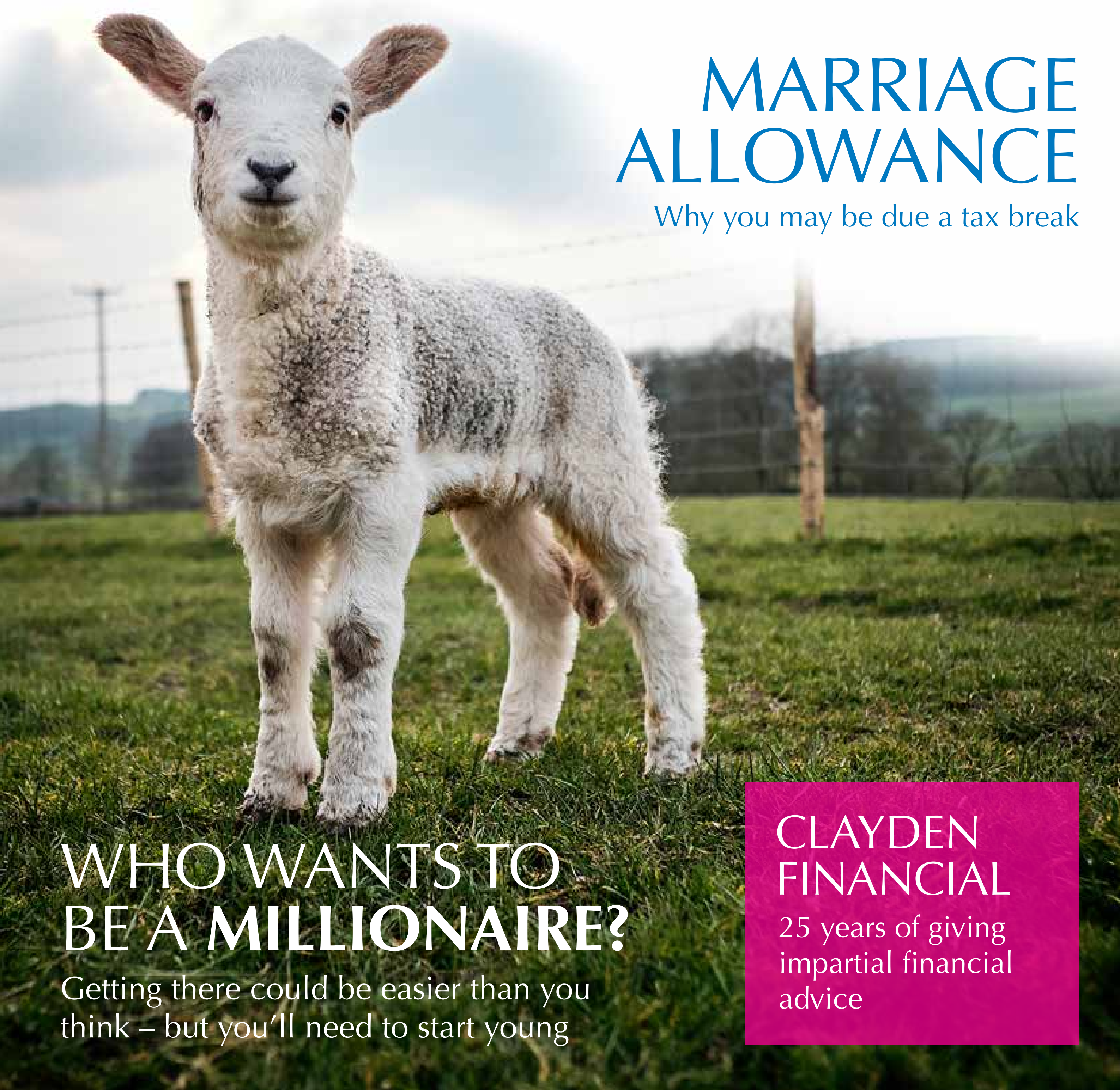
ISSUE 24 ■ SPRING 2019

INFORMED

Working with professional partners

by Clayden FINANCIAL
INDEPENDENT FINANCIAL ADVISERS



MARRIAGE ALLOWANCE

Why you may be due a tax break

WHO WANTS TO BE A **MILLIONAIRE?**

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CLAYDEN FINANCIAL

25 years of giving impartial financial advice

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WELCOME TO OUR **SPRING ISSUE**

This Spring, Clayden Financial will celebrate an important anniversary – the firm's 25th year of trading!

I started Clayden Financial in April 1994, and our centrespread shows snapshots of the firm's progress from then to the present day. Below is a current Claydens photo (unfortunately Angela, Gemma and Krystyna weren't available for the photoshoot). It is a source of pride to see how many clients have supported and been loyal to us over the years, so a big thank you to you all.

More cause for celebration – Karen Last, our financial adviser, married her partner Nick in France in January.

Back to more mundane matters, the current tax year is about to end, so do make sure that you beat the deadline of 5 April for any ISA or Pension Contributions.

Enjoy the Spring, and remember to give us your feedback and ideas for newsletter content.

Leigh Clayden

From left: Leigh, Dan, Chris, Gina, Adrian, Lewis, Shirley, Felicity, Karen and Martin.

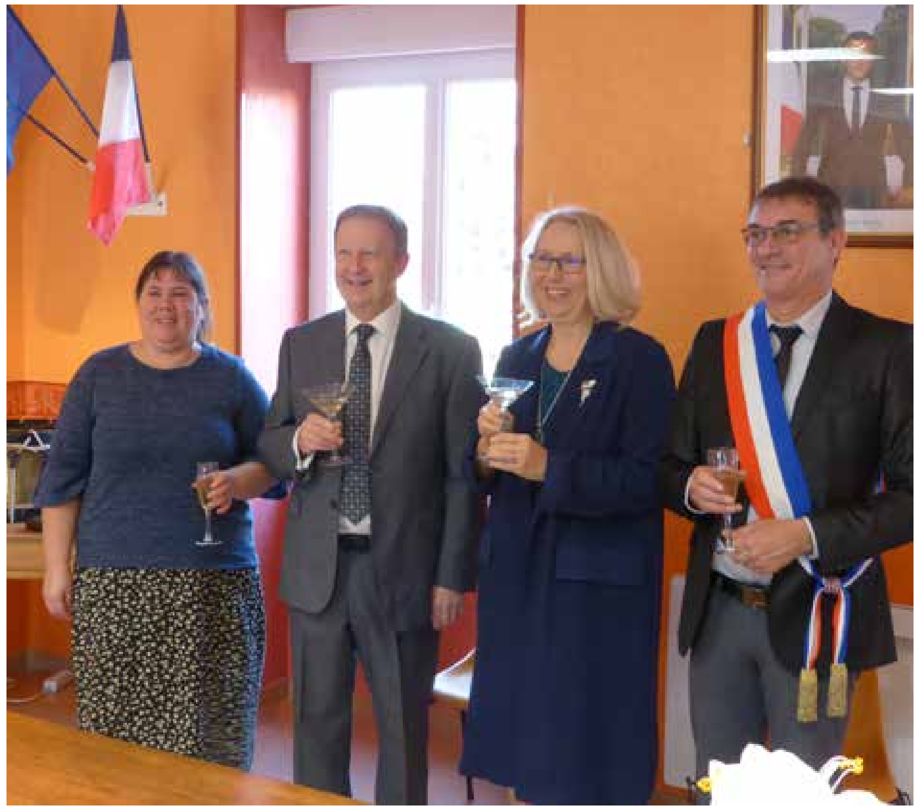
Karen's wedding

I decided to have an extra special present for my 60th birthday in January – a new husband! Nick and I escaped with our collective five children to marry at a small mayor's office in deepest darkest France in January. It took a grand total of two minutes to complete. I am not sure if I promised to obey him, however, as it was all in French! The sun shone brightly from dawn to dusk, although it was pretty chilly.

We then all piled into a local restaurant for a slap-up five-course meal, attempting to drink Bordeaux dry. As you can imagine, it all got a little noisy, so Nick and I slipped away late afternoon to a local chateau for a peaceful stay in the most beautiful surroundings. It really was the most perfect day.

I spend my life advising un-married clients to marry their partner to save Inheritance Tax on first death – so, I am now practising what I have been preaching. Who said romance is dead?

Karen Last



From left: The Mayor's Assistant, Nick, Karen and Mayor of Vienne, Fabrice Audoin.

ACTION MEDICAL RESEARCH **EASTER CONCERT**

2 April 2019, Tudor Barn at Belstead

Our adviser Karen Last is the chair of the Ipswich fundraising committee for the wonderful national charity Action Medical Research.

Their next exciting event is planned for 2 April 2019 at the fabulous Tudor Barn in Belstead, near Ipswich – just down the road from our offices. Claydens will be proud sponsors once again.

It is an Easter Concert, featuring music and chocolate – what more could you want?

The first performer confirmed is a jazz band, featuring Denis King a pianist who won an Ivor Novello award for composing the Black Beauty theme tune. Denis will be joined by Sarah Eyden, a soprano of great expression and agility.

Three other acts are currently in negotiation, from a wind ensemble to a gospel choir, and more details will follow shortly. See here for more details as they unfold, and to buy tickets https://www.facebook.com/4artaction

CLAYDEN FINANCIAL – 25 YEARS OF IMPARTIAL FINANCIAL ADVICE

April 1994
Clayden Financial was launched by Leigh Clayden from a specially designed office at home

June 1994
Strategic partnership with Brian Eley of Eley Insurance Services which was much appreciated, giving Clayden Financial a wonderful flying start!

January 1995
Long term friend and colleague from GRE days, John Brown joins the firm

Early 1996
Clayden Financial moves to the Eley Insurance offices in Stanway, Colchester

October 1999
Clayden Financial wins the Colchester District Small Business Award

May 2000
Needing larger premises, the Belstead office opened Leigh and John seen here with Jim Magilton, Ipswich Town player

November 2004
Approval received from the then FSA to be directly regulated

2008
This staff group pic shows how the firm has grown. Later in 2008 Martin Cornell joins

SOLLA
Society of Later Life Advisers

2011
In 2011 Martin receives SOLLA accreditation, and in the same year becomes a Chartered Financial Planner

November 2012
Karen Last joins Clayden Financial as an IFA

September 2013
Adrian Firth joins Claydens as an IFA

2013
First issue of Informed

ryan's
YOU CAN BE SURE IT'S RIGHT

2013
Strategic Partnership set up with Ryan Insurance

2013
A Clayden Financial seminar at Wherstead Hall for clients and local accountants and solicitors with Justin Urquhart-Stewart from 7IM

TRUSTED SIFA ADVISER

2013
Clayden Financial becomes endorsed by SIFA – the Solicitors Regulation Authority recognised by The Law Society

2014
20th Anniversary Celebrations
Opening of second Belstead office as the company has grown.
Retirement of John Brown

2018
Clayden Financial becomes a Platinum Friend of Suffolk Age UK (Leigh Clayden seen here with Suffolk Age UK's Lindsay Long).

2019
A big thank you to all of our clients who have supported us for all - or any part of - our journey

WHO WANTS TO BE A **MILLIONAIRE?**

Getting there could be easier than you think – but you'll need to start young

Parents could make their baby an adult millionaire by starting a pension pot when they are born. Children born in 2018 could become millionaires by their 43rd birthday if their families contribute to a pension for the first 18 years of their lives[1].

The analysis found that parents or grandparents contributing £2,880 per year (£3,600 after tax relief) until children turn 18 years old could create a pot of £1,021,837 by 2061. The figure assumes a total contribution of £51,840, a growth rate of 8% per annum, which is net of product charges.

SUBSTANTIAL POT OF CASH

Whilst the assumed growth rate may seem high, data from Moneyfacts, the comparison website, showed that average returns from pension funds were 10.5% in 2017 and have seen double-digit growth for six consecutive years.

While lower growth rates reduce the return, they would still leave children with a substantial pot of cash to help them retire. Average growth rates of 2% and 5% mean that, by the time the child reaches its 55th birthday (2073), they would have a pot of £171,086 and £668,592 respectively.

LOVED ONE'S PENSION

On an average 5% growth rate, the child would be a millionaire by the time they retire in 2083 (65 years old), with a pension pot of £1,089,067. By the same milestone, a growth rate of 8% would create a pension pot of £5,555,260.

Previous research found that very few people would consider contributing to a loved one's pension – only 2% of over-55s said they would support a relative by putting money into a pension fund. By contrast, 68% said they would leave their family an estate when they pass away, compared with 34% who would help their family with ongoing gifts of any kind.

COMPOUNDING INTEREST

Despite its obvious advantages, contributing to a family member's pension is one of the last thoughts to cross the majority of people's minds. Yet, provided growth rates remain at current levels, it could make a millionaire of a child born today by the time they hit middle age from a relatively modest £51,840 over 18 years. It's the power of compounding interest in action.

One of the biggest obstacles to passing on wealth tends to be the parents or grandparents worrying that their younger family members will 'waste' the money on frivolous purchases. But, pension contributions guarantee that their children won't be able to use the proceeds until they reach pensionable age.

TAX-EFFICIENT SAVINGS

If they don't want to exert that amount of control, they can look at other ways too. Junior ISAs offer tax-efficient savings until a child is 18, albeit there is no tax relief. However, if they want to be very specific about what their money pays for, discretionary trusts are another option, keeping it vague about who benefits and in what capacity.

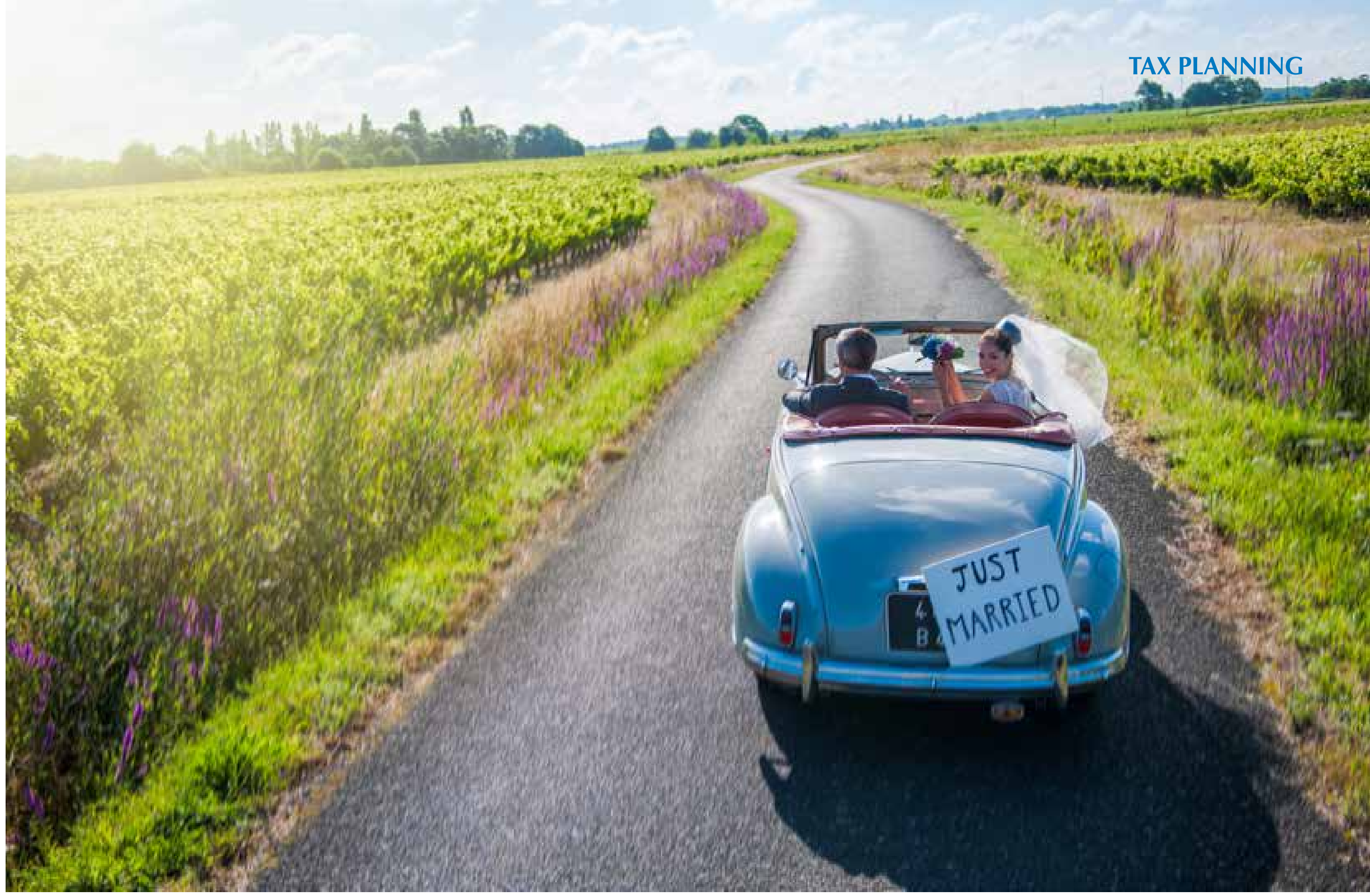
For most parents, saving regularly is an integral part of securing their child's financial future. Making regular contributions to a child's pension may not seem like the obvious choice. However, given the flexible nature of pensions and the tax relief offered by the Government, they can provide a very simple way of securing children's financial future in retirement.

MAKING THE MOST OF RETIREMENT SAVINGS

Saving for a child today is a wonderful gift for their future. There's no time like the present to take steps towards making the most of retirement savings for your children. To discuss your options, please contact us.

Source data

[1] Figures taken from Brewin Dolphin's 'Mind the generation gap' research, which included a detailed survey of 11,000 people.



MARRIAGE ALLOWANCE

Why you may be due a tax break

From the new tax year, eligible married couples will be able to claim a £250 tax break. But as claims can be backdated, they may be able to gain up to £1,150 via the Marriage Allowance.

Introduced in April 2015, the Marriage Allowance allows someone earning less than the personal allowance to transfer a small percentage of this allowance to their partner. This boosts the receiving partner's personal allowance, meaning they can earn more before having to pay Income Tax.

The personal allowance is rising to £12,500 in the new 2019/20 tax year, therefore this figure can be used to work out how much can be transferred to the receiving partner and how much of a tax break it results in. However, the Marriage Allowance can be backdated up to four tax years, meaning eligible couples from 2015/16 may be able to gain up to £1,150 in total.

WHAT YOU NEED TO KNOW:

- **2018/19 tax year:** the current personal allowance is £11,850, meaning £1,185 can be transferred to the partner, resulting in a £237 tax break. However, HMRC rounds the figure up to £1,190, meaning the recipient gets £238
- **2017/18 tax year:** the personal allowance was £11,500, so £1,150 was transferable, resulting in a £230 tax break
- **2016/17 tax year:** the personal allowance was £11,000, so £1,100 was transferable, resulting in a £220 tax break
- **2015/16 tax year:** the personal allowance was £10,600, so £1,060 was transferable, resulting in a £212 tax break

CLAIMING MARRIAGE ALLOWANCE

The lower earner will need to apply via the online Marriage Allowance application portal. You will need to have your National Insurance number and prove your identity by giving details from your P60, payslips, passport or child benefit documents.

The personal allowance will transfer automatically to a spouse or civil partner every year until one partner cancels the Marriage Allowance because circumstances change, such as earning over the personal allowance threshold or for divorce.

In order to claim back from 2015/16, couples have until 5 April 2020. For current tax year claims, your tax code will be amended, or for the self-employed, this will be done via the self-assessment tax return. For backdated claims, you'll receive a payable order – a cheque from HMRC.

HOW CAN WE HELP?

Many couples are missing out on this help because they are not aware of the allowance. To find out more, please contact us today – we look forward to hearing from you.

WHY NO-FAULT ISN'T ALWAYS A NO-COST CLAIM

The insurance industry is not generally known for its straightforward wordings, with many technical terms being used. Always keen to make things easier for our policyholders, our team take a look at some motor insurance claims jargon.

BETTER EXPLAINING FAULT VERSUS NO-FAULT CLAIMS

There really are only two types of claim when it comes to motor incidents – those when the policy holder is at fault, and those when the incident is caused by someone else (the third party).

We stray from the straightforward, though, when an insurer pays out to a policyholder for a claim that's not their fault, with a view to recouping that pay out from the third party who caused the damage. This is called 'subrogation'.

If the insurer can recoup that money, the claim is closed and the policyholder's premiums remain, on the whole, unaffected. If the insurer can't reclaim the money, either because the third party insurer is disputing the claim, or if the incident was not caused by another person, the claim will flag on the system and affect the policyholder's claims history at renewal. The premium is likely to rise – even if your no-claims bonus is protected, which can seem unfair. This is because the discount is applied after all other factors are taken into account.

An example of this is damage caused by hail – an extreme weather event.

In this respect, instead of two, there are three types of claim:

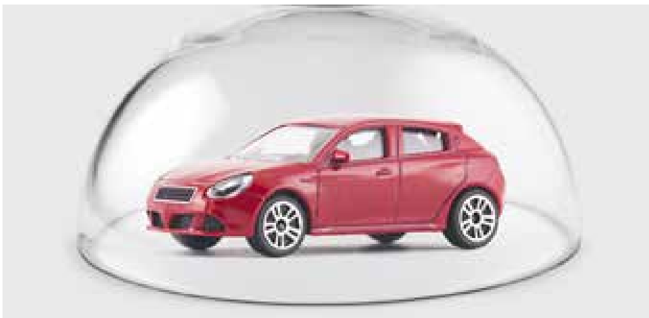
• Fault claims – where the policyholder has caused the incident and therefore expects their premium to be affected.
• Absolutely no-fault claims – where the damage to a policyholder's car or property was caused by someone else, and that person's insurance company covers the costs of repair or replacement.
• Irrecoverable no-fault claims – where the damage is caused by a third party but their insurance company has not yet paid out or is challenging the validity of the claim. Or where the damage was not caused by a third party i.e. hail, and there is no way of recouping the amount paid out for repair or replacement.

TELLING YOUR INSURERS ABOUT FAULT AND NO-FAULT CLAIMS

Many people mistakenly believe they need not mention no-fault claims to their insurers. If you fail to disclose the details of any claim to your insurer, your insurance will be invalid.

MOTOR INSURANCE WITH RYAN'S

The motor insurance team at Ryan's is on hand to help you find the most suitable policy for your unique requirements, and to ensure your claims are dealt with quickly and fairly.



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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