

Wise Words

the latest financial news from Aaron Tawny

New Addition to the Aaron Tawny Team

Whilst many of you were busying yourselves with the January shopping sales, we added our own new addition. Shaun joined Aaron Tawny as of January, and has already become a valued and important member of the team. He has joined our Administration Team and is working towards completion of exams to initially become a Mortgage Adviser then, in the future, a fully qualified Independent Financial Adviser. Whilst studying, he is working closely with the Advisers to develop his experience of the role. Shaun joins our team having previously trained to be a Teacher and spent 4 ½ years teaching, focusing on Maths, before changing careers. He is looking forward to supporting you in your financial queries and helping you to achieve your goals and ambitions.

We are on Facebook

One of Shaun's roles has been to revisit our Facebook page. He has been working hard behind the scenes to relaunch our updated Facebook page. The page will be initially used to update our clients of new Mortgage products that may be of benefit. Also, to raise awareness of Aaron Tawny to First Time Buyers. It will also provide news on updates to Aaron Tawny's website, links to any newsletters, guides and blogs (coming soon) that will be published and Tawny Tips.

Tawny Tips are new helpful tips that we believe some clients may benefit from financially.

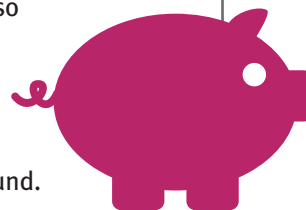
We would really appreciate you visiting our Facebook page at <https://www.facebook.com/Aaron-Tawny-571026243105033/> and, if you like it, give us a thumbs up. We would really appreciate any feedback that you have about our new Facebook page, or our website, and would appreciate your views being sent to us via email to admin@atawny.co.uk. Happy clicking.

Spring Budget

With the recent Spring Budget being announced we have identified what we consider to be the key and most relevant information and provided you with some Budget bullet points to mull over and consider how they may impact you. For more information please contact us.

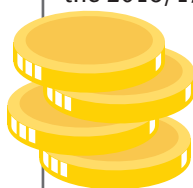
Budget Bullet 1: Say Hello to LISA

As of April 2017, the Government are launching a new ISA. The Lifetime ISA, also commonly known as LISA, will be available to people aged between 18-40 and can be used for purchasing your first home and/or as a retirement fund.



Budget Bullet 2: New ISA Allowance limit

As of 6th April 2017, there will be a new ISA allowance of £20,000 up from £15,240 during the 2016/17 tax year.



For children, the Junior ISA (and Child Trust Fund) increase is from £4,080 up to £4,128. Children aged 16 and 17 can open a Cash ISA (up to £20,000 in 2017/18) in addition to any Junior ISA or Child Trust Fund contributions.

Budget Bullet 3: Inheritance Tax and the Residence Nil Rate Band (RNRB)

Although there are no changes to the Inheritance Tax allowance for each person (remaining at £325,000) the Government are introducing the RNRB. This applies on the main residence when passed on as inheritance and only when passed to direct descendants. It will start at £100,000 for 2017/18 but will grow each tax year by £25,000 until it reaches £175,000 by 2020. This is in addition to the current Inheritance Tax allowance.

Continued overleaf

Spring Budget - contd...

Budget Bullet 4: NI Class 4 increase U-turn

Great news for the self-employed. Following the announcement that Class 4 National Insurance contributions were set to increase, the Government have since made a U-turn on that decision meaning your contributions are set to remain the same, but the bands will change for 2017/18.



Budget Bullet 5: Personal Allowance increase

Your standard allowance is going to increase to £11,500 with married couple's allowance still standing at £28,000. Assuming your full annual allowance applies, you won't begin paying higher rate tax until your income exceeds £45,000. Ultimately this means you can earn that little bit extra, before you are liable for tax.

Budget Bullet 6: Shareholder Dividends

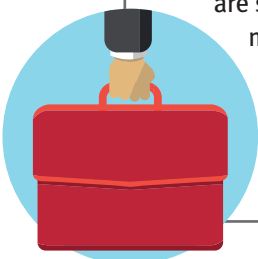
Something for shareholders or investors in dividend-paying OEICs/Unit-Trusts etc. to be aware of in the future – the tax-free dividend allowance for you will be reduced from £5,000 to £2,000 as of next April (2018).

Budget Bullet 7: Other news

- Growth is forecast to be 2% through 2017
- Businesses affected by the increase to Business Rates are set to receive £435 million of support



This is the last Spring Budget, as of 2017/18 the annual Budget will be held in the Autumn.



Is a Small Self-Administered Scheme (SSAS) right for your Business?

We are working with many small businesses that are run predominantly by families and this looks set to grow. A common theme is passing the family business down through the generations and some SSAS's are an ideal Pension scheme that enable this.

Details of a SSAS include:

- Can help with the purchase of commercial properties
- An ability to lend money back to the family business
- Contributions made by both Employer and Employee
- Can lead to greater purchasing power for the company, as funds contributed are pooled

If you would like more information about this or to see if your company could benefit, get in touch with us and see how we may be able to help you and your business.

Help with Mortgage Stamp Duty

Under some new Mortgage schemes, lenders are offering to cover part, or all, of the cost of your Stamp Duty. First Time Buyers and existing mortgage owners could benefit when purchasing your next home via the scheme with full Stamp Duty paid on properties up to £250,000 and a portion of the Stamp Duty up to the cost of £2,500 on properties of £250,000 up to £500,000.

To find out more about these schemes and to see if you could benefit from this, speak to one of our Advisers.

Existing mortgage owners could benefit when purchasing their next home.



Changes to the Money Purchase Annual Allowance (MPAA) from April 2017

Following the Budget, it has been confirmed that the MPAA is to be cut from £10,000 to £4,000 as of April 2017. Due to the reduction in tax-efficient funding, future years may provide less benefit in terms of pension funding to those aged 55 who've already accessed their money purchase pension savings flexibly.

The MPAA will not apply to you, if you have:

- Taken your tax-free lump sum and bought a conventional Annuity
- Gone into a Flexi-Access Drawdown plan and deferred your income
- Used dependants'/beneficiaries' Flexi-Access Drawdown
- Taken a Capped Income Drawdown and income has remained within the GAD maximum
- Utilised the 'Small-Pot' rules

Mergers

In recent months, some companies have merged or been bought by another company, as you can see below:

Elevate investment platform is now owned by Standard Life.

AXA assets have been transferred to Phoenix Life, who will now manage them.

Friends Life have merged with AVIVA.

Aberdeen Asset Management have merged with Standard Life Investments.



New Build Mortgages

With the Government's push once again to reduce the shortage of homes we are currently experiencing, there are many lenders who are offering mortgage deals for you on new build homes. Many of these are supported by the Government's Help to Buy schemes as well.

A snapshot of the new LISA:

Below are the headline details of the new Lifetime ISA from the Government, as introduced earlier.

- Save up to £4,000 per year
- Government contributes 25% bonus on all contributions annually up to a maximum £1,000 bonus per year
- Can be used for first home and/or retirement fund
- You must be over 18 and can take out up to your 40th birthday
- Bonuses are contributed until you reach age 50
- You can access the tax-free funds at 60 or earlier if for a first home purchase (withdrawals in other circumstances will incur penalties)



Save up to £4,000 per year

Changes to Landlord Tax

Buy-to-Let Landlords are to be taxed differently from April 2017. Here are the main changes and how you should start planning for them now.

The two key changes that will impact upon this are:

- 1) Deduction of finance costs, including mortgage interest, is being phased out until they can no longer be deducted at all in 2020/21, when calculating taxable income.
- 2) The amount of tax relief that you can claim on finance costs will be capped at the basic rate of tax, this is currently 20%, and will be given by a reduction to your tax liabilities.

The changes are going to be phased in over the course of the next four years as outlined below:

Tax Year	Percentage of finance costs that can be deducted from rental income	Percentage of finance costs subject to basic rate tax deduction
2017-2018	75%	25%
2018-2019	50%	50%
2019-2020	25%	75%
2020-2021	0%	100%

For more information, please refer to our winter 2016 newsletter that can be found on our website.

National Insurance credits for family members who care for children

You may be entitled to receive Class 3 National insurance credits if you have given up work as a grandparent or other family member to look after a child under the age of 12. The scheme is currently being massively under-used and could have an impact on your State Pension benefits.

More details of the scheme can be found at <https://www.gov.uk/national-insurance-credits/eligibility>.



Auto Enrolment

We have worked with many companies over the last few years on their Auto Enrolment obligations. Some of the schemes that we originally advised are re-auto enrolling employees who opted out 3 years ago. We would encourage you as an Employer to ensure you have a scheme in place or are planning one in time for your staging date. We would also encourage Employees to consider carefully the benefits of their Workplace Pension scheme, as it isn't just you paying in; your company will too.

All Employers will have auto-enrolled any qualifying Employee by March 2018.

If you would like any guidance on Auto Enrolment, please come and speak to us.

Marriage Allowance

Remember, you can pass 10% (no more, no less) of your personal allowance to a spouse where the giver is a non-taxpayer and the receiver only pays basic rate tax.



Transferring your Defined Benefit Pension Schemes

We have worked with many clients over the last few months who wish to transfer from their Defined Benefit Pension Schemes. One of the reasons for this is the unusually high transfer values that Pension providers are giving to reduce their liabilities. Lee Maddock as our Pension Specialist (please see our Winter 2016 newsletter for more information about Lee) has been busy using the comprehensive transfer value analysis to compare the features of existing Defined Benefits schemes to transferring to a Personal Pension. If you think this could be of interest to you, please come and speak to us and see if we can help you.



For more information
call us on 01536 512724

UK Commercial Property: making sense of Business Rates

On 1 April 2017, the next business rates revaluation for non-domestic properties in England, Scotland and Wales will take effect, based on a property's rental value. Some tenants may face a hike in their annual business rate, if the property they occupy has experienced an increase in rental value.



Planning using Pension contributions

Would you consider the possibility of contributing more to your Pensions to reduce your income, so that:

- Your income falls to a lower tax band
- You retain availability of personal allowance
- You're still eligible for full or part of the child benefit entitlement



Stakeholder Pensions

Scottish Widows Stakeholder Pension plans have been giving holders additional death benefits therefore enhancing the advantages of a Scottish Widows Stakeholder plan. If you do have a Scottish Widows Stakeholder plan, it may be worth you contacting Scottish Widows to see if your Stakeholder Pension benefits from this.



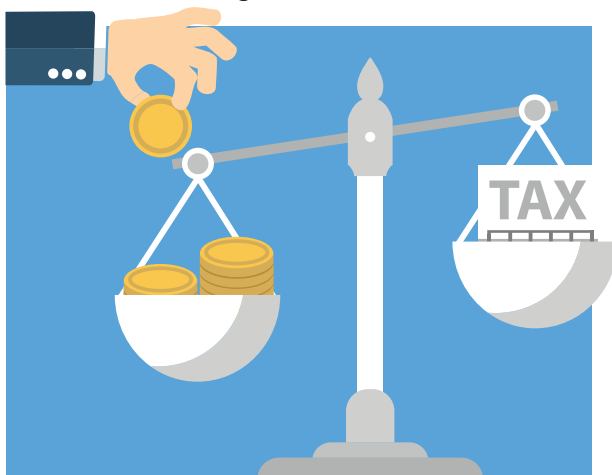
Building Societies competing for your Re-mortgages

Recently there has been a surge in activity in the Re-mortgages sector from competitive Building Societies who have been reducing interest rates on fixed products on those re-mortgaging up to 60% Loan to value (LTV) with some interest rates as low as 0.99%. It could be a great time for you to consider re-mortgaging particularly if you are currently paying your lender's Standard Variable Rate.

Taxes on Transfers to Qualifying Recognised Overseas Pension Schemes (QROPS)

Transferring a Pension to a QROPS will, as of 9th March 2017, be taxed. The charge will apply to transfers at a rate of 25% of the amount that is transferred. You will not be taxed if one of the following applies:

- Both the individual and the Pension savings are in the same country after the transfer.
- The QROPS is in one country in the EEA and the member is resident in another EEA country, after the transfer.
- The QROPS is an Occupational scheme provided by the individual's employer.
- The QROPS is an Overseas Public Service Pension Scheme.
- The QROPS is a Pension Scheme established by an international organisation.



New National Savings bond

A new savings bond will be available through National Savings & Investments (NS&I) from April



2017. It has been confirmed that the bond will have an interest rate of 2.2% gross, and a term of three years. Savers over the age of 16 will be able to deposit up to £3,000, with a minimum investment of £100.

Tax-free Childcare

Tax-free Childcare will provide up to £2,000 a year in childcare support for each child under 12 (up to £4,000 for disabled children up to the age of 17). Parents of younger children will be able to apply for the scheme first, with all eligible parents able to access the scheme by the end of the year.



SIPP Income Drawdown Payments

There are changes to the tax treatment of payment other than monthly payments from 6 April 2017. They will only apply where Flexibly Accessed Drawdown payments are made either quarterly, bi-annually, annually or on a termly frequency. This change follows clarification from HMRC in a recent Pension Newsletter provided to Pension Scheme Administrators on how they expect PAYE to operate going forward. This may increase the initial tax deducted at source, however, it will not increase the overall tax liability.

Although there may be an increase compared to previous years, there should be no action required as the PAYE system is designed to collect the correct amount of tax over the course of a tax year. However, you may wish to consider the following:

- Changing the frequency of the income - by spreading payments to monthly over the course of the tax year, depending on the HMRC tax code, you can spread the income to you and potentially result in a better use of the personal allowances and tax bands.
- Reclaim tax via HMRC - if you have suffered a large additional tax charge that you do not believe is due, you can claim a tax refund during the tax year by completing either form P50Z, P53Z or P55. The forms can be found at GOV.UK.



Unclaimed Assets to fund charitable causes

The Dormant Assets Commission has recommended that unclaimed assets in the life and long term savings industry be used to fund charitable causes.

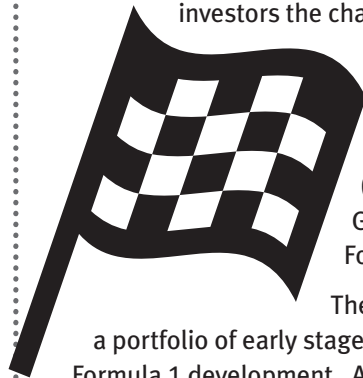
To help you find unclaimed assets, the ABI is launching a Register of Consolidations to assist in locating long-term savings assets following mergers and acquisitions of companies. Reports suggest there is up to £2bn in untapped assets including £715m from investments and wealth management, £550m from pensions and insurance (approximately 0.03% of total assets under management), £150m from securities and £140m from Banks and Building Societies.

New F1 Season Dawns - Enterprise Investment Scheme (EIS)

The new Formula One season is almost upon us. As momentum builds towards the beginning of the season, Foresight Williams Technology EIS Fund is experiencing interest in their funds.



Launched in November 2016, the fund offers investors the chance to benefit from a unique collaboration between Foresight Group and Williams Advanced Engineering (WAE) (part of Williams Group) acting as Foresight's Venture Partner.



These funds invest into a portfolio of early stage businesses linked to Formula 1 development. As with Formula 1, there are risks associated with this type of investment. If you would like more information regarding this type of portfolio and the risks involved, please get in touch with us.

Aaron Tawny joins the National Association of Commercial Finance Brokers (NACFB)

The NACFB are an organisation who supports lenders and intermediaries to promote and maintain standards in this area. We are pleased to announce we have been accepted onto the NACFB panel. This should give you even more confidence in our processes in relation to commercial mortgages. If you believe your company needs a review or you are purchasing a commercial premises, please speak to one of our Advisers.



Gives you even more confidence in our processes in relation to commercial mortgages.

Keeping it Lite - 'Heavenly Golf'



An elderly man entered into his church one Sunday and asked to speak to his Minister.

"How can I help?" the Minister enquired.

"Well," said the elderly man, "I love my golf and I was wondering, when I die, will there be a golf course in heaven?"

The Minister sat thinking for a while before replying, "I don't know Sir. Leave it with me and I will find out during the week and let you know when you next visit."

The following Sunday the elderly gentleman, remembering what the Minister said, returned to church. The Minister saw the man, walked over and said, "I have the answer to your question that you asked last week however there is some good news and some bad. What would you like to hear first?"

The old man asked for the good news first.

"Well, there is a golf course. It is the most wonderful course you will have ever seen with the smoothest of greens. It is greater than both the St Andrews and Pebble Beach courses. You will play round after round without getting bored."

"That sounds great," the elderly man said. "What is the bad news?"

The Minister paused before saying, "You're teeing off tomorrow morning at 11:30."



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.



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



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**Aaron
Tawny**
Established since 2000

Aaron Tawny Mortgages Ltd is Authorised and Regulated by the Financial Conduct Authority.
The Financial Conduct Authority does not regulate: Some forms of Buy to Lets, Commercial Loans and some Estate Planning.



To detach please cut along dotted line

If you would like more information on any of the following areas, please tick the relevant section, fill in your details and send this back to us at: Aaron Tawny Ltd. 6 Market Place, Kettering, Northants, NN16 0AL.

☐ Pensions

☐ Auto Enrolment

☐ ISAs

☐ Mortgages

☐ Enterprise Investment Scheme

☐ Inheritance planning

☐ Mergers

☐ Commercial mortgages

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