



News.....

- We're delighted to welcome Stephanie Longden to the team. Stephanie is working with Karlene as our Financial Services Administrator and is already proving to be an asset to the team. Please don't hesitate to call her if you have any queries regarding your existing policies or new business progress.
- Karlene celebrated completing her first twelve months working with us in April and is already planning ways to improve our systems and process' with the aim to make sure we're giving you the most efficient and effective service possible over the coming 12 months.



The Chancellors Second Budget

Delivering his second budget in less than a year, Chancellor of the Exchequer George Osborne admitted UK economic growth is likely to be somewhat weaker than expected although he described his Budget as being 'for growth' and focused on measures to boost UK Businesses and entrepreneurship. These measures were then accompanied by a tax on North Sea oil companies and an increased levy on banks.

On an individual level, the personal tax allowance will increase by £630 to £8105 from April 2012, a measure that will also benefit those paying the higher 40% tax rate (though the higher rate allowance for pensioners remains untouched). The top tax rate of 50% remains intact for now, but Osborne warned it would cause 'lasting damage to our economy if it were to become permanent'. Interestingly, the Chancellor also announced a consultation about possible measure to merge Income Tax and National Insurance – a move that would ultimately increase transparency. Elsewhere, 10,000 first-time buyers are to be helped onto the housing ladder and given assistance to buy newly built properties.

The biggest changes, however, appeared to be aimed at entrepreneurs and investors in small business, with significant increases in entrepreneur's relief and in the limits and allowances surrounding business-related tax-efficient savings schemes. Despite concerns about growth from the Office of Budgetary Responsibility, these increases led to encouraging comments from the leading business investors and they welcomed the changes as a 'shot in the arm'.

Welcome

Welcome to the May edition of the Horlock Holdcroft newsletter, our update on developments in the world of financial services.

If you have any questions about the contents of this issue, please do not hesitate to contact us.

Contact Us

Horlock Holdcroft Financial Consultants Ltd

Suite 2 Bell Walk House
Bell Walk
Uckfield
East Sussex
TN22 5DQ

Tel: 01825 766130

Email:
admin@horlockholdcroft.co.uk
www.horlockholdcroft.co.uk

Issued by Horlock Holdcroft Financial Consultants Ltd which is authorised and regulated by the Financial Services Authority. The Financial Services Authority does not regulate Taxation advice.

The contents of this letter do not constitute advice and should not be taken as a recommendation to purchase or invest in any of the products mentioned. Before taking any decisions, we suggest you contact us to seek advice from your professional financial adviser. If you wish to be removed from this mailing list please email admin@horlockholdcroft.co.uk



Why protecting your family's lifestyle is more important now than ever

In today's economic climate, it's a given that we all need to be extra careful with money. Many of us have had to make cut backs here and there in order to manage our bank balances. But nobody knows what the future may hold. How would your family cope financially if something were to happen to you?

Very often, it's having to go without the smaller things that make life much harder. It's the odd £60 needed for children's swimming lessons or £50 for a new pair of shoes. It can be tricky enough now to find the money for these extras, but what if your family didn't have yours or your partner's salary coming in? We might take steps to cover our mortgage payments or the major bills perhaps, but what about everything else?

When we say 'family protection' we're referring to life insurance. People take it out to ensure their families could pay off important liabilities and maintain a certain standard of living in case anything happened to them or their partners. It can bring cost-effective financial protection, not to mention valuable peace of mind.

There are a range of Family protection products available to suit different needs, please do not hesitate to speak to us if you wish to find out more.

Some things you should think about:

- *The type of protection you need, both now and in the future*
- *How much you want to spend*
- *If you currently have cover, whether it is sufficient and up-to-date*

Japan – The Economic Aftershocks

There was only one story in Japan during March – the earthquake and its aftershocks, both human and economic. Whilst News analysts contemplated the human devastation, markets focused on the cost of rebuilding, its potential effects on the fragile Japanese economy and the extent to which companies would be affected.

The markets immediate response was to assume the economic impact would be catastrophic. In many ways it was a fair assumption – Japan's economy was already on its knees, with government debt standing at over 200% of GDP, the highest percentage of any developed nation. Economists seriously questioned how a Japanese government in an already weak position could support the colossal rebuilding costs required.

Understandably, therefore, the Nikkei 225 index was hit hard in the immediate aftermath of the earthquake. As the updates from the stricken Fukushima nuclear plant improved and it seemed like a disaster may be avoided, Japanese equity markets slowly recovered. However, the Nikkei still ended the month a step lower than where it had started.

However, towards the end of March, more sanguine assessments began to emerge. Goldman Sachs estimated the cost of rebuilding to be around ¥16 trillion (£115bn) and for real GDP to be reduced by upwards of 0.5% in 2011. The group thinks that the final figures depend largely on the extent to which power cuts affect production. If the cuts are all but over by the end of April, the impact will be nearer 0.5% - but if they continue into June or July, a figure of 0.8% or more is likely.

The majority of economists expect what impact there is to be short and sharp, lasting just a few months, and normal growth resuming perhaps even in the latter part of this year. A number have even suggested that once the immediate difficulties are dealt with, the rebuilding of infrastructure in Japan may provide a much needed boost to the economy.

So there were hopeful signs. Indeed, Reuters have reported record fund flows into Japanese equity funds and almost \$1bn (£600m) of new cash moved into these funds in the week after the earthquake alone. Japanese markets were already cheap. Investors, it seems, have finally decided they are worth the risk.

Issued by Horlock Holdcroft Financial Consultants Ltd which is authorised and regulated by the Financial Services Authority. The Financial Services Authority does not regulate Taxation advice.

The contents of this letter do not constitute advice and should not be taken as a recommendation to purchase or invest in any of the products mentioned. Before taking any decisions, we suggest you contact us to seek advice from your professional financial adviser.

If you wish to be removed from this mailing list please email admin@horlockholdcroft.co.uk