SAUNDERSON HOUSE

Financial Planning for Partners

As a Partner of a firm, you might feel the need to find a financial adviser to help you with your planning. In fact, for many Partners, you might not yet need an adviser at all.

Below we summarise some of the important points we think you should consider:

Young Family with Children

- What benefits does the Partnership provide for your family to cover the cost of a mortgage and ongoing living expenses in the event of you becoming incapacitated or dying?
- How do you assess whether this is sufficient for your needs?
- Do you need protection should anything happen to your partner/spouse? i.e. Would you like the option of reducing or ceasing work, or would you be happy to continue working, with sufficient excess earnings to be able to pay for full time care for your children?

You may need an adviser to help you assess if the cover is sufficient for your needs.

Large mortgage

- How do you feel about the level of debt you have on your main home? Would you prioritise paying down debt to saving for other things (e.g. education costs/ retirement)?
- What rate have you negotiated for your mortgage and what options are out there?

You may need a mortgage specialist rather than a financial adviser to help you with this. Mortgage brokers can save you money as they have access to bulk purchasing power, meaning you get a better mortgage rate, even after their fees.

Plans to invest in property / reduce debt

- If you have plans to move house or will need money for, say, a building project or to pay down a mortgage, it's important not to tie up money elsewhere (e.g. in pensions).

You do not need an adviser to tell you to retain cash, or persuade you to invest it and run the risk of losing it. You might have to sacrifice potential returns (with interest rates at low levels) but at least you know what you will have for the upcoming project.

- Ask them to provide you with data showing their investment track record over a rolling five year period (or longer), compared to a benchmark that is appropriate to the level of investment risk taken over the period.

Many providers' returns are assessed independently by companies such as ARC.

Emergency Cash Fund

- You are satisfied that your mortgage is at a sensible level and you have sufficient protection in place for your family. How would you cope with unexpected expenditure?

Make sure you have a rainy day cash fund to cover any unexpected costs. A general guide is to retain three to six months of expenditure in cash.

All of the above covered

- If you feel sufficiently covered for the above points, you may well be in a position to commence additional savings.
- You may require a financial adviser to help put in place an appropriate savings regime.
- Pensions, ISAs and taxable plans (also known as General Investment Accounts) should generally be prioritised above offshore savings vehicles (e.g. offshore bonds) for UK residents, due to cost and tax efficiency.

This note is for general guidance only and represents our current understanding of law and HM Revenue and Customs practice as at 24 September 2015. We cannot assume legal liability for any errors or omissions and detailed advice should be taken before entering into any transaction. The value of investments and any income therefrom can go down as well as up and you may not get back the full amount you invested. Levels and bases of, and reliefs from, taxation are those currently applying but are subject to change and their value depends on the individual circumstances of the investor. Saunderson House Limited is authorised and regulated by the Financial Conduct Authority.

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