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WEALTH **KNOWLEDGE**

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In this month's Wealth Knowledge newsletter...

The Chancellor has changed the way that homebuyers are charged stamp duty land tax. A survey found that 65% of people are in favour of raising the inheritance tax threshold. More than 4 in 10 self-employed people have no pension savings. And parents can share parental leave.

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Stamp duty system reform

Major changes to the way stamp duty land tax (SDLT) is charged on residential property were announced by the Chancellor during the 2014 Autumn Statement.

SDLT is now charged according to a band system with different rates depending on the proportion of the purchase price that falls into each band.

This replaces the previous 'slab rate' system under which SDLT was charged on the total value of the property.

SDLT rates from 4 December 2014

Purchase price of property	Rate of SDLT (percentage of portion of purchase price)
£0 - £125,000	0%
£125,001 - £250,000	2%
£250,001 - £925,000	5%
£925,001 - £1.5 million	10%
Over £1.5 million	12%

In Scotland stamp duty will be replaced by the the land and buildings transaction tax on 1 April 2015. The SDLT changes will apply to residential property purchases in Scotland until then.

Paul Broadhead, head of mortgage policy at the Building Societies Association, said:

"A progressive system of taxation for home purchase is far fairer. It will help individuals and families buy their own home, and smooth out the crazy tax jumps buyers have suffered around the top of each band."

Call us today to find out how these changes affect you.

Two thirds support IHT threshold increase

Almost two thirds of the public support raising the inheritance tax (IHT) threshold from £325,000 to £1 million, research by YouGov has revealed.

The survey of almost 2,000 people found that:

- 65% want the threshold raised because they don't believe people should be taxed on their estate
- 55% don't think that a threshold rise would affect many people
- 23% say they want the threshold raised because it will affect how much they inherit.

Opinions were divided slightly between different age groups More than 7 in 10 (72%) over-60s think raising the threshold is a good idea compared to 53% of 18-24 year-olds.

Jake Palenicek, director of financial services research at YouGov, said:

"Increasing the IHT threshold has popular headline appeal - some of it no doubt based on self-interest and some of it rooted in the hard-headed reality that £325,000 is not what it used to be.

"Although only 2% of the public have previously received an inheritance over £325,000, this figure is set to quadruple as increasing house prices and inflation kick in."

Talk to us about your personal tax planning.

Self-employed struggle to save for retirement

More than two fifths of self-employed people have no retirement savings, according to a survey by Prudential.

The poll of more than 2,200 people found that 43% of self-employed people don't have a pension while just 17% regularly contribute to one.

The survey found:

- 57% can't afford to save into a pension or have other financial priorities
- 16% have chosen not to save into a pension, or are planning to use their business to fund their retirement
- 9% prioritise reinvesting in their business over saving for retirement
- 6% don't plan to stop working.

When asked about their future saving plans:

- 52% said they don't have plans to start or resume saving into a pension
- 27% will start or restart their retirement saving.

Stan Russell, retirement income expert at Prudential, said:

"The financial pressures of starting and growing a business often means that spare cash is hard to come by.

"Focusing on day-to-day finances is second-nature for those who are self-employed. However, not considering or planning for the longer-term is a risky approach, especially if those who own their own businesses don't want to end up having to work past their ideal retirement age."

We can help you make decisions about your retirement income. Call us today.

Parents to benefit from shared leave

Parents are now able to share parental leave, giving them greater flexibility in how they care for their child.

The new rules will allow couples with babies born or adopted from April 2015 to share the mother's maternity leave.

The government predicts that up to 285,000 couples will benefit from the reforms.

Under the new rules:

- mothers will take a minimum of 2 weeks maternity leave after giving birth
- after the initial period couples will be able to share:
  - up to 50 weeks of leave
  - up to 37 weeks of pay.

However, separate research by Glassdoor found that just 23% of men support sharing leave between parents. Nearly a third of men aged between 18 and 24 said they would consider sharing leave with their partner compared to 21% of over-45s.

The survey of 2,000 people under 50 found:

- 42% of men would take the minimum paternity leave if their partner had a baby
- 12% would choose to take the maximum possible paternity leave
- 13% said that both they and their partner would take maximum leave.

Talk to us about how these changes could affect you.