Your mini guide to financial planning in later life

McCarthy & Stone
Later Life. Greater Life
Introduction

To really enjoy later life, a little financial planning and wise money management will help enormously. It will mean that you can put money worries to one side and get on with enjoying the things in life that are important to you.

We have put together this short guide to financial planning in later life to help remove some of the worry. Our financial products and services are always designed using the knowledge and experience that we’ve built up having served the needs of people in later life over the past 30 plus years.

Our research, conducted with people in later life, has shown that many people put off this essential planning.

Our research found:

• As many as two thirds of people under 60 haven’t yet sorted out how they are going to save for their pension.
• Nearly half of people in retirement haven’t had a conversation with their children about money, savings and pensions. And yet 60 per cent of retired people told us that they don’t want to be a burden to their children.
• One in four people over 60 don’t have a will yet.

We hope that you’ll use this guide as the starting point for your financial planning. If you haven’t talked to your children or those closest to you about these things yet, perhaps now is the time? And if there are still some things to tick off on your “life admin” list, we hope that this guide will help you take the next steps to get them sorted out.
Getting started

The “life admin” necessary to plan ahead might feel a bit dull or even depressing, but there’s lots of great help and advice out there if you know where to look. And at McCarthy & Stone we’ve developed financial products and services that are focused on your needs. From annuities, equity release, legal help with wills, and lasting powers of attorney and funeral planning, to support with ensuring you receive all the benefits you’re entitled to, we have your financial interests at heart.

We’ve rounded up some of the ways that you can plan ahead so that worries about money don’t get in the way of the really important things you want to do in later life. There are references to some of the best sources of help and information on the internet. If “the web” isn’t somewhere you’d normally look for help, perhaps now is the time to take the plunge. A friend or family member might be able to help get you started. Or you could sign up for local classes – your library is a good place to start for information. After all, learning new skills is one way to enjoy a greater life in later life!
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Financial planning checklist

Have you...

• Checked that you are receiving all of the benefits to which you are entitled?

• Planned for regular income during later life from either your pension, savings or your property?

• Shopped around and compared products to make sure you’ll receive the best possible income?

• Had a conversation with your children about your later life financial planning?

• Prepared a will so that your estate goes where you want it to go?

• Thought about who you might want to have lasting power of attorney over decisions about your finances and wellbeing?

• Made provisions for your own funeral so that you get the send-off that you want without burdening your family with the costs or arrangements?
Knowing what you’re entitled to

You may assume that you are not entitled to state benefits, but the Department of Work and Pensions (DWP) estimates that each year as much as £2.8billion\(^3\) of pension credit goes unclaimed by people who are entitled to the money. It’s worth spending a little time finding out if you are one of them.

**Pension credit**

Pension credit is a benefit available to pensioners living in Great Britain and is related to your income. There are two types of pension credit.

**Guarantee Credit**

As long as you have reached the Pension Credit qualifying age you may be eligible for Guarantee Credit. It works by topping up your weekly income. The amount will vary according to your particular situation. Of course, it’s also important to bear in mind that the qualifying age for Pension Credit is changing. It will gradually increase to 66 years of age by 2020.

**Savings Credit**

If you have financially planned for later living by putting money into a savings account or second pension then you might be entitled to Savings Credit. Your eligibility will depend on the amount of money you receive from these investments and your personal situation as well as your age. Currently, you need to be aged 65 or over, but this will change in line with increases in state pension age.

The Government’s Directgov website has an online benefits adviser service. You can use it to anonymously answer questions about your savings, income and outgoings to see if you’re entitled to pension credit. If you’re uncertain about your computer skills, you could ask a trusted family member or friend to help you use the service.
Our Benefits Adviser can help you understand what you’re entitled to

At McCarthy & Stone, we offer all our customers support to help you understand which benefits you’re entitled to and how much financial support you can expect to receive by living in one of our apartments. It’s all part of the service. Even if you think you are not eligible now, you may be entitled to receive certain benefits once you have moved in or if your situation changes in the future.

If you are thinking of buying one of our apartments but are not sure how it might affect your entitlement to state benefits, it’s certainly worth a conversation with our dedicated Benefits Adviser. For example, it’s possible that certain costs involved, such as the ground rent and service charge, may be covered by entitlements such as Pension Credit.

For a free and confidential review of the benefits you may be entitled to, please contact: McCarthy & Stone benefits advice service. You can call the team on Freephone 0800 027 2445.

Useful resources for finding out about your benefits entitlement

Directgov

Directgov is the official UK government website for citizens. It has further information about pension credits including the two types of pension credit. It can also help you check whether you’re eligible and what you might receive.

www.direct.gov.uk/en/Pensionsandretirementplanning/PensionCredit

McCarthy & Stone benefits advice service

You can find further information about out McCarthy & Stone’s free benefits advice on our website.

www.mccarthyandstone.co.uk/benefitsadvice
Managing your finances

People in later life have been as affected by the current economic downturn as anyone else, and successfully managing your finances for later life is as important as it has ever been. The good news is that there is more flexibility in the options and products available to you than ever before as well.

Now that you are in later life, we’d recommend that you should spend some time considering your financial planning:

- **Equity release** – if you are a homeowner and aged 55 or over you can use your home, one of your most valuable assets, as a way to boost your income in retirement. You can do this by releasing the equity locked in your property and releasing it as a lump sum.

- **Downsizing** – now that you don’t have to house your family, and you probably have the freedom to live wherever you wish, it might be time to revisit your living arrangements. Your family home has served you well, but a smaller, less expensive property that is designed around your new lifestyle might make sound financial and practical sense.

- **Annuities** – an annuity lets you convert your pension savings into a regular, guaranteed income during your retirement. An annuity could ensure that you can enjoy your later life safe in the knowledge that you have regular payments each month to pay for your day-to-day costs.

- **Wills** – this is the legal tool available to you to ensure that your estate is shared between loved ones in the way that you wish. It’s important if you want to make sure that specific people are remembered after you’re gone.

- **Lasting power of attorney** – this is a simple legal tool to pass on decisions about your finances and wellbeing to the people you love and trust the most. If you are concerned about your future health or ability to make decisions for yourself it’s a no-fuss way to plan ahead.

- **Funeral plans** – these are a cost-effective way to plan ahead, giving you peace of mind and removing the emotional and financial burden for your family. It’s also a way for you to ensure that you have the send-off that you wish.
Growing your income

**Equity release could fund the lifestyle you want and deserve**

You shouldn’t have your plans for a happy and active later life compromised by concerns about the cost. Your home is likely to be your largest asset. Whether you’re thinking of downsizing and buying a retirement apartment, or perhaps help your loved ones buy their first home, or simply want to unlock some cash to travel the world, equity release could provide the answer.

Our equity release service is designed with your needs in mind. We research the whole market so that we can offer you the best deals.

We are a responsible company, so if equity release isn’t right for you or your circumstances then we will tell you.

Our service is provided by Age Partnership, one of the UK’s leading equity release companies. It’s available to anyone aged 55 or over, who owns their own home and who may need tax-free cash. It’s not just for customers who want to purchase one of our apartments. And because of their relationships with various lenders, Age Partnership is able to negotiate special offers not available anywhere else.

You may not be sure if equity release is right for you. Contact us and we can talk to you about any concerns you may have about:

- The effect that equity release has on your estate over time.
- How you can protect your inheritance.
- Whether your entitlement to means-tested benefits would be affected.

*Equity Release may involve a lifetime mortgage or home reversion plan. To understand the features and risks, ask for a personalised illustration.*

Our initial advice is provided to you free and completely without obligation. Fees are only due once you complete the process. A typical fee is 1.3 per cent of the amount released.

**Call us today on Freephone 08000 810 817 or visit us at www.mccarthyandstone.co.uk/equityrelease to find out how equity release could help you.**
Useful sources of support and information about planning your finances in later life

Money Advice Service

This is a free, unbiased and independent UK-wide service offering financial advice online, via telephone and through a network of money advisers. You can call the service on 0300 500 5000 (open Monday to Saturday) or visit its website.

www.moneyadviceservice.org.uk

Directgov

Directgov has a useful section about Pensions and retirement planning on its website. It also includes a link so that you can register for the State Pension online.

www.direct.gov.uk/en/Pensionsandretirementplanning/

McCarthy & Stone Equity Release Service

We offer a friendly, honest service provided by Age Partnership. We’ll help you to understand the effect that equity release will have on your estate over time, how you can protect your inheritance and whether your entitlement to means-tested benefits would be affected. For more information call us today on Freephone 08000 810 817 to find out how equity release could help you.

www.mccarthyandstone.co.uk/equityrelease

The McCarthy & Stone Equity Release Service is provided by Age Partnership Limited. Age Partnership is authorised and regulated by the financial services authority. FSA registered number 425432. Registered office: Age Partnership Limited, Partnership House, 4305 Park Approach, Thorpe Park, Leeds LS15 8GB
Annuity comparisons could increase your income

If you’re considering an annuity then it makes sense to shop around so that you get the highest possible income. Doing so can increase your pension income significantly. Research shows that some people were able to increase their income by as much as 40 per cent when they compared different options depending on health and lifestyle factors. So being informed is an important part of finding the right annuity for your circumstances.

At McCarthy & Stone we offer an annuity comparisons service, provided by Age Partnership, to help you to assess all the options available to you. Our service is founded on the knowledge that you want access to honest, independent information, presented in a way that is easy to understand. We take enormous pride in aiming to provide exactly that.

For more information, speak to one of our annuity specialists on Freephone 08000 810 114 for more information, or use the online annuities calculator to begin comparing annuity rates at www.mccarthyandstone.co.uk/annuities
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www.direct.gov.uk/en/Pensionsandretirementplanning/

McCarthy & Stone Annuities
Our annuities service is here to help you find the right product for you. Use our helpful calculator, accessible from our website, to understand what level of income you could achieve with your pensions savings. For more information, speak to one of our annuity specialists on Freephone 08000 810 114.

www.mccarthyandstone.co.uk/annuities

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Making legal provisions – writing a will

Only three in ten people in the UK have a will. According to official statistics, in 2010 the Treasury gained £53m from people who died intestate (without a will) 4.

Reasons for making a will

Making a will may seem like a depressing task but the benefits to your family and loved ones will be significant. It’s easy to think that your assets automatically go to your nearest and dearest, but without a will this isn’t guaranteed. Instead, the government will decide who will inherit and what they’ll get. Spouses don’t automatically inherit everything and there are no guarantees for common law partners either. They’ll choose from children, parents, brothers, sisters, aunts and uncles.

Given that family units are becoming more complex and fragmented, what happens to your estate might be a decision you’d much rather make yourself. What’s more, if you don’t have any family to make a claim then the government will get the lot.

Help and support

Thankfully, there is help and support available to help you tick this off your ‘to do’ list with the least possible hassle. Our will-writing service is provided by one of the UK’s leading law firms, Irwin Mitchell LLP. Its team of expert legal advisers can guide you through the process from start to finish, taking the administrative burden off your shoulders. Help with writing a will could be particularly useful if your financial and family affairs are a little complex.

But whatever your situation, sorting out a will is a valuable exercise. It puts you in control so that you can enjoy later life knowing that your exact wishes will be carried out after you are gone.

Useful resources about writing a will

Directgov

Directgov has a useful set of articles helping you to understand the process, options and benefits around will-making and what to do if no will is in place

For more information go to www.direct.gov.uk and type “wills” in the search bar

McCarthy & Stone will writing service

More information about our will writing service can be found on our website or call Irwin Mitchell on 0845 8338493, quoting MCSGUI for a confidential conversation with no obligation and to request a will writing pack.

www.mccarthyandstone.co.uk/wills
Making legal provisions – lasting power of attorney

A lasting power of attorney is a legal document that helps you to plan how and when you want to pass on responsibility for handling your financial affairs to a friend or family member. It puts you in control of the process and makes sure your wishes are followed.

A lasting power of attorney is a useful tool if you feel that in the future you may not be able to continue to make decisions about your finances for yourself. You must be mentally capable when you set it up, so seeking advice early is recommended.

The benefits include:

• You can define when it comes into effect.
• You can decide who, specifically, takes on the responsibility of managing your finances once it is activated. It may be a family member, but it doesn’t have to be. It could also be more than one person.
• Responsibilities can be divided between decisions about your finances and decisions about your health and welfare.
• You can be confident that people you truly trust will be in charge of your wellbeing in the future if you aren’t able to do this yourself.

Lasting powers of attorney can be complicated – or at least the process of defining them can be. We are experts at helping people to plan their later life. Our Legal Services are provided by Irwin Mitchell LLP. Its expert team of legal advisers has many years of experience in preparing lasting powers of attorney that exactly express the wishes of customers. We can help you to make a plan that ensures your wishes are adhered to later in life.

For an initial conversation about how you might benefit from drawing up a lasting power of attorney call Irwin Mitchell on 0845 8338493, quoting MSCGUI. There’s no obligation and the conversation will be completely confidential.

Useful sources of support and information about lasting powers of attorney

Directgov
You can find the Lasting Power of Attorney section in the Government, Citizens and Rights section of the website. There are detailed explanations of the process and law.

www.direct.gov.uk

McCarthy & Stone
If you have more questions about Lasting Powers of Attorney we have put together a Frequently Asked Questions resource on our website.

www.mccarthyandstone.co.uk/LPFAQ
Planning your funeral

Start talking about funeral arrangements and many people can’t change the subject quick enough. But just like making a will, pre-paying for funeral costs is a practical and sensible thing to do. The costs of a funeral can be significant and they continue to increase, in fact average funeral costs are expected to rise from £3,368 to nearly £5,000 in the next five years.

A funeral plan guaranteed to beat rising costs

A Guaranteed Funeral Plan lets you pay for funeral costs in advance at today’s prices. So, no matter what happens to interest rates or inflation, you know that the funeral arrangements in the plan will be covered. So if you’re 50 or over, you can pay for funeral costs now, freezing the costs at today’s price providing peace of mind for both you and your loved ones that everything is taken care of.

Take care of arrangements in advance

The plan also lets you take care of the funeral arrangements in advance. You can specify how you’d like to be remembered, so your family will know that they’re following your wishes, and they’re free to add their own personal tributes if they wish.

So taking out a funeral plan is both a financially sensible and thoughtful thing to do for your family.

Your funeral couldn’t be in better hands

McCarthy & Stone’s Guaranteed Funeral Plan is provided by Dignity, the UK’s largest funeral plan provider. More than 480,000 people have already seen the benefits of having a funeral plan with Dignity. Dignity has a network of over 900 funeral directors throughout the UK, many of whom have been serving their local communities for generations, providing a personal and compassionate service to the families they serve. In their most recent customer survey 99 per cent of families said that Dignity met or exceeded their expectations. This experienced has given Dignity a unique and deep understanding of your needs and has allowed it to create the most financially secure funeral plan available in the UK today.

The money you pay for your plan will be kept securely in an independent Trust Fund until it is needed. You also have the reassurance of a money back guarantee if you change your mind or your circumstances change.

Call Dignity on Freephone 0800 804 8070 quoting reference MCS128ND find out more about the Guaranteed Funeral Plan or to request an information pack and free pen.

www.mccarthyandstone.co.uk/Dignity
Useful sources of support and information about funeral planning

Money Advice Service
The website provides useful detail about the costs of a funeral and good advice about ways that these can be managed and reduced.

Funeral Planning Authority (FPA)
Dignity are a member of the Funeral Planning Authority, the official body that oversees the operation of companies offering funeral plans.
www.funeralplanningauthority.com

McCarthy & Stone Funeral Plans
Our funeral planning service is provided by Dignity and offers a guaranteed price and service that protects you from the future fluctuations in interest rates and inflation. Call Dignity on Freephone 0800 804 8070 to find out more about our Guaranteed Funeral Plan or request an information pack.
www.mccarthyandstone.co.uk/Dignity
Coping with a loss

When you suffer a bereavement there is nothing that can replace your loved one. But there is support available to help you through this most difficult time. Though it may seem impossible, you can find a way to cope with your grief and the administrative burden of arranging a funeral. From professional counselling to a friendly ear to talk to over a cup of tea, there are people who can help you to move forward when you are ready to. There are also great resources to help you with the task of organising your loved one’s funeral. So take advantage of the help that’s there for you. Don’t suffer in silence.

Money Advice Service
The website offers comprehensive information and support in the When Someone Dies section (click on the Life Events link in the menu at the top of the home page). There’s a checklist covering legal and administrative obligations, as well as advice on how to seek grief counselling.

www.moneyadviceservice.org.uk/en/categories/when-someone-dies

Royal College of Psychiatrists
The Royal College of Psychiatrists is the professional and educational body for psychiatrists in the UK. This online leaflet provides practical help and advice, and ways to seek help and counselling.

www.rcpsych.ac.uk

Directgov
Directgov has a comprehensive set of resources and articles offering information about what to do when someone dies.

www.direct.gov.uk

McCarthy & Stone
Our funeral plans include a bereavement advice and counselling service at the end of the phone. It’s there to support your family and loved ones 24 hours a day, seven days a week.

www.mccarthyandstone.co.uk/Dignity
1Research conducted by YouGov on behalf of McCarthy & Stone, April 2012.
2Research conducted by OnePoll on behalf of McCarthy & Stone, March 2012.
3Department of Work and Pensions, February 2012
4BBC News, October 2011
5The average cost of a funeral has risen from £1,580 in 2000 to £2,225 in 2006 (source: Mintel Funerals – UK – January 2007) to £3,368 in 2011 (source: Matter Communications). Dignity estimates that by 2016 the average cost of a funeral will be £4,751.