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# David Smith

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## FINANCIAL SERVICES

### Newsletter

#### Inside this issue:

#### **An Interview with a will writing and estate planning expert**

Why do I need a will? Can I just write it myself? We sat down with Diana, an independent will writer and estate planner to understand the importance of having a will in place, as well as how estate planning can benefit our loved ones.

#### **A Brief History of the State Pension**

Charlotte runs us through the history of the State Pension, discussing the role the state plays in our retirement.

#### **Office News**

If you would like to book a meeting with Diana to discuss any of the services she offers please do not hesitate to contact us and we can set this up for you.

Alternatively, you can contact Diana directly:



07950 637530



[dsolito.willwriting@gmail.com](mailto:dsolito.willwriting@gmail.com)



*Staff Christmas Meal 2022*

## **An interview with a Will Writing and Estate Planning expert.**

We recently teamed up with an independent Will Writer and Estate Planner Diana. To whom we recommend to all our clients who have questions or queries regarding Wills and Estate Planning. We asked Diana a few questions to help us understand the importance of having a professionally written Will and proper Estate Planning.



#### **Diana Solito LLB(Hons) LLM MIPW**

After graduating with a 2:1 in Law I went on to complete the Legal Practice Course and Master's of Law and graduated in 2020 with a Merit.

Whilst studying Wills, Probate and Estate Planning my love for private client work grew. I wanted to be able to offer a more friendly, personal service so I decided to open my own business and take it in a direction that I

would be happy with.

I am a member of The Institute of Professional Will writers to ensure I have the necessary qualifications; that I continue with ongoing professional development; and keep up to date with changes in the law.

## **What services do you offer?**

### **Will Writing**

Wills are legally binding documents stating how you wish to distribute your estate upon death. This is also an opportunity to assess your estate, and inheritance liability and discuss ways to reduce tax liabilities. You can also exclude persons you do not wish to benefit on your death. However, Wills can only be written whilst you have capacity.

### **Trusts**

When set up within a Will, this is a legal arrangement where property or assets are looked after by Trustees for the benefit of the beneficiaries, but they never actually own the property. There are two main reasons for creating a Trust: asset protection and beneficiary protection.

### **Lasting Power of Attorney (LPA)**

A Lasting Power of Attorney allows you to give someone the power to deal with your personal affairs in the event of you losing mental capacity and/or physical capacity to make decisions or manage your affairs for yourself. However, they can only be created whilst you have capacity, so it is best to put these in place as soon as possible.

### **Document Storage**

The signed, original document is the only legally binding version of the Will - copies and computer records are not. Your Will must be kept safe, but you should never keep your valid Will at home as fire and flood damage can make the will invalid. I provide a document storage solution for a small annual fee.

### **Probate**

When someone dies, it may be necessary to apply for a Grant of Probate to release the assets or to sell property. Probate is not always required and depends on different factors like the size of the estate. To negate this, executors can appoint a professional like myself, to take over the administering of the estate.

### **Why should I seek professional advice?**

There is nothing stopping you from writing your own Will, however using a professional guarantees the correct outcome which can save money and time. If a Will is not drafted or executed correctly, this can cause it to be invalid. For your loved ones, this can be heart breaking as your final wishes are not carried out.

Even if your estate is small, it is still important to have a Will in place to ensure your assets, however little, go exactly where you want them to go.

### **Can my loved one not make the decisions for me if I lose capacity?**

If you were to lose mental capacity without an LPA in place, someone close to you would have to make an application to the Court of Protection for a Deputyship. This may be someone that you never would have chosen and that you do not completely trust. The process can take up to a year and can cost thousands of pounds and whilst the application is being processed, you will have no one to make decisions for you and your money will not be accessible.

### **What happens if I do not have a will?**

If you die without a valid Will in place, you will die intestate. This means that the law will govern how your assets are distributed. This may mean your estate goes to someone that you would not have wanted to benefit from your estate.

One common misconception is that spouses inherit everything as do common law spouses. In fact, the law does not recognise common law spouses and therefore, under the rules of intestacy, partners, even though they have been together for many years, do not inherit anything.

It is especially important to have a Will in place if you have children under the age of 18. Within your Will, you can appoint guardians for any minor children you leave behind. Without this appointment in place, any children under the age of 18 will end up a ward of the court if there are no surviving parents. This will lead to more upset to a family that is already grieving as it is not automatic that a child will go and live with a certain family member.

### **When should I start thinking about my Will and Estate?**

It's never too early to think about writing your Will and once you have a child or buy a property it is even more important. I would recommend, no matter your age that you write a Will, if there is not already one in place.

You can change your Will at any time. I advise making a new Will after important life events such as births, deaths, adoptions, marriages, divorces, buying of houses and moving countries.

As part of my service, I get in touch with my clients every 2 years to enquire if any changes have occurred since we last spoke and to establish whether their Will needs updating.

# A Brief History of the State Pension.

- By Charlotte Knight



As of April 2022, the new state pension offers £185.15 a week to those who qualify for the full amount.

Importantly, in 2022 we saw the state

pension rate increase by 3.1% in line with inflation to help with the cost-of-living crisis and it is expected to rise by 10.1% in April 2023. But the state pension as we know it today is a fairly new concept, reflecting huge, historical societal changes.

Before the State made any form of intervention, WH Smith pioneered one of the first private Pensions schemes in 1894 (*Thane, 2000*). Historically, it was much more common for people to stay with the same employer their whole working lives, with fathers and sons often working within the same firm creating 'paternalistic companies'. This created expectation that in thanks for a lifetime of dedication, employers are indebted to support their retirement (*Rhodes, 2021*).

The Bournville Village Trust, founded in 1900 by George Cadbury provided over 300 homes for key workers to improve working conditions and in 1905 Cadburys established their own pension scheme (*Rhodes, 2021*). However, generally in the early 20<sup>th</sup> century employers contributed little to their workers retirements – with some only helping with funeral costs. This meant, even with life expectancy very low those who did reach retirement age had to work up until death, depend on their families or face the Victorian workhouses.

## **The First State Pension**

The Old-Age Pensions Act 1908 was the first notion of a State Pension in the UK, but was only available to men over 70 and married couples. Regardless, the impact of this act was massive, as it began to shape Liberal Policy and introduced the state's role in caring for the vulnerable and elderly.

Changes came as the elderly could no longer be reliant on their families, as the economy depended on the mobility of its workers making the smaller nuclear family more popular. This meant, another mode of support was needed for the elderly as there was an increasing concern over income in old age. The changes within the institution of the family meant people became dependent on the state.

Even with the introduction of the new law however, the state was strict as to who was eligible for the state pension. This Pension was means tested – as it only intended to protect the poorest members of society, only being payable to men over 70 who had a 'good character'. This meant, those working below their ability or psychiatric patients were not seen to have good character and so were denied. Further, this act was introduced at a time where poverty was a criminal offence (*Vagabonds and Beggars Act 1494*), massively restricting who qualified for payments, perhaps reflecting the House of Lords disapproval of State support for the poor and elderly.

## **The New State Pension**

After the Second World War, the modern state pension was introduced on a contributory basis with men aged 65 and women aged 60 being eligible (*National Insurance Act 1946*). Poverty being seen as a quasi-criminal offence was abolished under the *National Assistance Act 1948*, and women being eligible independently from men showed an important shift in social attitudes.

A state pension was made possible by National Insurance compulsory payments by both employers and employees per the *National Insurance Act 1911*. These payments were then redistributed to provide state benefits to those who are sick, unemployed, or retired. The UK's introduction of National Insurance followed the example of German Chancellor Otto von Bismarck. This originally created a form of contributory insurance against sickness and illness for waged workers only.

In 1978, the State Earnings Related Pension Scheme was introduced, allowing individuals to top up their state pension through a Government Pension scheme. This changed to S2P in 2002, creating a two tiered state pension. Everyone was entitled to the basic rate, with some having an added additional rate from these contributions. In 1992 the existing framework was introduced via *The Social Security Contributions and Benefits Act 1992*, but the State pension continues to be an ever-changing thing. The New State Pension was introduced in 2016, creating a single tier Pension, removing additional rates. To qualify there must be at least 10 years of National Insurance contributions, with 35 years needed to get the full amount.

The State now takes a much bigger role in supporting the retired population compared to the 1900s. We can see the State making conscious decisions, such as the introduction of the Triple Lock in 2011. This means the State Pension increases by the higher of inflation, average earnings or 2.5%. Although costly, this ensures spending power does not decline over your retirement as prices increase.

In conclusion, we can now see the state taking some responsibility in supporting the elderly, reflecting wider social movements, as well as a greater appreciation for those who have contributed to the UK's workforce for the duration of their lives.

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## **Office News**



In October last year we welcomed Becky into the team. She qualified as a legal secretary in 2018 and has a great deal of customer service and administration experience. She works closely with James Smith, Kerry Draper, and Chris Maycock.

She is the mum of two cheeky boys and enjoys days out making memories, as time with her family is very important to her. She also loves running, singing and horse riding.

In December, Ollie passed two more exams which included gaining a distinction in his trust exam. As a result of passing these two exams he has now completed his Advanced Diploma in Financial Planning and will become a Chartered Financial Planner after he has completed 5 years in the industry, in just over a years' time.



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## **Services we offer at David Smith Financial Services**

### **Pension and Retirement Planning**

It is vital you enjoy life but also set aside sufficient money now to support you in retirement. We can help you by looking at your current situation before creating a financial plan. Our advisers have a wealth of experience and will continue to review your circumstances on a regular basis to ensure your plan works best for you.

### **Investment advice**

You may be looking to build up your wealth, make your money work harder, or generate an income to support you in retirement. This can involve investing a lump sum or saving on a regular basis. As independent financial advisers, we can advise on a wide range of investment products to suit your needs. This includes ISAs, General Investment Accounts, Investment Bonds, Structured Products, EISs and VCTs.

### **Inheritance Tax Planning**

As we grow older, we start to consider the need to provide for our family after we are no longer around. We can discuss whether you have an inheritance tax problem and ways to alleviate this issue. Solutions could include passing down your wealth to your family, tax efficiency using trusts or investing in products that are free from Inheritance Tax.

### **Equity Release via Lifetime Mortgage**

Equity release allows you to free up the tax-free money from your family home, without having to sell. Our equity release specialist Kerry will guide you through the whole process from start to finish to ensure this is the best option for you.

### **Protection**

We offer advice around Life Cover, that provides a tax-free lump sum to those financially dependent on you if you were to die prematurely and business protection to prevent the death of a key employee causing significant disruption within a business. We can also advice on Critical Illness and Income replacement cover.



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