ST. JAMES'S PLACE
WEALTH MANAGEMENT

Corcillium Wealth Management

Associate Partner Practice of St. James's Place Wealth Management

Providing specialist financial advice

SUMMER NEWSLETTER | ISSUE 2

Welcome to Issue 2 of my newsletter

In this edition, I am highlighting that Brexit might also give us insight into thinking about how we manage our own financial situations before it is too late. I have also continued the theme of Intergenerational Wealth Management and included thoughts on Wills, beating Inheritance Tax and financial protection against risk.

If you would like any further information on the topics discussed within this newsletter, or if you would like to give feedback please contact me by telephone or email as detailed below. I hope you enjoy it and I welcome your feedback.

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Refer a friend

As a client, you know that my Practice is built on trust and personal word of mouth recommendations.

I always appreciate being referred to like-minded friends and colleagues of my clients.

FOCUS ON - BREXIT!

I think we would all agree that regardless of our political bias or referendum decision, Brexit or Brextention, is becoming quite an embarrassment for our Parliament, and our great country. I feel the damage this has caused goes far deeper than simply the time it is taking but to the core of our political framework.

The reason I mention the 'B' word and all that is going on is simply to highlight that things are not always as easy and straightforward as we may think.

The lesson we must all take from this is to not leave things to late or to assume that everything will work out fine, because until you or your loved ones are faced with the reality of the situation you can never be sure of the problems you will face. What you can of course do is to spend some time discussing the situation and the potential outcomes and to put in place robust plans for the outcome you prefer, and equally important appointing the right people to manage the process.

What do I mean by this?

- **Wills**
- **Lasting Powers of Attorney**
- **Trusts**
- **Expression of wishes**
- **Inheritance Tax**
- **Investment decisions**
- **Taxation**

These are a few of the key areas that need to be addressed and coordinated to ensure a smooth ride in the future. Without careful planning HMRC may well become a main beneficiary of your wealth.

We are happy to be available for you to engage with us in these areas, if you have not already done so, or perhaps it has been some time since you reviewed your planning. This also applies to your friends and family or all ages. You can help us to help them by simply encouraging them to make contact with us and to sit down with me.

Our ambition to deliver a face to face advisory service to as many people as possible. We do not make judgement or set minimum criteria. All we simply do is to sit down and discuss yours and others concerns.

Please spread the word.

The levels and bases of taxation and reliefs from taxation can change at any time and are generally dependent on individual circumstances.

Why you need a Will

A Will is an important document, yet each year a significant number of individuals die without one in place. The failure to have a valid and/or up to date Will can have significant consequences for you and your loved ones. Your estate may not pass in the way that was intended or desired, with beneficiaries possibly missing out entirely because of the laws of intestacy.

Without a properly drafted Will in place, you and your beneficiaries may find that some and in extreme cases all, of your planning is undone on your death.

Please contact me if you would like to arrange a review of your Will or, if you need to put a Will in place.

Will writing and Lasting Powers of Attorney involve the referral to a service that is separate and distinct to those offered by St. James's Place. Wills, Lasting Powers of Attorney and Trusts are not regulated by the Financial Conduct Authority.

Intergenerational Wealth Management – to help protect and preserve

How you could beat Inheritance Tax in five easy moves

If you want your family to keep more of your estate when you die, then there are some simple ways to reduce the HMRC's take.

Despite the fact that more estates are paying Inheritance Tax (IHT), relatively few people understand the rules, and even those who do often forget or ignore ways to prevent their families paying over the odds. So, here's a reminder of some IHT-reducing strategies to think about before the end of the tax year.

1. Give to family members

One of the easiest, and potentially rewarding, ways to reduce a future IHT bill is to give some of your wealth away during your lifetime. You can give away up to £3,000 each tax year and not have to pay IHT on it. You can also make use of any unused gifting allowance from the previous tax year. So, a couple could potentially remove £12,000 from their joint estate before 5 April. Remember that, if not used, the previous year's allowance will be lost after that date.

The gifted money could be invested on behalf of a child or grandchild. For instance, you could contribute towards a child's Junior ISA, which could give them a head start and get them into the savings habit. The most that can be saved is subject to a £4,368 limit this tax year – an allowance that will be lost after 5 April 2020.

You could also think about using the money to boost a child's retirement prospects. You can pay £2,880 a year into a child's pension this tax year, and this will be grossed up to £3,600 by basic rate tax relief. Non-taxpayers cannot carry forward unused allowances.

2. Make gifts out of income

Those with sufficient surplus income may want to take account of the 'normal expenditure out of income' rule – if you make regular gifts out of income and in doing so don't affect your standard of living, they are exempt from IHT. This exemption is only limited by your personal resources and the amount of spare income available to give away.

Keeping a record of who you made the gifts to, their value and the date they were made, should speed up the process of any checks made by HMRC. You could also consider establishing a standing order (e.g. to provide funds to pay for grandchildren's school fees) as it supports the intent to make the gifts on a regular basis. If you can satisfy the conditions for the exemption, the gifts escape IHT as soon as they are made.

3. Place assets into trust

Assets that are placed into trust will be outside of your estate, provided you survive for seven years. So the use of trusts can potentially reduce an IHT bill. You can set up a trust right now or write one into your Will.* The rules are complicated, and there are anti-avoidance rules that must be navigated, so you should take advice from an expert.

4. Save more into your own pension

Saving into your own pension will avoid IHT at 40% which could be incurred were the same funds held elsewhere in your estate. This is because anything left in your pension can be paid as a lump sum or income to any beneficiary with absolutely no tax to pay if you die before the age of 75. If you are 75 or over when you die – and that is likely to be the case for many individuals – your heirs do pay Income Tax, but only when they take the money out. Even then, the tax is paid at their own marginal rate. So, maximising this year's annual pension saving allowance should be on your list of potentially worthwhile estate planning options.**

5. Review your Will

Who you leave money to in your Will might affect whether or not IHT is payable. For example, money or property left to a spouse or registered civil partner does not attract IHT. But if your estate passes to a child, then IHT at 40% will normally have to be paid on anything over the £325,000 nil-rate band.

This means couples often leave everything to each other. However, you could make provisions to ensure that your nil-rate band legacy is left to your children, via a trust for example, with the rest of your estate going to your spouse or civil partner. This could ensure assets are passed to children and other loved ones without attracting IHT.

The value of an investment with St. James's Place will be directly linked to the performance of the funds you select and the value can therefore go down as well as up. You may get back less than you invested.

The levels and bases of taxation, and reliefs from taxation, can change at any time. The value of any tax relief generally depends on individual circumstances.

* Will writing involves the referral to a service that is separate and distinct to those offered by St. James's Place. Wills and Trusts are not regulated by the Financial Conduct Authority.

** If you make a pension contribution while you are in serious ill health and don't survive to take your retirement benefits, there may be a tax charge to pay, as you may be deemed to have deliberately tried to avoid IHT. To reduce the possibility of a disagreement with HMRC, it is sensible to seek professional financial advice.

Financial protection against risk

An important component of the planning process is to consider financial protection against risk – to your health, life, assets and, if in business, your business partners and employees – to create a cushion against the unexpected.

A wealth manager can help you determine and establish both adequate levels of insurance and appropriate kinds of cover, to protect you and those who depend on you against all the most serious risks that you face. Consequently, whilst insurance may not be the most exciting area of financial services, it is one of the most important.

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