Corporate Benefits

SmartMoney

JANUARY / FEBRUARY 2025

START 2025 WITH A NEW YEAR'S WEALTH CHECK

AN IDEAL OPPORTUNITY TO TAKE STOCK OF YOUR FINANCIAL HEALTH

MAXIMISE YOUR TAX ALLOWANCES BEFORE 5 APRIL
Make the most of your financial situation before the deadline

ESTATE PLANNING AMID CHANGING IHT RULES
Ensuring your loved ones are cared for takes proper planning

HOW TO NAVIGATE THE CAPITAL GAINS TAX CHANGES
Ensure your hard-earned investments work efficiently for your future

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INSIDE **THIS ISSUE**

Welcome to our latest issue. Like your car, your finances require consistent care and attention to keep running smoothly. Just as a regular service ensures your vehicle performs at its best and avoids costly breakdowns, a yearly financial check-up is vital to ensuring your money works as effectively as possible. On page 10, we look at why the beginning of 2025 offers an ideal opportunity to take stock of your financial health, setting the tone for a prosperous and secure year ahead.

The end of the tax year is fast approaching, ending on 5 April 2025. This is your opportunity to review your annual allowances and assess how best to make the most of them. With some significant changes to tax allowances in the 2024/25 tax year and further reductions expected in the future, planning ahead is key. On page 03, we explain how to use your allowances now to maximise your wealth by leveraging tax-efficient strategies and minimising liabilities.

Planning your estate is challenging at the best of times. Knowing how to mitigate your liabilities while ensuring your loved ones are cared for takes proper planning and the right tools. The 2024 Autumn Budget Statement announcements could create significant and lasting challenges for rural businesses of all sizes. Under the Chancellor's proposed changes, from April 2026, IHT reliefs available to farms and family businesses will be restricted. Turn to page 12.

Cuts to the Capital Gains Tax (CGT) exemption mean it is now more critical than ever to arrange your investments tax-efficiently. For the tax year 2024/25, the CGT allowance has been reduced to £3,000, allowing you to make tax-free gains up to this amount. However, any gains above this limit may be subject to CGT. Appropriate planning is essential to ensure your hard-earned investments work efficiently for your future. Turn to page 09 to find out more.

A complete list of the articles featured in this issue appears opposite.

TIME TO RESET AND TAKE CONTROL OF YOUR FINANCIAL FUTURE?

The start of a new year is more than just a date on the calendar – it's a chance to hit reset and take control of your financial future. Whether you envision a comfortable retirement, are ready to grow your investments or are focused on safeguarding your wealth, now is the time to act. We're here to guide you every step of the way, helping you turn today's goals into tomorrow's achievements. Contact us today for more information or to start the conversation. We look forward to hearing from you.

C O N T E N T S

MAXIMISE YOUR TAX ALLOWANCES **BEFORE 5 APRIL**

MAKE THE MOST OF YOUR FINANCIAL SITUATION BEFORE THE DEADLINE

The end of the tax year is fast approaching, ending on 5 April 2025. This is your opportunity to review your annual allowances and assess how best to make the most of them. With some significant changes to tax allowances in the 2024/25 tax year and further reductions expected in the future, planning ahead is key.

Using your allowances now could maximise your wealth by leveraging tax-efficient strategies and minimising liabilities. Here are practical steps to maximise your financial situation before the deadline.

MAKE USE OF YOUR ISA ALLOWANCE

Individual Savings Accounts (ISAs) remain one of the most efficient ways to save and invest tax-efficiently. The annual ISA allowance for the 2024/25 tax year is £20,000. Any gains you make within an ISA shield you from Capital Gains Tax (CGT), making it a valuable option, especially for higher or additional rate taxpayers. Furthermore, you pay no tax on interest or dividends earned within an ISA.

If you're married or in a registered civil partnership, as a couple, you can contribute up to £40,000 into your combined ISAs, thereby increasing your overall tax-efficient saving potential. You might also consider the 'bed and ISA' technique, where you sell non-ISA investments to realise a capital gain and reinvest the proceeds within an ISA. This can be effective but may involve a temporary period out of the market, and obtaining professional advice is recommended.

BOOST YOUR PENSION CONTRIBUTIONS

Contributing to your pension is another effective way to maximise tax relief. For most individuals, the maximum tax-relievable contribution for the 2024/25 tax year is £60,000 or 100% of your earnings, whichever is lower. However, high earners should be mindful of the tapered annual allowance, which reduces your limit by £1 for every £2 your income exceeds £260,000. The minimum annual allowance for those affected by tapering is £10,000. The money purchase annual allowance (MPAA) is also set at £10,000 per tax year. This means if you have flexibly accessed your pension, the maximum amount you can contribute to your defined contribution pensions while still receiving tax relief is £10,000.

Even if you don't have an income but are under 75, you can still contribute up to £2,880 into a pension, with tax relief boosting this to £3,600. Pension contributions from both personal and workplace schemes count towards your annual limit. Breaching your allowance will result in tax charges, so understanding your limits is crucial to avoid unnecessary penalties.

PLAN FOR FINANCIAL GIFTING

Another allowance worth considering is your entitlement to make tax-free financial gifts. Each tax year, you can gift up to £3,000 without it being subject to Inheritance Tax (IHT). You can carry forward one year's unused allowance if not used the previous tax year, potentially gifting £6,000 without tax consequences.

Additionally, you can give multiple gifts of up to £250 each to different individuals in the same tax year, provided you don't combine these with your £3,000 annual exemption to the same recipient. Larger gifts, such as those intended for property deposits for children, may also be exempt from IHT if you live for at least seven years after making the gift.

MAKE THE MOST OF YOUR CGT ALLOWANCE

Capital Gains Tax regulations offer an annual exemption, allowing you to make tax-free gains of up to £3,000 in the 2024/25 tax year. This allowance doesn't roll over to subsequent years, so it's worth using before the deadline. This can help you minimise your future CGT liability.

Spouses and registered civil partners can transfer assets between themselves to utilise their annual exemptions, effectively doubling their tax-free gains. Investments held within ISAs or pensions are also protected from CGT, offering additional options to shield your wealth.

REVIEW YOUR PERSONAL ALLOWANCE

Your Personal Allowance allows you to earn up to £12,570 tax-free annually. Couples can optimise their tax liability by transferring assets to the lower rate taxpayer in the relationship. If one partner's income falls below the personal allowance, the Marriage Allowance could allow up to £1,260 of the unused allowance to be transferred to the higher earner, resulting in a tax saving of up to £252.

This approach is particularly useful for couples with a significant disparity in income and should be part of any comprehensive financial review before the tax year ends.

SEEK EXPERT PROFESSIONAL ADVICE

Navigating tax regulations and allowances can be complex, and getting it wrong can prove costly. Discussing your options with us will ensure you make strategic decisions tailored to your circumstances. We'll help you understand the intricacies of tax reliefs, exemptions and allowances while identifying the best opportunities for you. ◀

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ARE YOU READY TO ACT NOW TO MAXIMISE YOUR SAVINGS BEFORE 5 APRIL 2025?

If you'd like further information or need personalised advice on making the most of your tax allowances, don't hesitate to contact us. Taking action before the 5 April 2025 deadline could save you money and will provide peace of mind that your finances are in good hands.

AUTUMN BUDGET STATEMENT 2024

HOW COULD THE RANGE OF CHANGES IMPACT YOUR WEALTH PLANNING?

The Autumn Budget Statement 2024 introduced a range of changes that could significantly impact wealth planning strategies. From pensions and tax adjustments to shifts in the treatment of business and agricultural assets, the statement calls for individuals with substantial wealth to reassess their long-term financial goals. These changes present challenges and opportunities depending on your personal and financial circumstances.

Taking a detailed and strategic approach to wealth planning is essential, particularly with complex tax alterations on the horizon. Here, we break down the key areas of the Autumn Budget for 2024 and explain how these changes might affect pensions, Inheritance Tax (IHT), Capital Gains Tax (CGT) and investments.

PENSIONS AND LONG-TERM WEALTH STRATEGIES

One of the most direct and impactful changes involves the proposed inclusion of pensions within the IHT framework from 6 April 2027. This adjustment means that individuals who historically viewed pensions as an efficient IHT planning tool may need to reconsider their approach. The consultation period for this proposal ends in January 2025, leaving some time for further clarity; however, proactive planning will be crucial in the interim.

Pensions have long been subject to fluctuating tax regulations. For instance, in 2006, a 35% tax on death benefits after age 75 eligible for agricultural relief led to advice that clients preserve their pensions and draw from other assets instead. Similarly, adjustments in subsequent years prompted shifts in planning strategies, including a shift away from pensions when a 55% tax rate was introduced. These changes highlight the importance of maintaining flexibility in wealth planning, as adapting quickly to legislative changes can mitigate potential losses.

REVIEWING ALTERNATIVES FOR IHT PLANNING

Pensions could become less valuable tools for IHT mitigation, so it may be time to explore other strategies. Options such as gifting excess income, funding a whole-of-life insurance policy or establishing trusts could be viable alternatives. Each approach has benefits and limitations, which must be tailored to individual needs.

The changes announced to Inheritance Tax extend beyond pensions, with particular focus on business and agricultural relief. Historically, business assets were often assumed to sit outside the estate for IHT purposes, but new measures set to take effect by April 2026 could alter this dramatically. Business owners may consider transferring assets to discretionary trusts during this planning window to minimise future IHT implications.

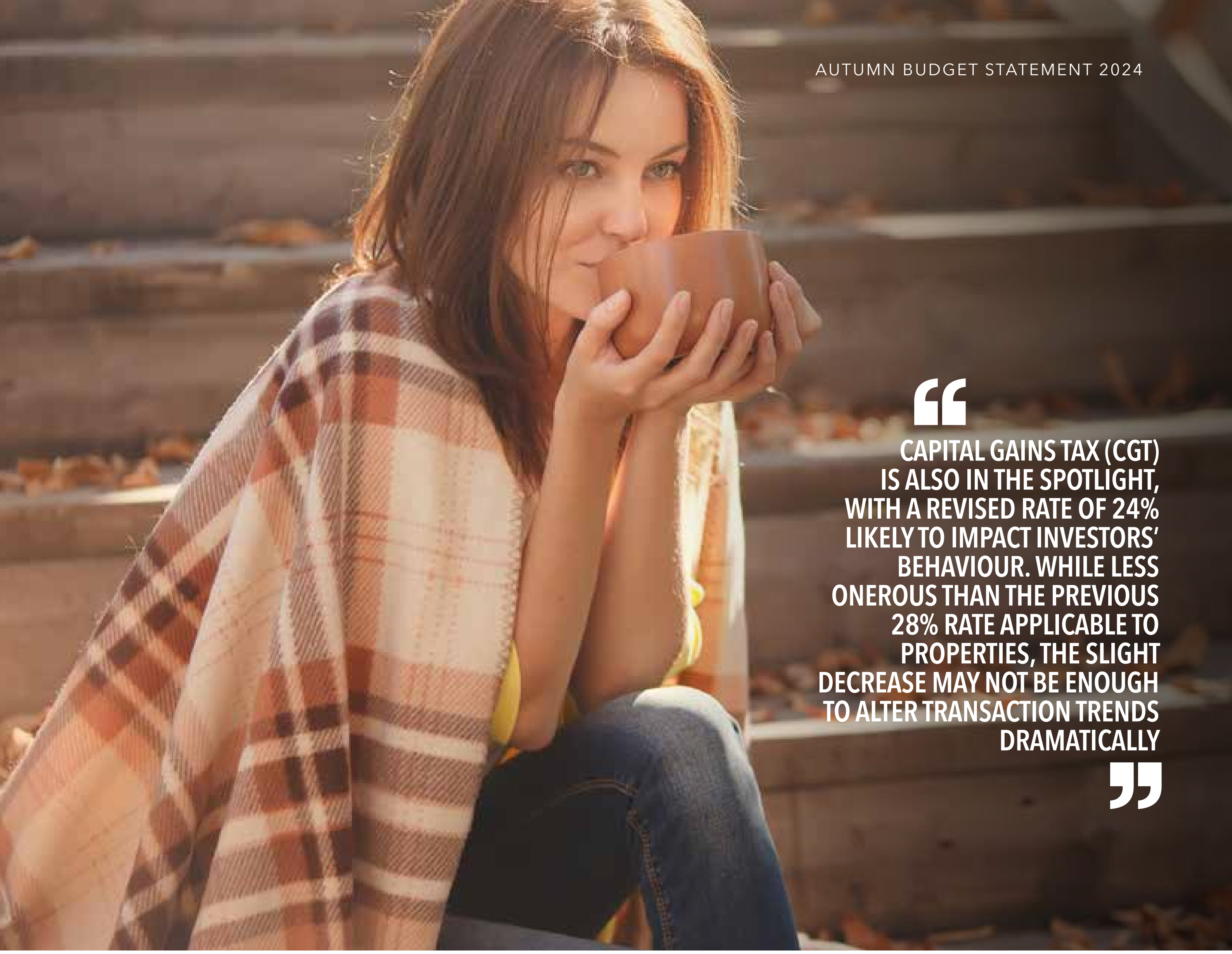
BUSINESS ASSETS UNDER THE MICROSCOPE

Changes to business property relief could reshape estate planning strategies for entrepreneurs and investors with significant business holdings. Thanks to 100% relief, business property has historically been immune to certain forms of IHT; however, the government now proposes reducing this relief to 50% on assets exceeding £1m. While this change aims to close perceived loopholes, it could affect decisions about reinvesting in or divesting business assets.

Similar considerations now apply to the Alternative Investment Market (AIM) shares, which have traditionally benefited from the same relief. While the reduction to 50% relief is less severe than the complete removal that some had feared, it introduces new uncertainties. AIM-listed companies may see a reduced attractiveness as part of strategic IHT planning. That said, AIM shares can still play a critical role in tax efficiencies within ISAs, especially for those willing to tolerate higher market risks.

AGRICULTURAL RELIEF AND THE IMPACT ON FARMING FAMILIES

Another substantial reform impacts agricultural relief, traditionally designed to safeguard farmers' estates from significant tax bills.



> CAPITAL GAINS TAX (CGT) IS ALSO IN THE SPOTLIGHT, WITH A REVISED RATE OF 24% LIKELY TO IMPACT INVESTORS' BEHAVIOUR. WHILE LESS ONEROUS THAN THE PREVIOUS 28% RATE APPLICABLE TO PROPERTIES, THE SLIGHT DECREASE MAY NOT BE ENOUGH TO ALTER TRANSACTION TRENDS DRAMATICALLY

Under the new measures, farmland and related assets above £1m will be eligible for only 50% relief, which could result in a 20% IHT rate for higher-value estates. While the legislation offers flexibility to spread tax payments over a decade, the immediate impact on cash flow and succession planning could be profound.

For many farmers, including the next generation inheriting these estates, this change underscores the need for careful financial planning to prevent future hardship. The complexities of combining agricultural assets with other allowances, such as the residential property nil rate band, make tailored advice essential.

ADJUSTING STRATEGIES FOR CAPITAL GAINS TAX

Capital Gains Tax (CGT) is also in the spotlight, with a revised rate of 18% and 24% likely to impact investors' behaviour. While less onerous than the previous 28% rate applicable to properties, the slight decrease may not be enough to alter transaction trends dramatically. Crucially, unlike other taxes, CGT allows for greater oversight over decisions, such as when to sell assets.

For those sitting on significant gains, deferral options like the Enterprise Investment Scheme (EIS) remain available. However, some may prefer to pay the tax now rather than risk a higher future rate in the current environment. Planning for CGT becomes even more important when balancing other tax considerations and wealth goals.

CONSIDERING NON-DOM STATUS VERSUS OTHER STRATEGIES

For individuals seeking to escape the UK tax net, non-domicile status might appear attractive theoretically but is fraught with complexities in practice. While Income Tax can often be avoided relatively quickly by moving abroad, full detachment from the IHT framework takes years. This leaves many questioning whether waiting for ten years outside the tax net is worth the effort.

Alternatively, gifting significant portions of wealth now can be a simpler and more immediate way to sidestep long-term IHT liabilities. Some clients are increasingly exploring philanthropy or intergenerational financial gifting to manage their estates while also creating a meaningful legacy. ◀

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HAVE YOU BEEN LEFT UNCERTAIN ABOUT THE IMPLICATIONS FOR YOUR WEALTH?

The Autumn Budget Statement 2024 has introduced changes requiring immediate attention and long-term planning. While some measures remain under consultation or offer transitional windows, the time is now to revisit your wealth strategy and ensure flexibility in the face of this fiscal evolution. If these changes have left you uncertain about the implications for your wealth, our team of experienced professionals is here to help. Contact us today to arrange a consultation and start taking control of your financial future.

FINANCIAL RESOLUTIONS TO **BOOST YOUR WEALTH THIS YEAR**

TAKING A PROACTIVE APPROACH TO CLARIFY YOUR CURRENT FINANCIAL STANDING

The start of a new year is the perfect opportunity to take a step back and thoroughly reassess your financial situation. It's a natural time to evaluate and reshape your saving habits, particularly important whether you're building an emergency fund, planning for retirement or investing in long-term growth. This proactive approach clarifies your current financial standing and sets the foundation for a more secure and prosperous future.

Even small financial adjustments made now can have a domino effect, significantly enhancing your financial wellbeing in the years to come. Expert insights can simplify complex issues, identify opportunities you may not have considered and ensure that your plans are robust enough to weather future uncertainties. By proactively addressing your financial health at the start of the year, you set yourself up for greater financial stability and peace of mind in 2025 and beyond.

ASSESSING YOUR SPENDING AND SAVING PATTERNS

With the cost of living soaring across the past year, having a robust budget has become more essential than ever. Knowing where your money goes is vital in preventing unnecessary expenses and finding opportunities to save for future goals. Even simple changes, such as cutting down on discretionary purchases, can free up money for more meaningful purposes.

It's generally recommended to have a safety net of around six months' worth of essential living costs in an accessible savings account. Once this rainy-day fund is in place, consider longer-term goals. If your objectives span five years or more, exploring stock market investments might be worth consideration. Despite its inherent volatility, the stock market has historically outperformed cash savings over the long term.

REVISITING YOUR FINANCIAL GOALS

Has anything changed in your life that might impact your financial priorities? A new year is an ideal time to assess your financial ambitions, whether short, medium or long-term. For instance, if your income has increased or your family circumstances have shifted, your financial plan may benefit from some adjustments.

Revisiting goals may also involve reassessing your investment portfolio. It is crucial to ensure that your investments align with your risk tolerance and long-term objectives. Professional financial planners can help you monitor your progress and recommend strategies to keep you on track, preserving and growing your wealth effectively.

CHECKING UP ON YOUR PENSION

Your pension is a key component of your financial future, yet losing track of its growth is easy. Understandably, day-to-day expenses might often take precedence, but it's worth evaluating how much you've accumulated for your retirement. Reviewing your pension pots

now helps determine if you're on course to meet your retirement goals or whether adjustments, such as increasing contributions, are necessary.

It's essential to look at the tax advantages pensions offer. For instance, basic rate taxpayers receive 20% tax relief on contributions. This means a £100 contribution effectively costs £80. Higher rate and additional rate taxpayers receive even greater relief, making pensions one of the most tax-efficient ways to secure your financial future.

MAXIMISING TAX ALLOWANCES

Tax planning is essential to any financial strategy and offers opportunities to stretch your money further. Staying proactive throughout the tax year – rather than leaving it to the last minute – can significantly affect your financial outcomes.

For example, Individual Savings Accounts (ISAs) allow you to save up to £20,000 tax-free annually. This makes ISAs particularly suitable for building wealth pre-retirement or as a source of tax-efficient income later on. Beyond ISAs, consider allowances for Capital Gains Tax and dividends, which can also play significant roles in a tax-optimised investment strategy.

REVIEWING YOUR PROTECTION POLICIES

Life can be unpredictable, which is why financial protection is vital. Ensuring you have adequate insurance coverage – be it life insurance, critical illness cover or income protection – safeguards your loved ones against financial strain in the event of the unexpected. Even if you already hold policies, reviewing them annually is wise to ensure they remain relevant to your circumstances.

Over time, gaps in protection may emerge as your financial commitments evolve, such as having children or taking on a larger mortgage. Updating your policies ensures that your family's financial future is secure.

MAKING OR UPDATING YOUR WILL

A Will is fundamental in guaranteeing that your wishes are carried out after your death. Yet, many overlook the importance of having one in place. If you've already made a Will, consider whether it needs updating – especially if life events such as marriage, divorce or the birth of a child have occurred since it was written.

Ensuring your Will is up to date can also help to minimise disagreements and ensure assets are distributed according to your preferences. It's a small step but one with long-lasting implications for those you care about.

SEEKING PROFESSIONAL FINANCIAL ADVICE

Without expert advice, navigating pensions, investments and tax allowances can feel overwhelming. We can simplify these complexities and provide strategies tailored to your individual needs and goals.

Why not make this the year you take the next step towards financial confidence? By seeking professional advice, you could gain clarity on your current position, reassurance of future stability and insight into opportunities you may not have considered. ◀

TIME TO TAKE CHARGE OF YOUR FINANCIAL FUTURE?

Please contact us if you need help planning your finances or addressing specific concerns. Together, we can explore solutions designed to meet your unique needs and ensure your financial plans are aligned with your goals. Make this year the one where you take charge of your financial destiny. Contact us for tailored planning solutions today!

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ISA RETURNS OF THE YEAR

MAKING THE MOST OF YOUR 2024/25 TAX ALLOWANCES

Investing your money wisely is more than just pursuing returns – it's also about leveraging tax allowances to make the most of it. Individual Savings Accounts, known as ISAs, remain popular thanks to their simplicity and flexibility. But are you fully aware of their range of benefits and financial planning applications? From Cash ISAs to Stocks & Shares ISAs, these tax-efficient tools are vital for long-term financial planning.

Cash ISAs function as tax-free accounts similar to those offered by banks or building societies. On the other hand, Stocks & Shares ISAs allow your investments to grow in the stock market or other assets. Importantly, any returns generated within an ISA – whether from interest, dividends or capital gains – are exempt from tax. While many are familiar with the basics, some may not understand the lesser-known ISA rules and flexibilities that could significantly optimise financial planning.

FLEXIBILITY TO SWITCH BETWEEN ISAS

You can transfer funds between different ISA types without losing their tax-free benefits. If your financial objectives evolve, you can move money from a Cash ISA to a Stocks & Shares ISA or vice versa. This adaptability is particularly valuable for managing your savings against changing circumstances.

For those relying on traditional savings accounts, it's worth noting that the personal savings allowance (2024/25) permits basic rate taxpayers to earn up to £1,000 in interest annually tax-efficiently. By contrast, higher rate taxpayers can earn up to £500, whilst additional rate tax payers have no savings allowance. In some cases, this development has diminished Cash ISAs' attractiveness. Over the long term, prioritising tax-efficient allowances for potential higher-return investments often makes more sense. Stocks & Shares ISAs, supported by historical trends, generally outperform cash over time.

USING ISAS TO BUILD LONG-TERM WEALTH

If you're new to investing, ISAs offer a starting point to establish an investment portfolio, even if on a modest scale. Alternatively, if you're experienced, they provide a means to continue building wealth tax-efficiently. Yet, pensions also play a key role in retirement planning and should not be overlooked. Contributions to a pension are bolstered by government tax relief and often by employer contributions. However, pensions can only be accessed from age 55 (rising to 57 in 2028) unless certain protections apply.

ISAs, conversely, offer greater accessibility. Withdrawals can be made at any age, allowing them to act as a financial bridge for anyone considering early retirement or supplementary income. Having £50,000 in your ISA accumulated over previous years offers increased financial freedom for those planning for the future. By withdrawing £10,000, you can reinvest it during the same tax year, ensuring the entire £20,000 annual ISA allowance is utilised by 5 April 2025.

IMPORTANCE OF FLEXIBLE ISA RULES

Flexible ISAs could further enhance your financial strategy. They enable you to reinvest withdrawn funds during the same tax year without affecting your annual allowance. Many providers offer flexible versions for both Cash ISAs and Stocks & Shares ISAs, though this feature isn't universal.

However, there are limitations – it's only possible to repay withdrawals into the same ISA account from which they were made. Starting 6 April 2024, you can subscribe to multiple ISAs of the same type within a single tax year. However, this change does not apply to Lifetime ISAs and Junior ISAs, where the restriction of subscribing to only one of each type per year still remains.

REDUCING TAX WITH CAPITAL GAINS ALLOWANCES

Investors with significant gains on non-ISA investments can benefit from complementary tax planning strategies like utilising the Capital Gains Tax (CGT) allowance. For the 2024/25 tax year, this allowance is £3,000. If not used before the tax year ends on 5 April, you lose this allowance, making it imperative to plan ahead.

One practical solution is the 'Bed & ISA' approach. This involves selling an existing investment and buying it back within an ISA. The sale counts towards your CGT allowance and wraps future investment growth inside the tax-free ISA wrapper. This strategy is especially useful for tidying up smaller or less tax-efficient investments while simplifying future tax reporting.

PASSING ON ISAS TAX-EFFICIENTLY

If the unthinkable happens, ISA benefits don't die with the account holder. Since April 2015, surviving spouses or registered civil partners can inherit the tax benefits associated with ISAs. Through provisions called Additional Permitted Subscriptions (APS), they can make one-off contributions equal to the value of the deceased's ISA holdings and their own annual allowance. If more than one ISA were held, the APS would need to be claimed in relation to each ISA. This transforms ISAs into a more generational vehicle for wealth preservation.

Whether it's growing wealth, planning for retirement or transitioning financial assets between generations, ISAs remain among the most flexible and tax-efficient tools available to investors. With careful planning and by leveraging less common ISA rules, you can better position yourself for the present and future. ◀

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LOOKING FOR A SOLUTION THAT BEST FITS YOUR NEEDS AND ENSURES YOUR FINANCIAL SECURITY GOALS ARE MET?

If you want to take control of your financial future, understanding the nuances of ISAs is crucial. Please contact us for tailored advice if you'd like further guidance on tax allowances or how ISAs can optimise your investments. We look forward to hearing from you.

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THE VALUE OF YOUR INVESTMENTS CAN GO DOWN AS WELL AS UP, AND YOU MAY GET BACK LESS THAN YOU INVESTED.

THE TAX TREATMENT IS DEPENDENT ON INDIVIDUAL CIRCUMSTANCES AND MAY BE SUBJECT TO CHANGE IN FUTURE. THE FINANCIAL CONDUCT AUTHORITY DO NOT REGULATE TAX PLANNING.

HOW TO NAVIGATE THE **CAPITAL GAINS TAX CHANGES**

ENSURE YOUR HARD-EARNED INVESTMENTS WORK EFFICIENTLY FOR YOUR FUTURE

Cuts to the Capital Gains Tax (CGT) exemption mean it is now more critical than ever to arrange your investments tax-efficiently. For the tax year 2024/25, the CGT allowance has been reduced to £3,000, allowing you to make tax-free gains up to this amount. However, any gains above this limit may be subject to CGT.

For higher and additional rate taxpayers, the rate stands at 24%. By comparison, basic rate taxpayers face an 18% CGT liability if their gains and taxable income stay within the basic rate Income Tax limit. Any gains on top of taxable income that fall above the basic rate band threshold will also be taxed at 24%.

Appropriate planning is essential to ensure your hard-earned investments work efficiently for your future. CGT is complex, and with our professional financial advice, we can help you avoid unnecessary tax payments. Below, we explore practical strategies to reduce a potential CGT liability.

MAKE USE OF YOUR ANNUAL ALLOWANCE

Every individual benefits from an annual CGT exemption, which permits tax-free gains of up to £3,000 in the 2024/25 tax year. Importantly, this allowance cannot be carried forward, meaning it's lost if you don't use it within the tax year. With the exemption now less generous, it may be prudent to maximise it annually to minimise potential CGT liabilities in the future.

OFFSET GAINS WITH LOSSES

These may reduce your CGT liability if you've incurred investment losses. Gains and losses realised within the same tax year are offset against each other, reducing the taxable gain. Furthermore, unused losses from previous years can be carried forward to offset future gains, provided they've been reported to HM Revenue & Customs (HMRC) within four years of the tax year in which the loss occurred. Carefully tracking historic losses and using them effectively is valuable in cutting your CGT bill.

LEVERAGING TAX RELIEFS THROUGH PARTNERSHIPS

One of the simplest yet often overlooked strategies is asset transfers between spouses or registered civil partners. Such transfers are entirely exempt from CGT, allowing couples to utilise both partners' annual CGT exemptions. This effectively doubles the tax-free allowance to £6,000 for couples, reducing overall liability. However, for the transfer to qualify, it must be an outright gift with no strings attached. Spouses and registered civil partners should ensure their financial arrangements adhere to HMRC rules to take full advantage of this relief.

USE YOUR ISA ALLOWANCE

Investments held within an Individual Savings Account (ISA) benefit from being entirely exempt from CGT. For the 2024/25 tax year, you can shelter up to £20,000 – rising to £40,000 for married couples or registered civil partners – under your annual ISA allowance. This tax-efficient wrapper enables long-term tax savings, particularly for higher and additional rate taxpayers. The 'Bed and ISA' strategy also allows investors to sell assets to realise a capital gain and immediately repurchase them within an ISA wrapper. While this ensures future gains on the investment are fully tax-exempt, be mindful of repurchasing costs such as stamp duty and potential short-term market risks.

EXPAND YOUR TAX RELIEF OPTIONS

Contributing to a pension can help mitigate CGT exposure. Pension contributions extend the taxable income threshold for the basic Income Tax rate, ensuring gains within this extended band are taxed at just 18%, rather than 24%. This approach can also optimise your long-term financial security via retirement savings. Gifts to a registered charity present another compelling relief option. Donations of land, property or qualifying shares not only provide valuable charitable aid but may also attract both Income Tax and CGT relief for the donor. This dual benefit underscores the role philanthropy can play in tax planning.

CONSIDERING HOLD-OVER RELIEF AND CHATTELS EXEMPTIONS

If you're transferring certain business assets or selling them at a discounted rate to assist the buyer – for example, to a family member – gift hold-over relief may apply. This defers CGT liability until the recipient disposes of the asset, provided specific eligibility criteria are met. Importantly, strict regulations govern eligibility, so seeking professional advice is essential to avoid pitfalls. Furthermore, gains from personal possessions referred to as 'chattels' can also escape CGT. Items such as antiques and jewellery are generally exempt, provided sale proceeds are £6,000 or under. Understanding the exemption criteria for such assets can prevent unnecessary tax charges.

THE VALUE OF EXPERT ADVICE

CGT is a multifaceted area of tax, and the consequences of non-compliance or unclaimed reliefs can be costly. Professional advice tailored to your individual circumstances can identify hidden opportunities and ensure you understand allowances, reliefs and options available to you. We can provide not only guidance but also peace of mind in an increasingly complex tax landscape. Future-proofing your financial plan requires considered action today, freeing you to focus on your goals without worrying about potential tax liabilities. ◀

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TIME TO TAKE CONTROL OF YOUR FINANCIAL FUTURE?

Navigating the intricacies of CGT doesn't have to be daunting. With so many strategies to reduce your tax liability, we can provide the professional advice that makes all the difference. Please contact us if you want to learn more about tax-efficient planning or need personalised support. Our experienced team is here to assist you in making confident, informed choices, ensuring your wealth works harder for you.

START 2025 WITH A NEW YEAR'S WEALTH CHECK

AN IDEAL OPPORTUNITY TO TAKE STOCK OF YOUR FINANCIAL HEALTH

Like your car, your finances require consistent care and attention to keep running smoothly. Just as a regular service ensures your vehicle performs at its best and avoids costly breakdowns, a yearly financial check-up is vital to ensuring your money works as effectively as possible. The beginning of 2025 offers an ideal opportunity to take stock of your financial health, setting the tone for a prosperous and secure year ahead.

Even if you have a strong financial plan, life rarely stands still. Changes such as a promotion, a new mortgage or a shift in family circumstances could mean your plan no longer fits your needs. Additionally, financial law and regulation updates might impact your investments or tax allowances, making it crucial to revisit your strategy. A New Year's wealth check helps you stay on top of these changes and provides clarity and confidence in your decision-making, preparing you for whatever lies ahead.

PORTFOLIOS VULNERABLE TO MARKET FLUCTUATIONS

A great deal can change over a year, and regular reviews are necessary for your investment portfolio to maintain its balance and effectiveness. Some investments could start underperforming due to market shifts or company-specific issues, while others may outperform expectations, presenting you with opportunities to take profits and reinvest strategically. Without attentive management, you risk missing these critical moments, which could compromise your portfolio's overall performance.

Overexposure to specific companies, sectors or geographical markets can also introduce significant risks. A lack of diversification might leave your portfolio vulnerable to market fluctuations or economic downturns in focused areas. Regularly reviewing your investments ensures they remain appropriately diversified and continue to reflect your financial goals, risk tolerance and timelines for achieving them.

REVIEWING YOUR INSURANCE POLICIES

Insurance policies are another critical area in your New Year's wealth check. These include cover for income protection, life insurance and critical illness. Regular reviews are vital, especially if your personal circumstances have changed. A pay rise, for instance, might require you to increase the income you are protecting. Similarly, a larger or smaller mortgage could mean adjusting your life insurance cover.

Keeping these policies up to date ensures that your family is financially protected if illness or misfortune strikes. It's also worth checking whether you're overpaying for certain types of cover. A professional review can help you balance adequate protection and cost efficiency.

PREPARING FOR A SECURE RETIREMENT

A New Year's wealth check can highlight your readiness for a fulfilling and comfortable retirement. If your pension savings are falling short, now may be the time to address this gap. By using your pension Annual Allowance, you can maximise your tax relief. In the tax year (2024/25), the standard allowance is £60,000 annually. This covers the amount you can pay into your defined contribution pensions and receive tax relief, including your contributions, your employer's and anyone else who might pay in on your behalf. The benefit of this relief, combined with the effects of compounded investment growth, can significantly increase your retirement pot over time.

Additionally, the start of 2025 is an excellent opportunity to ensure you are taking advantage of other tax-efficient options. You can invest up to £20,000 annually in Individual Savings Accounts (ISAs) for tax-efficient growth and income. Junior ISAs allow families to invest £9,000 annually per child, which could build into a substantial fund for university or a first-home deposit. Using allowances like these, Capital Gains Tax exemptions and personal savings allowances can help you manage your wealth more efficiently.

TACKLING FAMILY AND FINANCIAL PRIORITIES

Balancing family priorities with long-term savings often feels like a juggling act. You might be saving for school fees, giving your children a financial boost onto the property ladder or ensuring you're putting enough aside for your retirement. At the same time, you could support elderly relatives as their health declines, adding strain to your household budget.

Even with a healthy income, managing competing priorities can be challenging. That's why a carefully constructed financial plan is crucial. It should address your current needs and adapt to them as they evolve over time, helping you maintain stability through life's twists and turns.

WHY PROFESSIONAL ADVICE MATTERS

Many individuals find the intricacies of rebalancing investments, planning tax-efficient strategies and developing a resilient retirement fund overwhelming. That's where professional financial advisers come into play. We can tailor an individual plan around your unique circumstances, reviewing it regularly to ensure it remains aligned with your personal goals, changes in legislation and the economic climate.

Our professional guidance can make the difference between simply managing your finances and genuinely mastering them. With our advice, you will gain clarity on your financial options and the confidence to make informed decisions.. ◀

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LOOKING TO TAKE CONTROL OF YOUR FINANCIAL FUTURE WITH A NEW YEAR'S WEALTH CHECK?

The start of 2025 presents the perfect opportunity to assess your financial health and put plans in motion to achieve your goals. Whether building your retirement fund, supporting your family or investing tax-efficiently, take the time to prioritise your financial wellbeing. For tailored professional advice and a personalised financial review, contact us today. Together, we can build a financial future that's secure and aligned with your aspirations.

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TAKING THE ROAD TO A **COMFORTABLE RETIREMENT**

ACHIEVING THIS VISION REQUIRES CAREFUL PLANNING AND PREPARATION

We all dream of a comfortable retirement, free from financial worries and full of opportunities to enjoy life. However, achieving this vision requires careful planning and preparation. While life's uncertainties, such as health challenges, might be beyond your control, there are concrete steps you can take to strengthen your financial resilience and prepare for the unexpected.

Regular financial planning is the key to ensuring your retirement aspirations remain within reach. It provides an opportunity to assess where you stand financially, identify potential gaps and develop strategies to address them before it's too late. If managing this process feels overwhelming or outside your area of expertise, seeking professional financial advice can be immensely beneficial in helping you craft a strategy tailored to your needs.

ANTICIPATING THE CHANGE IN LIFESTYLE

Retirement ushers in a new chapter of life, often very different from the commitments shaped by work and family. Key financial adjustments include the cessation of your regular salary and, for many, reduced commuting expenses or even paying off a mortgage. These changes can create more room in your budget, offering opportunities to focus on leisure and personal fulfilment.

Yet, it's easy to underestimate the expenses tied to an active retirement lifestyle. Whether it's holidays, hobbies or daily living costs, the reality of inflation means every pound will stretch a little less as time goes on. Recent financial challenges, such as rising energy prices and living costs, highlight how external circumstances can impact even the best-laid plans.

CONSIDERING LONG-TERM CHALLENGES

Another critical consideration is the potential cost of long-term care. According to Age UK, the average cost of long-term care in the UK is around £600 to £800 per week (October 2023 data). Factoring these possibilities into your financial plan is essential to protecting your long-term comfort and security.

A robust financial plan considers these variables, reflecting your ambitions and the challenges that may arise. This is where cash flow planning can be an invaluable tool. By 'stress testing' your financial plan against different factors – such as inflation, changes in interest rates and investment performance – you can prepare for the potential twists and turns of life.

KEEPING PLANS FLEXIBLE AND DYNAMIC

No plan is set in stone, and this is especially true when it comes to financial planning for retirement. Your plan should be treated as a living, breathing document. Life changes, and so can market conditions, so periodic reviews are vital to ensure it stays relevant. Adjusting for shifts in circumstances or amending assumptions as needed helps you stay on the right path.

We provide available tools and resources to guide your retirement planning process. For example, retirement planning calculators or detailed brochures can help you visualise financial outcomes and explore a range of scenarios. However, it's important to remember that no 'one size fits all' solution exists; everyone's retirement needs and goals are as unique as their lifestyles.

EXPLORING YOUR OPTIONS FOR INCOME

A critical part of retirement planning is deciding how to generate income when you're no longer earning a salary. If security and minimal risk are top priorities, you might consider purchasing an annuity, which guarantees a fixed income for life. On the other hand, for those comfortable with a degree of investment risk, a drawdown approach allows you to withdraw funds while keeping some investments intact. Frequently, a combination of these approaches can strike the right balance.

We can provide clarity and tailor a bespoke plan that aligns with your personal circumstances and aspirations. By working closely with you, we consider your attitude to risk, capacity for potential losses and long-term objectives. Regular reassessments ensure your plan evolves as required, keeping you on track towards your desired retirement lifestyle.

REVIEWING AND REFINING YOUR PLAN

Even if you already have a financial plan, its effectiveness hinges on regular reviews. Changes in your personal circumstances, new aspirations or shifts in the broader financial environment can all necessitate adjustments. Ensuring your plan is current helps it remain a reliable roadmap toward your goals.

The good news is that the financial options for retirement planning have never been more extensive. While this abundance of choice can feel overwhelming, our professional review will help determine the most suitable route for your unique situation. Retirement planning is not simply about numbers – it's about creating 'meaningful money' that works for you and supports your vision of a fulfilling retirement. ◀

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READY TO TAKE THE NEXT STEPS IN YOUR RETIREMENT PLANNING?

Retirement is one of the most significant milestones in life, and careful planning is crucial to making it everything you want it to be. Whether you're starting from scratch or revisiting an existing plan, our professional advice can ensure you make informed and confident decisions. If you're ready to discuss your retirement plans or explore how financial planning can benefit you, please don't hesitate to contact us for tailored guidance and support in shaping the future you've worked so hard to achieve.

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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.

ESTATE PLANNING **AMID CHANGING IHT RULES**

ENSURING YOUR LOVED ONES ARE CARED FOR TAKES PROPER PLANNING

Planning your estate is challenging at the best of times. Knowing how to mitigate your liabilities while ensuring your loved ones are cared for takes proper planning and the right tools. The 2024 Autumn Budget Statement announcements could create significant and lasting challenges for rural businesses of all sizes. Under the Chancellor's proposed changes, from April 2026, IHT reliefs available to farms and family businesses will be restricted.

Additionally, Business Property Relief (BPR) will be restricted to 50% for all shares designated as 'not listed' on a recognised stock exchange, such as AIM, from April 2026. One such tool that is receiving attention is whole-of-life cover. In addition to being a standard life insurance product, it offers unique benefits that can help individuals protect their legacies while addressing IHT concerns.

WHAT IS WHOLE-OF-LIFE COVER?

Whole-of-life is a life assurance product designed to provide peace of mind. Unlike term life insurance, which only offers cover for a fixed period, whole-of-life cover guarantees a payout whenever the policyholder passes away – whether that's next year or decades into the future.

This means the policy lasts for the entirety of your life, ensuring that your beneficiaries, such as your children or loved ones, will receive the agreed-upon payout. This reliability makes whole-of-life cover particularly valuable for estate planning purposes, especially when considering tax liabilities.

MANAGING IHT LIABILITIES WITH WHOLE-OF-LIFE COVER

Inheritance Tax is charged at 40% on estates valued above the IHT threshold, currently set at £325,000 in the UK, extended to 2030. This figure often includes the value of your home, savings and investments, making it easy for estates to exceed the threshold and incur significant tax liabilities.

A whole-of-life cover policy can be set up within a trust, which is particularly advantageous when tackling IHT. The payout remains outside your estate if the policy is placed in an appropriate trust. This means beneficiaries can use these funds to settle any IHT obligations without dipping into their inheritance or liquidating other assets. This strategic structure helps maintain the integrity of the estate while easing financial burdens.

LIFE EXPECTANCY MUST BE CONSIDERED

When determining the appropriateness of whole-of-life cover, several factors come into play. These include your age, health, lifestyle and the size of your estate. Most importantly, life expectancy must be considered – policies are most cost-effective when individuals live significantly beyond the average life expectancy, as this spreads premiums across many years.

Choosing whole-of-life cover isn't a decision to be taken lightly. It's essential to assess whether the policy's benefits outweigh its costs. For example, if your IHT liability is substantial due to owning high-value assets or property, whole-of-life cover can be a crucial part of your financial strategy. Similarly, you'll need to weigh the premiums against your budget and personal circumstances.

STABILITY AMID UNCERTAINTY

One of the most compelling benefits of whole-of-life cover is its stability. We live in an era of fluctuating taxation policies, and future budgets could bring changes to IHT thresholds or rates. However, a whole-of-life policy isn't influenced by such adjustments, offering a dependable safeguard for your estate.

This future-proof nature ensures your loved ones won't face unexpected financial burdens, even in an evolving tax landscape. It's an effective tool for preserving your legacy without worrying about political or economic developments. ◀

NEED MORE GUIDANCE ON RETIREMENT PLANNING OR FINANCIAL MATTERS?

Estate planning is about more than just wealth – it's about providing peace of mind and financial security for those you hold dear. Whole-of-life cover is a valuable piece of the puzzle, but its suitability depends on your individual circumstances. If you'd like to explore your options or discuss how whole-of-life cover can work as part of your estate plan, please don't hesitate to get in touch.

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Published by Goldmine Media Limited
Goldmine Media Limited, 124 City Road, London EC1V 2NX.

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