WEALTH PERSPECTIVES

Spring 2016

Tax Planning for the SPRING BUDGET

The third Budget in the space of 12 months could mean you should start your year end tax planning earlier than normal.

SOUND ADVICE *will stand you in* GOOD STEAD

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INTEREST RATES AND INCOME *at record* LOW

The Bank of England is keeping interest rates at a record low.

Campbell Alexander Financial Management Ltd
Personal and Corporate Financial Planning

CAERUS
Capital Group

WELCOME TO THE LATEST EDITION *of* WEALTH PERSPECTIVES

Welcome to the latest issue of our Client magazine, Wealth Perspectives, in which we focus on the issues that affect your finances.

Sound advice will stand you in good stead: Not surprisingly, many Investors are questioning how they might achieve any growth in the current (highly volatile) economic markets.

Market Commentary: Markets continued with the 'risk-off' theme into February. Equities across most sub-asset groups were down between 6-9% by mid-month, in the context of continuing concerns around a potential recession in the US

The new state pension: The single tier state pension starts life on 6th April 2016, but even the Pensions Minister has doubts about how much of it the public understands.

Highlights from the Autumn statement: After a Budget in March and another in July, it might have been thought that Mr Osborne would have little new to say in his Autumn Statement, but this proved not to be the case in two important areas.

Tax planning for the Spring Budget: The third Budget in the space of 12 months could mean you should start your year-end tax planning earlier than normal.

New tax rules for dividends and interest: The Spring and Summer Budgets of 2015 both made changes to the tax treatment of investment income – starting in 2016/17.

Should you still plan for inheritance tax?: Some people may have gained the impression from the last Budget that inheritance tax (IHT) is no longer an issue for most families.

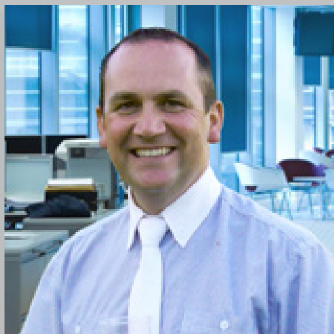
Interest rates and income at record low: The Bank of England is keeping interest rates at a record low.

Residential care costs cap: The government has set a cap on how much you will have to spend on your long term care needs. But the cap won't now come in until April 2020 because of the cost.

Auto-enrolment fines rise – don't be caught out: As auto-enrolment into workplace pensions enters its fourth year, the Pensions Regulator (TPR) has started to hand out more reprimands and fines.

The more expensive Company Car: The new tax year will again see higher company car tax scales for most drivers.

If you wish to discuss your finances or any of the issues raised in this edition, please do get in touch.


Derek Campbell

Best wishes

Derek Campbell

Derek Campbell
Campbell Alexander
Financial Management Ltd

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THE CAERUS SENTIMENT DASHBOARD

CAERUS Portfolio Management

The CAERUS Sentiment Dashboard provides, in a single view, current attitudes to the main asset classes.

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Please note, this information is for indicative purposes only.

Not surprisingly, many Investors are questioning how they might achieve any growth in the current (highly volatile) economic markets.

Nothing is sacred. 'Blue-chips' are falling as never before as the impact of huge changes in national economies is felt on UK stocks. Interest rates are at – or in some nations – below zero. Would anyone of us have contemplated the prospect of paying a bank to look after our money?

In the UK, house prices continue to rise at unprecedented rates, putting huge pressures on first time buyers, even though housebuilders are putting up new homes as fast as they can secure planning consents. Inflation stays low, with the inevitable impact on wages, keeping them low or unchanged in many sectors. Meanwhile, the demand for top-end automobiles – both new and old – remains high, with record prices being paid at auction for the most highly desired; a 'safe haven' in times of Investment uncertainty. Maclaren and Aston Martin have each announced they are to increase production of their vehicles, so they must be confident that demand will increase.

And as if all this economic turmoil was not a sufficient distraction, our government will soon bring us the opportunity to let it know whether or not we want to remain in the EU. There are arguments for and against - with both sides having articulate, intelligent and sincere supporters.

Currently, many Investment 'gurus' are recommending that those who don't have to exit the market, should stay put, on the basis that, over the medium to long term, markets provide a positive return. The choice is, of course, with the Investor.

You have less, if any choice, when it comes to paying taxes; the old adage still holds true "the only certainties are death and taxes".

As we are very close to the end of the tax year; have a budget announcement on 16th March; and as the UK has one of the more complex taxation regimes, we are focusing on the recent changes being implemented and predicted, in this edition of Wealth Perspectives.

Whatever your financial situation, sound Advice from a properly qualified Adviser will stand you in good stead.

Keith Carby
Chairman and CEO
CAERUS Capital Group

Markets continued with the 'risk-off' theme into February.

Market overview

Markets continued with the 'risk-off' theme into February. Equities across most sub-asset groups were down between 6-9% by mid-month, in the context of continuing concerns around a potential recession in the US (manufacturing Purchasing Managers Index data were weaker than expected), sagging oil prices and negative earnings outcomes, against a backdrop of elevated earnings multiples.

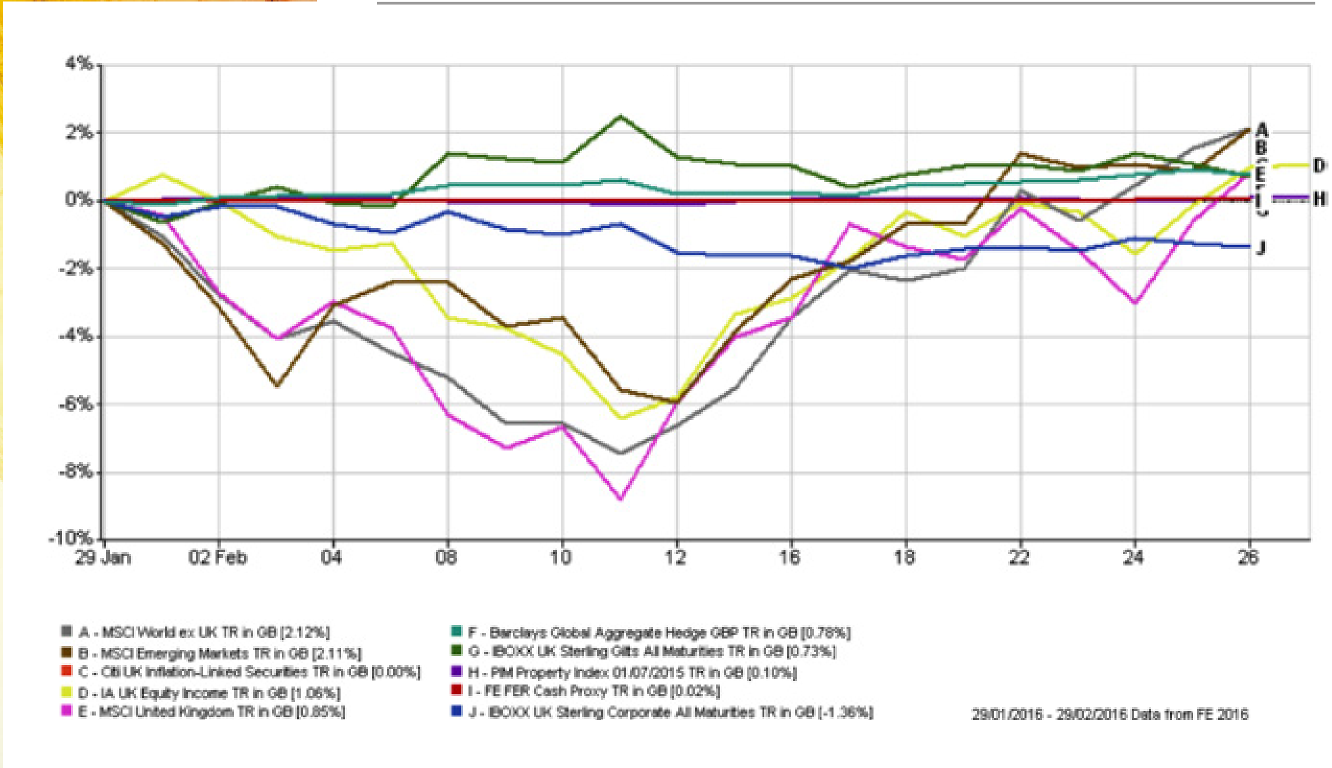
We then saw a change of direction. Whilst cash, bonds and property had successfully protected capital, most equity markets rallied midway through the month, on the back of expectations that central banks will continue to hold interest rates at sub-zero in Europe and Japan, whilst interest rate increases in the US and UK seem set to be delayed for the foreseeable future.

On a year to date basis, this means that UK Gilts and UK Index Linked Gilts are the best performing asset group (with returns between 4.5%-5%) owing to their negative correlation characteristics and 'safe asset' status in a 'risk-off' market. Global Bonds are up approximately 2.3% with UK Corporate Bonds, EM and United Kingdom equities only slightly lagging with negative returns of -0.7%, -0.8% and -1.5% respectively, and all other asset groups being relatively flat over the period.

on exporters as the ECB continues to devalue the Euro, given Europe is such a significant trading partner.

The UK is particularly exposed to movements in the oil prices, as large oil, gas and commodity producing companies have a higher than average weighting in the UK market. Over the course of February, UK Equity fund managers achieved returns around 1%. Even as sentiment towards Oil and particularly Miners improved, Banks started to act as

Following this 'risk-on' rally, only UK Investment grade corporate bonds (shown in blue in diagram below) finished the month in negative territory, falling 1.36%, owing to increasing concerns that default rates will rise on the back of high levels of M&A in 2015.



United Kingdom

The UK stock market has been one of the worst performing asset classes since the market peaked around June last year, with a negative return over the period of -10.49%. The UK market has suffered from a barrage of headwinds including volatile oil prices, concerns over dividend cover in the largest companies, uncertainty arising from a possible Brexit and concern over the impact of a relative rise in Sterling a drag. Nevertheless, smaller companies underperformed the FTSE-100 as rhetoric around the UK referendum on Europe grew louder. Sterling falling increases the value of offshore earnings relative to domestically focused stocks, making companies that earn overseas look relatively appealing.

Looking forwards, many Investors now seem to be increasingly optimistic. Valuations have become more attractive

MARKET *Commentary* CONTINUED...

and Brexit negotiations may provide an opportune time to buy high quality companies with sustainable cash flows.

United States

On the back of increasingly weak manufacturing Purchasing Managers Index data, the US market increasingly discounted the probability of the Federal Reserve's planned for interest rate rises for 2016. A growing consensus holds that economic growth is likely to be weaker than anticipated. This has led to movements in the yield curve leaving lower risk Investors increasingly vulnerable, should the Fed move to increase interest rates, as previously guided. So, in a display of confidence, the Fed opted to reassure markets by reminding Investors that consumer spending makes up close to 70% of the US economy and is doing well, whereas the struggling manufacturing sector is only responsible for 10% of GDP. With unemployment close to record lows and with increasing real wages, the consumer appears to be in a relatively strong position. This means the risk of the US entering a recession is lower than some expected and an increase in interest rates should still be considered as a distinct possibility.

Internationally, in a classic 'flight to safety', many Investors have moved to the US Dollar over recent months which continues to create demand for US Investment assets despite valuations that are high, relative to their historic trading range. The 'risk-off' rally, led to a significant bounce in US equity market returns, with the MSCI North America index up close to 9% from mid-February to the end of the month.

Europe

A large proportion of the rise in value of European equities, in recent years, has come from an increasing earnings multiple, on the back of a strongly supportive central bank and continued loose monetary policy. These historically high multiples have come under significant pressure since June 2015 and despite a rally of circa 7.5% since mid-February, the market p/e ratio remains below its long term average.

Investors are increasingly optimistic that a fragile European recovery, low inflation and a more volatile macro backdrop, may dictate a further loosening in monetary policy, which could potentially be positive for riskier assets.

> With unemployment close to record lows and with increasing real wages

Japan

Japan's economic recovery remains elusive, as seen by a contraction in GDP of 0.4% in the last quarter of 2015. In reaction to this, the Bank of Japan reduced interest rates into negative territory at the end of January. Ironically all this has done is accelerate the flight to safety, which has placed upward pressure on the Yen, squeezing Japan's many large multi-national corporations ability to export. Until these large corporates are sufficiently confident of their long-term profitability to raise wages, Japan is likely to struggle to recover. Often it is in the hour of greatest need that tough political reforms are enacted which can help to spur an economy back to life. The Abe government has been contemplating a number of these for some time. Perhaps we are nearing the time for action.

Emerging Markets

Although the US Dollar has weakened somewhat in 2016, the capital outflows from Emerging Markets remains as strong as those seen in 2015 when over $730bn was withdrawn. This reflects not only the partial unwinding of 'tourist' money that entered the EM asset class with quantitative easing, but also structural challenges facing a number of the larger, emerging economies. Concerns over Chinese banking sector stability have been extensively aired, Brazil's dire corporate governance is well known and Russian oil price sensitivity has even started to filter into a more positive dialogue with OPEC. As a result, whilst valuations are never, by themselves, a signal to invest, at some point the lack of an appetite for this asset class will change, and for long term investors current valuations look increasingly attractive.

Simon Brett
Chief Investment Officer
Parmenion Investment Managers

The new STATE PENSION

The single tier state pension starts life on 6th April 2016, but even the Pensions Minister has doubts about how much of it the public understands.

A man born after 5th April 1951, or a woman born at least two years later, will not receive a basic state pension when they reach state pension age (SPA). Nor will they receive any additional state pension, such as the state second pension (S2P). Instead, as of April, they will be entitled to the new single tier state pension.

The single tier pension will be £155.65 a week, whereas from April the basic state pension will be £119.30 a week. However, not everyone will receive £155.65 a week state pension under the new regime. If you reach SPA before 6th April, the current state pension rules will continue to apply. If your SPA is later, some complicated transitional adjustments will make allowance for the benefits you have earned under the old system, including those from contracting out of the state additional pension. The net result is that in 2016/17, only 38% of those people reaching SPA will receive the full single tier pension – many will receive little or no more than the state pension they earned up to April 2016.

The Pensions Minister, Dr Ros Altmann, has conceded that there is "much misconception" about the level of the new pension that people will receive. In a recent radio interview she went as far as to agree that the single tier pension had been mis-sold. The new system will ultimately save the government money, so in the longer term it will create more losers than winners. If you are an employee earning over £40,000 a year and are not contracted out of S2P, then you could be among the biggest losers.

If you want to redress the balance, there are a variety of ways to boost your retirement income. These range from topping up national insurance contributions to increasing regular savings, via a private pension or otherwise. To discuss the options suited to your personal circumstances, please contact your financial Adviser.

The value of tax reliefs depends on your individual circumstances. Tax laws can change. The Financial Conduct Authority does not regulate tax advice. The value of your Investment can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance. Occupational pension schemes are regulated by The Pensions Regulator.

HIGHLIGHTS *from the* AUTUMN STATEMENT

The Chancellor's third set piece of last year was almost another Budget.

After a Budget in March and another in July, it might have been thought that Mr Osborne would have little new to say in his Autumn Statement, but this proved not to be the case in two important areas.

Tax and 'additional homes'

In his July Budget, the Chancellor announced two reforms aimed at individual Investors in the buy-to-let market:-

- From April 2016, the 10% wear-and-tear allowance for furnished lettings will be replaced by a new relief based on actual expenditure.
- Between April 2017 and April 2020, the maximum rate of tax relief on interest to finance the purchase of buy-to-let property will be phased down to 20%.

The Autumn Statement added two further measures. From 1st April 2016, the rates of stamp duty land tax (SDLT) on the purchase of 'additional properties' (e.g. buy-to-let or second homes) will increase by 3%. As a result, a property costing around the average UK price of £200,000 will be subject to £1,500 SDLT if you are a homebuyer, but £7,500 if you are a buy-to-let Investor. SDLT does not apply in Scotland, which levies land and buildings transaction tax (LBTT), but Scotland's Finance Secretary has confirmed the additional levy.

The extra up-front tax will eat into capital gains – add in associated transaction costs and on that £200,000 property you could need growth of over 6% just to break even. If you do make a gain, then from April 2019, the Treasury will want you to pay any capital gains tax (CGT) due 'on account' within 30 days of the sale. At present the CGT is payable between 10 months and 22 months after the sale.

In the space of four months, the Chancellor has made buy-to-let Investing a much less attractive option for individual Investors.

Automatic pension enrolment

The Chancellor's interest in reducing the cost of tax relief on pension contributions was confirmed by an unexpected change to auto-enrolment rules. The minimum contribution rate was due to rise from 2% of qualifying earnings (those between £5,824 and £42,385 in 2015/16) to 5% in October 2017 and 8% in October 2018. Instead, each of the uplifts will now take place in the following April. In his speech Mr Osborne said the move was "to help business with administration" by aligning the change with the tax years, but failed to mention the £840m of savings in tax relief over the two years concerned.

The chairman of one major pension body echoed the thoughts of many experts when he said that "…delaying auto-enrolment phasing dates bodes ill for the survival of the pension tax relief system".

Rates and thresholds

Elsewhere, the Chancellor re-announced measures from his two 2015 Budgets. The 2016/17 personal allowance will rise by £400 to £11,000 and the higher rate threshold will increase to £43,000, but many other tax and national insurance thresholds and allowances will remain unaltered, a consequence of an inflation reading of -0.1% in the year to September 2015. There was the usual raft of anti-avoidance and evasion announcements, with offshore activities again a main focus. A new criminal offence of tax evasion will be introduced removing the current need for HM Revenue & Customs to prove intent, and civil penalties for offshore evasion will increase "in the most serious offshore cases".

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Tax Planning for the Spring Budget

The third Budget in the space of 12 months could mean you should start your year-end tax planning earlier than normal.

Shortly after presenting the Autumn Statement, the Chancellor revealed that the spring Budget will be on 16th March. It will be his third Budget and fourth parliamentary set-piece within a year and could potentially be the most significant. Year end tax planning is normally best completed before the Chancellor rises to his feet and in 2016 this principle certainly makes a lot of sense. Not only is there a risk of 'anti-forestalling' measures effective from Budget day, there is also an Easter holiday to contend with before the tax year ends on Tuesday 5th April.

The 2015/16 tax year end checklist is dominated by pensions, but there are other areas – familiar and new – to consider.

Pensions

In his post-election July 2015 Budget the Chancellor announced a review of pensions tax relief. The accompanying consultation paper was thin on ideas, but placed much emphasis on the fact that "including relief on both income tax and national insurance contributions, the government forwent nearly £50 billion in 2013/14."

Mr Osborne had been expected to reveal the outcome of the consultation alongside the Autumn Statement, but instead decided to await the spring

"Shortly after presenting the Autumn Statement, the Chancellor revealed that the spring Budget will be on 16th March. It will be his third Budget and fourth parliamentary set piece within a year and could potentially be the most significant."

Budget. Any change is expected to reduce – or possibly remove completely – tax relief on pension contributions for higher and additional rate taxpayers. A pension could end up with the same tax treatment as an ISA.

Even if the Chancellor makes no changes to pensions tax relief, starting on 6th April 2016, there will be a 20% reduction in the lifetime allowance (a March 2015 Budget measure) and a phased reduction in the annual allowance for high earners (part of a set of July Budget reforms). It is also the date from which it will no longer be possible to carry forward unused pension annual allowance of up to £50,000 from 2012/13.

ISAs

The current ISA contribution limit is £15,240, which will remain unchanged in 2016/17. In spite of the 2016/17 savings and dividend tax changes, maximising your ISA contributions will remain important if you are a higher or additional rate taxpayer:-

- All income within ISAs is free of personal UK tax and does not count towards your new dividend or personal savings allowances.
- A surviving spouse or civil partner can effectively inherit an ISA and its accompanying tax benefits.
- Gains made within ISAs are free of capital gains tax (CGT).
- There is nothing to enter on your tax return.

CGT annual exemption

2015 saw little overall change in many of the major stock markets. Nevertheless, if you have profits accumulated from earlier years, it is worth considering whether you should realise some gains rather than let your annual CGT exemption go to waste. In 2015/16 you could realise gains of up to £11,100 with no liability to tax. Doing so could provide you with the resources to make a pension contribution before any changes to tax relief take place.

Inheritance tax (IHT)

The IHT nil rate band of £325,000 has been frozen since 6th April 2009 and will remain so until April 2021, making it all the more important that you use your annual inheritance tax exemptions, including any unused £3,000 annual gift exemption from 2014/15.

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The Spring and Summer Budgets of 2015 both made changes to the tax treatment of investment income – starting in 2016/17.

Together they could save you up to £1,528 in the coming tax year. But one of the changes could land you with an increased tax bill.

Personal Savings Allowance

This new allowance could save you up to £200 a year in income tax on your savings income (such as bank interest). Basic rate taxpayers will receive the first £1,000 of savings income free of tax. Higher rate taxpayers will get the first £500 of their interest free of tax; so the value of the allowance in terms of tax saving is the same – a maximum of £200. Additional rate taxpayers, with income over £150,000 a year, will not receive any of the new allowance.

This new allowance will apply in addition to the £5,000, 0% starting rate band for savings income which was introduced for 2015/16. However, the allowance is more valuable to most people because of the restrictions that apply to the starting rate band, meaning that relatively few Investors qualify for it. The Treasury's March 2015 estimate was that the new allowance would exempt 95% of taxpayers from tax on interest. That high proportion is partly because at current interest rates, generating even £500 of interest requires a five figure deposit.

One consequence of the new allowance is that tax deduction at source from bank and building society interest payments will end from 6th April 2016; all interest will be paid gross. This will save most taxpayers and HM Revenue & Customs (HMRC) the hassle of tax reclaims, but it will also mean that if your savings income exceeds your personal savings allowance, you will have to pay HMRC some tax, even if you are a basic rate taxpayer.

Dividend tax reform

One of the surprise announcements of 2015 was the new rules for dividend taxation. It has three components:-

- The current complicated system that treats dividends as if they have been paid with 10% non-reclaimable tax credits will disappear. The dividend you actually receive will be the amount on which you will have to pay tax.
- Everyone (including additional rate taxpayers) will have a £5,000 dividend allowance, so the first £5,000 of dividends you receive will be tax-free.
- On dividends above the allowance, basic rate taxpayers will pay 7.5% tax, higher rate taxpayers 32.5% and additional rate taxpayers 38.1%. These all represent an effective increase of 7.5% over the current rate.

If you are a higher rate taxpayer, you will be better off unless your dividend income comes to over £21,667. Additional rate taxpayers will be better off on up to £25,250 of dividend income. In contrast you will not feel any benefit from this change if you are a basic rate taxpayer, because you will start to lose out once your dividend income is over £5,000.

These two reforms mean that many couples will need to review who owns which Investment. It is no longer simply a case of placing as much as possible in the hands of whoever pays the lowest rate of tax. You will both have a dividend allowance and, unless you are additional rate taxpayers, a personal savings allowance. There may also be a case for reviewing the types of Investment you hold so that you receive the right type of income. The sooner you start planning for the new rules, the better.

The value of tax reliefs depends on your individual circumstances. Tax laws can change. The Financial Conduct Authority does not regulate tax advice.

SHOULD YOU *still plan for* INHERITANCE TAX?

Some people may have gained the impression from the last Budget that inheritance tax (IHT) is no longer an issue for most families.

“In the Summer Budget 2015, the Chancellor announced that this nil rate band would remain frozen at £325,000 until April 2021”

After all, hasn’t the IHT threshold – the nil rate band – been increased to £1 million? Unfortunately not. Since April 2009 there has been no IHT due on the first £325,000 of an estate. In the Summer Budget 2015, the Chancellor announced that this nil rate band would remain frozen at £325,000 until April 2021. This can be increased to as much as £650,000 by using the unused nil-rate band of a deceased spouse or civil partner.

What did change in the Finance (No 2) Act 2015 was the introduction of an additional main residence nil-rate band. This is available where someone has left a residential property to one or more direct descendants; a residential property that had been their sole residence at some point. The main residence nil-rate band comes into effect for deaths on or after 6th April 2017. The effect is to raise the nil-rate band by £100,000 for the tax year 2017/18, increasing it by another £25,000 in subsequent tax years, reaching £175,000 for the tax year 2020/21 and later tax years.

How will it work?

The value of the main residence nil-rate band will be the value of the deceased’s person interest in the residential property (after deducting any mortgage) or the maximum amount of the band at the time of death, whichever is lower. For example, Mrs Smith dies in July 2018, leaving a home worth £700,000 to her children. Her husband has already died, leaving his whole estate to her and therefore the whole of his nil rate band is available to her estate. Mrs Smith’s maximum nil-rate band is therefore increased from £650,000 (i.e. her nil rate band of £325,000 plus her late husband’s unused nil-rate band also of £325,000) by £50,000 to £700,000. In this case the tax saved is just £20,000.

A property which was never a residence of the deceased, such as a buy-to-let property, will not qualify. The benefit will also be reduced where the net value of an estate is above £2 million.

Mitigating the effects of IHT should, therefore, continue to be an important part of financial planning. There are a number of planning opportunities that can be used. For example, the rate of IHT is reduced from 40% to 36% where 10% or more of a deceased’s net estate is left to charity. We will be happy to discuss these with you.

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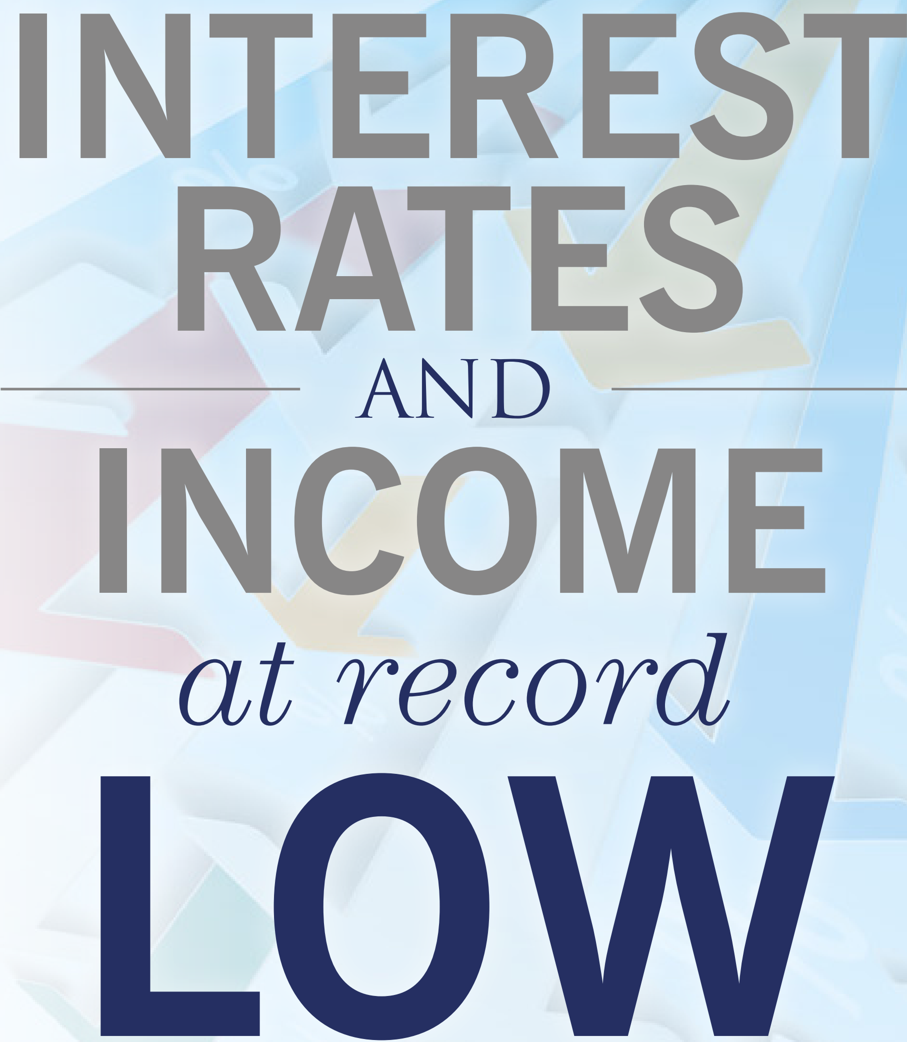

INTEREST RATES AND INCOME *at record* LOW

The Bank of England is keeping interest rates at a record low.

Economists predict...

that the Bank of England will prefer to wait and see how the outlook evolves before the first rate increase in more than eight years. Vicky Redwood, Chief UK Economist of Capital Economics has been quoted as saying 'Financial markets remain convinced that interest rates will stay on hold for all of next year – in fact, the first hike is currently not expected until April 2017'.

If this view proves to be correct, where should Investors be looking for income? This demand will grow as the 'baby-boomer' generation across the developed world moves into retirement and looks to turn capital into an income stream. Cash deposits and cash ISAs are fine for emergency funds and can be a reasonably safe haven in times of market turmoil, but they are generally less suitable for generating a regular income because of their potentially fluctuating yield which is currently low.

Fixed interest Investments may see pressure on capital values as interest rates rise. However, corporate and government bonds could still be an attractive source of income without excessive capital risks provided fund managers are holding relatively short-dated securities at the time of any increase in interest rates.

Equity returns versus risk

Equity Investments can also provide a good level of income. But with that comes higher capital risk. There are 52 funds in the UK Equity Income sector providing a dividend income of at least 4.0% and 22 funds in the Global Income sector providing at least 3.0%. The case for equity income Investing continues to strengthen. Worldwide, quoted companies paid out the equivalent of a record £660 billion in dividends last year according to the Henderson Global Dividend Index. A global approach offers equity Investors the benefits of diversification and the opportunity to receive income from different sources throughout the year.

Dividend income should be of more interest to many Investors after April 2016 with the introduction of the £5,000 tax-free dividend allowance for all taxpayers. If you are likely to exceed this level of dividend income, building up your stocks and shares ISA portfolio will be essential.

The value of your Investment can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance. The value of tax reliefs depends on your individual circumstances. Tax laws can change. The Financial Conduct Authority does not regulate tax advice.

RESIDENTIAL *care costs cap*

The government has set a cap on how much you will have to spend on your long term care needs*. But the cap won't now come in until April 2020 because of the cost.

The cap will mean that anything you (or your local council) spend on your eligible needs will be added together in your care account. Once it reaches £72,000, the council will pay for all your eligible needs. This proposed figure for the cap of £72,000 could be increased in line with inflation over the next four years.

The cap is good news, but not as generous as it looks at first sight

The cap represents the amount of care you could buy – but only at the rate your local authority would pay, not the actual charges made by the care home you have chosen.

What's more, the cap just covers care costs – not the cost of board and lodging in the home. Based on the average cost of a care home in England, it has been estimated that someone might need to have spent over £150,000 before they reach the cap. Even then, the state will only continue to pay the local authority cost of care, leaving the person in care to continue finding the balance.

For the time being at least, talking to an Adviser who is qualified to advise on care fees funding will continue to fulfil a critical need for those who might need care or have elderly relatives who do so.

** England only. At the time of writing, there has been no confirmation of decisions by the other UK legislatures.*

AUTO-ENROLMENT

FINES RISE – *don't be caught out*

As auto-enrolment into workplace pensions enters its fourth year, the Pensions Regulator (TPR) has started to hand out more reprimands and fines. In the third quarter of 2015, TPR issued more unpaid contribution notices than it had sent out over the whole of the previous 33 months and more than 100 £400 fixed penalty notices for employer non-compliance.

As auto-enrolment spreads to smaller employers, the numbers involved are rising rapidly. TPR says that over 500,000 employers will have to comply with the rules in the year to October 2016 against about 60,000 in the previous three years. If you employ anybody, are you ready?

Occupational pension schemes are regulated by The Pensions Regulator.

The more expensive COMPANY CAR

The new tax year will again see higher company car tax scales for most drivers. In 2016/17 the increase will be greater than in previous years for many drivers, because with few exceptions, the scale charge will rise by two percentage points rather than the normal one. Until the Autumn Statement the tax bill for diesel cars had been due to go down from April 2016, but the Chancellor – probably with VW in mind – decided to delay this cut until 2021/22. You could be better off leasing your own car.

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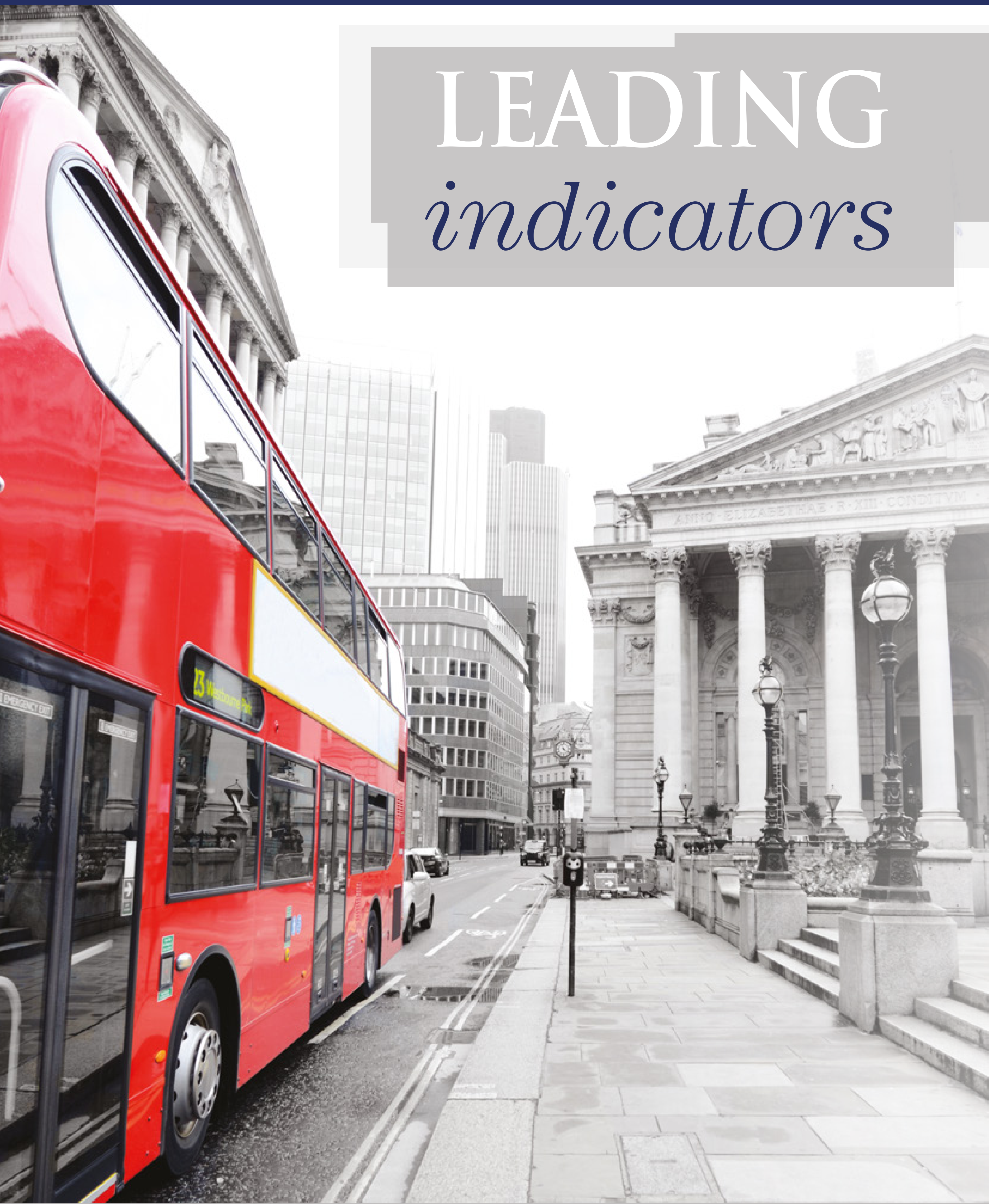
LEADING *indicators*



United Kingdom Stock Markets	3 months	6 months	1 year
FTSE 100[1]	-4.38%	-10.06%	-12.12%
FTSE 250[1]	-5.86%	-9.84%	-4.20%
FTSE All Share[1]	-4.72%	-10.00%	-10.62%

Source: Financial Express Analytics 16th February 2016

American Stock Markets	3 months	6 months	1 year
NASDAQ 100[1]	-10.45%	-10.73%	-7.20%
S&P 500[1]	-7.30%	-9.85%	-9.17%

Source: Financial Express Analytics 16th February 2016

European Stock Markets	3 months	6 months	1 year
CAC 40[1]	-14.05%	-16.41%	-10.70%
DAX[1]	-13.45%	-15.29%	-13.50%
DJ Euro Stoxx[1]	-15.30%	-18.20%	-15.06%

Source: Financial Express Analytics 16th February 2016

Other Stock Markets	3 months	6 months	1 year
Hang Seng[1]	-15.40%	-20.29%	-20.67%
MSCI Emerging Markets[1]	-8.78%	-10.74%	-15.73%
Nikkei[1]	-18.24%	-21.92%	-10.56%

Source: Financial Express Analytics 16th February 2016

Gilts	3 months	6 months	1 year
FTSE British Government 10 – 15 years[1]	5.72%	6.05%	5.04%

Source: Financial Express Analytics 16th February 2016

Property	3 months	6 months	1 year
Halifax Property Index[1]	1.64%	4.51%	7.95%
IPD UK All Property[1]	2.75%	6.12%	13.63%

Source: Financial Express Analytics 16th February 2016

Savings	3 months	6 months	1 year
Moneyfacts Instant Access[2]	0.17%	0.33%	0.66%
Moneyfacts 90-Day Notice[3]	0.19%	0.39%	0.76%

Source: Financial Express Analytics 16th February 2016

Inflation	3 months	6 months	1 year
UK Consumer Price Index	0.00%	0.00%	0.80%

Source: Financial Express Analytics 16th February 2016

Interest Rates	3 months	6 months	1 year
Bank of England	0.12%	0.25%	0.50%

Source: Financial Express Analytics 16th February 2016

Notes

1 Gross return Bid-Bid, annualised (ending 16th February 2016).

2 Moneyfacts average of Instant-Access accounts, £10,000 invested, total return, gross.

3 Moneyfacts average of 90-Day Notice accounts,£10,000 invested, total return, gross.

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