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Financial Viewpoint

Your latest newsletter from The Orchard Practice

10 tips to help you sell your home

It's often said that moving home is one of life's most stressful events - but the hard work starts well before the day of the move.

Careful planning and preparation can make a difference when it comes to impressing potential buyers. If you're planning on selling your home, here are '10 top tips' that might help you sell your property faster.

If you're thinking about moving on or remortgaging, we can help you find the right mortgage deal.

1 Gardens
Spend some time tidying up any outside areas. Clear drives and pathways, mow the lawn, clean any garden furniture and make sure any outdoor lighting works. The approach to your property will be your first chance to wow – or worry – your potential buyers.

2 Front door
First impressions count, so make sure the front door is clean and the glass is sparkling. If your front door is wooden, you may want to give it a fresh coat of paint – but remember to cover up or remove any metalwork before you start.

3 Clear some space
Creating a sense of space is a real winner so make sure you have a good clear out. You could even think about moving some of your larger items into storage for a period before you put your property on the market. Watch out for over-stuffed wardrobes - buyers often check the amount of storage space.

4 Clean, clean, clean
Clean everything until it sparkles. Pay special attention to the kitchen and bathroom: get rid of any limescale, clean tile grouting and hang fresh towels. Hiring professional cleaners could be money well spent.

5 Odd jobs
Make sure you're up to date with your to-do list of small jobs around the house that you've been meaning to get around to. Replace any broken light bulbs, fix the bathroom locks, replace washers on any leaky taps and oil squeaky hinges.

6 Freshen up
A fresh lick of paint in a light neutral colour creates a perfect blank canvas and makes your home seem lighter and bigger. If you have any marks on painted walls that you can't wipe off, dig out the paint and freshen it up.

7 Kitchen
The kitchen is the most valuable room in a house so make sure it's spotless. De-clutter surfaces of appliances, jars, pots and chopping boards and replace any tired old tea towels.

8 Aroma
Clear drains, wash bins and open windows throughout the house. If you're a smoker, make sure you do it outside in the days leading up to a viewing. Strategically place plants or freshly-cut flowers and, if you can bake fresh bread, cakes or brownies, do so just before a viewing. Where this is not possible, try brewing some fresh coffee.

9 Pets
If you have pets, consider leaving them with a friend for any viewings. Make sure you have one last vacuum to remove any pet hair, especially if you have a cat, as many people are allergic to their fur.

10 Go out
Agents know their job so let them show your property. They will be best placed to answer tricky questions, highlight the great features of your home and know what to downplay.

By following some or all of these tips, you'll be sure to present your property in its best possible light.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

For this service a fee of £395 is payable upon agreement to use our services.

COPEN1044 Exp. 17/06/2016

The NISA way to save

Saving into an ISA is a great way of making the most of your cash. Whether you're looking to supplement your retirement income, build up funds for a property purchase or you simply want a 'rainy day' nest egg, ISAs offer an array of savings options.

ISAs underwent a transformation in 2014. A series of reforms swept away old restrictions which had meant that you could only save up to half of your annual allowance in cash, with the remainder needing to be invested in stocks and shares.

Now, you can save all your annual allowance in cash, or in any combination of cash and stocks and shares.

Your annual allowance

The annual ISA allowance has become significantly more generous. The allowance for the 2014/15 tax year was £15,000 and the 2015/16 allowance is £15,240. And you can take your money out at any time too.

The tax breaks

Tax breaks for ISA investors remain as attractive as ever:

- Any income from ISA savings and investments, whether interest, dividends or bonuses, is completely free of Income Tax
- There is no Capital Gains Tax to pay on gains arising from ISA investments
- You do not have to detail your ISA savings on your tax return, or even tell the taxman that you are an ISA investor

New ISA perks

In the December 2014 Autumn Statement, Chancellor George Osborne announced that spouses would be able to inherit their partner's ISA allowance.

The change means that if an ISA holder dies, they can pass on their existing ISA benefits to their spouse or civil partner via an additional ISA allowance.

The surviving spouse or civil partner will get a one-off boost to their total ISA limit equal to the value of the ISA savings they inherit. This is in addition to their normal annual ISA limit.

Around 150,000 people a year have previously been losing out on the tax advantages of their partner's ISA after their death, even if they were saving as a couple.

Decisions decisions

As an ISA investor, the array of potential options is vast. Firstly, you may be weighing up how much money to save in cash and how much to save in stocks and shares.

A cash ISA could give you more certainty over your returns, but investing in stocks and shares could potentially offer higher returns.

Generally speaking, if you want to tie up your money for a while, and you are comfortable with the value of your investments possibly going up and down, it could be worth thinking about a stocks and shares ISA.

Contact us for more information or advice about the different kinds of ISA investments. We will help you make the best choice for you and your family.

The tax efficiency of ISAs is based on current rules. The current tax situation may not be maintained. The benefit of the tax treatment depends on the individual circumstances.

The value of your stocks and shares ISA and any income from it may fall as well as rise. You may not get back the amount you originally invested.

COPEN954 Exp. 31/03/2016

What’s the real value of financial advice?

Financial advice is about what to do, and what not to do with your hard-earned money. It’s about planning and ongoing management, so that you can make the most of your income and any capital you’ve saved, in order to provide a certain lifestyle for yourself or your family.

At times this can be complicated - especially when it comes to investing. But with the help of a professional financial adviser, you can make the right choices with your financial planning.

Valuable, and accessible to everyone

There may be times in your life when you are not sure what to do with your money. You may be buying your first home, looking to invest for the benefit of your children, or you may be approaching retirement.

The professional support and knowledge a financial adviser can provide will help you manage your finances more efficiently – and make sure you have protection in place that will maintain the lifestyle you’ve created if something unexpected happened.

Good financial advice will leave you knowing where you stand financially today, what goals you have for your money and greater confidence about the steps you must take to achieve them.

If you'd like help making the right choice with your money, please get in touch.

Getting to know you

Everyone’s current situation and future objectives are different, so we'll start by finding out about your financial circumstances today, and what you want to achieve with your money in the future. We'll look at products such as mortgages, life insurance, savings accounts, investments and pensions and recommend what best suits you and your particular circumstances.

Our recommendations will take into account:

- How much you can afford
- Whether you’re comfortable taking any risk with your money
- What tax you may be liable for
- Whether you want to save for the long or short term

The benefits

It's hard to put a value on the peace of mind you get from knowing you have a dedicated professional to support you through some difficult and complex choices. But, with sound financial advice you can be confident the recommendations you receive will be the right ones for you.

COPEN957 Exp. 01/04/2016

Would you lose your home if you lost your income?

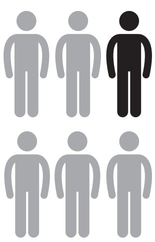
Buying a new home is probably one of life's biggest and most exciting events. It's also a big financial commitment – one that could be with you for 25 years or more.

Your ability to maintain your mortgage payments relies on a constant income, so how would you continue to make your mortgage repayments if your income was reduced – or stopped?

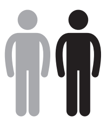
Why gamble on your future? You are far more likely to suffer a serious illness than see your numbers come up.

Winning national lottery jackpot:
1 in 14 million chance[1]

Having a stroke:
1 in 6 chance[2]



Getting diagnosed with cancer: 1 in 2 chance if born after 1960[3]



Thinking about the bad things that could happen – death, serious illness, injury – isn't pleasant, especially when we feel fit and healthy.

But by confronting the reality that it could happen to you, and putting plans in place to deal with it, you can give yourself extra peace of mind today and make sure you and your family are financially protected if the unthinkable ever happens.

A report by Macmillian Cancer Support showed that 4 in 5 people with cancer are affected financially.[4]

There are a range of products available that can provide a lump sum or a regular income on death, or diagnosis of a critical illness, and they could cost less than you think.

Choosing the right plan is important – especially if you already have some cover in place. This can be reviewed and we can determine if the cover is still appropriate. Please get in touch so that we can assess your circumstances and the cover options available to you.

[1]http://www.theguardian.com/uk-news/2014/nov/17/national-lottery-numbers-20-years-katie-price-win-jackpot
[2]http://www.worldstrokecampaign.org/learn/the-facts-behind-1-in-6.html
[3]http://www.cancerresearchuk.org/cancer-info/cancerstats/incidence/risk/statistics-on-the-risk-of-developing-cancer
[4]Macmillan Cancer Support – Cancer hidden price tag report (2012)

COPEN967 Exp. 01/04/2016

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Insuring your estate against an IHT bill

Whole of Life policies can offer an alternative to 'gifting', allowing you to preserve your family home for the next generation.

If you're seeking to reduce or eliminate the burden of Inheritance Tax (IHT) on your death, 'gifting' while still alive can often be the simplest and most obvious solution.

Gifting involves giving away some or all of your estate to your intended beneficiaries prior to your death.

Limitations of gifting

Given the huge rise in house prices in the last 20 years, gifting can be invaluable in terms of reducing the tax exposure of an estate. But there are limitations.

For instance, gifting your home may not be viable as you may plan on living there well into your later life.

Even an informal arrangement with the beneficiaries that allows you to continue living there indefinitely will remove its 'gift' status and make the property liable to IHT.

An alternative solution

An alternative to gifting is to take out a Whole of Life insurance policy. As the name suggests, rather than covering your life for a fixed period of time, the policy lasts until death, with a payment at the end.

The policy could be set up to pay an amount equivalent to the IHT liability, thus preserving the estate.

What's more, in normal circumstances, a life insurance policy payout would itself add to the estate and be liable to IHT. However, a policy 'written in trust' does not count as part of the estate. This is because a trust is a distinct entity that can keep assets in its own right, and needs no human 'owner'.

Other benefits

Whole of Life policies are often written on a 'joint life, second death' basis. Given the estate will pass tax-free to the surviving spouse, this potentially results in a lower overall cost than a 'joint life, first death' plan would do.

Writing a Whole of Life policy in trust is a reasonably simple process, but will require professional guidance. If you'd like to discuss this with us, please get in touch.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

COPEN955 Exp. 01/04/2016

Business survival planning

If something happened to you,your co-owners or employees,could your business survive?

A study by Legal and General[1] shows:

- 40% of businesses would fold within 12 months after the death or critical illness of a key person
- 46% of new SMEs would fold immediately after the death or critical illness of a key person

The loss of a key person within a small or medium-sized business can cause unexpected costs at what would be a difficult time. Not only would the business have to fund the cost of recruiting and training a replacement, but it would also risk suffering:

- Loss of profits
- Loss of important business contacts
- Loss of knowledge/expertise

The role of business protection

Business protection insurance can help mitigate or prevent these risks altogether.

As a business owner, you should know there are three main types of business protection:

- **Key Person Insurance** – provides a lump sum on the death of an important member of the business
- **Shareholder Protection Insurance** – provides a lump sum that will allow remaining shareholders to buy the shares of a deceased shareholder
- **Business Loan Protection** – provides a lump sum to help a business pay any outstanding business loans

There is also the option of **relevant life insurance,** placed in trust. Although this is not technically business protection, an agreement can be made which specifies the terms on which proceeds can be used.

Critical illness cover should also be a consideration. Research from MetLife in 2012[2] showed 21% of people have suffered long-term ill health for more than four weeks at some point in their working life.

Protect your biggest asset

People are the biggest asset to any business. Business Protection Insurance can help to keep your business trading should the worst happen.

For further information or advice on setting up a business protection policy please get in touch.

[1]http://www.legalandgeneral.com/library/protection/sales-aid/W13220.pdf
[2]http://www.metlife.co.uk/uk/Press_Room/20120517-EB_Health_Insurance.pdf

COPEN964 Exp. 01/10/2015

Time for an upgrade?

Have you upgraded your mobile phone in the past two years?

If you have, your choice of upgrade may have been driven by a change in your needs.

Perhaps you opted for a better deal, a different contract, or a handset with new features that weren't available with your previous model.

When it comes to updating your phone, or other 'tangible' goods, this behaviour may feel natural. We all want to feel like we're getting a good deal.

The question is: why don't more of us do this with intangible items, like the financial products we pay for every month?

Are you paying for an outdated product?

Take critical illness insurance as an example. If you have a critical illness policy:

- When did you last update it?
- Does it still provide the cover you need?
- Are you missing out on product features that were once considered 'innovative', but are now considered 'standard'?

When your needs change, it makes sense to update things

Life may have changed since you last bought or reviewed your critical illness insurance cover. You may have had children, moved house, or your income may have changed.

This means that even though you have a critical illness policy in place, it might not offer you the level of cover you'd need if the unexpected happened.

Insurance innovation

It's not just mobile phone companies that compete to offer the most innovative products - insurance companies are constantly updating their products to reflect customers' changing needs too.

Given that more of us are surviving serious illnesses like cancer[1], and living longer[2], it's perhaps unsurprising that products like critical illness insurance have changed in recent years.

For instance, many insurers offer greater flexibility or cover a wider range of illnesses. Some have introduced completely new products to allow you to claim for non-critical illnesses and injuries, or even make a partial claim.

Changing your current critical illness cover may mean you are not covered for certain conditions or may lose the benefits from your current policy.

Protect yourself with an up-to-date policy

Critical illness insurance can help you cover mortgage or rent payments, treatment, or any home alterations you may need to make as a result of an unexpected critical illness – so it's important your cover remains up-to-date.

We can review your needs and make sure you have the right cover in place. To arrange your review, please get in touch.

COPEN1038 Exp. 17/06/2016

[1] Office for National Statistics: Cancer Survival in England: Patients Diagnosed, 2006–2010 and Followed up to 2011
[2] Office for National Statistics: National Life Tables, United Kingdom, 2010-2012

Younger generation lacks pension understanding

Government research has found that many young adults fail to understand the value of saving for retirement, the details of the State Pension, and how the pensions system works.

When asked 'Do you need to find out more about saving for retirement?', 53% of 22-34 year-olds said they did. This is compared to 44% of those aged 35-49 and 30% of those aged 50-64.

Meanwhile, pupils quizzed by the Pensions Minister, Steve Webb, during a visit to their school, offered some surprising answers. Seven out of 10 of the teenagers asked thought the government would provide most of their income when they retired, while eight out of 10 thought they would retire in their mid-60s.

Expectations of how much income would be provided varied between £9 per week to £800 per week.

Automatic enrolment

Pensions are more relevant to young people about to enter the world of work than ever before, thanks to the introduction of auto enrolment. This compels employers to automatically enrol workers from age 22 into a workplace pension. Those aged 16-22 can opt in, provided they earn more than £10,000 (2014 to 2015) a year. Figures show that automatic enrolment into workplace pensions is playing a major role in reversing the decade-long decline in private sector pension saving. Young people working in the private sector showed the largest increase in the proportion saving into a pension, growing more than any other age group – 30% of those aged 22 to 29 saved in 2013 compared with 24% in 2012.

It is never too early to start saving

Pension planning should be an important part of everyone's financial plan. There is no minimum age for a personal pension, although contributions to a child's plan are currently limited to £3,600 per tax year. It's never too early to start saving so, if you don't have a pension in place, it might be time to consider your options.

If you, or a family member, need help understanding pensions, please get in touch.

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