


# clearvision

FINANCIAL PLANNING



**Coronavirus:** 12 things you can do to  
keep your retirement plans on track





## Introduction

Listening to the news can be a nerve-racking ordeal right now. You're likely to be understandably worried about the threat to your personal health from Covid-19. But news of the stock market plummeting and economic shut-down might be causing you to worry about your financial health too. Particularly if you are planning to retire in the not-too-distant future.

However, just as personal hygiene is one of the best ways to protect yourself and keep coronavirus at bay, so financial hygiene can help to protect your financial wellbeing too and keep those feelings of panic and helplessness at bay. In this short guide, we'll take you through 12 things you can do right away to shield yourself from coronavirus chaos and regain control over your retirement.

## 1. Assess your position

It's important, in the first instance, to understand what the current disruption means for your own position.

If you hold stock market investments via your pension, ISA or other equity linked products, you'll almost certainly have seen a fall in the value of your pot. But how much money you hold in the stock market, and the size of your losses is likely to depend on how close you are to retirement and the level of risk you are exposed to.

Since stock markets are likely to stay volatile for a while yet, you may be wondering if there is something you should be doing, particularly if your retirement is imminent and you don't have the luxury of waiting for a bounce back.

But if you're close to retirement, you may find that your pension funds have been 'lifestyled'. That means that they have been moved into less risky funds such as cash, bonds or gilts. You will need to speak to your adviser to find out what type of funds your pension is invested in. Arming yourself with the facts means that you're less likely to fall into the trap of making rushed, knee-jerk decisions which only make your position worse in the long run.

Therefore, speak to your financial planner or fund manager. They should be able to tell you how your funds are holding up, to what degree they've been eroded and whether there is any action you need to take. Speaking to a professional may also give you some peace of mind that things are not as precarious as you feared. A good financial planner should have factored falls in the market into your long-term plan.

If you hold stock market investments via your pension or an ISA, you'll almost certainly have seen a fall in the value of your pot. But what can you do?





## 2. Take a look at your budget

It's crucial to review your household budget in light of the recent shocks. List all your assets and liabilities, then take a look at your spending and identify areas where you could be cutting back. What do you need while in lockdown? Your outgoings might be greatly reduced while you are not commuting to work and you're unable to take part in your normal social activities. Make sure, therefore, that you're not continuing to pay for anything that isn't strictly necessary and cancel any Direct Debits that you don't currently need to pay. If your calculations show that you are still going to feel the pinch over the next few months because of reduced income, speak to your lenders and see if you can take advantage of the repayment holidays that are available.

## 3. Identify if you are eligible for government support

In response to the economic effects of the coronavirus outbreak, the government has announced a suite of packages to help both business owners and employees. These include the Coronavirus Job Retention Scheme, deferring VAT and Self-Assessment payments, a Self-Employment Income Support Scheme, Statutory Sick Pay relief package for small and medium-sized businesses, a 12-month business rates holiday for all retail, hospitality, leisure and nursery businesses in England and various small business grants and business interruption loans. The following blog posts contain more information on the packages of help available and whether any might be applicable to your own set of circumstances:

<https://clearvisionfp.co.uk/coronavirus-government-support-self-employed/>

<https://clearvisionfp.co.uk/coronavirus-government-support-small-businesses/>



If you find yourself in economic difficulty because of the coronavirus pandemic, check what support you are eligible for at <https://www.gov.uk/coronavirus>



#### 4. Stress test your finances

Although what we're going through at the moment might feel like one big stress test, there are in fact some really useful stress testing techniques you could apply to your finances right now that might help you make decisions about the future.

Stress testing was once thought of as something only large financial institutions did, but it's now recognised as something we can all benefit from. It simply means running the numbers to see how your finances would hold up under different scenarios. This might involve imagining that interest rates rise or fall (both a little and

a lot), that you lose your job, fall ill, or incur a large expense while in lockdown. For each set of circumstances, calculate how well you would be able to weather the storm, and for how long.

You might also want to stress test the possibility of taking early retirement if your job or business was lost as a result of the pandemic. Could you afford to take retirement now if your employment ended or your business became unsustainable? It is certainly worth having a conversation with your financial planner and running the numbers.



## 5. Check your tax planning

Review your tax planning. Make sure you have taken advantage of all your allowances and if you have Capital Gains Tax due, then recent market losses could mean that now is a good time to realise some of those gains. That's because the drop in asset value means that those assets that would have resulted in a taxable gain, may no longer do so. In fact, they may have fallen so far that they create a loss. If the right thing to do is to sell them, then this loss can be offset against your future taxable gains. However, as with all things market related, there are risks as well as potential benefits, so good advice is needed before you take any action on this.

### Questions?

If you have questions about anything in this guide, we'd be happy to answer them for you.

You can contact us on:

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## 6. Investigate your pension and investment contribution options

Tom Stevenson, investment director at Fidelity International, recently noted in the Telegraph that, “The best time to invest is not when you see light at the end of the tunnel but when the darkness is a shade less black.”

That might mean that if you are in a position to do so you can take advantage of the stock market falls and increase your pension or investment contributions. However, there is a danger with this. No-one can be entirely sure when the market will bottom out. Which means that while your lump-sum investment will increase in value if you invest it at the bottom of the market, if stocks have further to fall, you risk taking a loss.



## 7. Review your savings

Now is not a great time to be a saver. With interest rates at a record low, you may be despairing if your plans were to rely on savings in your retirement. If that's the case, then you must first understand your position.

Find out what you're currently earning and then compare with what other banks are offering. If what you're earning is comparatively low, then it might be time to place your money elsewhere and take advantage of the deals that are still out there.

Check you're using your full ISA allowance or maybe look at offsetting your mortgage if your savings can be put to better use that way. You might also find that using your cash to help children or grandchildren get onto the housing ladder sees you gain more value than you'd be earning in interest on savings right now. Your financial planner should be able to help you identify the best places to put your hard-earned savings right now.

## 8. Be scam-aware

Whilst stressful situations tend to bring out the best in some people, they invariably, unfortunately, bring out the worst in others. The rise in opportunistic coronavirus scams has sadly shown that to be true. Therefore, be wary of approaches from people claiming to want to talk to you about your finances or your pension. If anyone offers you a short-term loan in exchange for an upfront fee, it's almost certainly a scam. And treat any cold calls or contact from someone purporting to be from your bank or a claims management company with suspicion.

You can find out more about how to protect yourself from coronavirus scams on the FCA website.

<https://www.fca.org.uk/coronavirus>



## 9. Ensure your estate plan is in order

If you are at home and have time on your hands, see it as a good opportunity to go through your estate plans and dot all the i's and cross all the t's. It may be that it is some time since you've looked at these documents and they're no longer accurate. It's easy to forget to update them as life changes, but not doing so can have serious legal and financial ramifications. If you have never made a will or never got around to arranging a Lasting Power of Attorney (LPA) then now is a good time to take action. Speak to a solicitor for more advice.

Then speak to your financial planner about your Inheritance Tax plan. By examining your assets they can advise you on the most tax-efficient ways to ensure your wealth is passed on in accordance with your wishes. If it's been a while since you last looked at this, your plan might need updating.

## 10. Review your insurance protection and employee benefits

Make sure you understand what insurance cover you have in place and whether it provides protection for pandemics. Many insurers now have information on their websites which could help to clarify your position, but you may need to speak to your provider or broker directly to be sure.

Life insurers have mostly been quick to reassure clients that they will be paying out for death caused by coronavirus. The situation with Critical Illness cover is far less clear, as coronavirus isn't a named disease on any policies, but the critical conditions it can lead to, sometimes are. Business owners will need to check the terms of their cover to understand whether any losses are covered. Even though the government has designated Covid-19 a notifiable disease, proving that it is the cause of any insured losses may still be difficult.

If you are an employee, check your contract and speak to your employer about your sick pay and leave entitlement. Even if you are still able to work from home, having a plan for if you need to take time off due to sickness, will help you feel more prepared and in control.







## 11. Make a plan

The single most important thing you can do right now is to make a plan for the future. By doing this, you put yourself in as good a position as possible when we head back into normal life. Do you have the right asset allocation in place for when the markets do recover? Do you have a contingency fund set up? Do you have a savings plan? Have you had any 'if-only' moments which can teach you lessons for the future? If the recent economic shake down has left you feeling shaken up, view it as a reminder of the importance of good financial planning and take action.







## 12. Make a bucket list of things you want to do when you're out of lockdown... and while you're in it.

Finally, use this time to plan that trip of a lifetime, draw up a business plan for the venture you've always dreamed of opening, or research that move to the coast that's been at the top of your bucket list forever. Now is a great time to make plans for the future.

Being in lockdown doesn't necessarily mean your life has to be put on hold in the meantime, either. Write a list of all the things you're able to do right

now that you might not have had the time to do previously. Read that prize-winning novel. Write that prize-winning novel! Perfect your mixology skills (alcohol has been classed as an essential item that you can still bring home from the shops) or get your wellies on and turn your garden into a haven. While no-one is saying this period of time is going to be easy, try where possible to see this as an opportunity, rather than an obstacle.

## Further help with planning for the future

### Matthew Aitchison

Chartered & Certified Financial Planner  
& Clear Vision Managing Director



“My focus has always been on personal financial planning that makes a real difference in people’s lives.”

My name is Matthew Aitchison. I am an independent Chartered and Certified Financial Planner, specialising in working with people close to retirement. I am also the Managing Director of Clear Vision Financial Planning. I have worked in financial services for over 13 years and, having been awarded both Chartered (CII) and Certified (CISI), am placed amongst the UK’s leading financial professionals.

Sadly, the coronavirus pandemic looks set to continue to cause disruption and pain for many people for some time to come yet. However, there are things you can do if you’re worried about your retirement plans and future finances.

If you have questions about any of the information in this guide, or you are struggling to understand and respond to recent events, then I would be only too happy to help.

You can contact me on:



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