Spring Forecast

March 2022

March Insight

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The terrible events in the Ukraine have caused ripples across the globe.

From a personal perspective, the suffering and hardship of all people involved in the conflict will no doubt be very much in the thoughts of us all.

Many of you will also have been hearing of the impact that the conflict has had on European and world economies.

It means that this month's Spring Forecast may include some announcements that we do need to take notice of.

The Chancellor of the Exchequer will be opening his red briefcase on 23rd March 2022, when we'll know how much of what we earn, own, sell, and spend will need to be paid to the Government ongoing.

- The backdrop is still major uncertainty – Ukraine is centre stage of course, but let's not forget inflation, supply chain issues, National Insurance increases, welfare changes, rising (yet still relatively low) interest rates, and energy price increases.

- There are legal and ethical ways to help retain more of your money and assets, but as some are time sensitive, please don't miss out due to your attention being elsewhere.

- The right name, ownership and tax shelter in which you hold your assets and liabilities can help you retain more of your wealth at these challenging times – and they are not just for super wealthy people!

Is it all doom and gloom?

Well, while the macro environment may be framing our mindset one way, one defence we can all use is our ‘present’ behavioural bias so that we value and maximise what is ‘in front of us today.’

For many the Spring Forecast will mean less spending power in real terms. There are, however, defences to use to balance that feeling of loss you might feel when the reality of these tax changes hits your pay packet in April.

Please remember there are a range of tax allowances and shelters which are legally and ethically available for you to use today.

You do not need to be a celebrity using complex offshore tax havens and schemes!

Why bother?

Simply put, if an asset (or liability) is not ‘held’ correctly it can mean losing money unnecessarily to the taxman and reducing returns.

Get the tax status wrong by accident and the tax charges are double digits (10%, 20%, 40%, or even 52%!) – and this impacts the ‘average’ person in the street, not just the super wealthy!

The starting point is to ask the question, “because of any Spring Forecast changes, are you and/or your partner’s hard-earned savings, investments and assets impacted by way of:

- Welfare benefits.
- The amount held in you or your partner’s savings, investments and assets.
- The tax treatment on any profit / gains on savings, investments and assets?”.

Three sense checks:

1

Right name?

In this context, 'right name' means, is the asset held in the right name at the time the asset is to be needed and distributed?

This could be as simple as ensuring:

- You and your partner's tax codes are correct and are being applied accurately.
- Your cash / money on deposit in bank accounts is spilt between you and your partner to ensure you are allocating the interest received by making best use of your personal allowances.
- You and your partner are making pension contributions to the right person's pension fund to claim the tax relief now, but not lose money by paying too much tax when either of you take your pension.

2

Ownership

Have you placed you and your partner’s savings, investments, and assets under an appropriate trust to:

- Pay the right money to the right person or charity at the right time.
- Avoid a time consuming wait for probate.
- Not lose money by paying too much inheritance tax, legally and ethically?

Are you and your partner’s savings, investments and assets held in single names, jointly owned or (and please forgive the jargon), cross proposed?

You and your partner could be missing out on making use of your joint allowances, where they are applicable.

3

Tax Shelter

Are you and your partner’s savings, investments and assets in the right tax shelter allowing you to:

- Reclaim tax back that you are owed – for example on pension contributions.
- Save tax on the future growth of your asset – for example an ISA.
- Defer tax until you want to access or spend the asset when your tax position and the taxation on the asset may be less than it is today?

The above might seem complicated and often people only get the full job, half done. This is where a professionally qualified adviser can help make sure you do not miss out on the financial planning opportunities which exist.

What may have been right last year may not be now, due to the Spring Forecast, so please take time out and check.