

The value of a parent...

Parents' lives are often dominated by their children's needs. It can be very challenging running a household and earning a wage to support both the children and the home. Recent research conducted by Legal & General helps to assess the true value of a parent in monetary terms, and highlights a worrying lack of protection for parents across the UK.

The value of parents

Parents tend to greatly underestimate the effort and cost of raising children. The study shows that on average a typical mother spends 74 hours a week on household chores and childcare, which falls to 53 hours a week for the average father. This is in addition to the time spent at work!

The cost of replacing this time spent by parents with employed help (if anything happened to either parent) would be as follows:

- Mother – 74 hours a week – £32,812 per annum
- Father – 53 hours a week – £23,296 per annum

The cost of raising children

In addition to the value of parents, the study also examined what the cost of raising a child is. Whilst this depends greatly on the age and number of children, the average cost is £132 a week, which includes food, clothing, entertainment and education costs. Clearly in some circumstances certain private education costs would increase this figure greatly!

The lack of protection in the UK

The research showed a worrying lack of financial and legal protection for parents in the UK. The proportion of parents with life assurance and other financial protection in place is falling in the UK, with over half of parents questioned no having financial protection in place. Of those that do, less than half review their protection regularly to make sure it meets their needs. Furthermore, only 29% of parents have a will in place.

We can help

As independent advisers, we are able to assess your protection needs and source the most suitable and competitive products to offer you and your family the valuable protection you may need. Protection insurances can be very affordable and flexible to meet your needs and budget. To discuss this in more detail and for a review of your family protection plans, please contact an adviser on 01473 255948.

In other news...

Quarter 3
2009

Finance Act 2009 receives Royal Assent

Following on from our last newsletter, the tax changes (and pensions tax relief changes) that were proposed in the 2009 Budget received Royal Assent late in July. Despite significant lobbying by the pensions industry and opposition parties, the bill was made law with few changes to the original proposals laid out by the Chancellor.

The changes in tax, and pensions tax relief, mean that it is vital for high earners (persons with total income of £100,000 or more), or anyone anticipating being a high earner in the future, to take financial advice to discuss how the new legislation affects them.

We have prepared a more in-depth research paper that covers the budget tax changes, how they affect certain individuals and what action should be considered as a result of them. Should you wish to receive a copy of this, or to arrange a meeting to discuss this further, please speak to your adviser, or email enquiries@stangaskin.co.uk with "Budget 2009" in the subject field.

Business Deposits – start earning interest again!

We all know that as a result of the credit crunch, interest rates have been slashed to record low levels. At the time of writing, the Bank of England base rate stands at 0.5%, the lowest level in its history. Whilst these cuts were taken to help borrowers (both individuals and companies) through these difficult times, it has meant that more prudent savers have seen the returns on their savings plummet.

We recently undertook analysis to see what deposit rates were available for businesses from accounts offered by high street banks. Our findings were that typically instant access and short-term notice accounts were paying little or no interest, with the average annual interest rate at 0.05% gross.

We appreciate that businesses often need access to their capital at short-notice, and are pleased to announce that we have teamed up with a very reputable UK bank to offer you interest of:

- 2.0% (gross p/a) for a 7-day notice account, or
- 1.5% (gross p/a) for an instant access account

Both accounts are very simple to operate and can be linked to your normal business current account for easy access and transfers. For more details of these, contact your usual adviser, or speak to Henry Gaskin on 01473 255948.

What's going on?

Market Commentary – End Quarter 2, 2009

Our regular look at markets and the outlook for the future....

April and May saw equity markets continue their spring rally which began at the end of the first quarter. Despite markets pausing for breath and shedding a little value in June, the second quarter of 2009 saw the headline FTSE 100 produce its best quarter of gains since Q2 2003, when markets were starting their recovery from the last bear market. Importantly, the positive returns over this quarter put an end to a previous run of 5 consecutive quarters of negative returns.

	3 Months	1 Year
FTSE 100 TR	9.67	-20.93
FTSE 250 Mid TR	17.45	-16.15
FTSE A British Govt All Stocks TR	-1.32	12.94
FTSE All Share TR	10.88	-20.49
FTSE All Small (X It) TR	34.87	-17.42
FTSE Europe ex UK TR GBP	9.85	-20.11
FTSE World TR GBP	6.27	-13.49
IPD UK All Property Monthly TR	-2.69	-25.56
LIBOR GBP 1 Month	0.17	2.61
UK Retail Price Index	0.99	-1.57

Source: Lipper Hindsight, bid-bid, net income reinvested, to 30/06/09

This rise in markets was achieved against a backdrop of prevailing economic malaise, and therefore helps to highlight to investors that markets behave independently of the economy and typically will anticipate and move ahead of the economy by some margin.

In June, the first quarter GDP figures for the UK were revised sharply downwards from an estimated -1.9% to an actual -2.4% - the worst quarterly decline in over 50 years. The figures highlight the very poor state of the UK consumer which could present a risk for companies that have begun to restock inventories.

Looking forward, it is still difficult to tell whether this is a rally which is capable of being sustained or more of a false dawn in the short-term. With continuing low interest rates, it is likely that investors will increasingly consider more risky assets such as corporate bonds and equities which will help underpin the market.

Equities still can be considered good value using historic valuation methods, although we believe that the value of active fund management and decent stock selection will be crucial to benefit fully from ongoing growth. We also suggest that portfolios should be well diversified not only in terms of assets, but also geographically, as certain areas such as the US and Asia are expected to possibly outperform the more traditional areas of investment for UK investors (e.g. UK and Europe).

Aged 50-55? Changes to pensions in April 2010

At present, anyone over the age of 50 is able to draw their tax-free Pension Commencement Lump Sum (typically 25% of their total pension fund) and can also start to draw pension income from their pension pot.

From April next year, this age is being pushed back to 55 for everyone – including persons over 50. Therefore, if you are 50 (or will be so before April), you have until April to draw your benefits or you will have to wait until you are 55.

Drawing pension benefits can be a complex area (and drawing pensions early can be particularly complex and sometimes punitive) and therefore we strongly suggest you take advice if you are considering drawing your pension now or in the future. If however, you are aged between 50-55 and think that you may require access to your pension monies soon, then please take action quickly.

More exam success...

We are delighted to announce that Henry Gaskin successfully passed the Chartered Insurance Institutes J05 Diploma paper on Pension Income Options. This follows his success last year with the Pension Funding options exam and means he is well on the way to achieving the full Diploma status.

Henry commented "The exam was challenging as it required an in-depth knowledge of all of the sophisticated options with regards to drawing pension income and benefits as well as a detailed understanding of how these interact with the UK tax system. I am pleased to have passed, particularly given that we had a two-week old son at home when I sat the exam and therefore sleep was at a premium!

These exams help to reinforce our commitment to delivering a high standard of professionalism and high quality advice to our clients and I look forward to completing the full diploma over the coming months."

Paying for long-term care for the elderly

July saw the Government publish a Green Paper for a new National Care Service for the ageing population in the UK. The cost of providing such a service is likely to be high, and the Green Paper provides suggestions of how this could be met, including an option of compulsory insurance of around £17,000-20,000. Whilst it is likely to be some time until any proposals become law, should you need help with financial planning for long-term care, please discuss this with an adviser.

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