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Nugenis News

December 2022

People News

Celebrating Five Years' Service

In November, paraplanner, Rebecca Stingemore celebrated her 5-year work anniversary at Nugenis. When Rebecca joined the company, her first role was in the Client Relationship Team but with hard work, determination and a lot of exams in between, Rebecca has become an asset to the paraplanning team and has achieved her Chartered Financial Planner status.

Nugenis fully supports its staff and their ambitions for development and we are proud of Rebecca and all of her achievements.

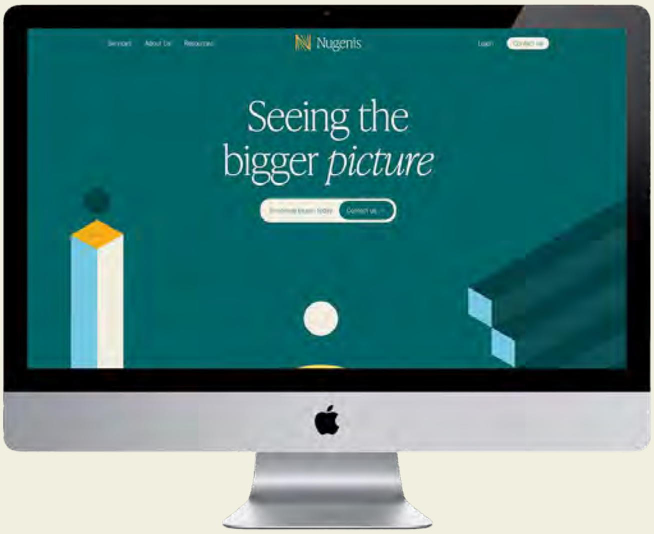
Enjoy your tipple and spending your gift voucher Rebecca!

Birthdays

In November, the following members of staff celebrated their birthdays:

18th – Katie Nash, Client Relationship Coordinator

Other news



Our New Website is Live!

We are proud to announce that we have a new website. Using contributions from across the business our Senior Management Team worked closely with Limegreentangerine, a Cardiff-based design agency, over a period of several months to develop the new site.

Designing a new website is never easy, and we knew we wanted to stand out from the crowd so we didn't look like most other financial advice firms. We hope we've achieved that, and we will be building on this foundation over the coming months and years by adding what we hope will be useful information for both existing and new clients.

For our existing clients, the links to view your valuations are still there (please use the 'Login' button at the top right of the screen), and if you've missed any of our newsletters these are also now available in the 'Resources' section for the first time.

The link for the new website is www.nugenisfp.co.uk

Christmas Opening

With the festive period approaching we would like to advise of our Christmas opening hours.

The office will close at 4 p.m. on Friday the 23rd of December 2022 and reopen at 9 a.m. on Tuesday the 3rd of January 2023.

Should you call the office during that time or email any of the team, they will respond when the office reopens in January.

A Change to our Office Opening Hours – Friday the 16th of December

Our office will be closed from 1 p.m. on Friday 16th December for the Nugenis Christmas party. If you do call the office, you will be able to leave a message and the team will call back on Monday 19th December. Alternatively, please send us an email to JustAsk@nugenisfp.co.uk and we will respond as soon as possible.

Investment Commentary

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December 2022

After a strong October developed market equities continued to rally in November. The main catalyst was the greater than expected fall in US inflation (down from over 8% to 7.7%), which led the market to believe that inflation in the US may have peaked and that the US Federal Reserve may be able to slow, and potentially end, the cycle of rate rises earlier than anticipated.

Evidence continues to suggest that supply chain disruption globally is alleviating. Within the US, falling prices in areas such as goods and autos were a key driver although the picture does remain mixed and inflation in areas such as services remains more stubborn.

Emerging market equities rallied even more strongly than developed indices in November. Economic data in China was relatively weak, pointing to a continued economic slowdown that has prompted authorities to ease policy and provide some targeted support measures, which has also been well received by investors.

In contrast to the US, inflation numbers coming out of the eurozone and the UK hit new highs as rising food and energy prices continued to impact. Economic data in both regions improved slightly from very depressed levels however the outlook remains weak. In the UK the Office for Budget Responsibility ('OBR') issued forecasts for a 1.5% decline in GDP for next year and a 7% fall in real (i.e. relative to inflation) incomes. There was brighter news in terms of the energy crisis in Europe, where a combination of mild weather and good progress being made in terms of securing new and alternative supplies of gas have led to storage levels for the winter being almost fully replenished.

November saw further 75 basis point rate hikes in the UK and US, taking rates to 3% and 4% respectively. Despite this, the less hawkish sentiment that perpetuated over the month drove global bonds up nearly 5%. The recent recovery of sterling has continued as a level of calm has returned to UK politics and financial markets.

Strategy Positioning

Equities remain our preferred asset class at present, and we are maintaining equity exposure at the upper end of risk profile ranges. Our expectation of modest but positive global economic growth over the next 2-3 years, the resilience to-date of corporate earnings and undemanding valuations provide a supportive background for risk assets in our view.

Within our equity exposure we have further skewed our exposure away from regions and markets facing the greatest headwinds and towards areas and sectors that should provide superior levels of growth going forward. This has meant reducing our exposure to UK equities relative to the rest of the world. We have also added to global infrastructure and renewable energy assets as we believe these areas offer long-term super-cycles for investment and the prospect of excess returns.

In addition to equities, attractive opportunities have also appeared in some areas of the bond market and, after a tumultuous period of returns so far this year, we expect a more 'normal' return profile from fixed income going forward.

Although we see these opportunities in risk assets, we remain very mindful of downside risks and we have also added exposure to low risk, uncorrelated funds in the alternatives space that will help to stabilise strategy returns should we see future periods of market weakness.

FEATURED INSIGHT

What does the Autumn Statement mean for you?

With living costs soaring thanks to the highest rate of inflation for over 40 years, and with a budget black hole to fill, Chancellor Jeremy Hunt tried to pull off a balancing act in his Autumn Statement to promote stability and rebuild the economy, while protecting public services and supporting the most vulnerable in society. But how are the tax changes, spending cuts and other measures announced in the Statement likely to impact your finances.

As the third Chancellor in as many months, Jeremy Hunt had an unenviable task when delivering his Autumn Statement on 17 November. With the economy suffering from the continued impact of Brexit, the aftermath of the coronavirus pandemic, and the ongoing fallout of the war in Ukraine, as well as the disastrous financial consequences of September's so-called 'mini-budget' and the UK facing a 'prolonged period' of recession according to the Bank of England, setting out a fiscal plan that restored the UK's credibility with markets, tackled the cost of living crisis and promoted growth was a tall order. So, what were the key announcements.

Taxation

There were several changes to taxation announced in the Autumn Statement.

Income Tax

One of the main ways the Chancellor hopes to raise funds for Government spending is through changes to income tax. The tax bands had already been frozen until 2026, but this was extended for two more years meaning they will stay the same until April 2028 rather than going up with inflation as is normally the case.

The Chancellor also announced a reduction in the threshold for the additional rate tax band, from April 2023, when the 45% rate will apply to those earning over £125,140.

From April 2023 until April 2028, the income tax bands for those working in England, Wales and Northern Ireland will be as follows:

Brand	Current	From April 2023	Tax rate
Personal Allowance	Up to £12,570	Up to £12,570	0%*
Basic rate	£12,571 to £50,270	£12,571 to £50,270	20%
Higher rate	£50,271 to £150,000	£50,271 to £128,140	40%
Additional rate	over £150,000	over £128,140	45%

The Personal Allowance of £12,570 is the amount most people can earn without paying tax. However, this amount reduces by £1 for every £2 that your 'adjusted net income' is above £100,000, and you don't get a Personal Allowance at all if you earn over £125,140. Your 'adjusted net income' is your total taxable income less certain tax reliefs such as trading losses, pension contributions and charity donations – we'll come back to this later.

Although you might think that freezing the tax bands won't have much effect on your finances, over time it is likely to have a significant impact. The Office of Budget Responsibility (OBR), which independently assesses the government's finances, estimates that freezing the thresholds and lowering the additional rate band will create 3.2 million new taxpayers, and 2.6 million more people will pay higher rate tax.

Capital Gains Tax (CGT)

The CGT annual allowance for all UK taxpayers will be reduced to £6,000 in 2023-24, down from £12,300, before being cut again in 2024-25 to £3,000. No changes were made to the CGT tax rates above these allowances. These remain at 18% for basic rate taxpayers and 28% for those in higher bands on gains from residential property that isn't your home, and 10% for basic rate taxpayers and 20% for those in higher bands on gains from other chargeable assets, which includes shares outside of an individual savings account (ISA) and most personal possessions worth £6,000 or more excluding your car.

The Finance Bill 2023 will introduce a new anti-avoidance rule. Holdings of material interests (more than 5%) in shares and securities in non-UK companies which were acquired on or after 17 November 2022 via an exchange for shares in a UK close company will be deemed to be located in the UK. Non-UK-domiciled individuals will now be prevented from claiming the remittance basis to avoid UK tax on such gains and distributions received in respect of the non-UK shares. This can be a complex area, so speak to your tax adviser if you have specific concerns.

Inheritance Tax (IHT)

The inheritance tax (IHT) threshold has been frozen. The 'Nil-Rate Band' – the amount that can be passed on before IHT is due at a rate of 40% - will stay at its current rate of £325,000 until April 2028. This means it will have remained unchanged for 20 years since 2008/09, and will likely result in even more estates becoming liable to IHT due to rising house prices and inflation.

Car Tax

From 2025, electric vehicles will no longer be exempt from road tax. The running costs of petrol and diesel cars look likely to rise from March 2023, when the one-year 5p cut in fuel duty from the Spring Budget earlier this year comes to an end,

Tax Relief

There are ways you can legitimately reduce your tax bill by making the most of the various tax relief options available from the Government. As well as the CGT and IHT allowances outlined above, other ways to minimise tax include holding your investments in tax wrappers like ISAs and self-invested personal pensions (SIPPs) and using the Personal Savings Allowance (PSA), which allows basic rate taxpayers to earn £1,000 in savings interest, and higher rate taxpayers £500, without paying tax. In addition, married couples and those in a civil partnership can benefit from the Marriage Allowance, allowing those earning below £12,570 to transfer up to £1,260 of their Personal Allowance to their spouse or partner. This reduces the higher earners' tax by up to £252 in the tax year.

Salary sacrifice schemes can also help lower your current taxable income, e.g. childcare vouchers and increasing your pension contributions into workplace pension schemes. The government currently provides tax relief on pension contributions at the highest rate of income tax you pay - higher and additional rate taxpayers need to claim additional relief through the self-assessment process. Your Financial Planner can help you navigate the various tax relief options and allowances available.

Energy Bills

As well as increasing the tax take, the Chancellor did provide some financial support to households struggling with higher living costs. Since October, thanks to the Energy Price Guarantee limiting the price we pay for each unit of energy used, the average household pays £2,500 for gas and electricity per year. This Guarantee will end in April, to be replaced with a new one-year cap which will see average households pay £3,000 per year. You pay according to how much you use, so improving your energy efficiency as much as possible is a good idea.

All households have also benefited from a £400 discount on energy bills spread over six months from October. This grant will end in April, to be replaced with more targeted support in 2023 including £300 for pensioner households.

State Pensions

In other good news, the Chancellor confirmed that this year the 'triple lock' is back, and the State Pension will rise in line with inflation next April at 10.1%. The 'new' State Pension, currently worth £185.15 a week, will increase to £203.85 from April. The Basic State Pension, for those who reached state pension age before April 2016, will rise from £141.85 a week to £156.20.

Next Steps

The Autumn Statement is likely to have an impact on most people's finances. If you have any concerns or would like to review your financial plan we're here to help, so please contact your Financial Planner to arrange a chat.

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