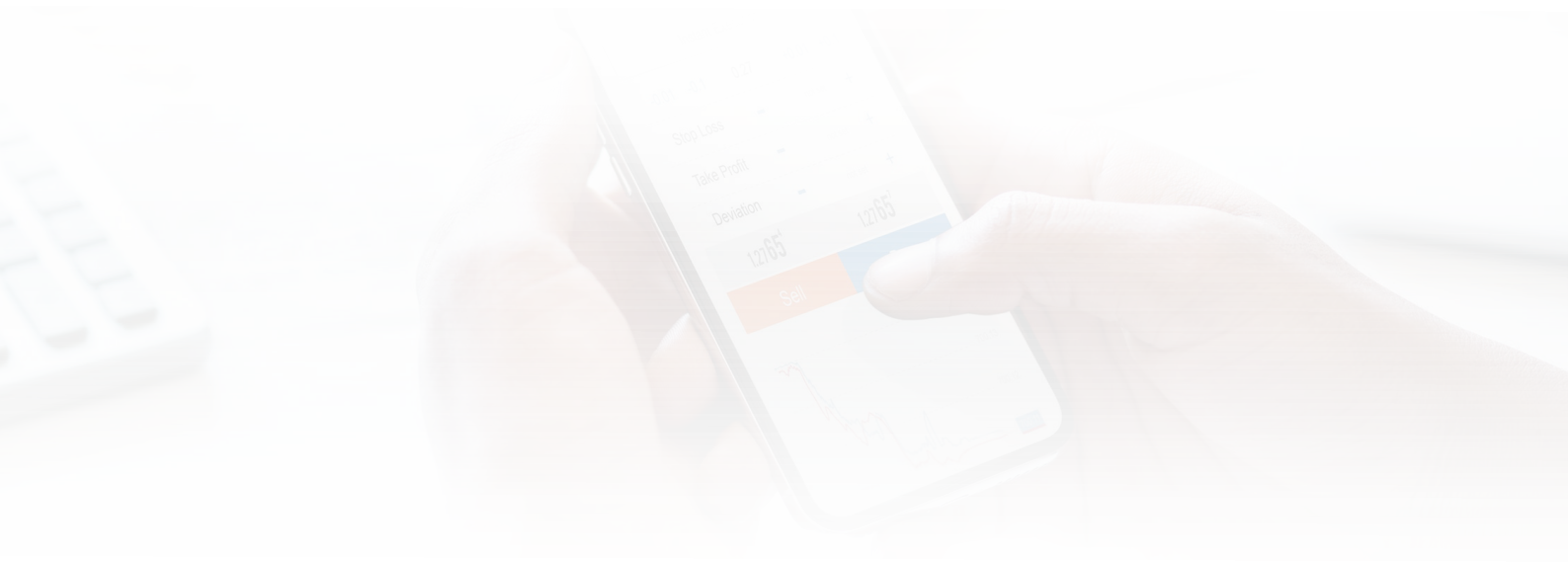


# GUIDE TO TAX-EFFICIENT INVESTING



## Welcome to clarity, commitment and a brighter financial future.

### Our Mission

To bring to our clients a lifetime financial planning experience, where the advice is uncomplicated, clear and at all times meaningful.

### The Partnership

Continuum has been created by some of the most experienced people in the industry to deliver a modern financial planning experience. Continuum is a partnership of like-minded Independent Financial Advisers sharing a common passion, approach and commitment to practicing true financial planning. Our advisers have access to the latest technology to research the market to find the best products to suit your needs. Using technology means our advisers can spend more time working on the needs of clients.

### Our Values

We place clients at the centre of everything we do and aim to provide exceptional service at all times. We provide online tools to our clients who can view all their financial affairs, securely, in one place. When you choose Continuum as your financial advice partner you enter into a business relationship with an adviser, not a business transaction with a sales person. Our advice proposition is one of simplicity and clarity, delivered by a trusted and professional adviser.

*"As a Continuum client you can expect unbiased & independent financial advice from a fully qualified financial adviser who is dedicated to building a lifetime financial planning relationship."*



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### Important information

The information contained in this guide is based on the opinion of Continuum and does not constitute financial advice or a recommendation to suitable investment strategy, you should seek independent financial advice before embarking on any course of action. The value of investments can fall as well as rise and you may get back less than you invested. Investors in ISA's do not pay any personal tax on income or gains, but ISAs do pay unrecoverable tax on income from stocks and shares received by the ISA managers. Levels and basis of reliefs from taxation are subject to change and depend upon your personal circumstances. The Financial Conduct Authority does not regulate deposit accounts. The Lifetime Allowance, or LTA is the maximum you can put into your retirement savings without incurring a tax charge. It is linked to inflation, and for the current tax year 2020/2021 it is £1,073,100. If you believe you will go over your LTA you may find yourself hit by tax penalties, and it is important to get some expert help without delay. As always when tax is concerned, there are complications. The government limits tax relief for people on the largest incomes. This is known as 'tapered allowance'. You want to use your allowances to the full to make the most of your pension - but you need to avoid running over the limits, to avoid being hit by tax penalties. It can be a fine line, and getting help is essential.

## Guide to Tax-Efficient Investing

Building your investment is one of the most fundamental financial strategies. Whether it is to get on the housing ladder, help the children through college, for a rainy day or for a more comfortable retirement, your investments form an essential part of your Financial Plan.

There are a number of simple, tax-efficient options that are available to everyone, including investing in pensions and ISAs. These offer generous tax benefits which should be taken into consideration when forming your investment portfolio.

Everyone's needs are different and getting the investment arrangements that are appropriate for you can be easier if you understand all the possibilities.

### **GET SOME HELP**

If you want to start making your money work harder, and want some help finding the best way to do it, talk to us at Continuum. We'll be able to look at your investment goals and recommend the most appropriate solutions to help you reach them.

These simple tax-efficient options are available to everyone, regardless of how much money they have and how much investment risk they can tolerate. Read on to find out more.

## ISAs

Most types of savings and investment are subject to tax, sooner or later. Although the personal tax allowance makes it easier to enjoy the interest from smaller savings pots free from tax, as soon as you earn more than £1,000 interest a year, the taxman will take a share. He will start even sooner if you are a higher rate taxpayer.

### Are you using an ISA?

With an ISA, the taxman cannot help himself to your money. All the interest, income and capital gains generated in your ISA remain yours. It means that an ISA is a simple and tax-efficient way to potentially grow your wealth.

They are often described as a tax wrapper that keeps your money safe from tax. An ISA is a simple way to invest over time, where your capital and all of the interest, income and capital gains generated, can potentially grow your wealth tax efficiently until you want to take your money out.

An ISA can form the basis of most people's savings portfolio – because it ensures you pay no personal tax on your savings or the interest they earn.

However, they are made a little less simple because of the choice they offer. There are many different types of ISA, including Lifetime ISAs, Junior ISAs, and Innovative Finance ISAs, although the two best known types are cash ISAs and stocks and shares ISAs.

You can decide whether to invest in one particular ISA, or across a few – but whatever you decide, the amount you invest overall will be limited to your annual ISA allowance. This is the limit that the government places on ISA investment each year, which is currently £20,000 for the 2020/21 tax year.

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## What kind of ISA should you have?

Since they were introduced in 1999, a whole family of ISAs has grown up, providing a solution to all types of investment needs. You can have more than one, but all are subject to the £20,000 overall allowance.



## Pensions

A personal pension is essentially a savings scheme that allows you to build up the pension pot you need to provide an income in retirement.

But there is an important difference between a pension and most other ways to save. With most forms of saving (with the exception of ISAs) the taxman will actually take a cut of the interest your savings earn, once they pass a certain level.

With pension savings, the taxman will actually add to what you save. This is because the government wants us to prepare financially for our old age. To encourage us, and to make pension savings more worthwhile, they provide tax relief.

This tax relief means that for every pound a basic rate taxpayer saves in their pension pot they will in effect only need to pay in 80p. Things are even more rewarding for higher rate taxpayers who pay in just 60p for the same benefits.

It is this tax relief that makes pension saving so rewarding. In fact, for most of us it could potentially be the best investment we will ever make.

However, it is so rewarding the government has had to set limits on what we save, to ensure that the exchequer can retain enough funds to run the country.

These limits are collectively known as pension allowances and represent the maximum we can invest in our pensions. The first is the annual allowance. This is currently £40,000, or your entire income each year, whichever is the smaller.

This sounds like a large sum, and most of us would be unable to make that level of contribution. If you did – perhaps for the last year of your working life – as a higher rate taxpayer (allowing for tax relief of 40%), it would mean boosting your pension pot by a gross amount of £56,000.

Most of us want to look forward to retirement. After 40 or more years at work, having our time as our own means a chance to relax, enjoying some new pastimes and perhaps a little travel.

It certainly should not be a time to worry about money. That's why getting the right pension and the income you need to make the most of your golden years is so important. Getting your pension right is easier if you are armed with a knowledge of the basics.



## Personal allowances

UK residents are entitled to personal allowances for Income Tax and Capital Gains Tax. These simple tax allowances are available to everyone, regardless of how much money they have and how much investment risk they can tolerate.!!

	2019/20
Personal Tax Allowance	£12,500
Exempt Gifting Allowance	£3,000
Capital Gains Tax Allowance (individuals)	£12,300
Dividend Tax Allowance	£2,000

We hope that what you have read inspires you to choose Continuum and that this is the beginning of a long-term relationship. To begin your journey:

call us on: **+44 (0)345 643 0770**

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