



# WEALTH KNOWLEDGE

APRIL 2013

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## Welcome to your April newsletter.

In this issue, we look back at the key Budget 2013 announcements affecting savings and investments. We also go into more detail about one of the Budget's more unexpected measures, the Help-to-Buy mortgage scheme. This month also sees the Financial Services Authority replaced by two new financial regulatory bodies. We take a look at the new regulators tasked with protecting consumers and the UK financial industry. And finally, research revealed that the amount UK savers are putting aside has reached its highest level for nine years.

As always, please contact us if you would like to discuss any areas of your financial planning.

## Budget round-up

Budget 2013 was introduced by the Chancellor George Osborne as one for "...those who aspire to own their own home, who aspire to get their first job or start their own business." But what about measures for savers and investors? Here's our summary of the highlight announcements for wealth management:

### Equitable Life ex-gratia payments

Policyholders who bought an Equitable Life With-Profits Annuity before 1 September 1992 will receive an ex-gratia payment of £5,000. Those who meet the criteria and are also receiving Pension Credit may be eligible for a further £5,000. Payments will be made in 2014/15 or earlier if possible.

### Life insurance - qualifying premiums

Before 6 April 2013, there was no restriction on the investment premiums that could be paid into a qualifying policy, which meant individuals benefited from unlimited relief from higher and additional rates of income tax. When the policy was realised, the individual should have made a

gain which was subject to income tax at their marginal rate. This was known as 'the chargeable event gain regime'. From 6 April 2013, an annual premium limit of £3,600 applies to qualifying life insurance policies. Transitional rules will apply for the period between 21 March 2012 and 5 April 2013.

### Child Trust Funds

The Government will consult on plans to allow savings held in Child Trust Funds - which were available to eligible children until November 2011 - to be transferred to a Junior ISA. Any changes are expected to be enacted in the 2014 Finance Bill.

### Seed Enterprise Investment Scheme (SEIS)

The capital gains tax relief on sums gained from SEIS shares is being extended to gains accruing to individuals in 2013/14, providing they are reinvested in SEIS shares in 2013/14 or the following year. The extension of the relief is for half of the qualifying reinvested amount.

### Stamp duty on AIM shares

Stamp duty will be abolished on shares traded in growth markets, such as the Alternative Investment Market (AIM), from April 2014.

**We can help you manage your savings and investments.  
Call now to speak to an adviser.**

# 'Help-to-Buy' mortgage scheme

The Help-to-Buy scheme was one of Budget 2013's biggest surprises. The Government announced it will pledge billions of pounds worth of financial support to help individuals get onto the property ladder with two new support schemes. It aims to support up to 74,000 new home buyers as well as providing a boost for the construction sector.

Firstly, £3.5 billion will be made available in loans for up to 20 per cent of the value of a new build home, providing savers can contribute a five per cent deposit. Available from this month, both first-time buyers and existing homeowners will be able to access the support for new-build homes with a value of up to £600,000.

Secondly, the mortgage guarantee will make £12 billion of Government guarantees available to support up to £130 billion of high loan-to-value mortgages. This will help to increase the availability of mortgages for those with small deposits seeking a new-build home. Guarantees will be available to first-time buyers with a five to 20 per cent deposit who wish to buy a home worth less than £600,000, and are intended to run for three years from January 2014.



**We can help you through the house-buying process.**

## Saving levels at nine year high

Recent research by National Savings and Investments (NS&I) revealed that Britons are saving at the highest levels since 2004. Saving levels have now increased for a third successive quarter, with people putting aside an average of eight per cent of their incomes each month - £104 in real terms.

Those aged 25-34 are leading the trend, saving 9.3 per cent of their incomes or £125 in real terms. Although the number of those not saving has fallen from a quarter in Q4 2012, one in five still admits to putting nothing away for the future.

The research suggests that the 25-34 age group is using saving goals to its advantage, with 59 per cent admitting to saving for a home, a mortgage or home improvements.

NS&I's retail customer director, John Prout, said: "Setting savings goals can help savers gradually build their pot to save for particular long-term targets and our research suggests that setting a goal enables savers to save an extra £39 each month."

**Talk to us about ways to reach your savings goals.**

## FSA replaced by new financial regulators

The Financial Services Act 2012 brought major reforms to the UK's financial system and regulatory framework, in a bid to rebuild confidence in the industry. Chancellor George Osborne hailed the replacement of the Financial Services Authority (FSA) regulator as a 'resetting' of the financial system. As of the 1 April, the FSA has been replaced by two new regulatory bodies that are tasked with monitoring financial institutions and better protecting consumers.

### The Prudential Regulation Authority (PRA)

The PRA is now responsible for the regulation and supervision of 1,700 institutions including banks, building societies, credit unions, insurers and major investment firms. Its aim is to promote the protection of firms, the UK financial system and consumers. Working as an arm of the Bank of England, its aim will be to strengthen banks by using powers to order institutions to hold more capital.

### The Financial Conduct Authority (FCA)

The PRA will work alongside the independent Financial Conduct Authority (FCA), which will supervise the conduct of the aforementioned firms but will also regulate brokers, asset managers and independent financial advisers. It will also promote competition and has powers to intervene and take action if it thinks customers are not getting a fair deal.