

Facing financial uncertainty - four tips to secure your future



It's official: the UK fell into recession in the second quarter of 2020 after the Office for National Statistics reported the second consecutive quarterly fall in GDP (gross domestic product) - that's the sum of the value of all goods and services produced in the economy.

It is the first time the UK has been in recession since the dark days of the financial crisis. Back then, the economy shrank by no more than 2.1% per cent in a quarter. In the second quarter of this year, it contracted by 20.4% — that's a record, but not one which anyone will be celebrating.

In these financially uncertain times, a lot of people will be experiencing salary cuts or even dealing with the prospect of redundancy. If you and your family have been affected in some way by recent events you can still take steps to secure your future.

Here are a few steps to take for a financial boost in later life.

Your pension

Remember that even if you leave your employer, any retirement savings you have built up in your pension plan is still yours. You don't lose these savings, so don't neglect them.

If you're able to continue contributing to your pension, you'll benefit from a 20% government uplift on contributions in the form of tax relief - for every £80 you pay in, £100 is invested.

It could be even more if you are a higher rate taxpayer. This tax relief applies to all contributions up to £40,000 every year.

Your retirement date

We all want to retire as soon as we can, but have you considered the potential benefits of retiring later than planned?

Working for a few more years means more contributions from you and your employer going into your pension savings. There's also the benefit of government added tax relief on those contributions. When you consider all of this, plus the investment growth extra years of investing could bring, delaying retirement for a while could mean a more financially comfortable life after work.

Your beneficiaries

If the worst were to happen, and you died before taking your pension benefits, you'd want to make sure that your loved ones were looked after financially. By completing and keeping your Expression of Wish form up to date, any unused retirement savings can be paid to them quickly and efficiently.

The form allows you to nominate who to pay your retirement savings to after you pass away, and if you die before age 75 your beneficiaries would receive the money without having to pay a penny of tax on it. It takes just five minutes to make sure your loved ones are looked after for years to come.

Fidelity account holders can do this at PlanViewer.

Your other investment options

If you still have money available to invest, consider investing in an ISA. You can currently invest up to £20,000 in these tax efficient accounts. If you have children, they can have a Junior ISA (or JISA for short) which you can invest up to £9,000 in. Just remember that the money will be locked away until they reach age 18, where the investments move over to them.

Both ISAs and JISAs are considered as medium to long term investment products but being able to put away money now and benefit from tax free savings could pay off further down the road.

The world around us is constantly changing, but don't let uncertainty derail your plans. Instead, use it as an opportunity to lay the foundations for a strong financial future.

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