planning financially

Welcome to the first newsletter from the team at Clarke Nicklin Financial Planning. With the ever changing regulations in the financial world we aim to keep you updated on some key topics in the current market.

a new-look nisa way to save and invest

Have you taken advantage of your larger tax-efficient allowance?
The New Individual Savings Account (NISA) rules were introduced in July, giving savers and investors more flexibility and a larger tax-efficient allowance than ever before. Four out of ten people told the consumer organisation 'Which?' that they would save more as a result of the annual limit increasing to £15,000, up from £11,880.

Over the previous 15 years, more than 23 million people have opened ISAs, totalling over £440 billion, according to HM Revenue & Customs.

Did you know?

- You can decide how you want to split the £15,000 between the Cash and Stocks & Shares parts of a NISA
- Or you can allocate the whole £15,000 into either a Cash or Stocks & Shares NISA. Previously you could only put up to half the annual ISA allowance into a Cash ISA
- You can move your money from a Stocks & Shares NISA into a Cash NISA, or vice versa. Previously you couldn't move money from a Stocks & Shares ISA into a Cash ISA

New flexibility and higher limits

- You pay no tax on the interest you earn in a Cash NISA
- With a Stocks & Shares NISA, you pay no capital gains tax on any profits and no tax on interest earned on bonds. The dividends paid on shares or funds do have the basic rate of 10% tax deducted. This means that higher and additional rate taxpayers don't have to pay their higher rate of tax on their dividend payments

If you've already paid into an ISA in this current tax year, you can top it up to the new limit if your provider allows – each account provider will have different deadlines by which date all requests to increase amounts must be processed.

If you want to add more money and your provider doesn't allow it, if appropriate you could transfer your existing Cash ISA to another provider that will allow top-ups. You'll need to check first whether there are any penalties for transferring to another provider.

Another alternative if you've opened a Cash ISA and not fully utilised your allowance at the start of this tax year is to open a Stocks & Shares NISA to use the rest of your allowance. Remember, you are only allowed to open one Cash NISA and one Stocks & Shares NISA in one tax year.

a rise in interest rates

We are led to believe that the first rise will come spring 2015 most likely before the start of the General Election campaign then a slight gradual increase. We can't say for certain as The Bank of England won't commit but the rates could potentially increase to 2.5% in the next 5 years.

"protecting your wealth and **helping your investments grow**"

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millions of over-40s expect to carry on working until they physically can't continue

One in five Britons admitted that they are planning to 'work until they drop' in order to have a comfortable retirement, a study from Aviva has revealed. Worries about being able to afford their 'ideal retirement' means millions of over-40s are expecting to carry on working until they physically can't continue.

Retirement should be a time to look forward to, whether it's to get away from the pressures of work or simply to have more time on our hands. But worryingly, it seems there are a large number of people who are so concerned about what their financial situation is going to be like, they are beginning to consider the possibility that they will always be working.

Budget 2014 changes

The changes to pensions and annuities announced in Budget 2014 now mean you can spend your pension pot how you want, but given we're all living longer too, it's still important to make sure you have enough put by to cover your annual costs for the long term.

The study of 2,000 over-40s found that while the average adult would like to retire around the age of 60, one in five believe they will be working right until the bitter end.

No plans in place

More than three quarters said they are worried about being able to afford all they have planned during their retirement. Another 64% are concerned about simply paying for day-to-day living costs.

But despite these fears, around three in ten over-40s have no plans in place to fund their retirement. Even among those who have a financial plan, 64% admit it's probably not going to be enough to do everything they want to do. And almost two thirds of those surveyed wish they had started to plan for their retirement much earlier.*

* Source: Aviva – methodology – 2,000 UK adults aged 40 and above were interviewed 2–9 April 2014.

pension de-cluttering – have you considered tidying up your arrangements

It would appear we are now increasingly becoming a 'consolidation nation', with many people combining their different contracts and services to make them easier to manage. It's a growing trend, and new innovations are coming into the market all the time to tempt consumers.

Interestingly, just 3% of those surveyed have consolidated their pension. However, this trend might change because of the reforms in the Budget announced earlier this year. Many of us have more than one pension, and almost two thirds of us with pensions don't know their total value. Some pension de-cluttering could also make our finances simpler to manage and provide a clearer view too.**

Here are 5 tips that could help with your pension planning:

1. **Create a list of all your pension plans and check you receive an annual pension statement** – Billions of pounds worth of pension funds is going untraced as a result of people losing contact with their pension. The Government provides a free pension tracing service which allows you to find lost pensions using your national insurance number.

2. **Make contact with each provider to check the value of your pension and find out what it is likely to provide at retirement** – This will help you assess whether your plans are on track.

3. **Understand your benefits** – If you're considering consolidating your pensions, check you're not giving up valuable benefits such as guarantees or enhanced tax-free cash. It's important to speak to an expert to get information on your own situation, as you may want to keep these.

4. **Check how your money is invested** – Make sure your money is invested in funds that reflect your attitude to risk. Keep this under review, particularly as you get closer to the time you plan to retire.

5. **Get online – see if you can view your pension savings online** – That way you can keep track and see how your pension is doing more easily, so you feel more in control.

** Source: All figures unless otherwise stated were from research for Standard Life conducted by YouGov Plc among 2,059 GB adults. Fieldwork was undertaken 17–19 December 2013. The survey was carried out online. The figures have been weighted and are representative of all GB adults

The value of investments and the income obtained from them can go down as well as up and you may not get back as much as you invested.

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