

A Happy and hopefully prosperous New Year to you all,

2011 is I think going to be a very interesting year. With increased VAT and National Insurance (in April) “cuts” to all services and redundancies almost everywhere you are going to be affected one way or another.

Inflation is over 3% as I write and whilst this is expected to reduce, I believe our costs of living will increase quite a bit over the next year. Energy Bills have already increased and the prolonged cold spell in December won't have helped keep your costs down.

I suspect that the economic situation will lead to more people retiring as a result and/or dipping into their pension funds to raise cash, buying annuities or even considering Equity Release on property.

I know I sound like a broken record (you can tell I'm the pre CD era!) but all the above matters are very large financial decisions and should not be entered into quickly or lightly, a bit like marriage I suppose.

Buying an annuity is normally a once in a lifetime decision but with such a vast choice of types of annuity: - single, joint, escalating, non-escalating, protected, investment, drawdown etc. etc. it is a daunting bewildering world.

Throw in your health situation, you may get a higher income if you have suffered from a range of illnesses in the past, and the complexity increases yet again. With different companies offering vastly different incomes for the same purchase price, and with no way to change your mind in future, this decision has to be right from the start.

With Europe looking into our annuity business and the Government changing the rules in April, I'm sorry but if you are not dealing with annuities all the time there is minimal chance you could make the “right” decision, yet it is one truly vital to your future.

Equity Release or “Eat the House” as I call it, is a last resort not a quick fix. Entering into the wrong contract or starting too young and the damage to your finances could affect the quality of the rest of your life and you could be powerless to undo it.

As an IFA I spend more of my time talking people out of Equity Release mortgages rather than arranging them but there are occasions when it is the right thing to do but only on the correct basis.

It hurts when we see new clients who have done things without proper advice, if I had a pound for every time new clients say to us “I wished I had seen you first” I would be retired by now.

IFA's deal with Pensions, Annuities and Equity Release all the time and many, like ourselves, have vast experience of clients making good choices and bad ones, we can help you but need to see you before you make any decision!

If you have not made a New Year resolution, then may I suggest “See an IFA before making financial decisions” is not a bad one to start with.