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Kingfisher
Independent Financial Planning

MARCH/APRIL 2014

PENSIONS LIFETIME ALLOWANCE CHANGES ON THE HORIZON

MAKE SURE YOU BEAT THE ISA DEADLINE

TAILORED INVESTMENT SOLUTIONS

WORDS OF WISDOM FROM UK RETIREES
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INVESTOR OUTLOOK
Tentative signs of economic growth

TAX ATTACK
Legitimate planning could save you money by reducing a potential tax bill

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IN THIS ISSUE

Welcome to the latest issue of our magazine, at a time when we are entering a very important period in the tax and financial planning calendar, with some big changes waiting on the horizon that could have a significant impact on your finances both today and tomorrow.

According to HM Revenue & Customs, it is estimated that potentially over 360,000[1] people may be affected by the new pensions lifetime allowance (LTA) changes. If you are one of these people, you will need to act fast, and we recommend that you contact us immediately or you could miss out on the opportunity to protect yourself from an unnecessary tax charge. To find out more, turn to page 06.

With tax increases the prospect for the foreseeable future, it is essential that you make the most of every available tax relief. Using the tax breaks available to you also makes good financial sense. Different ideas will suit different people. On page 10 we've provided some examples of the ways in which legitimate planning could save you money by reducing a potential tax bill in the run-up to the end of the tax year on 5 April 2014.

When you want to access your pension pot, you have several choices. The changing nature of retirement means that you may work part-time or stagger your entry into full retirement. Opposite we consider an option for your retirement income and lifestyle needs that permits you to do this.

A full list of all the articles featured in this edition appears on page 03.

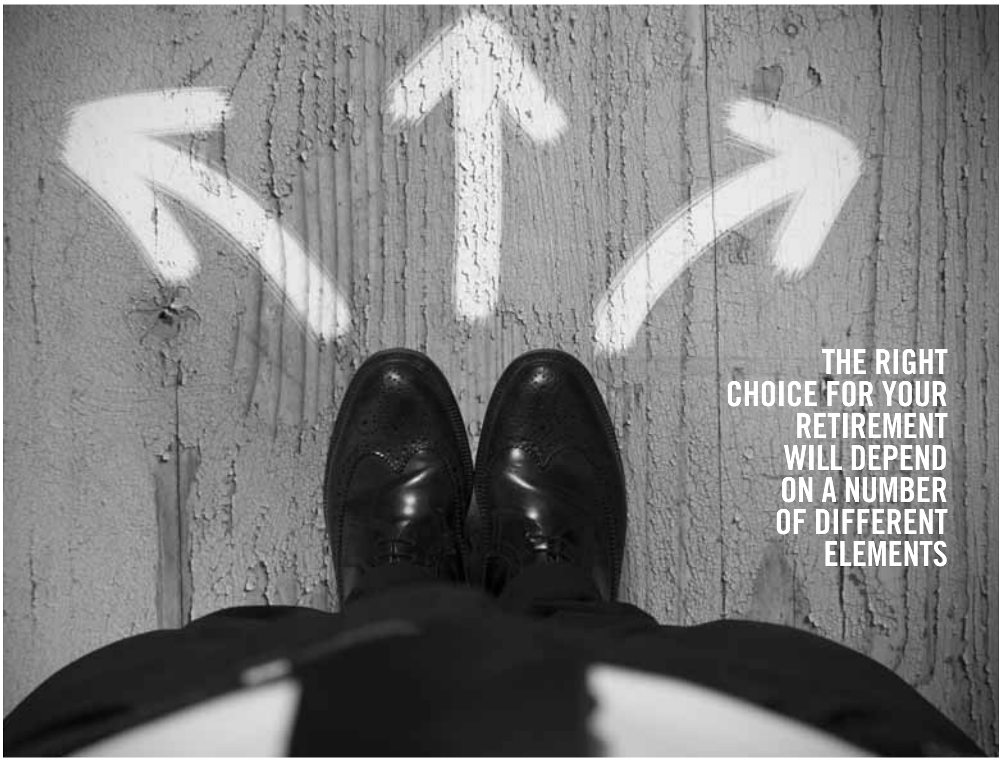
Source: [1] www.hmrc.gov.uk/budget2013/tiin-1046.pdf

WE HOPE YOU ENJOY READING THIS ISSUE. TO DISCUSS YOUR FINANCIAL PLANNING REQUIREMENTS OR TO OBTAIN FURTHER INFORMATION, PLEASE CONTACT US.

THE CHANGING NATURE OF RETIREMENT

Looking for an alternative to buying an annuity?

When you want to access your pension pot, you have several choices. The right choice for you will depend on a number of different elements, such as your tax position, whether you have a partner, your attitude to risk and even your health.



On reaching retirement, you can buy an annuity to turn your pension into an income. However, the changing nature of retirement means that you may work part-time or stagger your entry into full retirement, so alternatives such as an income drawdown policy may be appropriate for your retirement income and lifestyle needs.

Government review of the rules

If you decide that the most appropriate option for your particular situation is to go down the income drawdown route, you may now receive more from your pension and could benefit from a recent government review of the rules (April 2013). Drawdown is one alternative to purchasing an annuity to provide pension income. It can offer flexibility and the potential to benefit from investment growth, but you need to be comfortable with some stock market risk.

With drawdown, you have a pot of money which is used to generate your income. To help ensure that your money will always provide you with an income, the Government has set rules on how much you can take each year. However, despite this, you can still end up with less income than what you can get from an annuity.

Pensioners keep their pension invested

Drawdown allows pensioners to keep their pension invested and take an income from it each year. The amount of income that can be taken from a capped drawdown policy is based on calculations made by the Government Actuary's Department

(GAD). These are known as the GAD rates, and they follow annuity rates and yields on government bonds or gilts. The income taken can currently be 120% of the GAD rate each year. Because your money is still invested, you are still taking risk with your money, and this includes your income.

Flexible drawdown allows unlimited income to be taken (subject to income tax), but retirees must have another pension income of at least £20,000 a year to rely on, made up of workplace pension, a state pension or a mixture – this is known as the minimum income requirement.

This is because your pension is still invested when it is in drawdown so is at risk of stock market fluctuations. The Government doesn't want you to fall into poverty and subsequently become reliant on the state.

Running out of money

The Government requires you to re-check your maximum income every three years (and yearly if you are aged 75 or older). If investment performance has been poor or you have taken out a lot of money, then you will have less income to take out in the future.

The government rules are intended to ensure that you don't run out of money. If investment performance has been good, or you haven't taken out too much money, your maximum withdrawals could increase. This would give you even more flexibility. However, if investment performance has been poor or you've withdrawn the maximum allowed, your withdrawals may decrease.

You don't have to wait for three years until your next review. You can choose to review your income every year. So if your fund value does increase, then you can benefit from this quickly. It's up to you.

Impact of announced changes

The gilt yield used in the income calculation has increased to 3.25%, which takes account of the impact of a change which happened in 2013. Last year, the maximum withdrawal limit was also increased from 100% to 120%. So taking these two changes together means that your maximum income could be 33% more if you chose drawdown now as opposed to 12 months ago.

But if you are already in drawdown on the lower 100% income maximum, then it is possible that you could increase your income withdrawals to the new maximum level, including taking account of the change to the gilt yield, but before you do this please seek professional advice. ■

Choosing the retirement option that's right for you

Your lifestyle in retirement will depend heavily on how you convert your pension into an income, so it's important to review your provision, particularly in the years approaching retirement. You should always take professional financial advice before making any decisions about how to invest for your pension. To discuss the options available to you, please contact us for further information.

The value of an investment can fall as well as rise and is not guaranteed. You may get back less than you put in. Taking maximum income every year will increase your chance of reduced income in the future.

Information is based on our current understanding of taxation legislation and regulations. Any levels and bases of, and reliefs from taxation, are subject to change. Tax treatment is based on individual circumstances and may be subject to change in the future.

BEAT THE END OF TAX YEAR DEADLINE

Make the most of reliefs and allowances before the 2013/14 tax year ends on 5 April 2014. With time rapidly running out, please contact us to discuss how we could help you, your family and business.

WE LOOK FORWARD TO HEARING FROM YOU.

CONTENTS

TAILORED **INVESTMENT SOLUTIONS**

Expert, flexible approach to accumulating and managing wealth

We provide clients with an expert, flexible approach to accumulating and managing their wealth. Understanding your financial circumstances is crucial in making sure we tailor the right investment solutions for you. Regardless of what stage of life you're in, we can help you to protect and grow your wealth.

The starting point and usual way to protect your portfolio is to spread your risk across several different types of investments. There are many different assets in which you can invest, each with different risk characteristics. The main assets available are shares, corporate bonds (also referred to as 'fixed interest'), cash and property.

While individual assets have a bearing on the overall level of risk you are exposed to, the correlation between the assets has an even greater bearing. The aim is to select assets that behave in different ways so, in theory, when one is underperforming, the other is 'outperforming'. Fixed interest investments and property, for example, usually behave differently to share-based investments, as they tend to offer lower, more consistent returns. This provides a 'safety net' by diversifying away from many of the risks associated with reliance upon one particular asset, as potentially whilst one asset class is showing poor returns, other asset classes may be countering this with more positive returns.

Simpler solution

Rather than track lots of individual assets, which can be a daunting task, a simpler solution is to invest into collective funds containing those assets and leave the diversification worries to professional management. If appropriate to your particular situation, you could spread your investments into different shares or bonds to ensure that your portfolio is exposed to a plethora of different types of investments rather than, for example, having shares in just a few large companies. In this way, share-specific risk can be reduced should one of those companies experience difficulties.

It is just as important to spread your investments across different sectors (a sector being an area of the economy where businesses share the same or a related product or service, for example, pharmaceuticals, telecommunications or retail. Companies are classified by the sector in which they reside, which is dependent on the goods or services they sell or provide. For many reasons, companies within different sectors perform in very different ways. By diversifying across sectors, you can access shares with high growth expectations, without over-exposing your portfolio as a whole to undue risk.

Sensible option

It's natural to feel more comfortable investing a portfolio in your home market, but this is not necessarily the most sensible option. Because investments in different geographical economies generally operate in different economic cycles, they have less-than-perfect correlation. That's why greater geographical diversification can help to offset losses in a portfolio and potentially help to achieve better returns over time.

This is another important aspect to consider when building an investment portfolio. Some investment funds use a 'passive' strategy. This means they simply track the performance of a chosen index, for example, FTSE 100. Other funds use an 'active' approach and aim to beat the index by using their own research and analysis to select shares they believe will achieve greater returns. There are many reasons for using both types of strategy, and we will be able to recommend an approach suited to your needs.

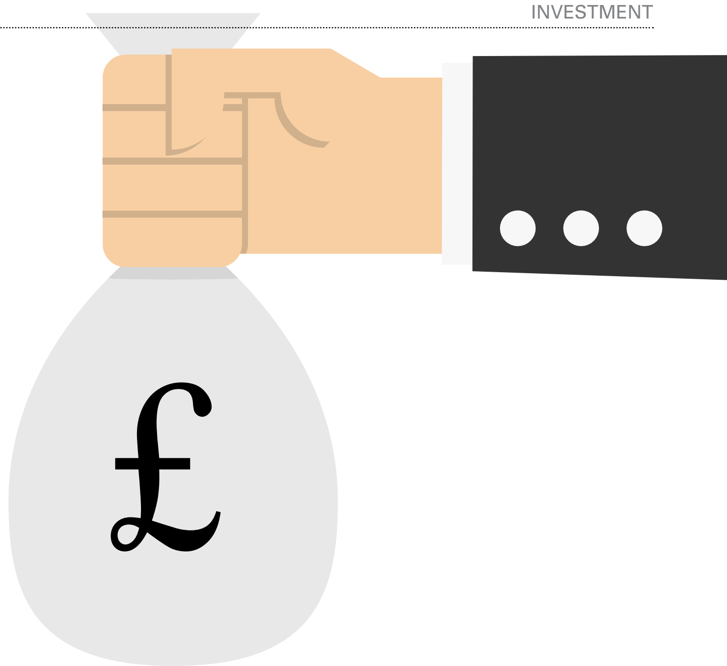
By investing in collective investment funds, this also potentially has the effect of reducing the overall risk taken, as you are spreading the risk with numerous other investors. As there are more investors, this usually means there is more capital for the fund managers to invest and, therefore, potentially allows the manager to invest in a wider range of investments and asset classes. ■

The value of investments and income from them may go down. You may not get back the original amount invested. This information sets out the basics of portfolio diversification. It is not designed to be investment advice and should not be interpreted as such. Other factors will need to be taken into account before making an investment decision.

Most appropriate blend of assets

Picking the right balance of assets for your portfolio depends upon your own risk profile. We take into account the information gathered about your own investment objective and your risk profile to establish the most appropriate blend of assets for you. For more information about how we can help you protect and grow your wealth, please contact us.

MAKE SURE YOU BEAT THE ISA DEADLINE



Sheltering up to £11,520 tax-efficiently means taking action NOW

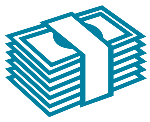
Time is running out if you want to make the most of this year's Individual Savings Account (ISA) allowance, so you'll need to get your skates on.

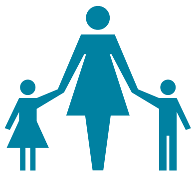
ISAs are a tax-efficient way of investing, helping you minimise the tax you pay on your savings and investments. No matter how little you can save, putting away a small amount regularly each month in a tax-efficient ISA can make a big difference in the long term.

An ISA is a tax-efficient wrapper into which you place your investments to protect them from the taxman. Any investment growth, no matter how much, is then free from income and capital gains tax (a 10% tax credit is still payable on UK share dividends and cannot be reclaimed). ■

Save time, tax and money with an ISA – what's the next step?

As another tax year end approaches, the message for all potential ISA applicants is the same: you either make use of your ISA allowance in this 2013/14 tax year or you lose it forever. And in a low-interest-rate environment, few of us can afford to do that. To discuss the options available, please contact us.





Stocks & Shares ISA	Cash ISA	Junior ISA
Invest up to **£11,520**	Up to **£5,760**	Up to **£3,720**
Entire allowance can be Stocks & Shares	Remainder in Stocks & Shares	Can be held in Cash or Stocks & Shares

The value of investments can go down as well as up and you may not get back the amount invested. The value of tax savings in an ISA depends on individual circumstances. Information is based on our current understanding of taxation legislation and regulations. Any levels and bases of, and reliefs from taxation, are subject to change.

Stocks & Shares ISA Allowance 2013/14

- You can invest up to £11,520 in a Stocks & Shares ISA in the current tax year (2013/14)
- Invest in funds that in turn invest in shares quoted on stock markets around the world
- More risky than a Cash ISA, but with the potential for greater returns

Cash and Stocks & Shares combination

- Alternatively you can invest up to £5,760 in a Cash ISA and the balance in a Stocks & Shares ISA, or just cash if you prefer.

Junior ISA limit

- You can invest up to £3,720 in a Junior ISA
- You can invest in stocks and shares, cash or a combination of both
- You cannot invest in a Junior ISA if the child was eligible for a Child Trust Fund Account

PENSIONS LIFETIME ALLOWANCE **CHANGES ON THE HORIZON**

The countdown clock is ticking – will you be ready?

It is estimated that potentially over 360,000[1] people could be affected by the new pensions lifetime allowance (LTA) changes, according to HM Revenue & Customs (20 March 2013). If you are one of these people, you will need to act fast, and we recommend that you contact us immediately or you could miss out on the opportunity to protect yourself from an unnecessary tax charge.

Will you be subject to an unnecessary tax charge?

If you think you might be impacted, you need to obtain professional financial advice soon, well ahead of the April deadline. To find out what the best next steps for you could be, contact us for further assistance.

The LTA will reduce from £1.5m to £1.25m on 6 April 2014, so you now have a matter of weeks to make a decision. It applies to an individual's total pension worth. If applicable to you, there is a real need to act quickly and gather details of current values and growth projections for any private pensions, including self-invested personal pensions, as well as any workplace money purchase or defined benefit schemes.

Calculations by Standard Life show that due to investment growth, an individual ten years from retirement with accumulative pension savings of around £700,000[2] or a final salary pension income of around £60,000 could be at risk of breaching the £1.25m LTA.

Pension savers who don't check to see if they will be affected and who exceed the new LTA will expose up to £250,000 of their pension savings to a 55% tax charge – leading to an unexpected tax bill of up to £137,500 (this is based on the difference between the current and new LTAs) which could potentially be avoided if professional advice is taken now.

Salary earners most likely to be impacted by the change

Research by YouGov, on behalf of Standard Life, shows less than a fifth (19%) of people know what the LTA is, and only 31% of people earning more than £50,000 – the salary earners most likely to be impacted by the change – are aware of it.

Research for the Department of Work and Pensions shows that an individual will work for an average 11 employers[3] during their lifetime, which means some people are likely to have accumulated many different pensions over the course of their careers, making it more difficult to get a clear view of their overall pension fund value. ■

Source:
[1] www.hmrc.gov.uk/budget2013/tiin-1046.pdf
[2] Someone ten years from retirement with multiple pension pots worth around £700,000 could exceed their allowance if their pot grows at 7% a year, which includes a 1% charge – even if they stop paying into it now.
[3] www.gov.uk/government/uploads/system/uploads/attachment_data/file/220405/small-pension-pots-consultation.pdf The information in this article is based on our understanding in February 2014. Your personal circumstances also have an impact on tax treatment.

Tax treatment is based on individual circumstances and may be subject to change in the future.

WORDS OF WISDOM FROM UK RETIREES

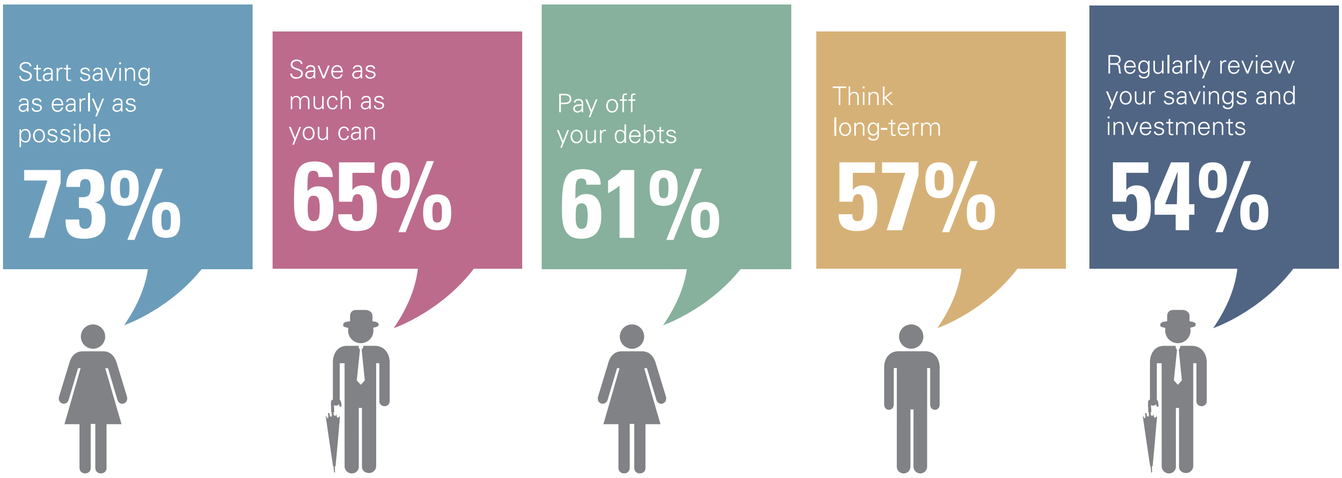
What you need to know – don't leave it to chance

Research shows that people have a clear idea of the things they would like to be doing in retirement, but many do not know what they need to do financially to achieve these goals.

Understanding your retirement needs

Today's reality is that the assets you have in place for your retirement need to last longer and work harder than ever before. We're all likely to live longer, healthier lives. To discuss how we can help you plan for your retirement, please contact us.

LESSONS TO BE LEARNED FROM CURRENT UK RETIREES



Source: BlackRock Global Investor Pulse survey 2013

A pension is a long-term investment. The fund value may fluctuate and can go down. Your eventual income may depend upon the size of the fund at retirement, future interest rates and tax legislation.

WANT TO MAKE MORE OF YOUR MONEY IN 2014?

FOR MORE INFORMATION PLEASE TICK THE APPROPRIATE BOX OR BOXES BELOW, INCLUDE YOUR PERSONAL DETAILS AND RETURN THIS INFORMATION DIRECTLY TO US.

Name ....

Address ....

....

....

.... Postcode ....

Tel. (home) ....

Tel. (work) ....

Mobile ....

Email ....

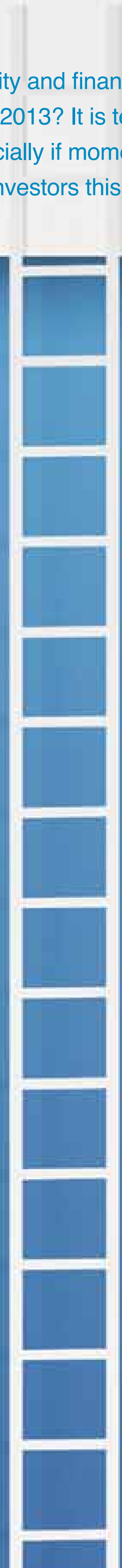
- ☐ Arranging a financial wealth check
- ☐ Building an investment portfolio
- ☐ Generating a bigger retirement income
- ☐ Off-shore investments
- ☐ Tax-efficient investments
- ☐ Family protection in the event of premature death
- ☐ Protection against the loss of regular income
- ☐ Providing a capital sum if I'm diagnosed with serious illness
- ☐ Provision for long-term health care
- ☐ School fees/further education funding
- ☐ Protecting my estate from inheritance tax
- ☐ Capital gains tax planning
- ☐ Corporation tax/income tax planning
- ☐ Director and employee benefit schemes
- ☐ Other (please specify)

You voluntarily choose to provide your personal details. Personal information will be treated as confidential by us and held in accordance with the Data Protection Act. You agree that such personal information may be used to provide you with details and products or services in writing or by telephone or email.

INVESTOR OUTLOOK

Tentative signs of economic growth

Tentative signs of economic growth, receding risks, plentiful nearly free liquidity and financial markets on fire – what was not to like about the investment landscape at the end of 2013? It is tempting to believe that what happened 'yesterday' will happen again 'tomorrow' (especially if momentum has been paying off, as it did in 2013). So what is the potential outlook for investors this year?



Global bond markets for the remainder of 2014 are expected to pay close attention to the actions of the US Federal Reserve (Fed), which has started to wean the US (and global) economy off its $85bn per month quantitative easing programme.

The news that the Fed would initially taper its programme by $10bn per month according to Jupiter Investment Management Group (30 January 2014) was at the dovish end of expectations and was greeted well by bond and equity markets. The lower-for-longer tone to the Fed's forward rate projections was also positive. It underscored that the Fed believes the economic recovery still has some way to go and affirmed the central bank's desire not to relinquish control of the yield curve and cause undue weakness in the economy and markets.

Credit markets

The outlook for credit markets in 2014 is also optimistic, with economic data broadly meeting expectations and the market factors in an orderly process. Under this scenario, there is potential for high yield bonds to produce decent returns. However, the Fed faces a formidable task. There is a risk that economic data will come in a lot stronger than expected. This may lead to a market panic over the pace of rate rises and potentially bring forward expectations for a rate increase to later in the year, igniting a 1994-style market reversal.

This seems unlikely for now, as low US inflation is currently giving the central bank cause for concern and a justification for maintaining a gradual approach to tapering. In his speech, the former chairman of the Board of Governors of the Federal Reserve, Ben Bernanke, highlighted that the Fed may consider further action if inflation did not move up towards its 2% target. However, should growth start to accelerate, US inflation data will receive close scrutiny and is likely to be a particularly important indicator for shaping bond market sentiment in the coming year.

UK economic growth

Closer to home, the Bank of England recently responded to a pickup in UK economic growth by bringing forward expectations for when unemployment would fall to its 7% target to December 2014, some 18 months earlier than previously indicated. While this was largely expected by the market, a further acceleration of growth in the UK economy at a time when the Fed is withdrawing stimulus may cause headaches for the Governor of the Bank of England, Mark Carney, and push gilt yields higher.

In Europe there is mounting evidence that the economy is bottoming out and we are now in a situation where growth is not great anywhere, but growth is everywhere. Although mindful of the difficulties the European Central Bank (ECB) faces in addressing the economic divide between Germany and the region's weaker economies, there is encouragement by efforts (such as the bank asset quality review) to boost confidence and ultimately promote credit growth in the peripheral economies. However, the ECB may be forced towards more unorthodox policies should the shift in the Fed's stance force interest rates higher in the region.

European high yield bonds

In terms of strategy, the view is that European high yield bonds present some of the most compelling opportunities available for investors in fixed income. The region is enjoying low default rates, companies continue to focus on repairing balance sheets, the economic backdrop is stabilising and interest rates are likely to remain low for a prolonged period. These conditions contrast with those in the US where companies are more confident and therefore more willing to take on leverage. ■

The value of investments and income from them may go down. You may not get back the original amount invested. Changes in the rates of exchange between currencies may cause your investment and any income from it to fluctuate in value. Commentary may be subject to change and this is particularly likely during periods of rapidly changing market circumstances and should not be interpreted as investment advice. Every effort is made to ensure the accuracy of any information provided but no assurances or warranties are given.

IS IT TIME TO TAKE ANOTHER LOOK AT THE UNITED STATES?

Investment sentiment across the pond is picking up

The United States may be the world's largest stock market, but it doesn't appear on every investor's radar at the moment. These are some of the key factors that could drive the United States economy and stock market over the coming months and years.

1
THE UNITED STATES IS ON TRACK TO BECOME ENERGY INDEPENDENT

2
AUTOMATION IS HELPING UNITED STATES BUSINESSES BECOME MUCH MORE EFFICIENT

3
ADVANCED MANUFACTURING IS GIVING UNITED STATES BUSINESSES A COMPETITIVE EDGE

4
COMPANIES ARE BRINGING JOBS BACK TO THE UNITED STATES

5
THE UNITED STATES LEADS THE WAY IN RESEARCH

6
UNITED STATES COMPANIES DOMINATE THE WEB

7
THE UNITED STATES IS AT THE FOREFRONT OF MEDICAL RESEARCH

The value of investments and the income from them can go down as well as up and investors may not get back the amount invested. This information does not constitute investment advice and should not be used as the basis of any investment decision, nor should it be treated as a recommendation for any investment.

Source: Fidelity 2014

TAX ATTACK

Legitimate planning could save you money by reducing a potential tax bill

With tax increases the prospect for the foreseeable future, it is essential that you make the most of every available tax relief. Using the tax breaks available to you also makes good financial sense.

Different ideas will suit different people. If you would like to discuss any of these opportunities, we can recommend solutions that are tailored to you. We've provided some examples of the ways in which legitimate planning could save you money by reducing a potential tax bill in the run up to the tax year end on 5 April 2014.

Retirement

Investing in a pension is one of the most tax-efficient ways to save for your retirement. From 6 April 2014, the pension lifetime allowance (LTA) is being reduced from £1.5m to £1.25m which could radically affect your retirement strategy. The LTA is important because it sets the maximum amount of pension you can build up over your life and benefit from tax relief.

If you build up pension savings worth more than the LTA, you'll pay a tax charge on the excess, potentially at 55%. However, some affected individuals could elect for 'Fixed Protection 2014' before 6 April 2014, and the £1.5m limit can be preserved. From 6 April 2014 (until 5 April 2017), individuals will also have a fall-back option of electing for 'Individual Protection 2014' to preserve their individual LTA at the lower end of £1.5m, the actual value of their pension fund at 5 April 2014 or the standard LTA (i.e. £1.25m in 2014/15).

If the total of all your pension funds is likely to be at or near £1.25m by the time you retire, you should quickly seek professional advice on whether opting for Fixed Protection 2014 and/or Individual Protection 2014 is appropriate.

The annual contribution limit for an individual (the total of personal contributions and those made by an employer) is £50,000, within pension input periods (PIPs) ending before 6 April 2014, and you receive tax relief for the contributions at your highest marginal tax rate. But from 6 April 2014, the maximum reduces to £40,000.

If you have not made contributions up to the limit in 2010/11, 2011/12 and 2012/13, then the unused relief may be available for carry forward into 2013/14. However, you must have been a member of a registered pension scheme in the tax year giving rise to the unused relief, and any contributions made in the year reduce the amount available to bring forward.

A pension contribution paid before 6 April 2014 also reduces both your tax bill for 2013/14 and, if appropriate, your payments on account for next year.

Tax relief is available even for non-taxpayers, so you can invest in a pension for a non-earning spouse. Non-earners can contribute £3,600 per tax year (the Government will automatically pay £720 in tax relief, reducing the amount you pay to just £2,880).

A pension is a long-term investment. The fund value may fluctuate and can go down. Your eventual income may depend upon the size of the fund at retirement, future interest rates and tax legislation.

Individual Savings Accounts (ISAs)

Make sure that you use your 2013/14 ISA allowance to shelter your savings from tax. There is no capital gains tax or further income tax to pay on investments held in an ISA, making them one of the most tax-efficient ways to invest.

In the current tax year you are permitted to invest up to £11,520 into a Stocks & Shares, or alternatively you can invest up to £5,760 in a Cash ISA and the remaining amount in a Stocks & Shares ISA. In the new tax year (6 April 2014 - 5 April 2015), the limit rises to £11,880, meaning in the next few months a couple could shelter £46,800 from tax using both years' allowances.

Junior Individual Savings Accounts (JISAs) enable parents or grandparents to save up to £3,720 a year, tax-efficiently, for their children or grandchildren.

The value of investments and income from them may go down. You may not get back the original amount invested.

Inheritance

If appropriate, consider making individual gifts of up to £3,000, which you can do each year free from Inheritance Tax (IHT). You could also use any unused allowance from the previous year, meaning a couple can give away up to £12,000 now and a further £6,000 on 6 April, potentially saving £7,200 of IHT (charged at 40%).

Have you made a Will? A good Will should minimise tax and give your family flexibility and protection. Dying without one means your assets will be distributed to your family without reference to your wishes using the intestacy laws, potentially after IHT at 40% is paid.

If you already plan to make substantial gifts to charity in your Will, leaving at least 10% of your net estate (after all IHT exemptions, reliefs and the 'Nil Rate Band') to charity could save your family IHT.

In many family circumstances, the use of a formal trust can help you protect and enhance your family's future finances. The timing of creating a trust may have significant tax implications so, if you have long-term financial goals, the sooner you seek expert advice on your options the better.

Inheritance Tax Planning, Will Writing and Trust Advice are not regulated by the Financial Conduct Authority (FCA).

Capital gains

Everyone has a capital gains tax (CGT) free allowance of £10,900 in the current tax year. If you haven't realised gains of this amount, take a look at whether assets can be sold before 6 April 2014. If you have used up your allowance, consider deferring selling assets until the next tax year or transferring them to a partner. If your spouse either pays no tax or at a lower rate, you could reduce the tax bill substantially.

Bed & ISA is one effective way to use your CGT allowance. By selling your shares or funds and immediately buying them back inside this year's ISA as a contribution, you can harvest gains, sheltering future growth from tax.

You can increase your CGT annual allowance by registering any investment losses on your tax return. Once they have been registered, you can use them to offset gains made in the future, effectively increasing your CGT allowance.

If you have substantial investments, consider rearranging them so that they produce either a tax-free return or a return of capital taxed at a maximum of only 28%, rather than income taxable at a maximum of 45%.

Tax advice is not regulated by the Financial Conduct Authority (FCA).

Make the most of reliefs and allowances before 5 April 2014

In this article we have covered some of the main areas that may allow you to make the most of reliefs and allowances before the 2013/14 tax year ends on 5 April 2014. This is a highly complex area of wealth protection and wealth creation and you should obtain professional financial advice before taking any action. With time rapidly running out to beat the deadline, please contact us to discuss how we could help you, your family and your business. We look forward to hearing from you.

Advanced investments

Tax-paying, sophisticated investors who are prepared to take higher risks in return for the potential for higher rewards should be aware that attractive income tax reliefs are available. If you are a tax payer, you will receive a tax rebate of up to 30% (subject to your total income tax bill) when investing in a Venture Capital Trust (VCT). Enterprise Investment Schemes (EIS) income tax relief of 30% - up to a maximum of £300,000 reclaimed tax in any year. Seed Enterprise Investment Scheme (SEIS) income tax relief of 50% for subscriptions for shares of up to £100,000, irrespective of the investor's marginal tax rate. ■

The value of investments and income from them may go down. You may not get back the original amount invested. Some funds will carry greater risks in return for higher potential rewards. Investment in smaller company funds can involve greater risk than is customarily associated with funds investing in larger, more established companies. Above average price movements can be expected and the value of these funds may change suddenly.

EVERYONE HAS A CAPITAL GAINS TAX (CGT) FREE ALLOWANCE OF £10,900 IN THE CURRENT TAX YEAR. IF YOU HAVEN'T REALISED GAINS OF THIS AMOUNT, TAKE A LOOK AT WHETHER ASSETS CAN BE SOLD BEFORE 6 APRIL 2014.

Tax treatment is based on individual circumstances and may be subject to change in the future. Information is based on our current understanding of taxation legislation and regulations. Any levels and bases of, and reliefs from taxation, are subject to change.

TIME TO REVIEW YOUR RETIREMENT PROVISION?

Keeping track of your pension portfolio pays dividends

If you've accumulated numerous workplace pensions over the years from different employers, it can be difficult to keep track of how they are performing. There is a danger that long-forgotten plans may end up festering in expensive, poorly performing funds, and the paperwork alone can be enough to put you off becoming more proactive.

Best course of action

Whether you have one or a number of pension funds, it may be appropriate to have these reviewed. The best course of action will depend on what type of pensions you have and how long you have until retirement.

Making the most of your pensions now could have a significant impact on your financial well-being in retirement, and getting it right could mean a higher income, or even an earlier retirement date. By reviewing your pension now, you can check the charges you are paying along with the investment return. Lower charges don't always mean higher returns but it's worth checking, as you may be able to increase your retirement income.

Investment performance

If you're in a final salary scheme, it will almost always make sense to stay where you are, but if you have any other type of pension, where success or failure depends on the performance of your investments, reviewing them now is worth considering.

Consolidating personal pensions into alternatives, such as a self-invested personal pension (SIPP), can provide a wider amount of investment choice with a potentially lower cost, but this is a very complex area and you should always obtain professional financial advice. ■

Review your particular situation

The closer you get to your retirement, the more important your pension fund becomes. Having said that, even if you have 10 or 15 years to retirement, you should always take the time to review your pension, as it could be worth a substantial amount more over the years by doing this. For more information, please contact us.

A pension is a long-term investment. The fund value may fluctuate and can go down. Your eventual income may depend upon the size of the fund at retirement, future interest rates and tax legislation.

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