JOURNALENTRY

Spring 2024

LOVE TO LEARN

The theme of this newsletter is 'Love to Learn', bringing together learning opportunities through our Budget & Beyond events, with articles around marriage and money.

Our Budget events will be running in Edinburgh and Dunfermline on Friday 8 March. We are delighted to be joined by Katerina Lisenkova, Senior Economist with the NatWest Group, who will provide us with an economic outlook that considers the impact of climate change. In addition to our customary update on the tax regime, plus an opportunity for networking, these events are not to be missed.

Early booking is recommended to secure your space.

While we love a happy ending, unfortunately some marriages end in divorce, with numbers on the increase in the past few years following the pandemic. The practicalities of dealing with pensions during divorce can be a complex process and can have a lasting impact on financial well-being long after the settlement is agreed. Many people choose not to take financial advice during these negotiations. Our wealth team examine the main issues and options.

We also take a look at the popular topic of debt liability for married couples in Scotland. Understanding the implications of joint debts is important so you can clarify current financial responsibilities and make prudent decisions in the future.

We hope you find this newsletter useful and we look forward to seeing many of you at our events in March.

ANDREW CROXFORD
Senior Partner

2024 Budget and Beyond Economic Update & Networking events

Edinburgh Event

The Royal Scots Club Edinburgh, 29-31 Abercromby Place, Edinburgh EH3 6QE

08.00-08.30	Networking, refreshments and bacon rolls
08.30-10.15	Presentation

Dunfermline Event

Carnegie Conference Centre, Halbeath Road, Dunfermline KY11 8DY

11.00-11.30	Networking and refreshments
11.30-13.15	Presentation
13.15-13.45	Lunch

The 2024 Budget will take place on Wednesday 6 March and we will be running our Budget & Beyond Economic Update and Networking events in Edinburgh and Dunfermline on Friday 8 March.

The Budget is the final opportunity for the government to lay out its plans before the next general election, which is rumoured to be scheduled for this autumn. There is already speculation that Chancellor Jeremy Hunt could be considering tax cuts as part of his announcement.

Join us for a summary of the Budget announcement and what lies beyond for businesses. Our speakers will cover changes in the tax regime that will impact both individuals and companies, and provide practical examples, so you can see how this will affect you personally.

We are delighted to be joined by our guest speaker **Katerina Lisenkova, Senior Economist with the NatWest Group**. In her role Katerina is focused on incorporating climate considerations into numerous aspects of the Bank's risk frameworks and strategy. She has over 15 years of economic research, teaching and consulting experience. Booking is essential. We would love to see you there.

JACQUELINE WHYTE GAINS RI STATUS

JACQUELINE WHYTE
Director of Audit

We are pleased to announce that Jacqueline Whyte, Director of Audit, has gained Responsible Individual (RI) status. This means that the firm now has five RIs conducting regulated audit work for clients in the public, private and not-for-profit sectors throughout Scotland.

Jacqueline started with us as a graduate trainee in 1997 and qualified as a Chartered Certified Accountant in 2002. She secured the role of Director of Audit in 2018.

Jacqueline explained, "Achieving RI status has been a long-term goal of mine and I feel a great sense of pride having achieved this milestone in my professional development. It means I can be appointed as statutory auditor and undertake regulated audit work, signing audit reports on behalf of the firm. I recognise the trust the partners have in me as an RI and I look forward to the responsibilities and challenges that the new role brings."

Head of Audit, Senior Partner Andrew Croxford added, "We love to see our staff develop their skills and realise their ambitions. We are proud of Jacqueline's drive and dedication to the audit department where she has excelled as Director. Her appointment will allow us to take advantage of more opportunities while continuing to develop our audit services."

DIVORCE AND PENSIONS

Valentine's Day falls on 14th February. Prior to this special day, National Divorce Day came and went on 2nd January.

For marriages that break down, a substantial portion of marital assets can be held within pensions, so what are the repercussions for couples who decide to part their ways?

According to research by Legal & General*, women are more likely to face financial hardship post-divorce than men, and consequently have greater concerns about making ends meet. Pensions may not often be a priority when assessing marital assets, especially as the complexity involved can cause confusion.

Legal & General reported that men and women tend to agree the division of their assets at the point of divorce is fair. However, their research highlighted that women are more likely to waive their rights to their partner's pension as part of the separation. This can lead to concerns over future planning for retirement, where women may have to fund a large gap in their finances.

So, what are the options for pensions on divorce? Historically, the value of pensions was simply included in the overall mix for marital assets and offset against other assets, such as the family home. This is still popular and may well account for some of the outcomes in the L&G report, where one party waives their rights to pension assets.

There are other options available and these broadly fall into two options:

1. Sharing – where the pension is split, with a portion of one person's pension being awarded to the other, in the form of their own independent pension.
2. Earmarking – where some of a pension is paid to the other party when the original pension holder retires.

In terms of the splits and the methods uses, it is up to the parties and their legal advisers to assess the overall marital assets, including pensions, and decide on the way forward in the divorce settlement.Most pension rights can be taken into account, but not all, for example the Basic State pension and the new State pension are excluded.Furthermore, Scots Law differs from that applying in England & Wales with regards to divorce, which can make a big difference to how the overall division of assets are to be achieved.

Pensions are a complicated area, especially so when divorcing. But despite this, research from L&G showed that just 7% of divorcees said that they would seek financial advice.Given that pensions may represent a large value of the family assets, it is essential that divorcees take financial advice, as well as legal advice, to ensure that they fully understand what they are giving up, should they elect to waive their rights in favour of another asset.

If you require assistance on this area, contact Chartered Financial Planner Richard Libberton at **rlibberton@thomsoncooper.com**.

Source: *Legal & General Group

Understanding Your Debt Responsibilities in a Scottish Marriage

If you are in debt, in doubt, or facing a bankruptcy situation, navigating through finances in marriage can be tricky, especially when it comes to understanding who owes what. Scottish laws have their own rules for dealing with debts in a marriage, making it important for couples to know where they stand. This brief guide aims to demystify debt liability for married couples in Scotland, offering straightforward insights into this complex area.

Firstly, in Scotland, you're not automatically liable for your partner's debts, unless you've both legally agreed to share that burden. This means if your partner has debts in their name only, those are theirs to deal with, whether they were taken on before or after you were married.

However, if you've both signed up for something together, like a joint mortgage or secured loan, then you're both responsible. Creditors can ask either of you to pay back the whole amount, not just your "half." This is called joint and several liability. This makes clear communication and agreement crucial when you're entering into any joint financial commitments.

When it comes to Council Tax debt, both parties are automatically jointly responsible.

When it comes to the family home, things get a bit more specific. If your spouse has the mortgage just in their name but you've been making a contribution, you might still have rights to the property but not necessarily the debt, unless your name is on that mortgage too.

For debts that aren't tied to assets, and you're getting into trouble here, you're only responsible if it's in joint names or you've acted as a guarantor. So, if your spouse has run up a credit card bill in their name alone, that's their responsibility. But remember, during a divorce, the courts will look at debts alongside assets to come up with a fair split, considering what each person can afford to pay.

The key takeaway for couples in Scotland is to keep the lines of communication open about finances. Knowing exactly whose name is on what and understanding the implications of joint debts can save a lot of headaches down the road. If you're ever in doubt, taking debt advice can help clarify your financial responsibilities and protect your interests, ensuring you both know where you stand with debts in your marriage.

Our specialist debt advice team at Thomson Cooper is always here to help. Contact us at **advice@tcdebtsolutions.com**.

LOVE TO IMPROVE WITH ESG

ESG is an abbreviation of Environmental, Social and Governance. These are three pillars that create a framework to identify non-financial risk and opportunities for an organisation.

These areas are of increasing significance as business owners strive to find an equilibrium between their operations, the environment and their communities. This infographic shows how investing in an ESG strategy can benefit a company.

The Benefits of ESG

Sustainable company operations

Companies that incorporate ESG principles into their business can uncover opportunities to reduce energy consumption & waste, increase recycling and become more sustainable.

Improves financial performance

Reduced consumption, plus increased sustainability & efficiency ultimately lead to operational savings.

Builds customer loyalty

There is greater awareness of ESG principles and increasing numbers of consumers value businesses that make the effort to improve.

Competitive advantage

Companies that commit to improving working conditions, give back to their communities & embrace diversity will enhance their brand and be a more attractive place to work.

Attracts investors & lenders

Organisations that take sustainability efforts seriously are more likely to have a considered, long-term strategy for their growth, making them more attractive to investors.

WHAT DID WE LEARN FROM THE SCOTTISH BUDGET?

The Key Points

- The Budget deficit was partly paid for by funding "reprioritisations".
- An Advanced tax rate of 45% was introduced for income between £75,000 and £125,140.
- There were minimal changes to income tax bandings.
- Tax rises were because almost 40% of the Scottish adult population don't pay tax at all, so those that do pay tax need to fill any funding gap.
- Other new taxes have been proposed but are not yet implemented.

These changes were intended to plug most of the gap in funding but there was still a need to raise Scottish income tax rates. The Scottish Government was obliged to increase tax rates as the 11% of Scottish taxpayers paying the higher and additional rates account for 65% of the tax take in Scotland (23/24). With almost 40% of the Scottish adult population not paying any income tax at all, the remaining 35% is accounted for through a mixture of basic rate taxpayers, Land & Buildings Transactions taxation (LBTT), and Scottish Landfill Tax (SLfT).

The table shows the differences between income tax for Scotland and the rest of the UK for different salaries. Taxpayers in Scotland earning below £28,850 will continue to pay slightly less tax than their UK counterparts, but the gap for higher earners continues to grow with Scottish taxpayers significantly worse off.

Contact Tax Manager Scott Hallesy at **shallesy@thomsoncooper.com** if you require further details.

	£25K	£50K	£85K	£135K
2023/24	£	£	£	£
Scotland	2,464	9,038	23,738	50,510
Rest of UK	2,486	7,486	21,432	46,953
Difference	22 less income tax in Scotland	1,552 more income tax in Scotland	2,306 more income tax in Scotland	3,557 more income tax in Scotland
2024/25				
Scotland	2,462	9,028	24,028	52,480
Rest of UK	2,486	7,486	21,432	46,953
Difference	24 less income tax in Scotland	1,542 more income tax in Scotland	2,596 more income tax in Scotland	5,527 more income tax in Scotland
23/24 vs 24/25				
Scotland	2 less income tax in 24/25	10 less income tax in 24/25	290 more income tax in 24/25	1,970 more income tax in 24/25

LOVE TO HELP – £10K FUNDRAISING GOAL ACHIEVED!

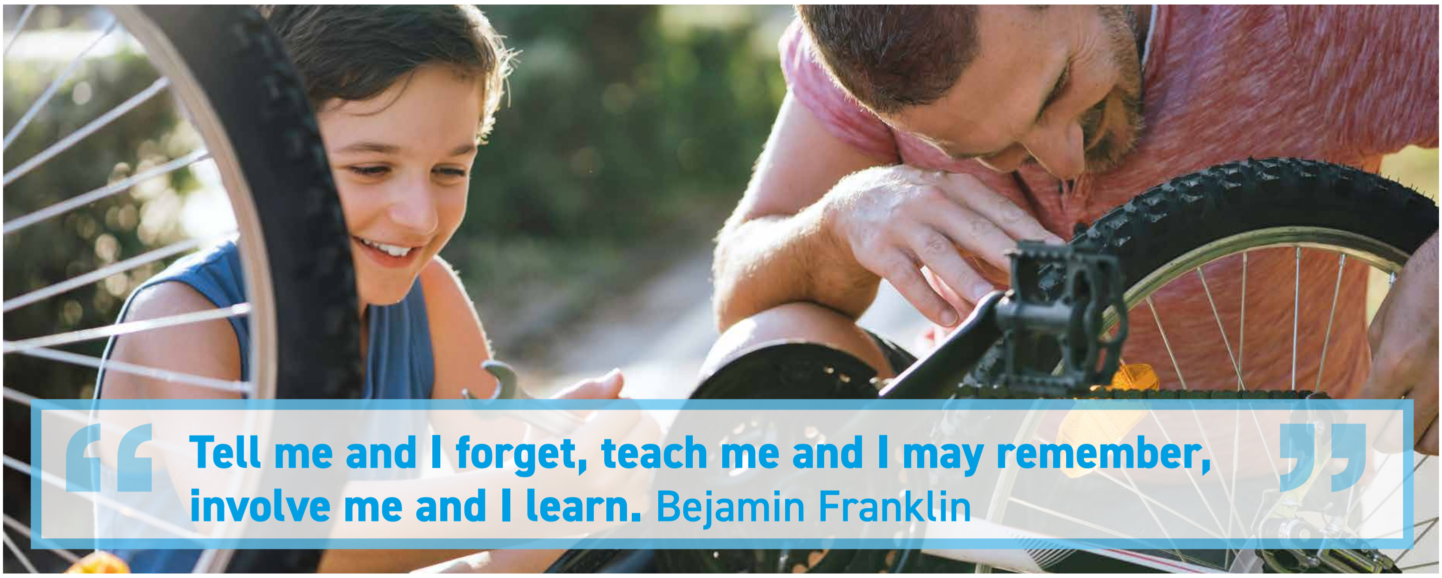
We were delighted to make a donation of just over £10,000 to Marie Curie, our '2023 Charity of the Year', following the successful culmination of a year-long fundraising campaign.

Marie Curie provides care and support for people living with any terminal illness, and their families. Last year they cared for over 40,000 people across the UK, including 3,200 visits to people in their own homes across Fife.

Our fundraising activities included a tenpin bowling event in May, a star jump challenge in July, a Halloween bake-off, a raffle at our farming client dinner in November and a 'Festive Fivers' competition among staff.

Cathy Scott, Chair of the Marie Curie Fundraising Group Dunfermline said, "A massive thank you to everyone for your incredible support. Your generosity has made a huge difference, and we couldn't be more grateful."


Cathy Scott with Andrew Croxford



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