







## REST ASSURED – YOU CAN RELY ON US

Many people's lives and circumstances have shifted exceptionally over the past few months. The virus has presented concerns on so many levels – health, security and financial.

### QUALITY ADVICE

We want to reassure you that we understand the challenges you may face and we're here to support you. If you are worried about any aspect of your finances, you can rely on our experience and knowledge; rest assured, through open and honest communication, we can guide you through any challenges.

## THINK BEFORE YOU ACT – PENSIONS WITHDRAWALS

In the first quarter of the year, nearly £2.5bn was withdrawn from pensions. This represents a 19% increase on Q1 2019 withdrawals and the highest recorded Q1 of any year since pensions freedoms began<sup>5</sup>.

The total value of flexible withdrawals from pensions, since flexibility changes in 2015, has now exceeded £35bn.

### TAKE YOUR TIME TO MAKE THE RIGHT DECISION

With pensions designed to provide you with an income throughout your retirement, it is sensible to consider all your options before making any decisions. You will have less to live on in the future if you take out more money than you need or start to draw funds sooner.

<sup>5</sup>HMRC, Apr 2020

The value of investments and income from them may go down. You may not get back the original amount invested. A pension is a long-term investment. The fund may fluctuate and may go down. Investments may sometimes depend on the performance of the fund and investment, future interest rates and tax legislation.

It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK. We cannot assume legal liability for any errors or omissions it might contain. Levels and bases of, and reliefs from, taxation are those currently applying or proposed and are subject to change; their value depends on the individual circumstances of the investor. No part of this document may be reproduced in any manner without prior permission.

The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated. If you withdraw from an investment in the early years, you may not get back the full amount you invested. Changes in the rates of exchange may have an adverse effect on the value or price of an investment in sterling terms if it is denominated in a foreign currency.

Information is based on our understanding of taxation legislation and regulations. Any levels and bases of, and reliefs from, taxation are subject to change.

Tax treatment is based on individual circumstances and may be subject to change in the future.

## GLOBAL ECONOMY – ON THE ROPES

**The response to the pandemic, involving governments imposing a range of lockdown measures, will inevitably have an enormous impact on economic activity around the globe.**

On home shores, early data for the first quarter provides an indication of the economic damage, showing GDP fell by 2% in the UK, with the economy shrinking by 5.8% in March alone. An even larger decline was registered in the 19-country Eurozone, with output across the bloc dropping 3.8% in Q1. Italy and France plummeted into recession, with quarterly contractions of 5.8% and 4.7% respectively. In addition, the German economy also tipped into recession with GDP down 2.2% in Q1.

### US AND CHINA ECONOMIES CONTRACT AND HOSTILITIES INTENSIFY

Preliminary estimates on the US economy suggest the record streak of expansion has ended, with the economy contracted by 4.8% in the first quarter.

Meanwhile, the world's second-largest economy, China, shrank at an annualised rate of 6.8% during Q1. The Chinese authorities have abandoned setting a growth target, acknowledging the challenges facing its economy amid heightened international disquiet due to the fallout from the pandemic.

### WHAT DOES THE FUTURE HOLD?

Ongoing uncertainty surrounding the virus and the likelihood of developing a successful vaccine, present challenging factors to predict the future of the global economy. A recent assessment by the International Monetary Fund (IMF), suggests we are facing the steepest economic downturn since the Great Depression. While the IMF has revised its projections and are marked by 'a higher degree of uncertainty', it is forecasting a rebound in 2021, with the global economy expected to grow at a rate of 5.4% as activity normalises. They have also expressed though, that a second global wave of the virus, that could collectively keep the world in recession for a second consecutive year.

## SAFETY NET FOR SAVINGS

**The number of people enquiring about and opening savings accounts surged in the spring, as they sought to secure a safe home for their money and to move into favourable rates before interest rate changes and through to rising rates.**

The good news is that the Financial Services Compensation Scheme (FSCS) can provide a safety net adding an extra level of reassurance for UK savers. For any money you hold in an account with a UK-authorized bank, building society or credit union that fails, the FSCS will compensate you:

- up to **£5,000** per eligible person, per bank, building society or credit union
- up to **£170,000** for joint accounts.

### FINER DETAIL

The FSCS will automatically cover you; you do not need to take any action. You need to be on top of your cash balances because the cover

applies to the total sum of money held, and because some banks share a banking licence, this will affect how much of your money is protected. So, if you hold over £85,000 / £170,000, it needs to be spread across different banks that don't share a licence to benefit from the protection. If you hold multiple accounts with banks that share the same banking licence, anything you hold over £85,000 / £170,000 in aggregate will not be protected. Keep on top of your cash balances with our help.

IF YOU WOULD LIKE ANY ADVICE OR INFORMATION ON ANY OF THE AREAS HIGHLIGHTED IN THIS NEWSLETTER, PLEASE GET IN TOUCH.