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CLIENT NEWSLETTER

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INFLATION AND INTEREST RATES UP?

The latest inflation figures came as a surprise for the markets and the Bank of England. Based on the government's favoured yardstick, the Consumer Prices Index (CPI), prices rose by 2.9% in the year to May, the highest level since June 2013. The Retail Prices Index (RPI), which is no longer an official statistic, recorded a 3.7% annual increase.

What's the impact of this? Have your plans taken account of inflation? What action can be taken?

POLITICS, BUDGETS AND BILLS

The Spring Budget, the last of its kind, was on 8 March 2017. After a rapid U-turn on increasing national insurance contributions for the self-employed, everything seemed to be on track until Theresa May decided to call a snap election. The consequences for Mr Hammond's first Budget are still being felt.

The largest financial bill ever? What's the impact on you? Will this effect higher-earner tax payers? Is it time to review your scheme?

THE £50BN EXODUS

It is now nearly 40 months, two elections and five Budgets ago since George Osborne turned the pension world upside down with his pension flexibility proposals. The majority took effect from April 2015 and have had a dramatic effect on how benefits are drawn from personal pensions and similar money purchase pension arrangements. Statistics from the Financial Conduct Authority (FCA) released earlier this year revealed that amongst those accessing their pension pots for the first time, using pension flexibility is more than twice as popular as buying an annuity.

What are the knock-on effects? What does this mean for the future?

THE END OF THE CHEAP STUDENT LOAN

Student loans were one of the issues that entered the spotlight during the election campaign. The Labour party proposed scrapping new tuition fees and reintroducing maintenance grants instead of maintenance loans. The proposals were by far the most expensive single spending commitment the party put forward, with an annual cost of £11.2bn.

What impact will the student debt burden have? What does this mean for the future?

CHINA COMES OF AGE

China is the final letter in the BRICs (Brazil, Russia, India and China) quartet of emerging markets made famous by Jim O'Neill, the former chief economist at Goldman Sachs. His forecast of growth for China, originally made in a paper published in 2001, proved prescient. At the time, the Chinese economy was little bigger than Italy's. Today, China ranks as the world's first or second largest economy in terms of economic output (it depends on your chosen yardstick), boasts the second biggest global equity market and has the third largest bond market.

What is the future role of Chinese investment markets? Are there any opportunities for your plan? Is it time to review your plan?

Past performance is not a reliable guide to the future. The value of investments and the income from them can go down as well as up. The value of tax reliefs depend upon individual circumstances and tax rules may change. The FCA does not regulate tax advice. This newsletter is provided strictly for general consideration only and is based on our understanding of law and HM Revenue & Customs practice as at September 2016 and the contents of the Finance Bill 2016. No action must be taken or refrained from based on its contents alone. Accordingly no responsibility can be assumed for any loss occasioned in connection with the content hereof and any such action or inaction. Professional advice is necessary for every case.