

Advice or Guidance: What's the Difference?

The Department for Work and Pensions has launched a new consumer-facing service that has caused some uproar in our industry because it failed to point out the difference between “advice” and “guidance.”

The new Mid-life MOT has been created by the Money Advice Service, the National Careers Service and Public Health England to offer guidance for people who want to see where they are with their money, work and health before they reach retirement age.

It provides links to other relevant organisations and websites that provide information on a “guidance” basis, but consumers using this service are not being told clearly that the information provided is not “advice.” The concern is that people are acting on this “guidance”, thinking that they are covered by the Financial Ombudsman and Financial Services Compensation Scheme, as they would be if they had received “advice” but, in fact, there is no financial compensation available for following generic guidance.

Advice is a personal recommendation that considers a client’s entire financial and personal circumstances. Guidance is non-personal, generic information that can be useful in aiding an individual to make decisions for themselves.

Please be aware that information you receive from any source that has not taken your entire personal situation into account or has stated that it is “advice” is likely to be “guidance”. This means that there is no protection if you act on it, if this “guidance” is wrong for your specific circumstances.

In summary, as existing clients, if you are unsure about anything please get in touch so we can provide you with personal and detailed advice specific to you.

Junior ISAs Reach New Popularity Heights

In 2017/2018 there were a total of £907,000 JISA subscriptions – more than there have ever been before. As the new tax year is upon us, this may be something you should consider beginning in April for your children or grandchildren.

JISAs are tax-free savings for those under the age of 18, which are then automatically transferred into a normal ISA when they reach the age of 18 and can be accessed by them at this point. The JISA allowance for the 2019/2020 tax year will be £4,368 per person.

You should always give careful consideration to any contributions you make to such schemes to ensure that they do not put your own saving or income goals or objectives in jeopardy, as these contributions cannot be recalled from a JISA because they will no longer be in your name. If making

provision for future generations is something you would be interested in, please get in touch with the office and we will be happy to advise you.

Myth-Busting ISAs

There are some common misconceptions about ISAs that we thought we would clear up for you:

1. You can only pay into one ISA per year

You can, in fact, pay into as many ISAs as you like, providing you only pay money into one from each type! So, you can only pay into one cash ISA, one stocks and shares ISA, one Lifetime ISA (LISA), etc. These can be with different providers, but you cannot have more than one of each type.

2. ISAs don't give good returns

Good returns are not based on whether your account is an ISA – if you have a cash ISA and interest rates in general are low, then you will get a lower return. The returns in stocks and shares ISAs are based on the performance of the markets, and LISAs offer a bonus contribution and come as cash or stocks and shares. So, there are a variety of performance possibilities – which you choose depends on what is most suitable for you.

3. Wait to pay into your ISA until the end of the tax year

While this may be a reasonable tactic if you want to make sure you can afford to contribute to your ISA in the current tax year, it isn't always best to wait. By adding funds early to your ISA, be it cash or stocks and shares, you have more time to earn interest or generate returns. You could also consider paying into an ISA monthly if that is more suitable and with stocks and shares ISAs, this can take advantage of the movement of the markets and help smooth returns.

4. You can't replace any withdrawn funds

The rules were changed in 2016 so that you can take money from your ISA and replace it... providing you do so within the same tax year! Be warned, not all providers offer this, so make sure you check before you contribute or withdraw.

5. You can't transfer between different types of ISA

Good news, you can transfer between different types of ISA and still keep your account as an ISA! If you have a stocks and shares ISA but want to transfer this into a cash one, or vice versa, then this is possible – just speak to your provider. This has the benefit of retaining the valuable ISA status of your whole account as you don't have to withdraw the account to move it.

6. You must be an experienced investor to invest in a stocks and shares ISA

You don't have to be experienced to invest in a stocks and shares ISA, but it does help to have some knowledge of how investing works. Your best bet is to use an experienced financial planner (such as us!) to manage these kinds of accounts for you.

Millennial Minds

Millennials are often referred to as the “snowflake generation” and are regularly criticised by the media for being lazy and entitled. However, some evidence suggests that those born between 1981 and 1996 will be the first generation to experience a lower standard of living than their parents and grandparents for a variety of reasons, including student debt, stagnant wages, soaring house prices and inadequate pensions. As a result, Millennials are sometimes considered as (and can consider themselves) hard done by. It is thought that Millennials’ stereotypical favourite pastime of using social media could be the key to attracting this generation to the world of financial planning. Using Facebook, LinkedIn, YouTube and others could be a way of offering advice to Millennials who need information that is easy to access. So, all that scrolling might not be for nothing after all! Social media aside, wouldn’t it be great if we could raise their awareness that financial planning now will be a significant benefit to them in the future. If you have children or grandchildren who could benefit from any advice or are keen to kick-start a savings or retirement plan, or even estate planning, we can help – and we will try to make it interesting!

Spring Statement

Chancellor Philip Hammond delivered his Spring Statement on Wednesday 13th March. While many commentators have described it as a “non-event” – and who can blame them with everything else going on in the world – there were a few announcements to take note of.

As might have been predicted, the Chancellor used this as an opportunity to warn against a “No Deal Brexit”, albeit the day after the second “meaningful vote” failed to get the Brexit deal through the House.

The first big announcement was that a three-year spending review has been planned and is intended to be concluded ready for the Autumn Statement. This will potentially mean an increase in spending on social care, police, defence and the environment. The major caveat to this, however, is what happens with Brexit. We will wait and see.

In the meantime, police forces have been promised an additional £100 million to help tackle the increase in serious knife crime.

Plans have been announced to scrap paper landing cards at airports. This will significantly speed up the arrivals process for overseas visitors to the UK.

Finally, there were two announcements on housing. Plans are now in place for a ban on the use of fossil fuels for heating all new homes built from 2025; good news for the environment. There are also £3 billion in loan agreements to be made available for 30,000 more affordable homes; good news for first-time buyers.

Health and Welfare Lasting Power of Attorney and a Living Will: What's the Difference?

Many of our clients have a Health and Welfare Lasting Power of Attorney (LPA) in place already. However, a few clients have queried the difference between a LPA and a Living Will, so we wanted to provide some clarity.

A Health and Welfare LPA is a legal document drawn up to be used in the event of an individual becoming mentally incapable. The document nominates attorneys to act and make decisions on behalf of the donor – the person who has created the LPA. The attorneys have the power to make decisions on behalf of the donor about their health and personal welfare, which also includes medical treatment and care.

A Living Will, which is also known as an Advance Directive, is a written statement allowing someone to express their wishes regarding aspects of their care such as refusal of medical treatment. It is a binding legal document, therefore medical professionals must follow the documented instructions.

In summary, a Health and Welfare LPA will allow attorneys to make decisions on a donor's behalf, whereas a Living Will is a set of binding instructions directly from the donor. In some cases, it is possible to use both documents to ensure that wishes are adhered to in the event of loss of capacity.

Did you know that one person in the UK develops dementia every three minutes? Unless you have a Lasting Power of Attorney in place, your loved ones will not be able act on your behalf and will potentially be prevented from carrying out your wishes about your care and medical treatment. If you don't already have a Health and Welfare LPA, then there's no time like the present!

There are of course two types of Lasting Powers of Attorney: Property and Affairs, and Health and Welfare. A Property and Affairs LPA allows elected attorneys to deal with the financial aspects of the donor's estate. If you haven't yet set these up, please contact the office and a member of the team will be able to discuss them with you and put them in place immediately.

Brexit Update

Days after the UK was due to leave the EU, we are still no closer to knowing what Brexit will look like.

The withdrawal deal negotiated by the EU and Theresa May has been defeated twice by overwhelming numbers, owing in part to the presence of the hated "backstop". At this point the only thing MPs seem to agree on is how much they dislike this deal.

However, the big change is the two-week extension granted by the EU – effectively moving the Brexit deadline back and making 12th April the new 29th March. We'll be keeping our eyes on Parliament to see how MPs use these two precious extra weeks.

On Monday 25th March, MPs backed an amendment allowing them to wrest control of the House of Commons in order to hold a series of indicative votes. These will be used to determine what Parliament do want out of Brexit, whether that be May's hated deal, a Norway-plus type arrangement, a people's vote, a Canada-style trade deal, a customs union, a longer extension, no deal or no Brexit at all. As deadlines get closer and closer, the uncertainty and disagreements have at

least managed to soften some MPs' attitudes to May's deal, if only because at the moment it seems the only way to guarantee that Brexit will actually happen.

Book of the Month

This month's book is 'Happiness by design; Change What You Do, Not How You Think' by Paul Dolan. This is not just another happiness book. In 'Happiness by Design,' happiness and behaviour expert, Paul Dolan, combines the latest insights from economics and psychology to illustrate that in order to be happy, we must behave happy.

Our happiness is experiences of both pleasure and purpose over time and it depends on what we actually pay attention to. Using what Dolan calls 'deciding, designing, and doing', we can overcome the biases that make us miserable and redesign our environments to make it easier to experience happiness, fulfilment, and even health. With uncanny wit and keen perception, Dolan reveals what we can do to find our unique optimal balance of pleasure and purpose, offering practical advice on how to organise our lives in happiness-promoting ways and fresh insights into how we feel, including why; having kids reduces pleasure but gives us a massive dose of purpose; gaining weight won't necessarily make us unhappier, but being too ambitious might; a quiet neighbourhood is more important than a big house!

Vividly rendering intriguing research and lively anecdotal evidence, 'Happiness by Design' offers an absorbing, thought-provoking, new paradigm for readers of 'Stumbling on Happiness' and 'The How of Happiness'.

Charlie's Mini Blog

A couple of Friday evenings ago, I was 'lucky' enough to be at the rugby watching the Leicester Tigers against their arch-rivals, the Northampton Saints. As a lifelong Tigers fan, I was going with my Dad, a Saints fan, so there was always going to be tension in this local derby for us too, made worse by arriving at our seats to find we were sat a couple of rows in front of a load of my friends, who are Saints fans too.

On paper, Tigers had this won. Of their starting 15, 6 had just returned from the England starting line-up, having demolished France and Ireland during the Six Nations; fairing slightly worse against Scotland and Wales though, I appreciate. Man, for man, Tigers had the upper hand and they were on home turf too, so a Tigers win looked likely; but only man for man. When you looked at Tigers' form, another story emerged, and this is what we saw unravel before us.

In the first half, Tigers had around 65% of the possession, but they came in 20-3 down. How did that happen? The full-time score didn't get any better; Tigers lost 29-15, with a late George North try reducing the losing deficit.

The point is though, that it isn't just about the quality of the individual players, it's also about the team. That is why we try to work as closely as possible with our clients' accountants and solicitors. If we do that, as part of what we call the Trusted Team, we can deliver a far more effective approach for you, the client. So, if you are a client of ours and have active accountants and solicitors who we are not already working closely with, please do introduce us, as we can do a far better job for you that way. Whilst it breaks my heart to say it, it will make us all a little more like a Saint than a Tiger!