

I have a will, so why do I need a lasting Power of Attorney?

Making decisions in relation to your financial affairs, health and welfare

It is critical to consider the potential consequences of not having a Lasting Power of Attorney (LPA) in place. Many people assume that their loved ones or close relatives will automatically have the authority to make decisions on their behalf. However, this is not the case, and without a LPA, those close to you will not have the legal authority to handle your financial affairs, health decisions and welfare.

Setting up a LPA is vital to ensure that you have a trusted individual who can manage your affairs when you are no longer able to do so yourself. It is essential to think about these scenarios in advance and plan accordingly by setting up a LPA. This legal document will ensure that your wishes are respected and carried out, regardless of your capacity to make sound decisions.

Costly and time-consuming measures

Despite the fact that 95% of UK adults are aware of the LPA, a recent study has revealed that only one in three (33%) actually know how to use it effectively, leaving a considerable proportion at risk of costly and time-consuming measures if they were to lose their spouse^[1].

LPA is a legal document that enables you to delegate decision-making authority to one or more trusted individuals to manage your financial matters, property affairs, health and welfare. You can set up a LPA at any time, provided you meet the age requirement of 18 years and have the mental capacity to make sound decisions.

Beneficial in long-term situations

There are several benefits to having a LPA, including assistance in temporary situations such as hospitalisation or travel abroad, where you may need help with daily tasks like paying bills. It is also beneficial in long-term situations where you want to plan for the unexpected or have been diagnosed with an illness like dementia that may affect your decision-making abilities in the future.

According to the research, although three-quarters (74%) of Britons deem LPA necessary, only 37% of them have actually put it in place. In contrast, around three-quarters (76%) of people in relationships have discussed Wills and trusts with their spouse.

Same-sex married couples

The research also highlighted that less than half (41%) of married couples have enacted LPA, and a quarter (24%) have no plans for doing so, which suggests that many couples view this measure as unnecessary, and often mistakenly believe that LPA is automatically granted to married couples.

Notably, this issue disproportionately affects same-sex married couples, where awareness of the importance of LPA is higher than the population average (87% compared to 76%), but uptake is lower (30% compared to 41%). ■

NEED ADVICE AND EXPERTISE ON EVERY ASPECT OF YOUR ESTATE?

We understand the importance of putting the right planning in place for the future. We'll help you organise your affairs and plan for the future. To find out more, speak to us today.

Source data:

[1] <https://adviser.scottishwidows.co.uk/assets/literature/docs/2023-03-power-of-attorney.pdf>

THIS ARTICLE DOES NOT CONSTITUTE TAX OR LEGAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH. TAX TREATMENT DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF EACH CLIENT AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.

POWERS OF ATTORNEY/WILL WRITING AND TRUSTS ARE NOT REGULATED BY THE FINANCIAL CONDUCT AUTHORITY.



Combining drawdown with an annuity

Enjoying a comfortable and sustainable retirement income that gives you the best of both worlds

If you're considering combining drawdown with an annuity, it's important to obtain professional financial advice to ensure you make the most of both options. Choosing the most suitable investment and calculating the amount of money you can realistically afford to withdraw from your pension each year is a complex matter, and it pays to be well informed.

A recent study has shown that millions of people in the UK are concerned about stock market volatility and the possibility of running out of money during their retirement^[1]. The study found that 58% of working adults do not know how to ensure their pension fund lasts throughout retirement, whilst 66% of UK adults dislike the idea of financial uncertainty.

Pension fluctuates

Of those with a defined contribution (DC) pension, 54% revealed that they get anxious when the value of their pension fluctuates. Meanwhile, 37% of workers expressed a preference for both a set income and a pot of money to draw from during their retirement.

According to the research, only 15% of retired people said they would take a medium or higher risk on their investment portfolios. Also, workers aged 55-64 were found to be particularly interested in the option of receiving both a set income and having a pot of money to draw from.

Retirement portfolio

An effective solution to address the concerns of retirees regarding stock market volatility and their fear of running out of money in retirement is to opt for a blended retirement portfolio that combines a fixed term annuity with a smoothed investment fund.

With the right blend of annuity and drawdown products, you may be able to enjoy a comfortable

and sustainable retirement income that gives you the best of both worlds. A fixed term annuity can provide a stable income that covers your basic needs and is guaranteed to last for a selected period of three to twenty-five years.

Investment growth

The rest of the retirement fund can be invested in a smoothed investment fund, which offers the potential for lower-volatility growth over time. This strategy could be appropriate for retirees who are looking to secure their financial future and ensure they live comfortably in their golden years.

A blended annuity and drawdown portfolio is an effective way of achieving a balance between controlling a retirement portfolio to benefit from future investment growth and mitigating the potential impacts of market volatility.

Concept of blending

While this concept of blending annuity and drawdown solutions is not novel, recent changes in interest rates and stock market performance have reinforced the importance of considering annuities to support a reliable retirement income.

However, constructing such a portfolio requires the expertise of a highly skilled professional financial adviser. With the right advice, retirees can rest assured that their blended portfolio will be tailored to meet their individual investment goals and mitigate their concerns about market volatility. ■

DO YOU WANT TO ENSURE A COMFORTABLE RETIREMENT THAT MEETS YOUR INDIVIDUAL NEEDS?

We'll work closely with you to create a fully customised retirement plan that is tailored to your unique situation and goals. Don't settle for uncertainty when it comes to your future – contact us today to start planning for the retirement of your dreams.

Source data:

[1] LV= surveyed 4,000 nationally representative UK adults via an online omnibus conducted by Opinium in Sept 2022 and December 2022. UK population stats from ONS. Total UK adult population is 53.2m UK adults (aged 18+).

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A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS PLAN HAS A PROTECTED PENSION AGE). THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.



To arrange a complimentary consultation or review, please contact our Independent Financial Advisers on 01803 224888.