

CAMPBELL & McCONNACHIE

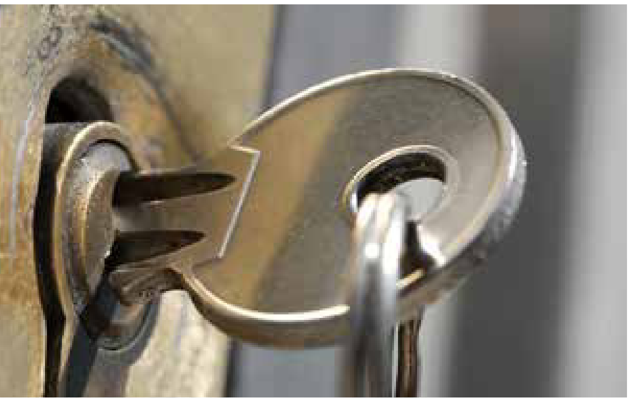
chartered financial planners

Harbour House 1 Shore Street
Lossiemouth IV31 6PD

david@campbell-mcconnachie.co.uk
01343 814000

WEALTH **KNOWLEDGE**

DECEMBER **2016**



In this month's Wealth Knowledge...More people are saving for retirement through workplace pensions. A quarter of properties sold in Q3 2016 were second homes or buy-to-lets. Research has found that cash ISAs are the most popular way to save but savers could be missing out on higher interest rates. And, we round up the highlights of this year's Autumn Statement.

Retirement saving increases

More working adults are saving for retirement, according to research by Scottish Widows.

The report found that the number of small business employees saving into a workplace pension was 44% in 2016, up from 40% the previous year.

Further findings:

- 52% of employees aged 22-29 automatically enrolled into a workplace pension said it's helping them to start saving for retirement
- 31% of those aged 30-39 said they will not have enough for retirement.

Minimum contributions

The employer and employee are required to pay a minimum percentage of qualifying earnings.

For 2016/17, qualifying earnings are between £5,824 and £43,000 a year. The first £5,824 is not included in the calculation of an employee's contribution, setting an upper limit of qualifying earnings of £37,176.

Salary, overtime, bonuses, commission and statutory pay are all included when calculating qualifying earnings.

The minimum contribution levels are:

	Until April 2018	2018/19	From 6 April 2019
Employer	1%	2%	3%
Employee	0.8%	2.4%	4%
Government tax relief	0.2%	0.6%	1%

Tax relief for individuals

Workers are entitled to 1 of 2 types of tax relief on their pension contributions.

Under a **net pay arrangement**, employers take an employee's contributions before its taxed. Employees then pay tax on what's left.

Relief at source is where employers take contributions after taking tax from payment. 20% tax relief is then added to the employee's pension pot by the pension provider.

We can help you plan your saving strategy.

www.campbell-mcconnachie.co.uk

Quarter of property sales a buy-to-let or second home

A quarter of properties purchased in Q3 2016 were either a buy-to-let or a second home, according to HMRC.

April 2016 saw the introduction of a 3% stamp duty land tax (SDLT) surcharge on properties that were purchased as second homes or for the purpose of renting out. A 3% surcharge also applies to land and buildings transaction tax (LBTT) in Scotland.

235,000 properties were sold in Q3, 56,100 of which were liable for the additional 3%. HMRC has collected £670 million in SDLT since the introduction of the surcharge.

The stamp duty land tax surcharge

The surcharge can add a significant additional tax liability. The SDLT now owed on £200,000 buy-to-let is now likely to be £7,500, compared to the £1,500 before the changes.

Portion of property price		Rate
SDLT	**LBTT**	
Up to £40,000		Zero
£40,001 - £125,000	£40,001 - £145,000	3%
£125,001 - £250,000	£145,001 - £250,000	5%
£250,001 - £925,000	£250,001 - £325,000	8%
£925,001 - £1.5 million	£325,001 - £750,000	13%
Above £1.5 million	Above £750,000	15%

Consult us about your tax liability.

Cash ISAs most popular way to save

Cash ISAs are the most popular way to save, research by Alliance Saving Trust has found.

91% of the 1,000 individuals questioned have a cash ISA compared to 29% who have a stocks and shares ISA.

The top reasons for saving into a cash ISA are:

- building up emergency savings (73%)
- funding retirement (36%)
- saving for a deposit on a house (13%)
- saving to pay off a mortgage early (11%).

Sara Wilson, head of platform proposition at Alliance Trust Savings, said:

"Although tax-free cash ISAs can be a useful pot for short-term or emergency funds, those with longer-term plans for their money may suffer by missing out on the greater potential for growth that stock market-based investments can provide."

Transfer an ISA

Consolidating different ISAs can make it easier to see the value and performance of savings and investments.

It is possible to transfer between providers and types of ISA, such as changing from a cash ISA to a stocks and shares ISA.

ISA providers have different terms and conditions which may restrict and charge for transfers.

People can transfer some or all of their ISA savings from previous tax years without affecting their annual ISA allowance (£15,240 for 2016/17). All money invested in the current tax year has to be transferred.

We can advise on the suitability of different types of ISA.

Autumn Statement 2016: Key announcements

The chancellor Philip Hammond delivered his first Autumn Statement to parliament on 23 November 2016.

Salary sacrifice schemes

The tax and employer national insurance advantages of most salary sacrifice schemes will be removed from April 2017.

This will result in employees who swap their salary for non-cash benefits paying the same tax as they would for cash income.

Some benefits will be exempt from the change such as pensions, childcare, cycle to work schemes and ultra low emission cars.

Savings bond

Details of a new 3-year NS&I savings bond with a rate of 2.2% will be announced at Budget 2017. Savers will be able to deposit up to £3,000.

Personal allowance

The tax-free personal allowance will rise to £11,500 from April 2017. The allowance will rise to £12,500 by 2020 and will increase in line with inflation after 2020/21.

National living wage

The national living wage will increase to £7.50 per hour in April 2017. Rates for the minimum wage were also announced.

Autumn Statement abolished

The Autumn Statement will be abolished and replaced with a Spring Statement in 2018.

Talk to us today about Autumn Statement 2016.