

UDG Healthcare takeover: Considerations for shareholders

As part of the UDG Healthcare takeover, investors will receive cash in the coming weeks. While this is certainly positive news, advance planning is key to minimising the potential costs of holding this cash in the current inflationary and negative interest rate environment.



Is there a cost to holding cash?

There are many reasons for an individual or entity to hold cash, particularly in the short term. These can range from funding everyday personal expenses to that next asset for your business. However, in our experience, cash balances well in excess of short-term requirements are typical and with proper advice could potentially be put to better use.

While negative interest rates are the most obvious cost focusing investors' minds today, erosion of the purchasing power of cash (inflation) and forgoing the opportunity to benefit from investment growth (opportunity cost) are not to be ignored.



How to explore the alternative options to holding cash

1. Prioritise what you want to achieve throughout your lifetime

Investing is a deeply personal undertaking. For this reason, an important first step is to set out and prioritise what you want your cash and asset base to help you achieve personally and financially throughout your lifetime. When you have a picture of what you want and when you want it, it's much easier to align a suitable approach to help guide your finances.

For money you need in the short term, low-risk investments may be a good option as you seek to shelter your low-risk assets from market volatility.

2. Review you longer-term objectives

Once you have provisioned for your short-term liquidity requirements, you may wish to target a rate of return in excess of cash and/or inflation over time. These other investment opportunities may require a longer time frame to grow or perhaps have a higher risk associated with them.

3. Evaluate the benefits of diversification

While it may be tempting to try pick the next UDG stock, a diversified portfolio (which can still contain your preferred names and sectors) can help reduce the risk that comes with investing in a single stock position. By allocating your portfolio across several names, geographies and asset classes, you can still partake in the upside but have a protective cushion in times of extreme market movement. This is especially important for money you may need for your retirement.

Our team of advisers can certainly talk you through our range of services and suitable investment options across the risk and return spectrum in the context of your individual circumstances.



Incorporating your wider financial needs

Like most things in life, proper planning can often lead to better outcomes. We recommend that you complete a financial plan to help you allocate your cash across your short-term, core lifetime and longer-term objectives. The aim is to arrive at a suitable investment solution based on your unique circumstances.

Investing is only one part of the overall picture. The UDG Healthcare sale is a good opportunity to take a step back to carry out a wider health check on your overall financial affairs. As an example of wider considerations, planning for retirement and legacy tend to be common areas of focus for our clients. Typical areas covered are addressed below:

Planning for your retirement

- ✓ Ensure sufficient income in retirement
- ✓ Maximise tax-efficient pension pot
- ✓ Consolidate pensions into one structure
- ✓ Withdraw cash efficiently from business via employer pension contributions (for business owners)
- ✓ Personalised investment strategy in place

Succession and legacy planning

- ✓ Sufficient cover (e.g. life insurance) to protect dependants
- ✓ Pass assets to children efficiently
- ✓ Pass assets in manner aligned with your values
- ✓ Structure business efficiently for future sale/succession (for business owners)
- ✓ Personalised investment strategy in place

As part of the planning process, we will carry out an in-depth review of your current circumstances and help you prioritise and build an action plan for as many of these (and other) items that are relevant in your life.

Your action plan will ensure you have the right structures in place to achieve your goals tax efficiently. Most structuring discussions involve us working with your legal and tax advisers in a coordinated manner to ensure we arrive at the optimal solution for you.



How we can help

At Davy, our aim is to help you come to an informed decision about the investment of your cash and to build a roadmap to meet your wider financial goals.

You will have a dedicated adviser to guide you through the process and to do the heavy lifting on your behalf, harnessing the expertise of the large financial planning and investment teams in the background. On an ongoing basis, your adviser will proactively incorporate any changes in your circumstances and monitor the external environment to ensure your solution and action plan continue to meet your needs. You can find further information on a broad range of Davy services, in addition to costs and charges at www.davy.ie.

Get in touch to review your options

For a more detailed conversation around the reinvestment of your cash and your wider financial affairs, call us today us on **+353 1 614 3346** or email privateclients@davy.ie.

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