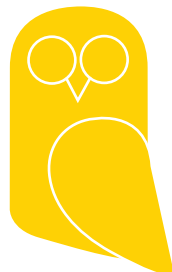


Winter 2020



Wise Words

the latest financial news from Aaron Tawny



Sending our best
wishes for 2021

We are in this together



What's the point of saving for the future if we've crashed the planet?

The rise of Environmental, Social and Governance Investing

The impact companies have in terms of Environmental, Social and Governance (ESG) factors is becoming more important to investors. They are taking an interest in how their investments affect the world around them.

What is Environmental, Social and Governance (ESG)?



What is the official definition of ESG?

Over the last few years, Environmental, Social and Governance (ESG) has started being used more to describe how well a business is managed than to explain how sustainable its product or service is. More recently, the mainstream press has been using 'ESG' as a catch-all term for investing with a 'responsible' or 'ethical' screen. There are no official industry or regulatory standards for comparing these different approaches. However, with (ESG) now so important, some key definitions for certain factors have been accepted across the industry.

Our approach to (ESG)

It is important that a portfolio must deliver on its investment objectives, without a detrimental impact on society and the wider environment.



How (ESG) investing is implemented

The principles set out in the UN Global Compact are central to (ESG) investing. In September 2015, all 193 Member States of the United Nations adopted a plan for a better future for all. This included setting out Sustainable Development Goals along with ten principles. These helped to lay out a path for the next 15 years to end extreme poverty, fight inequality and injustice, and protect our planet. ➡



What do we define as the E, S and G factors?



Environmental

Investing with consideration for the environment. This includes working to reduce pollution and climate change, and to source sustainable raw materials using clean energy sources. The focus is on how a firm approaches environmental concerns, the ecological impact of its products and its carbon footprint.



Social

Investing with consideration for human rights, equality, diversity and data security. The focus is on how companies are incorporating these. It's also about looking to see if each is actively investing/working towards a healthier and higher quality of life for staff and stakeholders. Whether companies expect the same set of standards and values from their suppliers is also considered.



Governance

Investing with consideration for positive employment practices, business ethics and diversity.

The focus is on how a company builds its management structure and works with all its different stakeholders. How does it approach investor and employee relations? Does the board work with transparency, honesty and integrity? Does this filter down to the rest of the company?

The UN Global Compact Principles:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Aaron Tawny have increased their awareness of ESG investing and look forward to discussing the opportunity and options available with our clients.

Empty nest dreams



COVID-19 has brought families closer together than ever before, challenging the multi-generational norms that we have become accustomed to.

The nation being plunged into a deep pandemic, saw a huge rise in the number of adult children returning to their family homes to wait out lockdown, work from home and have even given up tenancy agreements to save money amidst job uncertainty.

How have living arrangements changed?

More than 7 million homeowners say their living situation has changed this year, due to the unforeseen circumstances brought about by the global pandemic. While some returned to their family home, others welcomed back grown up children.

And although this brought thousands of families together during a difficult time, it undoubtedly increased the costs of running the house, with more hands reaching into the fridge and more devices being charged every night!!!

Why have living arrangements changed?



24%

blame changes to their working patterns



23%

wanted to look after their parents during lockdown



22%

wanted to spend lockdown with the people they now live with



19%

wanted to spend lockdown with a garden



18%

said the decision was financially motivated



12%

blame job insecurity although 66% are in full time employment and only 14% have been furloughed



16%

didn't want to be alone



14%

say they won't return to their original living situation



Increase in minimum pension age

The Government has confirmed that the normal minimum pension age will rise to 57 in 2028.

This intention was originally included in the pension freedoms consultation paper in 2014 (see wording below) but wasn't then passed into the subsequent legislation.

The government... proposes to increase the age at which an individual can take their private pension savings at the same rate as the increase in the State Pension age. It is important people have the opportunity to plan properly for this change and so the government proposes to wait until 2028 (when the State Pension age will rise to 67) to fully implement this change. From 2028, people will not be able to draw their private pension benefits without a tax penalty until age 57, whether or not this is the point at which they stop work. From then on, the minimum pension age in the tax rules will rise in line with the State Pension age so that it is always ten years below."

The only time a member can access their pension benefits before minimum pension age is if they are in ill-health, they have a protected pension age or have a certain specified occupation. Apart from this, a payment made before minimum pension age is an unauthorised payment and subject to hefty tax charges.

Rent holiday easement extended for SSAS/ SIPP holding commercial property

SSAS Small Self Administered Scheme SIPP Self-Invested Personal Pension

HMRC has confirmed in its latest Pension Schemes Newsletter that the rent and loan payment holidays easement is being extended until 31 March 2021.

The HMRC guidance is copied below.

Rent and loan payment holidays

As a result of coronavirus (COVID-19), we know that scheme administrators may be looking to provide increased numbers of payment holidays on loans due from connected parties and rents on commercial properties held in registered pension schemes.

Usually, to make sure that a payment holiday is on a commercial basis (and does not result in an unauthorised payments charge), HMRC would expect the scheme administrator to obtain an independent valuation.

To help scheme administrators and businesses affected by the current situation, HMRC are content that any arm's length commercial decisions relating to registered pension schemes, including rent holidays, will not give rise to an unauthorised payment charge and can be agreed without independent valuations taking place.'



HMRC prepares compliance campaign regarding second home disposals

In the coming months, HMRC will send 14,000 letters to individuals it believes made a taxable residential property disposal in the 2018/19 tax year without declaring it on their tax return.

The letter gives details of the information HMRC is attempting to check and asks recipients to consider whether they should have paid capital gains tax on the disposal. It advises them to either amend their return or use HMRC's digital disclosure service, if necessary.

Previous similar campaigns have tended to focus on taxpayers whom HMRC suspects of having offshore assets that they have not disclosed. Those letters contained a controversial request for the recipients

to sign and return a certificate of their tax position. In April 2020, the Chartered Institute of Taxation (CIOT) asked HMRC to reconsider this policy and the new letters regarding property disposals do not contain this request.

A second campaign will target employees whose taxable employment benefits information, as declared on their personal tax returns for the 2018/19 tax year, does not match the information provided to HMRC by employers.

For more information and help
call us on 01536 512724

Enhanced payment plans for self assessment customers

HMRC has increased the threshold for paying tax liabilities in monthly instalments to £30,000 for Self Assessment customers to help ease any potential financial burden they may be experiencing due to the pandemic.

Self Assessment customers can apply online for additional support to help spread the cost of their tax bill into monthly payments from 1 October 2020 without the need to call HMRC. The online payment plan service can already be used to set up instalment arrangements for paying tax liabilities up to £10,000. From 1 October 2020, HMRC has increased the threshold to £30,000.

The Chancellor announced that Self Assessment customers could pay their deferred payment on account bill from July 2020, any outstanding tax owed for 2019/20 and their first payment on account bill for this current tax year in monthly instalments, up to 12 months, via this self-serve tool. Customers who need longer than 12 months to settle their tax liabilities are invited to contact HMRC in the usual way.

HMRC estimates around 95% of Self Assessment customers who are due to make

payments on 31 January 2021 could qualify to implement a Time to Pay arrangement using the self-serve Time to Pay facility online, without needing to speak to an HMRC adviser.

Customers who wish to set up their own self-serve Time to Pay arrangements must meet the following requirements - they need to have no:

- outstanding tax returns
- other tax debts
- other HMRC payment plans set up
- the debt needs to be between £32 and £30,000
- the payment plan needs to be set up no later than 60 days after the due date of a debt

Customers using self-serve Time to Pay will be required to pay any interest on the tax owed. Interest will be applied to any outstanding balance from 1 February 2021.

Be aware of scams claiming to be from HMRC, offering to help you set up payment plans to pay any tax owed.



UK investors lose track of £5.3bn worth of investments



22% of adults have lost or unclaimed assets

"We estimate that the average value of unclaimed shares is £1,250 per person"

More than a fifth (22%) of UK adults believe they have lost track of one of their shares or investments, leaving an estimated £5.3bn worth of investments dormant, according to a new study by Gretel.

Shares totalling £2.5bn owned by 2 million people are either lost or dormant, according to data from Intelliteq, which has developed Gretel as a free to use platform to help consumers track down their lost money.

The research estimates that lost or dormant shares have cost investors an average value of £1,250 per consumer, while £2.8bn worth of wealth and investments are in the same situation for 1m investors, an average of £2,800 each.

UK consumers are also estimated to have £37bn of lost or dormant pensions, averaging £23,125 per individual across 1.6m affected savers, while £4.5bn lies dormant within bank and building society accounts, for an average individual value of £450 across 10m adults.

People can lose touch with their investments when companies they hold shares in merge, or the investment company itself is merged, such as with the recent interactive investor acquisition of The Share Centre.

Photo by Pexels

According to Gretel estimates, 19.6m adults in the UK have become disconnected with their assets in financial services products, leaving a collective value of more than £50bn across dormant or unclaimed funds.

Duncan Stevens, chief executive of Gretel, said: "Unfortunately it is all too easy to become disconnected from an investment fund, ISA or shares. We are working with the investment industry to show how our unique technology can help solve a number of challenges ranging from lowering the cost of customer reconnection, to digitisation of vulnerable customer journeys, to rectifying legacy data quality issues.

"We are talking to a number of asset management companies who can see the opportunities of getting 'lost investors' to engage with their assets. We estimate that the average value of unclaimed shares is £1,250 per person rising to £2,800 for wider investments, which would make a big difference to people at this time."

NS&I to reduce interest rates

NS&I announced interest rate reductions, effective from 24 November 2020, that will apply to NS&I's variable rate products and some fixed term products. The Premium Bonds prize fund rate will also be reduced from the December 2020 draw.

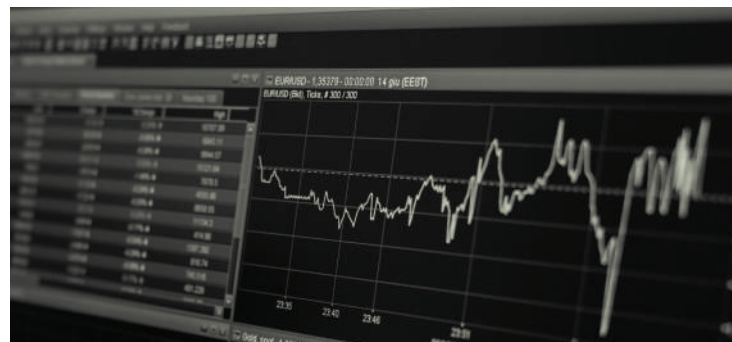
In July this year, NS&I's Net Financing target for 2020/21 was revised from £6 billion (+/- £3 billion) to £35 billion (+/- £5 billion) to reflect the Government's funding requirements due to the Covid-19 pandemic. In Q1 2020-21 (April-June), NS&I saw inflows of £19.9 billion and delivered £14.5 billion of Net Financing. Demand for NS&I products has remained at similarly high levels during Q2 (July-September).

The interest rate reductions announced will see NS&I align its savings products against the rates offered by the banks and building societies.

£6
billion

£35
billion

Net Financing target revision



FCA proposes to extend payment deferrals

The FCA has suggested extending the availability of payment deferrals for borrowers experiencing financial difficulty as a result of coronavirus.

The regulator's proposals come after increasing lockdown restrictions recently announced by the government.

Under the FCA's new proposals, those who have not yet had a payment deferral would be eligible for two payment deferrals of up to six months in total.

For those who currently have an initial payment deferral, they will be eligible for another payment deferral of up to three months, while those who


have resumed repayments after an initial payment deferral would be eligible for another payment deferral of up to three months.

Borrowers would have until 31 January 2021 to request a payment deferral, and the regulator stated that a payment deferral under these proposals would not be reported as missed payments on a borrower's credit file.

The FCA has also proposed that no one will have their home repossessed without their agreement until after 31 January 2021.




The stamp duty holiday is ending in March!!



With the introduction of the stamp duty holiday, the property market is booming, with sales in October up 52 per cent on last year, but property surveyors, mortgage lenders, conveyancing lawyers and local authorities are all now buckling under the sheer weight of demand.

The current stamp duty holiday runs until 31st March 2021, so any house purchase will need to complete by this date to qualify. Because of the current boom and high volumes of applications with lenders, the standard turnaround time to complete the entire process, is taking between 10-12 weeks, and in some cases even longer.



We would strongly advise any client considering a new property purchase, to contact us as early as possible to start the initial process. Using us will allow you to benefit from independent advice, plus the added peace of mind that

our administration team will ensure that the application is processed with the lender as swiftly and efficiently as possible.



If you are considering a property purchase, don't delay, contact one of our independent advisers today on 01536 512724, to discuss your plans and objectives.


Photo by Karolina Grabowska from Pexels

Lasting Power of Attorney (LPAs)




A Lasting Power of Attorney (LPA) can save families undue stress and expense if they are worried about the health or mental capacity of a relative.

Lasting Power of Attorney's (LPA's) are not just for the old and the mentally incapacitated. Sadly, the pandemic is a reminder that no matter what age you are you could end up in hospital unable to manage your own affairs.



A Lasting Power of Attorney (LPA) provides individuals with the security and knowledge that their financial matters will be taken care of in the event of mental incapacity and is usually taken out through a solicitor.



There are two types of Lasting Power of Attorney (LPA), one covering health and welfare and the other

covering property and finance.

A health and welfare Lasting Power of Attorney (LPA) allows medical decisions to be made about a family member should they become incapacitated because of ill health. A property and financial affairs Lasting Power of Attorney (LPA) gives similar permission over money and property, such as managing bank accounts and paying bills.

If individuals do not have a Lasting Power of Attorney (LPA), then an application to the Court of Protection is made and a deputy is appointed for them.

While this does provide more legal protection and safeguards for the individual's finances than a Lasting Power of Attorney (LPA), the process is more expensive and can take more time.





Photo by Matthias Zomer / Pexels



We are here to help

We thought it would be prudent to reach out to you in these challenging times, to reassure you that we are here to support you and help with any financial matter and give advice and guidance on any concerns you may have.

Over the last few months, we have been extremely busy in helping clients like you take stock of their affairs, make sure plans are in place to ensure continuity and that all opportunities are maximised.

Areas we can assist with:

- Pension planning – maximising tax reliefs available
- Reviewing pension provision – do your current plans remain relevant and support your aims?
- Investments - Would you like to have a review of your investment portfolio?
- Succession planning – have you written a business will, what happens to the business should the worst happen to you?

- Business Protection – are key staff members, share holdings and loans protected?
 - Financial Planning – are you considering selling the business, retiring early etc, how could such moves affect your finances?
 - Personal Protection – do you have sufficient Life Insurance in place to protect your family and mortgage?
 - Mortgage Review – are you currently on the best possible and most suitable deal?
 - Investing Company funds – if you have surplus capital, what tax efficient low risk options are there?
 - Review of Workplace Pension – does your current provision remain suitable and cost effective?
- 

If you would like to discuss any of the above points or indeed any Financial matter, then please do not hesitate to contact our office on 01536 512724 or email us at enquiries@atawny.co.uk

Did you know about our Webinar?

Last year we held an investment seminar at the Park Hotel in Kettering. This year sadly COVID-19 has put the dampers on our plans. As we are all having to think outside the box in these challenging times, we decided we would bring the seminar to you in the version of a webinar.

We had two brilliant speakers, James from Cazenove Capital and Tom from Close Brothers Asset Management who provided an overview of 'where next' for investment markets, and how to find income in a low-income environment.

If you would like to view the webinar, please use the link below:

<https://atawny.co.uk/blog/investment-webinar/>

Wise Words: Winter 2020



If you have any questions for James or Tom regarding their presentations, then please email them to us and we will send these to James & Tom and then forward their responses back to you. Please email your questions to enquiries@atawny.co.uk

If the webinar has generated any questions relating to your own investments, then please do not hesitate to contact your Adviser on 01536 512724.

Christmas Donation



This year we have decided to donate to two special charities :

£100 to the Motor Neurone Disease Association (MND) who improve care and support for people with MND, their families and carers.

£100 to The Brain Tumour Charity that offers help and support to people diagnosed with a brain tumour as well as inclusive and accessible services for everyone affected.

Lite Relief

Two 90 year old men, Dai and Emrys, have been friends all of their lives.

When it's clear that Emrys is dying, Dai visits him every day. One day Dai says, 'Emrys, we both loved rugby all our lives, and we played rugby on Saturdays together for so many years.'

Please do me one favour, when you get to Heaven, somehow you must let me know if there's rugby there.'

Emrys looks up at Dai from his death bed, 'Dai, you've been my best friend for many years. If it's at all possible, I'll do this favour for you.'

Shortly after that, Emrys passes on.

At midnight a couple of nights later, Dai is awakened from a sound sleep by a blinding flash of white light and a voice calling out to him, 'Dai--Dai.'

'Who is it? Asks Dai sitting up suddenly. 'Who is it?'

'Dai--it's me, Emrys.'

'You're not Emrys. Emrys just died.'

'I'm telling you, it's me, Emrys,' insists the voice.'

'Emrys! Where are you?'

'In heaven', replies Emrys. 'I have some really good news and a little bad news.'

'Tell me the good news first,' says Dai.

The good news,' Emrys says,' is that there's rugby in heaven. Better yet, all of our old friends who died before us are here, too. Better than that, we're all young again.

Better still, it's always spring time and it never rains or snows. And best of all, we can play rugby all we want, and we never get tired.'

'That's fantastic,' says Dai. 'It's beyond my wildest dreams! So what's the bad news?'

'You're in the team for Tuesday.'

We hope you find this a useful and informative read. With our constant strive for excellence in customer service we always appreciate your feedback, whether good or bad.



If you would prefer to receive the newsletter via email, please email us at: enquiries@atawny.co.uk



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