THE Openwork PARTNERSHIP

# STAY *on* COURSE

Your annual tax allowances for the 2024/25 Tax Year.


# MAKING THE MOST OF YOUR ANNUAL TAX ALLOWANCES WILL HELP YOU ACHIEVE YOUR LONG-TERM FINANCIAL OBJECTIVES.

Whether you're just starting out and looking to buy your first home, securing your family's financial future, looking at how you can retire in style or passing on your wealth, there are things that you can do now to help you to achieve this.

In this guide, you'll find useful information to help you think about how to secure yours and your family's financial future by using the allowances available.

Tax planning doesn't have to be complicated, talk to your financial adviser now.

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

Your home may be repossessed if you don't keep up repayments on your mortgage.

# ISAs

ISAs offer flexible, tax efficient savings and are a good way to make your money work harder for you.

Everything earned from your ISA is free from Income and Capital Gains Tax – in other words, you won't pay tax on interest, withdrawals or growth.

You can invest a total of £20,000 into one ISA or multiple ISAs in the 2024/2025 tax year.

They're also an easy and straightforward way to invest into stocks and shares.

If you don't use your annual allowance, you'll lose it.

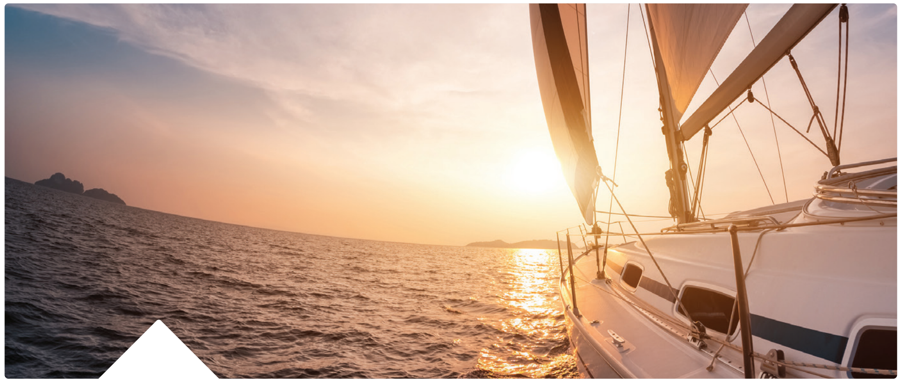
## Types of ISAs

- Stocks & Shares
- Cash

## Review your existing ISAs...

*Do you already have ISAs?*

Now might be the right time to look at their performance and review your attitude to risk.



## Should I choose Stocks & Shares or a Cash ISA?

Both offer flexible ways of saving. As well as offering all of the tax advantages, you can access your savings whenever you need to. They're also a great way of subsidising your retirement and may help you to leave your pension pot untouched for longer.

Talk to your trusted adviser now for advice on how you can make the most of your ISA allowances before the end of the tax year on 5 April 2025.

An ISA is a medium to long term investment, which aims to increase the value of the money you invest for growth or income or both.

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

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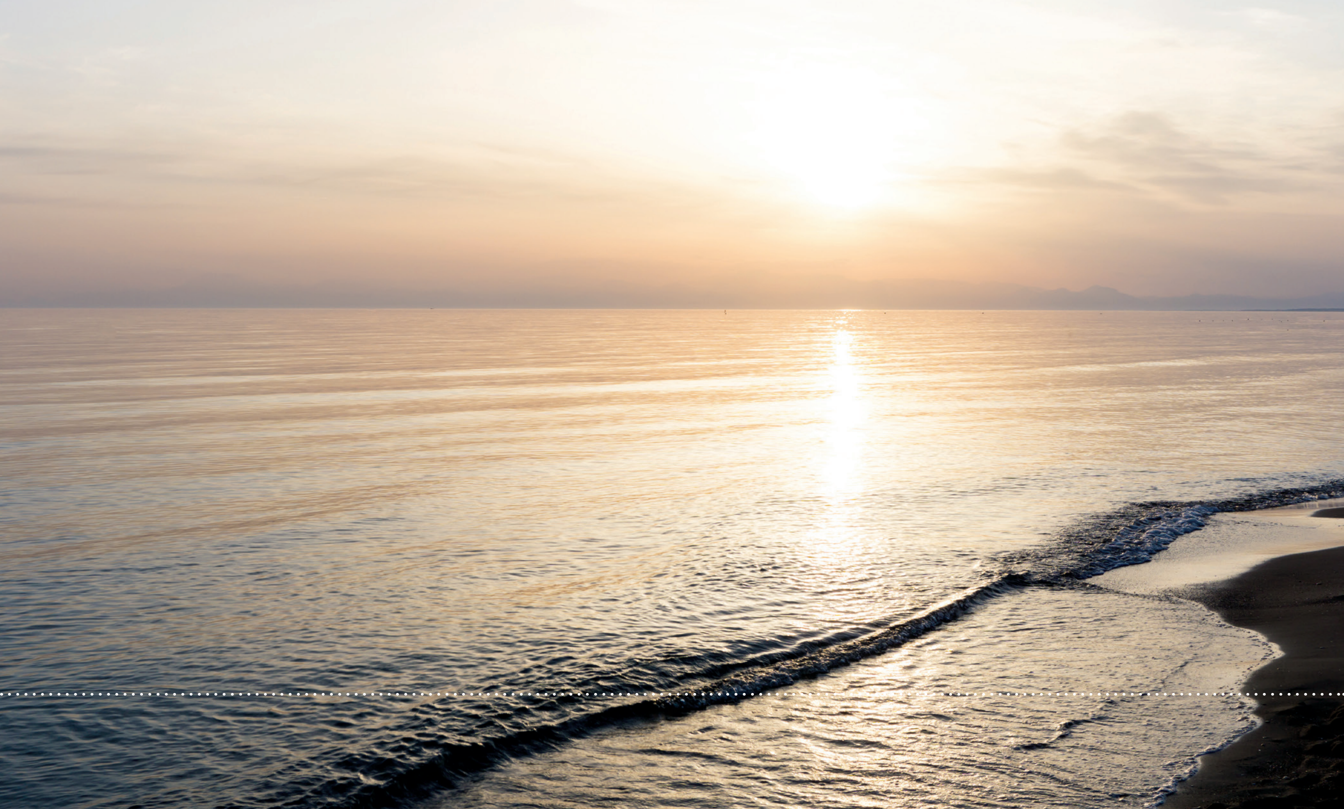
# INVESTING FOR THE LONG TERM.

You can withdraw from your ISA at any time, but it's best that you consider investing for the long term to minimise the effects of peaks and troughs in the market.

Over the long term (5+ years), stock markets tend to rise and therefore have the potential to give you a greater return on your investment. You should remember that there is always risks involved with investing and you could get back less than you invested.



# THE POWER OF COMPOUND GROWTH, MAKING YOUR MONEY GROW FASTER.

Investing for the long term and leaving your investment intact, means that at the end of each year, your initial capital plus any growth is reinvested for the following year and so on, which means that your money could grow faster. This is also known as the snowball effect.

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# RETIRE *in* STYLE

A pension is one of the best ways to save for your retirement, yet many of us aren't aware of the benefits of investing into a pension or how much we'll need to retire. You can invest up to £60,000 per year into a pension, and you can also carry forward any previously unused allowances from the previous three tax years.

For a basic rate taxpayer, if you pay £80 into a personal pension, the government contributes £20.

Higher and additional rate taxpayers will need to claim further relief through self assessment.

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

## Rate of pension tax relief

Basic rate taxpayers

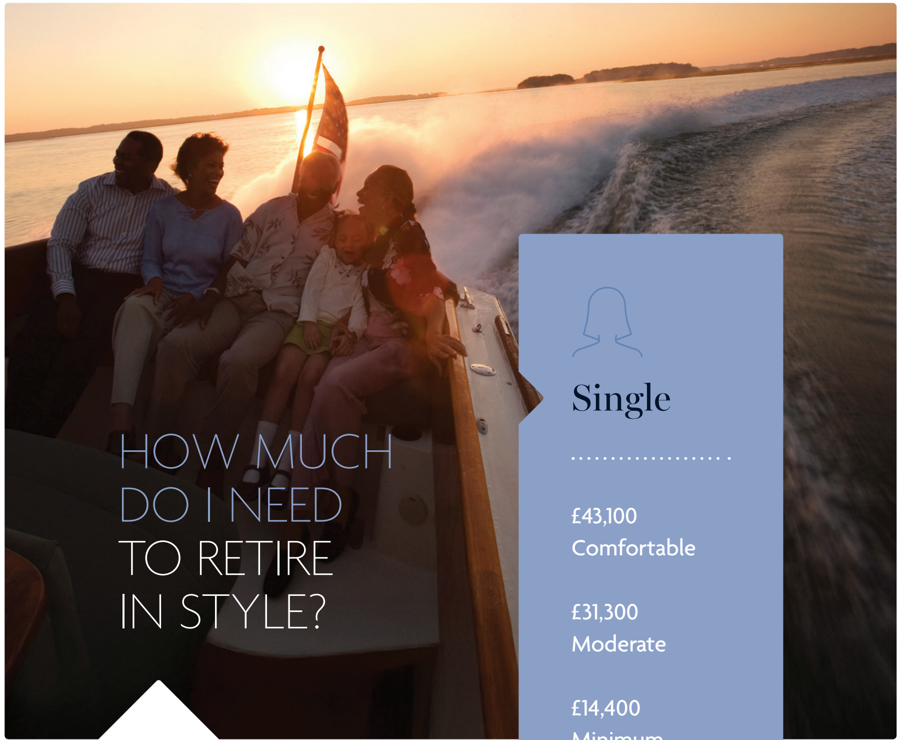
*20%*

Higher rate taxpayers

*40%*

Additional rate taxpayers

*45%*



## HOW MUCH DO I NEED TO RETIRE IN STYLE?

The choices you make now will shape what you will be able to do in retirement.

The information opposite, based on research carried out by the Pension and Lifetime Savings Association, will help you to consider this.

### Single

£43,100
Comfortable

£31,300
Moderate

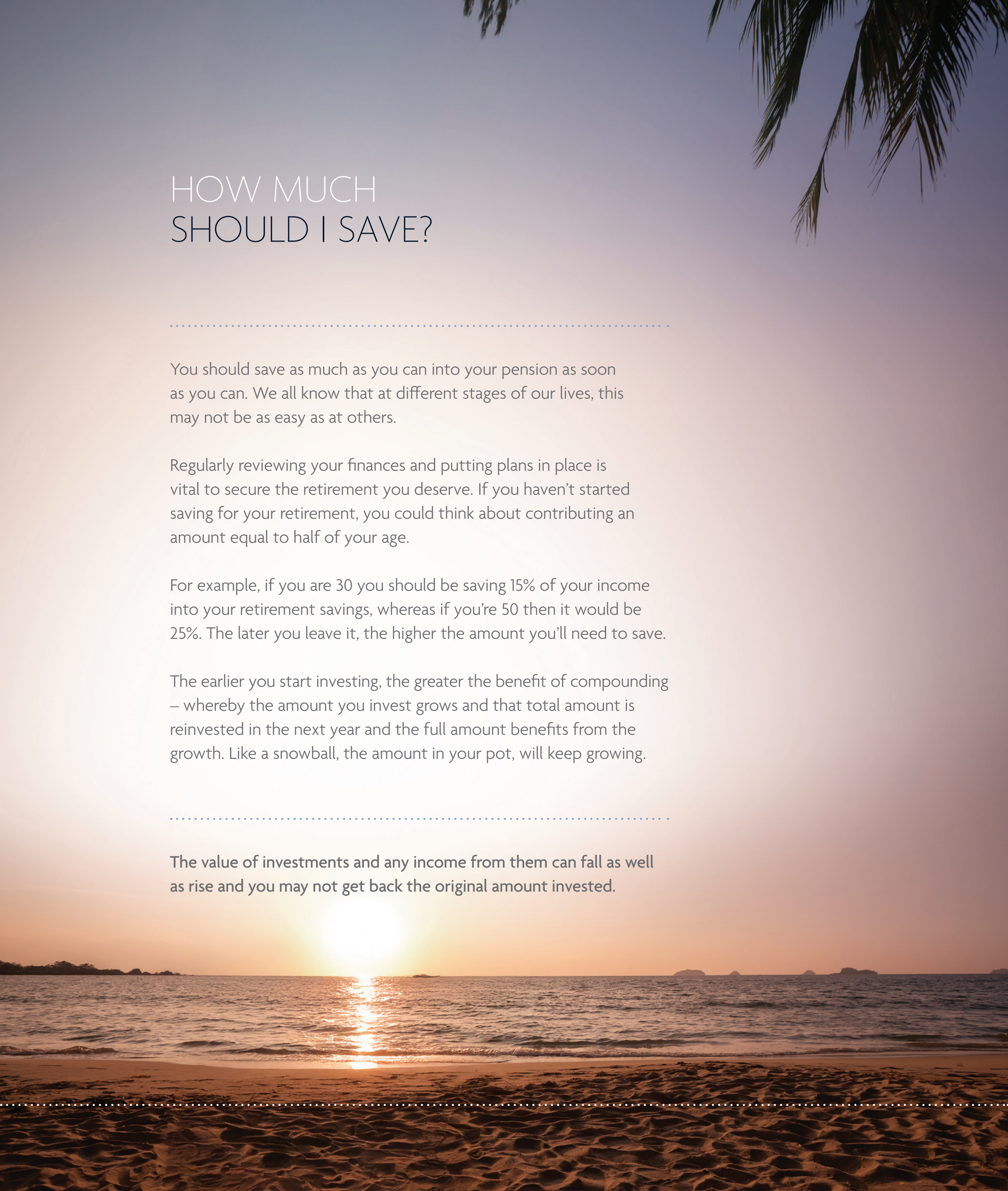
£14,400
Minimum

### Couple

£59,000
Comfortable

£43,100
Moderate

£22,400
Minimum



# HOW MUCH SHOULD I SAVE?

You should save as much as you can into your pension as soon as you can. We all know that at different stages of our lives, this may not be as easy as at others.

Regularly reviewing your finances and putting plans in place is vital to secure the retirement you deserve. If you haven't started saving for your retirement, you could think about contributing an amount equal to half of your age.

For example, if you are 30 you should be saving 15% of your income into your retirement savings, whereas if you're 50 then it would be 25%. The later you leave it, the higher the amount you'll need to save.

The earlier you start investing, the greater the benefit of compounding – whereby the amount you invest grows and that total amount is reinvested in the next year and the full amount benefits from the growth. Like a snowball, the amount in your pot, will keep growing.

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.

## Benefits

The state pension is currently around £11,500 per year.

The government is very keen to ensure individuals can support themselves in retirement. To assist, they offer a tax benefit for any personal contributions you make.

An additional tax relief is added to your contributions, which for a basic rate taxpayer is 20%. Higher rate and top rate taxpayers can claim back the additional tax relief through their annual self-assessment.

Pensions don't have to be complicated. Talk to your trusted adviser now who can help you to achieve retiring in style.

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

# ESTATE *planning*

Inheritance Tax (IHT) is a tax on the estate of someone who has passed away and the value of their assets exceed the £325,000 limit.

Any amount over this amount is taxed at 40%.

However, there will be no tax to pay if the estate is left to any surviving spouse or civil partner.

According to HMRC, IHT liabilities for the 2023/2024 tax year rose to £7.5 billion, which is £0.4 billion higher than the same period in the previous year.

## Capital Gains Tax (CGT)...

Each tax year you can make a set amount of profit before paying CGT.

This is known as the 'annual exempt amount', or put more simply your 'CGT allowance'.

Last tax year, the CGT allowance was cut to £6,000.

As of April 2024, CGT has been cut further to £3,000 and could change again in future years.

The amount you pay in CGT depends on what you're selling and the income tax band you fall into.


## By giving away some of your wealth during your lifetime?

As of 2024/25, you're entitled to an annual tax-free gift allowance of £3,000 - known as your annual exemption. With your annual gift allowance, you can give away assets or money up to a total of £3,000 without them being added to the value of your estate. If you don't use your full £3,000 gift allowance in one year, you're allowed to roll it over to the following year.

You're only allowed to do this once, so you can't roll any allowance you haven't used over for a second year. For couples, this could mean you could gift £12,000 in this tax year if you have the maximum unused allowance for both this year and last. This can help you and your family during difficult financial times and could benefit family members now for various reasons such as a down payment for a mortgage.

You can gift your allowance to one person or to several.

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# *Your* CHECKLIST

- [x] 1. Make the most of your ISA allowance - Open or top up your ISA and shelter up to £20,000 this tax year (2024/2025).
- [x] 2. Open a Junior ISA - Up to £9,000 per child tax year (2024/2025).
- [x] 3. Use your pension allowance of up to £60,000 and use any carried forward allowances.
- [x] 4. Reduce your Inheritance Tax liability - Use your annual gifting exemption of up to £3,000 in this tax year. Use any previous unused annual allowances too.
- [x] 5. Make the most of your annual Capital Gains exemptions.

Contact your trusted adviser for expert help on how to make the most of the allowances available to you before the end of this tax year.



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