ISSUE SIX | SUMMER 2017
CELEBRATING 23 YEARS AT THE HEART OF TEDDINGTON

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The Financial Planning Newsletter

LOCAL EXPERTISE OUTPERFORMING CITY WEALTH MANAGERS

For the past eight years, Wealth-X, the leading global wealth information researchers, have collaborated with the Financial Times newspaper to inform readers of the top performers in the UK's wealth management industry. This year's results were published in the FT in June and were particularly pleasing to The Financial Planning Group and our clients.

The reports shows that, over the five years to December 31 2016, the FTSE 100 index gained around 25 per cent, with the portfolios submitted by the UK's leading wealth managers gaining an average 44 per cent return, net of fees, over the same period.

However, here at The Financial Planning Group, our Balanced Fund (medium risk 60% Equity 40% Bonds) produced 52.5% over the same period net of all fees.

In fact, we are proud to say that we beat 39 of the 45 top wealth management firms in the UK according to the independent figures produced by Wealth X research for the FT Money supplement on Private Client Wealth Management.

The Financial Planning Group help individuals, families and businesses to place their financial affairs in context with their future goals and aspirations. We provide a simple, structured, disciplined and reviewable planning service. We will change the fundamental relationship people have with their money to give them confidence and clarity in their own future.

If you would like an investment consultation, please call us on 0800 731 7614 to arrange a meeting at our offices in the heart of Teddington.

NON-EARNING PARENTS: TAKE ADVANTAGE OF PENSION CONTRIBUTION RULES

Stay at home parents, who are currently out of employment whilst raising a young family, can still contribute to a pension to the tune of £2,880 per year and receive 20% tax relief – the government will also top this amount up by £720, which makes the maximum contribution £3,600 gross, although greater contributions are possible without further tax relief.

If you do make pension contributions in these circumstances, then return to work at a later date, it is likely that you will benefit from a larger pension allowance due to 'carry-forward' rules, however, unused tax relief on pension contributions cannot be carried forward and are lost at the end of each tax year.

The £3,600 non-earner's annual allowance was introduced in 2002 with the aim of allowing non-earners and low-earners the ability to build a retirement fund, however, the opportunity to benefit from £720 of up front tax relief should not be overlooked and, with the right structure in place, 25% of the pot can be withdrawn tax free and, for some individuals, the retirement income withdrawals may also be tax free.

For anyone who has recently stopped working, and who were paying into a pension scheme, there maybe be up to four years' unused annual allowance available for the period 2014 through to 2018. This equates to £160,000, however, it is not possible to make contributions for a tax year other than the one you are in.

If you would like to find out more about planning for your pension, please call 0800 731 7614 and ask to speak to either Tim or Alan – they will be happy to arrange a meeting in their offices in the heart of Teddington.

IMPROVED NEW MORTGAGE DEALS

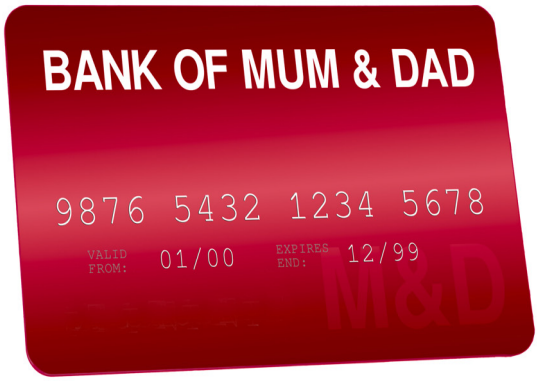
Barclays have launched some very attractive new residential and buy-to-let mortgages as well as sweetening many of its current deals. These include a new 1.65 per cent two-year fixed rate house purchase loan at 75 per cent LTV, with no fees and a higher value buy-to-let range, with individual loans available up to £2m at a maximum 60 per cent LTV. The Barclays range also includes options such as a 1.54 per cent two-year fixed rate at 60 per cent LTV with a £1,950 fee and a 2.24 per cent five-year fixed rate at 60 per cent LTV, also with a £1,950 fee.

Meanwhile, Santander has reduced its fees in an attempt to 'support the market and help those that still want to invest in bricks and mortar.' For example; 60% LTV 5 year fixed £999 product fee, purchase and remortgage – rate reduced 0.05% to 1.79%, 75% LTV 5 year fixed £999 product fee, purchase and remortgage – rate reduced 0.05% to 1.99% and 90% LTV 2 year fixed £0 product fee, purchase and remortgage – rate reduced to 2.54%

Here at The Financial Planning Group, we pride ourselves on being to offer our clients mortgage products from the whole market, which opens up so many more options and offers – we have more than 24 years experience in helping families find the perfect low-rate deals and ensuring that the financial side of moving home is as stress free as possible.

If you would like to speak about your mortgage or re-mortgage, and secure one of the record low deals that are currently available, please feel call Steve Padgham on 020 8614 4782 or email Steve.Padgham@fpgonline.

BANK OF MUM AND DAD SHOULD STAY WITHIN THE RULES TO AVOID ACCIDENTAL INHERITANCE TAX



According to recent research, 'The Bank of Mum and Dad' risk incurring accidental inheritance tax (IHT) bills due to not fully understanding the rules on gifting money to family members and friends.

Nervousness and confusion were cited as key factors in not fully understanding the rules – and although legislation will gradually increase the IHT threshold for couples wishing to pass on their homes to children to £1m – in most cases, there is a £3,000 per year cap on gifting in your lifetime, unless careful planning is implemented.

In the UK, the majority of people are determined to help their children and grandchildren with a financial step up in life at some stage – whether that be assisting with university debts, contributing to their wedding celebrations, or providing a much-needed helping hand with climbing on the housing ladder – but here at The Financial Planning Group we find that, with the right foresight, much of that generosity can be achieved without unduly exposing your family to unwelcome IHT bills further down the line.

Stay within the rules

The inheritance tax rules on gifts are complex. Even though gifts made less than seven years before death are potentially liable to 40 per cent inheritance tax, there are numerous reliefs that might reduce or eliminate the overall bill.

Anyone is allowed to give away a total of £3,000 each tax year without it counting towards IHT. It is also possible to bring forward last year's exemption, if unused, making it possible to give away £6,000 without any IHT potentially being due. Gifts that do not count for IHT purposes include wedding gifts of £5,000 for a child, or up to £2,500 for a grandchild or £1,000 to anyone else.

They also include any number of small gifts up to £250 to separate people. If someone draws on their income to make regular gifts that do not affect their standard of living, those gifts will be exempt from IHT.

Payments to children, including paying off their student loans or tuition fees, are normally exempt from IHT while they are in full-time education. Payments to help maintain ex-spouses or elderly relatives are also exempt.

Gifts that do not fall into any of these exclusions will also be exempt from IHT if the person making the gift lives for at least seven years. If not, the tax will depend on whether the gifts were worth more or less than the £325,000 IHT threshold. If they are worth less than the threshold, they are added to the estate, which picks up the bill.

But if the value of the gifts made in the seven years before death exceeds the £325,000 threshold, the person who received the gift is responsible for paying the tax. The tax rate ranges from 40 per cent for gifts made within three years of death to as little as 8 per cent for gifts made six years before the death.

If you have any questions concerning Inheritance Tax Planning and to ensure your family are fully protected, please call Tim Norris on 0800 731 7614 and he would be delighted to arrange a meeting at our offices in the heart of Teddington.

REMEMBER, WE ARE ABLE TO SECURE A MORTGAGE DEAL SIX MONTHS AHEAD OF YOUR CURRENT DEAL ENDING – WHY NOT GIVE US A CALL?

FROM SAGA TO AGA TO GAGA

According to an insightful article in the Financial Times recently, Saga, Aga and Gaga are the three phases of retirement; “Firstly, the “Saga phase”, when you’re sprightly enough to travel the world, take endless cruises and do the things you’ve always wanted.

Next, the “Aga phase”, when you want to slow down a bit, sit next to the fire and maybe take up knitting. And lastly, the “gaga phase” when your faculties dim and the care home beckons”

As well as being well founded observations, the light-hearted analogies offer a powerful reminder that careful financial planning is essential to ensure our retirement expectations are met – and getting the balance right between pensions, investment and insurance is key to achieving this goal.

Setting aside some time to reflect on your long term aspirations, and ‘completing your incomplete thoughts’ with a financial planner focused on your life’s bigger picture is certainly something we should all consider.

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