



CAMPBELL & McCONNACHIE

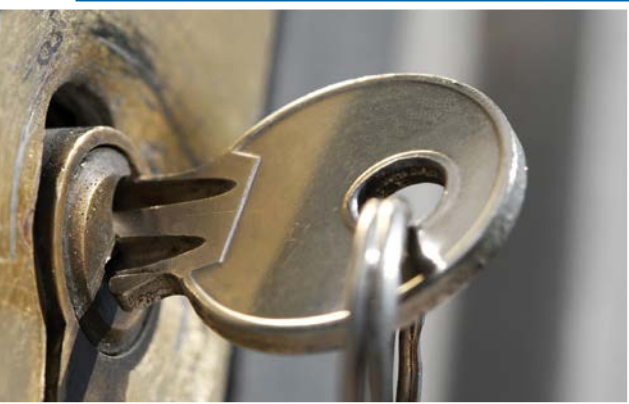
chartered financial planners

Harbour House 1 Shore Street
Lossiemouth IV31 6PD

david@campbell-mcconnachie.co.uk
01343 814000

WEALTH KNOWLEDGE

JULY 2016



EU referendum

You may have concerns about your business or personal finances following the result of the EU referendum.

We can explain what the result means for your finances and advise on potential actions.

Contact us to discuss your circumstances.

www.campbell-mcconnachie.co.uk

New retirees favour gifts over inheritance

The number of people passing on inheritance to their loved ones has fallen to its lowest level in 6 years, according to Prudential.

The report shows a fall in the number of new retirees expecting to pass on an inheritance – from 52% in 2011 to 28% in 2016.

Further findings:

- people who are expecting to leave an inheritance will leave an average of £191,000
- 35% are already helping family members with ongoing financial support – worth on average £250 a month
- 13% are paying more than £500 a month to support their family.

Stan Russell, a retirement income expert at Prudential, said: "This kind of financial support will make a significant dent in all but the largest of retirement pots, but it can be overlooked by many when planning for life after work."

Passing on gifts

There are a range of tax-efficient options available to those who are looking to pass on assets to their families. A popular option is gifting assets to individuals.

Anything of value such as money, property or possessions can be passed on as a gift.

Most gifts are free from inheritance tax (IHT) if the giver lives for 7 years after making the transfer.

If the original owner dies within 7 years and their estate is worth more than £325,000, the gift will be liable for IHT between 8% and 40%.

There's no IHT due on selected gifts (worth up to £3,000) if passed on by the deceased in each tax year – known as the 'annual exemption'.

In addition, certain other types of gifts are exempt from IHT. These include:

- wedding gifts
- gifts up to £250
- regular gifts from income (such as birthday presents)
- help with living costs
- gifts to charities and political parties.

There are different conditions attached to these types of gifts so it is important to fully understand the rules before devising a gift-giving strategy.

Talk to us about inheritance tax planning.

1 in 30 people a microbusiness owner

1 in 30 people in the UK could be a microbusiness owner, according to Direct Line for Business.

There are currently around 2.17 million businesses with fewer than 9 employees.

The average turnover for microbusinesses is £286,979, compared to £703,419 for SMEs. 1 in 5 (18%) microbusinesses generate a turnover of less than £50,000.

London currently has around 400,000 microbusinesses, accounting for 18% of the UK total. The South East (337,385) and the East of England (216,700) follow with 38 and 36 microbusinesses for every 1,000 people respectively.

Nick Breton, head of Direct Line for Business, said:

"It is unsurprising to see that London and the South East account for more than a third of the nation's microbusinesses, as families in these areas are often seeking to gain extra sources of income by turning their hobbies into professions."

Funding for start ups

If you're over 18 and want to start your own business, there are a number of ways to help you turn your idea into a profession.

The government's Start Up Loan scheme offers low-cost unsecured loans and business mentoring. Loans must be paid back within 5 years and will attract a fixed rate of interest.

The Funding for Lending scheme allows banks to borrow funds from the Treasury which can be passed on to businesses.

Get in touch to discuss your business.

Pensioners lose retirement savings through charges

People accessing their pensions could be losing as much as 10% of their retirement savings due to charges levied by providers.

Since the introduction of the pension freedoms in April 2015, up to 160,000 people have paid fees when accessing their pension pots. People with pots of £20,000 or less paid on average £1,966 – a loss of around 10% of their savings.

Citizens Advice reports that 7 in 10 people accessing their pension pot do not shop around for other products.

15% chose to stay with their current provider to avoid exit charges.

Capping early exit charges

The Financial Conduct Authority recently announced plans to cap early exit charges at 1% of the pot value for individuals transferring to other schemes or taking out their pension before reaching retirement age.

However, chief executive of Citizens Advice, Gillian Guy, has criticised the cap for being too high and is proposing a standard £50 exit fee to cover provider administration costs:

"The threat of excessive charges can also put people off making the right pension choices for them. A standard £50 exit fee across all types of pensions will mean consumers can make the most of the pension freedoms."

We can help you plan your retirement.

Working carers lack employer support

A third of working carers say that their employer doesn't have policies in place to support them, according to research by Carers UK.

Of these, 72% have given up work or reduced their hours to care for someone.

The CIPD reports that 26% of employers have a formal policy in place to support carers.

Policies employers are most likely to offer:

- flexible leave arrangements (49%)
- flexible work arrangements (48%)
- time for private telephone calls (32%)
- counselling (22%).

Claire McCartney, research adviser at the CIPD, said:

"The onus is on employers to create and promote policies and initiatives in the workplace that empower working carers, sending employees a clear message that their organisation will support them."

Managing flexible working requests

All employees have the right to request flexible working if they have worked under the same employer for the last 26 weeks. Employers must handle requests in a 'reasonable manner'.

After receiving a request, the employer should arrange a meeting with the employee to discuss the request. This will allow a better understanding of the changes and how they can benefit the business.

If the request is approved you should discuss when the changes will be implemented to suit everyone's needs.

If you decide to decline the request you should offer an appeal process.

Contact us today to talk about your business.

Important Notice

The way in which tax charges (or tax relief, as appropriate) are applied depends upon individual circumstances and may be subject to change in the future.

This document is solely for information purposes and nothing in this document is intended to constitute advice or a recommendation.

Whilst considerable care has been taken to ensure that the information contained within this document is accurate and up-to-date, no warranty is given as to the accuracy or completeness of any information.