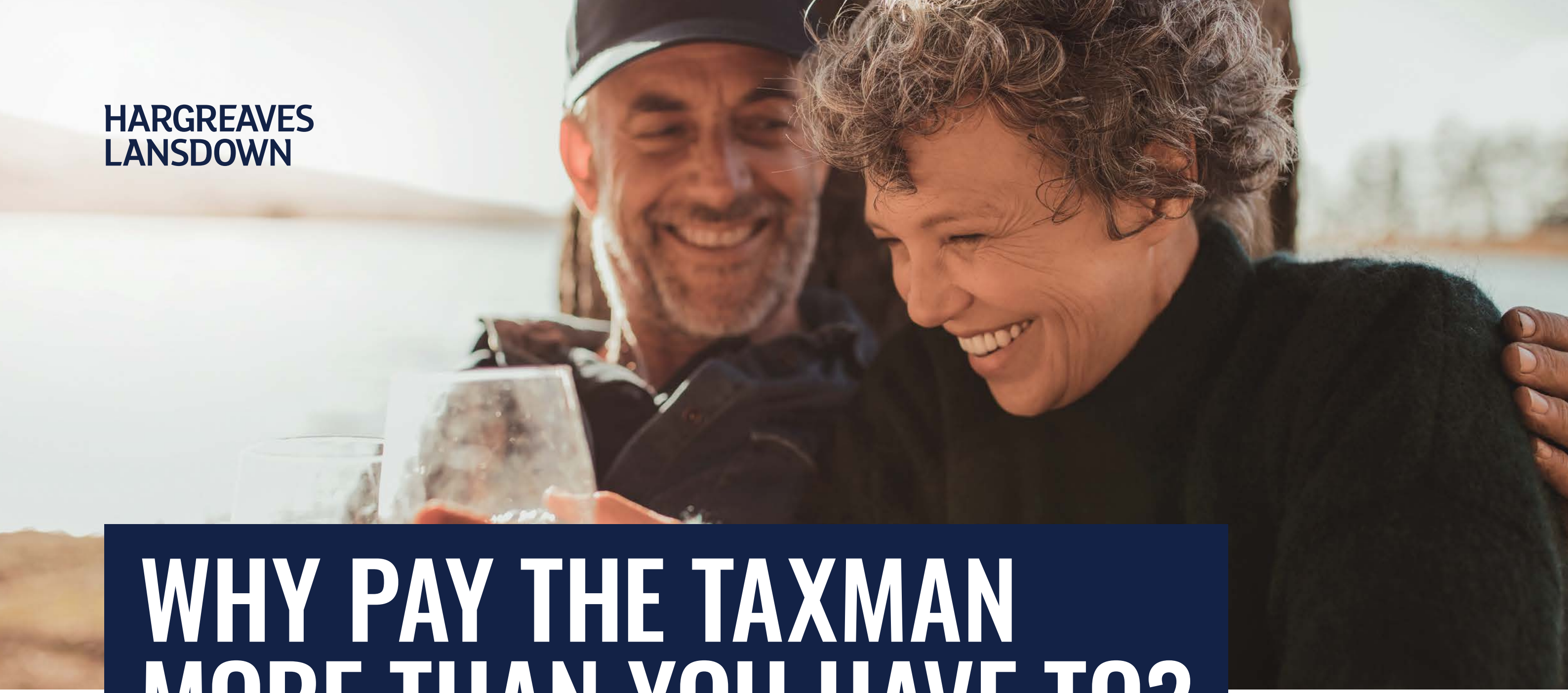


HARGREAVES
LANSDOWN

WHY PAY THE TAXMAN MORE THAN YOU HAVE TO?

More for you, less for the taxman.

Would you like to stop working earlier? Give your children a helping hand on to the property ladder? Or avoid running out of money in retirement? Whatever your goals, saving tax could help you get closer to them.

Just recently, one HL client saved £60,000 in tax by taking financial advice.

Of course, not everyone can save that much, but find out if you could benefit too by **booking a call back**. Or if you'd like to get started right away, give us a call on **0117 317 1690**.

Lesser-known allowances and little-known opportunities:

1. PROTECT YOUR PERSONAL ALLOWANCE

If your income is more than £100,000, then your £12,500 personal allowance will be scaled back. For people with income over £125,000, it's gone completely, and you're effectively being taxed at up to 60% on your income between £100,000 and £125,000.

So you pay income tax of:

- £27,500 if you earn £100,000pa;
- £42,500 if you earn £125,000pa – an extra £15,000 tax for earning just £25,000 more.

Luckily there are ways to get your personal allowance back. One such way is to make a pension contribution.

If you earn £125,000 and you pay £20,000 into a personal pension:

- HMRC will add tax relief of £5,000 to your contribution.
- And you will get a further £10,000 back by completing your self-assessment form.
- That's a tax saving of 15,000 and £25,000 into your pension.

This is just a simplified example for a rest of UK (non-Scottish) taxpayer. Tax rules are complex and can change, the exact benefits will depend on personal circumstances.

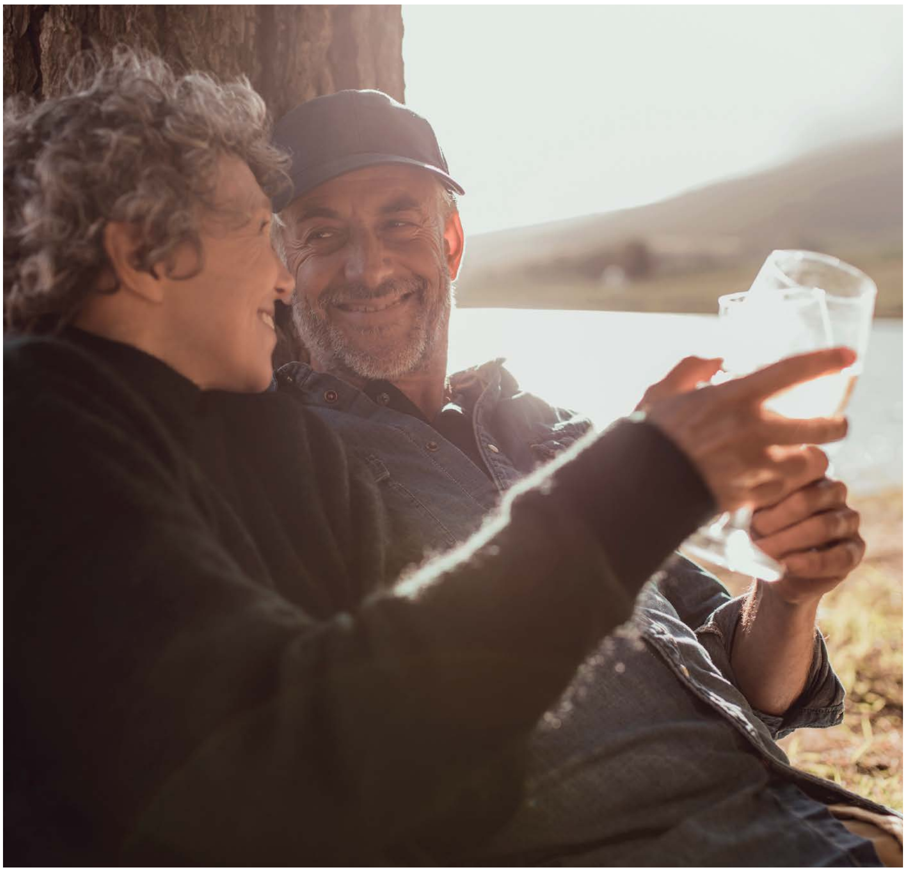
An adviser can help you make the most of the tax allowances available so you aren't paying unnecessary tax.

2. EFFECTIVELY USE YOUR FAMILY'S TAX ALLOWANCES AND BANDS

For many couples, one partner earns less than £12,500 and pays no tax. They can still add to their pension and get tax relief. HMRC will still add 20% of your contribution up to your gross earnings (or £3,600 if you have no earnings) even though you've paid no income tax at all – that has to be attractive.

For example, if you earn £12,500 and can afford to pay in £10,000 HMRC will add £2,500 making a contribution of £12,500 costing £10,000.

What's more, the higher-earning spouse can make the payment into the lower earner's pension on their behalf. And with careful planning, you may be able to take the whole lot out and pay no tax when you are over 55 (rising to 57 in 2028).



5. MAKING USE OF CARRY FORWARD BEFORE IT'S LOST

You can give your pension a turbo boost by carrying forward any unused allowances from the last three tax years. Providing you earn enough, there's the potential to invest up to £160,000.
If you exceed the annual allowance there will be a tax charge on the excess of between 20% and 45% (different rates apply for Scottish tax payers). So it's important to check whether the total pension contributions to all pension schemes exceed £40,000 plus any available carry forward in this tax year, when combined.

Remember, if your adjusted income is higher than £150,000 then your annual allowance could be reduced by £1 for each £2 your income is above this. See **our factsheet** for more information.

FIND OUT HOW MUCH YOU COULD CONTRIBUTE USING OUR FREE CALCULATOR →

You'll also need to consider the lifetime allowance (LTA). The maximum value you can build up across all your pensions, without incurring a tax charge. It's currently set at £1.055 million (tax year 2019/20).

If you think you might be affected by the lifetime allowance, you may be able to apply for protection against a potential lifetime allowance tax charge and/or consider mitigation strategies.

DOWNLOAD OUR LIFETIME ALLOWANCE FACTSHEET →

3. MAKE FULL USE OF THE GENEROUS ISA ALLOWANCES

There's no capital gains tax and no UK income tax to pay within an ISA. And ISA income and profits don't need to be included on a tax return. So where possible, it makes sense for most people to consider using their full £20,000 allowance each year.

Married couples should consider using both ISA allowances in full, even if one spouse is a non-taxpayer.

4. SAVE FOR RETIREMENT TAX EFFICIENTLY

Making use of pension allowances is still one of the most tax efficient ways to save for retirement. Tax relief is usually at least 20% for everyone aged under 75, and up to the highest marginal rate for intermediate (Scottish tax payers only), higher and additional rate taxpayers.

Anyone resident in the UK and under 75 can put £2,880 in a pension and the taxman will top it up to £3,600. Building up a pension in both spouses names may be one of the most tax-efficient ways of generating income in retirement.

6. CONSIDER OTHER TAX EFFICIENT INVESTMENTS

For more sophisticated investments, you might consider Venture Capital Trusts (VCTs). They offer tax relief of up to 30% and you could save as much as £60,000 in tax if held for five years. Plus, the dividends are tax free and growth is exempt from capital gains tax.

These investments are aimed at adventurous investors with larger portfolios. Any decision to invest should be made on the basis of information contained in the prospectus and Key Information Document, which detail the charges and risks associated with investing.

VCTs can be an invaluable financial planning tool, both leading up to and in retirement. They are generally higher risk and longer term investments so aren't suitable for everyone. Our advisers can help decide whether this type of investment is right for you and your portfolio.

FIND OUT MORE ABOUT VCTS →

7. PASS ON MORE WEALTH TO LOVED ONES

We've seen significant changes to death benefit taxation in recent years. Changes to pensions and ISAs; lower inheritance tax (IHT) rates when certain legacies are left to charity, plus the introduction of the residence nil rate band.

In light of these changes it's important to review your will and IHT plans. A financial adviser can help you navigate the rules, and reduce the potential loss to tax. Although, tax rules can change and any benefits depend on your circumstances.

GET YOUR PLANS IN MOTION

Find out if you could benefit by **booking a call back**. Or if you would like to get started right away, give us a call on 0117 317 1690 today.

It starts with a quick call about our advisory service. There's no pressure, and it only takes a few minutes to find out if you'll benefit. If it's right for you, we'll arrange your first free meeting with an adviser. No advice will be provided in this first meeting, and if you do choose to take advice there will be a charge.

Financial advice isn't appropriate for everyone. For those that don't need advice, we provide the help and tools to make your own investment decisions.

8. GAIN NOT PAIN

There are also steps which can minimise capital gains tax (CGT):

- **Use the annual capital gains tax allowance** – it's £12,000 in 2019/20 meaning a married couple or civil partnership can make gains of £24,000 a year without any charge to tax.
- **Offset losses against gains** – an investment sold at a loss can be offset against gains. If there are more losses than gains in a tax year, these can be carried forward to offset against future gains.
- **Sell when tax is paid at a lower rate** – CGT is based on your rate of income tax. If this will fall in the future, perhaps due to retirement, you could consider delaying selling until then.
- **Transfer to spouse** – married couples or civil partners can usually transfer investments without incurring CGT. This could be beneficial before selling an investment or if one partner has a lower tax rate.
- **Reduce taxable income** – this will reduce the amount of CGT. One of the easiest ways to do this is to fully use tax shelters such as an ISA - income from an ISA is free from UK tax. Paying pension contributions will also reduce your taxable income in the year of contribution and potentially reduce the rate of CGT you have to pay.