

# MONEY MATTERS... BEAT THE CRUNCH!



*Sanjeev Shah*

**Bust, Crunch, Crisis, Recession, Inflation, Stagnation – what should you be doing to survive the latest financial turmoil?**

Simple, the same as what you should have been doing when enjoying stable, growing or booming times!

Financial Planning is a strategic activity for life, not a one-off deal arranged by a salesperson.

How to prioritise the goals of lifelong financial planning? try looking at it through a PRISM: P = Protection R = Retirement I = Investment S = Savings M = Miscellaneous

## **Protection**

Life assurance is generally speaking, cheap – great so most people have some – do you?

However you're more likely to suffer from heart, stroke or cancer and survive (!) than to actually die from any cause if you're a working adult, so you're insured of course? No?

What if you need to care for someone full time? Up to £119.45 per week for Disability Living Allowance if entitled, you may receive up to £53.10 per week as Carer's Allowance. So are spouse and parents covered?

You're even more likely to face some lengthy time off work due to any number of causes such as stress, musculo-skeletal pains than to contract heart disease, stroke or cancer – got good cover from your employer?

Or why not rely on the state (currently up to £95.15 per week for Employment and Support Allowance)? So you're insured of course, and if so you've taken Waiver of Premium as a benefit? No?

Not going to be made redundant? That's good, because you may only get Jobseekers' Allowance paying up to £64.30 per week and there's limited support for mortgage interest relief if you qualify.

Other state benefits are available, further conditions are likely to apply and the above is not intended to be exhaustive nor specific.

## **Retirement**

Isn't that something that only happens to old people? Basic state pension (currently £95.25 per week) would easily cover...erm...yes, the answer's not a lot for most people.

Anyway you're young now, need to live and can't afford to be putting money aside – the kids will be more than delighted to help out if you fall on hard times. Plenty of time to make up shortfalls later in life eh?

Well, saving £100 per month (ignoring all tax reliefs) from age 23 for just 10 years and then stopping, growing throughout at a rate of 6%, gives a pot of £106,804 at age 65. To get the same size pot, also growing at 6% by investing for 20 years (so twice as long!) from age 45, requires a monthly saving of £230 (and more than double the amount!). Makes sense, does it?

## **Investment & Savings**

If life is for living, do you have any goals or ambitions that might need money, perhaps lots of it and either now or in the future?

Rather like retirement, things like holidays-of-a-lifetime, spoiling grandchildren, starter home deposits for children, school & university fees, emergency / rainy day funds etc are more easily handled the earlier you start.

## **Miscellaneous**

Always stay on top of spending – live within your means & shop around to lower the cost of any borrowings (long term as well as short).

Make sure potentially expensive losses e.g. to house or contents, are well covered by good policies – cheapest is no use if the claim is denied!

Legally minimise tax liabilities to leave more money in your and your dependents' pockets through thoughtful **tax planning** that uses reliefs, allowances and tax-exempt vehicles where appropriate.

**For truly objective, independent, ongoing and professional Financial Planning, don't hesitate to get in touch with me.**

*Sanjeev Shah CFA, DipPFS, Certs CII(MP & ER), CeMAP  
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**0800 849 7160**