WEALTH KNOWLEDGE

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CAMPBELL & McCONNACHIE

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UK ECONOMIC RECOVERY SLOWS TO 2.1% IN AUGUST FOLLOWING COVID-19 SHOCK

The UK's economic recovery following sharp declines caused by the coronavirus lockdown continued to slow in August 2020, official figures show.

The Office for National Statistics (ONS) reported that GDP grew by 2.1% in August 2020, its fourth consecutive monthly increase after falling by 26.2% in March and April.

Despite support from the eat out to help out scheme and other Government initiatives in August, the figure was lower than previous monthly increases of 6.4% in July, 9.1% in June and 2.7% in May.

GDP remained 9.2% lower than its level in February, before the full impact of the coronavirus pandemic was felt on the UK economy.

The ONS also found that in September, 45% of trading businesses reported their turnover had decreased below what they would normally expect at that time of year.

Suren Thiru, head of economics at the British Chambers of Commerce, said:

"While the latest data confirms a rebound in economic activity continued into August, the sharp slowdown in growth indicates that the recovery may be running out of steam, with output still well below pre-crisis levels.

"The increase in activity in August largely reflects a temporary boost from the economy reopening and government stimulus, including the eat out to help out scheme, rather than proof of a sustained 'V'-shaped recovery."

Get in touch to discuss your finances.

BENEFITS OF ADVICE 'GO BEYOND FINANCIAL GAINS ALONE'

Receiving financial advice helps improve emotional well being as well as financial benefits, according to a report.

Royal London polled 4,007 people and found those who received financial advice were an average of £47,000 better off.

The study found 63% who received expert advice said they felt financially secure, compared to 48% who did not receive advice.

People who had sought advice also had a better understanding of protection policies and retirement planning strategies.

Around a quarter of non-advised people said they did not know where to start with life insurance (23%) or serious illness protection (24%).

That suggests advised customers feel up to three-times more confident in their understanding of financial products.

More than a third (35%) felt anxious about their financial situation as a result of the COVID-19 pandemic, while 65% felt more prepared for life's shocks.

Tom Dunbar, distribution director at Royal London, said:

"Individuals who receive advice are more likely to feel confident about the future, and less likely to feel anxious or worried.

"It's easy to see why clients turned to financial advisers when the pandemic struck.

"Now more than ever, households need the reassurance, expertise and confidence that professional advisers can provide to help them weather a difficult financial climate."

Contact us for independent financial advice.

STATE PENSION AGE RISES TO 66 FOR BOTH MEN AND WOMEN

The age at which most people in the UK start to receive their state pension officially hit 66 last month, with further rises in the pipeline.

The latest steady rise in the qualifying age for the state pension kicked in from 6 October 2020. As a result, men and women born between 6 October 1954 and 5 April 1960 will start receiving their pension on their 66th birthday.

For those born after 5 April 1960, there will be a phased increase in state pension age to 67 and eventually 68.

The full state pension for new recipients is worth £175.20 a week in 2020/21.

To get the full amount, various criteria including 35 qualifying years of national insurance contributions must be satisfied.

Last month's increase has been controversial for women born in the 1950s, many of whom have seen their state pension age increase from 60 to 66.

Steve Cameron, pensions director at Aegon, said:

"Recent increases in the qualifying age have aimed to make the state pension more affordable as we live longer, but relying on the state pension alone won't provide the lifestyle they aspire to in retirement.

"This is why it's vital to plan ahead for the retirement you want and the sooner people start on that journey, the longer their contributions have to grow with investment returns."

Meanwhile, Chancellor Rishi Suank said protecting the state pension triple-lock is "very much the legislated position".

The new state pension is set to receive an inflation-busting 2.5% increase in 2021/22, from £175.20 a week to £179.60 a week.

Speak to us about pension planning.

'MOST MID-LIFE SAVERS HAVE NO TARGET RETIREMENT AGE'

Most mid-life retirement savers have never calculated when they can afford to retire, according to research from Aviva.

More than 3,000 consumers were polled by the insurance company, with 53% of people aged 45-60 not having a target retirement age in mind and 61% had never requested a free state pension forecast.

Possibly sparked by spending more time at home during lockdown, 28% of respondents said they use smartphones to manage their everyday finances.

However, only 7% use them for retirement planning tools, such as pension calculators and accessing guidance on savings and investments.

Alistair McQueen, head of savings and retirement at Aviva, said:

"Much of the debate surrounding COVID-19 has focused on the needs of the youngest and oldest in society and there's a risk that we overlook the millions in between.

"Before the pandemic struck, 45-60 was the fastest growing age group of workers in the UK – bringing huge experience, skill and potential to the labour market.

"However, this age group is also the most likely to be overburdened with wealth, work and wellbeing concerns.

"Those in mid-life are a resilient age group, juggling a fuller working life, planning for retirement and contemplating the health implications that come with living longer."

If this year's events have made you think about retiring earlier, or if you want to make your pension pot work harder, we can help.

We can review your current arrangements and offer retirement planning strategies to help you set and reach your goals.

Talk to us about retirement planning.