Summer 2015

Wise Words
the latest financial news from Aaron Tawny

The Government is finally treating Pension savers like grown-ups

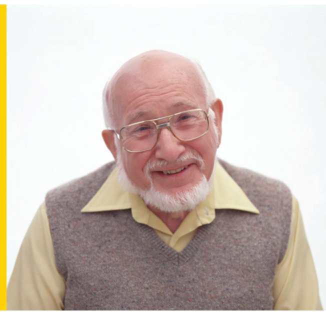
As of April this year, savers in Defined Contributions schemes can do what they like with their money, even if that means blowing the lot on sports cars or round-the-world-cruises. The message is clear. You worked hard to save it, when you retire you can spend it as you wish. Savers essentially have three key options. You can cash your Pension in and take the money, leave it invested and use it to generate an income or buy an Annuity. You are not limited to choosing one option, either: you can mix and match to provide the right solution for you. You could, for example take some cash to pay for any retirement trips, take an Annuity to cover your bills and leave some invested for your long-term financial security. There are no easy answers; what makes most sense for you will depend on a whole host of factors including age, state of health, size of your pension, your attitude to risk, your desire to leave inheritance, as well as your need for flexibility and or security. Here we give you a flavour of some options.

Please Note : Not all providers of existing pensions can accommodate the new Pension Freedom changes.

Taking the Cash - Of all the options, this is the one that generated the most headlines following the Chancellor's shock announcement last March, you can now take all of your savings as cash, whether that's to buy the proverbial sports car, an investment property, or to pay off some debts. But before you get carried away by what you could do with your savings, there is a very significant catch – and that is tax. Only the first 25% of your Pension is paid tax-free; you will need to pay tax at your highest rate of tax (known as your marginal rate) on the remainder. And when you consider that the lump sum will be treated as income for that year; there is a very good chance it will put you up into a higher-rate tax band. However the tax impact could be reduced if you took the money gradually and stagger withdrawals over a number of years. The tax hit will not be so great for individuals with smaller Pension savings and those who pay a lower rate of tax. Of course, you don't have to cash in your whole Pension. From the age of 55, you can start taking money out of your Pension, the Government has given these withdrawals the catchy title 'Uncrystallised Pension Fund Lump Sums'. However, as only 25% of each withdrawal is paid tax-free, if you want to take your full 25% tax-free cash – known as your Pension Commencement Lump Sum – you will have to cash in your whole Pension and either stump up the tax on the remainder or move it into a retirement income vehicle which, at the moment, would need to be an Annuity or Income Drawdown plan.

Income Drawdown - Until now, Income Drawdown has been the preserve of wealthier retirees but following the relaxation of the Pension rules, Flexible Drawdown is open to all. In a nutshell, this involves investing your money into a Drawdown plan (your existing Pension provider may offer this, or you may need to open a new Self-invested Personal Pension). You select where you want

You decide where your money is invested and how much or little income you take, allowing yourself to make changes as and when your spending needs change.



your money to be invested and start taking an income from it. If you are in the fortunate position that you do not need an income, you can leave it to accumulate, making withdrawals as and when you need them. The main advantage in Income Drawdown is control. You decide where your money is invested and how much or little income you take, allowing yourself to make changes as and when your spending needs change. Another factor is that your money remains invested, which means it could carry on growing providing a useful hedge against inflation, which sees

Continued overleaf

The Government is finally treating Pension savers like grown-ups - *continued*

the value of your money reduce overtime. However a very significant downside is that because your money remains invested it could take a hit if stockmarkets fall. It also cannot guarantee to provide you with an income for life – take too much and you could run out of money.

Annuities - In return for a lump sum from your Pension (be it all or some of your fund), insurance companies will pay you a guaranteed income for life. You can choose a level income, or one that starts at a lower level but increases in line with inflation. The level of income you receive will be dependent on your life expectancy – so if you have any health problems – including issues such as obesity or high blood pressure – which could shorten your life, or you smoke, you could benefit from an enhanced rate. However, the security offered by Annuities comes at a price. When you die, any remaining funds that have not been paid out are returned to the insurer: effectively, those policyholders who die before their money has been spent, subsidise those who outlive theirs (what actuaries call ‘mortality cross-subsidy’). You can protect yourself from this to a certain extent by purchasing an Annuity with guarantees that ensure your payments will be maintained for a fixed number of years, irrespective of when you die. So if you died three years into a five year guarantee, payments would be maintained for two years after your death. Spouses can also be protected with joint-life annuities – enabling you to protect a portion of your income for your other half, after you have died. Alternatively, some providers offer value-protected Annuities, which return either all or a portion of your remaining capital if you die earlier than anticipated. However, while these guarantees may increase your peace of mind they will reduce the level of income you receive. For a variety of reasons (increased longevity, lower interest rates, falling gilt yields and quantitative easing, to name but a few), the level of income insurers are able to pay has plummeted in recent years.

Pension Freedoms – amounts withdrawn so far!

The Chancellor, George Osborne, told the House of Commons that 60,000 savers have taken out a total of £1bn from their Pension pots since 6th April, which averages out at approximately £17,000 each.

Scottish rate of Income Tax

HMRC has published technical guidance to determine who will have to pay the new Scottish rate of income tax starting in April 2016. The main criterion in this case is the ‘main place of residence’. UK residents will be Scottish taxpayers if either they have a ‘close connection’ to Scotland through having their ‘main place of residence’ in Scotland for at least as much of the tax year as it has been in another part of the UK, or if the individual spends at least as many days in Scotland as elsewhere in the UK.

As the legislation does not define ‘place of residence’, HMRC says it must be ‘given its ordinary meaning’. It is not necessarily the residence where the individual spends the majority of their time, although it commonly will be.

The guidance also asserts that private residence relief from Capital Gains Tax may also be of relevance to interpreting ‘residence’ in the context of Scottish taxpayer status. However, it does not state explicitly that the location of the taxpayer’s nominated principal private residence will automatically make them a Scottish (or non-Scottish) taxpayer.

It recommends that taxpayers keep a whole host of records to determine their Scottish tax status, although it stresses that ‘no one piece of evidence will demonstrate the existence of a place or main place of residence’.

For Employees and Pensioners, the Income Tax change will be applied through PAYE. HMRC will issue tax codes to employers in the months before April 2016 which will identify those employees who are Scottish taxpayers, and Employers will deduct tax at the appropriate rates, which may be higher or lower than or the same as those which apply in the rest of the UK.

Further information is available at:

https://www.gov.uk/government/publications/scottish-rate-of-income-tax-technical-guidance-on-scottish-taxpayer-status

Premium Bonds maximum investment increased to £50,000

Premium Bonds limit increased to £50,000 from Monday 1st June 2015.

NS&I launches 'Premium Bonds made by ERNIE' Facebook page.

Parents can now buy Bonds for their children online or over the phone for the first time.

Customers can now invest a further £10,000 in Premium Bonds after the maximum holding limit was increased from £40,000 to £50,000 on 1st June. It comes 12 months after the Premium Bonds limit was increased from £30,000 to £40,000 with a second £1 million prize winner also being introduced from August 2014.

To celebrate the increase to the allowance – and to encourage Premium Bond holders and fans of ERNIE to share their Premium Bond stories – NS&I has launched a new Facebook page 'Premium Bonds made by ERNIE'. To visit the ERNIE Facebook page go to **www.facebook.com/PremiumBonds**

In addition to the changes to the Premium Bonds limit, parents or legal guardians can now purchase Premium Bonds for their children (under 16) directly online or by phone for the first time. You are no longer able to purchase from the Post Office, they are only available direct from NS&I.

More than a million buy Pensioner bonds

More than a million older savers have bought over £13 billion of the Government's 65+ Pensioner bonds since their launch. These sales figures means that the bonds have been the biggest selling retail financial product in Britain's modern history.
With annual interest rates of 4% for the 3 year bonds and 2.8% for the 1 year bonds, the Government's 65+ Pensioner bonds have offered savers the best available rates in the market.

Police and Firefighters' Pension schemes

The Pensions Ombudsman has published the final decision on the complaint made by Mr Milne against the Government Actuary's Department (GAD) about the factor used to convert his pension into a lump sum at retirement and whether the factors should have been reviewed earlier than they were.

Tony King, the Pensions Ombudsman, has decided in Mr Milne's favour. The Pensions Ombudsman decided that the factors should have been reviewed between 1998 and 2005, when Mr Milne retired. He has directed the GAD to assess what the factor would have been in 2005 if reviews had taken place and to notify the administrator of the relevant part of the Firefighters' Pension Scheme so that they can recalculate the cash sum. He also directed GAD to pay interest on any additional cash sum, from Mr Milne's retirement date.

Mr Milne is one of a small number of retired Firefighters who had made similar complaints to the Pensions Ombudsman Service. There are many more who would have complained, but were asked not to pending the outcome of Mr Milne's complaint. A similar issue arises in the Police Pension Scheme and so the outcome is also relevant to retired members of that scheme.

What does this decision mean for members of the Firefighters' and Police schemes? -

Strictly this decision only applies to Mr Milne. It is binding between him and GAD, unless there is an appeal to the court on a point of law. However, the Pensions Ombudsman said in his decision that he hoped that all the relevant bodies would swiftly take steps to deal with the position of other affected retired Firefighters and Police so that it would not be necessary for their complaints to be pursued.

5 Ways to Master Your Credit Score to help you get a Mortgage

1. Get a credit card and spend sensibly
2. Close old accounts
3. Register to vote
4. Check your credit file regularly
5. Show signs of stability

Your credit score is important. Having a poor credit rating can affect everything from mobile phone contracts to monthly insurance payments, as well as reducing your likelihood of securing a loan or mortgage. Here are our top five ways you can boost your rating...

Start building your credit rating

1. Get a credit card and spend sensibly

When choosing whether to accept you for credit, lenders use your current credit history to assess how much of a risk you pose.

It's important to demonstrate that you're able to manage credit sensibly. By paying off your card each month (and on time), you'll appear to be more attractive to lenders.

Think of mastering your credit score as being similar to dating. If you make lots of applications, you will look desperate for credit and this can have a negative impact.

2. Close those old accounts

Having too many accounts open at once can deter lenders, even if you don't use them all.

To lenders, it looks like you have lots of credit already available to you. From their perspective, the fact that you're applying for more suggests that you're not managing your money very well.

But don't just cut up your old cards. Contact your card issuers and permanently close the accounts.

Just make sure you don't cancel so many cards that you struggle to keep on top of your finances.

A good rule of thumb is that you should never use more than 80% of the credit you have available.

3. Register to vote

Make sure that you're on the electoral roll at your current address. Not only is this easy to do, but it can have a big impact on your credit score.

Be aware that the system has recently changed from a registration per household, to individual electoral registration. You can register to vote online or, alternatively, download a paper registration form.

If you're not eligible to vote in the U.K, you can try sending credit reference agencies proof of address documents and ask them to make note that your address has been confirmed.

4. Keep an eye on your report and iron out errors

It's essential to keep up to date with your credit file. The major credit reference agencies are Equifax, Experian and Call Credit and each one will calculate your score in a slightly different way.

When you apply for credit, the lender will ask at least one of these companies for information.

These agencies are required by law to let you see your credit record for no more than £2, but there are also free online trial options so you don't have to pay at all. Check the details on your credit file by getting a free credit report.

Check your report carefully, and contact the agency if you see something that doesn't look right. Mistakes are relatively common, and they can be a result of a simple error, or of identity fraud. If the credit reference agency agrees there's a mistake, they should be able to amend or make a note on your account.

5. Show signs of stability

Lenders want to be reassured that you're a safe bet and they use some specific indicators to judge this. Follow these final steps to get your credit score in shape:

- Use your landline number on credit applications to show them you're settled in one place.
- Providing the information is still accurate, keep personal details such as job titles and phone numbers consistent across applications.
- Try to avoid house-hopping, as moving frequently can make lenders jittery.
- Finally, try to avoid changing banks too often, as this is a sign of inconsistency and possible instability.

How will the extension of 'Right to Buy' actually work?

The extension to Mrs Thatcher's Right to Buy scheme - controversial at the time - promises to be one of the first big controversies of the new Conservative Government.

Up to now it was only Council tenants who had the right to buy the homes they had previously rented. But when the Housing Bill becomes law - as outlined in the Queen's speech - housing association tenants will acquire that same right.

Who is eligible? - Potential buyers must have been tenants for at least three years, the same as with council tenants. Around 500,000 housing association tenants are already eligible for some discounts. In Wales the Government is planning to abolish Right to Buy entirely, and in Scotland it will be phased out by August 2016. A separate scheme exists in Northern Ireland.

How much of a discount will be offered? - For those eligible, discounts start at 35% on a house and 50% on a flat. The maximum is 70%, but that is currently capped at £77,900 outside London, and £103,900 in the capital. For example, someone who has been a public sector tenant for ten years could buy a £100,000 flat for just £40,000 - using a 60% discount.

Is it advice or just guidance?

The Government has introduced Pension Wise, a service offering free guidance to those at or near retirement. It's designed to help people understand their options for taking an income from their Pension. These options are now wider than ever before, bringing more freedom of choice – but also the greater risk of unwise choices.

Decisions made at retirement will affect the rest of your life, and may also have an impact on how much you could leave to your loved ones. So how can you make every effort to ensure that your decision is best for you?

What does Guidance mean?

In casual speech, 'advice' and 'guidance' may be used to mean the same thing. This could be why research indicated that 22% of UK consumers thought the Government would be offering free advice. But in the language of financial planning, there are major differences between the two, as shown opposite.

> Decisions made at retirement will affect the rest of your life, and may also have an impact on how much you could leave to your loved ones.

Statement	Guidance	Advice
General overview of options	√	√
Assessment of individual circumstances	X	√
Recommendation of the best route	X	√
Can include implementation of a plan, e.g. consolidation of pension pots	X	√
Ongoing Support, if required	X	√
Paid for by the consumer	X	√

The need for advice

Pension Wise will play a useful role by prompting people to consider their options. However, this free guidance service cannot tell people which course of action may be most suitable for them. Any such recommendation needs to consider each person's circumstances and also the full range of products from across the whole of the market. This is beyond the scope of guidance – which is why it is so important to approach retirement with the help of an Independent Financial Adviser.

Budget July 2015 - The devil is in the detail!

As usual 'the devil is in the detail' however, in this article we look behind the headlines and provide further detail about those Budget measures that may be of particular interest to you.

Income tax

Personal Allowance

The tax-free personal allowance is being increased to £11,000 in 2016-17, and £11,200 in 2017-18.

For higher rate taxpayers, the Government will also increase the threshold above which higher earners start paying 40% tax. It will increase to £43,000 in 2016-17, and to £43,600 in 2017-18.

Dividend Taxation

From April 2016 Dividend Tax Credit will be abolished. To replace this, a new Dividend Tax Allowance of £5,000 per tax year will be introduced.

The new rates of tax on dividend income will be 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate tax payers.

Individual Savings Accounts (ISA)

In the March 2015 Budget the Government announced a change in the ISA rules, to allow savers to withdraw and replace money from their Cash ISA in a year without it counting towards their annual ISA subscription limit. The Government have announced that this will also apply to cash held in Stocks and Shares ISAs.

Both changes take effect from 6 April 2016.

Corporation tax

The UK Corporation Tax rate will reduce from 20% to 19% in 2017. It will reduce to 18% in 2020.

Inheritance tax

Main residence nil-rate band and existing nil-rate band

An additional nil-rate band will apply when a residence is passed on death to a direct descendant (children (step-children, adopted child or foster child) or grandchildren). This will be £100,000 in 2017-18; £125,000 in 2018-19, £150,000 in 2019-20, and £175,000 in 2020-21. This will then increase in line with Consumer Prices Index (CPI) from 2021-22 onwards. Any unused additional nil-rate band will be transferrable to a surviving spouse or civil partner.

The additional nil-rate band will also be available when a person downsizes or ceases to own a home on or after 8 July 2015 and assets of an equivalent value, up to the value of the additional nil-rate band, are passed on death to direct descendants.

There will be a tapered withdrawal of the additional nil-rate band for estates, including the main residence, with a value of more than £2million (after deduction of any liabilities, but before reliefs and exemptions). This will be at a withdrawal rate of £1 for every £2 over this threshold.

This measure will take effect for relevant transfers on death on or after 6 April 2017. It will apply to reduce the tax payable by an estate on death (similar to the transferable nil-rate band) and it will not apply to reduce the tax payable on lifetime transfers that become chargeable as a result of death.

The main residence nil-rate band will be transferable where a surviving spouse or civil partner in a couple dies on or after 6 April 2017, irrespective of when the first of them died.

The qualifying residence will be limited to one residential property but personal representatives will be able to nominate which residential property should qualify if there is more than one in the estate. A property which was never a residence of the deceased, such as a buy-to-let, will not qualify.

The detail is subject to consultation, which will be published in September 2015 ahead of the draft Finance Bill 2016.

Nil-rate Band frozen until the end of 2020-21

The existing nil-rate band will remain at £325,000 until the end of 2020-21. It was previously frozen until the end of 2018-19.

Budget July 2015 - The devil is in the detail!

Simplifying charges on Trusts

Legislation will be introduced to remove the requirement to include non-relevant property in the calculation of 10-year periodic charges and exit charges. In addition, new rules will ensure that where property is added to two or more relevant property settlements on the same day after commencement of the settlements, the values added along with the values added at commencement will be bought into account when calculating the rate of tax for the purposes of 10-year periodic charges and exit charges.

Other legislation covering Trust property settled by a Will, allows for an appointment to be made in favour of the surviving spouse or civil partner being entitled to the spousal IHT exemption. The exemption will be available as long as the appointment is done within three months of the death.

Pensions

Immediate change to the annual allowance for 2015/16

From 2016/17 pension input periods will be aligned with tax years. In order to make this happen, the Government are making changes to the annual allowance for 2015/16 with effect from 8 July 2015. The Government have issued guidance and you may be glad to hear that the rules that apply to pension savings for 2015/16 are at least as complicated as the special annual allowance introduced in 2009. In effect it means that individuals will be able to benefit from an additional year's worth of annual allowance.

Everyone will have a total annual allowance of £80,000 for 2015/16, plus available carry forward for the three previous tax years. All pension input periods that are open on the 8th July 2015 will end on that date with the next period running from the 9th July 2015 to the 6th April 2016. Pension savings for pension input periods ending in 2015/16 will be split into two 'mini' tax years, depending on whether they ended before the 9th July 2015 or in a post-budget pension input period which will run from 9th July 2015 and end on 5th April 2016.

For all pension input periods ending on or after 6 April 2015 and on or before 8th July 2015, individuals will have an annual allowance of £80,000, plus available carry forward. Pension savings from 9th July 2015 to the 5th April 2016 will have a nil annual allowance, but up to £40,000 of any unused annual allowance for the period up to 8th July 2015 is added to this, in addition to any remaining carry forward from the previous three tax years.

Incentives to save for retirement are "clear, simple and transparent", ensuring that individuals make sufficient savings for later life.

Annual allowance changes for April 2016/17

The Government is pushing ahead with its manifesto pledge to reduce the tax relief for people earning more than £150,000. Their annual allowance will reduce by 50p for every £1 of income in a range between £150,000 and £210,000, so that someone with an income of £210,000 or more will have an annual allowance of £10,000.

The Government consults on the future of Pension Tax Relief

Pension Tax Relief rules are complex. Complexity acts as a disincentive if people cannot understand the benefit of saving for their later life. The 12-week consultation does not put forward a specific proposal for reform, instead it is seeking suggestions about whether and how the current system of Pension Tax Relief should be reformed. It is not proposing incentives for pension savings are scrapped altogether, quite the opposite, instead it wants to ensure that the incentives to save for retirement are "clear, simple and transparent", ensuring that individuals make sufficient savings for later life.

Any change will not occur overnight, and the Government is clear that it will proceed gradually.

Barriers to accessing 'Pension Freedoms'

The Government will consult imminently on options to improve the pension transfer process, aiming to make it quicker and smoother. They confirm that if there is evidence of exit penalties hindering the process, they will act by legislating a cap on early exit penalties for those aged 55 or over.

Budget July 2015 - The devil is in the detail!

Secondary Annuity market delayed until 2017

The Government confirmed the secondary Annuity market enabling consumers to sell their Annuities for a lump sum will be delayed until 2017. This is to ensure sufficient time to create a market and support service to ensure consumers are making the right decision. Plans for the secondary Annuity market will be set out in the Autumn.

Changes to Domicile rules

Permanent non-domicile status to be abolished

The Chancellor has today announced changes to the deemed domicile rules, which are due to apply from April 2017. A detailed consultation document will be published after the summer recess on the best way to deliver these reforms. Further consultation will follow on the draft legislation which is intended to form part of the 2016 Finance Bill.

Deemed Domicile

From 6 April 2017, irrespective of when someone arrived in the UK, those who have been resident in the UK for 15 out of the past 20 (the 15 year rule) tax years will be treated as deemed UK domiciled for all tax purposes. This means that they will no longer be able to use the remittance basis of taxation and will be deemed domicile for IHT purposes.

Therefore someone who has already been in the UK for 15 years, and remains in the UK from the 6 April 2017, will be caught by the new regime and be unable to access the remittance basis. The Government will consult on whether split years of UK residence will count towards the '15 year rule'.

Once a non-domicile has become deemed domicile under the '15 year rule' and spends more than 5 years outside the UK, at that point they will lose their deemed domicile status (the 'five year rule'). This is likely only to be relevant for IHT purposes; however there is an increase in the 'inheritance tax tail' from the 6 April 2017, as currently this would only be relevant for four years.

Those who had a domicile in the UK at the date of their birth will revert to having a UK domicile for tax purposes whenever they are resident in the UK, even if under general law they acquired a domicile in another country.

Domicile of choice changes

In order to align the treatment of UK domiciles and non-domiciles, UK domiciles who leave after 5 April 2017, having been in the UK for more than 15 years, will also be subject to the 'five year rule' even if they intend to emigrate permanently and settle in a particular place on the day of departure. The Government will consult on the interactions between the new five year rule and existing three and four year rules.

Excluded Property Trusts and Non-Domiciles

The technical note issued as part of the Summer Budget documents 'technical briefing on Non Dom changes announced at Summer Budget 2015' confirmed that the use of excluded Property Trusts will have the same IHT treatment as at present (except for the 15 out of 20 rule), other than the announcement made in relation to UK residential property, (see below). However, such long-term residents will, from April 2017, be taxed on any benefits, capital or income received from any Trusts on a worldwide basis. The Government recognises that this is a significant change to the current rules and that changes to Trust taxation are complex and will therefore consult on the necessary details.

Non Dom/UK Dom Consultation

The Government intends to consult further on the interaction of the various deemed domicile rules for both UK domiciles and non-domiciles and also in relation to the tax treatment of Trusts. No date has been indicated for when these consultations will be issued. However, it is proposed that the measures are to be introduced from 6 April 2017and legislated in the Finance Bill 2016.

Non Dom/IHT Residential Property Changes

From April 2017, non-UK domiciled individuals will be liable to UK IHT on UK residential property which is held in an offshore company/partnership or offshore Trust. This applies to all UK residential property, whether it is occupied or let and whatever its value.

This change applies to UK residential property only. The change will not apply to any other UK assets and neither does it change the rules regarding non-UK assets.

Budget July 2015 - The devil is in the detail!

Tax avoidance and tax evasion

Tackling offshore evasion

The Government will legislate in the Summer Finance Bill 2015 to amend Section 222 of the Finance Act 2013. The amendment will allow HM Treasury to oblige Financial Intermediaries, Tax Advisers and other professionals to notify their customers/clients that:

- The UK will begin to receive information on offshore accounts in 2017 and at the same time will begin to share information with other tax authorities on accounts held in the UK. This will allow HMRC and other tax authorities to check that the right amount of tax is being paid on money held abroad.

- HMRC will open a time-limited disclosure facility in early 2016 to allow non-compliant taxpayers to correct their tax affairs under certain terms, before HMRC start to receive data under the Common Reporting Standard. This new facility will be on tougher terms than the previous offshore disclosure facilities HMRC have operated.

- If non-compliant taxpayers continue to conceal their tax affairs, HMRC will enforce tough penalties for offshore evasion through the existing offshore penalty regime, new civil penalties for tax evaders and the new simple criminal offence of failing to declare taxable offshore income and gains.

- HMRC will informally consult Financial Institutions and Tax Advisers to develop targeted and cost-effective communications including the points above, and to ensure the right people are involved in delivering the messages.

- Regulations will be made after the date of Royal Assent to Summer Finance Bill 2015.

Direct recovery of debts

Legislation will be introduced allowing HMRC to recover tax and tax credit debts directly from debtors' bank and building society accounts. Additional safeguards have been included but HMRC will be able to take action against debtors who owe over £1,000, though they will always leave a minimum aggregate of £5,000 across debtors' accounts. The measure will introduce the power to recover debt directly from cash held in bank and building society accounts and includes cash in ISAs.

Discretionary Trusts and Divorce

The Court of Appeal has agreed that a divorcing wife is entitled to a payment from a Trust under which her husband was one of several potential beneficiaries. The Court took the view that it met the criteria for a nuptial settlement that could be varied under s24 of the Matrimonial Causes Act 1973 to make provision for the wife. The Court relied upon a letter the settlor wrote to his bank just before creation of the Trust in which the settlor included these words "the transfer of [the farmhouse] into Trust to make provision for a home there for our younger son ...and his wife".

Although there is no statutory guidance regarding what constitutes a nuptial settlement, there has to be evidence of the Trust being connected to the parties in their capacity as husband and wife for it to be considered as such by the Courts. The motive and identity of the settlor are irrelevant in this respect.

If the Court decides that a Trust is a nuptial settlement it may vary the terms of that Trust in order to reach a fair result in the matrimonial proceedings.

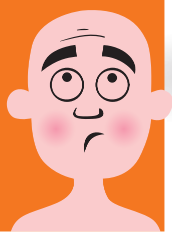
Something to make you smile

WHY DID YOU LEAVE YOUR LAST JOB?

COMPANY RELOCATED AND DIDN'T TELL ME WHERE...

A client comes to a bank:

- My cheque was returned with a remark: "Insufficient funds". I'd like to know whether it refers to mine or the Banks?



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

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