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NEW YEAR – TIME TO BE RESOLUTE ABOUT YOUR MONEY

New Year resolutions often involve plans to go to the gym more or take up a new hobby. However, making a few promises to yourself about managing your money better in 2017 could have a lasting effect on your financial future.

Is it time to write your Will or revisit an existing one?

If you haven't written a Will, then your money might not go to your loved ones on your death. It's a sobering thought, and many people are unaware that if they died without a Will, the laws of intestacy might mean that relatives they hardly knew could benefit from their estate, whilst those closest to them might not.

If you made your Will a while ago and your family circumstances have changed, then why not review it to be sure everyone you want to benefit is included?

Is your pension set to provide enough for your retirement?

It makes sense to review your pension arrangements regularly so that you know that you are on course for a reasonable pension. Recent changes to the State Pension and the rules governing defined contribution pension schemes mean that this could be a good time to consider topping up your pension contributions, especially if you intend to retire in your fifties.

Do your protection plans need an overhaul?

Over time, your life insurance needs can change; you may have a growing family and want to ensure they'd be adequately provided for if the worst were to happen. If you've taken on a bigger mortgage, you might need more cover. When you're approaching retirement, life policies still have an important part to play, perhaps in providing funds to supplement a widow's or widower's pension.

A review of your policies should also include checking out that you've got the right amount of building and contents cover too, and that your policies still represent good value for money.

Is your portfolio up to scratch?

If you've held a portfolio of investments for a while, it might be time to review its performance. Your adviser will be able to assess the stocks and shares you hold, and ensure the balance of your portfolio remains in line with your risk profile and asset allocation strategy. A review gives you the opportunity to consider moves like selling investments that are underperforming or taking a profit from a holding that has appreciated considerably in value over the years.

If you're making plans for your retirement and would like some professional advice, then please get in touch.

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RECENT CHANGES TO THE STATE PENSION AND THE RULES GOVERNING DEFINED CONTRIBUTION PENSION SCHEMES MEAN THAT THIS COULD BE A GOOD TIME TO CONSIDER TOPPING UP YOUR PENSION CONTRIBUTIONS, ESPECIALLY IF YOU INTEND TO RETIRE IN YOUR FIFTIES.

ANNUAL ALLOWANCES – A CHECKLIST FOR THE TAX YEAR-END

With the tax year-end fast approaching, it's time to make the most of your annual allowances.

Use your ISA allowance
Think about topping up your tax-efficient savings. The maximum amount that can be saved into an ISA this tax year is £15,240, increasing to £20,000 from April. For Junior ISAs, the tax-free allowance is currently £4,080, increasing to £4,128 from April.

Keep your pension arrangements under review
The amount you can pay into a pension in this tax year is a gross contribution of £3,600 or 100% of your earnings, subject to the annual allowance. The current annual allowance is £40,000 (unless you've taken money from your defined contribution pension, then the annual allowance may reduce to £10,000). You can carry forward any unused allowance from the previous three tax years.

From April 2016, if you have any 'adjusted income' of over £150,000 including the value of any pension contributions, the £40,000 annual allowance is reduced by £1 for every £2 that your income exceeds £150,000, up to a maximum reduction of £30,000. For those who have already flexibly accessed their pension, the Money Purchase Annual Allowance will be limited to £4,000, as of April 2017. This is designed to limit beneficiaries from gaining double pension relief.

You can also pay into a pension for a non-earning spouse or child. Pay in £2,880 a year and thanks to basic rate tax relief it will be topped up to £3,600.

Make use of your Inheritance Tax allowances
Each financial year you can make gifts of up to £3,000 (in total, not per recipient) and if you don't use this in one tax year, you can carry it over to the next year, which means you could give away £6,000.

Gifts of up to £250 per person per tax year to any number of people are exempt. Each parent of a bride or groom can give up to £5,000; grandparents or other relatives can give up to £2,500 and any well-wisher can give £1,000. Gifts to registered charities and political parties are also exempt. You can also make gifts out of surplus income; however, conditions apply.

Consider your Capital Gains Tax position
The annual allowance is £11,100. Husbands and wives and civil partners might want to transfer an asset into joint names so that both parties can make use of their tax-free allowance so that up to £22,200 of any gain can be tax-free.

Tax treatment depends on individual circumstances. Tax treatment, rates and allowances are subject to change.

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HOW TO BE A SCAMSMART INVESTOR

A recent study by the Financial Conduct Authority revealed the increasing risk of retirees being scammed via investment fraud. Low interest rates were cited as a key driver as investors seek higher returns. Over 65s with savings in excess of £10,000 are three and a half times as likely to fall victim to investment fraud.

FCA advice about how to be a ScamSmart investor

1. Reject any unsolicited contact about investment opportunities

There are ways that fraudsters can pretend they aren't calling you out of the blue. They may, for example, refer to a brochure or an email that they have sent you. That's why it's important you know the other tell-tale signs that suggest the investment opportunity is likely to be very risky or a scam.

Investment fraudsters typically target experienced investors. They may do one or more of the following:

1. Apply pressure on you to invest in a time-limited offer, offer you a bonus or discount if you invest before a set date, or say that the opportunity is only available for a short period of time.
2. Downplay the risks to your money, or use legal jargon to suggest the investment is very safe.
3. Promise tempting returns that sound too good to be true, offering much better interest rates than those offered elsewhere.
4. Call you repeatedly and stay on the phone a long time.
5. Say that they are only making the offer available to you, or even ask you to not tell anyone else about the opportunity.

If you ever receive a call offering you the investment of a lifetime, just put the phone down.

Go by the rule that if it sounds too good to be true, then it probably is.

2. Check the FCA Warning List

Do your own checks before investing; check the Financial Conduct Authority Warning List and the Financial Services Register to see if those that are asking for your money are the real deal.

The FCA Warning List is a list of firms and individuals the FCA knows are operating without its authorisation.

3. Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you, such as your financial adviser.

FCA FINANCIAL CONDUCT AUTHORITY Be a ScamSmart investor

fca.org.uk/scamsmart

THE SELF-EMPLOYMENT BOOM AMONGST WOMEN

There has been a surge in self-employed women workers in the UK over recent years, according to figures from the Office for National Statistics.

Women account for just under a third of all self-employed, and they have made up over half (53%) of the increase in self-employment since 2008. Part-time self-employment has also grown rapidly amongst women, many of whom choose to fit work around childcare responsibilities or caring for the needs of elderly parents.

However, just one in eight self-employed women contribute to a personal pension plan, meaning that many could find themselves struggling financially in retirement[1].

Getting the pension saving habit

The government is said to be considering ways of extending auto-enrolment to the self-employed, but at present it's up to the individual to put their own plans in place.

If you're self-employed, saving into a pension can be a more difficult habit to develop than it is for those in employment. Irregular income patterns can make regular saving difficult.

However, there are plans available that can give you the flexibility you need, and the good news is that your contributions are topped up by income tax relief from HM Revenue & Customs.

How much should you aim to put aside to ensure you build up an adequate pension? The simple answer is probably as much as you can reasonably afford. If you were in an employer scheme, your employer might typically contribute 4% and you might be contributing a further 3% yourself.

So, it makes sense to discuss with your financial adviser the level of contributions you can make and the likely returns they would produce for you.

If you're making plans for your retirement and would like some professional advice, then please get in touch.

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[1]Prudential, Self-employment booms among women – but at what cost to their retirement plans? 2016

INHERITANCE TAX MYTHS BUSTED

One of the most common myths concerning Inheritance Tax (IHT) is that it is only paid on the estates of very rich families. However, with property prices remaining high, many more families are facing the prospect of their estates falling within the IHT threshold on their death.

The nil-rate band stands at £325,000 and will remain at that figure until 2021. Some people are under the impression that this has been increased to £1m for couples, the figure often given in newspaper headlines. However, that is not the case yet, and it won't apply in every instance. The new additional nil-rate band covering main residences will initially be worth £100,000 per individual from April 2017 and be worth £175,000 when fully implemented in 2020. It only applies to family homes left to direct descendants. It doesn't include properties left to nephews and nieces and excludes second homes and buy-to-let properties.

A Will is essential

Another myth that needs busting is that married couples or civil partners don't need to worry about IHT as their partners will inherit everything free of IHT. However, without a valid Will in place, and under the rules of intestacy, if there are children a portion of the estate will go to them and could trigger an IHT charge that could have been avoided with a Will in place.

Whilst there are annual exemptions, for example you can make gifts of up to £3,000, you can't simply give all your money away to avoid IHT. Making larger gifts of money or property is subject to the 'seven-year rule'. This means that you need to survive for seven years from doing so for the gift to fall outside your taxable estate. If you die within seven years, the tax charge is tapered down, but there could still be a charge to IHT.

IHT is a complex subject, so professional help is advised.

Tax treatment depends on individual circumstances. Tax treatment rates and allowances are subject to change.

THE NEW ADDITIONAL NIL-RATE BAND COVERING MAIN RESIDENCES WILL INITIALLY BE WORTH £100,000 PER INDIVIDUAL FROM APRIL 2017

WHY MORE PEOPLE ARE WRITING A POWER OF ATTORNEY

New figures show that Alzheimer's disease and other forms of dementia are now the leading cause of death in England and Wales[1]. That's why many people are putting a Lasting Power of Attorney (LPA) in place whilst they still have mental capacity, giving them and their families valuable peace of mind for the future.

How you can protect your interests

In the same way that a Will protects your loved ones after you pass away, an LPA is designed to protect your interests if you were to lose the ability to make financial or care decisions on your own behalf.

Making an LPA allows you to choose someone you know and trust to make important decisions should you be unable to do so.

If you lose mental capacity and haven't made an LPA, then a family member would have to apply to the Court of Protection to be appointed as your Deputy.

The role of Deputy provides reduced powers and an annual fee is payable. If an acceptable Deputy can't be found, the local authority is appointed. They will then be given access to your financial affairs and can decide matters such as where you live and what care you receive.

Peace of mind

There are two types of LPA, one covering property and financial matters, the other dealing with health and welfare. You can choose to make one or both types. You will need to appoint one or more people to be your attorney; these can be your spouse, partner, relatives or friends, or a professional adviser such as your solicitor.

The LPA documents will then need to be registered with the Office of the Public Guardian. This can be done by you or by your solicitor.

[1]Office for National Statistics, 2016

HOW TO PLAN YOUR RETIREMENT INCOME

Someone once said that preparing for retirement was as big a challenge as starting your first job, and in many ways, it can be.

In the early part of the last century, retirement was sadly often very short. Thanks to increasing life expectancy, people retiring today could be looking at several decades. That's why more and more people are taking advice on how to plan their income so that they don't run out of money in their later years.

The changes in pension regulation that came into force in April 2015 mean that many individuals now have more flexibility at a younger age to use their pension savings in a way that suits them, and to have the type of retirement that they want.

One way to fund a potentially longer retirement is to put back the date at which it starts, and this is a path increasingly chosen by many people. This decision is often prompted by the increases in the age at which workers qualify for the State Pension; by 2020 it will be 66 for men and women and will rise to 68 by 2044.

Budgeting is key

It's a good idea to take a critical look at your potential expenditure, consider your goals and decide the amount you will need to make retirement a comfortable period of your life. Don't forget to factor in unexpected expenses, possible gifts of money to family members, the travel you've always wanted to do, and give some thought to putting aside some funds that could be used to provide nursing or residential care in the future.

Getting advice pays

Working with an adviser will help you see the bigger picture. They will be able to take an objective view of your finances and can offer valuable advice on important issues such as how to use your pension pot to secure guaranteed income to cover your basic living costs, and how to invest the remainder in a broad-based portfolio to provide the level of income you're looking for. They'll ensure that you don't expose funds you might need in the short to medium term to too much risk, but will consider your longer-term needs and consider factors such as the possible effects of inflation.

Retirement is a big step, so taking professional advice could be the soundest financial decision you'll ever take.

If you're making plans for your retirement and would like some professional advice, then please get in touch.

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THANKS TO INCREASING LIFE EXPECTANCY, PEOPLE RETIRING TODAY COULD BE LOOKING AT SEVERAL DECADES. THAT'S WHY MORE AND MORE PEOPLE ARE TAKING ADVICE ON HOW TO PLAN THEIR INCOME SO THAT THEY DON'T RUN OUT OF MONEY IN THEIR LATER YEARS.

ONLINE FRAUD – A PROBLEM OF OUR TIMES

New information regarding cybercrime from the Office for National Statistics makes grim reading. In the year to June 2016, there were over 2.3m bank account frauds, more than a million scams involving penny stocks, pension liberation, and fake investments. In addition, there were more than 680,000 hacking crimes committed.

Although we are all becoming more fraud aware, criminals are intent on finding new ways to con the public and become more devious in trying to get hold of our personal financial details. The banks have responded with campaigns to underline that they will never phone or email you for your PIN or password, send anyone to collect your cards from your home, or ask you to transfer money to another account for fraud reasons.

Password protection

To protect your online accounts and keep secure you should avoid using the same password for each account. That way, if fraudsters get hold of your login for one of your accounts, they won't automatically have access to all your other accounts.

You might want to consider using a password manager such as 1Password which generates secure passwords and stores them online. Or you can do things like construct a memorable and unusual sentence and take the initial letters of each word and add punctuation.

Think before you click

To ward off phishing attacks, attempts to access your personal financial details, it's a good idea to treat with suspicion any e-mail, social media message or text, from anyone you don't know. Remember attachments can contain viruses and malware, and never click on suspicious links. Installing good anti-virus software is one of the best ways to protect your computer from attack from malicious software.

Bank accounts and credit cards

It's a wise and easy precaution to check your bank statements in case any transactions you haven't authorised have been made. This goes for credit card statements too. It also makes sense to use a credit card rather than a debit card for any online transactions as they can provide you with better fraud protection.

Online shopping

Make sure that any site where you enter financial details is secure – look for the lock icon and/or a web address that starts https://, the "s" stands for secure. Without these signs, there's no guarantee of security or encryption of your details. Any major online retailer will always have these security measures as standard.

GENERATION O ARE STRUGGLING TO SAVE FOR THE FUTURE

Research has identified a group of Millennials who have been dubbed the 'ostrich generation'. Aged between 16 and 34, these young people aren't engaging with the need to plan and save for the future, choosing instead to bury their heads in the sand and hope the problem will disappear of its own accord.

While Generation O know that they are likely to live longer than their forebears, and realise they should be saving more than they do, they are more likely to choose instead to spend their money on the latest technology, eating out and buying designer brands.

A recent survey[1] showed that significant numbers within this group feel stressed, anxious or overwhelmed by their finances. With student loan repayments, the sky-high cost of renting and the likelihood of getting a place of their own receding into the future, who can blame them?

Not all doom and gloom

There is some hope on the horizon. Workplace pension schemes compulsorily set up under the government's auto-enrolment initiative mean that younger workers have more chance to save than ever before. Also, under-35s now represent the biggest cohort of those saving into personal pensions.

It's clear that Generation O will need to come to terms with the reality of the 21st century. This means taking responsibility for their own financial futures, and realising that they can no longer rely on the state to provide for them. With the State Pension age rising over the next few years, increasing to 68 in 2044, or possibly sooner, and the amount payable only ever designed to operate as a financial safety net, clearly there is much ground to make up.

If you're making plans for your retirement and would like some professional advice, then please get in touch.

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[1]Aviva, Meet Gen O: The Ostrich Generation, 2016

PENSIONS STILL A CLOSED BOOK TO MANY

In simple terms, a pension is a savings account that you pay into during your working life so that you can withdraw money to spend during retirement. You can also receive tax relief on your contributions.

Simplified rules

Although pensions were simplified from April 2015, there are still rules, such as the amount you can typically pay in each year (£40,000 in many but not all cases) how much you can invest in total over your working life (generally £1m) and what happens to your fund if you die (if that's before age 75 you can leave it to someone tax-free, if you die after that age, there will be tax due).

Different types of schemes

There is of course the State Pension. Yes, the rules have changed, but you can get a forecast and confirmation of the date when you'll receive it from the government.

Then there are pensions operated by employers. These may be defined benefit schemes, often called final salary schemes. However, as these are expensive to run, many employers now offer defined contribution schemes, where what you will get depends on how the investments in the pension fund perform. Legislation now requires employers to offer most workers a scheme.

For individuals, people who are self-employed, contractors and freelancers there are personal pension plans. From April 2017, there will be a Lifetime ISA, not strictly a pension but offering a way to save until retirement.

Many people confess to finding pensions too complicated, however, with some help and advice taking out a pension can be one of the best ways of securing a financially-comfortable retirement.

Tax treatment depends on individual circumstances. Tax treatment, rates and allowances are subject to change.

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