ISSUE **34**
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INSIGHT

A WEALTH OF **ADVICE**

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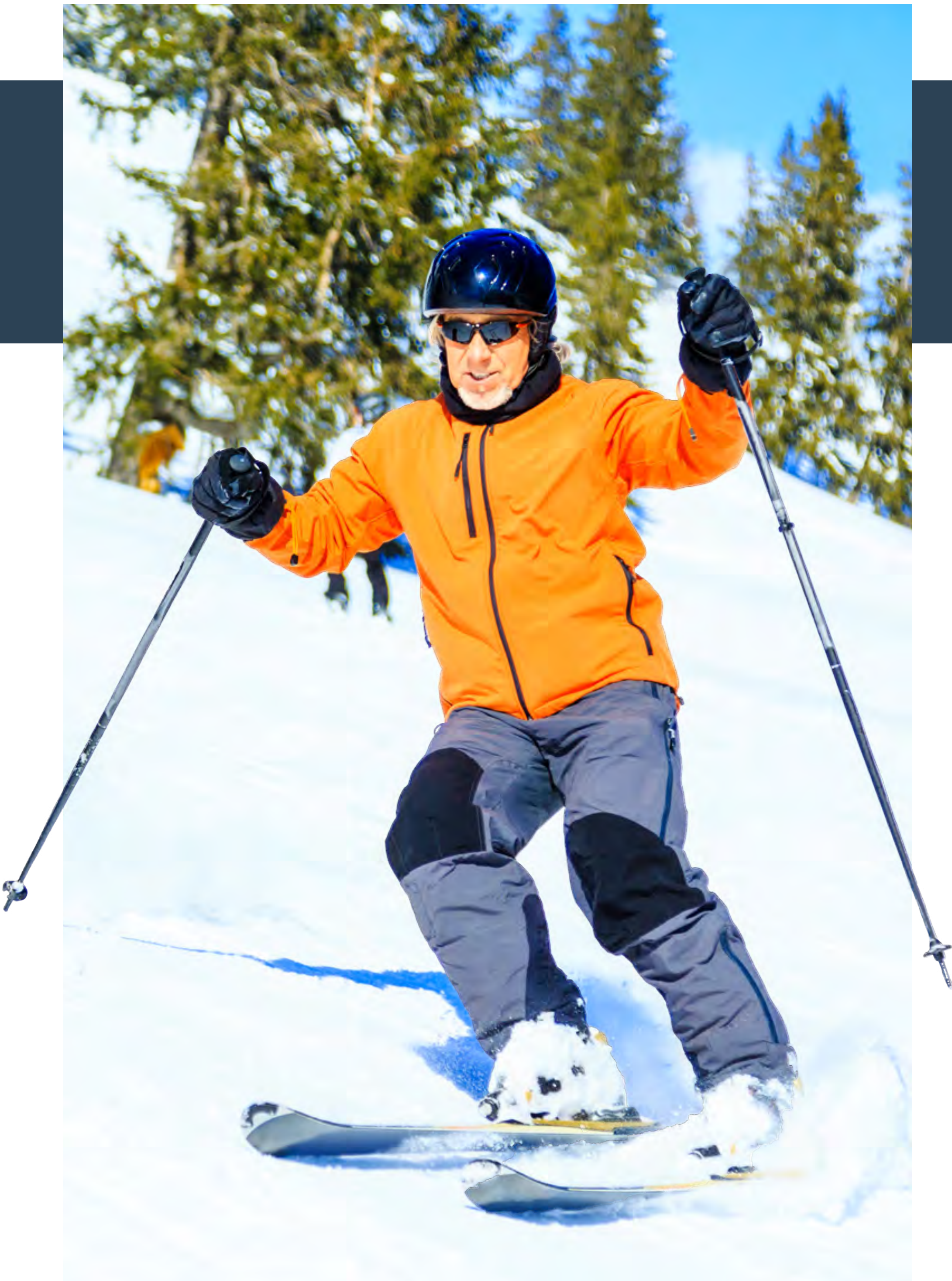
Financial Planning & Wealth Management

Financial Vulnerability Charter

Chartered Financial Planners



SPECULATION MOUNTING AHEAD OF AUTUMN BUDGET

SHOULD I INVEST IN A BUY-TO-LET PROPERTY OR A PENSION?

BUSINESS PROTECTION: SAFEGUARD YOUR MOST VALUABLE ASSETS

YEAR-ROUND SKI SLOPES AND LUXURY STAYS

Our Quest

To help our clients achieve prosperity, a secure future and peace of mind.

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Financial Planning & Wealth Management

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WELCOME

Welcome to our latest issue of Insight – A Wealth of Advice

Ahead of the first Labour budget in 14 years, speculation has quickly gathered pace over recent weeks, with potential changes to Inheritance Tax, Capital Gains Tax and pensions occupying the headlines. Justin Rourke, Armstrong Watson's Head of Advice, looks at what it could mean if any of this speculation came to fruition. It can be particularly difficult to navigate a changing landscape, but advice from a financial adviser can help you work through the options available to you in the event of any changes to tax and pensions.

Also included in this edition:

Business protection: safeguard your most valuable assets - Safeguarding your business's key assets is vital to ensure you are protected in the face of unforeseen events. Business protection is not just about securing physical assets or intellectual property; it's about protecting the very people who drive your business forward.

How does the reduction in the Capital Gains Tax exemption (CGT) affect your investments? With the exemption now at £3,000, more investors will find themselves liable for CGT on gains that would have previously been exempt. Emma Copley discusses how to be strategic about when and how you realise gains to minimise any tax burden.

We hope you enjoy this issue of our magazine. If there are any topics you would like us to cover in a future edition of Insight, please get in touch. If you would prefer to download a digital copy or subscribe to new issues electronically, please visit:

www.armstrongwatson.info/Insight

PAUL DICKSON
CHIEF EXECUTIVE AND MANAGING PARTNER
ARMSTRONG WATSON LLP

INSIDE THIS ISSUE

Should I invest in a buy-to-let property or a pension?

Pensions and the purchase of buy-to-let property continue to be popular investment vehicles for retirement planning.

Indeed, pension flexibilities have also resulted in many people considering withdrawing their pension to fund alternative investments, such as the purchase of buy-to-let property, however, there are a number of factors that should be taken into consideration when looking at these options.

Pensions or property?

Pensions are a tax wrapper for a variety of asset classes that can be easily purchased, held, switched and sold (usually without delay) as your need/situation changes or in response to economic movement.

A buy-to-let property is a directly held single asset class which would need to be sold if any reshaping of the investment is required, meaning you would need to find a purchaser (or enlist an agent to find a purchaser) who is prepared to pay the desired price at the required time.

Tax relief on pension contributions vs investment property

Individual contributions to a pension receive tax relief at the marginal rate of the investor, albeit within contribution limits, and the annual allowance. Your company also pays into your pension scheme but won't if you opt out.

There is speculation that the Chancellor Rachel Reeves may introduce a flat rate tax relief on pension contributions when she announces her first budget on October 30. If this was a flat rate of 30%, for example, basic rate taxpayers could see the tax relief available to them increase from 20% to 30%, whereas the tax relief available to higher and additional rate taxpayers - at 40% on earnings over £50,000 and 45% on earnings over £125,000 - would reduce.

Pension contributions can be an effective way to manage potential Child Benefit and Personal Allowance 'tax traps.' Management of these traps can result in pension contributions benefiting from tax relief whereas buy-to-let investment cannot.

The purchase of buy-to-let property does not receive tax relief on the initial investment. Deposits to buy property are paid from taxed income and the tax paid is not reclaimable.

What tax is payable on rental income?

The rent received from a buy-to-let is taxable at the investor's marginal rate. On the sale of a buy-to-let property the profit is usually liable to Capital Gains Tax (CGT). Buy-to-let properties are also liable for Inheritance Tax (IHT) as part of the deceased's (and any subsequent owner's) estate, and income from inherited buy-to-let properties is liable to income tax irrespective of the date of death.

CGT is another area the Chancellor may have in her sights as she aims to tackle the £22bn shortfall in public finances. The Independent suggests she could equalise CGT to fall in line with income tax bands which would mean a significant increase in the tax burden for those liable – particularly for higher and additional rate taxpayers who currently pay a CGT rate of 24%.

It is also worth noting that there is no guarantee that your property will always have tenants, which would impact rental income, and consequently could cause deficit issues if relied upon in retirement.

Pensions and income tax

Income earned from investments within a pension fund are free of income tax, and capital gains are also exempt from CGT.

Pension funds (defined contribution schemes) can more often than not, be passed down through generations free of inheritance tax.

Pension funds are usually accessible income tax-free by the beneficiary on the death of the pension holder prior to age 75 or at the marginal rate of the beneficiary on death after age 75.

Costs of a buy-to-let property

Investing in property will incur initial and ongoing costs, including legal fees, potential stamp duty on purchase, potential landlord's licence, letting agent fees, landlord insurance, energy certificates, potential court costs if needing tenant eviction and refurbishment costs, not to mention the costs of selling a property.

On the other hand, apart from the standard plan charges, which are clearly declared in the policy terms and conditions, pension investments do not usually incur any further costs other than for advice if received from a financial adviser.

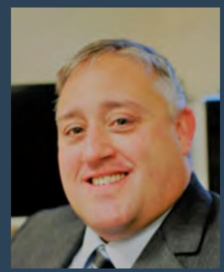
While most of these may be deductible from any profit made, if a pension had high annual product fees of 10-15% (which is a typical letting agent fee) it would be frowned upon by customers and the regulator alike.

What's the best way to invest?

The question of how best to invest your money in order to secure a comfortable retirement is complex, and certainly one on which you should seek independent advice. Neither property nor pensions offer a guaranteed level of income, and both options carry risks as well as potential rewards.

No matter how much you're able to set aside, the current uncertain economic outlook and fluctuating markets mean that the old adage 'don't put all your eggs in one basket' has never been more appropriate.

Again, it is important to note that it is speculation whether changes to pension tax relief will be implemented or whether any other changes impacting Capital Gains Tax or pensions will be made.



For support in exploring the investment options available to you and to discuss the type of retirement you're aiming for, contact our financial planning team on **0808 144 5575** or email **help@armstrongwatson.co.uk**

PAUL MOODY
FINANCIAL PLANNING CONSULTANT - PENRITH

Business protection: safeguard your most valuable assets

Safeguarding your business's key assets is vital to ensure you are protected in the face of unforeseen events. Business protection is not just about securing physical assets or intellectual property; it's about protecting the very people who drive the business forward.

Key person insurance

A key person is someone whose skills, knowledge, experience, leadership, or industry connections are crucial to the success and stability of the business. This could be a business owner, the leadership team or any employee whose contribution is significant and whereby their absence would impact the business operations and/or profitability.

Key person protection is therefore essential in managing the risk and implications from a 'key' individual being absent and unable to contribute to their role due to a long-term accident or illness, the diagnosis of a critical illness or in the event of their death.

An insurance policy can provide a cash injection to a business, from the proceeds of a claim. This can minimise the disruption caused at such a time and instils confidence in the business' customers, suppliers, lenders, and/or investors.

Shareholder's agreements and insurance

A shareholders' agreement is an essential tool for any company with multiple shareholders. It provides a clear and fair framework for managing the company, protecting the interests of all shareholders, and ensuring smooth operations. By addressing potential issues before they arise, a well-drafted shareholders' agreement, prepared by an experienced solicitor, can help to prevent disputes and promote a harmonious and successful business environment. In the event of a shareholder's death, disability, or exit from the company, the agreement can provide a clear plan for how their shares will be handled. This ensures the continuity of the business and prevents disruption.

Shareholder insurance is a policy taken out by a company or its shareholders to provide financial protection if a shareholder dies or becomes critically ill. Its primary purpose is to enable the remaining shareholders to buy the shares of the affected shareholder, thereby maintaining control and stability within the company. Specialist advice is vital to ensure that the structure of a policy, any associated trusts and premium allocation is implemented correctly to ensure the arrangements are deemed as commercial and do not create unplanned tax liabilities.

Relevant Life insurance

A Relevant Life Policy (RLP) is a type of life insurance designed for employers to provide individual death-in-service benefits to their employees. Company directors can be eligible too and it is an excellent option for small to medium-sized businesses that may not have enough employees to justify a group life insurance scheme. It offers financial protection for employees' families, tax efficiency for the business, and can help attract and retain top talent. Providing such a benefit can enhance a company's benefits package and demonstrate commitment to employee welfare.

An RLP is set up by, and paid for, by the employer. It can be implemented by various types of businesses and organisations:

- Limited company – for their employees, including directors who are on the payroll.
- Limited Liability Partnerships (LLPs) – for salaried partners and employees.
- Sole traders and partnerships – for their employees, but they cannot take out a policy for themselves.
- Charities – for their employees.

By implementing measures such as key person insurance, shareholder agreements, and relevant life policies, businesses can secure their operations, protect their stakeholders, and maintain business stability and growth.

For more information and advice about business protection, please call 0808 144 5575 or email help@armstrongwatson.co.uk

HAYLEY TOWLSON
FINANCIAL PLANNING CONSULTANT - CARLISLE

Year-round ski slopes and luxury stays

Effective financial planning can help you create a clear roadmap, prioritise your goals and objectives, and help you realise your dream holidays and more. For skiers in search of exceptional slopes, breathtaking mountain views and world-class accommodation no matter what the time of year, here are a handful of destinations worth adding to your wish list.

1. Zermatt, Switzerland

Matterhorn Glacier Paradise in the Swiss Alps offers 365 days a year for skiing enthusiasts, with slopes that cater to all levels of ability. Beyond skiing, the car-free town of Zermatt boasts world-class dining, luxury chalets, and high-end shopping.

2. Cervinia, Italy

Located in the Aosta Valley, Cervinia offers access to the Plateau Rosa Glacier, where skiing is possible throughout the year. The resort, which also has the iconic Matterhorn in its sights, is known for its long, wide runs and stunning views. Top-class hotels and fine dining establishments provide a perfect blend of Italian charm and luxury.

3. Les Deux Alpes, France

Les Deux Alpes is famous for its glacier skiing, which is available even in the summer months. The resort offers a mix of challenging runs and gentle slopes, catering to all skill levels. Luxury chalets and five-star hotels provide opulent accommodations, while the vibrant nightlife and gourmet restaurants ensure a memorable stay.

4. Whistler Blackcomb, Canada

Whistler Blackcomb is renowned for its extensive terrain and vibrant après-ski scene. The Horstman Glacier allows for summer skiing, making it a year-round destination, though this is limited to three hours a day for skiers of advanced ability only during the summer. Visitors can indulge in luxury accommodations, gourmet dining, and a variety of outdoor activities including bobsledding, hiking and mountain biking.

5. Valle Nevado, Chile

Located in the Andes Mountains, Valle Nevado offers skiing from June to October. The resort is known for its modern infrastructure, luxury accommodations, and breathtaking views. Visitors can also enjoy fine dining, spa treatments, and a variety of outdoor activities.

Whether you seek the charm of the Swiss Alps, the vibrancy of Canadian resorts, or the unique allure of the Southern Hemisphere, these destinations ensure the enjoyment of skiing is never out of reach.

How does the reduction in CGT exemption affect your investments?

The continued reduction of the Capital Gains Tax (CGT) exemption over the last few years could have significant implications for investors, with the annual exemption amount lowered from £12,300 to £6,000 in the 2023/24 tax year and then to £3,000 in 2024/25.

Previously, individuals could realise gains up to £12,300 without incurring any CGT. With the exemption now at £3,000, more investors will find themselves liable for CGT on gains that would have previously been exempt.

The rate of CGT on chargeable assets is currently 10% for basic rates taxpayers and 20% for higher rate tax payers.

Impact on General Investment Accounts

The most obvious holding this will impact is a general investment account (GIA), also known as an open-ended investment company (OEIC), unit trust or collective investment. Those with an older account are likely to be impacted more due to the length of time the capital has been invested, leading to higher gains accrued over the years.

What can be done?

Investors need to be strategic about when and how they realise gains to minimise any tax burden. The reduction in the CGT exemption makes the use of tax-efficient accounts, such as Individual Savings Accounts (ISAs) and pensions, even more critical. Gains realised within these accounts are not subject to CGT, making them an attractive option for investors looking to shelter their investments from tax. Maximising contributions to ISAs and pensions can help investors manage their tax liabilities more effectively.

Whilst advice to complete an annual transfer from your GIA to your ISA or pension stands true, it could be that the transferable amount is now limited or completed over a longer period of time. Market performance has seen a dip in annual performance over the last couple of years, but as we see a continued recovery, gains on holdings are beginning to increase. Effectively, this time last year it is likely that your fund value was lower, and the CGT exemption was higher, whereas this year the value is higher, and the exemption is lower.

The reduced CGT exemption may also influence your investment decisions. You might become more cautious about realising gains, opting instead to hold onto investments for longer periods, or as a legacy investment to leave to your loved ones in the event of your death.

Another option may be to reassess your current holdings and consider new options such on or offshore bonds. These holdings are still subject to tax but based on income rather than gains.

Is it worth paying an increase CGT liability?

There will be times when it makes sense to realise a gain and pay the tax, it's not all negative, as any gain is a sign the portfolio has performed well. Realising a gain will allow you to consider the possibility of a new environment, the funds may remain in a GIA, but as mentioned, other options include ISAs and pensions, or onshore or offshore bonds where suitable. It may be worth considering a CGT budget, where some of the fund is sold rather than all of it. This could be particularly helpful if you have concerns about any future changes.

For example, an individual has held capital in a General Investment account since the early 2000s, with an accrued value of £150,000. This represents the majority of their investment portfolio, and having never moved any of this money to a tax free environment, their gains are now in the region of £60,000. Inclusive of the £3,000 CGT exemption allowance, the CGT tax bill (taxed at the higher 20% rate) will be £11,400.

In a case like this, good financial planning would always be to avoid letting the 'tax tail wag the dog' and consider moving the capital to a new environment in order to mitigate the risk of being overweight in a taxable environment. Selling the investment can allow for more effective management and increase the opportunity to meet long term goals and objectives.

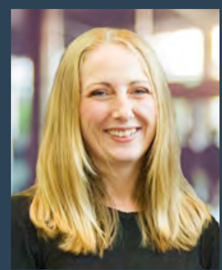
There is speculation that the Chancellor Rachel Reeves may introduce changes to CGT in the upcoming budget. The Independent recently suggested she could equalise CGT in line with income tax bands, which would significantly increase the tax liability for those paying higher rates of tax.

Professional advice to help minimise tax liability

Given the complexities introduced by the reduced CGT exemption, seeking professional financial advice is more important than ever. Financial advisers can help investors navigate the new rules and optimise their tax strategies. They can also provide guidance on how to structure investments to minimise tax liabilities and take advantage of available allowances and reliefs. This means your portfolio can be proactively managed in accordance with changes to legislation.

It is also worth noting that with the lower CGT exemption, more investors will need to report their capital gains to HMRC. At Armstrong Watson, we are passionate about helping our clients with their finances, along with having a team of chartered financial advisers, we also have an inhouse tax team on hand.

Again, it is important to note that the changes to the rates of CGT are speculation. We will know more when the Chancellor delivers her first budget on October 30th. Experts from Armstrong Watson's accounting, tax and financial planning teams will be discussing the budget announcements in a live webinar on October 31st.



If you would like advice and support on any of the topics covered, please call **0808 144 5575** or email **help@armstrongwatson.co.uk** to speak to one of our financial planning consultants.

EMMA COPLEY
FINANCIAL PLANNING CONSULTANT - CARLISLE

Multi-manager investing at Future Money

For many, the task of fund selection is a difficult one with so many options to choose from. Selecting funds, undertaking research on each one, replacing and/or rebalancing them to target levels is both time consuming and fraught with risk. A multi-manager investment portfolio does all these tasks for you, allowing you and your Financial Planning Consultant to focus on the plans for your future.

One-stop investment solution

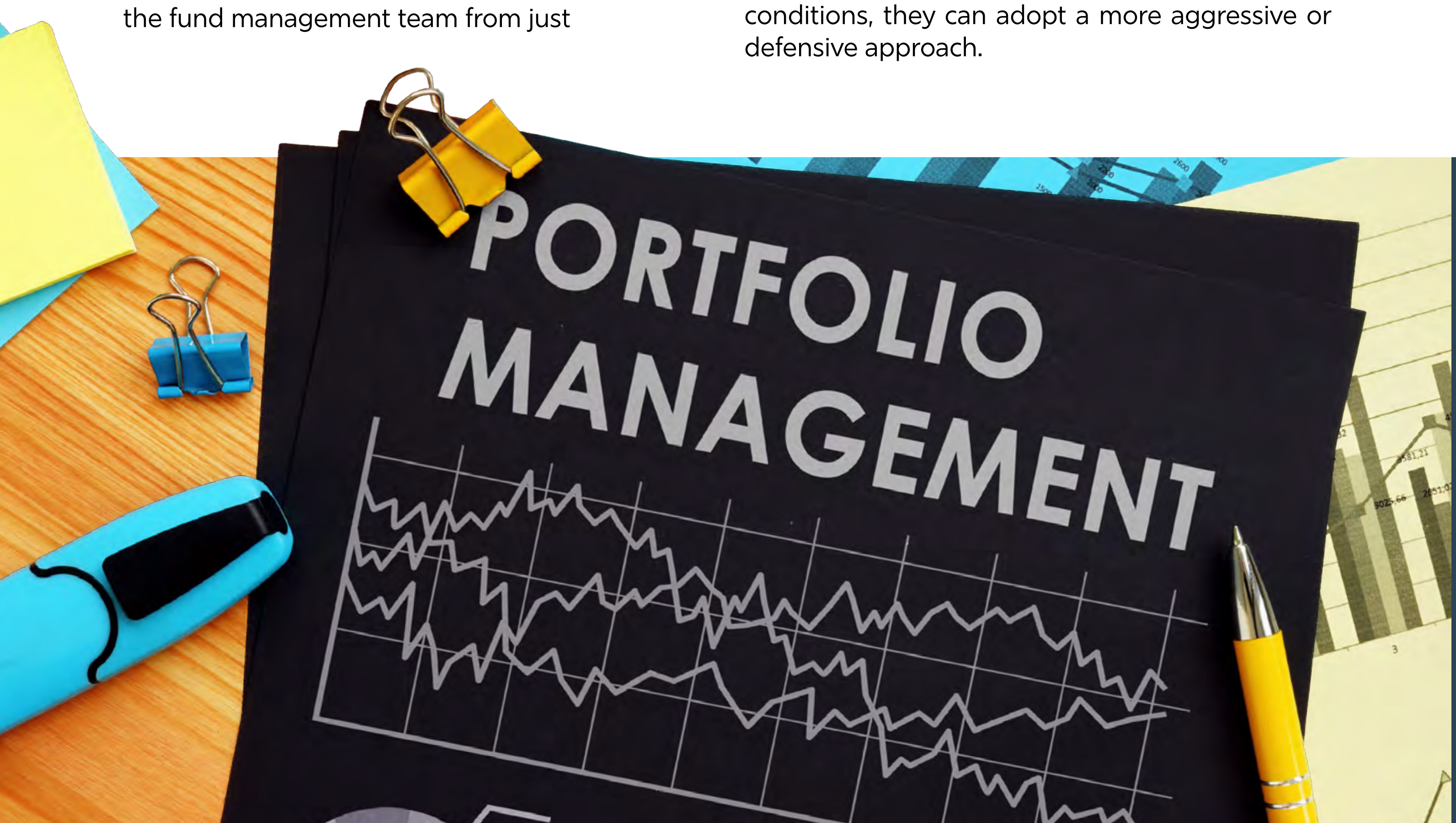
When considering the options for your investment and pension portfolios, multi-manager investing is a term you are likely to come across. This is an investment process where a range of fund managers from different investment companies are used within a portfolio, providing you with professional management, local expertise and high levels of diversification within an easy to monitor 'one-stop' solution.

By selecting specialist fund managers from across a range of asset classes and investment styles, the multi-manager portfolio manager provides clients with exposure to investment analysts and managers who are experts in their specific field. This differs to the 'Jack-of-all-trades' approach of the single-manager, multi-asset, strategy where the fund management team from just one company is expected to create a portfolio of the best securities from across asset classes and geographical regions.

The portfolio manager's role

In multi-manager investment, the role of the portfolio manager is similar to that of the chair of a company's board of directors in that they select and manage the executives (fund managers) who they believe will deliver the best performance in their allocated role.

Where the portfolio manager believes conditions are right, they can change strategy and substitute the fund managers used within different sectors. They do this in order to make the portfolio more efficient and, depending upon prevailing market conditions, they can adopt a more aggressive or defensive approach.



Multi-manager portfolios are designed to take the worry out of deciding how and where to invest, as the manager picks a range of funds in different regions and asset types to suit the current market environment.

A portfolio to match your needs

At Future Money, our multi-manager portfolios are each controlled to specific risk levels, meaning there are suitable solutions for clients with a wide variety of risk tolerances and investment objectives.

Across the Future Money range, diversification is a key factor in portfolio construction. This applies to both broad asset allocation decisions and also in the fund selection, where a blend of investment styles are used. We maintain this focus on diversification as we believe this maximises the chances of reducing the wild swings of investment markets, while delivering attractive returns.

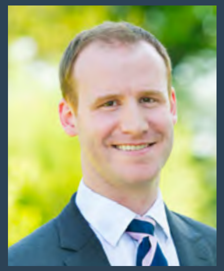
Diversification doesn't mean that it is best to spread exposure across all assets, however. The Future Money team use an active approach to investment management. Those areas with the most compelling prospects are given greater allocations in the portfolios, while those areas with more questionable fundamentals, such as high valuations or low liquidity, are given lower allocations, or avoided entirely.

We question high valuations, particularly among the latest 'must-have' investment ideas, as should market conditions change or should investors' expectations prove overly optimistic then high share prices can lead to greater losses.

Liquidity is another focus of ours as we firmly believe clients should be able to access their money as and when they need it. As such, when considering an investment, the ability to exit that asset with little notice is a key question for us. This has historically helped us to avoid inaccessible assets, such as the multiple times property funds have suspended redemptions, and another example being the case where the previously popular Neil Woodford funds collapsed as a result of his movement into illiquid equities.

Planning for Your Future

A multi-manager investment portfolio simplifies the investment process, enhances diversification, and frees up your time to concentrate on broader financial planning goals and strategies. It can bring peace of mind that your assets are being managed by specialists, meaning you can focus on your financial future.



RICHARD COLE
FUND MANAGER
FUTURE MONEY LTD

Important Information

Please note that the contents are based on the author's opinion and are not intended as investment advice. This information is aimed at professional advisers and should not be relied upon by any other persons.

Any research is for information only, does not constitute financial advice or necessarily reflect the views of the author and is subject to change.

It remains the responsibility of the financial adviser to verify the accuracy of the information and assess whether the fund is suitable and appropriate for their customer.

Past performance is not a reliable indicator of future performance. The value of investments and the income derived from them can fall as well as rise and investors may get back less than they invested.

Important information about the funds can be found in the Supplementary Information Document and NURS-KII Document which are available on our website or on request.

For any information about the Future Money funds please contact the authorised corporate director, Margetts Fund Management Ltd, on 0121 236 2380, admin@margetts.com or at 1 Sovereign Court, Graham Street, Birmingham B1 3JR. A copy of their Terms of Business which relates to investments into the funds can also be obtained using these contact details.

“I can put any scenario in front of Armstrong Watson, and I know as a business owner, I will get quality advice in complete confidence, which is really important”

Your stories: Construction company built on integrity

Dave Meldrum, CEO, of Meldrum Construction Services Group Ltd (Meldrum Group), set up his business with a desire to do something different. He started out in 2001 as a standing start with three other guys in a van. Now, the firm employs more than 220 people and has a targeted turnover in 2024 of £70m.

Meldrum offers specialist services and solutions in construction, civil engineering, steel fabrication, facilities, fire engineering and building services, providing a fully integrated service for construction projects.

Opening an office in Cambridge in 2023, this once regional contractor - which also has premises in Gateshead and Teesside - is now able to service the whole of the UK. This latest expansion was born from current clients requesting Meldrum’s services out of the region and followed the delivery of a host of successful projects in the South East area for repeat, national clients.

The Cambridge office recently delivered a £9.8m project for Linnaeus Vets of a fit-out and extension of the existing veterinary hospital for Dick White Referrals (DWR), one of the largest multi-disciplinary vet referral centres in Europe. Other notable projects include the £6.8m Redhills Revealed project, home to the Pitman’s Parliament, where Meldrum is refurbishing Durham’s Miners Hall and building two new wing extensions.

Meldrum’s core values are Integrity, Pride, Passion, Quality and Innovation. The business holds the Investors in People Gold accreditation, firmly believing it is the people that make the business, and over the past 23 years has supported more than 180 apprentices and trainees.

Dave has worked with Armstrong Watson since 2020 and has experienced around 10% growth year on year. He said he appreciates the full support and value of the partnership.

Commenting on Meldrum’s relationship with Armstrong Watson, CEO Dave said: “Relationships are really important to me, and the business. We have grown our business through building relationships and repeat business as a result. What I love about Armstrong Watson is I regard Michael Morris as a confidante. It is really important to have that trust and also to be able to get a fresh perspective from someone who knows the business but isn’t in the business.”

“It’s not just about them understanding the business from an audit point of view. They want to get into the DNA of the business and then that way they can offer quality advice“

“The perfunctory stuff of getting audits done, you could argue you could go anywhere and get that done. With Armstrong Watson, I’ve found that it is a slick, easy process. It’s very fast. They work to the dates we ask for. It’s turned around very quickly, and consequently, I find the audit with Michael’s team to be very seamless. It’s easy. Running a business on your own can be very lonely at times, so having those people around to support is vital.”

Audit and Assurance Partner Michael Morris said: “I have known Dave for ten years and during that time he has built a fantastic business and a strong reputable brand. He is genuine, down to earth and has worked exceptionally hard over the years to get his business to where it is today. Listening to his clients’ needs and desired outcomes, building a strong team around him, as well as focusing on client service, are some of the reasons behind Dave’s success. This is very much at the core of Armstrong Watson and with our absolute focus on client service, I am sure we will continue to help other businesses and business owners to achieve their goals.”

LEGISLATION

Speculation mounting ahead of Autumn Budget

Ahead of Labour's first budget on 30th October, speculation in many news reports has gathered pace - suggesting that it could be especially grim - and Rachel Reeves, Chancellor of the Exchequer, has now laid the groundwork to ensure we won't be surprised by tax hikes.

What does remain a surprise is exactly how the Chancellor will go about this, and uncertainty is no one's friend when making long term financial plans. Below are just some of the potential changes being speculated about.

Speculated pension changes

Tax relief on pension input

There is speculation the government might introduce a flat rate of tax relief on pension contributions, potentially around 25%. This would benefit basic rate taxpayers but reduce the relief for higher rate taxpayers.

Lump sum allowance

A commonly asked question at this time is, 'will the lump sum allowance (tax free cash) be reduced?' This area of pensions has already changed significantly with the abolishment of the Lifetime Allowance (LTA), and has become quite complicated with transitional allowances applicable.

We may see some simplification in this area, but I am not convinced that this helps the government achieve its objectives of raising revenue. The 'fear' of change could see a number of people take their lump sum allowance, that in turn could give the economy a boost as there will be more cash available to spend, but it also creates a significant risk of people running out of money later in retirement.

Bringing pensions into the inheritance tax (IHT) regime

This move would be especially controversial and unpopular as pensions are generally exempt from IHT.

Anything that discourages people from saving for retirement, in my opinion, is creating a long-term problem. There is already a significant shortfall in pension/retirement planning, and this would only serve to exacerbate that.

Rachel Reeves may apply the logic that bringing pensions into the IHT regime is a way of reconstructing the LTA.

Pension death benefits (pre 75)

At present the pension legislation states that if you die before turning 75 the successor can draw down from your pension, income tax free, however, if you die at age 75 or over, they will pay income tax on the funds drawn down. A speculated change is that any pension successor or inheritor will pay income tax on the future income, irrespective of the age of the deceased.

Capital Gains Tax (CGT) hike?

Property and business sales tend to dominate the discussion around CGT. Often those who hold private share portfolios (outside of an ISA or pension) are the forgotten victims of CGT legislation.

Many have chosen to hold onto portfolios and assets to avoid triggering CGT on the basis that CGT will be rebased on death. This runs the risk of the investment portfolio being dictated by the tax, not the best investments, but also leaves the investor susceptible to a potential change such as abolishing the CGT uplift on death.

Some commentators are suggesting that CGT rates are likely to increase, and the allowances will not become more generous. This is leading some investors to sell assets and start again in a different investment wrapper such as an onshore investment bond.

ISA increase

Some are saying that one potential upside of the budget could be an uplift to the annual ISA allowance, which was last increased in 2017/2018 to £20,000.

An ISA shelters the assets from income tax and CGT, but the ISA concept has become over complicated with various versions (cash, stocks and shares, AIM, innovative finance, lifetime ISA, the now defunct Help to Buy and the proposed 'British ISA').

...continued

IHT speculation

As detailed above, pensions and CGT may well become embroiled in the IHT regime.

Some speculation suggests the residence nil rate band is set for a review or perhaps even removal, on the basis it is complicated (and will raise a good level of income for the treasury).

Both Agricultural Property Relief (APR) and Business Property Relief (BPR) are also under the microscope. They are complex areas of tax planning, and the aim of any reform may be to target those who are deemed to be investing only for the tax relief and not to punish real farmers and business owners.

Both the Alternative Investment Market (AIM) and Non AIM BPR investment solutions will also be under scrutiny. These packaged solutions allow investors to benefit from BPR subject to holding for two years minimum, and the underlying assets being BPR qualifying.

Government budgets often bring change, lots of noise and finger pointing. The Chancellor may feel that with a four-year term and a majority secured this is the time to be bold, but this needs to be balanced with ensuring the UK economy can thrive and encouraging people to plan and save responsibly for their own long-term future.

BUDGET ANALYSIS WEBINAR | THURSDAY 31ST OCTOBER 2024

Experts from our tax, financial services and accounting teams will be analysing the budget and will discuss the implications of the announcements for individuals and businesses in a live webinar at 9.30am on Thursday 31st October.

CLICK HERE TO REGISTER

If you would like advice and support about any of the issues above please call **0808 144 5575** or email **help@armstrongwatson.co.uk** to speak to one of our financial planning consultants.

JUSTIN ROURKE
FINANCIAL PLANNING DIRECTOR & HEAD OF ADVICE - PENRITH

Meet the adviser – Frank Watson

FINANCIAL PLANNING CONSULTANT - NEWCASTLE

Describe a typical working day

Every good morning starts with coffee and contemplation. Typically, I like to catch up on emails and organise my day before getting on with my work. Everyday is different for me, one day could be spent poring over pension documents and trust deeds looking at whether my client's current pensions are fit for purpose and cost effective; another could be spent building an in depth cashflow forecast which would help to identify if another client could afford to retire early.

What do you enjoy most about providing financial advice?

I enjoy making a real difference to people's lives and helping them achieve their financial goals and aspirations, no matter how distant they sometimes may seem.

What's the best piece of advice anyone has ever given you?

My 102-year-old great-grandfather told me not to get old. I think it's important to reflect that you are currently the youngest you will be for the rest of your life, and you should make the most of the time you have.

When you're not supporting and advising clients what do you enjoy doing in your spare time?

I really enjoy cooking, baking and most importantly eating! I grew up with baking and it always reminds me of my childhood. While I'm no Gordon Ramsay I can make a pretty good Lasagna.

You're about to retire on an unlimited budget what's the first thing you'd do?

If it were feasible I would like to visit the moon, if it's not feasible I suppose I could console myself with a luxury trip around the world or my own private island.

If there was one financial tip you could offer readers, what would it be?

For those who have an Inheritance Tax (IHT) liability, I would recommend that people don't forget to utilise their annual gifting allowance, and to be aware of their small gift allowance and the wedding/civil partnership gifting allowances which could all go a little way to help mitigating their IHT tax bill.

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