



ST. JAMES'S PLACE
WEALTH MANAGEMENT

Corcillium Wealth Management

Associate Partner Practice of St. James's Place
Wealth Management

Providing specialist financial advice

WINTER NEWSLETTER | ISSUE 4

Welcome to Issue 4 of my newsletter



Happy New Year and welcome to the new decade too!

I look forward to catching up over the course of 2020, however if I can be of any further help or assistance in the short term please do not hesitate to contact me. If you would like any further

information on the topics discussed within this newsletter, or, if you would like to register your interest in being invited to future briefing events, please do contact us on the number below.

We hope you enjoy this edition and welcome your feedback.

Leon Alden

Principal of Corcillium Wealth Management

Tel: 01483 654135

Email: Leon.alden@sjpp.co.uk

Meet the Team

Kathryn Holmes, PA to Leon Alden



Kathryn is a recent addition to the team, having joined Corcillium Wealth Management in October 2019 from working in a local IFA office. She will be a key

point of contact for you, ensuring that a high quality and personal service is received at all times.

Kathryn's previous work experience has led her to travel to some interesting places all over the world.

Outside of work she enjoys walking cycling and swimming when she is not in the office.

End of Year Tax Planning – take advantage of your allowances

Help secure your financial future, consider making the most of the tax saving and investment opportunities available before the end of the tax year.

Get financially fit and where possible:

1. Make use of your annual ISA allowance before 5 April 2020 currently £20,000
2. Maximise contributions to your pension while uncertainty remains over the future of tax relief
3. Review whether you have any unused pension allowances from 2016/17 onwards
4. Make contributions to a Junior ISA to help children and grandchildren get a head start – Junior ISA allowance is currently £4,368
5. Take advantage of your £12,000 annual Capital Gains Tax (CGT) exemption
6. Make use of your small gifts exemptions or instigate regular gifts from income to reduce your Inheritance Tax (IHT) liability

7. Take advantage of tax-free inter-spouse transfers to maximise CGT and Income Tax rates and allowances.

8. Use your annual IHT gifting exemption for this and last tax year.

If you need any advice regarding taking advantage of any of the above allowances please contact me to arrange a review meeting before the end of the tax year to make certain you do not miss out on these available allowances.

The levels and bases of taxation and reliefs from taxation can change at any time and are generally dependent on individual circumstances.

Uncertainty is no reason to avoid investing

As investors, it can be all too tempting to try to predict the future or react to events as they happen.

In the case of St. James's Place, we continue to stick to our five golden rules of investing:

1. Keep cash for emergencies
2. Invest the rest
3. Time in the market beats timing the market
4. Diversify
5. Don't ignore inflation



Yet the dangers inherent in such an approach are clear. On the one hand, your emotions can prevent you achieving your investment goals. On the other, events are unpredictable at the best of times, and perhaps especially just now, as the US-China trade dispute continues to rumble and as the UK government seeks to cut a Brexit deal. On top of all this, it's not always easy to sort the facts from the fake news.

The best investors do not seek to time the market by forecasting (or reacting to) short-term events. Rather, they know that uncertainty is what they are being paid for, and so they adopt principles for the long term.

Such an approach may lack the excitement of responding to every news headline and market turn, but it will enable you to keep your eyes focused on the horizon, as you look to achieve your long-term financial goals.

The value of an investment with St. James's Place will be directly linked to the performance of the funds you select and the value can therefore go down as well as up. You may get back less than you invested.

An investment in equities does not provide the security of capital associated with a deposit account with a bank or building society, as the value & income may fall as well as rise.

ISA savers should think long term to make the most of the tax breaks on offer

In the first five months of the 2019, savers deposited £6.3 billion into Cash ISAs, nearly twice the amount paid in during the same period last year.¹ It's a clear indication of savers' nervousness about what Brexit might mean for their finances, and of possible disappointment with short-term investment returns in 2018.

Financial markets are worried about Brexit too, and are almost fully pricing in a cut to interest rates by the middle of next year.² In June, Moneyfacts reported that savings account providers had cut long-term fixed rates by the biggest amount since November 2016 in anticipation of the move.³

But that's not all savers have to contend with. Recent Bank of England data revealed that the public's expectation for inflation in five years' time has jumped to its highest level in a decade, reaching 3.8% in May.⁴

At that rate, the spending power of money would be halved in 19 years. It's a stark reminder of the erosive effect of inflation,

even at relatively low levels. It also highlights the risks of holding funds in cash for your long-term plans, including for retirement.

The chart shows that, for most of the last decade, the average Cash ISA saver has been losing money in real terms each year. Given expectations for inflation and interest rates, it's a situation that appears unlikely to change anytime soon.

A survey earlier this year found that two out of three savers chose Cash ISAs because they knew they wouldn't pay tax on their interest. Yet one in four of those surveyed were still unaware of the Personal Savings Allowance.⁵ Introduced three years ago, it enables basic-rate taxpayers to earn annual interest of £1,000 from standard cash savings accounts before paying tax. For higher-rate taxpayers, the allowance is £500 a year.

It's a valuable allowance for cash savers, although it's important to remember that the advantage of a Cash ISA is that you won't pay Income Tax on any interest earned.

ISAs can be a core part of your financial plan to build tax-efficient funds for the future. But to make the most of the opportunities your allowance provides each year, it's important to think beyond the short term.

^{1,4} Bank of England, July 2019

² Bloomberg, July 2019

³ Moneyfacts, June 2019

⁵ Leeds Building Society, January 2019

An investment in a Stocks & Shares ISA will not provide the same security of capital associated with a Cash ISA.

The favourable tax treatment of ISAs may be subject to changes in legislation in the future.

The value of an investment with St. James's Place will be directly linked to the performance of the funds you select and the value can therefore go down as well as up. You may get back less than you invested.

Cash ISAs - the point of no return



Leon Alden *Corcillium Wealth Management*
Tel: 01483 654135 Email: leon.alden@sjpp.co.uk