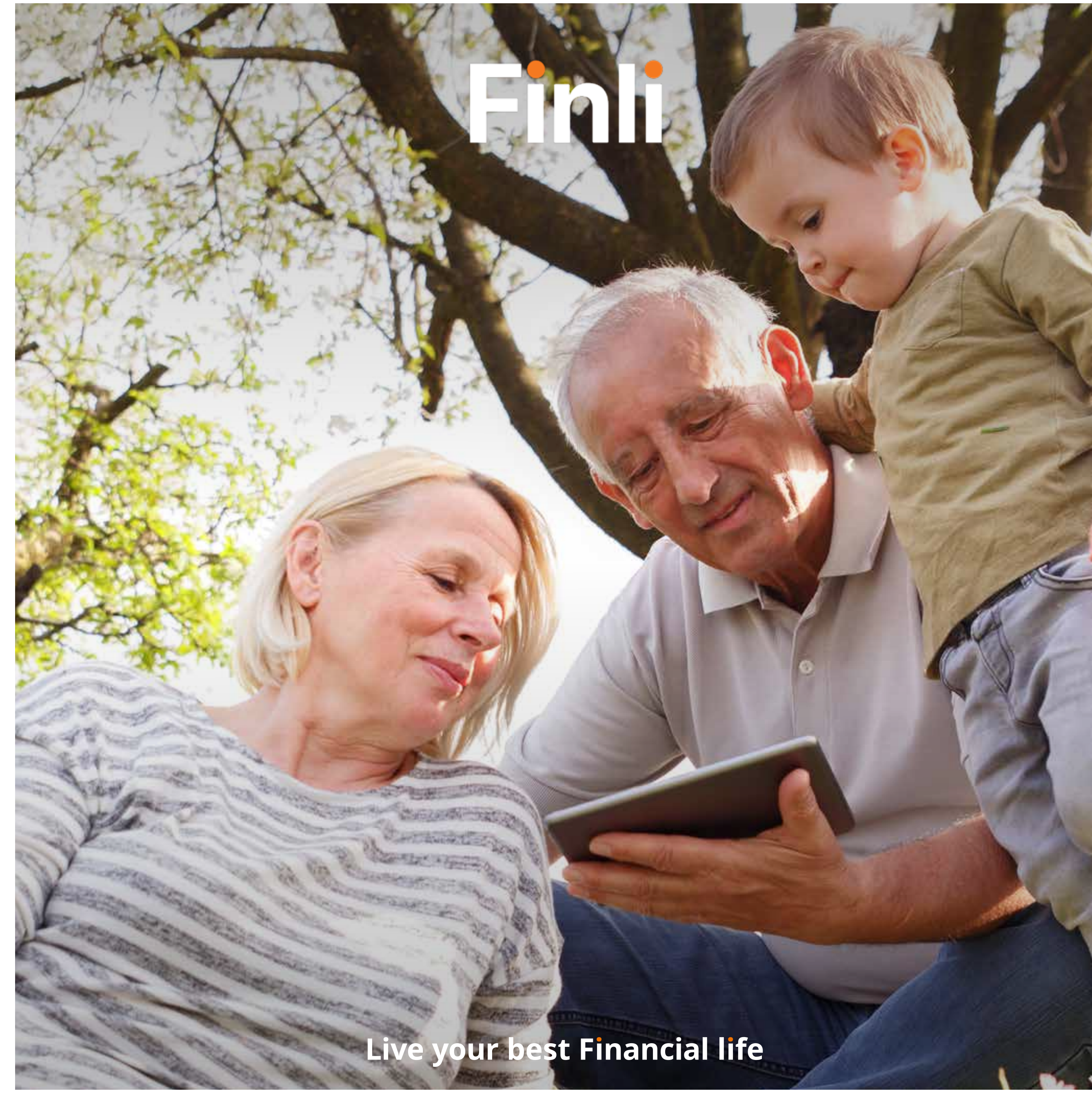
Ensure your Will remains fit for purpose

Even if you already have a Will, a brief check to make sure that it remains fit for purpose is often worthwhile. A change in one's circumstances, such as the birth of a child or grandchild or a change in one's wealth is rarely accompanied by an automatic review despite these circumstances often meriting one. It is also worth noting that marriage revokes an existing Will and intestacy rules would apply in the absence of a new one.

Increasing property values

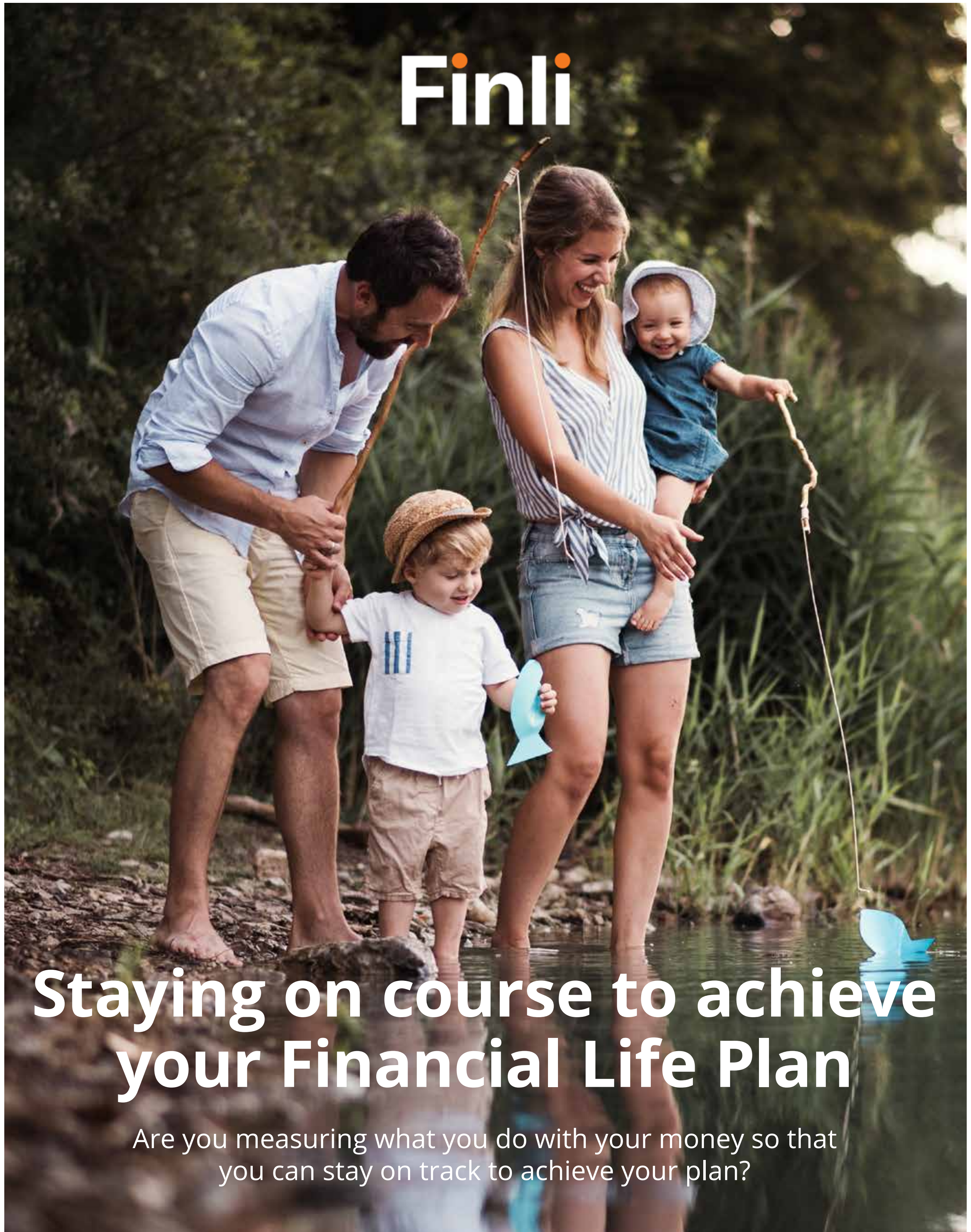
Increasing property values is one reason why an asset base may be larger than people might think. Spending a few minutes thinking about everything you own may well be worthwhile, particularly considering the relatively low threshold to be crossed before a tax bill may arise.

There are ways to mitigate an anticipated inheritance tax bill. For example, assets passing to a surviving spouse do so free of inheritance tax, meaning completing a Will that passes everything to a spouse could bring tax advantages as well as ensuring that your intended beneficiaries receive their inheritance. See the article on page 8 for more on this.



When the second spouse dies, the maximum amount that passes free of inheritance tax is £650,000 or up to £1million if a series of conditions, including who inherits the family home, are met. Once that threshold is breached, inheritance tax is charged at 40%. This means that the estate of many homeowners, who would not necessarily consider themselves rich, would likely give rise to an inheritance tax bill.

The time taken to write or review a Will could save loved ones the distress of the unwelcome repercussions of the intestacy rules as well as the considerable sums that might otherwise be owed in inheritance tax.



Staying on course to achieve your Financial Life Plan

Are you measuring what you do with your money so that you can stay on track to achieve your plan?

Matthew Taylor,
Financial Planner

Friends & Family Programme

We would love more clients just like you! If you are kind enough to recommend us to your friends and family, as a thank you we will give you a £25 Marks & Spencer 'Dine in for Two' voucher and make a £25 contribution in your name to our Charity Fund supporting good causes.

Technology is now enabling us to follow data generated by a wide range of everyday activities, ranging from our health to how much gas and electricity we are using.

A bike ride in the countryside is now often a battle with Strava, desperately trying to beat last week's performance. Football matches are now accompanied by statistics that follow every part of the game from the fairly obvious such as number of shots on goal to the more esoteric such as the time it takes to regain possession of the ball or the expected number of goals that "should" have been scored.

"If you can't measure it then you can't manage it" is a well worn business mantra that contains a lot of truth. Tracking an indicator or activity is the best way to find the motivation to try and improve or achieve whatever is being followed. Many will agree that it was only when they started measuring their daily steps that they found the motivation to get off the bus a stop earlier.

Tracking an indicator or activity is the best way to find the motivation to try and improve or achieve whatever is being followed.

We are however moving from a world where there was a shortage of data to one where the danger is rather an overload of information. The critical skill becomes identifying the key information that we need to focus on and being able to dismiss the rest as background "noise".

Equally important is the ability to place the information we focus on into some from of context. Until we can relate a piece of data to a previous equivalent and/or a future target it will have little or no meaning and, most importantly of all, it will not guide or motivate us towards taking the action(s) that might be required.

If you have a Financial Life Plan, then it will include targets for things such as earning, spending, saving, investment performance and debt management. Tools such as banking apps, online statements and spreadsheets make it easy to retrieve and analyse the information you need to monitor the actual performance against one or more of these objectives.

But before you drown in a sea of numbers, ask yourself the following questions:

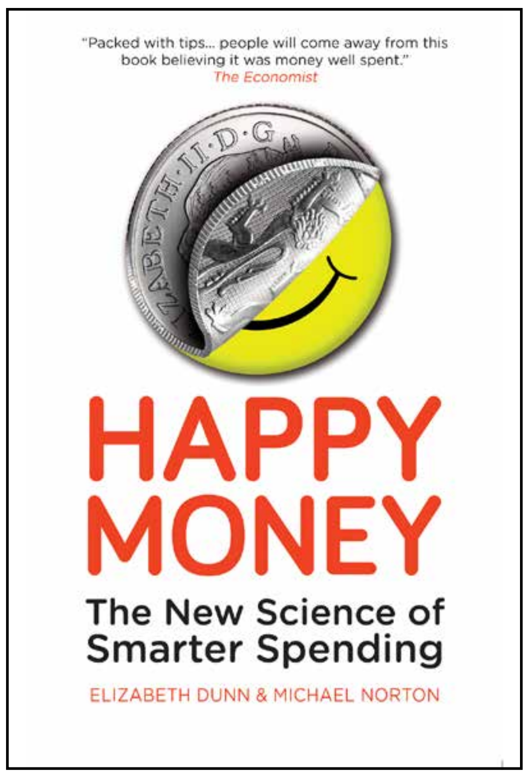
- ✓ What is the information you want and why?
- ✓ Can you obtain it regularly, quickly, and reliably?
- ✓ What are you going to compare it against?
- ✓ Are there actions you will be able to take as a result of what it tells you?

This doesn't mean that you should spend hours chained to a spreadsheet fretting about money. Technology should now be able to allow you to easily pull together the information you need to check whether you are following the pathway of your plan, so that you can get on with your life knowing that your plan is taking you in your chosen direction.

Identify just the key information you need to track your progress and update it on a quarterly or annual basis. If your analysis shows that you are not following the plan, then look at corrective measures. If this still doesn't work, then maybe it's time to think about how realistic the plan is and adjust some of the targets so that they become more achievable.

Book Club

We believe in a life well lived, and there can be few moments better than enjoying a good book.



Jackie Williams,
Financial Planner

Happy Money: The new science of smarter spending

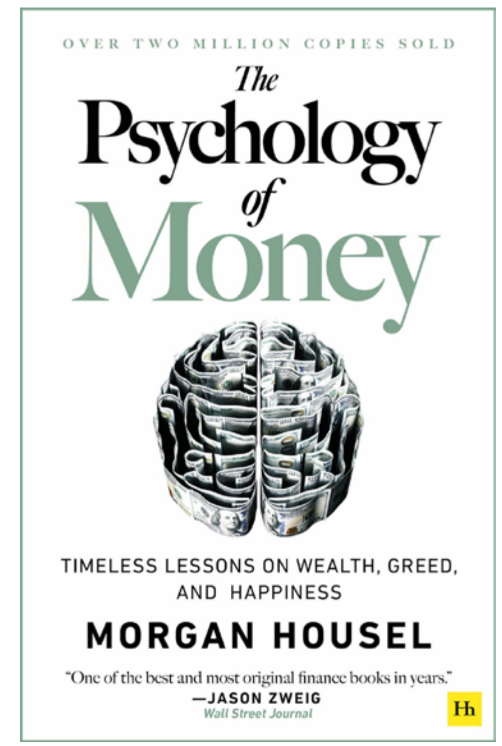
By Elizabeth Dunn & Michael Norton

After a fairly low threshold, income and material wealth have no measurable effect on happiness. But how we spend our money does.

In this groundbreaking book, Dr Elizabeth Dunn and Dr Michael Norton explain the secret to "happiness-efficient" spending. Using their own cutting-edge research, they reveal:

- Why it's better to buy concert tickets instead of a new iPhone
- Adverts actually make television more enjoyable
- Why you should book your next holiday many months in advance
- How "time affluence" is more important than a fat pay cheque
- Why charitable giving is the best investment you can make

A rare combination of informed science writing, wit, and practical pointers for a flourishing life, Happy Money will help you to be more fulfilled for less.



The Psychology of Money: Timeless lessons on wealth, greed, and happiness

By Morgan Housel

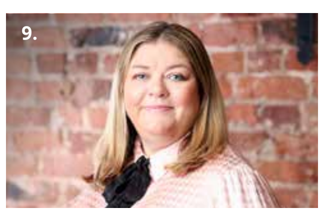
Doing well with money isn't necessarily about what you know. It's about how you behave. And behaviour is hard to teach, even to really smart people.

Money investing, personal finance, and business decisions are typically taught as a math-based field, where data and formulas tell us exactly what to do. But in the real world people don't make financial decisions on a spreadsheet. They make them at the dinner table, or in a meeting room, where personal history, your own unique view of the world, ego, pride, marketing, and odd incentives are scrambled together.

In The Psychology of Money, award-winning author Morgan Housel shares 19 short stories exploring the strange ways people think about money and teaches you how to make better sense of one of life's most important topics.

Your story Your plan Our advice

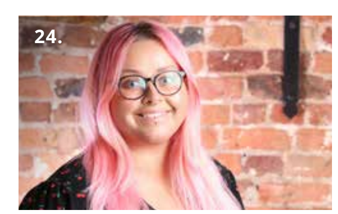
Meet the Team

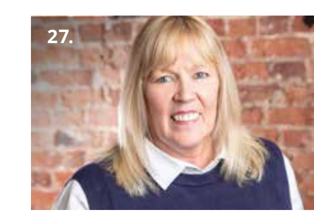


The milestone team:

1. Steve Braidford – Director & Financial Planner, **2.** Gareth Higton – Director & Financial Planner, **3.** Bill Ward – Financial Planner, **4.** Lee Travis – Financial Planner, **5.** Alan Hodgson – Financial Planner, **6.** Dave Jones – Financial Planner, **7.** Jackie Williams – Financial Planner, **8.** Matthew Taylor – Financial Planner, **9.** Linda Fleming – Financial Planner, **10.** Jenny Allen – Financial Planner, **11.** Carl Gidman – Mortgage, Equity Release and Protection Adviser, **12.** Dave Pryce – Operations Manager, **13.** Samantha Booyens – Office Manager, **14.** Hayley Lilliott – Finance Manager,

We are here to help. Please feel free to contact any member of the team if you have anything that you would like to talk to us about.





15. Sean Fernyhough – Paraplanner, **16.** James Oliver – Paraplanner, **17.** Jayne Boniface – Senior Administrator, **18**. Ross Welsh – Financial Planner, **19.** Sam Braidford – Financial Planner, **20.** Tom Price – Trainee Financial Planner, **21.** Oscar MacFicheallaigh – Trainee Financial Planner, **22.** Suzanne Bradley – Executive Support, **23.** Paula Delaney – Senior Administrator, **24.** Ellie Roberts – Administrator, **25.** Jenny Daly – Administrator, **26.** Jess Braidford – Administrator, **27.** Kim Mercer – Administrator.

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