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WEALTH **KNOWLEDGE**

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2017 tax and finance changes

A number of tax and finance changes are coming into force in 2017.

Although most measures will take place in April, it is vital to plan ahead to stay up to date with the opportunities available.

So what changes are being introduced and how might they affect your financial position?

Personal allowance

The personal allowance is due to rise to £11,500 from 6 April 2017. The higher rate threshold will also rise to £45,000.

The higher rate threshold in Scotland will be £43,430.

Lifetime ISA

The new ISA scheme will be introduced from 6 April 2017. The ISA annual limit will rise from £15,240 to £20,000.

Domicile

Any person resident in the UK for more than 15 of the past 20 years will be deemed UK domiciled for tax purposes.

Tax relief for residential landlords

The tax relief that landlords of residential properties get for finance costs will be restricted to the basic rate of income tax. This will be phased in over a 4-year period from April 2017.

Employee shareholder status

The capital gains tax and income tax exemption will be withdrawn from most employee shareholder status agreements. Agreements entered into before 1 December 2016 will retain their tax benefits.

Income tax and savings income

Tax deducted at source from interest distributions of open-ended investment companies, authorised unit trusts and investment trust companies will be removed from 6 April 2017.

Offshore reporting funds

The deduction of performance fees incurred by offshore reporting funds when calculating investor's income will be overruled for reporting periods commencing on or after 1 April 2017.

We can assist you with your financial planning.

Career progression worries workers

33% of employees think that they are unlikely to attain their career aspirations in their current organisation.

According to the CIPD, 12% of employees think it is likely they will lose their job.

Other findings:

- 44% are satisfied with their opportunities to develop their skills
- 46% believe their organisation provides them with opportunities to learn and grow
- 33% think they are overqualified for their current role
- 23% are currently looking for a new job.

60% of employees think that Brexit will have little or no effect on training and development while 15% think funding will decrease.

Promoting career progression

Employees who feel that they have the opportunity to progress within their current organisation are more likely to stay.

A separate study by the CIPD showed that employees felt their progression had been hindered by:

- poor line management
- a lack of effective training programmes
- negative office politics
- poor performance management practices.

The CIPD highlights 3 important areas for employers to consider:

- prioritising good line management that can spot and nurture talent
- reviewing their approach to flexible working
- improving access to effective training and development programmes.

Talk to a member of our team about your business today.

Tracing lost pension pots

People who forget about pensions savings are in danger of missing out on retirement income and could face multiple charges from each provider.

13% of people have misplaced a pension pot, research by Aviva has found.

Of these, 77% think they have lost 1 pension while 6% believe they have lost 3 or more.

The government estimates that there is around £400 million in unclaimed pension savings.

Andy Curran, managing director of corporate and business solutions at Aviva, said:

"People need to be aware of the potential risks of having a number of different pension pots with small amounts of money in each.

"It's likely that there will still be charges taken out of those pots for their management and administration and that can have implications if you are no longer contributing into them."

Finding a lost pension

Tracking down all of your pension pots will give you a realistic picture of what your retirement income may be.

There are several ways to trace a lost pension:

- contacting the pension provider
- contacting your previous employer
- using the government's Pension Tracing Service.

With this information you can start to take steps to work towards the retirement you want.

Consolidating pension pots

Combining a number of distinct pensions into a single pot will make it easier to see how your retirement fund is growing.

Transferring to a better-performing scheme could increase your retirement income or mean you can retire sooner than planned. Consolidation can also reduce charges.

However, there are also potential drawbacks. Some pensions (particularly final salary ones) come with valuable guarantees and benefits which could be lost if you transfer. There is a legal requirement to take advice if your pension has guaranteed or 'safeguarded' benefits of £30,000 or more.

If you are approaching retirement, exit fees (new rules will cap exit penalties at 1%) may mean that consolidating it is not financially worthwhile.

As with all investments, a good return is never guaranteed so it is important to understand the potential impact before making any decisions.

Contact us about retirement planning.