



# 360°



from **AW Financial Management LLP**

**December 2021**

We know that, for many, 2021 has—and continues to be—challenging, not least because of the far-reaching ramifications of the Covid pandemic. How many believed that, 20 months on, we would still be living with and adapting to the restrictions it has necessitated? For some they will be more limiting than for others but, wherever you are, we at AWM wish you the best possible Christmas and New Year. We hope you and yours stay safe and to see you—whether on screen or in the flesh - in 2022.

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## AWFM Update

For two of our team, academic achievement has not been stifled by the pandemic since our last newsletter. Undoubtedly it has made things a little harder but, despite having his exam cancelled twice, Edward overcame his penultimate hurdle towards the CII Diploma with success in the Insurance paper. Similarly, Zack, our newest recruit at AWM, wasted no time in passing the Regulation and Ethics exam—the first of the six which count towards an important qualification for those looking to give regulated financial advice.

For Edward, there was also success outside of work as Phoebe accepted his proposal and they now plan their wedding next year! Congratulations to them both.

**Christmas hours:** one custom which will continue to be observed is ours of closing the office from lunchtime on Christmas Eve. We will not return until 4th January but if you wish to contact any of the Partners during this time, it may be better to email.

## Premises Update

Since our June edition, a contractor has been selected to undertake the required works and prepare our new office at the Old Exchange in Farningham. We hope formally to appoint them in the next few days and the finer detail of the specification is in the process of being agreed.

As we write, we are confident that workers will be on site before the Christmas break and, for now, we are assured that our Spring moving date remains realistic. We will, of course, let you know when we are able to ink a date into the diary!



## Global Markets and Your Portfolio

This time last year some clients were pleasantly surprised that, eight months after a near shutdown of the global economy, portfolios were registering positive returns over the preceding year. With the roll-out of vaccines since and their impact on infection and hospitalisation rates has come a feeling of optimism but, as we had warned in our regular reviews with clients, the prospect of new variants remains a threat to both our health and to our portfolios.

As we write, *Omicron* is the latest term to emanate from this ever-evolving public health crisis and markets have been subdued in the latter half of November as a result. Nevertheless, the returns shown here (net of fund management costs but before advice and platform costs) were up to the end of November and therefore incorporate the falls which occurred during that period as initially some uncertainty prevailed about the effectiveness of the current vaccines against the new strain of the virus.

Description	AWFM Risk Model	Ethical		Unrestricted	
		3m	1yr	3m	1yr
Low Risk	1	-0.22%	6.47%	0.1%	5.19%
Low to Medium Risk	2	0.49%	11.64%	-0.18%	10.05%
Medium Risk	3	0.77%	14.90%	-0.07%	12.62%
Medium to High Risk	4	1.38%	19.45%	1.14%	17.71%
High Risk	5	2.38%	20.99%	-0.64%	15.41%

## Christmas Cards & Charitable Donation

Since moving to St Peters Church in Hextable, Martin has been significantly involved in the raising of funds to finalise the Community Café that is due to be opened there in February next year. As a firm, we selected relatively modestly-priced Christmas Cards to send to our clients again this year and a commensurate Christmas Charity donation this year has gone to *Next Door Hextable* ( [www.nextdoorhextable.org.uk](http://www.nextdoorhextable.org.uk) )

It should be a terrific welcoming venue for good coffee and more.



## Oh No He Doesn't! ...Oh Yes He Does!

In previous editions we have speculated about the potential tax reforms which appear to have been mooted in Government –notably in relation to Capital Gains Tax and Inheritance Tax. In true pantomime fashion there were loud objections in some quarters but, whilst some of the more radical ideas—including a ‘Covid tax’– have come to nothing (at least, for now) a few changes have, nevertheless, been announced by the Chancellor, Rishi Sunak, at and ahead of the Budget in October. At this time of year, such moves which we have summarised below bring Scrooge rather than Father Christmas to mind! .....

### National Insurance Contributions & Dividend Taxation

Probably his most far-reaching measure is the increase– by 1.25% p.a. –in National Insurance Contributions (NICs) deducted from earnings. This will take effect in April next year but from the following April (2023) this charge will be separated from NICs and the new Health and Social Care levy will commence. However, the important difference with the levy is that it will affect all working individuals—including those at or beyond State Pension age (who are currently exempt from NICs if still earning).

Although the NICs change only affects earners, investors aren't left out – tax on dividends where applicable will also increase by 1.25% p.a. This will affect those with dividends exceeding the £2,000 annual (tax-free) dividend allowance where the underlying investments are not held within an ISA.

### State Pension ‘Triple Lock’

Pensioners are also impacted by suspension of the triple lock. This is the mechanism whereby the amount of State Pension received is guaranteed to rise by the higher of (i) the increase in (the September reading of) prices inflation (CPI), (ii) the (May to July) rise in Average Weekly Earnings and (iii) 2½%. Because of the unusual, (8%) pandemic-fuelled rise in earnings this year, that element of the triple lock will be ignored for 2022/23 only. However, the temporary ‘double lock’ will still ensure a rise of 3.1% for pensioners—an extra £288.60 p.a. for those receiving the full State Pension.

### Social Care Costs

One planned consequence of the aforementioned Health and Social Care Levy will be the introduction in October 2023 of a new £86,000 cap on the amount anyone in England will need to spend on their personal care over their lifetime.

We know from our conversations with many clients that there are widespread concerns around meeting these costs later in life but, whilst this cap will possibly provide some reassurance it should be noted that it only applies to the cost of ‘personal care’.



so watch this space.

Significantly, the food and accommodation in a care home would not count towards the cap and by some estimates that accounts for around a third of the average total cost of being a care home resident. Another caveat is that care home residents will be subject to a ‘personal budget’ laid down by the local authority which determines how much they would be prepared to pay for the personal care element fund in the event they are meeting the cost but it also determines the amount which counts towards the cap for self funders. Again, if the care home selected costs more, the excess will not count towards the cap.

Some of the finer detail of the Government's plans is still to be worked out and final–

## Christmas Worship

If anyone is looking for a Christmas Church service to attend this year, please do let us know so that we can provide details of those known to us but also let you know if (for some reason!) the service you wish to attend is cancelled at the last minute. As a reminder, Jon and Sean worship at Trinity Baptist Church, Bexleyheath ([trinitybexleyheath.org.uk/christmas/christmas-services.php](http://trinitybexleyheath.org.uk/christmas/christmas-services.php)) and Martin at St Peters Hextable and St Pauls Swanley Village ([www.stph.org.uk/whats-on/christmas](http://www.stph.org.uk/whats-on/christmas) ).

*“May the God of hope fill you with all joy and peace as you trust in him, so that you may overflow with hope by the power of the Holy Spirit” (Romans 15 :13 NIV)*

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