New Model Adviser TOP 100 2018

Philip J Milton & Company Plc
Established 1985

New Model Adviser TOP 100 2016

North Devon's Leading Independent Wealth Managers

MILTON NEWS

Summer 2019 Edition

Highlights

- News from the Markets
- Initial Consultation – at our cost
- Pension Withdrawals
- Tax Returns
- Updating your Will
- Bank of Mum and Dad
- Our Support for Charities & Projects

and much more!

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Chartered Financial Planner

Independent Financial Adviser

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Well, despite the so-called 29 March "deadline", no conclusive agreement was reached and the continuing Brexit impasse is still weighing on markets (with a new deadline set for 31 October) with a very narrow trading range lasting for over two years now. Of course, this continues to create ongoing uncertainty as opposed to any unknown lasting impact of the exit and markets remain unsettled as a consequence. We shall wait with interest to see if Theresa May's resignation and the new incumbent in number 10 will expedite the UK's exit from the EU, as it 'should'.

Interest rates in the UK remain at 0.75% and are poised to react to forthcoming changes in terms of both global growth and Brexit, whilst inflation is little changed, hovering around 2% but with some head winds on the way perhaps. Meantime, the Pound continues to languish with £1 buying only $1.27 or €1.12. Four years ago, £1 was buying $1.94 and €1.44, a drop of 35% and 22% respectively. That's bad news for anyone travelling abroad but great for exporters so perhaps the UK may offer better holiday value for 2019, allowing you to help the UK economy too.

There are growing international tensions between the US and China, with the superpowers blaming each other. The two countries have been in escalating trade conflict for the past year. The scope of the battle has expanded in recent months as Washington has tightened trade restrictions on Chinese telecoms giant Huawei. Hopes for an imminent trade deal were shattered in May after the Trump administration more than doubled tariffs on $200bn (£157.9bn) of Chinese imports and threatened more. Is this partly motivated by President Trump's re-election campaign to continue "putting America first"?

Tensions also exist in the Middle East following explosions on two oil tankers in the Gulf of Oman. Contrary to US Government accusations, Iran denies any involvement. Oil prices remain muted on fears of global slowdown and existing healthy inventories.

If we are not careful, we can tend to be somewhat glib about market conditions. Remember how horrible things looked in mid-December? We were doing all we could to discourage people from accessing their investments and it was quite difficult as it was just at the same time that we took-over the management of defunct Organic Investments and understandably people wanted to take their money from there out of fear that more bad things could happen if they didn't. Thankfully, we

succeeded in the vast majority of cases and since that time (and our first ever obligation under the silly new rules to issue a small number of banal letters to investors if their accounts had dropped 'over 10%' since the last reporting date), the main UK markets have bounced from the low point by just over 12% (and with dividend income on top). The US market, which in my view remains expensive, has exceeded peak levels. Things are not 'dear' however and for the UK especially, there is some tremendous value out there and from many boring stocks and 'despite Brexit'. Even where clients needed to access some cash, we noted our views and just by deferring the withdrawal for a few weeks (let alone months) could have made a considerable difference – rather than what most firms do which is simply to action the instruction given. It is moments like those, where of course we cannot give any guarantees of instant recovery and simply our view of how we see things, that a small annual fee for the investment management or whatever pales into insignificance simply because we care and try to do our best for our clients. Our clients' long-term best interests are ours at the end of the day and we are privileged to have a capital resource behind us too that can ensure that integrity is reflected in our decisions and you have the comfort of that security too – unfortunately that is not always the case elsewhere.

Did you realise that despite all the pessimism, in the US at the end of 2018, the numbers of jobs available exceeded the numbers seeking work? That's quite a turnaround! In the UK, the balance between employment and the unemployed has matched too (when considering the 'unemployable' or those who are unable to do the jobs which seek employees). It bodes well for the economy generally even if there are political and conflict situations which could disrupt short-term confidence. However, at the end of 2018, as you will remember, the markets took a dive and for the calendar year, it was the first time since 1961 that no major asset class produced more than 5% for the year.

Of course, as longer-term clients can attest, market investments must not be judged on short-term gyrations as these and we must all continue to remember original reasons for investing which typically involve the expectation (and ongoing likelihood) of superior returns (versus cash) over longer periods to achieve our various life goals.

All that remains now is to wish you all a very happy and enjoyable Summer.

My very best wishes

Philip J Milton DipFS CFPCM Chartered MCSI FPFS FCIB

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Fellow Of The Chartered Institute Of Bankers

Technology Bubbles

Who remembers the 1999/2000 technology bubble? For the FTSE100, what marked its artificial success at that time (a level which it has hardly exceeded even now, some nineteen years later), was Vodafone. It was the Apple, Tesla, Uber, Google, Twitter, Amazon… of its day, fuelled by the latest in mobile telephony and the prospects which the roll-out of 'the latest G' licences would bring. There was no stopping the sector and at the same time, old industry's shares were dumped unceremoniously. Vodafone breached £4 a share but since then, where have they been? Yes, it's a different company now but so many of those hopes and dreams for the sector have been more than fulfilled but here we are, with the shares languishing around £1.25 and a dividend that was reduced by 40% in May. Will the names above experience the same and rather than the present growth multiples 'justifying' these astronomic valuations, shall we look back in nineteen years and wonder how on earth we tolerated and encouraged such exuberant valuations? When Vodafone peaked, the total value of the company was minuscule compared to some of these trillion-dollar beasts. Something 'going wrong' would suddenly make the financial world realise that for these companies it is a long way down. I'm not saying it will happen (though I have said for some time that I believe modern tech stocks, especially in the US, are over-blown at the moment regardless) but memories are often too short. Conversely, there are some ridiculously cheap 'boring' stocks out there which will still be in business in a few years' time.

So, what value does a good active investment manager create? There are arguments for buying passives (index-trackers) and the costs but a good active manager would be giving you an unrivalled blend of different things in your strategy and reweighting it as he looks at it constantly (not changes it constantly however). These people won't be chasing trends as so often exhibit themselves within passive indices too – perhaps especially now in the US Tech sector (again) which has propelled the S&P500 to a record high. The passive supporters also conveniently do not comment on the Japanese stock market index which is still just over half its 1989 level or the FTSE100 which is just above its 1999 level – wonder why that is… and remember what Warren Buffett said – 'what we learn from history is that people don't learn from history'…!

Star Manager Woes

As we have seen recently with Mr Neil Woodford, even the so called "star fund managers" can get it badly wrong at times. I do not gloat that Mr Woodford has been forced to suspend withdrawals from his leading Unit Trusts. Whilst we never had any

exposure to it, for 'other' reasons, we do have some limited exposure to some of the direct stocks which he owns too and those have been sold-off in sympathy as holders anticipate these will be the sorts of shares that the funds will need to realise to meet the requests for redemptions, thus making the outcome even poorer for his holders. It must be very stressful for the fund managers and especially so when they are forced to sell things that really, they don't want to sell too – at this moment in time.

There becomes a point, however, when if a company's share price hits a particularly low level that the whole company becomes a worthwhile target for a predator or indeed for the company itself to 'do something about it'. Of course, if there are high levels of borrowings its options may be limited but still, the best investment they make could be to mop-up the artificially suppressed stock and thus using other shareholders' capital wisely and exaggerating the future returns for them – a smaller number of shareholders remaining. It would help Mr Woodford if some 'good news' arose though sadly with the ongoing procrastination over Brexit, UK-centric shares have fewer followers as prospective investors sit on the side-lines waiting till they perceive they know how the future is looking so they can make better-informed decisions.

As for us, as independent discretionary investment managers too, (the Woodford reputational damage noted and as long as there is not any excessive 'silly' contagion from this separate beast) we have now made a start in buying a few Woodford Patient Capital Trust shares for clients' accounts. The discount to the underlying net asset value is now extreme and the Trust doesn't suffer the same pressure as those wanting their money out but who have to sell their shares to another buyer. Perhaps Mr Woodford should look to convert his Equity Income Trust into an Investment Trust to take-on all the underlying investments – that would also create an instant uplift in value as his major shareholdings wouldn't have to be dumped on the market after all and there would be an instant recovery from this point. Indeed, it is interesting too that holders like Kent County Council's liquidation will create the worst possible value for it by exiting – never a good reason for not doing something

but the unit value achieved will be lower as a consequence of its own instructions. Maybe there could be some dynamic arbitrageurs out there with the odd billion or two who could orchestrate some options against major positions he holds and take on the portfolio – that would catch the market (and the short-selling vultures out to profit from the ill wind) unawares…

There are some wider warnings here though not many will realise them. It is the impact of a star fund manager having a hard time and trends moving against them and then the consequences – and of course, the same could also be said for over-hyped sectors when the sentiment changes. Woodford Investment Management is presently quite 'small' in the scale of things compared to some other 'popular' investment managers and index funds. When, or if, their times in the sun come to an end, the carnage could be immense and especially as so many of the recent stars have all followed the same principles and buying the same sort of modern tech stuff. Fundsmith, Nick Train et al could all then find they are holding the sort of shares that suddenly no-one wants anymore and they are selling to a market which doesn't want it. The sums involved then would be significant and the possible market moves considerable and you'd want to be holding the sorts of smaller stocks which Mr Woodford favours as typically they have a traditional 'value' bent and at the end of the day (and its debts noted), even after a profit warning a company like Kier Group Plc should still be there delivering infrastructure projects at a profit – with emphasis on the word 'should'. Maybe Mr Woodford's unfortunate clarion call is a good reason to sell some of the 'growth' stuff to buy Mr Woodford and his types of stocks after all…?

Big Managers

Investors put much trust in the large investment management firms' technical and administrative capabilities. However, they are not always everything that 'you' assume! Recently, M&G (a subsidiary of Prudential) closed its Fund of Investment Trusts. That was a shame even if it was not large but what was daft is the principle of holding a fire sale and simply 'dumping stuff' is not what a corporation managing hundreds of billions should do!

However, one of the Trusts is one in which we have a reported stake. Now what should have occurred is brokers approached, possibly the stock transferred across to the recipient new fund anyway and then a gradual sell-off at

sensible prices. Instead, the price sank by almost 5% instantly. We were able to buy some of these cheap shares before they have since bounced back-up again.

Now what is 5% you may ask – just a small sum but actually, is that five or four-years' worth of management fees or five or four-years' worth of interest on deposit accounts. To us, it is the sort of opportunity we seek whenever we can but clearly if you are with Prudential or M&G…. I'm sorry we did not have space for more! These types of opportunity are all the sorts of ways we try to generate a better return for clients and to help pay the fees – things that just don't seem to happen elsewhere oddly enough – as the wind-down on Mr Woodford's funds also demonstrates and we are just 'small fry' not with the multi-billions they waste for their clients!

Client Enquiries

New Clients - Did you know that as a prospective client you are entitled to an initial consultation with one of our advisers at our cost and without subsequent obligation? Before an appointment we shall send you one of our New Client Packs which contains information about the Firm and why you might choose to use us. We have also launched our new Investment Brochure which discusses the Firm's approach to and rationale for investing in 'sensible', medium to longer-term assets. Please contact the Office to make further arrangements. If you live further afield or cannot make daytime appointments, we are happy to telephone, email or skype you at your convenience.

Existing Discretionary Investment Clients - Of course, if you have already made the sensible decision to join us as an investment client where we manage some funds for you, remember that you too enjoy the entitlement to contact us for a review of those investments, all with our compliments and within the cost of your current annual management fee. There is no extra charge. These reviews can help to ensure that the existing investments remain appropriate for you and your ongoing circumstances or allow us to manage the investments in light of any changing needs, an income or likely withdrawal perhaps. Naturally, without knowing about any changes, we shall continue managing the accounts as we are doing presently. If you haven't been in contact for a year or three, please do contact us!

Discretionary Investments – Investment Income

As investors know, we offer a wide range of highly diverse managed investment strategies. For investors requiring income, they may draw this on a monthly or quarterly basis and a regulated sum too. Alternatively, the income can be reinvested for you to enhance growth opportunities. See below for details of the income that our strategies are generating. As 'value investors' even our more growth orientated strategies generate good flows of income which can be reinvested to bolster returns. Whether you extract or reinvest the income is completely flexible.

Investment Strategy	**Income projection at 1 May 2019**	**Income for an amount of £30,000 invested**
Income Portfolio	4.62%	£1,386
Balanced Portfolio	4.39%	£1,317
Growth Portfolio	4.32%	£1,296
ISA A	6.47%	£1,941
ISA B	5.60%	£1,680
ISA C	4.33%	£1,299
SIPP Pension D2	4.57%	£1,371
SIPP Pension E2	4.33%	£1,299
SIPP Pension D3	4.63%	£1,389
SIPP Pension E3	4.34%	£1,302
SIPP Pension D4	4.42%	£1,326
SIPP Pension E4	4.51%	£1,353

Average yields as at 1 May 2019

Of course, the returns noted above relate to income only (like interest on savings for example but much greater!). On top of that, over time, there is a significant likelihood that the capital value of the account and income will increase too, even if this cannot be guaranteed.

Adding Money to Discretionary Managed Accounts

Investment into a discretionary managed solution follows a thorough financial review with one of our advisers to determine the most appropriate strategy for your individual needs and at a professional charge for the significant time engaged in the advice process. However, for the more experienced investor who wishes to invest with us

without advice, this too is easy. Indeed, we are more than happy to accept your execution-only instructions into any of our discretionary managed solutions. We can accept a cheque or a bank transfer, if preferred and there is no subscription charge at all! Regular monthly contributions could be another option that appeals.

Of course, if you do not seek our advice, we would not be liable if you later determined that the investment strategy selected was not suitable for you. Please complete and return the form at the back of this newsletter to proceed and why not test the water with a smaller initial sum if you have never done this sort of thing before? It's a great way to learn too so you can better manage your money!

Stocks & Shares ISAs – all you need to know

- Every UK resident has an allowance of £20,000 per tax year (which runs from 6 April to the following 5 April).
- The entire allowance can be invested in a Stocks and Shares ISA, a cash ISA or a combination of these.
- Your yearly ISA allowance expires at the end of the tax year and any unused allowance will be lost. It can't be rolled over to the following year.
- All profits are exempt from both Income and Capital Gains Tax.
- Unlike a cash ISA where you will get back at least what you put in, the value of an investment in a stocks and shares ISA may go down as well as up. They are more suited to sensible term investors without a likely need to access the capital for several years.
- A Stocks and Shares ISA is effectively a 'tax wrapper' that can be put around a wide range of different investments. This can include Unit Trusts, Investment Trusts, individual stocks and shares, exchange traded funds, OEICs and corporate bonds.
- You can choose between making a lump sum investment and/or making regular or ad hoc contributions throughout the tax year.
- You can only pay into one Stocks and Shares ISA in each tax year, but you can open a new ISA with a different provider each year if you want. You don't have to use the same provider for your Cash ISA if you have one.
- ISA rules introduced in April 2015 let the surviving partner of a spouse or civil partner who died on or after 3 December 2014 receive an extra ISA allowance equal to the value of the deceased's ISA savings at the time of death.

- Should you wish to switch your current or previous year's ISA to a different provider's ISA while simultaneously keeping future tax benefits intact, you have to arrange for a transfer rather than selling and reinvesting.
- You can transfer money from a Cash ISA to a Stocks and Shares ISA.
- We offer a range of four distinct ISA strategies, two suited to medium term investors who may require returns balanced between income and growth, one containing more defensive holdings and finally a strategy that will invest in holdings which should qualify for Inheritance Tax exemption (after two years) upon the death of the investor.
- We also offer Junior ISAs (for minors), investing in any of the four strategies.

Paltry Returns

Whilst on the subject of ISAs, it is interesting to consider what savers are earning from the still massively popular Cash ISAs. As we know, total amounts saved within Cash ISAs comfortably exceed that within Stocks and Shares ISAs.

Presently, as noted earlier, inflation is hovering around 2%. At the same time, even the most competitive cash ISAs (which most people don't have) are offering just 1.5%pa if you want to preserve access to your money, or a whopping 1.6% if you are happy to have no access (without penalty) for a year. Whilst some will be disappointed when their investment ISA falls in value, do they not realise that cash ISAs **guarantee** to lose you money each and every year in real terms, which is known from outset and yet still millions of pounds are applied annually! It reminds me of the old adage "You pay your money and take your choice"!

Act Fast to Avoid Dividend Tax!

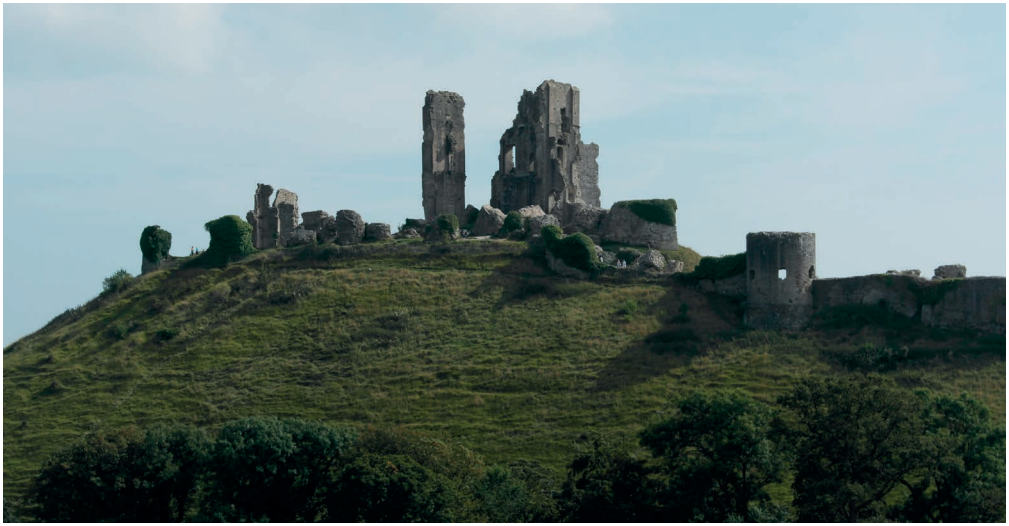
In addition to the well-known attraction of ISAs being completely tax-exempt, many investors are unaware of a small but hugely significant change to dividend tax, which makes tax-free investment allowances all the more appealing.

In April 2018, the dividend allowance shrank from £5,000 to £2,000 and, before the cut, investors could hold around say £135,000 of UK shares outside of an ISA before paying tax on dividends, but now that capital amount is just over £46,500.

If you receive dividends over your allowance outside of an ISA or pension, basic rate taxpayers are taxed at 7.5% on the excess, higher rate taxpayers at 32.5% and additional rate taxpayers at a significant 38.1%.

The UK market has a long and proud tradition of rewarding investors with excellent dividends (currently exceeding 4% pa) and at the same time, the potential for their money to grow over time. However, to avoid paying unnecessary tax on that generous investment income, investors should consider whether they should be sheltering as much of their savings as possible from tax, within ISAs and also pensions for example.

Every UK resident has a £20,000 ISA allowance and that resets again each year on 6 April. So, a couple could actually shelter up to £80,000 in ISAs over the month of April alone! Depending upon your circumstances, a pension could be an even more attractive option. If you have your own shares which you hold directly, it really is sensible taking advice with a possible view towards switching the capital into tax-exempt savings. Even if tax is not payable now, who knows what the future holds? This might involve more tax changes or allowances cut which might result in you suddenly facing large and unexpected extra tax bills and no ways of avoiding them.



Share Buy-Backs

At the same time that dividends have increased dramatically, in the US the amount of company funds used to buy-in and cancel shares has been rocketing. Often funded by new debt, it can have a self-fulfilling effect on the share prices and the cynic could say that corporate bonuses are based on share prices too… hmmm. Since the financial crisis, US companies have returned $8trillion in dividends and buy-backs, a colossal sum and buying-in and cancelling $800billion of shares in 2018 alone. That $8trillion would buy, at current prices, all the leading listed companies in the UK, France, Germany, Spain, Italy and Sweden. It is also nearly five times all of Russia's economic output and worth all the gold which has ever been mined. For me, I do not like excessive buy-backs at all and believe they are wrong and I prefer dividends and not artificial stimuli to share prices which have other negative implications down the line.

Pension Withdrawals Without Advice

One third (34%) of people who accessed their pension savings via drawdown for the first time during a six-month period in 2018 did so without taking any advice. Analysis from the Association of British Insurers (ABI) found that more than 62,000 people had withdrawn from their pension during this period, but only 21,000 had taken any form of financial advice.

A different study by insurer Zurich found that over half of drawdown investors are unaware that they can vary their income withdrawals. It also found that 56% do not know that they can stop withdrawals, despite this flexibility being one of the main advantages of drawdown.

If investment conditions become more challenging in the future, drawdown investors need to know what options they have to either stop or reduce income withdrawals to avoid serious financial problems. Too many withdrawals are by encashing capital (often selling 'units') too rather than taking the natural income created almost regardless of capital values and when things go wrong, the amount of capital encashed rockets if this is the case – is this what is true in your circumstances?

Zurich found significant differences between consumers who have sought advice and those who haven't. Just 35% of non-advised consumers understood they could reduce their drawdown income, compared to 77% of people seeking ongoing advice. And some 33% of non-advised consumers were aware they could stop their drawdown income, versus 73% of those speaking to an adviser.

As we have said many times, the new pension flexibility on withdrawals is excellent and makes pensions even more appealing but just because you can withdraw lump-sums at your discretion, doesn't mean you should. Indeed, there are many reasons why pensions should be left invested for as long as possible. Lots of advisers seem wrongly to encourage people (for a fee oddly enough…) to take even the tax-free cash when you are better leaving it or most of it untouched if you can – remembering you CAN access it in part or total though, if you need.

Regardless, taking money from the pension to which you have accumulated during your lifetime (to help support you in retirement) is a hugely important decision that has all sorts of ramifications, good or bad. For the average investor, a mistake could have dreadful consequences and lead to financial hardship and with that in mind, we recommend that consumers build a relationship with a quality professional financial adviser that they can trust before acting.

Double Check State Pension Forecasts

"Significant" problems have occurred with the Government's online **Check your State Pension** service. Therefore, if you have used it, you may want to double check it's accurate before making retirement plans. Apparently, over the last three years, as many as 360,000 online forecasts may be incorrect due to data errors and omissions.

Differences between online forecasts and correct written forecasts could be as much as £1,500 per annum in retirement. Typically, those individuals with "complex" working histories are most at risk of errors, particularly those who were members of contracted-out employer pensions. This is where some of an individual's National Insurance contributions were diverted into their workplace (or personal) pension, potentially reducing their state pension entitlement.

If you have any questions about your forecast, speak to the Government's Future Pension Centre until you understand it. You can phone it for free on 0800 731 0175 or write to it at The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU.

Tax Returns

Well, were you on time? 750,000 left filing their returns till the very last day. My own was close – it becomes more and more complicated as the years pass and waiting for certificates for whatever purpose means early submission can be a false economy if you have to keep altering the figures later. 27,000 of those pressed 'submit' the very last hour of 31 January too! That was a record 10.8million people this last January representing 94% of those who should have done so. So that means as many as 700,000 people didn't and will start to suffer penalties and these can be quite swingeing too! Why not appoint a tax adviser, like ourselves? Yes, there is a cost involved but that should be retrievable in time with savings from efficient tax planning too and think about it, the Taxman is more likely to scrutinise a hurriedly completed form which is late or last minute and with lots of omissions than an efficiently provided one with accurate information. The penalties grow after three months up to a maximum £900 whether or not you owe any tax too (but also a surcharge on any tax due too).

Creating and Updating Your Will

Do you have a Will in place? If so, when was the last time you looked at it? A survey produced in January 2018 based on 2,000 people by Macmillian Cancer Support has revealed that among over 55's, 42% of people do not hold a Will. Furthermore, the poll suggested that 1.5 million people may have unknowingly made their Will void by getting married. When you are legally married, your marriage automatically revokes any Will made previously, making that Will invalid.

Further historic research from Macmillan found that people's main reasons for not having a Will in place included the following; not having the time to get around to it, the belief that they do not have anything of value to leave behind or that they do not need to write one until they retire.

At Philip J Milton & Company Plc we believe it is vital to have a Will as it will give certainty to your intentions, speed up the process of administration, ensure your estate is dealt with tax efficiently (where necessary) and avoid those to whom you want to leave something from being overlooked. Even if you think you have nothing worth inheriting, this is often not true!

We offer a cost effective, efficient and compassionate Will writing and executorship service. For a meeting or telephone appointment, preparation of a basic Will or Wills and an offer to store the finalised Wills indefinitely (without further charge), we are

pleased to offer our services at £150 plus VAT for single Wills and £225 plus VAT for mirror Wills. If you require a more complex Will we shall confirm our terms to you beforehand and seek your consent to proceed before you incur any cost.

Our Will writing and Executorship Service is designed to complement the other areas of our financial planning and taxation services. There are clear benefits for each of these aspects to be catered for under one roof as it enhances our efficiency in attending to your affairs as a result of having more relevant information readily available.

If you would like advice regarding making a Will or perhaps you feel your existing Will may benefit from a review to ensure it continues to represent your wishes in the most tax efficient manner, please do contact the Office to arrange an appointment with one of our highly qualified advisers, at our cost.

Marriage Tax Allowance

As we have reported previously, the Marriage Allowance lets you transfer £1,250 of your annual Personal Allowance to your husband, wife or civil partner - if they earn more than you as long as neither Spouse is a Higher or Additional rate tax-payer. This reduces their tax by up to £250 in the tax year (6 April to 5 April). To benefit as a couple, you (as the lower earner) must have an income of £12,500 or less. You can backdate your claim to include any year since 5 April 2015 when you may have qualified.

If you need more help to understand if you are eligible, please do call us.

Bank of Mum and Dad!

The 'Bank of Mum and Dad' (BoMaD) will lend £6.3bn in 2019, rising 10% from £5.7bn in 2 018. Staggeringly, that makes the 'lender' the eleventh largest in the UK, research from Legal & General (L&G) and Cebr revealed.

According to L&G's poll, parents will contribute around £24,100 towards children's housing costs, rising £6,000 when compared to last year's average of £18,000, which will support buyers in purchasing a total of nearly £70bn of property wealth this year.

In the North West, average loan sizes increased more than in any other part of the UK – doubling from £12,900 to over £24,000 – while parents in the South West will gift about £10,000 above last year, with the average reaching £29,700.

BoMaD lenders in London are contributing the most to support children in their first steps on the property ladder, gifting their loved ones an average loan size of £31,000.

This shift in loan size could be because BoMaD lenders are supporting family and friends to purchase larger properties. Three-bedroom houses or flats were the most commonly purchased properties in 2019 (44%), and well over a third (38%) have helped family or friends to buy a two-bedroom property. Just under a sixth (15%) of lenders were even helping loved ones to purchase homes with over three bedrooms.

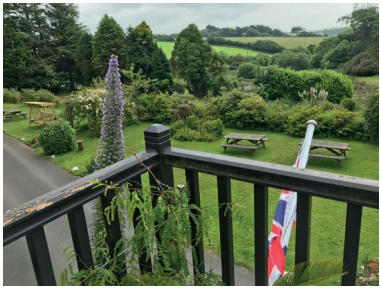
However, despite the rise in value, the BoMaD will fund nearly 20% fewer property purchases than in 2018, being involved in 259,400 property purchases. This figure is down from 316,600 in 2018, but it still amounts to nearly one in five (19%) of all transactions in the UK mortgage market.

These latest figures raise several alarming points. A larger share of us is becoming even more exposed to an increasingly exorbitant property market through loans and gifts to family (let alone the second property/holiday home market where one in ten adults has more than one property and which remains a huge frustration to many local communities). The phenomenon also disguises the fact (and helps deflect attention from those in power) that without this extra support, even fewer people could afford to buy property, which is stretching further out of reach for many. Finally, you could certainly argue that it is socially divisive as many younger individuals (in well paid employment) are not in the fortunate position to be able to rely upon this invaluable help and so are left either renting or at home with Mum and Dad. Of course, some could counter that by suggesting that in the UK we are far too obsessed with owning our own homes whereas elsewhere in the world, renting is far more commonplace.

Funeral Plans

I am pleased to say that the sale and management of these things is to be regulated. I have been pressing for this for some time as there has been a number of poor practices and unsatisfactory protection if things went wrong. How these will be regulated is another matter and hopefully the removal of commission for their sale, to match other financial products, will be one conclusion. Demanding too that the vendor has some basic qualifications has to be imperative and protections for the 'pot' whereas at the moment the provisions are inadequate to say the least. I wonder if this will prove to have been the next big mis-selling scandal…

Inheritance Tax (IHT)



Do you need to do something about it (as opposed to 'nothing')? Based on recent data, only 5% of estates paid Inheritance Tax (25,000 in the year in question). So that is the wealthiest estates and of course there would be a South Eastern/London bias in view of property values there. Of the 570,000 deaths, 275,000 still had to file with HMRC to prove whether some or no IHT was due. The typical average tax rate on those estates paying tax was 20% of the total estate. That said, bigger estates tend to secure better reliefs and pay smaller proportions curiously as the deceased have done more to alleviate their liabilities such as holding business assets and managing investments better. In other words, those paying smaller sums end-up paying bigger overall proportions of their estates to Inheritance Tax.

In 2015/16, the average IHT bill soared to £160,000, rising by almost £20,000 when compared to the previous year. In 2016/17, the average bill increased by just £450 to £160,800. Despite this, it rocketed to over £200,000 in 2017/18 before falling to just below £200,000 in 2018/19.

Of course, In addition to the IHT standard free band (£325,000) a residence nil rate band (RNRB) has applied since 6 April 2017. This is available when residential property is left to direct descendants. The maximum available sum will go up yearly and for deaths in 2019/20 the allowance is £150,000.

If you have a liability (subject to existing overly complex legislation), remember that every £1 you remove from your chargeable estate (through investing in business asset strategies as we offer for example) or gifting, saves 40p of tax, right-off the top.

Are we becoming a cashless society?

More than 5million people led a close to cashless lifestyle last year, as debit cards secured their position as the most popular method of payment. 2million more people used cash no more than once a month in 2018 compared with the previous year, a report by banking trade body UK Finance has said.

However, 1.9 million people mainly used cash, primarily to budget. The figures will reignite the debate over the future of bank branches, ATMs, and digital security.

"More and more customers are now opting for the speed and convenience of paying with their contactless cards. This rapid rate of technological change is set to continue over the coming decade," said Stephen Jones, chief executive of UK Finance. "However, technology is not for everyone and cash remains a payment method that is valued and preferred by many, so maintaining access to cash will be vital to ensure no customer is left behind."

Whereas cash accounted for 60% of payments in 2008, this proportion fell to 28% last year. UK Finance predicted this would drop to 9% - fewer than 10% of transactions - in a decade's time.

Meet the Team

Our clients, whether they come to us for Financial Advice, Wealth Management, Investments, Probate and Estate guidance or all things legal, enjoy close and regular contact with their adviser and they will be aware that we also have a highly competent support team on hand to assist should an adviser not be available immediately to answer queries. Over the coming editions of Milton News, we should like to provide more detailed insights of the team who will be delighted to help you at any time.

MRS NIKKI BAKER (DIRECTOR)

So, Nikki tell us a bit about your background and how you managed to arrive at Philip J Milton & Company Plc:

I started working at the Exeter High Street branch of Barclays as a Cashier after finishing school and progressed to the role of Cash Manager which I held for two years before relocating to Barnstaple in early 2007. I then worked in a busy wholesale office as an administrator for six months before I joined the Company in October 2007 as a receptionist. I progressed to become PA to Philip, working alongside him when he stood for the local MP at the General Election in May 2010. After a career break in 2011 to have my first son, I moved across to the Advisory Department as a paraplanner and thoroughly enjoyed that role until I became an Administration Assistant in April 2016. I continued to progress within the Company and was appointed a Director in March this year. I oversee the Administration Department, liaising with our external Administrator and Philip to process all dealing instruction on client accounts. Having grown up locally, I currently live in Barnstaple with my partner, two young sons and a very lively Labrador!

What element of your job do you enjoy the most?

I really enjoy the variety of work that each day brings and the diverse interaction I have with clients on a daily basis, assisting them with anything from a pension claim, ISA contribution, share deal or distributing legacies from an Estate. I am always pleased to speak with clients when they call as I understand that often speaking to someone can be hugely helpful in clarifying an instruction or putting someone's mind at rest. I have spent nearly half of my 34 years in various customer service-based roles and hopefully this means that I am able to provide helpful and compassionate assistance to clients whenever needed.

What does a typical day at work involve?

I work part-time so that I can do the school runs whilst my sons are young, though I now work five days a week so I can also provide as much support as possible to my colleagues. Once I have done the school run I get to the Office which is already in full swing so I have to hit the ground running. After checking and attending to any emails which require my attention, I prioritise processing any dealing that is required on client accounts. I am constantly monitoring and responding to emails throughout the day with both clients, staff and third parties, checking correspondence for staff and providing feedback and guidance where necessary. I also liaise with our external Administrator on any outstanding client requests to be processed and dealing on accounts. When the post is received, I go through the items for the admin department and allocate or respond as required ensuring all correspondence is attended to appropriately and in a timely manner. Three days a week I work until 2.30pm so I can collect my sons from school but on the two days a week when grandparents do so, I work a full day and take a brief break for lunch before turning to any outstanding tasks or new cases which have come in and need to be processed. If necessary, I take work home to complete as sometimes there just aren't enough hours in the working day! The main requirement for my role is the ability to multi-task and attend to an ever-increasingly diverse range of requests by calling on my experience with the Firm and the assistance of my highly qualified and skilled colleagues as needed.

What are your interests outside of work?

Being a mum to two young boys and a two year old Labrador, tidying up after them seems to be how I spend most of my time! However, between that and working I find reading and walking good ways of relaxing. I have a small but close family and I love nothing better than spending as much time with them all as possible.

Favourite holiday destination and why?

Without a doubt Canada. I travelled there with my parents and sister whilst I was still at school, spending a month in the summer holidays aged 16 travelling across the country at a leisurely pace and enjoying all that this amazing country has to offer. I am looking forward to taking my sons there when they are older.

Other News

Still Chartered!

The Chartered Insurance Institute (CII) has once again awarded the prestigious 'Chartered Financial Planners' title to Philip J Milton & Company Plc for 2019. This follows a rigorous, challenging and time-consuming renewal process!

Chartered status is an exclusive title only awarded to very few firms which meet demanding criteria relating to professionalism and capability. All Chartered Financial Planners commit to the CII's Code of Ethics, reinforcing the highest standards of professional practice in their business dealings.

We take great pride in the diverse service we offer to our clients, specialising in the staunchly independent discretionary investment management of their money but also advising them on financial matters, preparing their tax returns, writing their Wills and often helping to settle estates of their loved ones. It is truly special to be able to help so many people over so many years."

We have always prided ourselves on being thoroughly professional in everything we do and for a comparatively small firm in the South West to receive external recognition in this way is very gratifying. As North Devon's first Firm to be awarded 'Chartered Financial Planners', we can signal our continued commitment to the highest levels of service to our customers.

To date, only a little over 900 firms have met the high standards of professionalism demanded to achieve Chartered status, indicating that this is a highly exclusive award reserved for the leading firms within the financial advice market.

Congratulations!

Well done to our very own Felix Milton for making it into the New Model Advisers' top Young Advisers' category again! It still surprises us how few financial advisers have many qualifications in their specialist fields these days – much better than it used to be but still there are many who have only just done the basics. Experience is imperative but if you don't have the specialist qualifications to back-up your general knowledge and also to prove that you can study a subject…. It is interesting how in the comments some rather longer in the tooth advisers are defending not having the exams… we believe that as a professional firm, it is imperative to prove the pedigree, to continue learning and improving what we know and can do and to be frank, if you are not, you are going backwards. Well done to him again for his brief appearance on MoneyBox Live on Saturday 8 June! He was thanked and complimented by Paul Lewis

afterwards and with offers to repeat his attendances. It is indeed all good experience and helps to elevate the Firm too.

Whilst slightly longer in the tooth than Felix, our other more "senior" advisers Scott Pickard, Simon Valentine-Marsh and Philip Milton have both oodles of experience (many decades collectively!) and some of the highest qualifications in the industry! In aggregate, the Firm has accumulated 250 years' experience now.

Unsolicited Client Testimonials – Thank you!

"Your letter was very helpful and I am amazed that the account has managed to remain so strong, and still generate a good income for me. Particularly at such a difficult time. You really have done very well, and thank you!" **AD Hants February 2019**

"I thank you for all that you have done for us in these difficult times, which I think is nothing short of amazing. Thank you also for the stress that this removes knowing that all our financial worries are completely taken care of come what may. Thank you." **BJ Lymington March 2019**

"In these uncertain times, we are very relieved that you look after our money so diligently. The profit has even risen!" **BC Barnstaple June 2019**

"I am writing to thank you for the straightforward and efficient way you have dealt with the estate of my mother in law. It has been a great relief to have the burden of her affairs lifted off my shoulders. She and I can rest easy safe in the knowledge that her final wishes have been carried out." **RG Braunton January 2019**

Charity Update

Flying Fish Artists

We were delighted to provide a much welcome funding boost to a small North Devon charity, Flying Fish Artists that supports people who have experienced mental health issues by using art as a means of therapy.

From their peaceful studio in Rock Park Lodge, Flying Fish enables members to come together to share experiences of their personal mental health challenges, supporting each other in using art as a creative and therapeutic form of recovery.

The funding enables Flying Fish to develop members' art skills through workshops, field trips, supplying art materials and providing safe storage for members' artwork.

Philip Milton commented: "It was lovely to meet the trustees and indeed some of the group! We can see how invaluable the concept of art can prove to be for the recovery of the members, their therapy and ongoing improvement and amazing how the artistic skills have also evolved. I am sure some of them never knew they had it in them! We love to support small groups where there is a real commitment by volunteers to the concept as well and so often, relatively small sums can make such a significant difference to their operations."

We are pleased to work with Devon Community Foundation (DCF). It provides an efficient route to funding small local groups and charities, often the ones providing the most vital of help in our communities but who get the least share of charitable donations. Our own fund has granted £6,465 to North Devon organisations already since it was created, it all helps add-up to the £12.8million which DCF has distributed, on behalf of their donors, to over 4,000 projects across Devon since 1996.

Charitable Foundation

Separately, we are very excited to announce that we have now completed the onerous registration process for the Philip J Milton & Company Plc Charitable Foundation, our own charity which will act both as a conduit for donations but will also look to gift additional funds to local good causes and enquiries are welcomed.

The Charity's Objects are:

To provide grants to any of the following as the Trustees shall see fit:

1) Any UK registered charity operating in the areas of education, poverty relief, disaster relief or Christian activity
2) Any organisation operating in the North Devon region to benefit local community facilities, the arts or culture for the public benefit
3) Any individual anywhere in the world for the purpose of education or training, poverty relief or medical treatment
4) Any organisation assisting in the development of programmes for financial education including budgeting, basic finance, home economics and basic culinary skills

Whilst wide-ranging, some core objectives are intended to be pursued, including financial education to the poor in our local area and to consider if a suitable programme is possible to roll-out more widely.

If you feel your 'cause' would qualify for a donation please do contact the office in writing providing details. Indeed, some local campaigns have already benefitted!

If you would like to support the Charity please send your donation to: 'The Philip J Milton & Company Plc Charitable Foundation', Choweree House, 21 Boutport Street, Barnstaple, Devon EX31 1RP. If applicable to your circumstances, please complete the Gift Aid form towards the back of this newsletter and send with your donation. Thank you!

Amigos

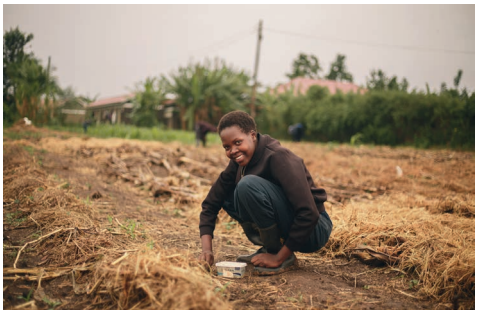
This is a charity in Uganda which works alongside its African partners, to bring about entire communities which are self-supporting through education and training. We are proud to continue sponsoring at least one student of Kira Farm in Uganda and this year's student is Triphina.

As part of the sponsorship, we receive monthly updates on the Student's progress and Triphina is progressing well through her program this year. Here is her most recent communication:

Dear Philip

Greetings of joy from Kira Farm. How are you doing my dear friend?

Thanks a lot for your reply. I always feel so humbled that you take some time off to write back. I am doing very well on Kira counting weeks to come to the end of my first semester's training.



Triphina happily planting maize

I do not remember if I have ever told you about my family group On Kira. From the beginning of our training we were divided into small family groups and through these groups we are taught a lot about working together with people from different cultural back grounds and different beliefs.

I have learnt that every person is special and have got different strengths and weaknesses. Learning this has helped me to stop blaming myself about what I did in the past. I am now very happy about life and I am never scared about the future.

Through my family groups we share a lot in what is happening in our lives something that is enabling us get all the help we need in life.

With this new attitude and experience I now have; I am happy that I can now live in any community in Uganda but also do business in any place. Before Kira I was only used to being with people from my tribe but this is no more.

Thanks a lot for your support my life is getting better and I am so excited for the life ahead of me.

Yours

Triphina

And Finally . . .

If you have any queries or would like to speak to an adviser regarding your managed investment or pension choices, the suitability of an ongoing strategy or any other financial matter, please do call. Unlike most advisers who levy a fee for all review work and advice (even if taken automatically from your investments so you don't see it!), we also offer a personal review concerning your accounts here and without any extra cost, as an integral part of our discretionary investment management service. We believe this is unique in the industry.

In fact, the regulator is considering requiring all advisory firms to invite clients to review their investment and pension choices and to take regulated advice/seek guidance. We can confirm that we do this already and absorb all of the costs too!

However, if you choose not to contact us and we have no specific need to contact you separately, we shall continue managing your accounts based upon previously understood objectives and risk profiles, with our absolute best effort naturally. Therefore, please do advise us of any query or if your circumstances have changed, no matter how slight.

Of course, where we know, I should stress that our advice (where sought) to you will take into consideration your other savings and investments elsewhere and the strategy we then manage is a cohesive and blended one, even if that comprises several parts (equity and High-Income ISAs, a Portfolio and a pension for example). Consequently, we do not look upon the component elements in isolation but always as part of a balanced overall strategy, allowing for your individual circumstances, requirements and risk tolerance. Please do allow us the opportunity to remain up-to-date about your wider circumstances by taking advantage of our free periodic review service.

If you would like to keep abreast of our ad-hoc thoughts regarding markets and many other finance related topics including our special Brexit updates, please do let us have your email address so that we may forward to you (without charge) our periodic and independently prepared e-shots. Please email info@miltonpj.net. We simply require your address! These are now being published and they go all over the Globe, including to many investment professionals!

Finally, if you have spare funds sitting in accounts or festering in "unmanaged" investments and which would benefit from our engagement, please do contact us. Remember, there are so few tax breaks left, exploiting them as quickly as possible (before they are lost) is wise. There may also be tax changes that go unnoticed by you

(despite our efforts to publicise them) such as the Dividend Tax Allowance change which means more people pay additional tax. What have you done to combat that and to identify and use all available allowances? I suspect that some of the existing tax breaks may soon come under closer scrutiny in a further bid to trim Government outgoings so acting now is sensible.

After Hours

If you need a laugh, then read these Children's Science Exam Answers:

Q: Name the four seasons.
A: Salt, pepper, mustard and vinegar.

Q: Explain one of the processes by which water can be made safe to drink.
A: Flirtation makes water safe to drink because it removes large pollutants like grit, sand, dead sheep and canoeists.

Q: How is dew formed?
A: The sun shines down on the leaves and makes them perspire.

Q: How can you delay milk turning sour? (Brilliant, love this!)
A: Keep it in the cow.

Q: What causes the tides in the oceans?
A: The tides are a fight between the Earth and the Moon. All water tends to flow towards the moon, because there is no water on the moon, and nature hates a vacuum. I forget where the sun joins in this fight.

Q: What are steroids?
A: Things for keeping carpets still on the stairs.

Q: What happens to your body as you age?
A: When you get old, so do your bowels and you get intercontinental.

Q: What happens to a boy when he reaches puberty?
A: He says good-bye to his boyhood and looks forward to his adultery.

Q: Name a major disease associated with cigarettes.
A: Premature death.

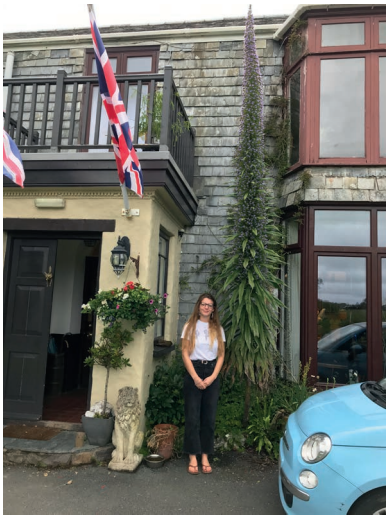
Q: How are the main parts of the body categorized? (e.g., abdomen)
A: The body is consisted into three parts the brainium, the borax, and the abdominal cavity. The brainium contains the brain; the borax contains the heart and lungs, and the abdominal cavity contains the five bowels A, E, I, O, and U.

Q: What is the fibula?
A: A small lie.

Q: What does 'varicose' mean? (I do love this one.)
A: Nearby.

Q: Give the meaning of the term 'Caesarean Section.
A: The Caesa rean Section is a district in Rome

Q: What does the word 'benign' mean? (Straight from the Ebonics dictionary)
A: Benign is what you will be after you be eight



Trimstone Manor Country House Hotel has set a challenge to all in the horticultural world by successfully nurturing their beloved Echium to grow to the heady heights of **17 feet tall. Can you beat it?** Originally planted to attract bees during the daylight hours and moths throughout the night, it stands in all its glory at the entrance to the Manor displaying its fabulous flowers for all to admire. All are invited to visit the Manor to imbibe in our special treats to see this amazing flower whilst it lasts!

Gift Aid Declaration

Please note that the form must be in a single name.

Name of Charity: The Philip J Milton & Company Plc Charitable Foundation

Your Details: Title: ..... Forename(s): .....

Surname: .....

Address: .....

.....

..... Post Code: .....

I want The Philip J Milton & Company Plc Charitable Foundation to treat all donations made from the date of this declaration until I notify you otherwise as Gift Aid donations.

You must pay an amount of Income Tax and/or Capital Gains Tax at least equal to the tax that the charity reclaims on your donations in the appropriate tax year.

Date: ..... Signature: .....

NOTES:

1. You can cancel this Declaration at any time by notifying the charity.
2. If in the future your circumstances change and you no longer pay tax on your income and capital gains equal to the tax that the charity reclaims, you can cancel your declaration.
3. If you pay tax at the higher rate or benefit from Age Allowance, you may be able to claim further tax relief in your Tax Return.
4. If you are unsure whether your donations qualify for Gift Aid tax relief, ask the charity or, refer to the HMRC web site (www.gov.uk/donating-to-charity/gift-aid)
5. Please notify the charity if you change your name or address.

Philip J Milton
& Company Plc
Established 1985

North Devon's Leading
Independent Wealth Managers

Dear Philip J Milton & Company Plc.

Please accept this letter as notification of my intention to establish an 'execution-only' (without advice) investment in your discretionarily managed:

- ☐ **Balanced Investment Portfolio**
- ☐ **Stocks and Shares ISA**
- ☐ **High Income ISA**
- ☐ **Balanced Personal Pension**
- ☐ **Other Portfolio / ISA / Pension strategies**

(please delete as appropriate)

Please find enclosed a cheque payable to 'Philip J Milton & Company Plc – Client Trust a/c' to begin my ISA/Portfolio/Pension investment.

We have listed some of our most popular strategies here but these are not 'recommendations' for you.

Please select 'other' if you would like to receive information on all our available investment strategies.

Please contact us if you would prefer to transfer funds direct to our bank.

I/we look forward to receiving full details regarding the investment and understand my/our funds will be held in a Client Cash Account until relevant documents and information have been provided and I/we have satisfied all other needs of the Firm as imposed by the FCA.

Name(s) _____

Address _____

_____

Postcode _____

Telephone _____

Email address _____

☐ Please tick the box if you **do not** wish to receive confidential information via this email address.

Philip J Milton & Company Plc is authorised and regulated by the Financial Conduct Authority 181768.

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