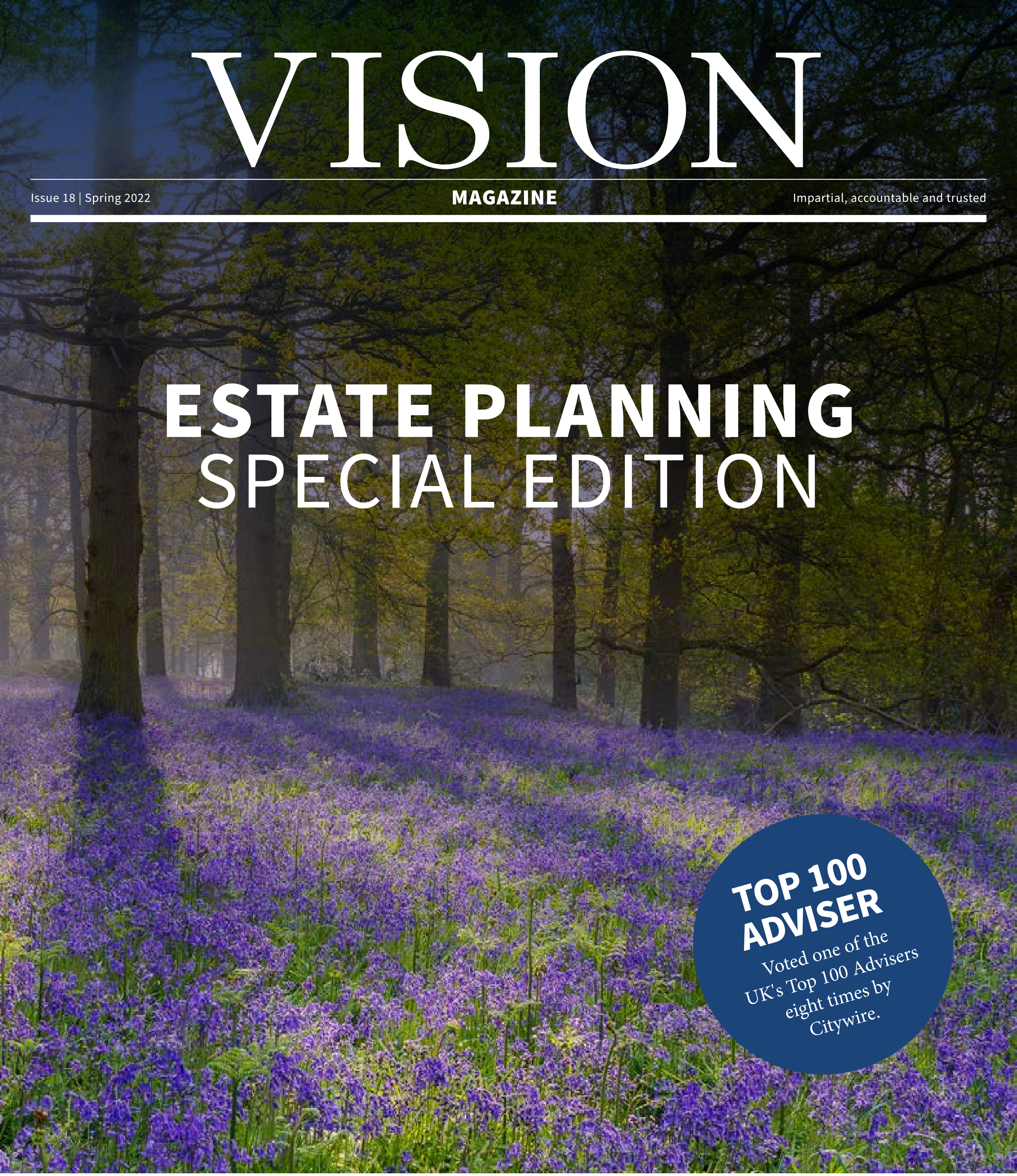
VISION

Issue 18 | Spring 2022

MAGAZINE

Impartial, accountable and trusted



ESTATE PLANNING
SPECIAL EDITION

TOP 100 ADVISER

Voted one of the UK's Top 100 Advisers eight times by Citywire.

SG Wealth Management
Impartial, accountable and trusted

Chartered Financial Planners

SG Corporate Services
Workplace Pensions and Employee Benefits

PEACE OF MIND – FOR LIFE.

Our award-winning Chartered financial planning will help you achieve peace of mind – for life.

To find out more, please contact a member of our Wealth Management team.

Copyright: Front, inside and back cover images courtesy of Rick Bowden Photography. www.rickbowden.co.uk

SG WEALTH MANAGEMENT
Impartial, accountable and trusted

SG Wealth Management
Norwich office: 53-57 St Martin's Lane
Norwich NR3 3SA

T: 01603 760866
E: hello@sgwealthmanagement.co.uk
W: www.sgwealthmanagement.co.uk

SG Wealth Management
Ipswich office: Merchant House,
11 - 13 Silent Street, Ipswich IP1 1TF

T: 01473 255948
E: hello@sgwealthmanagement.co.uk
W: www.sgwealthmanagement.co.uk

Celebrating 20 years 2001 2021

Chartered Financial Planners

Welcome to spring and to your latest *Vision* magazine, which this time has a focus on Estate Planning and Business Relief.

We're delighted to have three guest contributors for this edition, with articles from Tom Hardy of Time Investments (page 06) and Brian Radbone of Transact (page 08) – both of whom will be presenting at our Inheritance Tax Mitigation webinar on 27 April – plus Daniel Hull of Wagemate (page 14).

There's also a reminder of the key announcements from the Chancellor's Spring Statement on page 05, advice on deciding what your legacy will look like (page 07) and some useful information on non-taxable trust registration (page 10).

As well as the latest news from Team SGWM (page 11), there's our usual look at how we're supporting our community (pages 12-13) and an explanation of the advantages of Salary Exchange for employers and employees (page 15). So, plenty for you to read!

We always welcome your feedback so, to discuss anything covered in this issue or to share ideas for topics you'd like to see featured, please contact us – and don't forget to follow and like us on LinkedIn, Twitter and Facebook.

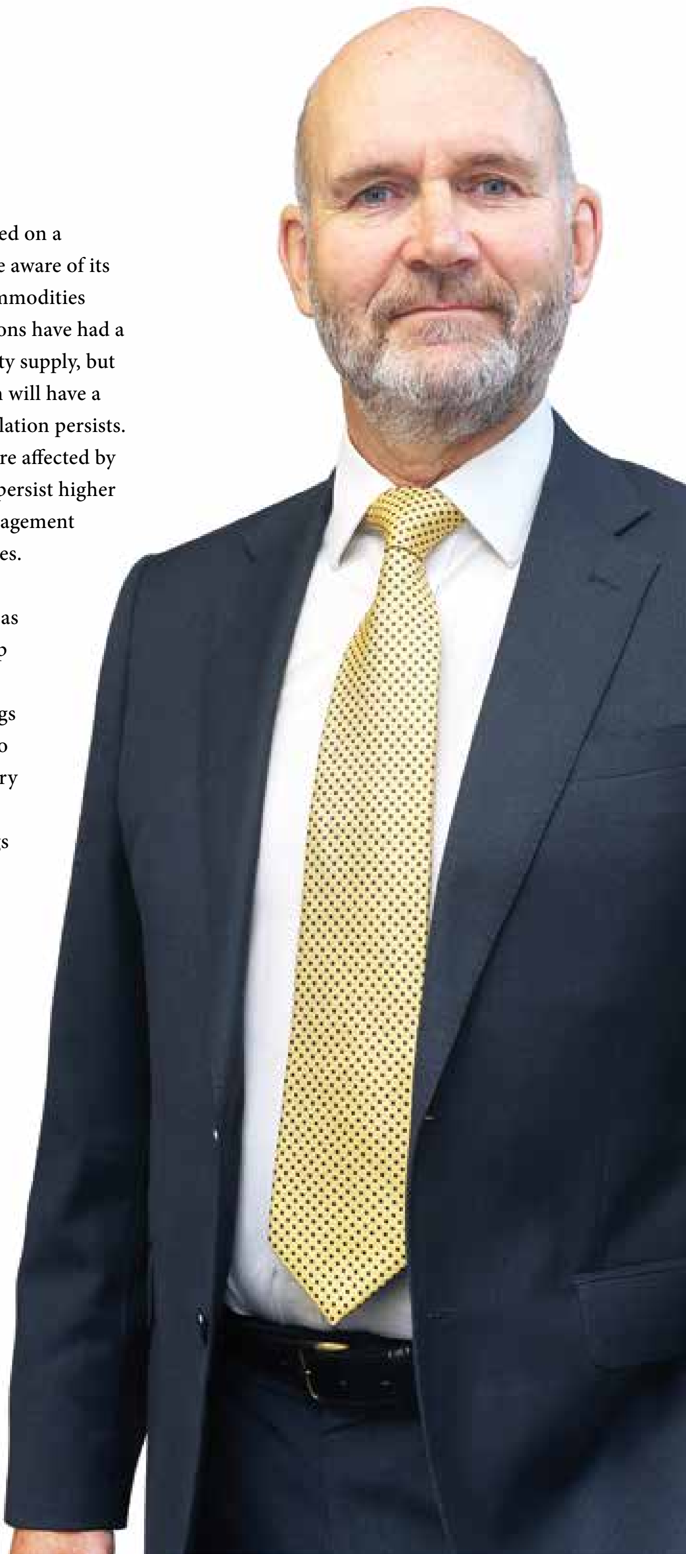
With best wishes.
Helen Tavner, Editor

Contents

Vision Magazine is published for SG Wealth Management by Goldmine Media Limited. All enquiries should be addressed to Vision Magazine, c/o Goldmine Media Limited, Rivers Lodge, West Common, Harpenden, Hertfordshire, AL5 2JD. Please note that Vision Magazine does not accept unsolicited contributions. Editorial opinions expressed in this magazine are not necessarily those of SG Wealth Management, and SG Wealth Management does not accept responsibility for the advertising content.

MONITORING THE UKRAINE CONFLICT

Our thoughts and approach



At the time of writing this article some weeks before it lands with you, we continue to watch the terrible conflict in Ukraine. Our thoughts are with the Ukrainian people and we hope that this deeply concerning humanitarian crisis will soon alleviate. In support of appeals for aid, our generous staff recently contributed to the Ipswich and Norwich collection aid hubs, which you can read more about on page 13.

We are also, of course, closely monitoring investment markets and our clients' portfolios. Market volatility is unsurprising at times like this and we often get asked by clients what they should do and what we are doing.

As we always reiterate, investing comes with short-term risk and markets will always be volatile, both now and in future, but staying the course and trusting in a long-term approach to investing helps avoid short-term fluctuations turning into a more permanent loss of capital.

Our investment portfolios are diversified across global markets and a range of different assets, including equities, bonds, infrastructure, real estate and other types of investments, and this diversification helps limit permanent loss by spreading exposures and risks.

Within our portfolios we had very little direct exposure to Russian securities, which would be held as part of an Emerging Markets allocation, and where it appears some capital has been significantly devalued for now due to the impact of the targeted sanctions.

The Russian economy is limited on a global scale, but we are of course aware of its importance as a producer of commodities such as oil, gas and food. Sanctions have had a limited impact on the commodity supply, but we have seen prices spike, which will have a knock-on effect on how long inflation persists. Naturally some areas will be more affected by commodity prices, should they persist higher for longer, and again active management can help navigate these challenges.

We went into the year largely positive on the global economy, as the world generally exits the grip of the COVID pandemic, and pent-up demand and cash savings are released into the economy, so whilst this could have inflationary impacts, it should also be supportive for company earnings and markets.

So, as ever, it's important to put aside the short-term emotional side of investing and concentrate on the long term. When we watch the daily news, this can often seem easier said than done – but a pragmatic, patient, yet active approach is one we continue to take on your behalf. ■

Stephen Girling APFS
Chartered Financial Planner
Managing Director

AT A GLANCE

Key announcements from Spring 2022 Forecast Statement

The Chancellor of the Exchequer, Rishi Sunak, delivered the Spring 2022 Forecast Statement to Parliament on Wednesday 23 March 2022. This announcement follows the unprovoked, premeditated attack Vladimir Putin launched on Ukraine.

Mr Sunak said, 'The invasion has created significant uncertainty in the global economy, particularly in energy markets. The sanctions and strong response by the UK and its allies are vital in supporting the Ukrainian people, but these decisions will inevitably have an adverse effect on the UK economy and other economies too.'

We look at the key announcements.

ECONOMY AND PUBLIC FINANCES

- The UK economy is forecast to grow by 3.8% this year, according to the Office for Budget Responsibility (OBR), a sharp cut from its previous prediction of 6.0%.
- The economy is then forecast to grow by 1.8% in 2023, 2.1% in 2024, 1.8% in 2025 and 1.7% in 2026.
- The annual inflation rate was 6.2% in February, and is likely to average 7.4% for the rest of this year, but with a peak of 8.7% in the final quarter of 2022.
- The unemployment rate is now predicted to be lower over the next few years than in the OBR's previous forecast in October.
- The number of people employed between now and 2027 is expected to be 400,000 lower than before the pandemic. This is because of early retirements, long-term sickness and fewer workers arriving in the UK.
- Debt as a percentage of GDP is expected to fall from 83.5% of GDP in 2022/23 to 79.8% in 2026/27.
- The government is forecast to spend £83bn on debt interest in the next financial year, the highest on record.

FUEL, ENERGY AND LIVING COSTS

- Fuel duty has been cut by 5p per litre until March 2023.
- Homeowners installing energy efficiency materials such as solar panels, heat pumps or insulation will not pay VAT.
- Local authorities will get another £500m for the Household Support Fund from April, creating a £1bn fund to help vulnerable households with rising living costs.

TAXATION

- The income threshold at which point people start paying National Insurance will rise to £12,570 in July, which Mr Sunak said was a tax cut for employees worth over £330 a year.
- Mr Sunak pledged to cut the basic rate of Income Tax from 20p to 19p in the pound before the end of this Parliament.
- The Employment Allowance, which gives relief to smaller businesses' National Insurance payments, will increase from £4,000 to £5,000 from April. ■

Henry Gaskin
Chief Investment Officer/Director
henry.gaskin@sgwealthmanagement.co.uk

INHERITANCE TAX EFFICIENT INVESTMENT

A closer look at Business Relief

BACKGROUND

The vast majority of savings accounts and investment products are treated as being part of a person's estate for Inheritance Tax purposes. Depending upon estate values, this could mean that they suffer an Inheritance Tax charge of up to 40% on death. Even the tax-efficient ISA does not escape this situation. There are, however, investment solutions that if held on death, can be fully free of Inheritance Tax. These investments qualify for what is called 'Business Relief'.

WHAT IS BUSINESS RELIEF?

Business Relief is a long-standing statutory relief from Inheritance Tax that has been supported by successive governments for over forty years. It can provide both business owners and investors in qualifying businesses with up to 100% relief from Inheritance Tax. It exists for economic reasons as it helps to preserve business interests and supports investment into smaller companies that operate primarily in the UK. The relief would not apply to investment into companies listed on the main London Stock Exchange but can apply to investment into private unlisted companies or those listed on the Alternative Investment Market (AIM).

HOW DOES THE RELIEF WORK?

The simple rule to remember is that once a Business Relief investment has been made, it generally takes just two years for the investment to become free of Inheritance Tax. The investment usually also needs to be held on death for the relief from Inheritance Tax to apply. There are some exceptions to the two-year rule. These include where investments pass between husband and wife or civil partners on death and also where Business Relief investments have replaced other Business Relief investments. Unlike other methods of Inheritance Tax Planning, Business Relief investments do not require you to make gifts or use trusts. There are also no age limits or requirements for medical information.

HOW DO I MAKE A BUSINESS RELIEF INVESTMENT?

The vast majority of Business Relief investors employ the services of professional fund management companies to manage their Business Relief portfolio. A professional manager will be able to perform regular checks to make sure the investments continue to qualify for the Inheritance Tax relief. As this is a specialist area of investment, it is arguably important to use the services of a management company that has expertise in this area and a proven track record.

ARE THERE DIFFERENT INVESTMENT OPTIONS AVAILABLE?

Whilst all managed Business Relief investment services seek to provide full relief from Inheritance Tax, there are different investment strategies available. Some Business Relief investment services seek to generate high levels of long-term growth. Other services use a variety of risk management techniques in order to strive for more stable but modest returns. It is important to remember, however, that all Business Relief services are investing in smaller companies to those found on the main stock exchange and so they do carry a higher level of investment risk.

HOW DO I KNOW IF A BUSINESS RELIEF INVESTMENT IS SUITABLE FOR ME?

The suitability of such investments will very much depend upon individual circumstances. Professional advice should be obtained to determine whether Inheritance Tax efficient investment is relevant and appropriate. The investment risks must be fully understood and an investor must be willing and able to tolerate these risks. ■

Tom Hardy
Regional Business Development Manager
TIME Investments
www.time-investments.com

TIME INVESTMENTS

INTERGENERATIONAL PLANNING

What will your legacy look like?

Intergenerational estate planning is about putting your affairs in order, to help make the lives of your loved ones easier. Careful planning early can reduce or even eliminate the Inheritance Tax payable.

You may want to keep an element of control when passing on your assets. You may want your money to be used for a particular reason, such as paying for school or university fees or for a first property deposit. Or you may just want to make sure your money stays within the family.

WHEN YOU PASS AWAY

Without appropriate provision, Inheritance Tax could become payable on your taxable estate that you leave behind when you pass away. Your taxable estate is made up of all the assets that you owned, the share of any assets that are jointly owned, and the share of any assets that pass automatically by survivorship.

Inheritance Tax is not payable on the first part of the value of your estate – the 'nil-rate band'. The current 2022/23 nil-rate band is £325,000. If the total value of your estate does not exceed the nil-rate band, no Inheritance Tax is payable. Outstanding debts and funeral expenses can be deducted from the value of your estate.

INTEREST IN THE FAMILY HOME

Commencing 6 April 2017, an additional 'residence nil-rate band' (RNRB) allowance was introduced if you leave your interest in the family home to direct descendants (such as children, step-children and/or grandchildren). This only applies to your main home but can be available even if that home had been sold after July 2016.

For the 2022/23 tax year, the maximum RNRB additional allowance is £175,000, increasing your total Inheritance Tax allowance to £500,000 (£1,000,000 for a married couple).

There are ways to plan to reduce the amount of Inheritance Tax you may have to pay. We can advise you on the ways that you may mitigate any exposure, including these:

MAKE A WILL

Dying intestate, or dying without a Will, means that you may not be making the most of the Inheritance Tax exemption that exists if you wish your estate to pass to your spouse or registered civil partner. For example, if you don't make a Will, then relatives other than your spouse or registered civil partner may be entitled to a share of your estate, and this might trigger an Inheritance Tax liability.

MAKE LIFETIME GIFTS

Gifts made more than seven years before the donor dies, to an individual or to a bare trust, are free of Inheritance Tax. So, it might be appropriate to pass on some of your wealth while you are still alive. This will reduce the value of your estate when it is assessed for Inheritance Tax purposes, and there is no limit on the sums you can pass on.

You can gift as much as you wish, and this is known as a 'Potentially Exempt Transfer' (PET). If you live for seven years after making such a gift, then it will be exempt from Inheritance Tax, but should you be unfortunate enough to die within seven years, then it will still be counted as part of your estate if it is above the annual gift allowance.

LEAVE A PROPORTION TO CHARITY

Being generous to your favourite charity can reduce your tax bill. If you leave at least 10% of your estate to a charity or number of charities, then your IHT liability on the taxable portion of the estate is reduced to 36% rather than 40%.

SET UP A TRUST

As part of your Inheritance Tax planning, you may want to consider putting assets in trust – either during your lifetime or under the terms of your Will. Putting assets in trust – rather than making a direct gift to a beneficiary – can be a more flexible way of achieving your objectives.

Family trusts can be useful as a way of reducing Inheritance Tax, making provision for your children and spouse, and potentially protecting family businesses. Trusts enable the donor to control who benefits (the beneficiaries) and under what circumstances, sometimes long after the donor's death. ■

PASSING ON OUR ASSETS TO OUR LOVED ONES

Being wealthy can have its benefits, and its challenges too. When we die, we like to imagine that we can pass on our assets to our loved ones so that they can benefit from them. In order for them to benefit fully from our assets, it is important to consider the impact of Inheritance Tax. **If you would like to review the potential impact on your estate, please contact us.**

David Tooley
Chartered Financial Planner
Associate Director/Wealth Manager
david.tooley@sgwealthmanagement.co.uk

INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS.

ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE.

THE FEAR OF MAKING GIFTS..

..and one way to overcome it

For those who have accumulated wealth during their lifetimes, there comes a point at which thought must be given to passing this to the intended recipients whilst avoiding the taxman taking a significant portion following death. The challenge is how to do so without compromising their own standard of living despite a loss of control.

Recently retired, Roger and Jeanette have joint wealth of £2.5m. They receive net income from their pensions of £40,000 per annum, net interest of £10,000 from deposit accounts and net dividend income of £15,000.

The current position if both were to die now would be (see table above right):

Estate value	**£2,500,000**
IHT nil-rate bands (2 x £325,000)	£650,000
IHT residence nil-rate band*	£100,000
Taxable amount	£1,750,000
Inheritance tax payable @ 40%	£700,000

*(*Reduced by £250,000 as estate value exceeds £2m)*

It's clear that a gifting strategy is needed to mitigate some of the Inheritance Tax (IHT) payable. Their concern is that making gifts would mean losing access to the gifted amounts, thereby restricting their ability to top up their income should they need to.

Fortunately, it's possible to make gifts and retain a degree of access while reducing your estate value. In a Discounted Gift Trust (DGT) a gift can be made while the person(s) making the gift can receive a stream of regular payments for life or until the trust fund is exhausted, whichever occurs first. As the regular payments are returned to the settlor(s), and thus into their estate, the amount required to provide this gives a discount to the gift for IHT purposes should they die within seven years of making the gift. After seven years the gift is no longer in the estate, so will not be subject to IHT. Any growth on the trust investment is immediately outside the estate.

Roger and Jeanette could decide to make a gift of £600,000 from their deposit holdings into a DGT. Based on their current ages of 65 and 62, and assuming they are in good health and wish to take regular payments of £30,000 a year, the gift would be discounted by £458,796 to £141,204 based on the accepted calculation basis. This would give a revised IHT position on death as follows (see table opposite):

Estate value	£1,900,000
DGT trust	£141,204
IHT nil-rate bands (2 x £325,000)	£650,000
IHT residence nil-rate band*	£350,000
Taxable amount	£1,041,204
Inheritance tax payable @ 40%	£ 416,482

*(*Fully restored to £350,000 as estate value now less than £2m)*

So, there's is an immediate IHT saving of £283,518 – which further reduces seven years after the DGT was established when the gift is then outside the estate. Furthermore, the total net income is increased to £85,000 per annum. The £30,000 from the DGT, which replaces the £10,000 net interest from the deposit accounts, is in fact a return of capital, as the investment in a DGT is typically held in an investment bond – a non-income producing asset. Income tax is therefore not levied on the withdrawals provided they do not exceed 5% of the original investment amount each year for a maximum period of 20 years. In this case the £30,000 represents 5% of the £600,000 gifted to the trust. If the trust continues beyond 20 years, the withdrawals will become subject to income tax.

Following the second death, the £30,000 regular payments will cease and the trust fund can be distributed or remain in the trust as required. If the trust was set up with fixed beneficiaries so that Roger and Jeanette did not want any ability to change them at any point, then the beneficiaries will be subject to any income tax due on their respective portions if a chargeable gain arises, as a result of the growth achieved, when the investment bond is terminated.

If the trust was set up on a discretionary basis, thereby giving Roger and Jeanette the ability to change who receives what benefit from the trust, any tax burden will fall on the trustees (and the last to die if the investment bond is terminated in the tax year of their death). However, this could be moved to the beneficiaries by changing the ownership of their portion of the bond to them before the bond is terminated and the tax liability arises. There may also be other IHT charges when the trust fund is distributed to the beneficiaries.

So, whilst making gifts can worry people because of the apparent loss of control and access to the gifted amounts, a DGT offers a solution for still being able to receive regular payments whilst also greatly reducing their IHT liability, so should help overcome the perceived barriers.

Please note that the above is a particular strategy and does not cover all available planning opportunities. We have taken particular care to ensure that the information included is correct and in accordance with our understanding of the relevant current UK legislation and Her Majesty's Revenue and Customs (HMRC) guidance, both of which are subject to change. We are not tax advisers and appropriate advice should be sought before taking any action in connection with the above. ■

Brian Radbone
Head of Technical Services
Transact
www.transact-online.co.uk

EXTENDING THE SCOPE OF THE TRUST REGISTER

Deadline for non-taxable trust registrations with non-taxable trusts announced

Trusts are a way of managing wealth, money, investments, land or property, for you, your family or anyone else you'd like to benefit. New rules were introduced on 6 October 2020 which extend the scope of the trust register to all UK and some non-UK trusts that are currently open, whether or not the trust has to pay any tax, but with some specific exclusions.

PREVENTATIVE WORK IN THE FIELD OF ANTI-MONEY LAUNDERING

From 1 September 2021, the extended Trust Registration Service (TRS) opened for non-taxable trust registrations with non-taxable trusts having until 1 September 2022 to register. Under the new rules, organisations and persons involved in preventative work in the field of anti-money laundering, counter-terrorist financing and associated offences can request access to details on the register about the people associated with a trust.

The information will only be released on request in certain limited circumstances and anyone with a legitimate interest will be able to view information on the TRS from late 2022. HMRC has stated that 'each request will be reviewed on its own merits, and access given only where there is evidence that it furthers work to counter money laundering or terrorist financing activity.'

BUSINESS RELATIONSHIP WITHIN THE UK

There are also safeguarding measures to protect trusts with minors and vulnerable beneficiaries from requests for information from third-parties.

Trusts that need to be registered are broadly all UK express trusts, unless they are specifically excluded; and non-UK express trusts that acquire land or property in the UK and have at least one trustee resident in the UK and enter into a 'business relationship' within the UK. If the trust needs a Unique Taxpayer Reference (UTR) for Self Assessment purposes, it must still register to get this, even if it's highlighted in the exclusion list.

EXCLUDED FROM REGISTRATION

Less common types of express trusts which are set up for particular purposes are excluded from registration unless they have to be registered because they are liable to pay tax. These are set out in the legislation and will be described in the detailed guidance.

Trusts which are not set up deliberately by a settlor but are imposed by Courts or created by legislation, are not 'express trusts' and therefore do not have to register unless they are liable to tax.

TAXABLE AND NON-TAXABLE TRUSTS

You should obtain professional advice if you are unsure whether a product or arrangement is a trust or if it should be registered. The trustees or agents will have to give some basic information about the persons involved in the trust (the settlors and beneficiaries). This will apply to both taxable and non-taxable trusts.

Registerable taxable trusts are required to register by 31 January following the end of the tax year in which the trust had a liability to UK taxation, or 5 October after the end of the tax year for a first time liability to Income Tax or Capital Gains Tax.

FURTHER GUIDANCE AND CONFIRMATION

The Money Laundering Regulations currently require registerable express trusts to register on TRS by 10 March 2022. HMRC has announced they will extend this deadline until 1 September 2022, to give trustees sufficient time to register

From 2022 onwards, any beneficial ownership information of a trust registered on TRS must be kept updated. Trustees must notify HMRC of any changes to registered information within 90 days from the date the trustees become aware of the change: further guidance and confirmation of procedures is expected from HMRC in due course. ■

PROTECTING AND MANAGING YOUR ASSETS NOW AND FOR THE FUTURE

We understand that every person's financial and family situation is totally unique. **If you have any concerns about your financial plans, please contact us.**

Joel Davies
Wealth Manager
joel.davies@sgwealthmanagement.co.uk

SGWM TEAM NEWS

Welcome to Joel and Jenna – and 'Well Done' to Oliver!

JOEL DAVIES
WEALTH MANAGER

Joel joined us just before Christmas 2021, having worked in financial services for five years. He started out in banking before transitioning into independent financial planning and advice, achieved his diploma in financial planning with another independent advisory firm in Colchester and is currently studying towards Chartered status.

Interestingly, Joel began his working life in London recording studios as an engineer – seeing a broad range of music, voiceover and film projects from initial ideas to fully formed releases – and says the care and attention to detail learned early in his career has proved invaluable when working with private clients in forming their financial plans. He says he endeavours to ensure his clients have peace of mind about their finances and helps them navigate the complex world of money with clear, concise advice.

Outside of work Joel enjoys time with his wife and two energetic young children. He also has the responsibility of supporting his local church as trustee, somehow squeezing in time to fish, play bass guitar and BBQ!

JENNA CHANDLER
PARAPLANNER/
TRAINEE WEALTH MANAGER

Jenna joined us in March, having worked in the financial services industry for over a decade. She is a diploma qualified, experienced financial planning paraplanner with extensive pension knowledge and a passion for investments and good client outcomes and is currently working towards her Chartered status.

Prior to working at SG Wealth Management, Jenna held several roles with large companies such as Aviva, plus various local Independent Adviser firms.

In her spare time, Jenna enjoys being outdoors, doing activities such as gardening, kayaking and walking in nature and sculpture parks. Having grown up in Barbados, Jenna has a 'lifelong addiction to the sun' and tries to get away somewhere tropical every chance she gets. Otherwise, you can often find her at a foodie or coffee festival, or (ironically as she puts it!) in the gym! Jenna also loves spending time with her family and partner.

OLIVER MORRISH
TRAINEE ADVISER

We're pleased to announce that Oliver, who joined our team in September 2017 after graduating from Anglia Ruskin University where he studied Accounting & Finance, has now completed his Level 4 Diploma in Regulated Financial Planning. Oliver has moved into our Corporate Services division as a Trainee Adviser and says his next goal is to achieve Chartered Financial Planner status! ■

SGWM IN THE COMMUNITY

Supporting our charitable partners

SGWM is committed to being a socially responsible, environmentally aware, inclusive and ethical business.

NANSA

This year we're proud to be adding NANSA – the Norfolk and Norwich SEND (Special Educational Needs and Disabilities) Association – to the list of charities we support. Nansa aims to be a catalyst for real change across the region for those living, or caring for others, with disabilities and/or complex developmental needs. For over 60 years Nansa has championed children, young people and adults in Norfolk who have special educational needs and disabilities, providing life-long support for people with SEND, their families and carers, helping them to achieve their full potential and live their best lives possible.

www.nansa.org.uk

IPSWICH RUGBY CLUB ACADEMY

We are drawing to the end of the 2021/22 rugby season – our first as sponsors of the Ipswich RFC Academy. It's been a great season for the young players (and their coaches) at the club, and the backing we have provided to support their development is clearly paying off! Whilst all age groups in the Academy (from Under 6s through to Under 18s) have enjoyed a fabulous season, notable achievements include the U15s boys winning the Eastern Counties Cup, the U15 girls reaching the National Cup quarter finals for the first time ever, and the U13 boys being unbeaten in both the Suffolk and Eastern Counties festivals. We look forward to supporting the work of the club to develop all the young players in their community in the seasons ahead.

www.ipswichrugby.com

THE BENJAMIN FOUNDATION

We are continuing to support The Benjamin Foundation this year, an extraordinary local charity dedicated to helping children, young people and families across Norfolk and Suffolk overcome big challenges in their lives. They help with issues such as youth homelessness, emotional wellbeing, gaining life skills and accessing crucial support when people need it most. The Benjamin Foundation inspires us to help our local community, and they have plenty of fundraising events lined up for this year, so watch this space to see what our team gets involved with!

www.benjaminfoundation.co.uk

NORWICH BAROQUE

As principal sponsor of musical ensemble Norwich Baroque, we're delighted that concerts have now resumed! Our clients get exclusive access to tickets throughout the year – and our September Gala concert, and the first performance of 2022 in February was a huge success, with our clients saying they thoroughly enjoyed themselves.

We also had the privilege of attending a rehearsal prior to one of the concerts to get a peep behind the scenes! **www.norwichbaroque.org.uk**.

INTERNATIONAL WOMEN'S DAY

Tuesday 8 March was International Women's Day, a movement which strives for inclusivity, equality and a world free of bias, stereotypes and discrimination. We're very proud to have some fantastic women here at SGWM – not only our three experienced female Wealth Managers plus our recently joined trainee, Jenna, but also in key roles such as Compliance, Paraplanning, Marketing, HR and Client Support.

The financial industry has historically been a male-dominated sector, but at SGWM we choose and value our staff based on their individual skills, experience and merits, with no bias to their gender.

To see ALL the individuals that comprise Team SGWM (not just the ladies!) visit the Meet The Team page on our website.

UKRAINE APPEAL SUPPORT

The ongoing conflict in Ukraine is devastating, and it's heart-breaking to hear about the Ukrainian civilians and refugees needing aid. We really wanted to support them so, during March, some of our generous staff contributed essential items including toiletries, warm clothing, baby supplies, batteries and first aid kits, which were delivered to our local appeal hubs.

Our Norwich and Ipswich teams got involved, resulting in several large boxes of donations being delivered for shipment. A special mention goes to Ipswich-based Wealth Manager, Susan Steel, who went 'above and beyond' by washing, carefully folding and labelling so many gorgeous warm items for children and men – as well as children's shoes, boots and wellies, all in pristine condition – together with donating many other items. Also, to our Regulatory Compliance Officer and head of the CSR Committee, Kim Moss, for locating the local appeal hub and co-ordinating this outreach effort. ■

NATIONAL INSURANCE (NI) CHANGES FROM APRIL

The two-year implementation of the 'Health and Social Care Levy' (HSCL) will see significant increases for businesses and a reduction in pay for employees. What details have emerged so far?

PHASED IMPLEMENTATION

It's unfortunate for employers that HMRC's IT partners have been unable to introduce the HSCL from April 2022, which means that the business and payroll software industry will have two years of change to accommodate. From April 2022, all rates of NI will increase by 1.25%.

From April 2023, this increase will be removed and instead the HSCL of 1.25% will be introduced as a new tax, constructed in the same way as NI we believe.

However, those who are working but are over State Pension age will have to pay the HSCL, even though they are currently exempt from NI.

EMPLOYER COSTS

It has emerged that all employment-based classes of NI will increase from April 2022, so this means that Class 1A on benefits and expenses and termination payments in excess of £30,000, and Class 1B on PAYE settlement agreements will also increase to 15.05%.

Employers will want to ensure that finance teams have taken this into account when considering the cost impact of the NI increase/introduction of the HSCL.

EMPLOYEE IMPACTS

When tax and NI are considered, there are some significant marginal rates for employees.

For example, Scottish taxpayers earning between £43,663 and £50,270 will have a combined tax and NI rate of 54.25%. Scottish taxpayers earning between £100,001 and £125,140 will have a combined rate of 64.75% (assuming that Scottish Income Tax rates and thresholds remain at the present levels in 2022/23).

In 2022/23, Universal Credit (UC) claimants should have their benefit topped up to compensate for some of the loss in income resulting from the NI increase, as UC is worked out after Income Tax and NI deductions are considered. ■

Wagemate can help with answers to your questions about how the HSCL will operate in practice. **Feel free to reach out to me at Wagemate about this or any other payroll queries on the contact details below**

Daniel Hull
Director, Wagemate
03330 102102
info@wagemate.com
www.wagemate.com

THE BENEFITS OF SALARY EXCHANGE

With the April increase to National Insurance rates, many more employers may begin to consider introducing salary exchange.

Salary exchange (also known as 'salary sacrifice') is a well-established method of paying contributions to a workplace pension scheme. Contributions that would normally be paid from an employee's take-home pay – which means after Income Tax and National Insurance contributions (NICs) have been deducted.

The advantage of paying contributions using salary exchange is that it generates a NICs saving for both the employee and employer. This is because when using salary exchange, the employee's salary is reduced and an employer contribution paid instead, and there is no NICs liability on the portion of salary that has been reduced.

As National Insurance rates are currently as high as 12% for employees and 13.8% for employers, this approach can save a significant amount of NICs for both employee and employer. The forthcoming 1.25% increases to employee and employer National Insurance rates will, therefore, make salary exchange even more appealing.

Employers can choose to share or keep their NI saving. The saving can be used to enhance the employees' pension contributions or used to fund other Employee Benefits.

Salary Exchange is not suitable for all employees, particularly those earning close to Minimum Wage or earning less than £12,570 per annum. Other scenarios need to be considered, too, depending on your workforce and care should be taken to explain salary exchange to your staff.

Salary exchange affects the employee's terms and conditions of employment and is a matter of employment law, not tax or pensions law. We therefore recommend you seek legal advice from an Employment Solicitor.

Every care has been taken to ensure that this information is correct and in accordance with our understanding of the law and HM Revenue & Customs practice, which may change. ■

Ryan Oates
SG Corporate Services Director
ryan@sgcorporateservices.co.uk








SG WEALTH MANAGEMENT
Impartial, accountable and trusted

SG CORPORATE SERVICES
Workplace Pensions and Employee Benefits

SG Wealth Management
Norwich office: 53-57 St Martin's Lane
Norwich NR3 3SA

T: 01603 760866
E: hello@sgwealthmanagement.co.uk
W: www.sgwealthmanagement.co.uk

SG Wealth Management
Ipswich office: Merchant House,
11 - 13 Silent Street, Ipswich IP1 1TF

T: 01473 255948
E: hello@sgwealthmanagement.co.uk
W: www.sgwealthmanagement.co.uk

SG Corporate Services
53-57 St Martin's Lane
Norwich NR3 3SA

T: 01603 760866
E: hello@sgcorporateservices.co.uk
W: www.sgcorporateservices.co.uk

Chartered Financial Planners