SHERWIN FINANCIAL SERVICES NEWSLETTER EDITION NO. 6

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Welcome to the latest issue of our bi-annual newsletter.
Sherwin Financial Services Ltd is developing its advice proposition. Daniel Peberdy, who has worked as a financial administrator for over 5 years, has now obtained his licence in protection which will allow him to advise clients on the various types of life cover including term assurance, critical illness and income protection.

The Chancellor of the Exchequer, George Osborne, delivered his budget to Parliament on 19 March 2014. It revealed a large amount of changes in the financial industry including a radical reform of the ISA system, increases to the amount that can be taken from a pension as a lump sum and the freezing of the inheritance tax threshold for 3 years in 2015/2016.

If you would like any further information about what was released in the budget, please do not hesitate to contact us.

A New Phase for ISA's

Individual Savings Accounts (ISAs) entered a new phase from 1 July 2014. Previously, ISA contributions for the 2014/15 tax year were capped at £11,880. The entire amount could be invested in a stocks & shares ISA, or up to £5,940 could have been saved into a Cash ISA. However, from 1 July 2014, the 'New ISA' (NISA) limit increased to £15,000 and you can now invest as much as you like of this allowance in cash, stocks & shares or a combination of the two. Investors are now also able to transfer ISA savings from previous years freely between stocks & shares and cash.

Any ISA subscription made between 6 April and 30 June 2014 counted against the £15,000 NISA subscription and you will not be allowed to open up a new NISA for the current tax year from 1 July. Instead, you will have to top up the existing account. Do check with your provider's terms and conditions – particularly if you have already opened a fixed-rate cash ISA.

The range of investments that can be held within a NISA is also expanding and this is likely to lead to an increase in new products from providers that, in turn, will provide greater choice for savers. One thing will not change, however – once it's gone, it's gone. At the end of each tax year, you lose any unused ISA allowance, so make sure you act in good time and, if you are unsure about anything, do seek professional advice.

A Greater Choice in Pensions

At the moment people don't have full flexibility when accessing their pension during retirement. Currently you can only take 25% of your pension pot tax-free and have various options on what you can do with the remainder depending on your needs and circumstances. These include taking out an annuity and capped or flexible drawdown.
From April 2015, from age 55, whatever the size of a pension pot, you'll be able to take it how you want, subject to your marginal rate of income tax in that year. 25% of the pot will still remain tax-free. If you still want the security of an annuity you are able to purchase one or if you want greater control over your finances you can drawdown your pension as you see fit. To help you make the decision, our financial advisers, David Parr & Amanda Buxton, are available for impartial face to face guidance on the range of options available to you at retirement.

Are you adequately protected?

It's a sad fact that while many of us have insurance for our cars, houses, pets and even mobile phones only a few take quite as much care over our own health and protection for loved ones.

There are many types of cover available for your family or business including:

- Mortgage Protection Insurance
- Family Protection
- Income Protection
- Key Person Cover
- Business Loan Protection

As independent financial advisers we are able to offer advice from the whole of the market; this allows us to shop around and find the very best product for your needs, as well as the best competitive terms.
Our recently qualified protection adviser, Daniel Peberdy is now offering free initial reviews to all clients whether you want a review of your existing provision or need to take out new cover. For more information please call today!

Inheritance Tax Thresholds Frozen

Planning ahead for when you die allows you to set out clearly who should get what from your estate. Also, you can maximise Inheritance Tax reliefs and exemptions if your estate might be worth more than the Inheritance Tax threshold. The 2014 budget announced a freeze on the threshold at £325,000 until April 2018.

There are a number of ways that you can reduce your Inheritance Tax liability at death. You can use a trust to pass assets on to others, for example to those who aren't immediately able to look after their own affairs, such as your children under 18 or if you leave 10% or more of your net estate to a 'qualifying charity' your estate may qualify to pay Inheritance Tax at a reduced rate of 36%.

Also since October 2007, married couples and registered civil partners can effectively increase the threshold on their estate when the second partner dies - to as much as £650,000 in 2014 to 15. Their executors or personal representatives must transfer the first spouse or civil partner's unused Inheritance Tax threshold or 'nil rate band' to the second spouse or civil partner when they die.

For further Inheritance Tax planning needs, please contact us to book an appointment with one of our financial advisers.