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Marshall
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Create and Secure Your Future

# **Revealed:** The value of financial planning

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Financial planning can add real value to your life, helping you achieve your goals and enjoy the lifestyle you want.

When you think about financial planning, you might initially focus on the financial element.

Perhaps you're interested in how planning can help you reduce your tax bill, invest to get the most out of your savings, or make sure you're on track for retirement?

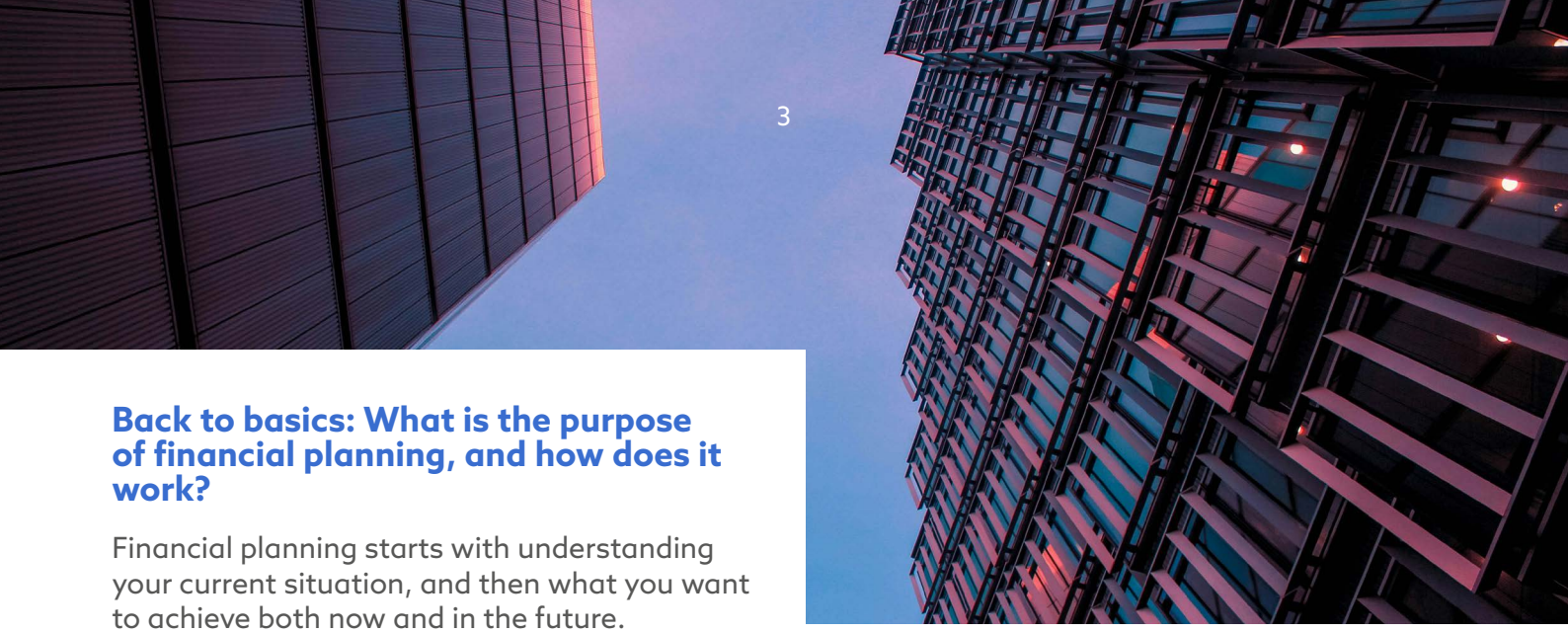
While financial planning can certainly help in these areas, it actually goes far beyond that. It's all about helping you live the life you want, feel more confident about the future, and reach your goals.

When clients first approach a financial professional, it's often because they need support with a specific question or concern, such as:

- Can I afford to invest more of my wealth?
- How much do I need to save to enjoy my lifestyle in retirement?
- What can I do to reduce Inheritance Tax for my loved ones after I'm gone?

While a planner can help you answer questions like those above, the process of financial planning is even more all-encompassing, designed to deliver greater value.

In this guide, you can find out why.



## Back to basics: What is the purpose of financial planning, and how does it work?

Financial planning starts with understanding your current situation, and then what you want to achieve both now and in the future.

By defining your short- and long-term goals, you can start to understand your finances and what you can do now to help you meet your aspirations. That's why, although financial planning can answer your questions, it delivers even greater value by taking those further steps.

As an example, imagine that you approach a financial planner because you want to retire comfortably at 60.

You might have envisaged the planner either saying "Yes, you have X amount, and it will last you Y years, so you're on track to retire at 60", or "No, you would need to save Z amount to achieve that goal".

Instead, a financial planner might start with a different question: "Why do you want to retire at 60". Then, they might ask you other questions too, such as:

- Would you like to retire earlier than 60?
- What kind of lifestyle are you aiming for in retirement?
- What's on your retirement bucket list, and what do you actually want to do with the time?
- What else is important to you? Do you want to help your children financially, or provide a nest egg for your grandchildren?

While your initial query was about retiring at 60, these questions seek to reveal your real motivations and help you work out what you truly want to achieve.

Ultimately, in this case, the advice you receive would have gone above and beyond the reason you first approached the planner.

### WHAT'S THE DIFFERENCE BETWEEN FINANCIAL "PLANNING" AND FINANCIAL "ADVICE"?

You might have heard the terms "planning" and "advice" used interchangeably, but they are actually quite distinct.

**FINANCIAL PLANNING** involves building a comprehensive plan based on your entire financial situation, putting your goals and objectives at the centre and then making decisions that allow you to achieve them.

**FINANCIAL ADVICE** focuses more on the specific products and strategies you put in place to achieve a certain outcome.

A financial plan will usually involve financial advice. For example, if one of your goals is to retire by age 60, a financial planner might advise increasing your pension contributions now.

## Wealth and lifestyle: 2 key areas where financial planning can benefit you

As the example on the previous page shows, financial planning can benefit two different areas: your wealth, and your lifestyle. Let's explore these in more detail.

### 1. How financial planning benefits your wealth

Financial planners can help organise and streamline a whole range of areas of your wealth.

The table below outlines some of these, and how a planner can support you.

| Area of your wealth | How an adviser can help |
|---|---|
| Pension planning | Looking at how your pension is invested and assessing whether you have sufficient funds to enjoy your desired retirement. |
| Savings | Ensuring you have a sufficient emergency fund and finding the most competitive interest rates. |
| Investments | Designing a diversified investment portfolio to generate the returns you need, all in line with your capacity and tolerance for risk. |
| Tax planning | Organising your finances to be as efficient as possible so you can keep more of your hard-earned wealth. |
| Protection planning | Helping you find the right cover so that you and your family are protected in case of events such as loss of income, injury, illness, or death. |
| Inheritance Tax and estate planning | Ensuring your beneficiaries pay as little tax as possible and that your wealth is distributed to those you most want to receive it when you pass away. |

A comprehensive financial plan will include all these elements and more.

Importantly, a financial planner will use their knowledge of allowances and tax breaks to aim to increase your wealth.

## Research shows that financial advice and planning can increase your wealth

Research published in November 2019 by a think tank, the International Longevity Centre (ILC), sought to find an answer to the question of just how much financial advice can benefit your wealth.

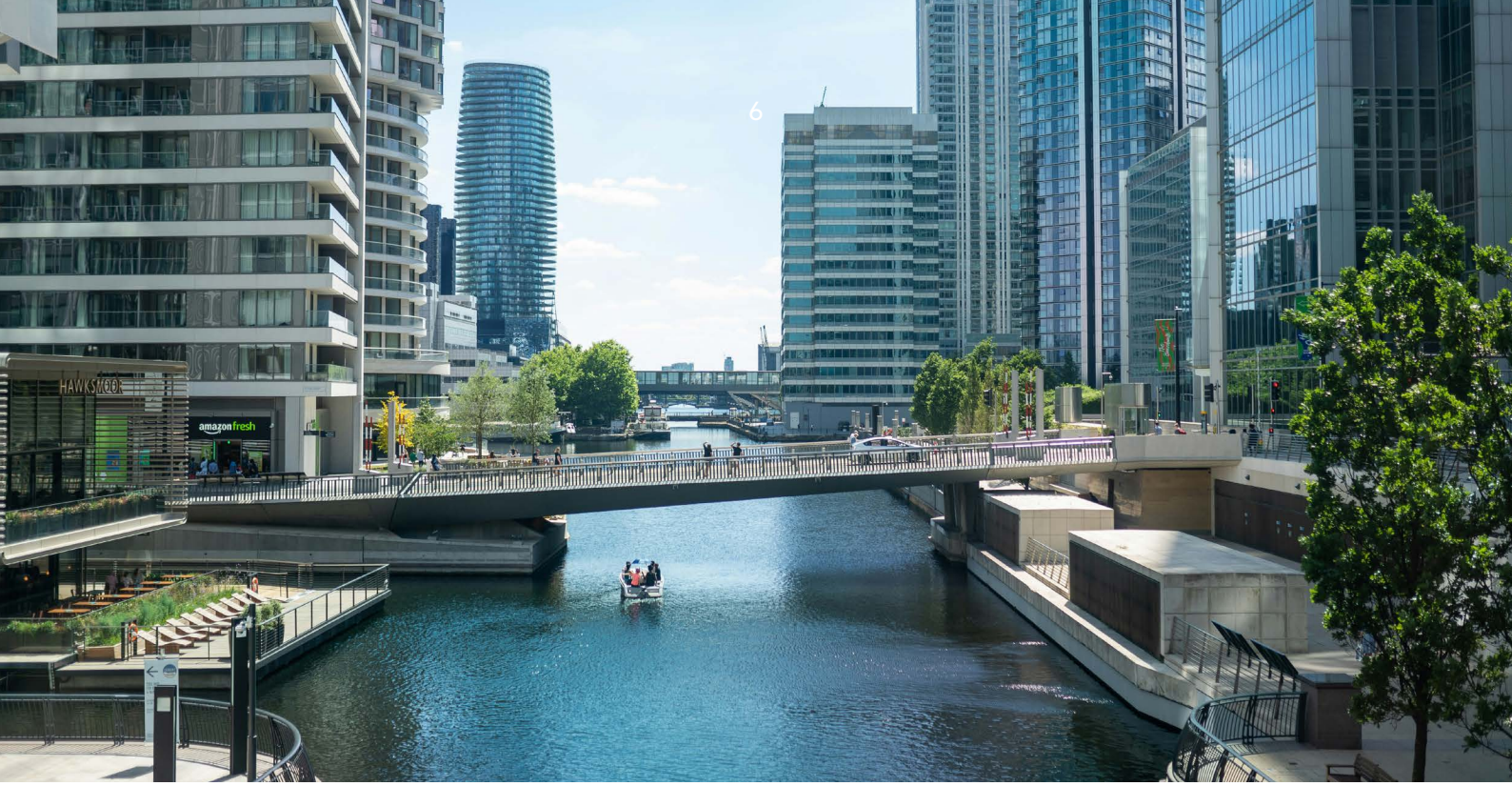
The ILC tracked individuals who received financial advice between 2001 and 2006. Then, it followed up to see how their financial situation had changed by 2014/16. The findings demonstrated that professional advice can improve financial security in retirement, both in terms of pension savings and other assets.

Released in 2019, the report made several other key findings:

- Receiving professional financial advice between 2001 and 2006 resulted in an average total boost to wealth (in pensions and financial assets) of **£47,706**.
- The benefits of financial advice are potentially greater for those deemed to be "just getting by". This group saw a **24% increase** in their pension wealth, compared to **11%** for more affluent groups.
- An ongoing relationship with a financial adviser led to better financial outcomes. Those who received advice at both points of the study had **nearly 50% higher** wealth than those only advised at the start.

These figures clearly show that in the long term, financial planning and advice can provide tangible financial benefits.

However, this is before the potentially even more powerful part – how effective planning can benefit your lifestyle.




## 2. How financial planning benefits your lifestyle

Financial planning is arguably even more effective in helping you live the kind of lifestyle you want. Here are just three ways advice and planning can help you do this.

### 1. Defining your goals and priorities

Financial planners take the time to understand what you want to achieve with your wealth, what your priorities are, and how your existing assets or income can help you meet these goals.

In doing so, this can help give you some direction and realise dreams you may have previously thought were out of reach.

For example, you might be diligently saving into a pension. But when do you want to retire and what kind of lifestyle do you want to enjoy after giving up work? Often, when you pay into a pension, you might have a vague idea about when you'd like to retire and some of the things you hope to experience in retirement, such as a once-in-a-lifetime holiday.

Financial planning can help focus these goals and give you a chance to think and talk about what you really want.

- What does your day-to-day ideal retirement lifestyle look like?
- If financially feasible, when would you choose to retire?
- Do you want to continue working in some way in retirement?
- What are your other goals in retirement – for example, do you want to provide your loved ones with financial support?

In having these conversations, you might realise that you actually have more than you need, and you're already set for the lifestyle you want. Or, if your planner does identify a shortfall, they can then suggest the solutions and strategies you could employ to put you back on track towards your target.

By approaching the process from a lifestyle perspective and putting the emphasis on your goals first, rather than your wealth, financial planning can help you get more out of your assets with your aspirations in mind.

## 2. Focusing on what matters to you

You might think that you're able to arrange your finances yourself. After all, if you're yet to approach a planner, then you have already come this far on your own. So, a DIY approach is certainly possible.

But, managing your wealth alone can be time-consuming and complex. Do you really want to research the latest investment opportunities and legislative changes, all while working hard in your career or business, spending time with friends and family, or focusing on a hobby? And do you have the time to do so?

Financial planners have already invested the time into gaining the knowledge they need, completing various crucial qualifications. Furthermore, they'll be focused on their profession, rather than organising your wealth after hours like you would have to.

So, they're well-placed to offer you the guidance you need, in turn freeing you up to focus on what's really important to you.

This doesn't necessarily mean not being involved in your planning.

You can take a hands-off approach if you choose, and just check in with regular reviews and updates so you know everything is on track. Or, you can be more involved, instead turning to your planner as a sounding board and source of advice when you need it while you make your own decisions.

However you treat it, a relationship with a financial planner can improve your wellbeing and give you time to focus on the areas of your life that are a priority to you.

## 3. Having confidence in your financial future

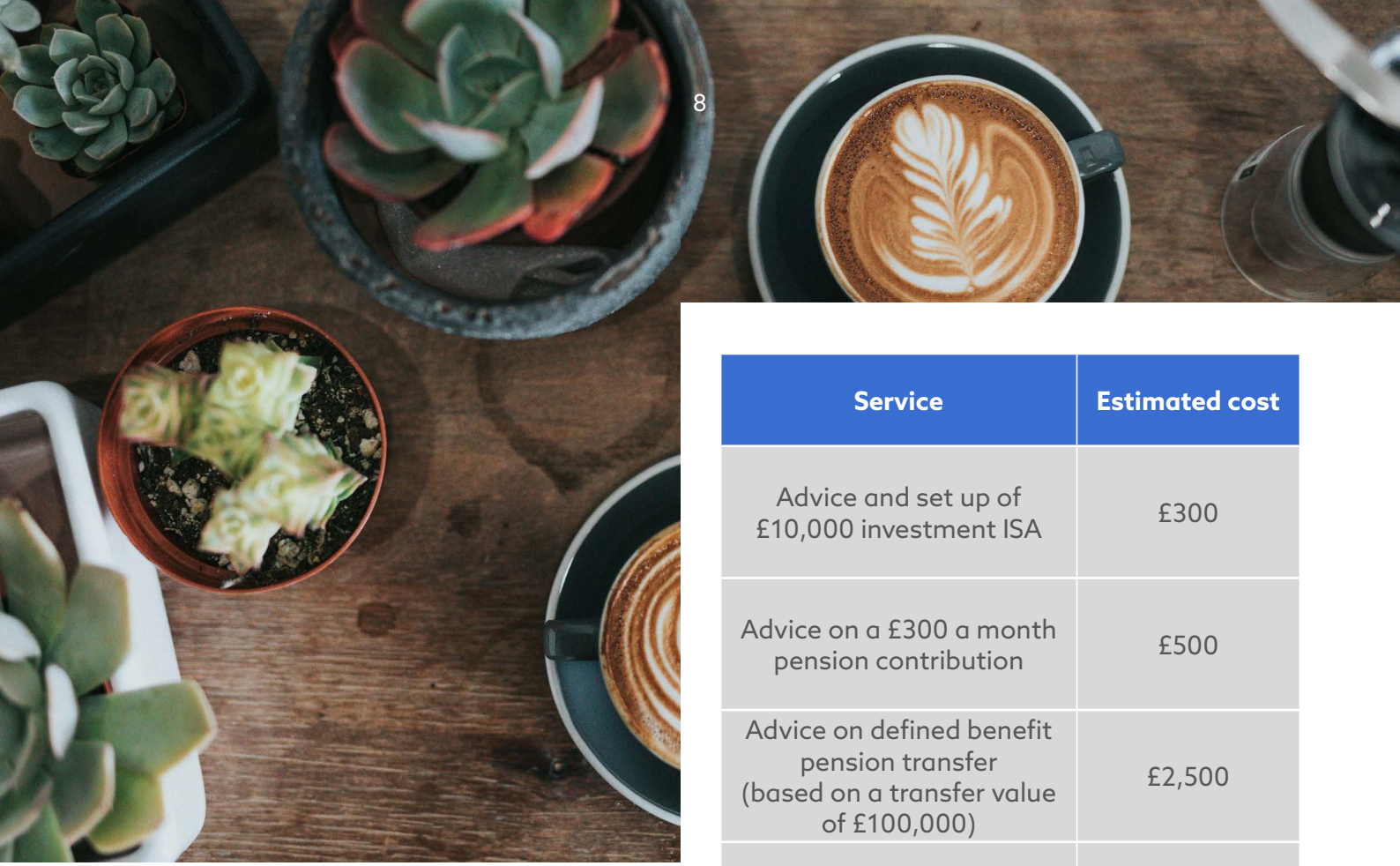
Perhaps the most important element of financial planning is that it can give you complete financial peace of mind and reassurance for the future.

Having confidence in the financial steps you're taking is essential for getting the most out of your assets. But, with so many different factors to consider, you may be unsure about what options make sense with your goals in mind.

This is a key area where financial advice can add value. You'll be working with a regulated professional who can help you avoid common mistakes and have confidence in the path you choose. You'll also have the reassurance that your wealth is organised so that it will last your lifetime.

This extends to confidence in spending your wealth, too. While we often think of accumulating wealth when seeking financial advice, one of the hardest things to do could be to start spending the assets you've built up. After a lifetime of saving, it can be difficult to change your mindset and start to deplete assets in pursuit of the lifestyle you deserve.

Financial planning can provide the confidence you need to enjoy retirement, safe in the knowledge that you're still financially secure and able to meet other commitments.



## The big question: Is financial planning worth the cost?

As with any professional service, there is a cost to working with a financial planner. So, having seen the benefits, you may now be weighing these up against what you would need to pay.

Financial planners and advisers will vary in how they charge. You might pay:

- A percentage charge, typically between 1–2%
- Flat fees, depending on the complexity of the work
- An hourly rate, which MoneyHelper reports to be £150 an hour on average in the UK.

As you can see, costs will vary depending on how you are charged and what you need help with. As a guide, the table shows what you might expect to pay in specific instances.

| Service | Estimated cost |
|---|---|
| Advice and set up of £10,000 investment ISA | £300 |
| Advice on a £300 a month pension contribution | £500 |
| Advice on defined benefit pension transfer (based on a transfer value of £100,000) | £2,500 |
| At-retirement advice on a £250,000 pension pot | £3,000 |
| Consolidating of pension pots with a total value of £500,000 | £5,000 |

**Source:** Unbiased February 2025

Initially, these costs might seem steep, and you may be worried that fees will erode your assets over time. If you're concerned about cost, think back to the long-term financial benefits of advice – as that landmark study showed, those who took advice were more than £47,000 better off over the course of a decade.

That's before all the lifestyle benefits that financial planning can offer, from knowing that you'll be able to reach your targets for the future, to having the confidence that your wealth will last you for your lifetime.

When you think of it in these terms, paying for financial planning is not an unnecessary expense, but rather an investment in your financial future.

## Get in touch

If you'd like to discuss your existing financial plan or wish to arrange an initial consultation, please get in touch.

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**Please note:** This guide is for general information only and does not constitute advice. The information is aimed at retail clients only.

All information is correct at the time of writing and is subject to change in the future.

Please do not act based on anything you might read in this article. All contents are based on our understanding of HMRC legislation, which is subject to change.

The Financial Conduct Authority does not regulate estate planning, cashflow planning, tax planning, trusts, Lasting Powers of Attorney, or will writing.

A pension is a long-term investment not normally accessible until 55 (57 from April 2028). The fund value may fluctuate and can go down, which would have an impact on the level of pension benefits available.

The tax implications of pension withdrawals will be based on your individual circumstances. Thresholds, percentage rates, and tax legislation may change in subsequent Finance Acts.

The value of your investments (and any income from them) can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance.

Investments should be considered over the longer term and should fit in with your overall attitude to risk and financial circumstances.

Note that life insurance and financial protection plans typically have no cash in value at any time and cover will cease at the end of the term. If premiums stop, then cover will lapse.

Cover is subject to terms and conditions and may have exclusions. Definitions of illnesses vary from product provider and will be explained within the policy documentation.

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