

INFORMED

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by **Clayden**
FINANCIAL
INDEPENDENT FINANCIAL ADVISERS

LIFETIME INDIVIDUAL SAVINGS ACCOUNTS

Saving flexibly for a first home and retirement



SAFEGUARDING WEALTH FOR FUTURE GENERATIONS

New Inheritance Tax rules apply from 6 April 2017

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Welcome to our Spring issue

Our front cover is so appropriate, as for the first time since we have been here in Belstead we have a lovely view – not of fields with arable crops, but of sheep! Spring is upon us and, along with de-cluttering your home, now might be a good time to spring-clean your finances. The new tax year is about to begin, and it is always beneficial to use your ISA and pension allowances as soon as you can. The good news is that in the tax year from 6 April 2017, your ISA allowance will be increasing to £20,000.

2016 was a year of many surprises politically, but it was pleasing to see how well markets performed. The start of 2017 has continued to produce positive returns on investments for those who took some risk.

It has been easy to grow complacent about inflation in recent years, as the rate has remained stubbornly low. But could inflation be finally returning to Western economies, aided by the 'Trumpflation effect'?

Concerns about inflation were already on the rise, and Donald Trump's victory in the US election last year has further stoked expectations that price pressure, absent in most Western economics since the financial crisis, may make a return in 2017 and beyond. Should inflation continue to rise, though, there could be a number of opportunities open

to investors. Asset allocation will, as always, play a large part in generating returns. If you would like further information, do please give us a call.

Remember we would welcome your thoughts and ideas on subject matter for Informed. Just email krystyna@claydens.com or call 01473 730090. Thank you.

Leigh Clayden



St Elizabeth's Hospice Charity Dog Walk

Martin Cornell with son Nathan, daughter Olivia, and Amber the dog at Alton Water on Sunday 12 March. They walked 8.2 miles in around 2.5 hours and raised just under £100 for the Hospice. Jolly well done!

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Art for Action second secret postcard event on 18 May 2017 in aid of Action Medical Research

The fabulous Art for Action is happening again in a brand-new fabulous venue: the Tudor Barn Belstead, near Ipswich. Clayden Financial is proud to be co-sponsoring this event for the second time. At the 2015 Art for Action event, over £10,700 was raised for Action Medical Research, the marvellous charity working tirelessly to save and change children's lives for the better. Do visit the charity's website – www.action.org.uk. 200 postcards were on display by both amateur artists and well-known personalities including Grayson Perry, Maggi Hambling, Tony Hadley, Esther Freud, Peter James, Dame Ellen MacArthur and Anneka Rice.

This is your chance to come along to this incredible exhibition and buy

a unique piece of art by artists and celebrities from across the UK and further afield. Each piece will cost just £30, and you will not know who your art was created by until the end of the evening. Tickets are available now for this prestigious night. You could walk away with a masterpiece, so don't miss out! The theme for 2017 is 'Childhood Dreams and Wishes'.

Raffle prizes and unusual auction lots would be very welcome. If you would like to donate a prize, are considering becoming an event sponsor or would like to design a postcard, please contact our IFA Karen Last on 07766 543498.

You can view a video of the 2015 event at this address: www.youtube.com/watch?v=AOFU2eBwD-k.

Just to whet your appetite, some of the amazing people who will be displaying their postcards are:

Jody Cundy, OBE, paralympian
 Dale Devereux Barker
 Nettie Firman
 Mary Gundry
 Maggi Hambling, CBE
 Roger Hardy
 Peter James, author
 Tory Lawrence
 Sophie Elinor Martin
 Peter McCarthy
 Becky Munting
 Anneka Rice, presenter
 Roy Rodgers

FROM THE 2015 EVENT



Leigh Clayden with daughter Gemma and wife Jane



Karen Last, Clayden's IFA and Chair of the Ipswich Fundraising Group





SAFEGUARDING WEALTH FOR FUTURE GENERATIONS

New Inheritance Tax rules apply
from 6 April 2017

Unforeseen life events and circumstances can potentially have an impact upon your finances in a number of ways. We can help you to safeguard your wealth for future generations.

Although often in the news, Inheritance Tax (IHT) is still not widely understood. That's worrying, because it affects thousands of families every year. If you thought IHT was just for extremely wealthy people to be concerned about, think again. The amount of IHT collected has doubled over the last five years[1].

MONEY AND POSSESSIONS

If your estate has an IHT liability, your beneficiaries will have to pay the IHT bill. This may not be the kind of legacy most people think of leaving behind. IHT is payable on assets such as property, money and possessions that are passed on when you die. IHT is payable at 40% on assets that exceed the threshold 'nil-rate band' which is currently at £325,000.

The good news is that there are things you can do – in your lifetime – to try and mitigate a potential IHT problem. But finding the right options for you will depend on your personal circumstances and on receiving appropriate advice.

NEW IHT RULES

Under the new IHT rules, more estates are likely to pass free of IHT post-5 April 2017. By 5 April 2021, some estates worth £1 million will also pass free of IHT. This is the good news, but is far from the whole picture. In fact for many, and in particular the childless, the IHT could in fact (with the effect of inflation) be higher post-5 April 2017.

For deaths from 6 April 2017, an additional IHT free 'residence nil-rate band' will be available. This will begin at £100,000 in the tax year 2017/18 and will increase by £25,000 each tax year, reaching £175,000 by 2021. This 'residence nil-rate band' is available where the deceased leaves a property (or the proceeds of sale of a property) in which they have lived at some point, to their direct descendants (children and their issue).

RESIDENCE NIL-RATE BAND

The residence nil-rate band is available on top of the existing IHT nil-rate band of £325,000, so that in 2020/21 an individual will potentially be able to leave £500,000 free of IHT. As now the case with the standard nil-rate band, where the first of a married couple to die leaves their estate to their spouse, the IHT nil-rate band can effectively be 'passed on' to the surviving spouse.

For those with a conventional family, a modest home and savings (and subject to the rate of house price increases in the coming years), it is therefore likely that no IHT will be payable on their estate.

UNDER THE NEW IHT RULES, MORE ESTATES ARE LIKELY TO PASS FREE OF IHT POST-5 APRIL 2017. BY 5 APRIL 2021, SOME ESTATES WORTH £1 MILLION WILL PASS FREE OF IHT.

DOWNSCALED OR SOLD UP

The new rules are designed to ensure that the elderly are not encouraged to retain family homes they would otherwise have sold. Where the deceased has downscaled or sold up, it will still be possible to pass on the proceeds of the family home. The rules provide only that the deceased must have lived in the property in question at some point, and that assets of an equivalent value are passed on to direct descendants.

The additional residence nil-rate band will not be available to the most valuable estates. In particular, for estates worth more than £2.7 million, no residence nil-rate band can be claimed. The amount of residence nil-rate band available will be tapered for estates worth more than £2 million.

ERODED BY INFLATION

The nil-rate band of £325,000 is now frozen to at least April 2021. This means that for the unmarried, and for those who leave no children or grandchildren, the IHT-free band will continue to be eroded by inflation. A single person owning property in London, for example, is highly likely to leave an estate subject to IHT. The number of single and childless persons of even modest means who will fall within the IHT bracket will inevitably continue to increase.

The actions you need to take depend on your family's needs for capital and income, as well as your current assets and your intended beneficiaries. So it's important to speak with us for expert advice on the best options for your particular circumstances.

Source data:

[1] HM Revenue & Customs (HMRC) collected £4.7 billion from thousands of bereaved families in 2015-16[1]

[1] Source: Office for National Statistics, 2016

DON'T LEAVE LOVED ONES WITH A LARGE AND UNNECESSARY IHT BILL TO PAY

Estate planning can be complicated and talking to us about your situation can make a real difference. To review your situation, please contact us.

Lasting Power of Attorney

Numbers registering more than trebles in five years

More than two million Lasting Power of Attorney (LPA) registrations will have been filed by the end of 2016, with the number of appointments more than trebling between 2010 and 2015.

The figures from the Office of the Public Guardian (OPG) were disclosed through a Freedom of Information request by Old Mutual Wealth.

DELEGATING POWER

An LPA is used to delegate power to someone to manage an individual's personal and/or welfare affairs in the event that they become mentally incapacitated.

There are two types: Property & Financial Lasting Power of Attorney (P&F LPA) and Health & Welfare Lasting Power of Attorney (H&W LPA). Registering an LPA covering either or both of these areas means that someone gives a trusted friend, family member, solicitor or other individual the responsibility for managing their affairs if they become mentally incapacitated.

OWN DECISIONS

Not having an LPA in place can cause problems for both individuals and their families if they become unable to make their own decisions. LPAs were introduced

in 2007 following concerns around potential 'abuse' of the existing Enduring Power of Attorney process.

The average age of those registering an LPA (known as 'donors') has fallen from 79 in 2008 to 75 in 2015. It suggests that as awareness of mental health conditions increases, people are becoming increasingly inclined to prepare earlier in life.

AN LPA IS USED TO DELEGATE POWER TO SOMEONE TO MANAGE AN INDIVIDUAL'S PERSONAL AND/OR WELFARE AFFAIRS IN THE EVENT THAT THEY BECOME MENTALLY INCAPACITATED.

LIFE PLANNING

Building a financial plan does not have to be only about investing for the future. The most detailed financial planning goes hand in hand with your life planning. Appointing an attorney through a Lasting Power of Attorney is a way to ensure the

management of your personal affairs is factored into your financial preparations for retirement and later life.

The data shows that hundreds of thousands of people every year are now putting in place a Power of Attorney, delegating responsibility for their health or financial decisions to a trusted friend or relative in case they become mentally incapacitated in later life.

CERTAINTY OVER THE FUTURE MANAGEMENT OF YOUR FINANCIAL AFFAIRS

Talking to your parents or other family members about this is a delicate issue. It is all too easy to take for granted that you will always be in a position to manage your own affairs. Mental incapacity is something that affects millions of people, and by planning ahead it is possible to confront the matter head-on, giving both you and your family some certainty over the future management of your financial affairs, welfare decisions, or both.





LIFETIME INDIVIDUAL SAVINGS ACCOUNTS

Saving flexibly for a first home and retirement

Lifetime Individual Savings Accounts are being launched by the Government to help 18–40-year-olds to save and invest flexibly for the long term. The aim is that people will not have to choose between saving for their first home and retirement.

They can use some or all of the money to buy their first home or keep it until they're 60. Similar to normal Individual Savings Accounts, they won't have to pay any Capital Gains Tax or further Income Tax on profits taken.

GOVERNMENT BONUS

Individuals can save and invest up to £4,000 each year and receive a government bonus of 25% – that's a bonus of up to £1,000 a year, and they can use some or all of the money to buy their first home or keep it until they're 60 – it's up to them.

Lifetime ISA accounts will be available from 6 April 2017 and can be opened between the ages of 18 and 40, and any savings put in before their 50th birthday will receive an added 25% bonus from the Government.

There is no maximum monthly contribution – someone can save as little or as much as they want each month (up

to £4,000 a year), with the total amount they can save each year into all Individual Savings Accounts being increased from the current £15,240 to £20,000 from 6 April 2017. The £20,000 ISA allowance excludes contributions to any Junior ISAs which have their own distinct allowance applying to each child.

SAVING FOR A FIRST HOME

Any time from 12 months after opening a Lifetime ISA, they will be able to use their savings and bonus from one of the accounts towards a deposit on their first home worth up to £450,000 in the UK.

If they have a Help to Buy Individual Savings Account, they can transfer those savings into a Lifetime ISA in 2017 or continue saving in both, but they will only be able to use the bonus from one of the accounts to buy a house.

SAVING FOR RETIREMENT

After their 60th birthday, they can take out all the savings tax-efficiently. If they withdraw the money before they turn 60, they will lose the government bonus (and any interest or growth on this). They will also have to pay a 5% charge.

INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS. ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE.

THE VALUE OF INVESTMENTS AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

QUALITY PROFESSIONAL FINANCIAL ADVICE

Creating and maintaining the right investment strategy plays a vital role in securing your financial future. We can provide the quality professional financial advice, comprehensive investment solutions and ongoing service to help you achieve your financial goals. To find out more, please contact us.

RYAN'S AWARDED FEEFO GOLD TRUSTED SERVICE AWARD 2017



Ryan's is delighted to have won a Feefo Gold Service award, an independent seal of excellence that recognises businesses for delivering exceptional experiences, rated by real customers.

Created by Feefo, Trusted Service is awarded to businesses that use Feefo to collect genuine ratings and reviews. A badge of honour, this accreditation remains unique as all the awards are based purely on the interactions with verified customers. This feedback has been collated by the Feefo review platform, with the accolades being awarded based upon performance.

Ryan's met the criteria of collecting at least 50 reviews between 1 January 2016 and 31 December 2016, and achieved a Feefo service rating of between 4.5 and 5.0.

Ryan's director, Tim Larke, commented: 'It's a real honour to receive this award from Feefo. To be recognised for delivering exceptional experiences to our customers is a great achievement. We've been working hard to ensure our customers receive the best service possible, and being able to listen, understand and respond to their needs has enabled us to improve our offering in 2016. We're looking forward to another successful year ahead.'

Ryan's offers a wide range of products and services for your personal insurance requirements including:

- Buildings and Contents
- Holiday Homes – UK and overseas
- Let and Unoccupied Properties
- Private Vehicles
- Family Fleet
- Travel Insurance
- Boats & Yachts
- Beach Huts and Shepherds Huts



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TIM LARKE, DIRECTOR



Best Companies
to work for in
Insurance Broking 2016



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

Ryan's is a trading name of Ryan Insurance Group Limited which is authorised and regulated by the Financial Conduct Authority

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