Tom McDermott: Hello everyone and welcome to Episode Five of the 'Life and Money' podcast, brought to you by Skipton Building Society. My name is Tom McDermott, and I'm joined by a panel of experts to talk about a few common perceived barriers about getting financial advice and why it might be worth considering getting some expert help to help you along with your long-term plans.

Now, your time is precious and you've got plenty of better things to do than spend lots of time planning your finances. What this podcast aims to do is to provide you with helpful tips and information to make it easier to manage your long-term plans so you can decide your next steps. In this episode, we have a trio of expert guests lined up who will all be able to talk about the different perspectives on financial planning. Shortly we'll speak to Tom Sidgwick , who is a financial advisor at Skipton building Society. Later on I will be rejoined by Jasmine Bertels. If you've listened to episode three of our series, you will have already heard Jasmine's views on saving and investing your money. She regularly features in the national media to give her expert take on all money matters and we're not done there because also on this episode, we speak to Justin Jones. Justin is an expert funds manager from Aberdeen Standard Investments. And he'll talk to you about how your money might be invested if you were to take up financial advice. Before we get into that though, and speak to our experts, it's really important to make clear that the opinions and information provided in this podcast are not to be taken as advice. If you are looking for advice it is recommended. You speak to a financial advisor as with all investing. Your capital is at risk and past performance doesn't guarantee future results. Right then let's get into this. So first up to talk about financial planning, I'm pleased to be joined by Tom Sidgwick, a financial advisor from Skipton Building Society. Great to speak to you, Tom. Welcome. First of all then I'm keen to know what it is you enjoy so much about helping people to plan their finances.

Tom Sidgwick: I've worked at Skipton for 16 years. So I've had a lot of experience of helping people do that. I wouldn't do it if I didn't really enjoy it. And it may sound a bit cliche, but yeah, I like helping people. I can see what difference we make in their lives. I've got plenty of customers that I've helped and you can genuinely see what you've invested for them, that it's grown a bit and it's given that bit of security. It's maybe the difference for certain holidays they can do, or they could retire earlier. So it gives you that job satisfaction and, and also I'm a bit nosy as well. I like finding out about people and what makes them tick what's important to them and things like that.

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Tom M: Now, I'm sure you can tell me lots of reasons, Tom, why people should probably speak to the likes of yourself about their finances. But I do think it's fair to say that there are some perceived barriers that may put some people off taking the plunge and I think it'd be really good to explore those reasons at this point. First of all then a lot of people assume that financial advice isn't for them. What would you say to people who feel that?

Tom S: Yeah, I completely understand it. When, when customers say that to me, because to be honest in the past and still now a lot of places, a lot of different types of investments, just make it more complicated than it needs to be. And I'd be the same if I did a different job to this, and I spend most of my nine to five work concentrating on this. It’s just made to seem more complicated and makes things scary. I just, I just leave it to one side as well. And, and, and it definitely shouldn't be like that. And I know, because I spent years studying to get a diploma to give financial advice to people and going through some of those textbooks, you think, why, why do they make it so complicated? It's a bit like when I first started working for Skipton I started talking about mortgages and I was only 18 when I was doing that. And there's all these confusing terms with it, but at the end of the day it's just a big loan to buy a house. And it's the same thing with investments.

There's lots of confusing terms and different tax arrangements and different types of investments. But at the end of the day, it's basically an amount of money you want to put away that's going to do something for you. So when you come to spend it, it's going to be worth a lot more than that. And that's basically what an investment is. So that's what I've tried to do with our customers, just try to get rid of all these confusing terms and just go down to the bare bones and help the customers see actually deep down, this is just a tool to help me achieve this in an amount of time, for example. And so, yeah, that's, that's what I tried to do when I, when I talked to the customers just to simplify things and make them see it isn't this big, scary thing with all of these, all these confusing terms. And it's just about trying to make their money work harder for them.

Tom M: Do you need to be wealthy then, Tom, to gain financial advice?

Tom S: Definitely not. Yeah, it depends on the description of wealthy, but we have a lot of customers that come to me and say, do I need to be a millionaire to need to do this or have hundreds of thousands of pounds? And that's not the case at Skipton. We start. with £20,000 as a minimum lump sum investment. Or you can look to do £500 a month. So if you’re working, you've got this surplus income and you want to put something away for your future, then certainly we can look after customers like that. We always say we need to be looking at around five years with these investments, they are open-ended and five years is a good time to think about when it comes to investments. So we'd always make sure that you've got more than enough money available for immediate needs and your short term needs. And it's the money that you can put away for the future that we'd be helping you with.

Tom M: What are the main reasons why someone might need financial advice, then?

Tom S: A lot of customers at the moment are coming to me because interest rates are really low and not keeping up with inflation. Inflation is expected to be 4.5% at the end of this year and interest rates just have no chance, really, of keeping up with that. So a lot of people are coming to me now with that, and they want the money to grow for them and the reasons why they want the money to grow is for lots of standard things.

People might have concerns about care costs with everything that's happened over the last year, it's not looking like care costs are going to go down anytime soon. It's probably going to go up even more. And so a lot of people are worried about that and want to make sure that the funds are there to help cover that and not have the kids have to worry about that, and they know that they've got something in place to look after them. Or, in more normal times, customers are looking forward to doing world cruises or big, fancy holidays, helping the grandkids go to university and things like that. And all of those kinds of things cost money and take better planning. So people like to put money away, make sure it's keeping up with increases in those prices and yeah. And then spend it and then enjoy themselves when the time is right.

Tom M: Acting on financial advice typically means investing and a common concern. Some people may have is that this sounds risky and complicated. Just what are the risks of investing?

Tom S: There's definitely risks involved. And every time I speak to my customers, I'm always very up front about that because the main thing is understanding those risks. And if you understand them and you know what's happened in the past and based on that, what should hopefully happen in the future does kind of makes a lot of people more at ease because it does sound scary. Doesn't it? When you say, oh, the stock market could go down and you, and you could lose some of your capital. But when, for example, you look at the past history, when value drops in the stock market, things generally do recover. If you look at the way that we invest our customer's money, it isn't just the stock market. There's certainly going to be an element linked with that because that's where you can make the most money, but there'll be even for various where there is lower risk, which helps support and balance that risk for customers so it’s not as though your money’s going to fall off a cliff, you've got that diversification and you've got your money invested in different areas. But I'd always be completely upfront and speak to my customers about that, getting that balance between risk and reward and what customer is comfortable with.

So I speak to customers and just find out what their objective is for this money and how much they'd like it to grow. But then I'd always then say to them, look based on that this is what it could drop to. Are you comfortable with that? And I'll make sure we've got enough money for emergencies to cover any needs if there is a bit of a drop in their investment. And I go through the path of history and take quite a lot of the time too, to make them fully aware of all the risks and what the rewards are and to make sure it is definitely the right thing for them.

Tom M: When you're advising a customer to invest, what sort of things are they investing in?

Tom S: There's lots of different types of investments out there but at Skipton it's kind of tailored in with the more traditional building society type of customer who isn't really looking for a very, very high-risk type investment. It's usually people who are used to cash savings and want something with a bit more of a simpler kind of approach. And that's, that's a lot of the type of investments that we do. And so we'd invest in something which actually tracks lots of different markets around the world so you've got a really good spread of diversification there, but on the other side of things, we've also got some customers who have more complex needs and they might need a big portfolio of lots of different funds which we can put in place for them. So, there's different types of funds, like actively managed funds, which have been moved around all the time with what's happening with the market day-to-day but then there's more tracker based funds, which track lots of different markets, take a bit of a backseat and a bit more of a simpler approach. And we can do both types all the time for our customers.

Tom M: Thanks for now, Tom. We'll come back to you later for some final thoughts. But as Tom says, investing would typically mean placing your money into investment funds. This might sound complicated. So who better to explain what it means than an actual fund manager? I'm pleased to welcome our next guest, Justin Jones. Justin is from Aberdeen Standard Investments. Hello, Justin, and can you explain a little bit more about what you do.

Justin Jones: So my name's Justin Jones and I am a senior investment manager on the Aberdeen multi-manager strategies team. So my principle role there is managing client's portfolios and we do this across a range of retail institutions and pension fund clients. Uh, in addition to those responsibilities, I also am responsible for covering sectors. And in that regard, I am responsible for the selection of our managers within emerging markets, Asia, the emerging market debt areas in which we invest.

Tom M:	How do you go about deciding what to invest in?
Justin:	Yeah, so that's a great question. And our process has got a number of stages. So we typically start with the risk and calibrate the way that we structure our client portfolios around volatility bands. And we do that to ensure that the client experience is commensurate with the level of risk that they are comfortable with taking. So across our funds, we really lean heavily. On our team-based approach. And we look at all our investments and potential investments through the lens of our five P process. And this is a process that was pioneered by Aberdeen and has been in place largely unchanged for 11 years now. And essentially what the five Ps are there to do is to help us separate the wheat from the chaff. And it's really coming down to five key principles, which are Philosophy, Process, People, Performance and finally the Price at which we can access this talent.
Tom M:	As we know, investing comes with risk. What measures do you take to manage the level of risk everyone takes?
Justin:	Yeah, that's a great question. And really managing risk is a core principle in terms of the way we think and about, and we structure our client portfolios. As I mentioned, the main parts of our book of business is built around risk at its core. Indeed, much of the work we do on this. Is around setting our strategic asset allocation, which is to say the blend of different asset types and asset classes we use in order to control the volatility and risk that clients are exposed to. So using this as the foundation stone, We'll then use a number of tools to track and monitor the evolution of the funds that we invest in. We will pay close attention to the risk of each manager or fund and that the risk they're taking relative to their benchmark or their performance hurdle. And we collect data from all of our managers on a monthly basis so that we can analyse and stay close to the decisions they're making on your behalf and how the overall portfolio we're building is performing relative to our expectations.
Tom M:	What would you say, Justin, to people who might think investing might not be for them?
Justin:	My personal view is that the principal hurdle that private investors first have to overcome is the fear of the unknown and their inertia in terms of allocating hard, earned savings, or something they don't necessarily

feel they have a full knowledge of in terms of how that money will be spent and invested. And if they could end up losing money, that's where I think the funds we've constructed in partnership with Skipton are great in terms of providing five risk levels to cater for clients' appetite for volatility and for reward, which as we know are always intertwined. With interest rates on the floor and the great tax advantages available for retail clients by the ISA schemes, my view would be that everyone should consider allocating at least some of their capital to a sensibly diversified investment portfolio.

Tom M: We've seen some ups and downs in markets since COVID. How do you, as a fund manager, react to difficult moments and what would you say to investors if they're feeling worried about market falls.

Justin: Yeah. I mean, if we reflect back on a year ago, there were clearly some quite extraordinary days in the first quarter up to the period in March where we found a floor in markets. I think the most important thing to tell clients and retail investors is to not panic. The natural reaction of many is to want to do something, to make changes. And quite often that's the wrong thing to do. We were clearly spending a lot of time, pondering about what action we should take in portfolios over that period last year. I think the best decision we made was to actually not make changes. The danger there is that you make changes and you cut exposure off the peak of maximum fear and then you miss out on the subsequent rebounds. I think that's the one piece of advice that I would apply.

Tom M: And how do you find working with Skipton, Justin?

Justin: Yeah, I think we've had a relationship with Skipton and Aberdeen for a number of years now. I think one of the things that we've always looked on and thought positively on was that Skipton remained actively engaged in terms of the provision of financial advice to retail clients.

And that was at a time where many of your high street peers were actually pulling back from providing that as a service, I'd say you guys are very thorough in your due diligence and that the way you demand and question us as the managers and rightly so, and you clearly take that responsibility very seriously asking the right questions when you come to talk to us about the funds. So we quite enjoy those interactions.

Tom M: Justin, thank you very much indeed for your time. That was Justin Jones, a fund manager from Aberdeen standard investments, discussing how your money might be invested if you took financial advice and discussing a little bit more about the close relationship Aberdeen has with Skipton. It's worth just pointing out again here that

	the views expressed by Justin are his own personal views and must not be treated as advice. Also, it's important to add that past performance is no guarantee of future results. Our final guest is Jasmine Bertles. Jasmine is a financial expert, prolific author and founder of the Money Magpie website. You may also have seen her on BBC news. Good morning, Britain, Sky News, Channel Four, or a host of the TV and radio outlets where she has appeared. Jasmine, welcome back to the podcast. It's great to have you on again, we've been talking about some of the common concerns people have about getting financial advice, one of which is cost. What would you say to people who are concerned about the costs involved?
Jasmien Bertels:	So, yes, and it's, I'm absolutely on their side. I do think that one of the big problems with using a financial advisor is the cost. I do know of course that financial advisors are having to pay very high fees in insurance. Now that their insurance costs have absolutely rocketed over the last few years. So that's part of the issue. Of course, you know, there are, there are different ways to pay. Financial advisors will either charge you an annual amount. If you have some ongoing advice or you can pay for specific things, say setting up a pension, setting up an ISA or sorting a few things out. It can often be worthwhile just doing a sort of a one-off, you'd have a, a one-off look at your money, um, say once every few years and you just pay for that. Then in between times, if you think that you're willing to do a bit of digging yourself, learn some stuff, look around and do a bit of research yourself, you might be able to keep it going yourself. But it really depends on your willingness to do that. And if you're honest with yourself, your ability to do the research and make the decisions for yourself then quite often, even though it may be a thousand pounds or so per year, it can be worth paying somebody else whose job it is to do all this research and make these decisions to do it for you.
Tom M:	Have you worked with financial advisors in the past? Jasmine? And if so, what has been your expense?
Jasmine:	Yes. Um, I brought in a financial advisor to deal with some pensions that I have. So as I mentioned earlier, I'm freelance. I've always been self-employed. I run my own business always and I had three pensions, which I knew were not good. Two of them I knew were pretty rubbish. They were small. I'd given up on them pretty much. The third one wasn't so bad, but I kept looking at them thinking, should I just combine them or should I keep them as they are? Because I do know that if you move pensions, you quite often lose a bit, but if you've got money in a really rubbish pension, then frankly you'd be better off moving it. But I needed someone to crunch the numbers and it's quite a lot of difficult numbers to crunch. So I brought in a financial advisor to do that.

She did crunch the numbers and she said, yes, you would be better off combining them. So she then set that up. She set up a sip for me. She set up the platform. And for a year or so, her company was managing them and about 15% I managed. And then I looked at it and I thought, actually, I think I'll manage it myself. I'm now actually at the stage where I'm thinking, I actually, I think I'm going to give it to some wealth managers. I'm just going to hand it over because I'm not doing enough myself and I know of some wealth managers that I like. And so I'm going to hand it over to.

Tom M: Planning your future is complicated to some people, but others are confident in managing their own finances. What difference can a financial advisor really make?

Jasmine: Well, if you get a good one and this is the, the key thing I think you know, financial advisors, like so many others, vary wildly. So there are some financial advisors that I would suggest people absolutely don't go to and then there are others that are recommended by people who know that yeah, they're absolutely fine. And I would recommend that if you don't know of a good financial advisor, um, you look online, there's a website called 'vouched for vouched for.com' and they have financial advisors with reviews from former clients, former and current clients. So you've got a fighting chance there of getting somebody who's good and they've had good reviews from people who are actually using them. Um, so if you get a good financial advisor, they really can increase your wealth. You know, once you've paid the money you could pay you know, £1,000 or £2000 and they will increase your wealth by 10,000, 20,000, 30,000. So that is the fundamental difference that they can make. It's actually financial, you get actual increased pounds and pence and pounds in particular. And also I think the other useful thing about having a financial advisor and I found this when I used mine, they remind you, they remind you of things you'd forgotten.

So for example, I had a buy to let property and my financial advisor said 'get it valued now that you're about to let it out' because originally I'd been living in it. And she said, get it valued now so that when you sell it later on, your capital gains is lower. That was a very, very helpful piece of advice. Um, and she also reminded me about, you know, tiresome things like, um, life insurance and, um, getting lost in power of attorney and, uh, uh, sorting out a will. You know, those are the things that you sort of vaguely think, oh, I should do this. Yeah, I'll do it later. I'll do it later. But having a financial advisor remind you actually makes you do it.

Tom M: Finally then Jasmine, what would you say to people who tell you that they just don't know where to start when planning their long-term fund?

Jasmine: Yeah. And frankly, that's most people, really most people. So if you're thinking that, you know, welcome to the club. It's a big club that doesn't know where to start with planning their long-term finances.

It starts, I think, honestly, with a bit of daydreaming. It starts with you closing your eyes, putting your feet up and thinking, okay, what do I want for my life and maybe for my family's life? What do I want? To retire early? And if so, when, when do I want to retire?

Do I want to go around the world? Do I want to set up my own business? Do I want to have children? You know, all these sorts of things. And I actually think about what, what are the big goals? So start with your big goals. So you might think to yourself, well, I'd like to retire early. What's early, maybe 50? 50.

Okay. So, um, so you're 30 at the moment. So that's another 20 years. How much money will you need to retire early? And at that point, frankly, you might like to speak to a financial advisor and say 'This is what I want'. Um, I've got my own home, I'm paying it off. I'd like to retire from this. I've got this, this income coming in how do I do it? And then it's working back from your goals. Your big goal is the way to do your proper planning. And then a financial advisor will probably say to you, well, you will need to be saving about 30, 40% of your income at the moment. And you look at that and you think, okay, so, you know, some people do do that.

And they'll say, uh, you know, save it and put maximum into your pension, put extra into these funds, you know, they'll say, okay, we'll need this investment trust, this, um, track of funds, maybe, you know, put some into commodities, all this sort of thing. And then from that you think, right, well, in that case, I am going to have to cut down on my spending. I'm going to have to stop having coffee's out. I'm gonna have to stop buying my lunch. You know, all of these small everyday things. Because once you've got your big goal and you've worked back, you know how much you've got to invest, you know, you're going to have to invest in these, these products that give you a decent return and in order to do all of that, you're going to have to cut down on your spending day to day, month by month. And there you are. You've got a plan.

Tom M: Thanks for your time, Jasmine, once again. That was Jasmine Bertles, a financial expert and founder of the website Money Magpie. It's worth just pointing out here that the views Jasmin expressed are her own personal views and must not be treated as advice. Before we wrap up this episode though, I just wanted to bring Tom back into the conversation to talk about financial advice, barriers. Hi, again, Tom. We just heard Jasmine talking about the difference a financial advisor can make to your life. Have you got any examples of how your advice has helped people with their financial future?

Tom S: Luckily, I've got lots of different examples, one of the most recent ones and yeah, she's such a lovely customer. I also won't go into specific names or anything like that, but she invested money with me after her husband had passed away and we built a really good relationship. I really understood what she wanted from the money and part of that was she was hoping to retire in a few years' time and then maybe look out for the kids in the future with some of this money. It was the first time she'd ever done something like this. So really it was really important to, to make her fully aware of everything and for me to be aware of what was important to her. And we invested this money probably 18 months to two years ago now. Ultimately the amount of growth that she saw from that money just blew her away and she was able to change her life. With lockdown and everything that's happened last year, she hasn't been able to see quite a lot of the children because they live all around the world.

And she hasn't been able to live her life, a normal kind of life. And when she saw the growth that she had she just thought, right, what kind of life is this? I'm going to retire really because my investments have grown enough to allow me to retire early and take an extra income from them. And I'm going to go see my son, as soon as I can do. I'm just going to stop working. I'm going to do all these kinds of things with life. And it was mainly because of the conversation she's had with me, where I've reassured her that she's able to do that, able to retire two years early, as her investments had grown sufficiently enough to allow her to do that too.

Yeah, I don't use this term lightly but it has been life changing for her and that's great. From my side of things to see that, because you're always working towards that every time, you know? And because of the advice and because of the way that we've been able to put her mind at ease, she's got an extra two years retirement. I mean, it's just, just changed things completely for her. So, yeah what a great thing for the customer and a good, great example of how we can help.

Tom M: And what would a review with yourself and Skipton entail, Tom?

Tom S: Yeah, when you come in to see me the main thing is for me to find out about you as a person. I want to know what's important to you. What, what are you looking for? And to get a sense of where you're at, at the moment, and some of your past experiences. We don't charge anything for the meeting, we'd only ever charge if you accept our advice, which usually happens after two meetings when we put the advice together. You'd only pay the fee once you've accepted the advice.

Obviously with Skipton we've got the no pressure promise. So we're not going to press your into, into doing anything. And we'd only advise you if it's the right thing for you. And that's why, as I said before, that's why it's really important to me to find out what's important to you because without knowing that it's not going to be the right advice or be able to explain it to you. And so that's what a review would entail.

Tom M: Tom, that's really helpful. Thank you very much, indeed. That's just about all we have time for this edition. My thanks go to Tom Sidgwick, to Justin Jones and to Jasmine Bertels. We really hope that this has helped you to think about your financial future and how getting financial advice with Skipton to support your plans could ultimately free up your time so that you can focus on the things that matter to you the most.

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Important information

Our recommendations are likely to include stock market-based investments. These are not like bank and building society savings accounts as your capital is at risk and you may get back less than you invested. The value of your investments and any income from them may fall as well as rise.