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# WEALTH KNOWLEDGE

AUGUST 2014

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In this month's Wealth Knowledge newsletter...

The government is planning to change how inheritance tax is calculated on assets held in trusts. Employers don't think school adequately prepares young people for the workplace. Pension scheme members want more information about how their money is invested. And the insurance industry wants to make policy renewal information easier to understand.

## Consultation on inheritance tax on trusts

People who place more than £325,000 worth of assets into multiple trusts will have to choose how to split their inheritance tax (IHT) allowance under new rules proposed by the government.

Individuals would have a single nil-rate band (SNRB) of £325,000 to allocate across all their trusts during their lifetime, in addition to their own personal nil-rate band for IHT. An individual setting up more than one trust (the 'settlor') will have to decide how they want their SNRB to be allocated to each trust.

The changes aim to ensure equal treatment among those who transfer their assets on death and those who make lifetime transfers via trusts.

### Calculating IHT on trusts

The government is also looking at ways simplify the "complex and time consuming" way IHT is calculated on trusts.

If a trust is worth more than £325,000 the excess is subject to IHT charges of:

- 20% on entry to the trust
- a charge every 10 years based on the current and historic value and on transfers out of the trust
- an exit charge (a proportion of the 10-year charge).

The combination of these charges amounts to roughly the same as a one-off 40% charge.

The consultation suggests:

- a standard 6% charge to replace the 10-year charge and exit charge
- dropping rules relating to trusts formed on the same day by the same person
- much simpler methodologies for calculating the 10-year and exit charges
- trustees should self-assess the amount of tax payable for the 10-year and exit charge.

**Talk to us about trust and IHT planning.**

# Youth skills shortage concerns employers

More than half of businesses are concerned about the “resilience and self-management” of young people entering the workplace, a survey by the Confederation of British Industry (CBI) and Pearson has found.

A third of firms are concerned about school leavers' attitudes towards work but 96% said they are pleased with young people's IT abilities.

Key findings:

- 58% of surveyed firms are not confident that school leavers will provide a highly-skilled workforce in the future
- 28% of firms requiring skilled workers in science and technology have recruitment problems and 35% predict problems in the next 3 years
- 80% of firms are concerned about the quality of careers guidance given in schools
- firms reported weaknesses in basic skills such as literacy (54%), numeracy (53%) and IT (61%) among existing staff.

## Pension members want more information

Two thirds of individuals with workplace pensions are interested in how their savings are invested, according to a report published by the National Association of Pension Funds (NAPF).

Pension members would like information about the performance of their pension, management fees and the companies and countries their money is invested in.

Key findings:

- 39% don't know what their pension provider does with their money
- 60% are interested in pension providers supporting the long-term performance of the companies they invest in
- 70% think it is important for pension providers to invest in ethical companies
- 53% would like their employer to choose a pension provider that is involved with the running of the companies they invest in, even if it costs more.

Joanne Segars, chief executive of the NAPF, said:

“As automatic enrolment brings millions of new savers into workplace pensions, schemes, providers and policy makers should take stock and ensure arrangements, including the default fund, accurately reflect members' investment preferences and their best long-term interests.”

[Contact us to talk about your retirement strategy.](#)

The survey asked businesses to suggest measures that could reduce the skills shortage:

- 85% want primary schools to focus on literacy and numeracy
- 52% want more focus on working life for 14-19 year-olds
- two thirds are willing to take on a larger role in the school careers system
- 80% have built links with at least one school or college.

John Cridland, director general of the CBI, said:

“There is a crisis in UK skills right now and our incapacity to meet growing demands for higher skills is putting the long-term prospects of the UK economy at risk. We need to create more apprenticeships, but also retrain current workers with in-demand skills in key sectors.”

[Contact us to discuss any aspect of business planning.](#)

## Insurance industry proposes clearer renewal quotes

Customers should get clearer information when renewing their home and motor insurance, the Association of British Insurers (ABI) has said.

The ABI has written to the Financial Conduct Authority (FCA) to suggest ways to improve information and make it easier to compare quotes.

The ABI wants insurance documents to include:

- the previous quote and the renewal quote
- a clear explanation of when introductory discounts expire.

Huw Evans, deputy director general of the ABI, said:

“Our proposal, if adopted by the FCA across the market, would significantly improve transparency for millions of customers. We look forward to discussing it in detail with the FCA.”

Richard Lloyd, executive director at Which?, said:

“These simple changes could save people money by prompting them to shop around or haggle for a discount, and we urge the Financial Conduct Authority to adopt the proposals.”

[Contact us to discuss your protection options.](#)