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INFORMED

Working with professional partners

by Clayden
FINANCIAL
INDEPENDENT FINANCIAL ADVISERS

CREATING WEALTH FOR YOUR CHILDREN & YOUR CHILDREN'S CHILDREN

Nurturing the future – investments to provide a flying start in life

WILL YOU MAKE PROVISION FOR ALL THAT YOU HOLD DEAR?

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In this issue...

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Welcome to our Spring issue

After a hard winter, let's rejoice that the spring is with us and those longer days!

The current tax year is about to end so do make sure that you beat the ISA deadline of 5th April. The ISA allowance will be maintained at £20,000 for the 2018/19 tax year.

2017 proved to be an encouraging and positive year of growth for investors with the rise in stock markets and those investors who took risk were rewarded. However there has been a slight adjustment recently.

You will probably have heard about the General Data Protection Regulation (GDPR). This takes effect from May 25 2018 and is designed to unify data privacy requirements across the European Union. Replacing the Data Protection Directive of 1995, GDPR aims to give control back to citizens over their personal data.

Clayden Financial has always followed the data protection rules to the letter and takes client confidentiality extremely seriously, but the new rules will place an additional administrative burden on us. We will be sending information out to clients on the implementation of the new rules, but one impact of the change is that we will need to keep a record of clients' agreement to receiving our newsletters. If you would like to continue receiving our quarterly newsletters by email or post, please call 01473 730090 or email morgan@claydens.com. Morgan is our new Receptionist/Administrator and you will see a piece about her below. As now, you can opt out of receiving our newsletter at any time, just let us know and your name will be removed from our mailing list immediately.

Do remember to let Krystyna have your Informed subject ideas by emailing her at krystyna@claydens.com.

Leigh Clayden

Welcome to Morgan Kane-De Rosa

Morgan joined us as Receptionist/Administrator at the end of October. New to this area, Morgan moved from Southend-on-Sea to a converted Victorian school in a small village near Stowmarket in August 2017. She is very much enjoying her new lifestyle and enjoys walking in the countryside.

Morgan lives with her partner Brian, six-year-old son Oscar, Toby the dog and Beatrice the cat. She previously trained in Interior Design (gaining a 2:1 at South Essex College) and looks forward to applying these skills to transforming her new home. She plans to write a blog reporting on her progress. Other aims for 2018 include learning to play the piano and improving her French.

Morgan is excited about her new career path and very much enjoys working at Clayden Financial.

CLAYDEN FINANCIAL:
FOCUS ON FUNDS

As part of our financial planning process at Clayden Financial, we look to ensure that our clients are holding a diversified portfolio of assets. This is to offer clients opportunities not only for growth and/or income but also to try and reduce their exposure to all of the financial market ups and downs along their investment journey. This article will hopefully offer readers a brief insight into why our recommended portfolios include certain assets or geographical locations. With Brexit on everybodys' minds, it seems appropriate to consider what may well be seen as a UK-centric fund which invests in smaller companies, and indeed why they may not all be damned by any exit we eventually make from the EU in future.

FEVER-TREE

Fever-Tree was launched onto the AIM market in 2014. Giles Hargreave, the Manager of the Marlborough Special Situations Fund, had prior knowledge of the company, as a contact of his is related to one of Fever-Trees' co-founders. Therefore, when the company was launched onto the AIM market in November 2014, Giles managed to secure a small allocation for the fund at an initial price of £1.34. He added to this over the coming months as the price increased to £3.70 in July 2015. This was the last time that he actually bought any new shares for the fund. This is not because he doesn't believe in the long-term prospects for the company – far from it, it's just that he has a discipline to not hold more than 2% of his portfolio in any one share as a proportion of his overall portfolio. The share has been a roaring success so far, now standing at a price of £24.84 today.

Eustace Santa Barbara, Co-Manager of the Marlborough Special Situations Fund, has commented:

'Mixer drinks were rather neglected until Fever-Tree was launched, pioneering premium mixers to match the established but growing popularity of premium brand spirits. A status quo based on price competition and cost-cutting was challenged with quality, flavour and a distinctive brand. Consumers found their drinks tasted better, and wholesalers, retailers, bars and restaurants were able to charge a higher margin, which has proved a successful formula. Fever-Tree's experienced management team has made the most of their first-mover advantage, and the business model, with strong cash flow and margins, has proved highly scalable. Eleven years after they produced their first bottle of tonic water, Fever-Tree's drinks are now sold in over 50 different countries around the world.'

The global reach of Fever-Tree is aligned to the success of many smaller company stocks that are held within the Marlborough Special Situations portfolio. Whilst some believe that a UK Smaller Companies Fund will be 'UK-centric in its earnings', in fact Eustace estimates that around 40% of the revenues of the 200 stocks within the portfolio are from overseas. Rather than focusing on stocks that are reliant on the UK economy, which some commentators believe may be impacted by Brexit, Giles and his team look for so-called niche companies i.e. those companies which although smaller are market leaders in their particular area with a product or service which cannot easily be replicated or commoditised. They believe that such a company can successfully grow and increase its market share all over the world.

With grateful thanks to Marlborough Fund Managers for their contribution to this article. **Sean Parker.**

“FEVER-TREE WAS LAUNCHED ONTO THE AIM MARKET IN 2014. GILES HARGREAVE, THE MANAGER OF THE MARLBOROUGH SPECIAL SITUATIONS FUND, HAD PRIOR KNOWLEDGE OF THE COMPANY, AS A CONTACT OF HIS IS RELATED TO ONE OF FEVER-TREES' CO-FOUNDERS.”

CREATING WEALTH FOR YOUR **CHILDREN** AND YOUR **CHILDREN'S CHILDREN**

Nurturing the future – investments to provide a flying start in life

Whether you're a relative, parent, grandparent or a friend, investing for a child's future is one of the most important things you can do. For any investor, time is a powerful ally – so where you are investing on behalf of children, you start with a great advantage.

Not only do long timescales allow for greater risk-taking and thus higher potential returns, but there is the power of compounding, as profits are re-invested year on year. Ask any parent, and they'll agree on one thing: one minute your children are toddlers, and almost before you know it they're going to university or planning to buy their first property.

Whether you save little and often or have bigger sums of money to invest, keep going over a few years and you can build up a really useful amount. It can go a long way to setting them on the road to becoming independent or helping them with university or housing costs. You might even encourage them to become savers.

Saving for a child today is a wonderful gift for their future. Not only can they start their adult lives with some savings in hand, but getting children involved early with saving also helps them learn important lessons about money.

CHILDREN'S SAVINGS ACCOUNTS

They're easy to access, save into and pay some interest. A recent change for all savings accounts – including children's – is that tax isn't deducted before interest is paid on your savings. There's no need to reclaim tax if you're a non-taxpayer, and tax only has to be paid if the interest is more than your tax-free allowances.

But it's worth being aware that there are special rules when parents or step-parents save for their children. If the interest they get is more than £100 in a tax year, as the parent you're liable for any tax due on it.

You won't pay any tax if the interest is within your Personal Savings Allowance. It's £1,000 for a basic-rate taxpayer and £500 for a higher-rate taxpayer. The good news is that this doesn't apply to money from parents or grandparents, or Junior ISAs and Child Trust Funds, which are a tax-efficient way of saving. The value of investments like ISAs, JISAs, pensions and trusts can go down as well as up and may end up worth less than was paid in.

JUNIOR ISA

Junior ISAs let you save and invest on behalf of a child under 18. These can be held in cash or stocks and shares or a combination of both. With no tax on the earnings, the money you put away can grow even faster. You can save up to £4,128 for the tax year 2017/18 into a Junior ISA for each of your children under 18. A child's parent or legal guardian must open the Junior ISA account on their behalf.

If more than £4,128 is put into a Junior ISA, the excess is held in a savings account in trust for the child – it cannot be returned to the donor. Parents and grandparents can all save on behalf of the child as long as the total stays under the annual limit.

Money in the account belongs to the child, but they can't withdraw it until they turn 18, apart from in exceptional circumstances. They can, however, start managing their account on their own from age 16.

There is no tax payable on interest or investment gains, and when your child turns 18, their account is automatically rolled over into an adult ISA (sometimes called a 'NISA'). They can also choose to take the money out and spend it as they like – for example, on driving lessons, further education or job training.

Your child can have a Junior Cash ISA, a Junior Stocks & Shares ISA, or both. If they have both, the most they can save is still subject to a £4,128 limit for the 2017/18 tax year.

JUNIOR CASH ISAs

A Junior Cash ISA is essentially the same as a bank or building society savings account, but Junior Cash ISAs come with one big advantage: your child doesn't have to pay tax on the interest they earn on their savings, and you don't have to either.

JUNIOR STOCKS & SHARES ISAs

With a Junior Stocks & Shares ISA account, you can put your child's savings into investments like shares and bonds. Any profits you earn by trading shares or bonds are tax-efficient.

Investments are riskier than cash but could provide your child with a bigger return, and the value of a Junior Stocks & Shares ISA can go down as well as up.

TRANSFERRING A JUNIOR ISA

You can switch between the two types of Junior ISA or from one provider to another whenever you like. But make sure you do this carefully so you don't lose the tax-efficient status on the money.

A child can only have one Junior Cash ISA and one Junior Investment ISA at any one time. As of April 2015, new rules mean you can transfer a Child Trust Fund account into a Junior ISA.

USE YOUR OWN ISA ALLOWANCE

You might want to use your own ISA allowance to save for them to keep more control. You and your spouse can each save up to £20,000 in the 2017/18 tax year and it may be a more appropriate way to save tax-efficiently for their future without giving them too much responsibility too soon.

FRIENDLY SOCIETY TAX-EXEMPT PLAN

These children's savings plans are only available through Friendly Societies. These are mutual benefit organisations, which mean they're owned by their members to work for the advantage of those members.

You can choose to pay into the plan for between 10 and 25 years. Money is invested in a share-based investment fund for the term length you choose. The maximum amount you can pay in is £270 a year, or £300 a year if you pay in £25 each month.

On the maturity date, the child must be at least 16, and you must have paid into the plan for a minimum of ten years.

Friendly Society policy charges also apply. As long as you continue to pay into the plan for a minimum of ten years, your child won't pay Capital Gains and Income Tax on any gains or income.

The value of these types of investment can go down as well as up.

START A PENSION FOR YOUR CHILD

Investing a little in a pension for them when they're very young can make a big difference later on thanks to the compounding of any investment growth over many years.

You can start a pension for a child under 18. This can be an exceptionally good way to save for your child's future, as it means pension benefits can build up over their own lifetime (rather than just from when they start work).

You can pay a maximum of £2,880 per year into this, which becomes £3,600 through 20% tax relief, which all adds up rather nicely.

There is another advantage to setting up this kind of pension for a child (or, indeed, grandchild). Anyone looking to pass on assets to their family should think about Inheritance Tax. You can of course give lifetime gifts to reduce the value of your estate, but anything over £3,000 in a year will be taxed if you die within seven years of making it.

A gift under £3,000 may not seem very much – but as a pension contribution, it's another matter. If you pay into your grandchild's pension, for example, you could pay the annual maximum of £2,880 and stay comfortably within the tax-free gift limits, while your gift would become £3,600 through tax relief.

If you're a parent or grandparent who wants to give away some money now but control when the children get it, you might want to consider setting up a trust. This is where the money is controlled by trustees who manage the investments. There are different types to suit what you want to do and how much control you want to keep.

CHOOSING INVESTMENTS

To discuss the options for you and your family please contact us. We look forward to hearing from you.

REACH YOUR FINANCIAL GOALS

Helping you realise your retirement vision

We've now entered a new age of retirement planning with the introduction of pension freedoms. Britain has an ageing population, highlighted by the fact that the number of telegrams sent by the British Monarch to 100-year-olds has risen from 24 in 1917 to nearly 7,000 today.

It is projected that the number of centenarians – people who live to 100 years old and beyond – will continue to rise by more than tenfold over the next 30 years (when the NHS will also celebrate its 100th birthday). This growth is due to the higher birth rate between the First and Second World Wars, and dramatic improvements in health and healthcare.

Thinking about pensions sooner rather than later can mean the difference between a comfortable retirement and struggling to make ends meet. Unfortunately, some people put off retirement planning when they are young because they think they've got time on their side. However, the earlier you start saving for your future, the bigger the pension pot you'll end up with when you're older.

7 PENSION TIPS FOR NURTURING YOUR NEST EGG IN 2018

Research shows we're more likely to achieve our financial goals if we write them down and start with a clear plan of action. Work out what financial goals you want to achieve, then break them down into realistic steps that will lead you there. We've provided seven pension tips for you to consider to keep your retirement plans on track at the start of the New Year.

1. Consider consolidating your pension pots – whilst it might be hard to keep track of pensions with job changes, the Government offers a free Pension Tracing Service. Bringing your pension pots together may help you manage them, but take care to understand the benefits associated with the existing contract, along with any potential risks/disadvantages of transferring the funds – and always seek professional financial advice to see if it's suitable for you.

2. Make use of your tax reliefs on pension contributions – when you are able to do this, particularly at higher rates, this can be beneficial. The Government may well revisit pension tax relief post-Brexit to help 'balance the books'.

3. Maximise your workplace pension contributions – if your employer pays a contribution that is linked to your contribution, see if it's affordable for you to pay the maximum in order to receive your employer's maximum.

4. Invest for the long term – there have been various moments of uncertainty in the markets – think back to the 'crash' of 1987, which now looks like a blip. Keep an open mind, and don't panic or have a knee-jerk reaction. You must remember that when investing in stock markets, it is inevitable that there will be times of volatility when you need to weather the storm.

5. Review your State Pension entitlement – given so many changes, it is worth keeping your finger on the pulse and looking at what you may need to do to top up to the maximum entitlement available.

6. Review your expected expenditure in retirement – it's key that you clearly establish 'essential' and 'discretionary' spending, so that in poor market conditions you can always look to reduce income from pension funds if necessary to cut back on discretionary expenditure that can wait for another day.

7. Ensure your income in retirement is set up as tax-efficiently as possible – making full use of all available tax allowances/exemptions is crucial. Don't forget to look at how different tax wrappers can work for you.

Source data:

Investor Pulse Survey – BlackRock's Global Investor Pulse Survey examines investing attitudes and behaviours across the world. The 2017 survey included 28,000 respondents in 18 countries. The UK sample included 4,000 respondents between the ages of 25 and 74. Survey conducted in Q1 2017.

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.

PENSIONS ARE NOT NORMALLY ACCESSIBLE UNTIL AGE 55. 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.

ACCESSING PENSION BENEFITS EARLY MAY IMPACT ON LEVELS OF RETIREMENT INCOME AND IS NOT SUITABLE FOR EVERYONE. YOU SHOULD SEEK ADVICE TO UNDERSTAND YOUR OPTIONS AT RETIREMENT.

WILL YOU MAKE PROVISION FOR ALL THAT YOU HOLD DEAR?

Getting your affairs in order and planning what you want to pass on to loved ones

Writing a Will may seem daunting – and with everything else we should be thinking about, it becomes just another chore on the to-do list. However, getting your affairs in order and planning what you want to pass on to loved ones – whether it's while you're alive or after you've passed away – is really important. Not only does it mean that your wishes can be carried out, but it can also help reduce the emotional and financial burden on loved ones at an already difficult time.

We all lead such busy lives that it can be easy to put off estate planning, but it's best to take care of this sooner rather than later. It's especially important for cohabitating couples to have a Will, as the surviving partner does not automatically inherit any estate or possessions left behind.

NO WILL IN PLACE

Three in five adults (60%) don't have a Will in place, with a third (33%) not having thought about writing a Will, according to research from Royal London[1]. Surprisingly, the research also found that a quarter (26%) of those aged 55 and over have not written a Will. Of these, one in six (16%) over-55s with no Will have never even thought about writing one.

Cohabiting couples are less likely to have a Will, with three quarters (77%) not having written one compared to those who are married or in a registered civil partnership (46%). Single adults (45%) and cohabiting couples (32%) are the least likely to have thought about writing a Will compared to those who are married or in a civil partnership (22%) and those who have separated/divorced (21%).

FEELING MORE PRESSURE

Adults with children feel more pressure to write a Will, with half (48%) saying they have not written a Will but want to write one in the near future. Three in five parents with children under 18 (58%) also haven't chosen guardians for their children in the event of their death.

Making or updating a Will provides the perfect time to talk to your family about inheritance matters. For instance, you can talk about the items you might like to pass on to them, as well as what they might spend an inheritance on. When people have these conversations, they often discover that they can help their loved ones financially now, rather than waiting until they've passed away. As well as being able to see loved ones benefit from some money, this can also help from an Inheritance Tax perspective.

PASSING ON YOUR BELONGINGS

It's not just about wealth. Some people may not think they need a Will because they don't have very much money in the bank or because they don't feel old, but this isn't necessarily the case. You need to decide to whom you want to pass on your belongings, such as your car, jewellery and even your pets. It's important to put this information down in writing so your family and friends can honour your wishes once you've passed away.

MAKING PROVISION FOR ALL THAT WE HOLD DEAR

Writing a Will is fundamental to the financial planning process. It may not be the most exciting of subjects, but it answers one of our most basic desires – to make financial provision for all that we hold dear. There are many things to consider when looking to protect your family and create an effective protection planning strategy. If you would like to find out more, please contact us.

Source data:

[1] YouGov on behalf of Royal London surveyed 2,089 adults between 10 and 11 October 2017. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

STRATEGIC PARTNERS RYAN'S ANNOUNCE NEW CHARITY AND INSTALL LIFE-SAVING DEFIBRILLATOR AT IPSWICH OFFICE

ryan's
YOU CAN BE SURE IT'S RIGHT

Our strategic partners Ryan's have announced they will be supporting the East Anglia Air Ambulance (EAAA) as their nominated charity for the next three years.

Ryan's Chairman Tim Ryan has been the driving force behind the selection of the EAAA as he was helped by them following a motoring accident. 'Having had my own life saved by the paramedics and EAAA, I am delighted that we are committing to support them for the next three years, helping them to continue their valuable work saving lives.'

Ryan's staff will be organising a number of fundraising events to raise money for EAAA including dress down days, monthly 'win a day off work' raffles, cake baking and themed events along with staff donating their time to the charity. Sophie Mathew, Area Fundraising Manager at EAAA, said; 'We are thrilled that Ryan's have chosen EAAA as their chosen charity, and knowing EAAA attended Tim as a patient, they know first-hand just how their support can really help. We are looking forward to working with them and are incredibly grateful for their support.'

Ryan's have also installed an AED (automated external defibrillator) in their Ipswich office as Tim was resuscitated by one of these at the time of his accident. An AED is a life-saving device that gives a high energy shock to the heart through the chest wall to someone who is in cardiac arrest.

Ryan's 50 staff have been given training by the company first aiders on how to use the device, which is situated in their reception area. AED devices are designed to be used by people with no medical training. Knowing how and when to use a defibrillator, together with basic CPR skills, is a useful life skill for all staff in the workplace. AEDs are key to increasing the survival rate from sudden cardiac arrest.

Tim said, 'It is important that we make sure that we have the right training and equipment to help people should the worst happen. We cannot expect someone to save our life if we don't go to the effort to learn how it's done. Having had my life saved by trained paramedics with the right equipment focuses the mind on how important it is to have the correct equipment and skills to help people. This is why we have invested in training and equipment for our people and community and have chosen EAAA as our nominated charity as without them I may not be here today.'

Sophie Mathew, EAAA with Tim Ryan


Ryan's staff with the new AED

2017 Gold Trusted Service feefo

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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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