

### SUMMER NEWSLETTER | ISSUE 6

## Welcome to Issue 6 of my newsletter



Welcome to issue six of our Newsletter. I do hope that you are keeping safe and well in these unprecedented times. I am available to you, your family, friends or colleagues should there be any questions that need answering, I am very happy to help and support.

If you would like any further information on the topics discussed within this newsletter, please do contact us on the number below.

We hope you enjoy this edition and 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.

## COVID-19: Here to support you, your family and friends

When you live in volatile and uncertain times, should you put your long-term plans on hold?

Read or watch the news, and you'll encounter a world that's volatile, uncertain, complex and ambiguous. Glance at a stock market's performance over the course of a few weeks, and what stands out is probably not the general direction of travel, but the short-term see-sawing of prices – especially during a volatile period. Those characteristics can make the task of planning for you and your family's future feel all the more daunting.

The wide range of current challenges make the world highly unpredictable. In the context of saving and investing, the products and services we need to help us are similarly numerous and complex. Do you DIY invest, seek guidance, or look for professional financial advice? Do you know your ISAs from your pensions and unit trusts – and how do you choose? Where should you invest? In public or private markets? In equities, bonds, or property? And should you seek out active managers or passive funds?

The weight, number and nuance of such questions can make us yearn for simpler times – and bury our heads in the sand. Yet that will not help you secure a brighter future for you and your family. In times like these it's important to take action and speak to someone you trust. I am equipped to keep you focused on the horizon and work with you to help achieve your long-term financial goals.



As investors, it can be all too tempting to try to predict the future, or react to events as they happen. Yet the dangers inherent in such an approach are clear. On the one hand, your emotions can prevent you achieving your investment goals - even long-term investors can all too easily respond emotionally to short-term volatility; and make bad decisions as a result. On the other, events are unpredictable at the best of times, and perhaps especially just now. On top of all this, it's not always easy to sort the facts from the fake news. Whilst the exact route through the noise may not always be clear, the value of advice couldn't be higher at a time like this.

Please get in touch should you have any concerns or would like to discuss in more detail.

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.

## Qwill Messenger and Online Wealth Accounts

I am delighted to let you know that we are now using a dedicated messaging service called Qwill, which is a secure messaging system enabling the sending of documents and messages between us without using email.

We also have the ability to help you access your Online Wealth Account if you are not already registered, using a code which we can generate in the office.

For either of these services, please contact the office or email me to receive the access details. Tel: 01483 654135 Email: [Leon.alden@sjpp.co.uk](mailto:Leon.alden@sjpp.co.uk)

# New tax year checklist

Early use of the new tax year's allowances and exemptions could reap rewards over the longer term. Here are the key areas to think about.

The health of family and friends will be uppermost in people's minds right now. Consequently, the start of a new tax year may have passed relatively unnoticed. However, thinking longer term and beyond the immediate crisis, and making early use of the investing tax breaks available, offers the potential to put you in a better position when markets do eventually recover.

Given the pace and magnitude of recent events, the Budget already feels a very long time ago; but here's a rundown of the main tax exemptions and allowances and what has, or hasn't, changed for the new tax year.

## Personal pensions

Ahead of the Budget, there had been considerable speculation over possible changes to pensions tax relief, but nothing was forthcoming; the government perhaps deciding that, given the coronavirus storm, now was not the time.



Most people can still get tax relief on pension contributions worth up to £40,000 per tax year (or 100% of earnings, if less). This annual allowance is still reduced for some high earners, but the earnings threshold for this has risen, doubtless in response to pressure from NHS doctors, amongst others, who have faced large tax bills on extra pay.

Now the annual allowance will only begin to taper down for individuals who have an adjusted income above £240,000 rather than £150,000. Those with adjusted income under £240,000 will not be subject to the taper and will have a £40,000 annual allowance.

However, the minimum that the annual allowance can taper down to will now be £4,000, rather than £10,000.

Our privacy policy is available on our website which informs you how to opt out if you do not wish to receive any further marketing communications from us.

The lifetime allowance – the most you are allowed in your pension pot before triggering an extra tax charge – increased by £18,100 to £1,073,100 from 6 April.

## Capital Gains Tax

The Capital Gains Tax annual exempt amount for individuals has increased from £12,000 to £12,300. Effective and repeated use of your CGT exemption is a great way to transfer assets into ISAs or pensions to provide a shelter from any future tax liability on income or gains.

## ISAs



The most you can put into your ISA remains at £20,000 for the 2020/21 tax year. This includes Stocks & Shares and Cash ISAs. What has changed is that the prospects for Cash ISA savers have become even more bleak following the cuts in interest rates to the lowest level in history.

What's more, recent events make it probable that savings rates will remain low for many years to come. The current volatility in markets can be off-putting but investing in stocks and shares is likely to remain the best long-term option for ISA savers.

## Junior ISAs

One big surprise announced in last month's Budget was a more than doubling of the Junior ISA annual allowance to £9,000. Alongside pensions, Junior ISAs present a great opportunity to help give children a financial head start. Yet according to the latest available figures, 57% of Junior ISAs



are held in cash<sup>1</sup>: something parents should perhaps reconsider given the interest rate outlook.

## Inheritance Tax



The Inheritance Tax nil-rate band for 2020/21 remains at £325,000 and has now been frozen at that level for 11 years. The residence nil-rate band has increased to £175,000, as set out in previous legislation.

The government prudently put on hold plans to simplify the IHT regime, but it remains on the agenda. So now may be a good time to review making lifetime gifts before the tax rules are potentially 'simplified' into something less generous.

## Entrepreneurs' Relief

Although stopping short of scrapping it, Chancellor Sunak cut by 90% the tax break available when people sell their businesses. It means that, from April, business sellers will pay 10% on lifetime gains of up to £1 million, compared with the previous upper limit of £10 million. Standard Capital Gains Tax rates apply for gains above £1 million, which is 20% for higher rate taxpayers.

The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than the amount invested.

An investment in a Stocks and Shares ISA will not provide the same security of capital associated with a Cash ISA or a deposit with a bank or building society.

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

1HMRC, Individual Savings Account statistics, April 2019

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The title 'Partner Practice' is the marketing term used to describe St. James's Place representatives.