




# Newsletter

JUNE 2017



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Too much tax on  
pension withdrawals



## Too much tax on pension withdrawals

Up to 800,000 pensioners could be paying too much tax on their pension income, says the Telegraph. This is because the wrong tax codes are being used by HMRC, usually because the individual has more than one source of income. In this case, if the first - say a part-time job - is regarded as the main source of income, the personal income tax allowance is set against that, and then any other sources of income have tax at 20 per cent deducted at source. This is what often happens to withdrawals from personal pension accounts. It's important to check the codes and tax payments, says the Telegraph: you can't assume HMRC have got it right.



The end of the triple lock –  
what will it cost pensioners?



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## **The end of the triple lock – what will it cost pensioners?**

Will the Conservatives abandon the 'triple lock' – the promise that the state pension will rise by the highest of one of three measures: wage growth, inflation or 2.5pc? And if they do, what could this cost pensioners? The Telegraph got experts to crunch the numbers and showed that if the state pension had risen only in line with prices since 2010, it would now be £365 a year lower than its current £6,253 level. One pointed out that thanks to changes in the structure of the state pension, it will cost the government £8 billion less a year so it could well afford to keep the triple lock in place.



Smarter ways to meet  
the school fee bills

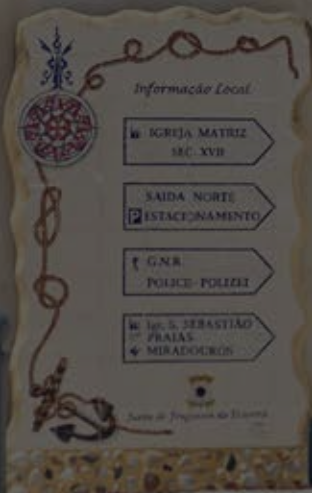


## Smarter ways to meet the school fee bills

Despite average annual fees of £14,100, a record number of children are in private education, says the Telegraph. But the cost pressure means more families can only afford a shorter period of private schooling, with the pupil numbers rising sharply from year 7 (the start of secondary schooling). Save early, says the Telegraph - £200 per month over the first 12 years of a child's life with a 4 per cent return accumulates a lump sum of £37,000, almost half the fees needed throughout secondary school. And if grandparents face inheritance tax bills, it can make sense for them to make gifts early to pay for the fees.

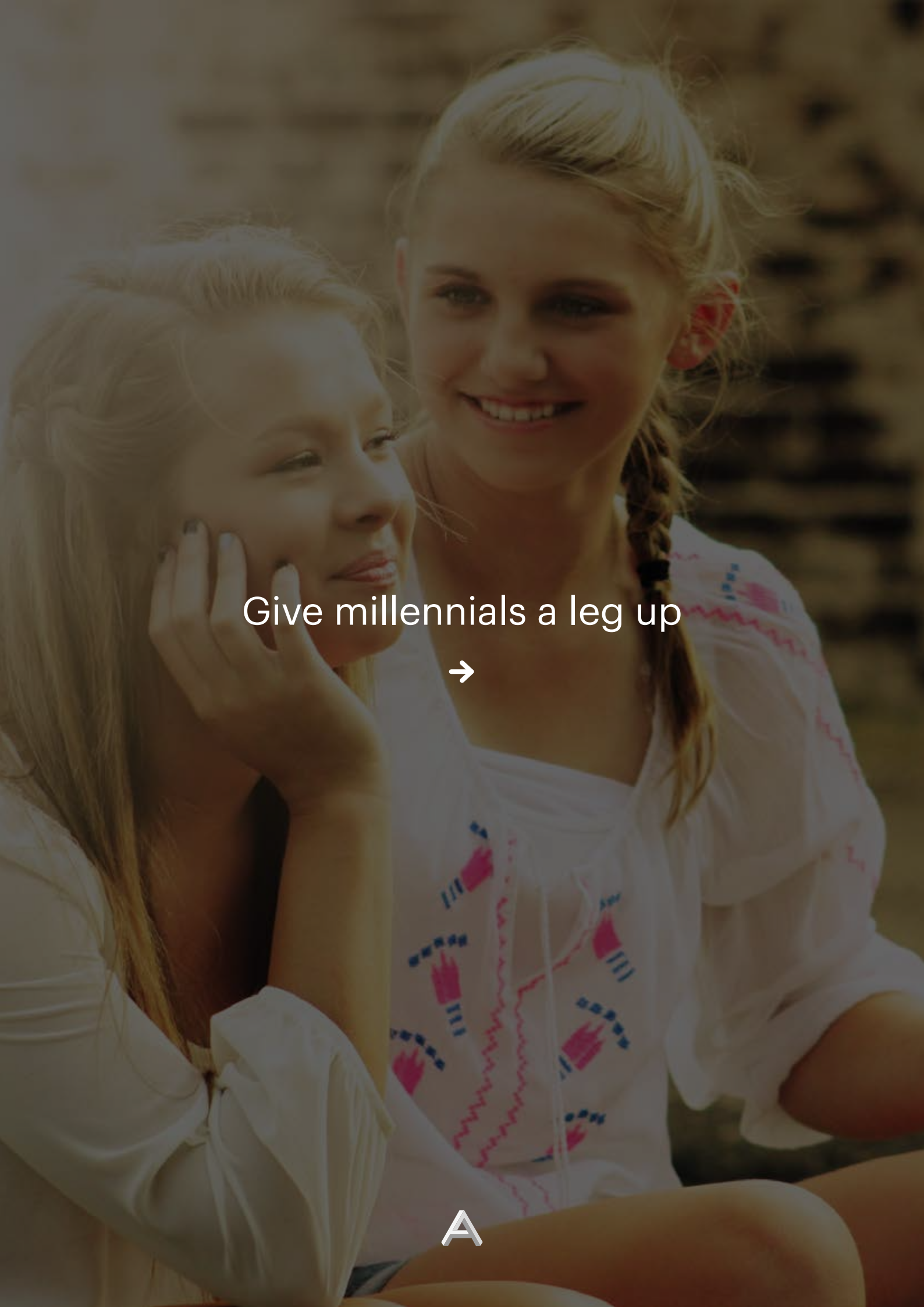


# Tax breaks lure buyers to Portugal



## **Tax breaks lure buyers to Portugal**

Portugal offers not just great beaches but great tax breaks, says the Telegraph. Its Non Habitual Residents (NHR) scheme is a lifestyle option with tax perks. If you spend at least half the year in Portugal, you become a tax resident there and the fiscal benefits include no tax on your pension or investment income for 10 years. Properties in Portugal's cities are increasingly sought by foreign buyers.

A photograph of two young women with blonde hair, wearing white blouses with colorful embroidery. They are sitting outdoors, possibly on a beach, with a blurred background. The woman on the left is resting her head on her hand, looking towards the right. The woman on the right is smiling and looking towards the camera. The image has a warm, golden-hour lighting and a semi-transparent dark overlay.

Give millennials a leg up



## Give millennials a leg up

Financial planners are urging grandparents to give grandchildren enough capital for the deposit on a home, says the Times. The 4.5 million Britons aged over 65 collectively own over £1.07 trillions worth of property and most say they are worried about financial prospects for the younger generation. Already, over 30 per cent of first time buyers get help from parents and grandparents with their deposit. Provided the donor survives for seven years after making a gift, it escapes liability for inheritance tax at 40 per cent.



The year of the switch



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## The year of the switch

The number of people switching providers of their bank current account has risen by almost 50 per cent in the first few months of 2017, says the Independent. It says that after many years in which inertia ruled in the world of bank accounts, 2017 could see an upsurge in switching as new banks offer new features with their accounts. One newcomer, for example, is aiming at the self-employed with tools that help them build tax reserves and manage expenses. Another newcomer will offer real-time data on its banking app (delays in recording payments have caused problems with some existing apps). Many more such branch-less digital banks are expected to launch over the remainder of the year.



Company problems  
for BTL owners



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## Company problems for BTL owners

Owners of BTL properties need to think carefully about changing to a company ownership structure, says the Financial Times. Most of those who do this are trying to avoid the restriction on mortgage interest deductions - from April 2017, tax deductibility of interest at 40 per cent is being phased out and by 2020, only a 20 per cent relief will be available. But the FT points out that interest rates on loans to companies are usually higher than for individuals, and that company owners may pay more tax when drawing money out of a company, depending on their own personal tax position. So they need to do all the sums carefully before making the change.



A close-up, low-angle shot of a car's rear, focusing on a prominent red taillight. The car is dark-colored, and the background is a blurred natural setting with green foliage. The image is dimly lit, creating a moody atmosphere. Overlaid on the center of the image is the text "The risks of 'fronting' fraud" in a white, sans-serif font. Below the text is a white right-pointing arrow.

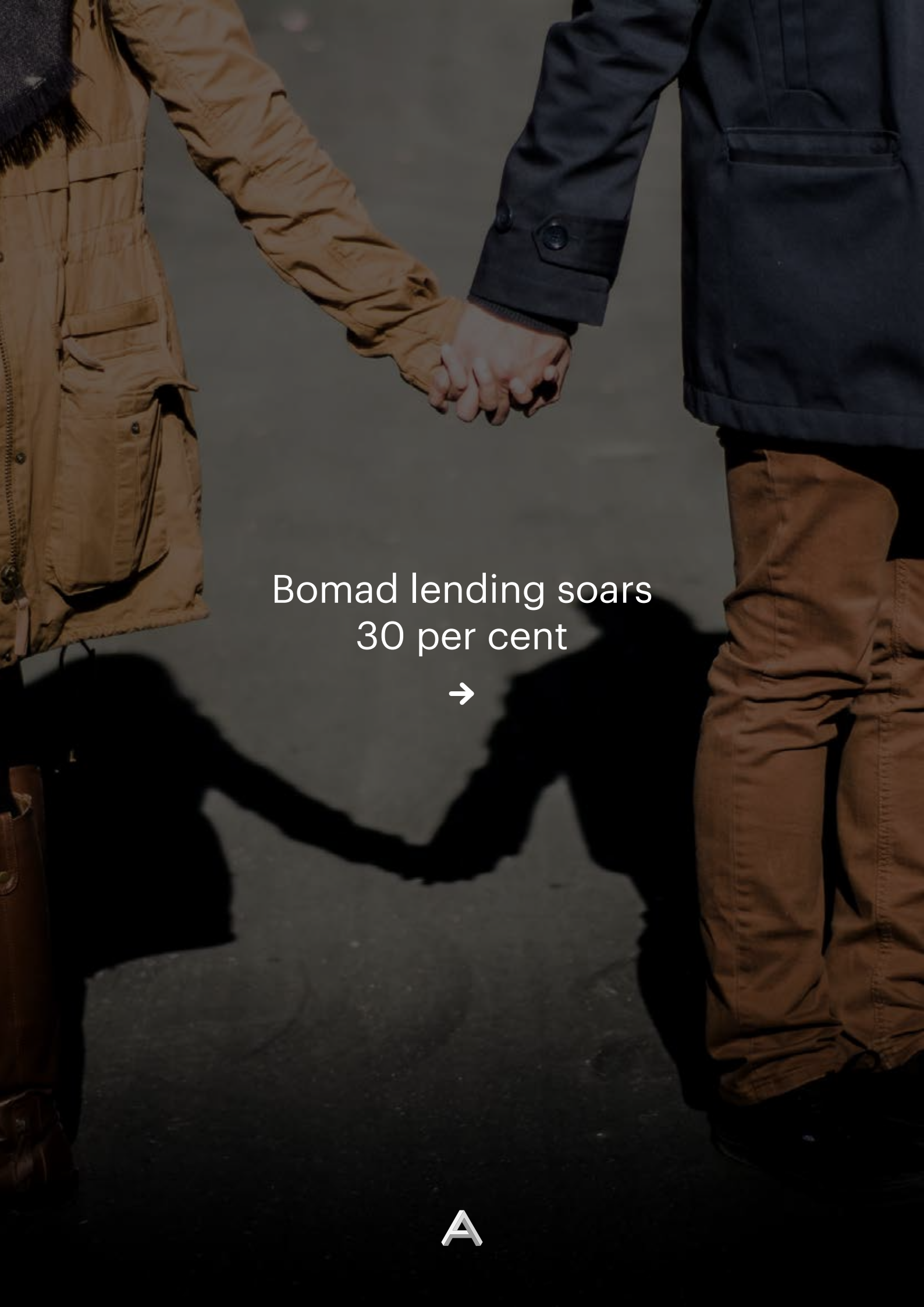
The risks of 'fronting' fraud



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## The risks of 'fronting' fraud

Thousands of parents are committing fraud by 'fronting' car insurance policies for their children, says the Financial Times. By putting themselves down as the main driver, the parent can halve the cost of their child's car insurance. But, says the FT, the risks of doing so are high. Insurers can refuse to pay out for any claims, or can attempt to recover the cost from the parent as policyholder. Even worse, if an insurer declines to pay out, the young driver could be treated as uninsured and could be fined, prosecuted and automatically banned from driving. Telematics – the 'black box' in the car – is a better and safer way to cut the cost for novice drivers.

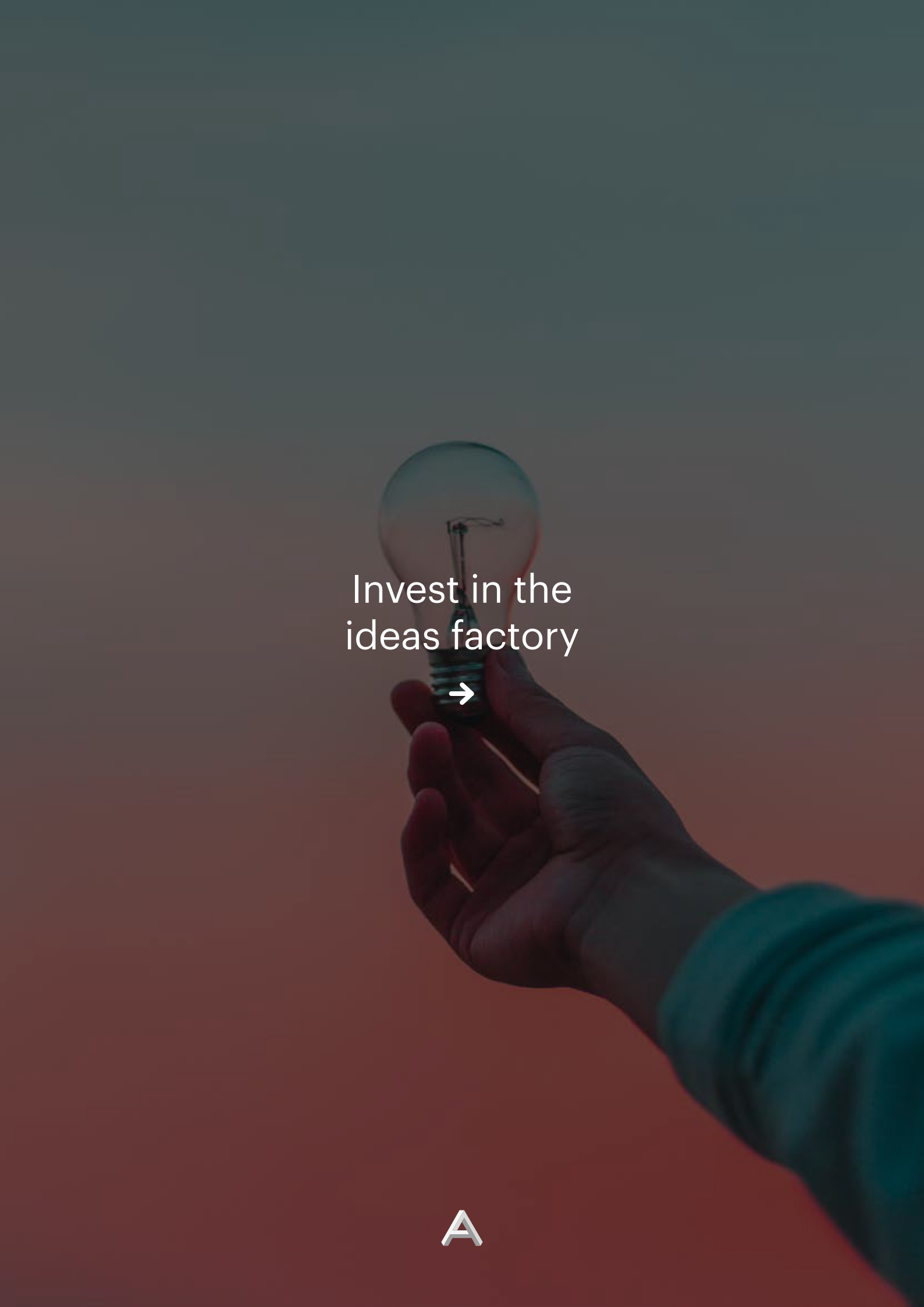
A photograph of a couple holding hands, wearing winter coats, with their shadows cast on the ground. The image is dark and moody, with the couple's hands and coats being the primary focus. The woman on the left wears a tan parka, and the man on the right wears a dark jacket and brown pants. Their shadows are cast long and dark on the pavement below them.

Bomad lending soars  
30 per cent



## **Bomad lending soars 30 per cent**

Bomad – otherwise known as the Bank of Mum and Dad – is now the UK's ninth biggest mortgage lender, says the Financial Times. Its lending has soared by 30 per cent to £6 billion this year and it helps fund 26 per cent of UK house purchases, almost as many as Yorkshire Building Society. The proportion of people aged under 35 seeking financial help from family members with house purchase has reached 62 per cent.

A hand holding a glowing lightbulb against a dark background. The lightbulb is the central focus, emitting a warm glow. The hand is positioned in the lower right, with the fingers gently gripping the base of the bulb. The background is a gradient of dark colors, from deep blue at the top to dark red at the bottom.

Invest in the  
ideas factory



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## **Invest in the ideas factory**

Now is a great time to invest in the UK ideas factory, says the Financial Times. Venture Capital Trusts and Enterprise Investment Schemes allow investors to buy into start-up businesses with good propositions, often spun out from universities and with highly motivated founders and employees. Restrictions on pension investing mean higher earners need to turn to long-term investments like VCTs and EIS with attractive tax breaks.

