



029 2050 8000
JustAsk@nugenisfp.co.uk

Nugenis News

July 2022



Issued by Nugenis Financial Planning Limited, authorised and regulated by the Financial Conduct Authority. Financial Services Register No.626359. Nugenis Financial Planning Limited registered in England and Wales company registration number: 08215198. The value of investments and the income derived from them may fall and you may get back less than you invested. Past performance is not a guide to future performance. The Financial Conduct Authority does not regulate cash flow planning, tax or estate planning.

Company Update

June Birthdays

The following members of the Nugenis team celebrated birthdays last month:

2nd – Jackie Mico, Senior Client Relationship Coordinator

11th – Sarah Harvey, Client Relationship Team Leader

28th – Leanne Watkins, Paraplanning Manager

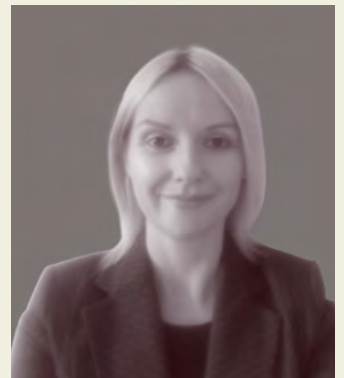


New member of the Nugenis Team

We would like to extend a warm welcome to our newest member of the Nugenis team, Laura Arandjelovic who joined us as a Paraplanner on the 6th of June.

Laura has worked in the financial services industry since 2003 as a technical complaint analyst, senior administrator and most recently a Paraplanner. She holds the Certificate in Financial Planning, and is currently working towards her Diploma.

Outside of work, Laura lives in Newport with her son Louis, and enjoys live music, travelling, and spending time with her friends and family.



Sports Day Update

In our last newsletter we told you about a staff sports day we were holding in aid of Diabetes UK. Unfortunately we had to postpone the event, but please watch this space for updates.

Email address reminder

In our last newsletter we gave you our new contact information following our rebrand. We wanted to let you know that we can no longer receive emails sent to any of our old Maven email addresses. If you do inadvertently send an email to one of them you should get a notification of a bounce back but these can take some time to arrive and could end up in your 'Junk' folder. Therefore please ensure going forward you always use our Nugenis email addresses.

All of our contact information can be found on the last page of this newsletter.

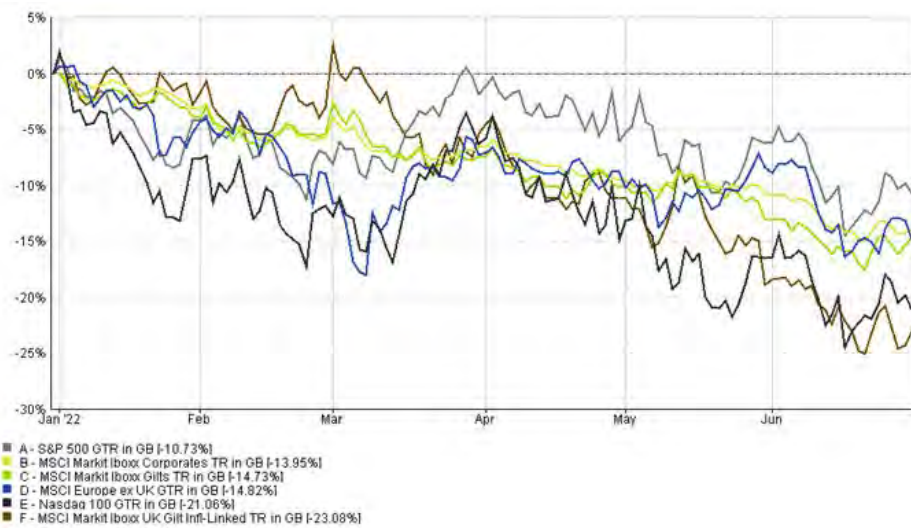
Investment Update



June 2022

By Adam Sketchley Board Director & Chief Investment Officer

The challenging 2022 investment environment continued through June. Although the past month presented some bright spots and positive uplift in markets, these upward moves were often short-lived. In terms of market performance, H1'22 has been the worst start to a calendar year for decades. The chart below shows both equity and bond market index performance for H1'22:



Source: FE Analytics, 2022

Inflation concerns, rising interest rates, removal of Central Bank stimulus measures, the energy crisis, geopolitical events and recessionary risks are all factors weighing on investment sentiment. The rising cost of energy is a material issue, particularly for Europe. Although unlikely in the short-term, any positive development between Russia/Ukraine would ease the pressure on energy commodity prices, which in turn would start to alleviate the strain on other risk factors.

The near-term outlook remains uncertain and therefore the Investment Committee consider it appropriate to maintain maximum portfolio diversification. For our discretionary clients, the Investment Team implemented some small changes to investment strategies during June. We took the opportunity to modestly decrease UK mid-cap equity exposure in favour of income-focused UK equity positions. These changes have increased portfolio diversification and will act as a natural near-term hedge against rising inflation and recessionary risks. As you are aware, all of Nugenis' investment strategies are designed with a medium-to-long term investment horizon. We define medium-term as a period greater than 3-years. With this in mind, the Investment Committee continue to consider it appropriate to remain fully invested and position portfolios accordingly.

Current market conditions will not last forever and positive performance will be resumed. The opportunities created by near-term market volatility allow us to position investment strategies to generate stronger portfolio returns in the future.

If you have any questions, please speak to your Financial Planner.





Getting the most out of your ISAs

When the UK government launched Individual Savings Accounts (ISAs) in 1999 it hoped to boost the country's savings culture. They are certainly a success, with some 13 million adult ISA accounts subscribed to in 2019/20, with a market value of around £620 billion, according to government data .

While an ISA is very likely to form part of your financial plan, ISAs offer a range of products and features that not all savers and investors will be aware of. Here, we pick out 10 things you might not know about ISAs and which may help you get even more out of them.

1. Cash ISAs aren't what they used to be

The tax benefits of Cash ISAs once ensured they were the first port of call for cash savers. But the introduction of the Personal Savings Allowance (PSA) in 2016 changed that. The PSA allows basic rate taxpayers to earn interest of up to £1,000 tax-free in each tax year, reducing to £500 for higher rate taxpayers. Additional or top-rate taxpayers are not eligible for the PSA.

With few people likely to earn cash interest above those thresholds, and many savings accounts offering better interest rates at the moment, there will likely be a better home for your easy access cash savings than a Cash ISA.

2. Couples can 'share' their ISA allowance

Although ISAs are 'individual' savings accounts that are held in one person's name, spouses and civil partners can maximise their allowances by taking advantage of rules allowing the transfer of gifts between each other. With gifts between spouses and civil partners exempt from Capital Gains Tax (CGT) and IHT, if you have maxed out your own ISA, you can add funds to your spouse's ISA, so that both allowances are used.



3. You can inherit your partner's ISA allowance

Although ISAs are income and capital gains are tax-free, they still form part of someone's estate for inheritance tax (IHT) purposes. However, you can take advantage of the IHT inter-spouse exemption and leave your ISAs to your surviving spouse or civil partner, so they can inherit a tax-free amount up to the value of your ISA on top of their normal ISA allowance.

4. You can hold several different ISAs at one time

The expansion of the ISA range in recent years has caused some confusion regarding how many you can hold or pay into at one time. The annual allowance can be split across all the different types of ISAs, meaning you can put some money in a Stocks and Shares ISA, as well as some in a Cash ISA, a Lifetime ISA (LISA) and an Innovative Finance ISA (IFISA) – eligibility and limits allowing.

It can be a useful financial strategy to split your allowance across more than one type of ISA or invest in a different type of ISA to your spouse, but this will depend on your specific financial circumstances and should be done in consultation with your adviser.

5. You can switch between types of ISA

It has been made easier in recent years to transfer between different types of ISA without losing the tax benefits. While some ISA providers don't allow transfers in, all providers are legally obliged to allow customers to transfer out. There are some restrictions to watch out for when switching, however. For example, investments held in an Innovative Finance ISA may not be available in other ISAs, meaning you won't be able to transfer them, while switching from a LISA to a different type of ISA could incur a penalty.

6. Save Capital Gains Tax (CGT) with a bed-and-ISA strategy

A bed-and-ISA is where you sell investments that sit outside your ISA and rebuy them inside it. It can be an effective strategy to minimise the tax charged on capital gains if your non-ISA investments have significantly increased in value. If you sell enough to only realise gains up to your annual CGT allowance (currently £12,300), you can purchase the same investments within your own, or your spouse's ISA, without being charged tax on the gain and then shelter them from future CGT and income tax.

7. Get on the housing ladder with a Lifetime ISA...

LISAs allow anyone aged between 18 and 40 to save up to £4,000 a year into the account. Savers get a 25% bonus from the government, paid monthly, up to a maximum of £1,000 a year. The savings can be used for a first home mortgage deposit, but there are some strict rules. For example, it has to be for a first-home purchase only, which means it's out-of-bounds for anyone that's owned even a share of a property before (although you can buy with someone else who is not a first-time buyer). Paying into a LISA for a child or grandchild can help them build a deposit faster.

It must be a residential mortgage for a home the LISA holder plans to live in, so can't be used for buy-to-let. There's also a £450,000 limit on the value of the property being bought, which sounds a lot, but as the average house price for first-time buyers in London last year was £475,000, it might not go as far as you think.



8. Or use your LISA to save for retirement

LISAs can also be a useful retirement savings option, particularly if you're self-employed or as an addition to a workplace pension which already benefits from the maximum employer contribution. However, LISAs are unlikely to beat the tax advantages of a pension for higher rate taxpayers.

If used to save for retirement, LISA proceeds can be taken tax-free from age 60, but withdrawals before then may land you with a 25% penalty.

9. Innovative Finance ISAs can be a useful ISA option for higher rate taxpayers.

Launched in 2016, the IFISA allows alternative investments such as peer-to-peer and debt-based crowdfunding products to be held within an ISA wrapper. It can offer another tax-efficient investment outlet for pension savers who are close to their annual and/or lifetime pension limits. It might also be a useful option for additional or top-rate taxpayers wanting to invest in peer-to-peer lending as they are not eligible for the personal savings allowance, so any interest earned on these investments will be taxed if held outside an ISA.

However, IFISAs are high risk, complex and typically aren't covered by the Financial Services Compensation Scheme or the Financial Ombudsman Service, so you should speak to your adviser to discuss whether they are a suitable option for you.

10. Use an ISA at 75 to boost your beneficiaries.

Under the pension rules, when someone dies before age 75, any of the tax-free lump sum left from their pension can be passed to beneficiaries tax-free (with the exception of a charge on any excess over the Lifetime Allowance). But that changes at 75, after which your beneficiaries will likely have to pay income tax on it at their marginal rate.

One way around that is to move tax-free cash into an ISA on the approach to age 75, provided it stays within the annual ISA allowance. Your beneficiaries won't be subject to income tax on the funds on your death, although IHT rules will apply.

Next steps

ISAs are an excellent way of sheltering your wealth from tax, but making the most of them can involve some complex choices. Whatever your financial circumstances, we can help put your ISA allowance to full use. Get in touch to discuss your ISA strategy in more detail.

¹<https://www.gov.uk/government/statistics/annual-savings-statistics/commentary-for-annual-savings-statistics-june-2021#:~:text=Chart%20%20shows%20that%20around,increased%20by%20%C2%A34.8%20billion.>

²[https://www.statista.com/statistics/557882/first-time-buyer-average-house-price-by-region-uk/\)](https://www.statista.com/statistics/557882/first-time-buyer-average-house-price-by-region-uk/)

CONTACT US

Nugenis Financial Planning Limited
5 Oaktree Court
Mulberry Drive
Cardiff Gate Business Park
Cardiff CF23 8RS

029 2050 8000

JustAsk@nugenisfp.co.uk

nugenisfp.co.uk

FOLLOW US

