



360



from **AW Financial Management LLP**

December 2018

A very happy Christmas to all. It has been wonderful to see everybody over the course of the year. We do genuinely look forward to seeing you for our review meetings.

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AWFM Update



We are delighted to report that since our last Newsletter, Edward passed the CII's Investment Principles & Risk paper whilst Jack added a pass in the Personal Taxation examination.

Christmas hours : as is our usual practice, we will be closing the office between Christmas and New Year and so, if you wish to contact one of the Partners during this time, it may be better to email us.

Government to Press Ahead with Probate Fees Overhaul

We previously reported in detail (in our April 2017 issue) planned changes to the costs of obtaining a Grant of Probate. The Government have announced that this will go ahead although the new fee which is linked to the value of the estate on a sliding scale will be capped at £5,000 for estates of £2m or more –as opposed to the originally proposed £20,000. Whilst the plan continues to be referred to as a 'death tax' in some quarters, the Government spokesman highlights that many will now pay nothing as estates below £50,000 in value will be exempt from the fee. However, according to the Society of Trust and Estate Practitioners, based on the 2014/15 returns , 85% of estates would have been liable for higher fees.

Did You Register a LPA between 1st April 2013 and 31 March 2017?

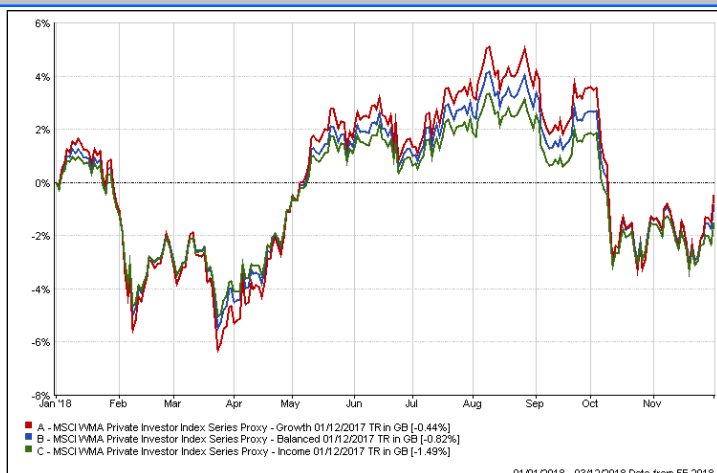
We have referred to the value of Lasting Powers of Attorney in previous Newsletters and many will have them drafted in conjunction with Wills. As with a Will it is often sensible to engage a solicitor in the drafting although again it is possible to avoid some of the cost by doing it yourself.

The cost for registering the Power(s) is unavoidable although, due to costs savings achieved at the Office of the Public Guardian ('OPG'), the fee was *reduced* (to £82) in April 2017. This reduction applied retrospectively to all Powers registered between the above dates and according to a recent report, around 1.8 million were overcharged. However, refunds are not being proactively offered by the OPG and it is incumbent on the registrant to enter a claim

Brief update on Investment Performance

A year ago we had experienced 12 months that, despite the initial aftermath of the earlier EU referendum, returned noticeably more than cash for those invested in diversified portfolios. Since then there have been a variety of concerns– not least in the UK about the EU Withdrawal Agreement. In reality, UK equity exposure for most of our clients is little more than 30% so this chart also reflects global worries about tariff wars, interest rates potentially rising too quickly and (back in Europe) a potential financial crisis in Italy.

As ever, investing carries no guarantees but as advisers we regularly review and (as you will have seen in recent weeks) make adjustments to portfolios to counteract risks and capitalise on perceived opportunities. Time generally remains the investor's friend.



"The virgin will conceive and give birth to a son, and they will call him Immanuel (which means "God with us")"
- Matthew Chapter 1 verse 23

Budget Update

The Budget statement this year was brought forward to October to give Parliament a clear run at debating the Brexit Withdrawal Agreement. In the first Monday statement since 1962 (cynically, also to avoid clashing with Halloween!), we were told by the Chancellor that “austerity is coming to an end” and that the Office of Budget Responsibility had upgraded UK growth forecast from 1.3% to 1.6% for 2019. The statement was peppered with various comedic references capitalising on such rich material as the Shadow Chancellor’s recent mishap with a pile of rubbish and on the introduction of Business Rates relief for public lavatories! Perhaps these attempts at light-heartedness were intended as a (very brief) diversion from the Brexit-centred travails we all have endured in recent months or simply reflect the lack of much substance in his statement for the average voter.

There was good news for some businesses including a two year cut in business rates for small retail properties in England from next April as well as financial help for the rejuvenation of high streets. We should bear in mind that the Budget is predicated on Parliament passing the European Union Withdrawal Bill – which as we write is a big ‘if’! The Chancellor has said, if not, his (or a successor’s!) Spring Statement is likely to become a “full fiscal event” - likely, code, for an Emergency Budget.

Nevertheless, we learned that the Personal Allowance for income is set rise to £12,500 (currently £11,850) from 5th April 2019 and the Basic Rate Tax Band to £37,500 (£34,500). Mr Hammond was keen to emphasise the fulfilment of a Tory manifesto pledge –to raise the Higher Rate tax threshold to £50,000– one year ahead of plan. There was also retrospective assistance for first time buyers under shared ownership schemes as the property valuation limit to qualify for the associated stamp duty exemption was increased to £500,000.

The Lifetime Allowance for pension savings is, as expected, increased in line with inflation to £1,055,000 but, yet again, fears of curtailment to tax relieved pension contributions were unfounded. The ISA subscription limit remains unchanged at £20,000 whilst there is a small increase to £4,368 in the Junior ISA. The Capital Gains Tax allowance exemption rises to £12,000 but business owners should be aware that the qualifying period for Entrepreneurs’ Relief in relation to capital gains on qualifying business assets is extended from one to two years.

Other News

Regrettably, Molly’s last day with the firm will be the 11th December. She has decided to pursue an alternative career outside Financial Services and we wish her all the very best as she leaves us for pastures new. At the same time Diran Fernando joined the firm a few weeks ago as a trainee. He is keen to start taking the financial planning exams as quickly as possible and we wish him well as he starts the process. We will be looking to replace Molly in the New Year.

... and, in what is becoming an (annual) ornithological feature, we were visited recently by a Little Egret. Clearly not concerned about the threat to Freedom of Movement, this member of the heron family only appeared in the UK for the first time in any numbers in 1989.



Celebrate Christmas with us at Trinity

If you are in or around Bexleyheath this Christmas and you would like to come to one of our Christmas services at Trinity Baptist Church (www.trinitybexleyheath.org.uk)



This year two of our Partners (coughs and colds willing!) will be performing in the Christmas Choir. The main performance will be our Carols by Candlelight service which, this year, is on **Sunday 23rd December at 5pm.**

Other Christmas services are:

- Sunday 16th Dec: Children’s Nativity Service, 10:30am
- Christmas Day Family Service, 10:00am (for approximately 1 hour)

If you are planning to come to any of these, please do let us know so that we can look out for you. It’s also worth aiming to arrive *at least* ten minutes before the start of the service to ensure you get a seat. We do have plenty of room but gladly the church often fills up fast!
Christmas Blessings!

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Finally, for details of the Charity we have chosen this year to benefit with a Christmas donation, please see the enclosed insert.