



# Independent Financial Advice

NEWS AND ADVICE FROM BIRKETT LONG



## **This year sees the 30th anniversary of BLIFA.**

In November 1989, it was an innovative move by the solicitors to launch a separate financial services department. The synergy between legal and financial advice, and providing both services under one roof, has proven to be an excellent decision. We have seen both the team and diversification of the team grow considerably.

We believe in internal training and development of our employees, which is invaluable not only to us, but to our clients, as we believe firmly in continuity of advice to our clients; our trainees adopt the same philosophies as the senior advisers within the team.

We may have seen a huge amount of change in the last 30 years in terms of technology and regulation; however, what has not changed is the service to our clients. We believe in providing a professional and personal service, which is borne out by the number of clients we are advising 30 years on. In many cases we don't just advise them, but also their children and grandchildren.

I am very proud of the achievements of the team and look forward to continuing working with you all and your families in the future. Whilst I may not be working in 2049, the foundations have been built and other team members will be providing financial advice for another 30 years!

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# Funeral costs are rising, so don't let it become a burden

We all know that one day we will need a funeral, but what we don't know is how much it is going to cost. The average price of a funeral is now £3,785\* and rising. For many families this can become a great burden at such an emotional time.

Sadly, there are many people who are unable to pay for the cost of their loved one's funeral and often have no choice but to take on a large loan to do so - £1,990 on average. This is now at a record high, with 13% agreeing to pay a funeral director over a period of time, 20% borrowing from friends and family, 7% selling possessions and 27% taking out some form of credit.

Although the State does offer some help, it is nowhere near enough. On average there is a shortfall of more than £2,300. In addition, the waiting times for application approval for state support can also be extremely long.

What is worth knowing is that there are still ways to plan ahead for your own funeral. One way is by taking out a funeral plan.

A funeral plan guarantees to fix the cost of a cremation funeral and protects against the rising costs in the future. The costs covered generally include the provision of a coffin, hearse and limousine, cost of cremation, minister and officiant's fees. Many funeral plan providers include different options with flexible payment facilities, for example over 12 months or 5 years and some will offer a contribution towards a burial rather than cremation.

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#### References:

\* <https://www.royallondon.com/media/in-brief/change-on-the-horizon-for-the-funeral-industry/>

Many people might consider their most valuable asset to be their house, car or pension savings. They often overlook the obvious - themselves and their income.

## Don't underestimate your value as a parent

It is often said that being a parent is the hardest job in the world and this may be right. On an average day, parents will take on the role of a cook, doctor, nurse, teacher, nanny, PA, housekeeper, cleaner – and that's all before the school drop off! If you are a parent with this

important role, have you considered how your family would cope if they lost you? It's not something any of us like to think about, but if the worst happened, it's good to know that you could offer your loved ones some financial protection to provide for your family's future.

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#### References:

\*\* <https://www.lv.com/life-insurance/cost-of-raising-a-child-2019>

\*\*\* <https://www.legalandgeneral.com/life-cover/articles-and-guides/family-life-and-care/life-insurance-poll.html>

A funeral plan not only protects your family from meeting the burden of funeral costs, it will also sit outside of your estate for Inheritance Tax assessment, the money is completely protected through the National Funeral Trust and will pay out even if the plan holder's assets are frozen on death.

If you would like more information on funeral plan provision, or any other aspect of financial advice please contact me.

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# Save the date

We will be holding our annual seminar on Thursday 5 March 2020.

As usual, there will be two locations to choose from:

**Colchester**

Colchester United Football Club  
0930 till 1130

or

**Chelmsford**

Lion House,  
The Lion Inn, Boreham  
1500 till 1700

More details will follow but we hope to see you at one of the events.

When it comes to insuring our lives, many families think about replacing the main earner's income first. After all, this money pays the bills and keeps the roof over the family's head. On many occasions life cover for a mum or dad who stays at home to look after the children full time is forgotten and this can be a big mistake.

If you're a stay-at-home parent and don't earn a salary, it's easy to think you don't need life insurance. However, the fact is, if something happened to you, your partner may have to reduce their working hours to look after your children or pay someone else to do all the roles you do — and that can be expensive.

In 2015, Legal and General (L&G) identified, on average, the annual domestic value of a mum was £29,535 and £21,601 for a dad, whilst parents also said they spent a further £2,429.96 on average a year on regular activities,

pocket money and treats. These figures will have inevitably increased with inflation.

A more recent study from insurer \*\*LV= states that to raise a child in 2019 to age 18 costs on average £75,436 for a couple and £102,627 for a single parent.

Another recent study from \*\*\*L&G surveyed 1,000 parents. Nearly half had no life insurance cover at all, of which 51% believed cover is too expensive, 20% felt they were too young and 14% said it's too confusing. Whatever your reason, being covered is essential to provide for your family and their future.

This demonstrates the value of a parent. If the worst were to happen, you would not want your family to worry or struggle financially, particularly at an already difficult time. This is where protection such as life assurance cover can help.

Of course, replacing a parent is impossible, but a pay out from a life assurance policy would help to cover some of your family's day-to-day costs and take some of the financial stress out of a terrible situation.

If you would like to discuss your protection needs in more detail and the options available to you, please contact me.



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# Pension sharing on divorce

We are often reminded about the importance of reviewing our pension arrangements. Pensions are also an important consideration if you are going through a divorce or dissolution of a civil partnership. They are often one of the most valuable assets in the proceedings, but their complexity is such that, until pension sharing was introduced in 2000, they were sometimes overlooked when couples came to divide their assets.

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## **What is pension sharing?**

Pension sharing is one of the ways a pension can be divided between couples and means pension assets can be included and form part of a financial settlement. If a Pension Sharing Order is made or agreed, one spouse can receive a percentage of the other spouse's pension, which can then be placed into a pension in their own name. It has the effect of severing the financial ties the couple has, so far as pensions are concerned, which can lead to a full clean break being effected between them both.

An alternative to pension sharing is offsetting. If an individual wishes to keep hold of their pension, or does not require a pension, they can agree to provide the other with more of another asset in its place, for example, equity in a property. The assets are still divided but in a way that better suits the couple.

This is a complex area and it is essential that you seek not only legal advice, but also independent financial advice, when going through a divorce or dissolution of a civil partnership. Birkett Long has specialists in both areas who often work together to help our clients secure the most appropriate outcome.

There are several options available to separating and divorcing couples. If you would like to find out more please contact me.

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