Nugenis

FEBRUARY 2025 NEWSLETTER

Nugenis News Update

The start of a new year seems an appropriate time to take stock and evaluate so with that in mind the frequency of our newsletters is going to change. Going forward we will be issuing 3 newsletters each year that will be added to the Resources section of the Nugenis website (www.nugenisfp.co.uk).

This will allow us to include more content that we hope you will find relevant and beneficial.

The newsletters will be supplemented with standalone articles, investment commentaries and Spring and Autumn Budget statements which will all be on our website too.

Staff Training Day

On Thursday 6 March 2025, all Nugenis staff will be attending a company training day. Should you call the office, you will be able to leave a message and one of the team will return your call when the office reopens.

You can also email JustAsk@nugenisfp.co.uk and we will reply on our return.

Tax Year End Deadlines – Don’t Leave It Too Late!

The current tax year ends on Saturday 5 April 2025 and we’d like to remind you to get in touch with your financial planner if you want to implement any investment plans to make the most of the current year’s allowances.

In our February 2024 and October 2024 newsletters we issued articles to explain why withdrawals can take longer to arrange than you think. That’s why it is even more important at tax year end to get your instructions in as soon as possible.

Most investment and pension providers we use have payment cut-off points between Monday 10 March and Monday 31 March 2025. In addition to that we have to factor in the time needed to produce the required correspondence and documentation so that we can meet our regulatory requirements.

If any instructions are received after Friday 7 March 2025 we will make every effort to ensure these are processed in time, but we cannot guarantee contributions will be made in the current tax year.

As always, if you have any questions or concerns, please speak to your Financial Planner, or contact us directly.

Bordier-Commentary-February-2025

Market overview

Monetary and political events took turns to swing markets over January as uncertainty over both inflation and the policy mix of Trump 2.0 were absorbed by global investors.

Whilst the Consumer Price Index in the US showed that overall inflation rose in December, under the hood a moderation in the core figure offered some reassurance. The inflation report arrived mid-month as market watchers had dramatically pared back their expectations for interest rate cuts from the US Federal Reserve ('Fed') over 2025 amidst stronger than expected employment numbers.

The market is expecting the Fed to take an extended breather and are currently not pricing in a rate cut until June at the earliest. That could well arrive sooner if inflation data looks more favourable over the coming months. Ongoing developments in Washington remain a key factor, with the extent of further cuts depending greatly on policy changes deployed by the new administration.

On this front, President Trump latest salvo has been to declare sweeping tariffs on Canada and Mexico, as well as on China. The designated reason for doing so was the apparent failure of all three nations to stop the flow of fentanyl into the US, though this is likely to be taken as a precursor for Trump to invoke emergency powers as and when is required to impose tariffs unilaterally.

Prior to the tariff news, the headlines had been dominated by DeepSeek's emergence as a lower cost, high-performance competitor to its Western counterparts. The news emanating from China caused immediate yet localised panic within companies perceived to be at the forefront of the AI revolution. The sudden loss in confidence culminated in the tech-heaving NASDAQ Index experiencing its largest single day fall since the onset of the pandemic.

Elsewhere, in the eurozone; lacklustre growth, softening labour markets and falling energy costs should combine to bring down an inflation figure that has proven somewhat stickier than anticipated. Tariffs are a fly in the ointment and will likely cause a temporary rise in US inflation that will mean a renewed divergence in inflationary trends between both regions.

Strategy positioning

A continued backdrop of generally resilient global economic growth, moderating global inflation (including wage growth) and reductions in interest rates should continue to be supportive for a wide range of asset classes throughout 2025. We expect broadly positive corporate earnings growth announcements driven by an improvement in profit margins and a more conducive environment for capital projects as the cost of capital falls.

We remain positive on the outlook for fixed income assets, where history suggests that attractive returns typically follow as we progress through the loosening cycle. We are retaining some exposure to our low volatility absolute return funds, which continue to act as effective portfolio diversifier and play a valuable role in portfolios during periods of market weakness.

Smart financial moves to make this season

Spring is just around the corner, bringing with it lighter evenings, longer days and new growth.

It's a popular time to spring clean your home, and a good opportunity to spruce up your finances.

Here are some top tips to help you tidy up, declutter and organise your money management.

Step back and take stock

As we head towards a new financial year, reexamine your budget, debt and investments, and check them against your financial goals.

It can help to create your own asset register detailing key information such as where you currently invest your money, what savings you have and where, and details of any pensions.

The Government's free Pension Tracing Service can help you find any pensions lost in the ether. You just need the name of your old employer, or the name of the pension provider.

Check on your pensions' performance

A pension is an investment just like any other and is probably one of the biggest pieces of your own financial jigsaw, second only to your property. In the same way that you care for the upkeep of your home, give the same level of attention to your pension to keep it in pristine condition.

The UK's tax system means you get to keep in some cases all your earned income by putting it into a pension, and you can get a further boost from employer contributions. Increasing pension contributions is often a savvy move if there's room in your budget. You can also add one-off lump sums to your pension, within the scope of annual allowance rules.

The pension landscape is constantly changing, and your funding pattern and investment approach needs to reflect these changes to ensure that you're on track. Speak to your adviser to get some support with your financial spring clean and ensure you're on track to meet your retirement goals.

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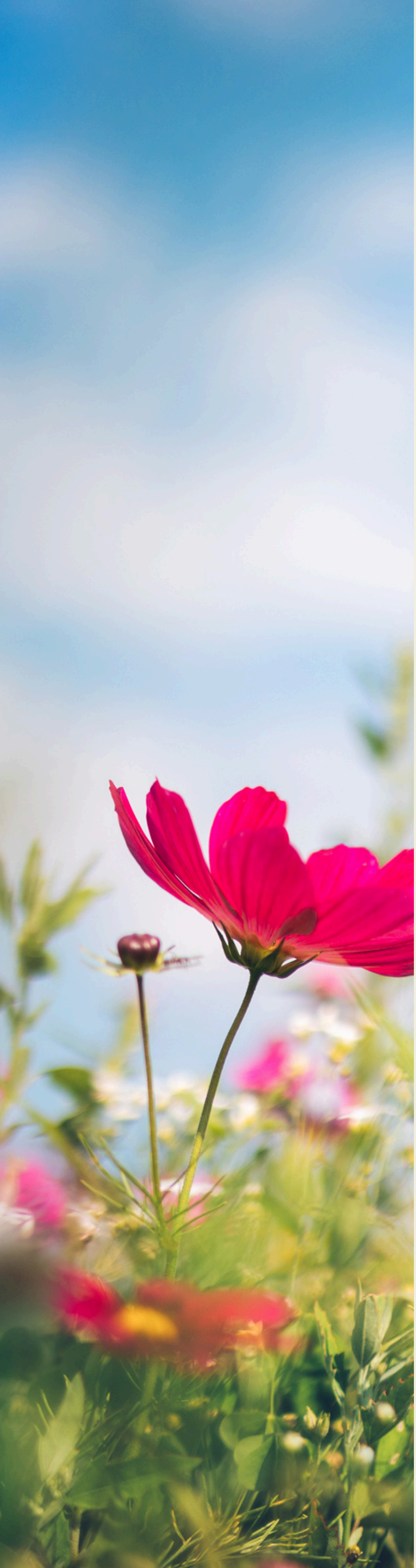


Supercharge your ISA allowance

Your annual ISA allowance of £20,000 means those savings or investments are sheltered from tax and can grow more quickly.

Furthermore, investing into a Stocks and Shares ISA in the springtime, as soon as the tax year ticks over into the next, could help boost its growth potential over time.

Analysis by broker Hargreaves Lansdown in 2024 found that those who invest earlier in the tax year produce better returns than those who wait until the end.

The research found that someone investing their full ISA allowance in the Legal & General International Index fund on the first day of the tax year every year from 2014 until 2024 would have seen their pot grow to £360,500. Investing on the last day of the tax year over the same period would see a return of just £322,500, a difference of £38,000.

Write or review your will

Writing a will isn't something you should put off. It's a legally binding way to control what happens to your money and property when you die, and failure to do so can have serious financial consequences for your loved ones. For instance, if you have a young family and are unmarried, your wealth may not automatically go to them without a will, potentially jeopardising their financial security.

And it's not a one-and-done process. It's a good idea to review your will at least every five years, or whenever you go through a significant life event such as marriage, divorce, or the arrival of a new child or grandchild.

Put your excess cash to work

Inertia is one of the biggest barriers to financial success. If you're lucky enough to have surplus funds beyond what's needed for expenses and your emergency fund, make sure this cash is working for you.

With inflation eroding the value of idle cash, you'll lose purchasing power unless you put your money to use.

Investing wisely will help grow your wealth more effectively and build a stronger financial future.

Pensions to face inheritance tax:
What you need to know.

In the Autumn Budget, Chancellor Rachel Reeves announced the Government's intention to bring unused pension funds within the value of an individual's estate for inheritance tax purposes from 6 April 2027.

These proposals have far-reaching implications for pension savers, their beneficiaries and estate planning strategies.

What's the current state of play?

Under existing rules, pensions are a tax-efficient way to plan for retirement and pass on wealth, as they are not generally included when working out the total value of your estate for IHT purposes.

How much tax your beneficiaries will pay on your pension depends on how old you are when you die. Generally speaking, if you die before turning 75, your pension can be inherited tax-free. Over the age of 75, the inherited pension is taxed at the beneficiary's personal tax rate, for example, 20%, 40% or 45%.

Crucially, pensions are not subject to inheritance tax (IHT), making them a useful option for wealth preservation.

What's on the table?

It's important to note that the proposed legislation won't come into force until 6th April 2027, and the pensions industry (providers and advisers) will consult on the planned changes ahead of its implementation.

If all proposed changes do go ahead, pension funds will be treated as part of an estate being valued for IHT purposes, bringing more people into the IHT net and potentially making it more complex to pass on your wealth.

While you can still draw down 25% of your pension as a tax-free lump sum (up to £268,275), any unspent pension will potentially be counted – and taxed – as part of your estate when you die from 2027. -

The proposals are expected to apply to defined contribution pensions, which are currently the most common type of pension. Defined benefit pensions, which often do not leave large lump sums on death, might be less affected. Discussions around potential exemptions are ongoing.

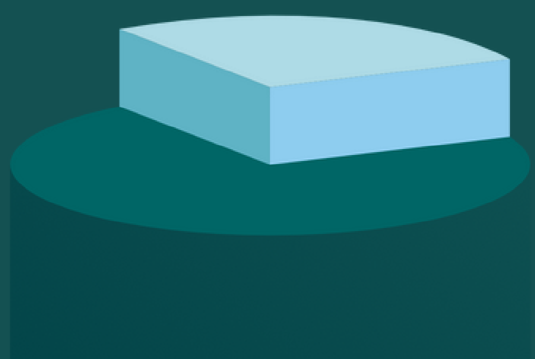
What does this mean for savers?

Savers may be driven to explore alternative strategies to pass on their wealth, such as making gifts during their lifetime, or using trusts. These proposals may also mean some are less likely to maximise pension contributions if perceived inheritance benefits are reduced.

What action can you take?

Review your pension to make sure you know how it's structured and get to grips with how these changes could affect its value after your death. Stay informed by keeping up to date as the proposals progress through Parliament.

It's important to have expert advice as you navigate this more complex and tax-heavy inheritance landscape. Our financial advisers are on hand to help you understand what the changes could mean for you and your planning, and to work with you to put together a strategy to protect your financial legacy.



AIMing for inheritance tax relief

Investing in AIM shares has long been a cornerstone of inheritance tax planning.

These shares have proven to be an attractive option for those looking to reduce IHT liability. This is because until recently they qualified for Business Property Relief which granted 100% IHT relief after only two years of ownership.
This compares favourably to making gifts, which must be survived by seven years to be exempt from the tax.

The Alternative Investment Market is a sub-market of the London Stock Exchange, designed to help smaller companies raise capital by offering shares to investors. The rationale behind this tax break was that such companies are often in their infancy and most in need of capital, and the investor would be rewarded with the IHT relief for incurring the extra risk associated with such investments.

What's changed?

During the Autumn Budget, Chancellor Rachel Reeves halved the IHT tax relief on AIM shares, announcing that the potential tax relief would drop from 100% to 50% from April 2026.

This change means that IHT on these shares will be reduced to 20% compared to than the usual inheritance tax rate of 40%.

Looking ahead, eligible shares held for at least two years will still qualify for 100% relief if death occurs before April 2026. After that, a 20% Inheritance Tax (IHT) will apply, provided the nil-rate band has been fully used by other assets in the estate.

New investors wouldn't meet the minimum two-year ownership requirement if they pass away before April 2026 IHT will be charged at 40%. For deaths after April 2026, the tax rate will be 20%, provided the shares have been held for at least two years.

Are AIM shares still a worthwhile investment?

Qualifying AIM shares still offer valuable inheritance tax relief – just not as much as has historically been the case.

If you want to consider taking advantage of the benefits of investing in AIM, which includes the potential for higher growth along with IHT relief, it's important to talk to an expert before doing so.

There are a diverse range of companies listed on AIM, and not all qualify for the tax relief. Of the investment opportunities which are eligible, not all will be suitable for certain investors.

AIM share are high risk and volatile. Their value, and the income arising from them, may go down as well as up, and past performance is not an indicator of future success.

Talk to us

We're here to help you achieve your investment goals. If you have questions about existing or potential investments in AIM shares, please do let us know and we can arrange a call, Zoom or face-to-face meeting at your convenience.

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