Viewpoint

Local presence, strong partnerships. By harnessing our connections Carl Summers Financial Services strives to provide you with your perfect solution.

The ABC of Junior ISAs

The Junior Individual Savings Account (ISA) was introduced in 2011, 12 years after the launch of the original ISA in 1999, which recently celebrated its 18th birthday.

In a nutshell, the Junior ISA is a long-term, tax-free savings account for children. It effectively replaced the Child Trust Fund and aims to enable parents to save a tax-efficient nest egg for their children.

Junior ISAs

There are two types of Junior ISA and your child can have one or both types:

- A cash Junior ISA, where you won't pay tax on interest on the cash you save.
- A stocks and shares Junior ISA, where your cash is invested and you won't pay tax on any capital growth or dividends you receive.

Managing the money

Only parents, or guardians with parental responsibility, can open a Junior ISA for under 16s, but the money belongs to the child. Until the child turns 16, the parent can manage the account if they want to make changes. For example, they could change the account from a cash to a stocks and shares Junior ISA or change the account provider.

The child takes over control of the account when they turn 16 and they can access their money from age 18 (when the ISA automatically loses its 'Junior' status).

Children aged 16 or older can open their own Junior ISA, as well as an adult cash ISA (with maximum contribution limits of £4,128 and £20,000 respectively, for the 2017-18 tax year).

Paying into a Junior ISA

Anyone can pay into a Junior ISA, but the total amount paid in can't exceed £4,128 in the 2017/18 tax year and £4,260 for 2018/19. If you go over this limit, the excess is held in a savings account in trust for the child and cannot be returned.

During the 2017/18 tax if you have paid £2,000 into a child's Cash Junior ISA you can only pay £2,128 into their stocks and shares Junior ISA. You can make contributions into a Junior ISA until the child's 18th birthday.

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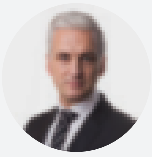
The tax efficiency of ISAs is based on current rules. The current tax situation may not be maintained. The benefit of the tax treatment depends on the individual circumstances. The value of your stocks and shares ISA and any income from it may fall as well as rise. You may not get back the amount you originally invested.

If you'd like more information on Junior ISAs, please get in touch.

The CIO: A week in the life

The week featured here is 23 – 27 October 2017; a period that saw a number of important global events.



Toni Meadows,
Chief Investment Officer of the Omnis Managed Portfolio Service

My day-to-day work life is broadly split into two roles. One is to monitor and keep in close contact with the managers of the Omnis funds range, while the other is to lead the Omnis Managed Portfolio Service. This is where my team allocates money across the individual Omnis funds according to the risk preferences of the investors whose money we are responsible for.

If you'd like to know more about Omnis Investments and the Omnis Managed Portfolio Service, please get in touch.

23 Oct

Monday

An early start and my first port of call is to check what has happened overnight in Asian markets given Sunday's Japanese general election. Stock markets reacted well to president Abe's victory, which is good news for our Omnis Asia Pacific Equity Fund. We check in with the fund manager at Baillie Gifford to see how he reacted and his views on the implications of the result.

The team gets together in the afternoon for our quarterly analyst meeting. While we meet formally every week, this is an extended discussion and our chance to talk in real depth about how we are investing in each of the Omnis funds, as well as upcoming meetings and changes to the global economic environment.

24 Oct

Tuesday

The morning starts with a call with Schroders, who manage the Omnis UK Equity and Omnis Global Bond funds. Of interest to us today is how the funds may be impacted by upcoming policy meetings by the world's big central banks, one of the tasks of which is to set interest rates.

Later that day, our attentions turn to the US where we recently changed the manager of the Omnis US Equity Fund. We are in regular contact with the new manager T. Rowe Price to get an update on performance, buys and sells within the fund and investment outlook for the country.

25 Oct

Wednesday

Given the amount of client money we manage,, it is no surprise we are often invited to various high-level conferences and events hosted by top investment strategists and economists. Today I attend Pimco's Global Advisory Board summit with fascinating speeches from the likes of former Prime Minister Gordon Brown, ex-US Federal Reserve chairman Ben Bernanke, and Jean-Claude Trichet, who was president of the European Central Bank from 2003 to 2011.

From that, I rush back to the office for the Openwork Investment & Proposition Committee, another valuable safeguard for investors, where I am tasked with running through our investment choices for senior directors and non-executives.

26 Oct

Thursday

Much of today is spent with advisers. Having recently finished our Masterclass events, a series of roadshows meeting advisers up and down the country, I've scheduled some follow-up one-on-one meetings. As the Omnis Managed Portfolio Service is a relatively new proposition, it is important to outline exactly how the team works and the benefit we can bring to our investors.

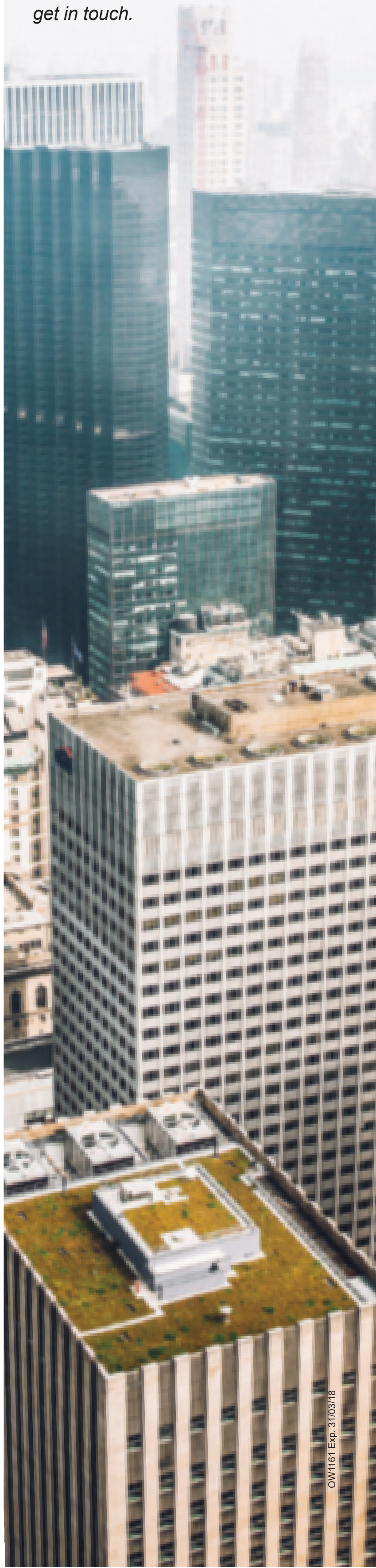
In the afternoon, all eyes are on the European Central Bank, which intends to extend its bond-buying programme until at least September 2018.

27 Oct

Friday

After a busy week, it is good to spend some time catching up on research with notes from external economists. I also spend some time on Bloomberg screens, checking the progress of the Omnis funds and analyst notes on yesterday's news.

As is often the case, I end the working week with plenty of questions buzzing around my head. What is the likelihood of the Bank of England raising interest rates next week? And how might UK stocks and the pound react? While I am certainly looking forward to a relaxing weekend ahead, I can't help but ponder what surprises wait for me on Monday.



Critical Illness cover can make a difference

If you've ever turned down a recommendation of critical illness because you can't see the value of it, this real-life case study might make you think again.

Please talk to us if you think you need cover, or you need to update your existing provision.

Peter Simpson is a successful commercial manager for a Berkshire-based firm. He's married with three children aged 13, 11 and 9 and has a £297,000 mortgage. His wife gave up work to bring up the kids, making Peter the main breadwinner.

When he was 24, buying his first house, Peter had arranged to see an Openwork adviser who helped him sort out a mortgage and critical illness cover. Over the years, Peter's circumstances changed; he got married, started a family and moved up the housing ladder. During that time he has stayed close to his adviser and updated his cover in line with his changing circumstances.

The value of critical illness cover

Peter has always been able to see the value of critical illness cover, particularly because his father had sadly died of cancer. Aside from covering his mortgage, Peter also wanted to make sure his wife and children would be OK financially if anything happened to him.

In December 2016, totally out of the blue, Peter had a stroke. He had stopped at a friend's house on the way to work when he suddenly and unexpectedly experienced a terrible buzzing sensation at the back of his head. He lost the feeling in his right-hand side and his speech became slurred. Spotting something was obviously very wrong, his friend got him into the house and immediately called an ambulance. Within 45 minutes Peter was being treated in hospital with his wife by his side.

When he was back home recuperating, Peter started the claims process, which turned out to be extremely straightforward. After a few phone calls and emails Peter received confirmation that his policies would pay out in full and he could expect £380,000 in his bank account.

Avoiding the financial impact of serious illness

Thanks to careful financial planning and an appreciation of the difference a critical illness plan can have on the financial impact of a serious illness,

Peter and his family now have the freedom to make choices. They have been able to make two platform investments, one that would act as a pension for Peter's wife, and the other to enable Peter, a higher-rate tax payer, to maximise his personal allowance every tax year. They have also reduced their mortgage and swapped it from interest only to repayment.

This case study highlights the importance of protection especially if you have a loan or you're the main breadwinner.

OW1165 Exp. 20/12/18

Let Property Campaign

If you let out a residential property but haven't declared the rental income, you might be interested in a new campaign from HM Revenue & Customs (HMRC).

If you'd like financial advice on your property portfolio, please get in touch.

HMRC estimates landlords fail to pay £550m every year and their 'Let Property Campaign' aims to reclaim the lost income tax on undisclosed rental income.

The campaign targets residential landlords and alerts those who owe tax to get up to date with their tax affairs. It provides an opportunity for those individuals who have let out a property and have not disclosed income to bring their tax affairs up to date and get the best possible terms on the tax they may owe.

It's aimed at those who have let a property either in the UK or abroad and includes individuals who are:

- renting out a single property
- renting out multiple properties
- a specialist landlord eg. student or workforce rentals
- renting out a room in their main home for more than the Rent a Room Scheme threshold (£7,500 per year)
- living abroad and renting out a property in the UK
- living in the UK and renting a property abroad
- renting out a holiday home even if they also use it

Landlords who report previously undisclosed taxes on rental income to HMRC under the Let Property Campaign will be given 90 days to calculate and pay what they owe and get the best possible terms.

The campaign doesn't apply to a company or a trust renting out a property or those who are renting out commercial property.

For further information, or to find out if this campaign applies to you, please contact a tax specialist or visit the dedicated site https://letproperty.campaign.gov.uk/

HM Revenue and Customs and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen

Your property may be repossessed if you do not keep up repayments on your mortgage.

A year of political change

2017 was the year of the campaign trail, with several key elections held in countries with great influence on global economics and stock markets. Here, we recap on the political posturing that defined 2017, and what it meant of the global stock markets.

If you're concerned about how global events could impact your investment portfolio, please get in touch.

On 20 January, Donald Trump was inaugurated as the 45th President of the United States. Global stock markets had rallied since the election result on 8 November, with many in corporate America hoping to benefit from promised tax reforms. Not everyone was happy. The day after Trump's inauguration, approximately half a million people protested in the Women's March in Washington DC, making it one of the largest one-day protests in American history.

In Europe, the Dutch were hailed as having "defeated populism" in the 15 March election by denying the Geert Wilders-led Party of Freedom's bid for power.

On 7 May Emmanuel Macron of En Marche! was declared President of France having won the second-round vote against the Marine Le Pen-led National Front by a decisive margin. Again, the election is billed as a win against populism and Europe's far-right. World stock markets are at their highest point for the year so far.

Across the Channel, the UK general election on 8 June restored Theresa May as Prime Minister, but only after the Democratic Unionist Party of Northern Ireland agrees to support a Conservative minority government. As the results came in, the prospect of a hung parliament led to an immediate fall in the value of the pound. May's intention was to seek an overall majority, paving the way for easier Brexit negotiations.

After a relatively quiet end to the summer, aside from ongoing Brexit discussions, the Eurozone's biggest player Germany held its federal election on 24 September. The result saw the Christian Democratic Union win only 33% of the vote – its lowest share of the vote since 1949 – but enough to see Angela Merkel remain as Chancellor. Markets then rallied for the last week of September and continued to climb in October.

Into autumn and it was the turn of the Japanese to go to the polls on 22 October. Given the dramatic fall in popularity that many world leaders had found themselves in over the year, it was a relief for Prime Minister Shinzo Abe to secure a big election win. The father of 'Abenomics' and the 'three arrows' policy of monetary easing, fiscal stimulus and structural reform, Abe's victory was welcomed by a rise in markets.

Elsewhere in Asia, perhaps the most significant global change was happening in China where the hugely powerful Communist party held its five-yearly congress. President Xi Jinping cemented his legacy with his own political philosophy being written into the country's constitution.

Emerging markets will dominate the electoral calendar in 2018, with votes due in the likes of Russia, Mexico, Brazil and Pakistan.

OW1162 Exp. 20/12/18

Valuations vs Surveys

Buying a house… is a valuation sufficient, or should you opt for a full structural survey?

Buying a house is probably the biggest financial purchase you'll make in your lifetime and at a time when you're already spending a lot of money, a survey can sometimes seem like a big expense. However, knowledge is power and it's better to be informed of any potential issues before proceeding with the purchase otherwise it may end up costing you further down the line.

When you're at the exciting stage of buying a new property it's easy to get seduced by the appearance of your potential new home, and risk ignoring any hidden problems which could cost you later on.

That's where a survey can give you peace of mind to purchase your new home with confidence. But with a number of options available, which is the best type of survey for the property you're buying?

A summary of surveys

The type of survey you should go for depends a lot on the age and location of the property. For example, if you're buying an older property it's sensible to select for a more detailed report than perhaps someone who's buying a new-build. The latter usually come with a National House Building Council (NHBC) 10-year guarantee for any big faults or defects in construction or materials.

We've summarised the different types of surveys available to help you make an informed decision:

Basic mortgage valuation	The sole aim of the basic mortgage valuation is to satisfy the lender that your chosen property is worth the price you're paying before they approve your mortgage. It doesn't go into any detail on the state of the property. It's important to remember that this survey is for the benefit of your mortgage lender and doesn't provide you with any guarantees about the state of the property.
Homebuyers report	This is a detailed report for 'standard' properties which are in reasonably good condition. It provides a more in-depth inspection that will help you find out if there are any structural problems, such as subsidence or damp, as well as any other hidden issues - inside and outside the property. It will also give advice on any defects that may affect the value of the property, along with recommendations for repairs and ongoing maintenance. A homebuyers report excludes the cost of estimates for repairs.
Full structural survey	Now known as a Building Survey, this is a comprehensive report providing a full breakdown of the fabric and condition of the property, with diagnosis of defects and repairs and maintenance advice. Typically these types of surveys are more suitable for properties that are listed, have an unusual construction, or require significant rennovation.

OW1171 Exp. 20/12/18

Could your status update affect your claim?

Given the nature of social media and the millions of us who use it every day, you probably weren't alone in posting pictures, videos and status updates showing off your recent Christmas presents and festive celebrations.

If you're concerned you may not have the right type of cover, or you think you might be underinsured, please talk to us.

But did you stop to think that posting information like this on Instagram, Facebook, Twitter or Snapchat could be advertising your property, your whereabouts and your latest expensive Christmas gadget to criminals, and potentially void your home insurance?

Counting the cost of burglary

There were 650,000 domestic burglaries in the 12 months to March 2017, costing, on average, £2,267 in stolen valuables and £566 worth of damage.

Figures also show that the number of claims relating to domestic burglary increases by a whopping 36% from November to March. This could be down to the longer nights providing more opportunities for criminal activity, and the likelihood of burglars finding expensive purchases and presents following the Christmas period.

Take a break from social media

If you suffer a break-in shortly after publishing your latest holiday snaps on social media, it could lead to your home insurance provider deciding you are partly at fault for advertising an empty property and this could affect your claim.

Are you vulnerable?

When assessing an application for home insurance, insurers are reportedly considering asking homeowners if they use social media, as the risk of over-sharing becomes more and more common. If you use social media and think it could affect your home insurance, consider taking the following steps to reduce your risk:

1. Turn off location-based services on the social media accounts you use
2. Never share your home address on social media
3. Make your posts private so that only your friends and connections can see them

It also makes sense to review your home insurance cover, especially after Christmas or birthdays when you may have bought or received expensive items.

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