



2018 the half year report

A look back at the global political and economic events from the first half of 2018.

Changing rooms

How to give your house kerbside appeal.

Protection in trust

How to make sure your policy pays out on time, to the people you want to benefit from it.

Some unusual insurance claims

From snails to birds, we look at the more weird and wacky claims.

The Junior ISA

Investing for children couldn't be easier.

Long-term investors needn't fear volatility

Short-term movements in stock markets are part and parcel of investing.

Are you thinking of downsizing

Almost half of empty nesters have no plans to downsize, even though it could free up equity.

2018: the half year report

The first half of 2018 had no shortage of political tussles and diplomatic standoffs to deliberate on. Here, we consider some of the big economic events across the globe that have kept us busy, including incidents that have come completely from leftfield.



UK

Brexit has understandably dominated the headlines, and no doubt will continue to be the big topic of conversation for many months to come. In March, it was announced that the UK and EU had agreed terms for the Brexit transition period, which lasts from 'Brexit day' on 29 March 2019 until 31 December 2020. The EU will allow Britain to sign its own trade deals during the transition, and the UK will give full free movement rights for EU citizens who arrive during the period.



Also in March, chancellor Philip Hammond used his Spring Statement to unveil upgraded UK growth forecasts. Office for Budget Responsibility (OBR) figures have revised the UK growth forecast for this year upwards from 1.4% to 1.5%. However, growth was just 0.1% for the first three months of the year, in part due to the impact on the economy of the so-called 'Beast from the East'.



US

Some of the tax reforms passed by Donald Trump at the end of 2017 came into play on 1 January, including a 'market friendly' cut of corporate tax rates. In the long-term, these changes are predicted to mean businesses spend more and lift wages. It is of course a gradual process, though a positive 'earnings season' for US businesses in the spring has arguably brought some degree of cheer for those looking to invest in the country.



The president has generated plenty of press coverage in other areas too, including his surprise meeting with North Korean leader Kim Jong-un in June. From a stock market perspective, it is the tech giants that continue to have a huge influence. However, the likes of Facebook and Amazon have not had it all their own way, given the former's Cambridge Analytica data scandal and Trump's attacks on the latter's pact with the US Post Office.



Latin America

Argentina was in the headlines in May with its central bank rising interest rates to a whopping 40% as its currency, the peso, fell sharply. The country's economic vulnerabilities were highlighted by a reform programme under president Mauricio Macri. Later in the month, it emerged the government had been in touch with the International Monetary Fund for a credit line that would help restore confidence in the country's economy.



Elsewhere, economists have been speculating that Latin America could be an unexpected winner should trade tensions escalate between China and the US. Brazil, Argentina, Chile and Mexico are among the region's economies that already have extensive trade agreements with China and the US, primarily trading soybeans, iron ore, crude oil and copper into China and manufacturing products into the US.



Europe

After months of uncertainty in Germany, a grand coalition was finally formed between the CDU/CSU and SPD parties and the new government took office in March. However, as one country took steps towards a stable government, another, Italy, was facing its own political stalemate. At the end of May, two populist parties, Five Star and League, formed a new ruling coalition.



In France, president Emmanuel Macron came up against opposition to his pro-business economic reforms, which meant nationwide rolling train strikes in dispute over government's planned overhaul of state-run railway SNCF.

Someone who seemingly has never had a problem with popularity in his country is Vladimir Putin, who took more than 76% of the vote in a landslide victory in March's Russian election. His fourth term as president will extend until 2024, much to the ire of many in the West who see his regime as a malicious influence on global diplomacy.



Asia

A key event of the first half of 2018 from a markets perspective was posturing towards a 'trade war' between China and the US. What exactly is a trade war? In simple terms it is when countries try to attack each other's trade with taxes and quotas. In introducing tariffs on a country's imports, which is what these two nations have been doing on certain products, the intention is to push people to buying cheaper local products instead, thus boosting your domestic economy. However, in truth there are no real winners from a trade war, and so it seems common sense that officials from both countries have been discussing compromises.



Still, the Chinese economy evidently remains in good shape, with growth in the first quarter of the year coming in at an impressive 6.8%. In Japan, however, there have been some problems brewing for prime minister Shinzo Abe, who saw his public support fall off dramatically having been caught up in a political scandal.

Correct as at time of going to print



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

The value of your investments and any income from them can fall as well as rise and you may not get back the original amount invested.

Changing rooms

When it comes to selling your house first impressions count, and that starts with kerbside appeal.



Whatever your reason for selling up, please get in touch and we can help you with your mortgage and protection needs.



Viewings

Before your prospective buyer is due to arrive, make sure you've opened curtains and blinds as far as possible to let the natural light in. Turn on lamps if needed to create nice, soft lighting. Open the windows to get fresh air in and put the heating on if it feels cold. Make it as easy as possible for visitors to easily imagine themselves living in your house.

A great first, and lasting, impression doesn't have to cost much. With a bit of time, effort and elbow grease, you can smarten up your home's outside appearance so that potential buyers are keen to step beyond the front door.

Start with free

Before spending any money, have a look around your property to see what improvements you can make that won't cost a penny.

If you have a garden, plants, or hedges, make sure they're mown/clipped, and any dead leaves cleared away. Clean your windows, including sills, and your exterior doors. If you can, jet wash your patio, decking and path areas and clean up any external garden furniture.

Spend a little to make a big difference

Check any external wooden doors and treat them to a lick of paint if there are signs of wear and tear. Use the same paint colour on your garden gate or fencing, so that you can show some thought has gone into the outside space. Hanging baskets or attractive plant pots can also make a difference to the entrance of a home and don't have to cost much.

Continue the feel-good factor inside

Now you've got your potential buyer safely through the front door you'll want to make sure they are as impressed with the inside as they were with the outside and this starts with good old-fashioned cleaning. If you have spare cash you could get a cleaning firm in, or you might prefer to roll up your sleeves and get stuck in.

Work systematical, room by room, checking that curtains hang straight, any blinds are clean, and nets washed as you go. It's also a perfect opportunity to declutter, so box up any items you can do without until you move into your new home.

Vacuum every inch of the floor, moving furniture so you can get to dust-collecting areas. Make sure your kitchen and bathroom are sparkling and uncluttered (you know buyers will be nosing in cupboards) and dress the latter with a new bath mat and towels.

If you have any money to spend you could buy loose covers and throws to hide a sofa that's seen better days, and upgrade your soft furnishings (you'll take these with you when you move). Internal doors may need varnishing or painting and you might want to replace old fashioned light switches, or at least give them a good clean.



Protection in trust

Taking out a Life Insurance policy gives you valuable peace of mind; you know you've helped protect your family against financial hardship, should the worst happen. But how can you make sure your policy will pay out quickly, to those who'll need it most, if you weren't around? The answer might be to write your policy in trust.

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If you're thinking of putting a life policy in trust, please talk to us first. We can tell you if it's the right choice for you, which type of trust is most appropriate for your circumstance - and help you put the trust in place.

What is a 'trust'?

A trust is a legal document that allows you to specify what will happen to your money after your death. If your life insurance policy is written in trust, any payout will go to the trustees you've chosen, who will then ensure the funds are distributed to the people you'd like to benefit from the policy (the beneficiaries).

According to research by Legal & General, however, it seems there is a significant lack of awareness around the benefits of placing live cover in trust. In fact, their survey found that 82% of people questioned had assets they wanted to bequeath to their loved ones, but two fifths were unfamiliar with the process.

Why is a trust so important?

A trust provides control...

Every year, many people die without having put their life insurance policy in trust. As a consequence, the payouts become subject to the delays caused by the processing of a Will and, where there is no Will, the complex laws of intestacy come into play. This could mean the benefits of the policy will form part of your estate, which may not go to the people of your choosing. With your life insurance in trust, you can specify who you want the beneficiaries to be. This is especially important if you are unmarried or in a civil partnership.

A trust means your life insurance policy won't attract Inheritance Tax...

A life insurance policy that has been 'written in trust' does not form part of your legal estate and is not subject to Inheritance Tax. This allows the entire policy payout to go to the people you intended to benefit from it.

Your beneficiaries will have the money more quickly...

Using a trust should help ensure that the money paid out from your life insurance can be paid to the people of your choice quicker, without waiting for lengthy legal processes, such as probate. This can be a welcome relief for those left behind during what is likely to be a very stressful time.

Setting up a trust

Trusts are usually easy to set up, but it's important to select the right type of trust and complete the documentation carefully. That's where we come in.

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

The Financial Conduct Authority does not regulate Trust Advice.



Some unusual insurance claims

If we asked you to list the most common reasons for claiming on your household insurance, you'd probably say theft, accidental damage, or damage caused by storms and flooding. The following claims, however, are slightly more unusual...



Get in touch if you'd like advice on the right buildings and contents insurance for you.



Animals do the strangest things

You may have blamed the dog for homework disasters in the past, but one Cornish policyholder took things a step further by claiming £2,000 for a hearing aid which his dog had swallowed. The man had apparently had his hearing aid in his pocket along with the dog's biscuits and got them muddled up by mistake.

And never mind the dog, a report in the Lancashire Evening Post confirmed that a pensioner from Preston had put in a claim for £78 after a snail ate part of his carpet.

Birds have also been the subject of wacky insurance claims with a magpie being cited as stealing a pair of dentures and a low-flying goose who reportedly crashed through a man's roof, damaging furniture, a TV and a games console.

Call the fire brigade

A man in the West Country noticed a loose thread on the bottom of his curtains and decided, in a moment of madness, that the best way to deal with it would be to burn it off with a lighter. He ended up setting the whole curtain alight which soon spread through his house. Perhaps most distressingly for the man was that his insurer considered his act to be deliberate and therefore not covered by his insurance.

Baby blues

Finally, and perhaps our favourite of the lot, according to Confused.com a proud grandad was holding up his new grandson to show him off on a Skype video call when the infant vomited over the computer. The tiny tot caused £450 worth of damage.

These weird and wacky insurance claims might raise a chuckle, but protecting your home and personal belongings from theft, damage or worse, is a serious subject.


The Junior ISA

Junior ISAs (JISA) are long-term, tax-efficient savings accounts for children, introduced in November 2011 to supersede the phased-out Child Trust Fund (CTF).



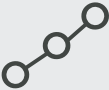
If you want to know more about investing for children, or yourself, please get in touch.

There are two types of JISA:



A cash Junior ISA - where you won't pay tax on interest on the cash you save

Since April 2015, anyone with a CTF has been able to transfer that money into a JISA. Whilst the savings limit for both the CTF and JISA are the same (£4,260 in the 2018/19 tax year) CTFs have become less innovative and attract a lower interest rate than JISAs, making the latter a more attractive proposition for parents looking to create a tax-efficient nest egg for their kids.



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

One, or both types of JISA can be opened by parents or guardians with parental responsibility for a child aged 17 or under who lives in the UK. The child takes control of the account when they're 16 (until then the parent manages the investment), but can only withdraw the money when they turn 18. Children aged 16 and 17 can open their own Junior ISA as well as an adult cash ISA.

Topping up

Anyone can pay money into a JISA as long as the total amount invested is no more than £4,260 in the 2018 to 2019 tax year. If you've invested in both types of JISA, this is the total amount you can pay across the two accounts in the current tax year.

JISAs automatically lose their Junior status when the child turns 18 and the maximum contribution limit increases to that of an adult ISA, which is £20,000 in the 2018 / 19 tax year.

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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.



Long-term investors needn't fear volatility

You may have read in the press that markets have been particularly volatile in 2018. But what does this mean for your investments?



If you'd like to know more about our approach to wealth management, please get in touch.

While stories about stock market falls are guaranteed to make headlines, the subsequent rebounds in prices get less coverage; and that's when the best investors can often make their money. While the great financial crisis of 2008 and the stock market lows of March 2009 are still fresh in many people's memories, it's worth noting that an investment then in global stocks would have grown more than twofold more than a decade down the line*.

That might be an extreme example with those kinds of returns never guaranteed, and those who try to second-guess markets or try to time when to invest their wealth often get it wrong. However, it does go some way to illustrate the benefits of investing over a long-term time horizon and riding through the peaks and troughs of market movements.

Investing for the long term

Indeed, the investment propositions we can recommend to you (our Graphene models and the Omnis Managed Portfolio Service), are designed specifically with a long-term investment in mind - a minimum of at least five to seven years.

The portfolios are also designed depending on your specific attitude to risk and aim to deliver lower volatility than the wider stock market; dampening extreme spikes in prices. How do we do this? The key is what we call 'asset allocation'. This is smoothing out returns through diversification across different investment types, from stocks to bonds, and alternative types of investments, such as property or natural resources like oil or precious metals.

Volatility in markets has many varied causes; from political shifts and central bank actions through to modern media, for example tweets from world leaders like Donald Trump. Rather than focus solely on these, often random factors, the Omnis fund managers responsible for your investment are looking at specifics that determine the real value of stocks and shares, and overarching thematic trends, such as long-term changes in demographics or spending habits across the globe.

Embracing volatility

The key takeaway here is that short-term movements in stock markets, as sharp as they may be, are part and parcel of investing, and volatility is often welcomed by professional investors looking for new opportunities to put money to work. Those with their wealth in well-managed and well-diversified portfolios should, in most cases, have little to fear as long as they follow their adviser's recommendations in investing over a sensible timeframe and their investments correctly reflect their attitude to risk and capacity for loss.

*MSCI World Diversified Financials Index

The value of your investments and any income from them can fall as well as rise and you may not get back the original amount invested.

Past performance is not a reliable indicator of future performance and should not be relied upon.



Are you thinking of downsizing?

According to a survey by Lloyds Bank, 45 per cent of empty nesters have no plans to downsize, despite the potential windfall moving to a smaller place could create.



If your kids have flown the nest and you're thinking of downsizing, we can explore your options and discuss changes to your financial plan that can help to make more of your new circumstances.

For these empty nesters then, life seems pretty comfortable, but their new-found wellbeing could be at risk if a study by the London School of Economics (LSE) is anything to go by.

Boomerang offspring

The LSE study is based on findings from people over 50 from 17 European countries taken between 2007 and 2015. It suggests the boomerang population is growing because of the increasing costs of housing and rising job insecurity causing kids to return 'home' as adults.

About a quarter of young adults in the UK now live with their parents, and in many cases, will be a source of emotional and practical support for their parents. But it's clear from the study that some empty nesters view the return of their kids as hampering the exciting new stage of life they had just started to enjoy; creating stress and conflict in the family home and making downsizing seem a more attractive option.

The benefits of downsizing

It could be a more attractive option too when you consider a potential windfall of up to £110,000 for the 55 per cent in Lloyds Bank's survey who did choose to downsize. This is typically the equity released from moving to a smaller property and something that makes a nice lump sum to top up the pension pot or indulge in a long-dreamed-of holiday of a lifetime.

And if you are thinking of downsizing, you don't necessarily have to compromise on space. You could find a cheaper property that's as big as your previous home by:



Finding a property in a less expensive location



Avoiding a property in the catchment area of a sought-after school



Buying a 'fixer upper' to work on in retirement



Looking for property at auction

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