

Boost your ISA savings

This year's Budget announced changes and improvements to ISAs. Primarily, the personal ISA allowance rises from £7,200 to £10,200 (of which up to £5,100 can be invested in a Cash ISA if required). For the over-50s, these increases came into force on 6th October this year. Persons under-50 will be able to use the higher allowances in the next tax year (from 6th April 2010).

These increases are welcome for savers as it will mean more savings and investments can be held in a tax-efficient manner. The changes have caused many people to review their own ISA arrangements and below we summarise some key points to consider which could help boost your savings further...

Keep cash under review

Cash ISAs have been in existence for many years now and it is quite possible that you may have built up substantial amounts of cash held in these tax-efficient vehicles. However are you aware what rate of interest your savings are receiving? It is quite possible that what was once a high interest rate has fallen to very low levels due to falling interest rates and the loss of introductory bonus deals offered by banks or building societies.

Cash ISAs can quite easily be transferred between providers without losing the tax advantages and currently fixed rate ISAs are offering interest rates of between 3.25% (fixed for 1 year) or up to 4.6% (fixed for 5 years) – source Moneyfacts 1/11/09.

Turn your cash into gold? (or shares / bonds etc..)

Whilst the personal cash ISA limit is rising to £5,100, this does not have to be used and the full £10,200 allowance could be used for "investments". Typically this would take the form of investment in a fund or funds that hold a variety of shares, corporate bonds, property, gold and other investments.

Not only can new monies be put into investment ISAs, but the regulations now allow that monies held in existing Cash ISAs can now be transferred into Investment ISAs, again without losing the tax-efficient status.

This is very attractive to clients wishing to take a little more risk with some of their ISA savings in order to benefit from the potential of higher returns that Investment ISAs can offer. Of course, we would suggest that you speak to an adviser before taking this action in order to discuss the implications, particularly as Investment ISAs should be viewed as long-term investments and can not be converted back to Cash ISAs. We will be happy to discuss your options with you, so please contact us to find out more.

Investment ISAs – how is yours performing?

There are well over 2,000 different ISA qualifying investment funds in the UK to choose from and as you can imagine some are better than others! The performance of funds varies over time as fund managers come and go and the economy changes. It is important therefore to review your investments regularly to ensure that they have the best opportunity to perform and deliver decent returns to you.

Here at Stan Gaskin Ltd we use well-established funds with good track records and regularly monitor the performance of all funds to ensure clients monies are still being managed well. We have state of the art technology to analyse all investment funds and use and share this research and analysis with our clients.

Let us help you review your ISAs

Using our independent status and our research tools we offer reviews of clients' ISA arrangements as part of our ongoing service. If you have investment or cash ISAs that you wish us to help you to review then please contact an adviser and we will be glad to help.

Property Picking Up

Recent figures from the Nationwide have brought some cheer to the property market. Their average house price index has risen by 4.2% over the quarter (to end September 2009), adding to a trend that started back in March. Over the last 6 months, prices have increased by around 6.3%.

These figures come on the back of some 16 months of falls and despite the recent gains, the average house price is still some 13.6% lower than when prices peaked back in November 2007.

Whether this trend is sustainable will depend on many factors affecting the wider economy, however we can report a noticeable increase in the level of new mortgage enquiries.

In fact it is worth reminding you that we are able to provide independent mortgage advice for all types of situations including first-time buyers, house movers, remortgages and buy-to-let landlords. With lenders now being a lot more stringent with their lending criteria and interest rate deals still changeable at short-notice, the value of independent mortgage advice has never been greater. Contact Sue Mower on 01473 255948 should you wish to discuss your own circumstances.

What's going on?

Market Commentary – End Quarter 3, 2009

The rally in stock markets that started in the spring continued to gather momentum throughout the third quarter. In fact many different global markets posted record returns for the quarter, such as the strength of the rises witnessed during the period.

	3 Months	1 Year
FTSE 100 TR	21.90	9.54
FTSE 250 Mid TR	24.35	19.80
FTSE A British Govt All Stocks TR	3.07	11.22
FTSE All Share TR	22.38	10.80
FTSE All Small (X It) TR	33.05	28.93
FTSE Europe ex UK TR GBP	29.48	16.48
FTSE World TR GBP	21.77	11.87
IPD UK All Property Monthly TR	3.32	-19.25
LIBOR GBP 1 Month	0.12	1.62
UK Retail Price Index	0.89	-1.42

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

The strength and speed of this rally initially caught many investors on the hoof, however such a rebound is not overly surprising given the depths that had been reached at the post-Lehmann Brothers nadir from where this rally began. Investors have driven back the prices of oversold shares to more realistic levels given where we are in the economic cycle.

As ever, the question for investors is “Where next?” for global markets, and this conundrum potentially offers more questions than answers. Whilst the recent rallies have brought markets to more realistic levels, we are some way still from previous highs seen before the “credit crunch” crisis.

However, many realise that the world will not return quickly to the type of outright growth period that was previously seen, as economies will be paying back the cost of the crisis for some time. Unemployment continues to rise and there is concern that it could stay at high levels as businesses remain uncertain about the strength of the recovery.

Similarly, governments are soon to be faced with difficult decisions as how to pay back the support they have offered to economies and therefore spending cuts and changes to fiscal policy are expected and will need to be carefully managed.

In this environment we are convinced that clients will benefit from an active fund management approach.

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The ability to select funds and investments which can outperform markets will be crucial as underlying economic growth may be more anaemic for some time. We continue to recommend trusted, established and proven managers for our clients' portfolios as we feel they will have the experience to manage and deliver returns in this challenging environment.

Aged 50-55? Changes to pensions in April 2010

Whilst we gave details of this in the last newsletter, we thought it important to republish this news again this month in case you missed it last time round.....

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.

Personal Accounts loom on the horizon

2012 may seem still some way off but, as Olympic planners are aware, time marches on and it will be with us before we know it. The Olympics aren't the only major event occurring in 2012 – in the pensions world a major new nationwide set of legislation is set to come into force, known as “Personal Accounts”.

Personal Accounts legislation will see that all employers have to ensure that all relevant employees (permanent and temporary, over-22 and earning at least £5,035) are enrolled in either a company pension scheme or the nationwide “Personal Account” scheme. Employers (3% of earnings) and employees (5%) will be required to contribute to the schemes, unless an employee opts out of the scheme, and therefore there are huge potential cost and administration implications for employers and employees alike. We are currently offering all employers a free explanatory meeting to help prepare for the impact of Personal Accounts. To take advantage of this, please contact Henry Gaskin.