



SMH Sutton McGrath Hartley.

The lock-down guide to sorting out your finances

At present, we are all being advised to stay home whilst the UK fights the coronavirus epidemic. For many people this means more downtime, and whilst this may not be ideal this does give us time to complete some long standing tasks that we have been putting off. This includes getting your finances and wealth plans in order.

To help you identify what you might want to consider doing, we have put together this handy checklist to help you get started.

SMH Financial Services.

Our specialist team of Financial Planners at SMH Financial Services can assist with points 1 to 5.

1. Collate your lost or forgotten pensions arrangements

If you have been employed by more than one business over your career, chances are you will have numerous existing pension arrangements. Any pension funds you have accumulated in your working life could make a big difference to your overall pension savings when you retire.

If you believe you may have an old pension from a previous job, you can now track this down using the free government implemented '**Pension Tracing Service**'. Make sure you are not one of the 1.6 million pension pots in the UK that have been forgotten. An average of £13,000 could be there waiting for you.

Look to gather all your existing pension arrangements together and ask yourself these questions: do they still meet your objectives; are the charges competitive; do they offer flexibility; are they performing well? You may wish to seek advice if the answer to any of these is 'No'.

2. Update your pension beneficiary form

Also known as your 'expression of wishes', this is similar to your Will where you can nominate who will inherit your pension benefits.

As pensions don't usually form part of your estate when it comes to inheritance tax (IHT) this is not therefore, covered by your Will. If you want to specify who will inherit your pension after you die you will need to have an 'Expression of Wish' in place. Any pensions that pre-date your current relationship status may need to be reviewed to ensure they are up to date. Will your beneficiaries have all the different options available to them in respect of your hard earned pensions on your death? You may wish to seek advice if not.

Your current pension providers will be able to tell you who your current nomination is and what you need to do if you would like to change this.

3. State Pension

The UK Government introduced the new single-tier State Pension in 2016 to make it easier to understand when your state retirement age will be.

The new State Pension is based on your National Insurance record, and requires you to have at least 35 qualifying years to be eligible to receive the full amount. Qualifying years can include years where you have been in full time employment, or where you have received National Insurance credits (e.g. Child Benefit).

Most people are not aware of how much they may receive for their State Pension, or even at what age they are likely to qualify for it. If you are unsure you **can check this here on the Government website**.

Your State Pension could form a valuable part of your income when you retire, so it's important to understand what you will be entitled to.

4. Review old insurance policies

It's common practice to review your car and home insurance on a regular basis. The same can be said for your life insurance and protection policies & mortgage endowments. Does the level of cover you have in these policies match up to your current requirements?

If you have experienced any of the following changes to your personal or financial situation, you should consider reviewing your insurance policies:

- Starting a new job
- Going into to self-employment
- Selling your business
- Considering retirement
- Got married or divorced
- Had children or grandchildren
- A change to you or your partner's health
- Paying off debt
- Moving home
- Buying or selling a property
- Making financial gifts from your estate

Should you need to make a claim, either now or in the future you should review your policies to ensure you are adequately covered.

Like with many other documents, you may have put them to one side so if you can't find your policy documents you should contact your insurer to request a copy, and to discuss your level of cover.

You may also wish to put your life assurance policies into a trust. This will ensure that when funds are paid out, they do not automatically form part of yours or your beneficiaries' estates on death, which can save on IHT.

5. Set up new insurance policies

If you don't currently have any insurance policies in place, then you may wish to consider setting some up. Even basic life insurance policies will give you some peace of mind, and can be available for just a few pounds each month.

There is currently a 'protection gap' in the UK, meaning a large proportion of the population (approx. 65%) would be left financially vulnerable should they experience life changing illness or injury, as well as death. You need to think about how you or your spouse or other close family members would cope financially if such events should happen.

Critical illness and income protection policies are possibly more valuable than life insurance and should be considered.

In light of the recent Covid-19 pandemic, and continued uncertainty over health and employment, now may be a good time to consider putting adequate protection in place for you and your family.

SMH Wills & Probate.

Our specialist legal executives at SMH Wills & Probate can assist with points 6 to 10.

6. Make or update your Will

Stats show that over half of UK adults don't have a valid Will. This includes around 60% of parents who don't have any provisions in place to look after their children in the event of their death. You are never too young to put your wishes in place for the unexpected.

Already having a Will in place may not be enough, especially if this was made some years ago and your circumstances have changed, such as getting married, divorced, having children or buying a property - therefore it is good practice to regularly review your Will to determine if it needs to be updated in line with any life changes.

A simple check over your Will can identify if it remains up to date and reflects your wishes.

Making a Will is relatively inexpensive but could be one of the best investments you make this year.

7. Establish a Power of Attorney

A Lasting Power of Attorney (LPA) allows someone who you have appointed to make decisions for you, or act on your behalf should you become incapacitated. This can be done on a short term basis to assist if you are hospital bound for a period of time, or more long term due to loss of mental capacity.

A Health & Welfare LPA covers your general welfare, such as health & welfare based decisions you would make on a daily basis, medical care or choosing a care home in which to reside.

A Property & Financial Affairs LPA covers the management of your savings, investments, income requirements, bills and dealing with the sale of any property you own should you be unable to make these decisions for yourself.

You can appoint one or more attorneys to help you make these decisions. Attorneys however, must be aged 18 or over and have the mental capacity to make their own decisions.

An ordinary Power of Attorney can be considered as opposed to an LPA should you become temporarily incapacitated. This allows provision to be put in place for dealing with a specific matter and for a specific amount of time, however this option is only available in relation to a property or financial matter, and not for health and welfare purposes.

8. Consider making gifts

If you are lucky enough to be in a strong position financially, now may be a good time to consider gifting capital to your loved ones.

There are rules around making gifts, so you will need to fully assess your current situation. Making gifts could be classed as 'potentially exempt' from IHT, meaning if you pass away within seven years of making the gift, it will form part of your estate for IHT purposes unless it automatically qualifies for exemption.

Exemptions currently in place include an annual allowance of £3,000 per tax year, where each individual can make an outright gift of £3,000 per year which is immediately exempt from their estate for IHT purposes. If the previous year's allowances remain unused this could double.

There are different rules in place for marriage or civil partnerships, where you can gift up to £1,000 per person (or £2,500 to a grandchild, or £5,000 to your offspring).

If gifting is on your agenda, the sensible thing to do is to plan this out effectively and establish a regular pattern of gifting that doesn't impact on your standard of living.

9. Charitable donations

Like gifting, charitable donations also have significant tax breaks with additional relief that can be claimed back.

If you are a UK taxpayer, you will be able to apply Gift Aid to any charitable donations you make meaning the charity receives an extra 25% on top of your gift at no cost to you.

If you pay tax above the basic rate, you are able to claim the difference between the rate you pay and the basic rate on your gross donation, just remember to keep track of your charitable donations so you can apply for the additional relief on your self-assessment tax return.

10. In Case of Emergency (ICE) document

Many of us will be considering our own mortality in light of the Covid-19 epidemic, but do your close family members know where all your important documents are, what your financial adviser deals with for you, and who your accountant or solicitor are? If you are primarily in control of family finances does your spouse have access to all the accounts they would need should you no longer be around to deal with them?

There's no better time than now to collate all this information into one document, including where your Will is kept, to ease the burden on your family should anything unexpected happen.

SMH Residential Mortgages.

Our specialist team of Mortgage Advisers at SMH Residential Mortgages can assist with point 11.

11. Review your mortgage

It's good practice to review your mortgage deal on a regular basis regardless to ensure you are on the most appropriate rate for your current circumstances, but with interest rates currently at historic lows switching to a better deal now could be better for your long term interests.

If your current deal has already ended and you are on your lender's standard variable rate, you could be saving money right now, as well as paying off more capital in your home.

Our specialist team of Chartered Accountants at SMH can assist with points 12 & 13.

12. Budgeting

Not at the in depth level of the Chancellors annual budget, but if you have more time on your hands now than you usually do, why not put it to good use and review your household expenditure?

This may be more important now more than ever, especially if you have experienced any reduction in income due to furlough, unemployment, or lower business profits. You will automatically save money in some areas (travel, parking, eating out, entertainment etc) but what about your monthly subscriptions you are no longer using or household bills?

If you undertake a pre and post lockdown budget, it may be that you can put some of this money aside into savings, gifting, or charitable donations - even if it is just on a temporary basis.

13. Government Support Schemes to help deal with COVID-19

There are a range of support schemes that have been set up by the Government to help ease the financial burden of Covid-19.

Some of the measures include:

- **Coronavirus Job Retention Scheme** – reimburses the employer up to 80% of a furloughed employee's salary, capped at £2,500 per month
- **Self-Employed Income Support Scheme** – taxable grants worth 80% of average monthly profits for the self-employed with trading profits of £50,000 or less, capped at £2,500 a month
- **Small Business Rates Relief** – £10,000 grant for small businesses that qualify for small business rates relief or rural rates relief or £25,000 grant for businesses in the hospitality sector
- **Business Interruption Loans** – up to £5 million available to SMEs from 23 March 2020, interest free for 12 months
- **Business Rates Holiday** – payment holiday for businesses in hospitality, leisure and retail and estate agencies
- **Payment On Account** – self assessment payments due on 31 July 2020 are now deferred until 31 January 2021, with no interest or late payment penalties
- **Mortgage Payment Holiday** – mortgage lenders are offering a three-month mortgage holiday for those directly affected by Covid-19. Mortgage holidays are also available to private landlords.
- **VAT Payment Deferral** – businesses will not be liable to VAT payments during the period 30 March and 30 June 2020, with VAT refunds and reclaims paid by the Government as normal
- **Time To Pay Scheme** – providing the ability to agree the payment of tax in instalments, with no interest charge
- **Bounce Back Loan Scheme** – helping small and medium sized businesses borrow between £2,000 and up to 25% of their turnover, up to a maximum of £50,000

We appreciate there is a lot to take in at this time, however if you do find that you have any spare time to look into the above and get your house in order we would recommend you do so. Making time for this now will save time down the line, as well as give you piece of mind that you have done everything you can to ensure your affairs are in order.

We have the expertise in house to deal with all the above on your behalf should you need us to. All you need to do is contact us on **0114 266 4432** or **info@smhca.co.uk** with your requirements and we can take it from there.

Notes

Points 1-5	SMH Financial Services.
Points 6-10	SMH Wills & Probate.
Point 11	SMH Residential Mortgages.
Points 12-13	SMH Chartered Accountants.

SMH Sutton McGrath Hartley.

SMH has been established since 1995 and our professional staff advise and provide our clients with in-depth expertise and insight into the complex financial, legal and tax matters which impact business, personal and family interests.

Our group contains individual companies that all work closely together to ensure our clients don't have to go to multiple advisors when seeking professional advice.

We are proud to say our professional staff are highly qualified and readily available to assist our clients with their requirements. They include Chartered Accountants, Chartered Tax Advisers, Chartered Financial Planners, Corporate Financiers, and Chartered Legal Executives.

We can assist with the following:

SMH Chartered Accountants.

A comprehensive accountancy service

SMH Financial Services.

Personal and tailored financial planning

SMH Wills & Probate.

Taking care of those who matter

SMH Residential Mortgages.

Cost effective mortgage advice to suit you

SMH Conveyancing.

High quality conveyancing services

SMH Contractors.

A stress-free, fast & efficient service

SMH Capital Allowances.

Specialist tax advice that delivers results

SMH Commercial Finance.

Helping you get the most out of your business

With offices in Sheffield, Chesterfield, Rotherham, Buxton and Knaresborough we act for a variety of businesses and personal clients across many market sectors and diverse portfolios across Yorkshire, Derbyshire and the High Peak region.

Contact your local office to take advantage of a free, no obligation consultation – whatever your financial matter may be, we will have it covered.

Sheffield
Rotherham
Chesterfield
Knaresborough
Buxton

0114 266 4432
01709 872106
01246 277266
01423 787616
01298 22108

info@smhca.co.uk

www.suttonmcgrathhartley.co.uk

