



NEWSLETTER



CHRISTMAS 2021



Keith

Esther

The team at



wishes you an enjoyable festive season
and a prosperous New Year

Julia

Vicky

Suzanne



Welcome from our new Guildford office!



First of all, the team at Chapters Financial wishes you a happy Christmas and a prosperous 2022!

We send our thanks to all our clients, contacts and enquirers for their support over 2021, as we all begin to move past the pandemic and its significant effects. I appreciate that it has been a difficult period for many, and we hope the outlook for 2022 is improved for us all.

Following on from our last newsletter, we have now moved into our new office on 08 December and will start 2022 from our new location at the top part of Tunsgate, in central Guildford. It is good to see the town centre looking busy and vibrant again.

If you have the opportunity, then please do take the chance to visit for a review and we can coordinate diaries to ensure our full attention to your needs.

We are very pleased with the new ground floor facilities, which are far more accessible (no long staircase!) and we look forward to welcoming many of you to the new office over the coming years.

For those who cannot visit straight away, we have created a specific virtual meeting area in our office for discussions online,

via Zoom or MS Teams as examples, to help maintain full connectivity.

Our telephone number and email addresses remain unchanged, and our new address is included at the end of this newsletter.

It has been an exciting transition from our Hadleigh House premises to the new office and mostly without any significant issues, which is a relief! Many hours of planning and preparation seem to have paid dividends in ensuring that we are ready for the decade ahead to continue to provide independent financial advice. We hope our clients and contacts enjoy the coming years as much as we plan to.

With the Autumn Budget completed and some tax changes ahead from the tax year 2022-2023, checking your financial planning and keeping it up to date remains important as we start to head towards the end of this current tax year.

As the 2021 festive season settles upon us all, once again we wish you the very best for the end of this year and the start of 2022.

We look forward to seeing you soon.

Keith Churchouse



Make it stop! But not for some...

The DJ plays their latest selection from the playlist as the alarm clock kicks in at 6am and the cat runs from the bedroom, knowing that the shower and coffee will both be pouring soon as the household comes to life. Some leap to their feet at the thought of the working day ahead, and others hit the snooze button, perhaps more than once. But which one are you?

We are all different, so what does retirement mean to you?

The word 'retirement' is a difficult one because it means such different things to different people. For a start, it doesn't mean that you have to stop work; however, many do choose that route. It could mean drawing your pensions from their sources and bolstering your income, and perhaps taking a bit of tax-free cash to replace the car or kitchen, enjoy scenery with a long holiday or move house.

You might work part time, be a consultant, or just enjoy yourself. Only you have a real idea of what you want to achieve. And I think the word 'achieve' for retirement is very apt. You do have to 'achieve' retirement, otherwise you might be very bored for a few decades, as you will see below.

Let's think about the most important part of retirement in every case

The most important part of retirement in every case is you: the individual.

What type of person are you?

I don't mean old or young, male or female and so on. What's your attitude to work, life and its balance?

Some people are workaholics, never far from their desks even when at home. Others are simply getting through each working day, with little commitment to

the cause at hand. Some have a take it or leave it approach, and others just want work to stop as soon as possible.

Don't forget that there are no rules to say you can't change your work/life balance. Inspiration to stop or be more involved in work can come at any time and from any direction. The pandemic has certainly seen many folk take an extra look, or alternative view, of their desires for the future.

Your attitude to work may well have a bearing on the timing and ways in which pension benefits are drawn. 'You never do a day's work in your life if you love what you do', apparently.

If you're going to keep working, do you need your accrued pension funds, especially with the State Pension kicking in at 66-67 or so? Planning can help with some alternatives if need be.

Health, physical and mental

Health of the mind and body can play a big factor in the way we look forward, and our plans. This has never been truer than over the last two years or so. Past and current health issues and scares will focus the mind, and accidents and smoking habits, if there were any, might well give a view as to how long you're going to make it.

Is there enough money both now and later?

The plans we make are there to steer thought, rather than to provide an exact map. Life happens, and sometimes individuals find themselves out of work and effectively retired through no fault (or planning) of their own. Do they start again, or move to a similar role, or look to see if they can make what they have work sufficiently hard to see them through to their end?

The thought of retiring early is appealing to some. And the initial money position might indicate that, sure, it's possible. However, most in the south-east, with pensions, non-smokers, and good health, will live to say 85 or 90 years old. If you were 60 when you retired, that's thirty years ahead.

One client recently said, 'No way!' to the thought of retiring with the 'fear' of being at home for three decades. And if the money runs out at age 76 for instance, what are you going to do?

Planning your financial position for now, and into the longer-term future, needs careful consideration.

Summary

I have managed to write about retirement and what to consider without mentioning one financial product, save perhaps the State Pension note.

I can of course point you to our Retirement Options Schedule on our website for all that technical info; however, I think you can see that the most important part of retirement has little to do with product, and everything to do with you, the individual.

So, when the alarm clock wakes you next, take a moment to think about how the longer term looks for you, and the help you might need to get you there.



Autumn Budget

After Rishi Sunak MP was relatively cautious on tax rises in his Budget of March 2021, owing to the ongoing coronavirus crisis, many commentators expected a more aggressive stance in the Autumn Budget. However, with the major announcement regarding increases in national insurance contributions and dividend tax (1.25% from April 2022, subject to conditions) to provide more money for the NHS and social care being made well before the October Budget, the Chancellor steered clear of any further significant changes to personal and business taxation. Some headlines from October's announcement are outlined below:

- The personal income tax allowance remains frozen at £12,570 until April 2026.
- The higher rate income tax threshold remains frozen at £50,270 until April 2026.
- The inheritance tax threshold remains frozen at £325,000 until April 2026.
- The Lifetime Allowance (LTA) for pension benefits remains frozen at £1,073,100 until April 2026.
- The annual exempt amount for capital gains (CGT) remains frozen at £12,300 until April 2026.
- The adult ISA allowance will remain unchanged at £20,000 and the JISA and Child Trust Fund allowance at £9,000 for tax year 2022/2023.
- The Universal Credit taper will be cut by 8%, and this will be introduced no later than 01 December 2021.
- The pay freeze for public sector workers will be lifted from April 2022.
- The National Living Wage will increase from £8.91 to £9.50 per hour from 01 April 2022. This is a 6.6% increase for all aged 23 and over. The National Minimum Wage for those aged 21-22 will also rise, from £8.36 to £9.18 per hour, as will rates for younger workers.
- A 'green' retail savings product through NS&I has been launched. This will give UK savers the chance to take part in the collective effort to tackle climate change.
- From April 2023, air passenger duty will reduce for flights between airports in the UK nations, but will rise for ultra-long-haul flights, meaning that those who fly furthest will pay most.
- The Chancellor introduced simplification and changes to alcohol duties from April 2023, essentially meaning that the stronger the drink, the higher the rate.
- The planned rise in fuel duty has been cancelled.

No other significant changes to areas such as pensions and inheritance tax were notified, other than the charges cap review (0.75% pa) to allow institutional investors to invest in infrastructure from auto-enrolment pension funds.

Full details of the Autumn Budget can be found on the government website.



Planning your cash flow for the winter ahead

As the nights draw in, the thought of the winter ahead might seem a little more onerous this year. The media has been full of fearmongering for a good month or so now, focusing on fuel prices, shortages of what seems to be everything, and some concerning money stories around the State Pension and high inflationary price increases. Some have suggested that it might be another 'Winter of Discontent' (as in 1979), although we hope this is unfounded.

However you view the news, and from whatever medium you gain your information, the overriding message seems to be that households might well need to manage their finances carefully over the next few months in preparation for any unforeseen costs, or increases, especially in the lead-up to Christmas.

We have always advocated that clients maintain an emergency deposit fund to provide instant access to cash in the event of immediate need. You never know when the roof will leak or the car will break down and having 3-6 months' income ready to meet these costs, or the needs of the family, can be imperative.

Many clients have aired their concerns that returns on deposit type funds are poor at this time and with rising inflation,

real purchasing power is being lost. Even the returns through National Savings & Investments (NS&I), including Premium Bonds (average winnings 1.0% pa AER), have been reduced over the last year, although most NS&I products still offer prompt accessibility.

Checking your cashflow situation for the next few months through to the end of the financial year (beginning of April 2022) might be sensible now, adding on increased costs for food, fuel, clothes, gas and electricity to make sure that you remain within the tolerance of your anticipated income, whether this is salary, pension, or self-employed earnings. It's also important to remember that much of the support the government put in place over the pandemic for those of working age, such as the furlough scheme, ceased at the end of September 2021, and this may well be a concern for some.

Whatever you do, keep an eye on your money position, and check your regular direct debits and standing orders on your bank statements. If cash flow is not an issue at this stage, put a little extra aside just in case. If we are wrong, you will have extra to spend later. If we were right, it might just smooth your financial path through to the spring of next year.



Summary & Review

Please do pass our details on to contacts you may have that may benefit from our service.
We are always pleased to receive referrals.

Please contact the team at Chapters Financial: Keith, Vicky, Esther, Julia or Suzanne on
01483 578800 or by email at **info@chaptersfinancial.com**
to discuss your requirements and to book a meeting or financial planning review.

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