QUARTERLY ADVISER

QUARTER 2 2024

Investment Update & Market Outlook

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Welcome to this edition of The Quarterly Adviser

Against the backdrop of the ever-changing landscape of the UK economy, we believe it is more important than ever to keep our clients informed of market updates and discussion topics that keep maybe of relevance.

For more information on any of the topics covered in this edition of the Quarterly Adviser, please don't hesitate to get in touch with your Financial Adviser via the contact details on this page.

Scott Fyffe
WEALTH MANAGEMENT

Investment update

Index	Level 30 April	Level 31 May	Change*
S&P 500	5035	5277	+4.8%
FTSE 100	8144	8275	+1.6%
Euro Stoxx 600	504	518	+2.8%
Nikkei 225	38405	38488	+0.2%
Shanghai	3104	3086	-0.6%
US 10 Yr Treasury Yield	4.68%	4.51%	-0.17
UK 10 Yr Gilt Yield	4.36%	4.33%	-0.03
Bund 10 Yr	2.58%	2.65%	+0.07

*all returns in local currency terms

Overview

Equity and bond markets had a positive month, following the declines in April, with some markets attaining new all-time highs during the month and corporate bonds outperforming government bonds, which suggests some optimism from investors on the prospects for global economic growth.

This was despite a mixed picture on inflation trends in certain economies. However, all portfolios generated positive returns as a consequence. In the UK, headlines were stolen by the surprise announcement of an election in July, but the markets' muted reaction suggested investors were not overly concerned.

US

In dollar terms at least, the US main market more than recovered the losses seen in April, reaching a new all-time high before pulling back. The US economy continues to lead globally, even though GDP figures for the month were reported lower at 3.4%. This number showed that the economy is slowing down, but this in turn led markets to believe that a weaker economy gives room for the Federal Reserve (Fed) to cut interest rates.

This optimism was further buoyed by core inflation coming in at a lower than expected 3.4%, with the Fed's preferred measure, the Personal Consumption Expenditure index (PCE) being in line with expectations. The slower progress on attaining an inflation level of 2%, does suggest that we are likely to see rate cuts until at least September and this has also been suggested by members of the Fed themselves.

On the corporate front, technology giant Nvidia continued to surprise on the upside; reporting earnings ahead of estimates for the sixth consecutive quarter.

As a consequence, the technology sector was up over 10% on the month. Nvidia itself is now larger than the entire German stock market on its own and is the biggest single contributor to the S&P 500 this year, accounting for over 30% of the index' return according to UBS. Notwithstanding this, mid-cap company sector was up almost as much as the larger index and the small cap sector actually surpassed it, in an encouraging sign of a broadening of returns.

Europe

Eurozone data continued to improve, with the unemployment rate falling to 6.4% in April, after five months at 6.5%. This was below market forecasts that it would remain at 6.5%. The manufacturing sector has suffered with interest rates higher for longer, but the month's manufacturing Purchasing Managers Index (PMI) saw a marginal improvement, moving from 45.7 to 47.4.

A reading above 50 is positive, so although still in contraction territory, this is the highest reading in 15 months, which is positive. Core inflation surprised as it rose to 2.9%, which was ahead of market expectations of 2.8% and came after nine consecutive months of falling inflation. However, as anticipated, the European Central Bank announced a 0.25% interest rate cut after the month end, but with price pressures remaining, the path of interest rate cuts from here looks uncertain.

UK

Both the stock market and bond markets paid little attention to the announcement of a July election and the potential prospect of a Labour government, largely due to the lack of fiscal borrowing headroom to support unfinanced government spending. Instead, markets were more focused on the current economic backdrop and prospects for lower interest rates, which supported another high for the FTSE 100.

The annual inflation rate in the UK eased to 2.3% in April, compared to March's reading of 3.2%. Despite being slightly higher than market forecasts of 2.1%, this was still a three-year low for inflation and was largely due to the 12% reduction in regulator OFGEM's energy price cap feeding into the figures. Consumer confidence continued to improve, beating forecasts and reaching its highest level since December 2021.

However, the UK's PMI survey saw a slight pull back in May to 52.8, below the expected level of 54. This was due to a slowdown in services sector PMI as companies continued to adapt to higher interest rates.

Japan

Japanese equities traded sideways during May. GDP figures for the final quarter of 2023 were revised down and figures for the first quarter of this year came in at -0.5% (subject to revision).

There has been a shift in sentiment towards Japanese stocks, with May seeing money flow out of the market. Japan's Ministry of Finance confirmed it defended the currency against further weakening at the end of April, buying yen to the tune of $62bn, however the yen remains weak against the US dollar.

Asia and Emerging Markets

In China, the stock market initially responded favourably to the central bank announcing a series of measures to prop up the country's ailing property sector.

These included a 300 billion yuan relending facility established by the bank to help local state-owned enterprises purchase completed but unsold buildings and convert them into affordable housing. However, the market now seems to have shrugged off the aid as inadequate and expects more funding to be required by the end of the year, so the main market ended up in negative territory over the month as a result.

Results elsewhere in Asia were mixed. Taiwan benefitted from its exposure to the silicon chip led technology sector, whilst Korea's similar exposure failed to prevent a decline.

In emerging markets, elections have been dominating the headlines, as South Africa, Mexico and India all headed to the polls. The final results were all announced after the month end. Mexico elected its first female president with a large majority, suggesting policy continuity, while in India Narendra Modi failed to win the forecast landslide and his BJP party lost its outright parliamentary majority.

In South Africa, the nation's largest party, the ANC, suffered an even greater fall in popularity than expected and will need to form a coalition with a minority party.

Outlook

Whilst we are clearly now in a period where major central banks are lowering rates, the visibility of cuts and their timing still leads to some caution on the duration (sensitivity to interest rates) front in fixed interest, with this having been reduced within model portfolios in May, in favour of equity exposure. Having performed well, Europe and Japan have been reduced to a more neutral level. Inflation data will continue to dominate both central bankers and investors' minds alike, as it will ultimately be the trigger for any action on the rates front. The liquidity environment in the US remains favourable, with Quantitative Tightening being tempered and is likely to remain supportive as we head into the Presidential election there.

In our next update, we will know the outcome of the UK general election. However, as previously mentioned, markets seem little troubled by the potential for a change in government – the Labour party seeming to have learnt from Mrs Truss' experience of attempting to enact unfunded spending plans, which didn't end well for her.

Rockhold Asset Management, with contribution from Alpha Beta Partners, Marlborough and LGT, June 2024.

Maximising your Allowances every tax year

Introduction

In the context of UK taxes, allowances refer to specific amounts of income that are not subject to taxation or are subject to reduced tax rates.

Whether you're aiming to enhance your savings, reduce your tax liability, or make the most of investment opportunities, this comprehensive guide is your key to understanding the intricate landscape of UK tax allowances.

From Individual Savings Accounts (ISAs) to pension contributions, capital gains and more, we will explore the range of allowances at your disposal. Discover how to harness these financial tools effectively, align them with your personal goals, and secure your financial future.

No matter if you're a seasoned investor, a small business owner, or you're simply looking to maximise your hard-earned income, by becoming well-versed in the allowances available to you and learning how to navigate the regulations effectively, you'll be better equipped to make informed decisions that align with your financial goals.

Personal Allowance

The personal allowance is a specific amount of income that an individual can earn in a tax year before they are required to pay income tax. It is one of the most fundamental and important elements of the UK's income tax system.

The personal allowance for the tax year 2024/25 is £12,570. This means that you can earn up to £12,570 and not pay any income tax. Anything over this amount you will pay tax on at a rate determined by your annual income.

If you're earning or receiving over £100,000 per year, your personal allowance decreases by £1 for every £2 that your net income is over £100,000.

Once you reach £125,140 per year, your personal allowance is zero and you're taxed on the full amount.

If you live in England, Wales or Northern Ireland, any amount that you earn which exceeds the personal allowance will be subject to taxation at the following rates.

Rate	Income range
20% basic rate	£12,571 – £50,270
40% higher rate	£50,271 - £125,140
45% additional rate	£125,140+

If you live in Scotland, any amount that you earn which exceeds the personal allowance will be subject to taxation at the following rates.

Rate	Income range
19% Starter rate on taxable income up to	£2,162
20% basic rate on next slice up to	£13,118
21% Intermediate rate on next slice up to	£31,092
42% higher rate on next slice up to	£125,140
47% top rate on income over	£125,140

If you're near the higher or additional rate threshold, consider making pension contributions or utilising other tax-efficient investments to bring your taxable income down and potentially avoid paying the higher band of tax.

Personal Savings Allowance

The Personal Savings Allowance (PSA) is a tax allowance that allows individuals to earn a certain amount of interest on their savings without having to pay tax on it. This allowance was introduced to simplify the taxation of savings income and to provide some tax relief to individuals with modest savings.

Under this allowance, you can earn a certain amount of interest from your savings without paying any tax on it. For the 2024/25 tax year the allowance is as follows:

Basic Rate taxpayers: £1,000 of tax-free savings interest.

Higher Rate taxpayers: £500 of tax-free savings interest.

Additional Rate taxpayers: No PSA; all savings interest is subject to tax.

Individual Savings Account (ISA) Allowance

An ISA is a tax-advantaged savings and investment account. ISAs represent a strategic channel whilst paying no income, dividend or capital gains tax on the money you earn from an ISA.

For the 2024/25 tax year you're able to save £20,000 within ISAs tax-free.

ISAs allow individuals to channel their financial resources into diverse avenues, ranging from cash deposits to investment portfolios, whilst shielding the accrued gains from taxation.

ISAs come in several different types, each catering to various financial goals and risk appetites.

Cash ISA: A Cash ISA is essentially a tax-free savings account. Interest earned on the money you save in a Cash ISA is not subject to income tax. It's a low-risk option suitable for those who want to preserve their capital whilst earning interest.

Stocks and Shares ISA: This type of ISA allows you to invest in a wide range of assets, including stocks and shares (equities) and bonds amongst other investments.

Any dividends or capital gains earned within a Stocks and Shares ISA are exempt from tax.

Stocks and Shares (or investment) ISAs do not offer the same level of capital security as cash ISAs. Investments carry risk and you may not get back the full amount that you initially invested.

Innovative Finance ISA: This type of ISA is designed for peer-to-peer lending platforms or other alternative finance investments.

It allows you to invest in loans or debt-based securities and receive tax-free interest on returns. It is important to note that IFISAs could be considered higher risk and they do not have any protection from the Financial Services Compensation Scheme (FSCS).

Lifetime ISA (LISA): A LISA is designed for long-term savings, specifically for purchasing your first home or saving for retirement.

Currently, you can contribute up to £4,000 per year into a LISA although this counts towards your annual overall £20,000 ISA allowance.

The government adds a 25% bonus to your LISA contributions each year up to a maximum of £1,000. You can open a LISA from the age of 18 and you must make your first payment into it before you reach 40.

When you reach the age of 50, you're no longer able to pay into a LISA and the government's additional 25% will stop. Your LISA will remain open and your savings will continue to earn interest. When it comes to withdrawing money from a LISA, you will incur a 25% withdrawal charge unless you're:

- Buying your first home (under a total of £450,000)
- Aged 60+
- Terminally ill with less than 12 months to live

Junior ISA (JISA): A Junior ISA is intended for parents or guardians to save tax-free for their children. It operates similarly to a Stocks and Shares ISA or a Cash ISA, but with an annual contribution limit of £9,000 for the tax year 2024/25.

It is important to note that the funds belong to the child who take control of the ISA at age 16. They cannot access the money until they are aged 18.

Help is at hand

There is no right or wrong way to use your ISA entitlement, but what is important is that you seek financial advice in order to determine your risk appetite.

Equity investments do not afford the same capital security as deposit accounts. Your capital is at risk. The value of your investment (and any income from them) can go down as well as up and you may not get back the full amount you invested. Investments should be considered over the longer term and should fit in with your overall attitude to risk and financial circumstances.

Pension Contributions

Contributing to a pension scheme is a tax-efficient way to save for retirement. Contributions to pensions receive tax relief, meaning you could get back the income tax you've paid on those contributions, up to certain limits. Pensions cannot be accessed until the age of 55, 57 from 2028 and will increase in line with state retirement age.

The annual pension contribution allowance was increased in the 2024/25 tax year to £60,000, or up to 100% of your annual earnings if this is lower than £60,000.

You may be able to use the pension carry forward allowance to contribute more into your pension. This allowance allows individuals to carry forward any unused pension contribution allowance from the previous three tax years and use it in the current tax year, in addition to the standard annual allowance for pension contributions.

For example, in the 2022/23 tax year, the annual pension allowance was £40,000 but if you only contributed £25,000 that tax year then you can carry forward £15,000 to contribute to the 2024/25 tax year (Subject to income levels.)

The carry forward allowance can be complicated, and it is strongly recommended that you consult with a Financial Adviser to help you calculate how much you have remaining and if you need to declare anything to HMRC. The pension carry forward allowance can be useful for business owners or those who are self-employed and have irregular income.

CGT is a tax levied on the profits from the sale or disposal of certain types of assets that have appreciated in value. The tax is typically applied to the difference between the sale price of the asset and its original purchase price, often referred to as the "capital gain."

The CGT allowance for the 2024/25 tax year is £3,000, this is a 50% reduction from the 2023/24 threshold of £6,000. This means that if you dispose or sell any assets such as stocks and shares, you won’t be taxed on the profits if they're below £3,000. This is a substantial reduction from the £12,300 it was in 2022/23.

You cannot carry over any unused capital gains tax allowance to the next tax year, so if you’re planning to sell your assets, it may be worth considering doing so before the changes come into effect in the following tax year. A Financial Adviser will be able to help you maximise your CGT allowance, whilst offering advice on how to make the most of your assets.

Remember, with any form of investing your money is at risk and there is a chance you could get back less than you originally invested.

Dividend Allowance

The dividend allowance is a specific tax allowance that allows individuals to receive a certain amount of dividend income without having to pay tax on it. It was introduced in April 2016 as a part of changes to the UK's dividend taxation system.

The dividend allowance is £500 for the 2024/25 tax year. This means that anyone who receives over this amount in dividend income, will be liable to pay dividends tax at the relevant rate of their earnings.

Rate	Income range	Dividend tax rate
20% basic rate	£12,571 – £50,270	8.75%
40% higher rate	£50,271 - £125,140	33.75%
45% additional rate	£125,140+	39.35%

Married Couples Allowance (MCA)

If one or both of a couple are born before 6th April 1935, they will be eligible for married couple's allowance.

For marriages before 5th December 2005, the husband's income is used to work out the allowance, for marriage and civil partnerships after this date, the income is based off the highest earner.

MCA can be transferred between individuals or shared, depending on what arrangement provides the best tax reduction. If your income goes above £34,600 for 2024/25 then MCA is reduced, but it cannot reduce below the minimum allowance of £4,010 for 2024/25.

Marriage allowance

If you're too young to be eligible for MCA, you may be able to benefit from marriage allowance.

If you're married or in a civil partnership, you can transfer up to £1,260 of your personal allowance to your partner. This transfer reduces a partner's tax by up to £252 in the 2024/25 tax year.

Marriage allowance does come with conditions. You're eligible for marriage allowance if:

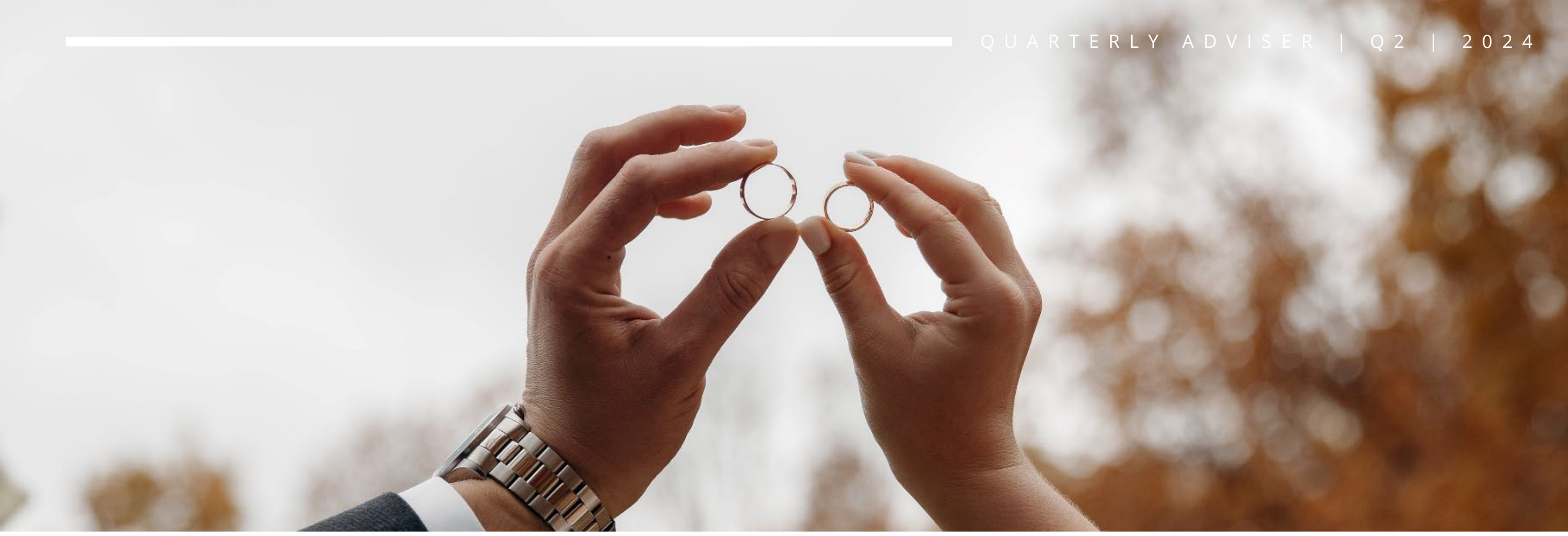
- You're married, or in a civil partnership and are not in receipt of married couple's allowance.
- You do not pay income tax or you earn less than your personal allowance so you're not liable to tax.
- Your partner pays tax on their income at the basic rate so is not liable to tax at the higher or additional rates. This will usually mean that your partner has an income between £12,571 and £50,270 before they receive the marriage allowance. For Scottish residents, your partner must pay the starter, basic or intermediate rate, which usually means that their income is between £12,571 and £43,662.

Marriage Allowance means the partner who earns more will get £1,260 added to their basic Personal Allowance. Of the amount of money transferred to a partner as part of Marriage Allowance, 20% is given as a reduction in their tax bill.

Inheritance Tax (IHT) Gifts Allowance

IHT is a tax that is levied on the value of a person's estate when they pass away. The estate includes all their assets, property, money and possessions.

There is also a provision for taxing certain gifts made during a person's lifetime. One important aspect of IHT is the "gift allowance," which refers to the value of gifts that can be given tax-free, both during a person's lifetime and upon their death.



Annual Exemption: You can give away gifts' worth up to £3,000 in total each tax year without them being added to the value of your estate for inheritance tax purposes. This is known as the annual exemption.

Small Gifts Exemption: You can give small gifts of up to £250 to as many people as you like in any one tax year. These gifts are in addition to the annual exemption and won't be included in the value of your estate.

Gifts from Surplus Income: You can give away gifts from your normal income, as long as it doesn't affect your standard of living. These gifts are exempt from inheritance tax.

Wedding or Civil Partnership Gifts: There are specific exemptions for gifts given in consideration of marriage or civil partnership. The exemption limits vary based on the relationship to the recipient:

- Parents can gift up to £5,000
- Grandparents and great-grandparents can gift up to £2,500
- Anyone else can gift up to £1,000

Potentially Exempt Transfers (PETs): If you give away more than the annual exemption, the gift might be considered a potentially exempt transfer.

If you live for seven years after making the gift, it's generally not counted towards your estate for inheritance tax purposes. If you pass away within the seven years, there might be tax implications depending on the value of the gift and the time elapsed.

Gifts to Spouse or Civil Partner: Gifts to your spouse or civil partner are usually exempt from inheritance tax.

Charitable Gifts: Gifts to charities and some other exempt institutions are generally free from inheritance tax.

You can carry any unused annual exemption forward to the next tax year - but only for one tax year.

Start each tax year on the front foot...

The UK tax year ends on April 5th each year. Using the available allowances before the tax year end can lead to tax savings, increased savings and investments and overall improved financial well-being. However, tax rules and regulations are subject to change each tax year and their value depends on the individual circumstances of the investor.

It's always recommended to consult with a Financial Adviser or tax professional to ensure you're making the best decisions for your specific situation.

Death & Taxes: The Two Certainties of Life

Death and taxes are often described as the only two certainties in life, as gloomy as it may sound making plans around Inheritance tax (IHT) involves discussions around these two certainties at the same time.

Although this can often be a complicated scenario, there are plenty of ways to reduce or remove IHT altogether. It is important to remember that the sooner you plan for this scenario, the more likely you are to be in a better position later in life.

This guide is designed to provide useful information on IHT and demonstrate some of the steps you can take to help reduce or remove the IHT, meaning you can pass on more to your loved ones.

As always, your financial adviser can help explain the concepts illustrated in this document and can help you and the important people in your life, begin to plan for the future.

First, you need to work out if you will need to pay IHT by calculating the value of the assets that you own. The key below gives an idea on the items you will need to consider as part of this.

Assets

Life insurance (where not held in trust).

Cash

Investments

Trust Investments of which you are a life tenant, established following the death of another person.

Other Properties

Your Home

Possessions

There are some assets you won't need to include in the calculation, for example certain investments in small companies (unlisted companies or those listed on the alternative investment market). You can also deduct any debts including mortgages from the value.

Once you have worked out the value of your estate (assets less liabilities), you can subtract the current IHT thresholds.

The current IHT threshold stands at £325,000 per person and has been frozen until at least April 2028. You normally won't pay inheritance tax on anything under £325,000*, known as the nil rate band.

Under normal circumstances, you will pay IHT at a rate of 40% on the value or your estate over this amount.

There is also an additional allowance the Residence Nil Rate Band' (RNRB) that maybe available, if you pass on your family home to a direct descendant which is currently set at £175,000. For any joint assets, just include your share.

The RNRB will gradually reduce, or taper away, for an estate worth more than £2 million, even if a home is left to direct descendants. This will reduce by £1 for every £2 that the estate is worth more than the £2 million taper threshold.

If you are married, you can combine your thresholds if your spouse will inherit all your assets on your death. Similarly, if you've been widowed in the past, you may be able to claim the IHT thresholds which were unused by your late spouse.

Best Practice Foundations

Before you start to reduce any potential IHT bill, you should ensure you have the right foundations in place.

Prioritise your own security

You should think of your own needs first and make sure you strike a balance between making sure you have enough money to live on and paying less tax.

Things to consider would include:

- What you'll need throughout your lifetime.
- What your partner will need if you die before them.
- Inflation – rising prices can eat away at the value of your savings
- The possibility and costs of long-term care.

Making a will

A will is the foundation of any IHT planning and is legally binding. Writing a will means choosing who will benefit when the time comes, as well as how and when.

If you don't write a valid will, your estate will be subject to the laws of intestacy, which will determine who benefits and this may differ from your wishes.

Selecting an attorney

Making and registering a Lasting Power of Attorney (LPA) to carry out your wishes during your lifetime can help if you become unable to manage your own affairs later in life. This needs to be in place before you lose the capacity to make your own decisions.

There are two types of LPA. One covers financial matters including property, and the other covers health and welfare decisions. Completing an LPA doesn't mean someone will immediately control your life, they must act with your best interests in mind. An LPA can only come into effect when you specify or when capacity is lost.

The benefit is you can choose who can act for you if the time comes. If you don't appoint an Attorney, your relatives will have to apply to the Court of Protection if you lose the ability to make your own decisions. This can be a slow and expensive process. You wouldn't be able to select your own Attorney in this instance or specify how you'd like your affairs to be managed. The Court would appoint an Attorney for you, and this might not be someone you would have chosen otherwise.

The Financial Conduct Authority does not regulate Will writing or Legal Powers of Attorneys.

Reducing your IHT bill

There are various ways in which you can reduce your IHT bill, with varying degrees of complexity and risk.

Spending

Spending your money will reduce the value of your estate and the amount of IHT you need to pay.

If you are considering IHT planning, it may be an opportunity to spend some of your hard-earned money on things you enjoy, like holidays, eating out etc. However, if you buy expensive items, e.g., cars, watches, art etc. these will be assets that remain in your estate.

It is unlikely spending will make much impact on your IHT bill unless you make a significant change to your lifestyle, and this brings with it, risks around having enough money to live on for the rest of your life.

Gifting

Gifting during your lifetime can significantly reduce your loved ones IHT bill. Below we explore the types of gifts, in what context they are applicable and the tax implications they may incur.

Exempt gifts Marriage

Married couples can transfer any assets between themselves during their lifetime or on death.

Annual exemptions

Each tax year you can gift a total up to £3,000 to one person or it can be split between several people. If you didn't make any gifts one year, you can roll this over to the next year but can only do this once.

Small gifts

You can gift up to £250 to anyone each tax year, as long as you haven't made any other gifts to the same person in the same year.

From income

If you have extra income (after tax) that you don't need, you can make regular gifts.

For a wedding

You can give your children up to £5,000 and grandchildren or great-grandchildren up to £2,500 when they get married. You can give anyone else up to £1,000.

Charities or political parties

Any donations to these organisations or in your will, are IHT free. If you leave at least 10% of your net estate to charity in your will, the rate of IHT reduces to 36%.

Potentially exempt gifts

Outright gifts that don't fall into one of the exemptions listed will usually be IHT free if you live for seven years or more after making the gift. There is usually no limit to the value of these gifts.

If you don't live for seven years after making the gift, any amount exceeding the £325,000 threshold will be taxed. The tax due is calculated on a sliding scale based on the time between the gift and death. This is known as taper relief and the table below sets out how this works.

TIME BETWEEN GIFT AND DEATH	IHT RATE
Less than 3 years	40%
3-4 years	32%
4-5 years	24%
5-6 years	16%
6-7 years	8%
More than 7 years	0%

The total amount of potentially exempt gifts in the seven years before death falling within the tax-free threshold will reduce it accordingly.

Chargeable gifts

A chargeable gift is one that doesn't fall into the above categories, so it may be charged to IHT immediately.

Gifts to a discretionary trust are the most common example. A charge is usually made if the total value of gifts made in a seven-year period exceeds the £325,000 threshold.

Record keeping

It is important to maintain accurate records to evidence the gifts made.

However, remember your annual exemption!

Where the total value of all gifts you give or receive is no more than £3,000 in a single tax year, you don't need to keep a note of them, although it is still best practice to do so. You can also carry over part or all of your annual IHT exemption into the next year, but no further than that.

Investing

Some investments offer IHT savings, however these tend to be higher risk and therefore come with the potential for significant capital loss.

One of the simplest things you can do to help your beneficiaries with any inheritance tax liability, is to put a **life insurance policy** in place to provide the funds to pay this after your death.

Business relief (BR)

Shares in certain companies qualify for 100% relief from IHT, meaning there is no IHT to pay on them, however you must have held the shares for at least two years prior to your death to qualify.

Provided that it qualifies, you could pass on a family company, business, unquoted shares or AIM-listed shares on your death, without being subject to an IHT charge. There's no limit on the amount you can transfer.
All investments can go down as well as up, but investment in BR products can be more volatile and riskier than investing in larger companies and there is a greater risk of getting back less than you invested.

It is important to obtain financial advice before entering into these types of arrangements. They are not suitable for the majority of investments and come with significant investment risk.

Investing for children

Investing on behalf of children and grandchildren is a way to give them a great start in life as well as forming part of your IHT planning. Adding money into any of these accounts will help save IHT if it is immediately exempt, or you survive seven years from the date of a potentially exempt gift.

Junior ISAs

You can invest up to £9,000 each year in a tax-efficient account for children under 18. You can invest in either a Cash Junior ISA or Stocks and Shares Junior ISA. The account is free from UK income and capital gains tax. The child can access the money from their 18th birthday.

Junior pensions

You can invest up to £2,880 into a pension each year for a child and receive 20% tax relief, bringing the total up to £3,600.

This can grow free of UK tax and will only be accessible from age 55 (57 from 2028) or possibly later if the rules on pension access change in the future.

The Financial Conduct Authority does not regulate Truss or Tax Planning. The value of tax reliefs depends on your individual circumstances and may change in the future.

Life insurance

Normally, you would look at this option, once you have exhausted the other means of reducing or removing any liability, and therefore provider cover based on the estimated outstanding amount or tax to pay.

For a single person this would be a single life policy and for a couple who are married or in a civil partnership and plan to leave everything to each other on first death, this would be a joint life second death whole of life policy. In both instances it would be written in trust for the benefit of those who will eventually inherit the estate.

A whole of life policy is designed to remain in force until the death of the people who are insured, whenever that pay be, and pay out the sum assured of the policy at that point in time.

There are different options for whole of life policies, including those with reviewable premiums and the ability to include an investment element.

The more commonly used options will be a policy with guaranteed premiums, as this will provide you with certainty over the cost of the policy over time.

The premiums for the policy may be quite high depending on the level of cover you require. Depending on the cost, it may not be possible to cover the full liability and depending on your circumstances and other planning you have in place, your estate may increase in value over time leaving a shortfall in cover.

The cost of the premiums will reduce the value of your estate, but their treatment may depend on your circumstances.

If you are able to pay them out of your normal income, then they would sit within your normal expenditure allowance. If you fund the premiums from capital, you can either use your annual gifting allowance, or they would be classed as either a potentially exempt transfer or chargeable lifetime transfer, depending on the type of trust arranged.

For pure life insurance contracts premium paid is for the cover itself and rarely has any cash in value.

Trusts and pensions

Trusts can be used to help you save tax and keep control of your assets. You pick the trustees (which can include yourself) who will make decisions like when, and to who, the trust is distributed. You can make gifts into a trust, which are held there until the trustee decides it's time for someone to receive them. The benefit of doing this is so that you can stay in control.

The most commonly used trusts are Discretionary trusts and Bare trusts. Bare trusts (also known as absolute trusts) are the simplest type and are usually set up for a child with one or two adults acting as trustees. The beneficiaries are nominated at outset and cannot be changed. Once they reach 18 (or 16 in Scotland) they are entitled to the trust assets.

With a Discretionary trust, you, or the people you've appointed as trustees, are in control of the money until it is handed over. You can choose who benefits, when and by how much and the money is normally protected from divorce and bankruptcy.

With any trust, the trustees decide where to invest the money and normally any growth or interest will sit outside your estate so you can't benefit from it. The seven-year time frame mentioned elsewhere in this guide starts from the point the money is paid into the trust.

Two other trusts which are commonly used as part of IHT planning are Discounted Gift trusts and Loan trusts.

Discounted trust

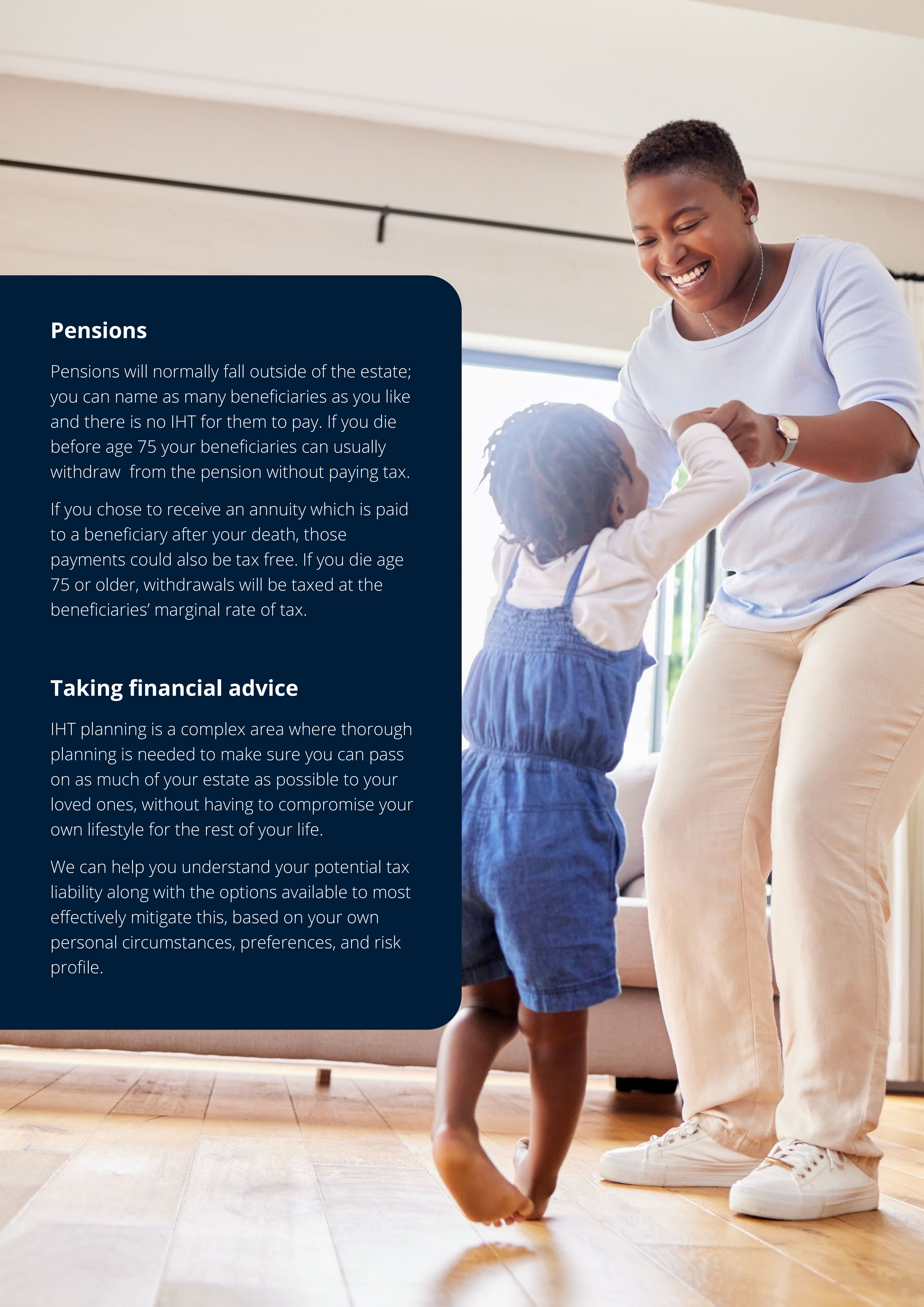
A Discounted Gift trust provides an immediate IHT saving along with a regular income.

1. A gift is made into the trust, usually of £100,000 or more
2. The gift is split into two parts
3. The first part is treated as a gift and will fall out of the estate after 7 years
4. The second part (the discount) is used to provide income to the investor for life, and is immediately tax free
5. The amount of the discount is based on the age and health of the investor
6. The longer you're expected to live, the greater the discount and the larger the immediate IHT saving

Loan trust

A Loan trust slows down the growth of the value of an estate and the amount of IHT.

1. You loan money to a trust, which is invested
2. As it is a loan, you can get full or partial repayment at any time
3. The outstanding loan amount is always part of your estate
4. But any growth sits outside and is IHT free
5. The loan is set up interest free and regular payments can be made



Pensions

Pensions will normally fall outside of the estate; you can name as many beneficiaries as you like and there is no IHT for them to pay. If you die before age 75 your beneficiaries can usually withdraw from the pension without paying tax.

If you chose to receive an annuity which is paid to a beneficiary after your death, those payments could also be tax free. If you die age 75 or older, withdrawals will be taxed at the beneficiaries' marginal rate of tax.

Taking financial advice

IHT planning is a complex area where thorough planning is needed to make sure you can pass on as much of your estate as possible to your loved ones, without having to compromise your own lifestyle for the rest of your life.

We can help you understand your potential tax liability along with the options available to most effectively mitigate this, based on your own personal circumstances, preferences, and risk profile.

The top 5 ways we will help you achieve financial freedom.

From our point of view, one of the most important goals in our partnership with you is to help you achieve financial freedom. This means helping you develop a plan that allows you to achieve your financial goals, whether that means retiring early, traveling the world, or starting a business.

But how will we do it?

1: Develop a comprehensive financial plan:

The first step in helping you achieve financial freedom is to develop a comprehensive financial plan. This includes understanding your current financial situation, setting realistic goals, and developing a plan to achieve those goals. This plan will consider your income, expenses, assets, and liabilities, as well as your risk tolerance and investment preferences.

2: Create a diversified investment portfolio:

Once we have developed a financial plan with you, the next step will be to create a diversified investment portfolio that aligns with your goals and risk tolerance. This may include a mix of stocks, bonds, mutual funds, and other investment vehicles. Of course, It's important to regularly review and rebalance the portfolio to ensure it stays on track and ensure that our strategy aligns with your changes in lifestyle and circumstances.

3: Encourage regular saving and investing:

Consistent saving and investing is key to achieving financial freedom. Together we can ensure that you are optimally saving and investing by setting up automatic contributions to retirement accounts or other investment vehicles.

4: Minimise taxes and fees:

Taxes and fees can eat into investment returns, so it's important to help minimise these costs wherever possible. This may include investing in tax-advantaged accounts, using low-cost index funds, and negotiating lower fees with investment providers.

5: Provide ongoing guidance and support:

Finally, it's important for you to feel as though receive the ongoing guidance and support that you feel you need. This may include regular check-ins to review progress towards financial goals, providing education on financial topics, and adjusting investment strategies as needed.

Here when you need us

Your financial adviser will help build the foundations for a robust financial plan that will adapt to your changing circumstances, ensuring you stay on track towards your long-term goals while effectively managing short-term needs.

The importance of regular reviews

In the world of financial planning, consistency and adaptability are key to achieving your financial goals. Whilst annual reviews serve as a structured touchpoint and ensure that you maintain regular contact with your Financial Adviser, the dynamic nature of personal finance and global economic shifts necessitates more frequent interactions.

Here are some of the key reasons why it’s important to keep in regular contact with your Adviser and how the team can keep you feeling supported through your financial journey.

Life Happens Fast

Life is unpredictable and ever-changing. From sudden windfalls to unexpected expenses, significant life events can occur at any moment and our goal at Lync wealth is to ensure that you can book in a meeting when a situation arises, good or bad, allowing you to address these changes promptly and ensuring that your financial plan remains relevant and effective.

Financial Markets Are Dynamic

The global financial landscape is in a constant state of flux. Economic events, policy changes or market volatility can impact your investments and financial goals. Regular discussions with your Financial Adviser ensures that your portfolio is agile, responsive and aligned with current market conditions.

Tailored Advice for Unique Circumstances

Annual reviews provide a broad overview that allows you and your adviser to delve deeper into specific concerns or opportunities.

Whether you're considering a significant purchase like a second home, contemplating a career change, or navigating tax efficient saving strategies, these targeted discussions offer guidance tailored to your unique situation.

Reinforces Accountability

Regular check-ins foster accountability. Knowing that you have periodic meetings encourages proactive financial behaviour. It keeps your financial goals at the forefront, motivating you to stay on track and make informed decisions.

Adjustments for Legislative Changes

Tax laws, maximum allowances and other financial legislations are subject to change. Ad-hoc meetings ensure that you're informed about these shifts and can adjust your strategy accordingly, maximising benefits and mitigating potential pitfalls.

Proactive Problem-Solving

Addressing potential issues before they escalate is always preferable. Regular meetings allow for early identification of challenges, be it in your investment strategy, retirement planning, or estate management. Proactive solutions can then be devised, ensuring smoother financial navigation.

In a world where change is the only constant, these additional consultations empower you to navigate challenges, seize opportunities and stay aligned with your financial aspirations.

Understanding your digital legacy

A digital legacy encompasses the digital information that remains about someone following their death, which is often shaped by the interactions they made and the information they created before passing away.

This includes social media profiles, online conversations, photos, videos, gaming profiles and personal websites or blogs. Additionally, a person's digital legacy can be influenced by content created or co-created by others, such as interactions on someone else's social media wall or posts about the person on external websites.

The Components of a Digital Legacy

Annual reviews provide a broad overview that allows you and your adviser to delve deeper into specific concerns or opportunities.

Social media and Online Conversations: These are perhaps the most visible parts of a digital legacy. They include all the posts, comments, photos and videos a person has shared on platforms like Facebook, TikTok, Instagram and X (formally known as Twitter).

Digital Assets: This category includes email accounts, online banking information, cryptocurrency, online trading accounts, streaming services and more. Digital assets can hold both sentimental and monetary value, making their management crucial, especially in the age of paperless bank/insurance statements and online money management.

User-Generated Content: Beyond social media, digital legacies are also composed of user reviews, blog posts, uploaded media and gaming profiles. These elements reflect the interests and activities of the individual.

Online Interactions by others: A person's digital legacy is not solely defined by their actions but also by how others interact with them online. This can include comments on social media, mentions in blogs, or articles about them on external sites.

Importance of Planning a Digital Legacy

The online world has developed significantly over the past 15 years or so, but the rules and policies behind it have not kept up with this fast pace. There is currently no overriding general legal right for family members to be able to access the digital accounts of someone who has passed away.

However, some platforms, such as Facebook and Apple iCloud, are starting to develop legacy policies so that someone can request access to an account upon the death of the owner or post on the deceased's behalf.

Advanced planning ensures that digital accounts and assets are accessible to the right people at the right time, preventing them from being locked behind passwords indefinitely. Planning a digital legacy allows individuals to control who can access their digital accounts and assets upon death or incapacitation, making it a critical component of overall legacy planning.

Here when you want us

Our goal is to make contact with your Financial Adviser as flexible and convenient as possible and in a format that suits you. Whether that's online, face to face, over email or phone, we want you to trust that your financial partner is here when you need them.

Your capital is at risk. The value of your investment (and any income from them) can go down as well as up and you may not get back the full amount you invested. The Financial Conduct Authority does not regulate Estate Planning.

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