

Welcome to the first edition of our newsletter, We have chosen this time to put together a few articles as another way to provide useful information to our existing clients, future clients and many professional contacts,

We are sadly still unable to meet with you face to face. However, we continue to work in our office and our homes and we are available for meetings via Zoom, Microsoft Teams, Skype and facetime as well as traditional telephone calls.

It is natural for Investors to be concerned about the falls in share prices which in March saw an indiscriminate sell off of all forms of assets.

The FTSE 100 fell by around 35% at its lowest point. However, since then there has been some recovery in values. Having seen a number of events over the years where markets have fallen sharply we would urge everyone to remain calm and remember that they made the investments for the long term not for short term gains.

It is always worth looking back at historical data which demonstrates growth over time.
(See Below)



SPRING CLEANING

Given that many people are currently at home more than usual we would like to give you some information to think about whilst doing your spring cleaning and maybe spring clean your finances at the same time!

ISA OR PENSION?

We are often asked should I add to my pension or ISA. The answer is not always a straightforward one or the other because like anything it depends on individual circumstances and both have their place in a financial plan.

ISA

ADVANTAGES	DISADVANTAGES
£20,000 per annum allowance	No tax relief on contributions
Tax free growth	Included in Estate for inheritance Tax (AIM ISAs excepted)
Tax free on full or partial sale (income tax and capital gains tax)	Would be included in assets for means tested benefits
Tax free income	Employers cannot make contributions for the benefit of an employee
ISA status can be maintained on death when passing to spouse/civil partner	
Junior ISAs for the under 18s available	

PERSONAL PENSION

ADVANTAGES	DISADVANTAGES
Tax relief on contributions at highest rate of tax paid	No access pre age 55 and this is likely to rise in coming years
Generous annual contributions subject to earnings Availability of carry forward of unused allowances	Need to watch maximum allowances as a charge can arise for excess contributions, Restriction of allowances for high earners
Those that do not work and are under 75 can also pay £3,600 per annum gross	Potential changes in legislation on tax relief/access
Death benefits tax free pre 75	Lifetime allowance potential charges
Tax free pension commencement lump sum when accessing	Income in excess of tax free lump sum is taxable
No Inheritance tax on death	Death benefits post 75 taxable
Ability to pass onto children after death	Tax returns may be needed to claim relief
Flexibility of pension withdrawal post age 55	
Can convert to guaranteed income when drawing benefits (annuity/temporary annuity)	
Employer can contribute/salary exchange for national insurance savings	

MARRIAGE ALLOWANCE

Marriage allowance was introduced in 2015 and if claims are appropriate can be carried back for up to four years and allows a transfer of £1,250 (current year) of your personal allowance to your spouse or civil partner providing they are not higher rate tax payers.

This has the advantage where one partner is a non-tax payer and therefore, the transfer can save tax of £250 in this tax year alone. It is an easy claim to make and if you think relevant here is the link

<https://www.gov.uk/marriage-allowance>

If you need any advice relating to the possible claim please let us know

WILLS

If you have a Will does it reflect your current wishes or does it need updating for a change in circumstances.

If you have married since making your Will it will no longer be valid. If you have not yet made a Will consider what you want your Will to be to ensure your Estate passes to those you want it to.

You might also need to seek guidance on Estate planning at the same time.

PROTECTION

We often take out protection when we buy a house and have a mortgage but do we always consider if we have a change of circumstances, birth of a child, change in employment where there is no death in service? What if you are self employed and have no company protection?

Consider what would happen to your family if you were to die, would their income/assets with the protection you have in place allow them to have the life you would want them to?

What would happen if you were to be ill for a long period of time and your employer does not pay you anything other than statutory sick pay – can your rainy day money provide for you and your family for a long period of time?

Have a look through your contract of employment and see what cover you have and gather your old policies together and see what you have and what the costs are. Consider what you can realistically budget for protection – it is an important part of a financial plan.

If you have an inheritance tax liability but cannot afford to/wish to gift assets at this time whole of life policies that pay into a Trust can help pay for liabilities on death and can be a useful tool in planning.

Protection can bring you peace of mind knowing that if anything were to happen to you your family is well provided for.

As financial advisers we would be happy to assist you in discussing what your needs are and if you are adequately covered.

CHILDREN

It is very difficult for children to be self sufficient once they start work and parents/grandparents increasingly have to help out if they want them to become independent and as an example, buy their first home.

With a Junior ISA you can put aside up to £9,000 a year until a child reaches 18.

If you want to consider even longer term planning a child can have a pension where up to £2,880 can be paid in each year from birth and with tax relief this is increased to £3,600 invested. However, access will not be allowed until 55 at current ages and of course we would expect this age to rise for future generations.

RETIREMENT

Furlough and the good weather may have turned your thoughts to thinking being at home is not so bad after all and you are dreaming of when you can afford to retire.

It is never too early to have goals and objectives and to look at what you need to save to achieve your plans. Start by collating all of your paperwork on your existing pension plans – it is not unusual for people to have a number of policies as people no longer have a job for life.

It is then important to understand what each of your plans are, what they are worth and if they are still fit for purpose.

We are happy to give you an unbiased opinion on your existing plans and work with you to clarify and to assist in meeting your objectives.

Also review your state pension entitlement and whether a top up to this is relevant, if you are approaching retirement age and this is available to you.

<https://www.gov.uk/government/publications/additional-state-pension-top-up>

FOR MORE INFORMATION PLEASE CONTACT US



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