Out and About in the Financial World

Welcome to our newsletter sharing items that we feel may be of interest to you, our clients, as well as your family and friends.

If you read anything of interest and we can be of further help please don't hesitate to give us a call.

NS&I increases its Premium Bond prize-fund rate from 1% to 1.4%

From 1 June the odds of a win improve from 34,500-to-one to 24,500-to-one, adding more than one million prizes to the June draw.

The number of £100,000 prizes will increase from six to 10, while the number of £50,000 prizes will rise from 11 to 19. However, there will still only be two monthly winners of the top £1 million prize.

The number of prizes will rise but your odds of winning are still relatively low. The nearest thing Premium Bonds have to an interest rate is their annual prize rate, which is what's increasing from 1% to 1.4%. It's a benchmark of the "average" return you'll get for your money – though in reality, there's no guarantee you'll win anything at all.

Lasting Power of Attorney revamp to improve safety and efficiency

The process of managing a loved one's affairs will be strengthened and modernised under major reforms announced by the government (19 May 2022).

- New safeguards to protect against fraud and abuse
- Process to be made simpler, quicker and easy to use
- New digital service to reduce application errors and speed up registrations

Under the proposals, people will be able to make an LPA completely online for the first time – bringing it in line with other government services. The current paper-based system will continue to operate meaning people can choose an accessible process that's best for their specific needs.

After recent cases in the news, crucially, the reforms will bolster safeguards to protect vulnerable people from abuse or fraud. The plans include new identification checks which would require official documents or information such as a driving licence and passport.

We recommend all our clients make a Lasting Power of Attorney

Tell us how we are doing?

Like all businesses we value feedback and recommendations.

To honour the Queens Platinum Jubilee and her 70 years of service to us all, we would like to make contributions to a charity close to her heart for all testimonials received.

The Queen's Commonwealth Trust supports Young Leaders who are transforming their communities. They are bringing Her Majesty's words to life through their voices and actions....

"Whatever life throws at us, our individual responses will be all the stronger for working together and sharing the load."

Her Majesty The Queen

All you have to do is email us your testimonial and we will make a £20 donation to the charity.

And if you know a family member or friend who would like to speak with us please tell them to contact us for a no-obligation initial conversation.

Thank you.

Aged 45 to 70? Urgently consider buying national insurance years!

If you're aged between 45 and 70, you may find that buying extra national insurance (NI) years is the best way to boost your state pension. If you're eligible, the returns can be huge – spend £800 and you could get £5,500 back. This is thanks to 'transitional arrangements' brought in with the new state pension system on 6 April 2016, so most people roughly 70 or under are eligible for it. But the clock is ticking on how long you have left to do this.

The maximum pension is currently £185.15 a week. But how much you get depends on how many 'qualifying national insurance (NI) years' you have.

Many will likely need about 35 qualifying NI years, though for those who started their NI record before 2016 it's not quite that simple. How many years *you* need is based on your age and NI record up to now – which could mean you need more than 40 NI years.

To make it easier for people on the new system to collect the number of NI years they need to get the maximum amount of state pension, there are 'transitional arrangements' in place. These mean you can pay to plug gaps in your NI record dating all the way back to 2006. Yet this arrangement ends on 5 April 2023, after which you can only fill gaps going back six tax years.

For most who qualify and have the cash, paying to plug NI gaps is a no-brainer that could boost your pension by £1,000s. Though there are lots of 'ifs' and 'buts' that may mean it's not right for you.

Money Saving Expert has produced a guide to lead you through the process to see if this is right for you:

https://www.moneysavingexpert.com/savings/voluntary-national-insurance-contributions/

9 in 10 adults make stark spending decisions as cost of living anxiety runs high

A report from Royal London says….

- 95% of UK adults are concerned about the rising cost of living, with households across the earnings spectrum worried – as much concern among those with six-figure incomes as lower-earners
- Energy bills (92%), food shopping (87%) and cost hikes to phone and internet contracts (84%) are causing the most concern
- Saving levels also likely to take a hit with half (48%) of full-time workers saying they'll reduce or stop saving altogether
- Worryingly, a fifth (21%) of people plan to borrow their way out of trouble, with 7% admitting they simply don't know how they'll cover increases and 5% saying they're considering a short-term (payday) loan

The pressure of spiralling living costs is a major concern among UK households with the vast majority looking to make significant lifestyle changes in response to price rises. According to mutual insurer, Royal London, 95% of adults in the UK say they are worried about the anticipated rise in the cost of living in 2022.

Difficult choices ahead

The level and speed of price rises, means nine out of 10 of us (89%) are looking to make changes to pay for the cost of living increases.

Worryingly, the option for a fifth (21%) of people is to borrow their way out of trouble, with 7% admitting they simply don't know how they'll cover increases. As part of the cutting-back regime, half (48%) of full time workers feel they'll be forced to reduce or stop saving altogether.

Further squeeze on the horizon

On top of rising costs, National Insurance contribution rates are also set to change from next month, just as energy bills rise more steeply, which will dramatically affect take home pay. For an individual on a salary of £50,000, that will mean an extra deduction of £464 a year, or £214 for someone earning £30,000.

Speak to us if you need to review you income levels for investments or pensions