QUARTERLY ADVISER

QUARTER 4 2024

QUARTERLY ADVISER | Q4 | 2024

Welcome to this edition of The Quarterly Adviser

Against the backdrop of the ever-changing landscape of the UK economy, we believe it is more important than ever to keep our clients informed of market updates and discussion topics that keep you informed and reassured that your plans are in safe hands.

For more information on any of the topics covered in this edition of the Quarterly Adviser, please don't hesitate to get in touch with your Financial Adviser via the contact details on this page.

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Index	Level 31 October	Level 30 November	Change*
S&P 500	5705	6032	+5.73%
FTSE 100	8110	8287	+2.18%
Euro Stoxx 600	505	510	+0.99%
Nikkei 225	39081	38208	-2.23%
Shanghai	3279	3326	+1.43%
US 10 Yr Treasury Yield	4.28%	4.17%	-0.11
UK 10 Yr Gilt Yield	4.43%	4.24%	-0.19
Bund 10 Yr	2.42%	2.08%	-0.34

Overview

Both headlines and markets were dominated by Donald Trump's overwhelming victory in the US Presidential election. Although the precise details of his likely policies are still unclear, he is clearly thought to be business friendly and within that, whatever the final details are, these policies are certainly going to be based on 'America first'.

As such, we saw stock markets in the US rally significantly, and if there was any doubt about investors views on the likely impact on the domestic economy, these should be dispelled by looking at the domestically focussed smaller company sector returns, with the S&P's small company index up nearly 11% over the month.

Perhaps unsurprisingly, European markets were more subdued, given that Europe is likely to be in the crosshairs of any import tariffs being imposed by the new US President.

Government bond yields, having risen significantly through October in anticipation of a Trump victory, fell back somewhat, having perhaps overestimated the inflationary impact of any future tariffs, although yields are still significantly higher than they were prior to October. However, this is probably as much to do with expectations for elevated future government borrowing levels as it is to do with inflation.

US

It is easy to understand the markets' optimism over a Trump Presidency, as evidenced by both the rally in the stock market and dollar.

Whatever their eventual shape, the future President's plans and early political appointments, signify a reduction in bureaucracy, a desire to reduce the impact of 'Big Government' and to stimulate US business activity. Whilst some of the initial Washington department appointees might raise an eyebrow, a positive one was that of Scott Bessant, former hedge fund manager and adviser to George Soros, as Treasury Secretary.

His reputation as a good macro-economic forecaster, coupled with his comments about tariffs being used more as a bargaining chip seemed to reassure bond markets particularly. Whether the approach to tariffs will prevail, given the President-elect's increasing 'weaponisation' of such tariffs, remains to be seen. However, he has targeted a 3% real GDP growth rate, an increase in oil production of 3 million barrels a day plus a 3% budget deficit (currently forecast to head towards 7%), which all seem challenging, but should they prove successful, would further underline the US' status as the global economic powerhouse.

The creation of the DOGE (Department of Government Efficiency, but also a play on the infamous digital currency), involving Elon Musk, to target reducing government excess spending sounds praiseworthy, but it's unclear exactly where significant savings can made at this stage. Meanwhile, the US Federal Reserve signified that they would decrease interest rates on a more gradual basis in the future. However, another cut is still expected in December.

Europe

Market returns from the wider European market were subdued compared to the US and UK, as investors grappled with the result of the US election and political turmoil in the Eurozone's leading economies, Germany and France.

Clearly, given the nature of European exports, in areas such as autos and luxury goods, the region is susceptible to any aggressive tariff raising by the incoming President and initially following the result, markets declined. However, many sectors performed strongly and the German market was up nearly 3%, which contrasted the French market's decline.

The German market is in many ways disconnected with the domestic economy, but the makeup of the index and the euro's rapid decline against the dollar (which helps to dampen the effect of tariffs for exporters) goes some way to explaining this performance. German companies with exposure to China have been rallying, following the economic stimulus packages announced there.

Companies should also benefit from the ECB increasingly dovish approach to interest rates, with more cuts forecast.

UK

With over 70% of earnings of FTSE companies coming from overseas, a weaker sterling against the US dollar goes some way to explaining the main market's performance during November, although the more domestically focussed mid 250 index also performed well.

The latter was probably aided by a further interest rate reduction from the Bank of England and positive comments from the Governor about the likely trajectory of future cuts. It also helps to explain how this performance appears to fly in the face of the negative and vocal reaction by companies to the Chancellor's first budget.

The rises in the minimum wage and increased National Insurance contributions from employers are likely to feed through both to employment and inflation, with companies reporting that they would put employment on hold and push the higher employment costs through to consumers. The higher tax burden generally, is not regarded as stimulatory for the economy.

Japan

A resurgence in the value of the Yen helped to turn a headline loss from the index into a small gain for UK investors. This resurgence was part led by the post US-election rally in the dollar and in part by a reported higher inflation level of 2.2%. The latter gave rise to speculation that the Bank of Japan would raise interest rates at it's December meeting.

Such action would not help to stimulate the struggling economy, however a $250bn economic stimulus package was announced by the newly formed coalition government of Shigeru Ishiba.

This included a proposed rise in the minimum salary threshold at which point income tax is paid, for the first time in 29 years. This is expected to stimulate the domestic economy, but Japan has a large budget deficit which it needs to finance, so the benefits of effectively cutting taxes needs to be weighed against future borrowing levels.

Asia and Emerging Markets

In Asia and emerging markets, there was a wide dispersion of returns, depending on the underlying economies' sensitivity to the strength of the US dollar and potential US tariff exposure. In China, manufacturing activity expanded among smaller manufacturers in November, as the Caixin/S&P Global Manufacturing Purchasing Managers Index hit a five-month high.

Trump's win initially weighed on Chinese equities over mounting tariff concerns, but they recovered quickly on optimism surrounding Chinese stimulus, as the domestic economy is also continuing to struggle with the deflationary effects of the depressed property market.

The Shanghai Composite rose 1.4% during the month. China is extremely susceptible to tariffs, as President-elect Trump has promised tariffs of up to 60% on Chinese goods, which contrasts with 10% for other countries. However, at present the actual level that will be imposed remains speculation until policy is formulated in the new year.

Outlook

The precise nature of any future policies that will be implemented by the incoming US administration is still not understood and to act now would be speculative. However, the general tone of the rhetoric coming out of the Trump camp is that of looking after American interests. From this, positives could emerge and the recent widening of the source of returns from the stock market, as described earlier, is to be regarded as a positive development.

The intention to maintain the Federal Reserve Chair, Jerome Powell, if correct, bodes well and provides for a supportive backdrop for equities. Caution needs to be exercised in relation to government bonds, until we can be certain that inflation is not a consequence of any policy changes.

We look forward to 2025 with enthusiasm for recovery in global economies and for stimulative policy from a dynamic President Trump led administration in America.

We anticipate further liquidity and broadly supportive policy which will be enjoyed by risk assets. We also note today's equity valuations are discounting hefty earnings growth in 2025, aided by GDP expansion and corporate tax cuts.

Rockhold Asset Management, with contribution from Alpha Beta Partners, Marlborough and LGT, December 2024

A guide to tax year end 2024-2025

Introduction

With every tax year, it is important to make sure that you are in the best possible financial position to protect and grow your future wealth. Navigating the intricacies of the tax landscape can often seem like a daunting task, especially as the fiscal year draws to a close. The culmination of the UK tax year presents both challenges and opportunities for individuals and businesses alike.

Our latest guide to year-end tax planning provides you with the dates that you need to be aware of, as well as details of the allowances and reliefs available, to put you in the strongest financial position.

This guide is aimed at personal customers. Tax rates for commercial customers and trustees may differ.

Important tax year deadlines / dates

The UK tax year spans a 12-month period, starting on 6th April each year and ending on 5th April the following year. Being aware of the tax year dates enables you to organise your financial plan and to ensure timely compliance with tax deadlines. Overlooking these dates might lead to forfeited entitlements or penalties.

Here are the important dates that you need to know:

31st January 2025	Deadline to file your online Self-Assessment tax return for the 2023/24 tax year.
31st January 2025	Deadline to pay any tax owed for the 2023/24 tax year and make the first payment on account for 2024/25 (if applicable).
5th April 2025	Deadline for making payments or contributions that will be counted towards the current tax year.
5th April 2025	This is the last day to claim any reliefs or allowances from the current tax year.
6th April 2025	Start of the 2025/2026 tax year.
5th October 2025	Deadline to register for Self-Assessment tax return for 2024/2025 tax year
31st October 2025	Paper Self-Assessment tax return deadline for the 2024-2025 tax year
31st January 2026	Deadline to file your online Self-Assessment tax return for the 2024/25 tax year.
31st January 2026	Deadline to pay any tax owed for the 2024/25 tax year and make the first payment on account for 2025/26 (if applicable).

Action to take before 5th April 2025

Before the UK tax year end, there are several actions that you might need to consider, depending upon your individual circumstances.
Here are some general steps and considerations:

- **Utilise Allowances and Deductions:** Ensure that you've made the most of any available tax allowances, reliefs, or deductions. This might include contributions to pensions, ISAs, or charitable donations.
- **Complete Tax Returns:** If you're required to file a Self-Assessment tax return, ensure that it is completed accurately and submitted before the deadline.

- Check Capital Gains Tax: If you've made any significant gains from selling assets or investments, ensure that you've calculated and reported them correctly.
- Consult a Tax Adviser: If you have complex financial affairs or uncertainties about your tax obligations, it will be beneficial to seek advice from a tax professional.
- Make Necessary Payments: Ensure any outstanding tax liabilities are settled before the deadline to avoid penalties or interest charges.

Personal allowance: £12,570

The tax-free personal allowance for the 2024-2025 tax year is £12,570. This has been frozen until 2028. This is the amount that you are able to earn before you have to pay any tax. If you live in England, Northern Ireland or Wales, any amount that you earn which exceeds this will be subject to taxation at the following rates.

- 20% basic-rate: £12,571 – £50,270
- 40% higher-rate: £50,271 - £125,140
- 45% additional rate: £125,140+

If your income exceeds £100,000, the personal allowance reduces by £1 for every £2 earned above this threshold. This means it is completely eliminated at an income of £125,140 or more.

Personal savings allowance: £1,000

Depending upon which Income Tax band you are in, you may get up to £1,000 of interest that you don't need to pay tax on as demonstrated in the table below.
The £1,000 is 20% of the limit of the interest received from savings, which is £5,000.

Income Tax Band	Personal Savings Allowance
Basic rate	£1,000
Higher rate	£500
Additional rate	£0

Starting rate for savings: £5,000

For the 2024/2025 tax year, the rules for the savings starting rate threshold remain unchanged. The initial threshold for savings interest is still £5,000, allowing up to this amount of savings interest to be tax-free. This allowance remains separate from both the standard personal income tax allowance (£12,570) and the personal savings allowance (£1,000 for basic-rate taxpayers, £500 for higher-rate taxpayers, and £0 for additional-rate taxpayers).

For every £1 of income exceeding your personal allowance of £12,570, the £5,000 savings starting rate is reduced by £1. For example, if your income is £15,570, you exceed the personal allowance by £3,000, which reduces your savings starting rate threshold to £2,000.

Should the interest from your cash savings exceed the personal savings allowance, and you're either employed or receiving a pension, HMRC will automatically deduct any owed tax via the PAYE system.

If you complete a tax return, you need to report interest earned on savings.

Dividend allowance: £500

The dividend allowance has been reduced to £500 from £1,000 in the 2024-2025 tax year. This means that you will be able to receive dividends totalling up to £500 without being liable for tax regardless of how many other sources of income you have.

Dividends beyond this amount will be taxed at the following rates:

- Basic rate taxpayers: 8.75%
- Higher-rate taxpayers: 33.75%
- Additional rate taxpayers: 39.35%

Capital gains allowance: £3,000

The capital gains allowance for the 2024-2025 tax year has been further reduced by half from £6,000 to £3,000.

This is the amount of profit you can make from selling high-value personal goods (e.g., shares, property not used as a main residence, or other chargeable assets) before incurring capital gains tax.

If you own assets jointly with a spouse or civil partner, you can still combine your allowances, resulting in a total of £6,000 tax-free capital gains.

Since the Autumn budget, the rates for Capital Gains Tax (CGT) above the allowance that apply after 30 October 2024 are as follows:

- 18% basic-rate
- 24% high-rate

For residential property (not eligible for Private Residence Relief) and carried interest, higher rates apply:

18% for basic-rate taxpayers
28% for higher-rate taxpayers.

If you do go over the dividend or Capital Gains Tax allowance in a General Investment Account, you'll have to sort out the tax yourself through an annual Self-Assessment return.

Annual Exemption Amount (AEA)

For the tax year 2024-2025 and subsequent tax years the AEA will be permanently fixed at £3,000 for individuals and personal representatives, and £1,500 for most trusts.

Any gains exceeding the AEA must be reported through an annual Self-Assessment Tax Return.

Reporting Proceeds Limit

The measure also fixes the CGT proceeds reporting limit at £50,000. If your total disposal proceeds in the tax year exceed this limit, you must report the gains, even if the resulting gain is below the AEA.

Total ISA allowance: £20,000

You can only add a certain amount of money into an ISA each tax year per person and for the tax year 2024-2025 this remains at £20,000. This limit applies across Cash ISA's, Stocks and Shares ISAs, Lifetime ISAs and Innovative Finance ISAs.

You can split your allowance across one, two, three or all four ISA types, as long as the total across those ISAs is £20,000 or less.

Each type of ISA has their own individual savings limits. For the 2024-2025 tax year these remain at:

Cash ISA	£20,000
Stocks and Shares ISA	£20,000
Innovative Finance ISA	£20,000
Lifetime ISA	£4,000

Marriage allowance: £1,260

A spouse or civil partner who is not liable for income tax (earning below the personal allowance of £12,570) or who only pays tax at the basic rate can transfer up to £1,260 of their personal allowance to their higher-earning spouse or partner. The higher-earning spouse must be a basic-rate taxpayer (earning up to £50,270 outside Scotland or £43,630 in Scotland).

The recipient gets a tax reduction of 20% of the transferred amount, which equates to a maximum saving of £252 in the tax year.

The allowance is not available if either partner is an additional-rate taxpayer.

Pension allowance:

For the 2024-2025 tax year the annual allowance that you can pay into your pension and obtain tax relief remains at £60,000 or up to 100% of your annual earnings, whichever is lower.

For individuals with an adjusted income over £260,000, the annual allowance is reduced by £1 for every £2 earned above this threshold.

The tapered allowance is set at £10,000, meaning no matter how high your income, you can still contribute up to £10,000 into your pension and receive tax relief.

You can carry forward any unused annual allowance from the previous three tax years, provided that you had a registered pension scheme in those years.

Finally...

It is important that your planning remains up to date and appropriate to both your needs and current allowances / legislation.

Whether you are seeking growth, income, or a combination of both, it is important that you seek advice from an expert who can review your current position against your objectives and offer advice on anything that may require attention.

From April 2024, you can make gains (or profits) of up to £3,000 before paying any tax.

The Hidden Costs of the £100k Tax Trap: How to Protect Your Income

That £100,000 salary might cost you more than you'd expect.

Reaching this income level can feel like a milestone in terms of career and salary progression. However, professionals with six-figure incomes encounter a significant financial threshold where they begin losing their £12,570 tax-free personal allowance, alongside other benefits such as free childcare.

This particularly impacts those with larger families, who find themselves most adversely affected.

The tax system's complexities create scenarios where, for instance, a parent of two children receiving a salary increase that pushes them above £100,000 annually (after pension contributions) could face an effective marginal tax rate of nearly 600% per cent on earnings between £100,000 and £102,000, according to detailed analysis conducted for The Sunday Times by investment platform AJ Bell. This rate astonishingly exceeds the top income tax rate of 45% by 13 times.

The policies of both major parties will have an effect on take-home over the next few years, with Labour recently highlighting that they won't raise Income Tax rates for "working people," but failing to define whether that include those earning £100,000+.

Earnings in this bracket make people vulnerable to policy changes as it’s possible that Labour might target high earners through indirect measures, even though they promise no direct income tax rate increases.

This non-committal response has prompted analysts to theorise about potential tax increases targeting six-figure earners, aimed at generating the £40 billion that Labour reportedly requires to address public service improvements and strengthen Britain's fiscal position.

The Conservative government's freeze on the personal tax allowance until 2028 creates a stealth tax through fiscal drag. This means:

- The effective tax rate goes up as inflation raises your salary
- The £100,000 threshold for allowance withdrawal stays fixed

HMRC data reveals that the population earning between £100,000 and £150,000 has grown significantly, rising from 474,000 in 2016-17 to 1.01 million in the current tax year – representing an average annual increase of approximately 75,000 individuals.

The Office for Budget Responsibility predicts that 1.3 million more people may be pulled into higher tax brackets by 2029.

Geographically, London houses the largest concentration of these high-income professionals, with approximately 355,000 of the total 1.3 million individuals earning above £100,000 annually residing in the capital. Significant populations are also distributed across other regions, including 76,000 in the northwest, 141,000 in the east of England, and 78,000 in the southwest.

Impact of a loss of the personal allowance

For every £2 earned above £100,000, £1 of personal allowance is reduced. This calculation means that upon reaching an income of £125,140, the entire personal allowance is eliminated.

HMRC's calculation of total income for tax liability purposes encompasses various revenue streams, including salary, share-based income, cash holdings, and property income, with pension contributions being deductible. This comprehensive figure is termed your "adjusted net income".

Individuals earning between £100,000 and £125,140 face a standard income tax rate of 40 per cent, plus an additional 2 per cent national insurance contribution on earnings exceeding £50,270. However, the financial implications become more substantial when considering the gradual reduction of the personal allowance, resulting in an effective tax rate of 62 per cent on each additional £2 of adjusted net income earned above the £100,000 threshold.

For Scottish residents, the tax landscape differs slightly, with an additional income tax band imposing an advanced rate of 45 per cent on earnings between £75,000 and £125,140. Consequently, those with an adjusted net income surpassing £100,000 face a heightened marginal tax rate of 67.5%.

High-earning parents should be aware of three primary child-support mechanisms:

- Tax-free childcare
- The free hours childcare scheme;
- and child benefit.

While these benefits are generally accessible to most working couples, they become restricted for higher earners.

When either parent's adjusted net income exceeds £100,000 annually, families lose eligibility for tax-free childcare—a scheme that provides a £2 government top-up for every £8 contributed to a designated account, offering potential savings of up to £2,000 per child annually.

Additionally, access to the 15 weekly hours of childcare funding for working parents with children from nine months old becomes unavailable. For children aged three to four, the standard 30 weekly hours of free childcare is reduced to 15 hours.

While the scheme is set to expand to 30 hours for children from nine months old by September 2025, the £100,000 earnings ceiling will remain in effect.

For child benefit, worth £25.60 for the first child and £16.95 for subsequent children, a gradual withdrawal begins when one parent's adjusted net income surpasses £60,000 annually, with complete cessation at £80,000. Those earning above this threshold must either opt out of receiving child benefit or repay it through their tax return to avoid penalties.

This means that families with two children (in this example aged nine months and two years) could face a reduction in support of nearly £13,000 during this academic year, potentially increasing to £20,000 by September 2025.

The projected £20,000 reduction in benefits comprises £2,279 in child benefit payments anticipated for 2025, £4,000 in tax-free childcare allowances, and £13,726 worth of complimentary childcare hours.

Considering that same example where a family with two children where one is aged two years and the other nine months, have an adjusted net income is £99,000 annually. Should they receive a £2,000 bonus or salary increase, elevating their income to £101,000, they would experience a substantial reduction of approximately £10,000.

Effectively, the individual’s salary would need to increase to £126,624 before their disposable income would match that of someone earning £99,000.

How to navigate this challenge

The most effective strategy to circumvent this financial predicament is to strategically reduce your adjusted net income. While this might seem counterproductive, implementing certain approaches can enhance your overall financial position.

Begin by calculating your adjusted net income, encompassing all revenue streams including your salary, investment returns, property income, and share dividends.

After determining the reduction needed to position yourself below the £100,000 annual threshold, consider optimising your pension contributions.

For instance, if your adjusted net income stands at £101,000, contributing £800 to your pension through salary sacrifice would effectively position you below the threshold. This strategy is particularly advantageous as higher-rate taxpayers receive automatic tax relief at 40% translating to an additional £400.

The prospect of these tax implications are daunting, and success at this income level depends on how optimised one's position is, so that proper planning can be adapted to changes in policy and tax thresholds. With the right plan in place and ongoing communication with an expert financial adviser, it is possible to overcome these hurdles while keeping your lifestyle intact.

Top tax-saving tips:

- Maintain your income tax allowance
- Utilise any marriage tax allowances
- Use your personal savings allowance
- Utilise ISA contributions
- Consider the dividends allowance
- Make use of annual pension contributions
- Understand the capital gains tax allowance

What do the changes in the budget mean to you?

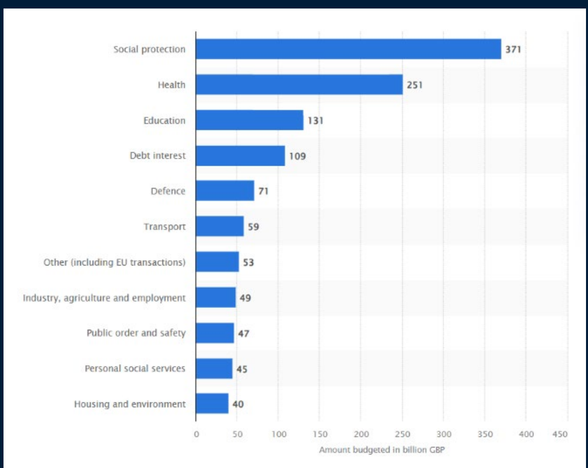
The October Budget announcement introduced significant updates that will reshape financial planning and money management in the coming years. However, it can be difficult to digest and understand the impact of the changes, and when those changes will occur...

One of the most notable immediate updates in the budget was the increase in Capital Gains Tax rates. As of the 30th October, the lower rate has risen from 10% to 18%, while the higher rate has jumped from 20% to 24%. These changes could impact investment strategies, making it essential to review portfolios and plan for the new rates. National Insurance contributions are also set to rise, with employer contributions increasing from 13.8% to 15% by April 2025. Meanwhile, inheritance tax reliefs for agricultural and business properties will be capped at £1 million starting April 2026, with amounts above this limit eligible for only 50% relief. These updates emphasise the need for strategic estate and tax planning to mitigate potential impacts.

**The Financial Conduct Authority does not regulate Estate planning.*

In addition to tax changes, adjustments to benefits and living costs will affect daily financial management. Universal Credit users will benefit from a reduction in maximum debt repayments, which drop from 25% to 15% of the standard allowance. Benefits for working-age individuals will see a 1.7% increase in April 2025, while the State Pension will rise by 4.1%. To support households facing financial difficulties, the government has extended the Household Support Fund until 2026, offering additional assistance for essential expenses.

Living cost adjustments are also a key focus of Budget 2024. Transport costs will be partially eased with an extension of the fuel duty freeze, maintaining the 5p cut and providing some relief to drivers. However, bus travel will become more expensive as the single fare cap rises to £3. Housing costs are expected to increase, with mortgage rates projected to climb to 4.5% by 2027. Energy costs remain a concern, as the annual price cap is set at £1,717, although this reflects a slight decrease from last year's levels.



Budgeted public sector expenditure on services in the United Kingdom in 2024/25, by function

(in billion GBP) statista.com

To navigate these changes effectively, strategic financial planning is essential. Tax optimisation will play a critical role as frozen thresholds push more taxpayers into higher brackets. Reviewing your tax position and maximising available allowances can help reduce liabilities. Inheritance planning requires careful attention, particularly with the new caps on reliefs for agricultural and business properties. Trust transfers and other strategies may be necessary to minimise tax impacts.

The Financial Conduct Authority does not regulate tax advice. Levels, bases of and reliefs from taxation may be subject to change and their value depends on the individual circumstances of the investor.

Pensions are another area requiring review. Starting in April 2027, unused pension funds will become subject to inheritance tax, ending a key advantage for wealth transfer. Strategic withdrawals and lifetime gifting options should be considered to adapt to this shift. Similarly, investment portfolios must be rebalanced to address the rising Capital Gains Tax rates and changes to business property relief.

Speak to us today...

Early action is critical to turning these challenges into opportunities.

By reviewing your finances, adapting strategies, you can protect and grow your wealth under the new framework.

Proactive planning together, will ensure financial stability and success in the years ahead

UK Finance Unveils New SEND Lesson Plans to Combat Money Mule Scams

Protecting SEND Students from Financial Exploitation: New Resources for Educators

Did you know students with special educational needs and disabilities (SEND) face a higher risk of falling victim to money mule schemes and financial scams?

To address this, UK Finance has developed specialised lesson materials to help educators and parents teach financial safety and independence to vulnerable students. These adaptable resources are tailored to meet a variety of learning needs and focus on practical, real-life financial concepts. With features designed for accessibility, the materials build SEND students' confidence in handling money while keeping them safe from sophisticated scams.

The need is urgent. Over 1.6 million students[1] in England have SEND, and 17% of primary and secondary pupils require SEN support[2]. Coupled with the challenges of digital poverty, where 20% of children lack access to essential technology[3], these students face significant barriers to learning about financial safety.

Financial exploitation is a growing concern, especially in the digital age where scams are becoming more complex. SEND students, who may struggle with communication or recognising manipulative behaviour, are particularly at risk.

Schools are stepping up, with 49%[4] of learning institutions who responded to a government survey, implementing new technologies to support SEN learners, but comprehensive financial education remains key.

UK Finance's program emphasises hands-on activities, clear language, and positive lessons on online safety and financial privacy. It enables students to practice skills in a secure, inclusive learning environment, building knowledge step by step. Educators can access free CPD-accredited training sessions and Quality Marked resources to confidently deliver these lessons. Parents are also supported with targeted communication tools, helping them protect their children from exploitation.

Already, 300 schools have joined the Don't Be Fooled Schools Programme[5], receiving over 16,000 resources. Together, we can empower SEND students with the tools they need to thrive in an ever-changing financial landscape.

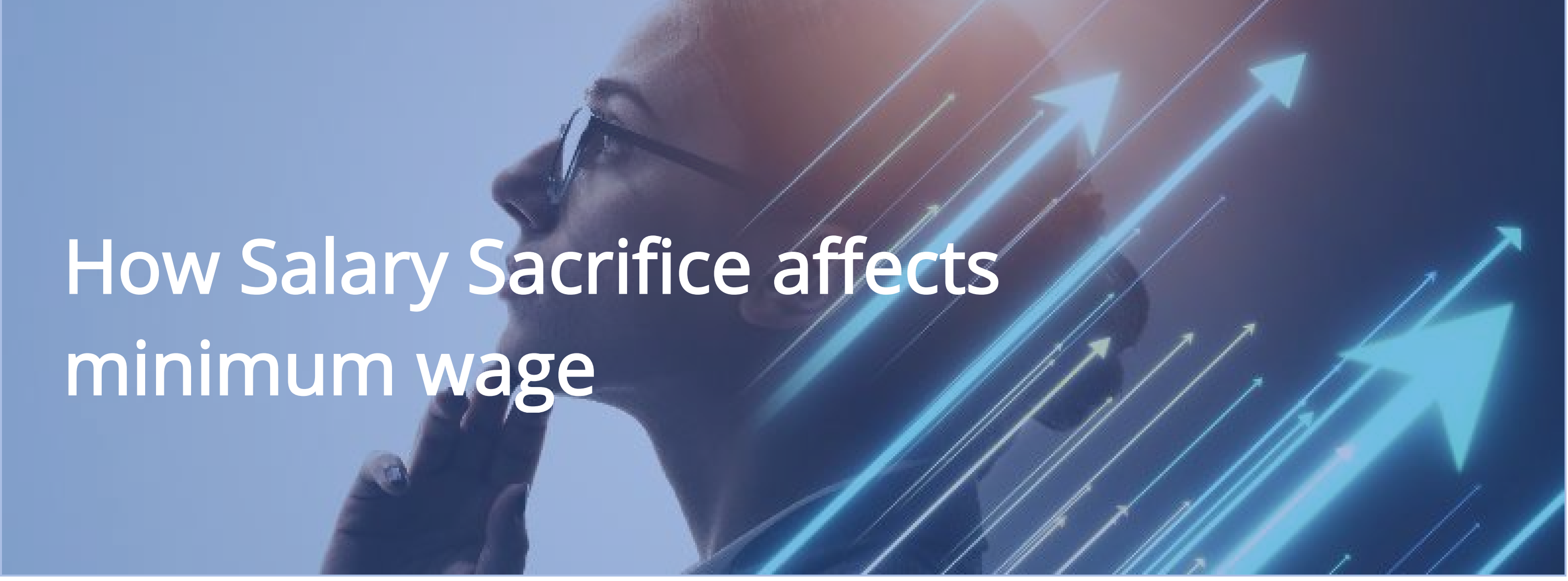
1 Gov.uk - Special educational needs in England
https://explore-education-statistics.service.gov.uk/find-statistics/special-educational-needs-in-england

2 National Centre for Social Research – SEND Futures Study
https://natcen.ac.uk/new-analysis-send-futures-study-how-are-young-people-sen-getting

3 BCS - BCS Members close the digital divide
https://www.bcs.org/articles-opinion-and-research/bcs-members-close-the-digital-divide/#:~:text=The%20issue%20of%20digital%20poverty,mobile%20data%20to%20get%20online.

4 Gov.uk – Implementation of education technology in schools
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1107808/Implementation_of_education_technology_in_schools__and_colleges.pdf

5 UK Finance – Don't Be Fooled! UK Finance launches new SEND lessons
https://www.ukfinance.org.uk/news-and-insight/press-release/dont-be-fooled-uk-finance-launches-new-send-lessons-prevent-pupils



How Salary Sacrifice affects minimum wage

UK employees often need to make a vital decision about their workplace benefits. They must choose between salary sacrifice arrangements to enhance their pension or get other perks. These schemes give great tax advantages, but employees need to think over how this affects their take-home pay.

People can become confused about salary sacrifice and its relationship with minimum wage requirements. The situation becomes tricky when employee earnings hover near the National Minimum Wage (NMW). Employers and staff need to strike the right balance between benefit maximisation and wage regulation compliance.

Understanding salary sacrifice arrangements and their connection to minimum wage requirements can be tricky.

A salary sacrifice is a formal agreement between and employee and an employer. It is where an employee accepts a lower pre-tax salary and gets non-cash benefits instead, the reduction takes place before calculating tax and National Insurance. This becomes the quickest way to receive valuable benefits while possibly lowering tax payments.

Setting up salary sacrifice schemes needs careful attention to legal details. Employment terms must change officially and need to be agreed in writing. The most important rule states that the reduced salary must stay above National Minimum Wage rates.

With this comes some key benefits for employers and employees. Basic rate taxpayers can save up to 20% in income tax and 12% in national insurance contributions, access to valuable benefits like better pension contributions and tax relief comes right away - no need to claim from HMRC.

Employers pay less in National Insurance contributions - up to 13.8% on sacrificed amounts and the employee benefits package becomes more attractive. Also, a company with 500 employees could save £29,535 (based on specific scheme participation).

These arrangements work best with pension contributions, childcare vouchers, and cycle-to-work schemes 1. But you should think over how they affect your overall earnings and make sure you stay above minimum wage requirements.

A pension is a long-term investment not normally accessible until 55 (57 from April 2028). Your capital is at risk. The fund value may fluctuate and can go down, which would have an impact on the level of pension benefits available. Workplace pensions are regulated by The Pensions Regulator.

The National Minimum Wage structure underwent major changes in April 2024. The National Living Wage of £11.44 per hour now applies to workers aged 21 and above, down from 23 previously 25. The other rates are:

Age Group	Hourly Rate
18-20 years	£8.60
Under 18	£6.40
Apprentice	£6.40

There is proof of some recurring compliance problems, however. The total impact of multiple salary sacrifice schemes goes unchecked; sacrifice arrangements don't adapt to NMW rate increases and working time calculations miss extra hours.

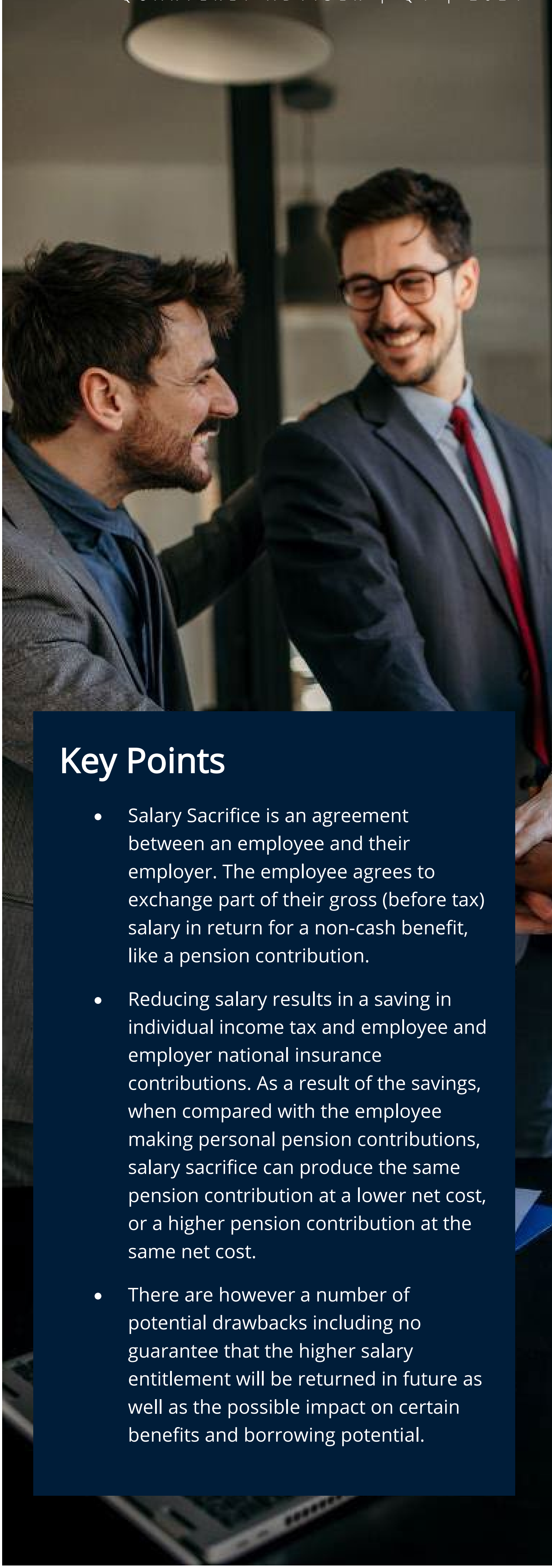
HMRC now imposes penalties up to 200% of underpayment, capped at £20,000 per worker. The 2021-22 period saw £13.2 million in penalties across 3,000 investigations. These numbers highlight why monitoring compliance matters so much.

Further drawbacks that salary sacrifice could also have an impact upon are state benefits and employees may receive lower life cover in the contractual terms if salary is lowered.

Salary sacrifice pension arrangements require a minimum 3% employer contribution. The biggest advantage comes from pension contributions that are fully employer-funded. This setup could boost our take-home pay by £180 per year through NI savings.

Cut through the jargon...

For information or support on the themes discussed in this article, get in touch with the team today.



Key Points

- Salary Sacrifice is an agreement between an employee and their employer. The employee agrees to exchange part of their gross (before tax) salary in return for a non-cash benefit, like a pension contribution.
- Reducing salary results in a saving in individual income tax and employee and employer national insurance contributions. As a result of the savings, when compared with the employee making personal pension contributions, salary sacrifice can produce the same pension contribution at a lower net cost, or a higher pension contribution at the same net cost.
- There are however a number of potential drawbacks including no guarantee that the higher salary entitlement will be returned in future as well as the possible impact on certain benefits and borrowing potential.

Progress on State Pension underpayments

Thousands of UK residents haven't received their full state pension payments. Some of these cases go back decades.

The state pension is a vital part of retirement planning that millions of UK residents depend on. People are increasingly worried as the state pension rises by 8.5% from April 2024 under the 'triple lock' guarantee, meaning millions of people will receive a weekly increase of up to £17.35, with more changes expected in 2025.

A detailed review shows that these underpayments affect several groups of people, especially women over 80 and widows.

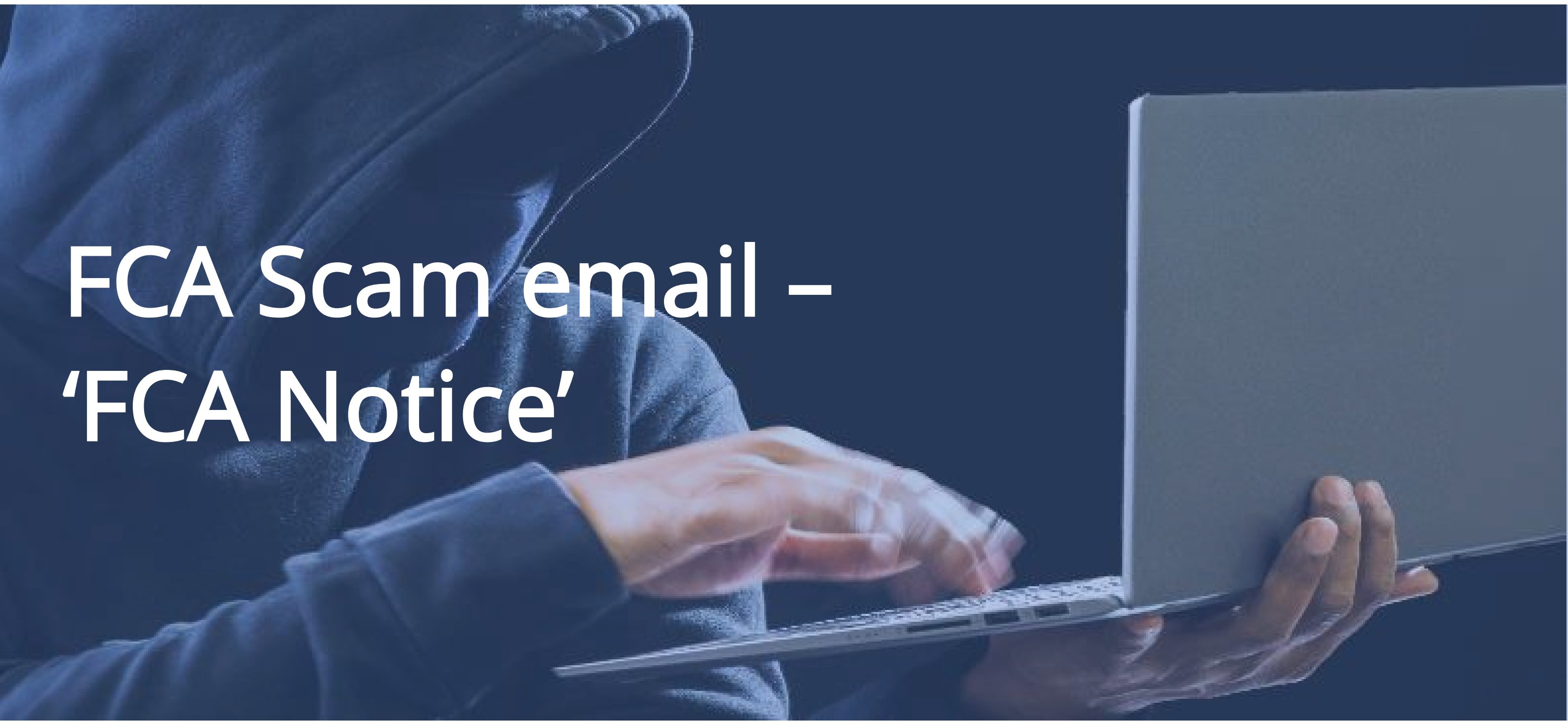
Understanding State Pension Underpayments

A review has shown three types of State Pension underpayments need attention. These affect married individuals and civil partners who reached State Pension age before April 6 2016, widowed pensioners who didn't get their payments updated properly and people over 80 who should have received Category D pension uplift.

The state pension increase 2024 is now in effect, and we're moving faster to finish all reviews. More than 730,000 cases have been looked at and there are over 99,000 underpayments. The amount varies between cases, and some people have received large back payments.

The corrections for underpayments are estimated between £300 million and £1.5 billion. Recent reviews of National Insurance Credits have revealed many more cases that need attention, especially when you have people who claimed Universal Credit between 2017-18 and 2022-23.

The state pension amount will be reviewed against your National Insurance record and personal circumstances.



FCA Scam email – 'FCA Notice'

The Financial Conduct Authority (FCA) recently issued an urgent warning regarding scam emails impersonating the regulatory body. These phishing attempts exploit the FCA's trusted name and branding, aiming to deceive individuals and businesses into revealing sensitive financial or personal information.

Scammers have used fraudulent emails that appeared to be from the FCA or its employees. They have included official-looking logos, email addresses mimicking FCA domains, and references to legitimate FCA correspondence.

Some of the scam emails have included claims of entitlement to a financial refund or compensation requiring bank details, urgent threats of penalties or fines unless action is taken and requests for personal data such as passport details or internet banking credentials.

The FCA stated that they will never ask for sensitive information such as passwords, PINs, or for money to be transferred into accounts under the pretext of an investigation. These fake FCA emails can be identified by the ending being anything different to @fca.org.uk. They could also contain poor grammar, spelling mistakes, or formatting issues. They may also include links and attachments.

Fake emails should always be reported, and for your bank to be notified. The FCA encourages individuals to remain vigilant and offers a range of tools, including the FCA Warning List, to help identify and avoid scams. They also collaborate with other organizations, like Action Fraud, to combat financial fraud. For further details, visit the FCA's official page on scam prevention.

By staying informed and cautious, you can help protect yourself and others from these evolving threats.

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Although endeavours have been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. We cannot accept responsibility for any loss as a result of acts or omissions taken in respect of any articles.

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