

Harrison Beale & Owen
FINANCIAL SERVICES
CHARTERED FINANCIAL PLANNERS

Highdown House 11 Highdown Road
Leamington Spa CV31 1XT

ifa@hboltd.co.uk
01926 422 292

WEALTH **KNOWLEDGE**

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www.hboltd.co.uk

Pension freedoms encourage saving

Almost 1 in 6 people are saving more into their pension pots as a result of recent pension freedoms, according to a study.

Research by Aegon found that individuals have saved on average £50,000 in pensions, up from £29,000 when the freedoms were introduced in April 2015.

Out of 2,000 people surveyed, 15% needed to plan more for retirement, up from 10% in April last year.

Steven Cameron, pensions director at Aegon, said:

"Pension freedoms paved the way for a smoother road to retirement. People have moved up a gear, saving more and becoming more engaged with their pensions.

"However, there's still a long way to go. People will need to accelerate their saving to reach their retirement destination and make the UK a nation of long-term savers."

The number of people not reviewing their pension plans has also fallen to 32%, with a further 22% having reviewed their pension plans in the last 6 months.

Expectations for retirement income have become realistic. The average annual income people want in retirement is £32,000, compared to £38,000 last year.

However, despite the positive signs:

- 36% have never engaged with their pension savings
- 22% don't understand how to review their retirement plans
- 15% said a lack of online services and information prevents them from checking their savings.

Contact us today to discuss your retirement planning.

Bereavement support payment changes

Widowed parents of younger children will be worst hit after changes to bereavement support payments were introduced by the government.

Under the new system, widowed parents will receive a tax-free lump sum of £3,500 and widowers without children will receive £2,500 - up from a previous bereavement payment of £2,000.

However, a monthly tax-free payment to the surviving spouse or civil partner will be provided for 18 months instead of parents receiving a weekly allowance until their child benefit stops.

Under the new support system, the widowed person will receive £350 a month for those with children and £100 for those without for 18 months.

The payment replaces the previous 3-tier system which included:

- bereavement payment - £2,000 lump-sum tax-free payment
- bereavement allowance - £112.55 per week for 1 year for those without children
- widowed parent's allowance - £112.55 per week for those with children until they are no longer entitled to child benefit.

Planning

Individuals should review any protection policies such as life insurance to ensure that they have the right level of cover.

Simon McCulloch, director at comparethemarket.com, said:

"No one wants to think about the worst-case scenario, but the sad reality is that bereavement can be sudden and unexpected for families. Unfortunately, nothing will stop the pain of losing a loved one, but having financial security can at least help to take away one major worry."

Employers should review existing employee assistance programmes or life insurance policies. Many group life insurance policies include bereavement support such as counselling.

Christine Husbands, managing director at RedArc, said:

"Bereavement support is about to become critical as these changes begin to bite [...] Employers need to step up now more than ever to support their staff."

Katharine Moxham, spokesperson for GRiD, said:

"Group life assurance benefits are generally paid within a few days without the need for probate, which ensures that families are not left on the breadline or with immediate financial concerns."

Contact us today to discuss protection.

Tax-free childcare scheme begins

The government's new tax-free childcare scheme is available for working parents to help cover childcare costs.

Parents with children aged under 12 or under 17 for children with disabilities will be eligible to use the scheme, which is being phased in this year.

The scheme will replace the employer childcare voucher system, which will be closed to new users from April 2018.

In addition, working parents with children aged 3 and 4 will be able to apply for 30 hours of free childcare from September.

How to apply

You and your partner (if you have one) need to earn at least £120 per week to use tax-free childcare.

Eligible parents can apply via the government website and set up an online tax-free account.

Parents can still apply if they are on maternity leave, are unable to work or have caring responsibilities.

However, parents who earn £100,000 or more are unable to use the scheme.

How it works

Parents can pay into their tax-free account to cover registered childcare costs. For every £8 paid in, they will receive a top-up of £2 from the government.

The maximum top-up you can receive is £2,000 per child or up to £4,000 for children with disabilities.

Tax-free childcare can be used to pay:

- registered nurseries, childminders and nannies
- registered schools
- registered play schemes and after school clubs
- home care workers who work for a registered home care agency.

Talk to us to find out more about tax-free childcare.

Employers on track with auto-enrolment

More than half a million employers have completed their auto-enrolment duties, according to The Pensions Regulator (TPR).

According to the latest figures, 136,000 small and micro employers fulfilled their auto-enrolment responsibilities in Q1 2017, while 600,000 businesses have responsibilities beginning later this year.

Overall, more than 7.6 million workers are now saving for their retirement through a workplace pension.

Charles Counsell, executive director of auto-enrolment at TPR, said:

"Hundreds of thousands more employers are due to follow suit over the coming months and it is vital that they act early and do not leave themselves open to being fined.

"I would urge every employer to check today that they know what they need to do and when they need to do it. Now is the time to seek help if you need it."

Starting auto-enrolment

It is vital that you meet all of your auto-enrolment obligations and confirm that you've met them.

Some of the key things to keep in mind when completing your auto-enrolment duties:

Staging dates

TPR will set your staging date which is based on the size of your payroll. This will be between May 2017 and February 2018 if you became an employer after April 2012.

Contributions

You are required to pay the minimum contribution based on a worker's qualifying earnings. This is currently 1% but is due to increase to 2% in April 2018 and 3% in April 2019.

Talk to us today about managing auto-enrolment.