



June 2024

NUGENIS NEWS



Financial planning for a *brighter* wealth



Wedding Bells



We are delighted to share some happy news about one of our Financial Planners, Charlene Coulbeck, who will be getting married later this month to her fiancé, John.

Charlene joined Nugenis in April 2023 after moving from Beverley, East Yorkshire to Cardiff to start a new life with her husband-to-be.

We hope they have a fabulous day, and wish them all the best for their future together.

Additional Publications

Since we issued our last newsletter, we have published additional articles on our website written by two of our Financial Planners.

Charlene Coulbeck has written an article about how and why true Financial Planning adds value for our clients, and Daniel Lowdon has written about some of the tax changes introduced in 2024-2025 that may have gone un-noticed following the Spring Budget in March.

These articles can be found under the 'Resources/News' section of our website should you wish to read them which you can find at www.nugenisfp.co.uk/news.

We plan to issue more articles in the future outside the usual newsletter, focusing on significant tax changes, issues that may directly affect our clients, and developments within the sector that we think you would like to know about. The aim is to provide you with a useful resource, so if there are any topics in particular you would like to see covered please let your Financial Planner know.

PEOPLE NEWS

OTHER NEWS

Investment Commentary

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Market overview

Asset returns were strong over May with developed market equities and global bonds rising 4.1% and 1.3% respectively in local currency terms. Some strengthening in sterling versus the US dollar did, however, take some of the shine off these returns for sterling-based investors.

After a weak April, the US equity market rebounded strongly with growth stocks to the fore as rate expectations fell. Uncertainty over the interest rate outlook continues to bring some volatility however market momentum remains positive on the back of a strong corporate earnings season and improving economic data. The US Purchasing Managers' Indices ('PMIs'), which are a key leading economic indicator, are both comfortably in expansion territory.

On the inflation front data stemming from the US in May was mixed. Services-related inflation is still proving stubborn, however other data served to alleviate more recent concerns over inflationary pressures reasserting themselves. While the potential timing of interest rate cuts has been pushed forward, some loosening of policy in the US is still expected this year and Federal Reserve chair, Jerome Powell, offered some further reassurance to investors by stating that further rate hikes were not being considered at present.

European markets also performed well in May, rising just under 4%, as positive GDP growth was confirmed for Q1 and corporate earnings announcements surprised on the upside. Despite a recent modest tick up in inflation the European Central Bank continues to signal a potential rate cut in June. The UK market rose 2.5%, lagging the US and eurozone largely due to its 'value' bias and high exposure to energy stocks which were impacted by a falling oil price. UK inflation fell to 2.3% and is expected to fall further still in the short term. Asian markets also rose overall but lagged their developed peers.

Bond markets remain volatile given the shifts in interest rate expectations however index-linked and emerging market bonds produced a positive return over the month, as did higher yielding sectors within credit markets.

Strategy Positioning

We continue to see tailwinds which should be supportive for financial markets in the coming months. We expect further reductions in inflation towards central bank targets and a consequent easing of financial conditions as tight monetary policy is unwound. Evidence suggests that economic growth is recovering globally and this should be accompanied by growth in corporate earnings and improved profit margins. Strong recent earnings numbers from companies in the US (and elsewhere) continue to support equity markets and justify valuations.

We are having to tolerate unusually high levels of volatility in sovereign bond markets but expect our exposure to be rewarded over the course of the next 12 months given our views on inflation and central bank policy. The yields available in investment grade credit remain compelling in our view and spreads are proving resilient.

Our core alternatives funds continue to perform well, providing clear diversification benefits in times of market weakness.

Understanding the Surge: Why Inheritance Disputes Are on the Rise

Estate and inheritance disputes have witnessed a significant surge over the past decade, doubling in numbers and presenting intricate challenges for families across various demographics. Recent data released by the Ministry of Justice reveals a notable escalation in the frequency of inheritance disputes brought before judges, escalating from a mere 80 cases in 2012 to a staggering 195 cases in the fiscal year of 2021/22, underscoring a concerning trend that demands attention and proactive measures.

While this increase is significant this looks likely to be just the tip of the iceberg. A recent article in the Guardian¹ quoted an estimate by specialist solicitors that as many as 10,000 people are disputing Wills every year.

Numerous contributing factors have propelled this exponential rise in inheritance conflicts, reflecting a confluence of societal, economic, and demographic shifts:

Demographic Dynamics

With the gradual passing of the baby boomer generation, characterised by substantial property ownership, beneficiaries often find themselves grappling with the complexities of inheriting sizable estates. The appreciation in property values over the decades further accentuates the stakes involved, intensifying disputes over the equitable distribution of assets among heirs.

Financial Pressures

The relentless surge in living costs and economic uncertainties have prompted beneficiaries to assert their claims to larger shares of the estate, driven by the imperative of financial security and stability amidst a challenging economic landscape. As individuals navigate through the complexities of modern life, the need to secure a substantial inheritance assumes heightened significance, fuelling conflicts and disagreements within families.

Evolving Family Structures

The traditional family paradigm is undergoing profound transformations, marked by the increasing prevalence of non-traditional familial arrangements. The rising incidence of cohabitation without formal marriage and the formation of blended families resulting from remarriages contribute to the intricate web of inheritance complexities, as beneficiaries grapple with competing claims and interests arising from these nuanced family dynamics.

Ageing Population Dynamics

The demographic landscape is further shaped by the ageing population, characterised by a growing prevalence of cognitive impairments such as dementia and Alzheimer's disease. Against this backdrop, the process of estate planning and Will drafting assumes heightened significance, as individuals strive to navigate through the complexities of legacy planning and asset distribution amidst evolving healthcare needs and familial dynamics.

Amidst these multifaceted challenges the importance of clear, comprehensive, and a legally binding Will cannot be overstated. A meticulously drafted Will serves as a crucial instrument for articulating one's intentions regarding asset distribution, thereby mitigating the risk of inheritance disputes and fostering familial harmony and financial stability in the long run.

While it can be tempting to draft your own Will, something anyone is able to do, if there is even a small possibility of a potential dispute we would always recommend you at least consult an appropriately qualified expert legal adviser. The money spent now could be a significantly smaller amount than your beneficiaries will spend on legal advice if an estate is disputed in future.

Not 'One & Done'

The single most effective thing you can do under estate planning is to make sure you have an up to date and valid Will in place. However, life is dynamic and circumstances as well as external factors evolve over time.

Regularly reviewing and updating your Will to reflect changes in your financial situation, familial dynamics, and legislative changes is essential, ensuring the continued relevance and efficacy of your estate planning arrangements. Most of the solicitors we deal with recommend this is done approximately every 7-8 years, and in most cases no changes will be needed unless your own requirements have altered.

Conclusion

To safeguard against the perils of inheritance disputes and ensure the seamless execution of your estate planning objectives, consider the following proactive measures:

- **Comprehensive Estate Planning:** Engage in comprehensive estate planning discussions with qualified legal professionals to devise a robust strategy tailored to your unique circumstances and preferences.
- **Seek Professional Guidance:** Rely on the expertise and guidance of experienced financial planners and legal advisors to navigate through the intricacies of estate planning, will drafting, and inheritance management, thereby minimising the risk of disputes and optimising the realisation of your legacy planning objectives.

Proactive engagement in estate planning and Will drafting is paramount to safeguarding familial harmony, financial security, and intergenerational wealth transfer. By taking pre-emptive measures to address potential areas of contention and ambiguity, individuals can effectively mitigate the risk of inheritance disputes, thereby laying the groundwork for a legacy characterised by harmony, stability, and prosperity.

Any discussion with a lawyer around drafting or updating a Will necessarily involves talking about the assets you have. The Financial Planners at Nugenis regularly get involved in these discussions with and on behalf of our clients, as we hold most of the data your legal adviser will need.

For personalised guidance and support in navigating the complexities of estate planning and inheritance management contact your usual Financial Planner.

1 <https://www.theguardian.com/money/2024/feb/24/record-number-inheritance-disputes-england-and-wales-wills>

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