

INFORMED

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by **Clayden**
FINANCIAL
INDEPENDENT FINANCIAL ADVISERS

UNLOCKING PROPERTY WEALTH

Plan for the worst,
hope for the best

NEW ELECTRICAL SAFETY STANDARDS REGULATIONS FOR LANDLORDS

Ensuring all fixed electrical installations
are safe and maintained correctly

MINIMUM PENSION AGE TO INCREASE

Changes to the age when
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WELCOME TO OUR SUMMER ISSUE



Spring 2021 was one of our busiest tax year ends ever, with many clients making last minute pension and ISA investments. Our staff had many deadlines to cope with. I know they were all relieved when the end of tax year deadline passed and Easter came along!

Some staff and consultants continue to work from home, and client meetings are still being held remotely. Although the phone conversations and video meetings have been successful with regard to handling reviews and have been well received by our clients, I personally am looking forward to meeting clients in person again.

With the vaccine programme working so well and with COVID numbers falling, we hope that from late June we

will be able to return to near normal trading and working practices.

Hopefully, we can look forward to a relaxing, convivial summer with our family and friends. Let's hope that the weather takes a turn for the better too. You may be surprised to see that there is no Ryan's article with this issue. This is because on 6 May Ryan's was acquired by Seventeen Group, the broking arm of which is James Hallam Limited. We understand that all of Ryan's team has transferred and continue to be based at the Crane Hall premises in Ipswich, and that service to their clients will be unaffected.

I hope you enjoy our summer edition and if you would like a particular subject covered in a future issue do let us know.

Leigh Clayden

Exam success for Lewis Offord

I am proud to say that in March earlier this year I passed my Diploma for Financial Advisers, through the London Institute of Banking and Finance.

I've been preparing for these exams in the evenings and in my spare time – studying and learning all I can from some quite substantial tomes, as well as gaining valuable knowledge from working alongside everyone at Claydens.

This qualification has given me a strong understanding of the UK financial services industry, and the regulations surrounding it. It has also shown me how to create, implement and maintain financial plans for the benefit of our clients.

It feels great to have finally completed my exams and for my hard work to have come to fruition.

I would like to thank all the advisers at Claydens for their help and support in achieving this.

I'm now looking to the future, to potentially taking further exams which will expand my understanding of Financial Advice in specific areas – such as Mortgages – and advancing my capabilities involved in the advice process.

Lewis Offord



OAK TREE LOW CARBON FARM

It has been good to be a member of the **Oak Tree Low Carbon Farm** during the lockdown as we have still been able to work in a socially distanced way, so we have all had the benefit of fresh air, exercise, seeing other people and fresh veg to boot.

We are currently renaming ourselves the Oak Tree Community Farm to reflect what we are, whilst still retaining our low carbon and environmentally friendly aims.

As part of the ethos, we are moving towards the 'no-dig method', which is a method of growing that aims for minimal disturbance of the soil. This allows natural relationships between organisms to flourish and preserves the overall structure of the soil, leading to improved plant growth.

A large part of no-dig's success is to do with the relative absence of weeds. So, it is possible to enjoy a clean garden with mixed plantings which is beautiful and productive, and full of wildlife too – especially in the soil.

Because there is little soil disturbance, no weed seeds are brought up, and once those near the surface have germinated, weed problems decline. Also, the absence of the clods produced by digging reduces cover for slugs. No-dig gardening is well worth a try and in fact my daughter is using this in some small vegetable beds in her front garden!

If you would like to find out more, visit www.charlesdowding.co.uk. Charles Dowding has been a lead innovator of organic and no-dig gardening since 1983. And for more about Oak Tree Farm visit www.the-oak-tree.co.uk

Shirley LeGrice



ACTION MEDICAL RESEARCH HRH THE DUKE OF EDINBURGH

It was with great sadness that Action Medical Research marked the passing of HRH The Duke of Edinburgh. For over six decades, the Duke was able to observe with interest the many medical research successes made possible with the support of Action Medical Research. Patron of the charity since April 1955, the Duke was a great supporter of the charity's work.

Luke Bordewich, Chair of the charity, said: 'We are immensely sad at the news of the death of HRH The Duke of Edinburgh whose support for Action Medical Research has been so important to the charity throughout our history. There is no doubt that he will be greatly missed.'

'It was striking how interested he was in the science, and the potential for medicine to change the future lives of children who were suffering. His charm and humour were always present and helped create a relaxed atmosphere at events, and he was genuinely engaged with the researchers and supporters who attended. We were so fortunate to have his support for so many years to help generate funds for our life-saving work.'

The Palace is encouraging people to consider making a donation in the Duke of Edinburgh's memory, thereby helping the charity to continue in its vital life-saving work for sick babies, children and young people. If you would like to donate, or to find out more, visit www.action.org.uk

Karen Last

Clayden Financial IFA and Trustee of Action Medical Research

action medical research
for children



Unlocking property wealth

Plan for the worst, hope for the best



With the rapid changes that have swept the world over the last year resulting from the coronavirus pandemic, some people aged over 50 are facing a different retirement than they may have been expecting.

Some have less savings than they imagined, some have had to access their savings to supplement their income and some have retired earlier than they had planned.

FINANCIAL AFFAIRS IN ORDER

For many, the 2020 experience was a taster of what retirement could be like – as well as providing a reminder to people to put their financial affairs in order.

Unfortunately, not everyone has sufficient pension savings to fully recover from these events, which has led some people to look for alternative ways to fund their retirement. One of the options is using their property wealth.

HOME OWNERSHIP AMONG OVER-50s

According to recent research^[1], people in the UK pay off their mortgage at an average age of 54. The average home value is in the region of £240,000. That's a significant amount of wealth to have tied up in property, particularly for those people who don't have enough cash to cover their everyday expenses.

Downsizing is one option for accessing that wealth, but the research highlighted that more than half of over-50s say they love their home and couldn't imagine moving to another property.

ACCESSING THE CASH WITHOUT MOVING OUT

A second option to make use of property wealth – without the hassle of moving – is through equity release. Equity release can mean either a lifetime mortgage, where a loan is secured against the home and the homeowners are not required to make any repayments during their lifetime, or home reversion, where a portion of the home is sold but the homeowners retain the right to live in it.

Equity release unlocks the value built up in your home as a tax-free lump sum. There's no need to move out and you'll still own your home. With equity release, you don't have to make monthly payments unless you choose to. It's usually repaid when the last borrower moves into long-term care or dies. Equity release also comes with a 'no negative equity guarantee', which means the beneficiaries are not left with a bill.

DECIDING WHICH OPTION IS RIGHT FOR YOU

Equity release isn't for everyone. 10% of over-50s say it's the option they're most likely to consider if they need more cash in retirement, while 27% say they'll retire later or come out of retirement, and 32% say they're more likely to downsize.

However, 90% of over-50s say they only understand a little about equity release. Some of the common concerns are that they don't want to risk losing their home, that they won't be able to leave an inheritance or that their children will be left with a bill, but these are all misconceptions.

UNLOCKING CASH FROM YOUR HOME

If you're among the people who don't know much about equity release, finding out more could give you an alternative option that you didn't know you had. It could provide a tax-free lump sum that pays for home improvements, provides additional funds during your retirement or helps you support your children and grandchildren. To find out more, please contact us.

Source data:

[1] <https://www.sunlife.co.uk/equity-release/equity-release-report-2020/>

HOME REVERSION PLANS AND LIFETIME MORTGAGES ARE COMPLEX PRODUCTS. TO UNDERSTAND THE FEATURES AND RISKS, ASK FOR A PERSONALISED ILLUSTRATION.

EQUITY RELEASE WILL REDUCE THE VALUE OF YOUR ESTATE AND CAN AFFECT YOUR ELIGIBILITY FOR MEANS-TESTED BENEFITS.

THINK CAREFULLY BEFORE SECURING OTHER DEBTS AGAINST YOUR HOME.

YOUR MORTGAGE IS SECURED ON YOUR HOME, WHICH YOU COULD LOSE IF YOU DO NOT KEEP UP YOUR MORTGAGE PAYMENTS.

CHECK THAT THIS MORTGAGE WILL MEET YOUR NEEDS IF YOU WANT TO MOVE OR SELL YOUR HOME OR YOU WANT YOUR FAMILY TO INHERIT IT.

Minimum pension age to increase

Changes to the age when people can start taking pension savings

The government has confirmed that it plans to increase the minimum pension age at which benefits under registered pension schemes can generally be accessed, without a tax penalty, from age 55 to age 57 commencing 6 April 2028.

The Normal Minimum Pension Age (NMPA) will increase in line with increases to the State Pension age.

UNQUALIFIED BENEFITS RIGHT

Members who currently have an 'unqualified right' to access their benefits under a registered pension scheme before age 57 and members of the armed forces, firefighters or police pension schemes will be permitted to retain their existing minimum pension age.

The government is planning to introduce a protection regime which would mean that an individual member of any registered pension scheme (occupational or non-occupational) who has an unqualified right – for example, without needing the consent of their employer or the trustees – under the scheme rules at the date of the consultation to take pension benefits at an age below 57 will be protected from the increase in 2028.

PROTECTED PENSION AGE

A member's protected pension age will be the age from which they currently have the right to take their benefits. The protected pension age will be specific to an individual as a member of a particular scheme. So an individual could have a protected pension age in one scheme where they have a right to take pension benefits at an age below 57, but for schemes where no such right exists the new NMPA of 57 will apply from 2028.

It will also apply to all the member's benefits under the relevant scheme, not just those benefits built up before April 2028. Individuals with an existing protected pension age under the 2006 or 2010 regimes will see no change in their current protections.

ASSOCIATED PENSION SCHEMES

In recognition of the special position of members of the armed forces, police and fire services, the government is proposing that, where members of the associated pension schemes do not already have a protected pension age, the increase in the NMPA will not apply to them.

After 5 April 2028, individuals who do not have a protected pension age and who access their pension benefits before age 57 would be subject to unauthorised payments tax charges.

PENSION TAX RULES ON ILL-HEALTH

There will be no need for individuals or schemes to apply for a protected pension age. This is in line with the approach taken under the existing protected pension age regimes. The government is not proposing to make any changes to the current pension tax rules on ill-health as part of this NMPA increase.

SCHEME BENEFITS CRYSTALLISED

In addition, currently, if an individual wants to use their protected pension age, then all their benefits under the scheme must be taken (crystallised) on the same date. However, considering the pension flexibilities introduced in 2015, the government proposes that this requirement will not be a condition of the 2028 protected pension age regime.

This would mean, for example, that an individual with a defined contribution pension with a protected pension age of 55 would be able to allocate some of their pension to a drawdown fund, and at a later date use the remainder to purchase an annuity, without losing their protected pension age.

NORMAL MINIMUM PENSION AGE

The government's position remains that it is, in principle, appropriate for the NMPA to remain

around ten years under State Pension age, although the government does not intend to link NMPA rises automatically to State Pension age increases at this time.

The announcement means that there is the potential for some people to be caught in the middle, being able to access their pension at 55 prior to April 2028, but having to wait until they turn 57 to access any untouched pension funds after this date where they don't qualify for protection.

PLANNING FOR THE RETIREMENT YOU WANT

This announcement may, in particular, have an impact on the timing for taking your pension benefits. It's never too early to be planning ahead. To discuss how we can help you plan for the retirement you want, please contact us.

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028). THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE. YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE 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. YOU SHOULD SEEK ADVICE TO UNDERSTAND YOUR OPTIONS AT RETIREMENT.

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

NEW ELECTRICAL SAFETY STANDARDS REGULATIONS FOR LANDLORDS

Ensuring all fixed electrical installations are safe and maintained correctly

The Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020 came into force on 1 June 2020 and require five-yearly inspections of electrical installations and inspection reports to be supplied to tenants.

The majority of landlords are proactive when it comes to ensuring the safety of their tenants. However, a minority fail to do so, putting their tenants in danger as a result. The regulations set out the requirements for landlords to ensure all fixed electrical installations are safe and maintained correctly.

PROPERTIES INSPECTED AND TESTED

These regulations apply to new tenancies granted on or after 1 July 2020 and require landlords to have the electrical installations in their properties inspected and tested by a person who is qualified and competent, at an interval of at least every five years.

The definition of a new tenancy includes tenancies that are either new, renewed or become statutory periodic tenancies on or after 1 July 2020. All other existing tenancies are caught by these provisions from 1 April 2021.

ELECTRICAL SAFETY REPORT

Landlords have to provide a copy of the electrical safety report to their tenants, and to their local authority if requested.

The requirement to have electrical installations periodically tested was previously only applicable to Houses in Multiple Occupation (HMO). However these new regulations extend this duty to most types of privately rented accommodation.

THE EXCEPTIONS, WHICH ARE SET OUT IN SCHEDULE 1 TO THE REGULATIONS, CURRENTLY INCLUDE:

- Properties let by Private Registered Providers of social housing
- Accommodation shared with the landlord or their family
- Long leases
- Student accommodation
- Hostel and refuge accommodation
- Care homes
- Hospitals and hospices
- Other accommodation relating to healthcare provision





THE REGULATIONS REQUIRE LANDLORDS TO DO THE FOLLOWING:

- Inspect electrical installations at least once every five years
- Provide occupiers with a copy of the inspection report within 28 days of the inspection (and/or within 28 days of the occupier requesting a copy)
- Provide a copy of the electrical inspection report before an occupier moves into a property
- Carry out any remedial work an inspector deems necessary, with a timescale stated by the inspector (up to 28 days)
- Inform the local authority that remedial works have been completed

POWER TO ISSUE FINES

Local authorities can issue defaulting landlords with remedial notices to carry out necessary work and have the power to issue fines of up to £30,000.

BUY-TO-LET PROPERTIES

If you are considering Buy-To-Let properties, please contact us for practical and impartial advice.

“The majority of landlords are proactive when it comes to ensuring the safety of their tenants. However, a minority fail to do so, putting their tenants in danger as a result.”



Why you should have an up-to-date Will and Powers of Attorney

You have worked all your life to provide the best for your family, and you need to ensure that your assets are protected into the future and are distributed as you would wish.

A Will makes it much easier for your family and friends to sort finances out when you die – without a Will the process will be much more time-consuming and stressful. Also, your assets would be shared out in a standard way defined by the law – not necessarily in the way you would want. A Will can also help reduce the amount of Inheritance Tax that might be payable.

Your Will should be regularly reviewed as people and their circumstances change. You may have had it written some years ago and it may be inappropriate now. Some people named within it may have died, or you may wish to help members of the family who are struggling.

A Lasting Power of Attorney is equally important. Should you lose the ability to make your own decisions through say, an accident or loss of mental capacity, it will enable a trusted person to step in

and make financial and care decisions for you.

Lasting Powers of attorney (LPAs) came into force on 1 October 2007 and they allow you to appoint a person (or people) to act on your behalf. This simple document becomes effective only from the point where you are no longer able to make decisions for yourself due to mental incapacity, or you need assistance in dealing with your affairs for other reasons.

LPAs are appropriate documents for people to complete if they trust the people that they are appointing to act impartially and to respect their wishes. It is usual to appoint family members and it is desirable to appoint more than one attorney; a joint and several appointment, whereby Attorneys can act together or separately.

There are two forms of Power of Attorney: one for your financial affairs and another for your health and welfare. Both documents can be tailored to your specific requirements. In both you are able to specify restrictions, or give guidance, to

those who will look after your affairs.

Without a Power of Attorney, the local council could decide on your health needs, including any care you may need. Neither you nor your family may have the chance to influence such decisions. The local council may also decide where you receive your care and will even assess you or your family for care home fees. This could have a huge impact on your estate and the amount available for your loved ones to inherit.

THIS ARTICLE PROVIDES ONLY A GENERAL SUMMARY AND IS NOT INTENDED TO BE COMPREHENSIVE. PROFESSIONAL LEGAL ADVICE SHOULD BE TAKEN IN ANY INDIVIDUAL SITUATION.

DON'T DELAY

Make sure that you have a current Will and Lasting Powers of Attorney in place for complete peace of mind. For further helpful information, visit www.moneyadvice.service.org.uk.