



## Cost-of-living crunch

Savers still recognise the importance of long-term planning

Britain's cost-of-living crunch has hit the country hard, with inflation at its highest level in three decades, petrol prices spiralling, retail price increases rising to their highest levels in ten years and, most recently, Ofgem announcing a 54% price hike in energy bills affecting 22 million households.

**C**hancellor Rishi Sunak has been forced to announce an emergency £350 of support per household to help with the cost of heating. As a result, almost half (47%) of those not retired say that they cannot afford to save right now due to the rising costs of everyday living, a new survey has revealed<sup>[1]</sup>.

### Immediate future

The news comes following widespread reports of many UK households struggling to make ends meet following higher inflationary pressures – sending everyday bills soaring – as the country tries to recover from the effects of the COVID-19 pandemic.

Yet despite the concern about saving for the immediate future, savers are still recognising the importance of long-term planning and having a suitable pension in place for when it comes to retirement.

### Relatively comfortable

The survey – which took place at the start of this year – also found that around a third of people with a pension said that they spent some of their time over Christmas reviewing their finances, including

their pension (31%). This was especially true for those aged 18-34 years old (41%) compared with those aged 55+ (24%).

Overall, just 5% of Britons describe themselves as being 'very comfortable' financially. Two in five (39%) are relatively comfortable, while a third (34%) say they can normally cover essential costs but don't often have money for luxuries. One in seven (14%) say they can only just afford their costs and struggle to make ends meet, and 3% say they cannot afford their costs at all and often have to go without essentials, like food and heating.

### Fundamental misunderstandings

Around a third (32%) of those surveyed said they could afford to contribute more to their pensions now in order to boost their retirement income. But while savers are seeing the value of pensions, the survey discovered that there remains a number of key fundamental misunderstandings by savers about their pensions, with many unsure how their contributions were being invested on their behalf.

The survey also revealed that only a third of people know the minimum contribution rate

that people make via Automatic Enrolment. Additionally, around two-fifths (39%) are not sure if the government gives tax relief on their pension contributions and around a third (31%) are unsure if their pension savings are invested in stocks, bonds or other investments. ■

### WANT TO DISCUSS ACHIEVING YOUR FINANCIAL GOALS NOW AND IN LATER LIFE?

Our service looks at your financial arrangements as a whole. We can help you to manage all aspects of your finances and investments and ensure they are structured to achieve your financial goals now and in later life. Speak to us to find out how we can help you.

#### Source data:

[1] <https://youngov.co.uk/topics/politics/articles-reports/2022/02/04/cost-living-crisis-four-ten-britons-expect-their-h>

# Extending the scope of the trust register

## Deadline for non-taxable trust registrations announced

Trusts are a way of managing wealth, money, investments, land or property, for you, your family or anyone else you'd like to benefit. When you put assets in a trust, they are under the control of an appointed person or persons called 'trustees'. The trustees then manage the trust according to your instructions, even after your death.

New rules were introduced on 6 October 2020, as part of the UK's implementation of the Fifth Money Laundering Directive (5MLD), that extend the scope of the trust register to all UK and some non-UK trusts that are currently open, whether or not the trust has to pay any tax, but with some specific exclusions.

### Preventative work in the field of anti-money laundering

From 1 September 2021, the extended Trust Registration Service (TRS) opened for non-taxable trust registrations, with non-taxable trusts having until 1 September 2022 to register. Under the new rules, organisations and persons involved in preventative work in the field of anti-money laundering, counter-terrorist financing and associated offences can request access to details on the register about the people associated with a trust. Anyone with a legitimate interest will be able to view information on the TRS from late 2022.

### Trusts that need to be registered

Trusts that need to be registered are broadly all UK express trusts, unless they are specifically excluded; and non-UK express trusts that acquire land or property in the UK, or have at least one trustee resident in the UK and enter into a 'business

relationship' within the UK. If the trust needs a Unique Taxpayer Reference (UTR) for Self Assessment purposes, it must still register to get this, even if it's highlighted in the exclusion list.

### Trusts that do not need to be registered

Certain trusts do not need to register unless they are liable to pay UK tax.

### Taxable and non-taxable trusts

You should obtain professional advice if you are unsure whether a product or arrangement is a trust or if it should be registered. The trustees or agents will have to give some basic information about the persons involved in the trust (the settlors and beneficiaries). This will apply to both taxable and non-taxable trusts.

Registerable taxable trusts are required to register by 31 January following the end of the tax year in which the trust had a liability to UK taxation, or 5 October after the end of the tax year for a first time liability to Income Tax or Capital Gains Tax.

### Further guidance and confirmation

From 2022 onwards, any beneficial ownership information of a trust registered on TRS must be kept

updated. Trustees must notify HMRC of any changes to registered information within 90 days from the date the trustees become aware of the change: further guidance and confirmation of procedures is expected from HMRC in due course. ■

### PROTECTING AND MANAGING YOUR ASSETS NOW AND FOR THE FUTURE

We understand that every person's financial and family situation is totally unique. If you have any concerns about your financial plans, please contact us.

INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS. ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE. THE VALUE OF INVESTMENTS AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE. THE FINANCIAL CONDUCT AUTHORITY DOES NOT REGULATE TAXATION & TRUST ADVICE.



**To arrange a complimentary consultation or review, please contact our Independent Financial Advisers on 01803 224888.**