MANNING & COMPANY
Independent Financial Advisers

NOVEMBER 2023

FROM TABOO TO TABLE TALK: LET'S 'TALK MONEY'

The UK has been pioneering a shift towards greater financial transparency through an initiative known as 'Talk Money Week'.

Minimising Capital Gains Tax Liabilities

Staying updated amid changing exemptions.

To Withdraw or Not to Withdraw

Making informed decisions about your pension pot.

Tailoring Financial Goals to Your Lifestyle

As you navigate towards financial stability, the right advice can be your compass.

HEAD OFFICE

Manning & Company
14 Fore Street
Ivybridge Devon
PL21 9AB

EMAIL

enquiries@manningandco.co.uk

PHONE

01752 837950

WORKING WITH **US**

Since 1988, at Manning and Company we have been giving clients trustworthy, proven and personal financial advice.

Based in Ivybridge near Plymouth, we're a respected and well-established name in Plymouth and South Devon – but we also work with clients throughout the UK.

We provide financial guidance to individuals and businesses alike. We're completely independent of any financial institutions, and we offer financial products from across the whole of the market – so our clients always get fully-informed, impartial advice. We firmly believe good financial advice should be available to everyone, not just wealthy clients – and all our clients receive the same level of attention and respect.

From a first-time mortgage to a complex investment portfolio, we have the breadth and depth of experience to help.

– Manning and Company

CONTENTS

13. **TO WITHDRAW OR NOT TO WITHDRAW**
MAKING INFORMED DECISIONS ABOUT YOUR PENSION POT

INSIDE **THIS ISSUE**

In this month's edition, we start with taxes and show you how much easier it can be to deal with capital gains tax than you think.

Then we talk about estate planning. We're here to ensure that your hard-earned assets go to the people you care about without any fuss.

What about your financial plan? When was the last time you visited it? It shouldn't just be a list of money tasks, it should be your lifetime map. We'll help you draw it out, making sure it fits exactly with what you want in life, today and tomorrow.

And don't forget about your pension pot. Way more than just a savings jar; it's your ticket to a happy future. We will make it clear and easy to understand, so that you can make smart decisions about withdrawals now for a fulfilling retirement.

Wrap yourself up warm with this month's issue and a cuppa. We're all about connecting the dots in finance in a way that makes sense for you.

FROM TABOO TO TABLE TALK - *LET'S 'TALK MONEY'*

TALK MONEY WEEK 2023

In a world where money often equates to security and opportunities, discussions around financial matters remain taboo.

The UK has been pioneering a shift towards greater financial transparency through an initiative known as 'Talk Money Week', commemorated from 6-10 November 2023.

'Talk Money Week' is more than a campaign; it's an invitation for everyone to engage in events and activities across the UK. These events are designed to encourage more open discussions about money matters, from pocket money to pensions, and to maintain these discussions beyond just a week.

THE HESITATION AROUND FINANCIAL DISCUSSIONS

A survey conducted by University College London, which included 15,000 respondents, unearthed that individuals were seven times more likely to share intimate details with a stranger than to discuss their earnings. **[1]** This statistic lays bare the taboo surrounding financial discussions, underscoring the urgent need for initiatives like 'Talk Money Week' to encourage a more open and comfortable dialogue around money matters.

A further study by Klarna revealed that 32% of UK adults feel uncomfortable discussing money with peers, even though 44% regularly worry about money. Shockingly, 21% have never discussed personal finances with friends or family due to the awkwardness attached to the topic. **[2]**

'DO ONE THING'

This year, the theme of 'Talk Money Week' is encapsulated in the phrase "Do One Thing". The objective is to prompt individuals, businesses, and organisations all over the UK to take one actionable step towards improving their financial wellbeing, creating a ripple effect of financial enlightenment across communities. It could be as simple as checking the dates on your pension, revisiting your credit score, or explaining to your child the importance of financial literacy.

THE IMPORTANCE OF FINANCIAL DISCUSSIONS

Embracing financial discussions can lead to a wave of benefits. The Money and Pensions Service explains that financial wellbeing, characterised by resilience, confidence, and empowerment, leads to reduced stress over money. This positive transition not only impacts mental and physical health, but also nurtures stronger relationships. **[3]** Similarly, Standard Life demonstrates that discussing money helps understand each other's future financial aspirations, reduces stress and anxiety, and instils a sense of personal control. **[4]**

BREAKING DOWN BARRIERS

These insights substantiate that while the reluctance to discuss money is widespread, breaking down barriers to open financial discussions can have far-reaching positive effects on individuals and communities. 'Talk Money Week' serves as a cornerstone to challenge existing financial communication norms and promote a culture of financial literacy and openness.

RESOURCES FOR PARTICIPATION

The organisers of "Talk Money Week," Money and Pension Service, have also made provisions for a wide range of participants. From downloadable toolkits for schools to participation packs for different sectors, the resources are designed to facilitate tailored activities that resonate with diverse audiences. You will find these resources on their website.

HOW TO TALK ABOUT MONEY

Ready to talk finances with your family or partner? Here are a few tips from us:

Prepare for the conversation

- **Time** – The perfect time to talk about money is probably not during busy moments, like after work or bathing the kids. So choose wisely. Don't pick a moment when one of you is stressed, tired or in a rush. Instead, choose a moment when you're both in a chilled environment, feeling positive and having energy. Maybe a Saturday or Sunday over a planned lunch?
- **Location** – While you are encouraged to talk openly about money with your family or partner, you may not feel so comfortable talking about it in the presence of others. So make sure you are at home alone, or perhaps walking or in a quiet area of a restaurant. If you do not live together, you might also want to hold your conversation on "neutral territory" – i.e. not at one of your homes.

This can help ease both minds and create a neutral atmosphere.

- **Talking points or goals –** Have you ever left a meeting feeling like it was a complete waste of time? Poor meetings often result from unclear agendas and poorly defined goals. If there are several factors you want to talk about, you should split them into several conversations. In this way, the "agenda" and goals of each discussion should be crystal clear, and give you more time to have a proper conversation. Try not to finish the conversation until your goals are met, or reschedule some time to discuss it further.

Starting the conversation

Once you are clear on what you want to get out of the conversation and have an idea of where and when the best time is to have it, it is time to start.

Bear in mind everyone's different. Some will be fine talking about money at the drop of a hat, while others might prefer some warning. Suddenly asking a new partner "What's your credit score?" as you're having dinner after work may not result in the answer you expected. If you believe the other person would appreciate a heads-up – and we dare say many will – think about introducing the idea of talking about money gently and agreeing on a time to discuss it.

However, sometimes waiting for what can be perceived as an "important chat" can cause much anxiety. So you may decide it's the best approach to just come out and say it. That's fine too, so long as you do it at the appropriate time and location. It's likely you'll know the other person well, so use your judgement to decide the best way forward. Remember:

- Take turns to speak
- Be honest
- Be aware of emotions
- Agree any further actions

Consider writing down any actions that you need to take before the conversation concludes. This might include:

- Researching a particular question or topic
- Calling a bank or loan provider
- Downloading a credit report
- Gathering relevant paperwork
- Seeking help from a support organisation

HOW TO TALK TO YOUR PARTNER ABOUT MONEY

Talking to your partner about money can be part of a healthy relationship. Regularly discussing your finances can help you deal with minor problems before they become bigger ones. So try to find time to make it part of your routine, perhaps agreeing to discuss monthly.

Talking about money can be a daunting task. Yet, it's a critical step towards building a financially savvy society. 'Talk Money Week' serves as a catalyst for breaking the stigma around money talks, empowering individuals with the knowledge and confidence to navigate their financial journeys. By fostering a culture of financial openness, the UK is not only addressing the immediate economic challenges, but also laying a robust foundation for future financial resilience and literacy.

Remember that specialised debt advice is also always at hand. Step Change - a debt advice charity is a great place to start. Their team of debt experts provides free help to thousands of people every week to deal with their debt problems, and get their lives back on track.

If you need help with your mental health, you can find advice on the Mind, Rethink or Mental Health Foundation websites, or at NHS Choices.

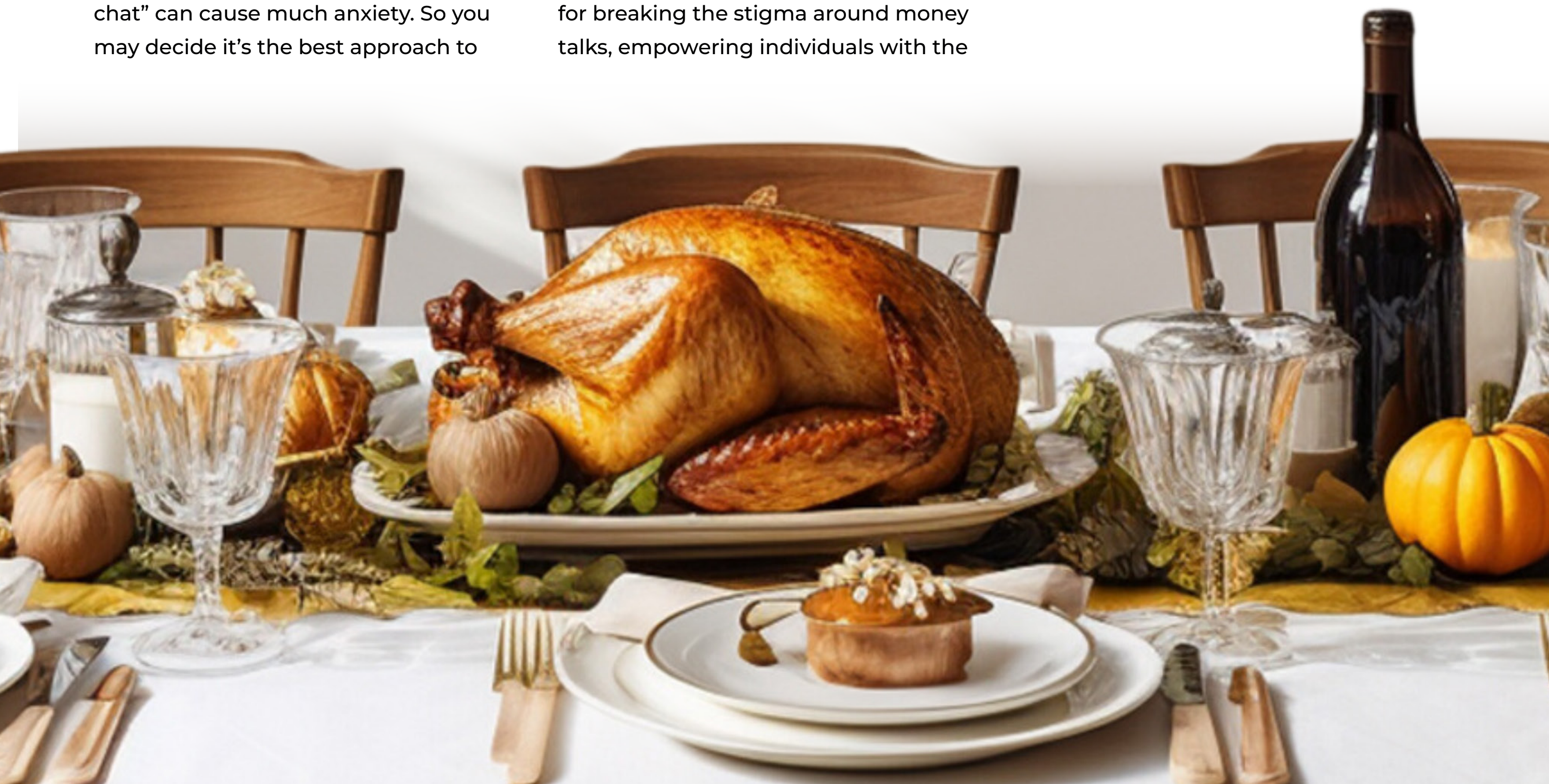
For 24-hour support, you can also call the Samaritans on 116 123.

[1] University College London - We'd rather discuss sex than our salary

[2] Klarna - A third of Brits feel too uncomfortable to talk about money

[3] Money and Pensions Service - What is financial wellbeing?

[4] Standard Life - Why now might be a good time to talk about money



MINIMISING CAPITAL GAINS TAX LIABILITIES AMID CHANGING EXEMPTIONS

In a rapidly evolving financial landscape, staying updated on tax liabilities is a cornerstone for both individuals and businesses to preserve and grow wealth.

One such liability is the Capital Gains Tax (CGT), a tax levied on the profits generated from the sale of assets such as stocks, bonds, or real estate. Understanding CGT is vital, as it can significantly impact the financial outcome of these transactions. Recent changes in the UK tax regime, propelled by governmental decisions, have reduced the CGT exemption to £6,000 in the 2023/24 tax year and further to £3,000 in the 2024/25 tax year, marking a notable shift in tax liabilities.

THE CURRENT CGT EXEMPTION

For UK residents, making the most of the reduced CGT exemption in the 2023/24 tax year could provide some tax savings. However, with the Autumn Statement 2024 just around the corner, it's crucial to stay updated on any further amendments to CGT regulations that may soon be announced. In the tax year 2022/23, the receipts from Capital Gains Tax in the United Kingdom amounted to approximately £18 billion, marking an increase of around £2.8 billion compared to the previous year. **[1]**

USING LOSSES TO YOUR ADVANTAGE

When it comes to balancing the scales of gains and losses, strategic planning can play a crucial role. By offsetting gains with losses incurred within the same tax year, individuals can lower the overall taxable gain. Moreover, losses from previous years can be carried forward, provided they are reported to HM Revenue & Customs (HMRC) within a stipulated time frame, consequently further alleviating the CGT burden.

THE MARITAL TRANSFER BENEFIT

Utilising the combined annual CGT exemption available to married couples and registered civil partners can be a savvy move. By transferring assets between spouses, couples can effectively double their CGT exemption, providing more room to manoeuvre before the taxman claims their share. However, this approach requires careful consideration of potential Inheritance Tax implications, underscoring a need for professional advice.

SHIELD GAINS THROUGH ISAS

The 'Bed and ISA' tactic is a tried-and-tested method to shield capital gains from tax. By selling assets to realise a capital gain, and then immediately repurchasing the same assets within an ISA, investors can protect future gains from CGT. With an allowance of up to £20,000 for single savers or £40,000 for couples in the 2022/23 tax year, the potential for tax savings is significant.

PENSION CONTRIBUTIONS

Regular pension contributions not only secure a financial nest egg for the future, but also provide a pathway to reducing CGT. By elevating the upper limit of the Income Tax band, pension contributions can help ensure that capital gains, along with other taxable income, are taxed at a lower rate.

CHARITABLE GIVING

Donating shares to charity can be a fulfilling way to support a cause while reaping tax benefits. Qualifying shares donated to charity can trigger both Income Tax and CGT reliefs, making this an attractive option for those looking to minimise tax liability.

VENTURING INTO ENTERPRISE INVESTMENT SCHEMES (EIS)

Investing in an EIS can offer CGT relief, especially on investments in smaller, unregistered trading companies. However, the higher risk associated with these schemes requires thorough due diligence and professional advice.

The income from Capital Gains Tax is projected to increase yearly, shown by £7.8 billion in 2017/18 to £11.6 billion in 2023/24. This indicates a growing relevance of CGT in the UK's tax structure, and the increasing importance of strategic financial planning to mitigate CGT liabilities. **[2]**

EXPLORING GIFT HOLD-OVER RELIEF
Gift hold-over relief is a pivotal mechanism to reduce CGT on the transfer of business assets or shares in a company. While this relief can provide significant tax savings, the eligibility criteria are stringent. To qualify, the assets must be business assets or shares in a trading company, and both the giver and receiver must be UK residents or operate a branch or agency in the UK.

Moreover, ensuring compliance is a meticulous process that requires an understanding of specific deadlines and documentation requirements. For instance, a claim for hold-over relief should be made on the HMRC Form HS295, and it must be submitted within four years from the end of the tax year in which the gift was made. Given the complexity, it's prudent to seek professional advice to navigate through the eligibility criteria and compliance requirements effectively.

HIDDEN GEMS OF TAX RELIEF
Chattels, encompassing personal belongings like antiques and collectibles, present unique circumstances under Capital Gains Tax (CGT) regulations. Wasting assets, defined as items with a lifespan of 50 years or less, might be entirely exempt from CGT, provided they haven't been claimed for business capital allowances.

On the other hand, non-wasting chattels have their CGT implications on the final sale amount. Typically, those netting less than £6,000 are free from tax. Given the complex nature of CGT regulations concerning chattels, it's wise to consult professional financial advice. This step ensures compliance with current legislation and helps navigate tax implications effectively.

PROFESSIONAL ADVICE
Navigating the intricacies of CGT requires a solid understanding of the tax laws, and a skilled professional to guide through the planning process. Seeking professional financial advice can unveil strategies to minimise CGT liability and ensure a well-charted course to preserve your financial wealth.

The journey towards minimising CGT liabilities requires a proactive stance, coupled with a thorough grasp of the available tax reliefs and exemptions. In a financial climate poised for change, adapting to the new tax norms while maximising existing allowances could steer the course towards more favourable financial horizons. Staying informed and seeking professional financial advice are essential steps to navigate the complexity of CGT with ease in the shifting tax landscape.

[1] Statista - Capital gains tax receipts in the United Kingdom from 2000/01 to 2022/23

[2] Statista - Forecasted capital gains tax income in the United Kingdom (UK) from 2017/18 to 2023/24

PASSING THE FAMILY TORCH

OUR 8 STEP PROCESS FOR PASSING ON YOUR ASSETS TAX-EFFICIENTLY

As we work hard throughout our lives to accumulate assets, it's important to plan for their efficient transfer to our loved ones after we're gone. This is where passing on assets tax-efficiently comes into play. By doing so, we can minimise the tax burden on our beneficiaries and ensure that our legacy remains intact.

Today we'll discuss the different steps involved in passing on assets tax-efficiently. From taking stock of your assets to utilising trusts and considering life insurance, there are several ways to ensure that your assets are transferred smoothly and with minimal tax implications.

STEP 1: TAKE STOCK OF YOUR ASSETS
The first step in passing on your assets tax-efficiently is to create an extensive list of all your assets. This includes your bank accounts, investments, property, retirement accounts, and any other assets that you own. You should also determine the current value of each asset, as this will be important in determining the most tax-efficient transfer methods.

Once you have a list of all your assets, the next step is to determine which assets you would like to pass on to your beneficiaries. This can be a difficult decision, but it's important to consider factors such as your beneficiaries' needs, your financial goals, and the potential tax implications of passing on each asset. By carefully considering which assets to pass on, you can maximise the tax benefits of your estate plan and ensure your legacy is protected.

STEP 2: UNDERSTAND TAX IMPLICATIONS
Before you start transferring assets, it's important to understand the tax implications of your estate plan. In the UK, estate taxes (also known as inheritance tax) and gift taxes are the two main taxes that can impact the transfer of assets.

Estate taxes are charged on the value of your estate at the time of your death. Currently, the threshold for inheritance tax is £325,000 for an individual, and £650,000 for married couples and civil partners. Anything above this threshold is taxed at a rate of 40%.

Gift taxes apply when you give away assets during your lifetime. You can make gifts of up to £3,000 each year without incurring any tax liability, and any unused allowance can be carried forward for one year. Additionally, there is no tax on gifts between spouses or civil partners, regardless of their value. It's also important to note that there is a lifetime exemption for both estate and gift taxes. This means you can give away up to £325,000 during your lifetime or through your estate without incurring any tax liability. However, if you exceed this threshold, you may be subject to additional taxes.

To ensure you understand the tax implications of your estate plan, it's important to consult with a financial adviser. They can help you understand the potential tax consequences of different transfer methods.

STEP 3: PLAN FOR GIFTING
One effective strategy for tax-efficient passing on assets is gifting. Gifting can help reduce the value of your estate, and therefore lower the amount of inheritance tax due on your death.

There are various types of gifts to consider when planning your gifting strategy in the UK. One type is annual exclusion gifts, which allow you to give away up to £3,000 each year to each of your beneficiaries without incurring tax liability. This can be a simple way to reduce the value of your estate and provide financial support to beneficiaries.

Lifetime gifts can be a great way to transfer wealth during your lifetime, but it's important to consider the potential tax implications. These gifts are larger gifts that you can give during your lifetime, but exceeding the £325,000 lifetime exemption may result in tax liability. It's crucial to remember the 7-year rule when making larger lifetime gifts, as those gifts may be subject to inheritance tax if you die within 7 years of making the gift.

However, if you survive for more than 3 years after making the gift, the tax rate will be lower. Despite these tax implications, there are some exemptions available that can help reduce the amount of tax you may have to pay. For example, the small gifts exemption allows you to gift up to £250 per person per year tax-free.

In addition to reducing the value of your estate, gifting assets while you are still alive can have other benefits. It can provide financial support to your beneficiaries when they may need it most, and can also allow you to see the impact of your gift during your lifetime.

However, it's important to be aware that gifting can be a complex process, and the tax implications can be significant. It's therefore recommended that you seek the guidance of a financial adviser to help you create a gifting strategy that is both tax-efficient and meets your specific goals.

STEP 4: UTILISE TRUSTS

Trusts are another effective strategy for tax-efficient transfers in the UK. A trust is a legal arrangement that allows you to transfer assets to a trustee, who holds and manages those assets for the benefit of your beneficiaries.

One benefit of using trusts is that they can provide greater control over how your assets are distributed after your death. Trusts can also help protect your assets from potential risks, such as bankruptcy or divorce of your beneficiaries.

There are different types of trusts to consider when planning your estate, including irrevocable and revocable trusts. Irrevocable trusts are more commonly used for estate planning, as they offer greater tax benefits. Assets placed in an irrevocable trust are no longer considered part of your estate, which means they are not subject to inheritance tax. However, once assets are placed in an irrevocable trust, they cannot be removed.

On the other hand, revocable trusts offer more flexibility, as they can be amended or revoked at any time during your lifetime. While assets placed in a revocable trust are still considered part of your estate for inheritance tax purposes, this type of trust can be useful for avoiding probate and ensuring that your assets are distributed according to your wishes.

Trusts can be a valuable tool for tax-efficient passing on assets, but they can be complex and require careful planning – always seek the advice of a professional.

STEP 5: CONSIDER LIFE INSURANCE

Life insurance can be a useful tool for passing on assets tax-efficiently in the UK. Life insurance policies can provide a lump sum payment to your beneficiaries upon your death, which can be used to pay for inheritance tax or to provide financial support to your loved ones.

One of the benefits of using life insurance is that the payment made to your beneficiaries is usually not subject to inheritance tax, as long as the policy is written in trust. This means the payment will be made directly to your beneficiaries, rather than being included in your estate.

There are different types of life insurance policies to consider, such as term life insurance or whole life insurance. The type of policy you choose can impact taxes and the amount of the payment your beneficiaries receive. For example, whole life insurance policies can provide a higher payout, but may have higher premiums and tax implications.

To determine the best life insurance policy for your needs, it's important to work with a financial adviser. They can help you evaluate your options and choose a policy that meets your specific goals and budget. Additionally, working with a financial adviser can help ensure your policy is structured in a tax-efficient manner, to maximise the benefits for your beneficiaries.

STEP 6: UTILISE PENSIONS

Pensions can be another effective strategy for tax-efficient passing on assets in the UK. One benefit is that they offer tax-deferred growth, which means the assets in the account can grow tax-free until they are withdrawn.

Naming beneficiaries directly on your pension account can be a tax-efficient strategy for passing on your pension savings. By doing so, your beneficiaries can take distributions from the account after your death, which can help minimise the tax impact.

A financial adviser can help you understand the tax implications of different transfer methods, and can help you determine the best way to structure your pensions to maximise the benefits for your beneficiaries.

STEP 7: PLAN FOR BUSINESS SUCCESSION

If you own a business, it's important to have a plan for passing it on tax-efficiently to your successors. This can involve transferring ownership to family members or key employees, or selling the business to a third party.

One strategy for passing on a business tax-efficiently is to use a trust. Placing the business in a trust can provide greater control over how the business is transferred, and can help reduce the tax burden on your beneficiaries.

It's also important to understand the different business structures and their tax implications. For example, transferring ownership of a sole trader or partnership is different from transferring ownership of a limited liability partnership (LLP) or limited company. Additionally, there may be tax implications for both the transferor and the transferee, depending on the structure of the business and the type of transfer.

By planning ahead, you can help your business continue to thrive even after you have gone.

STEP 8: REVIEW AND UPDATE REGULARLY

Reviewing and updating your estate plan regularly is crucial to ensure it remains tax-efficient and aligned with your goals. Life changes, such as marriage, divorce, or the birth of a child, can significantly impact your estate plan and should prompt a review.

Reviewing your estate plan ensures your assets are distributed according to your wishes, and that your beneficiaries are still the right ones for your plan. Additionally, tax laws and regulations can change over time, and your estate plan should be updated to reflect these changes and take advantage of any new tax-saving strategies.

By regularly reviewing and updating your estate plan, you can ensure that your assets are passed on in the most tax-efficient way possible.

Passing on your assets tax-efficiently requires careful planning and consideration of all available strategies. By taking the steps outlined in this article, you can create a comprehensive plan that minimises taxes and maximises the benefits for your beneficiaries.

It's important to remember that tax laws and regulations may change over time. Therefore, it's essential to regularly review and update your estate plan to ensure it remains tax-efficient and aligned with your goals.

Navigating the complex maze of taxation and asset transfer requires not just knowledge, but foresight and tailored strategies. The invaluable expertise of a financial adviser can guide you through this intricate process, ensuring that the legacy you've worked tirelessly to build is passed on to your loved ones in the most tax-efficient manner. By collaborating with a financial adviser, you're not just making a wise financial decision, but you're also gaining a trusted partner in safeguarding your family's financial future.

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

Tax concessions are not guaranteed and may change in the future. Tax free means the investor pays no tax.

For specialist tax advice, please refer to an accountant or tax specialist.

TAILORING FINANCIAL GOALS TO YOUR LIFESTYLE

In a world where financial uncertainties loom at every corner, achieving a sense of financial security might seem like chasing a fantasy. The path to financial security is often littered with hurdles of debt, unexpected expenses, and the daunting cloak of economic downturns. In the UK alone, a startling 39% of adults, equating to approximately 20.3 million individuals, are engulfed in the mire of financial insecurity, unable to navigate the murky waters of money management. Further compounding this is the staggering fact that 11.5 million have less than £100 tucked away in savings, while nearly nine million are shackled by serious debt. **[1]** This stark reality underpins the need for robust financial understanding and a well-thought-out plan to combat the economic storms.

As you navigate the journey towards financial stability, the right advice can be your compass, guiding you through life's major transitions—be it bracing for retirement, outsmarting inflation with savvy investments, or unlocking the doors to your first home.

This article aims to showcase how setting well-defined financial goals, grasping basic financial principles, and seeking professional advice can guide you towards a realm of financial success and peace of mind.

LIFE GOALS

Setting out your financial goals and life goals is an important part of this process. This can help you stay focused in the face of setbacks, distractions and challenges. Your goal might be "I want to be debt-free by 50", "I want to take my family on the holiday of a lifetime", or "I want to retire at 55." Each goal becomes a milestone in your financial journey. This will allow you to see if you are on the right track, without worrying about how long it takes to get there.

CHOOSE TIMELY MILESTONES

Effective money habits, a lifestyle that you can afford, and thinking about your family priorities are key factors in ensuring your money serves you well throughout your entire life.

No matter what stage you're at, you should review your spending, saving and investing habits and align them with what truly matters.

CREATE CLEAR GOALS

Without a clear goal, any goal, financial or otherwise, is just wishful thinking. This is especially true for your financial goals.

You need to know why you do what you are doing. You could plan for your children's future, your retirement, your dream holiday, or buying a new home. Once you have established your objective, it is important to assign a set value and timeframe to reach it.

SET REALISTIC GOALS

It is important to set realistic goals. While it's great to be optimistic, being overly optimistic can be detrimental.

It is a good idea to be realistic about your financial goals, but this can also impact your chances of reaching them. Realistic goals are those that you can achieve given your current mindset, motivation, time frame, skills, and abilities. Realistic goals will also help you identify what you want, and what you can accomplish. They will keep you on track and motivate you until completed.

DIVIDE GOALS INTO SMALLER TARGETS

You need to decide on your individual targets. These will determine how much money you can save and invest to reach your goals. Each financial goal is different, so it's important to break down your goals into small, medium, and long time frames.

A rule of thumb is that any financial goal you would like to reach within 5 years should be considered short-term. Medium-term goals typically have a 5-10 year time frame. Lastly, goals that last more than 10 years should be considered long-term. This way of thinking will allow you to choose the right savings and investment strategy for your goals.

You should also assess what major purchases you plan to make (e.g., buying property or renovating your house), as well as evaluate the future stages of your life, and how and when you would like to retire.

Not to forget inflation, which must be taken into account when assigning a monetary value or target to a future financial goal. Knowing the inflation rate is important when saving or investing. It will influence how much you can make in real terms after inflation.

TRANSPARENCY IS PARAMOUNT

Protecting your finances before you invest is important. Protecting your loved ones financially should be your top priority, without having to worry about investment uncertainty.

Talk about your goals with the people closest to you, and create plans together so you can align them.

A review of your assets, liabilities and incomes will give you a good starting point. This will allow you to clearly see where you stand and help identify areas that need consideration. This strategy will protect you and your family against unexpected events. This is crucial to any financial plan.

You should also ensure that you have a Will in place to protect your family. It's important to think about how they would cope without your income in the event of your death or illness. Although not nice to think about, it is important to be realistic.

EXPLORE TAX LIABILITY

Tax rules are constantly changing, so it is important to stay educated and regularly review your tax affairs and plan accordingly. Tax planning affects all aspects of your financial affairs. There are many things you should be aware of, such as the effect of rising property values on gifts and inheritance tax, the right way to dispose of shares in a company, and how to transfer your estate.

Utilising tax allowances or reliefs can help reduce your tax liability, and make significant savings over the course of your life. You may pay more than you need if you do not plan ahead.

TAKING CONTROL OF YOUR WEALTH

A comprehensive financial plan allows us to manage our money, evaluate our financial situation, and set goals. We can then create our strategy to reach those goals.

You can live comfortably and more confidently if you have a better understanding of your finances and set goals. This will allow you to get a clear picture of your current financial situation and help you set goals for your long and short-term financial future.

SET RETIREMENT GOALS

Setting retirement plans allows you to calculate the rate at which you will earn on your investments, what risk you should take, and how much income your portfolio can afford.

With the introduction of pension freedoms, the number of options for retirement has increased. You can choose to take your benefits in various ways, including buying an annuity, tax-free cash, or drawing income from your savings instead of your pension fund.

REMEMBER, LIFE IS UNPREDICTABLE

It is not a good idea to set goals that are unreachable. As life changes, you should expect to make adjustments. These adjustments can ensure you're on track towards your goals. We recommend that our clients set up a formal annual review. This gives them more confidence and certainty in their financial decisions.

We can help you monitor your plan and make adjustments as your circumstances, goals, or time frames change. We offer an objective third-party perspective, as well as the expertise necessary to assist you with financial planning.

We can make a positive difference in your life by understanding your specific needs and lifetime financial goals. We offer a wide range of services and can tailor solutions to your needs. For more information or to arrange a meeting with one of our advisers, please contact us.

This information should not be considered financial advice.

The value of investments and any income from them can fall as well as rise, and you may not get back the original amount invested.

Past performance is not a reliable indicator of future performance and should not be relied upon.

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

Tax concessions are not guaranteed and may change in the future. Tax free means the investor pays no tax.

Will writing is not regulated by the Financial Conduct Authority.

Laws and tax rules may change in the future without notice.

[1] Financial Capacity - Levels of financial capability in the UK are too low

TO WITHDRAW OR NOT TO WITHDRAW

MAKING INFORMED DECISIONS ABOUT YOUR PENSION POT

Your pension pot represents a lifetime of earnings set aside to support a comfortable retirement. As you approach this significant phase, critical decisions beckon — foremost among them is whether to withdraw from your pension pot, and if so, how?

This guide aims to clarify informed decisions that align with your financial goals and retirement vision.

In the sections that follow, we will explore the details of different pension pot types, their tax implications, and the evolving pension landscape in the UK. Moreover, we will explore the various withdrawal options available, each with its own advantages and disadvantages, to help you arrive at a choice that resonates with your individual circumstances and long-term aspirations.

UNDERSTANDING YOUR PENSION POT

A pension pot is a sum of money that you accumulate over time to support your retirement. There are different types of pension pots available in the UK, including personal pensions, workplace pensions, and state pensions. Pension saving in Great Britain has been significantly impacted by the introduction of Automatic Enrolment, with over 10.8 million people automatically enrolled, enhancing pension participation across the UK. **[1]** Personal pensions are individual pension plans that you set up with a provider, such as an insurance company, and contribute to over time. Workplace pensions are employer-sponsored schemes that you can join to save for retirement, with both you and your employer making contributions to your pot. The government provides state pensions to eligible individuals, and the amount you receive is based on your National Insurance contributions.

Pension pots are subject to taxation in the UK. The current tax rules for pensions allow you to withdraw up to 25% of your pension pot tax-free. The remaining 75% is subject to income tax when you withdraw it. It's important to note that the tax rates and rules may vary depending on your individual circumstances, and may change over time.

Please note, following the abolition of the Lifetime Allowance in the Spring Budget of 2023, tax-free cash lump sums are now limited to a maximum of £268,275, except where protections apply.

MAKING DECISIONS ABOUT YOUR PENSION POT

Once you have a better understanding of your pension pot, it's important to make informed decisions about how to use it. There are different options for withdrawing your pension pot, and each option comes with its own pros and cons. The decisions surrounding pension withdrawals have become more pertinent as the pension landscape evolves. For instance, in the tax year 2021 to 2022, £11.9 billion of individual contributions were made to personal pensions, up from £11.7 billion in the previous tax year 2020 to 2021, reflecting a growing engagement with pension savings. **[2]**

One option is to take a lump sum payment. This may be useful if you need a large sum of money for a specific purpose, such as paying off debt or making a major purchase. However, it's important to consider the tax implications of taking a lump sum, as it may push you into a higher tax bracket and lead to a larger tax bill.

Another option is to take a regular income from your pension pot through an annuity. An annuity is an insurance product that pays a fixed income for the rest of your life, or for a set period. Annuities can provide a stable income stream, but they may not keep up with inflation and may not provide flexibility if your financial needs change.

A third option is to keep your pension pot invested and draw down on it as needed.

This option allows you to maintain control over your pension pot and potentially benefit from investment growth. However, it also comes with the risk of market volatility and the responsibility of managing your own investments.

INVESTING YOUR PENSION POT

Investing your pension pot is a popular option for those looking to grow their retirement savings. This involves choosing to keep your pension pot invested in the stock market or other investments, rather than purchasing an annuity or taking a lump sum.

The engagement with personal pensions is evident from the increase in members making individual contributions, which rose to 7.5 million in 2021 to 2022, from 7 million in 2020 to 2021. Similarly, the number of self-employed individuals making individual contributions to a personal pension increased to 340,000 in 2021 to 2022, from 330,000 in 2020 to 2021. **[2]**

It's important to speak with a financial adviser to determine if investing your pension pot is the right option for you, based on your individual circumstances and risk tolerance.

Whether you take an annuity, lump sum, or invest your pension pot, it's important to understand the pros and cons of each option and how they align with your retirement goals.

If you're unsure of which option to choose, or if you want to learn more about pension pots and retirement planning, speak to one of our expert advisers today. We can help you navigate the world of pensions and make the right decisions for your future.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount 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.

[1] Gov.uk - Analysis of future pension incomes - 2023

[2] Gov.uk - National statistics - Private pension statistics commentary: September 2023

READY TO TAKE CONTROL OF YOUR FINANCIAL FUTURE?

At Manning and Company, we excel at providing expert guidance and support to our clients in navigating their complex financial landscape, regardless of how unique their situation may be. Allow us to assist you in reviewing your portfolio and exploring a wide range of options tailored to your specific needs. Get in touch with us today, and let's embark on a journey towards financial success together.

Email
enquiries@manningandco.co.uk

Phone
01752 837950

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211 Innovation Centre, Green Street, Northampton, NN1 1SY.