

Viewpoint



Investment advice - that's a relief!

A handy guide to tax
allowances and reliefs.

Pension death benefits

Who gets your pension savings
if you die?

Take control of your investments

The features and benefits of an
online Platform.

Investment advice – what a relief!

Every client we meet has a unique and varied range of financial planning needs, so it's important to establish priorities as the first step towards creating a meaningful and relevant financial plan.

When it comes to investment planning, one such priority is making sure you're in a position to maximise the tax reliefs and allowances that are available. Here's a useful summary:



To find out more about how we can plan a tax efficient investment strategy please get in touch.

This information is based on our current understanding of the rules for the 2017-18 tax year.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

The value of investments and any income from them can go down as well as up and you may not get back the original amount invested.



Pay no tax on the first **£5,000** of dividend income from your investments (This allowance reduces to £2,000 in the 2018/19 tax year)



Review your potential Inheritance Tax liability with the introduction of the Residence Nil Rate Band



Consider whether you could take advantage of the tax efficiencies available from investing in an Enterprise Investment Scheme or Venture Capital Trust. Please note these are specialist investment options that carry higher risk and not suitable for all investors



Earn up to **£1,000** interest on your personal savings tax free, higher rate taxpayers will be able to earn up to £500



Invest up to £3,600 or 100% of UK relevant earnings, whichever is the greater, up to a maximum of **£40,000** in your pension every tax year and receive tax relief on those contributions



Make the most of your ISA allowance every year and invest up to **£20,000** (in 2017/18)



Make the most of your **£11,300** Capital Gains Tax CGT allowance when selling an asset or investment that has increased in value. Transfer between spouses is currently exempt from CGT. By gifting assets to your spouse or Civil Partner you effectively double your allowance

Pension death benefits

There's a range of options when it comes to deciding how to fund retirement, but few of us stop to think about what might happen to pension savings in the event of death.



Please contact me if you'd like to discuss the rules and explore whether and how you and your loved ones could benefit from them.

Alongside the more familiar changes to retirement choices that happened back in 2015, 'Pension Freedoms' heralded significant changes in how pension death benefits are taxed; bringing with them new inheritance-planning opportunities.

Passing on wealth

Since April 2015 it has been possible for the plan holder to pass their pension on to any nominee(s) through something called Nominee Flexi-Access Drawdown. Further, when the nominee dies, a successor - or successors - can also inherit a drawdown pension through a Successor Flexi-Access Drawdown.

In turn, each nominee or successor can pass the assets on to other nominees or successors, retaining the tax efficiency of the plan through multiple generations.

The key benefit lies in retaining the assets within a pension wrapper: in this way they fall outside of the plan holder's estate for Inheritance Tax (IHT) purposes. As long as they remain within the wrapper they stay tax efficient in most cases until they're needed by the nominee or successor.

If the plan holder - or a nominee or a successor - dies before the age of 75, not only are the assets passed on free of IHT, but the drawdowns are paid out free of income tax. If they die after the age of 75, the assets are still excluded from the estate for IHT purposes, but any lump sums or income drawdowns are treated as income and are subject to the beneficiaries' own marginal rate of tax (ie. taking into account other sources of income).

How might your dependents benefit?

The example given below is a simplified illustration and only a guide to what might be achieved with careful financial planning.

However, it's important to note that most of the existing pension plans were set up before the new regulations came into force and may not have the flexibility to establish Nominee or Successor Flexi-Access Drawdown accounts.

Instead, the pension provider will pay out the full value of the fund in cash on the death of the plan holder. In that situation, the assets count towards the total estate for IHT purposes.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

The pension family tree

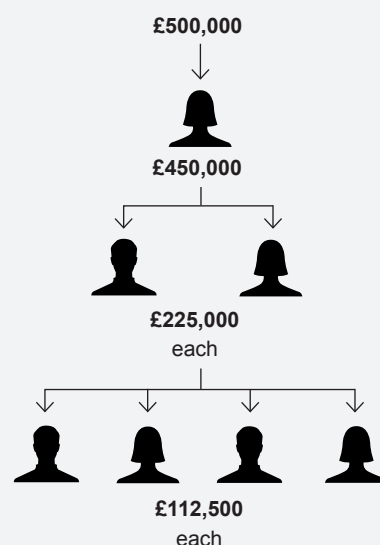
A family comprises a husband and wife, their two children who in turn have two children each (four grandchildren in total).

The husband dies aged 76 with £500,000 remaining in his pension fund.

The wife inherits a Nominee Flexi-Access Drawdown plan. As her husband died after reaching the age of 75, any withdrawals are taxable as income. The wife dies aged 74 and with £450,000 remaining in the plan.

The two children each inherit half of this (£225,000) through Successor Flexi-Access Drawdown. Withdrawals are tax free as the mother died before age 75. However, both children die in their 60s without accessing their plans. As they also died before reaching 75, each residual pension fund passes tax free to the grandchildren.

Each grandchild inherits a Successor Flexi-Access Drawdown pot of £112,500 and enjoys tax-free withdrawals.



Take control of your investments

Getting a clear, concise view of your investment portfolio can be difficult and time-consuming. That's why we use a secure, online system known as a Platform.

A Platform gives you secure, online access to your investment funds with a transparent, easy-to-understand charging structure. So rather than holding your ISAs, pensions and other investments in different places, you can view everything at a single glance.

Think of it as an online bank account for your investments which we can administer on your behalf.

A clear picture

As well as cutting down on paperwork, using a Platform can speed up transactions and give you the flexibility to take advantage of annual tax allowances. And because your assets are held on one online source, you (and we) can access consolidated reports at the touch of a button.

Whether you need a stocks and shares ISA for tax efficient savings, a simple way of investing your money or a pension to help fund your retirement, we can offer it all in one place with a single solution, giving you secure online access to keep an eye on your investments 24/7.

With us by your side, we'll help make your money work harder for you, giving you a sense of direction and control over your future.

The benefits of a Platform:

Choice

A Platform provides easy access to a wide range of investment funds, allowing us to tailor your portfolio to better reflect your current circumstances, financial position and attitude to risk.

Flexibility

As well as allowing you to view your investments in one place, the flexibility of the Platform means you can record other assets such as the value of your property or any antiques you may have.

Ease of use

The Platform is uncomplicated and user-friendly. It takes the effort out of managing your finances (and completing your tax return) because you can access consolidated reports at the touch of a button.

Transparent charging

The Platform helps you clearly see the costs involved with any investment decision you make.

Control

The Platform gives greater control when it comes to making key investment decisions.

Your Platform access may depend on the ongoing servicing level you have agreed with us.

Past performance is not a guide to future performance. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations. You may not get back the amount you originally invested.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

Eureka Financial Solutions
Old Anglo House
Mitton Street
Stourport-on-Severn
Worcestershire
DY13 9AQ

0333 3449040
info@eurekafs.co.uk
www.eurekafs.co.uk

EUREKA
FINANCIALSOLUTIONS®