Doherty
Pension & Investment Consultancy Ltd

Financial Planning Areas to Consider at Tax-Year End

Planning Area	Things to Consider
Gaps in your national insurance record	For men born after 5th April 1951 and women born after 5th April 1953, you have until 5th April 2025 to pay for any eligible gaps between the tax years April 2006 and April 2016. After 5th April 2025, this will revert to the usual six-year period.
Maximise your pension	The first port of call for retirement savings, with an Annual Allowance of up to £60,000 each and tax relief of 20% - 45% depending on an individual's marginal rate. Pension contributions can also be very useful to help clients regain tax-free Child Benefit, or their Personal Allowance. Employer contributions corporation tax relief at main rate is 25%.
Carry forward unused annual allowances	Did you know you can carry forward any unused annual allowance from the previous three tax-years, with the potential to pay up to £180,000 in one go? This is particularly useful for business owners looking to shelter profits from tax.
Protecting a large pension	The Lifetime Allowance (LTA) is set to be abolished from 6th April 2024 with the introduction of new lump sum pension allowances and potential implications for tax free cash. We can provide guidance and advice for those clients seeking clarification regarding the new rules.
Flexible pension access	Could your clients benefit from accessing their pension early? Clients aged 55 or over, now have more flexibility than ever when it comes to accessing their pension, even if they are still working. With access to 25% tax-free, this can be useful when considering how best to meet capital needs. Care is needed though as there are some pitfalls.
Pensions for children and grandchildren	All UK residents, including children, can benefit from annual pension contributions of up to £3,600 (£2,880 net) regardless of earnings. It is a very tax-efficient way of giving children and grandchildren a helping hand for the future. So, if clients have maximised their own pensions, why not consider starting pensions for their children or grandchildren?
Salary exchange	Pension contributions made by an employer for its employees are of course tax efficient, but have you considered Salary Exchange as an alternative to employee contributions? Where employees exchange part of their salary in return for a larger employer pension contribution, both parties can save the national insurance contributions otherwise payable.
Bonus sacrifice	Clients can sacrifice their bonus for an employer pension contribution. Exchanging a bonus for an employer pension contribution before the tax year end can bring several benefits. The employer and employee NI savings made could be used to boost pension funding, giving more in the pension pot for every £1 lost from take-home pay.

Doherty
Pension & Investment Consultancy Ltd

Financial Planning Areas to Consider at Tax-Year End

Planning Area	Things to Consider
Capital Gains	Are your clients using their annual exemption, £6,000 in the current year? We can structure their investments (new or existing) to maximise the annual allowance and take profits. It can be a useful way of providing "tax-free income". Be aware that the annual exemption will reduce to £3,000 from 6th April 2024 so it is important to make the use of this year's allowance before it is lost.
ISAs	Have your clients used their annual ISA allowance of £20,000 per person? These tax-free wrappers offer a very valuable tax-free environment.
Junior ISAs or Child Trust Funds	:For tax year 2023/24 £9,000 can now be invested each year into a JISA or CTF for any child under the age of 18. These offer very tax efficient savings for kids and grandkids.
Investment Bonds	Both UK and offshore bonds can be used as a tax efficient vehicle to provide income. Those with no other income in a tax year, gains of up to £18,570 can be taken tax free (Personal allowance £12,570, starting rate band £5,000 plus personal savings allowance £1,000). They also offer flexibility to manage tax on investment profits when switching funds within it, making large withdrawals and gifting assets either directly or into trust.
Inheritance tax, estate, and trust planning	Have your clients reviewed their IHT position recently? HM Treasury's IHT receipts are increasing dramatically, so make sure your clients do what they can to reduce / mitigate this liability via the use of life assurance, gifts, and trusts.