

All Change - But No Change #2

On 18th March, following an unexpectedly long delay by the Financial Conduct Authority (FCA), we completed the transfer of ownership of Eldon Financial Planning Ltd to an Employee Ownership Trust (EOT).

This also marks the retirement from financial planning of the last of the founding Directors, Tony Conner, although Tony will remain as a Company Director and a Trustee of the EOT for the foreseeable future.

Kevin McCarthy steps up to the role of Managing Director, whilst Gemma Siddle, retains her focus as Director of Client Services.

The whole ethos behind the formation of the EOT was to ensure continuity for both staff and clients. The arrangement means that the future path of the business is in the hands of the existing team which in turn means that we can build upon our successful past and embedded processes to provide a first-class planning and advisory service to our clients.

Welcome, Carolyn!

Carolyn joined our administration team at the beginning of January, bringing diverse experience, and has settled in well. Here are a few words from Carolyn:



“My background is originally in financial services, having worked for large life assurance companies such as Zurich and Provident Mutual as a Financial Services Administrator and Business Development Consultant before moving up to the North East from the Midlands.

I enjoy helping people and providing support where needed and I am keen to develop my skills further. Eldon's focus on their clients' needs and approach to developing staff is what attracted me, and I am excited to see what the future holds.

In my spare time, I enjoy walking holidays in the Lakes, as well as trips to the coast at the weekend with my partner and our new dog Bonnie.”

Carolyn will help us to continue to support you, and we too look forward to seeing what the future will bring!

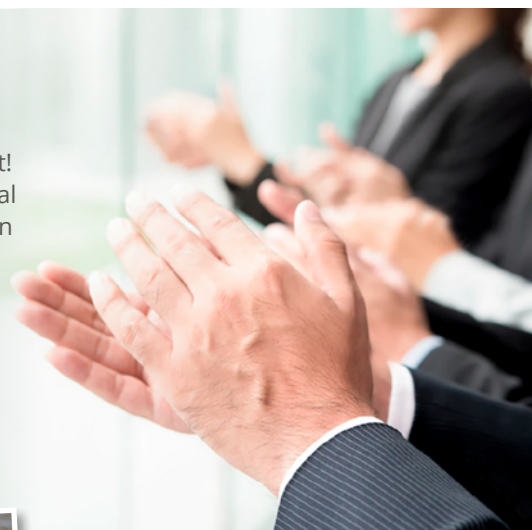
Exam Success at Eldon

Now that Spring is here and the days are feeling longer, several team members at Eldon are turning their attention to gaining further professional qualifications.

We have already experienced success this year and with more examinations coming up, the hard work doesn't stop.

Since our last update, we have had 7 exam passes across the team, which is a brilliant result! In addition, Natasha achieved Chartered Financial Planner status in December following completion of the Advanced Diploma in Financial Planning.

We are very proud of our team's achievements. Chartered status demonstrates a commitment to self-improvement and a high standard of professionalism, and we at Eldon continue to strive to have as much knowledge and expertise as we can for the benefit of our clients.



Calendar 2023

Now that it is easier to get 'out and about' with Covid becoming less pressing of an issue, we are inviting YOU to submit photographs for our 2023 calendar.

The title and theme for the Eldon 2023 calendar is: 'All Creatures Great and Small'.

So get snapping and get your photographs submitted via email at: enquiries@eldonfinancial.co.uk by the end of September 2022. Only "landscape" orientation can be used.



CALENDAR
2022



20 Miles for 20 Years

The Eldon Charitable Fund made its first grant award earlier this year to First Stop Darlington, a local charity working in the field of homelessness, and families and individuals living in poverty. Our Charitable Fund's overall aim is to support financial education, financial planning, and debt management in providing grants to local charities that align with our goals.



The intention is to make further grants via the County Durham Community Foundation Fund (CDCF) before the year is up, with the process continuing year on year.

County Durham Community Foundation works with local communities to fund projects that enrich lives and reduce poverty. Founded 27 years ago, the Foundation connects people who love to give with local causes that really matter.

Last year, the Foundation awarded £4.75 million in small grants that make a huge difference, thanks to the generosity of supporters like you, and Eldon! Later this year in September, the team will also be taking part in a '20 Miles for 20 Years' challenge to celebrate two decades of Eldon, completing a beautiful, yet tough, 20 mile walk around the Ullswater Way.

Donations received by the team will be directed into our Charitable Fund and used towards future grants. If you would like to offer your support, you can find donation details on our CDCF Enthuse page, at the following link: <https://cdf.enthuse.com/cf/eldon-ullswater>

Earlier in September, James will be taking on the UK three peaks in 24 hours challenge, tackling Ben Nevis, Scafell Pike, and Snowdon to raise money for the Eve Appeal, the UK's leading charity for gynecological cancer research and funding.

We wish James the best of luck in his training and hope his legs recover in time for our team challenge! We will also, of course, be matching the funds that James raises in this respect. Additional details of James' challenge and donations can be found on his Just Giving page, at: <https://www.justgiving.com/fundraising/james-hunt45>

If you would like to know more about charitable giving, or supporting our in-house fund raising, just let us know.

Lasting Powers of Attorney and Discretionary Fund Management

Lasting Powers of Attorney (LPA) allow for an adult (donor) to appoint other people (attorneys) to make decisions about their finances and/or health and welfare should the time come when the donor does not have capacity or needs help to make decisions for themselves.

Previously when creating a Property & Affairs LPA, specific wording needed to be included to enable the LPA to give an express power to the attorneys to act in respect of the donor's investments where they are managed by a discretionary fund manager.

The requirement for this additional complexity has now been removed by the Office of the Public Guardian (OPG). Furthermore, those that already have the wording included on their LPA have no need to change this so no action is required.

Please note: this applies to England and Wales only and the Lasting Power of Attorney must be registered with the OPG to be valid.

Does Your Trust Need to be Registered with HMRC?

New rules now mean that most trusts, whether or not they have a liability to tax, must now register with HMRC's Trust Registration Service (TRS); a digital platform designed to allow trustees to comply with their registration obligations.

For trusts created before 1st September 2022, the deadline to register is the later of 90 days from creation or 1st September 2022.

These new requirements are not widely known, so with this deadline fast approaching it is important to consider whether or not you are a trustee who needs to take action.

Who needs to register?

Some common examples of the types of trusts that now need to register include those holding investment bonds and those holding properties in which beneficiaries are living. There are also exemptions for certain trusts, such as those used to hold life policies that pay out on death, terminal, or critical illness.

The legal responsibility for registration lies with the trustees. All joint trustees are equally legally responsible for the trust and should nominate a 'lead' trustee as a main point of contact for HMRC. Each trust must also be registered individually.

What information is needed to register a trust?

The purpose of this service is to provide information on the persons involved in a trust, such as the trustees and beneficiaries, as well as details of the trust itself, such as its assets.

Once registered, any changes to the trust must be updated within 90 days and a declaration must be made on an annual basis by the 31st January if the trustees incur a UK tax liability in the previous tax year.

Ensuring compliance with these requirements is the responsibility of the trustees and penalties may apply for any late registration.

How to register

Trustees can appoint an agent to complete the registration process if they wish or they can arrange to complete the registration themselves. You can find more information at <https://www.gov.uk/guidance/register-a-trust-as-a-trustee>

We are contacting clients where we believe there is a requirement to register a trust, but there may be situations of which we are unaware, as we do not advise on trust assets, so please do get in touch if you have any queries.

Attention Millennials - Go BIG then stop?

Compound growth can make a huge difference to investments over long periods and traditionally the advice has been to start early, start small, and do it regularly.

Compounding is simply growth on growth and it's very much a snowball effect. As the capital rolls along it becomes bigger and bigger.

Instead of the traditional strategy of starting small, what if you 'go big, then stop'? The core of this argument is that saving money is hard but compounding growth on your savings is easy. All you need to do is manage to save enough, early enough, then you potentially won't need to carry on saving thereafter, as in theory the compounding alone will generate sufficient growth.

In number terms, saving £5,000 a year for 10 years and then letting it grow for 30 years actually results in more wealth than waiting 10 years and then saving £5,000 per year for the subsequent 30 years (based on an example growth rate of 7% per year). This is because subsequent growth is driven by the growth, not the contributions.

Conversely, if you decide to spend £5,000 a year on holidays every year in your 20s, you would actually have to save 100% more (£10,000 per year) in your 30s just to make up for it!

So, 'going big' on savings early on can quickly give you the freedom to stop saving altogether and leave the compounding alone to continue doing its work for the decades that follow.

Of course, the above is just an example and in reality life is far more complex, with a balance between lifestyle and savings needing to be struck. It is however something to consider where there is an expectation of solid income growth and bonuses in early working years.



8,000 Days of Retirement - But Who's Counting?

With rising longevity and an associated increase in the number of 'productive' years following the cessation of work, it is no surprise that the retirement phase is becoming longer. What may surprise you however, is just how long it can be (and feel).

Joseph Coughlin of Investment News breaks a lifetime down into four key phases, each lasting 8,000 days, or roughly 22 years. The first section takes us from birth to adulthood, the second to 'midlife' (age 44), and the third to 'retirement' (age 66), and the last, well, to the end...

At first glance 8,000 days of retirement may not seem a great deal. However, phrasing it as 22 years of your life may produce a different response. This raises the question of how you really want to spend this quarter of your life? Coughlin poses that simply 'play more golf' may sound appealing, but 8,000 straight days of golf might be a bit unrealistic!

In fact, Coughlin goes further as to break the final phase down into four more sub-phases: the 'Honeymoon' phase (the early, more active years); the 'Big Decision' phase (the transition into our 70s, when stopping work becomes more final for some and more questions about how you wish to spend your time are raised); the 'Navigating Complexity' phase (when health may begin to deteriorate); and the 'Solo Journey' phase (which may, sadly, see the death of a spouse or partner and bring about further lifestyle changes).



Each sub-phase requires its own unique approach and planning. In addition, this stretching of the retirement phase as a whole could affect your retirement funding. It is difficult to predict how much will be required to ensure the affordability of retirement as everybody's circumstances are different and of course subject to change. The key is to understand what your needs might be, and thus how we might plan for these.

So, rather than simply wondering 'when can I retire?', it is more prudent and realistic to explore and understand what exactly it is you want to DO when you retire. In that way, we can map out and fund for what may be a significant proportion of your life.

Rising Inflation

So far 2022 has seen surging inflation, rising interest rates, and the Russian invasion of Ukraine compounding an already complicated outlook.

The UK Consumer Price Index (CPI) rose to 9% in the 12 months to April, up from 7% in March. Higher fuel and food prices have pushed up the cost of living, with inflation expected to continue to rise this year.

There is an increased risk of recession in the UK and overseas now being discussed but such news is likely already factored into global markets, so our advice as always is to remain invested.

We have recently discussed a range of current topics that may be of interest on our website in the news section: <https://www.eldonfinancial.co.uk/news>

Feel free to explore our news section for more details.

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