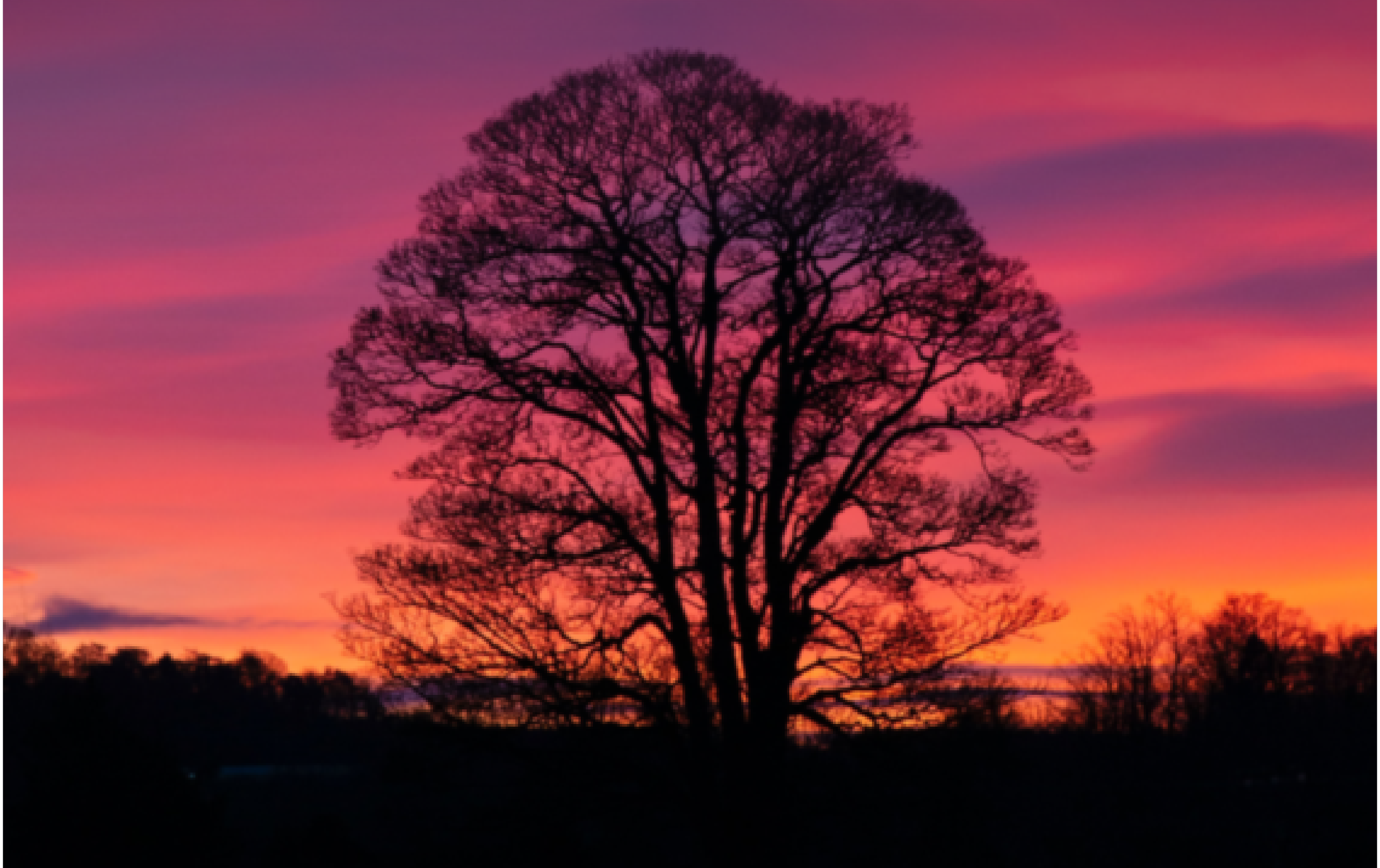
FINANCIAL VIEWPOINT

OYSTER FINANCIAL SOLUTIONS LLP

Please enjoy reading our newsletter. If you would like to discuss any of the articles further, please do not hesitate to contact us.



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109 Mortimer Street, Herne Bay, Kent CT6 5ER
admin@oysterfinancialsolutions.co.uk | www.oysterfinancialsolutions.co.uk | 01227 375500

What does a financial adviser do?

A financial adviser can help with your investment goals, but they can also offer many more ways to understand and make the most of your money.

You might think that people who use financial advisers are just investing in the stock market or need someone to manage their portfolios. But a financial adviser can do a whole lot more.

Different types of financial advice

For an adviser, it's their aim to help you achieve your financial goals, but that doesn't just cover building wealth through investment – their expertise can apply to everything from mortgages to life insurance, pensions, saving for retirement or handling an inheritance. Advisers can vary in what they specialise in, and fall under a large umbrella of services including:

Pensions

You may have several workplace pensions that you'd like to consolidate, or you could have questions about drawing an income from your pension. Whatever your circumstances, a financial adviser can examine the details within your pensions to guide you on how to approach them, considering how much you will need to live comfortably when you retire.

Tax

You might think that there is little difference between Another area where expert help is needed is tax. From inheritance tax to capital gains tax or working out how much you should be paying (and if there are ways to minimise your tax bill) – is tricky. With the help from an adviser, you can become more tax-efficient and make the most of any tax breaks available to you. An adviser is best placed to help minimise your tax bills and get you the best returns.

Inheritance

An adviser can help you with leaving a legacy – an important part of planning the future of your estate and making sure your wishes are carried out when the time comes, and your wealth is passed tax efficiently. This advice could range from inheritance tax mitigation to making or updating your will.

Mortgages

Mortgages can be a tricky area, whether you're a first-time buyer, searching for the best remortgage deal or looking for an investment property. A financial adviser can help you navigate the process, find the right type of mortgage and map out how your mortgage will work over the years (and when it could be a good time to review your mortgage). They'll also be able to let you know your tax obligations if your property is an investment.

Investment

A financial adviser can help you navigate the world of investing safely, helping you take your first steps in investing or reviewing and managing your existing investments, as well as making you aware of any risks along the way and making sure you keep focused on the long-term goals through any market highs and lows. Our advisers have a broad breadth of experience and take an objective approach – offering ongoing advice and expertise – both of which are crucial to seeing your investment and retirement objectives come to fruit.

Our financial advisers are here to help you make sense of your finances, build, and manage your wealth and protect what you have going forward – to the benefit of you and your family.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE

OW3812 Exp. 04/01/2023

10 ways to reduce your tax bill

Being tax smart means knowing the basics about how tax affects your life and money. Here are 10 ways to reduce your tax bill, which could make your money go further for you and your loved ones.

1. Personal savings allowance

You're entitled to receive some interest on your savings tax-free every year, depending on your income tax band. For non-taxpayers or basic rate taxpayers you're allowed up to £1,000 per year; for higher rate taxpayers you get £500. If you have savings with a spouse or partner, you can each use your allowances against your joint savings.

2. Marriage allowance

If you are married, you might be able to take advantage of the marriage tax allowance. It allows one half of a couple who earns less than the income tax threshold (£12,570) to transfer up to £1,260 to their higher-earning spouse (who must be a basic rate taxpayer).

3. ISA allowances

An ISA account allows you to save or invest up to £20,000 tax free annually, whether it's in a cash ISA or stocks and shares ISA – which also comes with the benefit of being exempt from dividend tax and capital gains tax on all growth.

4. Dividend allowance

You are allowed to receive up to £2,000 a year in dividends, tax-free. This allowance can be particularly useful if you own shares or you're a company owner or director.

5. Capital gains allowances

Profits (or 'gains') you make on the sale or disposal of an asset (like a property where it's not the main home, investments and shares not in an ISA or even personal possessions worth more than £6,000 (apart from your car) are exempt from tax up to the annual allowance of £12,300. For married couples or those in civil partnerships who own joint assets, the allowance is doubled – to £24,600.

6. Pension allowance

Your pension allowance annually is £40,000, although it can be lower for higher earners and where pension savings have been flexibly accessed. Any contributions you (or your employer) make receive tax relief from the government (based on your income tax band) of 20% or more – and the money in your pension pot will grow tax free.

7. Pension carry forward

If you don't use up your annual pension allowance, you can 'carry forward' the previous three years' worth of unused allowances providing you are still registered with the pension and have earned in the current tax year the amount you (or your employer) would like to contribute.

8. Charitable donations

You can donate to charity tax free and claim back the tax on your donation through gift aid. If you are a higher or additional income taxpayer, you can also claim back the difference to the basic rate on your gift aid donations. Just remember to keep hold of all records of your donations to claim tax relief when the time comes to submit your tax return.

9. Gift giving exemptions

Gifting comes with the benefit of being exempt from inheritance tax, for an annual gift amount of £3,000. Other tax-exempt gifts include money towards a wedding or grandchild's education. No inheritance tax is due if you live for seven years after making the gift to someone who is not your spouse (for example, gifting your children a property).

10. Knowing your tax code

This one is important because your tax code tells HMRC how much of your salary they will collect. It's a good idea to check your tax code each time you change jobs or at the start of the tax year. Being on the wrong code could mean you've overpaid tax and are due a refund.

These are just some of the ways you can ensure you're making the most of your money and not paying more tax than is necessary. Speak to your adviser to learn more about your money, estate, and taxes. Please not that Openwork advisers are not able to provide specific tax advice.

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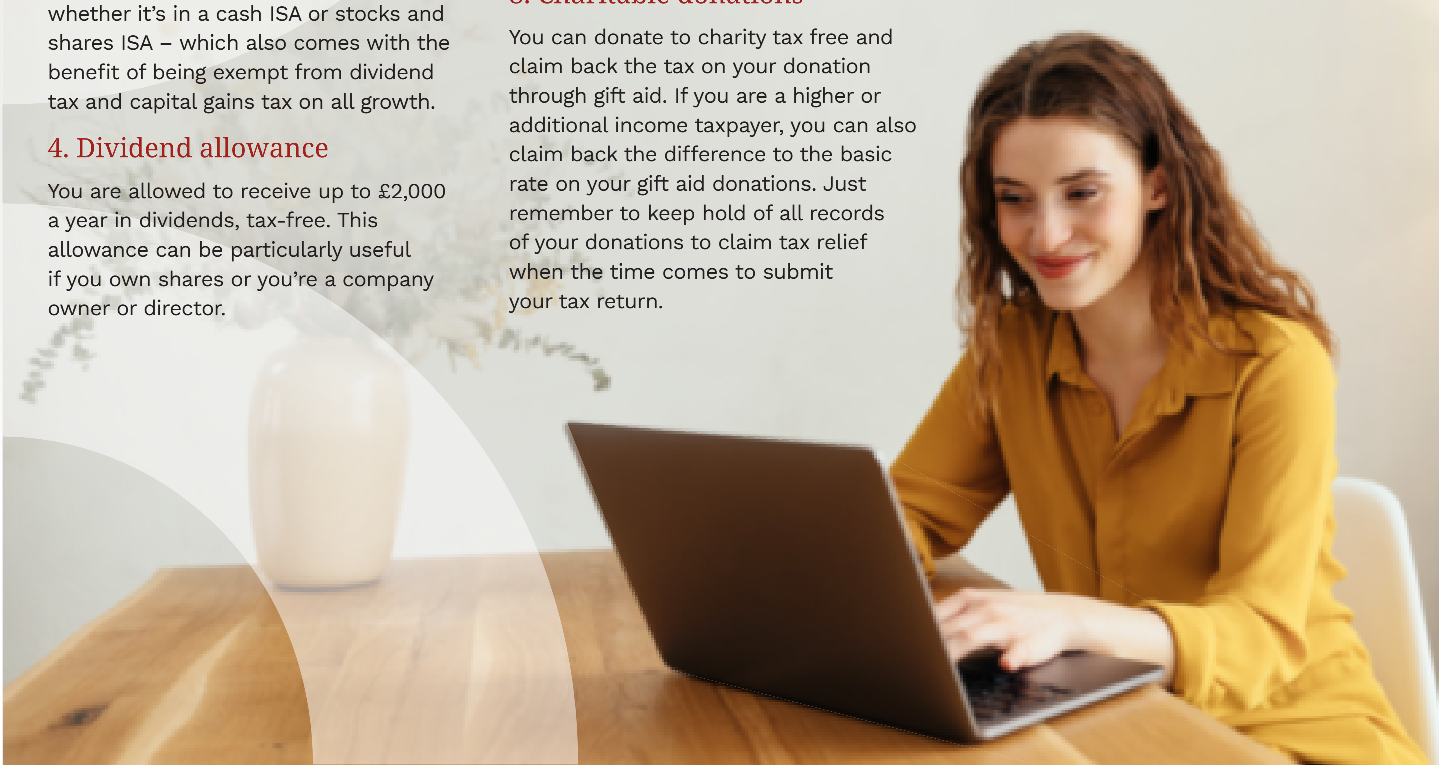
For specific tax advice please speak to an accountant or tax specialist.



OW3813 Exp. 05/01/2023

Investment Update

Inflation and Omicron set the scene for investors

Markets signed off the year amid high inflation rates and renewed concerns over the coronavirus.

The Omicron variant of the coronavirus unsettled markets at the beginning of December, with investors unsure about how renewed restrictions on socialising and travel will affect the global economy. The Organisation for Economic Cooperation and Development (OECD) urged national leaders to accelerate the vaccination rollout in order to slow the spread of the virus and reduce the impact of new strains.

Stock markets in the US and Europe had recovered most of their initial losses by the middle of the month after being encouraged higher by reports that the variant would unlikely be as disruptive as first feared. Persistently high inflation is another theme that has dominated markets throughout 2021 and the readings at the end of the year provided no relief.

The cost of living rises

The UK's inflation rate surged in November to 5.1%, which is its highest rate in more than a decade, and exceeds the Bank of England's expectations. According to the Office for National Statistics, the Consumer Price Index was propelled upwards by soaring energy costs but prices rose across the board.

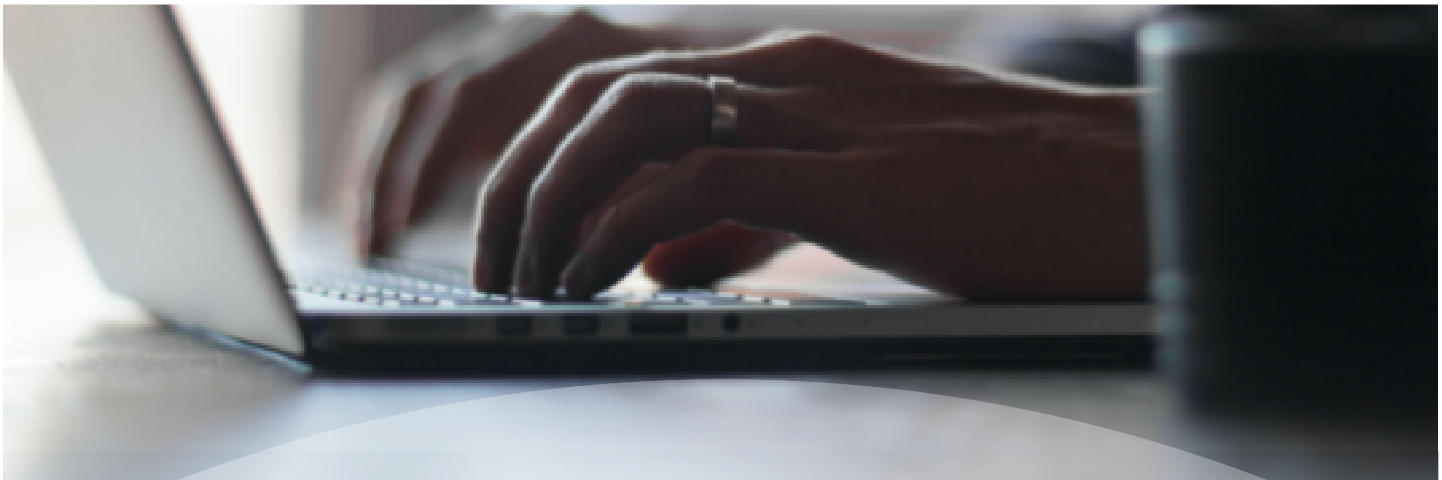
The euro area's average annual rate of inflation rose to 4.9% in November, the highest it has been since the creation of the single currency more than 20 years ago. In Germany inflation stood at 6%, a level not seen since the aftermath of reunification three decades ago.

Annual consumer price inflation in America rose to 6.8% a 39-year high. Prices jumped by 0.8% from October to November. A range of factors have fuelled inflation lately, including supply chain bottlenecks, labour shortages, fiscal stimulus and ultra-loose monetary policy.

Central banks take action

Policymakers on both sides of the Atlantic decided to act. In the UK, the Bank of England has raised interest rates from 0.1% to 0.25%, its first increase in more than three years, saying that the risks of inflation required it to take pre-emptive action even as the Omicron wave of coronavirus engulfs the UK. The bank's Monetary Policy Committee decided it could not wait any longer before seeking to cool the spending in the economy.

Meanwhile, the US Federal Reserve said it will accelerate its "tapering"—the reduction of monthly bond purchases —in order to wind down economic stimulus and contain runaway inflation. From January the central bank will reduce its asset-buying by $30 billion every month—double its current pace.



Seeking investment talent

We explore how Omnis appoints third-party managers to run funds to provide access the best investment talent in the market.

Omnis Investments (Omnis) offers clients of The Openwork Partnership and 2plan Wealth Management a range of 26 funds. They appoint third-party investment managers, allowing investors access to the best talent in the market. No matter how big you are as an investment house, you can't have the best investment managers for every single asset class – it is Omnis' job to find the best managers out there.

Investment managers move firms and retire. The Omnis model means the team can decide if and when they need to find a new investment manager and then manage the transition without investors having to buy and sell funds. In other models, if your fund manager leaves, you would sell the fund and switch manually to another one, which can be a lengthy process. It would leave investors uninvested during the period and could sometimes lead to taxation events and charges.

Omnis has the responsibility for making sure investors always know what's going on in the funds. The team can provide detailed information because they are able to monitor each fund manager, and make sure they are always investing in line with the funds' investment objectives.

Manager selection

Omnis works with external specialist research firm Fundhouse to make sure it can identify the best investment managers. There are more than 100,000 funds globally, which is more than the number of listed stocks, so Omnis distils these into a more manageable list and contacts managers to discuss their processes and capabilities.

That list then gets further refined to a shortlist of about five managers. Omnis then asks for more detailed information in writing and meets each team in person to gain an understanding of their investment approach. Omnis now manages more than £10 billion on behalf of its investors, and this size provides the level of access needed to fully assess managers.

Omnis tests each manager's investment process with the data on other funds they manage to verify the information. A shortlist of investment managers then present to the Omnis Investment, Performance and Risk Committee, which will recommend its preferred investment manager to the Omnis board.

Sustainable investing

Omnis assesses whether the managers are incorporating environmental, social and governance (ESG) factors into their investment decisions. The team sends each potential manager an ESG questionnaire at the start of the selection process. If they don't pass our ESG requirements, they don't progress any further. Omnis looks for examples of how they're incorporating these sustainability factors, as well as getting a feel for their culture internally.

Incorporating ESG factors into investment decisions is not as straightforward as you might think, and once they are appointed as managers Omnis cotinually reviews their approach to ESG and reports back to investors.

Ongoing monitoring

Once a manager is appointed, the ongoing monitoring kicks in. Omnis has regular meetings with the managers in person, and access to the portfolios so that the team can see all individual holdings at all times, allowing Omnis to make sure the funds are being run appropriately.

Omnis has launched many new funds over the past few years and the range of high quality, third-party fund managers that it can access continues to expand on performance, they aim to align their funds with the time horizons of investors, focussing on five-year rolling performance. Short-term performance over one week, one month or three months is considered as largely irrelevant in the context of meeting the stated five-year performance target set out in the objectives of the funds.

Although the performance of each underlying fund is important, Omnis does not recommend buying them individually. They should form part of a diversified portfolio to reduce risk and provide exposure to a diverse range of opportunities across asset classes, geographical regions, and industry sectors.

Your adviser will work with you to establish what the correct portfolio of Omnis funds is most suitable to you.

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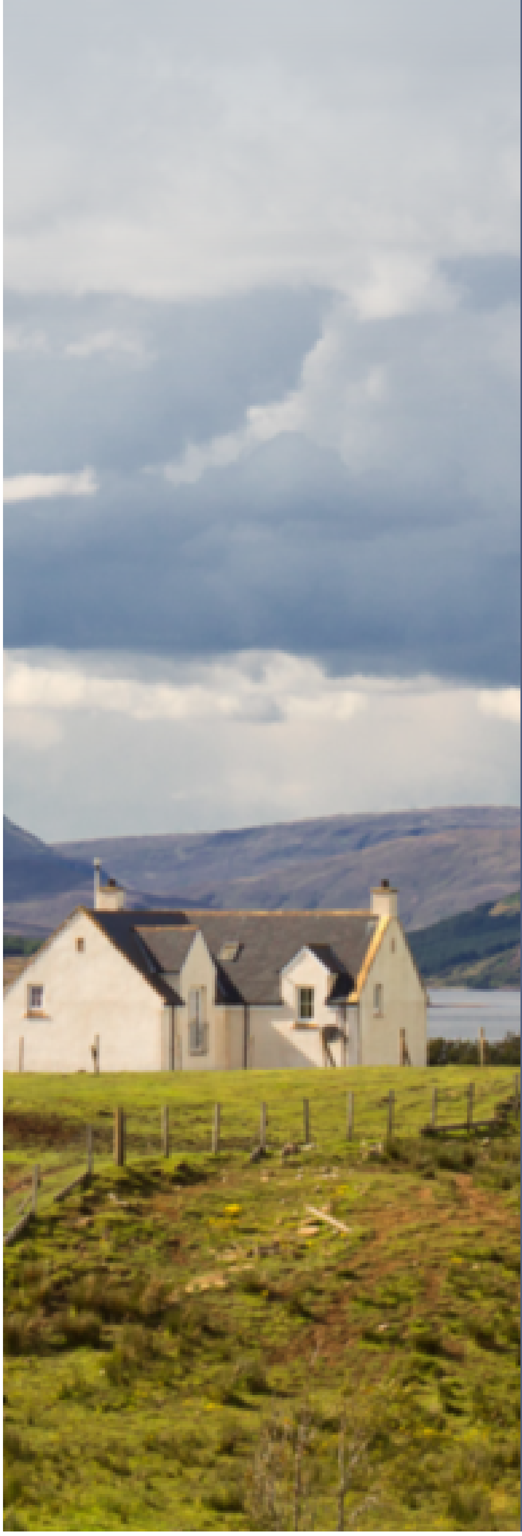
OW3816 Exp. 04/01/2023

Working out your CGT

Calculating CGT can be confusing, as you will need to have the details for each capital gain or loss, along with information about the costs involved in the sale and what you received for each asset. You'll then have to factor in your income tax band and the percentage of CGT you'll have to pay on the gains you've made.

Because it's so complex, a financial adviser is best placed to help you get this all done easily. They will also be aware of any tax reliefs you may be entitled to claim during the calculations, or whether there are other ways to reduce or eliminate your CGT (like gifting to your spouse or civil partner).



What is capital gains tax?

If you're selling certain assets of high value or a second property, you'll probably have to pay capital gains tax on your profits. Here's how it works.

Capital gains tax (CGT) is a tax on the profits earned from selling an asset or a property belonging to you (excluding your main residence). You only pay CGT on your overall gains above your tax-free allowance – known as the 'annual exempt amount'. In the 2021/22 tax year this amount is £12,300, so you can make this much in profit before you pay any tax. Married couples or those in civil partnerships can double this to £24,600 by pooling their allowances together. The government announced in its 2021 March Budget that these levels have been frozen until 2026.

Depending on your income tax band, you will pay the following levels of CGT when you sell an asset or property:

Basic rate taxpayers	Higher/additional rate taxpayers
The CGT to pay on assets is 10%	The CGT to pay on assets is 20%
The CGT to pay on property is 18%	The CGT to pay on property is 28%

Difference between assets and property

CGT affects assets and property differently when it comes to how much you'll pay:

Assets
An asset could be a piece of art, jewellery or an antique to name a few – but several assets are exempt from CGT, such as your family home, any personal belongings worth less than £6,000 or a car that is for personal use. Investments are assets, and if you're selling things such as shares, funds, investment trusts or other financial products you will be charged CGT if you go over your annual allowance (depending on your tax band).

Property
You will have to pay CGT if the property you are selling is a second home or a source of rental income. CGT needs to be paid within 30 days of completion of the sale or disposal of the property. You won't pay any CGT on the sale of your main residential home, providing that it's never been used for business purposes while you've lived in and owned it, and it covers less than 5,000 square meters (including the grounds).

There are rules around CGT if you live in the UK but are selling an asset or a property abroad (you may be liable to pay CGT on gains made from the sale). It's worth getting advice about a sale abroad if this affects you.

When is CGT not required?

You won't need to pay CGT on a gift to your spouse or civil partner, or to a charity. You're also not required to pay CGT on certain financial assets, including gains made from ISAs or PEPs (the forerunner of ISAs), UK government gilts, Premium Bonds and winnings from betting, pools, or lotteries.

Our advisers can help you make sense of any CGT affecting you and your assets, helping you to arrange your investments in the best way to make the most of their potential, including when you sell them.

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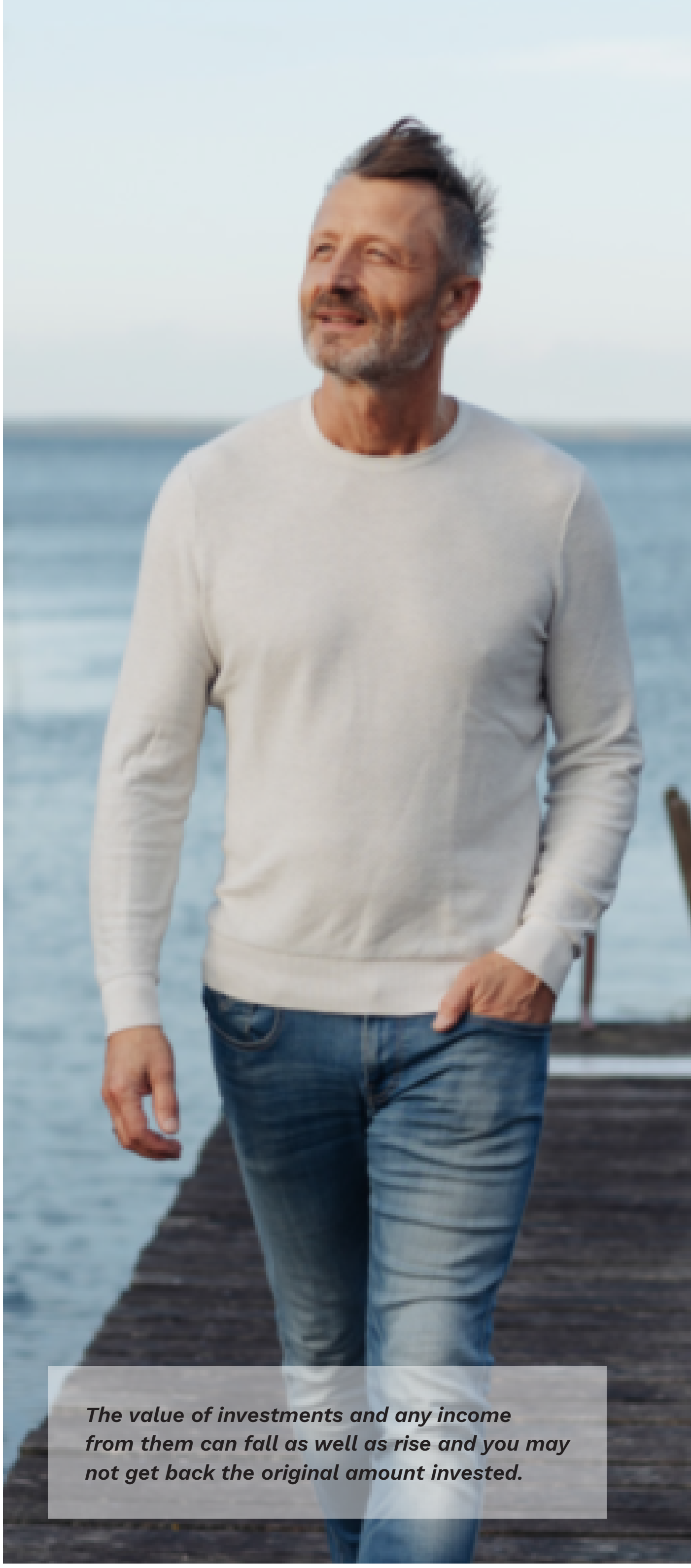
For specific tax advice please speak to an accountant or tax specialist.

OW3814 Exp. 04/01/2023

Myths about retirement

When it comes to retirement, there are some ideas that can turn out to be quite different when you examine them closely. We explore five of them.



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1. You can live off the state pension alone

The current basic state pension is £137.60 per week, or £179.60 for the new state pension if you were born on or after 6 April 1951 (for a man) and on or after 6 April 1953 (for a woman). That works out annually as £7,155 or £9,339 respectively, depending on meeting National Insurance contribution requirements and other eligibility criteria.

This could be enough for those who own their home outright, to cover the very basics for everyday living but is limiting for those who want to enjoy a more comfortable retirement without money worries. As life expectancy rises, so does the amount of time we'll need to fund our lives in retirement, including long-term care when we're older.

2. Matching your workplace pension is enough

With an occupational (workplace) pension, the overall minimum total contribution is 8%, with employees paying in 5% of salary and employer contributing 3%. But this might not be enough to give you the kind of income you're expecting once you've retired.

The good news is you can back your workplace pension up by increasing your contributions if you're able. Better still, some employers also offer to pay more into your pension to help build your retirement benefits faster, by matching any additional contributions you make up to a set level. If you start the ball rolling earlier, the more tax relief you'll receive and the more time your overall pot will have to grow.

3. It's possible to keep working for longer

The reality is, even if you wanted to continue working either full – or part-time after state retirement age, you might not be able to do so. It might be too physically demanding or might not fit in with retirement goals like spending more time with grandchildren, travelling or other pursuits you've been looking forward to.

Getting help from a financial adviser can ensure you have your desired level of income in retirement. You'll then be able to focus on keeping busy through hobbies, part-time work or other areas like volunteering in your community.

4. After a certain point it's too late to save for retirement

As we're living – and working – longer than before, while it's true that the sooner you start the better, life doesn't always go as planned so it's never too late to start saving for retirement. Compound investment growth can make a big difference to the value of your pension over time.

5. You can save for retirement without help from an adviser

Even with the best intentions when it comes to saving and investing, doing it alone is difficult. That's why working with a professional investment adviser can give you confidence about the direction of your investments. An adviser will be able to point out the long-term benefits of your investments and how they can pay off for you.

Speak to your adviser about making the most of your pension investments.

How to protect your business

What is business protection insurance and how does it work? Find out why it could be right for your business.

If you own or run a small business, protecting it is always a priority, especially if something were to happen to a key member, which could affect the financial health of the company. In this situation, business protection insurance could provide some peace of mind.

What is business protection?

Business protection provides coverage in the event that a director, business partner or other key employee of your business suffers a critical illness or long-term disability, or passes away. It's a way of protecting the business and ensuring continuity. Business protection can help support forward planning in terms of succession and gives you ways to provide stability during what could be an uncertain time, especially if the company is small.

What are the types of business protection?

Business protection insurance usually offers cover in three ways:

Key person protection
This protection provides cover to replace key staff and cover income lost by their absence that could affect the business. It can cover any key employee from a head of department to the CEO.

Business loan protection
This protects the business by helping to repay business debts like a loan or bank overdraft if the owner or a key member (like a partner) dies or suffers a critical illness.

Shareholder protection
This cover is also known as 'ownership' or 'partnership' protection. It specifically covers the business owners if a shareholder dies, or suffers a critical illness, by ensuring that funds will be available to buy shares from the deceased shareholder's estate.

These three forms of business protection also come with the option to add critical illness cover if you think it necessary. You could also get coverage for more than one person within the business. It's always important to speak to an adviser who can help you figure out the the right type of business protection for your business and any extra coverage (like critical illness) your business and employees could benefit from.

What are cross-option agreements?*

Cross-option agreements are usually required with shareholder protection insurance. The agreement is set up with the directors or partners of the business, and means that if one of these members dies, the remaining directors or partners have the option to *buy back* the shares from the deceased shareholder's estate. It also gives representatives of the deceased's estate the option to *sell* the shares to the remaining shareholders (which could be the preferred option for both sides).

**Before setting an agreement up legal advice should be sought.*

What are the benefits of business protection?

One of the benefits of business protection is the knowledge that should anything happen to a crucial member of the business – or someone with a financial commitment within the company – there would be some protection financially. It also gives other members of the business some peace of mind knowing this. Business protection can protect any loans or mortgages tied to your business, too, meaning lenders (knowing that you have *business loan protection* in place) are less likely to refuse a future loan, and will not approach the guarantor of a loan or their estate to recoup any existing loans.

In a small business that relies on a few key employees, the risk to the business from a financial point of view might increase if one of the team were unable to contribute because they die or are critically ill. In that situation, business protection is a wise plan to have in place.

An adviser can help you find out which type of business protection plan works for you and your company.

OW3822 Exp. 17/01/2023