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CLIENT NEWSLETTER

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CONTENTS - brief overview

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AN IMPORTANT INTEREST RATE RISE

In August the Bank of England raised its main interest rate by 0.25%, taking base rate to its highest level since March 2009. As the Bank's own graph below shows, there is a long way to go until we return to the rates of ten years ago. To quote the Bank's Governor, Mark Carney, from here, "rate rises are expected to be limited and gradual". That translates into perhaps two more 0.25% increases over the next 18 months.

Why it matters? What does this mean for savers? How is this going to affect you?

ANOTHER BUDGET

Back in November 2016, the then relatively new Chancellor announced an end to Spring Budgets after the one due in March 2017. A new cycle is now in place, with March 2018 having seen Mr Hammond present a relatively brief Spring Statement. Whereas his predecessors had often turned the Autumn Statement into a second unofficial Budget, Mr Hammond is aiming for major tax changes to be announced only once every 12 months, well ahead of the start of the tax year.

What can we expect? What are the knowns, known unknowns and unknowns?

ISAs: one in, one out?

Next April will mark the 20th anniversary of the introduction of Individual Savings Accounts (ISAs). Back in April 1999, there were only three types of ISA, with a maximum total investment of £7,000 per tax year, of which only £3,000 could be placed in a cash ISA. The ISA world has changed significantly since then, with an array of different variants launched and the maximum annual investment limit raised to £20,000. What was once a relatively simple savings plan is now anything but – and further complications could be on the way.

Have you utilised your ISA allowances? Do you qualify for a LISA? Do your cash ISAs still make financial sense?

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.