

BRIEF BUDGET OBSERVATIONS

Inheritance Tax

The current nil rate band of £325,000 will now remain frozen at £325,000 until April 2021. From April 2017, an additional nil-rate band will apply where a residence is passed on death to a direct descendant. This will be £100,000 in 2017/18, £125,000 in 2018/19, £150,000 in 2019/20 and £175,000 in 2020/21. It will then increase in line with Consumer Prices Index (CPI) from 2021/22 onwards.

Any unused residence nil-rate band will be able to be transferred to a surviving spouse or civil partner, in the same manner as for the existing nil-rate band.

The additional residence nil-rate band will also be available when a person downsizes or ceases to own a home on or after 8 July 2015 and assets of an equivalent value, up to the value of the additional residences nil-rate band, are passed on death to direct descendants.

There will be a tapered withdrawal of the additional nil-rate band for estates with a net value of more than £2m. This will be at a withdrawal rate of £1 for every £2 over this threshold.

Insurance Premium Tax

A less anticipated move in the budget was the increase in Insurance Premium tax which will be raised this November from 6% to 9.5%.

Mr Osborne argued that the cost of premiums had fallen for many families and that Britain's insurance premium tax was actually well below other countries, Germany for example levies 19%.

Although the Chancellor suggested the move would only affect one fifth of all premiums, the British Insurance Brokers Association countered by saying the move is a 'stealth tax' on insurance policies, also stating that "The Government has been working with the industry to reduce the cost of insurance for consumers – including a summit chaired by the Prime Minister. It seems counterintuitive to be taking measures which will add to the cost, effectively taxing protection,"

Sabre Team to run muddy 5km for Cancer Research

After our colleague and close friend was diagnosed with breast cancer at the end of the year, a team of 15 ladies from Sabre have decided to come together in an attempt to conquer Race for Life's Pretty Muddy 5km. The group consists of employees and family members, who will tackle the muddy obstacle course in Exeter on the 25th July to raise money for Cancer Research UK.

"Cancer Research is a cause very close to our hearts and the girls decided they wanted to do something to support a fellow team member; we were more than happy to support them" said Dale Came, Managing Director. "We can't run with them on the day, but we'll be cheering them on from the side-lines every step of the way."

'Team Sabre' as they have named themselves, have set themselves a £1,500 target and are already well on their way.



They have already raised over £900 for the charity and hope to exceed the £1,500 target by race day. "We've had some very generous donations so far", team member Lucy Stokes reported. "We hope once word spreads, to reach our target and ultimately raise as much money as we can for such a worthy cause," she said.

The team will be raising money through their Just Giving page www.justgiving.com/SabreHind/ and welcome any support you can give.

MARKET UPDATE

Hostages to Misfortune

European stock markets were largely hostages to Greece's misfortunes during June amid mounting speculation the country's leaders would fail to honour a €1.5bn (£1.06bn) repayment to the International Monetary Fund (IMF). As June progressed, ongoing negotiations between Greece and its international creditors collapsed, triggering high levels of volatility in European markets. Towards the end of the month, Greece announced a week-long bank holiday, suspended trading on its stock exchange and imposed strict controls on cash withdrawals.

Sure enough, the IMF did not receive its scheduled payment on 30 June, technically putting Greece into arrears. The country's prime minister, Alexis Tsipras went on to call a referendum on the terms of the proposed international bail-out agreement. Ahead of the vote, European Parliament president Martin Schulz warned the referendum was a "fundamental vote" on Greece's place in the euro zone. Nevertheless, on 5 July, the majority of Greek voters rejected the unpopular austerity conditions attached to the bail-out deal, tipping the euro zone into a renewed state of uncertainty and disarray.

Even so, the euro zone's economic recovery is showing signs of broadening, and the Organisation for Economic Co-operation & Development increased its forecast for economic growth in the euro zone from 1.1% to 1.4% this year, and from 1.7% to 2.1% next year, boosted by the European Central Bank (ECB) programme of asset purchases and the positive impact of a weaker euro. The ECB has increased its forecast for inflation in 2015 to 0.3%, although inflation is expected to remain very subdued in the short term.

Summer Statement Tips: Use it or lose it

The Help to Buy ISA was announced at Budget 2015 and supports people saving up for their first home by providing them with a maximum government bonus of £3,000 on £12,000 of savings.

The government announced last week that Help to Buy ISA will be available for first time buyers to start saving from 1 December 2015.

Investors should be encouraged to maximise the ISA limits, especially those who will be affected by the 45% additional rate and/or removal/reduction of personal allowances.

For those who have maximised their pension contributions the ISAs represent a very tax efficient pension alternative.

Staff News

Sabre's newest recruit is Kelly McCormack who has joined the commercial team at Sabre Insurance Services.

Kelly began her insurance career in 1999, joining a national high street broker straight from college. She went on to study taking industry qualifications and is certified by the Chartered Insurance Institute. Kelly will be working alongside Sarah and will be dealing with new business and renewals specialising in Small to Medium Enterprise's (SME) including shops, offices, tradesman's liability and property owners insurance.

At home Kelly is married to Kieran and they have two young children Ethan and Lewis.

