

⬆️ Benchmark

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Changes of which you need to be aware
- The Lifetime ISA:
Key Facts by Michelle Hayes

Grant Berry

Getting organised

Spring 2018

a fresh approach to a **financially independent lifestyle**



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Introduction

Welcome to the Spring 2018 edition of Benchmark.

As usual, we hope you will find we have brought together a collection of interesting and informative articles.

You might notice we have a fresh, new look, with one key difference being we have officially lost the DBL marbles, though hopefully only in one sense of that saying!

Part of our rebranding has included a new website. Read all about the thinking behind the new design for the two distinct audiences with whom DBL has always worked.

This time of year is a good time to make sure you are taking advantage of any tax breaks and allowances, so have a look through our handy Tax Year article, which covers everything from ISAs to Capital Gains Tax.

It is nearly the first anniversary of the Lifetime ISA being introduced by the government in April 2017. Michelle Hayes runs through the key facts about this savings vehicle, which allows individuals to save up to £4,000 a year.

Our client interview with Grant Berry from NorthEdge gives a fascinating insight into the world of private equity, as well as explaining what makes a successful deal, he also reveals how Dacre has helped him get his personal finances organised.

Finally, in internal news, we are delighted to welcome Mark Easter to the business, as a trainee financial adviser. Mark was a former professional rugby player and is looking forward to being able to help others make a smooth transition from rugby to the real world. Find out a bit more about him in this issue.

It certainly feels like Spring is on the way with the lighter evenings. We hope you find this issue of Benchmark an engaging read and if you have any questions or queries, please do not hesitate to contact us directly.

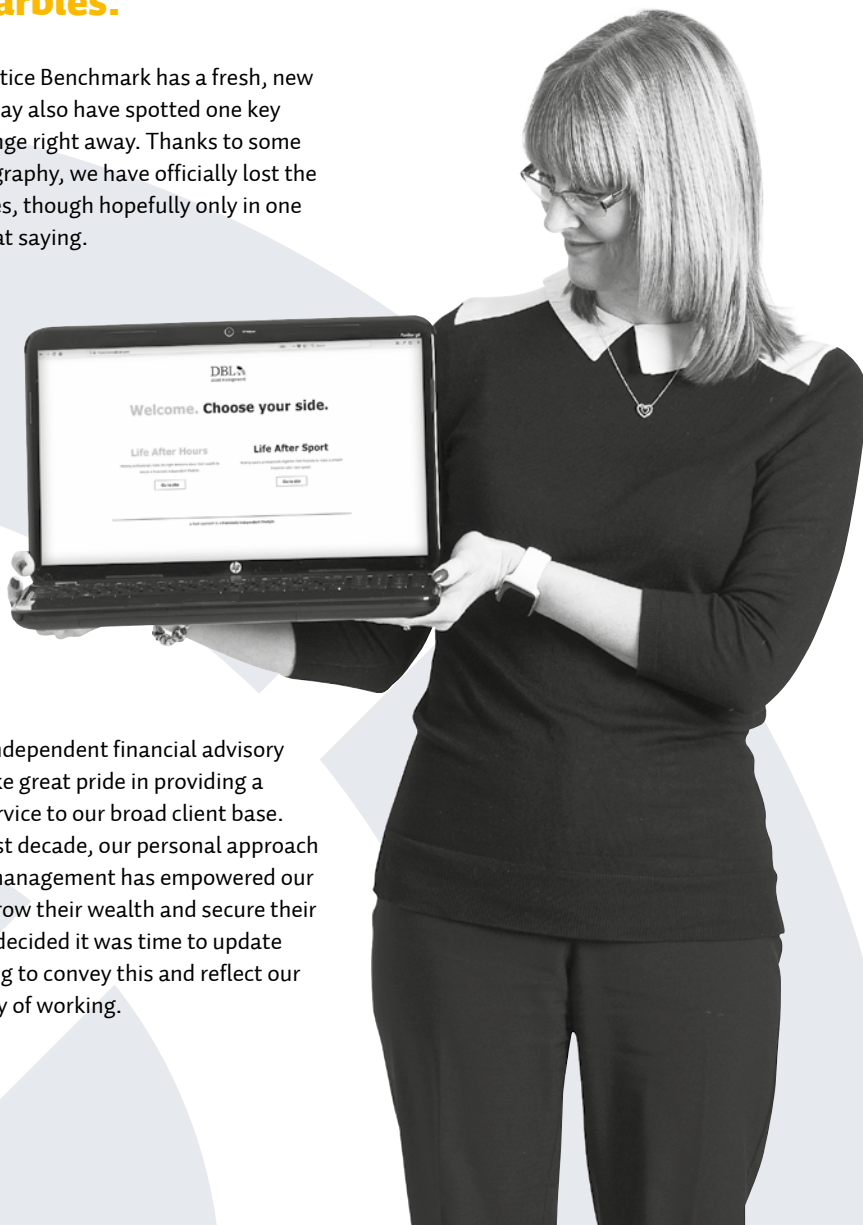
With kind regards,

Dacre Staines



We have lost our marbles.

You may notice Benchmark has a fresh, new look. You may also have spotted one key design change right away. Thanks to some new photography, we have officially lost the DBL marbles, though hopefully only in one sense of that saying.



As a truly independent financial advisory firm, we take great pride in providing a bespoke service to our broad client base. Over the last decade, our personal approach to wealth management has empowered our clients to grow their wealth and secure their future. We decided it was time to update our branding to convey this and reflect our modern way of working.

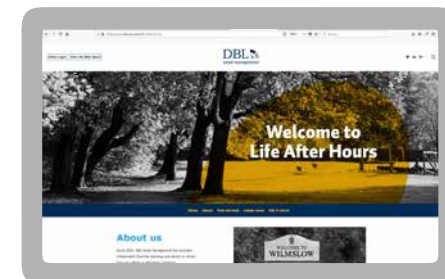
The rebranding applies right across all of our marketing material, including our new website, www.dbl-am.com, which has been designed and built to provide our existing and potential clients with clear and focused information about who we are and what we do. Do have a good look around.

The new split site addresses the two distinct audiences we have always worked with at DBL. These are the professionals, who need to make the right decisions for a financial independent lifestyle and sports professionals, who want to make a smooth transition after their careers end.

We may have lost the marbles, but one thing we have not changed is our logo, with its reference to our heritage, of which we are very proud. For those of you who may not know, Squadron Leader Dacre Barrett-Lennard was the father of Paula Staines and the grandfather of Dacre Staines. He was killed in action in 1944 and our logo, with its dissected three triangles, represents his service to the RAF. Now you know where the initials come from too.



We value our clients highly and appreciate that it is you who have enabled DBL to prosper into one of the most trusted financial management firms in the North West. We may have updated our branding, but our commitment to our traditional values of exceptional service and quality of delivery remain the same. We look forward to continuing to help you with your financial affairs for many years.



Tax year 2018/2019 Changes of which you need to be aware.

As one tax year draws to an end and another one begins, it is important that you are fully aware of your position so that you can take advantage of any tax breaks and allowances before April 5th and can make plans for the next twelve months.

Personal Allowances

Make the most of your tax-free personal allowance, which is currently £11,500 per annum or £45,000 at the higher rate. These rates will rise to £11,850 and £46,350 respectively from April 2018, in line with the pledge to increase the thresholds to £12,500 and £50,000 by 2020. The Marriage Allowance is also increasing by £35 to £1,185 in the 2018/19 tax year. This allows married couples to lower their overall tax bill, if one of them earns less than the Personal Allowance.

ISAs

Maximise all your ISA allowances. The limit was raised to £20,000 in the 2017/2018 tax year and will remain unchanged in the coming tax year. Any returns are protected from income tax and capital gains tax. But remember if you do not use it, the allowance cannot be carried over. You can invest your ISA allowance either in cash, or investments or Innovative Finance ISAs, which invest in peer-to-peer lending or you can put up to

£4,000 of your allowance into the Lifetime ISA (LISA). This was launched last year to encourage people aged under 40 to save for a home or their retirement. There is more in the next article: Your children are eligible for an ISA too, with the limit for Junior ISAs and Child Trust funds rising in line with inflation to £4,260 in April 2018.

Capital Gains Tax allowance

Capital Gains Tax allowance is one allowance that is often overlooked. The amount for this annual allowance is rising to £11,700 in April 2018, from £11,300. As both husband and wife have the allowance, there is scope for transferring assets between you in order to reduce your tax bill.

Lifetime Allowance

If you have a sizeable pension pot then you will be pleased to hear that the Lifetime Allowance will rise in the next tax year for the first time since 2010. This allowance works as a cap on how much you can build up in your pension pot and has been gradually cut over the years from £1.8 million to £1 million. But in April, an inflation-linked rise will see it go up to £1,030,000. You faced hefty tax charges if you went over the £1 million mark but the higher allowance will give a bit more scope. If you have already reached the allowance the difference could be significant. For example, if the whole £30,000 increase is taken as a lump sum after April 2018, that would be a tax saving of 55% and a real-term increase of £16,500 extra in income for the retiree.

Dividend allowance

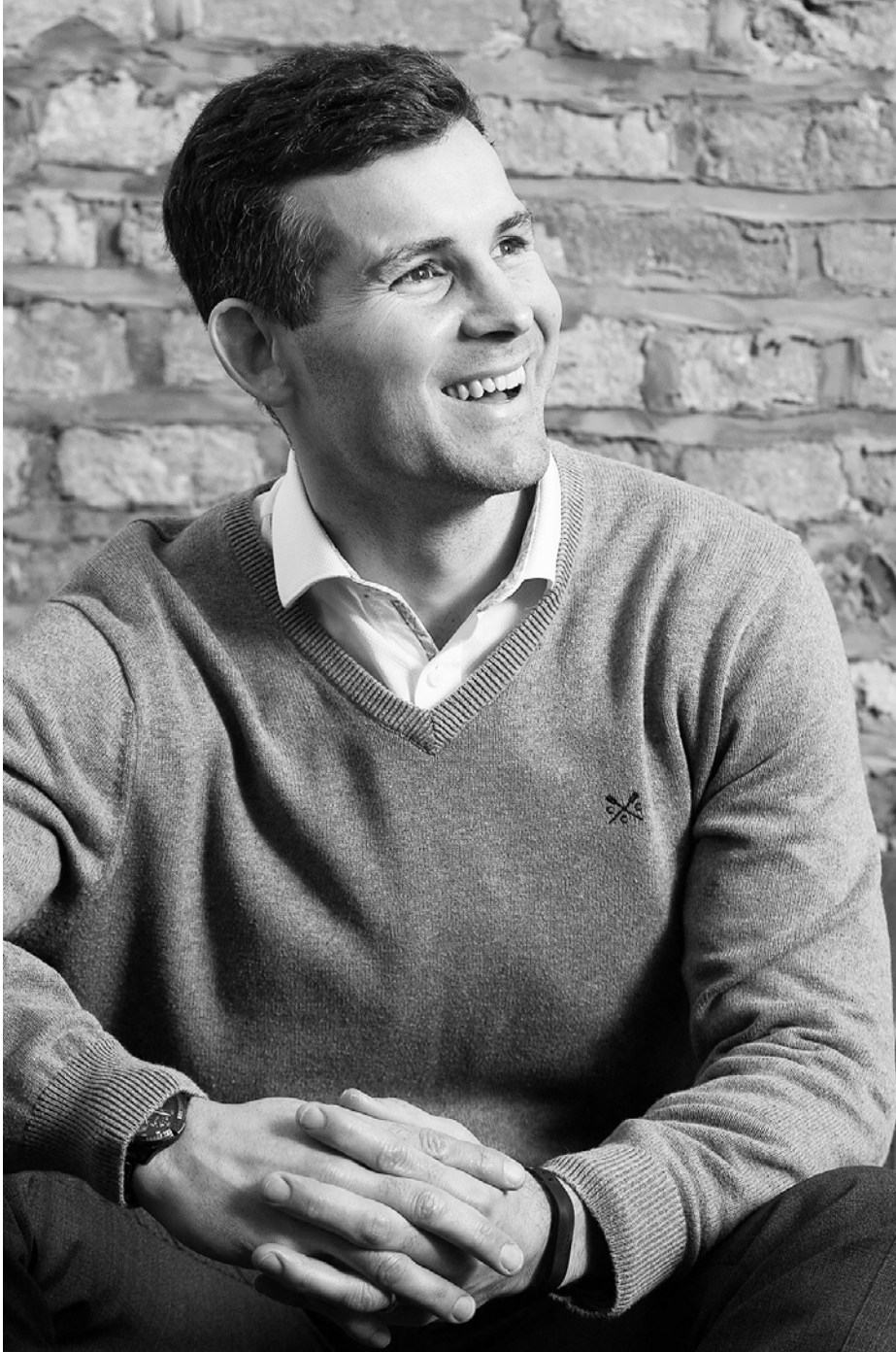
In less good news, the dividend allowance is falling significantly next year, from £5,000 to £2,000. Any dividend income received above £2,000 will be taxed at 7.5% if you are a basic-rate taxpayer, 32.5% if you are a higher-rate taxpayer and 38.1% if you are an additional rate taxpayer. Explore putting your investments into tax-efficient wrappers such as ISAs or a SIPP, so that you can continue to earn tax-free dividend income.

Change to inherited ISA allowance

At present, when someone dies, the spouse can inherit his or her ISA holdings without losing the tax-free status by using the additional permitted subscription system. This means that the value of the ISAs can be granted to the surviving spouse so that he or she can put the money into ISAs in his or her own name. For example, if David dies leaving £45,000 in ISAs then his wife, Rachel, will be given an additional permitted subscription of £45,000 for that tax year, on top of her own ISA allowance so she can put £45,000 of the inheritance straight back into ISAs. Under the current system, the ISAs are valued from the date of death which can cause problems, as the ISA holdings continue to grow while the estate is sorted out. From April, however, the government is making a change to allow any growth in the ISA that occurs after death to be transferred tax-free.

The value of investments can fall as well as rise and you could get back less than you invest. If you are not sure about investing, seek independent advice. Tax rules can change in future. Their effects on you will depend on your individual circumstances.





Mark Easter

Trainee Financial Adviser

There is a new face at DBL. Mark Easter joined us at the beginning of 2018 as a Trainee Financial Adviser.

His route into the profession has been a little different from most, though. Mark was a professional rugby player for 11 years. Having played rugby at Dulwich College, where he was at school, he then played for Nottingham Rugby Club, where he studied Geography and Business. After graduating, a trial at Northampton Saints resulted in him staying there for six years. He transferred to Sale Sharks in 2011 and he and his family moved to Wilmslow.

On retiring from rugby at the grand old age of 33, Mark taught business studies at Wrekin College in Shropshire and was Director of rugby for eighteen months.

Financial services had always been a profession which had interested him and as he had benefited from Dacre's financial advice himself, he decided to make the career change.

Mark is looking forward to being able to put his experience of the issues sports professionals face to good use and is keen to help others make a smooth transition from rugby to the real world.

Although you might not think it, there are natural links between sport and financial planning. Mark points out that in rugby he was always wondering if he was going to get injured and if that would put him out of his contract. It can be a fickle sport and is a relatively short career.

What he likes about financial planning is that he can help people prepare for those what-ifs in life by modelling future scenarios and helping them to plan accordingly.

His first few weeks at DBL have been spent familiarising himself with all the IT systems and getting to know the various insurance and pension providers. He will be taking his professional examinations for the DipPFS qualification and is working alongside Dacre.

Mark lives in Wilmslow and is married with two young daughters and two dogs, all of whom ensure he maintains an active lifestyle.

We asked him a few fun facts with which to finish off:

[Dream holiday](#)

Australia, having previously only spent one night in Sydney.

[Favourite food](#)

A good old traditional roast dinner.

[Favorite sport \(after rugby\)](#)

Squash.

[Luxury item if stranded on a desert island](#)

His dogs.

[Advice to his sixteen year old self](#)

Enjoy your time playing rugby to the full.

The Lifetime ISA:

Key Facts by Michelle Hayes

Introduced nearly a year ago in April 2017, the Lifetime ISA or LISA allows individuals to save up to £4,000 a year. This is supplemented by a government bonus of 25%, up to a maximum of £1,000 a year, up until you reach the age of 50. This type of ISA can hold cash, stocks and shares, qualifying investments, or a combination of both. You must be between the ages of 18 and 40 to open an account and be resident in the UK.

The Lifetime ISA was designed as a savings vehicle to purchase your first home, up to a price of £450,000, anywhere in the country or to put money away as a pension for later in life. There is no limit on how much you can save each month, as long as you do not go over the yearly cap of £4,000. The allowance does count towards your annual ISA limit, which is currently £20,000 per year.

Any money that is taken out before your 60th birthday and not used for purchasing your first home will forfeit the government bonus plus any growth or interest earned from it, as well as incurring a 5% charge. If you wait until after you are 60, you can take out everything tax-free.

The Lifetime ISA offers an alternative to the Help To Buy ISA, which is available up to Autumn 2019 and open to anyone aged sixteen or over. The Help To Buy ISA allows

an individual to save up to £200 each month to save for a deposit on their first home. As with the LISA, the government then boosts the savings further by 25%, but up to a total limit of £3,000. There is no minimum deposit each month and an additional £1,000 is able to be paid when the account is opened that does not count towards the monthly savings. The accounts are limited to one per person, which means both people in a couple can have an account and benefit from the bonus.

You are allowed to have both a Lifetime ISA and a Help To Buy ISA, but you will only be able to use the bonus from one of the two accounts to buy a home. One key difference is that with the Lifetime ISA, you get the government top up when you actually make your first contribution, but with the Help to Buy ISA, you only get it once you have used your money as a deposit on your own home.

If you wanted to set up an ISA for your child, you could consider opening a Help To Buy ISA on their 16th birthday then transferring the savings to a Lifetime ISA two years later, which would allow you to take full advantage of the government bonuses.



Do get in touch with us if you have any further queries about **the Lifetime ISA.**





Common Law Wife

is it a Myth or Reality?

Fiona Lazenby, a Lawyer and Partner at Knights 1759, who specialises in financial disputes between couples after the breakup of partners who lived together outside of marriage examines the Myth of 'Common Law Marriage and how it can affect you. Fiona says that the remedies for those that have lived together are very different to what is available at the end of a marriage, and the idea of a common law wife is pure fantasy - with the law as it stands today, there are two very different outcomes for those who live together and those who marry.

Over the 30 years in my practice I have discussed with many a person who believes that there is a "common law wife" myth and I hear regularly the belief that after 6 months or 2 years that a right to maintenance and to property is acquired under this common law wife element, and that somehow there is some protection. For years there has been extensive debate about whether it is right to change legislation to bring the financial outcomes of a cohabiting couple who is separating in line and a similar outcome to a separating couple. At the moment, these financial outcomes are very different.

At the end of a marriage, the family court after divorce, has a wide- reaching discretionary element which enables it to look at all the circumstances of the case, and provide an outcome both as to maintenance and property and money provision that is driven also by needs of children and the couple.

This type of discretion simply does not exist for a couple who lived together. Where the home is concerned, a strict property regime applies, where the legal ownership and the way that the Deeds have been prepared, creates a starting point that this property belongs to that owner alone. The partner who is not on the property deeds has to try to prove to a court that they both shared an intention that the home was shared.

The court has to look at the whole course of dealings throughout many years, and in some of the cases there is simply not the resources to conduct the forensic analysis that this requires. This means looking at why they did not put the property in joint names at the time they purchased the property, why they did not define the shares of the property at that time, and to hear evidence about specific events during their relationship, including discussions that might lead the court to a decision that there was an intention that this person should have a property share. This will range from discussions about the property, and whether a joint account paid the mortgage, the council tax, utilities and repairs.

Where a court decides that a couple had a common intention, communicated to each other, that each should have a share in the property, then the person who does not become a legal owner on the deeds, will be seen to have acted to their detriment if they then make a financial contribution to the purchase in reliance on the common intention. The court can decide what it considers is the fair share by reviewing their actions.

The courts are quick to point out that the burden lies firmly on the person trying to

show that the other person did intend them to have a share in the property, and courts are alive to the fact that in family disputes, strong feelings are aroused when couples split up and often lead parties honestly but mistakenly to reinterpret the past in terms that favour themselves and often leave people to spend far more on the legal battle than is warranted by the sums actually at stake. The courts are quick to say that cases where shares are taken to be intended when they are different from the legal ownership are very unusual indeed. The courts have indicated that where a home is purchased in the name of only one party, this is almost as likely to have been a conscious decision as it was purchased in joint names.

After separation there is no requirement to maintain the other - there will be no requirement to provide for the other in the same way that the person looking after the children might have a legitimate claim for maintenance, to provide for a suitable period of time until the children are of an age where that person could retrain and enter the employment market once again with the reduction of salary that that might bring. A married person can apply to meet an income to expenditure shortfall, and with young children there may be no immediate requirement to return to work.

For a person that finds themselves in a difficult place where the home is concerned, there are other possible ways that a home and provision can assist whilst the children are in full-time education, including university education - such a claim has to be brought as the main carer of the children - in terms of housing needs, capital needs and monthly provision for the children. But this claim

would ensure a right to occupy a home whilst the children are in education, and it does not bring any property ownership rights, rather a claim to occupy a property whilst the children are still in education.

Equally, for someone who wishes to live with someone, there are huge benefits from recording an acknowledgment that the other will not gain a share in a future home that they own and do not wish to have the possible fear of a clam after any separation. We prepare an increasing number of Living Together Agreements that set out the couple's clear intent with regard to the home, and the Agreement can clearly state that one of them will not ever acquire a share in a property through financial or other contributions. The Agreement can significantly reduce a possible forensic analysis of paperwork, and of conversations that have gone along the way.

Where a relationship is starting out in circumstances where potentially each partner has children from a previous marriage or relationship, then a Cohabitation Agreement might be an extremely useful way to provide peace of mind.

I have no doubt that in years to come there will still be people who face a potential unfairness when after a substantial number of years, and after raising a family, they will not be able to recover a home, savings or monthly support from that relationship. There are many people who consider that they have property rights and they simply do not.

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Client Interview: Grant Berry

Getting Organised

Grant Berry is Managing Partner of NorthEdge and has filled Benchmark in on some of the successes and challenges of his day to day role.

NorthEdge manages £540 million of private equity funds aimed at lower-mid market buy-out and development capital transactions. It typically invests between £5 million to £35 million and focuses on established businesses, with turnover greater than £10 million and profits greater than £1.5 to £2 million.

It will invest in any sector, other than pure property, which has its own specialist funds, with recent deals in manufacturing, online, chemicals, business to business and business to consumer.

NorthEdge will typically investigate about 500 new opportunities each year, although only about five or six deals will actually convert into final transactions.

There has to be a reason for a deal to happen. The capital could be needed to fund:

- a management buy-out
- product development
- investment in a greenfield site
- new people to grow sales overseas

The trigger will be either a change in ownership or a requirement for additional capital to drive new revenues. The common factor is that it is always to fuel growth.

“There are a number of reasons why a deal might not go ahead,” Grant said, “We may feel the projections are too optimistic or perhaps we cannot agree on terms. The profits may be less than £1.5 million and so fall outside criteria. The chemistry may just not be right. It is a long term relationship for three to five years, so both parties have to feel we will work together well in partnership.”

Reminding us of the inflated valuations in Dragon’s Den, Grant explained how a prospect might think their business is worth ‘x’ while his team think it’s worth ‘y’. Ultimately, NorthEdge has got to believe the financials are deliverable for a deal to go ahead.

“I enjoy seeing a business transform itself. Often it is the first time a business has had the opportunity to arrange this kind of capital so it is exciting to be able to ask business owners and entrepreneurs:-

1. ‘What could you do with ‘x’ million pounds?’
2. ‘Where could you take your business?’

“We can give them access to opportunities they had never thought possible. For example, one deal we are working on at the minute will enable investment in an 80,000 square foot brand new manufacturing facility and allow them to bring on board £15 -20 million in revenue. That is transformational.

“It is also a positive feeling knowing that we are growing employment across the region and making a difference. You meet and work alongside some incredibly talented individuals who have set up their own business ten or fifteen years ago and which continue to go from strength to strength, which is an uplifting experience.”

“To be involved with those sorts of deals is rewarding, especially as you watch them develop. As I see it, we have stewardship of these businesses for a period of time, and we aim to leave them in better shape and go on to flourish.”

NorthEdge has offices in Manchester, Birmingham and Leeds. Its management team felt the North West and Midlands deserved a dedicated pool of capital, being managed by people who live in the area and had an understanding of how the regions

work, rather than in London.

Grant has worked with DBL for about five years, having known Dacre as their children all went to the same school. He asked Dacre to handle his personal finances, in particular his pension and more recently his investments too.

“Trust is a big word in my business, especially to look after someone’s personal financial position and I certainly have a lot of trust in Dacre.

“More than anything, he has made me organised. It is the old case of cobbler’s shoes. My personal finances always seemed secondary to NorthEdge’s finances. Dacre has organised mine and my wife’s personal financial affairs to a completely new level. The software he uses has meant that I have access to all my assets and liabilities in one place, which is very helpful. For the first time in my life, I feel in control of my personal finances!”





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