

WELBECK GROUP

ABOUT US

OUR SERVICES

CSR

CAREERS

CONTACT US

CONSULTING

TAX SOLUTIONS

MORTGAGES

INDEPENDENT

WEALTH  
MANAGEMENT

NEWS & MEDIA

OUR BLOGS

FINANCIAL  
CALCULATORS

## E-zine

Sign-up below to receive our monthly E-zine.

Submit

# SOUND FINANCIAL ADVICE IS NEVER BLACK OR WHITE

## NEWS UPDATES


Keeping you in the picture


Where there's a will...

Panorama, Pensions – and a sense of proportion


Surviving the age of austerity

## OUR BLOGS

 **Financial Consulting**  
State pension: an unattractive prospect

 **Tax Solutions**  
The voluntary tax

 **Mortgages**  
Will there be any money to lend in 2011?

 **Independent Advice**  
When is €400,000 not enough?

SEARCH



## TAKE CONTROL OF YOUR LIFE

Welbeck Group offers expert, dynamic financial planning that can give you the edge and put you back in control.

We're here to make your money work harder for you, simplify your wealth management portfolio and give you outstanding professional advice. We cut through the swathes of endless financial speak, and use straightforward language instead of jargon.

We don't do off the peg planning. Instead, we'll produce a strategy that's tailored to your needs. We'll look at every aspect of your finances – and ensure that whatever we recommend continues to be relevant throughout your life.

As one of the UK's fastest growing wealth management companies, we're as ambitious for success as you are. We know that our growth depends on continuing to provide you with great personal service that exceeds your expectations. Contact us today for a free initial discussion on how we can start helping you.

← [Would you like £100,000 that you can access free of tax?](#)

## When is £400,000 not enough?

FRIDAY, 03 DECEMBER 2010

To most of us, £400,000 would seem like a tidy sum. But there is definitely one situation where even this amount might not be enough – and that's when you're buying your annuity.

If you've built up capital in a personal pension plan while working, you can convert it into a **regular income** for the rest of your life. You can take a quarter of the amount built up as a tax-free cash sum, but the rest has to be converted into an annuity – a financial contract that pays you income for as long as you live.

Traditionally, the annuity had to be bought by age 75. In this year's Budget, the government raised the deadline to age 77, and has since proposed scrapping it altogether.

Nevertheless, sooner or later, most of us will buy an annuity. And this is where the bad news starts. Since 1995, annuity rates have been in **decline**. Over the last 15 years, the annuity rate for a single man has declined by over 45%, and for a single woman by more than 41%. Even over this year, rates have **dropped 4%**.

That leaves three questions. Why have rates fallen, what does this mean to you and your retirement income – and what can you do about it?

The answer to the first question is twofold: it's to do with low yields on gilts and corporate bonds which annuities are invested in in order to produce their lifetime income stream. And it's also due to increasing life expectancy; on average, we're living a lot longer than our parents and grandparents due to improved medical knowledge and facilities, better diet and so on.

While bond rates may pick up again, the life expectancy issue is unlikely to change significantly. As a result, annuity rates probably won't be climbing back to the top of that cliff they've fallen over since 1995.

So what does this mean? It means that your pension pot won't go anywhere near as far as it would have done 15 years ago. Let's go back to that £400,000 sum. As we said, it sounds like quite a lot of money. But if you used all of it to buy an annuity, it wouldn't go that far.

Let's take a concrete example: a joint life annuity for you and your partner, which continues at 50% for the survivor after one partner dies. If both of you were aged 55 when you retired and bought that annuity, the rates are currently in the region of 3.2%. (If you were both aged 65, the rate would be more like 4.2%, which is still far from generous.) So buying a joint annuity for £400,000 for you and your partner at age 55 might produce only £12,800 income for both of you to survive on – and that is taxable.

So what can you do about it? The first thing to do is shop around; you don't have to take the annuity offered by your pension provider. Instead, you can take the best available to you, a route known as the open market option. But with rates so low, shopping around may not make that much of a difference; even the best rate may be unimpressive.

If you've still got some time before you retire, though, there's definitely something you can do to boost your retirement income – and that's to up your contributions. Pensions still qualify for tax relief and your contributions can grow in a fund managed by an expert, which should further increase the amount you can look forward to.

At **Welbeck**, we're financial advisers and wealth management professionals, so we know lots about pensions – and about how to help you boost your retirement income effectively. If you think that annuities have had their day and don't want to adopt a traditional approach to retirement planning, why not **talk to us** about your options?

### LINKS

- [Welbeck Group](#)
- [Welbeck Group Consulting](#)
- [Welbeck Group Solutions](#)
- [Welbeck Group Mortgages](#)
- [Welbeck Group Independent](#)
- [Welbeck Group Wealth Management](#)

### BLOG ARCHIVES

- [December 2010](#)
- [November 2010](#)

This is the official consulting blog of Welbeck Group - one of the UK's fastest growing providers of wealth management services.

[Home](#)

[About Welbeck Group](#)

[Contact Us](#)

[← A wolf or a sheep?](#)

[State pension: an unattractive prospect →](#)

## “The real cost of raising Children”

WEDNESDAY, 08 DECEMBER 2010

Children are precious. And since it costs over £200,000 to raise one, they should be.

That figure is the finding of a survey reported in [The Guardian](#) recently. It looks at all the expenses involved in bringing up a child to the age of 21: food, clothing, entertainment, and so on.

Not only does this total over £200,000 now, that total cost has gone up over 43% since the survey began in 2003 – greatly outstripping inflation.

The survey includes the cost of university tuition. Of course, the idea is that undergraduates take out loans to pay for this, repaid by the higher earnings they can expect as graduates (at least in theory). But as everyone knows, many parents end up paying at least part of the cost of these, to reduce or eliminate the debt facing their offspring.

And as our [blog](#) on the spiralling cost of university education observed in November, if government proposals become reality, those fees could rise to an eye-watering £9,000 per student per term from 2012.

The survey doesn't include the costs of private education, which a growing number of parents are opting for. This already averages £2,400 per term, as the [Private Schools Directory](#) points out. As it calculates, if you want 16 years for your child at a private school assuming 6% annual inflation plus three university years, you wouldn't be looking at much change from £300,000 on education alone.

So the cost of raising children is substantial – and it's running well over the rise in the CPI and other inflation-measuring indices. This looks like a daunting problem.

Fortunately, sound financial planning was created to solve problems like this. At [Welbeck](#), we have considerable experience and expertise in helping people make more of their hard-earned money. Our financial advice, wealth management and investment planning assistance can help give you financial freedom, taking the sting out of the cost of raising your children.

We can draw on a comprehensive range of products and plans available on the market, so we can help you find the solutions that best match your needs.

The sooner you [talk to us](#), the sooner we can help you put a financial plan into place to handle these extra expenses. And the earlier you start, the more your accumulated investments can grow – so you might not need to lay out so much.

Sounds as simple as ABC to us!

### LINKS

- [Welbeck Group](#)
- [Welbeck Group Consulting](#)
- [Welbeck Group Solutions](#)
- [Welbeck Group Mortgages](#)
- [Welbeck Group Independent Management](#)
- [Welbeck Group Wealth Management](#)

### BLOG ARCHIVES

- [December 2010](#)
- [November 2010](#)