

VIEWPOINT

PRITCHARD & ASSOCIATES

Please enjoy reading our newsletter. If you would like to discuss any of the articles further, please do not hesitate to contact us.



St Albans Chambers, 2-4 St Peters Street, St Albans, Herts, AL1 3LF
paul.pritchard@theopenworkpartnership.com | mark.whitbourn@theopenworkpartnership.com | 07966362874

Autumn Budget 2024: Winners and Losers

Chancellor of the Exchequer Rachel Reeves outlined the Government's financial plans for the next five years. The measures, which will raise up to £40 billion for public finances, aim to “restore economic stability” and put “more pounds in people's pockets”.

On 30 October 2024, Chancellor of the Exchequer Rachel Reeves announced the UK Government's Autumn Budget alongside the Office of Budget Responsibility's economic and fiscal forecast. The measures aim to raise more than £40 billion in taxes, plugging an alleged £22 billion black hole in public finances left by the previous government. Reeves committed to drive economic growth, but also said that the Government wouldn't borrow to fund current spending whilst maintaining the Bank of England's inflation target of 2%.

Commenting on the Budget, Reeves said: “This Government was given a mandate to restore stability to our economy and begin a decade of national renewal. To fix the foundations and deliver change through responsible leadership in the national interest. That is our task, and I know we can achieve it.”

So, what are the potential impacts of these new measures? Below we outline who stands to benefit from these changes and who might be negatively affected. Let's start with the positives.

The Winners

The NHS

The Chancellor pledged to significantly increase public spending on the NHS. Reeves promised a £22.6 billion increase to the “day-to-day” budget of the NHS alongside a £3.1 billion boost to its capital budget over the next two years. The Chancellor commented that this would be the “largest real term increase in NHS spending outside of COVID since 2010.”

Sustainable transport and energy

Reeves also announced that the National Wealth Fund would be used to invest in key areas like gigafactories and green hydrogen plants across the country. Meanwhile, over £2 billion will be invested in supporting the automotive sector's transition to electric vehicles.

Property developers

Funds for the Affordable Homes Programme will increase to £3.1 billion to help Labour deliver on its promise to build over 1.5 million homes. Reeves said the Government would hire hundreds of new planning officers and make reductions to Right to Buy discounts, putting more money into the pockets of local councils. This news could incentivise investment in the UK's property market and make it easier for property developers to build new homes in the UK.

Driver

Reeves confirmed that the freeze on fuel duty will continue for another year, meaning drivers could save approximately £60 a year at the pumps. The freeze will cost £3 billion a year, but the Chancellor was clear that she wanted to ease “the burden on motorists”. This move could help relieve the fiscal pressure on delivery drivers, couriers and supply chains throughout the country.

Young and low-income workers

The Chancellor announced that the Government is increasing the National Living Wage for workers aged 21 or over by 6.7% to £12.21 an hour (which could be worth up to £1,400 a year for a full-time worker) and increasing the National Minimum Wage for 18–20-year-olds by 16.3% to £10 an hour. Reeves also confirmed that National Insurance won't be increasing for workers. Increases to the National Living and Minimum Wages are intended to provide much-needed support to those on the lowest incomes.

Small businesses

The employment allowance for business will increase from £5,000 to £10,500, reducing the National Insurance liability of small businesses. The Chancellor said that this would mean around 865,000 would pay no National Insurance in 2025, providing welcome relief for SMEs who are struggling to retain an effective workforce and attract applicants without a hit to their profits.

What's next?

The Autumn Budget contained several key changes that are likely to have significant impacts on individuals and businesses across the UK. There's a lot of information to process and it may not be immediately clear how the changes set out in the Budget will affect you. If you have any questions about whether you are a winner or a loser from the Autumn Budget, and how it will affect you and your finances, please get in touch.

The Losers

Employers

Reeves confirmed that employers' National Insurance contributions will increase to 15% from April 2025. The Government is also reducing the threshold at which employers start paying National Insurance from £9,100 to £5,000 per year. Furthermore, the Chancellor announced that the current freeze on income tax thresholds would end in four years. From 2028, personal tax bands will be updated in line with inflation.

These changes will have a direct impact on British employers, but they could also have a knock-on effect for employees. Many businesses use savings on National Insurance to fund pension contributions or employee benefits. If the increased burden of National Insurance contributions proves too harsh, employees could lose these benefits as a result.

New businesses and investors

The Chancellor announced an increase in the lower rate of Capital Gains Tax (CGT) from 10% to 18% and the higher rate from 20 to 24%. She noted that, even with these increases, the UK will still have the lowest capital gains tax rate of any European G7 economy. But some analysts argue that the move could alienate investors and even decrease tax revenue overall if investment is pulled from UK startups.

Foreign investors

Reeves also announced sweeping changes to the tax status for non-domiciled high-net-worth individuals operating in the UK. The Chancellor said that Labour would “abolish the non-dom tax regime, and we will remove the outdated concept of domicile from the tax system from April 2025.”

The government is also set to extend the Temporary Repatriation Relief to three years with the aim of bringing billions of new funds into the UK. The independent Office for Budget Responsibility estimates that this could raise £12.7 billion over the next five years.

Second homeowners

The Stamp Duty land tax for owners of second homes (known as the Higher Rate for Additional Dwellings) increased to 5% from 31 October 2024. The Chancellor said that the move is designed to “support over 130,000 additional transactions from people buying their first home or moving home over the next five years.” However, this increase could have an impact on landlords, property developers, and the owners of holiday homes and other rental properties.

Private schools

All education, training and boarding services provided by private schools will now be subject to VAT at the standard rate of 20% from 1 January 2025. Private schools also won't be able to claim back VAT on the supplies and services they pay for.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

Five tips for investing in uncertain times



It's easy to worry about your investments when markets are volatile and the news is filled with uncertainty. And it's normal to be concerned, but taking a measured approach can help you ride out uncomfortable periods and maintain good financial health. Here are five ways to stay calm and focused during periods of volatility.

1. Focus on your long-term goals

It's important to remember why you started investing in the first place. Whether you're saving for retirement, funding a child's education or simply building your wealth, your long-term goals are precisely that: long-term and markets have historically shown resilience to short-term pressures. Staying committed to your objectives can help you avoid hasty decisions that could jeopardise future returns.

2. Diversify your portfolio

Diversification means spreading your investments across a variety of sectors, asset classes and regions. When you diversify, losses in one area may be offset by gains in another, helping to balance your portfolio and increase its resilience. Diversification can act as a buffer against the full impact of volatility, and the knowledge that your eggs are spread across many different baskets can be helpful if market conditions become challenging.

3. Stick to a consistent investment schedule

Committing to regular investments can be an effective way to keep your portfolio on track by taking emotion out of the equation and allows you to buy assets at various price points which smoothes out the effects of volatility. You pay more when times are good and less when the market dips, but the cost will average out over the long-term and your portfolio will continue to grow. This is often referred to as pound cost averaging.

4. Keep cash reserves on hand

Easy access to cash can provide a sense of stability in uncertain times. Cash reserves can help you avoid selling assets at a loss if you need emergency liquidity, but they can also give you the flexibility to act if an opportunity arises. For some investors, a mix of cash and short-term fixed-income investments help balance their portfolio's risk profile and provides easy access to funds without having to sell when prices are low.

5. Reevaluate your risk tolerance

It's normal to worry about your portfolio when things are uncertain, but if market volatility has you losing sleep it could be a sign that your investments aren't aligned with your risk tolerance. Consider adjusting your portfolio to reflect a level of risk you are comfortable with.

**We can help you stay focused on your goals through periods of volatility.
Please get in touch if you want to talk about your investments.**

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Reasons to consolidate your pensions

If you've worked for more than one employer, you will doubtless have more than one pension plan. How long is it since you last looked at them? Are they languishing in poor performing funds?

Combining some or all of your pensions into a single plan could save you money, achieve better growth and make your life easier. Here are some things to consider:

5 benefits of pension consolidation

1. Consolidating could save you money. Each pension plan has its own annual charges so combining multiple pensions into one means you'll only pay one annual fee. Shopping around could also help you find a plan with lower charges than your current ones.
2. It gives you greater flexibility. Modern pensions may offer benefits that older ones don't, like flexible drawdown of your pot or income for your loved ones after you pass away.
3. It keeps things simple. You only have to remember one set of login credentials and, if your address changes or you want to change the recipient of any death benefits, you only have to tell one provider.
4. You could get better opportunities. Bringing your pensions together could increase the overall value of your savings and a different plan or provider might give you access to a wider range of investment funds.
5. It makes it easier to plan for the future. An important part of retirement planning is understanding what you've got and what you'll need. Having everything in one place makes it easier to track your plan's value against your goals.

Things to be aware of

You could be charged exit fees. Some plans still have exit penalties so make sure you're aware of these and the impact they might have on your pot.

It may be better to stay in a final salary (also known as defined benefit) scheme. These offer a guaranteed income in retirement alongside other benefits (like a pension for your spouse when you die) which you'll lose if you transfer out.

There's no guarantee you'll be better off consolidating. Your current pensions may have benefits like early access or guaranteed annuity rates that might be worth keeping, and annual fees on other pensions may not be competitive.

Get advice before you consolidate

We're here to help. We can assess your situation, explore your options, and help you understand if pension consolidation is right for you.

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Don't fit the mortgage mould? We can help you

If you've ever felt like you don't quite fit the conventional mould when it comes to securing a mortgage, you're not alone. In fact, more and more people are in the same boat, challenging the standard lending rules.

If you're self-employed, had a credit blip or over 50 you may have encountered challenges when applying for a mortgage because traditional mortgages don't always cater to everyone's needs. Luckily, there are specialist mortgage products designed just for people like you and we can help.

Self-employed?

Do you feel like you have to jump through more hoops when applying for a mortgage just because you're self-employed?

We understand the complexities of self-employed finances and can help you find the right mortgage product tailored to your needs.

Whether you're a sole trader, in a partnership, a company director, or a contractor, we'll guide you through the process and help you gather the necessary documents to prove your income.

Dealing with a credit blip

Don't let past credit issues hold you back from getting a mortgage.

We have access to specialist lenders who work with people with varying credit histories.

Whether you've had late payments, past debts, or no credit history at all, we'll help you explore your options and find a mortgage solution that works for you. We understand that life circumstances can impact credit, and we're here to help you.

Over 50 and need a mortgage?

Getting a mortgage in your 50s and beyond used to be a challenge, but things have changed!

With access to a wide range of mortgage products, including those with age-friendly terms, we'll guide you through the process and ensure you find a mortgage that fits your needs.

Whether you're looking to downsize, renovate your home, or explore new living arrangements, we'll help you find the right mortgage solution for this exciting chapter of your life.

How we can help you

We offer personalised guidance tailored to your unique circumstances and can help you if your financial situation, age, or employment status don't fit the traditional mortgage mould. Together, we can explore the options available to you.



YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

Here's how financial protection can offer security for parents

Serious illness can place immense stress on our families. The cost of caring for an unwell child, worry over access to essential services, and the emotional toll of serious illness are all things that no parent wants to think about.

We can't predict what the future will hold for the health of our families, but we can take proactive steps to prepare for the risk that we or our children might become critically unwell.

Appropriate financial protection can be a vital safety net for parents, providing essential cover for children and easing the pressure of caring for them.

Critical illness payouts can help you care for your child

No parent wants to consider the possibility of their child becoming seriously ill, but planning for the worst can offer the greatest peace of mind. Robust and appropriate financial protection can help shore up your finances and allow you to focus on caring for your child.

Critical illness cover pays out a lump sum if you are diagnosed with an illness covered by the policy. Many of these policies include cover for a child of the policyholder, paying out a proportion of the full amount if they become seriously ill. This payout provides a financial safety net, covering your expenses and allowing you to take time away from work to care for your child.

Critical illness cover may also come with other benefits that can offer further support for your family, such as:

- A payout if your child is hospitalised because of an accident.
- Cover for the cost of accommodation so that you can be close to your child if they're in hospital.
- Childcare costs if you're diagnosed with a serious illness that's covered by your policy.

The cost of critical illness cover varies depending on how large you want a potential payout to be, as well as other factors like your age and general health. It's important to note that you'll only be covered as long as you keep paying your premiums.

Children are often automatically included in critical illness cover but this isn't guaranteed. Contact your provider for clarification and be aware that your premiums could rise if you add a child to a policy that doesn't already cover them.

Cover for a child typically starts from the first few weeks after birth and lasts until they're 18, or 21 if they're in full-time education, but this can vary between providers. There may be other restrictions to critical illness cover that you should be aware of – some policies will only allow

one claim per child whilst others might exclude certain conditions that are present from birth.

It's important to check the details of critical illness cover thoroughly when comparing your option to make sure that you're buying the right cover for your circumstances.

Private medical insurance could help provide better care for your family

You may want to consider taking out private medical insurance to compliment the security that financial protection could offer you. The Guardian reports that the private health insurance market has grown by £385 million in the last year. At the same time, rising wait times and staff shortages are causing public satisfaction with the NHS to slump according to the long-running British Social Attitudes survey.

Private medical insurance can help to put your mind at ease by reducing waiting times for a range of services (like tests and consultations) whilst giving you a wider choice of treatment providers. It could also help to cover the cost of a private room, giving you and your family greater privacy if you need to stay in hospital overnight.

Private health insurance can cover much more than just physical illness. Some providers offer access to counselling and mental health services which are becoming increasingly important for the wellbeing of younger generations – the number of children and young people seeking support for their mental health increased by 25% from 2022 to 2023 according to data from Aviva.

The cost of private health insurance and the level of cover you'll receive are influenced by a range of factors, including who you want the policy to cover, your lifestyle, and family medical history. It's important to take the time to understand how comprehensive your options are and any exclusions that might affect your family.

Talk to us to see how we can help protect your family

Financial protection is just one way that you can prepare for the unexpected. Get in touch if you'd like to know more about financial protection for your family against serious illness.

Please note: Financial protection plans typically have no cash in value at any time and cover will cease at the end of the term. Cover will lapse if premiums are unpaid. Cover is subject to terms and conditions and may have exclusions. Definition of illnesses vary between providers and will be explained in policy documentation.

Investing or saving?



Investing can beat inflation

Investing is a better option if you've got longer-term goals because inflation can erode the value of cash savings over the medium to short term, and your money may not have the same spending power as when you first put it away.

For example

If you have £2,000 in savings and the bank offers a 1% interest rate, each year you will get back £20. However, if the inflation rate is 6% the cash in your savings account will fall in value. After one year your cash would be worth £1,887. After five years it would be worth only £1,495.

Saving money is a great way to prepare for unexpected expenses and investing your money can have the potential for higher growth than saving.

A lot of people put their money in a savings account and leave it there to accumulate interest. While this is a good strategy in the short term, you potentially risk losing out on higher returns in the long run, while also struggling to keep up with inflation. However, investing is a good approach if you have long-term financial goals and want to earn more money than you could by saving it.

What's the difference between saving and investing?

With saving you are setting aside cash for future use, while investing means using cash to buy assets that you expect to produce a profit or income. The biggest difference between saving and investing is the level of risk. With saving you will always get back at the very least what you have put in, as well as any interest on your deposits. You won't lose any money, making it a less risky option.

Investing your money means it will rise and fall over time and there is a chance you could lose some of your initial investment. Your financial adviser will be able to help you make sure you're aware of the risks and the minimum time you should consider investing for. A longer timeframe (at least five years) will give your investment more time to recover if there are any sudden market swings.

Speak to your financial adviser to find out about a range of investment opportunities to help you meet your financial goals.

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Types of investments

The main types of asset classes that investors could choose from – which your adviser can go into detail with you – are equities, bonds, and property. Different asset classes have different levels of risk and return. Usually, the safer an asset is the lower the returns will be, while the riskier an asset is, the higher the returns.



Property this could be investing in commercial property through investment funds, including retail, office, and industrial property. It makes a good long-term investment and is effective at beating inflation. Property can add diversification to your portfolio as it tends to perform differently to other assets in response to different market conditions. However, property does come with its risks, including a risk of a fall in value as well as the maintenance costs.



Bonds sometimes called fixed-term investments, bonds are issued by governments and companies looking to raise money. A bond is essentially a loan made to a company or a government by an investor for a set period – usually several years. In return they pay you a regular income in the form of interest over the life of the bond, after which they must repay your loan. Bonds typically offer stable returns and are a lower risk than equities, although they tend to offer lower returns in the long term.



Equities also known as stocks and shares, equities are issued by a public limited company and can be bought and sold on stock exchanges. When you buy an equity, you are basically buying a piece of that company and become a shareholder. Equities can make you money through increases in share price or you can receive income in the form of dividend payments. The disadvantage is that returns are not guaranteed, and the share price could fall below the level that you invested.

It's time for a fresh look at your finances – where should you start in 2025?

The start of a new year presents a great opportunity to set out your goals and aspirations for the coming 12 months. For others, it can also mean new beginnings, new challenges or simply a fresh start.

No matter your mindset for 2025, now is a great time to review your financial goals and plans for the year ahead. Whether it's finally getting onto the property ladder, safeguarding your family's health and financial wellbeing, or thinking about plans for retirement, the right advice can help you on the path to identifying new opportunities and achieving your goals.

With so much to explore and understand, good advice has arguably never been so important. So what should you be considering as you look ahead this year?

Where should you prioritise?

- **Mortgages:** Whether you're looking to buy or remortgage, a mortgage adviser has access to a wide variety of mortgage options as well as an extensive panel of lenders to identify the right product that suits your individual needs.
- **Protection:** With a mortgage often being our biggest financial commitment, the right protection is important should you become ill or unable to work, helping to safeguard yourself and your family.
- **Retirement planning:** Making those retirement dreams become a reality, ensuring you can maintain the lifestyle you desire after you finish work.
- **Wealth management:** Helping your money work for you through financial planning and a clear investment strategy.
- **Tax planning, including inheritance tax:** A financial planner can build a strategy to help minimise your tax liabilities efficiently and in a way that is fully above board.
- **Estate planning including wills and Lasting Power of Attorney:** Organising all your affairs and assets to make sure loved ones are supported and your wishes are carried out if you become incapacitated or you pass away.
- **Private Medical Insurance (PMI)*:** With continued pressure on our health service increasing the length of wait times, PMI helps you and your family access private healthcare quicker.
- **Home Insurance and conveyancing:** Home insurance is essential in safeguarding your home should the worst happen. Just as important are quality conveyancers who will manage the legal process of transferring ownership when you decide it's time to sell.

*Private Medical Insurance is available via a referral service to a specialist.

Finding a good recommendation

Whether some or all of the above are relevant to you right now, it can feel quite daunting to start the process of seeking advice. That is especially true if you're expecting to speak to eight different companies about each individual topic.

One of our greatest strengths, is we are part of The Openwork Partnership, which is one of the biggest financial advice groups in the country. This means that at whichever point you enter; whether it's discussing mortgages, protection, pensions or investments, your individual adviser is supported by thousands of others who will be able to help answer any other needs you may have.

Not only is it great to have a good recommendation, it also means you can access expert advice in every area and build a comprehensive plan that covers all aspects of your financial plan. Best of all, you have the peace of mind and convenience of dealing with one expert network.

Get in touch today

A holistic approach such as this ensures that all your bases are covered and helps minimise the risk of any potential gaps or missed opportunities.

So whether you have a priority or a clear goal in mind for 2025, advisers are able to work together and with the bigger picture in mind to help you identify every opportunity and make good progress towards your financial goals this year.

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THE VALUE OF INVESTMENTS AND ANY INCOME FROM THEM CAN FALL AS WELL AS RISE AND YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

WILL WRITING, LASTING POWER OF ATTORNEY AND CONVEYANCING ARE NOT REGULATED BY THE FINANCIAL CONDUCT AUTHORITY.