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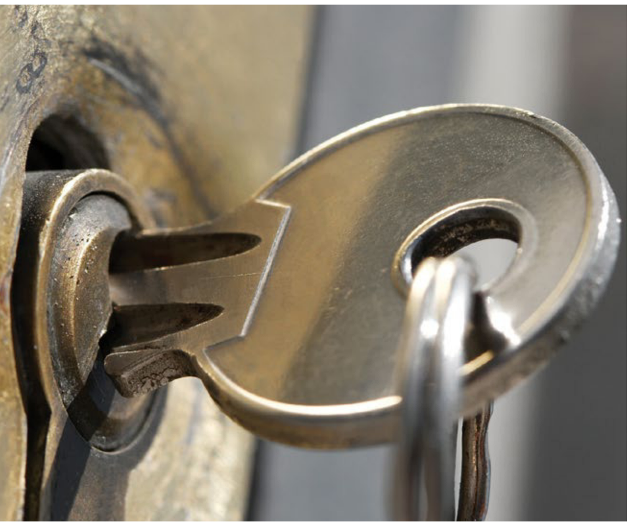
WEALTH **KNOWLEDGE**

SEPTEMBER **2014**



In this month's Wealth Knowledge newsletter...

SMEs that are rejected for funding by large banks could be matched with alternative lenders. UK households have less money to save each year compared to many countries with a similar cost of living. Official statistics have revealed regional differences in the amount of inheritance tax paid across the country. And life insurance is not a priority for homeowners.

Legislation to help SME funding

SMEs rejected for funding could be matched with alternative providers under government plans to improve access to finance for small businesses.

The government wants to introduce legislation to make larger banks share information about businesses denied finance with other banks and lenders.

The largest 4 banks are responsible for 80% of SME funding and reject 50% of applications from first time borrowers. The government believes that some of these applications are viable and other providers may be willing to lend to rejected SMEs.

However, there is a lack of awareness of alternative lenders among SMEs. Government research shows that:

- 71% of businesses who seek funding only approach 1 provider
- 37% of businesses abandon their spending plans after the first rejection
- 6% of SMEs declined loans are referred to alternative providers by their bank
- a further 11% are offered alternative funding or advice.

Matthew Fell, from the Confederation of British Industry, said:

"The UK market for growth finance is innovative and diverse but often small and medium-sized businesses aren't aware of the options, so there is merit in formalising bank referral arrangements to help match firms with alternative finance providers.

"But it's important that small businesses seeking finance stay in control of their destiny, so these referrals must have their consent and not be automatic."

Speak to us about business finance.

Savings potential for Brits falls

The amount that UK households could potentially save each year has fallen by more than 10% in the last 4 years, according to research conducted by the Centre for Economics and Business Research for the Post Office.

In a study of 18 countries with a similar cost of living, UK households were ranked 11 for potential annual savings.

The study found:

- £3,781 - the average amount UK households could save each year
- £8,746 - the average amount Australian households (ranked 1) could save each year
- Spain and Italy - both ranked higher than the UK in the potential savings league table
- USA - ranked lower than the UK with an average of £3,442 available to save annually.

The research suggests that if current trends continue, the amount available for UK households to save each year will fall to £3,000 by 2018.

The Post Office's head of savings, Henk van Hulle, said:

"It's all too easy to forget about the importance of savings, or fall into the trap of thinking it's not worth it, because you don't have much to save. However, saving a little and often, and within your means, can make a big difference, especially with the cost of living continuing to rise."

We can advise on saving strategies.

Regional divide in IHT

HMRC collected more than £3.4 billion in inheritance tax (IHT) last year, an increase of almost 9% on 2012/13, official figures show.

The figures reveal that while many areas across the country recorded a rise in the number of households being charged IHT, there is a clear north-south divide:

- the number of people in Harrow, Ruislip and Uxbridge paying IHT is roughly the same as in the north east of England
- Richmond Park in London has more IHT payers than all of Birmingham.

This regional variation is due, in part, to variations in house prices. According to the Land Registry, the average UK house price is £172,000 but in London the figure is almost £438,000.

Stephen Berry, personal finance specialist at NFU Mutual, said:

"Over the past 2 decades inheritance tax has gone from being an issue for the super-wealthy to something that affects millions of people.

"Although some people aren't too concerned that the government will take a large chunk from their estate when they die, many would far prefer that as much as possible goes to their children instead."

Contact us to discuss inheritance tax planning.

Homeowners don't prioritise life insurance

Only 1 in 10 people rank having life insurance as a top priority when buying a home, research by TSB has found.

The survey revealed that buying home insurance (81%), furnishing the house (78%) and redecorating (76%) are the biggest priorities, while just 11% prioritise buying life protection.

Buying a house prompted less than a third of respondents (29%) to buy life protection, with more men (32%) purchasing cover than women (26%).

The survey also found:

- 39% have life protection in place
- 32% believe protection policies are too expensive
- 31% don't think they need life protection yet
- 15% don't think they need protection at all.

Ian Ramsden, mortgage and protection director at TSB, said:

"It is vital that people have the right cover in place to provide comfort and reassurance for their family in difficult times.

"The research shows consumers are not aware of the impacts of being protected. Although it's promising to see people think having protection in place is twice as important as having extra TV channels, it's worrying to think it is only half as important to them as furnishing their new home."

Contact us to discuss protection options.