ANGLO INTERNATIONAL
PERSONAL FINANCIAL MANAGEMENT

MoneyMatters

May/June 2021

Junior ISAs
Are they still worthwhile?

Bitcoin & Cryptocurrency

Unclaimed pension tax relief

Retiring in a pandemic WHAT CAN I DO?

Investing Traps to avoid

- Lifestyle Protection
- Creating Wealth
- Tax Rules

Anglo International Group Limited – Independent Financial Advisers
The Investment & Mortgage Centre, 170 Epsom Road, Guildford, Surrey GU1 2RP
T: 0800 193 1066 F: 01483 566 005 E: info@angloifa.com

inside

Business Wills Page 2

Junior ISAs - are they still worthwhile? Page 3

Bitcoin & Cryptocurrency - is it a risk too far? Page 4

What do you need to do to retire early? Page 5

Investing traps to avoid Page 6-7

Unclaimed pension tax relief Page 8

5 ways to get more secure income in retirement Page 9

Controlling finances - what women need to know Page 10

Retiring in a pandemic - what can I do? Page 11

How fast should you fill your ISA allowance up? Page 12

Need more information?
Simply complete and return the information request on page 12

Business Wills

We all know how important it is to have a Will in place to ensure assets are passed on to loved ones in a way that aligns with your wishes. But, if you're a business owner, have you included your business?

When writing a Will, there's often a focus on your personal life and it can mean that your business is forgotten about. However, having a business Will in place is an important part of succession planning for business owners, as well as preparing for the unexpected. It's a step that can ensure the smooth transition of ownership if an owner passes away.

WHY IS A BUSINESS WILL IMPORTANT?

Who inherits your shares or business interest is important for long-term success. Without a Will in place, your business or shareholding could pass to someone that:

- Has no interest in running the business
- Does not have the necessary skills or knowledge
- Could cause conflict within the business

When distributing assets in your Will, you'll often think about who you want to benefit. When it comes to business assets, you also need to think about what will benefit the firm.

Not having a business Will in place could lead to your business and legacy losing value. Many business owners have spent years building up a firm and invested not only money but time in it too. It's natural to want your firm to continue after you pass away. Neglecting to think about how you'd like to pass it on and what's right for your vision could cause harm.

You may also have strong feelings about who you want to inherit your business. For example, you may want to pass it on to family or even a trusted employee.

Whatever the size of your business, a business Will is essential. It should be considered alongside your business plan and reviewed at regular intervals to ensure it continues to reflect what you want.

SEEKING ADVICE TO SUPPORT YOUR BUSINESS GOALS

Putting a Will in place means considering many different assets and you want to have complete confidence in the steps you've taken. For this reason, seeking professional advice is advisable. It provides you with an opportunity to discuss all your options and take steps to ensure your succession plan reflects what you want.

LEGAL ADVICE

Putting any Will in place can be complex, and even more so when there are business assets to consider. While it is possible to write a Will yourself, for many, contacting a solicitor makes sense. A legal professional can help you understand your position and how to create a Will that reflects your wishes.

Mistakes in Wills can mean that assets aren't distributed as you'd like and cause conflicts. By working with a solicitor, you can have peace of mind. They may also be able to suggest where alternatives to your initial plans may make more sense. Working with a professional means you can focus on running your business, knowing that one of your most valuable assets is covered in your Will.

The Financial Conduct Authority does not regulate estate planning.

Not all financial advisers will have regulatory permission to advise on every product mentioned in these articles. Certain products mentioned in this magazine may require advice from other professional advisers as well as your financial adviser and this might involve you in extra costs. The articles featured in this publication are for your general information and use only and are not intended to address your particular requirements. They should not be relied upon in their entirety. Although endeavours have been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough examination of their particular situation. Will writing, buy-to-let mortgages, some forms of tax and estate planning are not regulated by the Financial Conduct Authority. Levels, bases of and reliefs from taxation are subject to change and their value depends on the individual circumstances of the investor.

JUNIOR ISAS are they still worthwhile?

4 reasons why Junior ISAs are worthwhile and why you should consider investing in one for a child.

A Junior ISA is a government saving scheme that lets you save or invest for your child free of UK income and capital gains tax, you can put up to £9,000 into one this tax year.

BUT AS A CHILD IS A NON-TAXPAYER, WHY BOTHER?

There are four very good reasons to think about investing in a Junior ISA.

1 THEY ALLOW YOU TO STEP ASIDE FROM THE TAX RULE OF GIFTING MONEY TO CHILDREN

When you save or invest for your own children outside of an ISA or pension, once it earns interest or dividends of £100 or more, it will be taxed as if it belongs to the person putting the money in. This rule was put in place to stop wealthy parents from using their children as a tax vehicle.

However, if your children have cash savings outside of a JISA earning 3.5% or more, it'll affect you as soon as they have saved over £2,857 in the bank.

But when saved inside a Junior ISA, wrapping savings and investments here, it shelters you from paying more tax than you need to.

2 THE MONEY CAN GROW FREELY

With any form of early saving, whilst you might not be worried about tax today, over the long term, any potential returns can really add up and impact your child's future.

Over the long term, these savings could build up gains that are bigger than your child's capital gains tax threshold. Additionally, if they're invested for income, any dividends or interest payments could eat into their tax allowances if they've already used their tax-free personal allowance.

Investing through a Junior ISA means you won't have to worry about filing annual tax returns or worry about how much tax you or your child could end up paying.

3 THE MONEY IS SAFE AND OUT OF REACH

Any normal savings scheme allows access, this is also true for children's savings deposit accounts at any age. And while this flexibility can be useful, it can be easy to make withdrawals.

Junior ISAs tie up your child's investments and keep them out of reach, so your children can only get hold of it when they turn 18. Giving the money saved more time to grow and help give them a better start to adult life.

4 INHERITANCE TAX PLANNING AND JISAS

Grandparents can gift money to a child as part of their estate planning, without worrying if it'll be spent before the child comes of age.

Each tax year you can gift up to £3,000 to anyone you like using the annual exemption, plus any unused exemption from the previous tax year. Or using the small gifts exemption, you can give anyone up to £250 each tax year, provided you haven't given any other gifts to the same person that year.

Other gifts that fall outside of these allowances could also potentially be exempt from IHT.

SHOULD YOU THINK ABOUT INVESTING YOUR CHILD'S MONEY?

Every resident child in the UK can have a Junior ISA. Anyone can save or invest tax-efficiently for them in the JISA, up to the annual allowance (£9,000 this tax year). A child can have a cash or stocks and shares Junior ISA or both.

Many people opt for cash Junior ISAs. But if you have over 5-10 years before your child plans to use the money, it could be worth considering investing.

Investing money for your child over the long term lets you take advantage of the long-term growth potential in the stock market. It could give you a better chance of outperforming inflation and beating those returns you get from cash.

This article isn't personal advice. If you're not sure whether an investment is right for your child, please seek advice. Tax rules can change, and benefits depend on individual circumstances. Unlike cash, investments can fall as well as rise in value so you could make a loss. Please contact us for further information or if you are in any doubt as to the suitability of an investment.

Bitcoin & Cryptocurrency

IS IT A RISK TOO FAR?

Three important questions to ask about bitcoin.

• Should investors only invest in things that they understand?

• Is Bitcoin a gamble whose valuation has no reliable basis?

• Do bitcoin investments have limited history and are they complicated in their own right

We have all heard of Bitcoin the digital cryptocurrency based on blockchain technology, where new units are generated by solving complex mathematical problems. Unlike a normal currency, it's not issued or controlled by any central bank.

Many people are still very sceptical about bitcoin as an investment and are concerned about the level of risk. There remains some important questions investors should ask themselves when buying any cryptocurrency.

DO I UNDERSTAND BITCOIN AND CRYPTOCURRENCIES?

The mantra of investing remains true which says 'investors should only invest in things they understand'. This is true of bitcoin as shares or funds.

Cryptocurrencies are highly complex and require a good detailed understanding of coding in order to fully appreciate the way they work.

What makes it worse is the fact the rules of the Bitcoin game change because there is no central authority overseeing potential changes in the interests of ordinary bitcoin holders.

Bitcoin doesn't pay dividends or interest; the price is driven purely by supply and demand. This demand comes from people speculating and hoping to benefit from future price rises rather than using bitcoin as a means of exchange.

Bitcoin is powered by speculative demand, so predicting the point at which demand subsides and prices begin to fall is very difficult, if not impossible.

AM I COMFORTABLE WITH THE UPS AND THE DOWNS OF BITCOIN?

Bitcoin seems to go up steadily, but drops dramatically It's worth remembering that between 17 December 2017 and 15 December 2018 the price of bitcoin fell from $19,783 to $3,195, which was an 83.8% decline. It didn't return to its 2017 high until December 2020. Bitcoin is certainly not a one-way bet.

These big price swings happen because there's no widely accepted way to value bitcoin. Unlike shares, bonds or cash accounts, bitcoin doesn't pay dividends or interest.

The Financial Conduct Authority (FCA), responsible for regulating financial services firms in the UK, recently said that cryptocurrencies "have no reliable basis for valuation" and that's a view many support. That makes bitcoin a speculative bet rather than an investment in the conventional sense. It's important not to confuse the two.

HOW SHOULD I INVEST IN BITCOIN?

The most obvious way to invest is to buy the currency directly. However, that makes individual investors responsible for the security of their bitcoin, since the key is stored on your computer.

There have been many examples of hackers stealing keys from bitcoin exchanges and miners. With the increasing value of bitcoin, individual investors are becoming more attractive targets, especially as they lack the sophisticated internet security of large companies.

The FCA has warned about the "prevalence of market abuse and financial crime" in the market. This is, because cryptocurrencies are unregulated, meaning whoever buys them cannot apply to financial regulators for help should something go wrong, either in terms of compensation or to take action against mis-selling.

WHAT ABOUT LIQUIDITY?

Liquidity means changing investments back into cash when you want to. Over the 12 months, it's been common for less than $200m of bitcoin to be traded worldwide in a given day. By comparison, $6bn of Microsoft shares could be traded in a day. This means if a big sell-off happens you could struggle to find a buyer for your bitcoin, leaving you holding as the price tumbles.

SO WHERE DOES THAT LEAVE BITCOIN?

When considering the difficulty of valuing bitcoin, it's almost impossible to make a call on the current price or its future direction.

Cryptocurrencies are subject to their own risks, more so than more mainstream investments. It's important investors are made aware of them.

Bitcoin is a highly speculative investment, so, if you do decide to invest it may be wise to ensure that cryptocurrency doesn't make up more than a very small proportion of your overall portfolio. Also, don't invest any money you can't afford to lose.

The FCA has the final word by stating "If consumers invest in these types of product, they should be prepared to lose all their money."

This article isn't personal advice. The value of your investment and the income from it can go down as well as up and you may not get back the original amount invested. Past performance is not a reliable indicator for future results. Levels, bases and reliefs from taxation are subject to change and their value depends on the individual circumstances of the investor. Please contact us for further information or if you are in any doubt as to the suitability of an investment.

What do you need to do to retire early?

The start of a new tax year is a good time to review your retirement savings. But the big question is, are you saving enough?

The 6 April marked the start of the new financial year and new opportunities to save tax-efficiently, which includes getting the most out of your pension.

Your pension allowances start anew, meaning you can pay in as much as you earn, right up to your available annual allowance for the tax year, and receive tax relief. Research suggests that more than 50% of people aged between 18 and State Pension age think the minimum automatic enrolment rate of 5% employee and 3% employer, is enough.

Many others believe that the State Pension alone will be enough for an adequate income. In reality, it could barely be enough to cover essential bills.

HOW MUCH SHOULD I SAVE FOR MY RETIREMENT?

How much you put into your pension is subjective and depends on your personal circumstances, like how much you can afford. But, don't lose sight of the standard of living you want in retirement.

Over a 50-year working lifetime, from age 18 to 68, paying in around 12% of your salary should be enough for a modest retirement income for a single person. This 12% includes employer contributions as part of auto-enrolment. Combined with the State Pension, that's around £20,200* a year in today's money after tax.

If you want to have a more comfortable retirement of around £33,000* each year for a single person after tax, you may need to contribute as much as 24% into your pension. This should give you more financial security and freedom. Luxuries could include maybe a couple of holidays abroad and spending more on a new car or clothes each year.

Figures are based on a single person living outside London in retirement.

Remember, you can't normally take money out of your pension until age 55 (rising to 57 in 2028). When you can access it, up to 25% is usually tax-free, the rest is taxed as income.

WHAT IF I PLAN TO TAKE A CAREER BREAK?

Imagine taking a three-year career break in your 20s. This three-year gap could cost you at least a further 1% in pension contributions if you wanted to aim for a modest income and retire at State Pension age. Meaning you might need to save at least 13% of your salary each year into your pension.

CAN I STOP OR PAUSE PENSION CONTRIBUTIONS?

You are to cancel or pause pension contributions and it helps to make pension saving affordable and flexible. But you should consider the long-term implications. It may affect your future income and standard of living in later life.

As an example: You paused a £100 monthly direct debit for three years. Meaning you have missed out on £4,500 in your pension because the government would have added £900 in basic rate tax relief on top of your £3,600. If the monthly payments had been invested within your pension and had grown by 4% a year (not including charges), then that money could have been worth £4,783. Remember though, all investments can fall as well as rise in value, so you could get back less than you invest. Actual returns will depend on the investments you choose.

KNOWING IF YOUR PENSION IS ON TRACK

Every year you should use a pension calculator. This can help you to fine-tune your retirement plans and check you're on track for the retirement you desire.

The calculator will show you the impact of increasing any regular contributions and the effects that inflation and charges can have on your pension value.

Should it need adjusting then you can get the new tax year off to a flying start by paying more in and investing early.

This article isn't personal advice. If you're not sure if an action is right for you, ask for financial advice. Pension and tax rules can change, and the value of any benefits depend on your circumstances. Scottish tax rates and bands are different and other benefits apply.

Investing Traps

When world events impact stock markets, it's important for investors not to overreact and let bad decision-making take over. Here we highlight some of the main investor tendencies to watch out for and how to try and avoid them.

2020 will go down in history as the year of Covid-19. The impact has devasted many human lives and changed the way we live, possibly forever.

The virus had a varying effect on investment performance across different parts of the world. Markets like the US excelled by delivering returns of around 17.1%, mainly driven by its market-leading technology businesses, like Google, Amazon and Facebook. Whereas other markets like the UK's lost almost 9.8%. (Source: Lipper IM to 31/12/2020).

But stock market performance doesn't always reflect the day to day events on the ground in the economy. Many of the world's leading economies have suffered because businesses haven't been able to open as normal and spending has collapsed. Many countries have seen their GDP fall (Gross Domestic Product, the value of all of the goods and services produced by a country over a year). In 2020, the world GDP fell 3.6%, the worst growth outcome since 1946.

"IF YOU AREN'T THINKING ABOUT OWNING A STOCK FOR TEN YEARS, DON'T EVEN THINK ABOUT OWNING IT FOR TEN MINUTES."

This major impact has made navigating the last year very tricky for investors and it doesn't look like this uncertainty will be over completely any time soon.

So what do investors need to be aware of and what should they look out for and how can they try to avoid problems.

1 BE WARY OF THE HYPE

No investor gets every decision right. As investors, we don't always act rationally and can be guided by what others say and do. But it's important to give yourself the best chance of successful investing by being aware of a few simple steps to help avoid some of the pitfalls and unnecessary stress.

The first is 'don't follow the crowd'. This has been behind some of the extreme volatility in the share prices of some previously low-profile US companies we've seen recently.

It's easy to get carried away and feel like you could be missing out on something when you see what seems like a great tip online. But as is often the case when there's short-term hype, while some investors might be able to make a quick return, others will lose out. It's very important to do your research, even when it seems a chore and not jump the gun before making an investment decision.

A good rule of thumb is to think about your new investment and decide if you'd be happy keeping hold of it for ten years. As Warren Buffett once said, "If you aren't thinking about owning a stock for ten years, don't even think about owning it for ten minutes."

2 DON'T GET OVERCONFIDENT

Another well-known trap is overconfidence and investors having unwarranted confidence in their own abilities. There's nothing wrong with being confident when investing, once you have carried out reliable research, but too much of it can be risky.

It is well documented that overconfident investors do take more risk and tend to trade more frequently, but this can negatively impact their returns over time. Over the long term, this has the potential to reduce the value of your investments and leave you miles away from reaching your investment goals.

3 MISTAKEN BELIEF

Some investors can also suffer loss aversion bias. This happens when investors are reluctant to sell an investment at a loss, believing it will soon recover, but it may be better to sell now and use the money to invest back into other ideas, ultimately adversely affecting their portfolio.

Why is mistaken belief so hard to accept? Often it can be because we're more sensitive to making a loss on an investment than making a gain. After all, no one wants to see their money disappear.

Making the call to sell and move on can be difficult. It could be a stock or a fund that's banked you a profit in the past, or one that's paid you an income. This can result in having an emotional as well as a financial attachment to it, but remember, such loyalty can cost you, dear. As ever, investors shouldn't look at past performance as a guide to the future.

Before reaching a decision, you will need to look back and consider your decisions of the past. Did you make an error when buying the investment initially? Or did something change since buying, which means it's not the prospect it once was?

There's also the best opportunity cost to consider of course. Or in practical terms, if I wasn't holding onto this investment what else could I be doing with the money, or where else could I invest it? Asking yourself these tough questions will help you to evaluate properly all your alternatives. Ask yourself, if I didn't already own it and were analysing it again today, would I invest in it?

If the answer's no, then it might be best to sell it and move onto something else.

SO, WHAT SHOULD INVESTORS DO?

Never be driven by emotion or what other investors do. Investing is personal. It's intended to make your future life better and help you reach your own financial target.

We all fall into bad habits, in the rushing pace of modern life, but it's important to at least be aware of these investing pitfalls. While you might not be able to avoid them all, you can put yourself in a good position so any slips don't end up costing you too dear. One of the best ways to do this is by having a well-diversified portfolio.

This should include different types of investments that invest in different sectors and parts of the world.

If you invest in funds, you should hold a range of funds with managers who have different approaches and investing styles, including different investment philosophies, like value and growth.

If you invest in individual companies, you should only buy and hold individual shares as part of a well-balanced, diversified portfolio. Investing in shares is higher-risk and isn't right for everyone, so anything you hold should match your own adversity to risk.

Spreading your bets by being well diversified should improve the resilience of your portfolio as economies change and new events emerge. This allows your portfolio a better chance of performing well over the long run and will help you achieve your investment goals.

This article isn't personal advice. If you're not sure whether an investment is right for you, please ask for financial advice. Investments rise and fall in value, so you could get back less than you put in. Past performance is not a reliable indicator for future results. Levels, bases and reliefs from taxation are subject to change and their value depends on the individual circumstances of the investor. Please contact us for further information or if you are in any doubt as to the suitability of an investment.

Unclaimed pension tax relief

If you are a higher or additional rate taxpayer you could claim up to 45% in pension tax relief when you pay money into your pension. Here we explain how you could benefit and what to look out for.

None of us wants to pay more tax than necessary, so it's worth making sure you've done everything you can to save and invest tax-efficiently, especially if you pay tax at a higher rate.

One area where many people get caught out is claiming higher rate pension and tax relief allowances before the tax year-end deadline (5 April 2022).

Some people who pay tax at a higher rate seem oblivious to the government's generous pension tax perks. An estimated £830 million in pension tax relief went unclaimed by high earners in the 2017/18 tax year alone.

Here we look at what you need to know about these tax advantages and how to reclaim the money you could be owed, as well as what rules and limits to look out for. Remember money in a pension can't normally be taken out until 55 (57 from 2028) when up to 25% is usually tax-free with the rest taxable.

PENSION TAX RELIEF, WHAT IS IT?

Many of us already know that paying into a pension is one of the most tax-efficient ways to save for retirement, especially for higher and additional rate taxpayers. When you are a UK resident under 75, anything you pay into a personal pension, like a SIPP, you'll automatically get 20% in pension tax relief from the government.

If you pay enough tax at a higher rate, you can claim up to a further 20% or 25%, subject to certain limits.

That means a £10,000 pension contribution could effectively cost you as little as £6,000 or £5,500, depending on whether you pay tax at the higher (40%) or additional rate (45%).

CLAIMING HIGHER RATES OF TAX RELIEF

Basic rate tax relief is given automatically but higher rate tax relief is down to you to claim for anything over the basic 20% rate.

To make a claim, you have to contact HMRC. Many people use their self-assessment tax return, but if you prefer you can write to your local Tax Office too. Any money you have not claimed and are owed will be paid back to you personally, rather than added to your pension.

If you think you could've been entitled to a higher rate of tax relief from previous years, the good news is you can still claim it back. The deadline is four tax years after the end of the tax year in which you're claiming. This means the deadline for claiming tax relief for the 2017/18 tax year is 5 April 2022.

To claim, you need to write to your local tax office and confirm:

- The tax year or years you're claiming for
- Inform them that you are claiming for tax relief above the basic rate on personal pension contributions
- Provide them proof of tax you've already paid for that tax year
- Supply your bank account details for any due payments
- Make sure you sign all correspondence

WATCH OUT FOR THE PENSION LIMITS

You can only pay in up to the amount you earn in order to get pension tax relief on your contributions. If your earnings are £3,600 or less, then you can pay in up to £3,600, which includes the 20% tax relief from the government.

There's also the ceiling upper annual allowance of £40,000 for most people each tax year. If you want to pay in more to your pension, you might be able to carry forward unused allowances from the three previous tax years. This is known as the carry-forward rule.

OTHER RULES TO LOOK OUT FOR

When you start taking your pension, your annual allowance will be reduced to £4,000 each tax year. Similarly, if you have an adjusted income of £210,000 or more, your allowance could be reduced to as little as £4,000. This is known as the tapered annual allowance.

This isn't personal advice. If you're not sure what's best for you, please seek advice. All investments rise and fall in value so you could get back less than you invest.

Pension and tax rules can change, and benefits depend on your circumstances. Scottish tax rates and bands are different and other benefits apply.

5 ways to get more secure income in retirement

How could you increase your pension income over and above the State Pension, annuities, and defined benefit pensions?

We all know that having a secure income in retirement is the ultimate goal. The State Pension (assuming you're entitled to it) will cover some of your expenses, but with increasing lifestyles it may not cover them all. The good news is there are other ways to help boost your retirement income. Here we explain 5 ways to help.

1 CHECK YOUR QUALIFYING YEARS OF NATIONAL INSURANCE CONTRIBUTIONS

You currently need 35 qualifying years on your National Insurance record to get the full State Pension which has recently increased to £179.60 per week. The number of qualifying years you have will depend on a few things.

How many years you've been employed or self-employed and paid National Insurance contributions (NICs). Also, the number of years you've received National Insurance credits for, if you've worked abroad or had a career gap, you might not have the full quota.

If you don't think you'll have 35 qualifying years by the time you hit State Pension age, you can often top them up by paying voluntary NICs.

Most people can make voluntary contributions for the past six years. The deadline to do this is 5 April every year. This means you have until 5 April 2022 to make up for any gaps for the 2015-16 tax year. Depending on your circumstances, you'll either buy class 2 NICs (which cost in the current tax year 2021/22 £3.05 a week) or class 3 (£15.40).

2 DELAY TAKING YOUR STATE PENSION

For every nine weeks, you delay taking your State Pension, the government will increase your future income by 1%. It works out as roughly 5.8% for every year. While you're getting an uplift, you're giving up a series of initial payments, meaning you need to live for about another 17 years in order to break even.

3 CONSIDER AN ANNUITY LATER IN RETIREMENT

An annuity is a type of pension income you can exchange your pension savings for, which pays you a guaranteed income every year for as long as you live. Once an annuity's purchased, from an insurance provider, you usually can't reverse your decision, so, it's important that you do your research and get the right one for your circumstances. Annuity rates have remained low for a few years now and lots of retirees have abandoned them altogether, in favour of taking flexible payments from their pension.

Even if you ruled out annuities in the past, it's always worth checking what rates are on offer now. Rates change and you might end up with a better deal in your later years.

You could ask an insurance provider for an annuity quote to see how much you could receive. Remember quotes are only guaranteed for a limited time and the income you could receive will depend on the amount of money you have in your pension, your health, circumstances and the options chosen.

4 DEFINED BENEFIT PENSIONS

This is a type of pension scheme set up through an employer that pays out a calculated guaranteed income for life.

Many employers have moved away from defined benefit (DB) pensions in recent times with many employers no longer offering them to new employees. But if you're lucky enough to have one, you might be able to put off taking it until later in retirement.

The great thing about deferring a DB pension is that you'll often get a guaranteed uplift. This increases your annual income and tax-free cash entitlement as a result. But if you're approaching the lifetime allowance (currently £1,073,100 for most people in the tax year 2021/2022), you might want to consider the effect deferring could have on this. You'll need to check if your DB scheme will let you defer, and how much more you might get.

5 CONTRIBUTE INTO YOUR DB SCHEME

You might be able to increase the value of your DB scheme pension by buying more years of membership. But you'll need to check any eligibility criteria with your scheme provider first and whether they offer this. Also, ensure any extra income you might get is worth the extra money you'll pay in.

Remember though, you usually need to be at least 55 (57 from 2028) before you can access money in a pension. Pension and tax rules can also change, and benefits depend on your circumstances.

The value of your investment and the income from it can go down as well as up and you may not get back the original amount invested. Past performance is not a reliable indicator for future results. Levels, bases and reliefs from taxation are subject to change and their value depends on the individual circumstances of the investor. Please contact us for further information or if you are in any doubt as to the suitability of an investment.

Controlling finances - what women need to know

It is thought that by 2025 more than 60% of the UK's wealth will be in the hands of women. Women will have more financial power than ever before.

Wealth is often passed to women by their husbands, so the likelihood is that women will be in control of both short and long-term finances going forward, therefore, it is important to make sure you're prepared if it happens to you.

Here are some preparation finance fundamentals and the potential pitfalls to avoid, making sure you are in control of your own financial future.

1. THE PLAN

Budgeting is the plan for good financial health and planning. Unfortunately, the word 'budget' can have negative connotations. Budget means a plan that is clear and that will put you on the right track to achieving your goals. Living without a budget is like driving travelling without knowing the way.

Setting a budget encourages good spending habits so you're less likely to overspend and fall into debt. It can also increase your capacity to save by identifying areas where you could spend a little less. Build saving into your budget and save on the day you get paid.

It's important to have some savings in your own account name, so you can access the money quickly if you need to. It could help to set up a standing order or move the money to a separate account.

2. WHY A CREDIT SCORE MATTERS

If you want to buy a house or take out a loan, then you should take the time to check and manage your credit score. It impacts how much credit you can access in the future, this includes credit cards, mobile phone contracts and monthly insurance premiums.

Your credit score is how a lender will assess the risk of lending money to you. It's an assessment of how good you are at managing debt. You can check it for free with one of three agencies, Equifax, Experian or Call Credit.

Put some bills in your name, if you're living at home with your parents then paying your mobile phone bill monthly via direct debit can be proof, you're a good candidate for credit. Make sure your bills are paid on time, this is ultimately what lenders are trying to assess and not doing so will lower your overall score.

The last 6 years' worth of financial history will be held on your credit file, this can include financial associations, such as your partner's spending habits. Shared utility bills can also sometimes create a financial link, so it's important to check you're not associated with any ex-partners or old housemates. If you are then let credit reference agencies know to break the link.

3. HAVE A BACKUP PLAN

We all should hold an emergency fund for that rainy day. You should normally try to have 3-6 months' worth of expenses, for essential needs.

This safety net can cover any unexpected costs, like having to replace any white goods or needing car repairs. But it can also give you a buffer and buy you more time should you lose your job or become ill and unable to work. In most cases, this should be held as cash in an easy access savings account.

Longer term you could consider protecting before investing. The main reason for looking at protecting yourself is down to the number of people that are dependent on you. Equally, you need to look at the support that will be available if you can't work. Depending on the type of insurance, it can safeguard the future of your loved ones or provide an income.

When you consider that three quarters of women over 60 are either single, widowed or divorced when they die. Overreliance on a partner can leave women at a disadvantage and mean that your individual needs aren't always prioritised.

More than half of all UK adults don't have a valid Will. If you pass away without a valid Will, you die intestate and your estate will be divided according to a fixed set of rules, these rules are often outdated for modern families.

Having a healthy relationship with your finances starts with the right mindset. Money worries are the biggest cause of stress outside of the workplace. Remember, financial independence comes hand in hand with knowledge of your finances.

The value of your investment and the income from it can go down as well as up and you may not get back the original amount invested. Past performance is not a reliable indicator for future results. Levels, bases and reliefs from taxation are subject to change and their value depends on the individual circumstances of the investor. Please contact us for further information or if you are in any doubt as to the suitability of an investment.

Retiring in a pandemic WHAT CAN I DO?

Many people are in limbo as the pandemic plays out. For others, it might have even changed their plans totally.

This isn't a great starting point for retirement, especially when historically, retirement is thought of as a cliff edge.

Retirement is no longer simple, there are many things to think about, this now includes how the pandemic could impact your retirement.

1 ALREADY IN RETIREMENT

For those of you already in retirement, the impact of the pandemic will largely depend on what income you currently have and if it's secure going forward.

The income you receive from the State Pension is a good example of a secured income as it is essentially guaranteed to continue for the rest of your life.

Chancellor Rishi Sunak recently announced in the Budget the 'triple lock' on State Pensions will remain untouched.

Secure income could also come from sources like a final salary pension or annuities. For secure income sources already in place, the pandemic should have little to zero impact on how much income you get. However 'unsecured' sources of income are more unreliable. These are things like income from Income Drawdown arrangements, rental income, dividends and interest received from investments and cash in products like ISAs.

As global economies have shut down and businesses have made less money, dividends, on the whole, have reduced.

What can I do to protect my retirement income?

Always have an emergency fund in place, so you can quickly access cash when you most need it.

Normally it is recommended to have around 3 to 6 months of normal expenditure. But if you're retired, then you should hold more. Many people believe it's a good idea to hold around 1 to 3 years' worth of expenditure if you've finished working. Holding cash can help to shelter you from any losses and acts as a backup for any unforeseen events.

2 APPROACHING RETIREMENT

For people approaching retirement, the pandemic might have a bigger impact on their plans. Many people have the pandemic dilemma of 'If I retire now, what would I do with my time?' or 'Should I just continue working and wait until I can enjoy my retirement as I had always planned?'.

However, there are some things you can do to help you with your plans depending on your current situation, for instance:

• If you have been working from home over the past year and you feel as though you've enjoyed not having to commute to work, you might want to see if you can work part-time.

• Maybe you've been furloughed and you're now earning less, you might want to think about holding off on accessing your pension if you can afford to. You may want to protect that tax-free cash amount that could potentially increase between now and when you were actually planning to access it.

Money in a pension can't normally be taken out until age 55 (57 from 2028) when up to 25% is usually tax-free with the rest being subject to tax.

3 WITH FIVE YEARS OR MORE TO RETIREMENT

Should you be more than five years away from retirement, the pandemic could affect the amount you contribute towards retirement.

Staying home means we spend less; this gives you continued earnings so you can now save more and on the flip side, your earnings have reduced or stopped so your savings are going down.

If you have saved more during the pandemic, you could think about increasing the amount you save into a pension. This could not only boost the potential tax relief you can get but also lead to an earlier than planned retirement.

If you have earned less, the opposite might be true. It could be worth temporarily reducing or stopping how much you're putting into your pension.

A good idea is to use a Pension Calculator to help understand what impact increasing or decreasing contributions could have on your eventual retirement.

This article isn't personal advice. If you're not sure if a course of action is right for you, ask for financial advice. Tax rules can change, and the value of any benefits depend on your circumstances. Unlike cash, all investments and any income from them fall as well as rise in value, so you could get back less than you invest. To find out more about your retirement options, you could get free impartial guidance from the government's Pension Wise service. Or if you'd like personal advice, you could ask for financial advice.

How fast should you fill your

ISA allowance up?

Would you benefit from opening your ISA now, rather than later?

A Stocks and Shares ISA are seen as many as the investors' portfolio. It's an easy and simple way to invest for your long-term future, free of UK income and capital gains tax.

With the new tax year just started, you can now shelter up to £20,000 in your ISAs before 5 April next year. This raises the question, should you use all your allowance early, wait until the end of the tax year, or spread it throughout the year?

What is best for ISA investing?

If we look at the return from investing £5,000 each tax year in the UK stock market since Stocks and Shares ISAs launched in April 1999, comparing someone investing on the first working day of the tax year and another investing on the last working day of the tax year.

During that time, market volatility has led to some difficult times for investors since ISAs first launched. The dot-com crash, the Iraq War, the banking crisis and more recently, the COVID pandemic.

Regardless of these impacts, you'd have done very well, with both ways returning over 99% growth, not including charges. But, had you been the person who invested earlier rather than later, you would have been £7,795 better off overall by investing at the start of each tax year. There are no guarantees this pattern will continue and past performance isn't a guide to the future.

No one can predict how the stock market will perform over the next year and on various occasions in the past since April 1999, an investment at the start of the tax year would have fallen in value by the end of that same tax year. This shows it's not always going to be a trend. Investments can rise and fall in value and you could get back less than you invest.

What if I spread my ISA over the course of the year?

This way you can take advantage of your ISA allowance without doing it in one go. You can spread your investment over the year by investing on a monthly basis.

This really works for people who want to invest, but don't have the money until it's earned. You can start a direct debit with as little as £25 a month.

It's also a good way of investing if you're not sure if now is the best stock market timing. Investing on a monthly basis gets rid of some of the ups and downs and takes away some of the emotional barriers to investing. It also spreads the cost of your investment, removing some risk if markets fall in value in the short term. Using this regular investing, you could buy more of the same investment cheaper if the market falls, but the reverse is true if markets rise.

This article isn't personal advice. The value of your investment and the income from it can go down as well as up and you may not get back the original amount invested. Past performance is not a reliable indicator for future results. Levels, bases and reliefs from taxation are subject to change and their value depends on the individual circumstances of the investor. If you're not sure what's right for your circumstances, please ask for financial advice. Tax rules can change and the benefits depend on your personal circumstances.

For more information on any subject that we have covered in this issue, or on any other subjects, please tick the appropriate box or boxes, include your personal details and return this section to us.

- ☐ Financial wealth check
- ☐ Tax efficient investments
- ☐ Pensions
- ☐ Tax planning
- ☐ Critical Illness cover
- ☐ Protection
- ☐ Off-shore investments
- ☐ Healthcare
- ☐ Director and employee benefit schemes

Name:______________________________

Address:______________________________

________________ Postcode:________________

Tel.(home):________________ Tel.(work):________________

Mobile:________________ E-mail:________________

Please return to:
Anglo International Group Limited – Independent Financial Advisers
The Investment & Mortgage Centre, 170 Epsom Road, Guildford, Surrey GU1 2RP

You voluntarily choose to provide your personal details. Personal information will be treated as confidential by us and held in accordance with the Data Protection Act. You agree that personal information may be used to provide you with details of products or services in writing or by telephone or email.

m8trix media

M8trix Media Limited 960 Capability Green, Luton, Bedfordshire, LU1 3PE

This magazine is for general guidance only and represents our understanding of the current law and HM Revenue and Customs practice. We cannot assume legal responsibility for any errors or omissions it might contain. Levels and bases of, and reliefs from taxation are those currently applying but are subject to change and their value depends on the individual circumstances of the investor. The value of investments can go down as well as up, as can the income derived from them. You should remember that past performance does not guarantee future growth or income and you may not get back the full amount invested.