

David Penney, Practice Principal

Welcome to our Spring newsletter

Alongside the warmer weather and longer days, Spring is also synonymous with the annual Budget. So, in this edition of Practice Focus we take a look at some of the key points from this year, in particular the reform of Pensions, changes to ISAs and Income Tax rates. We also look at why DIY probate can be costly and remind you of the benefits of our 'My Documents – What I Own and Where it is Kept', as well as introducing the individual member offices in 'The Hub' on the 1st floor at Kensington House. I hope you enjoy this edition.

David Penney

Common mistakes of DIY probate

In carrying out their responsibility to the beneficiaries of an estate, the lay personal representative may struggle with the complexities of the laws of succession or tax. Common mistakes of DIY probate include:

- Undervaluing the estate
- Failing to identify or locate all assets
- Failing to identify all beneficiaries
- Failing to pay Inheritance Tax on time
- Failing to implement a trust*
- Failing to pay gifts to children correctly
- Failing to pay all the deceased's debts or in their correct order.

Perhaps even more stressful and damaging, DIY probate can result in mistrust between family members. It can also result in greater costs, and time, putting things right. While

the costs of DIY probate may seem lower, the value gained from the stress-free process of instructing an experienced legal professional more than makes up for the difference. Working with them will not only remove the risk of tax problems and liability, but may actually be a wise investment and save you money in the long term.

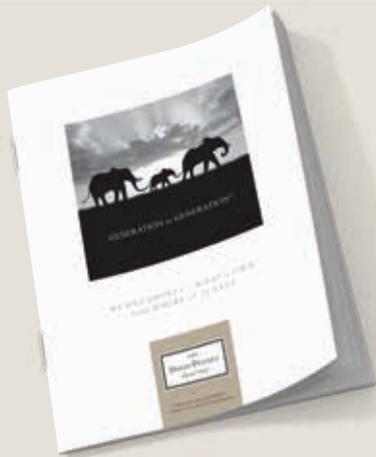
Professional help with probate involves the referral to a service that is separate and distinct to those offered by St. James's Place.

*Trusts are not regulated by the Financial Conduct Authority.

Summary of fund manager changes

- Neil Woodford's departure from Invesco Perpetual prompted a wide-ranging review. He will continue to manage the UK Equity and Income Distribution funds and the UK High Income Unit Trust through Woodford Investment Management.
- Threadneedle Investments now manages the Strategic Managed Unit Trust and Invesco Perpetual Managed fund, which will be renamed Strategic Managed.
- Manulife Asset Management now manages the Global Equity Income fund.
- Global Emerging Markets fund closed to new investments.
- Launch of new Emerging Markets Equity fund managed by Wasatch Advisors, which will also be replacing the Global Emerging Markets fund in the Balanced Portfolio and the Adventurous Portfolio.
- Manager James Hamel will be added to the Global Managed fund/Global Unit Trust.
- UK & Progressive fund – The Committee concluded it is now appropriate to stop further inflows into co-manager John Wood's portfolio and all future regular and lump-sum contributions will be split between the other managers, BlackRock and Majedie.

Stop Press: St. James's Place moved into the FTSE 100 Index as of 24 March 2014 at 87th position and now has in excess of £44 billion of client funds under management.



My Documents

What I Own and
Where It Is Kept

We would like to remind you of The David Penney Practice 'My Documents – What I Own and Where It Is Kept', which is available electronically (as an editable PDF) and also in paper form. Please do contact us and request which format is more suitable to your requirements. In essence, it's a document designed to capture what you own and where it's kept so, should something happen to you, every aspect of your personal and financial affairs is easily identifiable and located. This will give you security and confidence that things won't get missed and provide great comfort for your family, while also potentially saving unnecessary legal fees for probate research.

Contact us:

Tel: 01743 450990
Email: david.penney@sjpp.co.uk
Website: www.davidpenney.co.uk

The David Penney Practice,
Kensington House, Knights Way,
Battlefield, Shrewsbury,
Shropshire, SY1 3AB

THE HUB



Byron McEwan
*McEwan Wealth
Management*
Specialises in
Pensions and
Tax planning.



Sally Barry
*Sally Barry
Financial Planning*
Specialises in
protecting family
wealth and estates.



Simon Brown
*Midlands Wealth
Management Ltd*
Specialises in highly
technical areas.



Andrew Sweetman
*Andrew Sweetman
Specialises in
Estate Planning and
Family Protection.*



Neil Lewis
*Lewis Wealth
Management Ltd*
Specialises in
long-term
care advice.

Hosted by The David Penney Practice on the 1st floor at Kensington House, 'The Hub' consists of individual member offices and highly focused individuals with varied experience and backgrounds. Their specialisms include retirement, family protection and long-term care. Bringing together their experiences and sharing knowledge and support heightens best practice and the quality of advice offered to our clients.

The members of 'The Hub' separately represent St. James's Place Wealth Management plc, which is authorised and regulated by the Financial Conduct Authority. Whilst they carry out joint marketing activities together they own and run separate businesses and do not operate in legal partnership with each other.

Budget – the key points

Reform of Pensions

- Maximum draw down under a capped arrangement increased to 150% of GAD rates. Amount of guaranteed income needed to access flexible drawdown will reduce from £20,000 to £12,000 per year.

No changes to 'accumulation phase' pension rules. The Government is consulting on:

- allowing full access to pension funds from age 55, subject to their marginal rate of Income Tax.
- reducing the 55% tax charge on lump sum death benefits in the light of these changes.
- raising the minimum pension age from 55 to 57 from 2028 and thereafter linking it to ten years below the State Pension age.
- allowing tax relief on contributions beyond the age of 75.

ISA changes

Introduction of the New ISA (NISA) from 1 July 2014. The investment limit in either Stocks & Shares or Cash increased to £15,000.

Until 1 July, Stocks & Shares and Cash ISAs will remain separate and subject to the published tax year limits. Transfer rules and arrangements between NISAs for the different regimes will be published and reviewed separately.

The Junior ISA and Child Trust Fund limit will increase to £4,000 from 1 July 2014.

Income Tax rates

- The 10% starting rate of tax for savings income is to be abolished from April 2015 and the band will increase to £5,000.
- As expected, the personal allowance from April 2014 will increase to £10,000 and the higher rate threshold to £41,865, with further increases from April 2015.

Pensioners Bond (for those over 65)

- NS&I will offer products which would pay rates of 2.8% gross/annual equivalent rate (AER) on a one year bond and 4.0% gross/AER on a three year bond under current market conditions, with an investment limit of £10,000 per product.

The levels and bases of taxation and reliefs from taxation can change at any time and are generally dependent on individual circumstances. The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and the value may fall as well as rise. You may get back less than the amount invested. An investment in a Stocks and Shares ISA will not provide the same security of capital associated with a Cash ISA.