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WEALTH KNOWLEDGE

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In this month's Wealth Knowledge newsletter...

The tradition of providing inheritance is evolving as more retirees choose to give a 'living inheritance' instead of passing on wealth after death. A review by the FCA into the insurance market found that insurers are not giving customers enough clear information about payments. Mortgages have become the most difficult financial product to switch since the introduction of the Mortgage Market Review. And, research suggests that older workers are more reliable than their younger colleagues.

'Living inheritance' favoured by retirees

Traditional methods of passing on wealth could be dying out, a report by HSBC has suggested.

Increasing numbers of retirees are opting to provide loved ones with a 'living inheritance' instead of passing on their wealth after death. Living inheritance involves retirees providing regular financial support to friends and family members while they're still alive.

Of the retirees surveyed:

- 50% give financial support to loved ones
- 19% regularly give money to their adult children
- 9% provide financial assistance to their grandchildren.

The study also reveals changing attitudes towards traditional forms of inheritance, with 26% of working age people choosing to spend all of their money and just 5% believing it is important to pass on as much wealth as possible.

Caroline Connellan, head of wealth at HSBC UK, advised retirees to "consider the right balance between helping their family and making sure they have sufficient income in retirement".

Using lifetime gifts to reduce inheritance tax

Taking advantage of lifetime gift exemptions can go a long way to lowering the value of your overall estate, enabling you to reduce your inheritance tax (IHT) liability.

There are several lifetime gift exemptions that you can easily make use of.

These include:

- you can give away up to £3,000 each year IHT-free (the annual exemption), and this can be rolled over for 1 year if you don't use it
- small gifts of up to £250
- gifts of varying amounts (£5,000 for children, £2,500 for grandchildren, £1,000 for anyone else) can be made to couples getting married or entering a civil partnership
- gifts to your spouse or civil partner are IHT-exempt.

Insurance costs unclear, says FCA

Some insurers are failing to provide customers with clear information about the costs of insurance products, a review by the Financial Conduct Authority (FCA) has concluded.

The findings show that insurance companies do not always make their clients aware of the different ways of paying and the effects these have on overall costs. This makes it harder for people to compare the price differences between paying upfront and in instalments.

It also found examples of credit brokers not providing sufficient information about interest rates to their customers. Firms that provide credit and act as credit brokers are required by law to provide the representative interest rate, annual percentage rate, the total amount payable and any other associated charges.

The financial watchdog examined 13 insurers and 30 insurance intermediaries, including 4 price comparison websites.

The review also found that:

- clear explanations of proposed credit agreements were not always given early enough to allow customers to make informed decisions
- credit brokers did not always give the credit provider's details to their customers
- it was not always clearly disclosed that customers would be charged a fee.

Linda Woodall, acting director of supervision at the FCA, said: "Consumers should expect clear information about the payment options available to them. Regardless of whether people choose to pay upfront or in instalments, it's important that they can see exactly what they are signing up for and how much it costs so they can decide whether they are getting a fair deal."

Mortgages hardest financial product to switch

Mortgages are the most difficult financial product to switch, according to a survey by GoCompare.com.

The research reveals that over the past year fewer people who have switched their mortgage provider describe the process as easy. In a July 2014 survey 70% of respondents said it was easy to change their provider, while just 59% said the same in March 2015.

Mortgages are now the financial product that fewest people say are simple to switch.

The falling figure suggests that the introduction of the Mortgage Market Review (MMR) in April 2014 has had an effect on people's ability to change their provider.

Matt Sanders, of GoCompare.com, said:

"Mortgages were never the most straightforward product to switch, but MMR has added an extra layer of complexity and

in many cases led to delays in the process which just frustrates people further."

Tips for a successful mortgage application

The MMR introduced new restrictions on how lenders issue credit for mortgages. Providers now need to undertake detailed checks on mortgage applicants which include verifying their incomes, conducting affordability tests and evaluating their repayment strategies.

The stricter conditions have made it harder for some people to get a mortgage. Here are some tips to ensure that you stand the best chance of being successful in your application:

- keep records of all the relevant documents
- provide your lender with paperwork promptly
- contact your lender regularly to ensure you are meeting their expectations and check on the application's progress
- ask your lender to forward copies of correspondence to your solicitor.

[Contact us to see if we can help with your mortgage arrangements.](#)

Over-50s workforce 'most reliable'

People aged over 50 take less time off work and have a better work ethic than younger workers, according to research by RIAS.

The survey of more than 2,000 people compared attitudes of individuals over 50 and 20-39-year-olds.

	Over-50s	20-39 year-olds
Lie to employer to avoid work	12%	44%
Agree that sick leave is 'additional holiday'	4%	29%
Take more time off than needed	12%	55%

Peter Corfield, managing director at RIAS, said:

"Over-50s workers continue to be a vital part of the British workforce and they should be recognised for the contribution they make. They bring a wealth of experience, ambition and knowledge that cannot be underestimated.

"The added benefit to UK business in employing more mature workers is that if they take less time off sick, businesses will save a small fortune in lost sick days every year."

[Contact us to discuss your employees' health and wellbeing.](#)

Important Information

The way in which tax charges (or tax relief, as appropriate) are applied depends upon individual circumstances and may be subject to change in the future.

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