ANGLO INTERNATIONAL
PERSONAL FINANCIAL MANAGEMENT

MoneyMatters

March/April 2018

Working for YOURSELF

MAKING YOUR ISA GROW

Cryptocurrencies

Are you UNRETIRED?

Ideas for new investors

Tax rule changes In April 2018

• 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

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

Reducing your tax bill

When completing your tax return, always remember to include your pension contributions for the last tax year (6 April 2017 - 5 April 2018).

If you are a 40% or even a 45% taxpayer, it could reduce your tax bill significantly.

Please remember that tax rules change and their benefits will depend on your individual circumstances.

Ensure you find the correct section on your tax return, you will find it in the 'tax reliefs' section of your tax return, under 'payments to registered pension schemes where basic rate tax relief will be claimed by your pension provider', enter the total gross value of your pension contributions.

If you have a Self-Invested Personal Pension (SIPP), you can usually see all your SIPP contributions if your provider provides your account online.

For other pensions, your provider should be able to tell you the gross value of your personal contributions for the 2017/18 tax year.

Remember not to include contributions made by your employer, as this is for your employer who will be entitled to this tax relief.

REDUCE NEXT YEAR'S TAX BILL

The tax return in front of you now relates to the previous tax year, so making a pension contribution today could reduce next year's tax bill.

For example:

• If you contribute £16,000 to your pension, the government will add £4,000 basic-rate tax relief, which adds up to £20,000 in your pension pot.

• If you're a 40% taxpayer, you can reclaim up to a further 20% tax relief through your self assessment tax return, reducing your tax bill even further by up to £4,000.

• And as a 45% taxpayer, you could reduce your tax bill by up to £4,500.

The tax relief you receive will depend on how much tax you pay and it's worth remembering that tax rules may change in the future. In the example above, you would typically need to earn at least £20,000.

Before you make a pension contribution, remember the money you put in a pension is normally locked away and can only be accessed when you reach 55 (57 from 2028).

When you come to draw from your pension, you can usually take up to 25% tax free and the rest is taxed as income. The value of your investments can fall as well as rise, so you may get back less than you invest.

Making your ISA grow

ISAs if used properly can be a great way of 'off-setting' future tax and generally it is their main selling point. As a UK resident, you can add money to an ISA and all future income or gains generated by your ISA are free from UK tax. When you withdraw any funds you could be losing out on growth by not setting up your ISA wisely. Here we have highlighted some common mistakes made by ISA investors and provide two tips to help you avoid future growth losses.

Remember any taxes we mention here can change and the value of any tax benefits of ISAs will depend on individual circumstances.

1 SELECT THE RIGHT TYPE OF ISA FOR YOU

This tax year (between 6 April 2017 and 5 April 2018), you can save up to £20,000 in ISAs and split your contributions how you choose between a Cash ISA, a Stocks & Shares ISA, a Lifetime ISA (only for under 40s) and an Innovative Finance ISA.

While all offer a range of great tax advantages, they serve different purposes and many people select the wrong type of ISA for their current circumstances.

The two most popular ISAs are Cash ISAs and Stocks & Shares ISAs.

Cash ISAs are generally better when you need your money in the short term (within the next five years). They can also be right for savers who are uncomfortable investing in the stock market.

Presently we are seeing falling Cash ISA rates and rising prices due to inflation and many savers are losing money in real terms. In fact inflation is currently running at nine times the average Cash ISA rate of just 0.3%. This is why you need to consider whether you don't need your money in the short term and have enough cash to cover emergencies; a Stocks & Shares ISA could offer better growth so may be worth thinking about.

Longer-term investments like funds and individual shares are more likely to offer higher returns and keep pace with inflation, although unlike cash they can fall in value and you can get back less than you put in. As a 'halfway house', you could split your allowance between a Cash ISA and a Stocks & Shares ISA.

2 DIVERSIFYING YOUR ISA PORTFOLIO

Probably the most common mistake of all investing is not to diversify your portfolio, remember don't put all your investment eggs in one basket.

Holding too much of one type of investment, means your entire ISA portfolio is tied to the fate of that individual asset. If that 'type' of investment performs well, you could be rewarded, but if the reverse happens your investment will suffer longer term.

Holding a mixed bag of investments in your ISA is very sensible. Not all investments will perform well at any given time and having a good spread can help smooth the ups and downs and could improve your returns.

When some of your investments perform comparatively poorly, others could deliver better returns, although of course this is never guaranteed.

THERE ARE WAYS YOU CAN DIVERSIFY YOUR PORTFOLIO, SUCH AS:

- Investing in different asset classes (for example shares, bonds and cash)
- Investing in a range of geographical regions.
- Investing in large and higher-risk smaller companies
- Investing in fund managers with different investment styles

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.

Tax rule changes in April 2018

We all know the government's task is to generate even more revenue, so what are the tax rules changes affecting investors in 2018? Here we look at the important changes for investors before they come into effect on 6 April this year.

1. PERSONAL ALLOWANCE

The amount you can earn before paying tax rises from £11,500 to £11,850. It's the latest step in a planned rise to £12,500 by 2020.

2. HIGHER RATE TAX ALLOWANCE INCREASES

The threshold at which you start paying 40% tax will rise from £45,000 to £46,350. The government plans to raise this to £50,000 by 2020.

3. MARRIAGE ALLOWANCE INCREASE

This allowance will increase from £1,150 to £1,185, allowing married couples to transfer this portion of their personal allowance from the lower earner to the higher earner, in order to save tax.
To qualify for the scheme, the lower earner must have an income below the personal allowance and the higher earner must be a basic rate taxpayer.

4. STATE PENSION INCREASE

The state pension will increase in line with last September's inflation figure of 3%. For those on the full 'flat rate' pension this will add £4.80 a week, or £249.60 a year. For those who reached State Pension age before April 2016, the full Basic State Pension will rise to £125.95 a week.

5. PENSIONS LIFETIME ALLOWANCE

Since 2010, the pension lifetime allowance has been gradually reduced by the government from £1.8 million to £1 million. In April 2018 it will rise in line with inflation to £1.03 million.

6. JUNIOR ISA ALLOWANCE INCREASE

The Junior ISA allowance will rise with inflation from £4,128 to £4,260. The JISA has been in place since 2011, and the allowance has risen annually since then from £3,600 to £4,260.

It's an increasingly popular way to save for children, because savings and investments can grow free from UK income tax and capital gains tax.

7. LISA RULE CHANGES

As of 6 April 2018, the rules regarding transfers from Help to Buy ISAs to Lifetime ISAs will change.

Currently, you can transfer anything built up in the Help to Buy ISA before April 2017 into a LISA, along with any interest accrued since 6 April 2017, without using any of your 2017/18 allowance. You can then transfer anything subscribed since then using your 2017/18 allowance, top it up to £4,000 to get the government's 25% bonus on the full amount. From the next tax year, all transfers will use up that year's allowance. Any money withdrawn from a LISA other than for a eligible house purchase or after age 60 is normally subject to a 25% government withdrawal charge, which means you could get back less than you put in.

8. DIVIDEND ALLOWANCE

The dividend allowance is being cut from £5,000 to £2,000.

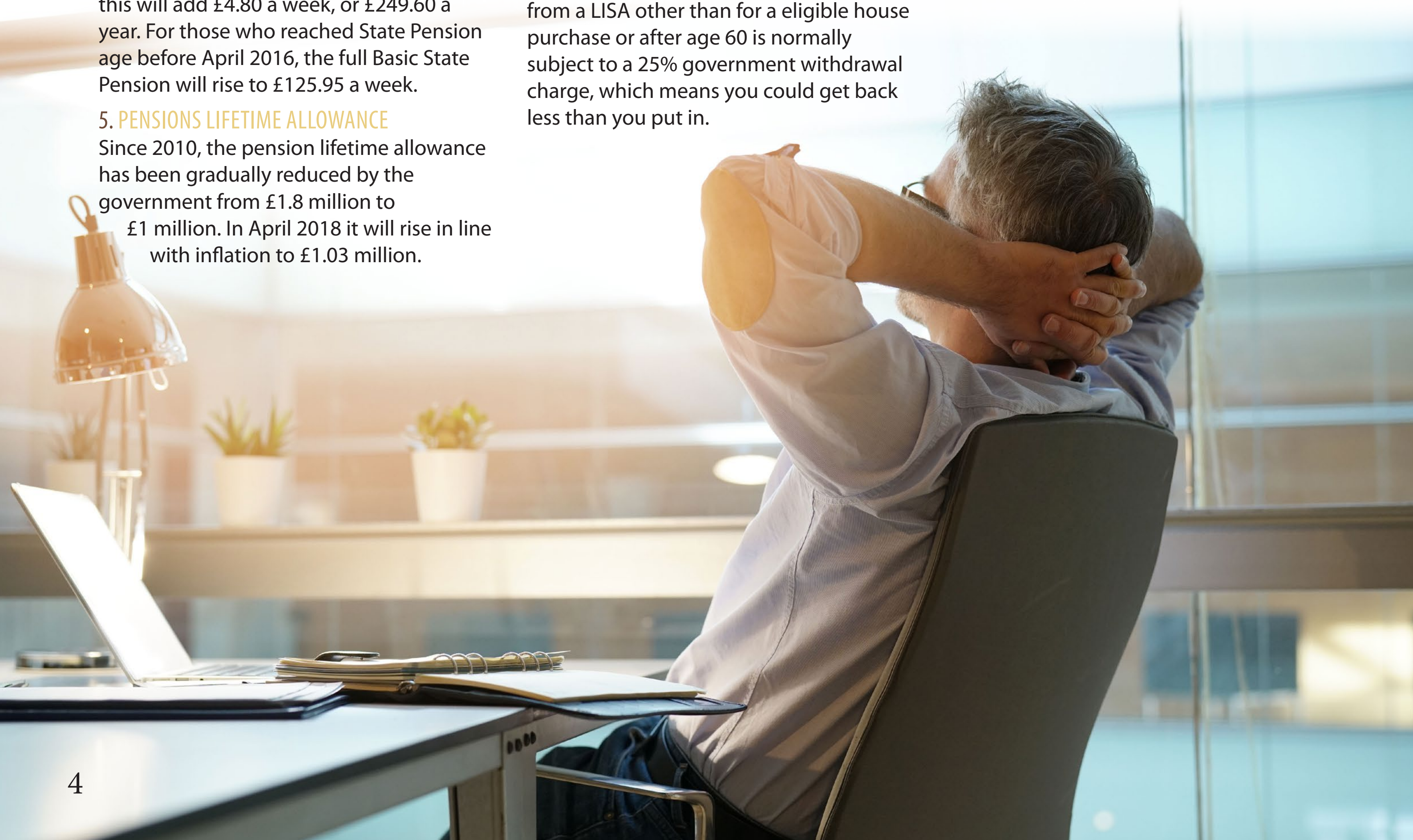
Basic rate taxpayers who receive dividends above this allowance will pay 7.5% tax, with higher rate tax payers paying 32.5% and additional rate payers paying 38.1%. This will affect and hurt anyone paid through a tax-efficient combination of salary and dividends.
It will also hit investors with substantial share portfolios held outside of their ISA, and will make it very important to make full use of their ISA allowance.

9. AUTO-ENROLMENT CONTRIBUTION INCREASES

Presently the minimum contributions are set at 2% of your qualifying earnings and a minimum of 1% from your employer, but from 6 April 2018 they will rise to 5% and a minimum of 2% coming from your employer.

This is actually the first of two increases, because in April 2019, they will go up to 8% (with at least 3% from your employer).

As you can see tax rules can and do change, any benefits will depend on your circumstances. This article is not personal advice, so if you are at all unsure of the suitability of any investment please seek advice. The value of investments will rise and fall, so you could get back less than you put in.



Tax and National Insurance rates 2018-19 Tables

Income tax personal allowances		
	2018-19	**2017-18**
Personal allowance	£11,850	£11,500
Income limit for Personal allowance	£100,000	£100,000
Married couple's allowance (maximum amount)	£8,695	£8,455
Income limit for Married couples allowance	£28,000	£28,000

2016/17 - The age allowance ceases to exist. The age-related personal allowance reduces where the individual's income in the tax year is above the income limit by £1 for every £2 above the limit until the level of the basic personal allowance is reached.

Bands of taxable earned income		
	2018-19	**2017-18**
Starting rate for savings: 10%*	£0-£5,000	£0-£5,000
Basic rate 20%	£0-£34,500	£0-£33,500
Higher rate 40%	£34,501 - £150,000	£33,501- £150,000
Additional rate 45%	Over £150,000	Over £150,000

The 10 per cent starting rate applies to savings income only. If, after deducting your Personal Allowance from your total income liable to Income Tax, your non-savings income is above this limit then the 10 per cent starting rate for savings will not apply. Non-savings income includes income from employment, profits from self-employment, pensions, income from property and taxable benefits.

Inheritance Tax		
	2018-19	**2017-18**
Rate	40%	40%
Individual nil-rate band	£325,000	£325,000

Since 9 October 2007, it has been possible to transfer any unused IHT nil-rate band from a late spouse or civil partner to reduce the estate of the surviving spouse or civil partner.

ISA maximum limits		
	2018-19	**2017-18**
Cash	£20,000	£20,000
Stocks and Shares (overall limit)	£20,000	£20,000
Junior ISAs	£4,260	£4,128

The 2018/19 ISA allowance has been frozen from the previous tax year.

Allowances		
	2018-19	**2017-18**
Lifetime allowance	£1,030,000	£1,000,000
Annual allowance	£40,000	£40,000

With effect from the 2016/17 tax-year, the current AA of £40,000 will be gradually tapered for anyone whose total 'adjusted income', including the value of any pension savings, is above £150,000. Their AA will be reduced by £1 for every £2 of income above £150,000, with a maximum reduction of £30,000. Therefore if their adjusted income is £210,000 or more, their AA will be reduced to £10,000.
You will still be able to carry forward any unused tapered annual allowance per the normal rules for 3 years.

Ideas for new investors

Recent government research suggests that almost two out of three women, and around half of men, feel they don't have the skills needed to invest.

With the introduction of compulsory (for most) auto enrolment, many of us are already investing. If you have a personal pension set up by your employer, you are already investing and taking advantage of the growth potential and facing up to the risks inherent in investing.

Given that now you may already be an investor, there are ways which may help you meet your goals and start investing with a bit more confidence.

Please remember, it's important to understand that stock market investments can fall as well as rise in value, so you could get back less than you invest.

PENSIONS

If you don't choose where to put the money being paid into your workplace pension, it may end up in a 'default' fund.

Default funds are chosen for you by your employer as a 'one size fits all' option, with a little research it is possible that you could make a better choice yourself.

PUT ALL YOUR PENSIONS TOGETHER

You can trace and track down your old pensions from previous employments by using the government's free Pension Tracing Service. Call 0345 6002 537 or use their online service.

Once you've have tracked where all your pensions are, the simplest and most efficient way to keep in control of them, could be to move them under one roof.

Before transferring a pension you should check you won't lose any valuable guarantees or incur excessive exit fees.

INVEST REGULARLY

You can invest by Direct Debit from as little as £25 a month and by investing regularly, you could ride out market ups and downs more effectively than someone who invests a lump sum of cash.

By investing such an affordable figure, you have the flexibility to start, stop and/or increase your investments as and when it suits you. Your account will remain invested and even without adding more money it is very likely to grow.

The beauty of leaving even a small amount invested is that it will attract compound interest, which is potential growth year on year on your money.

It works like this: when you invest in a given year, your money should produce a return. The following year, you should earn a return on your original money plus a return on any growth from the year before. This compound growth effect is one of the reasons you should start investing as early as you can, while you have decades ahead of you for that money to hopefully grow.

USE YOUR TAX BREAKS

No one wants to pay more tax than is necessary in the savings and investment world the government offers some appealing perks that are yours if you take them.

If you invest in an ISA (up to £20,000 in the 2017/18 tax year) you don't pay any tax on the investment gains, also you can take your money out tax free whenever you want to.

To gain a further boost from the taxman you could consider topping up your pension too. For every £800 you put in, the taxman adds up to £200 automatically, assuming you're a basic rate tax payer.

Higher-rate taxpayers get the first 20% automatically and can claim back up to a further 20% through their tax return, that's another £200. Additional-rate tax payers could claim back even more.

Money put in to your pension can usually only be accessed from 55 (57 from 2028). Tax rules can change and any benefits depend on individual circumstances.

Most people can contribute as much as they earn to pensions and get tax relief, with non-earners able to contribute up to £3,600. An annual allowance of £40,000 (2017/18) also applies, although this can be lower for high earners or those who have accessed a pension, and there is a lifetime allowance of £1m (2017/18).

We are all a little nervous about the idea of putting our hard earned cash into investment plans.

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.

Cryptocurrency

How do they work and what are they for?

Cryptocurrency is an electronic form of money which is designed to be safe & secure and, in many cases can be anonymous.

Cryptocurrency is associated with the internet, it uses cryptography, the process of converting legible information into what the designers hope is an almost uncrackable code, to track purchases and transfers.

Originally cryptography was invented in the Second World War to ensure secure communications. Many years on it has evolved in the digital age with algorithms of mathematical theory and computer science to become a way to secure communications, information and money transfers online.

We are all pretty familiar with the first cryptocurrency Bitcoin, which was created in 2009 and is still the best known. There has been a explosion of cryptocurrencies in the past decade and there are now more than 1,000 available on the internet. Bitcoin reached a high of $20,000 at the end of 2017 before crashing back to less than $6200 now.

CRYPTOCURRENCIES EXPLAINED

Cryptocurrencies use decentralised technology to let users make secure payments and store a representation of money without the need to use their name or go through a bank. They run on a distributed public ledger called a blockchain, which is a record of all transactions updated and held by currency holders.

Units of cryptocurrency, the actual coin can be sub-divided up into smaller fractions of the coin, are created through a process called mining, which involves using computer power to solve complicated mathematical problems that generate coins. Users can also buy the currencies from brokers, then store and spend them using secure cryptographic wallets.

Cryptocurrencies and applications of blockchain technology are still in their infancy and are still developing in financial terms and more uses of the currency will arise. Transactions including bonds, stocks and other financial assets could eventually be traded using this new technology.

The 4 leading cryptocurrencies are:

- **BITCOIN:** Bitcoin was the first and is the most commonly traded cryptocurrency to date. The currency was developed by Satoshi Nakamoto in 2009, a mysterious figure who developed its blockchain. It has a market capitalisation of around $230 billion as of December 2017.
- **ETHEREUM:** Developed in 2015, ether is the currency token used in the ethereum blockchain, the second most popular and valuable cryptocurrency. Ether has a market capitalisation of around $67 billion as of December 2017. However, ether has had a turbulent journey. After a major hack in 2016 it split into two currencies, while its value has in January this year reached a high of £1015 but it has previously dropped briefly to as low as £675 more recently. It has proved hugely popular as a platform for other cryptocurrencies in 2017, which use the ethereum blockchain's code. Many blue chip companies around the world have joined the Enterprise Etherium Alliance (EEA) like BP, Deloitte, Santander, Microsoft, Pfizer and JP Morgan to name a few.
- **RIPPLE:** Ripple is another distributed ledger system that was founded in 2012. Ripple can be used to track more kinds of transactions, not just of the cryptocurrency. It has been used by many banks to carry out interbanking transfers including Santander and UBS and has a market capitalisation of around £7.25 billion.
- **LITECOIN:** This currency is very similar in contruction to Bitcoin, but has moved more quickly to develop new innovations, including faster payments and processes to allow many more transactions. The total value of all Litecoin is around £3.5 billion.

The big question is: Are cryptocurrencies here to stay?

Even though the Bank Of England stated recently that is has reconsidered and now dropped plans to launch its own digital currency, it is still interested and will continue to research the topic. This implies that could change and with the EEA growing ever stronger with new members, it appears that cryptocurrencies are still gathering pace and will do for some time yet.

Working for yourself

Working for yourself gives you freedom, but you can lose this freedom later on if you retire without your own retirement plan.

Having no employer means you don't rely on anyone for help, so this means saving for retirement is your responsibility. It is currently estimated that 4.8 million people in the UK work for themselves. But only around 14% of them have a pension in place. That leaves a lot of people who might find they don't have enough money saved to retire on when the time comes. Whether you are a 'one man band' or the owner of a limited company, a pension can help you save for your retirement and give you economic freedom. A pension can make sure you can carry on enjoying your independence whenever you decide to take that well earned break. There are some generous tax breaks from the government which can help you obtain your goal, especially if you own a limited company.

Here we highlight some options you could consider:

ADD MONEY TO A PENSION

If you own a limited company, then there are generally 3 ways of how you could be taxed, depending on whether your company pays you a dividend, a salary, or makes an employer pension contribution.

To level these examples, we have assumed you are a higher-rate taxpayer and have already taken your annual £5,000 dividend allowance in the current tax year (2017/18).

COMPANY PROFIT PAID TO YOU AS A DIVIDEND

If you decide to take £10,000 in company profits paid to you as a dividend, your company will pay corporation tax (usually 19%). This would reduce the dividend by £1,900, leaving £8,100. You'll also pay income tax on the dividend of 32.5% (that's another £2,632.50) leaving you with just £5,467.50.

COMPANY PROFIT PAID TO YOU AS A SALARY

Another option is to pay yourself £10,000 as part of your salary. However, after National Insurance and higher-rate tax, you might only receive around £5,800. And the business will have to pay up to £1,380 (13.8%) in employer National Insurance.

COMPANY PROFIT PAID TO YOU AS AN EMPLOYER PENSION CONTRIBUTION

If your company pays £10,000 to you as an employer pension contribution, it is deducted from profits, as it is a cost and therefore wouldn't count as profit, this would result in no corporation tax being paid on this amount. The full £10,000 would go into your pension, with the chance to grow tax free.

As the money isn't being paid to you as a dividend or salary, you personally will not pay any tax until the time comes to take the money out, possible from the age of 55 (57 from 2028), remember the first 25% of your pension is tax free.

It's important to remember that HMRC might question if the total salary and benefit package is excessive for the work undertaken. If you're unsure, please contact your accountant. If you aren't authorised to make company contributions, your employer will have to make contributions by cheque, bank transfer, and/or Direct Debit.

Sole traders normally cannot make employer contributions, but they can make personal contributions and then claim back tax relief.

CLAIM BACK YOUR TAX RELIEF

When making a personal contribution to a pension, you automatically receive basic-rate (20%) tax relief at source on the contributed amount. Every UK resident under age 75 qualifies for this pension relief, including limited company owners and sole traders, but there are important limits on how much you can contribute tax-efficiently.

If you're a higher-rate taxpayer, you qualify automatically for the first 20% of relief, but you have to claim the additional tax relief for higher tax payers (20%) back through your self-assessment tax return or local tax office. Additional-rate taxpayers can claim back up to a further 25% in the same way. So a £10,000 contribution to a personal pension only costs a basic-rate taxpayer £8,000. It could cost even less for a higher or additional-rate taxpayer.

A good point to know and remember is: you can reclaim any unclaimed tax relief from the last four tax years. If you do receive a rebate, you could even use it to top up your pension and get another round of tax relief.

BOOST YOUR SPOUSE OR PARTNER'S PENSION

If your spouse or partner works for your company, you can make employer contributions to their pension and save tax as explained above. This will increase your joint incomes in retirement, since you will be able to take money from two pension pots. But beware, HMRC may randomly investigate small businesses to check people are doing the jobs they are paid to do for the company, so your spouse or partner must carry out a meaningful job of work.

You can even pay in £3,600 gross as a personal contribution (£2,880 net) and your spouse or partner will receive basic-rate tax relief, if they are a non-earner.

CARRY FORWARD YOUR 'UNUSED' PENSION ALLOWANCE

Each tax year the government imposes an annual tax year limit on pension contributions. For 2017/18, it is £40,000 for most people, however, should you have 'adjusted income' over £150,000, your annual allowance could be lower. Broadly speaking, 'adjusted income' is your total income plus the value of any employer pension contributions.

The government does allow you to 'carry forward' any unused allowance from the previous three tax years. That means in the current tax year you could potentially pay up to £160,000 into your pension (this years plus the past three missed years). You could receive up to 45% tax relief on it too, so the effective cost to you could be just £88,500. That's a £71,500 gift from the government. If it's a personal contribution and you have the right level of earnings, you could also get some (or all) of your personal allowance back.

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.

Are you 'unretired'?

According to recent studies by King's College London, around one in four retirees in the UK return to work, or 'unretire', usually within five years of retiring.

Whilst it's not always for financial reasons that people return to work and we know that there are many reasons why someone might want to return to work. Some crave the routine of work or miss social aspects of the workplace. Others may just want to try something new or challenge themselves.

No-one wants to be forced out of retirement because of financial needs. Below are five ways to help avoid running out of income during retirement.

1 START YOUR PENSION AS EARLY AS POSSIBLE

The earlier you start investing in your pension the more time your money has to grow. The more you can invest means later on you can benefit from more holidays, more enjoyment from hobbies and more quality time with your loved ones.

It is still a key point to recognise that pensions are one of the most tax-efficient ways to invest for retirement. For every pension contribution you make under age 75, the government automatically adds 20% through tax relief (even if you pay no tax). If you pay 40% or 45% tax, you can usually reclaim more through your tax return or self assessment. So, for example, £10,000 in a pension could in effect cost you as little as £5,500. Tax rules can change and benefits and contribution limits depend on circumstances.

2 CHECK YOU'RE ON TRACK

You need to be prepared and know how much your pension is worth and what income you will need during retirement. If there's a shortfall, the sooner you find out the easier it will be to plug any shortfall. Make up a household budget planner and work out what you are going to to spend in retirement. Use a pension calculator to help work out whether you are on track to achieve the income you need to pay for the lifestyle you want in retirement.

3 KEEP REVIEWING YOUR PLANS

When you put money into a pension, the money is normally invested. The better your investments perform, the more your pension will grow. The investment choice you have will depend on the type of pension you hold.

In a Self Invested Personal Pension (SIPP), you have the flexibility to choose from a wide range of investments. You can pick your own investments, use ready-made portfolios, or let an adviser choose investments for you. Although, as with any investment, there is no guarantee, the value can fall as well as rise so you could get back less than you invest.

There is never a better time than the present to look out those papers you hold or contact your pension provider to get an update and make any adjustments if needed.

4 KNOW YOUR PENSION INCOME OPTIONS

You are free to access your private pension from age 55 (57 from 2028) and 25% of this can usually be taken tax free. However, when and how you do this will depend on your needs and resources. Retirees can choose between a secure and a flexible income, or a mixture of both.

This could mean using some of your pension to secure a guaranteed income through an annuity, covering essential costs like food and utility bills. The rest could remain invested via drawdown.

This would enable you to draw a variable income as and when required, whilst still having the potential to increase the value of your pension through investment growth.

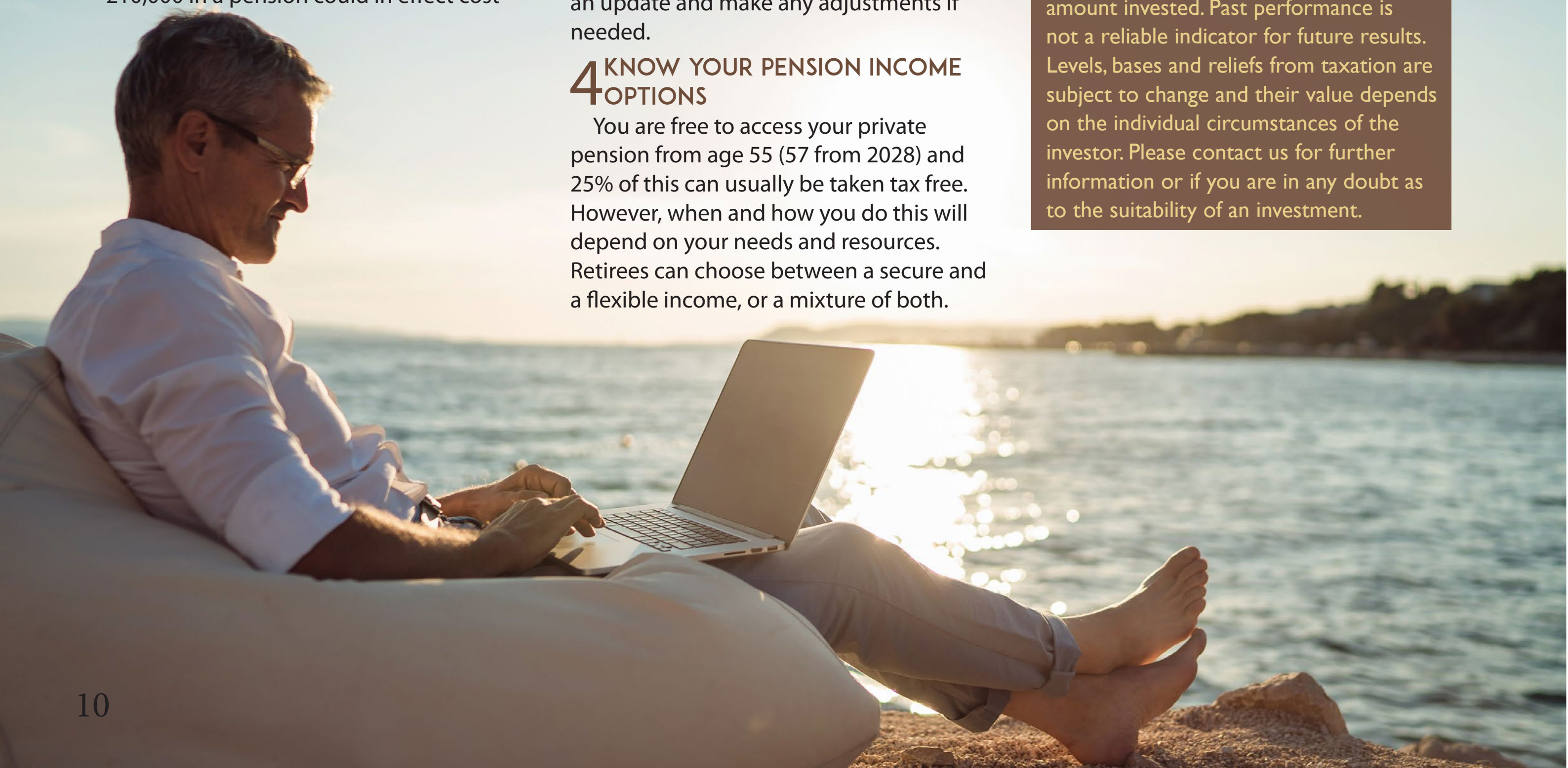
What you do with your pension is an important decision. We strongly recommend you understand your options and check your choice is right for your circumstances. Take advice or guidance if you are unsure.

5 IT COSTS NOTHING TO ASK FOR HELP

Whilst guides and calculators are a good place to start, they should not be taken as the only advice, nor should this article. If you are unsure of the suitability of an investment for your circumstances it is vital that you speak with a professional financial adviser particularly when planning your finances for your future.

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

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.



Why women should invest

It's a well know fact that women typically outlive men, so therefore need to have retirement savings for the longer term. However, many women have been put off from retirement saving by the money myths that surround women and pensions. These myths help persuade women to engage in an activity that's presented as not right for them. In a more equalising world can you really afford to ignore this powerful way to gain financial freedom any longer?

Here we try to dispel the more dangerous investing myths stopping women doing the right thing for them and their family.

MYTH NO 1: IT IS GAMBLING WITH MONEY YOU REALLY NEED

It's true you can lose money when investing, but it's generally difficult to wipe out everything you've invested, especially if you proceed with caution.

Avoid the risks by diversifying. It's a simple concept. Investing in a wide range of investment types could help you reduce losses when markets go up and down. Funds split your money across a variety of different investments, so if one of them falls, it could well be balanced against other things that are rising.

Investing is a longer term strategy, where generally, the longer you hold on to your assets the more likely you are to win. Ultimately you could get back less than you put in, especially in the short term. It's always a sensible approach to make sure you have a pot of money in cash you can access at short notice for those 'rainy days'.

MYTH NO 2: I AM ALREADY SAVING, SO WHY DO I NEED TO INVEST?

The difference between saving and investing is huge. Whilst there's nothing wrong with simply saving, everyone should work towards having a good cushion of cash in a savings account earning interest.

But once you have an emergency fund, it makes good sense to seek higher returns. Presently interest rates are very low. In fact, the somewhat depressing reality is that once you take inflation into account, your money is actually eroding.

With this simple strategy, it's highly unlikely you'll achieve financial freedom or meet your life time goals with just a savings account to rely upon.

MYTH NO 3: I NEED A LARGE SUM TO START INVESTING DON'T I?

Today's financial platform providers are different to the past, now it's not necessary to have enormous amounts of spare cash to get started.

You can set up a regular savings plan from as little as £25 a month and by saving little and often, you could ride out market ups and downs more effectively. By investing monthly you can average out the cost.

MYTH NO 4: I WILL NEED A COSTLY FINANCIAL ADVISER

With easy to use platforms many investors nowadays use them without financial advice. Why? Because it isn't always necessary and investment information is online and more easily obtainable than before.

Women may have always faced very specific financial challenges throughout their lives, time out of the workforce, reduced earnings, living longer or divorce to name just a few. Most women get through these difficulties without seeking advice in these scenarios.

The other thought to also consider is that no one looks after your money like you do and no one knows your personal circumstances or financial goals better than you, so you could well be your best adviser. Of course, if you are unsure of the suitability of an investment you should seek advice.

If you book a free initial consultation, and do a little research to begin with, you should find yourself either much more confident to make a decision independently, or safely in the hands of a professional adviser who can help you.

MYTH NO 5: I SIMPLY DON'T HAVE THE TIME TO DEVOTE HOURS TO INVESTMENT ANALYSIS

It doesn't matter where you start with all of this. It's where you end up that matters. It's okay not to know absolutely everything there is to know about investing before you start.

These days there are no shortage of resources out there to get you going. Equally, there are plenty of ways to get started with limited knowledge in the short term and still be a successful investor in the long term.

Sensible investment can help you put money aside for your family, invest for your own future, and achieve those things that currently seem impossible.

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 reduce your business tax

Millions of people in the UK run their own business, both big and small. Should you be amongst them then here is how you could significantly reduce your company's tax bill by making employer contributions to a pension.

WHAT IS AN EMPLOYER PENSION CONTRIBUTION?

An employer contribution is a payment made by the business/company into their employee's pension scheme.

It can usually be deducted from your company's profits for corporation tax purposes. This means making a pension contribution in place of salary could save your company up to 32.8% in tax and National Insurance.

When making employer pension contributions, your company could save on both National Insurance and Corporation tax:

1 NATIONAL INSURANCE – UP TO 13.8%: unlike salaries, employer pension contributions are exempt from employer National Insurance.

2 CORPORATION TAX – UP TO 19%: for a limited company, contributions can be treated as an allowable business expense against company profits, and therefore reduce your corporation tax bill.

The employee will benefit from additional tax savings which they normally wouldn't get if the money was taken as salary or as a bonus. They could also save on both income tax and National Insurance:

1 INCOME TAX – UP TO 45%: the pension contribution is exempt from income tax.

2 NATIONAL INSURANCE – UP TO 12%: unlike salary, employer pension contributions are exempt from employee National Insurance.

Many business owners and company directors are also employees and therefore could potentially benefit from both sets of savings.

Of course it is worth remembering that the tax benefits for both employers and employees depend on individual circumstances and tax rules can change.

When reducing salary, there are other factors that might need to be considered, such as the potential impact on mortgage eligibility or statutory payments such as maternity and sick pay.

IS THERE A CONTRIBUTION LIMIT?

Unlike personal pension contributions, employer contributions can exceed the value of your earnings. This can be particularly beneficial for directors who take home a small salary.

However, total contributions this tax year should still not exceed the annual allowance. This is currently set at £40,000, falling to £10,000 for some high earners and £4,000 for some people who have already accessed their pension.

It is possible to 'carry forward' unused allowance from the previous three tax years to invest as much as £160,000 now depending on your circumstances.

A point to remember is that to be treated as a valid business expense by HM Revenue & Customs (HMRC), an individual's total salary and benefit package should not be excessive for the work they do. Anyone in doubt should contact an accountant or HMRC.

Once it's in a pension, money can normally only be accessed from age 55 (57 from 2028). 25% is usually tax free, and the balance will be taxed as income. Investments can fall as well as rise in value so you could get back less than you invest.

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

m8trix media
M8trix Media Limited 960 Capability Green, Luton, Bedfordshire, LU1 3PE