MEMBER INSIGHTS

WALLIS WEALTH LIMITED

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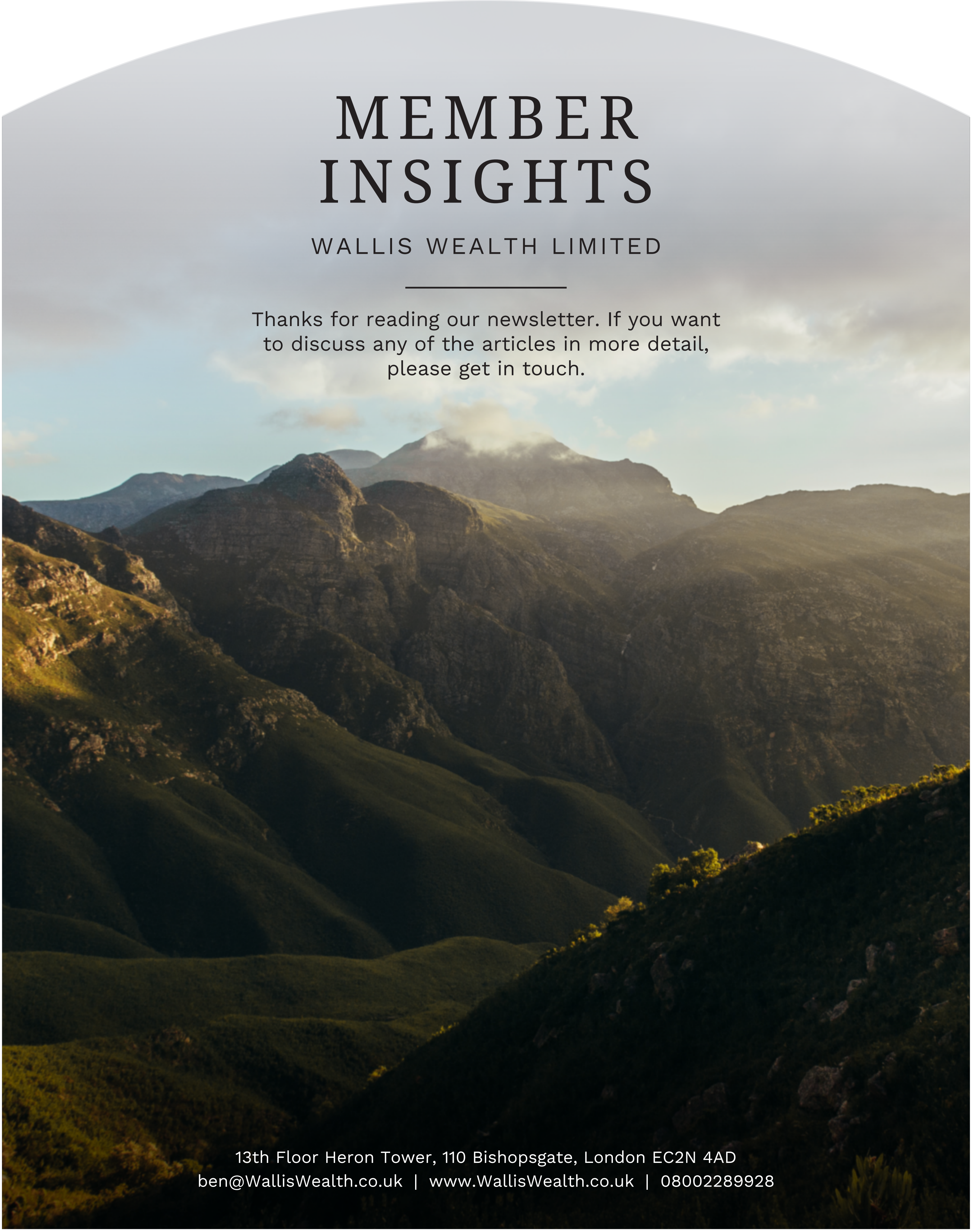

13th Floor Heron Tower, 110 Bishopsgate, London EC2N 4AD
ben@WallisWealth.co.uk | www.WallisWealth.co.uk | 08002289928

How financial advice adds more value to your life than you may realise

Traditionally, the value of financial advice has been measured by monetary results of investment performance and returns. Today, the cost of living crisis is causing many to re-evaluate the benefits of financial advice.

These days, financial planning is about more than simply looking after your money and protecting your wealth. As well as helping you see results in pounds and pence growth, we can also help ensure you are prepared to meet the challenges you may face in life.

Used as a trusted and impartial sounding board, we can help by:

— Encouraging you to recognise your goals and establish a clear financial road map to help you attain them

— Providing you with someone to listen to you and to help you to arrive at the right financial outcomes – taking an objective view and a way forward

— Managing your investments to maximise returns, while controlling risk, and reducing potential tax charges

— Preparing you to deal with unpredictable outcomes you may not have considered, such as premature death, being diagnosed with critical illness or other unexpected life events that change income, savings, or retirement dates that could have a detrimental impact on your desired lifestyle

— Offering emotional support and guidance to provide peace of mind

And the value of financial planning doesn't stop there.

Get in touch

If you're worried about the rising cost of living and want to reap the financial and emotional benefits that speaking to a financial planner can bring, we can help.

Financial advice isn't just about your money, it's about your life

A great financial adviser can serve as an objective ear and help you to prioritise your future spending, helping you to deploy the money that you have in a more meaningful way.

Longevity and the ability to live your best life are inherent to great financial advice. So, helping you to understand how a healthier lifestyle can help you to achieve your goals is another important aspect of our role.

With a wealth of knowledge about healthy choices now available, small changes can improve your quality of life and help you live longer and in better health. The ripple effect of living a good life means adjusting your plan to ensure you have enough money to last for a comfortable future.

The unseen value of free support services you can access

If something unexpected were to happen, insurance products and policies can provide valuable peace of mind to you and your family. This could include being too sick to work, suffering a life-threatening illness, or death.

In addition, insurance products often also include a wide range of practical and emotional support services. Many of these additional benefits are available at no extra cost and can be used by your family members too. These extra benefits are usually available as soon as your policy starts and remain open to you and your family until the policy ends. This kind of added value is automatically built into your insurance policies but can often be forgotten about or overlooked.

Although the type of complementary services will depend on both the policy and the insurance provider, they tend to be fairly similar and could include:

Medical related services

— 24/7 access to a doctor through a virtual consultation

— An expert second medical opinion on your diagnosis

— Private prescription services

— Medical care while abroad

Counselling services

— Mental health and other support services – usually remote and without a long wait

— Physical rehabilitation

— Support to help you get back to work

Preventative services

— Nutritional support

— Health checks

Structuring a sustainable income

Trust is one of the primary drivers of a successful client/adviser relationship. We proactively monitor your needs and investment portfolios. This means we're well-positioned and able to recognise when changes are needed. Knowing that life can get in the way of even the best-laid plans, we have annual review meetings to help you stay on track. These regular reviews will help make sure your actions and investments remain aligned with your goals.

At your review, we'll often use cashflow planning tools to explore the financial impact of various scenarios. This helps ensure that you've thought about all aspects of your financial future, including inflation, so that whatever the future holds, you can be better prepared for whatever life might have in store for you.

3 important reasons for staying invested through market downturns

It's been a difficult year for investors so far. Inflation and political uncertainty have led to market volatility.

Market volatility can be scary, especially if the value of your investments drops, but it's important not to let fear guide your decision about whether to stay invested in your portfolio. Here are three reassuring reasons for staying invested in the stock market during uncertain times.

1. The best financial decisions are not based on emotion

Emotions can play a big role in your financial decision-making if you aren't vigilant. The thrill of seeing your investments increase in value can quickly be replaced with panic and fear when the value decreases during market slumps.

When you understand the cycle of emotions related to investing, you can reframe downturns as opportunities to maximise your returns in the long term. This is because when the value of investments falls, it becomes cheaper to buy more shares or fund units – providing greater opportunities to grow your wealth when conditions improve.

As Warren Buffett, one of the world's most successful investors, famously said: you should aim to be "fearful when others are greedy, and greedy only when others are fearful".

By looking at the situation objectively, without the influence of emotions, you will be able to make sensible financial decisions based on your understanding of how the markets tend to ebb and flow.

Get in touch

If you're concerned about whether the current market volatility will affect your long-term financial plans, seeking expert advice can help to reassure you and keep you on the right track.

We can help you to decide on the most appropriate next steps based on your circumstances and future goals. Please get in touch to arrange a time to chat.

Please note: *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. Past Performance is not a guide to future performance and should not be relied upon.*

2. Bull markets tend to outlast bear markets

When markets are trending upwards and investments are generally growing in value, this is called a "bull market". This is when you will often see your investments increasing in value.

By contrast, a "bear market" describes periods when the market has dropped 20% or more from its peak. Despite rallying in October, the S&P 500 is currently down 22% since the start of the year, with many of the top-performing US stocks noting significant drops since the start of the year.

As seen in the chart below, bull markets have not only been more frequent over the past 60 years, but they have also tended to last far longer than the average bear market.

So, despite the rocky start to 2022 for investors, it makes financial sense to be optimistic about the prospect of markets recovering sooner rather than later. As the markets recover, you could see significant increases in the value of your investments.

3. Staying invested could produce better long-term gains than moving to cash

Attempting to time the market by moving your investments into cash during market downturns could lead to significantly lower long-term returns than if you had stayed invested throughout.

The chart below shows how returns on £1,000 invested can be affected by attempting to use this strategy.

The end results show that the initial investment would have created a final value of £1,993.32 if it had remained invested throughout downturns; if the same amount had been invested initially, but removed from investments during downturns, the final value would have only been £1,042.43.

The difference in returns is partly because the best days in the markets tend to occur immediately after a downturn. By attempting to time the market, you will often miss out on the significant returns generated on these important days. Compounding is the process of generating returns on the total value of your portfolio, including both your initial investment and any returns generated since then, so the impact of missing the best days in the market will be reflected in your portfolio's value for many years.

OW4359 Exp. 28/03/2024

Cost of living crisis: Why you should review your budget and plans

The cost of living is rising. Reviewing your finances now is crucial for understanding what effect inflation could have on your lifestyle and long-term plans.

Inflation was at an almost 40-year high. In the 12 months to August 2022, it was 9.9%. There are several factors contributing to rising inflation, including the conflict in Ukraine, which has disrupted energy and food supplies.

Rising inflation means now is the ideal time to review your budget

Keeping track of your finances during the cost of living crisis is crucial. In the short term, you should review your budget. Can your budget absorb the higher costs, or do you need to make lifestyle changes?

The Bank of England expects inflation to peak at around 13%. It's also said it doesn't expect the rate to fall to its target of 2% for several years.

So, you should look at what that means for you in the coming years. Will rising energy prices mean you need to be more mindful of energy use or cut back expenses in other areas?

While the headline inflation figure can give you an idea of how prices are changing, your personal inflation rate may be very different. If you commute long distances, for instance, the steep rise in fuel costs may mean your outgoings rise more than you expect.

Going through your budget and calculating how your regular costs have changed in the last year can help you better manage your finances.

In some cases, you may decide to draw on savings or other assets to bridge a gap if your expenses rise. You should ensure this is sustainable.

The steps you take could affect your long-term plans

While it's important to focus on how the cost of living crisis is affecting your finances now, don't forget to consider the long-term effects too. Decisions you make now could affect your income and financial security for years to come.

If you're using assets to create an income, such as your pension, you need to be aware of how increased withdrawals may affect you. Could taking a higher income from your pension now to cover costs mean that you deplete your savings faster than you expect? If so, it could mean you face an income shortfall later in life.

Research also suggests that some people are cutting back outgoings that could improve long-term financial security. According to Canada Life, 5% of adults have already stopped contributing to their workplace pension due to budget pressures. A further 6% are actively thinking about pausing their pension contributions.

While pausing contributions for a few months may seem like it will have little effect on your retirement, it can be larger than you think. The power of compounding means that pausing pension contributions for just a year could reduce the value of your pension at retirement by 4%.

It's not just stopping pension contributions that could affect your long-term plans. Things like reducing how much you add to your savings account or investment portfolio could affect whether you can reach your goals in the future, whether that's to support children through university or retire early.

Contact us to review your finances

Amid the current economic uncertainty, reviewing your financial plan can give you peace of mind and confidence. We'll help you understand how your current budget has been affected and the steps you can take now to create long-term financial security.

Please contact us to arrange a meeting to discuss your goals and the effect the cost of living crisis could have.

OW4240 Exp. 17/02/2023