

# Personal finance providing sound, independent advice

## Is your budget a little 'Darling'?

**Alistair Mann, of Independent Investment Planning Ltd, gives tips and advice on making your own budget so as to keep your finances in good shape for the next 12 months**

AS chartered financial planners we help our clients balance costs and benefits of their objectives; as IFAs we research the market for providers and funds to check performance and costs, but a main consideration is also to minimise tax.

March brings the spring equinox, when day and night are equally balanced. March also sees the Chancellor's budget balance Government finances between income (from tax) and expenditure (benefits).

Ideally, maximum benefit from minimum tax – this is a cue for our planning.

Budget day grabs headlines for the changes it makes, but taxpayers would do well to treat March and April as an opportunity to review their own "budget balance" – between money now and future savings' needs; but also between burden of tax and benefit of "routine" tax reliefs.

Many high profile "tax breaks" removed or introduced do not greatly affect most of us.

Despite media discussion on taxation of "non-domicile" residents, minimising tax on savings, investments and retirement plans is probably more relevant to most readers

Here then are three thoughts for a taxpayer's budget to keep your finances in balance in 2008/09:

■ Pension contributions offer massive tax benefits and a fund for retirement. Basic rate taxpayers will get £200 contributed by the taxman for every £800 invested. A healthy 25% immediate return guaranteed. Higher rate taxpayers also get £200 tax rebate under self assessment, a guaranteed total return of 50%. Everyone, even non taxpayers, can have pensions, "non-earners" may have £2,880 contributed and get £720 paid in from the taxman. Benefits include 25% of the fund as a tax-free cash sum.

■ ISA savings (up to £7,200). Don't leave it to the last minute – think about funding monthly. Ask your adviser how pound cost averaging reduces effects of volatile markets, potentially making money over periods when markets don't. Think about transferring cash ISAs into equity ISAs to retain their ISA status (depending on your need for absolute access). Phase the transfer from cash for Pound Cost Averaging.

■ Capital gains tax (CGT) exemptions. UK residents may take £9,600 (2008/09) capital gains tax free. Basic rate taxpayer suffer £1,920 tax on the same return in income. Consider at least £100,000 in investments subject to CGT not income tax. (unit or investment trusts not investment bonds), 7% return in an investment bond means 1.26% tax, or £1,260 more tax in a £100,000 bond than a unit trust.

Finally, don't forget that April sees the last week of the old tax year, but also the first week in the new tax year – the ideal time to start phasing contributions into a new ISA; review pension contributions; review your investments and your financial plans.

The ideal time to balance your own budget for maximum benefit with the minimum tax.

I'd be pleased to discuss these or other financial issues, contact my office for a confidential, no obligation appointment. Your local IFA, listed on this page is similarly available

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Here are your local Independent Financial Advisers

### Guildford

□ **Jelf Group plc, PM House, Riverway Estate, Old Portsmouth Road, Guildford GU3 1LZ.** Specialising in investments, pensions, personal financial planning and employee benefits. Contact Ken Smith, 01483 431134. E-mail ken.smith@jelfgroup.com Website: www.jelfgroup.com.

□ **Arctic Life & Pensions, Compton House, Walnut Tree Close, Guildford, GU1 4TX.** Managing director Simon Burke. Tel: 01483 502050. Fax: 01483 458958. e-mail: alpffs@btconnect.com.

□ **Guildford Wealth Management Limited, Independent Financial Advisers.** Contact Graham Ellwood, 01483 300777 or 07899 846626 E-mail: guildfordwealth@btconnect.com or info@guildfordwealth.co.uk Website: www.guildfordwealth.co.uk

### Ashted

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### Farnham

□ **Jupp Castle Financial Services Limited, 17 Finns Business Park, Bowenhurst Lane, Mill Lane, Crondall, Farnham, GU10 5HP**  
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The IFA Surrey Press Club has two vacancies for membership, for details call Graham Ellwood on 01483 300777

**Why choose an independent financial adviser? Because it pays to take an unbiased view. Those listed here are either an appointed representative of a network or national which is authorised and regulated by the Financial Services Authority or are directly authorised and regulated**