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One of the most noticeable aspects of the cost of living crisis is how widespread it has become. Nobody seems to be immune, not even the wealthy. Even if you have accumulated a comfortable amount of wealth, you still need to buy groceries, take flights, pay bills and visit restaurants. The sharp intake of breath that comes with price rises can be experienced by anyone. Feeling the pinch appears to be universal.

***In a world where the cost of everything seems to be rising, it is important to have a clear picture of your wealth and plan your financial future accordingly.***

The cost of school fees and property may have shifted, or if financial assumptions from the past have become redundant, taking a fresh look at your wealth can guard against the unexpected.

Cash flow modelling and consolidated reporting are two useful tools for anyone looking to assess their wealth and plan

out their financial future. Cash flow models examine your assets and debt along with income and expenditure. Projections can then be created on your future finances.

Consolidated reporting provides a full picture of someone's wealth by creating a financial statement that brings everything together. This approach gives you an umbrella view of your

financial situation and makes managing your assets simpler.

### **Investing With Confidence**

Taking the temperature of your financial situation could prompt the need to pivot in a variety of different areas. A well-managed investment portfolio should be





robust under all economic conditions, but it may be worth discussing with your wealth manager whether you are still comfortable with your holdings. You may feel the need to adopt a lower level of risk or even be keen to explore opportunities presented by the current economic conditions. You may feel that now is the time to expand your investment portfolio or reduce your holdings and free up cash. Whatever the conclusion, communicating your priorities to your adviser means you can adjust your investments to suit your needs.

Currency holdings represent a key part of anyone's finances. Volatile interest rates can affect currency valuations, so it is prudent to consider the diversification of your cash holdings. Concentrating your funds in one currency may leave you exposed to sudden swings in exchange rates and the interest earning potential of your currency could be higher if you choose

to diversify.

Rising costs in some areas are likely to affect high-net-worth individuals (HNWIs) more specifically. The rising cost of private schooling in the United Kingdom, for example, has attracted a lot of attention as some parents are starting to feel the strain when paying fees. Families paying fees for multiple children will likely have seen a significant rise in costs. The future price of private schooling in the UK is also uncertain with the resurgent Labour Party committing to adding VAT at 20% to fees and removing a discount on business rates.

If the Labour Party wins the next general election, the moves could drastically increase the cost of private education. Preparing for the possibility of price rises early means you can build the adjusted cost into your financial plan.

## The Rising Cost of Everything

HNWIs could also be feeling their budgets being squeezed when it comes to expenses such as premium air travel, hotels and restaurants. The cost of flying has gone up noticeably across the board following a fallow period for airlines during the Covid-19 pandemic and more price rises are expected. It is also common to see higher prices for accommodation and eating out. As a result, the cost of global mobility for HNWIs is rising. Taken individually, rising costs like these may not seem like a concern, but once considered collectively they have the potential to impact someone's wealth significantly.

