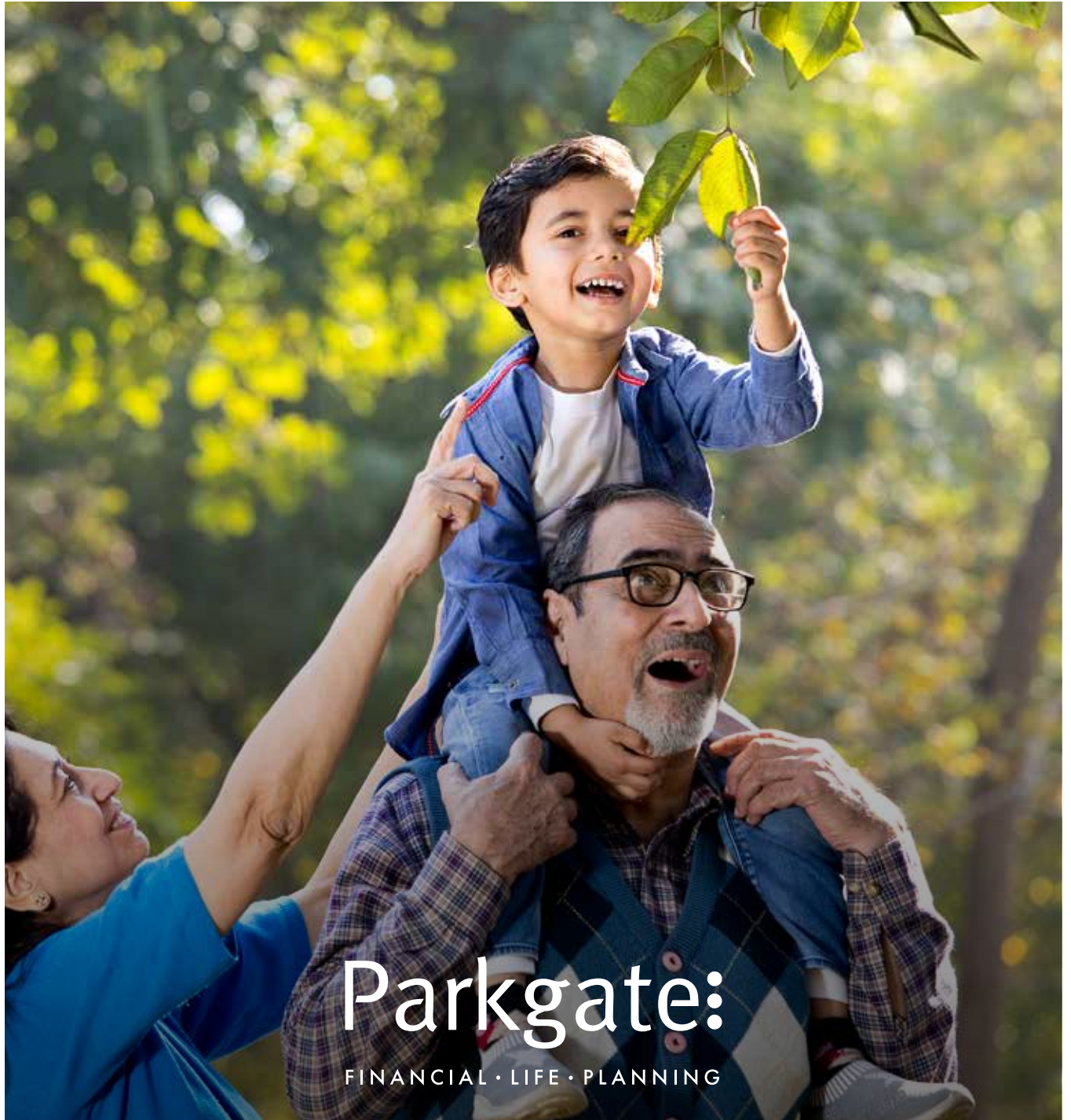


PARKLIFE

CONNECTING AND COMMUNICATING



SPRING 2021

Parkgate:

FINANCIAL • LIFE • PLANNING

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Welcome to Parklife

Welcome to the Spring 2021 edition of Parklife, Parkgate's magazine created to build great communication between us and our clients.



Bill Ward
Senior Partner



Spring is here and we look forward to much better times in 2021 as we hopefully edge back towards something like normality.

A WARM WELCOME TO OUR NEW CLIENTS
Despite the difficulties we have all faced over the last year, Parkgate continues to grow and we are delighted to welcome the clients of two adviser firms we have recently acquired. We look forward to helping you make the most of your money.

CREATING CLARITY AND CERTAINTY IN AN UNCERTAIN WORLD

Financial planning exists to create clarity and certainty out of confusion and complexity, and this has never been more important as so many of us adjust to a 'new' normal and reset plans and timescales for so many aspects of our lives.

In the article about Doctor Who on page 14, we reflect on predicting the future with a 'cashflow model', and how the use of financial modelling is transforming the service we can offer you.



REAL LIFE CLIENT STORIES

In the Client Story on page 16 we meet Steve and Barbara, who explain how working with Parkgate has enabled them to take control of their financial future and retire sooner than they thought possible.

FREE CONSULTATION FOR FRIENDS AND FAMILY

The fightback to move on from Covid-19 is underway and we are keen to play our part in helping our community in these challenging times.

We are therefore offering a free initial consultation to anyone concerned about their finances. We have already had examples where even just a chat and a cool head have been of great help in reassuring people and pointing them to some useful ways to stay on track. If anyone you know is worried about any aspect of their financial affairs, please get in touch. We are here to help.

We hope that you enjoy this edition of Parklife which allows us to showcase the Parkgate team and some of the hard work that goes on behind the scenes to help you use your money to make the most of your life. [Pg3](#)

Parkgate:



Are you using your money to make the most of your life?

An introduction to Financial Life Planning and how it could change your life.



Steve Braidford
Financial Planner

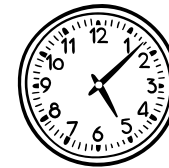


We believe that living your life richly means something different for everyone. To advise you on your money, we need to put it into the context of your life and your story. We call our approach 'Financial Life Planning' and look at how this new way of thinking improves on our traditional understanding of financial planning.

At the centre of our Financial Life Planning process is the 'cashflow' model. This is created using a powerful software programme that allows us to build a computer model of your finances that includes all the detail and complexity required to develop a range of possible scenarios for your financial future.

Although the finished model is both powerful and complex, it can also be explained in the simplest of terms as a forecast of your future income and expenditure built upon your current financial position summarised by your assets and liabilities.

In your younger years, a lot of your expenditure is committed to expenses such as buying a house or raising children. Future income levels are more difficult to predict as your career and associated earning power is still being developed. The one thing you don't worry about?



Time. It seems to stretch over the horizon in a never-ending rainbow.

As we move forward in life, your income becomes easier to forecast based on past and projected pension contributions together with a reasonable idea of likely earnings from a salary or an established business.

If you are fortunate and your finances are in a healthy state, the house is paid for and the children are moving on, the real challenge in the construction of your Financial Life Plan lies in navigating the range of choices you now have with what you can do with your wealth.

When asked to think about their expenditure, most people immediately think of items such as food, clothes, travel, restaurants etc., which typically go together to define what we might call "lifestyle".

Although we include these elements in your plan and ask you to think of how your lifestyle, and therefore your expenditure patterns, might change as you get older and move through phases of retirement, we also encourage you to think more deeply about how you want to use your money to make the most of your life in the time you have remaining.

You will notice that we have again referred to 'time', but on this occasion it is because it has suddenly become especially important and your older self can now see that it is not limitless, it is passing faster than ever and none of us are going to live for ever!

At this stage of your life, you have many ways in which you can use your money that ask deeper questions than

simply lifestyle, such as:

- Assisting your children or loved ones.
- Achieving financial independence and the freedom to decide when or if you work.
- Reducing or eliminating the financial impact of life's risks such as ill health or loss of income.
- Investing in your own learning and development to ensure you remain challenged and curious.
- Achievement of a life-time goal.
- Starting one or more activities that provide you with a real sense of purpose and meaning.
- The legacy you want to leave behind and who should benefit from it.

Your cashflow model is a powerful tool. It predicts the wealth that you will have at any time in the future and therefore allows you to see the degree of choice you have over how your money could be used.

To create a plan that is not just a series of financial calculations leading to a number that might be called a "target", we invite you to use our Financial Life Planning process to reflect on the choices you have and how your money should be used not as an objective, but rather as a tool to make the most of your life.

And one of the most precious things that anyone can spend their money on?

Time for children and grandchildren, time for spouses and partners, time for travel, time for new interests, time for friends. The choice is yours.

By taking a 'life-centred' approach to planning rather than just a financial one the process of constructing your plan will be of much more value to you, and the pathway it creates for your future will improve the quality of your life, not just by setting targets that give you purpose, but also by helping you to enjoy your journey along the way. [Pg:](#)



Life is not a rehearsal and every day is precious. The sooner we get started to help you take control of your financial future, the quicker you can use your money to make the most of your life.

How and why should we build a Plan for an uncertain future?

Getting the balance right between concentrating on the detail of your immediate future whilst maintaining a higher-level perspective on what you really want your Plan to achieve is the key to building a great financial plan.



David Jones
Financial Planner



Is the objective of a financial plan to predict how much you will have in your bank account in twenty years' time? I hope not because, if recent events have taught us nothing else, it is that the future is unpredictable.

I was remembering, what seems a long time ago now, when I would leave my house for a meeting that might be say two hours' drive away. I would put my destination into the car's navigation and it would recommend the optimal route. Soon after leaving I might see the dreaded red flag appear on the display telling me that there was congestion near my destination and to expect so many minutes of delay. What should I do with this information? Phone and tell my host that I will be late or maybe start searching for another route?

Given that I still had the best part of two hours until I reached the congestion, I learnt that the best reaction was to note the problem, keep an eye on it as I drove but not to change my plans as the event was far into my future. That is not to say that knowing my final destination was unimportant. Setting a target for where I want to go allowed my navigation to optimise the route before I set off and without it, I would not have been able make my first important decision: should I turn left or right from my driveway?

Any navigation system works by setting a course using the best available information before departure. A plane will take off knowing that weather conditions towards its destination will change during the flight however the

initial flight plan at take-off will set the best initial course and determine how much fuel should be on board.

Once I have started my journey my priority should be to concentrate on anything within say the next 40 miles. This is when adjusting to new information, updating my Plan, and using my navigation system as a decision-making tool can be of real benefit.

Any great financial plan is built on solid foundations of detail and precision. All available information should be modelled accurately and there should be a clear set of short-term actions and priorities that start you moving in the right direction towards your destination.

If we spend too long thinking about every step of the journey however we risk losing ourselves in a pile of detail that, by the time we arrive at a point far into the future, will have been superseded by a tide of events that are unpredictable today.

We should not let the detail make us lose sight of the higher-level perspective. By standing back to see the wood for the trees, we can ask what is the real challenge here? What long-term problems are we trying to solve, where do we want to go and what do we really want the Plan to achieve?

This is when the destination becomes our starting point. Pg:

We can help you make the right decisions about your financial future. Problems we can solve:
When can I afford to retire?
What will my retirement look like?
Will I have enough?
How much should I be saving?
Will my family be looked after?
What if I lose my job or can't work due to illness?
Can I stop worrying about money?

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Parkgate:

Do you think you don't have a Will?
Think again.

"Great" news. The government has already written one for you!

live the life you want



Alan Hodgson
Financial Planner



If you haven't made a Will, how has the government decided to pass on your estate?

When someone dies without a valid Will, they become what is known as "intestate", and their estate must be shared out according to the rules of intestacy.

As well as potentially causing loved ones to miss out, it can also create headaches for those left behind to deal with the estate. With over two-thirds of people without a Will, this is unfortunately a common occurrence.

Depending on your personal circumstances, your estate will be decided as follows:

SINGLE PERSON

The entire estate is distributed in the following order: Children (but if deceased then their descendants, if any), Parents, Brothers & Sisters, Half Brothers & Half Sisters, Grandparents, Aunts & Uncles (but if deceased then their descendants, if any), if no Cousins (or their descendants) then it goes to the Crown.

(If any relative is found at a level then the "search" stops, and the entire estate is either distributed to that one relative or equally distributed to the relatives found).

LIVING TOGETHER (HETEROSEXUAL OR SAME SEX)

Regardless of how long a couple have lived together, or if there are children involved, under intestacy law they are currently classed as single. Their partners have no automatic inheritance rights. They inherit nothing!

MARRIED OR IN A CIVIL PARTNERSHIP – WITH CHILDREN

The surviving spouse gets the first £270,000, plus half of the remaining estate and all goods and personal

belongings. The other half of the remaining estate above £270,000 goes to the deceased's children immediately, or on trust until they are 18.

MARRIED OR IN A CIVIL PARTNERSHIP – NO CHILDREN

For married couples with no children the surviving spouse inherits the entire estate.

IT'S A MORBID TASK, BUT YOUR FAMILY WILL THANK YOU FOR DOING IT

Even if you've looked at the intestacy rules and find they would deliver the results you would want, bear in mind that your loved ones will inherit much more quickly if you leave a valid Will. This can also help them to cover any funeral costs or inheritance tax that may be payable.

If you have no dependents or close family, you may not see the point of a Will. But this simply means your assets will go to more distant relations. And if no relations can be found as listed above, then the Crown will inherit all your assets. So even if you have no close relatives, a Will lets you choose to leave the money to close friends, charities or other good causes you want to support.

Dying intestate can also result in an unexpected and avoidable inheritance tax bill. If you have substantial assets and are married with children, remember that the rules award the first £270,000 to your spouse and half the remainder to your children. Unlike your spouse, who is exempt, your children will have to pay inheritance tax if the total estate is above your nil-rate exemption band. [Pg:](#)

*All examples are given assuming that the Estate is assessed under English law.

If you don't have a Will, you should consider making one – it might seem like a morbid task but ensuring you don't die intestate will give you peace of mind that your loved ones will be taken care of after you are gone.

Parkgate:

Slaying the Inflation Dragon

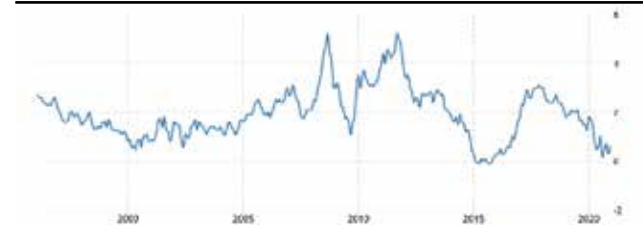
Inflation may be stirring again. Long term financial planning can help you to understand the threat and fight back against this real wealth destroyer.



Gareth Higon
Financial Planner



Annual UK Consumer Price Index change (%)



Source: Tradingeconomics.com, Office for National Statistics

There has been a lot of talk over the past 12 months about our fight against a biological invisible enemy. Our work in financial planning has long been centred around another invisible enemy: inflation.

I was reminded of this when I treated myself to a drive-through coffee for which I was charged £2.80. I had become accustomed to a price of £2.40 last year. Costa have now decided to pocket the VAT reduction granted by the Chancellor and, let's be honest, who can blame them? They have endured 12 months of disruption to their carefully crafted business model and their stores, expensively designed to hum with friendly communal chatter, are now just hollowed out shells.

As we hopefully edge back towards something like normality in 2021, demand for everything we have missed will be high, we will have saved some additional money thanks to Lockdown and the businesses that have survived will be desperate to repair the large holes in their finances. We should also allow for the vast sums of money governments around the world have been borrowing and spending to fight the effects of Covid which, according to most economic textbooks, should have some serious inflationary consequences.

CANARY IN THE COALMINE

It might therefore be that my humble flat white is a canary in the coalmine that we should be prepared for inflation, the invisible enemy of real wealth creation, to be stirring from its recent slumbers.

THE INSIDIOUS IMPACT OF INFLATION

The impact of inflation is insidious as its seemingly innocuous short term impact compounds every year. What cost you £100 in 2000 would now require £175 to buy the equivalent in 2020 – try the calculator at <https://inflation.iamkate.com>

The fundamental challenge in financial planning is not preserving capital but preserving purchasing power. It's no good having a wheelbarrow full of cash if it only buys you a loaf of bread.

Working with a financial plan that extends decades into the future, allows us to see the results of the mathematical battle that rages between investment returns and inflation, as your money fights to preserve its purchasing power.

ENSURING YOU PRESERVE YOUR PURCHASING POWER

A financial plan allows us to simulate the long-term effect that inflation can have on your real wealth and ensure that, as an absolute minimum, your investment strategy preserves the purchasing power you have today.

Many people have natural biases and behaviours with money that makes it difficult for them to live with the investment risk that is required to at least keep pace with inflation, especially if the inflation rate is rising.

Working together with a financial plan is a great way to understand and balance the risks of investing in volatile assets against not having an investment return that protects you from the fire-breathing dragon that is inflation. Pg:

Parkgate:

Protecting wealth in modern 'blended' families

The decision to disinherit a step-child after a family dispute is all too common. Make sure that your children and grandchildren are not locked out of their intended inheritance.

live the life you want



Rob Whittle
Partner



A significant percentage of families are now described as “blended”, comprising a couple who each bring children from their previous relationships. A blended family can create complex financial planning issues which, if left unresolved, can cause children or grandchildren to be locked out from their intended inheritance.

We imagine the following story to illustrate the point:

Tom and Michelle are happily married with two children, William aged 12 and Hugo aged 11. Michelle receives £200,000 in inheritance from her father which she intends to use for her children’s university education and for their first house deposits.

Michelle falls ill and passes away a year later. She made a Will and left all her wealth to Tom. A few years later Tom meets Alison and remarries. Alison already has two young daughters and, needing a larger house, Tom and Alison decide to use Michelle’s inheritance to extend their family home.

A few years later Tom dies in an accident. As joint owner of their family home, Alison inherits the whole property. Tom died without making a Will and the remainder of his wealth, totalling about £200,000, also automatically goes to Alison.

William and Hugo contest this decision and feel some of their father’s wealth should have passed to them. Alison falls out with them and asks William and Hugo, who are no longer dependants, to leave the family home, and no wealth is passed to them.

Imagine the worst, so you can take steps to ensure it doesn’t happen.

THE IMPORTANCE OF TRUST PLANNING
One of the simplest ways Michelle could have avoided this situation is by investing the money she had earmarked for William and Hugo’s further education in a trust. This would have shielded it from the decisions subsequently made by Tom and Alison.

There are two types of trust that could be considered by parents to ensure wealth is passed on to their intended recipients:

- A discretionary trust gives a parent more control over when and how assets within the trust are distributed and to whom. The trust is guided by the parent, who writes a letter of wishes to the trustees. Although the letter is not binding, it does provide the trustees with an insight into the parent’s preferences for how and why the money should be distributed.
- A bare trust would mean that the children, who are beneficiaries, would be entitled to their respective share in the trust at age 18. The benefit of this type of trust for blended families is that the beneficiaries are fixed, so once the trust is declared it is not possible to add or remove beneficiaries. The children would have access to the inheritance as soon as they turned 18 and they would be able to use it in any way they choose.

Another advantage of using either type of trust is that they can be used to remove wealth from the value of the deceased’s estate and therefore reduce any potential liability for inheritance tax.

THE IMPORTANCE OF A WILL
Another way of ensuring a deceased person’s wishes are respected is through writing a Will. Tom should have written a Will to ensure his assets (and any life assurance) were divided between Alison and his two sons according to his wishes should anything happen to him.

Alison’s decision to disinherit her stepchildren is all too common and highlights the importance of imagining the worst so that you can then take the necessary steps to ensure it doesn’t happen. [Pg3](#)

The value of investments and the income they produce can fall as well as rise. You may get back less than you invested. Inheritance Tax Planning, Will Writing, Trusts and Taxation are not regulated by the Financial Conduct Authority.

Using Cashflow Modelling to travel in time!

A cashflow financial model allows you to travel into your financial future. It helps you to take control and create a future you really want.



Lee Travis
Financial Planner



A cashflow model is built on a timeline that considers your current and future lifestyle costs, your income streams and anticipates significant events during the rest of your life allowing you to travel into your financial future.

Like all time travel, this requires a certain amount of courage because, when you open the doors of your very own Tardis, you might not always like what you'll see.

If your future is not what you want, your model allows you to close the doors, travel back to the present and look at what you can change to create a future that you can look forward to. This iterative process is what Financial Life Planning is all about.

Your journey into the future will reveal one of three possible outcomes:

1. That you don't have enough
2. That you have just enough
3. That you have too much.

NOT ENOUGH

If you don't have enough then you risk running out of money in your later years, so we need to talk about your options such as spending less or saving more with the priority being to protect the lifestyle you already have.

JUST ENOUGH

If you have just enough your model will give you the peace of mind that your financial future is secure and the confidence to enjoy your current lifestyle.

MORE THAN ENOUGH

If you have too much, you risk not making the most of your wealth during your lifetime and dying with some of your dreams unfulfilled. What are those dreams and how can we put a plan together so you can enjoy them without guilt, safe in the knowledge that they are affordable?

The comparison with the Tardis and Doctor Who ends unfortunately at the point at which he (or she) regenerates at the end of their life allowing them to carry on their adventures around the universe without any consideration of Inheritance Tax! Those of us not blessed with such regenerative powers have only one life. A cashflow model can help you to take control and make sure it's the one you *really* want to live.

ACT NOW

Let's model your financial future. You might have more options that you think! [Pg:](#)

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Steve & Barbara's Story

Meet our clients Steve and Barbara.
Steve first got in touch with Bill Ward, senior partner at Parkgate, after two of his work colleagues recommended Bill to him.

live the life you want



Bill Ward
Senior Partner



Steve was approaching 60 and the new 'pensions freedoms' legislation had come into force, so he knew he had to do something about his pension because the pensions environment had become more complicated.

Choosing a financial adviser is a big decision and Steve was initially very hesitant about getting advice, because he was nervous of finding the right quality adviser.

Steve has been on a remarkable journey with Bill, from being genuinely worried about taking advice, to him and Barbara being able to retire earlier than they thought and ending up in a stronger financial position financially as a result. Here's his story:

WHAT MADE YOU SEEK ADVICE?

'I was approaching 60 and knew that I needed to get some good pension advice, because at the time the pension legislation had changed, and things had become a lot more complicated. I thought about it for a long while though, because I was nervous of getting advice - in any profession you get good and mediocre and I wanted to find the right quality person. I asked around and two of my work colleagues recommended Bill because they were clients of his.

I knew I had a good pension, but I didn't know what it was worth in real terms and what it would provide in terms of my day-to-day life. I also had a bit of a target of wanting to retire at 60, but I didn't know how feasible that was and if I could actually do it.

I could see instantly in our first meeting that Bill had a real in-depth financial knowledge and so the journey began'.

WHAT'S BEEN THE BIGGEST BENEFIT OF WORKING WITH PARKGATE?

'In the first instance Bill looked at my pensions (one from a previous and one from my current employer) as well as those of my wife Barbara (who has 4 pensions from previous employers). Bill established their individual worth and did a cashflow model of our future financial situation, which allowed us to see what they could provide in total and determine the best course of action.

Bill took a lot of time to explain things. He's got a good way of making complicated issues simple and made sure that I understood all the options open to me, and the risks involved. He was very thorough, so I understood what he was doing and what he was trying to achieve, at every stage of the process. He made the whole thing easy and smooth, keeping me informed with lots of communication and explanation, which gave me the confidence that we were doing the right things.'

WHAT DIFFERENCE HAS PARKGATE MADE TO YOUR LIVES?

'Working with Bill has changed our lives because his advice has enabled me to take control of my financial future and retire a year earlier than I thought possible. I'm also in a much stronger position financially now than I would have been, thanks to his advice.

It's also allowed my wife Barbara to retire at the same time as me, even though some of her pensions don't come to fruition for a few years yet. Thanks to Bill we've been able to retire and do the things we enjoy together, which is what it's all about.

We had planned to do a lot more travelling and Covid has put a stop to that for the moment. But we like our sporting activities, so we do yoga, Pilates and tai chi together. I'm so grateful I've got the chance to enjoy my life in my 60s while I've still got my good health. In life you never know what's round the corner, so you need to make the most of it.

Life is short so I'm really grateful to Bill for his advice. The way I look at it, if this article helps someone else who is in a similar position go to Bill for advice, then that's a good thing, considering how he's changed our lives'. [Pg2](#)

The Parkgate Book Club

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

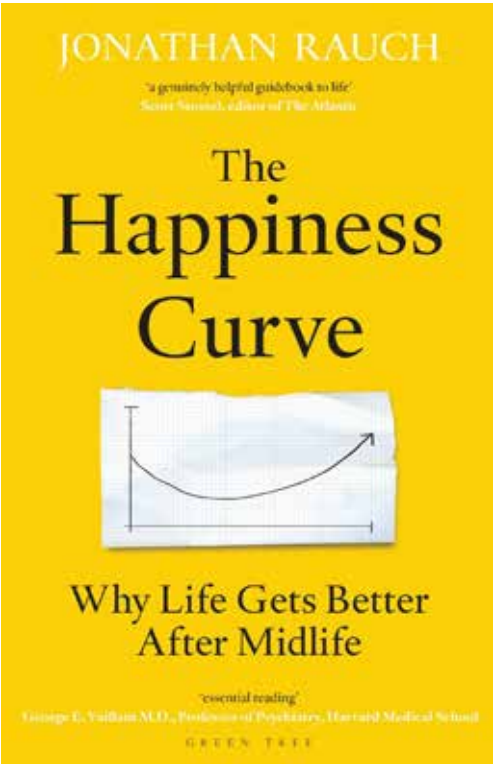
‘THE HAPPINESS CURVE’ BY JONATHAN RAUCH
It might be that you have everything you want, and still feel unhappy!

In his book, ‘The Happiness Curve – why life gets better after mid-life’, Jonathan Rauch observes that in midlife it is perfectly natural to feel dissatisfied without necessarily having anything to be dissatisfied about.

Younger adults tend to be overly optimistic; they expect to have above-average longevity and health, underestimate their likelihood of divorce and overestimate their job success. Let’s call this an ‘expectations gap’.

This optimism serves us well in our younger years. For all that it might mislead and deceive us, we may need it to survive and thrive.

By the time we get into our forties however, most of us have run up against a reality that can look pretty different from the future that we anticipated for ourselves at twenty five. There’s a definite spiritual maturity, a deepening self-awareness and introspection that results from embracing the truth about ourselves and our frailties and failures as well as our successes.



at the bottom of the curve and is likely to occur at some point in our forties or fifties and may last for several years. It can be more pronounced in people we might regard as high achieving who feel very frustrated at their negative emotions when, on the surface at least, they have a lot to be grateful for.

This does not mean that everyone aged fifty is unhappy! We all have our own unique life experience with its own ups and downs. We might come to realise however that, like the ebb and flow of a tide, there is an underlying force that is positively or negatively affecting our happiness. Pg:

Meet the Parkgate Team

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.



LEFT TO RIGHT FROM TOP:

Bill Ward (Senior Partner), Robert Whittle (Partner), Steve Braidford (Financial Planner), Gareth Highton (Financial Planner), Alan Hodgson (Financial Planner), Lee Travis (Financial Planner), David Jones (Financial Planner), Carl Gidman (Mortgage, Equity Release and Protection Adviser), Mark French (Mortgage & Protection Adviser), Mary Cairney (Mortgage, Equity Release and Protection Adviser), Dave Pryce (Operations Manager), Jackie Williams (Paraplanning Manager), Danielle Dwyer (Office Manager), Bill Elkin (Internal Compliance support), Lauren Brooks (Paraplanner), James Oliver (Assistant Paraplanner), Hayley Lilliot (Reconciliations/Paraplanning Assistant), Paula Delaney (Personal Assistant), Ellie Roberts (Administrator), Jessica Braidford (Administrative Assistant), Barry Caldow (Will Writer & Estate Planner), Suzanne Bradley (Personal Assistant), Nicola Martin (Administrator), Joe Kelly, (Paraplanning), Sam Braidford (Intern).

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WE HAVE MOVED



**We have recently moved into new offices,
so please note our new address.**

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This magazine is printed on paper which is made from 75% recycled Elemental Chlorine Free (ECF) pulp. It is FCS certified, meaning it has been harvested in a socially and environmentally responsible manner. We also participate in the Woodland Trust Carbon Capture scheme, which offsets the carbon emitted by planting native woodland in the UK.

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