Common financial planning questions

Quick answers to the questions we hear most often from clients.

Most financial planning conversations begin with the same handful of questions. They are worth answering plainly, because understanding the shape of the subject makes the specific decisions easier.

When should I start planning? Earlier is generally better, but later is rarely too late. The main advantage of starting early is time, both for investments to work and for you to adapt as circumstances change. That said, someone approaching retirement with no plan is not in a hopeless position; they are in a position where the next few decisions matter more than usual.

How much do I need to retire? This is the question most often asked and least often answered usefully, because it depends entirely on what you want your retirement to cost. Two people with identical pension pots may need very different sums. Starting from your expected spending rather than from a target figure usually produces a more useful answer.

Should I pay off the mortgage or invest? There is no universal answer. Paying down debt produces a known saving; investing involves uncertainty. The right choice depends on the rate on the debt, the terms of the mortgage, your tax position, your other resources and your tolerance for risk. The emotional answer and the mathematical answer are not always the same, and both deserve consideration.

Is a pension better than an ISA? They do different jobs. Pensions generally offer tax relief on contributions and tax advantages within the fund, in exchange for limits on when you can access the money. ISAs offer flexibility and no tax on growth or withdrawals, without relief going in. Many people use both, in proportions that depend on their age, tax position and timeframe.

Do I need life insurance? Cover exists to deal with the financial consequences of something happening to you. If other people depend on your income, or if there is a debt that would otherwise fall on someone else, cover may be appropriate. If nobody depends on your income and there is no debt, the case is weaker. The amount and type depend on circumstances, and cover should be reviewed when life changes.

How much risk should I take? Enough to meet your objectives, and no more than you can live with. Risk is not a personality trait but a practical question: how long the money is invested, what it is for, what other resources you have and what you would do if values fell sharply.

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How often should I review things? At least annually, and whenever something material changes: a new job, a house move, a birth, a bereavement, an inheritance, retirement, or a change in the rules. An out-of-date plan is not neutral; it can be actively misleading.

What if I have left it late? The options narrow, but they rarely disappear. Prioritising, using allowances sensibly and being realistic about what is achievable can still make a substantial difference.

This guide is general information, not personal advice. Which answers apply to you depends on your own circumstances, objectives and attitude to risk, which is what a personal conversation is for.

Important information

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Investments and the income from them may go down as well as up and you may get back less than the amount invested. Past performance cannot be used as a reliable prediction of future performance.

This guide is general information and does not constitute personal advice. To discuss how any of this applies to your own circumstances, contact Conduit Financial Planners on 01708 98 29 58 or info@conduitfp.co.uk.

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