

MoneyMatters

January/February 2018

4 steps to
financial security

Lifetime
allowance is
increasing

Interest rates
& Annuities

**AUTUMN
BUDGET
ROUND UP**

Should I withdraw
my pension?



MAIN
residence
tax relief

2017/18
Tax Planning

• Lifestyle Protection

• Creating Wealth

• Tax Rules

inside

New Main Residence Relief -
and inheritance tax Page 2

Lifetime allowance is increasing
Page 3

What does the interest rate rise
mean for annuities? Page 4

Should I withdraw my pension?
Page 5

Year end tax planning for 2017/18
Page 6-7

Property or shares - which are
now the best option? Page 8

How to secure your financial
future Page 9

What's your strategy for retiring?
Page 10

4 steps to financial security
Page 11

Autumn Budget 2017 round-up
Page 12

Need more information?

Simply complete and return
the information request on
page 12



New Year

New Main Residence Relief

Will it reduce your inheritance tax on death?

Headlines from politicians and the media are often there to shock or impress, only when you get underneath the bonnet and look at the finer details do you establish what these changes mean in practice.

This can be said of the new main residence nil rate allowance commencing in the new year. The government never make life easy and one could say over engineered although its aim is no doubt achieved, give a little but not too much. However this often causes issues as individuals read the headline, don't take advice as the feel this change addresses any issues they had.

The new rules provide an additional allowance of £100,000 in the tax year 2017/18 and a further £25,000 over the following three tax years, so that in 2020/21, you will potentially have your existing nil rate personal allowance of £325,000 and an additional £175,000. However this assumes that a property is involved and this passes directly to the descendants, such as children and step children.

This is where it becomes a little more complex, what if you downsize or sell a property, what happens to spouses allowance on death, or discretionary trusts or discretionary will trusts, are other trusts affected the list does not stop there.

In addition, where estates exceed £2million a taper relief comes into play, reducing any property related relief potentially to zero. As a business owner you may feel this does not affect you as your main assets attract business property relief or a farm agricultural relief however this is not the case as taper relief does apply to all assets.

The simple answer is to seek professional assistance as this is a complex area and important to take independent financial advice, which often involves working alongside other professionals.

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.

Lifetime Allowance is increasing

Lifetime Allowance (LTA) is the limit on the value of pension benefits you can build up during your lifetime without being subject to an extra tax charge when you withdraw your pension.

Not that long ago, in April 2010, the LTA was £1.8m and it remained at this level for two tax years. Since then, the government has aggressively reduced the limit, cutting it by 44%, almost by half, to its current amount of £1m.

A £1m pension might still sound like a lot, but not if you retire at 60 and live to be 90. It was thought that as many as 460,000 people were affected by the latest reduction from £1.25m in April 2016.

The good news is, LTA is due to rise in line with inflation to £1,030,000 in April 2018. This is the first increase since April 2010 and compared to past reductions is relatively small, but it's a good start.

WHAT HAPPENS IF I EXCEED THE LIFETIME ALLOWANCE (LTA)?

If you have a pension pot over the LTA - you will trigger an additional tax charge of up to 55% on the excess.

The charge doesn't just relate to the contributions you've made to your pensions either. It applies if the total value of your combined pension pots is over £1m.

The starting point is measured against this limit include whenever you take money from your pension and/or reach age 75.

IS YOUR PENSION NEARING THE LIFETIME ALLOWANCE?

If your pensions (including any final salary schemes) will be worth more than £1m by the time you retire or reach age 75 or were worth more than £1m on 5 April 2016, you might be able to register for lifetime allowance protection.

WHAT DOES THE LTA INCREASE MEAN FOR YOU?

For those who don't qualify for either fixed or individual protection and are close to exceeding or already over the LTA without protection, then this government LTA increase is good news. It will mean your excess tax charge is cut by up to £16,500 and your tax-free cash could also increase by £7,500.

MAKING LTA CALCULATIONS EASIER

Investors with multiple pension pots could transfer them all to one pot. This saves on the sorting through reams of paperwork and contacting all the different providers for valuations, getting one current valuation is much quicker. With that in place, deciding whether or not to apply for LTA protection could be made easier.

Predicting your LTA is complex and what you do with your pension is an important decision. We strongly recommend you understand your options and check your chosen option is right for your circumstances. If you are close to the limit, think carefully about whether receiving advice would be beneficial before making any decisions. The government provides a free and impartial service to help you understand your retirement options.

There are two lifetime allowance protections available and you can apply for both online via the HMRC website:

Fixed Protection

If you apply for Fixed Protection 2016, this will mean that your LTA is fixed at £1.25m. However, you can only apply for it if you have not made any contributions to any of your pensions since 5 April 2016.

This includes either personal and employer contributions or any further benefit accrual into a final salary scheme.

Individual Protection

If your pensions were worth more than £1m on 5 April 2016, then you can apply for Individual Protection. Your LTA will then be whatever the value of your pensions was on 5 April 2016, up to a maximum of £1.25m. You and your employer can continue to make contributions to your pension but any value in excess of your LTA will be subject to a tax charge.

Pensions and tax rules can change and any benefits will depend on individual circumstances. If you are in any doubt as to the best course of action for your circumstances, you should seek personal advice. You should not make any decisions based solely on the above. This article is not personal advice. What you do with your pension and savings is an important decision. Therefore, we strongly recommend you understand your options and check your chosen option is suitable for your circumstances: take appropriate advice or guidance if you are at all unsure.



What does the interest rate rise mean for annuities?

Last November the Bank of England raised interest rates for the first time in ten years by 0.25%, which in effect doubled rates to 0.5%.

Interest rates are used to determine the rates annuity companies offer to retirees.

Annuity providers generally hold government bonds to generate the income needed to pay clients. Interest rates began to be reduced after the 2008 banking crisis, which in turn saw annuity rates reduce.

When the Bank of England cut interest rates further, to a record low of 0.25% in August 2016, annuity rates tumbled and hit rock bottom a month later. The good news is that since then rates have been rising, with some now up 19% on where they were just over a year ago.

As an example: a 65 year old with a £100K pension at rock bottom in September 2016 had £4495 of monthly income, whereas today the income would be £5365 an increase of 19% (this is based on a single life annuity with a five year guarantee period, paid monthly in advance).

HOW DO INTEREST RATES AFFECT ANNUITIES?

An annuity is an insurance policy which allows you to turn some or all of your pension into a guaranteed income for life. It's not easy to predict what kind of impact the Bank of England's rate increase will have on annuity rates, because the last time interest rates rose in July 2007, the knock on effect on annuity rates was only small with a 0.5% increase in the weeks that followed.

Financial markets, and annuity providers, had been pricing in an interest rate rise prior to the latest announcement, annuity rates have risen during this period, with one provider even increasing some of their rates by 3%.

With this in mind, buying an annuity with your pension now, if annuity rates continue to rise, could see you under value your income position. This strategy for looking to achieve a higher rate in the future could come at a cost. Every month you delay, another month of missed income payment occurs and rates could also fall, so any delay could prove costly.

HOW TO GET THE BEST POSSIBLE RATE?

Aside from interest rates and returns from government bonds, what annuity rate you receive is mainly driven by two more factors:

- Shopping around to find the best rate on the market
- Confirming health details to boost your income.

SHOPPING AROUND FOR THE BEST RATE

An online annuity comparison tool can get you quotes from all the providers on the open market within minutes. It's important to remember your current pension provider is unlikely to offer the best possible annuity rate.

If you're considering buying an annuity, start by checking the income offered by your existing provider and make sure you won't lose any valuable guarantees by moving to a different provider.

IMPROVED RATES BY PROVIDING HEALTH AND LIFESTYLE DETAILS

Enhanced annuities pay more income based on your health and lifestyle. You don't have to be seriously ill to qualify. In fact, it is thought that over 70% of annuity clients qualified for higher incomes last year.

Make sure you provide all your details when obtaining annuity quotes. Even details like your height, weight and lifestyle can make a big difference. Also include your spouse or partner's details if you want them to receive your annuity income after you die, bearing in mind that their details could further increase the income being offered.

ALWAYS SEEK PROFESSIONAL ADVICE

What you do with your pension is an important decision. We strongly recommend you understand your all of your options and check your chosen option is right for your circumstances. The government provides a free and impartial service to help you understand your retirement options.

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.

Should I withdraw my pension?

It's unusual for anyone to be short of ideas when it comes to knowing what to do with your pension savings. But is it always beneficial to make withdrawals at the earliest opportunity?

Of course pension and tax rules can change so the decisions you make, and the value of benefits, will depend on your individual circumstances.

THE CASE FOR WITHDRAWALS

Obviously you shouldn't just draw money from your pension simply because you can. But you may have immediate needs, but aside from usual living expenses, there might be debts you want to pay off, your mortgage or essential repairs to make on your home.

Possibly you won't be this reliant on your pension for such needs, but rather see this as an opportunity to help family members financially.

HAVE A PLAN

With the decision made, remember only 25% of your pension can usually be taken free of tax, the rest is taxed as income. It might pay to consider your current income level before making large withdrawals.

It's also important not to go mad and 'over draw'. Unless you have a definite plan for the money, putting excess money into a bank account, for example, exposed to inflation and poor interest rates may turn out to be one a poor financial decision.

If you do over draw, choosing to re-invest the money, into say a Stocks & Shares ISA, could give you the potential to combat

inflation and increase the value through investment returns. Although remember, there is the risk you could get back less than you invest as all investments can fall and rise in value. There is also a limit on how much you can put into ISAs each year, which is currently up to £20,000 for tax year 2017/18.

When it comes to planning you will need to consider how long you need your pension income to last, how much you will need for your essential living costs, and whether a secure or flexible income option is more suitable. If you don't plan well, you may run out of money and become reliant on the state.

DEFERRING (OR LIMITING) WITHDRAWALS

After taking your tax-free cash, the pension withdrawals are taxed thereafter in the same way as a salary and added to any other income received that tax year. It's particularly important to consider if you're planning to continue working, or if you have other sources of income available, like ISAs, where withdrawals are non taxable.

Money left in a pension still has the potential to grow free of capital gains tax, whilst also offering the potential to pass on pension wealth to loved ones free of inheritance tax.

If the plan-holder is under 75 at date of death the whole fund is usually passed to the next of kin tax free, but if over age 75, the fund is taxed at the recipient's marginal rate of income tax. This places pensions as

an excellent tool for tax planning across the generations.

If you do choose to withdraw, you don't have to access your entire pension in one go. You can choose to access only a portion at a time, therefore limiting the amount of tax-free cash you take, and only releasing the income you need when you need it will help you to avoid 'over-drawing' and depleting your fund.

HELP IS AVAILABLE

Planning your pension withdrawal is an important decision. We strongly recommend you understand your options and check your chosen option is right for your circumstances. Take advice or guidance if you are unsure.

The government provides a free and impartial service to help you understand your retirement options.

The possibility of keeping 25% of your pension tax free is one of the biggest pension saving incentives. The remaining amount of pension in your pot can then be exchanged for an annuity which provides a regular secure income, or you can choose to keep the money invested and withdraw income as and when you need it by using Drawdown. You can, if you wish, even combine the two options.

Pensions and tax rules can change and any benefits will depend on individual circumstances. If you are in any doubt as to the best course of action for your circumstances, you should seek personal advice. You should not make any decisions based solely on the above. This article is not personal advice. What you do with your pension and savings is an important decision. Therefore, we strongly recommend you understand your options and check your chosen option is suitable for your circumstances: take appropriate advice or guidance if you are at all unsure.

YEAR END



We are all aware that the tax system is very complex, but you shouldn't let complexity deter you from the simple goal of keeping your taxes as low as possible. Here we look at some of the key areas you may wish to consider:

PERSONAL ALLOWANCE

Ensure each spouse uses their full Personal Allowance for Income Tax purposes where possible. As it stands today, annual income of less than £11,500 is not liable to tax. Spouses and registered civil partners should consider the possible transfer between them of income-producing assets to ensure that Personal Allowances are not wasted.

PERSONAL ALLOWANCE FOR HIGH EARNERS

Your Personal Allowance goes down by £1 for every £2 that your adjusted net income is above £100,000, which means your allowance is zero if your income is £122,000 or above. Annual gross personal pension contributions may be deducted from total annual-earned income for the calculation of adjusted income, and certain other investment structures may qualify for significant tax rebates which could be used to offset the reduction. Also, moving investments that generate income from taxed to tax-efficient environments could also reduce an individual's 'net adjusted annual income'.

RELIEF ON PENSION CONTRIBUTIONS

The Annual Allowance for tax relief on pension contributions is £40,000, so consideration should be made to utilising the full Annual Allowance for the tax year 2017/18 by 5 April 2018. 'Tax-relievable pension contributions' relates to personal contributions and the availability of the Annual Allowance, and any carry forward relief is subject to 100% Net Relevant Earnings (NRE). It is possible to carry forward unused Annual Allowances from

three previous tax years, so it may be possible to receive tax relief in the current tax year on contributions in excess of £40,000 with a little planning on shortfalls from previous years.

RELIEF ON PENSIONS FOR HIGH EARNERS

The Annual Allowance definition is more complicated here. Those with an annual 'adjusted income' of more than £150,000 will be reduced to only £10,000 for 2017/18. There are two rules for the reduction in the annual allowance, both of which must apply for the allowance to be reduced. The first is that the individual's adjusted income for the year is more than £150,000. The second is that the individual's 'threshold income' for the year is more than £150,000 less the standard annual allowance for that year. This makes the threshold income limit £110,000 for 2017/18 (£150,000 less the standard annual allowance of £40,000). Essentially, 'adjusted income' is all income including pension contributions (both individual and employer contributions), whereas threshold income excludes pension contributions.

Where an individual has both adjusted income of more than £150,000 and threshold income of more than £110,000 for 2017/18, the annual allowance of £40,000 reduced by £1 for every £2 by which adjusted income exceeds £150,000. The maximum reduction is £30,000, meaning that the minimum allowance for 2017/18 is £10,000. This will apply to anyone with adjusted income of more than £210,000 and a threshold income of more than £110,000.

TAX PLANNING FOR 2017/18

LIFETIME ALLOWANCE'S

The pension Lifetime Allowance (LTA) is defined as the total amount of UK pension savings each individual is allowed to build up in their lifetime, which is currently £1 million increasing to £1,030,000 in April 2018 (in line with inflation). An individual is able to accumulate more than the Lifetime Allowance, but the sum in excess of the Lifetime Allowance will be subject to a 55% tax charge. The 'flexible drawdown' pension rules now in place from 6 April 2015 onwards allow individuals the opportunity to plan their affairs to manage the level of the money they take from their pension pot to both minimise annual Income Tax liabilities and keep within the Lifetime Allowance. Reviewing what you could draw down as income from your pension funds before 6 April 2018 could prove useful for LTA planning purposes.

TAX-EFFICIENT INVESTMENTS

Using tax-efficient investments such as Individual Savings Accounts (ISAs), Enterprise Investment Schemes (EISs), Venture Capital Trusts (VCTs) and Seed Enterprise Investment Schemes (SEISs) should be reviewed in conjunction with your financial adviser. Up to £20,000 per person (so up to £40,000 for a married couple) can be invested in an ISA for the 2017/18 year. EISs, SEISs and VCTs are generally considered high risk investments and may not be considered suitable for all types of investors.

DIVIDEND TAX

As from 6 April 2016, company dividends will be taxed at 7.5% in the basic rate band, 32.5% in the higher rate band and 38.1% in the additional rate band. However, from April 2018 the dividend tax free amount is being reduced from £5,000 to £2,000 to the recipient, no matter which tax band you fall in.

CAPITAL GAINS TAX

Always remember to utilise your tax-free Capital Gains Tax Annual Exemption, currently £11,300. Each spouse or registered civil partner is entitled to the exemption each year, so gifts between spouses prior to sales of assets may be tax-effective. It may be worth crystallising capital losses

where gains in excess of the Annual Exemption have been made. Additionally by putting off any sale until after 5 April 2018 may see your tax liability at lower rates and provide cash flow benefits in terms of when tax needs to be paid.

INHERITANCE TAX

Look to use any remaining unused amount of the £3,000 annual exemption, together with other possible exemptions such as those for small gifts of up to £250 per individual, plus regular gifts out of your normal monthly or annual income and tax-free gifts in consideration of marriage, which can range between £1,000 and £5,000 depending on the relationship with the person getting married.

NEW INHERITANCE TAX RESIDENCE ALLOWANCE

When you pass on your main residence, you can now receive an additional £100,000 on top of the £325,000 Inheritance Tax allowance via the new main residence nil-rate band allowance.

Each individual can pass on up to £425,000 without paying Inheritance Tax as long as your family home is passed on to either children or grandchildren (and your share is worth at least £100,000 in 2017/18). The higher figure applies where more than one nil-rate band is available.

The 2017/18 year end for tax planning purposes is now only a matter of months away, with the deadline approaching on 5 April 2018. Effective tax planning is about knowing the personal and business taxes you are liable to pay and acting to legally minimise them.

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.

Property or shares

which is now the best option?

Interest rates are rising but only slowly, which means investors are becoming creative with their capital to generate the income they need.

Some are looking at buying a second property and rent it out to tenants. There is an attraction for property when you view the past, as this sector has historically delivered a compelling rental yield, combined with an attractive level of capital growth over the long term. The average UK house price was about £45,000 30 years ago. That's increased to around £210,000 today.

It's been estimated almost one in four households will be renting from a private landlord by the end of 2021, up from 21% today.

Here are the main factors you should consider before investing in property and suggest a potential alternative.

COSTS

The costs involved in buy-to-let can quickly build up and erode the returns.

You will need to thoroughly search the market to find a property capable of achieving the best possible rental yield. This may not necessarily be close to where you currently live, and an excessive distance could result in extra hassle and costs if something goes wrong.

Once you've found the right property, you need to consider the buying costs, including the legal fees, agency fees and survey fees, all of which are usually paid up front. If you buy the house with a mortgage, any initial costs and ongoing repayments must also be considered.

After your purchase finding a good tenant is not so easy. If this is done

through a letting agent, they'll charge to find and vet potential tenants.

Then you need to consider ongoing costs, many of which will need to be paid even if the property becomes vacant, like council tax, redecoration and repairs, gas and electrical appliance maintenance, buildings and contents insurance, legal insurance and the costs of complying with the various landlord regulations. If it is a flat or apartment, service charges or ground rent will need adding to the growing list of costs.

EXPOSURE

A property can sit on the market for months, or even years, before a buyer is found. If you need to access your money quickly, you could be forced to accept a lower offer than you could achieve given more time.

TAX

You should also ensure you have a fully understand all the tax implications of purchasing a buy-to-let property as this will cause a reduction on your returns.

Stamp duty will be payable when the house is bought and, following recent changes, buyers of second properties pay an additional 3% points higher than those for their main residence.

In addition, rental income is taxable in accordance with your income tax banding. Changes between now and April 2020 to the rules regarding tax relief on finance costs like, mortgage interest could significantly increase the amount of tax payable by higher and additional rate taxpayers.

If you later decide to sell the property, capital gains tax will be payable on any gains above the CGT-free allowance, at 28% for higher and additional rate taxpayers and 18% for basic rate taxpayers.

OPTIONS

Shares may be less tangible than property but when you purchase a share in a company, you own a portion of it and are entitled to a share of any profits it decides to pay out as dividends. Another way to increase the income potential of the stock market is to invest in an equity income fund.

Equity income funds usually aim to provide both income and long-term capital growth by owning shares in well-managed, dividend-paying companies. This income can either be withdrawn and spent or reinvested to achieve a higher rate of capital growth over the long-term.

You can also hold funds inside an ISA or a SIPP, making them extremely tax efficient. Tax rules can change and the benefits depend on personal circumstances.

With lower fees, attractive yields and potential tax advantages of equity income funds make them a superior choice to a buy-to-let property for most individuals.

Whether you are seeking a regular income or would prefer to grow your capital over the long term, there is no shortage of talented equity income managers, ready to help you. Talk to your professional financial adviser to open a more diversified portfolio of investments.

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.

How to secure your financial future



Major life events require comprehensive investment planning

If you really want to see your money grow and you don't need it immediately consider investing it rather than just letting it languish in a savings accounts. You might want to invest for major life events like retirement, paying your child's or grandchild's university fee or even a house deposit for them.

Whatever the reason, investing has historically given higher returns than saving in a bank account, but with the chance of higher rewards comes a higher level of risk.

WHAT ARE THE BEST OPTIONS?

If you're looking to grow your money over many years, cash might not be the right option, especially when the interest rates on Cash ISAs are near all-time lows. Up to £85,000 of your money is secure in a bank or building society through the Financial Services Compensation Scheme, unlike stocks and shares or fixed interest investments which are less secure.

RISK LEVELS

If you are able to accept some level of risk, investing in the markets through a Stocks & Shares ISA might offer you exposure to higher returns than cash alone could. Here are some reasons why you might consider investing some, or more, of your savings in a Stocks & Shares ISA, which could help you realise your long-term financial goals.

INFLATION

The main appeal of cash savings is that you can access it when you need it. There are fixed rate Cash ISAs and variable rate Cash ISAs available. The capital itself will not go up or down in value. It's sensible to keep enough cash to cover any short-term needs, but keeping too much of your savings in cash will erode it over time through inflation if interest rates are lower, which could leave you worse off.

HIGHER RETURNS

By accepting some level of risk and investing your money in assets such as company shares, bonds and property, you could potentially achieve higher returns than cash. Relying on any one asset could expose you to an unnecessary risk of losing money. The key to managing risk over the long run is holding a diversified portfolio of assets that can collectively perform well in different circumstances. Returns from investing can never be guaranteed, however, you should remember that past performance is no guide to future performance.

A DIVERSIFIED PORTFOLIO

A wide range of investments can be held in a Stocks & Shares ISA, as well as individual company shares and bonds. Some funds focus on one type of asset, and sometimes even one region, while others hold a mix of assets from around the world. A broad and diversified portfolio should help spread the risk of individual assets failing to deliver returns or falling in value.

BEING TAX EFFICIENT

The real overall benefit of investing through an ISA is that any income you receive and any capital gains from a rise in value of your investments, will be free from personal taxation, irrespective of any other earnings you have. It's important to remember that ISA tax rules may change in the future. The tax advantages of investing through an ISA will also depend on your personal circumstances.

SIMPLE INVESTING

Investing in stocks and shares through an ISA is very straightforward. You can choose to invest a lump sum or set up a regular savings plan that fits your circumstances and your financial goals. There are a lot of different approaches to investing, each with their own risk and return profiles. It's important that you only invest in products that are suitable and obtain professional financial advice to establish an investment approach that is right for you.

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.

4

steps to financial security

Setting aside money for the future is never easy, many day to day expenses take priority and it can be difficult to decide where to save and invest. This is why it's important to set goals to make it easier to follow to a plan.

Here we show you 4 steps which everyone should consider to try to achieve their financial security.

1 SET YOUR GOALS AND DECIDE YOUR RISK LEVEL

Set your goals out clearly; try classifying them as either 'must haves' or 'nice to haves'. You can also split them into long-term and short-term goals. It's important that your goals are realistic, achievable and affordable.

Having cash is good for immediate expenditure and as an emergency cash reserve is important. However, with longer term savings you could be losing thousands of pounds, as cash savings often fail to keep pace with inflation. Investing in the stock market over the long term can provide returns above inflation although please remember that unlike the security of cash, all investments can fall as well as rise in value, so you could get back less than you invest.

Once you have your cash reserve, consider splitting any surplus across different asset classes. Different classes do behave differently and spreading your investments will reduce the likelihood that all of your investments will lose value at the same time.

Investing in the stock market does carry risk; therefore it is important to know how much risk you are willing to take. Look at whether you can afford to accept the proposed level of risk with the investments in question and how you will feel and behave when your investments fall in value.

2 THE LITTLE AND OFTEN STRATEGY

The earlier you begin setting money aside for the future the better, because it's possible to build up a nice sum by investing regularly over time, no matter how small. Investing £100 per month could generate over £35,000 in 20 years (assuming a 5% annual growth rate) although remember all investments can fall as well as rise.

A good way of ensuring you save regularly is to set up a direct debit so you automatically add a little bit each month. That way you won't forget to make the payment and you won't be tempted to skip a month.

If you are not sure how much you can afford to save each month, there are online household budget planners to help you decide.

3 DON'T FORGET YOUR RETIREMENT

Having a plan in place early can make all the difference when it comes to retirement and under current rules everyone can contribute at least £3,600 gross into a pension each tax year. It is worth remembering that money in a pension is not accessible under current rules until at least age 55, rising to 57 from 2028.

A workplace pension is one of the most beneficial ways to save for your retirement, and usually your employer contributes into the pension scheme for you. Employers may match further contributions to workplace pensions on a like for like basis up to a

certain level which can be quite generous. When you reach retirement, the State Pension will be an important source of inflation-proof income. Please remember that tax rules change and benefits depend on individual circumstances.

4 CONSIDER A LITTLE EXTRA HELP

You should always aim to make sure you get the help and advice you need and don't waste money or time on things you don't. The final step is to consider whether you will benefit from professional financial advice.

A good Financial Adviser could prove invaluable from setting out a plan to helping you manoeuvre your plan as it progresses to achieve a secure financial future. They can show you how best to organise your assets to provide you with financial security, while also minimising taxes.

Financial security is what we all seek, it's the peace of mind that expenses are covered, any emergencies can be paid for and we feel comfortable that we are on our way to achieving our future financial goals.

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.

Autumn Budget 2017 round-up

Chancellor Hammond unveiled the Government's financial plans in the 2017 Autumn Budget, including abolishing stamp duty for many first-time buyers. Hammond delivered the Budget in the House of Commons in November 2017, announcing a number of measures affecting the public at large. These measures, alongside others outlined in Budget papers published online, include the following:

- **Stamp duty abolished for most first-time buyers.** First-time buyers will pay zero stamp duty on the first £300,000 on any home that costs up to £500,000 with immediate effect, therefore on a home worth less than £300,000, no stamp duty is payable for first time buyers.
- **Universal credit to be paid out earlier.** The standard wait for universal credit benefit claimants to get their first payment will be cut from six to five weeks from February. Claimants will also be able to access a full month's payment within five days of applying as an advance.
- **Tax hike on new diesel cars.** Vehicle excise duty for new diesel cars which don't meet the latest emissions standards (which many don't as the new average standard has not been announced yet) will go up by one tax band from April 2018. The money raised will go towards a new £220 million 'Clean Air Fund', but the hike in vehicle tax will not apply to vans, trucks, buses or coaches.
- **National living wage to rise.** From April 2018, the national living wage will rise by 4.4%, from £7.50 per hour to £7.83 per hour.
- **Personal tax allowance to be raised to £11,850.** The Government will increase the tax-free personal allowance to £11,850 from April 2018, while the threshold at which you pay a higher rate of income tax will rise from £45,000 to £46,350.
- **New 26-30 Railcard to give a third off many fares.** A railcard for those aged 26-30 will be trialled in one area from December 2017, with a nationwide roll-out set for next year.
- **Bereaved spouses to be able to claim backdated marriage tax allowance.** Widows or widowers can now claim marriage tax allowance backdated by up to four years, many may now be able to reclaim £100s.
- **Fuel duty frozen.** This will remain frozen for petrol and diesel for the eighth year in a row.
- **Tax on tobacco to go up, but alcohol duty to remain frozen.** The price of cigarettes is set to rise with duty on tobacco going up by 2% plus inflation with immediate effect, there will also be an additional 1% duty on hand-rolling tobacco. Tax on beer, spirits, wine and many ciders will be frozen.
- **Government to consult on possible taxes on plastic cups, takeaway packaging etc.** Following the introduction of the 5p minimum charge for plastic bags, the Government will now look at how the tax system or minimum charges for other single-use items could help reduce waste.
- **Action to curb unintended student loan overpayments.** The Student Loans Company and HM Revenue & Customs will update their processes by April 2019, to share data more frequently and stop payments being taken after a borrower has fully repaid, to ultimately reduce the number of graduates accidentally overpaying their student loans.
- **Air passenger duty hike for long-haul business and first-class customers.** Short-haul air passenger duty rates will remain frozen. The long-haul rate for economy passengers will be frozen but the rates for premium economy, business and first class will increase by £16, while those travelling by private jet will pay an extra £47. These changes will take effect from April 2019.



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.