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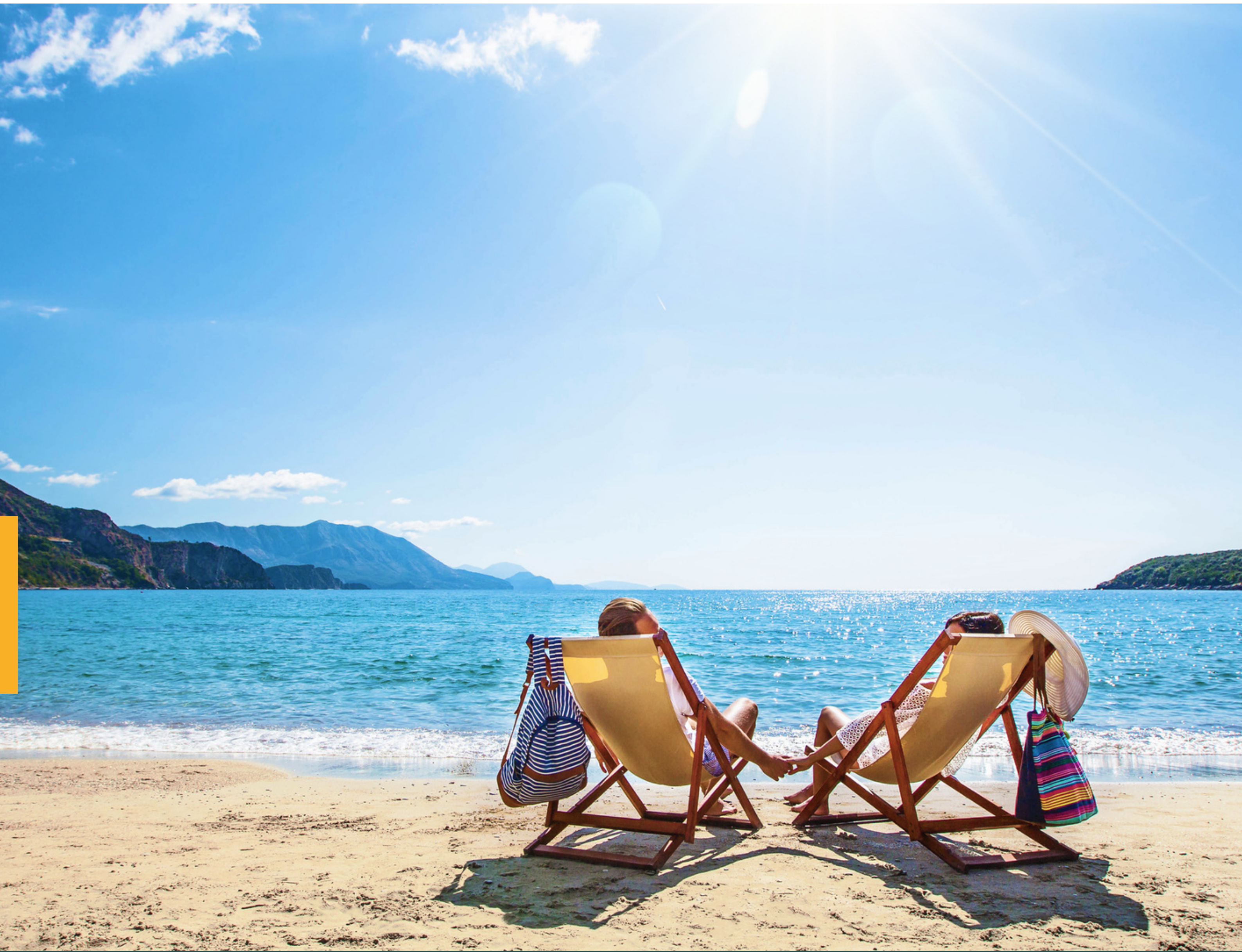
# Nugenis News

April 2023



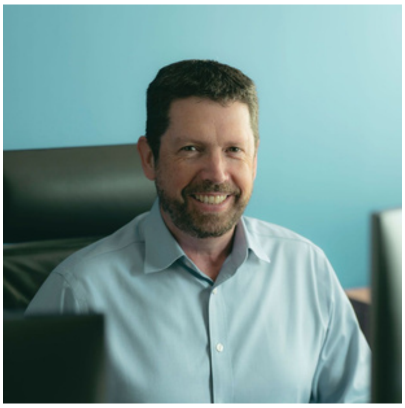
# People News

## Birthdays in March

The following members of staff celebrated birthdays in March:

13th – Gareth Tregidon, CEO

27th – Peter Everitt, Financial Planner



## A new arrival

We are delighted to share the wonderful news that our Paraplanning Manager, Leanne Watkins, recently gave birth to a beautiful baby boy.

James Andrew Wright was born on 6th April at 2:59 a.m. weighing 8lbs 1oz. James' arrival couldn't have been planned any better to coincide with the end of one tax year and the start of a new one!

Congratulations to Leanne, her partner Tim, and to Harry on becoming a big brother.

# Investment Commentary

April 2023

## Market overview

March proved ultimately to be a positive month for equities as global economic data generally continues to surprise on the upside, helped by falling commodity prices and a strong recovery in China. Developed markets rose nearly 3% in local currency terms, with returns from emerging markets just slightly lower.

The month did not pass without incident and some significant concerns however, as the collapse of Silicon Valley Bank in the US and the subsequent, largely unrelated, failure of Credit Suisse stoked fears of a financial crisis, sending bank shares sharply lower. Reassurances from central banks about the health of the financial sector and a general belief (which we share) that the banking sector is well capitalised post the reforms after the 2008 financial crisis have since led to a recovery in the sector.

One likely consequence of the pressures within the financial sector is a further tightening in bank lending standards. This might provide a further brake to growth and inflation, and therefore reduce the need for further rate rises. This benefited growth stocks in particular, with sectors such as technology particularly strong in March. In contrast, the pressure on banking shares weighed heavily on markets such as the UK with significant exposure to the sector.

While sentiment became more dovish over the month, key central banks did go ahead with further rate rises, citing areas of stubborn core inflation and tight labour markets driving wage pressures within the services sector. The Bank of England and US Federal Reserve raised rates by 25 basis points, while the European Central Bank went ahead with a 50 basis point rate rise.

UK inflation remains problematic, standing at 10.4% after a slight increase in February. The Bank of England does, however, expect this rate to fall quite sharply by the year end driven by lower commodity prices, a fall in the price of imported goods and a slowdown in demand due to the squeeze on real earnings. Bond markets are now pricing in one further 25 basis point rise in the UK before a potential pause in the tightening cycle.

## Strategy Positioning

The prospects for the global economy have generally improved since the start of the year, helped by lower commodity prices and the re-opening of China. Fears of a global recession have therefore abated, although some countries may still flirt with a technical recession in 2023.

Headline inflation continues to ease in most areas, largely due to lower energy and food prices, however core inflation is proving to be stickier than expected due to strong service sector price rises and tight labour markets. We still believe that the inflation picture should look very different by 2024.

We are encouraged by the improving economic backdrop and the positive outlook for corporate earnings, which suggests valuations in many sectors are attractive. This leads us to maintain a full exposure to equities, and the backdrop continues to direct us towards Asia and the USA where superior rates of medium and longer-term growth are also expected. We are alert to the concerns within the banking sector, and accept that this adds another layer of potential risk for equity investment but this does not derail our positive view on equities versus other asset classes. Central banks should soon be in a position to stimulate growth once more and are ready to step in if needed to sure up the financial system.

We have been active within the strategies in terms of using recent volatility to add to our high conviction views within both equity and fixed income markets.

FEATURED INSIGHT

# How to make the most of your tax allowances

With a new tax year having just started, thinking about annual tax planning is probably not on your radar. But taking time now to consider how you can take full advantage of any tax allowances is definitely worth doing early.

At the end of the tax year, there's often a scramble to make the most of your tax allowances before they 'run out'. But the good news is the start of the new tax year means a whole new set of allowances from the Government to encourage people to put money away for their future. Working with your Financial Planner early in the tax year to plan for the year ahead can help ensure your finances are best positioned to make the most of the allowances.

Here are just a few of the current tax allowances that can help ensure you keep more of your money, although please remember that limits and rules may change in the future.

## INVESTMENTS

### Capital Gains Tax (CGT)

The biggest change this tax year is to the annual exempt amount for Capital Gains Tax, which affects the tax you pay on profits above the threshold when selling certain assets. As announced in the 2022 Autumn Statement, from April 2023 the CGT allowance is being reduced by over 50% from £12,300 to £6,000, and then for 2024/25 it will be reduced even further to £3,000.

This reduction could mean there will be more tax payable if you realise gains on certain assets in the next few years. For example, if you are a landlord or own a holiday home and sell a property that is not your main home, you could pay up to 28% on your gains above the £6,000 threshold. This is where planning ahead can make a difference, for example by selling assets in different tax years, so if you think you might need to pay CGT on any gains speak to your tax adviser about ways to manage any liability.

## Individual Savings Accounts (ISA)

ISAs and Junior ISAs are a great way of boosting future wealth in a tax efficient manner, as gains and income generated are exempt from CGT and Income Tax.  Adults can pay up to £20,000 into an ISA (or combination of ISAs) this tax year, and have a choice of four types of ISA depending on your circumstances: Investment/Stocks & Shares, Cash, Lifetime and Innovative Finance.

You can only hold one of each type of ISA in a tax year, but can mix and match up to the £20,000 limit. The Lifetime ISA has slightly different rules, with a maximum annual limit of £4,000 and can be opened by those aged between the ages of 18 and 39. Lifetime ISA contributions can attract a 25% Government bonus under specific circumstances, as they are designed to help people save up to buy their first home or for their future retirement.

## Children's savings

Up to £9,000 can be paid into a Junior ISA for children aged between 0 and 18. These accounts can only be opened by the child's parent or guardian, although anyone can then pay into it (provided the annual contribution limit is not exceeded). Be aware that money in the Junior ISA belongs to the child and although you might have visions of them spending it on their education or a house deposit, they may have other ideas when they can access it at age 18.

If you want to have a greater say in how money saved for your child is spent, you could instead save for them through your own or your spouse's ISA if you don't normally use the full £20,000 allowance. Depending upon the amounts involved you could also consider setting up a trust for their benefit. Different options will have different tax risks and benefits, so speak to your Financial Planner about what is best for your circumstances.

# ESTATE PLANNING

## Don't forget inheritance tax

The standard Inheritance tax (IHT) rate is 40% which is charged on the part of your estate that's above the current £325,000 tax-free threshold, however you can pass on up to £1 million of assets IHT-free depending on your circumstances.There are some useful allowances here too, especially when considering the best ways of protecting your loved ones from potential IHT in the future.

## Gifting to family and friends

You can give away a total of £3,000 worth of gifts each tax year without them being added to the value of your estate. Parents can give up to £5,000 for wedding or civil ceremony gifts for a child, £2,500 for a grandchild and up to £1,000 for anyone else.  Payments made from your income can also be exempt from tax provided your own standard of living is unaffected. Charitable donations and gifts to institutions such as art galleries, museums and heritage funds as well as political parties are also exempt from gift tax.

# RETIREMENT

## The tax benefits of pensions

Pensions have several tax benefits whether you have your own business, you're an employee or want to provide for loved ones. They are one of a few investment products to give tax relief at source for basic tax rate (and through your tax return at higher and additional rates), and can protect your money from both CGT and Income Tax.

## Using your Annual Allowance

The Annual Allowance is the maximum sum that can be paid into a pension on which you can get tax relief.  In certain circumstances you can carry forward any unused Annual Allowances from the previous three years to the current year, meaning it can be possible to add significant sums to your pension.  This can be helpful if your earnings fluctuate from year to year, or if you're a business owner. The Chancellor recently announced that the limit will increase from 6th April 2023, meaning that most people can pay up to £60,000 or 100% of their earnings, whichever is lower, into a pension in the 2023/2024 tax year.  However, there are exceptions for people already taking income from a pension and for higher earners, so taking professional advice is essential.

## Taking a longer-term view

The Lifetime Allowance (LTA) for pensions has been set at £1,073,100 since April 2020, and was due to remain unchanged until at least April 2025. The LTA is the maximum benefit you can hold in pensions without incurring what could be a sizable tax charge. In an unexpected change to policy the Chancellor of the Exchequer announced in March 2023 that, from 6th April 2023, the LTA would be abolished, however there remains a maximum amount of cash someone can draw from a pension without it being liable to tax.

Everyone is eligible for basic rate tax relief on pension contributions up to £3,600, regardless of earnings. This can be a useful guideline to help you plan if you're thinking about funding pensions for children as soon as they are born, or for a non-earning spouse or partner.

# Here to help

Some areas of tax planning are easy to navigate, others are more complicated. The one thing they all have in common is that if you manage to navigate them well, you and your loved ones stand to benefit.

We have only touched on some of the basics in this article. Tax forms a core part of the financial planning we do, so if you would like to discuss any of the areas raised in further detail please speak to your usual Financial Planner.

## CONTACT US

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