

WEALTH KNOWLEDGE

SEPTEMBER 2020



CAMPBELL & McCONNACHIE

chartered financial planners

HELP-TO-BUY EQUITY LOAN SCHEME GETS TWO-MONTH EXTENSION

The Government has extended a loan scheme which is designed to help those who are struggling to save for a mortgage deposit.

Buyers who use the help-to-buy equity loan scheme now have until 28 February 2021 for their new-build homes in England to be finished.

The previous deadline of 31 December 2020 was pushed back due to delays caused by the closure of building sites during lockdown.

However, the deadline for the legal completion of the house purchase will remain the same – 31 March 2021.

The scheme enables buyers to borrow up to 20% of the cost of a new-build home in England from the Government, and up to 40% in London.

Chris Pincher, housing minister, said:

“This will help provide certainty and assurance for help-to-buy customers whose new homes have been delayed due to coronavirus and affirms the Government’s commitment to helping more people own their own home.”

From 1 April 2021, the Government’s new help-to-buy scheme will replace the current scheme and is currently due to run until March 2023.

The new scheme will introduce regional property price caps and be restricted to first-time buyers only.

[!\[\]\(4f6bf54ae7e4144a72d78316053e412d_img.jpg\) Talk to us about property taxes.](#)

VIDEO-WITNESSED WILLS BECOME LEGAL IN ENGLAND AND WALES

The witnessing of wills over video-conferencing platforms in England and Wales has been temporarily legalised, the Government has confirmed.

The law still requires a will to be made “in the presence of” at least two witnesses to be legally valid, while the use of video should be a last resort.

However, some people have understandably turned to platforms such as FaceTime or Zoom while self-isolating or shielding during COVID-19 to get their affairs in order.

The new law is backdated to apply to any will made from 31 January 2020, as long as the sound and video is sufficient to see and hear what happened at the time, and will remain in place until 31 January 2022.

The Government hopes this will help alleviate the difficulties some people have encountered when making wills during the pandemic.

Robert Buckland, justice secretary, said:

“Our measures will give peace of mind to many that their last wishes can still be recorded during this challenging time, while continuing to protect the elderly and vulnerable.”

Wills witnessed through windows are already considered legitimate in case law as long as witnesses have clear sight of the person signing it.

[!\[\]\(206536f97fdb267876a3a10ea42b0254_img.jpg\) Get in touch for estate planning advice.](#)

BANK OF ENGLAND: ECONOMIC RECOVERY FROM PANDEMIC WILL “TAKE TIME”

The UK is unlikely to see a quick, ‘V-shaped’ recovery from the economic effects of the coronavirus pandemic, with GDP set to remain below pre-COVID levels for more than a year.

According to forecasts from the Bank of England, weaker spending and difficult financial conditions mean GDP will not exceed its level in the last quarter of 2019 until the end of 2021.

The Bank said that while economic activity would be supported by the “substantial fiscal and monetary policy actions in place”, recovery would nonetheless take time as health concerns continue to drag on activity.

Throughout 2021, GDP is expected to be more than 3% weaker than in January’s forecast on average.

This was a slight adjustment to the Bank’s May report, which predicted a temporary fall in activity that would pick up “rapidly” after social distancing measures were relaxed.

Last month, data from the Office for National Statistics (ONS) revealed that the UK entered its deepest recession on record in the second quarter of 2020, with GDP shrinking by 20.4% compared with the first quarter of the year.

The ONS said that although GDP bounced back by 8.7% in June following the easing of lockdown measures, it remained “a sixth below its level in February”.

Suren Thiru, head of economics at the BCC, said:

“With restrictions steadily easing, the second quarter is likely to prove to be the low point for the UK economy.

“However, the prospect of a swift ‘V-shaped’ recovery remains remote as the economic damage caused by the pandemic increasingly weighs on activity, particularly as the government support measures wind down.”

[!\[\]\(e3275251d0893157c3584e20c81dc3ba_img.jpg\) Speak to us about your finances.](#)

PENSION SAVERS PAUSE TAX-FREE WITHDRAWALS DURING LOCKDOWN

Coronavirus caused significantly fewer people to take tax-free lump sums from their pension pots in April 2020, compared to the same time last year.

Retirement savers with personal pensions or self-invested personal pensions can take lump sums of cash from their pension pots from the age of 55, with 25% of the withdrawal tax-free while the rest is taxable.

The Association of British Insurers (ABI) claimed the number of over-55s only taking tax-free lump sums fell by 53% between April 2019 and April 2020.

Over the same period, the number of people buying annuities dropped 56% while the amount of savers flexibly accessing their pension fell 42% year-on-year.

The ABI said savers resisted temptation to raid their retirement pots during March and April 2020 in the face of financial uncertainty caused by COVID-19.

Rob Yuille, assistant director, head of long-term savings at the ABI, said:

“The pandemic is a harsh reminder of the uncertainty of how long your retirement might last, what it will look like and what it will cost.

“More than ever it has shown that when it comes to making decisions on your pension, you should get expert help.”

Pension withdrawal rates are expected to rise due to pent-up demand post-lockdown and as the financial need increases with the furlough scheme winding down at the end of this month.

The ABI is urging people who are considering accessing their pension to seek impartial financial guidance.

[!\[\]\(aceb1790ece33f2eac474d4a9431c6d6_img.jpg\) Contact us for expert financial advice.](#)

IMPORTANT INFORMATION

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. Pensions eligibility depends upon individual circumstances and pension benefits cannot normally be taken before age 55.

This document is solely for information purposes and nothing in this document is intended to constitute advice or a recommendation. You should not make any decisions based upon its content.

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.