

# CHANCERY MANAGEMENT NEWS UPDATE

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## Happy New Year

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### On This Day In 1772

The first travellers' cheques were issued in London by Thomas Cook. Never leave home without them.

### The Rapid Decline Of Cheque Payments

Many major supermarkets have, in common with other retailers, ceased to accept payment by cheque over the last 18 months. Due to the increase in credit cards, debit cards and online electronic banking facilities, cheques are no longer fashionable.

The increase of immigrant workers has significantly added substantial numbers of employees who do not have bank accounts in the UK and therefore they cannot receive electronic payment through BACS or other types of electronic transfer of salary/wages into a bank account.

In such cases some employers issue cheques to their employees that can be cashed by specialist shops that cash cheques although this can be expensive and take time for the employee to receive the cash.

Some supermarkets cash cheques and then provide a debit card for the value of the cheque less an administration fee.

However, there is a new viable alternative. Employees can purchase a prepaid debit card.

A branded prepaid debit card endorsed by Visa or Mastercard is the solution. Wages/Salaries can be paid directly to the employees account each week/month by the employer, using BACS or other payment systems,

Cardholders can then have access to the 1 million plus cash machines worldwide to withdraw cash, use their card at retail shops worldwide, online or where they see the Visa / Mastercard sign, just like credit card holders do.

Pre-paid debit card holders can only spend the amount they have deposited on their card and therefore can't overdraw on their account. There are considerable savings for large employers and those who have to make regular payments to large numbers of individuals. No credit checks are required for individuals to be allocated a prepaid debit card, but they should have some form of ID.

There are several providers of prepaid debit cards and in common with all products charges vary considerably. The ten main cards, terms and conditions and charges can be found at [www.money.co.uk/prepaid-cards.htm](http://www.money.co.uk/prepaid-cards.htm)

## Caring For The Elderly

- There are more people in the UK over the age of 65 than those under the age of 16.
- The cost of care for the elderly is estimated to reach £24bn over the next twenty years.
- It is also estimated one in four people in the UK will be over the age of 65 by 2051.
- According to statistics there are currently 2.7 million people in work that also combine caring for an elderly parent.
- According to the statistics available, the age group of carers is between 40 and 70 years and equates to 57% of the workforce.
- More than one in five people aged between 50 - 59 years currently provide some unpaid care.

Due to changes in lifestyle and advances in healthcare there are more people over the age of 65 in the UK than there are under the age of 16. In 1995 there were less than 9 million people in the UK aged over 65. By 2030 it is estimated that this will increase to 13 million and by 2051 one in four people will be aged over 65.

Therefore, there will be a massive increase in the number of children albeit many of adult age, balancing the time they spend at work, caring for parents and or other loved ones and the time they have left for leisure purposes. For many workers this is already a reality as it is estimated that there are currently 2.7 million people combining work with caring for an elderly parent, equating to 57% of the current UK workforce.

Whilst some employers will go out of their way to allow enough flexibility to enable employees to have sufficient time to care for their parent(s) or other loved ones, this is still the exception. Most employers only provide the minimum support necessary to comply with employment law, which only allows carers the right to ask their employer to allow them to work flexibly and the right to a reasonable amount of time off in emergencies, if they have worked for their employer for at least one year.

This is usually not enough for many carers and a considerable number of them are forced to retire early to enable them to look after elderly parent or relatives.

The drain on employers and the economy is extremely large. The probability is that this will cause a skills shortage because the age group of workers providing care is likely to be those aged between 40 and 50 and are therefore the experienced and skilled employees most needed by their employers. This together with the problems employers are experiencing with the credit crunch makes success and profitability even harder to achieve.

In addition there is the cost incurred which is forecast to reach £24 billion within the next twenty years.

According to statistics most responsible employers would like to help their staff balance their work and their caring requirements allowing them the time required to look after their parents or other relatives, but they are likely to require some support from the Government.

The consensus of opinion from those involved at looking at how support could be achieved, believe that some sort of healthcare vouchers could be provided and/or some tax breaks could be given to carers.

With employees finding that they need to work until later in life because many now find that they cannot afford to retire, employers and the Government need to find ways to assist their ageing workforce if the problems of care, cost and the skills shortage are to successfully resolved.

## The High Cost Of State Pension Complexity

It is estimated that pensioners and people on low income are losing about £1 billion per annum

because state benefits are too complex for applicants and civil servants to understand. These statistics from the Department of Work and Pensions (DWP) are not about low demand because of people not bothering to claim neither is it about the money being saved by wrongful refusal to pay out claims that are in fact legitimate.

It is about the amount lost by people who successfully claim money, but are paid too much or too little in error. Just over half the money in the sum of £600 million was lost due to mistakes made by applicants. The rest in the sum of £400 million was underpaid by officials who are also baffled by the complex rules. Indeed when civil servants were administering key benefits for older people, they made several more mistakes than their customers, the claimants.

Official error caused underpayments in aggregate to retirement pensions in the sum of £150 million. The customers being the claimants made no mistakes because all they are required to know is their age.

Officials also underpaid £90 million of pension credit. This sum in aggregate was three times the amount lost by errors made by claimants.

Tremendous savings could be made by scrapping the complexities of the state pension and pension credit and replacing both of these elements with a fixed flat rate pension for every pensioner over the age of 65 without any means test.

That should also eliminate the other problem of low claims due to the complexity of the claims process which denies more than two million pensioners up to £5 billion each year.

## State Pension Lump Sums

In the November News Update we erroneously stated: *If you die before you claim your pension no one else can take the lump sum.* This is not the case. If a pension has been deferred for more than a year then a spouse or civil partner may be able to inherit the lump sum you would have been entitled to at the date of death on your basic state pension, half the lump sum due on your graduated retirement benefit or state second pension and between half and all the lump sum due on your SERPS. To claim the lump sum when you die your spouse must be over pension age. A widow and from April 2010 a widower or civil partner who was under state pension age at the time of death can get the lump sum when they reach pension age and claim a state pension themselves.

## Increased Bills In January 2009

January is normally the time of year when the first winter fuel bills arrive through the post and this year they are expected to be extremely high due to all the fuel price increases that have occurred.

UK fuel prices are the highest in Europe according to the Organisation for Economic Co-operation and Development (OECD).

In the twelve months from October 2007 to September 2008 the cost of heating and lighting our homes rose by approximately 30% whilst the increases in Europe on average was about half at 15% and our nearest European neighbours in France and Ireland the increase was limited to about 14%. In Portugal the rise was even lower at 8% and in the Slovak republic it was just under 5%.

According to the Energy Retail Association (ERA), representing gas and electricity retailers, our prices were very low when we were surrounded by oil and gas at sea. The increases reflect the fact that we need to start paying world prices, which have also risen strongly over recent years. The energy regulator, Ofgem partly supports the increases as our gas bills are still the cheapest in Europe and our electricity are about average for Europe.

However, that is no comfort for people, especially the poor, who will no doubt be facing an increase of about a third compared with their previous bills.

There is strong opinion from the experts that the prices will decline in 2009. A cut of about 10% can be expected for gas and electricity is expected to reduce by about 5%.

## Additional Money For Pensioners

Everyone who gets a state pension will receive an additional £60 as a supplement to the normal £10 bonus. The money is tax free and should be paid automatically. It will not affect means tested benefits such as pension credit and council tax benefit.

Other beneficiaries due to receive the £60 bonus are widows, widowers, war pensioners, people on attendance allowances, those receiving disability living allowance, long term incapacity benefit, those receiving the new employment and support allowance and people who receive carers allowance. The qualifying date is Monday 22 December 2008 and the money should be paid in January 2009. The cost of this package will cost the taxpayer £900 million.

### Quotations of the Month

Cheers to A New Year and another chance to get things right.

If you think nobody cares about you, try missing a couple of mortgage payments.

There are more overweight people in this country than average - weight people. So overweight people are now average. This means you have already met your New Year's resolution.

Optimists stay up to see the New Year in. Pessimists however wait to make sure the old one leaves.

The waist is a terrible thing to mind. The mind is a terrible thing to waste.

Good health is merely the slowest possible rate at which one can die.

I don't have the solution but I do admire the problem.

Advertising may be described as the science of arresting human intelligence long enough to get money from it.

Source: The CML collection

### Statistics of the Month

According to the Office of National Statistics (ONS,) the under 18 Teenage pregnancies rose by at least 2.7% last year. Up to 42 in every 1,000 girls became pregnant in the twelve months to September 2007 compared to 40.9 in 2006. The last three months of the year to December, traditionally bring the highest pregnancy rates, meaning the final figure will show an even higher jump. Last year's increase means around 43,000 girls under 18 in England and Wales became pregnant, only 1,000 fewer than in 1998 and at least 1,200 more than from 2006. The figures mean Britain will cement its position as the country with the highest teenage pregnancy levels in Europe. The Teenage Pregnancy Strategy (TPS), launched in 1999, set an ultimate target of reducing the teenage pregnancy rate, the number of girls out of every thousand who become pregnant before they are 18 by half by 2010. A reduction of 15% on rates from the base year, 1988 was supposed to be achieved by 2004, a target that was missed. The Department for Children, Schools and families (DCSF) which supervises the TPS said: On the basis of the first three quarters of 2007, it seems likely that the 2007 under 18 conception rate will be slightly higher than in 2006. The spokeswoman added that 2006 saw the lowest number of teenage pregnancies in 20 years. They claim that they know what works in reducing teenage pregnancy rates and have issued guidance on what is working in areas that are falling fastest. Jill Kirby, from the think tank Centre for Policy Studies (CPS) said it is very worrying given teenage pregnancy rates are already ahead of those in the rest of Europe, that the slight decline has now gone into reverse. We need a new policy of parental consultation, limited access to contraceptives and a climate in which sexual activity among teenagers is discouraged rather than encouraged. Last week the Department of Health announced trials of a scheme to allow women to get the contraceptive pill at all chemists without the need for a GP prescription. Source: Daily Telegraph.

In quarter 3 2008 data shows that the prices paid for all electric and gas have risen by 23.6% in real terms between quarter 3 2007 and quarter 3 2008. Source: BERRY.

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