

November 2020

## Achieving the position of a Financial Times top 100 firm



By **Patrick McIntosh**  
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### What are the criteria that make KMG one of UK's top 100 financial advisors?

You have chosen KMG as your number one financial advisor and we are most grateful for your support and confidence in allowing KMG to look after your financial affairs. We remain conscious of our absolute requirement to continuously strive to achieve the highest standards of service, performance and on-going support for you and your family.

## Economic Interviews

By **Patrick McIntosh**

### Replacing our seminars..... and more to come!

We hope you may have had the opportunity to watch some of the interviews between Gemma Barker of KMG and Julian Jessop who regularly presents at our seminars and who remains popular with many of our clients.

As you know we have always tried to ensure political and economic balance and last year we were delighted to welcome Grace Blakeley to our seminars. Grace has an alternative point of view from a more socialist, younger and progressive school of thought to Julian in the whole matter of political and economic evolution.

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You can be proud to have chosen one of the UK's top 100 Financial Advisors! To help you understand why we enjoy being among this select group the enclosed supporting article produced by the Financial Times clarify all you need to know about why we are where we are, and why you may continue to have confidence in maintaining your association with KMG.

We are therefore very pleased to launch on our website our interviews with Grace who has the challenge of dealing with the outcome of the US presidential election whilst continuing to speculate on the likely events post 31<sup>st</sup> December when we leave the European Union.

We encourage you to take time to watch these interviews, comparing and contrasting the observations made by these two leading economists who regularly appear on television, in national and international newspapers and on social media platforms across the world. We have produced these into short clips so you can watch them all or those of most interest to you. We hope you will enjoy the differing views.

# Brief comments on evolving news.....

## US Election

As we go to print it appears that Biden will be the new President, but we will not be absolutely certain until around 14<sup>th</sup> December if Trump refuses to give way. Furthermore, we won't really know whether Biden has a clear mandate until the Senate elections in Georgia are completed in January; so to some extent the future remains slightly uncertain. However, we are expecting a significant change in economic and political direction especially on foreign policy, on climate change and probably also significant further fiscal stimulus which would have been less likely under a Trump administration.

## Zoonotics

We remain very concerned about the possibility discovered in Spain, Denmark and other countries that the virus can travel between humans and animals and back to humans whilst mutating constantly. As we point out in a major article in this Bulletin, we know very little about viruses other than that there are about 800,000 that can be shared between humans and animals. We therefore need to remain grounded to the possibility of significant challenges for us all around issues such as: can we continue to live so closely with our pets in confined environments, and can we really continue to grow food in high-pressure environments such as chicken sheds, pig pens, cow sheds etc. At what point will we have to agree that we have to pay a lot more for good quality food and eat a lot less animal protein?

## Vaccination update

We have a long way to go, and whilst the news is wonderfully positive as we go to print, much as we predicted the logistics of getting the world vaccinated is going to be unbelievably challenging especially around delivery using specialist



equipment and infrastructure. We may well achieve reasonable herd immunity in the UK quite quickly, but until the rest of the world catches up travel and trade will remain very challenging. We still feel that normality will not really return to the globe until the back end of 2021, but we remain positive and hopeful.

## Why Furlough to March?

This week the Government extended the Furlough Scheme. We suggest that if we follow the logic then the probability is that the Government is now beginning to get ahead of the game. They realise that there are so many unknown issues to be resolved, together with so much uncertainty about how the virus will mutate, that it is a reasonable certainty that we are going to remain in the current position for at least the next four to five months.

It is to be hoped that this position will support the country through the Brexit transition, post the elections in America, and into a new dawn which takes away the pain of too much unemployment while giving people the opportunity to retrain and reskill. We hope this will eventually make Britain a stronger and more flexible country in a post-pandemic world.

# Remote Working

By **Patrick McIntosh**

## What it means, why it is happening, how it is evolving, and will it ever end?

One thing above all else is happening in the Fourth Industrial Revolution – “The revolution of the Individual “.

The development of artificial intelligence, the evolution of social media platforms, the speed and ease with which we have moved into a world driven by online meetings, virtual funerals and weddings,

let alone dinner parties, quiz nights, musical events, Friday night office drinks get-togethers etc is extraordinary. None of these are going to end anytime soon, and the longer the virus remains a potent threat to life the greater the speed of transformation is bound to occur.

# Remote Working

Many commentators are observing that it is very unhealthy that a significant section of society is effectively "living at work". It occurs to us that over the complete lifetime of human evolution (as many home creators and carers for vulnerable people know) living at work is not a new phenomenon. Indeed if we go back in history humans have spent far more time living and working from home in all its forms and shapes and sizes than they have in commuting vast distances over vast amounts of time in order to separate work from 'life'. Farm workers lived on the job, miners lived over the mine, in Dickens's time there was no such thing as large office blocks, everybody lived and worked in small communities. Living apart from work really is a 20<sup>th</sup> century phenomenon that created mass employment in large workspaces be it in factories or multi-layer office blocks.

Many people have said to me that they are quite surprised that they miss the daily commute, the struggle with traffic jams, crowded trains and then the challenges of working in difficult working conditions whatever and wherever they may be. Dramatic transformational change is going to be very challenging for the mental health of many people and for our family way of life as we spend much more time at home and in our local communities than has been the human experience over the last 50 or 60 years. I suggest to you that we are going "back to the future"!

## Why?

It is estimated that there are some 1.6 million potential viruses in the world at this time of which about 800,000 link animals and humans together. At the present time we have only begun to understand about 250 of them!

Humanity is going to take a huge amount of time to come to grips with the fact that if we wish to live in harmony with our planet, we are going to have to be respectful of Mother Nature. Mother Nature desires humans to respect all forms of life and respect that we are a minor living organism in a very large and dictatorial natural landscape. As we come to terms with this realisation, which I suggest will evolve over the next 10 to 50 years, so too will our adoption of change evolve erratically and be socially very dangerous until this becomes a reality.

In tying together the evolution of human adaption into a new world I reflected upon democracy, slavery, Brexit and environment social governance. You may be confused in wondering why I put these odd words together! As I prepared this article I worried about the outcomes of the US election especially in terms of social tension, the polarisation of groups and what this means in the world of work - especially around economic support for global evolution and human discovery. The electoral process in most countries is going to have to be reviewed. At the moment the only democratic vote we seem to be sticking to in the UK is the referendum on Brexit which was not carried by the majority that could have voted, but just by the majority who did vote.

In the UK election last year it is important to remember that Boris Johnson and the Conservative Party achieved only 30% of those who voted; 39% voted for other parties and 31% did not vote at all. The Electoral College system in America designed by Thomas Paine has not kept up with evolution of time nor the change in the shape and style of the population, and it certainly does not reflect true democracy.



## Time

There was a recent programme on BBC2 about slavery and the extraordinary fact that thousands of people signed a petition in the 18<sup>th</sup> century for the abolition of slavery. Yet it took another 60 years for the reality to complete its cycle through the democratic system, and as we see in the "Black lives matter" movement today we remain extraordinarily prejudiced in our social relationship with other races, religions and societies. I think this remains something which the future is going to challenge us all to resolve, especially around the whole issue of work, employment, debt, taxation and the ethos of modern monetary theory in the 21<sup>st</sup> century.

## Remote Working

As a consequence of the pandemic I suggest there will be significant changes driven through the workplace throughout the world with a much quicker evolution than before. One of the ways in which change may happen is through environmental social governance (ESG): the power of the investment marketplace to force corporations to decarbonize and refuse to invest in corporations that do not embody better working practises, good wages and happy workforces.

Money speaks, and with an evolving workforce who are compelled to save into personal pensions we become a shareholding democracy through our pension funds. Therefore the impetus for investment only in good things and not so much in the bad things of life may well change a whole work experience and the evolution of the work-life balance in ways in which, at this time, we find very difficult to imagine or understand.

I finish this article with the observation that when the printing press arrived in Germany it put thousands of scribes out of work, but the evolution of the printing

press was transformational in expanding the global economy, increasing wealth, employment and this revolution took human evolution way beyond anybody's wildest expectations at the time.

So too for clerks in the 1970's with the arrival of the Excel spreadsheet which ruined the employment of about 400,000 accounting clerks in America alone. However, the opportunities given to society with the improvement in data recording, analysis and understanding created at least 600,000 new jobs in the USA over a reasonable period of time! Change rarely reduces economic activity. It almost always, and inevitably, expands economic activity, employment, social understanding, and overall working opportunities.

So therefore, in conclusion, the dramatic changes in the workplace will be traumatic for many in the short-term but undoubtedly expansionary, beneficial, and exciting in the longer term. Humanity hates change and the struggle to get from here to there will create enormous volatility in all our lives.

## Divorced ladies and State Pension



By **Jenna Duffett**  
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**Have you reached state retirement age since April 2016 and are a divorcee? Or do you know someone in this position?**

An interesting loophole has appeared since the overhaul of the State Pension regime on 6 April 2016.

Before April 2016 the State Pension calculation required a 30-year contribution of National Insurance (NI) or credits to achieve the full State Pension. For ladies who claimed child benefit and were not employed paying NI they would have automatically been credited as though they had been working for those years.

If you divorced, you could also claim an equivalent of your ex's NI contributions if you were not working yourself and this was completed automatically as well.

However, since the new State Pension was

introduced in April 2016, the claim of an ex-spouse's NI contributions for your own records is no longer automatic. Therefore, any lady who has since started to receive their State Pension since 2016 and is divorced should check that they are receiving their full entitlement and that credits for past years' contributions have been carried over from their ex-partner. By completing a BR19 form on the [www.gov.uk](http://www.gov.uk) website the basis of your pension payments can be checked.

If you believe that the above may apply to you or someone you know it will be worthwhile ensuring you have all yearly credits for the periods in question.

Please do not hesitate to contact the team for more information.

# KMG's response to the evolving transition of the workplace

By **Patrick McIntosh**

## And possibly moving our place of work

Do not be surprised to see Rough Beech property on the market... We may be moving next door!

Even before the pandemic, KMG had been reviewing both the size of our office and the need to continue to evolve into the 21<sup>st</sup> century.

We have, for the past few years, already been expanding the amount of time our team work from home. As the business has expanded so the space required to operate the business has shrunk. And as our use of technology has increased, becoming paperless nearly ten years ago has enabled us to develop our service whilst needing less and less space.

Although the large barn in which we operate is a glorious environment in which to work it does require significant energy to heat and run. At the same time, the technology to make it as energy efficient as possible some 15 years ago (gosh how time flies) is now out of date and needs serious revision and upgrading. The pandemic has simply driven forward our plans and we recognise a number of opportunities to both benefit humanity and create a better work environment.

The team at KMG moved into the post-pandemic world almost before it started! In the past it was quite challenging to encourage people to work from home and enjoy the benefits of less time commuting, lower travel-expenses, and a better work-life balance. The tables have now been reversed. As we lurch from one lockdown to another and as we all learn to live with viruses and pandemics into the future, we will also embrace the dramatic advance of technology in artificial reality, virtual reality, and other forms. We feel that it is now a really good idea to embrace the future and move into a new office environment while at the same time having a pleasant central and enjoyable base from which to work and meet clients as and when required. We

were fortunate a few years ago to purchase the somewhat derelict bungalows next to our property which for a variety of reasons are uninhabitable because of their construction. In close negotiation with the local authority we have outline planning agreement to change one of those bungalows into an eco-friendly office. This means that we can design a space for the 21<sup>st</sup> century to consume little or no carbon and probably become even more carbon positive than we are already. It also allows us to free up the barn in which we currently trade to convert it into two houses for the benefit of the community.

At the present time our situation remains fluid. What we have decided to do in the very short term is to see whether the market is suitable to

sell the current property in which we trade, creating the necessary impetus for us to move rapidly into the upgraded building next door.

We are all aware that the current market and business world remains very uncertain. The pandemic remain incredibly difficult to predict in terms of the eventual outcome. In the meantime, the business continues to perform well and develops in-line with the extraordinary evolution of technology in all its shapes and forms and sizes. So, like everybody else, we are simply exploring all the options. We will keep you posted on developments as they evolve. But do not fear! We are still here with our continued commitment to look after you into the future.



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# Extract from the Financial Times - October 2020

## **METHODOLOGY—FINANCIAL TIMES 100 ADVISERS**

*FTAdviser's* Top 100 Financial Advisers list uses data collated by our research partner Strategic Insight to provide a snapshot of some of the very best intermediaries working in the UK today.

The list ranks companies by looking at the factors that are key to investors seeking the best person to assist them with their finances. We look at growth rate of the advisory businesses, the number of years of experience each business has managing assets in different economic and interest-rate environments and how highly qualified advisers are.

We have considered a range of factors to rank each advice company because the quality of a business is not reflected just by how much new cash it is bringing in. Our approach produces a useful indication of some of the best investment advice companies assisting clients in the market.

*FTAdviser* scores businesses on how good a job they are doing at retaining clients' cash and checked outflows against inflows too. In order to check how advisers are managing their clients' investments, Strategic Insight used data received directly from fund managers covering 88 per cent of the retail investment market plus 17 of the nation's biggest investment platforms.

Consumers want advisers to find the best funds for their needs, so another factor we have added to the rankings for this year is whether investment vehicles being recommended by a business are those that generate the best yield. As a result, our Top 100 Financial Advisers list checks how much in assets under management were held on the 17 investment platforms and with many of the nation's biggest fund houses. We then check whether assets grew or diminished once excluding net flows.

*FTAdviser's* Top 100 Financial Advisers list factors this fund performance in to where the business appears in our list. So, where an advice company features on the list also gives some indication of how their AUM naturally grew based on their smart investment choices.

In recognition of advice companies' commitment to their professional development, they were also awarded bonus points for having earned top industry certifications.

As using raw numbers of financial advisers would simply benefit the larger companies (and thus provide too much of a duplicate of the AUM score) we have split businesses into quintiles based on the number of CF30 designees and awarded points depending on which quintile the company was in. While this still gives the advantage to the bigger companies, it is not as much of an advantage.

Clients also want to know the adviser they see today will help them through the financial ups and downs of tomorrow.

The list also rates businesses on their ability to keep advisers in their ranks. Experience counts too, especially when uncertainty is greater than usual.

We hope investors and intermediaries appreciate what we feel is the most comprehensive ranking of financial advisers currently operating in the UK based on what investors care about.