



VIEWPOINT

MAPLE FINANCIAL SOLUTIONS LTD

Please enjoy reading our newsletter. If you would like to discuss any of the articles further, please do not hesitate to contact us.

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Start of the tax year checklist

The new tax year on 6 April 2023 marks a great time for your adviser to help you organise your money and make the most of the allowances available to you.

A new tax year means annual allowances are back to zero and ready to be filled or topped up, to make the most of your money.

This is a good time to work with your adviser and run through your existing pensions and investments and review the allowances available to you, as well as looking into opening any new forms of investment.

With interest rates on the rise, your adviser is ideally placed to guide you through ways to grow your savings, depending on your needs.

Note: The following figures are applicable to the 2022/2023 tax year, which starts on 6 April 2022 and ends on 5 April 2023.

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 fall as well as rise and you may not get back the original amount invested.

ISAs

The maximum you can invest across your ISAs (if it's a cash ISA, stocks and shares ISA or innovative finance ISA) is £20,000. For a lifetime ISA, the annual allowance is £4,000.

Junior ISAs

If you're looking to put some cash aside for your children, Junior ISAs (JISAs) are a great option and often come with higher interest rates. In the new tax year, you can save or invest up to £9,000 in a cash JISA, a stocks and shares JISA, or a combination of the two.

Pension allowance

Your personal pension contribution allowance is £40,000, although it can be lower for higher earners and where pension savings have been flexibly accessed already. Any contributions you (or your employer) make receive tax relief from the government (based on your income tax band) of 20% or more – and the money in your pension pot will grow tax free.

Child's pension

A child's pension can be set up by a parent or guardian, but anyone can contribute. You can pay up to £2,880 in the new tax year into a pension on behalf of a child and the government automatically tops this up with 20% tax relief on the total amount contributed, taking the figure up to £3,600.

Gift allowances

A financial gift is a great way of using tax-free allowances, and your adviser can help explain the options available.

Making a cash gift can help a loved one (and help with your estate planning). Everyone has an annual gifting limit of £3,000 that is exempt from inheritance tax (IHT). This is known as your annual exemption. If you fail to use it one year, you can carry it over to the next tax year (so if you didn't use the gift last year you could give away £6,000).

It's worth remembering that any gift you give, even to family members, could be subject to capital gains tax (CGT). CGT is the tax you pay on any profit or gain you make when you dispose of an asset, such as a second home or shares. If you gift an asset and it has risen in value compared to what you have paid for it, you could be liable to CGT. The CGT allowance for the new tax year is £12,300. This is the amount of profit you can make before CGT is applied.

Marriage allowance

If you are married you might be able to take advantage of the marriage tax allowance. It allows one half of a couple who earns less than the income tax threshold (£12,570) to transfer up to £1,260 to their higher-earning spouse (who must be a basic rate taxpayer).

Our financial advisers can help you make the most of your annual allowances now that we are into a new tax year.



Covering the cost of your retirement with confidence

As you approach retirement, it's important to be aware of the cost of living and how much income you'll need to feel financially secure.

With the cost of living going up, people approaching retirement are finding their pension pots are not lining up with how much they'll need in their later years.

An online pension calculator can help start you off by giving you an idea of how much you'll need to live comfortably. Your adviser is ideally placed to help you look at your own situation, finances and future income needs and work out a suitable plan to help you get to these goals.

Examine your assets with the help from an adviser

Everyone's situation is different, depending on how much you have in assets, savings, and investments. However, there are some key issues to bear in mind to help things along, including the issue of rising inflation, which increases the cost of living as years go by.

Volatility in financial markets also adds to the concerns for anyone approaching retirement when it comes to how their pensions are performing. With expert guidance from your financial adviser, you'll be able to make the most of your money for many years to come.

How to boost your pension and make more of your money

Of course, the earlier you start putting money away, the more time you'll have on your side to grow your pension pot. But it can be hard when you're still juggling mortgage debt, family outgoings and the general cost of day-to-day living. Even if you've opted out of your workplace pension or are self-employed and don't have one, it's never too late to start your own personal pension.

We can take you through how a personal pension can benefit you and give you more control and flexibility around how much you put in, where your money is invested and how you can access it in retirement.

Keeping track of workplace pension plans (if you do have them) and thinking about consolidating them into one pot might be a good place to start planning towards the goal of making your retirement as financially worry-free as possible. It's a complex area, which your adviser can handle for you.

It's also worth remembering that if you defer or delay your State Pension, it will go up by 1% every nine weeks. That means if you're entitled to £179.60 a week and deferred your pension by a year, you would get an extra £10.42 a week.

Make the most of your pension allowance

Most people are able to pay up to £40,000 a year into your pension, tax free although some exemptions may apply. If you don't use this annual allowance, you can 'carry forward' the previous three years' worth of unused allowances providing you are still registered with the pension and have earned in the current tax year the amount you (or your employer) would like to contribute.

Our financial advisers can help you review your pensions and advise on how to make the most of your investments going forward into retirement.

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.

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Cost of living crisis: Why you should review your budget and plans

The cost of living is rising. Reviewing your finances now is crucial for understanding what effect inflation could have on your lifestyle and long-term plans.

Inflation was at an almost 40-year high. In the 12 months to August 2022, it was 9.9%. There are several factors contributing to rising inflation, including the conflict in Ukraine, which has disrupted energy and food supplies.

Rising inflation means now is the ideal time to review your budget

Keeping track of your finances during the cost of living crisis is crucial. In the short term, you should review your budget. Can your budget absorb the higher costs, or do you need to make lifestyle changes?

The Bank of England expects inflation to peak at around 13%. It's also said it doesn't expect the rate to fall to its target of 2% for several years.

So, you should look at what that means for you in the coming years. Will rising energy prices mean you need to be more mindful of energy use or cut back expenses in other areas?

While the headline inflation figure can give you an idea of how prices are changing, your personal inflation rate may be very different. If you commute long distances, for instance, the steep rise in fuel costs may mean your outgoings rise more than you expect.

Going through your budget and calculating how your regular costs have changed in the last year can help you better manage your finances.

In some cases, you may decide to draw on savings or other assets to bridge a gap if your expenses rise. You should ensure this is sustainable.

The steps you take could affect your long-term plans

While it's important to focus on how the cost of living crisis is affecting your finances now, don't forget to consider the long-term effects too. Decisions you make now could affect your income and financial security for years to come.

If you're using assets to create an income, such as your pension, you need to be aware of how increased withdrawals may affect you. Could taking a higher income from your pension now to cover costs mean that you deplete your savings faster than you expect? If so, it could mean you face an income shortfall later in life.

Research also suggests that some people are cutting back outgoings that could improve long-term financial security. According to Canada Life, 5% of adults have already stopped contributing to their workplace pension due to budget pressures. A further 6% are actively thinking about pausing their pension contributions.

While pausing contributions for a few months may seem like it will have little effect on your retirement, it can be larger than you think. The power of compounding means that pausing pension contributions for just a year could reduce the value of your pension at retirement by 4%.

It's not just stopping pension contributions that could affect your long-term plans. Things like reducing how much you add to your savings account or investment portfolio could affect whether you can reach your goals in the future, whether that's to support children through university or retire early.

Contact us to review your finances

Amid the current economic uncertainty, reviewing your financial plan can give you peace of mind and confidence. We'll help you understand how your current budget has been affected and the steps you can take now to create long-term financial security.

Please contact us to arrange a meeting to discuss your goals and the effect the cost of living crisis could have.



How to protect your mortgage

Strengthening your ability to keep up with mortgage payments is important and will give you some peace of mind if your circumstances change.

Life insurance is the form of protection most of us would name as one that could pay down or pay off a mortgage. Yet there are other situations (apart from death) that could mean it's very difficult or even impossible to keep up with mortgage payments for an extended period – without the help from other types of coverage.

Here are some protection policies you might want to have in place (alongside life insurance) to give your mortgage some security if you are unable to keep up with mortgage payments. Your adviser can help you work out the best option for your situation.

Critical illness protection pays out a one-off, lump sum if you're diagnosed with a critical condition or disability that is covered by your policy. It can be offered when you buy for life insurance, as extra coverage.

Income protection pays out a percentage of your monthly income if you are unable to work due to illness, an accident or disability. Depending on the terms, you'll receive a regular income until you either return to paid work, retire, pass away or if the policy term comes to an end.

Mortgage payment protection insurance (MPPI) pays your monthly mortgage payments if you're unable to make them due to an accident or illness.

What's the difference between income protection and MPPI?

Income protection insurance is seen as more comprehensive than MPPI as it covers a proportion of your income and not just your monthly mortgage payments. It could also help to cover monthly bills aside from your mortgage. The period you're protected with income protection tends to be longer than MPPI, too.

Your adviser will help you find a policy that works for you and your needs, in terms of the length of cover you want and how much the premium might be. MPPI premiums could be lower than those for income protection and more affordable.



Our advisers are here to help if you're looking for ways to protect your mortgage.