The complimentary client newsletter of:

Thompson Jenner
Financial Services

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YOUR WINDOW ON ***WEALTH*** AUTUMN 2022

Thompson Jenner Financial Services have continued to expand to meet the ever increasing demand of a growing client bank

The latest addition to the team is Linda Cleaves, a mortgage and protection advisor. Linda has been a mortgage adviser for over 20 years, taking applicants from the initial stages to completion, making sure the process is as clear, concise and stress free as possible.

Linda helps people from across every sector including purchases for first time buyers and home movers, mortgages into retirement and all types of equity release and lifetime mortgage. As an independent firm of advisers, Linda has access to the full range of mortgages available to mortgage brokers and as such can select the best deals available. Linda is also experienced in providing advice for buy-to-let landlords, company buy-to-let properties and also portfolio landlords.

In addition, Linda can also advise on and recommend protection insurance products designed for individuals to protect their mortgage, family and income, as well as a full range of business protection plans for business owners.

Linda says that mortgages have come increasingly into focus as interest rates rise from the low rates we have experienced since the Financial Crisis of 2007 – 2008. Large numbers of existing mortgage holders are coming to the end of their fixed rates, which have been in many cases below 2%, and are now having to consider variable rates and fixed rates in the region of 5% or higher. Therefore, it is as important to get sound advice during the course of your mortgage as it has been at the outset.

In addition many lenders withdrew mortgages with smaller deposits and also tightened up their affordability meaning that the amount they would lend applicants fell without there being any change to their circumstances. This resulted in borrowers who had an "Agreement in Principle" suddenly finding that the lender would not lend as much as previously agreed and either the house purchase could not proceed or a new lender had to be found very quickly.

Fortunately since Liz Truss's resignation, markets have stabilised a little, but rates are still much higher than they were a year ago and even as recently as the summer, so the market needs to be carefully studied to make sure the best deals are being found to meet each client's needs.

The addition of Linda to the financial services team, along with her experience and expertise, has come at exactly the right time for existing clients and new borrowers. She will help you through the minefield of fixed rates, tracker rates, discounted rates, capped rates and stepped rates, as well as all combinations.

Equity Release and borrowing into retirement has become an increasingly popular way for parents and grandparents to help their children and grandchildren boost their deposits to make buying a home affordable. With the market tightening and rates increasing, we only see this trend continuing and as longstanding members of the Equity Release Council, we are ideally placed to advise you on whether this may be a sensible way to help those starting on the mortgage ladder.

Whether you are buying your first home, moving house, needing to raise capital, or just looking for a better deal on your existing mortgage, we can find the right deal for you from the vast selection of mortgages available.

If you would like to talk to us about the options available and how much you could potentially borrow, please contact us at enquiries@tjfs.co.uk or call the office on 01392 258553 and ask to speak to Linda.

IN THE NEWS

Healthy dividends

UK listed companies paid out £37bn in shareholder dividends between April and June, up 38.6% from the same period last year, making Q2 the second largest UK dividend payout on record[3].

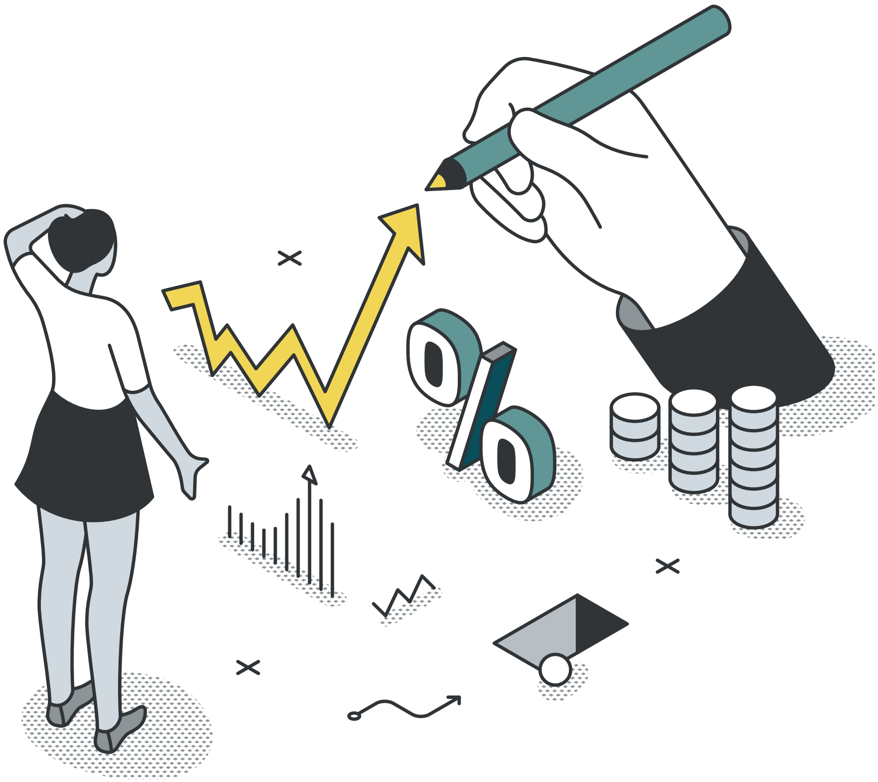
Large one-off special payments were a key driver, but underlying dividends, which exclude these volatile specials, jumped by 27.0% to £32.0bn, boosted by weaker sterling. Mining dividends contributed almost a quarter of the headline total, rising 37% year-on-year; three quarters of the year-on-year increase came from the three biggest sectors – mining, banking and oil.

Headline payouts are expected to rise by 2.4% in 2022 to £96.3bn, while underlying payouts, excluding special dividends, are forecast to increase by 12.5% to £86.8bn.

IHT receipts climb even higher

Latest figures from HM Revenue & Customs (HMRC) show that an extra £300m was collected in Inheritance Tax (IHT) between April and June, compared to the same period in 2021. Receipts for the first quarter of the 2022-23 financial year hit £1.8bn to reach a new high for IHT receipts. When comparing full years, there was a 14% (£729m) increase in IHT receipts between the 2020-2021 financial year and the 2021-2022 financial year.

[3]LINK Group, 2022



Challenging waters ahead

Even experienced investors are likely to find the current investment environment a challenge, particularly when one considers the array of uncertainties in the post-COVID economy which are so fundamentally different to those faced during the last two years. Opportunities, however, are still available to investors who can steer a safe course through choppy waters.

Uncertainty abounds

One look at the latest economic forecasts released by the International Monetary Fund (IMF) gives a strong hint of the challenges that lie ahead. The international soothsayer described the current outlook as *'gloomy and more uncertain'* as it reduced its global growth forecast to 3.2% this year and 2.9% in 2023, downgrades of 0.4 and 0.7 percentage points from April's predictions.

Risks skewed downwards

The IMF noted several shocks that have hit a world economy already weakened by the pandemic. These include higher-than-expected inflation worldwide which is triggering tighter financial conditions; a worse-than-anticipated slowdown in China, and further fallout from the war in Ukraine. It also stressed that risks are *'overwhelmingly tilted to the downside.'*

But opportunities remain

This economic sea-change clearly presents a serious challenge to investors. However, while managing portfolios in a high-inflation environment may require some change in course, there are still opportunities out there.

Help at hand

And of course, we're always here to help. So, if you want to take stock of your investments, get in touch and we'll be happy to help steer you through any troubled waters.

The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated.

An *'epidemic of fraud'* impacting young and old

The latest annual fraud report published by UK Finance stresses the need for an urgent response to *'the epidemic of fraud'* that the UK is currently facing.

The report reveals that £1.3bn was stolen by criminals through authorised and unauthorised fraud in 2021. In total, 56% of UK adults[4] have received a suspicious communication or known someone who has in the last year, which equates to an estimated 29.6 million UK adults being affected by scams last year.

Preying on the elderly

Reportedly, scam victims aged over 70 lost about £977m[5] in total between April 2019 and 2022. Official figures fail to capture the true extent of such fraud because these crimes remain under-reported, especially among elderly people who live alone.

Cost of living

During the pandemic, criminals exploited victims' fears over coronavirus. Now, the cost-of-living crisis has become a new line of attack. The UK Finance report showed that authorised push payment (APP) fraud, where victims are tricked into transferring money into scammers' accounts, leapt by 40% last year. Such techniques are now being used to prey on people's financial preoccupations.

Tech effect

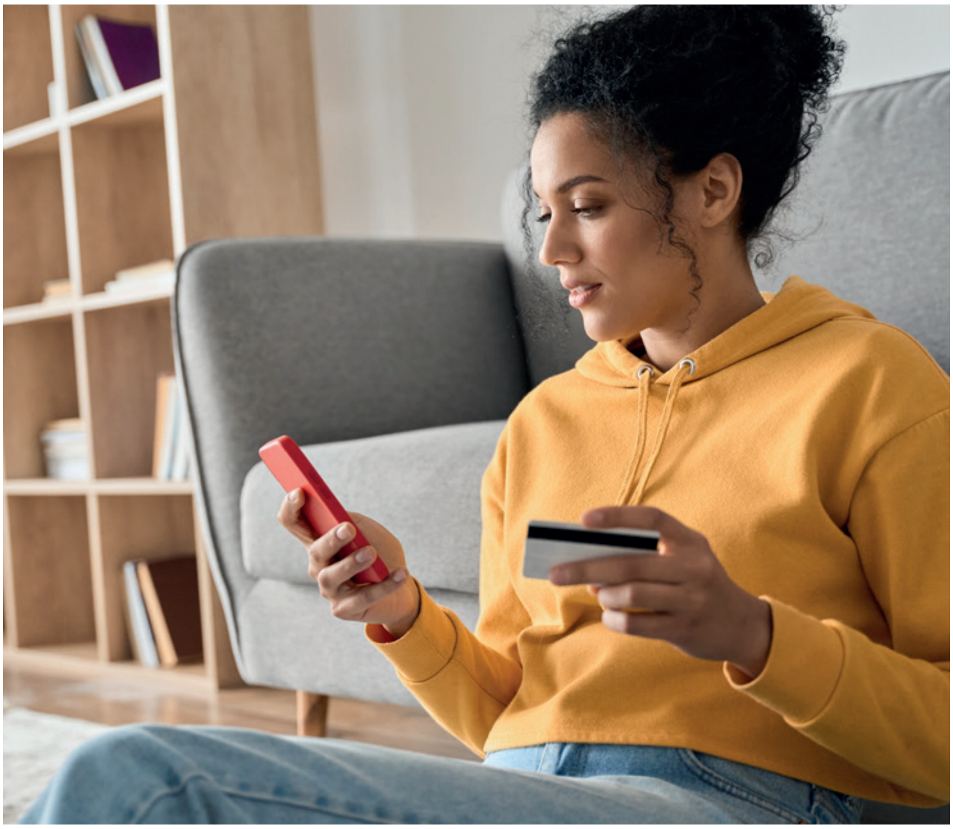
Everyone, young or old, can be a victim of fraud. Indeed, under-25s are more likely to be defrauded on the phone than older generations. One study[6] found the youngest cohort 75% more likely to have been scammed this way than those over 55.

Scammers are also seeing a growing opportunity in cryptocurrencies, which are not regulated by the UK's Financial Conduct Authority. In the year to May 2022, crypto frauds soared 58% to £226m, new research[7] has found.

Don't suffer in silence

Anyone can be a victim of fraud. We can help you protect your finances.

[4]Canada Life, 2022, [5]Action Fraud, 2022
[6]Truecaller, 2022, [7]NordVPN, 2022



Children's pensions: Saving for their future

It may be an old adage, but definitely one that remains true – it really never is too early to start a pension. So, if you're looking to help secure the long-term financial future of your child, or grandchild, saving into a pension on their behalf may be a suitable option worth considering, in addition to provision for earlier decades.

Tax incentives and compound returns

In some ways, saving for a child's pension when they are so far from retirement can seem odd but it can actually make sound financial sense. Junior pensions can be set up as soon as a child is born and contributions up to £2,880 per annum attract tax relief of 20% from the government. Another benefit of saving at a young age is the power of compounding returns which provide growth on growth across the years.

Small amounts add up

These two factors mean you don't have to save huge sums to make a big difference; saving little and often really can add up in the long term. Current rules allow savings of up to £2,880 per annum into a child's pension.

Fulfilling and rewarding

Providing financial security for children, or grandchildren, is a key goal for many and saving on their behalf can therefore be fulfilling for you and rewarding for them. If you'd like to give your loved ones a financial head start, then get in touch.

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All eyes on COP27

As the world continues to emerge from the pandemic, although other headwinds exist, governments, businesses and the financial world are refocusing on what the Principles for Responsible Investment (PRI) describe as *'the greatest threat to the wellbeing of humanity and to the ecosystems on which we depend'* – climate change.

According to the PRI, a United Nations-supported initiative, many are now recognising *'the enormous opportunity for economic growth and investment returns presented by the transition to net-zero emissions.'* The PRI reflect a firm belief that *'the financial sector and the investment community will play a central role in the global response to climate change and supporting the transition to a net-zero economy.'*

COP27

A year after the United Nations 26th Conference of the Parties, on British shores, the upcoming COP27 climate conference is taking place in Sharm El-Sheikh, Egypt this November. Last year, delegates from almost 200 countries agreed upon the Glasgow Climate Pact at COP26, which builds upon targets set out in the Paris Agreement, an international legally binding treaty intended to limit global warming to 1.5 degrees Celsius. Key pledges made by governments last year included commitments to end deforestation, cut global methane emissions and to transition to zero-emission vehicles. Countries were asked to return to this year's conference with a plan to strengthen their 2030 commitments.

"A decisive decade for climate action"

Mahmoud Mohieldin, the UN climate change high-level champion for Egypt, hopes the 2022 conference will be an important milestone in what he calls *"a decisive decade for climate action."* In his view, COP27 should undertake an *"urgent, ambitious, impactful, and transformative agenda, guided by a holistic approach to sustainable development,"* based upon the principle of equity and informed by science.

"In light of the goals and objectives... we will promote a stronger focus on implementation, transforming commitments into actions and translating the pledges of the summits into solutions in the field," he continued, *"While acknowledging the complexities of the different political, economic and developmental challenges, it is incumbent on us all to raise the threshold of action at COP27."*

Climate change for investors

COP27 will undoubtedly be of interest to investors engaged with climate change, with key announcements potentially impacting their portfolios. Investment decisions have a role to play, and the investment industry continues to play a pivotal role in the global climate transition. One investor initiative – The Net Zero Asset Managers Initiative – has now grown to over 270 investor signatories with over $60trn assets under management – all committed to supporting the goal to reach net zero and investments aligned with net zero emissions.

COP provides an opportunity for institutional investors to consider how they can innovate in developing solutions to solve climate issues and in financing sector transition. PRI deduce that, *'Investors increasingly recognise the threat posed by climate change to the global economy, and therefore to their ability to meet the needs of their beneficiaries over the decades to come... They understand the imperative to engage with the companies in which they invest, and the policymakers who write the laws, to ensure that both groups respond appropriately to the threats and opportunities involved.'*

Good to know – IHT share loss relief

In challenging market conditions, it's likely that some bereft individuals will inherit investments that have fallen in value. Through IHT share loss relief, people inheriting can be entitled to claim a tax rebate when they sell certain qualifying investments at a loss. Strict rules, criteria and exemptions apply however. For example, to be eligible for the relief, the sale of the qualifying investment (shares listed on a recognised stock exchange excluding AIM, government bonds and/or holdings in investment funds) has to be within 12 months of the date of death. Interestingly, according to recent data[8], few people reclaim the overpaid tax, with just 1,640 taxpayers a year on average (between 2014 and 2019) applying for refunds.

[8]FoI request Boodle Hatfield, 2022

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The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated. Changes in the rates of exchange may have an adverse effect on the value or price of an investment in sterling terms if it is denominated in a foreign currency. Taxation depends on individual circumstances as well as tax law and HMRC practice which can change.

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The Financial Conduct Authority does not regulate advice on deposit accounts and some forms of tax advice.

All details are correct at time of writing – September 2022.

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