SUR IN ENGLISH APRIL 2021

FINANCE
& INVESTMENT

No crisis for investment

The impact of the Covid-19 pandemic on the financial sector has not been as severe as feared and there is optimism for the future **P2&3**

Advisers have maintained online contact with their clients during lockdowns. SUR

A crisis for health, but not for investment

Fears. The pandemic has affected every area of our lives, but despite initial concerns and volatile markets, the impact on the financial sector has not been as severe as feared and there is even some optimism about what is to come

D. BARTLETT

It would be so nice to report on something which has not been affected by the coronavirus pandemic, but unfortunately Covid-19 has touched every area of our lives and investment is no exception.

That is not to say that it is all bad news - in fact some experts are very positive about a speedy recovery and investment opportunities in the short-term - but at present, with economies affected all round the world, many people are still feeling concerned and uncertain.

One thing which has become very clear is the importance of taking reliable professional advice, rather than trying to go it alone. From this aspect, investment advisers say the lockdowns have not affected their relationships with their clients. This is an industry which is used to technology, and where investors are used to picking up a phone or communicating by email, so not a great deal changed in that respect, and meetings by Zoom, Skype and Gomeeting managed to fill the gap. Now many offices are open again and clients are able to visit their adviser for scheduled meetings.

However, it was inevitable that the volatility in the early days of the pandemic would cause a certain amount of concern or even panic among some investors.

Tim Govaerts of Blacktower Financial Management said his company knew it was vital to keep clients updated and reassured at that time.

"During the pandemic our advice did not change and we mainly told our clients to stay put and not make any hasty decisions. News headlines often showed high volatility and steep drops in global stock markets last year, because of which some clients indeed panicked, but it is then that we offered reassurance of the quality of their funds and that the diversification within their policies smoothens this volatility. In the end this has proven very successful as 2020 turned out to be a very good year for investors with the MSCI World Index (the most common used benchmark for global equities) returning 16.50%. It shows that you cannot predict or 'time' markets, because what happens in the world and how markets react to that can be very different," he says.

> The importance of reliable professional advice has been highlighted during the pandemic, as some investors panicked at the prospect of how their investments would be affected

"There were strong winners and losers, and probably the divergence between those two has rarely been wider. The losers were the obvious ones such as transport and tourism related companies etc. The winners that have driven growth in the markets last year were mainly growth companies in the technology sector".

A source at Blevins Franks agreed about the problems of trying to predict the market.

"Markets will move around over shorter time periods - often quite dramatically as we saw at times in the last 12 months or so - but if the portfolio is diversified and fits the client's risk characteristics and suits their needs, then the maxim 'time in the market' rather than trying to 'time the market' is so important to bear in mind," he told us.

"Concerns for clients remain focused on preserving the wealth they have built up during their lifetime, how to ensure that wealth lasts and makes a positive impact on the next generation in their family, how to pass that wealth on, what to do if they decide at some point to return to the UK, and how to legitimately limit the tax they need to pay here in Spain and in the UK. Each client's situation is different but those are the things we focus on in our meetings and ongoing review process with clients. Getting the bigger picture right (and reviewing it with the client each year or so) allows the different elements and building blocks to fit together well for the particular client and their family. The pandemic has not changed those fundamental needs," added the representative of Blevins Franks.

Opportunities

No experts have the ability to predict the future in terms of investments and markets, so it is no surprise that opinions differ about how quickly economies will bounce back from the coronavirus pandemic.

Some believe it will be quicker than expected, because people who have saved money during the pandemic will be keen to spend it. As Blevins Franks says, "We do know that there is clearly a large amount of consumer savings potentially available to spend as conditions improve and that will help some sectors of the economy (and so may positively impact markets)."

However, they are aware that caution is needed. This pandemic will be with us for quite a while to come, in which case markets could be affected by new bouts of economic and social restrictions.

There is general agreement that the pandemic has created some unexpected investment opportunities. These arose as a result of technological, social and medical changes which have taken place, as well as the massive increase in online shopping. There has also been a major advance in the use of digital technology, which has spread into different environments much faster than it would otherwise have been expected to.

The lockdowns and their notable impact on the environment have also led to increased interest in investments focusing on climate change and the so-called green energy.

This came as no surprise to Tim Govaerts of Blacktower Financial Management: "I do believe that as a result of the pandemic there has been a shift in investment advice with a much stronger focus on the so-called ESG (Environmental, Social and corporate Government) principles. Think of companies with a small carbon footprint, less plastic waste, shorter supply chains, renewable energy etc. With the fact that we have been forced to push the 'pause button', many people and consequently companies have had time to self-reflect on how we are misusing our planet. These funds years ago often lagged performance to other funds, but we find now that the contrary is true and these funds were last year among the strongest performers," he says.

With so many factors to take into account it is evident that investment is a highly complex and specialist field. Investment is about people's money and, in many cases, their futures, and that is why objective, competent, professional advice from trustworthy advisers is so often recommended. Nevertheless, careful research is always needed: check the company's credentials and reputation and individual advisers' qualifications and experience, and never be rushed into taking decisions. Remember: a good adviser will want what is best for you, not the best way for them to make money.

Investment is a complex and specialised field. **SUR**

And then there was Brexit, too

Of course, there has not only been the pandemic to contend with: on 31 December 2020 the Brexit transition period came to an end and this has had certain consequences for UK citizens living abroad. Has it had much impact so far in terms of investments and tax?

Blevins Franks says that taxation (one of the biggest threats to people's personal wealth) has not been affected as Spanish taxation and UK taxation are independent of the EU. However, "it is likely the tax demands that governments put on us will have to rise to fund the cost of the pandemic, so careful planning will become even more important for the future".

Tim Govaerts says people need to take off their UK glasses and look through their Spanish glasses at their assets to see how they are treated and taxed in Spain. "This has now become even more important post-Brexit, since Brits that live here but were still using their UK advisers are often in a situation where their UK adviser is not allowed to advise them anymore for several reasons," he warns.

BFA

DEFINING THE FUTURE FROM OUR PAST

MÁLAGA

BFA have been at the forefront of Gibraltar's property scene for more than 3 decades. During our corporate lifetime, we have experienced vast changes in Gibraltar's political and socio-economic landscape, diversifying from a dwindling Defence based economy to a dynamic business model, based on financial services, tourism, retail trade and port related activities.

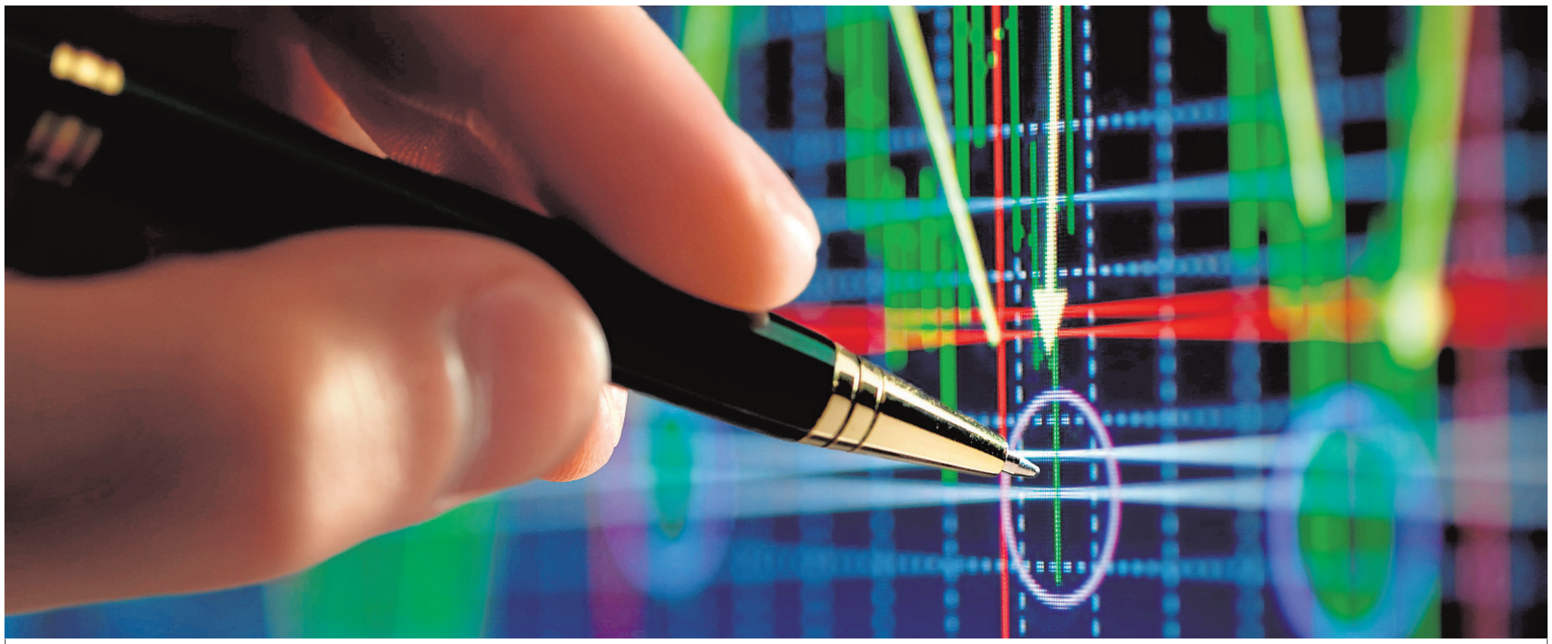
Against this background, we meet the two new challenges facing the property profession both locally and worldwide, namely "Brexit" and "Covid-19" and whilst we had some 4 years to prepare for the former, the latter arrived with little warning impacting on the way we live and carry out business both locally and internationally.

Gibraltar has proved its worth in adapting to change throughout its history and there will be a clear need to maintain its capacity for adaptability in order to respond to the obvious changes in working and living habits, which has accelerated social and economic changes in our daily lives.

Gibraltar is a small territory in comparison to other countries where the trend to 'work from home' is a hot topic. "In Gib there will always be a need for office accommodation, small or large". "It simply comes down to suitability and price".

As the pendulum swings between the transition period (Brexit) and returning to normality after the pandemic is under control, prices will have to equalize to cater for a new demand. An important factor to consider is the 'human' element behind every transaction in property. The driving force and confidence in the market is key to ensure sustainable and long-term success for all stakeholders.

Looking forward, the next 6 months will be crucial in analysing the likely effects on the local property market arising from the discussions to be held under the Framework Agreement, and as in the past, "uncertainty" has never dampened our desire to "embrace change and innovation".



How to speak investment - if it seems like a foreign language

Explanation. The words roll off the tongue of financial experts and those in the know, but if you are someone whose eyes glaze over at the terminology they use, we're here to help

D. BARTLETT

Don't know your bears from your bulls or your hedge funds from your QROPS? Don't worry, you're not alone in feeling bemused by investment terminology. We have drawn up a basic list to help shed some light on what, to many, is a rather confusing language.

AER

This stands for Annual Equivalent Rate, and is a re-calculation of the rate of interest on a loan or other debt product to give the figure as it would be if it were calculated annually.

Absolute return

The gain or loss on an investment expressed as a percentage of invested capital. You will often see the term used in relation to investment techniques such as short selling, futures, options, derivatives, arbitrage and leverage.

Altcoin

Any cryptocurrency that is not Bitcoin.

Annuity

An annuity is an insurance contract that exchanges present contributions for future income payments. Annuities are often used as retirement tools to provide a predictable stream of income in later years.

Bear market

A general decline in stock market prices over time. A bear market is a pessimistic one. A bear is an investor who looks to profit from a downturn in the market or the price of a particular share. Feeling bearish means being pessimistic that the market will fall. A bear raid refers to a concerted attempt to force down the price of a stock in order to cover a short position.

Bull market

This is the opposite to a bear market and is associated with optimism. It is a market with a general upward trend over time. Feeling bullish means being confident the market will rise.

Collective investment scheme

A fund in which individual investors hold units of a pool of assets, such as a unit trust.

Common investment fund

Where two or more entities pool assets together for investment.

Dividend investing

Investment which does not just focus on rising share price but on the amount returned to shareholders in dividend payments, which are often reinvested in more stock. This is ometimes known as DRIP, meaning dividend reinvestment plan.

EBIT

Stands for earnings before interest and tax. There is also EBIDTA, when depreciation and amortisation are also taken into account.

Equity

The capital of a company that is owned by ordinary shareholders.

Growth investing

An strategy focused on increasing an investor's capital. They typically invest in young or small companies whose earnings are expected to increase at an above-average rate compared to their industry sector or the overall market.

Hedge fund

Hedge funds, also known as alternative investments, seek the maximum return regardless of the market trend, even in a bear market. They are highly sophisticated and complex, often with very high risk exposure, so are not suitable for all investors.

Investment trust

These are publicly listed companies that invest in financial assets or the shares of other companies on behalf of their investors. When you purchase shares in an investment trust your money is pooled with other investors and used to purchase a range of shares and assets.

Leverage

Leverage is an investment strategy of using borrowed money to increase the potential return of an investment. Leverage can also refer to the amount of debt a firm uses to finance assets.

OEIC

Stands for open-ended investment company, which is a type of open-ended investment vehicle available in the UK. The fund manager can create shares when money is invested and redeem shares as requested by shareholders, who thereby gain exposure to the underlying assets chosen by the fund manager that determine the shareholders' returns.

Options

The right to buy (a call option) or to sell (a put option) a specific product at a specific price within a specified time.

Private equity

Private equity (PE) refers to capital investment made into companies that are not publicly traded.

QROPS

A non-UK-based pension scheme which meets specific criteria set by the HMRC in the UK. If you live abroad and wish to transfer a UK private pension to a foreign scheme, it must be classified as a QROPS, otherwise you could face significant penalties of up to 55% of the value of your pension pot.

Insurance in Spain - some things you need to know

Be prepared. There can be serious consequences for failure to comply with compulsory insurance cover and unexpected pitfalls for those who opt not to insure

WILLIAM HAWKINS

In Spain, as in every country, some insurances are obligatory. Vehicles have to be insured, for example, and foreigners applying for residency here will need health insurance unless they are employed, self-employed or are entitled to reciprocal cover from an EU country.

Others are optional. You don't have to insure your property (although if you use it for holiday lets you may find insurance is one of the conditions for registration), or your dog, and you don't need to take out travel insurance if you go anywhere.

Opinions are divided in these cases, with some people wanting the reassurance that if anything happens they will be covered, while others say the money they save on premiums over the years will cover any costs and they quote examples of insurance companies not paying out anyway in the case of some claims.

Whatever your feelings on this, there is no denying that insurance is a specialist field, and there is a great deal more to it than it first appears. Take motor insurance, for example. Did you know that you need insurance even if your vehicle is unused and kept in a garage or parking space?

BMI Insurance Brokers explain that foreigners in Spain need to be aware that all cars in this country must by law at least be covered by a Third Party policy that covers their Civil Responsibility, and that failure to comply can result in large fines. The only vehicles which are not obliged to have insurance are those which have been registered with the Spanish traffic department as being temporarily or permanently 'de baja', or officially no longer in use.

These rules apply to Spanish-plated cars. However, as Wendy of EU Insurance Direct in Elviria reminds us, British residents of Spain should bear in mind that they should not be driving a UK-registered vehicle, and should also swap their UK licence for a Spanish one: "If you have a British driving licence and are resident in Spain it has to be changed to a Spanish one. However applications had to be in by the end of last year and for those who missed the deadline, it is not possible at the moment to make the change. We have been told that we have until June to get ourselves sorted but with the doors closed on new applications the situation is now very unclear," she says.

Rafael Nadales of Liberty Seguros says anyone planning to drive to Spain from the UK or vice versa should also be aware that they will need a Green Card now. This is extremely important. It is not necessary for EU citizens driving in the EU, but as the UK is no longer part of the European Union, it is essential to have one.

> Some insurance is compulsory in Spain, such as motor insurance and, for many residents, private health cover

Health insurance

As mentioned earlier, health insurance is now compulsory for foreigners from some countries who want to become officially resident in Spain, and this now includes Britain.

Cover varies and so does the cost, so it is best to shop around. It is a false economy to take out the cheapest policy if you then find it does not cover you for everything you need if you are ill. Nevertheless, it can be pretty expensive.

It is best to take professional advice on suitable cover, taking into account your age and medical history, before signing up for anything, to avoid unpleasant surprises at a stressful time.

Holiday homes

If you own a property as a second home or for holiday lets in Spain it is generally considered a good idea to insure it, because you are not there to keep an eye on it and problems, although not very common, can occur.

EU Insurance Direct recommends that owners of holiday homes check their existing policy because unoccupancy levels may need to be changed. This is not only due to Brexit (in the case of owners in the UK), but also the current situation with Covid. "Travel Corridors are closed at present and owners do not know when they will be allowed to travel back to Spain. This is generally a simple process so call your insurer to discuss the situation and ask for their advice," says Wendy.

BMI also point out that an added benefit of home insurance is that the companies in Spain also provide legal assistance and this can be very useful, especially in cases where squatters have moved in, something which has become more frequent in recent times.

"When taking out a household insurance policy, check that the cover includes squatting. It won't ensure that nobody moves into your property illegally, but it is a solution if it happens. You can recover the cost of any damage they cause to the property, or if they steal anything of value," they say.

Check for changes

Finally, for British residents of Spain who may have been using UK-based insurers, it is a good idea to check whether anything has changed now that the Brexit transition period is over. Your insurer should have advised you if this is the case, but there is still some confusion about the situation and whether any changes may be forthcoming. If you are concerned, or there are changes that affect you in your insurance or life assurance cover, you can rest assured that you do not have to be uninsured. There are plenty of excellent companies in Spain with policies in English and multilingual staff.

IBEX INSURANCE

PET INSURANCE - ARE YOUR LOVED ONES WELL PROTECTED?

FUENGIROLA

Bearing in mind that most owners consider their pets as members of the family and the relatively low cost of pet insurance (as little as €3.41 per week for dogs and €2.34 for cats); it is surprising that less than 10% of cats and dogs in Spain are insured.

Medical treatments and follow-up care costs could get very expensive and leave you with a high veterinary bill. Having pet insurance will give you peace of mind knowing that if something does happen to your cat or dog, you won't have to worry about finding the funds for its treatment.

If you are still thinking whether you should you buy pet insurance, let us give you real examples of how people have been glad of having a pet insurance policy for their dogs and cats when the unexpected happened.

Mr Watts*was walking his Great Dane, called Ben, when he realised that he had injured his leg. He took him to the vet and was diagnosed with a cranial cruciate ligament rupture on his right hind leg. He needed surgery using the TTA technique and to date still needs to have more x-rays done to ensure he is completely recovered.

Vet bill: €1,265 of which client paid €50 excess.

Kaila is a typical beagle who loves tracking food and all type of smells. When Mrs Russell* came back from walking her, she noticed Kaila had difficulty breathing and her throat had started swelling. Her owner took her immediately to the vet and after a scan he saw she had swallowed a pine processionary caterpillar. Kaila had a stomach pump and had treatment with cortisone and blood pressure stimulants. After a 2 day stay, in hospital, she went back home.

Vet bill: €1,458 of which client paid €50 excess.

Mr Bates*saw that his Labrador Bobby was constantly scratching his ear, so he took him to the vet. After examining the ear and realising Bobby didn't have any foreign object in his ear, the vet thought it could be an allergic reaction so had some specific blood tests done. After some on-going tests, he saw he was suffering from polyps in his ears as well as bacterial otitis which happily were cured with medicines.

Vet bill: €1,159 of which client paid €50 excess.

Mrs Shaw's* rescued cat Tilly developed a liver cancer which was diagnosed after having several MRI scans, tests and biopsy. She needed chemotherapy and palliative care but unfortunately finally passed away.

Vet bill: €2,365 of which client paid €50 excess.

*All names have been published with our customers' permission.

Ibex Insurance has 3 different levels of cover and we would be more than happy to help you choose the right policy at the right premium. We give you the option of splitting your payment over 3 months, so it is easier to budget for.

As well as vet expenses, the Ibex policy also covers costs relating to death from accident, loss from theft or straying, boarding fees and much more.

If you have more than 1 pet ask about our multi-pet discounts! You will get up to 22% off the purchase of your second pet policy.

Leave it to the experts and give Angela & Shauna on 952 581 561 or Sam & Gerard on 952 887 125 a call or pop into our offices to collect your free gift for your pet! As your local insurance broker, Ibex can find the policy to meet your needs.

BLACKTOWER FINANCIAL MANAGEMENT


AdobeStock

INVESTING IN THE NEW NORMAL

MÁLAGA

SUR. Over the course of the last year in Spain, all our lives have changed, and we are now experiencing a completely new way of life from the one we have all been used to. Not by choice of course, but by necessity – and irrespective of our social standing or indeed any other cultural markers. It has been a time of huge readjustment, from which there have been scarce few benefits. However, one good thing perhaps we can all agree on is the increased awareness of, and respect for, the jobs that front-line health workers are doing every single day. Let's hope that when we get through this, they will continue to receive the kind of recognition that they so richly deserve.

Another knock-on effect of the multiple lockdowns and limited access to retail and leisure services, has been that many people simply haven't had the opportunity to spend in the way that they have been used to. And so, perhaps quite accidently, we have become a nation of savers rather than spenders – and from a financial advisor's point of view, that's no bad thing, we could all do to be saving a little more. But what should we be doing with this extra capital? The interest rates in banks are so low currently that they have little to attract the investor looking to get a decent return on their savings, and they look set to remain low for the foreseeable future. Fortunately for us, this is where the power of investing in the markets really comes into its own. Money invested in well-managed funds can be the key to strong and steady growth that will see your capital grow well beyond what is possible in banks and building societies.

The mantra you will often hear with regards to new investors is that they should diversify, diversify, diversify. Sensible advice, like not putting all your eggs in one basket, is the order of the day – spreading your investments across different asset classes such as stocks, bonds, cash and property, and also distributing these geographically if possible. The more your interests can be spread, the less vulnerable you are to fluctuations in any particular market. It can be very disconcerting, of course, to see the value of your investments go up and down with the markets, but diversifying can negate the worst effects of this.

However, fluctuating is what markets do. It can be tempting to think there is easy money to be made from timing things perfectly, that you can buy in and

The mantra you will often hear with regards to new investors is that they should diversify, diversify, diversify

cash out at just the right time, but the reality is much less dramatic. Timing the market is notoriously difficult; and although Hollywood might have us believe differently, the maxim to live by as far as investing in stocks and shares is, 'time in the market, not timing the market'. Investing your money for the long-term really is the best option. Invest and stay invested. As you gradually add to your investment funds over time, you are riding out the market fluctuations.

In terms of choosing a diversified, long-term investment – how should we proceed in an increasingly crowded financial market with so many options available? The number one consideration in making your choice is, remove the emotion. If you don't have a wide-ranging knowledge of investment funds, or can't commit to putting in the research on them, it can be tempting to rely on gut feeling to guide your decision making. Unfortunately, this can lead to making rash and uninformed decisions which could have a negative impact on your portfolio. By taking professional financial advice, you can remove uncertainty and feel confident about putting your money into investments that are tailored to you and your situation.

Depending on where you are in life, and on what your goals are for the future, both immediate and long-term, the options open to you can be very different. For example, somebody approaching retirement has a very different set of investment criteria from those of the mid-career professional – so speaking to a qualified financial advisor means that whatever you decide, your money will be working hard to achieve your goals according to your timelines.

Inertia can be the main enemy when dealing with personal finances. Confusion and indecision lead to inaction; which can mean any savings we have managed to put aside over the years start to lose value in real terms, as poor interest rates stop them from growing in line with inflation. But this needn't be the case. Make an appointment with one of our trusted financial advisors and we can guide you through any uncertainties you may have regarding your finances and the types of investment products available to you.With the right advice, you could be making the correct decisions in order to maximise your investment potential. Don't let your hard-earned capital dwindle away in low interest bank accounts, commit to taking control of your finances now and start making saving and investments a priority in your life. Make investing part of the new normal for you and your family.

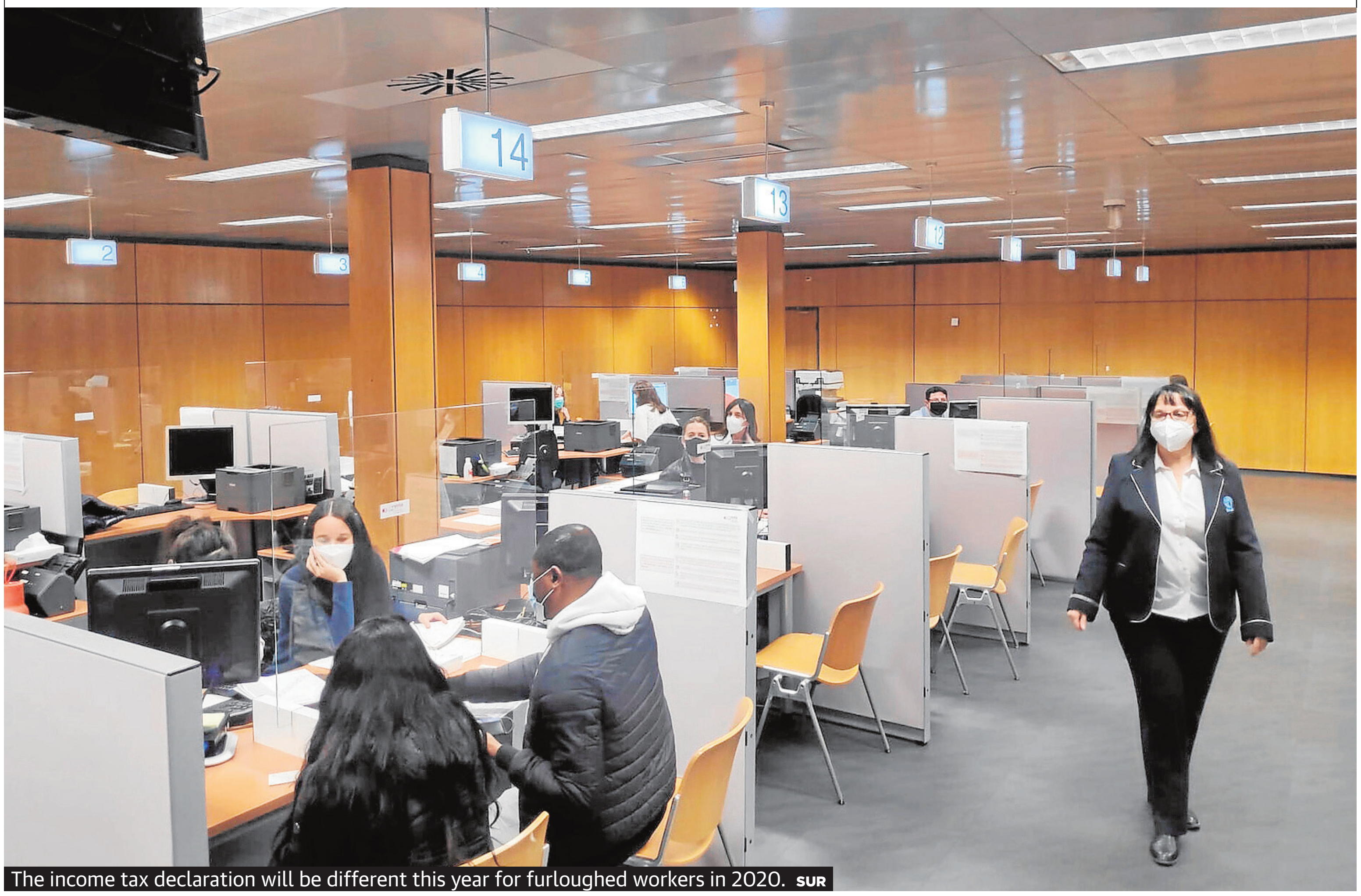
MORE INFORMATION

Blacktower Financial Management has been providing expert and localised wealth management advice for the last 35 years. We can help with specialist, independent advice on securing your financial future. Get in touch with us on +34 952 816 443 or email us at info@blacktowerfm.com.

April 16th to 22nd 2021
SUR IN ENGLISH

Look out for changes in the 2020 income tax declaration

Deadlines. The period began on 7 April and will continue until the end of June, but the pandemic complicated many people's tax affairs last year



The income tax declaration will be different this year for furloughed workers in 2020. SUR

CLARA ALBA

It's that time of year again. Last Wednesday, 7 April, the period opened for the 2020 annual income tax returns to be presented via the internet, and it will continue until 30 June. People who want to make their tax declaration by telephone will be able to do so from 6 May, and from 2 June it will be possible to do so in person at the tax offices by appointment.

This year there are a few changes to look out for, due to the pandemic.

One major difference is that thousands of workers who have not had to make a tax return before will have to do so now because they were temporarily furloughed from their jobs last year (these layoffs are known as ERTEs in Spain). In most cases, this means they did not only receive payment from one employer (their company) as usual, but also from the State Employment Service (SEPE).

They will have to make a tax declaration because SEPE does not withhold any amount for tax before making the payments.

As a general rule, everybody is obliged to make a tax declaration if their income is more than 22,000 euros a year. That limit drops to 14,000 euros when there is payment from more than one source and the income from the second is more than 1,500 euros.

However, as Enrique García, the CEO of TaxDown, points out: "if someone has received more than 1,500 euros from the SEPE, they are going to have to make a tax declaration."

In total, of the millions of workers who were furloughed last year, 327,000 will be presenting a tax declaration for the first time. Hacienda says it will send out letters to explain what they have to do. To help them pay their tax it will allow them to do so in instalments over six months (between July and December), without charging any interest.

Sources at Hacienda's technical department (Gestha) also warn that some workers received payments from SEPE which they shouldn't have done last year. If they weren't able to sort the situation out until 2021, they should check their draft tax return (which can be downloaded from the internet) and make sure that it does not include the extra money paid by SEPE.

> Thousands of people who were furloughed will have to make a tax declaration for the first time this year

Another result of the ERTEs will have a big impact on the deduction for maternity which usually applies to working mothers of children under three years of age. This deduction can be up to 1,200 euros a year.

This year, those who were temporarily furloughed will have no right to this deduction. However, this exclusion is not applicable to those whose ERTE involved a reduction in the length of the working day or a change to part-time work.

Apart from the ERTEs, the 460,000 people who benefited from the Ingreso Mínimo Vital (IMV) in 2020 will also have to present a tax return, although this does not mean they will have to pay anything because this income is exempt, like other assistance from regional governments or town halls for families at risk of social exclusion.

However, if a couple receive several of these types of payments and altogether they amounted to more than 11,279 euros in the year (1.5 times the IMPREM, the Public Indicator of Income from Multiple Sources), they will have to pay tax on the excess.

This decision has led to criticism because this obligation to declare the IMV payments is considered inefficient; experts say that "in practically all cases the declaration does not result in any refund being given or tax demanded because there will be no income which is subject to tax retention".

Pensions and donations

Nor should tax payers forget that in the worst moments of the crisis the government allowed them to withdraw some of their savings from retirement plans for several months after the state of alarm began on 14 March 2020.

"In that situation the general rule will be applied to that money, which will be considered part of their income. People must not forget to modify their draft tax return if those amounts are not included on it," say sources at Gestha.

Something else which is new this year, for which an appointment can be booked from 4 May by phone and from 27 May in person, is help with their tax situation because they have made charitable donations.

During the most difficult time of the coronavirus crisis, the tax exemption was raised to 80 per cent for the first 150 euros donated and 35 per cent on the rest, which rose to 40 per cent if the amount donated to the same NGO had not been reduced in the previous three years.

We will have to wait for the next annual declaration, which will be presented in 2022, to know how the direct financial assistance for companies will translate into tax terms, because they have not yet begun to receive this money.

Anyone who wants to obtain a draft tax return via the internet can do so using the identification systems requested, such as a digital certificate, 'Cl@ve PIN' or their reference number.

They will be asked to supply relevant information about their income last year, but when they obtain the draft declaration they should check carefully to ensure that everything relevant has been included, before presenting it as final.

THE FINANCE BUREAU

"The Property Market in Spain is very strong"

MARBELLA

SUR. We took some time to talk to Tancrede de Pola, CEO of The Finance Bureau, in his Gualdamina Office.

Can you give us a little background on The Finance Bureau?
The Finance Bureau was born in 2003 when we noticed a gap in the market for professional, service-orientated, mortgage brokerage. Since then, the company has gone from strength to strength as our experience, knowledge and relationships have grown. We are now fully regulated, as per the EU directive LCCI 5/2019, and are pleased, to be able to say, that we are one of the top brokerages in Southern Spain.

What makes the Finance Bureau different from other financial advisers?
We are available day and night for our clients. We are persistent, professional and never take "no" for an answer. We strive for a successful outcome for our clients and don´t give up until we get it.

How have the last 12 months been?
The last 12 months, for us, have actually been incredibly busy, with the market strengthening in the south of Spain where we are based. People are moving here from all over the world and applying for Spanish residency.


Tancrede de Pola, CEO of The Finance Bureau. SUR

What would be your general advice for 2021?
Get in quickly if you are even considering purchasing in Spain. The property market in Southern Spain is very strong and people are trading up in search of more space.

What should and should not investors be doing at this moment?
Investors, right now, should be doing their research on the best areas to buy and making contact with property agents, lawyers, tax professionals and, of course, a professional mortgage broker. When doing the numbers they should make sure they have all the information at hand, including all the costs involved.

What effect has Brexit had on investors? What is the current situation?
We have had our best start to a year ever, so I would say that Brexit has meant that many Brits have taken the decision to move here permanently, particularly as many of them are able to continue working remotely from their new Spanish home. The good news is that, although initially, the banks withdrew mortgage products from the market, we have seen a row-back on this with great product and market-leading conditions becoming available again.

The Finance Bureau - Property Finance Solutions

The Finance Bureau, located in the Guadalmina Commercial Centre in San Pedro, has been providing professional, independent mortgage advice, for more than 17 years, on the Costa del Sol and throughout Spain. The company has forged strong and solid relationships with all the major lenders both nationally and internationally. The Finance Bureau's Customer Services Team are highly trained and always willing to go that extra mile; to offer the best product, at the right price, to their burgeoning clientele. Whatever the situation, the Finance Bureau has the perfect solution. The Customer Service Team offer their advice, assistance and financial know-how 24/7 to accommodate their international client base. The Team are always on hand and accompany buyers through the whole purchase and mortgage process, ensuring that their clients feel comfortable and reassured at every step.

The Finance Bureau can arrange mortgages for any property in Spain, including the Canaries and the Balearics. Their years of experience, working closely with real estate agents, lawyers and banks, means that they always propose the most advantageous offer to their customers. The leitmotif, "Property Financial Solutions", translates into their determination to find the best available product and rates for their clients' requirements, be they new purchases, off-plans, equity releases or construction mortgages.

For further information, please contact the Finance Bureau on 952 801 401/ 666 709 743; via email: admin@thefinancebureau.com or pass by the office: Centro Comercial Guadalmina II, Oficina 7, Guadalmina, 29670 San Pedro de Alcántara.

CURRENCIES DIRECT

BREXIT, CURRENCY TRANSFERS AND THE LAW

Many things have changed due to Brexit, and financial services are one of them. Choosing the right provider is crucial to ensure your finances are safe and sound

COSTA DEL SOL

As we adjust to life post-Brexit there are many things to consider, but if you need to move money abroad there is one particular change that it's essential to be aware of.

The free movement of services came to an end at the close of the transition period, with service providers instead having to comply with the different rules of the EU member states in order to operate legally.

Of particular note to people making international money transfers is the fact that UK financial service firms lost their financial services passports on 1 January 2021.

What is a financial services passport?

Before Brexit the 'passporting' of financial services meant that firms were able to operate in the European Union (EU) and the European Economic Area (EEA) under a UK-based licence.

For example, a company authorised by the Financial Conduct Authority (FCA) in the UK could use this licence to work with customers based in any other country in the EEA.

However, as the UK has now lost these passporting rights, any financial services firm (including currency transfer providers) must have a valid EU licence if they want to continue working with customers in the EU/EEA.

The Royal Decree

On 29 December 2020 the Spanish Royal Decree-Law 38/2020 was published.

This Decree outlines measures for the adaption to the status of a third State of the United Kingdom of Great Britain and Northern Ireland after the end of the transition period.

The Royal Decree came into force on 1 January 2021 and includes a specific section about financial services and how firms from that sector can work with customers based in Spain moving forwards.

According to the Royal Decree: 'From 1 January 2021, UK authorised entities will be subject to the relevant Spanish legislation and applicable regimes in respect of third country firms. UK entities will have to obtain a new authorisation to operate in Spain.'

The Bank of Spain (Banco de España) is the FX supervisory authority in Spain and can impose penalties on any currency providers who fail to comply with the decree in order to safeguard the interests of customers.

Understanding *equivalence*

You may have heard some discussions in the media about 'equivalence' - whereby the European Commission can open up market access for some UK-based service providers.

The European Commission can grant a country equivalence if it views the country's laws as being similar in intent and purpose to the laws of the EU, but it can also withdraw equivalence on 30 days' notice if the situation changes.

While this is good news for some sectors, financial services are subject to different equivalence regimes and the level of access offered is far narrower than passporting permitted.

It should also be noted that equivalence operates in fewer areas, covers fewer services and is less secure than passporting.

International currency transfers are one of the financial services ***not*** covered by equivalence, so the provider you use must still have a valid EU licence if you're going to continue working with them.

Your service provider should be able to tell you instantly whether they have a valid EU licence

What do you need to know?

Any currency transfer provider offering their services to customers based in Spain must be regulated by a relevant EU authority.

If they aren't licenced appropriately and in accordance with the Royal Decree they cannot renew contracts with existing customers or solicit new customers. They must also have concluded working with existing customers based in Spain by 30 June 2021.

If you're using a currency transfer specialist to move money to or from Spain and they haven't sent you any communications regarding a change of licencing post-Brexit, get in touch with them to find out whether or not they have a valid EU licence. This is a simple question and something they should be able to answer instantly.

As mentioned previously, this licence must be with a relevant EU-based regulator, like the Bank of Spain (Banco de España), and your provider should be able to tell you their licence number.

If your provider is only authorised by the FCA they will be unable to continue servicing your requirements from June (and should inform you of that fact) so you will need to find a new currency transfer company in order to ensure the security and continuity of your payments.

When switching providers find a currency company that is licenced to operate in Spain. You may also want to check things like their online reviews, whether or not they've won any industry awards and when they were established.

You may find that by moving providers you actually end up working with a company whose customer service and range of products is better suited to your needs, so start looking into your options now.

Residents of Spain choosing a currency exchange company post-Brexit

If you don't currently have an FX company to work with and you're a Spanish resident please ensure you only enter into an FX agreement with an EU regulated FX company. As a Spanish resident ***you won't be covered*** by the FCA or Bank of Spain post-Brexit if you enter into a new contract with a non-EU regulated company.

The attractions and dangers of investing in Bitcoin

Cryptocurrency. In recent years they have gone from being a hobby for programmers to an object of speculation worth millions. Some experts are now warning that a new bubble is likely to burst

MATÍAS STUBER

REUTERS

Elon Musk is someone who likes to try different things, a sailor always in search of a new place to dock. The owner of Tesla also likes to appear in news headlines, and he loves creating surprises. Nobody was expecting this pioneer in electric mobility to invest 1.5 billion dollars in Bitcoin, but recently he did just that.

This was a major boost for the price of the digital currency but, in spite of an apparent boom, experts are divided about Bitcoin. Some view the cryptocurrency as a new type of digital gold, while others warn that a bubble unlike any seen before could be about to burst at any moment.

Some US investment banks have already included Bitcoin in their list of products. Others are more wary. Warren Buffet, a legend in the world of finance, didn't beat around the bush. In 2018 he called this form of currency "rat poison". Since then, the price of a Bitcoin has done nothing but increase. Who is right?

A look at the way Bitcoin has evolved shows that this cryptocurrency has nothing to do with stability. The price has plummeted several times, although it has always managed to recover. In 2020, the price rose by more than 300 per cent, to a record high of 58,000 dollars per coin in February.

It still remains to be seen whether this digital currency can establish itself as a real method of payment in the medium term. Many analysts believe that with time it will compete directly with gold, and that's why the term 'digital gold' is being heard more often in connection with Bitcoin these days.

Below, we take a look at the typical questions asked about this cryptocurrency, and what people should take into account if they decide to invest their money in it.

What is a Bitcoin?

"Most people are aware that Bitcoin is a cryptocurrency, a virtual form of money with no institutional issuing company behind it to support its value. Bitcoin is also an open source P2P network, in other words it is one of those that register their transactions in a chain of blocks, which is known as a blockchain," says Alberto Montero, a professor of Economics at Malaga university. It is referred to as a cryptocurrency because each individual unit is subject to cryptography, in other words it is hidden.

This cryptography is done through the blockchain, which can be described as a protocol to ensure that all transactions are safeguarded from falsification. Contrary to the situation with the dollar or the euro, the issue of Bitcoin is limited to a maximum of 21 million units. This is to protect this currency from inflation. There is no central bank to monitor Bitcoin, as the BCE does with the euro, and that is why people speak of a decentralised monetary system.

Who invented Bitcoin?

The person or group behind it has not been identified. After the financial crisis of 2008, a guide was published under the pseudonym of Satoshi Nakamoto, explaining how a decentralised monetary system works. The name of the system was Bitcoin. Many people have claimed to be Satoshi Nakamoto, but none of them have been able to prove it. Experts believe Bitcoin was created by a group of programmers.

How can I buy Bitcoin?

Through different exchange platforms, which act as a type of stock market for cryptocurrencies. "You can buy via exchange platforms. The most popular are Coinbase and Binance. You just download an application and sign up to be able to buy Bitcoin, and you can either pay through a bank transfer or using credit or debit cards," explains Montero. Cryptocurrency can be bought and sold at any hour of the day. The majority of platforms demand a minimum investment of 25 euros, which is equivalent to about 0.0005 Bitcoins.

> "It is a very unstable stock, tremendously volatile, which moves on a market which can be easily manipulated"

How and where are they stored?

The platforms from which Bitcoins are bought act as stores. "You can also keep them in private electronic wallets, which are just downloaded through an app. The choice of which method to use depends on the degree of confidence in a platform's wallet. There have been reports of some being hacked and robbed. But they are becoming more secure all the time," says Montero. To prevent theft through hacking, the platforms and markets use double authentication, a technology which is considered very safe.

How are the Bitcoins transferred?

"Bitcoins are bought and sold through these exchange platforms. When you buy them they are deposited in a virtual wallet on your account, the equivalent to the amount of the currency you have exchanged. After that, you can give the order to sell them at any time and in return you receive the equivalent amount in euros which you can transfer to your current account or credit card," says Montero.

Who issues them, and where?

Bitcoins are created via a process called mining. Very powerful computers validate transactions within the Bitcoin network. For every transfer you do, you pay a certain percentage to the people who do this mining. It's a way of enticing people to do this work and to ensure that the system keeps running and doesn't collapse.

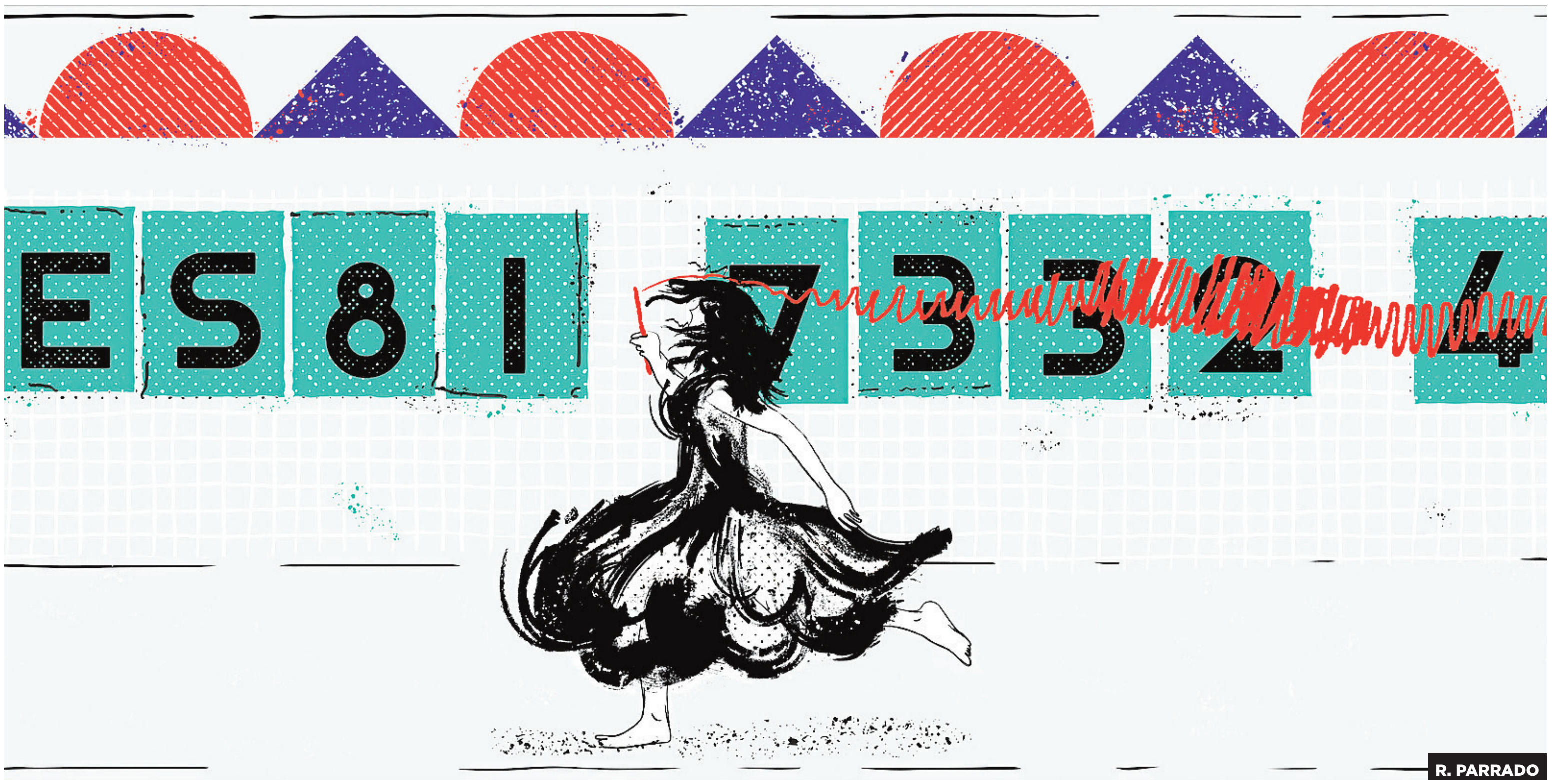
What are the arguments in favour of investing in Bitcoin?

Montero recommends caution: "There are very few arguments in favour. It is a very unstable stock, tremendously volatile, which moves on a market which can be easily manipulated by those with large Bitcoin holdings. You also need certain technical knowledge in order to be able to interpret the trends. It is not a market within reach of everybody, and nor is it recommended as a method of saving."

The supporters of Bitcoin see cryptocurrency as a type of digital gold. The total issue is limited to 21 million Bitcoins and those who defend the digital currency say this ensures that it is not subject to inflation.

What are the risks of this type of investment?

"Basically, losing a large part of your investment through a lack of knowledge of the market and not knowing how to interpret its dynamics. It is a very risky and volatile stock. Anyone who enters this market needs to be aware that their investment can easily become volatile. If you simply hold on to the Bitcoins for a while, the risks reduce. If you try trading, buying and selling in the very short term, the risk factor is exponential," says Moreno.



R. PARRADO

What happens to someone’s bank account after they die?

Bureaucracy. When you lose a relative, numerous things have to be done to put their finances in order and claim an inheritance and they can be complicated at times. We take a look at some common questions.

CARMEN BARREIRO

If you have been unfortunate enough to have suffered the loss of a family member recently, you will know that the pain of their death is exacerbated by a tangle of bureaucracy which has to be dealt with in the weeks afterwards, not only to fulfil their wishes but also to sort out all sorts of different administrative tasks. There are more than a few of those.

One of them has to do with any bank accounts held by the person who has died. This can sometimes cause conflict between their heirs and the bank branch itself.

“It is quite normal for people to have more than one bank account, but they could be in different banks and in more than one name. That has to be established, but to complicate matters there could be arguments between the person’s heirs or problems created by the banks themselves, if they retain funds or charge a disproportionate fee for their services,” says Ileana Izverniceanu, the spokeswoman for the Organización de Consumidores y Usuarios (OCU) consumers association.

> The banks have to protect their clients’ interests and can only provide information to those entitled to it

In fact, complaints about the behaviour of banks when dealing with inheritances are in fifth place on a list drawn up by the Bank of Spain.

“When a loved one dies, we suddenly find ourselves responsible for fulfilling their final wishes and sorting out their financial affairs, including what happens to the money they had in the bank. If we are the heirs, the first thing we have to do is obtain information about all their accounts (movements, direct debits, etc) and what has to be done with the money in them. It might sound straightforward, but it very often isn’t,” say sources there.

What happens if the account holder dies? Can you withdraw money from the account after they have died? What about other people who are authorised to use that account? Can the bank block the funds?

These are just some of the most common questions from relatives of someone who has passed away, and we will try to answer them here.

How can I know how many accounts that person may have had?

The only way of finding out for sure is to ask the Tax Authority.

“All banks are obliged to notify the tax authority about their clients’ income from their capital. The heirs can also obtain information about other investments the person may have had, such as investment funds or properties they owned,” says the OCU.

However, to access this information you need to prove that you are an heir to the estate “and provide not only the death certificate but also a copy of their will or proof that they didn’t register one, or if this is not possible then the Declaration of Inheritance”, say sources at the Bank of Spain.

Can the bank block the account? When can they do that?

When you go to the bank to inform them of the death of a client and ask for information about their accounts, “the bank usually blocks the funds automatically because it is obliged to protect the account-holder’s interests and they can’t provide anybody with anything without proof that they are entitled to it. That’s the situation if the account is only in his or her name. If it is in several names, they usually don’t and shouldn’t retain the funds”.

Another reason for a bank to block an account is if the heirs have not paid the inheritance tax which is due because in that case the bank can be deemed liable for payment as a subsidiary. In any case, the Bank of Spain stresses that “even that does not entitle the banks to block all the money in an account. It can only retain the amount of the tax which is due”.

What happens when an account is in several names?

The OCU is very clear about this. “When an account is in joint or several names the money belongs to everybody named on the account equally, so the bank cannot block the funds. The Bank of Spain maintains that even if an account holder has died, the others named on the account are entitled to the money in it. “For example, in an account which was opened by a father and son, even if the father is the only one to have used it, the son is still allowed to operate it and have the funds after his father has died,” say the experts. The situation for people authorised to operate an account is different. They lose permission to access the funds once the bank has been advised that the account holder has died.

Can the account continue to make payments?

“Yes, as long as there has been no express instruction to the contrary from the heirs and the operations were organised by the account holder during their life and they need to continue to be paid. For example, these could be electricity bills, phone bills, taxes, insurance and funeral costs,” says the Bank of Spain.

STEPS TO FOLLOW, ACCORDING TO OCU

Find out what bank accounts the deceased person had. Check whether they were the only person named on the account or not. If in doubt about how many accounts they had and where, it’s best to ask Hacienda because banks are obliged to notify the tax authorities of income received from capital.

Inform the bank of their death. The bank will block accounts when the person who has died was the only person named on the account. If there are others, the bank has to allow them to use the funds.

Request a certified balance. The bank will only provide this to legitimate heirs. The certificate must show the balance at the date of death. Also, if needed, you can ask for movements on the account before and after the date of death.

Start the process to access the funds. The bank will tell you to do this. You need to go to the notary to organise a deed to accept the inheritance, and then present the Inheritance Tax declaration. For inheritances with no property involved, a private document is usually acceptable.

Go to the bank for the money. Take all these documents with you. The bank has to give you the money in the way that suits the heirs best, either in cash, by transfer to another account or in the form of a cheque.

Only three per cent of savers in Spain use more complex financial products

About 39% of people in Spain say they never save any money and few of those who do use investment funds, shares or fixed income products

CLARA ALBA

The coronavirus crisis has led many households in Spain to start saving money. The latest figures from the National Institute of Statistics (INE) show that on average people are now putting aside 14.8 per cent of their available income.

However, these statistics also hide a serious lack of financial education which is preventing this 'enforced' saving from becoming a matter of routine in other homes.

According to a Survey into Financial Competence carried out by the Bank of Spain and the National Stock Market Commission (CNMV), 39 per cent of the population say they haven't saved at all during the past 12 months, and of those who have, barely three per cent have used more complex financial products such as investment funds, the stock market or fixed income (Treasury bills and bonds, or those of companies), which would enable them not only to save but also achieve a higher return.

The survey shows that the favourite method of saving is the traditional current account in a bank or even in cash, at 38.8 per cent and 23.3 per cent respectively, followed by deposits (8.7 per cent) and contributions to pension funds (6.6 per cent).

This doesn't just apply to savings: although practically all those who took part in the survey have or have had current accounts in banks, the rest of the products are less common.

About 58 per cent said they have or have had credit cards and 30 per cent have mortgages, life assurance or savings accounts.

On the other hand, investment in shares, investment funds and fixed-yield products is much lower, at 14 per cent, nine per cent and two per cent respectively.

> The survey showed that 40% of people in Spain would rather have money available now than more of it in the future

These figures are strongly related to another key point in the survey, which shows that 40 per cent of people in Spain prefer to have money available now than more of it in the future.

In fact, only 20 per cent of those surveyed would be prepared to wait a year, to obtain a profit of at least five per cent on their current savings.

Education in finances

The survey also reflects the low level of financial education among Spanish savers, with 25 per cent of the population unlikely to score more than six out of ten in a finance knowlege test.

The worst results were from the oldest age group. Participants in the survey aged between 18 and 54 showed that they had a medium or high level of financial knowledge, compared with those aged between 54 and 80.

With regard to gender there is an existing gap, says the working document.

Eighty-four per cent of men showed an average or high level of financial knowledge, while in women the proportion dropped to 79 per cent.

The Madrid Stock Exchange

One of the world's loveliest buildings for selling stocks and shares


El Palacio de la Bolsa in Madrid. EFE

The Spanish name for the Stock Exchange building in Madrid justifiably refers to it as a 'palace': the Palacio de la Bolsa. Construction of the neo-classical style building was authorised in 1878 but the works couldn't begin for another 15 years until the money had been raised to fund them. It was officially inaugurated by Queen Maria Cristina on 7 May 1893.

Its many decorative treasures remain to this day, including frescoes by Luis Taverner and sculptures by Francisco Molinelli. The patron saint of the Stock Exchange, Mercury, has obviously looked after it well, to enable thousands of visitors each year to enjoy it in all its splendour.

OP DE BEECK

PROTECT YOURSELF AGAINST FUTURE INCAPACITY

MARBELLA

No one knows what the future holds and should you lose your physical or mental independence, while living in Spain, due to age, illness or disability; it's important to know you will be looked after and have the right kind of support in place to help you with your daily needs.

Vida Dependencia is a new policy, offered by Op de Beeck & Worth, which pays out a lump sum to cover the cost of care needs in the event of incapacity. The cash will be paid out as long as a licensed doctor has signed you off, avoiding any lengthy waiting time for bureaucratic paperwork to be completed. What's more, the policy is tax deductible, making it a very cost-effective way to gain peace of mind and make provision for any future incapacity.

You decide how much capital you would like the policy to cover, from €50,000 to €750,000. Two types of incapacity are defined within the policy: Severe and Great Incapacity. In the case of Severe Incapacity the contracted capital will be paid out and in the case of Great Incapacity double the capital will be paid. A typical policy for €100,000 of capital for people up to the age of 55 costs just €164.93 per year.

Plan for the future today, speak to one of our specialist team and make sure you have the right cover in place to provide the vital daily support you may need.

MORE INFORMATION

Contact us by calling +34 952 88 2273 or by emailing info@opdebeeck-worth.com

THE BIGGER PICTURE

JEREMY BLATCH
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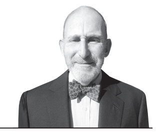
The cost to investors of stepping out of the market



Markets are made of people. As a result, movement of market prices ultimately reflects collective human behaviour, greed and fear, endeavour and ambition. Global stock prices continue to rise, and many are now at historic highs. This asset price inflation has attracted many speculators who see an opportunity to make money quickly, but for a speculator to be successful, they have to be right three times: 1) the price at which they buy, 2) the price at which they sell and generate a profit, and 3) the price at which they will re-enter the market and buy again. Study of investors' and speculators' behaviour shows us that no one can do this successfully with any degree of consistency.

As prices continue to rise, investors and speculators become increasingly fearful of a market crash. The fear of losing accumulated capital is real, as is the fear of losing out should prices move much higher.

For a genuine investor, it is notoriously difficult to allocate capital after selling and to judge when prices have fallen sufficiently to justify buying back into individual securities or the market.

Market prices move in cycles and eventually revert to the mean over time. For long-term investors, cashing out of the market may give temporary peace of mind. For a time, they are sitting on a healthy profit and riding out the inevitable storm, until the anxiety of when to buy in again becomes real.

The investors' enemies are inflation and taxes, which can erode and eventually destroy accumulated capital. In the current cycle, negative real yields on bonds and cash erodes future purchasing power of capital. Detailed study of market history shows that the cost of not being invested during times of severe price declines considerably impairs an investor's returns on capital over the long term.

If an investor misses the best 10 days out of 36 years, which is 10,000 trading days, the average compound rate of return is reduced by 19%. Missing the 20 next-best days reduces returns by an additional 17%. If only we could know these days in advance! Missing the best five days out of 72 years of market history would reduce cumulative returns, without dividends being reinvested, by nearly 50%! If an investor missed the best 10 days during the past 112 years, they would have missed two-thirds of the total gains available. Just think about this for a minute.

> Sensible investors with a long-term preference take a measured approach, stay fully invested and ride out the storm

Sensible investors with a long-term preference take a measured approach, stay fully invested and ride out the storm. Resisting the temptation to chase Walter Mitty profits out of fear or greed puts the odds of successful investment outcomes in their favour. However, this requires mental fortitude and absolute conviction in a well-thought-out investment strategy. Because the stock market does not know that you own it and doesn't care, benign neglect is the antidote to impulse.

To remain in the market and stay the course will put the odds of long-term success in the investor's favour.

The author is a member of the Society of Trustees and Estate Practitioners and an investment counsellor. The comments and observations by the author are a reflection of his opinion and do not constitute an offer to buy and hold securities, nor does he receive any remuneration of any kind from names referred to.

Charitable legacies: still a long way to go

A gift in a will. In comparison with other European countries, few people in Spain leave legacies to charities and many are not aware that it is possible

SUSANA ZAMORA


SUR

Nine years ago she was diagnosed with breast cancer. "It threatened to take away the most precious thing I have, which is my life," recalls Josefa Andrade. Today, fully recovered from that difficult personal experience "thanks to research and the personalised treatment", she wants to return some of the generosity from which she benefited, and has done so through her will: Josefa, who is now 75, has left a legacy to the CRIS Contra el Cáncer foundation. "I have been a member for years and I admire the work they do in developing and financing projects. Research gives people life, and I am proof of that," she says.

However, the 'legado solidario' as it is known, which consists of leaving property, money or material goods to an NGO, foundation or charity organisation, is not very common in Spain. The numbers of people who do so have grown in the past ten years, from 655 in 2010 to 1,026 last year, but these figures are still far behind those in other European countries.

"According to data from the General Council of Notaries, in 2019 in Spain there were 1,163 legacies of this type, amounting to around 205 million euros. The figure for the previous year is very similar. It also shows that 60 per cent of the beneficiaries were institutions associated with the Church and the other 40 per cent were NGOs and other secular organisations. In the same year in the UK, 3.2 billion pounds (about 3.7 billion euros) were left in people's wills, and cancer research was the most popular beneficiary," says Marta Redondo, the head of the Inheritance and Legacies section of the CRIS Foundation.

Figures from the notaries support this. "Of the 500,000 wills registered in Spain each year, barely three per cent include legacies to charities," says Ramón Blesa, who represents Malaga on the Managing Board of the Notarial College of Andalucía.

"Regrettably, it isn't very common here," he says, and those who do make wills of this type tend to be people of deep religious faith with no partner or offspring. The web platform haztestamentosolidario.org, which brings together 23 non-profit-making organisations to promote this type of legacy, also shows the profile of a typical donor: they are usually women over the age of 45 with no children.

It is possible to leave something to charitable institutions in a will without affecting the legitimate inheritance of the heirs, because the testator can exercise their right to benefit whoever they like. "In Spain there is a lack of information about how a solidarity legacy works, even among our own members and at the moment there are 44,800 of them. More than half are unaware of it. But also, it is not customary in Spain. People don't usually leave part of their legacy to an NGO if they have children, whereas in other countries it is seen as perfectly normal to leave something to an organisation if you have been collaborating with it during your lifetime," says Marta Redondo.

Last year the CRIS Foundation received three legacies totalling 146,662 euros. The money has been used to finance three pieces of research: one in Malaga, led by David Olmos, into prostate cancer, and the other two for cancer in children and ovarian cancer. They know that 13 people who made a will last year left a legacy for CRIS; that is the same number as the year before, when they received a total of 116,605 euros.

Although for the moment it is not known how many wills registered in Spain in the past few months have included a legacy for a charity, sources at CRIS are sure that the pandemic has made more people aware of the importance of research and this will result in more legacies in the next few years.

This belief is shared by Cudeca, a foundation which provides palliative care in Malaga province and which received 800,000 euros in legacies in 2020 (compared with 500,000 euros in 2019). This money came from seven wills (in two cases from the sale of properties), and it represents 20 per cent of their annual budget. "It was an exceptional year, but it was also coincidental. When you receive an inheritance it is the result of something which actually began years ago," explains Rafael Olalla, the assistant manager and financial director of Cudeca, whose donors are mainly childless foreigners.

For Mariola Núñez, the pandemic made her think and she decided the time had come to make her will, something she had discussed many times with her family. This time, however, she decided to leave part of her legacy to CRIS Contra el Cáncer. "My husband said to me: 'But what has that foundation got to do with you?' I told him that they do research and that research is the way to end cancer. I believe it is a commitment that we need to have as a society, especially now with the pandemic," Mariola says.

With regard to the procedure, as Ramón Blesa explains, " when we receive a will which includes a donation to charity, we notaries have to send the NGO a copy of the relevant clauses so they can exercise their right to receive the inheritance." Previously, when a will was drawn up, the notary had to state the name, address and fiscal number of the foundation or NGO so there could be no doubt and the wishes of the testator could be fulfilled.

Cudeca also points out that these legacies in favour of charity-social organisations are not subject to inheritance tax.