



WINTER NEWSLETTER 2025

GEM FS LTD

Please enjoy reading our newsletter. If you would like to discuss any of the articles further, please do not hesitate to contact us.

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Could extra money help you in retirement?

Why consider equity release?

Equity release allows you to unlock tax-free funds tied up in your main residence. Whether you prefer a one-off lump sum or instalments after an initial release, this option can provide the financial boost you need.

If you're over 50 and a homeowner there are many reasons why you might consider equity release:

- **Pay off your existing mortgage** and potentially other debts, freeing up monthly cash flow.
- **Supplement your income in retirement.**
- **Fund home improvements or a dream holiday.**
- **Support your children or grandchildren** in getting on the property ladder.
- Another great benefit of equity release is that you get to remain in your own home. There will be no need to downsize or move.

Important considerations

A Lifetime Mortgage allows you to unlock tax-free cash from your home while retaining full ownership and the ability to stay as long as you wish. You can choose to make reduced or no monthly repayments, and with the No Negative Equity Guarantee, you will never owe more than your home is worth. However, as interest is charged on both the original loan and the interest that has been added, the amount you owe will increase over time, reducing the equity left in your home and the value of any inheritance, potentially to nothing.

It's essential to seek financial advice as a Lifetime Mortgage may affect your entitlement to means-tested benefits and is not suitable for everyone.

When arranging a Lifetime Mortgage, you may need to cover associated costs such as a property valuation, legal fees and advice, just as you do for a residential mortgage.

Although the decision is yours, discussing your plans with family and beneficiaries is encouraged, as a Lifetime Mortgage could impact potential inheritance. We recommend inviting them to any meetings with your Financial Adviser to ensure everyone is informed and involved in the decision-making process.

Navigating the variety of Lifetime Mortgages can be complex, which is why specialist, impartial advice is crucial if traditional mortgages don't meet your needs.

We're here to help

We're here to help you navigate the market based on your unique circumstances. If equity release isn't quite right for you, we'll be able to help you identify alternative solutions that might be better.

If you would like to find out more or are interested in receiving our '**Making More of Your Home**' brochure, please contact me/us.

If you would prefer to not be contacted about the products and services we offer, please let us know so we can update our records accordingly.



YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

Autumn Budget 2024: Winners and Losers

Chancellor of the Exchequer Rachel Reeves outlined the Government's financial plans for the next five years. The measures, which will raise up to £40 billion for public finances, aim to “restore economic stability” and put “more pounds in people's pockets”.

On 30 October 2024, Chancellor of the Exchequer Rachel Reeves announced the UK Government's Autumn Budget alongside the Office of Budget Responsibility's economic and fiscal forecast. The measures aim to raise more than £40 billion in taxes, plugging an alleged £22 billion black hole in public finances left by the previous government. Reeves committed to drive economic growth, but also said that the Government wouldn't borrow to fund current spending whilst maintaining the Bank of England's inflation target of 2%.

Commenting on the Budget, Reeves said: “This Government was given a mandate to restore stability to our economy and begin a decade of national renewal. To fix the foundations and deliver change through responsible leadership in the national interest. That is our task, and I know we can achieve it.”

So, what are the potential impacts of these new measures? Below we outline who stands to benefit from these changes and who might be negatively affected. Let's start with the positives.

The Winners

The NHS

The Chancellor pledged to significantly increase public spending on the NHS. Reeves promised a £22.6 billion increase to the “day-to-day” budget of the NHS alongside a £3.1 billion boost to its capital budget over the next two years. The Chancellor commented that this would be the “largest real term increase in NHS spending outside of COVID since 2010.”

Sustainable transport and energy

Reeves also announced that the National Wealth Fund would be used to invest in key areas like gigafactories and green hydrogen plants across the country. Meanwhile, over £2 billion will be invested in supporting the automotive sector's transition to electric vehicles.

Property developers

Funds for the Affordable Homes Programme will increase to £3.1 billion to help Labour deliver on its promise to build over 1.5 million homes. Reeves said the Government would hire hundreds of new planning officers and make reductions to Right to Buy discounts, putting more money into the pockets of local councils. This news could incentivise investment in the UK's property market and make it easier for property developers to build new homes in the UK.

Driver

Reeves confirmed that the freeze on fuel duty will continue for another year, meaning drivers could save approximately £60 a year at the pumps. The freeze will cost £3 billion a year, but the Chancellor was clear that she wanted to ease “the burden on motorists”. This move could help relieve the fiscal pressure on delivery drivers, couriers and supply chains throughout the country.

Young and low-income workers

The Chancellor announced that the Government is increasing the National Living Wage for workers aged 21 or over by 6.7% to £12.21 an hour (which could be worth up to £1,400 a year for a full-time worker) and increasing the National Minimum Wage for 18–20-year-olds by 16.3% to £10 an hour. Reeves also confirmed that National Insurance won't be increasing for workers. Increases to the National Living and Minimum Wages are intended to provide much-needed support to those on the lowest incomes.

Small businesses

The employment allowance for business will increase from £5,000 to £10,500, reducing the National Insurance liability of small businesses. The Chancellor said that this would mean around 865,000 would pay no National Insurance in 2025, providing welcome relief for SMEs who are struggling to retain an effective workforce and attract applicants without a hit to their profits.

What's next?

The Autumn Budget contained several key changes that are likely to have significant impacts on individuals and businesses across the UK. There's a lot of information to process and it may not be immediately clear how the changes set out in the Budget will affect you. If you have any questions about whether you are a winner or a loser from the Autumn Budget, and how it will affect you and your finances, please get in touch.

The Losers

Employers

Reeves confirmed that employers' National Insurance contributions will increase to 15% from April 2025. The Government is also reducing the threshold at which employers start paying National Insurance from £9,100 to £5,000 per year. Furthermore, the Chancellor announced that the current freeze on income tax thresholds would end in four years. From 2028, personal tax bands will be updated in line with inflation.

These changes will have a direct impact on British employers, but they could also have a knock-on effect for employees. Many businesses use savings on National Insurance to fund pension contributions or employee benefits. If the increased burden of National Insurance contributions proves too harsh, employees could lose these benefits as a result.

New businesses and investors

The Chancellor announced an increase in the lower rate of Capital Gains Tax (CGT) from 10% to 18% and the higher rate from 20 to 24%. She noted that, even with these increases, the UK will still have the lowest capital gains tax rate of any European G7 economy. But some analysts argue that the move could alienate investors and even decrease tax revenue overall if investment is pulled from UK startups.

Foreign investors

Reeves also announced sweeping changes to the tax status for non-domiciled high-net-worth individuals operating in the UK. The Chancellor said that Labour would “abolish the non-dom tax regime, and we will remove the outdated concept of domicile from the tax system from April 2025.”

The government is also set to extend the Temporary Repatriation Relief to three years with the aim of bringing billions of new funds into the UK. The independent Office for Budget Responsibility estimates that this could raise £12.7 billion over the next five years.

Second homeowners

The Stamp Duty land tax for owners of second homes (known as the Higher Rate for Additional Dwellings) increased to 5% from 31 October 2024. The Chancellor said that the move is designed to “support over 130,000 additional transactions from people buying their first home or moving home over the next five years.” However, this increase could have an impact on landlords, property developers, and the owners of holiday homes and other rental properties.

Private schools

All education, training and boarding services provided by private schools will now be subject to VAT at the standard rate of 20% from 1 January 2025. Private schools also won't be able to claim back VAT on the supplies and services they pay for.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

Should I consider private medical insurance?

Life can be full of surprises. You can't be prepared for everything. You may have some insurance to support you financially if the unexpected happens, but have you considered how private medical insurance might offer you and your family the peace of mind you need if your health takes a turn for the worst?

A growing trend

According to data published by The Telegraph, close to half a million people have taken out private medical insurance over the past year, as NHS waiting lists hit record levels this autumn. According to government statistics almost 7.8 million people were waiting to start routine hospital treatment in September 2023.

Against this backdrop, it's hardly a surprise that more people than ever are considering the benefits of private medical insurance including faster access to medical treatment for themselves and their families.

It's not just speed of access, it's also about the quality of care you receive, the flexibility of choosing where and when you would like to receive treatment, and the range of treatments, medicines, facilities and consultants available to you. Cost-restrictions in an already stretched NHS mean that not all breakthrough treatments are accessible. With private medical insurance you can sleep easy, safe in the knowledge that the very best care is available.

It's more affordable than you think

Avoiding lengthy waits for treatment and quality of care are just two of the biggest attractions of taking a route which has traditionally been seen as too expensive for most. But through our specially selected health insurance partner we can help you find the right policy for your budget. If you already have private medical insurance, we may be able to find you cheaper premiums for your circumstances, and all with a free no obligation quote.

The pandemic provided a reminder to us all of just how precious good health is – and acted as a reset for many. Health became a priority, and continues to be so. Spending money on private medical insurance may not have previously been a priority but protecting you and your family over the long-term means a growing number of people are taking the time to consider a more proactive approach to getting the treatment they may need.

We love our NHS but we know the pressure it's under

We have nothing but respect for the hard-working and talented individuals who make the NHS what it is. But we also know that the service that has given so much to so many is under unprecedented pressure. We also know that there is often a faster and better alternative.

We can make sure you get all the information you need to decide whether private health insurance is the right option for you.



Reasons to consolidate your pensions

If you've worked for more than one employer, you will doubtless have more than one pension plan. How long is it since you last looked at them? Are they languishing in poor performing funds?

Combining some or all of your pensions into a single plan could save you money, achieve better growth and make your life easier. Here are some things to consider:

5 benefits of pension consolidation

1. Consolidating could save you money. Each pension plan has its own annual charges so combining multiple pensions into one means you'll only pay one annual fee. Shopping around could also help you find a plan with lower charges than your current ones.
2. It gives you greater flexibility. Modern pensions may offer benefits that older ones don't, like flexible drawdown of your pot or income for your loved ones after you pass away.
3. It keeps things simple. You only have to remember one set of login credentials and, if your address changes or you want to change the recipient of any death benefits, you only have to tell one provider.
4. You could get better opportunities. Bringing your pensions together could increase the overall value of your savings and a different plan or provider might give you access to a wider range of investment funds.
5. It makes it easier to plan for the future. An important part of retirement planning is understanding what you've got and what you'll need. Having everything in one place makes it easier to track your plan's value against your goals.

Things to be aware of

You could be charged exit fees. Some plans still have exit penalties so make sure you're aware of these and the impact they might have on your pot.

It may be better to stay in a final salary (also known as defined benefit) scheme. These offer a guaranteed income in retirement alongside other benefits (like a pension for your spouse when you die) which you'll lose if you transfer out.

There's no guarantee you'll be better off consolidating. Your current pensions may have benefits like early access or guaranteed annuity rates that might be worth keeping, and annual fees on other pensions may not be competitive.

Get advice before you consolidate

We're here to help. We can assess your situation, explore your options, and help you understand if pension consolidation is right for you.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.



The future of wealth is female

More women own their wealth, and their ambitions are changing too.

Industry commentators often say that 60% of UK wealth will be in the hands of women by 2025.

That figure is from a report published 20 years ago, so we can't vouch for its accuracy today. But there are other signs that the Great Wealth Transfer is pushing more wealth towards women and that the face of financial advice is changing as a result.

Mavericks and trendsetters

Baby boomers own most of the UK's wealth and female boomers are increasingly coming into the money left behind by their partners. Research from Schroders suggests that two thirds of baby boomer wealth is found in joint households, and that the first transfer typically occurs between a husband and a wife.

But this situation is changing. A growing proportion of female wealth owners are Gen X (born between 1965 and 1980) whose needs, expectations and ambitions are different from their mothers. And the stereotype of the risk-averse female investor is rapidly eroding as the number and diversity of female wealth owners continues to grow.

Almost 70% of women want to make a positive social impact with their investments, according to analysis from The WealthiHer Network. Meanwhile, half of UK landlords are female and almost 10% of volatile cryptocurrency investments are owned by women, according to more Schroders research.

Even women who don't own exotic assets are starting to reshape the advice industry. Many women are taking control of their wealth, some for the first time in their lives. Whilst the maverick female investor is increasingly common, you don't have to be radical to make the most of your money.

Get set for your future

Whether you want to leverage your wealth for greater independence, use your money to do good in the world, or simply provide for the people you care about, we're here to give you the confidence and advice you need to realise your ambitions.

The value of your investment can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance.

