Our expertise, your way

PowellsLaw

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How Wealthy Must You Be to Think About **Wealth Management?**

You might think of wealth management as something that only matters if you have a significant fortune or estate. However, this would be a mistake. Virtually everyone has wealth they should think about protecting. It may be in property, savings, pensions or possessions. The way you manage that wealth can make a big difference to your quality of life in retirement, and to how much of your wealth passes to your beneficiaries rather than the taxman after you die.

Effective later life planning means different things for different people. Circumstances, priorities and needs are unique. So, it's essential that later life planning is built around individuals and not around specific services or products. At PowellsLaw we think of later life planning as a three-step process: protect, release, pass on.

Protect Your Wealth

The first step is to protect your wealth and make sure it will be used as you would wish after you die. It's not just a question of having Wills written, but that they are current, ensuring they are periodically updated to reflect changes in your circumstances or legislation. Trusts can be an effective way to place some of your wealth outside the scope of Inheritance Tax, but these need to be set up with great care if they are to be effective.

It's also important to make provision in case you lose the capacity to make decisions and manage your finances for yourself. A lasting power of attorney will ensure that your finances, or decisions about your health and welfare are made by somebody you trust.

Release Your Wealth

A large part of your wealth may be in property. It might be that you would prefer to use some of this wealth to pay for a better lifestyle in your later years. If you don't want to downsize to release capital, you can use an equity release scheme. However, there are implications if you choose this option so it's important to get professional advice.

Pass On Your Wealth

There are various options that could help ensure relatives or other chosen beneficiaries gain the maximum benefit from your wealth. The objective is usually to minimise the exposure to Inheritance Tax. Trusts and lifetime settlements can also be used to manage how your wealth is released and used by beneficiaries after you die.

Deeds of Gift can transfer ownership of property or other assets during your lifetime, which can reduce the tax liability. And Deeds of Variation can be used to alter the distribution of an estate from the arrangements specified in the Will.

Wealth planning is all about maximising and protecting assets. It can become complex but can also make a significant difference to your quality of life in retirement or the wealth you can pass on. **The team at PowellsLaw can advise you on all aspects of personal legal advice and, if needed, will involve trusted accountancy or financial planning partners to deliver a complete service that meets your individual needs. Contact us today to find out more.**

Our Simple Guide to **Stamp Duty**

Stamp Duty Land Tax (SDLT) is the cost people are most likely to forget when they budget to buy a home. This can be a significant oversight as SDLT can run into several thousands of pounds.

The way SDLT is calculated depends on many factors, which we explain below. There are different rates for residential and non-residential purchases but here we're just going to focus on residential. The key factors are the purchase price, whether the house will be your main home, and whether you are a first time buyer. There can also be some differences for leasehold properties.

Moving Home

If you are already a homeowner and you are simply moving from one property to another the calculation is fairly simple. The SDLT due accumulates according to the following bands:

- The first £125,000 attracts no tax.
- From £125,000 to £250,000 the rate is 2%.
- For the portion of the purchase price between £250,000 and £925,000 5% is payable.
- Above £925,000 up to £1.5m is taxed at 10%
- And anything above £1.5m attracts a tax of 12%

Example: If you are buying a property for £350,000 you will have to pay £7500. That is made up as follows:

- Up to £125,000 = £0
- £125,000 – £250,000 (£125,000 x 2%) = £2500
- £250,000 – £350,000 (£100,000 x 5%) = £5000

First Time Buyers

If you have not previously owned your own home, you pay no stamp duty for the first £300,000 if the purchase price is less than £500,000. You then pay 5% on anything between £300,000 and £500,000. If the property is worth more than £500,000 the standard SDLT rates apply (no first time buyer relief). If your spouse already owns a property you will not normally qualify as a first time buyer.

Second Homes

For second homes and buy to let, SDLT rates are higher. Anything over £40,000 attracts a minimum rate of 3%. There is then a 3% surcharge on each of the SDLT bands shown above. You can see the difference in this table:

Property Price Segment	Standard SDLT Rate	Second Home Rate
£0 – 40,000	0	0%
£40,000 – £125,000	0	3%
£125,000 – £250,000	2%	5%
£250,000 – £925,000	5%	8%
£925,000 – £1.5m	10%	13%
£1.5m +	12%	15%

It might be the case that you buy a second home and plan to make it your main residence but haven't yet sold your current home. You will need to pay SDLT rates for a second home. You can reclaim the additional SDLT if you sell your original home within 3 years.

Shared Ownership

Shared ownership schemes allow you to 'own' part of a property and pay rent on the portion that you don't own. The SDLT rules can become quite complicated based on whether you can, and intend to, gradually increase your share of the ownership and whether you are able to buy the freehold.

You can pay SDLT in a single upfront payment (a market value election), or in stages as you increase your share. If you have to pay a high rent for the part of the property you don't own this can attract additional SDLT. We strongly recommend getting advice to work out your best option.

Leasehold

In most cases SDLT will be calculated on the price paid for the lease on the same basis as for freehold properties. There can, however, be additional SDLT to pay if there is rent to pay over the life of the lease.

Paying SDLT

In most cases your conveyancing solicitor will complete the SDLT tax return and pay the tax on your behalf within the specified time. The cost of the SDLT will be added to the fee.

If you have any questions about Stamp Duty or any other aspect of buying a house, please contact the friendly team at PowellsLaw.

New Divorce Legislation Announced

Hot off the press, Justice Secretary David Gauke has announced new legislation designed to overhaul divorce and reduce family conflict.

Resolution, the national family justice body, that the PowellsLaw Family Team are all members of, has today welcomed the government's announcement to remove the need for divorcing couples in England and Wales to assign blame.

The move towards 'no-fault divorce' comes following a public consultation, with legislation expected to be introduced to Parliament in the next few months.

PowellsLaw will always try to help couples deal with the consequences of relationship breakdown with as little acrimony as possible, but the current divorce law makes this so much more difficult. With this new legislation, finally our divorce laws will be brought up to date – helping divorcing couples and, most importantly, any children they may have, avoid unnecessary conflict.

Divorce will remain a legal process that PowellsLaw will be able to help to make as straightforward as possible and also advise with regard to other issues that may arise following a marriage breakdown such as the arrangements for the children and the financial aspects of the divorce.

The Family Team at PowellsLaw have the experience and sympathetic approach to help you through the process. Contact us today on 01934 623 501 or click here for more information.

Tied Public Houses: Statutory Review of the Pubs Code

The Small Business, Enterprise & Employment Act 2015 introduced the Pubs Code which was supposed to give tenants of pubs owned by the large pub owning businesses (those with at least 500 tied pubs) the opportunity to go free of tie.

Our factsheet A Tied Pubs and Lease Renewal Factsheet for You, set out how these regulations are supposed to work in the case of lease renewals. We observed in our factsheet that the regulations are extremely complicated, challenging not just tenants but lawyers with considerable experience of the licensed trade and lease renewals.

We also observed that landlords were making it extremely difficult for tenants to benefit from the regulations, putting up numerous obstacles. It seems these views are shared by tenants and the British Pub Confederation has recently observed that pub tenants and MPs have been 'duped and betrayed'. According to data from the British Beer & Pubs Association only 57 out of 739 applications have resulted in tenancies free of tie.

It seems that the government has finally taken on board the concerns of the licensed trade, and the Minister for Small Businesses, Kelly Tolhurst, announced on 30 April 2019 a statutory review of the pubs code and pubs code adjudicator seeking views from interested parties.

Given the vested interests and lobbying power of the pub owning businesses, we are not particularly optimistic about either radical change to the pubs code or the speed of introduction of any changes. However, time will tell, and we will keep you informed.

Should you require any advice regarding licensing matters or landlord and tenant matters please do not hesitate to contact our Property & Commercial Department.

Lasting Power of Attorney – A Decision You Really Shouldn't Put Off

First, the good news: figures released by the Office of Public Guardian show the number of appointments for Lasting Power of Attorney (LPA) more than trebled in the years between 2010 and 2015. New registrations are averaging around 15,000 per week and over two million LPA appointments have been made.

But now consider that by 2024 it is estimated that there will be around 20 million people aged over 65 in the UK. (Source: ONS). People of any age can be affected by accidents or illness that make them unable to make their own financial or welfare decisions, but it is clearly the older age group that is more at risk of becoming mentally or physically unable to make decisions for themselves.

A total of two million LPA appointments, while welcome, suggests that there is still a long way to go. Many people you would consider at high risk because of their age, general health or lifestyle have still made no provision. Never mind the fact that it's something everybody needs to consider.

It's revealing to contrast the attitude towards Powers of Attorney with making a Will. Research by online advice service Unbiased indicates that 64% of people over the age of 55 have made a Will. This number is still on the low side considering its importance.

But it shows that people seem more familiar and comfortable with the idea of deciding how their wealth is distributed after their death than they are with deciding who will act on their behalf while they are still alive.

Wills and LPAs are both essential measures that will protect family and loved ones from unnecessary stress and anguish, as well as ensuring that your wishes are carried out.

Lasting Power of Attorney is not difficult or expensive to set up. You can assign the power to act on your behalf for financial issues, for health and welfare issues, or both. It means that you have decided who you trust to act on your behalf and that you have made this decision sensibly while you have full mental and physical health.

We'd all like to think that we won't be the one who needs somebody to act on our behalf, but as the population lives longer it's something none of us can rule out.

If you'd like to find out more about creating a Lasting Power of Attorney, or Business Lasting Power of Attorney, the helpful team at PowellsLaw will be happy to give you the advice you need. Get in touch today on 01934 623501 or visit our website for more information.