



Review your wealth goals and objectives in the New Year

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In this edition we focus on the importance of taking time to review your personal wealth goals and objectives to determine whether any changes are needed. Taking some time at the start of the year to review your situation allows you to take a fresh and disciplined look at whether your current wealth planning strategies remain suitable. Doing so early will potentially afford you additional flexibility in implementation.

Primary pension drawdown options

At the start of the process it is important to dedicate some time to think about defining

the various financial goals and objectives that you are trying to achieve. Consideration should be given to how much money is needed to achieve the goal, the time horizon for the goal and the willingness to take risk to meet that goal. Time should be spent developing an asset allocation that will help meet those goals. Then, once a strategy is implemented, it is important to review your current financial targets regularly (once or twice a year) and the time horizons associated with them, to determine if they are still appropriate. Some important questions to consider include:

- ★ Do you have any new goals that haven't previously been considered?
- ★ Are the amounts you previously considered to meet your goals still appropriate?
- ★ Have any time frames changed for meeting your various goals?
- ★ Have you met any assumed savings targets for meeting your goals?
- ★ Have you received any inheritances or gifts that materially change the overall level of assets available to meet your goals?
- ★ Are you on target to pay off any outstanding liabilities?

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Once the first step is completed, the next step is to take a closer look at the performance of your current portfolio and work out whether your assets are positioned properly to meet your goals. If you are meeting your growth rate targets then focus can be placed on any rebalancing needs and overall tax-efficiency given the US-UK landscape. If you are falling short of your growth targets, you could consider whether individual investment changes, an increase in your overall exposure to growth assets, an adjustment to your goal or an increase in your level of current savings is needed.

Alternatively, if you are exceeding your growth targets, consideration can be given to whether you should decrease your exposure to growth assets or perhaps explore other goals. A sound wealth plan is built around an appropriate asset allocation. Even if your objectives haven't changed, your portfolio will have. Different asset classes will perform better than others during different time periods and a diversified portfolio of assets will help to ensure that you benefit from the outperformance of each asset class as and when it is realised. This varying performance will likely lead to what is called style drift within the portfolio.

An annual rebalance will help ensure that you maintain an optimal risk and reward trade-off for your set of financial goals. Undergoing a periodic review of your financial life helps you to ensure you remain on track to meet your goals and identify any areas in need of adjustment. The probability of meeting your future goals shouldn't be left to chance. Being pro-active allows your plan to evolve as your needs change and leaves you with a level of comfort that you have implemented an optimal strategy to meet your needs. And, what better time is there to review your strategy than at the beginning of a New Year. ★

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