PROTECT & GROW

SPRING 2023 | ISSUE 14

PLANNING TO **MEET YOUR GOALS**

How advice can boost your financial wellbeing

ALSO INSIDE THIS ISSUE

INVESTING FOR YOUR GRANDCHILD'S FUTURE
Providing added security and increased opportunities in the years to come

IMPACTS OF CLIMATE CHANGE
Nearly two-thirds of people in the UK more concerned about climate change

FEELING THE PINCH
Women more vulnerable to cost of living crisis

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WELCOME

WELCOME TO the Spring issue of *Protect & Grow* from Kingswood.

The professional advice received from your financial adviser will make it easier to understand your financial situation and help you create strategies for better money management. They will be able to provide tailored advice that considers your individual circumstances, goals and needs. They will explain the options available, from setting up emergency funds to effectively managing debt or investments, helping you take control of your finances with confidence. They also offer guidance based on the latest legislation and tax regulations, so that you're making informed decisions about your money. Read the full article on page 07.

On page 15, we look at how investing in the future of your grandchildren is a great way to help them prepare for their financial needs in life. By setting aside money now, you can provide them with added security and increased opportunities in the years to come. Investing for grandchildren can be used to help fund their college and university fees, make a down payment on their first car or home deposit, or even start a retirement fund. The earlier you invest, the more time your funds have to grow and compound over time. This means that a relatively small contribution today could lead to much larger returns over the long run.

The impacts of climate change have been increasingly felt around the world in recent years. Governments, businesses and citizens alike are urged to take steps to reduce their environmental impact. The reality is that climate change is a threat to human wellbeing and the health of the planet. On page 12 we consider how recent weather events, such as heatwaves, floods and fires last year, have made nearly two-thirds (60%) of people in the UK more concerned about climate change. A further 59% are also worried about weather reports from other countries, including in Australia and America, according to new research.

Throughout their lives, many women face a number of challenges that can place them at a financial disadvantage compared to their male counterparts. This can include inequality of pay at work, taking career breaks or taking part-time positions due to an expectation they will take on greater responsibility for family commitments. This often leaves them less financially resilient and in the context of the cost of living crisis, where everyone is feeling the pinch, it places additional pressure on their financial wellbeing. This can have an impact in the here and now but can also contribute to inequalities in the long term, such as with pension savings. Read the full article on page 06.

Ready to shape the future you desire?

At Kingswood, we know that your wealth has a lasting effect on current and future generations. That's why we work with you to give your investments the potential to shape the future you desire. We focus on what you're saying and tailor our services to your vision. For more information, please contact us.

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TIME TO GET YOUR **RETIREMENT PLANS IN MOTION?**

THREE IN FIVE BRITONS FEEL STRESSED ABOUT LATER LIFE PLANNING

It's only natural, in a world where most people are worried about things that are beyond their control – the rising cost of living, increasing inflation and interest rates that haven't been seen for years – that you may also feel out of your depth when it comes to things like pensions and later life preparations.

When it comes to later life planning, more than three in five people (61%) feel stressed when they think about their retirement. This figure rises to almost three-quarters (74%) of 25–34-year-olds, new research has highlighted[1].

Unsurprisingly, given the current economic climate, all age groups, with the exception of the over-55s, admit to being stressed about: whether or not they will have enough money set aside at retirement to do all the things they want to do (71%); how long their pension pot will last (65%); whether or not they are paying enough into their pension pot (59%); and how early they need to start paying into a pension (49%).

In the majority of cases, the most anxious across all age groups are the 25–34-year-olds, with the starkest contrasts in numbers being around how early they need to start paying into a pension (70% vs 49% nat.avg), whether or not they should have more than one pension pot (70% vs 50%) or if they are paying enough into their pension savings (77% vs 59%).

However, with a little planning and simple rules of thumb, you can feel more in control of your savings and know if you are on track for the lifestyle you want in your retirement.

GIVE YOU GREATER CONTROL OVER WHEN YOU RETIRE AND WITH HOW MUCH MONEY

How long? Aim to save for your retirement at least 40 years before you want to retire. The later you leave it, the more you will need to save each month to reach your target.

How much? Try to save at least 12.5% of your salary towards your pension every month – this may seem challenging at the moment but something to aim for. And remember, this can include money from you, your employer and the government.

Final pot size? Aim to amass a pension pot of at least ten times your salary by the time you retire.

Tax relief: Take advantage of the tax relief offered by the government to boost your savings. When saving into a pension, for every £8 you save, the taxman adds an extra £2.

Employer contributions: Every employer in the UK must provide eligible employees with a workplace pension. Not only that, but they must contribute to this pension. Some employers will contribute more if you save more, helping towards the 12.5% target.

Invest wisely: By investing your money, in a pension or elsewhere, your money can grow through to your target retirement date.

Investment risk: The value of investments can go down as well as up and you may get back less than has been invested but remember that investing in a pension is a long-term investment and over time you could reap greater rewards.

Keep checking: Saving for your retirement should not be a 'set and forget' activity. Use your annual pension statement to check if you are on track for your retirement target.

Reframe your expectations: Life expectancy in retirement could be 20 years or more, so bear in mind how long your money may need to last.

Use the pension freedoms: From 2015, the pension freedoms allow more flexibility in retirement planning, but take time to understand the options before acting.

Search for lost pensions: There are close to 3m lost pensions in the UK where pension providers and clients have lost touch with each other; this equates to £26.6bn, or £9,470 per person[2]. If you think you've lost touch with a pension check with the Pension Tracing Service. ■

NEED A HELPING HAND WITH YOUR RETIREMENT PLANS?
Using expert advice to help plan your pension could help you to achieve greater financial freedom when you decide to stop working. Find out how we can help guide your future plans. If you would like to reassess your current financial situation and review your goals, we're here to listen.

Source data:

[1] Research was conducted by Censuswide between 06/10/22–10/10/22 from 2,001 general consumers, national representative sample. Censuswide abide by and employ members of the Market Research Society, which is based on the ESOMAR principles.

[2] https://www.pensionspolicyinstitute.org.uk/media/4185/20221027-ppi-bn134-lost-pensions-2022-whats-the-scale-and-impact.pdf

A pension is a long-term investment not normally accessible until age 55 (57 from april 2028 unless plan has a protected pension age).

The value of your investments (and any income from them) can go down as well as up which would have an impact on the level of pension benefits available.

Your pension income could also be affected by the interest rates at the time you take your benefits.

TRACING OLD AND LOST PENSIONS

NEARLY HALF OF PENSION HOLDERS HAVE LOST TRACK OF SOME OF THEIR PENSION POTS

The lost pensions challenge in the UK has grown significantly in recent years, further exacerbated by the pandemic, which resulted in a large proportion of people moving jobs. A recent Pension Policy Institute research briefing calculated the total value of lost pension pots has grown to £26.6 billion in 2022[1].

If you've worked for several employers throughout your career, you might have accumulated multiple pension plans. You may also have set up personal pensions, especially if you've been self-employed or a contractor at some point.

ADMINISTRATIVE BURDEN

Owning multiple pensions can be an administrative burden, but it could also be costing you financially – whether that's through excessive fees or poor investment performance. Today, nearly half (46%) of UK pension holders have lost track of some of their pension pots, according to new research[2].

This means that – against the backdrop of the rising cost of living – millions of people across the country could right now be missing out on pension pots that are sat with their previous employers.

RETIREMENT PLANS

Nowadays, the average UK employee has 11 jobs over their lifetime, the research highlights. So while it's understandable that savers may forget how many pension pots they've accrued over the years, they currently risk incurring unnecessary management fees – or even missing out on those savings altogether – at a time when higher inflation threatens to spoil their retirement plans.

Moreover, savers who have kept track of their pension pots will be in a much better position to make informed retirement decisions when they get older. 13% of people did not know how to track down a pension pot from their previous job. And although savers currently have the option of combining their pensions, 16% didn't know how to go about tracing their lost money.

MULTIPLE PENSIONS

This lack of knowledge is particularly worrying. Having multiple pensions with different employers or pension providers can create an unnecessary headache for retirees, and this will come at a time in life when things should ideally be less challenging for them.

To complicate matters even further, the number of workers with small pension pots of under £1,000 has skyrocketed in recent years. The Pensions Policy Institute (PPI) has predicted that the problem is only going to get worse, with the number of small pots set to triple to 27 million by 2035.

BETTER RETIREMENT

The recent PPI research on lost pension pots also indicated that the speed at which pension pots were being classified as lost was increasing, with an extra 1.2 million pots having been 'lost' in the four-year period between 2018 and 2022. That's a 75% increase in lost pots in just four years.

While consolidation will not be the best option for all pots, for some people consolidating their pensions into one pot would undoubtedly bring them much closer to their money, increasing their sense of ownership and control, and potentially setting them up for a better retirement. ■

LOOKING TO KEEP TRACK OF YOUR FINANCES MORE EASILY?
Consolidating your pensions into one pot could help you keep track of your finances more easily, reduce charges and boost how much money you have in the future. But while there are advantages to pension consolidation, there are potential drawbacks and it's important to seek advice on whether it's right for you. If you would like to review your current plans, to meet your financial goals now and in later life, please contact us.

Source data:

[1] Source: https://www.pensionspolicyinstitute.org.uk/sponsor-research/research-reports/2022/2022-10-27-briefing-note-134-lost-pensions-2022-what-s-the-scale-and-impact/

[2] https://adviser.scottishwidows.co.uk/assets/literature/docs/2022-10-pension-pots.pdf

MILLENNIALS WILLING TO **FORGO INHERITANCE**

HARDER TO SUPPORT BIGGER FINANCIAL COMMITMENTS OF OLDER GENERATION PARENTS

Many people want to do what they can to ensure they maximise the amount they leave to their family and minimise Inheritance Tax, but working out how much you can afford to give away during your lifetime isn't easy.

With finances being stretched in all directions, it can be incredibly stressful if you want to support your children in the short term, while making sure you don't find yourself struggling further down the line. New research has shown that the oldest of the millennial generation would prefer their parents to use their cash to fund their own, comfortable retirement, rather than receive it as an inheritance[1].

COST OF LIVING

The research of 40-year-old millennials and their parents reveals disparities when it comes to financially planning. Nearly all parents surveyed (99%) intend to pass an inheritance on to their children or grandchildren, with almost two in five (37%) anticipating gifting more money to help their children with the rising cost of living.

However, a third (32%) of adult children would rather their parents kept it all to themselves, to support a comfortable retirement. The desire from each generation to financially support the other comes against the backdrop of financial challenges on two fronts: continued market volatility impacting pension pots and property prices on the one hand and rising living costs on the other.

FINANCIAL PRIORITIES

This makes it harder to support bigger financial commitments – of those older generation parents that are worried about funding their whole retirement, over a third (36%) are specifically concerned about funding the cost of care[2].

Juggling financial priorities makes communication and forward planning even more vital, but this does not always happen. Two in five (38%) of parents admit to not speaking to their children about their inheritance plans, and one in four have not developed a plan to protect their child's inheritance should their child go through a difficult divorce.

IMPORTANT TO PLAN

With cash required to go further than ever before, almost a third (31%) of the parents of millennials are worried about supporting their own immediate living costs, and one in five (19%) are considering downsizing.

Even though most children would be very grateful if their parents are able to pass on some inheritance while they're still alive, they wouldn't want them to have money worries in the future as a result. This is why it's not only important to plan, but also to include your family in any conversations – it can make such a difference and help remove some of the pressure many parents feel when thinking about how and when they'll pass on their wealth. ■

SPEAK TO US ABOUT YOUR FAMILY'S FINANCIAL PLANNING NEEDS

We understand the impact your wealth has today and for generations to come. That's why we work with you to help your investments create the future you want. We listen to you and build our service around your vision. To find out more, please contact us.

Source data:

[1] Censuswide data, unless otherwise specified, is taken from 2,000 consumers who turned 40 in 2021, who will turn 40 this year or who will turn 41 this year; and 2,000 parents of consumers who turned 40 in 2021, will turn 40 this year or will turn 41 this year. The 2,000 parents of consumers all had assets of at least £1m, including property. The 2,000 40-year-old millennials are already investors, or have considered investing their money. Data gathered July 2022.

[2] 31% of parents surveyed are worried about funding their whole retirement. Of this 31%, 36% worry specifically about funding the cost of care.

FEELING **THE PINCH**

WOMEN MORE VULNERABLE TO COST OF LIVING CRISIS

Throughout their lives, many women face a number of challenges that can place them at a financial disadvantage compared to their male counterparts. This can include inequality of pay at work, taking career breaks or taking part-time positions due to an expectation they will take on greater responsibility for family commitments.

This often leaves them less financially resilient and in the context of the cost of living crisis, where everyone is feeling the pinch, it places additional pressure on their financial wellbeing. This can have an impact in the here and now but can also contribute to inequalities in the long term, such as with pension savings.

FINANCIAL RESILIENCE OVERESTIMATION

Working women are significantly closer to the breadline if they lose their income and more vulnerable to the cost of living crisis, according to new research[1]. On average, working women are only 14 days away from the breadline in the event they lose their income. This is significantly less than the average working man, who would be able to meet their household costs for 28 days. The household average stands at 19 days.

While the average working woman has comparable debts to men (£558 vs. £665), they have significantly less set aside in all their savings and investments (£1,801 vs. £3,214). With a daily expenditure of £90, calculations show that women would only be able to fund their household spending for two weeks with no income. On average, women overestimate their financial resilience, assuming they are 60 days from the breadline; this is compared to men who assume they have 90 days.

REDUCING ESSENTIAL SPENDING

Women are considerably more likely to view the cost of living crisis as a 'constant source of worry' (78% vs 68% of men) and therefore take action to address it. Women are much more likely to be cutting back on luxuries (86% vs 76% of men) and reducing essential spending where possible (72% vs 65% of men).

On average, working women surveyed have a lower median annual personal income (£23,245 vs. £31,070), likely due to a number of reasons. Statistics show that in 2021, the gender pay gap among full-time employees was 7.9%, up from 7.0% in 2020[2], signalling that women in full-time employment continue to get paid less than their male co-workers.

EMPHASIS ON BUDGETING

Similarly, working women are significantly more likely to be in part-time employment compared to men (31% vs 11% of men surveyed), with the expectation of domestic and caring responsibilities often placed on women's shoulders.

While the cost of living crisis has placed an emphasis on budgeting and financial planning, women's financial wellbeing still faces considerable challenges in the long term. Research from earlier last year showed that, on average, women's pensions are half the size of men's (£12,000 versus £26,000)[3]. ■

WANT TO DISCUSS HOW TO MAKE THE MOST OF YOUR MONEY?
With a significant strain on the nation's finances, it's important that everyone is aware of their financial situation to manage realistic expectations. To discuss how we could help you to make the most of your money, please get in touch.

Source data:

[1] Online survey among 5,021 UK consumers using Savanta's proprietary consumer panel between 28 June and 5 July 2022. The survey covered employed and self-employed consumers aged 18 to 65 only, approximately nationally representative but ensuring a minimum sample in every region of the country.

This extrapolates to approximately 31,228 million adults in the UK. Results were re-weighted to represent the UK population in terms of age/gender, region and employment status. All averages that are shown are median values. References to income refer to household income.

Basic expenses are housing costs, loans/credit card repayments, utility bills and food. When savings and investments are referred to it includes both personal and household.

Legal & General's Deadline to Breadline report explores financial resilience, security and engagement of working households across the UK. The report contains key 'conversation starters' for advisers to help with tricky questions during this difficult time for clients.

[2] Office for National Statistics (ONS), Gender pay gap in the UK: 2021, 26 October 2021

[3] Legal & General analysis is based on LGIM's proprietary data on c.4.5 million defined contribution members as at 1 April 2022 but does not take into account any other pension provision the customers may have elsewhere.

PLANNING TO **MEET YOUR GOALS**

HOW ADVICE CAN BOOST YOUR FINANCIAL WELLBEING

The professional advice received from your financial adviser will make it easier to understand your financial situation and help you create strategies for better money management. They will be able to provide tailored advice that considers your individual circumstances, goals and needs.

They will explain the options available, from setting up emergency funds to effectively managing debt or investments, helping you take control of your finances with confidence. They also offer guidance based on the latest legislation and tax regulations, so that you're making informed decisions about your money.

By taking steps towards good personal finance, this will lead to improved wellbeing overall. Having a secure financial outlook is usually linked to lower levels of stress, better mental health and increased satisfaction with life.

FEELING IN CONTROL

Receiving professional financial advice is the first step to helping create a secure financial future and when it comes to managing your finances it can help give you a sense of control. A professional financial adviser will provide objective insight into your current financial situation, helping you understand your incomings and outgoings and create an effective budgeting and savings plan.

They are also able to identify any potential debt issues and advise the best approach to tackling these. This advice will enable you to feel more confident in taking control of your day-to-day finances and secure in your overall financial wellbeing, giving access to knowledge that will set you up for success both now and in the future.

CAPACITY TO ABSORB A FINANCIAL SHOCK

By taking steps to review and plan for your finances, you can be well-equipped to absorb any financial shock that may arise. Establishing an emergency fund of six months' worth of essentials, combined with appropriate insurance policies, will help protect you and your family in the event of unforeseen circumstances. Taking security measures now is a wise decision that could save you potential hardship later on down the line. Protecting yourself financially can bring both peace of mind and long-term security.

It is therefore wise to assess the financial risks your household may face, and plan accordingly to ensure your financial security. By taking the time to review your finances with a professional financial adviser and put a protection plan in place, you can be well-prepared for any unexpected financial shock that may come your way.

ON TRACK TO MEET GOALS

Having professional advice is also a key part of ensuring you remain on track to meet your goals. Your adviser will assess your current situation and provide tailored guidance on how to achieve success in the future. They consider factors such as investment risk, taxes and any other financial implications so that you are able to make informed decisions about your money.

They will also help you decide which areas to focus on first and suggest strategies that could help you meet your aspirations while remaining within a comfortable level of risk, for example through utilising your ISA and pension options. With professional advice, you can rest assured that you are well-positioned to reach your goals and enjoy a higher degree of financial wellbeing.

FLEXIBILITY TO MAKE CHOICES

Having the flexibility to make choices is an important part of your financial wellbeing. A professional financial adviser will help you understand how different life decisions could impact your finances both today and in the future. This may include considering options like taking a career break, retiring early or selling a business. Being able to 'rehearse' these scenarios with professional guidance will help you feel more confident and secure when making difficult decisions, ensuring that you enjoy life to the full.

With professional advice, you will gain clarity over the potential impacts of any decision, now and in the years ahead. That's why it is important advice should always be tailored specifically to your own needs and goals – so it's best to consult an expert about your individual situation.

NEXT STEPS

Getting professional advice is the best way to reach your financial goals and secure your future. With a professional adviser by your side, you can create a tailored plan that takes into account your current situation and sets out exactly how you'll get where you want to be.

When it comes to money matters, you'll be able to relax knowing that all aspects of your finances are being taken care of. Plus, with regular reviews, your professional adviser will make sure things stay on track. ■

START YOUR JOURNEY TOWARDS GREATER FINANCIAL WELLBEING
We are here to help answer any questions you may have and provide guidance every step of the way. Start your journey towards greater financial wellbeing today. To find out more and to discuss your options, please contact us.

INS AND **OUTS OF CGT**

WAYS TO POTENTIALLY REDUCE YOUR CAPITAL GAINS TAX LIABILITY

Capital Gains Tax (CGT) is a form of taxation imposed on profits earned from the sale of certain types of assets. Gains are calculated by subtracting the purchase price and related expenses (such as sales charges) from the selling price.

If you plan to sell assets that have appreciated in value, such as real estate, stocks or bonds, it is important to be aware of CGT and how it can affect your bottom line. Proper planning can help you minimise or even avoid CGT liabilities.

For years, the annual CGT exemption has been a useful way of reducing your liability for CGT on any profits you may make from investments or disposals of assets. But with news in last year's Autumn Statement that this exemption will be cut to £6,000 in 2023/24 and £3,000 in 2024/25, now is the time to take action if you want to protect your tax-free allowance.

HERE ARE SOME WAYS TO POTENTIALLY REDUCE YOUR CGT LIABILITY.

USE YOUR CGT EXEMPTION

Have you made full use of the current 2022/23 CGT exemption, taking into account the upcoming reduction of this exemption commencing from the next tax year? The Chancellor, Jeremy Hunt, in his Autumn Statement last November announced that the CGT personal allowance will be more than halved to £6,000 in April 2023, and halved again to £3,000 in April 2024.

It is important to consider making any capital gains before the end of this current 2022/23 tax year, in order to maximise your current £12,300 CGT exemption. This approach will ensure that you are able to take advantage of all available resources and protect yourself from incurring a large liability down the line.

MAKE USE OF LOSSES

When reporting capital gains to HM Revenue & Customs (HMRC), you may be able to reduce your tax liability by making use of losses. Losses and gains realised within the same tax year must be offset against each other, which in turn can help lower the overall gain that is taxable. Furthermore, any unused losses from earlier years can be carried forward for use, provided they are reported to HMRC within four years from the end of the corresponding tax year in which the asset was sold.

It's important to keep accurate records of all losses and gains so as professional advice can be sought when necessary. This can help ensure that you make the most out of available reliefs and minimise your CGT liability accordingly.

TRANSFER ASSETS TO YOUR SPOUSE OR REGISTERED CIVIL PARTNER

Couples and registered civil partners can take advantage of their combined annual CGT exemption by transferring assets between them. This is a tax-exempt transfer as long as it is a genuine, outright gift. By taking advantage of this exemption, couples and registered civil partners can benefit from increased capital gains opportunities that wouldn't otherwise be available on an individual basis. The assets can be any type of property or investments that are liable to CGT, such as stocks and shares, land, buildings, business assets or personal possessions.

It's important to note that the transferred asset will become part of the receiving partner's estate for Inheritance Tax purposes in the event of their death. This could potentially result in a larger Inheritance Tax bill, so professional advice should be sought before making any transfers. In addition, if the transfer takes place when the asset has appreciated in value, it's important to consider whether it would benefit you more to pay CGT on the gain before transferring the asset and using your single annual exemption instead.

INVEST IN AN ISA (BED AND ISA)

Investing in an ISA can be beneficial for higher and additional rate taxpayers due to its exemption from CGT, so it is important to consider this option when making financial decisions. Gains and losses made on investments held within an ISA are exempt from CGT. Utilising the 'bed and ISA' tactic can be a professional way to maximise tax savings. 'Bed and ISA' is a way to invest without being exposed to the tax implications associated with CGT. By selling assets to realise a capital gain and then immediately buying back the same assets inside an ISA, all future gains can be exempted from CGT.

This helps investors make the most of their ISA allowance each year as they are able to use up to £20,000 in the 2022/23 tax year for single savers or £40,000 for married couples and registered civil partners. Investors need to understand that they may pay stamp duty and other costs when repurchasing investments in an ISA and there is a risk that time out of the market, however small, will detrimentally impact your investments.

CONTRIBUTE TO A PENSION

Making regular pension contributions from relevant earnings is a highly effective way to save on CGT. A pension provides an ideal opportunity for those looking to reduce their CGT burden while ensuring their funds remain secure in the long term. Investing in pensions could not only make you more tax-efficient but provide peace of mind that your money will still be available when needed most.

By contributing to your pension, you can effectively increase your upper limit of the Income Tax band. For example, if you make a gross contribution of £10,000 into your pension pot in the 2022/23 tax year, it would move the point at which higher rate tax becomes payable up from £50,270 to £60,270. This means that any capital gain plus other taxable income now falls within this extended basic rate Income Tax band and, as such, CGT is payable at just 10% instead of 20% (18% on residential property gains).

GIVE SHARES TO CHARITY

One of the most rewarding ways to support a charity is to donate shares. By donating qualifying shares, you may be eligible for Income Tax relief and CGT relief from HMRC. This means that the value of your donation could be worth more than if you had donated money or other assets. It's important to remember that only certain types of UK shares qualify for CGT relief, so it's best to consult professional financial advice before making any donations.

Additionally, as with all donations, it's important to keep records of your gifts in case HMRC needs further information at a later date. Donating shares to charity can be an incredibly meaningful way to show your support whilst also benefiting from generous tax relief.

INVEST IN AN ENTERPRISE INVESTMENT SCHEME

Enterprise Investment Schemes (EIS) allow investors to benefit from CGT relief on investments. This tax relief applies to qualifying investments in smaller, unquoted trading companies and can significantly reduce the amount of CGT due as well as providing other potential benefits. Any gains made on investments in an EIS are tax-free if held for at least three years from the later of the date of issue or the date the qualifying trade begins. Moreover, it is also possible to defer a capital gain by investing that gain in an EIS qualifying company but only within one year before or up to three years after the gain arose.

Once money is taken out of the EIS qualifying company, the deferred capital gain will come back into charge. When investing in an EIS, professional advice should always be sought to ensure that you are making the most suitable decision for your individual circumstances. This scheme is higher risk than more traditional investments, so investors need to make sure that they fully understand the risks associated.

CLAIM GIFT HOLD-OVER RELIEF

Gift hold-over relief is a tax consideration for anyone transferring business assets. If you meet the requirements, then you are eligible for a tax reduction when giving away certain business assets. To be eligible, there must be a genuine gift of the asset and the recipient must not make any payment in return. In addition, both parties must agree to the transfer and it must have been made at least one year before the date of sale by the recipient.

If you do qualify for gift hold-over relief, then you won't have to pay CGT on the gifted assets; however, if they are subsequently sold by the recipient they may incur CGT liabilities. It's important to note that it must be proven that the asset was given away and not sold in order for the relief to apply. If you're considering utilising gift hold-over relief, professional advice is advised as there are a number of conditions that must be met before being eligible.

CHATTELS THAT ESCAPE CGT

Chattels are personal possessions, such as antiques and collectibles, for which CGT does not always apply. Wasting assets – items with a predictable life of 50 years or fewer – may be exempt from CGT altogether provided they were not eligible for business capital allowances.

For non-wasting chattels, the CGT position depends on the sale proceeds, those under £6,000 usually being free of tax. It is important to seek professional advice if you are unsure about any aspect of CGT relating to your chattels so that you can ensure that you comply with the relevant legislation.

SEEK PROFESSIONAL ADVICE

When it comes to CGT, professional advice is essential. Seeking professional financial advice can help you understand your CGT options, make sure you are taking advantage of all tax reliefs, allowances and exemptions available to you and advise on the best course of action for your individual circumstances.

We provide comprehensive professional advice and can help guide you through the complexities of CGT. We understand that each person's financial situation is unique, so our tailored advice will ensure that you get the most from your investments. ■

WANT TO FIND OUT MORE ABOUT YOUR OPTIONS?

Our professional advice can help you manage, review and plan for CGT effectively and provide peace of mind that all your CGT obligations are being met. To discuss your options if you're just getting started, please get in touch.

This article does not constitute tax or legal advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice.

WHAT SORT OF LIFESTYLE WILL **YOU BE ABLE TO AFFORD?**

HOW INFLATION COULD BE IMPACTING ON YOUR RETIREMENT PLANS

Inflation can affect your retirement savings depending on what you do with that money. Leaving your money in a bank account with low interest is a risk, as your money will not outgrow the rate of inflation.

That's why it's important to have an understanding of how inflation could be impacting your retirement plans and how best to respond. With the right strategies in place, you can still make progress towards achieving your goals and remaining financially secure during retirement.

RETIREMENT PLANS

The first thing to know is that inflation won't necessarily derail your retirement plans. The important thing is to recognise the impact it has on long-term savings and investments and take proactive steps to keep your goals in sight.

One option is to review your investment portfolio and consider assets that have the potential to outperform inflation. It may also be worth assessing and identifying further opportunities for growth and investment diversification.

FINANCIAL OBJECTIVES

Although inflation may have an impact on short-term finances, its effects are typically less dramatic over the long term. Regularly reviewing your financial objectives and taking steps such as increasing contributions to a pension plan or Individual Savings Account (ISA) can help ensure your retirement plans remain on track.

When it comes to managing cashflow, paying off debt should take priority over building up savings if you want to keep pace with inflation. Reducing interest payments can free up more money each month which can then be put into a retirement fund or other investments.

INCREASED CONTRIBUTION

If you find yourself falling behind on your retirement savings, it is important to

take action now to get back on track. A useful first step could be to review your budget and identify any areas where you can reduce discretionary spending in order to maintain or even increase how much you are regularly contributing towards your pension.

This increased contribution will benefit from tax relief at your marginal rate of Income Tax up until age 75, making it an especially valuable move. However, make sure you only contribute what you can really afford, as pension money is locked away until age 55 (rising to age 57 from April 2028).

PHASING RETIREMENT

It is worth remembering that the amount you contribute should reflect what you can realistically afford in order to avoid taking on more financial commitments than you can manage over the long term.

Phasing into retirement is an option to consider. It would mean you can still maintain relationships and stay engaged with the professional world. Also, by working part-time or flexibly, you might be able to keep your pension fully invested and draw on other savings and investments to top up your lower income and still be able to retain benefits such as healthcare. This could help to provide additional financial security in your later years.

NEW OPPORTUNITIES

Additionally, a phased retirement gives you time to explore new opportunities and interests outside of work, while still earning money. It can also be a way to transition out of the professional world slowly and give yourself time to adjust to life after work. Whatever your motivations for a phased retirement, make sure it's right for you and that you fully understand the implications for your finances. Do your research and consider all scenarios before making any decisions about when you will retire.

Remember that no matter what your decision is, it's important to review all aspects of your finances. This will help ensure that you have the best chance at achieving a comfortable retirement lifestyle. With the right planning, phasing or delaying retirement could be a choice that helps you to have the retirement that you want.

FINANCIAL BENEFIT

Before deciding whether to take a tax-free lump sum from your pension, professional advice should always be sought so you fully understand the implications of withdrawing large sums in one go. You will need to consider not only the immediate financial benefit, but also how it might affect your future retirement income.

This means looking at your options, discussing potential risks, suggesting appropriate strategies and explaining possible tax consequences so that you can make an informed decision about your pension. Ultimately, receiving professional advice will help you decide whether taking a lump sum from your pension is the best decision for you and your long-term financial security.

MANAGING FINANCES

Individual Savings Accounts (ISAs) are another tax-efficient way to supplement your income in retirement. Unlike pensions, the proceeds you withdraw from an ISA are completely tax-free. So if you have any savings that you can put aside relatively safely and access when necessary, this could be an ideal solution for managing your finances during retirement.

It may also be appropriate for you to consider investing in stocks or bonds, as these could provide even greater returns over time with some risk attached. However, it's important to remember that stock market investments carry a certain amount of risk and can go down as well as up, so professional advice should always be taken before investing large sums of money.

GOLDEN YEARS

When planning your retirement income, make sure you factor in other sources such as inheritance or rental income. This will help to ensure that you have enough money to enjoy your later years in comfort and security. Additionally, annuities may also be a way to turn your pension pot into a regular income stream. An annuity is an insurance policy taken out with an insurer that pays out a fixed sum each year until the policy matures or you pass away.

Overall, you should consider all of your options when planning for retirement. Using professional advice and understanding the different types of investments available can help you make informed decisions and maximise your income during the golden years of life. ■

NEED TO PROTECT YOUR LONG-TERM SAVINGS AND INVESTMENTS FROM INFLATION?
To discuss the measures necessary to protect your long-term savings and investments from inflation to achieve your retirement goals, please contact us for more information.

A pension is a long-term investment not normally accessible until age 55 (57 from april 2028 unless plan has a protected pension age).

The value of your investments (and any income from them) can go down as well as up which would have an impact on the level of pension benefits available.

Your pension income could also be affected by the interest rates at the time you take your benefits.

IMPACTS OF CLIMATE CHANGE

NEARLY TWO-THIRDS OF PEOPLE IN THE UK MORE CONCERNED ABOUT CLIMATE CHANGE

The impacts of climate change have been increasingly felt around the world in recent years. Governments, businesses and citizens alike are urged to take steps to reduce their environmental impact. The reality is that climate change is a threat to human wellbeing and the health of the planet.

Recent weather events, such as heatwaves, floods and fires last year, have made nearly two-thirds (60%) of people in the UK more concerned about climate change. A further 59% are also worried about weather reports from other countries, including in Australia and America, according to new research[1].

RENEWABLE ENERGY SOURCES

The good news is that green investments and pensions have grown in popularity over recent years as more people become aware of the climate crisis and its implications. These initiatives allow investors to allocate their capital into sustainable funds, which support businesses and projects that promote a cleaner environment and renewable energy.

Such steps could include investing in renewable energy sources, reducing single-use plastics usage or becoming more mindful of energy consumption. It is not too late to make a positive impact. If we all work together and take steps to reduce our emissions, we can help ensure that future generations will be able to live in a world where the effects of climate change are properly managed and minimised.

UN CLIMATE SUMMIT

Two out of five (42%) people have said that the UN climate summits have made an impact on their climate change concerns – and 40% said that having children and grandchildren has made them worried about climate change.

This has spurred many to take action and live more sustainably in the last 12 months. Most popular planned changes include reducing plastic usage (71%), shopping locally (62%), driving less (53%) or buying an electric or hybrid vehicle (32%), and consuming less meat and dairy (49%).

COST-SAVING MEASURES

However, the cost of living crisis is making it difficult for people in the UK to take action on climate change. The majority (65%) are concerned about the cost of living and a third (34%) are understandably now more concerned with their energy bills as opposed to living sustainably.

Many people are taking cost-saving measures this winter. Shockingly, 12% are even anticipating skipping meals. Sustainability is unlikely to be the priority with almost four in ten (38%) thinking that it's too expensive to live more sustainably. ■

DOING YOUR PART TO HELP THE PLANET

By investing in such initiatives, individuals can not only do their part to help the planet but also benefit from potential returns on their investments, depending on market conditions. If you would like to discuss your options, please contact us.

Source data:

[1] Royal London surveyed 2,000 nationally representative UK adults aged over 18. Research was carried out by Opinium between 14–18 October 2022.

The value of your investments can go down as well as up and you may get back less than you invested.

TIME **TO TALK**

DISCUSSING WILLS AND TRUSTS WITH ADULT CHILDREN OR DEPENDENTS

Wealth transfer has become an important issue for many families today. Individuals with assets of any size should prepare for their eventual transfer whilst making provision for any tax or legal consequences.

But more than half of parents (57%) haven't spoken to their adult children about their Will, according to new research[1]. Nearly a quarter (24%) of adults haven't discussed making a Will with their partner or spouse, while almost a third (31%) were unsure if they understood the long-term benefits of putting their assets into a trust or finalising a Will.

LONG-TERM FINANCES

The survey also revealed one in two (49%) adults admit that talking about long-term finances, especially in the event of death, with family members is difficult. When it comes to discussing Wills and trusts with adult children or dependents, over two-thirds (69%) of parents say they feel responsible for the financial wellbeing of their children if they were to pass away.

Despite this, 57% admitted they haven't talked to their children about long-term finances, while nearly one in ten (9%) parents said they weren't sure how to approach the topic. The survey finds 47% of people have their children down as a beneficiary of their Will – higher than other forms of support, such as a deposit for a house or flat (19%), a savings pot with regular contributions (16%), or covering the cost of transport, such as a car (15%).

MINIMAL INHERITANCE TAX

Parents and guardians should make formal arrangements so that, upon their death, the appropriate plans are in place to ensure the people they wish to benefit from their estate will do so, with the estate settled as quickly as possible and with minimal Inheritance Tax.

If there is no Will, the deceased's estate will be distributed under the terms of law, which may not align with their loved one's wishes. Receiving the right professional advice and setting up a financial plan can ensure you are best able to look after your family when the time comes.

GIVING PEACE OF MIND

With so many different options, it can be overwhelming. The research found that two-thirds of adults (69%) understand the long-term benefits of finalising trusts and Wills, but that still leaves many who don't.

It's important to have plans in place to protect your assets and loved ones, today and in the future. It might be difficult to think about, but it ensures your wishes will be met, giving you peace of mind. The outcome of not having a Will or trust in place can be costly – so knowing the difference between Wills and trusts, and putting them in place appropriately, can provide vital benefits.

WEALTH AND ASSETS

When looking to leave assets to family members, Inheritance Tax is a key consideration. Effective estate planning can help in ensuring your wealth and assets go to your loved ones. By setting up a trust you can effectively put the money outside of your estate, which could be efficient for Inheritance Tax purposes.

Assets held within a trust do not usually form part of your estate upon death, provided that you live for seven years after placing the assets into trust. Therefore, it's likely they won't be liable to Inheritance Tax.

UNDERSTANDING THE OPTIONS

Effective estate preservation planning could save a family a potential Inheritance Tax bill amounting to hundreds of thousands of pounds. Inheritance Tax planning has become more important than ever, following the government's decision to freeze the £325,000 lifetime exemption until April 2028, with inflation eroding its value every year and subjecting more families to Inheritance Tax.

Over half of Britons (57%) believe it's important to seek financial advice when it comes to long-term financial planning, which is absolutely right. Seeking advice from a professional ensures you fully understand the options available, and recommendations are made in line with your requirements, giving you peace of mind. ■

LOOKING TO PASS ON MORE OF YOUR WEALTH IN THE MOST TAX-EFFICIENT WAY?
We all have different objectives in life and need different strategies to help achieve them. We can help you build a strategy that provides financial support to your family and helps you pass on more of your wealth in the most tax-efficient way – please call us for more information.

Source data:

[1] The research was conducted by Opinium Research and surveyed 2,000 UK adults between 5–13 September, 2022.

Inheritance Tax planning is a highly complex area of financial planning.

Information provided and any opinions expressed are for general guidance only and not personal to your circumstances, nor are intended to provide specific advice.

Professional financial advice should be obtained before taking any action.

Inheritance Tax planning is a highly complex area of financial planning. The Financial Conduct Authority does not regulate Inheritance Tax planning.

INSURANCE THAT WORKS **WHILE YOU CAN'T**

WOULD YOU BE ABLE TO CARRY ON PAYING THE BILLS USING STATUTORY SICK PAY OR YOUR SAVINGS?

Consider how you would cover your usual monthly costs if you were ill or injured and couldn't work for a while. Would you be able to carry on paying the bills using statutory sick pay or your savings? If not, it's worth thinking about.

Three in five people with the right protection in place would feel more financially resilient if they had a policy that paid if they were unable to work due to illness or injury, research highlights[1]. That is why is it so important for people to obtain professional financial advice and find a protection solution to protect themselves and family.

FINANCIAL POSITION

Protecting income should be at the heart of building financial resilience. But worryingly, 45% of 25-44-year-olds without a protection policy are not confident they could financially cope if they fell ill. Over a quarter (28%) of workers in this age group would struggle to pay household bills if they were unable to work for two months or more.

Half also say their partner relies on their income, and they need both incomes to cover their monthly outgoings. So as the cost of living crisis bites, it is even more important to ensure we have the right conversations with customers about their financial position if they are unable to work.

DISPOSABLE INCOME

The research also highlights that almost half of people surveyed are not confident they could cope financially if they fell ill. This lines up with UK savings statistics which tell us that 41% of Britons don't have enough savings to live for one month without income.

Nobody wants to worry about how they would cope financially if they were ill or injured and couldn't work. The reality is, with the likelihood of disposable income in real terms going to contract for many people, this makes protection even more crucial. ■

GIVE YOU AND YOUR FAMILY PEACE OF MIND AGAINST YOUR LOSS OF INCOME

Should you find yourself unable to work due to illness or injury, having the right protection in place will give you and your family peace of mind against your loss of income. If you have any concerns and to find out more, please contact us.

Source data:

[1] LV= surveyed 4,000 nationally representative UK adults via an online omnibus conducted by Opinium between 16 August and 1 September 2022.

INVESTING FOR YOUR GRANDCHILD'S FUTURE

PROVIDING ADDED SECURITY AND INCREASED OPPORTUNITIES IN THE YEARS TO COME

Investing in the future of your grandchildren is a great way to help them prepare for their financial needs in life. By setting aside money now, you can provide them with added security and increased opportunities in the years to come.

Investing for grandchildren can be used to help fund their college and university fees, make a down payment on their first car or home deposit, or even start a retirement fund. The earlier you invest, the more time your funds have to grow and compound over time. This means that a relatively small contribution today could lead to much larger returns over the long run.

Furthermore, it's important that you obtain professional advice when making decisions about investing for your grandchildren. This will enable you to take advantage of all available tax deductions and legal rules that could make your investment even more beneficial to your grandchildren.

HELPING A GRANDCHILD PREPARE FOR THEIR FINANCIAL NEEDS IN LIFE

By investing for your grandchild's future, you can provide peace of mind knowing that you are helping them prepare for their financial needs in life. Not only will this give them the chance to pursue their dreams and goals, but it also allows you to create a lasting legacy that will be remembered for years to come.

Investing now may help ensure a bright future for your grandchildren. In addition, investing is an effective way to pass down wealth from one generation to the next. This can help reduce Inheritance Taxes due on large estates and enable families to retain more of their assets into the future.

NO TAX IS DUE ON ANY GIFTS YOU GIVE IF YOU LIVE FOR 7 YEARS AFTER GIVING THEM

As well as providing your grandchildren with financial support, investing can also be an effective way of reducing an Inheritance Tax liability. Gifting out of surplus income is a strategy for reducing an Inheritance Tax liability when investing for grandchildren. This involves gifting money from any excess income generated over and above what you need to cover your day-to-day living expenses.

No tax is due on any gifts you give if you live for seven years after giving them – unless the gift is part of a trust. This is known as the seven year rule. If you die within seven years of giving a gift and there's Inheritance Tax to pay on it, the amount of tax due after your death depends on when you gave it. When making gifts out of surplus income, it's important to ensure that the money is treated as a gift and not used as an investment.

JUST ONE WAY TO REDUCE YOUR INHERITANCE TAX LIABILITY WHEN INVESTING

HM Revenue & Customs (HMRC) has very specific guidelines on what constitutes a 'gift', so professional advice should be sought before gifting any money to your grandchildren. We can help you create an effective Inheritance Tax mitigation strategy for investing for grandchildren that meets all relevant legal requirements.

Gifting out of surplus income is just one way to reduce your Inheritance Tax liability when investing for your grandchildren; there are other options available too. It's essential that professional advice is sought in order to find the best approach for your individual circumstances.

PUTTING MONEY INTO A PENSION COULD BE AN IDEAL SOLUTION

If you're looking to build long-term wealth

for your grandchildren, putting money into a pension is an ideal solution. However, there are some limits that you should know before taking this route. The earliest your grandchild can access the money in their pension is age 58. Therefore, it's important to think about how much time you have to allow the investments to grow and compound interest over the years until they reach adulthood.

You can open a Junior Self-Invested Personal Pension as soon as your grandchild is born. It's protected from Income Tax and is usually exempt from Inheritance Tax, too. You can pay in a maximum of £3,600 a year (tax year 2022/23) and the government will top it up by 20%, up to £720 a year – so that maximum contribution will actually only cost you £2,880.

If you start investing in a Junior Self-Invested Personal Pension at birth, then by age 58 a child or grandchild will have had 58 years of growth potential if contributions are made regularly. This should help build significant capital which can then be used as desired once mature enough to do so.

A HIGHLY TAX-EFFICIENT WAY TO SAVE OR INVEST FOR THE FUTURE

Junior ISAs (JISAs) are another option. A Junior ISA is an Individual Savings Account that can be opened by anyone on behalf of a child under the age of 18, when they can gain full access to it. A Junior ISA is tax-efficient way to save or invest as it is free from any Income Tax, tax on dividends and Capital Gains Tax on the proceeds.

The Junior ISA subscription limit is currently £9,000 for the tax year 2022/23. This means that if you start investing in a Junior ISA when your grandchild is young, by the time they turn 18 they could have had considerable growth in the funds you have contributed towards them. It also allows you to make sure that any money that you have saved for them is in a secure environment, with professional money management.

A children's savings account also provides an easy and convenient way to start investing in your grandchild's future. These accounts come with various features that make them ideal for long-term investments, such as tax-free growth on earnings and no contribution limits.

MATURITY NEEDED TO RESPONSIBLY HANDLE ANY MONEY

Additionally, you have the flexibility to choose how much money you want to invest and when you want to add or withdraw funds from the account. With these advantages, children's savings accounts provide a secure and practical option for diversifying a child's portfolio.

When investing for your grandchildren, professional advice should be sought to ensure that all legal requirements are met. It is important to consider the legal ownership of the money and when your grandchild will become eligible to access it. Consideration should also be given as to whether your grandchild will have the necessary skills, knowledge and maturity needed to responsibly handle any money they may receive.

SAFEGUARD YOUR GRANDCHILDREN'S FINANCIAL SECURITY

Parents or guardians should take advice in order to make informed decisions about what is best for their child's long-term financial future. By taking our professional guidance you can ensure that you are making the best decisions possible when investing on behalf of your grandchildren. Taking the time to make it part of your annual review will give you peace of mind knowing that you are taking steps towards building a solid financial foundation for your grandchildren.

With professional guidance, you can tailor an investment strategy specifically for them. Investing in their future today can have long-term benefits as they grow into adulthood. Start planning now and make sure your grandchildren's future is secure. ■

CREATE LASTING FINANCIAL SECURITY FOR THE NEXT GENERATION IN YOUR FAMILY

Investing for your grandchildren will prepare them for their future financial needs. With our guidance you can create lasting financial security for the next generation in your family. Doing so can be both rewarding and beneficial for everyone involved. Start investing today and watch the investments grow for generations to come – for more information, please contact us.

A pension is a long-term investment not normally accessible until age 55 (57 from april 2028 unless plan has a protected pension age).

The value of your investments (and any income from them) can go down as well as up which would have an impact on the level of pension benefits available.

Your pension income could also be affected by the interest rates at the time you take your benefits.

The value of your investments can go down as well as up and you may get back less than you invested.

If you're not sure about investing, seek professional advice. Tax rules can change in future. Their effects on you will depend on your individual circumstances.

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