

# Orchid Financial Services Ltd

Thorney Lakes Golf Centre Thorney
Peterborough PE6 0TJ

info@orchidfinancialservices.com
0844 414 0730

# WEALTH **KNOWLEDGE**

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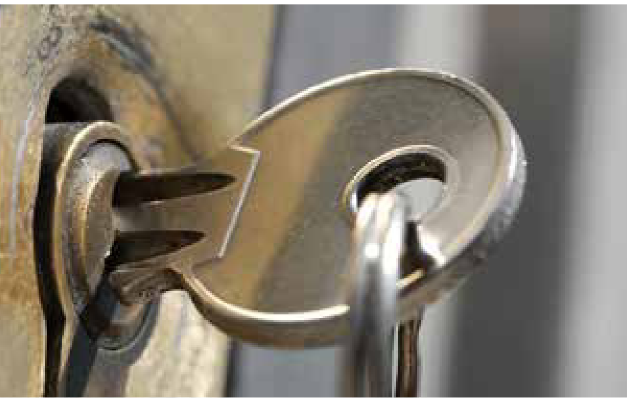



## Financial doubt ‘delays life milestones’ for over-30s

**Millennials in their early 30s are one of the UK’s least financially resilient age groups, according to a study.**

LV= found that financial insecurity could be a problem for around 4.7 million people, who show caution in tough economic conditions when it comes to starting a family and buying a home.

Around a quarter (24%) of the 8,529 people polled are worried about life milestones, with 17% of 30 to 35-year-olds putting them off altogether due to a lack of financial confidence.

Almost half (43%) had no confidence in how to handle a potential crisis with their personal finances, such as being made redundant, going through a divorce or being declared bankrupt.

The Money Advice Service recommends that people should save an emergency fund of at least three months’ wages – but 73% of respondents to the LV= study fell short.

Justin Harper, head of policy for protection at LV=, said:

“Many of those in their early 30s are delaying major life milestones because they feel worried, unconfident and financially ill-prepared.

“It’s also concerning that so few of this generation can withstand the financial effects of an unexpected income shock.

“There is a need and opportunity for advisers to help this generation with their financial planning so they feel more secure.”

Get in touch to discuss managing your finances.

## Saving levels fall among UK workers

**Employees in the UK are earning more in 2018 but saving slightly less compared to last year, research has shown.**

Aldermore surveyed 4,009 people and found that despite the average annual salary in the UK increasing to £24,732 in 2018, savings have dropped by £1,798 or 1% year-on-year.

Around one in three (32%) respondents had not saved any money at all over the past 12 months, 1% higher than in 2017.

Even among those who are still saving as much as they can, 53% still don’t feel they are putting enough money away.

This is a particular concern among those close to retirement, with 39% of 45 to 64-year-olds feeling they are not saving enough for a comfortable retirement.

In contrast, 18 to 24-year-olds are much more upbeat about their financial future, with 46% believing they are saving enough for later in life – up from 29% in 2017.

Ewan Edwards, head of savings at Aldermore, said:

“For many, the importance of saving is understood but there is a sense they are not saving enough.

“Even saving little and often can go some way to provide protection for the future and the earlier people start saving, the more chance they have of reaching their savings goals in later life.”

Contact us to discuss your savings.

www.orchidfinancialservices.com

# MPs call for the Lifetime ISA to be abolished

**MPs have rounded on the Lifetime ISA (LISA), calling for the savings product to be withdrawn less than 18 months after it was introduced.**

The LISA was introduced in April 2017, and encourages people aged 18 to 40 to open an account to either save towards a first home or retirement.

It enables savers to stash away a maximum of £4,000 a year up to the age of 50, with the government adding a 25% annual bonus worth a potential £1,000.

The Treasury committee criticised the LISA over "its complexity, its perverse incentives, its lack of complementarity with the pensions saving landscape and its apparent lack of popularity".

Concerns were also raised that savers would choose a LISA over a workplace pension, missing out on employer contributions and tax reliefs, and a lack of clarity over the withdrawal penalty.

If money is withdrawn from a LISA before the age of 60 and is not used to buy a first home, the entire amount saved will be penalised at 25% unless the saver is terminally ill.

As a result, those who withdraw early could not only lose their government bonus, but a chunk of their savings.

Steve Webb, director of policy at Royal London, said:

"The original worry was people would choose LISAs and opt out of the workplace pension, giving up employer contributions and tax relief and so on. In fact, it has been a bit of a flop."

However, LISA providers have slammed the prospect of the savings vehicle being abolished, with Martin Stead, chief executive at Nutmeg, describing the potential abolition as "nonsensical".

He added:

"The LISA is not yet two years old. The government should be investing time and money in promoting this product, not debating whether or not to keep it."

Speak to us about your savings strategy.

# Stamp duty tax break helps 121,500 first-time buyers

**More than 121,500 homeowners have benefited from stamp duty land tax (SDLT) being abolished for most first-time buyers on all properties worth up to £300,000 in the first half of 2018.**

Government statistics showed those who took their first steps on the property ladder between 1 January 2018 and 30 June 2018 saved a combined £284 million in SDLT.

The tax break was introduced in Autumn Budget 2017, scrapping the property tax for most first-time buyers in England, Northern Ireland and for a limited time in Wales.

Speaking at the time, Chancellor Philip Hammond anticipated the move would cut SDLT for 95% of first-time buyers and abolish it for 80% of them.

SDLT was axed on the first £300,000 of all purchase prices up to a value of £500,000, with a 5% rate chargeable on the portion between £300,000 and £500,000.

Those who bought their first home in Wales could have gained from the move between 22 November 2017 and 1 April 2018, at which point the devolved land transaction tax replaced SDLT.

The tax break did not extend to first-time buyers in Scotland, which has its own land and buildings transaction tax.

Mel Stride, financial secretary to the Treasury, said:

"Our cut to stamp duty for first-time buyers is helping to make the dream of home ownership a reality for a new generation.

"In addition, we're building more homes in the right areas and have introduced generous schemes such as the Lifetime ISA and Help to Buy."

Talk to us about personal tax planning.