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Women and young hurt most by business shutdown

The lockdown in response to the Covid-19 pandemic has effectively shut down a number of sectors. Restaurants, shops and leisure facilities have been ordered to close, air travel has halted, and public transport has been greatly reduced. Analysis shows:

- The lockdown will hit young workers the hardest. Employees aged under 25 were about two and a half times as likely to work in a sector that is now shut down as other employees. On the eve of the crisis sectors that are shut down as a result of social distancing measures employed nearly a third (30%) of all employees under the age of 25 (25% of young men and 36% of young women). This compares to just one in eight (13%) of workers aged 25 and over. (These figures all exclude full-time students with part-time jobs).
- Low earners are seven times as likely as high earners to have worked in a sector that is now shut down. Fully one third of employees in the bottom tenth of the earnings distribution work in shut down sectors versus just 5% of those in the top 10%.
- Women were about one third more likely to work in a sector that is now shut down than men: one in six (17% of) female employees were in such sectors, compared to one in seven (13% of) male employees.

Investor / Saver

Stock opportunities

This year’s stock market crash has been brutal, but now isn’t the time to panic, believe experts. A share price crash isn’t a rare one-off moment, but something that has happened in the past. It is also potentially a good opportunity to consider investing while prices are lower in a Stocks and Shares ISA for tax free returns. Today’s crash may feel like the end of the world at the time, but share prices will eventually recover. They always have in the past. If you invest, you could potentially reap rewards if the stock market recovers. If you look to invest over 10 years, even if share prices crash further in the short term, you should still potentially see profit over the longer term. Hopefully by 2030, the coronavirus stock market crash will be a blip, and you’ll be richer as a result of actions you took now’.

All

New tax year changes

Traditionally, the beginning of a new tax year brings changes to taxes, benefits and the cost of some essentials – and despite the extraordinary conditions we are currently living in, this year is no different. From 6 April we will see changes to junior Isas, national insurance and inheritance tax (IHT), among many adjustments that will affect the pounds in your pocket. There were also a number of price changes that came into effect on Wednesday 1 April, dubbed by some as "national price hike day". Here's what is changing:

- **The threshold for national insurance contributions** is increasing from £8,632 to £9,500 from 6 April. The new threshold means the average full-time worker will see their tax bill cut by £104 a year and the typical self-employed worker by £78.
- **Junior Isas** – allowance doubled. There was good news for parents in the budget – the maximum amount they can save in a junior Isa for their child is increasing from £4,368 to £9,000 a year from 6 April. As with all types of Isa, there is no tax to pay on interest or capital gains on growth.
- **State pension** – up 3.9%. The state pension will go up by 3.9% in April, the biggest rise since 2012. This means those receiving the new state pension (who reached pension age after 6 April 2016) will see an increase of £6.60 a week to £175.20. Those claiming the old state pension will see their basic payment increase by £5.05 a week to £134.25.
- **High earners can save even more** in their pensions from 6 April as the lifetime allowance (the maximum you can save into a pension before high tax charges apply) will rise from £1,055,000 to £1,073,000.
- **Inheritance tax** – homes up to £1m can avoid tax. The nil-rate IHT band for anyone passing the family home to their direct descendants increases to £500,000 from 6 April. The family home allowance has increased each year since its introduction in 2017. In the 2020-21 tax year the final increase will be up to £175,000. Combined with the standard threshold of £325,000, it means many families will not pay IHT on estates worth less than £500,000, while couples will be able to leave estates worth up to £1m before IHT kicks in.
- **Buy-to-let.** Mortgage tax relief for buy-to-let landlords has been gradually phased out since 2017. The new tax year marks the final phase of its removal – this will affect higher and additional rate tax payers. Landlords can no longer deduct mortgage expenses from their rental income to reduce the tax they pay. Instead, they will receive a tax-credit, based on 20% of their mortgage interest payments. Landlords selling up will also be affected by new capital gains tax (CGT) rules, which come into effect in April.

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Coronavirus – know your rights

The coronavirus crisis has shut down many workplaces in the UK and forced the government to make major changes to the benefits system to support those who are unable to work. The self-employed and employees who have lost work are covered, as are people who are unable to work because they have the virus. Depending on which category you are in, here are your rights as things stand currently.

I'm an employee and I've been sent home

Some employers have told workers they will pay them as usual, at least for the next few weeks. If you are in that position and you do not usually receive any benefits then you will not need to make a claim. Other employers are not in a position to meet the costs themselves. It is their workers who will be covered by the government's pledge to cover 80% of wages. This will be claimed by the employers and distributed to staff, so you will not need to do anything yourself. It will be up to employers to decide whether to make up the difference.

I've been off work because I had to self-isolate

You should be eligible for sick pay. If you are an employee, your employer may have a scheme that is more generous than that offered by the government. If it does, it should pay you that. Otherwise you will be entitled to statutory sick pay. The payment is worth £94.25 a week and is paid for up to 28 weeks. The rules have also been changed so that statutory sick pay can be claimed from day one rather than day four as previously.

I'm self-employed and have lost all of my work

The government has said it will pay up to 80% of earnings for self-employed people who usually make trading profits of £50,000 or less. The payment is worth up to £2,500 a month and based on your average self-employed income over the past three years. It is taxable and will be paid for at least three months. You cannot apply if you started your business after April 2019, and you need to have a tax return for the 2018-19 tax year to apply. If you have not completed that tax return, which was due on 31 January 2020, you have been given four weeks from 26 March to do so. You will need to apply to HMRC for the self-employed income support scheme and it will pay the money into your bank account in a single lump sum. It will not be available until the beginning of June, but you can claim universal credit in the meantime.

Sunak has also said he will delay the date at which self-assessment tax payments are due. If you were due to pay a second instalment by 31 July, you will not have to do so until January 2021.

Investor / Saver

ESG funds out-perform market

The relative outperformance of ESG funds since the start of the coronavirus sell-off is almost entirely down to low exposure to energy companies. The past decade has seen the explosion in popularity of ESG (environmental, social and governance) funds. Many arguments have been made as to why investors should consider them, from the moral to the performance based. One persistent argument, however, has been that such funds will hold up better during a market sell-off. This thesis has been tested somewhat. For example, during the first week of February 2018, most major indices fell by over 10%. Yet during that week, ESG investments appeared to shine, or at least dimmed less than their peers. The general reason for this is fairly straightforward: companies that score high on ESG metrics have better governance. Better-governed companies are often those deemed to be higher quality. In times of steep market declines, there is a "flight to quality". Has the same thing happened this time? Comparing funds is slightly harder. It is now common for many funds to claim to have an ESG philosophy built into their stock-picking process. However, as data provided by Willis Owen shows, from the start of the year to 22 March, many funds with an explicit ESG or sustainability focus have been able to produce better results than their sector average and benchmark in both the UK All Companies and Global sector.

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Retail footfall plunges

Footfall in high streets and shopping destinations jumped last weekend as warmer weather brought more people out of their homes, according to new data. Figures from retail experts Springboard showed that footfall rose 9.5% on Saturday April 4 and 21.3% on Sunday April 5, against the same weekend a week earlier. It reported a particular spike in footfall in central London, where footfall jumped 51.4% on Sunday. Other large cities and coastal towns also saw a jump in footfall over the weekend, with coastal locations reporting a 29.6% rise in footfall on Sunday. Nevertheless, the figures reflected a significant decline against the same weekend last year, due to the government's social distancing instructions. Springboard said the data is taken from markers by high streets, retail parks and shopping centres. It said the figures do not show what people were doing on their excursions and simply record the number of people walking through these areas. Footfall for last week – the week starting March 29 – dived 81.4% against the same period last year, while it was also 31.6% lower than the previous week.

Investor / Saver

Don't write off investment trusts just yet

The gap between the best and worst performing investments trusts in the first three month of the year is wide, as managers grapple with the impact of the coronavirus. By and large, the most resilient trusts in March proved to be the better performers in the first quarter of the year as a whole, and the worst performers in the month are also among the weakest year to date. Some of the most highly rated investment trusts are among the best performers – with trusts rated Gold, Silver and Bronze making it into the top 10. Just two trusts in the produced a positive return in March - no mean feat at a time when the FTSE All Share fell 26% and the S&P500 20%. There is little commonality between the top-performing trusts. With the world still trying to understand the full impact of Coronavirus, commentators believe it is likely that markets will remain volatile in the coming quarter and a wide dispersion of returns for Q2 highly likely.

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