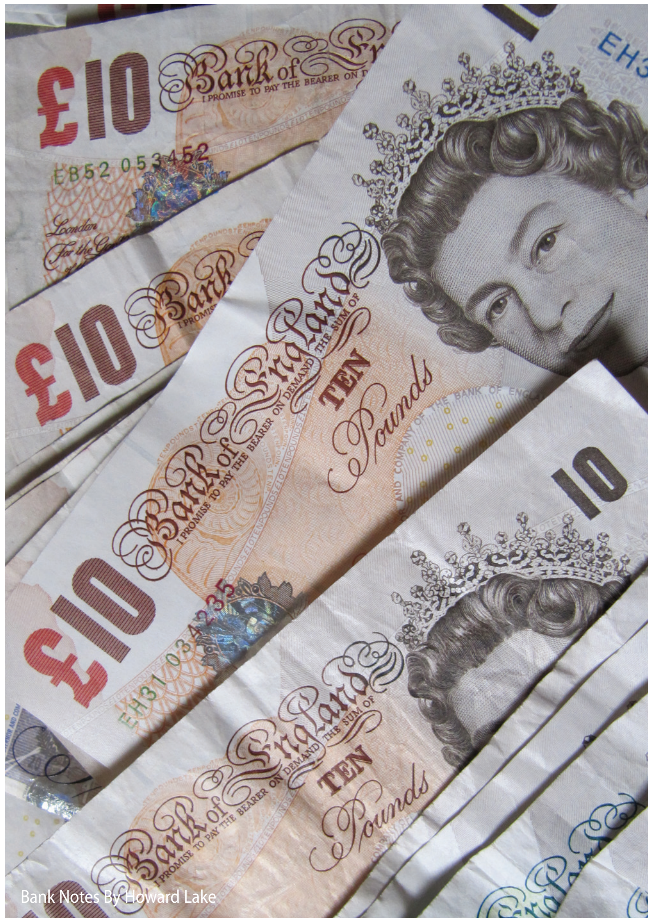
Making the most of YOUR MONEY

Karen Vidler looks at the best options for wealth management

HAVING SPENT A LIFETIME in pursuit of capital accumulation, the prospect of erosion of one's capital, for those at older ages, is a real shock to the system. But for many it is simply inevitable, and for some even desirable, where there are Inheritance Tax issues. For most, retirement means a finite source of income; whether it is through a pension or from investments or, perhaps, from both. Continued accumulation of wealth into retirement is rarely possible, and so the desire to protect one's capital is understandable.

Thankfully, children have normally become financially independent by this time (it does happen, sometimes!), so on the face of it, your finances are all yours – but this can be a tricky time. Trying to establish just how long your capital will last is quite a challenge.

Many now see retirement as an opportunity to do things, such as travel, that were not possible before. So an increase in expenditure is likely at a time when your income will reduce, given that few of us are fortunate enough to have the same income in retirement as we did when we were in work. A balance needs to be struck, then, as to what is affordable.



Bank Notes by Howard Lake

When greeted with this dilemma, there are two very different reactions: those who carry on regardless – sometimes in dire financial circumstances – and those who feel an inherent need to 'tighten their belts' when there is no obvious need to do so.

Now is a good time to have a thorough financial review, so that you are making decisions from a position of knowledge. Any plan or willingness that you have to trade down in property value in the future should be factored in, and your retirement planned in a structured way.

Karen Vidler is Managing Director of AV Trinity, Tunbridge Wells, 01892 612500 www.avtrinity.com

A few things to watch out for:

1 Be honest with yourself - how much do you really think you will need to live on? Include those 'occasional luxuries' such as taxis, help around the home etc. The worse thing to do is to underestimate – it makes planning impossible!

2 Be honest with insurance companies when applying for insurance, they expect to see a health issue or two. Non-disclosure will render you uninsured and can quickly turn a holiday into a financial disaster, if your travel insurers refuse to pay up should you become ill abroad. Most non-disclosure is unintentional so, if in doubt, disclose it.

3 Check your energy tariff. Older people spend a meaningful proportion of their income on heating and the difference in cost between the energy companies can be vast. This is where the internet can be fantastic, with some excellent comparison sites; and not a high pressure salesperson in sight! If you're not comfortable with the internet, or don't have access to it, get family or friends to assist you. Lots of offers only apply to new customers and the switch is often seamless!

4 If you need any help due to your age; whether paid or provided by family or friends, you could be entitled Attendance Allowance. This is tax free and is not means tested, contrary to popular belief. Too many wait until they require formal care to apply; care homes will normally apply immediately on accepting a new resident, but the fact is most of these individuals would have been awarded the Allowance much earlier.

5 Meet regularly with your financial adviser - once year is ideal. This should ensure that you are well positioned if your income requirements suddenly leap due to increased care and support costs.

6 Make sure your Will reflects your current wishes, and if you don't have one, attend to it now. Dying intestate (without a Will) is distressing for your family and friends at a difficult time and can prove hugely expensive in fees.

7 Think about who you want to manage your affairs if you are no longer able to – have you discussed it with them and are arrangements in place?

8 Enjoy your retirement – you've earned it!