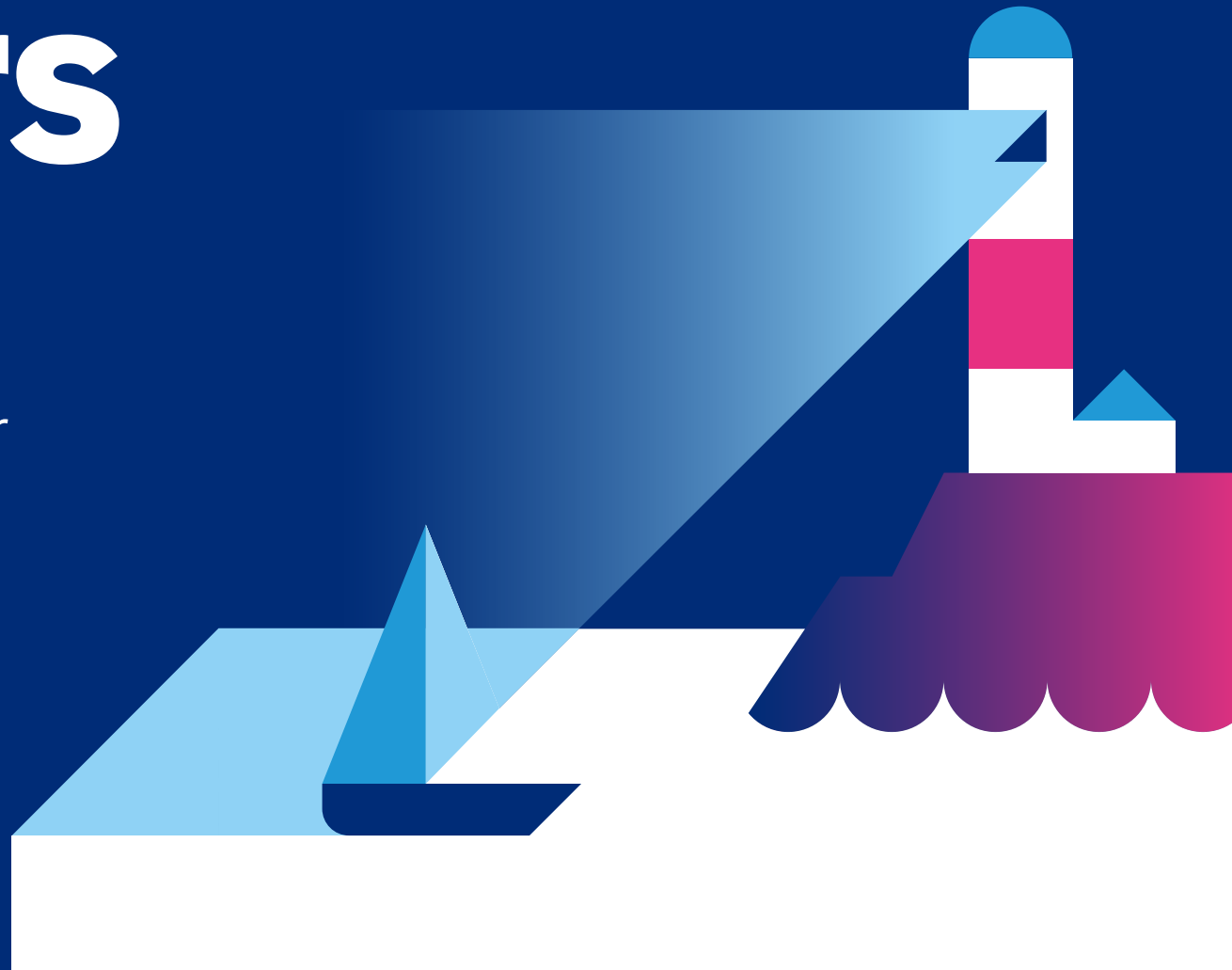


your wealth
matters

Mercer Private Wealth newsletter

Issue 9 | Autumn 2023





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Steve Sands
Partner and Mercer
Private Wealth UK Leader

Welcome to the Autumn edition of our newsletter. This month, we are introducing you to our Women in Wealth team. Aiming to provide a female perspective on financial matters, the team is made up of women in various roles across the Mercer Private Wealth business.

With women set to own 60% of the UK's wealth by 2025,* the team wants to enable and empower women to take control of their financial affairs.

Financial Planner Claire Keen discusses the importance of making a will, having a power of attorney in place and intergenerational wealth; her colleague, Kimberley Mannings, also discusses the importance of being engaged in financial planning and how you or the women in your life can be more confident when making decisions about their financial future.

I hope you enjoy this edition of the newsletter and, as always, welcome any feedback you may have.

*[Financial Times – Neglected heirs: widows who take over the family finances](#)





Kimberley Mannings
Financial Planner for
Mercer Private Wealth

Kimberley Mannings is a Financial Planner and has over 18 years of experience in financial services. During that time, Kimberley has achieved Chartered Status and is a Fellow of the Personal Finance Society.

At Mercer Private Wealth, 43% of our clients are female. This statistic alone suggests an equality across the genders, relatively speaking. However, from my experience as an adviser, the reality can be somewhat different. Although many of our clients are female, not all are actively engaged in making financial decisions, particularly if they are in a couple. The importance of both people being involved in financial planning meetings cannot be underestimated. The main areas that I help my clients to be aware of are as follows:

1. Shared goals and alignment

Financial planning meetings provide an opportunity for couples to discuss and align financial goals. Involving partners ensures that everyone has a clear understanding of their shared objectives and can work together towards achieving them. This promotes unity and cooperation in financial decision-making.

2. Improved communication and transparency

Financial planning meetings encourage open and honest communication between couples. They provide a dedicated space to discuss financial matters, share concerns and express individual preferences. This fosters trust in the relationship, potentially leading to better financial decision-making and reduced conflicts. When I discuss my clients' financial objectives and goals, I often notice that these can be different depending on whether they are viewed from a male or female perspective. I enjoy working with my clients to help them agree collaboratively and set common goals and objectives they are both comfortable with.

3. Education and empowerment

Education empowers a couple to make informed decisions, build financial literacy and participate actively in financial management. It also promotes financial independence and confidence for both people, which will ultimately help when one of them is forced to make financial decisions.

4. Equal financial responsibility

I encourage shared decision-making and accountability for financial outcomes; this helps to avoid situations where one partner bears the burden of financial management while the other remains uninformed or disengaged.

5. Addressing gender-specific challenges

Women often face unique financial challenges, such as the gender pay gap and career interruption, due to caregiving responsibilities. By including women in financial planning meetings, these challenges can be acknowledged and addressed through tailored strategies and solutions.

An additional key consideration is the fact that women tend to live longer than men. If they have not been involved in the financial-planning process throughout their lifetime, starting to take these decisions alone can be daunting.

Recently, the husband of one of my existing clients passed away. It was naturally a very sad time for his wife and family. However, I received a message from his wife to say: "I'm so glad he made sure that I was involved with your conversations so that I would feel comfortable and confident with you when I needed to get in touch."

To summarise, I feel it is important for everyone to take an interest in their financial situation. If both partners attend their financial reviews, each will have an understanding of their financial position. This will help them collaborate effectively with their adviser to ensure they are working towards a common goal.

Our Women in Wealth team hosted a webinar on 23 November titled "**Financial wellbeing from a female perspective**". You can watch the recording [here](#) and please do share with family and friends.



03

The importance of wills and lasting power of attorney



Claire Keen
Financial Planner for
Mercer Private Wealth

Claire Keen is a Financial Planner for Mercer Private Wealth and has more than 18 years of experience in financial services.

As a Financial Planner, one question that forms part of my regular review meetings with clients is whether they have in place a will and lasting power of attorney (LPA). Unfortunately, the most common answer is "it's on our list of things to do". So why do I keep asking about these documents in our meetings? In this article I hope to show why they are so important and clear up some common misconceptions about them. First, let's cover the basics.

What are they?

Wills and LPAs are important legal documents that can help ensure that your wishes are carried out in the event that you become incapacitated or pass away.

A will outlines how you want your assets to be distributed after your death. It can also name an executor (or executors) who will be responsible for carrying out your wishes. Without a will, your assets will be distributed according to the laws of intestacy, which may not align with your wishes.

A power of attorney allows you to appoint someone to make decisions on your behalf on key issues such as your finances, healthcare and other important matters if you become unable to do so. Without a power of attorney, your loved ones may need to go through a lengthy and expensive court process to obtain the authority to act on your behalf.

Having a will and power of attorney in place can provide peace of mind and help ensure that your wishes are carried out in the event of your passing or you becoming incapacitated.



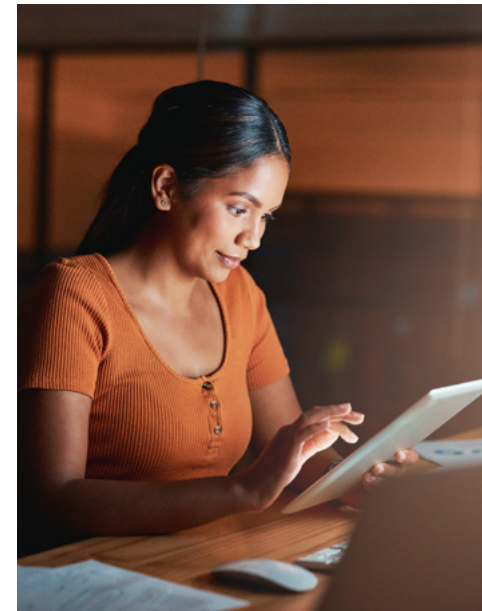
Common misconceptions

There are several common misconceptions about wills. One of the most common is that your spouse will automatically inherit everything on your death. In fact, if you die without making a will, intestacy rules will determine who inherits your estate. At the time of writing, those rules in England and Wales state that:

- If the deceased was married or in a civil partnership and had no children, their spouse or civil partner will inherit the entire estate.
- If the deceased was married or in a civil partnership and did have children, their spouse or civil partner will inherit the first £322,000 of the estate, plus half of the remaining estate. The other half of the remaining estate will be divided equally among the children.
- If the deceased was not married or in a civil partnership but had children, the children will inherit the entire estate equally.
- If the deceased was not married or in a civil partnership and had no children, the estate will be distributed to their surviving relatives in a specific order, starting with their parents, then siblings, then nieces and nephews, and so on.

These rules apply only to assets that are owned solely by the deceased. Any jointly owned assets will pass to the joint owner outside of the rules of intestacy.

One of the most important things to note regarding the rules of intestacy is that they do not take into account any specific wishes that the deceased may have had. To prevent this and respect the wishes of the deceased, you must have a will in place.



Common misconceptions

Other incorrect assumptions include:



I don't need a will because I don't have many assets.

Even if that is the case, a will can still be important to ensure that your wishes are carried out after your death. In addition, a will covers more than financial assets: if you have children under the age of 18, it allows you to appoint a guardian who will be responsible for their care in the event of your death. This can give you peace of mind and ensure that your children are cared for by someone you trust. Without a will, the court will decide who is responsible for looking after them.

I can write my own will.

While it is possible to do that, it is generally not recommended. A poorly drafted and executed will can be challenged in court, which could lead to lengthy and expensive legal battles.

Once my will is written, it's final.

It is important to review and update your will periodically, especially if there have been significant changes in your life, such as a marriage, divorce, the birth of a child, or acquisition of new assets.



Common misconceptions

When it comes to LPAs, I often hear the comment that they are for the elderly. However, just as nobody knows when they are going to die, nobody knows when they may lose the ability to make decisions themselves. Accidents and illnesses can happen at any time — we all remember the effect that COVID had on people of all ages. Don't leave making an LPA until the moment it is needed, as that is too late.

Other common misconceptions include:



I don't need an LPA as I already have an Enduring Power of Attorney (EPA).

In 2007, EPAs were replaced by LPAs, and whilst EPAs signed before that date remain valid, LPAs carry many more benefits. One of the main differences is that an EPA does not allow your solicitor to make decisions about your health and welfare and covers only your property and financial decisions.

An EPA does not allow for the appointment of alternative legal representation, so if your first choice is unable to act or pre-deceases you, the EPA will be of no use. At this point an LPA could be set up, but only if you have the capacity to do so.

My attorney can do whatever they want.

Your attorney has a legal duty to act in your best interests and follow your wishes as outlined in the EPA/LPA. If they fail to do so, they can be held accountable and may face legal consequences.

Once I've appointed a attorney, I can't change my mind.

You can revoke an EPA/LPA at any time as long as you have the capacity to do so. It's important to review your EPA/LPA periodically and make changes if necessary to ensure that it still reflects your wishes.

My next of kin can make decisions about my health.

A medical next of kin is not defined in UK law. This means your next of kin cannot give consent to providing or withholding care. Choosing a next of kin is not the same as naming someone to act on your behalf in an LPA, who can make health and care decisions for you if you lose capacity. Without a health and welfare LPA, medical professionals are bound by law to make decisions based on what they believe are in your best interests, which might not align with your wishes or those of your family.



Why it matters?

As a financial planner, I care about all aspects of my clients' financial planning and it is important to check that they have wills and LPAs for several reasons.

- **Estate planning.** Wills and LPAs are important components of estate planning. By ensuring that my clients have these documents in place, I can help them arrange the distribution of their assets and the management of their affairs in the event of incapacity or death.
- **Protecting my clients' interests.** Without a will and LPA, my clients' affairs may be managed by someone they do not trust or who does not have their best interests at heart. By ensuring that my clients have these documents in place, I can help protect their interests and ensure that their wishes are respected.
- **Avoiding family disputes.** Wills and LPAs can help avoid disputes among family members by clearly outlining clients' wishes and intentions. This can help prevent family members from fighting over a client's assets or making decisions they would not agree with.
- **Tax planning.** A will and LPA can also be used for tax-planning purposes, such as minimizing estate taxes and ensuring that a client's assets are distributed in a tax-efficient manner.
- **Compliance.** As a Financial Planner, I have a duty to ensure that my clients' affairs are managed in a compliant manner. By ensuring that my clients have a will and LPA in place, I can help ensure that their affairs are managed in line with legal and regulatory requirements.

I hope that this has helped to demonstrate the importance of getting these documents organised sooner rather than later, both to protect you and also to make things easier for your loved ones.



Contact

If you, or someone you know, would like any further information regarding the above article, please reach out to your **financial planner** or contact privatewealth@mercer.com

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November 2023

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