ISSUE 15 ■ WINTER 2016

INFORMED

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by Clayden
FINANCIAL
INDEPENDENT FINANCIAL ADVISERS

FREEDOM TO CHOOSE

Using your personal pension money

Who will care for you in old age?

Making provision in a way that meets your needs and wishes

SLIP INTO SLIPPERS

MATCH US TO OUR SLIPPERS!

Clayden Financial, 1 Constable Court, The Street, Belstead, Ipswich IP8 3LY
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www.claydens.com

In this issue...

Welcome to our **Winter issue**

It's been an interesting and volatile year both politically and financially following Brexit and the presidential election.

I thought that this photo of two very proud grandfathers with grandson Joshua Hall at the Adrian Clayden Golf Day was more appealing than my usual mugshot! (Joshua's other grandfather is Mick Hall.)

Do have a wonderful Christmas and prosperous New Year. Just one thought for those of you in business – do remember it is important to make pension payments before the end of the company trading year (so many companies have a year end of 31 December).

Leigh Clayden

Adrian Clayden 6th Memorial Golf Day

The event was a fantastic success. As in all the previous years, the sun shone all day long on the fairways of Stowmarket Golf Club and the perfect weather brought out some great golf.

Twenty teams took part and the picture here shows "One Direction" Clayden Financial's first team. The winning team was Tom Hall Flooring Services (my husband's team) and the individual winner was Gary Monti.

The Adrian Clayden Memorial Golf Day raised a total of £5,000 to be shared between Suffolk Mind and the Samaritans. Jon Neal of Suffolk Mind gave a fantastic insight into the charity and where and how the money raised would be spent.

A great big thank you to all those who helped achieve this brilliant result – including Nick Webb of Standard Life who provided the top raffle prize of a trip to the Gherkin in London.

Gemma Hall

L-R: Mike Noye, Tom Davey, Ashley Clayden and Dan Haylett.

CHRISTMAS ARRANGEMENTS

Clayden Financial will close at 12.30 pm on Friday 23 December and will be open again for business on Tuesday 3 January 2017. If you do need to speak to us urgently, do leave a message on our answerphone (01473 730090). We will monitor our calls regularly over the festive break. As in previous years, we will not be sending out Christmas cards and this year will instead be making contributions to two hospice charities: St Elizabeth's Hospice, Ipswich, and St Helena's Hospice in Colchester. Both charities improve life for people living with progressive illness, caring for people at home, in the community or at the Hospice. Visit www.stelizabethhospice.org uk and www.sthelenahospice.org.uk.

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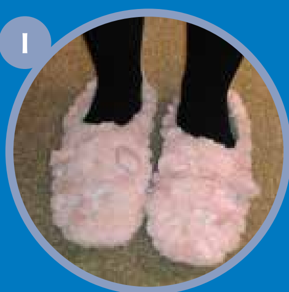

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On Friday 21 October many of Clayden Financial's staff members came into work in their slippers! They paid £1 each for the privilege and held a cake sale, raising a total of £100 for Age UK. Why not join in the fun and see if you can match each person to his/her slippers in our quiz? Be warned – one person has two pairs! Do send in your answers by email to Krystyna@claydens.com or alternatively post to us. The person sending in the first all correct response will receive a £25 Marks and Spencers voucher. Age UK is the country's largest charity dedicated to helping everyone make the most of later life. The charity provides services and support at a national and local level to inspire, enable and support older people.

View the answers in the News section of our website – www.claydens.com – from 6 January 2017.

WHO WILL CARE FOR YOU IN OLD AGE?

Making provision in a way that meets your needs and wishes

Clayden

As a population we are living longer, and with an ageing population the need for care is growing, with the time spent in care also increasing. However, a fifth of the UK (20%) have no idea who will look after them if they have care needs in old age, according to research released from Bupa. Nearly three quarters (73%) think they will have care needs in older age, but only around half (51%) expect their family to care for them.

RECOGNISING NEEDS AND DESIRES

The survey reveals that old age is a regular consideration. Professor Graham Stokes, Global Director of Dementia Care, Bupa says: 'The perception that older people aren't valued by society is concerning and needs to be addressed. The proportion of people over 80 is expected to increase almost fourfold over the next 50 years…the role they play as well as their needs and desires should be recognised.

'It's clear from the research that people have some realistic concerns about their needs and potential health challenges in later life, but this can be a happy and fulfilling time when people are valued and treated with respect.'

LIVING A FULFILLING LIFE

Despite concerns about getting older, people are optimistic that they can still live a rewarding life, with the majority of people believing old age will not stop them living life to the full. As we age, our preferences and personalities remain individual, which is why, if care is required, it should be provided in a way that meets our needs and wishes.

Care of the elderly can take on many forms. It can be provided in a secure environment, such as a residential care home or nursing home, or in many cases a person may choose to have their care provided in the comfort of their own home.

THERE ARE MANY OPTIONS FOR FUNDING LONG-TERM CARE, AND THEY CAN OFTEN BE COMPLICATED TO UNDERSTAND.

COVERING THE COST OF ASSISTANCE

Long-term care insurance provides the financial support you need if you have to pay for care assistance for yourself or a loved one. Long-term care insurance can cover the cost of assistance for those who need help to perform the basic activities of daily life such as getting out of bed, dressing, washing and going to the toilet.

You can receive long-term care in your own home or in residential or nursing homes. Regardless of where you receive care, paying for care in old age is a growing issue.

LEVEL OF STATE SUPPORT

Government state benefits can provide some help but may not be enough or may not pay for the full cost of long-term care. The level of state support you receive can be different depending on whether you live in England, Wales, Scotland or Northern Ireland.

There are many options for funding long-term care, and they can often be complicated to understand. So if you or a loved one needs to pay for care at home or in a care home, it's important to know the options available.

OTHER OPTIONS

Enhanced annuities – you can use your pension to buy an enhanced annuity (also known as an 'impaired life annuity') if you have a health problem, a long-term illness, if you are overweight or if you smoke. Annuity providers use full medical underwriting to get a more accurate individual price. People with medical conditions including Parkinson's disease and multiple sclerosis, or those who have had a major organ transplant, are likely to be eligible for an enhanced annuity.

Savings and investments – by planning ahead, you can ensure your savings and assets are in place for your care needs.

Source data:
All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,139 adults. Fieldwork was undertaken from 26–29 February 2016. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).

THINKING ABOUT THE OPTIONS IN ADVANCE

Some people may find they have to make quick and difficult decisions about their own or a loved one's care needs. Thinking about the options in advance will help in the long run. If you would like to discuss your particular situation, please contact us.

Clayden Financial's Martin Cornell is SOLLA accredited which means he specialises in advising older people on financial matters.

Freedom to choose

Using your personal pension money

Have you considered all the potential costs of retiring? Some people find their expenses fall once their working life ends, but it's important not to assume that all your expenses will go down – some may increase, such as heating and leisure costs.

The constantly evolving landscape of legislative change provides both challenges and opportunities in the retirement planning process. The pension reforms that came into effect on 6 April 2015 were introduced to offer more choice and flexibility on what we can do with our pension savings if we're aged 55 or over.

There has always been the option to take 25% of your personal pension pot tax-free, but with the new pension changes you can now take your whole pension pot in one go.

You now have many options available to you:

- Leave your pension invested if you don't need to take money straight away
- Take the tax-free cash and leave the rest invested
- Take some or all of the money as a cash lump sum
- Buy an annuity to provide a lifetime's secure income
- Use a combination of the above

Taking your whole pension fund as a cash lump sum is the biggest change to come out of the 2015 pensions changes, so what does it all mean?

The pension changes mean you can access your pension fund as and when you like from the age of 55 (rising to age 57 in 2028). One option is to take the whole pension pot in one. However, it's important to remember that the first 25% of your pension pot is tax-free, and you will pay Income Tax on the remaining 75%.

INCOME TAX CHARGE

Taking your entire pension as cash could involve a high tax charge. There is a standard Personal Allowance (£11,000 for 2016/17) on which no Income Tax is paid. Above this amount, tax is paid on your total income. Currently, the tax bands are 20%, 40% and 45% depending on your income. So, any cash you take out of your pension (except for your tax-free lump sum) is added to your income for the year and may well push you into a higher rate tax band.

There are added risks you need to consider, such as:

- Paying too much tax on pension withdrawals
- Buying unsuitable investments
- Using all of your funds too fast

A PENSION IS A LONG-TERM INVESTMENT. THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS. THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION, WHICH ARE SUBJECT TO CHANGE IN THE FUTURE.

LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION MAY BE SUBJECT TO CHANGE, AND THEIR VALUE DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF THE INVESTOR.

MAKE AN INFORMED DECISION

Using your personal pension money now could help your finances but also affect your future. It's important to receive expert financial advice so that you make an informed decision. Whatever you choose to do, it's important to understand the tax implications and consider all your pension options to avoid any unnecessary tax bills. If you would like to review your options, please contact us.

DONALD TRUMP: THE 45TH PRESIDENT OF THE UNITED STATES OF AMERICA

How could this election result impact on the markets?

Businessman and reality television personality Donald Trump became the Republican Party's presidential nominee on 19 July 2016 and has subsequently become the 45th President of the United States of America following a long, drawn out and politically bruising campaign.

President Donald Trump's fiscal plan throughout his campaign focused on one key number: $5.3 trillion. That's the debt he is projected to add to the US Government's current $19 trillion in the next ten years. However you view this figure, one thing is for certain: it indicates why his policies are likely to get more of a response from the markets going forward.

TAX REFORM

Generosity may not be an characteristic frequently attributed to President Trump, but – at least from a tax perspective – it is a key part of his strategy.

Income tax rates in the US are currently split into seven brackets, ranging from 10% to 39.6%. President Trump's plan is change this to three, in turn eliminating 75 million households from paying anything at all, and demanding a maximum of 25% from the highest earners. By creating a more generous system, he claims, domestic investment will increase and tax avoidance will fall – which could see an indirect boost to both the dollar and major indices.

By halving corporation taxes, he is making a distinct effort to encourage American companies, who are withholding an estimated $2 trillion in profits overseas, to keep their operations at home. Reducing their taxes could give certain corporations' values a shot in the arm, and in turn lead to higher stock prices – particularly for those companies not currently favoured under current tax laws.

GAPING TAX HOLE

By cutting taxes so dramatically, President Trump is opening up a gaping tax hole in the short term, which significant cuts in the budget would be required to fill. But even his proposals to scale back federal programmes, sell off government assets and cut out 'waste, fraud and abuse' are at best a fractional measure – if he can implement them. Meanwhile, he has so far been unwilling to revisit entitlement costs such as social security and Medicare – by far and away the biggest drains on the budget. As such, his current fiscal policies would send the national debt spiralling out of control.

STRINGENT TRADE TARIFFS

Markets may have cause for concern elsewhere, too. President Trump's threats of stringent trade tariffs on Mexico and China (35% and 45% respectively) are bound to follow him, despite his political advisers' efforts to rectify his presidential image. At best, his bravado is likely to negatively colour foreign relations with key trading partners. At worst, he could be paving the way for a full-blown trade war.

Among the many policies that make traders nervous about President Trump, this is the one that is likely to be at the forefront of their minds. While his domestic policy is bound to change, the damage done by his readiness to antagonise – to domestic investment, to companies' bottom lines and to the greenback as a whole – may be irreversible.

PRESIDENT DONALD TRUMP'S FISCAL PLAN THROUGHOUT HIS CAMPAIGN FOCUSED ON ONE KEY NUMBER: $5.3 TRILLION.

WINTER OFFER FOR CLAYDEN'S CLIENTS WHEN YOU PURCHASE RYAN'S HOME INSURANCE *including Home Emergency cover*

ryan's

YOU CAN BE SURE IT'S RIGHT

Insurance can be a complicated and confusing business. At Ryan's, we're all about untangling complications and making things simple. We do this through expertise, understanding and a passion for great service. It's those qualities that enable us to get things right for our customers.

NO GREY AREAS, NO WOOLLY THINKING, NOTHING COMPLEX OR DIFFICULT TO UNDERSTAND

With winter fast approaching, Ryan's Home Insurance not only offers competitive premiums but also includes Home Emergency Cover which provides 24/7 assistance when you need it for unforeseen domestic emergencies including:

- Breakdown of the main heating system
- Plumbing and drainage problems
- Damage to or failure of the home's security, including locks and windows
- Breakage of the only toilet unit
- Loss of domestic power supply
- Lost keys
- Vermin infestation

This could be especially valuable to you during the winter months when heating is essential. We are therefore pleased to offer Clayden's clients a £20 One4all Gift Card* when you take out Home Insurance with Ryan's by 31st January 2017**. Simply give us a call on 01473 343300 and don't forget to mention 'Clayden's Offer' to claim your voucher.

* One4all Gift Cards can be spent at over 21,000 outlets in the UK and online.

** If your home insurance is not due until after 31st January 2017, simply call us to register your renewal date to take advantage of the offer when you take out your policy.

UK BROKER AWARDS 2016 FINALIST

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If you would like to talk to one of our advisers about our range of personal or business insurance solutions please call the Ryan's team on 01473 343300 or visit our website www.ryans.co.uk

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