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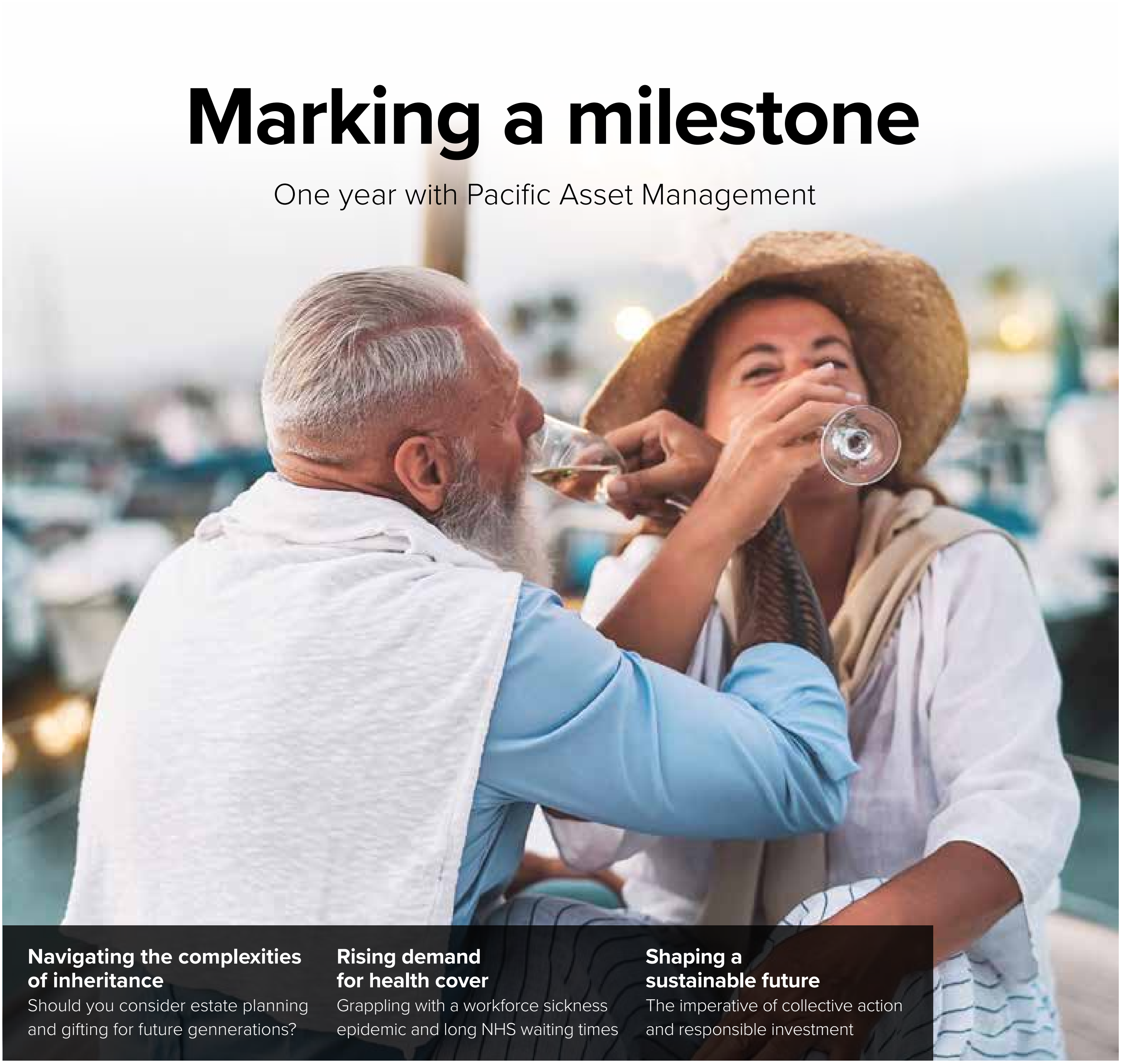
evolve



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welcome

Welcome to the Autumn 2024 edition of ***Evolve*** from **Moneyweb**.

In early October, we had the pleasure of hosting a few key Pacific Asset Management (PAM) team members at Scarborough Rugby Club to celebrate the first anniversary of our partnership. It was a great chance to reflect on our progress over the past year and get some valuable updates on what's happening at PAM and in the wider market. The event was a great way to celebrate a successful first year with PAM. It also gave us a lot to look forward to as we continue to work together and build on our progress. Turn to page 03 to read the full article.

As we age or accumulate more wealth, protecting and preserving our assets for future generations becomes increasingly essential. This process involves strategically managing your estate to minimise tax liabilities and ensure that your wealth is passed down to your loved ones in the most tax-efficient manner possible. On page 08, we look at how effective planning can significantly impact the financial wellbeing of your heirs, making it crucial to consider various strategies and tools available for safeguarding your estate.

With 2.81 million people in the UK now away from work due to long-term sickness, ensuring employers offer comprehensive health benefits is becoming increasingly critical. This approach is essential for preventing employees from becoming too ill to work, as well as for attracting and retaining staff in a competitive job market. We consider on page 12, why by providing the right health coverage, companies can support their workforce's wellbeing, leading to higher productivity and job satisfaction.

What we do collectively this decade – including how we invest – could mark the difference between starkly different futures. Our actions now will determine whether we face a future plagued by environmental degradation or one where we have successfully mitigated some of the most pressing ecological concerns. The urgency of addressing climate change cannot be overstated, but it is not our only challenge. The full article appears on page 14.

A full list of the articles featured in this issue appears opposite.

contents

Marking a milestone

One year with Pacific Asset Management

In early October, we had the pleasure of hosting a few key members of the Pacific Asset Management (PAM) team at Scarborough Rugby Club to celebrate the first anniversary of our partnership. It was a great chance to reflect on our progress over the past year and get some valuable updates on what's happening at PAM and in the wider market.

Joining us for the event were Matthew Lamb, Chief Executive Officer; Will Bartleet, Chief Investment Officer; and Will Thompson, Chief Sustainability Officer. Each brought valuable perspectives on the developments within PAM and the broader market landscape.

Matt Lamb kicked things off with a business update, sharing the exciting growth PAM has seen over the last year. His update highlighted the strong trajectory of our partnership and the positive momentum that PAM is building.

Next, Will Bartleet gave us a detailed look at our portfolios, including how they've performed and what adjustments have been made to keep us on track. His overview provided reassurance that our investment strategies are well-positioned for the current market environment.

The conversation then shifted to the broader market, where both Wills discussed the latest on interest rates and the global economic outlook. Their insights gave us a better understanding of what to expect moving forward and how our portfolios are positioned.

Finally, Will Thompson wrapped up with a sustainability update, diving into how our Moneyweb portfolios are being managed with sustainability in mind. His presentation reaffirmed Moneyweb's commitment to integrating sustainability into investment strategies, ensuring that our portfolios not only perform well but also contribute positively to the environment and society.

Overall, the event was a great way to celebrate a successful first year with PAM. It also gave us a lot to look forward to as we continue to work together and build on the progress we've made. ■

Using Trusts to secure your assets for your beneficiaries

How will you ensure you are prepared for whatever lies ahead?

Building wealth often takes years of hard work, but without proper planning, it can quickly diminish within your lifetime and may not endure for future generations.

We aim to collaborate with you to create a well-thought-out plan, ensuring you are prepared for whatever lies ahead.

Importance of Trust and Wealth Planning

Preserving wealth can be challenging. Threats include unprepared beneficiaries, asset mismanagement, family dynamics, taxation, and legal disputes. However, sound wealth planning can mitigate and sometimes eliminate these challenges.

Benefits of proper wealth planning

Tax-efficient wealth structuring: Optimise your wealth to minimise tax liabilities.
Risk reduction: Protect your wealth from potential risks.
Liquidity provision: Ensure access to funds when needed.
Confidentiality maintenance: Keep your financial matters private.
Minimised family conflict: Mitigate disputes among family members.
Business succession planning: Facilitate smooth business transitions.
Philanthropic enablement: Support your charitable interests effectively.

Save taxes and manage your financial affairs

When planning how you'd like to pass on the assets and capital in your estate, you can use some important financial tools. Trusts are very effective when undertaking planning, helping you save taxes and manage your financial affairs well.

A Trust is a legal arrangement designed to secure your assets for your beneficiaries. Think of it as a figurative security deposit box or treasure chest, where you can place your assets for protection and potentially shield them from certain taxes.

Trusts separate assets' legal ownership from their beneficial ownership. The legal owner holds the title and is empowered to deal with and administer Trust assets, while the beneficial owner—as the name suggests—derives the benefit from them. This could be in terms of usage, income from those assets, or sale proceeds.

However, tax savings are not the sole reason for establishing Trusts. For many, the primary goal is to safeguard funds for vulnerable beneficiaries, such as young children, individuals with disabilities, or those who struggle with managing money.

Why use Trusts?

Protection of vulnerable beneficiaries: Ensure financial security for those needing extra support.
Continued control over assets: Maintain influence over how and when your assets are distributed. For instance, through your Will, you can use a Trust to provide a home for a remarried spouse while ensuring that the property eventually passes to children from a previous marriage.
Efficient probate process: In England and Wales, probate can take approximately nine months to a year, causing delays in transferring your estate. Assets held in a Trust typically sit outside your estate, allowing executors to access them immediately. Trusts are versatile tools that help control your gifted assets while ensuring timely and secure transfers to your beneficiaries.

Gaining control through Trusts

A person known as the 'settlor' places assets into a Trust, which may include money, property, or other types of assets like life insurance policies and investment portfolios. This may be done during their lifetime (a lifetime trust) or can be triggered by death through a valid will (a Will trust). By placing the assets into this structure, the original owner may relinquish some of their rights and delegate responsibility to a trustee during their lifetime.

However, they can gain a lot more control in other ways. A settlor can project their wishes years into the future. Provided a Trust is set up correctly, you can determine who gets what and when with a good deal of precision. Trustees can be professionals (who work for a trust company) or any other competent person prepared to take on these responsibilities.

Very wide-ranging powers and tasks

Trustees can have wide-ranging powers and tasks, including settling tax bills and hiring investment management and legal professionals. Suppose the trust is discretionary, meaning they have discretion regarding the distribution of assets. In that case, they also have to make certain decisions about how to use the trust income and/or capital.

For these reasons, many prefer to have their trust administered by professionals, paying them annual fees from the Trust's assets. However, others looking to structure family wealth may

appoint a mixture of professional and family friend trustees to create a balance of objectivity and personal knowledge of the beneficiaries' situations and needs.

Emotional aspects of trust management

Combining professional expertise with personal familiarity can ensure that both the technical and emotional aspects of trust management are adequately addressed. Professional trustees bring technical know-how and impartiality, while family friends may offer deeper insight into the beneficiaries' circumstances.

By thoughtfully selecting Trustees, you can achieve effective and empathetic management of your trust, ensuring that your wishes are fulfilled as intended. A blend of professional and personal trustees can provide a balanced approach, safeguarding the beneficiaries' financial and personal interests.

Types of Trusts

Various types of Trust are available, and the Settlor needs to decide which type is best suited for the circumstances.

A quick summary of the principal types of trust is as follows:

Bare/Absolute Trusts – Where the settlor transfers the legal ownership of assets to the trustee for the benefit of the beneficiary absolutely.
Discretionary Trusts – The beneficiary has no entitlement to income or capital from the assets held under trust. All distributions are entirely at the trustees' absolute discretion.
Interest in Possession Trusts – The beneficiary holds a right to the trust fund's income or the right to use trust assets.
Flexible Trusts – The beneficial interests of these trusts can be altered.

Note that these are just a few examples; many other types of trust can be used under different circumstances.

Tax planning and Trusts

It'll be of no surprise that one of the main reasons for using Trusts is for tax planning and mitigation. For example, when an individual dies, their estate (i.e., net assets) is subject to Inheritance Tax (IHT), meaning the beneficiaries may lose up to 40% of their net inheritance.

If assets are put into trust during a settlor's lifetime and they survive seven years, they are not part of the estate on death and may escape IHT at that time subject to the 14 year rule. Trusts are used in certain IHT planning arrangements for the settlor's benefit, such as gift and loan plans, discounted gift trusts, and flexible reversionary trusts.

Trusts in Wills

Trusts are frequently created in Wills, particularly where the beneficiaries are minor children who need someone to look after them financially. Any asset left to a minor under a Will is effectively held in trust for the minor by the executors until the minor reaches majority unless the will allows payment to be made to a parent.

Trusts can be explicitly created in Wills to ensure that a beneficiary does not benefit until some other age is attained or a condition is fulfilled. There are many other reasons for setting up trusts, notable examples being to provide a pension, provide for families, assist a charity, give property to those who legally cannot hold it, and gain protection from creditors and business protection. ■

Time to create a personalised plan that protects your wealth and legacy for future generations?

We understand that the wealth you wish to protect encompasses more than traditional assets. Please get in touch with us to discuss your requirements and create a personalised plan that protects your wealth and legacy for future generations.

Redundancy and your pension

Understanding your workplace pension options to navigate your next steps confidently

Redundancy can be challenging and stressful, often creating uncertainty about the future. However, it can also signal the beginning of a positive new chapter in your life. For many, this transition period offers a unique opportunity to reflect on personal and professional goals and consider new directions that might have previously seemed unattainable.

Whether it's the chance to pursue further education, embark on a completely new career path or even start your own business, redundancy can serve as a catalyst for meaningful change and growth. As you navigate this transition, your workplace pension is one of the most crucial aspects to consider. Understanding your pension options is key to making informed decisions that will impact your financial stability in the long term.

What happens to your pension when you're made redundant?

If you've been made redundant, the workplace pension you have been contributing to remains yours. You won't lose it due to a change in your employment status. However, leaving a job or being made redundant doesn't automatically grant access to your pension immediately.

The standard rules on how and when you can access your retirement savings still apply. This generally includes accessing your pension from age 55 (rising to 57 in 2028) and typically taking up to 25% of your pension pot as a tax-free lump sum.

The next steps depend on the type of pension plan you were paying into while employed. Two primary types of workplace pensions exist: defined contribution (DC) and defined benefit (DB) plans. If you're unsure which type you have, you can ask your employer or check documents from your pension provider, such as your annual statement.

Defined Benefit (DB) pensions

If you hold a DB pension, typically found in the public sector, contributions will stop once you leave the job. The value of this pension pot is usually determined by the length of your employment and your salary.

Defined Contribution (DC) pensions

For those with a DC pension, the primary change is that your employer's contributions will cease. Unlike a DB pension, you may be able to continue making personal contributions.

What can you do with your workplace pension?

Depending on your circumstances and the type of workplace pension you have, several options are available.

Continuing contributions

If you have a DC pension, you might be allowed to continue making contributions and benefit from any applicable government tax relief. The value of any tax relief will depend on your individual circumstances. Remember, you won't receive further employer contributions after leaving your job.

All contributions, whether from personal, employer or third-party sources, count towards your annual allowance, which is £60,000 for the 2024/25 tax year.

Contributing your redundancy payment to your pension

You may be able to pay a portion of your redundancy payment into your workplace pension, typically applicable to DC pension schemes. This usually requires an agreement with your employer. Note that your redundancy payment might be subject to tax, with the first £30,000 usually being tax-free. Any portion paid

into your pension will also count towards your annual allowance.

Transferring your pension

You might consider transferring your pension pot into another workplace or private pension, usually reserved for DC schemes. However, combining pension pots isn't suitable for everyone, as you could lose features, protections or benefits. Always compare products before making a decision, as the value of your combined pension pot can fluctuate.

Withdrawing your money

Depending on your pension scheme's rules, you can generally withdraw money from your pension pot if you're aged 55 or over (rising to 57 in 2028). However, withdrawing from your pension requires several factors to be considered. If you stop working, this might affect your entitlement to the full State Pension if you haven't accumulated enough qualifying years of National Insurance contributions. Also, taking a flexible income from a DC pension while continuing to work may reduce the amount you and your employer can contribute without facing tax charges due to the Money Purchase Annual Allowance (MPAA).

Leaving your pension as is

You can opt to leave your pension untouched until your retirement age, ensuring you keep your login details and personal information up-to-date. This helps you maintain track of your savings. Update your details by logging into your pension account or contacting your provider.

Take your next s teps with confidence

The right option for you depends on various factors, including the type of workplace pension scheme you have. Pension schemes are legally required to provide specific information about your scheme. Understanding your options can give you a clearer idea of what will happen to your pension if you're made redundant, allowing you to focus more on your future plans. ■

Want to discuss your current workplace pension options?

Whether you decide to advance your career or prepare for retirement, having a clear grasp of what you can and cannot do with your current workplace pension can provide you with the confidence needed to take your next steps.
Please get in touch with us for further information or assistance to discuss your pension options.

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Navigating the complexities of inheritance

Should you consider estate planning and gifting for future generations?

As we age or accumulate more wealth, protecting and preserving our assets for future generations becomes increasingly essential. This process, known as Inheritance Tax (IHT) planning, estate planning or intergenerational wealth planning, involves strategically managing your estate to minimise tax liabilities and ensure that your wealth is passed down to your loved ones in the most tax-efficient manner possible.

Effective planning can significantly impact the financial wellbeing of your heirs, making it crucial to consider various strategies and tools available for safeguarding your estate.

One common question we receive from clients is whether to gift assets during their lifetime or wait until they have passed away. The answer is more complex and heavily depends on your personal and financial circumstances and objectives. Gifting can provide immediate support to family members and potentially reduce your estate's size, lowering the IHT burden.

However, careful consideration must be given to the gifts' timing, amount and recipients to ensure that they align with your long-term goals and comply with tax regulations. Understanding these nuances is essential in making informed decisions that will benefit you and your loved ones.

Understanding Inheritance Tax

When you pass away, IHT is potentially payable to HM Revenue & Customs (HMRC). The amount due depends on the estate's value minus any debts and after all available thresholds have been used. These thresholds are the nil rate band (NRB) and the residence nil rate band (RNRB). At a high level, the NRB is £325,000, and the RNRB is £175,000, the latter of which is only available if you leave your home to a direct descendant. The standard rate of IHT due to HMRC on amounts over these thresholds is 40%. This reduces to 36% if at least 10% of your net estate is left to charity.

Why do we gift?

We gift for two common reasons: We want to help our family and loved ones now, when they need it, and whilst we can see them enjoy it, as opposed to when we have passed away. This is often called a 'living inheritance'. Additionally, we may have a large estate and wish to reduce its value so that our beneficiaries pay less or no IHT when we pass away.

How much can you gift?

In short, you can gift away however much you want to whoever you like and whenever you like. If these gifts fall within the 'annual gift allowances' or are made from your regular surplus income, they automatically fall outside your estate for IHT tax purposes. Otherwise, you must survive seven years after making the gift before the gift is excluded from IHT tax calculations.

The impact of sequencing gifts

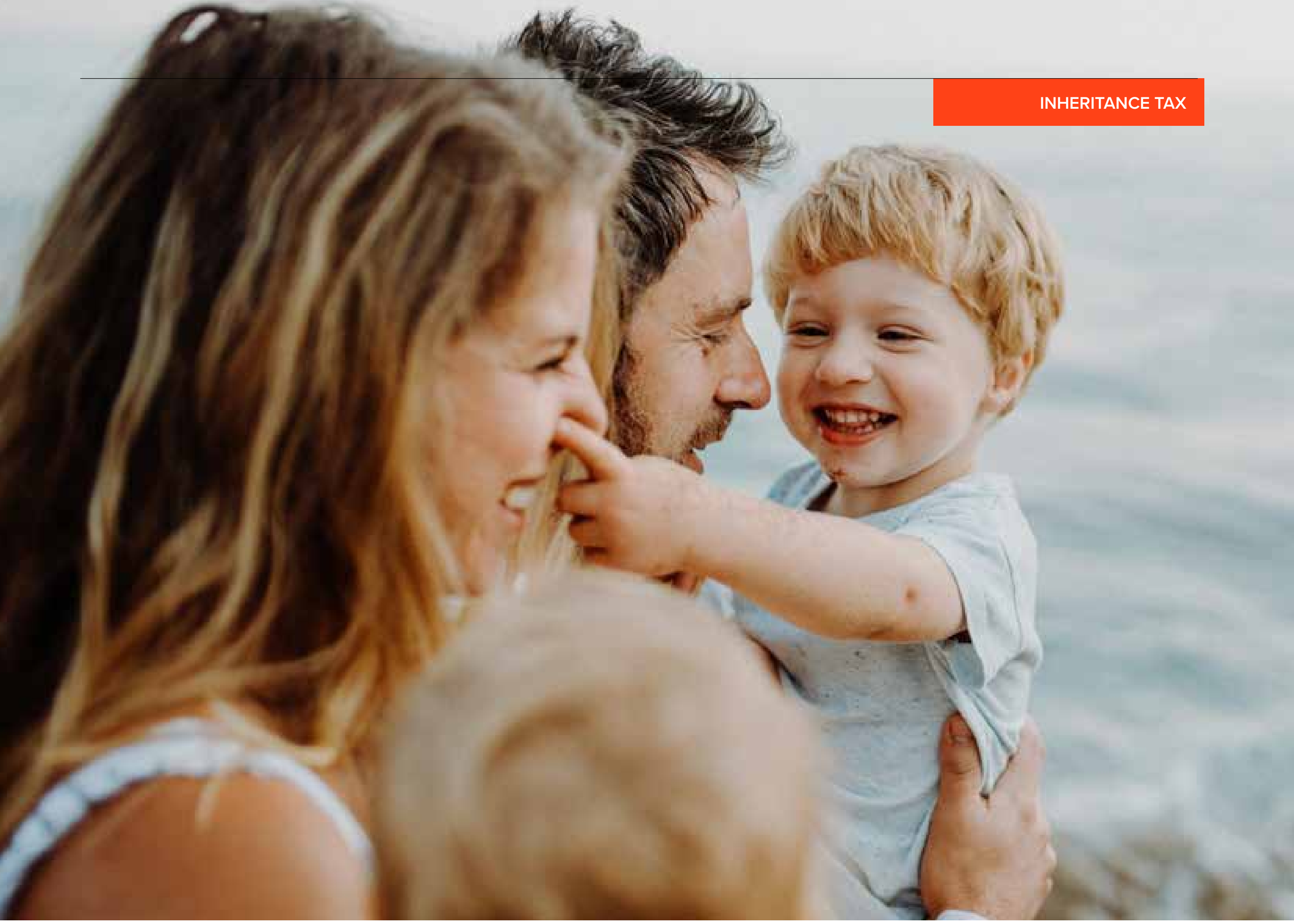
The sequencing of gifts can significantly impact the wealth you want to pass on. In addition to the seven-year rule, there is the less well-known 14-year rule. Giving a gift outright to an individual and/or Absolute/Bare Trust in excess of the annual allowances is known as making 'Potentially Exempt Transfers' or PETs.

Potentially Exempt Transfers and their uses

For example, a common reason for making a PET might be to help a child onto the property ladder. To ensure the gift is outside of your estate for IHT tax purposes, you need to survive seven years from when the gift is made. If the PET is more than the NRB (£325,000), there is gradual tapering on the excess once you have survived for over 3 years. The longer you survive after making the gift (between 3 and 7 years), the greater the tapering.

Chargeable Lifetime Transfers

Should you settle any money into a relevant property trust, such as a Discretionary Trust, these gifts are known as 'Chargeable Lifetime Transfers' or CLTs. An example of such a settlement might be grandparents wanting to pass money down to their grandchildren. A common reason for this may be that their children already have a large estate, so if



they were to inherit any more, it would be unhelpful for their IHT position.

Complications in gift order

Complications may arise when an individual has passed away and has made both PETs and CLTs. This is because the order of these gifts can result in bringing 14 years' worth of gifts into the IHT calculation. When considering which gifts are liable to IHT, the gifts are placed in the order they were made, starting with the oldest and moving towards the date of death.

HMRC rules on failed PETs

HMRC rules are such that any CLTs made in the seven years before any 'failed PETs' must also be brought into account. If an individual makes a PET and dies within 6 years and 11 months, the PET fails. From the 'failed PET' date, HMRC will look back a further seven years and include any CLTs in their calculation to determine the IHT due on the PET.

Annual Gifting Allowances

Under current legislation, everyone can gift away £3,000 per year. This is called your 'annual exemption'. Any unused allowance can be carried forward to the following tax year; however, it cannot be carried over again. There is also a wedding allowance of varying amounts depending on the relation, which must be made before the wedding, and the wedding must happen: £5,000 to a child, £2,500 to a grandchild, £1,000 to a relative or friend. Wedding gifts can be combined in the same year with the annual exemption.

Small Gifts Allowance

You can also make gifts of up to £250 to as many different people as you like, as long as the person has not received more than £250 from you that tax year. ■

Do you require information or personalised advice on gifting and Inheritance Tax planning?

For those seeking further information or personalised advice on gifting and Inheritance Tax planning, please do not hesitate to contact us for expert guidance tailored to your specific circumstances.

Mastering financial planning

Essential tips for mothers balancing family and finances

Balancing the many responsibilities of motherhood can be overwhelming, often pushing long-term financial planning onto the back burner. However, effective financial planning is essential for everyone, and as a mother, you face unique challenges that require extra attention. Here are some key financial planning steps to help you take control and secure your family's future.

Save for unforeseen emergencies

As a mother, you've probably realised that emergencies can strike when you least expect them to. While an emergency savings pot can't prevent sick days, uniform mishaps or broken friendships, it can provide a useful financial buffer for more expensive emergencies, such as boiler or car breakdowns. Building up at least six months' worth of essential expenditure in an easy-access savings account reduces the risk of falling into debt or dipping into savings allocated for long-term goals.

Protection, protection, protection

An income protection policy should be considered if your family relies on your income to cover bills, childcare, school fees or after-school activities. This type of insurance pays out a portion of your salary if you suffer from a long-term illness and cannot work, helping you maintain financial stability and ensuring your children's lifestyle isn't unduly affected.

Life insurance is another essential protection, offering a vital financial safety net should the worst happen to you. It provides a lump sum or regular income if you pass away during the policy term, which could help pay off the mortgage and ease the financial burden on your family.

Your pension matters

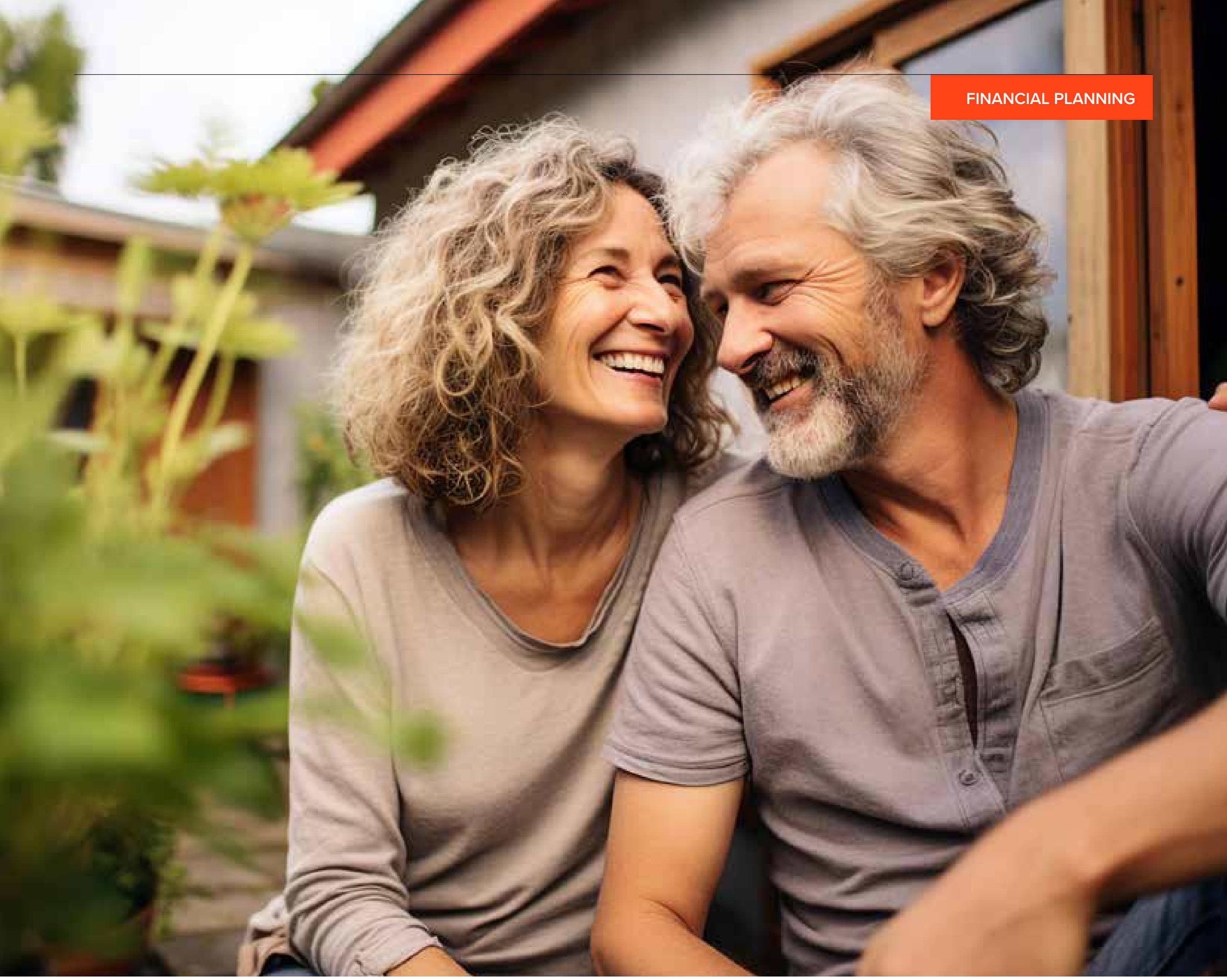
If you've taken time off work to care for your children, finding ways to top up your pension savings is crucial. Many mothers prioritise their children's futures over their own, but neglecting your pension can have long-term financial repercussions that ultimately affect your entire family. The good news is that there's still ample time to get your pension back on track.

If you qualify for the full amount of the new State Pension, you will receive £221.20 per week, or £11,502.40 a year (2024/25). You must have paid National Insurance (NI) contributions for 35 years to qualify for the maximum amount. If you're not working, you'll receive NI credits automatically as long as you claim Child Benefit, and your child is under 12. You may still receive these credits if you've claimed child benefits but opted out of payments to avoid the High-Income Child Benefit charge.

Topping up pensions

Consider topping up your workplace or private pensions. Pensions are a highly cost-effective way of saving for retirement due to the tax relief you receive on personal pension contributions. This means a £100 pension contribution will only cost you £80 if you're a basic rate taxpayer, £60 if you're a higher rate taxpayer or £55 if you're an additional rate taxpayer, as long as the total gross contributions are matched by the income in that band.

Even if you aren't working, you can contribute up to £2,880 per year into a pension and still receive 20% tax relief, boosting your contribution to



£3,600. If you receive any cash gifts or inherit some money, saving it into a pension can significantly enhance your retirement funds.

Wealth creation for your children

If financially feasible, saving money for your children can profoundly impact their future, potentially helping with university fees or securing a deposit for their first home. To maximise the growth potential of their money, consider investing in the stock market.

Although mothers might naturally lean towards being risk-averse, history shows that, over long periods, the stock market generally outperforms cash. A Junior ISA is a starting point. It offers tax-efficient investment growth and locks away funds until your child's 18th birthday.

Obtain professional financial advice

You might not have the time or inclination to sort out your finances independently – and that's perfectly fine. Financial matters are one area where entrusting the responsibility to a professional can be done guilt-free.

Obtaining professional financial advice can instil confidence that you've made the right decisions with your money, allowing you to focus on yourself and your family. ■

Want to find out information or see how we can help with personalised financial guidance?

Contact us today for expert professional advice and personalised financial guidance. We're here to help you and your family achieve financial stability and peace of mind. Don't wait – contact us now, and let's secure a brighter future together!

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Rising demand for health cover

Grappling with a workforce sickness epidemic and long NHS waiting times

With 2.81 million people in the UK now away from work due to long-term sickness, ensuring employers offer comprehensive health benefits is becoming increasingly critical. This approach is essential for preventing employees from becoming too ill to work, as well as for attracting and retaining staff in a competitive job market. By providing the right health coverage, companies can support their workforce's wellbeing, leading to higher productivity and job satisfaction.

Young employees, mainly those aged 18-34, drive the increasing need for workplace health support. Research indicates that 78% of young workers find health cover crucial, and 64% consider it their most significant benefit, starkly contrasting with the 46% of those over 55 who feel the same[1].

Moreover, 71% of younger workers would hesitate to switch jobs if health coverage wasn't provided, highlighting its importance in career decisions. Additionally, 66% of this demographic believe that having health benefits would reduce sick days by enabling quicker access to healthcare professionals, thus promoting a healthier, more resilient workforce.

Impact on employee wellbeing and productivity

Including comprehensive health benefits can significantly enhance employee wellbeing and overall productivity. By facilitating easier access to medical care, employees are less likely to experience prolonged periods of illness, allowing them to maintain consistent work attendance and performance.

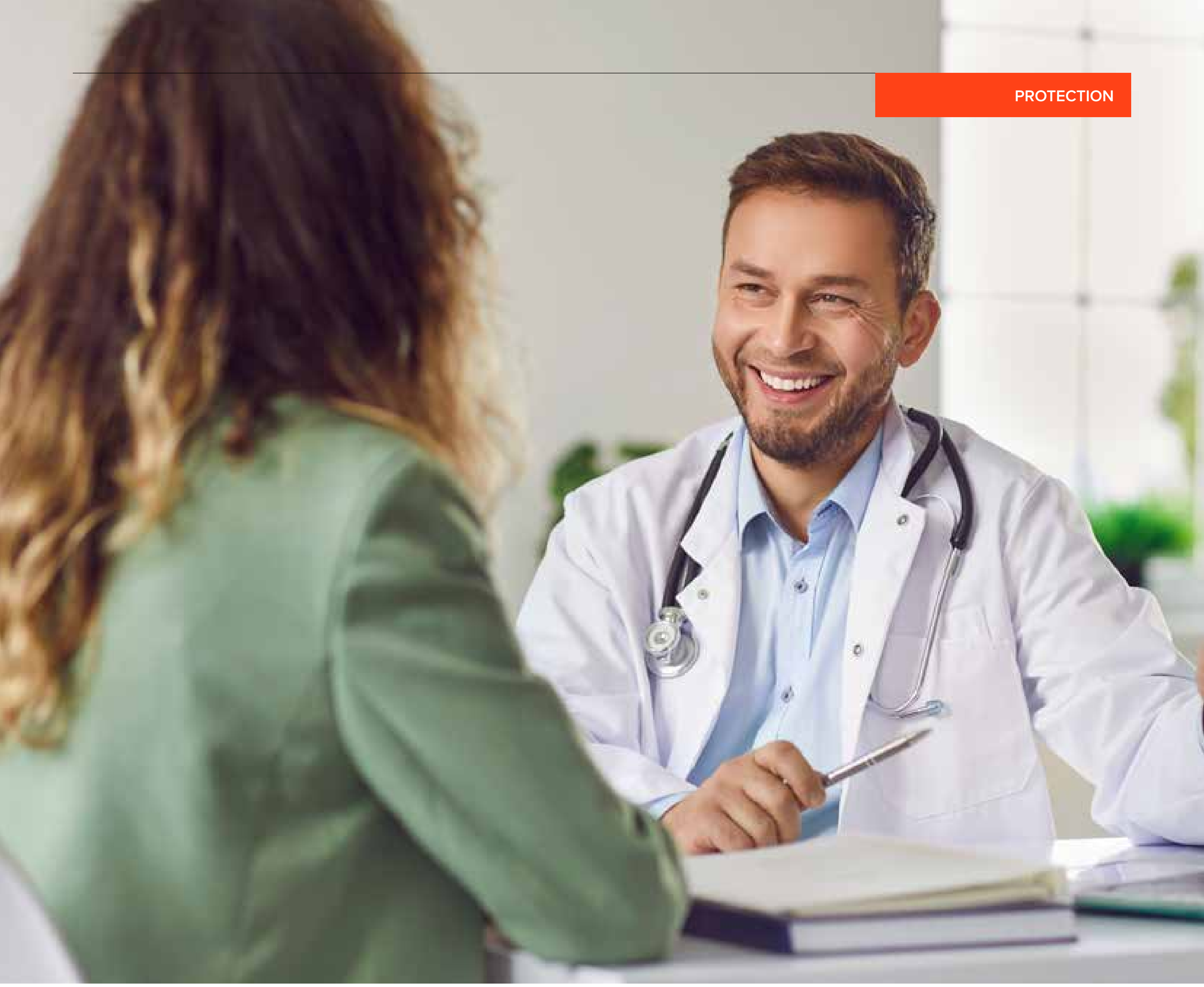
This support is particularly crucial for younger employees who place high value on health benefits and are more likely to consider these benefits when evaluating job opportunities. Consequently, employers who invest in comprehensive health cover demonstrate their commitment to employee welfare and position themselves as attractive employers in the talent market.

Expectations and employer response

Employers are beginning to notice this shift in expectations. Three out of ten firms report that job candidates' expectations for health cover are rising. When health cover is provided, employers observe a 37% increase in satisfaction and a 33% boost in productivity. The data clearly highlights the significant impact health benefits have on both employee morale and overall business efficiency.

Mental health a growing concern

Mental health has emerged as a crucial element of workplace wellbeing, particularly for younger workers. Research shows that 76% of younger employees believe that health



insurance improves their productivity, and 71% have taken time off for mental health reasons, compared to just 32% of older workers. Alarmingly, 71% of younger UK workers reported experiencing anxiety in the previous year, compared to 32% of those over 55.

Addressing the mental health challenge

As a result, 33% of employers now see rising mental health days as a major challenge. Younger workers no longer view health benefits as a bonus; instead, they expect them as a standard part of their employment package. This shift in perception underscores the urgent need for comprehensive health benefits in the workplace.

The need for accessible health cover

The UK continues to grapple with a workforce sickness epidemic and long NHS waiting times. In this context, providing affordable and accessible health cover at work has never been more important. Employers who wish to attract and retain top talent, maintain a healthy workforce and enhance business productivity must recognise the importance of offering health cover. ■

Do you want to discuss comprehensive health benefits?
As the landscape of workplace health continues to evolve, employers must adapt by offering comprehensive health benefits. This not only supports employee wellbeing but also drives productivity and satisfaction. If you require further information, please contact us.

Source data:
[1] Opinium research on behalf of Simplyhealth throughout May and June 2024. The first surveyed 500 HR decision makers across UK businesses, while the second surveyed 2,000 employees with a minimum of 100 respondents across business services, construction, manufacturing, professional education, hospitality and leisure, transport, retail, food and drink, and healthcare. 2.81 million not working due to long-term sickness in the UK in July 2024, according to ONS figures.

Shaping a sustainable future

The imperative of collective action and responsible investment

What we do collectively this decade – including how we invest – could mark the difference between starkly different futures. Our actions now will determine whether we face a future plagued by environmental degradation or one where we have successfully mitigated some of the most pressing ecological concerns.

The urgency of addressing climate change cannot be overstated, but it is not our only challenge. We must also confront the rapid loss of biodiversity, which threatens the natural balance of ecosystems, and the pervasive problem of plastic pollution that chokes our waterways and oceans.

Integrating sustainable practices into our daily lives

Sustainability is not merely a 'nice to do' but an indispensable necessity. Integrating sustainable practices into our daily lives and investment decisions is crucial for creating a liveable future. By prioritising sustainability, we help preserve the environment and foster a society that values long-term wellbeing over short-term gains.

This shift in mindset is essential for addressing the complex and interconnected issues we face. Investing in sustainable solutions and companies that adhere to ethical practices can drive positive change, ensuring that our economic activities support the planet rather than deplete it.

Putting sustainability at the heart of your decisions

Our everyday choices are guided by our values and beliefs, whether consciously or not. For example, we're likely to think twice about buying clothes from a fast-fashion retailer that has been found to exploit its workforce. We rarely know the full story behind the products we buy, but when unethical and unsustainable practices come to light—and they increasingly do—our moral compass kicks in.

Understanding responsible investing

Many terms are used, but responsible investing – or you may know it as sustainable or ESG (Environmental, Social and Governance) investing – is about taking this 'full story' into account. It's essentially asking a wider range of questions about how wisely a company is managed and whether it is acting in harmony with the kind of world we want to live in. This may seem like common sense, but it wasn't long ago that ESG factors tended to be overlooked compared to financial information, such as a company's profits and cash flows.

The evolving landscape of ESG factors

But fund managers, regulators and investors are now aware that these factors are just as important in assessing a company's likely future health. Our investment choices can drive change, influencing how businesses operate and their impact on the world. Aligning personal values with investments can lead to more ethical and sustainable outcomes, benefiting society and the environment.

Aligning your personal values with your investments

Your pension is not just a pot of money you and your employer add to over time. Through our retirement savings, we're all likely to be shareholders in (and lenders to) companies worldwide. We can choose what types of funds we invest in, and as shareholders, we can influence how companies are managed through the providers and fund managers who look after our pension savings.

The concept of stewardship

This is often referred to as 'stewardship' and can be practised by any fund, whether it has a sustainability label or not. Some funds go a step further and explicitly target positive environmental and social impacts alongside financial returns. These investments aim not only to generate profits but also to benefit society and the environment.

Questions to consider when reviewing your investments

Most pension savers are invested in a scheme default fund – the fund that is automatically selected for you if you don't make an active choice yourself. Increasingly, default funds consider ESG factors, but they may do this differently. For example, they may exclude certain types of companies

from investment – such as those involved in tobacco production, controversial weapons or thermal coal extraction.

Evaluating your pension fund

They may also increase or decrease the weighting (the percentage invested) in companies based on a specific factor, such as carbon emissions or ESG scores. A small amount of research – simply logging into your pension account and looking at the factsheets for the funds you're invested in – will help you understand whether they align with your values and preferences.

Investing your money in a more purposeful way for societal good

It's about asking questions: What is my pension fund doing to include sustainability considerations? Are the underlying investments in my portfolio aligned with my values? If they're not, is my fund manager voting and engaging to nudge misaligned companies in the right direction? Or are there more suitable funds for me?

Making a difference for the benefit of people and the planet

We're all looking for ways to help make a difference for the benefit of people and the planet. While taking the more obvious actions such as recycling and taking public transport is important, ensuring that our pensions are invested sustainably and aligned with our personal values could also positively influence our world. Navigating different responsible investment approaches and funds isn't easy, so obtaining professional financial advice is important to discuss which investments are right for you. ■

Want to align your investments with your values?

Please contact us for further information on aligning your investments with your values. We're here to help you make informed decisions for a sustainable future. We look forward to hearing from you.

SAVINGS

Individual Savings Account (ISAs)

Why are these a popular choice among many UK investors?

Navigating the landscape of personal finance can often feel overwhelming, but understanding the various tools at your disposal is crucial for effective money management. One such tool is the Individual Savings Account (ISA), a popular choice among many UK investors for its tax-efficient benefits.

What is an ISA?

An ISA is a savings account that offers tax-free interest payments, meaning that your interest is not subject to income tax. It is available to UK residents and provides a flexible way to save or invest money. Several options cater to different financial goals, including Cash ISAs, Stocks & Shares ISAs, Lifetime ISAs, and Innovative Finance ISAs.

Each type of ISA has unique features and benefits. For instance, a Cash ISA might appeal to those seeking a straightforward, safe investment option. At the same time, a Stocks & Shares ISA could be more suitable for individuals willing to take on more risk for potentially higher returns.

What is a Junior ISA?

A Junior ISA is a long-term, tax-free savings account for children designed to help parents and guardians save for their child's future. Available to UK residents under the age of 18 who do not have a Child Trust Fund, Junior ISAs offer the same tax-free benefits as regular ISAs, allowing savings to grow without incurring tax on interest or investment gains.

For the 2024/25 tax year, the Junior ISA allowance is £9,000. This means you can save or invest up to £9,000 in a Junior ISA on behalf of your child, providing a substantial opportunity to build a financial nest egg for them as they approach adulthood.

What is the 2024/25 ISA Allowance?

The government sets an ISA allowance limit on the amount you can contribute to your ISAs each tax year. For the 2024/25 tax year, this allowance remains unchanged at £20,000. This means you can invest up to £20,000 across any combination of ISAs without paying tax on the interest, dividends, or capital gains.

Allocating this allowance strategically is important, as it can significantly impact your financial planning. Consider your current financial situation and future goals when deciding how to distribute your funds across different types of ISAs.

How to transfer your ISAs?

Transferring your ISAs allows you to move your savings or investments between providers or shift funds between various ISAs. This can be beneficial if you're seeking better interest rates, improved service, or a switch in investment strategy.

To initiate a transfer, contact the provider you wish to transfer to, and they will handle the process on your behalf. Following the correct procedure is crucial to maintain your savings' tax-efficient status. Attempting to transfer funds by withdrawing and reinvesting could result in a loss of tax benefits. ■

Time to take advantage of your ISA options?

Understanding ISAs can unlock significant advantages in your personal finance strategy. They provide tax-efficient ways to save or invest. Whether you're new to ISAs or looking to optimise your existing accounts, staying informed is vital to making the most of these opportunities. We're here to help you make informed financial decisions and achieve your savings goals.

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