

HARTEY NEWS



As summer and those very warm pre-Wimbledon June days comes to an end, we take some time to reflect on what's happened during the summer months.

What a busy period it's been. The UK have started the divorce proceedings from Europe, we've faced the farce of the general election which left us with a hung parliament (meaning it's going to be even harder to get policy decisions made), plus we've seen a number of ongoing terror threats.

Aside from all of the above, let's get down to business... This issue continues to look at the problems around the over complicated new Residential Nil Rate Band (RNRB), plus we share with you our new Autumn Investment Presentation dates which will be coming to a town near you.

If you hold investments on the Nucleus Platform you will have received one of our 90 Day Snapshot reports which aims to provide greater clarity on your investments. What's more, we've recently sent out a 'My Documents' booklet to each of our clients – feedback on these has been very positive indeed.

Opening hours:

Mon – Thurs 9.00 am – 5.00 pm
Fri 9.00 am – 4.00 pm

SUMMER 2017

www.harteywm.co.uk



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AWARDS



ACQ5 AWARDS 2017

WINNERS

Regional IFA of the Year UK and Gamechanger of the Year UK



The ACQ5 Global Awards set out to recognise the achievements of those who are responding most successfully to the demands being placed on them in the new post-recession business environment.

These awards are the only industry honours given purely on the basis of voter participation which is great for us as it means that the public are recognising the hard work we strive to achieve.

WEALTH AND MONEY MANAGEMENT AWARDS

WINNERS

Best Financial Planning Firm – England



Hartey Wealth Management have recently been announced winners of the Best Financial Planning Firm - England at the Wealth & Money Management awards, by Wealth & Finance International.

These prestigious awards are devoted to supporting and recognising the hard work and stellar efforts of talented and dedicated firms, individuals and departments.

UK BUSINESS AWARDS

WINNERS

Best Family-Owned Wealth Management Firm and Young Entrepreneur of the Year 2017



The 2017 UK Enterprise Awards cast a light on the very best firms and individuals from a diverse range of sectors. These awards have been designed to celebrate the phenomenal accomplishments achieved by these remarkable firms and individuals over the last 12-months.

Each winner has been recognised as the awards evaluate everything from a firm's performance over the past 12-months, their commitment to innovation, their methods and even their competition to ensure that only the most deserving names walk away with such a prestigious accolades.

TEAM MEMBER OF THE YEAR

We are delighted to announce that Charlotte Hampson has been crowned Team Member Of The Year.

At our recent annual Client Appreciation Day, our clients were asked to nominate any team members who they felt deserved to be recognised for their efforts. As this was voted by clients it had a significant meaning to the team.

The votes were close, but Charlotte just topped the polls and we are delighted that her hard work and dedication to putting clients first has been recognised.

"To be picked for the award is great, but it also came as a huge surprise as I know I'm not the only one who goes above and beyond for our clients" says Charlotte.



TIME FOR TEA

There's nothing more satisfying than a good old cup of tea and slice of cake, which is why we chose to invite our Clients to our annual Appreciation Day at the Lion Quays for an Afternoon Tea treat.

The afternoon offered our clients a short presentation on the current happenings within the Investment markets and an update on the business, plus a raffle and an array of delicious sweet and savoury delights.

We managed to raise a grand total of £458 from the raffle which helped to raise funds for our chosen charity The Charlotte Harter Foundation.



GUMBALL 3000

In early July, Karl and his wife, Helen participated in the 19th Gumball 3000 Rally. This year, the rally started in Riga, Latvia with stops in Warsaw, Budapest, Dubrovnik, Tirana, Albania, and Athens before finally arriving on the little Greek Island of Mykonos.

The Rally saw 150 cars take part, covering over 3000 miles. All in all, the rally raised over £460,000 for a variety of charities through a group of fund raising activities that took place en route.

With the Rally taking place in mid-summer this made the driving conditions far better, however it's fair to say it was seriously warm!





AVOID GETTING TIED UP IN KNOTS BY THE RESIDENTIAL NIL-RATE BAND

In our previous newsletter, we included a document that included the main rules for the new Residential Nil Rate Band (RNRB), an additional threshold for inheritance tax (IHT) planning. It is fair to say a simple concept has turned out to be a complex reality, which raises a number of planning questions and concerns for advisers and clients.

The current level of Nil Rate Band (NRB), set at £325,000 from April 2009, has been frozen at that level ever since and is due to stay there until April 2021. Some 12 years of a frozen NRB and increasing property prices, even with the new RNRB, means many people will have an ever-increasing liability to IHT.

IHT OVERHAUL

With the introduction of the RNRB, potential IHT liabilities will have to be recalculated for all clients that are affected. Because the new RNRB is tapered away by £1 for every £2 if the estate is valued at £2 million or above, this can create a tax trap where the effective rate of tax is 60%. So, planning to restrict growth above this level can be effective.

Failed potentially exempt transfers or chargeable lifetime transfers do not count towards the estate on death for the purposes of the RNRB so can be used right up to the point of death.

For those who will not qualify, or where the estate is above the limit, which will be individuals with 'net' estates in excess of £2.2 million or last survivors with estates in excess of £2.4 million in 2017/18, rising to £2.7 million by 2020, they will need to consider alternative strategies to mitigate the IHT liability.

It is important to consider whether a client has direct descendants to whom they are able or want to leave a property. While not advocating that clients start a family later in life, the new RNRB does seem to penalise couples who have made a lifestyle choice not to have children or have no direct descendants.

CHILD BENEFITS

For co-habiting couples with children, common planning often involves leaving a share of a property on first death to utilise a NRB via a discretionary trust. This will not work in respect of the RNRB. However, there are a couple of options: they may either leave the estate directly to their children via an absolute or qualifying interest in possession (IIP) trust or even consider getting married so the estate automatically transfers.

Wills already set up for married couples will need to be reviewed as many properties are owned as tenants in common and utilise a discretionary or non-qualifying IIP trust in a will. New planning will need to be undertaken to make sure couples qualify for the RNRB in the terms of the will.

Where there are two qualifying properties, the personal representatives have to decide which one to nominate as the qualifying one for RNRB. Plus, if the combined value of the property is under the two RNRBs, lifetime planning could be undertaken to leave one of the properties to children on first death to avoid one RNRB allowance being wasted.

TRADING UP

Where a property is valued at less than the two RNRB allowances available to a couple, it may be worth considering 'upsizing'. It seems bizarre to consider that an older couple may look to buy a larger property to make full use of all the available £1 million IHT allowance from 2020. However, this could save them a large sum of money.

Certain equity release schemes create a debt on the property and the RNRB is only available on the 'net' interest. Alternatively, a scheme where part of the property is sold to release funds could make use of the 'downsizing' provisions.

No doubt there will be more things to consider but, as ever, time will tell as we start to live with these complex changes. This is a subject advisers should continue monitoring.

ADVANTAGES OF A PROBATE TRUST



WHAT IS A PROBATE TRUST?

- A probate trust is a settlor-interested bare trust.
- The policy is owned by the trustees of the bare trust and not the client.
- As the original client is the beneficiary, the policy will still form part of their estate for IHT purposes.



SPEEDING UP THE DISTRIBUTION OF AN ESTATE

A grant of representation or probate can take many months, sometimes years, to obtain. Using a Probate trust means that the trustees own the bond, therefore there is no need for a grant of representation to be obtained before the bond can be assigned to or the policy proceeds paid to, the beneficiaries of the client's estate.



REDUCING PROBATE FEES

Law Society guidance states that probate fees on assets other than the main residence, should be around 1.5% of the value. This will include any investments, such as investment bonds. Therefore, a client could save an amount equal to 1.5% of the value of a bond by using a simple probate trust.



IMPLICATIONS OF A PROBATE TRUST

As the trustees own the bond, the trustees will need to sign for any transactions, such as fund switches or part surrenders. Should the client no longer want to use the probate trust then the trustees can assign the policy back to the client. The trustees will have to make a death claim if the last life assured dies whilst the bond is under trust.

EXAMPLE

John has a valid will and an investment bond with a value of £100,000 – the diagram below looks at the treatment of the bond on his death, if a Probate trust is used and if not:

PROBATE TRUST

On John's death, the beneficiaries under the will become entitled to bond/ proceeds

Executors can distribute bond/ proceeds to beneficiaries of the will

NO PROBATE TRUST

The Bond is part of John's estate and cannot be settled until Probate has been granted to executors

Once probate granted, executors can distribute bond/proceeds to beneficiaries of the will

A solicitor could charge 1.5%, £1,500 to obtain probate and settle estate.

By using a Probate trust, the bond can be settled ahead of the rest of his estate as the trustees can pass the bond to the beneficiaries without the need to wait for probate and saving potential probate fees. This helps preserve the value of John's overall estate, allowing more money to be distributed to the beneficiaries of his will.

KARL'S RECOMMENDED READS



Karl's back with a brand new book recommendation! Here, Karl shares a review of 'Red Notice' and offers a brief description of what it has to offer.

Red Notice - by Bill Browder

A lot of books these days claim to lift the lid on the dark arts of the men in the Kremlin. Black deeds on Red Square are hot stuff in publishing. Just like the Tudors, there's always some new angle.

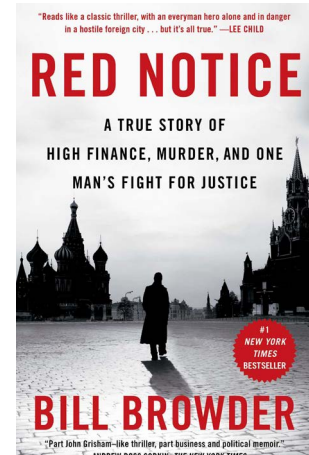
However, many of these peeks inside the Kremlin are samey. They start with a cover of a Romanov eagle, or a shot of Moscow taken from a sinister angle and segue into a cautionary tale of how the unwary author fell in and out of love with Mother Russia. At first sight, Bill Browder's book is just another exposé. And, it is hard at first to warm to the author, a turbo-charged capitalist who roared off east in the hunt for rich pickings in the rubble of Soviet communism.

By the end I was hooked, however. Browder's book is a real thriller. It also helps that he has packed two very different stories into one set of covers. The first, less interesting tale is about a beady-eyed investor landing in the chaos of just-post-communist Russia and making a fortune by buying up under-priced assets whose value later soared. This part is instructive only in the sense that I now understand why so many Russians loathe Westerners. Act II veers off in a different direction, however. For a while, Vladimir Putin's clique put up with Browder's money-spinning fund – and with his complaints about the more flagrant crimes of the so-called oligarchs. But once Putin had dealt with the oligarchs who challenged his authority, the rest continued operating their scams under a kind of franchise, which is when Browder ceased to be a useful whistle blower and became a nuisance.

As the storm clouds gathered, Browder made his exit from Russia and cannily funnelled out most of his investors' money at the same time. Putin's goons charged around, raiding banks and offices, searching for cash that was no longer there.

Enraged to find the cupboard bare, they arranged a clever heist. After a tax demand for several hundred million dollars was slapped on Browder's fund, they got the corrupt tax office to funnel them the money. Getting their hands on this mega \$230m "refund" was pure robbery. The tax demand was fraudulent and the money came out of the Russians' own pockets. Browder cried foul but was back in London by then. It was his Russian lawyer, Sergei Magnitsky, who bore the brunt of the regime's fury – with his life – for exposing the way a favoured few had a licence to plunder the many.

What happened to Magnitsky – a naïve patriot who could not accept that "his" government would punish him for exposing an obvious crime – is heart-rending. Having disliked Browder to begin with, I was cheering him on as he retold his dogged fight to bring the fate of his murdered, gentle but stubborn lawyer to international attention. Clearly, you need deep pockets if you are going to take on the Kremlin and win. Russia has been described as a state that constantly wages war on its own people. Unfortunately, this book suggests that this harsh-sounding judgement is an accurate one.



EducateMyMoney



Educate My Money
By Karl Hartey

If you would like a copy of my second book, call by one of our offices for your free copy or call us and we will pop one in the post.



What we've been up to...

A day at the races...

We appreciate nothing more than clients and their relatives choosing to support the Foundation, and we were delighted when we received an email from Rose & Patrick Martin, and Patrick's brother, Charles to let us know we were their chosen charity for a Customer Day that Charles' engineering business was hosting.

Charles' business brought the tickets in the Foundations name and gave an initial donation of £1000 to us which will go towards helping fund a number of projects and ventures around the Shropshire and Cheshire area.

Their generosity didn't stop there either, on the day Charles helped raise awareness of the charity by handing out leaflets and he collected more donations from his clients by handing out our branded envelopes.



Gobowen Scout Group sent to Switzerland

Mrs Cassidy, Group Scout Leader of the 1st Gobowen Scout Group came to us for help with funding a trip to the International Scout Centre in Kandersteg, Switzerland that took place in August.

Without hesitation, the Foundation donated £500 to this unique opportunity.

During the trip, the Explorer Scouts were looking to achieve their Queens Scout Award - the highest award in Scouting and is a recognized award by employers and the younger scouts were working on their Chief Scout Gold Award.

The group were able to meet Scouts from all over the world, getting to know them and their culture. Activities included walking in the mountains, climbing, international evenings, eco projects, solar project, and many, many more.

BioBlitz event at Old Oswestry Hill Fort

Oswestry Heritage Gateway were looking for some help with funding to enable them to run a BioBlitz event at Old Oswestry Hill Fort in July.

The Foundation donated £250 towards the running of the event, which provided an opportunity for people of all ages, including young adults and children, to participate in research and an educational survey of ecology on the hillfort. Those involved will learn from the experts, acquiring new practical and identification skills to help local understanding of the value of ecology and this will encourage ongoing engagement in preserving and maintaining this important landmark.



Volunteering in Tanzania

Dental Nurse, Beth Moran was lucky enough to be given the opportunity to join a team of dental professionals in Tanzania, providing emergency dental care to a very remote and rural region.

We donated £500 to get Beth to Tanzania for this once in a life time trip. Here Beth shares a snippet from her trip; "I am so grateful for my wonderful experience in Tanzania. I have learnt a lot about a beautiful country, its culture and welcoming inhabitants. The trip was a great success as the team I joined managed to treat over a thousand patients and most importantly we trained seven clinical officers. These clinical officers are now equipped with the right tools and knowledge to be able to diagnose dental disease, treat and extract teeth safely and correctly refer patients who need more specialist care."



from RISK to SAFETY

INVESTMENT PRESENTATIONS

AUTUMN 2017

Your Expert Speakers

Karl Hartey
Chairman
Hartey Wealth Management

Tristan Hartey
Managing Director
Hartey Wealth Management

Bill Evans
Managing Director,
Davies, Evans & Law

We've updated our events calendar and secured some fab venues for our Autumn Investment Presentations...

With growing uncertainty and a number of hurdles to navigate such as Trump, Brexit and Europe now couldn't be a better time to re-evaluate your investments and get them working harder for you and your future.

We'll teach you what you need to know to help shelter your investments from the turbulence of the global stock markets and share our predictions on what changes could mean to you, your money and currency.

What's more, we'll update you on the complicated changes to Inheritance Tax and the Residence Nil-Rate Band allowances, ensuring you don't get caught out when it comes to planning your family's future.

What's covered?

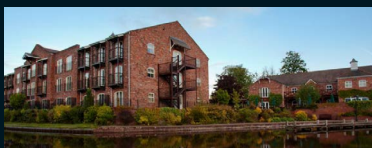
- How to save £1000's on commissions and management fees
- Understanding investment risk
- How to reduce risk
- How to invest for the medium term
- New Inheritance Tax rules and allowance
- Wills and Trust update

EVENT DATES AND LOCATIONS

We have picked a selection of dates and venues to host our presentation at, so take a look below and choose the right one for you.

Lion Quays Hotel & Spa, Oswestry

26th September 2017



Rookery Hall Hotel & Spa, Nantwich

10th October 2017



Bodelwyddan Castle Museum, Denbighshire

3rd October 2017



Chester Grosvenor, Chester

11th October 2017



Macdonald Craxton Wood, Wirral

31st October 2017



The Mere Golf & Spa Resort, Knutsford

5th October 2017



Albright Hussey Hotel, Shrewsbury

7th November 2017



The presentation will commence at 10.30 am, with a hot lunch served at 1.00 pm.

To reserve a place for yourself and any guests who wish to come along, call us on 0808 168 5866.
book online at www.harteywm.co.uk or email us at info@harteywm.co.uk.