

Newsletter

June 2021



"I'm on vacation, put it under accounts wait-able until I get back."

Welcome to the June newsletter from a man who is now fully Pfizer vaccinated, and booked for Portugal in September. The economy for the bulk of our clients continues to flourish and prosper, and I think the Government deserve a lot of credit for the continued supports that are available.

Auto pension enrolment

The introduction of automatic enrolment in Ireland will be delayed until at least 2023. The scheme's purpose is for workers to supplement their state pension as a shocking 40% of private sectors workers rely solely on the state pension to fund their retirement. This will mean by law, that employers will have to enrol their employees in a workplace pension scheme. Auto enrolment was supposed to be introduced at the beginning of 2021. It's now looking like it will be rolled out in 2023, but it could be extended yet again as the full details for auto enrolment are still being ironed out by the government.



Time to have a medical check-up? Joining a sports club?



Many of us ignore our most important asset - our health. Remember an employer can pay for the full cost of a full medical check and there is no limit on the cost of it.

Also, check your health insurance policy - many of them will cover 50% of the cost, or up to a limit of, say €100.

Another feature in the small print of many health insurance policies is that they will pay 50% of the annual membership of a sports club - gym, tennis, soccer, hockey, etc. Check out your policy - you can still claim for 2020's up to the end of June, and claim again now under 2021's policy.

EWSS extended but amended

The EWSS continues to be a requirement for many, with 43% of small businesses still availing of the scheme. On the 1st June it was announced that the scheme would be extended until 31 December 2021 with a modification to widen eligibility. The enhanced rates of support and the reduced rate of Employers' PRSI will remain in place until at least September. In order to qualify, you must meet the following criteria:

- Meet the reduction in turnover or orders test (essentially 30% down on the comparable 6 month period in 2019)
- You must hold a valid Tax Clearance Certificate
- Continue to maintain Tax Clearance Certificate for the duration of the scheme.
- If you wish to confirm if you are eligible or not please call your contact in our office.



Coronavirus
COVID-19

Employing children during the summer months/breaks from college



Many clients have children who have finished or will shortly finish college until next September. If you have a need, and your company employs these children, frequently they have the opportunity to earn up to €16,500 tax free in employment. Contact us to discuss the details of this if you have a job that they could fulfil in your organization.

Return to work in the office

Recently, a client, Adare Human Resources Management held a seminar on issues arising from the imminent return of employees to work from the office. They carried out a poll in relation to employee's preference of where to work from and the following was the result:

- 1% work fully remote
- 16% fully office based
- 83% want a hybrid system, offering a number of days working from home, and the balance office based.



Changes to self-administered pension rules

The Pensions Regulator recently introduced amendments to rules in relation to SAP's. Essentially, a fund is now limited to holding no more than 50% of its assets in unregulated investments, and property is considered an

unregulated investment. It also removed the facility of borrowing within the fund. If this is an issue for you, there is a solution, via transferring your fund to a PRSA. Please contact your Financial Advisor to discuss this.

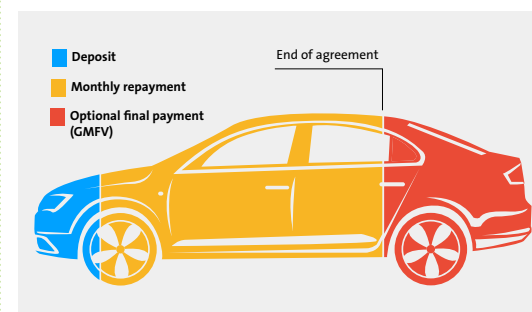


Personal finance corner

PCP V's HP or term loan on cars or other equipment

Our clients are constantly changing cars – be they company or personally owned. Choosing the method of finance can be critical, as choosing the wrong one can often add €'000's to the overall price of the asset.

Personal Contract Plans (PCPs) are often seen as a convenient way to pay for a car. Buyers enjoy low monthly payments and can generally get their car & finance at the same place. However, PCP is more complex. There are three main parts to the agreement. Firstly, there is a deposit of 10% to 30%. Secondly, there are affordable repayments, generally over 36 months. Finally, there is a lump sum payment to own the car at the end of the agreement. It's called the Guaranteed Future Minimum Value (GMFV) and while it can help you get affordable repayments, it can be a big financial stress to find it causing many to get a loan to fix up the GMFV.



A traditional car loan can be more flexible but the monthly payment can be higher. There is no GMFV enabling suppressed repayments but at the same time you're reducing financial stress down the line. Many unsecured loans don't have an early repayment penalty. If you want to pay more down during the loan period you can reduce the loan balance and therefore the interest that would have been accruing. With PCP there are fixed payments and term and conditions that dissuade you from doing so, keeping many on the PCP train for the long haul.

All in all, it can be difficult to compare deals on your own and your financial adviser will be well-placed to guide you. In simple gross cost terms, PCP is the more expensive, so do contact us if this is an issue for you.