

Barton Hatcher Ingram Financial Management Ltd

Spring 2010 Newsletter

Big changes to state pension qualification

The new tax year sees the start of some very important changes to the state pension system, especially for women.

Women who reach their state pension age on or after 6 April 2010 the number of qualifying years of NI payments will reduce from 39 years to 30 years. A qualifying year is one you have paid or had credited to you sufficient NI contributions. If you have less than full number of qualifying years then a proportion of the full pension, subject to a minimum of 25%, below which no pension at all is currently payable. A similar change will apply to men who needed 44 years now only need 30 years too.

If you have any doubt about what state pension you might receive even if you are not retiring in the near future Barton Hatcher Ingram Financial Management Ltd can obtain this for you.....

Looking to 2012 – a big change coming!!

The Financial Services Authority has announced it will ban financial advisers from receiving commission for selling investment policies from 2012. This decision is revolutionary!!

Here are some Q&A.....

Why are they doing this?

Commission payments have been at the heart of mis-selling scandals involving policies such as mortgage endowment and personal pensions the new rules will remove commission bias from the sale of retail investment products.

What will change?

Firms will have to be upfront about how much they charge for their services and no longer hide the cost of their advice behind the cost of a product. This change will only affect the sale of investments such as pensions, annuities and unit trusts, it will not affect mortgages and insurance policies.

How will this affect you our clients?

Financial Advisers will have to charge their customers directly for their services and will have to tell them exactly what their charges are. We will not be able to accept commission in return for recommending specific products.

Cash ISA Baiting!!!

A consumer watchdog has submitted a super-complaint to the Office of Fair Trading to investigate banks and building societies advertising temporary headline high interest rates to bait savers to cash Isa's.

These turn out to be short-term rates which after the fixed term revert to the banks standard rate which the average interest rate stands at 0.41%!!

The Office of Fair Trading has 90 days to consider to report and give a response.

BHI will be keeping an eye on their response.

The new financial year started on Tuesday 6th April so your new ISA limits are

Cash ISA Allowance	£5100
Stocks & Shares ISA Allowance	£10200
Overall ISA Allowance	£10200

It is now possible to transfer money held in a Cash ISA to Stocks & Shares ISA's without affecting your annual allowance or the tax status of the investment.

Are you and your family covered?

The average British household would run out of money in less than 14 days if a wage earner fell critically ill or died. Sombre reading but recent research has shown that Britons are drastically under-insured! It claims;

- One in four Britons could access only £100 of disposable cash within a week if they lost their income due to health or critical illness.
- Nearly two thirds have no critical illness cover or life insurance.
- One in seven would sell their TV to get their hands on cash if they fell ill and one in five would be willing to sell their home whilst a third would give up their car!!!!

For reasonable monthly premiums this can be resolved, either call BHI now to find out what cover you have in place or ask us at your next review. We will look for cover that is suitable to you and your family and suitable for your budget.

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Check your Tax Coding

HM Revenue & Customs has recently introduced a new NI and PAYE system which in turn has brought to light some discrepancies in the issuing of incorrect notices.

If you are worried that your new Tax Code doesn't look right contact your local tax office or give us a call and we can hopefully help you.

Compensation limits increased

Compensation limits under the Financial Services Compensation Scheme (FSCS) have changed, here's an easy breakdown;

Investments & Mortgages: 100% of £50,000 (this brings these in line with the limits for deposit accounts already in place).

General, Life, Term, Critical Illness and income protection insurance: 90% of claim no upper limit (The above claims are applicable against firms declared default on or after 1 January 2010.)

Policyholder protection may be triggered if a firm is unable, or likely to be unable to meet claims against it i.e. if it has been placed in liquidation.

Are house prices rising?

House prices rose by more than £3,000 in March, according to a Nationwide report, but it forecast that annual property inflation should slow.

The average property now costs £164,519, according to Nationwide – a substantial £16,773 more than the recent low seen in February 2009.

But what is happening to mortgages we hear you ask

Borrowers hunting for a mortgage have seen considerable improvement over recent months, with a series of rate cuts and even some lenders offering better deals to those with deposits of less than 25%. The mortgage market is far from back to normal and it is still safety first as far as lenders are concerned, but thanks to some stability in the economy and financial sector and a sense that the worst is over for house prices, a bit of confidence has returned.

Here at BHI we have had to say goodbye to Cindy who was our Mortgage Adviser but we say hello to

Andy Reeks who has over 30 years of experience of the mortgage industry, and is our preferred Independent Mortgage Adviser.

Andy has already been kept busy by the increase in interest in the housing market and the hope is that this will increase going forward into 2010.

If you have a mortgage query just contact us.

Budget Breakdown

- Stamp duty suspended for first time buyers on homes costing up to £250,000 until 2012
- However a rise on homes worth £1m+ to 5%
- Winter fuel payments remain for another year
- Single persons full state pension rises £2.40 a week to £97.65 whilst couples receive an increase of £3.86 a week to £156.16. SERPS remains unchanged.
- 1p a litre increase in fuel duty from 1 April 2010 and another 1p a litre in October.
- Showroom Tax is introduced into the UK on 1st April 2010. Showroom Tax is effectively the Road Tax Price you will pay in the first year of ownership of a brand new car. The question of whether the new Showroom Tax will be friend or foe depends on the emissions of the new car you buy. Showroom Tax penalises high emission cars and encourages ownership of low emission Road Tax Band A to Band D cars.

And Finally.....

To end on a more personal and happier note, Fiona returned from maternity leave in February and we welcome her back. She now works Monday, Tuesday and Wednesday however you can contact Rebekah in her absence on Thursday and Fridays who will try to assist you.

We are also very pleased to announce Beverley has qualified for the Million Dollar Round Table for her consecutive 10th Year. This is the World Wide Premier Association of Financial Professionals.