



BRAVE NEW WORLD

Royal Faculty of Procurators Glasgow

11.06.2020

PLANNING | ADVISING | INVESTING



TILNEY

Important Information

This presentation is solely for professional advisers and should not be construed as investment advice.

The value of an investment may go down as well as up, and investors may get back less than the amount originally invested.

Prevailing tax rates and reliefs are dependent on individual circumstances and are subject to change.

Agenda (& Zoom Etiquette)



Welcome

Lessons Learned During Lockdown

Revaluation of assets:

- Rebasing of executries
- ISA APS

The beginning of the end

Cashflow and Pensions

Financial Wellbeing Support

Q&A

Reminder: please use the Zoom 'Q&A' function for Questions.

We will be monitoring throughout.

Who Are Tilney?



Professional Connections

Working together

- Access to:
 - In-house Technical & Research Teams
 - Regular, topical updates
 - Ongoing seminar programme
 - Initial consultations
 - Colleague down the corridor
- Covid-19: Financial well-being support



Who we are.

Joining the dots

STEPHEN VALLANCE



Brave New Worlds.

Stephen Vallance, Harper Macleod LLP
e: stephen.vallance@harpermacleod.co.uk



Law without limits



Law without limits



Lessons learned during lockdown.

Remote working

Zoom

Web

Offices

Staff

Cashflow

Lessons learned during lockdown.

Legal:

Courts

Keeper

Regulators

Legislators





RE-VALUATION OF ASSETS AND ITS POTENTIAL IMPACT

PLANNING | ADVISING | INVESTING



Re-valuing estates

Losses on shares since death

- It is possible to rebase the value of those investments for IHT purposes if they are sold within 12 months of death.



Re-valuing estates

Losses on interests in land since death

- A similar relief exists for losses on sale of land between the date of death and the date of sale



Re-valuing estates

Fall in value relief for gifts within 7 years of death

- The relief may therefore apply to either:
 - Tax payable on a failed PET or
 - Additional charges arising on death after a CLT

Re-valuing estates

Fall in value relief for gifts within 7 years of death (Example)

- Frances transfers a portfolio of quoted shares to her son David on 1 February 2010 valued at £100,000. On 1 February 2011 she transfers a 2nd home to her daughter Jane, valued at £250,000. Frances dies on 1 April 2013, when the Inheritance Tax (IHT) nil-rate band was £325,000.
- There is no IHT due on the gift of quoted shares as the value is less than the nil-rate band. IHT of £10,000 is payable on the gift of the 2nd home (£250,000 - £225,000 (the remaining nil-rate band after deducting the first gift of £100,000) = £25,000 × 40
- At the date of death the 2nd home was valued at £230,000 and Jane makes a claim for fall in value relief. The IHT payable is reduced by £8,000 (£20,000 × 40%) from £10,000 to £2,000.
- However, the original value of the gifts of £350,000 is still used when calculating the tax due on Frances's estate at the date of death.

Re-valuing estates

Making use of the executors CGT Allowances

- The other point executors need to consider is how using the above exemptions interact with the CGT annual exemption available to the executors.

Re-valuing estates

Additional Permitted Subscriptions

APS 1: Value at date of death

VS

APS 2: Value of at date of transfer

'Now this is not the **end**.
It is not even the **beginning**
of the end. But it is, perhaps,
the **end** of the **beginning**.'

-Winston Churchill



**Be fearful when others are
greedy and greedy when others
are fearful**

- Warren Buffett



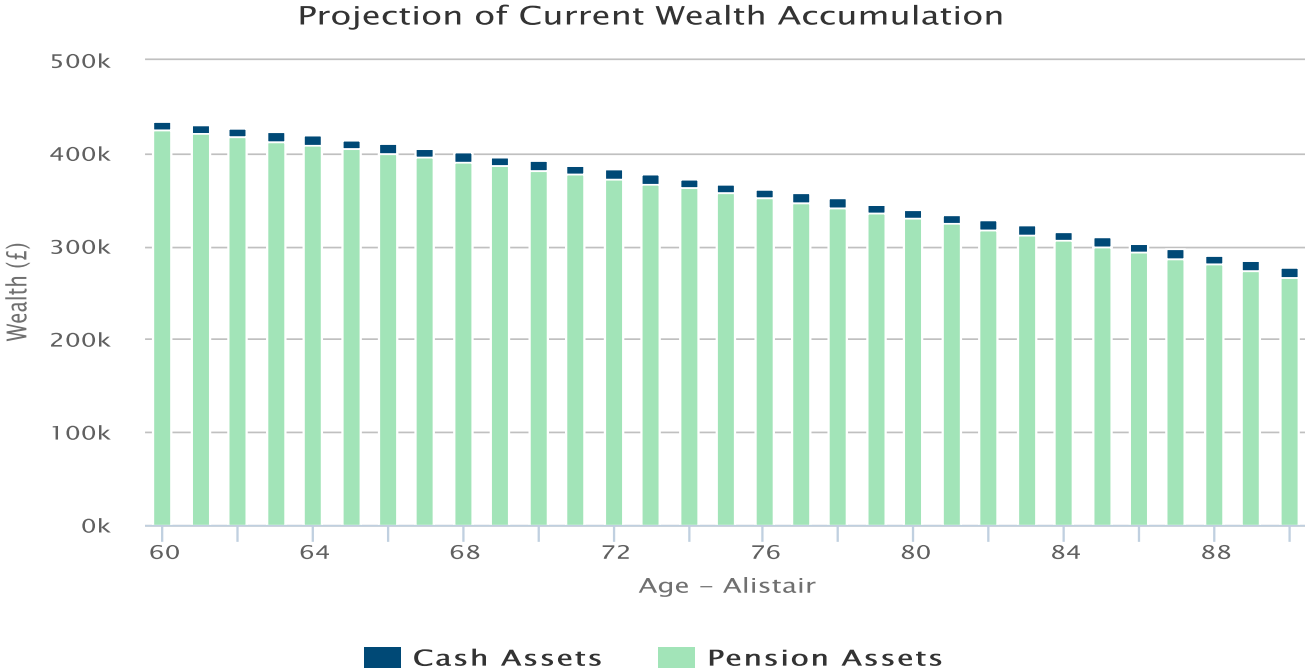
FINANCE, FUNDING, AND CASH FLOW FOR INDIVIDUALS AND BUSINESS



TILNEY

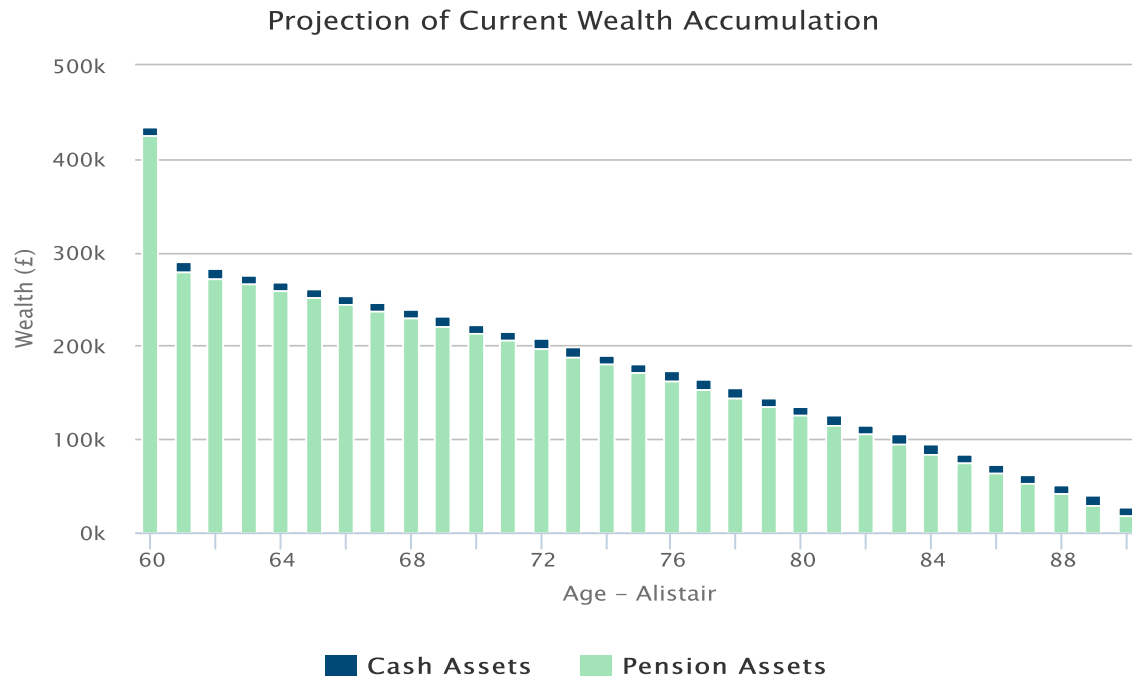
Cash Flow Financial Planning

A Robust Retirement Plan



Cash Flow Financial Planning

A Robust Retirement Plan





PENSIONS AND EXITS



TILNEY

Treasury estimates UK's deficit could reach £337bn

How might the pandemic be paid for?

- Income tax/NI hikes
- Pension tax relief
- State Pension triple lock
- One off wealth tax
- Public sector pay freeze
- Spending cuts

Why use Pensions to Save For Retirement?

Why save?

- Build up provision for retirement
- Be able to support lifestyle expenditure
- Ability to access capital to repay debt
- Plan for early retirement

Benefits

- Attract tax relief on contributions
- Investments grow tax efficiently
 - No Capital Gains or Income Tax
 - No tax on dividends
- Ability to pass to beneficiaries tax efficiently
- 25% tax free cash at retirement
- Full flexibility on how benefits can be taken (due to freedoms)
- Access benefits from age 55

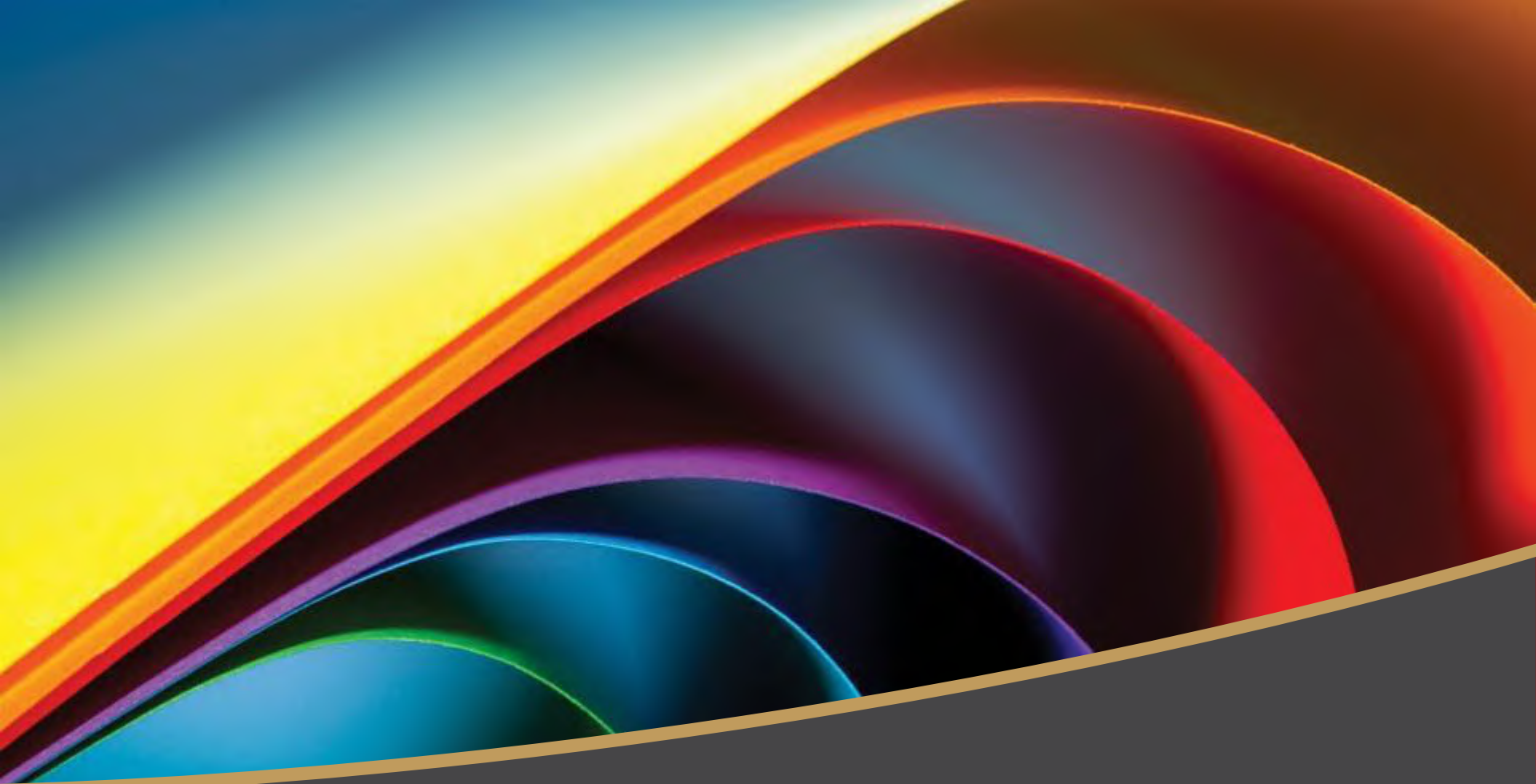
Plan Early For Retirement

- Tax relief on contributions at 20%(21%), 40%(41%) and 45%(46%)
- Make the most of employer contributions – ‘free’ money!
- Corporation Tax relief available on employer contributions
- Carry forward of unused annual allowance
- Salary sacrifice remains untouched
 - For how long?



Pensions

- Opportunities for funding
 - 41% and 46% tax relief on pension contributions
 - Carry forward of unused annual allowance
- Annual Allowance (AA) is £40,000
 - Can be issues for those in Defined Benefit schemes such as SPPA and USS Pension Schemes
- Lifetime Allowance (LTA) £1.073 million
 - Fixed Protection and Individual Protection 2016 are available
 - Excess above LTA taxed at 55% as a lump sum or 25% if taken as income



PENSION FREEDOMS

A reminder

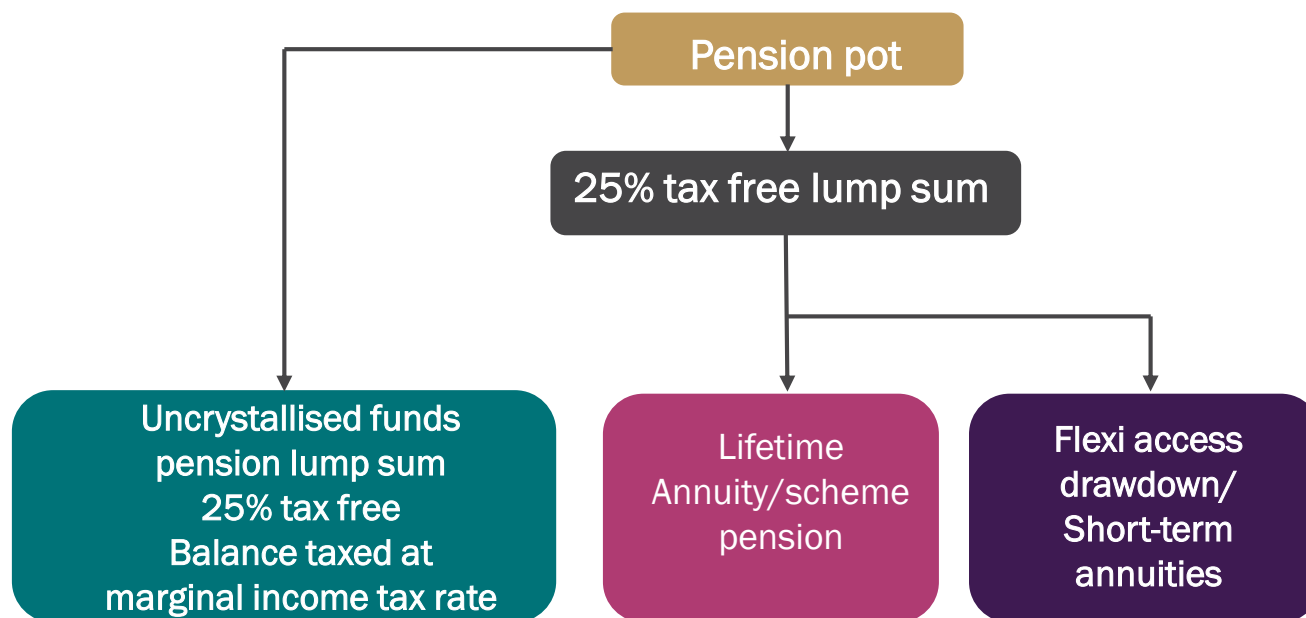
PLANNING | ADVISING | INVESTING



TILNEY

The Choices At Retirement*

From April 2015



*Money Purchase arrangements

Flexi Access Drawdown

- Places no limit on the income that can be taken
- No requirement to have a minimum level of secure income
- Can be used for pension paid to beneficiaries on death – even if under normal minimum pension age
- Offers the possibility of passing pension funds through generations
- Reduced overall annual allowance (known as ‘money purchase annual allowance’ (MPAA))

Drawdown is a high risk strategy and is not suitable for all individuals as the pension remains invested and is exposed to the ups and downs of the market. Income is not guaranteed and high withdrawals may not be sustainable.

Uncrystallised Funds Pension Lump Sum (UFPLS)

- Available for funds not in drawdown
- Allows one-off payments from pension or a series of lump sums
- The remainder of the pension remains invested so value can go up and down
- The first 25% of each UFPLS is tax free with the remainder subject to tax
- Can only take a UFPLS up to the Lifetime allowance

Key question:

What about old style pensions?

- A number of household name pension providers, older style plans **DO NOT** allow for pension freedoms
- Most people have more than one pension plan
- New pension plans may offer lower charges and better investment options PLUS full flexibility
- Consolidation can be considered if appropriate
- Key message to clients is to review, review, review!



FINANCIAL WELL-BEING

Offer of support

PLANNING | ADVISING | INVESTING



Financial Well-being

It is good to talk...

- We are here to support our professional connections in these difficult times
- We would like to extend our assistance to those with concerns about their own financial well-being, or that of their family, in the current climate by offering an informal, confidential conversation with one of our experienced Financial Planners
- Conversations can be facilitated by Skype, by Zoom, by FaceTime or by regular phone call

Questions?

Greenock Faculty – 9 June 2020



Alison Fitzsimons

alison.fitzsimons@Tilney.co.uk

07896 000 542

Alison joined Tilney in 2011. She is part of the UK Business Development team and Head of the Professional Connection channel for Tilney in Scotland. Alison is the lead contact for Tilney's work to support the Society of Trust and Estate Practitioners (STEP) in Scotland, the Family Law Association (FLA) and the HM Connect network. She is involved with a number of Tilney's Sector Specialism groups including Owner Managed Business; Charities; Divorce; and is a key contact for Tilney's Cash Deposit Service. Investment qualified, Alison holds the Investment Management Certificate and the Securities Unit of the Investment Advice Diploma. Prior to joining Tilney, Alison achieved a Law Degree with Distinction from Glasgow University and worked as a trainee solicitor. Law was her second degree having gained a BA in Marketing and Finance from Strathclyde Business School. Out with work, Alison is a certified yoga teacher and has recently taken up road cycling.



Stephen Parker

Stephen.parker@tilney.co.uk

07748 320 405

Stephen is a Partner with Tilney and leads the west coast financial planning team. He has over 25 years' experience and is a Chartered Financial Planner. He has vast experience working with both personal and corporate clients and is able to provide specialist advice for business owners, those in family business and senior executives. Clients benefit from an on-going service and his areas of expertise include: lifestyle modelling, protection, retirement and pensions planning, taxation of investments, estate and tax planning. He practices a holistic approach to financial planning to ensure that clients and their families focus on what they really want from life, manage their wealth effectively and achieve their lifetime objectives. This is based on giving clients reassurance and the confidence to live their lives knowing that they have made the right financial decisions. His guiding principle is that wealth should be aligned and work to a cashflow based 'Lifetime Plan' that reflects individual circumstances, goals, aspirations and concerns. This plan forms a genuine contextual background against which informed decisions can be made in the areas of investment management, tax planning and risk management. Importantly, the plan is reviewed on a regular basis. Stephen works closely with his colleagues delivering training to professional firms directly. Out with Tilney, Stephen is a keen road cyclist with his two children trying to keep up.



Chris Russell

chris.russell@tilney.co.uk

07595 646 585

Chris has worked in financial services for over 18 years and is a key member of Tilney's Serious Injury Team. He is a Chartered Financial Planner and Chartered Wealth Manager, having obtained gold standard qualifications from both professional bodies. He is also a STEP Affiliate. Chris joined Tilney in 2017 and assists clients in a wide range of areas including investment advice, retirement planning, estate planning, tax planning and cash flow analysis. Chris works with private individuals, families and trusts.

Contact.

Stephen Vallance

Solicitor

t: 0141 227 9287

e: stephen.vallance@harpermacleod.co.uk



Law without limits



Law without limits