

## Investments

Growing your savings and being able to retire when and how you want will probably be one of your most important financial objectives. But achieving this goal takes planning and commitment to implement.

### Making the most of your investments

Paying tax on your savings and investment earnings is obviously to be minimised or avoided if possible. There are a number of investment products that provide tax-free income, including some National Savings products and ISAs. Other savings options available include investment bonds, bank and building society accounts, stocks and shares, and of course, bricks and mortar.

Investments under the Enterprise Investment Scheme (EIS) and in Venture Capital Trusts (VCTs) may also be worth considering if you are happy that the tax breaks they offer outweigh the possibly higher investment risk.

## Your estate

Inheritance tax is a concern for more and more families. Effective estate planning is vital to ensure that your assets will go to your chosen beneficiaries.

When making your estate plan consider the following factors:

- **Who do you want to benefit from your wealth?**

This may include your spouse or partner, children, grandchildren, and any charities you may wish to include

- **Should assets be placed into a trust restricting access to income and/or capital?**

- **How will the business be passed on?**

If you pass your business on to your children, should you consider multiple ownership?

### Making the most of gifts

It could be said that the art of inheritance tax planning is to give away as much as possible during your lifetime, while still ensuring that you have enough left for a comfortable lifestyle in retirement. We can help you create a tax-efficient gifts strategy to achieve your personal goals and meet your capital or income requirements.

**We can help you work to keep your estate plan tax-efficient and up-to-date—contact us now.**

### Business Planning

- Business start-up planning and advice
- Strategic and business planning
- Financial management
- Financial information systems
- Computer systems advice

### Taxation Advice

- Self assessment
- Personal tax
- Business tax
- Company tax
- Capital gains tax
- Inheritance tax
- HM Revenue and Customs investigations
- Value Added Tax
- PAYE and national insurance compliance

### Accounting

- Preparation of annual accounts
- Preparation of periodic management accounts
- Book-keeping services
- Maintaining PAYE and VAT records and associated returns

### Company Secretarial

- Preparation and filing of statutory returns
- Preparation of minutes and resolutions
- Company formation
- Company searches

### Auditing

- Statutory audit

Please contact us for further information

4-6 Grimshaw Street  
Burnley  
Lancashire BB11 2AZ

Tel: 01282 426331  
Fax: 01282 424236  
[www.kmaccountants.co.uk](http://www.kmaccountants.co.uk)



**K M**  
Chartered Accountants

**Tax and financial planning may not be the first activity of choice for many people, but if you want to ensure that you are making the most of your hard-earned cash, and that your family will enjoy financial security into the future, it is essential to plan ahead.**

**As well as helping to minimise your tax liability, and providing for the needs of you and your family in the longer term, effective personal financial planning can help to ensure that you are covered in the event of an accident or change of circumstances.**

## You should consider the following factors:

- **Your family** – you need to plan for the financial needs of your family, and also to take advantage of the tax saving opportunities available.
- **Your retirement strategy** – while it's never too late to plan for your retirement, the earlier you start, the more chance you will have to accumulate the funds you will need.
- **Savings and investments** – good planning can help you to minimise the tax you have to pay on your savings, and maximise the returns.
- **Your estate** – inheritance tax is a real concern for more and more people. Implement strategies now to minimise your liability.

## How we can help

From planning for your children's future, to ensuring that you have adequate funds for your retirement, it is vital that you develop a tax-efficient financial planning strategy.

To make the most of your planning opportunities, you should also involve your family and your financial advisers in the process.

**This guide offers basic advice and tips on tax-efficient personal planning. However, we can provide more detailed advice which is tailored to your own specific needs – so contact us for one-to-one assistance.**

## The basic principles

Each member of your family is taxed as an individual, with personal allowances and exemptions. With the right circumstances and careful planning, a couple with two children could have income and gains of at least £53,580 tax free, and up to £183,180 before paying any higher rate tax.

## The fundamental rules are:

- Make the most of tax-free opportunities
- Keep marginal tax rates as low as possible
- Maintain a spread between income and capital

## Five personal planning pointers

### Moving capital

Planning is often hindered by the potential for tax charges to arise when assets are moved between family members. We can advise you how to reduce your overall marginal tax rates by transferring assets between spouses and children in a tax-efficient manner.

### Generation skipping

Consider tax-efficient gifts from grandparents. Income from capital gifted by grandparents or more remote relatives will be taxed as the child's. Regular savings through deposit accounts can also help.

### Marriage breakdown

There are cases for and against making transfers as quickly as possible after separation. Check with us for the best plan of action.

### Your remuneration package

There are ways to improve your net pay, other than asking for a rise. Are you making the most of current benefits regarding pensions, company cars and expenses, and other benefits such as medical cover, or use of a computer at home?

### A living Will

As well as ensuring that you have adequate insurance cover, with life assurance perhaps written into trust for your spouse or children, you also need to make a Will. You will need to keep it under regular review, to ensure it reflects changes in your family and financial circumstances. We recommend that you and your spouse also execute an enduring power of attorney and a 'Living Will'.

The basic state pension for a married couple is just over £6,800 per annum, which means that you will almost certainly need additional sources of income. For most people, saving to provide for a comfortable and financially secure retirement includes tax efficient investment in an appropriate form of company pension scheme or private pension policy.

## Your personal planning strategy will be determined by a number of factors, including:

- Whether there is a company pension scheme
- Whether you are self-employed
- Your age
- How much you are able to invest for your retirement

## Company pensions

This may take the form of a final salary scheme, which pays a retirement income related to the amount earned when you stopped working; or a money purchase scheme, which reflects the amount invested and the underlying investment performance.

## Private pensions

If you are not in a company scheme, you should make your own arrangements, since relying on the state pension is already unwise, and is likely to become increasingly so with every passing year.

## Personal pensions

Investment in personal pensions is limited to a percentage of earnings, up to £105,600.

## Stakeholder pensions

These are subject to a minimum £20 investment, and a 1% per annum ceiling on charges. Premiums can be paid on behalf of another person - including, say, an infant grandchild.

## SIPPs

Self Invested Personal Pension policies give the investor greater flexibility over how the funds are invested.

## Retirement annuities

These are available only where a policy currently exists. Premiums paid under retirement annuity policies are not subject to a cap on earnings, although the maximum percentage is lower.

**New rules, effective from April 2006, may create more opportunity for higher earners to maximise tax-advantaged pension savings. We would also recommend that you consider a parallel savings strategy to build readily-accessible savings outside your 'pension pot'.**