AUTUMN 2014

INSIGHT

ISSUE 1

YOU DO THE BUSINESS AND WE TAKE CARE OF YOUR BUSINESS

CORK CITY MARATHON

Helping raise funds for a fantastic cause

MEN WILL BE TWICE AS WELL OFF AS WOMEN IN RETIREMENT

MARKET COMMENTARY

European Central Bank rate cuts aim to address the risk of prolonged low inflation

MEET THE TEAM

Expert advice and support you can trust from Buckley Kiely Wealth Management

Buckley Kiely Wealth Management
Heritage Business Park, Bessboro Road, Blackrock, Cork.
T: +353 (0) 21 4350777 **F:** +353 (0) 21 4350750
E: wealth@buckleykiely.ie **W:** www.bkwealth.ie

BUCKLEYKIELY
WEALTH MANAGEMENT
- Independent Financial Advisors -

IN THIS **ISSUE**

Welcome to the inaugural issue of *Insight* magazine from Buckley Kiely Wealth Management. Since joining Buckley Kiely Wealth Management in 2006 my goal has been to ensure that we provide our clients with a tailored financial plan or strategy that suits their needs, and offer trusted independent financial advice through each life stage along with regular communications.

In recognising the importance of regular communication, our *Insight* magazine will be produced quarterly and will provide market updates along with articles to keep you informed on the topics and drivers that help us deliver our Wealth Management Service.

I hope you enjoy the first issue and welcome your comments

Kind Regards,
Richard Fowler
QFA, Director
Buckley Kiely Wealth Management

Buckley Kiely Wealth Management
Heritage Business Park,
Bessboro Road,
Blackrock, Cork.

T: +353 (0) 21 4350777
F: +353 (0) 21 4350750
E: wealth@buckleykiely.ie
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Contents

WELCOME

A brief introduction and a big thank you

Welcome to the inaugural issue of *Insight* magazine. At Buckley Kiely we really care about the success of our clients and are genuinely committed to your long-term success and well-being. We understand the importance of regular communication with our clients. This issue of *Insight* marks a commitment from our Wealth Management business to keeping in regular contact with you every quarter.

Our Wealth Management business has been a great success despite the recent difficult times. I would like to take this opportunity to thank all our clients for their friendship, support, loyalty and business. Some are relatively recent relationships and others have been with us for ten, twenty, thirty and more years. All are very valued.

Buckley Kiely Wealth Management was initially formed to service the needs of our existing clients within our accountancy practice Buckley Kiely & Co, through which we were helping our clients develop good long-term businesses to generate income and wealth to support current and future financial needs.

We saw and experienced the poor financial advice in the market place that was driven by product sales, which in many cases were unsuitable and of no benefit to our clients. We also recognised the need for an advice-driven business with solutions that were tailored to our clients' own particular needs.

In order to prevent our clients' hard work being undone, it was a natural progression for us to establish our own Wealth Management business to provide expert, impartial, independent financial advice.

The success and growth of our Wealth Management business has confirmed to us the demand for truly independent financial advice that is not driven by the sale of financial products. In recognising this demand, I am pleased to advise that we are expanding the Wealth Management business and I wish Richard and his team continued success and best of luck in this next phase of their business development.

Finally, I'd like to welcome recent new members to our team, Paul Buckley and Rosaleen Paul, and to thank all of our existing team for all their effort and commitment.

Seamus Buckley, Director,
Buckley Kiely Wealth Management.

MEET THE TEAM

Expert advice and support you can trust from Buckley Kiely Wealth Management

We are delighted to announce and welcome the addition of two new members to our support and advisory team.

ROSALEEN PAUL BA

Rosaleen joined Buckley Kiely in April 2014 with more than twenty years of experience working for Bank of Ireland in a variety of roles including: branch banking, compliance and operations. Rosaleen is working in our administration team and is responsible for the back office and compliance.

PAUL BUCKLEY QFA RPA

Paul has more than 25 years' experience in the financial services industry. He is a qualified financial adviser and retirement planning adviser with a strong client network and many years of proven experience in financial advice and planning for clients. Paul has joined us as an independent financial adviser and is assisting us in the development of our business.

Whilst every care has been taken in preparing this information, Buckley Kiely Wealth Management make no guarantee, representation or warranty to its accuracy or completeness, and under no circumstances will we be liable for any loss caused by reliance on any opinion or statement made. The information is not and should not be construed as an offer to buy or sell any financial products, and should not be considered as investment advice. The value of investments can go down as well as up and you may not get back the amount invested. Information is based on our current understanding of taxation legislation and regulations. Any levels and bases of, and reliefs from, taxation are subject to change.

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WEALTH MANAGEMENT
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'INSIGHT' magazine is published for Buckley Kiely Wealth Management by Goldmine Media.

MARKET COMMENTARY

European Central Bank rate cuts aim to address the risk of prolonged low inflation

The European Central Bank (ECB) surprised markets on 4 September by cutting interest rates. Mario Draghi, president of the ECB, says the Governing Council is committed to using 'additional unconventional instruments' if further action is necessary to address the risk of prolonged low inflation. This presumably includes full-scale quantitative easing (QE) involving the purchase of government bonds.

EUROPE – THREE KEY RATES LOWERED

The ECB lowered its three key rates – the refinancing rate, deposit rate and marginal lending rate – by 10bps to 0.05%, -0.2%, and 0.3% respectively. The ECB also announced that it will purchase asset-backed securities and covered bonds (details to be announced in early October). It says these purchases, together with the TLTROs, will have a 'sizeable impact' on the size of its balance sheet, which it is 'aiming to steer' back up to the level that prevailed in early 2012 (this amounts to an increase of not far short of 1 trillion euro).

IRELAND – TAX REVENUES ARE WELL AHEAD OF TARGET

In Ireland, the unemployment rate fell to 11.2% in August according to the Live Register report, bringing the decline since the end of last year to a full percentage point and the fall from the peak in early 2012 to almost 4 percentage points. The latest Exchequer returns were also positive. Tax revenues are well ahead of target, to the tune of almost E1bn euro for the first eight months of this year, while government spending is in line with profile (despite an overrun in health spending).

As a result, the Exchequer deficit year to date, at E6.3bn, is about E1.3bn lower than expected (and about E1bn less than in the corresponding period in 2013). In response to the returns, the Finance Minister, Michael Noonan, said the size of the adjustment required in Budget 2015 will be 'significantly less' than the E2bn forecast at the start of this year.

Data from the Central Bank showed the proportion of owner-occupier mortgages in arrears for >90 days fell for a third consecutive quarter in Q2 to 11.8%, while the ratio of household debt to disposable income fell to 182.3% in the first quarter, a decline of 3 percentage points from the previous quarter and its lowest level since the fourth quarter of 2006. The household debt/income ratio peaked in the second quarter of 2012 at just over 212%. The level of household debt in Q1 was E163.4bn, down 19.3% from the third quarter of 2008.

UNITED STATES – ECONOMIC GROWTH BEING SUSTAINED AT A RELATIVELY ROBUST PACE

Following a strong rebound in Q2, it seems that economic growth is being sustained at a relatively robust pace in Q3 judging by the latest survey data. Both the ISM manufacturing and non-manufacturing measures of activity rose sharply in August (the former to a near 3.5-year high, the latter to its highest level since August 2005), driven in each case by a further rise in new orders. Separately, the value of exports rose by almost 1% in July, with the annual rate of growth accelerating to almost 4.5%, which contributed to a further decline in the trade deficit last month, suggesting that net exports may make a positive contribution to GDP in Q3 having weighed on growth in each of the previous two quarters.

Meanwhile, the latest 'payrolls' report showed employment rose by 134k in August. This was less than the 230k increase the consensus expected, though job gains over the three months to August have still averaged more than 200k a month. The unemployment rate fell to 6.1% from 6.2% in July, while the annual rate of growth in earnings remained relatively subdued at 2.1%, unchanged from July (though the latter was revised up from 2%). Despite the softer than expected payrolls, government bond yields still rose on the week, with 10-year yields increasing by almost 10bps. The dollar strengthened across the board, gaining ground against the euro, sterling and the yen.

JAPAN – ECONOMY STRUGGLING TO RECOVER FROM RECENT SALES TAX HIKE

The yen fell further against the dollar during the first week of September to around Y105. The economy is struggling to recover from the impact of the recent sales tax hike, though the Bank of Japan Governor said this week that the latter should wane over time and growth pick up again. He also said the current rate of bond buying under its QE programme remains appropriate and is having the desired effect, but is prepared to adjust policy further if necessary. Like Mario Draghi, he believes diverging monetary policies in Japan and the US means it would not be surprising if the dollar strengthened further.

UNITED KINGDOM – INTEREST RATES UNCHANGED AT SEPTEMBER'S MEETING

The Bank of England MPC kept interest rates unchanged at September's meeting. While two members voted for a hike at the August meeting, citing the prospect of wage growth picking up as a reason to raise rates, the majority of members said the absence of inflationary pressures in the labour market to date justified keeping rates at 0.5%, and this latter view obviously held sway again this month.

Meanwhile, the latest survey data would suggest the economy is growing strongly again in Q3 following a second consecutive quarter-on-quarter increase of 0.8% in Q2. The composite PMI rose further in August to 59.3, above its average level in the second quarter (58.6), with an increase in services (to a 10-month high of 60.5) helping to offset a decline in manufacturing (to a 14-month low of 52.5).

The housing market may be cooling a little, however. Mortgage approvals fell back a little in July and remain below the peak in Q1. On the markets, sterling lost further against the dollar this week and was little changed against the euro despite the forces weighing on the latter, perhaps reflecting some concern ahead of the Scottish independence vote later this month on 18 September.

IT'S YOUR MONEY, SO YOU SHOULD ALWAYS BE IN CONTROL

To find the right investment option to best suit your needs and stay on top of how your investments are performing, contact Buckley Kiely Wealth Management on T: +353 (0)21 4350777 or E: wealth@buckleykiely.ie. We look forward to hearing from you.

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Equity Markets (Local)	Level	Month to Date %	Quarter to Date %	Year to Date %	1 Year Ago %
Ireland	4,804	3.7	2.5	7.1	16.3
UK	6,806	1.9	1.8	3.9	10.3
Europe	1,369	1.8	0.3	6.9	18.4
France	4,366	2.8	-1.2	4.2	14.5
Germany	9,463	0.6	-3.8	-0.9	16.8
S&P500	1,997	3.7	2.2	9.5	24.8
Nasdaq	4,558	4.5	3.6	10	28.6
Hang Seng	24,707	0	7.3	9.5	18.2
Shanghai Composite	2,215	0.7	9.6	7.9	9.1
Nikkei 225	15,425	-1.2	1.8	-4.4	17.1
Currencies/Bond Yields Commodities	**Level**	**Level Last Month End**	**Level Last Qtr End**	**Level Last Yr End**	**Level 1 Year Ago**
Stg/EUR	0.7936	0.793	0.8005	0.8302	0.854
USD/EUR	1.3166	1.339	1.3692	1.3743	1.3241
USD/Stg	0.6028	0.5922	0.5846	0.604	0.645
Ireland 10 Yr Bond	1.79	2.21	2.36	3.51	4.11
German 10 Yr Bond	0.88	1.16	1.25	1.93	1.86
UK 10 Yr Bond	2.37	2.6	2.67	3.02	2.8
US 10 Yr Bond	2.34	2.56	2.53	3.03	2.76
Oil ($)	103	106	112	111	115
Gold Futures ($)	1290	1281	1322	1202	1413

Source: Bloomberg: 29th August 2014

CORK CITY MARATHON

Helping raise funds for Multiple Sclerosis

On 2 June 2014 some of the more energetic members of the Buckley Kiely team joined forces with PCH International 'athletes' to run the Cork City Marathon and help raise funds for a fantastic cause, Multiple Sclerosis Ireland.

Volunteers at MS Ireland recently joined Buckley Kiely and PCH International for a celebratory lunch and to receive a cheque for €17,397!

Volunteer & Chairperson of MS Ireland Cork City Branch, Liz Hooley, said, 'This goes a long way towards the costs of providing really necessary services such as physio and counseling for those with MS in Cork city, so we are really thrilled and most appreciative.'

On behalf of everyone at Buckley Kiely we would like to say a huge thank you to all our many clients and associates who donated so generously, the proceeds of which will help ensure that the very beneficial programmes and events can be continued and availed of by people with Multiple Sclerosis. ■

EDUCATING IRELAND

Will you have to borrow for your child's 3rd level education?

A survey of 1,000 adult respondents[1] revealed that while practically all Irish parents (96%) want their children to attend third level education, 44% worry they will have to borrow from a bank/credit union to fund it. Four out of ten parents (43%) said they have nothing in place to fund their offspring, and almost a quarter of parents (24%) worry third level simply won't be possible.

ADDITIONAL SURVEY FINDINGS FROM PARENTS:

Almost half of parents (45%) regret not starting a regular savings policy when their children were born.

When parents were asked what was in place to fund their children's education:

- 43% have nothing
- 38% have a regular savings plan
- 10% have a lump sum/inheritance
- 9% of parents say grandparents have offered to help
- 8% an investment property
- 5% other means

This year's results versus last year's:

- The percentage of parents worried about having to borrow for their children's third level education has decreased from 51% to 43%
- Parents who are worried third level won't be possible has fallen from 28% to 24%
- The proportion of parents with nothing in place has fallen from 45% to 43%
- The percentage of parents with a regular savings plan in place has decreased from 43% to 38%.

PEACE OF MIND

The average cost per student can be typically between about €7,000 to €10,000 p.a. depending on whether they're living at or away from home. If parents could save between around €100 to €200 per month from the beginning for each child, they would be in a strong position at university time; most importantly they will also have peace of mind for all those years.

Source:
[1] The survey results are based on an independent online survey conducted by Research Plus Ltd on behalf of Standard Life of 1,000 adults aged 18+ between 26 June and 4 July 2014. Over three hundred adults were parents with children younger than third level entry age.

HAVE YOU VISITED THE NEW BUCKLEY KIELY WEALTH MANAGEMENT WEBSITE?

Your destination for topical news and financial planning insights to help you make more of your money

We are very excited about the opportunity it gives us to inform our visitors, both old and new, about what we're up to at Buckley Kiely Wealth Management and to bring news of all the exciting things that will be happening as we move forward.

EASY-TO-NAVIGATE

Our website has been completely re-written and contains a plethora of new information. The focus has been to provide a friendly, easy-to-navigate interface for all site visitors and to convey our message clearly and concisely. Our website has been designed responsively, meaning that it can be easily viewed on all smartphones and tablets to give you a great experience.

SOCIAL MEDIA NETWORKS

As well as a full description of the services we offer and client testimonials, our new website also features links to our various social media networks, a Life Journey planner, our six-step advice process and sophisticated graphics demonstrating and analysing current and future cash flow requirements for our clients and prospects.

Don't forget to keep visiting our new website for topical news and financial planning insights to help you make more of your money. In the meantime, we hope that you will find our content useful and informative and we look forward to hearing from you.

Visit us today:
www.bkwealth.ie

MEN WILL BE TWICE AS WELL OFF AS WOMEN IN RETIREMENT

Average male has saved €4,000 p.a. for retirement compared to women's €2,000 p.a.

A recent Standard Life survey[1] of more than 1,000 respondents reveals the average Irish man will be twice as well off as his female counterpart in retirement, but will still not live comfortably on €4,000[2] per year.

Standard Life said €4,000 per annum would not cover a relatively modest grocery bill of €100 per week or €5,200 per year. The average Irish woman will be even worse off, being unable to afford a weekly grocery bill of €50 or €2,600 p.a.

The survey's results include:

HOW MUCH ANNUAL INCOME DO YOU NEED TO LIVE ON COMFORTABLY IN RETIREMENT?

- The average adult said they need almost €30,000 p.a.
- Almost one in five (18%) said they need €30,000 to €40,000 p.a.
- Just over one in ten adults (11%) say they need €50,000 p.a.

OTHER FINDINGS:

- Almost six out of ten adults or 59% do not own a private, company or work scheme pension
- Just four out of ten adults or 41% have their own pension pot
- The average monthly amount saved into a pension is just €145

The average monthly saving amount of €145 per month over 30 years will yield a pot of just €118,700 or an equivalent income of just under €6,000[2] per annum.

HOW MUCH DO YOU NEED TO SAVE TO ACHIEVE RETIREMENT INCOME OF €30,000 P.A.?

If we assume the average person receives the (maximum) State Pension of almost €12,000 per annum, that means a top-up retirement income of €18,000 p.a. is needed.

People in their 30s will need to save over €300 per month to achieve a retirement income of €18,000. If their employer is contributing to their scheme, that will make it considerably easier.

PREMIUM PER MONTH TO GIVE €360K AT AGE 65 OR €18,000 P.A.

Age	Monthly premium (gross)
25	€249
30	€333
35	€454
40	€634

Assume 1% AMC, 6% growth p.a.

[1] The survey results are based on an independent, online survey conducted by Research Plus Ltd on behalf of Standard Life of 1,000 adults aged 18+ between 26 March–3 April 2013.

[2] €4,000 p.a. is based on an average male pension pot of €83,300 and an annuity rate of 5% p.a. for a 65-year-old. €2,000 p.a. is based on an average female pension pot of €36,400 and an annuity rate of 5% for a 65-year-old or €1,820 p.a. €18,000 p.a. is based on a fund of €360,000 and an annuity rate of 5% for a 65-year-old. €6,000 p.a. is based on an annuity rate of 5% for a 65-year-old.

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