Financial Viewpoint

The Orchard Practice
growing together

www.topfs.co.uk 0208 953 8687

A summer of sports

With a number of major sporting events happening this summer you might feel inspired to dig out your sportswear and get involved. Just make sure you're prepared for the inevitable knocks, bumps and breaks that might leave you having to take time off work.

June

Football World Cup, Russia
14 June - 15 July

July

Wimbledon Championships
2 July - 15 July

Tour de France
7 July - 29 July

Women's Hockey World Cup
21 July - 5 August

August

England v India Cricket Test Series
1 August - 5 August

European Sports Championships
1 August - 12 August

September

Ryder Cup
28 September - 30 September

Before you decide to get involved in a sporting event, be it a local park run or Sunday League football team, get in touch with us to discuss accident protection.

Unmissable events

Watching world-famous athletes and sporting legends competing at the top of their game may inspire you to get involved, even if it's just at grass-roots level at your local leisure centre or sports ground.

Grass-roots sports play a crucial role in keeping us, our children and our communities healthy and active and anyone can - and should - take part. But even with the best instructors, facilities and equipment, accidents and injuries can happen. And if they're serious enough they could lead to time off work.

Help to protect against injuries

We all try our best to avoid accidents and stay injury free, but when you're playing sport you run the risk of a sprain, twist or broken bone, all of which can take time to heal. If you are thinking of pulling on your running shoes, or joining the local five-a-side, there are a number of things you can do to limit the risk of injury:

- Warm up properly before exercise and cool down afterwards
- Know your limits - don't go beyond your current fitness level
- Use the right equipment
- Learn the correct techniques

As well as the physical training and preparation, you can also make financial preparations, by taking out accident protection cover.

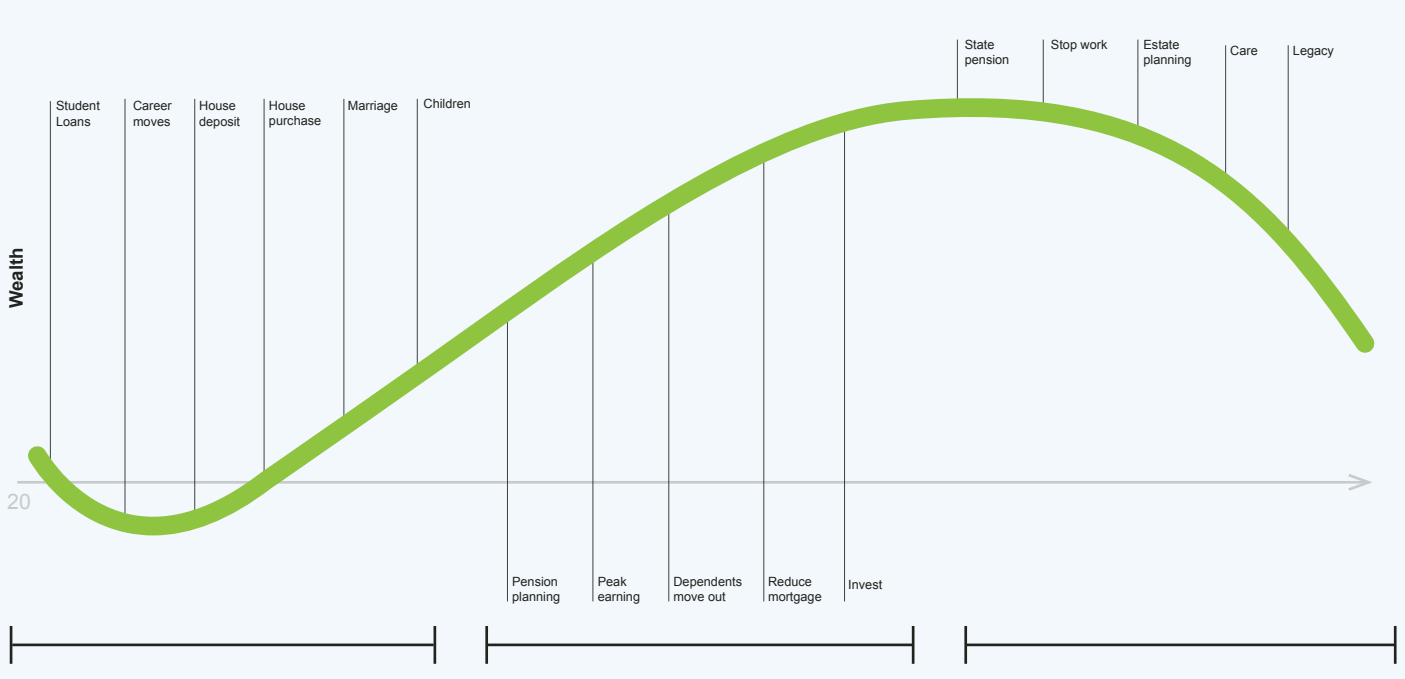
This type of cover can either be standalone, or as an add-on to other protection insurances and pays out if you suffer a specified accident or injury and require hospital treatment. It's a sports safety net that can help you and your family to stay financially stable while you're off work.

OW1481 Exp.10.12.18

Advice matters -whatever stage in life you're at

The financial products and services we need to navigate through life will change with our circumstances. In the early years, our financial needs are likely to be more straightforward, getting increasingly complex as we grow older and experience more of life's rich tapestry.

We can provide high-quality financial advice whatever your circumstances. Please talk to us to find out more.



20 - 30's: From single and sorted to settling down

Ah, those carefree days of being young, free and single; possibly still enjoying student life (albeit probably with a loan), starting an apprenticeship, or moving onto and along the career ladder.

Our financial needs at this point might be fairly basic: an inflation-beating savings plan for those starting to think about homeownership, income protection for the workers. If budget allows you might even think about cover that helps to pay the bills in the event of an accident or illness. And when you meet someone and start a family, or take on your first mortgage, the need for protection insurance becomes essential.

40 - 50's: Accumulating wealth and paying off debts

For most of us, financial wellbeing will depend on whatever it is we do to earn money. At this stage in life, as well as securing good living standards while we're working, it's important to think carefully about putting some of our income aside for the future.

Generally speaking, and subject to investment performance and charges, the earlier you start saving and the more you save, the better shape your financial assets are likely to be in when you need to draw on them. But deciding on the right investment strategy is complicated because of the various factors that can influence it.
For instance:

- your investment objectives - what do you want from your money?
- the level of risk you're prepared to accept and the potential level of loss your finances can tolerate
- the types of investments you should consider in view of your objectives and risk profile
- the tax-efficiency when it comes to holding these investments
- the ongoing management of your investment

Over 60: Taking your pension; enjoying retirement

When the time comes to draw money from your pension, you'll need to decide how and from where.

Self-evidently, the greater the value of your investment, the better the prospect of a financially-rewarding retirement. But the more investments you have, the more important it will be to think very carefully about where you take money from when the time comes, and how you continue to manage your money throughout your retirement.

It's also wise to make sure your estate is in good order for any potential beneficiaries. Successful estate planning is all about helping to control the amount of tax you pay on the wealth you create and there are a number of key areas to consider as part of this:

- A will
- Lifetime gifts
- Trusts
- Use of exemptions and reliefs
- Tailored investment products
- Pension arrangements
- Life assurance

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

The value of investments and any income from them can go down as well as up and you may not get back the original amount invested.

The will writing service promoted here is not part of the Openwork offering and is offered in our own right. Will writing is not regulated by the Financial Conduct Authority.

OW1473 Exp. 11.7.19

Auto enrolment contributions

The introduction of automatic enrolment in 2012 has led to a record high in pension participation, with more than 9.5 million people enrolled through the scheme. But contributions are at minimum levels, ONS data has shown.

If you're concerned about how to manage your pension savings, please get in touch.

The number of employees who contribute to a workplace pension has increased over the last five years: 73% of UK employees had an active workplace pension scheme in 2017 compared to 47% in 2012. Much of this rise has been attributed to the Government's automatic enrolment scheme, which has seen more than 9.5 million people automatically enrolled in a workplace pension since October 2012.

The fact that more workers are benefiting from the scheme is clearly positive news, but the phased increases to the minimum contribution levels is raising concerns that more will choose to opt out on affordability grounds; impacting significantly on the size of their pension pot.

A balancing act

When the scheme began, employers and eligible employees each had to pay in a one per cent minimum contribution. In April 2018, this increased to a five per cent total contribution, with the employee paying three per cent. In April 2019, it will increase again to eight per cent, with the worker paying five per cent.

The table below illustrates the impact of these phased increases and the reason for concerns about affordability:

Annual salary	£20,000	£27,000	£45,000
April 2018 3% annual pension contribution	£600	£629.04	£1169.04
April 2019 5% annual pension contribution	£698.40	£1,048.40	£1,948.40

The figures above include tax relief.

In or out?

Workers who will struggle to afford the increases can opt-out of the scheme completely but will lose out on future private pension benefits, including contributions from your employer as well as associated tax relief from your own contributions.

If you opt out of the scheme within one month of being automatically enrolled, you will be treated as if you had never joined the scheme, and any money that you have paid into the scheme will be refunded in full.

If you opt out later than the one month period for a refund, any contributions that you and your employer have paid into your pension pot would normally remain invested until you can draw retirement benefits.

Why advice matters

Opting out of your workplace scheme could significantly impact your standard of living in retirement so we would always recommend you take our advice before taking action.

The value of your investments and any income from them can fall as well as rise and you may not get back the original amount invested.

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

OW1476 Exp.18.7.19

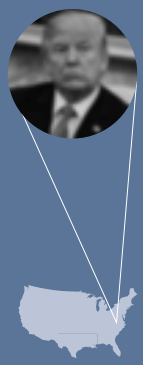
2018: the half year report

The first half of 2018 had no shortage of political tussles and diplomatic standoffs to deliberate on. Here, we consider some of the big economic events across the globe that have kept us busy, including incidents that have come completely from leftfield.

UK

Brexit has understandably dominated the headlines, and no doubt will continue to be the big topic of conversation for many months to come. In March, it was announced that the UK and EU had agreed terms for the Brexit transition period, which lasts from 'Brexit day' on 29 March 2019 until 31 December 2020. The EU will allow Britain to sign its own trade deals during the transition, and the UK will give full free movement rights for EU citizens who arrive during the period.

Also in March, chancellor Philip Hammond used his Spring Statement to unveil upgraded UK growth forecasts. Office for Budget Responsibility (OBR) figures have revised the UK growth forecast for this year upwards from 1.4% to 1.5% . However, growth was just 0.1% for the first three months of the year, in part due to the impact on the economy of the so-called 'Beast from the East'.



US

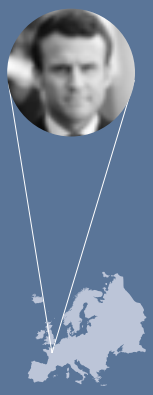
Some of the tax reforms passed by Donald Trump at the end of 2017 came into play on 1 January, including a 'market friendly' cut of corporate tax rates. In the long-term, these changes are predicted to mean businesses spend more and lift wages. It is of course a gradual process, though a positive 'earnings season' for US businesses in the spring has arguably brought some degree of cheer for those looking to invest in the country.

The president has generated plenty of press coverage in other areas too, including his surprise meeting with North Korean leader Kim Jong-un in June. From a stock market perspective, it is the tech giants that continue to have a huge influence. However, the likes of Facebook and Amazon have not had it all their own way, given the former's Cambridge Analytica data scandal and Trump's attacks on the latter's pact with the US Post Office.

Latin America

Argentina was in the headlines in May with its central bank rising interest rates to a whopping 40% as its currency, the peso, fell sharply. The country's economic vulnerabilities were highlighted by a reform programme under president Mauricio Macri. Later in the month, it emerged the government had been in touch with the International Monetary Fund for a credit line that would help restore confidence in the country's economy.

Elsewhere, economists have been speculating that Latin America could be an unexpected winner should trade tensions escalate between China and the US. Brazil, Argentina, Chile and Mexico are among the region's economies that already have extensive trade agreements with China and the US, primarily trading soybeans, iron ore, crude oil and copper into China and manufacturing products into the US.



Europe

After months of uncertainty in Germany, a grand coalition was finally formed between the CDU/CSU and SPD parties and the new government took office in March. However, as one country took steps towards a stable government, another, Italy, was facing its own political stalemate. At the end of May, two populist parties, Five Star and League, formed a new ruling coalition.

In France, president Emmanuel Macron came up against opposition to his pro-business economic reforms, which meant nationwide rolling train strikes in dispute over government's planned overhaul of state-run railway SNCF.

Someone who seemingly has never had a problem with popularity in his country is Vladimir Putin, who took more than 76% of the vote in a landslide victory in March's Russian election. His fourth term as president will extend until 2024, much to the ire of many in the West who see his regime as a malicious influence on global diplomacy.

Asia

A key event of the first half of 2018 from a markets perspective was posturing towards a 'trade war' between China and the US. What exactly is a trade war? In simple terms it is when countries try to attack each other's trade with taxes and quotas. In introducing tariffs on a country's imports, which is what these two nations have been doing on certain products, the intention is to push people to buying cheaper local products instead, thus boosting your domestic economy. However, in truth there are no real winners from a trade war, and so it seems common sense that officials from both countries have been discussing compromises.

Still, the Chinese economy evidently remains in good shape, with growth in the first quarter of the year coming in at an impressive 6.8%. In Japan, however, there have been some problems brewing for prime minister Shinzo Abe, who saw his public support fall off dramatically having been caught up in a political scandal.

Correct as at time of going to print

If you're concerned about how global events could impact your investment portfolio, please get in touch.

The value of your investments and any income from them can fall as well as rise and you may not get back the original amount invested.

OW1527 Exp. 18.7.19

Some unusual insurance claims

If we asked you to list the most common reasons for claiming on your household insurance, you'd probably say theft, accidental damage, or damage caused by storms and flooding. The following claims, however, are slightly more unusual…

Get in touch if you'd like advice on the right buildings and contents insurance for you.

Animals do the strangest things

You may have blamed the dog for homework disasters in the past, but one Cornish policyholder took things a step further by claiming £2,000 for a hearing aid which his dog had swallowed. The man had apparently had his hearing aid in his pocket along with the dog's biscuits and got them muddled up by mistake.

And never mind the dog, a report in the Lancashire Evening Post confirmed that a pensioner from Preston had put in a claim for £78 after a snail ate part of his carpet.

Birds have also been the subject of wacky insurance claims with a magpie being cited as stealing a pair of dentures and a low-flying goose who reportedly crashed through a man's roof, damaging furniture, a TV and a games console.

Call the fire brigade

A man in the West Country noticed a loose thread on the bottom of his curtains and decided, in a moment of madness, that the best way to deal with it would be to burn it off with a lighter. He ended up setting the whole curtain alight which soon spread through his house. Perhaps most distressingly for the man was that his insurer considered his act to be deliberate and therefore not covered by his insurance.

Baby blues

Finally, and perhaps our favourite of the lot, according to Confused.com a proud grandad was holding up his new grandson to show him off on a Skype video call when the infant vomited over the computer. The tiny tot caused £450 worth of damage.

These weird and wacky insurance claims might raise a chuckle, but protecting your home and personal belongings from theft, damage or worse, is a serious subject.

OW1469 Exp. 26.6.19

The Junior ISA

Junior ISAs (JISA) are long-term, tax-efficient savings accounts for children, introduced in November 2011 to supersede the phased-out Child Trust Fund (CTF).

If you want to know more about investing for children, or yourself, please get in touch.

There are two types of JISA:

A cash Junior ISA - where you won't pay tax on interest on the cash you save

A stocks and shares Junior ISA – where your cash is invested, and you won't pay tax on any capital growth or dividends you receive

Since April 2015, anyone with a CTF has been able to transfer that money into a JISA. Whilst the savings limit for both the CTF and JISA are the same (£4,260 in the 2018/19 tax year) CTFs have become less innovative and attract a lower interest rate than JISAs, making the latter a more attractive proposition for parents looking to create a tax-efficient nest egg for their kids.

One, or both types of JISA can be opened by parents or guardians with parental responsibility for a child aged 17 or under who lives in the UK. The child takes control of the account when they're 16 (until then the parent manages the investment), but can only withdraw the money when they turn 18. Children aged 16 and 17 can open their own Junior ISA as well as an adult cash ISA.

Topping up

Anyone can pay money into a JISA as long as the total amount invested is no more than £4,260 in the 2018 to 2019 tax year. If you've invested in both types of JISA, this is the total amount you can pay across the two accounts in the current tax year.

JISAs automatically lose their Junior status when the child turns 18 and the maximum contribution limit increases to that of an adult ISA. which is £20,000 in the 2018 / 19 tax year.

Contains public sector information licensed under the Open Government Licence v3.0.

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.

OW1465 Exp. 05.09.19

Are you thinking of downsizing?

According to a survey by Lloyds Bank, 45 per cent of empty nesters have no plans to downsize, despite the potential windfall moving to a smaller place could create.

If your kids have flown the nest and you're thinking of downsizing, we can explore your options and discuss changes to your financial plan that can help to make more of your new circumstances.

For these empty nesters then, life seems pretty comfortable, but their new-found wellbeing could be at risk if a study by the London School of Economics (LSE) is anything to go by.

Boomerang offspring

The LSE study is based on findings from people over 50 from 17 European countries taken between 2007 and 2015. It suggests the boomerang population is growing because of the increasing costs of housing and rising job insecurity causing kids to return 'home' as adults.

About a quarter of young adults in the UK now live with their parents, and in many cases, will be a source of emotional and practical support for their parents. But it's clear from the study that some empty nesters view the return of their kids as hampering the exciting new stage of life they had just started to enjoy; creating stress and conflict in the family home and making downsizing seem a more attractive option.

The benefits of downsizing

It could be a more attractive option too when you consider a potential windfall of up to £110,000 for the 55 per cent in Lloyds Bank's survey who did choose to downsize. This is typically the equity released from moving to a smaller property and something that makes a nice lump sum to top up the pension pot or indulge in a long-dreamed-of holiday of a lifetime.

And if you are thinking of downsizing, you don't necessarily have to compromise on space. You could find a cheaper property that's as big as your previous home by:

- Finding a property in a less expensive location
- Avoiding a property in the catchment area of a sought-after school
- Buying a 'fixer upper' to work on in retirement
- Looking for property at auction

The Orchard Practice
2 Penta Court
Station Road
Borehamwood
Hertfordshire
WD6 1SL

0208 953 8687
info@topfs.co.uk
www.topfs.co.uk

The Orchard Practice
growing together

OW1477 Exp. 18.7.19