Financial Planning In Your 40s.

NH WEALTH

Life in your 40s can often seem like a blur. Work is full-on, children are growing up fast, and expenses can feel relentless. With so much going on, it's easy to put off financial planning for another day.

But this is one of the most important decades when it comes to shaping your financial future; the decisions you make now can have a big impact on the lifestyle you and your family enjoy in the years ahead.

Use this checklist of financial 'non-negotiables' to size up your current financial planning needs and if you're spotting any gaps, **schedule your no-obligation chat** with NH Wealth today.

1 Protect your family.

Before you think about growing your wealth, it's vital to protect what you already have. You need to make sure your family wouldn't struggle financially if something unexpected happened.

- **Life cover:** Life insurance should be enough to repay any debts (e.g. mortgages), cover future expenses, and provide ongoing support.
- **Income protection:** If you were too ill to work for six months or more, how would you manage? Income protection can provide a monthly income so you can focus on recovery.
- **Critical illness cover:** This pays a lump sum if you're diagnosed with a serious condition like cancer. It can help cover treatment costs, take time off work, or pay down debt.

2 Get the legal basics sorted.

These are things most people know they should have, but many don't get round to doing.

- **A valid Will:** Without one, if you pass away your assets may not go where you'd want them to, and your loved ones could face unnecessary stress and costs at an already difficult time.
- **Lasting Power of Attorney (LPA):** This allows someone you trust to make decisions on your behalf if you're unable to.

3 Know your **numbers**.

Know exactly where you stand with the help of cashflow modelling.

- **Cashflow modelling:** To help you understand what the future could look like based on your current income, spending, savings, and investments.

4 Review and consolidate your **pensions**.

Most professionals have built up pensions in several different places over the years. It’s common to have pots from three, four or even five former employers.

- **Review pensions:** Are they invested appropriately? Are you paying unnecessary fees?
- **Consolidation:** Consider consolidating them for simplicity and potentially better outcomes. Please note that pension consolidation should be assessed on an individual basis, as it may not always be appropriate. In some instances, there may be exit charges or it may lead to the loss of valuable benefits or guarantees.
- **Quick checks:** Check your annual allowance and whether you’re at risk of breaching the lifetime allowance (especially relevant if you have generous employer contributions or older schemes).

Your pension is likely to be one of your biggest assets, so it pays to give it some attention.

5 Make full use of **tax-efficient wrappers**.

ISAs and pensions are powerful tools for long-term wealth building. If you're not using your allowances each year, you could be missing out. If affordable:

- **Maximise contributions:** Maximise your current pension contributions, especially if you're a higher-rate taxpayer.
- **ISA allowance:** Use your ISA allowance every year to build a tax-free portfolio.
- **Junior ISAs:** Consider Junior ISAs for your children, especially if you're already funding school or university fees.

Using tax-efficient wrappers is about putting your money in the right places to improve your post-tax investment returns.

6 Invest with purpose.

If you're holding too much in cash, it's likely losing value in real terms. If you're investing, make sure you're doing so with a clear goal in mind.

- **Strategy:** Align your investment strategy with your time horizons and objectives. As a rule of thumb, the longer your time horizon, the more risk you can take.
- **Diversify:** Stay diversified and avoid making knee-jerk decisions based on short-term market movements.
- **Review:** Review regularly, especially if your circumstances change.

Even small differences in annual returns can compound significantly over time, leading to a much larger pot when you come to access the funds.

7 Get ahead on tax planning.

Too often, tax planning is left until the end of the tax year. The most effective strategies are the ones put in place early.

- **Pensions:** Check if pension contributions can reduce your income tax bill.
- **Lower tax bands:** Think about holding investments in your spouse's name if they are in a lower tax band.
- **Investments:** Explore other tax-advantaged investments such as Offshore Bonds or Business Relief-qualifying opportunities.

Tax planning doesn't have to be complicated, but can make a huge difference.

Let's review.

Have you spotted many gaps in your checklist? Financial planning in your 40s can feel overwhelming, but it doesn't need to be. Start with the essentials. Make sure your family is protected. Get the legal documents in place. Understand what your financial future looks like and take control of the things you can influence.

If you can get these key areas sorted now, you'll be in a much stronger position to grow and protect your wealth in the decades ahead.

Some things are easier with a professional on hand to guide you. If you're thinking seriously about organising your finances in your 40s, don't hesitate to **book your call** with NH Wealth, the trusted financial advice firm in Sevenoaks.

Contact NH Wealth to get started on your financial planning journey today.

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Or scan the QR code to schedule a chat

This guide is for information purposes and does not constitute financial advice, which should be based on your individual circumstances.

The Financial Conduct Authority does not regulate Cashflow Planning.

Cover will cease on insurance products if premium payments are not maintained.

Generally, these plans have no cash in value at any time and will cease at the end of the term. If premiums are not maintained, then cover will lapse.

The favourable tax treatment of ISAs may be subject to changes in legislation in the future.

Please note that the Financial Conduct Authority (FCA) does not regulate some aspects of tax planning or trust advice.

The value of pensions and any income from them can fall as well as rise. You may not get back the full amount invested.

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