

# Planning Your Future Finances

## Part 1

**Richard Libberton, one of our experienced Chartered Financial Planners, provides some tips on taking time out to refresh your financial planning.**

### 2020 - what a year!

I will not be alone in describing 2020 as quite an incredible year. We have seen lockdowns, home schooling, toilet roll hoarding, selfless acts of altruism for NHS and keyworkers, right the way through to investment market falls and rebounds, US election drama, vaccine development and roll-out on an unprecedented scale. Oh, and Brexit too.

**2020 has undoubtedly presented challenges and disruption.** But in many ways, as a society we have re-evaluated our priorities with a sharp uptick in home working, more emphasis on work-life balance, increased focus on health and well-being and a faster adoption of technologies such as video conferencing.



**Richard Libberton**

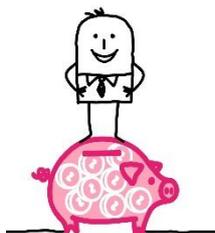
With all that has transpired, perhaps now is as good a time as any to **take stock and think about the future, putting 2020 firmly behind us.** The end of the year is traditionally the time to review and set goals so why not take the time to reflect on where you are with your own finances?

**Here are some tips to consider giving your finances the best start in 2021.**

### Review your financial goals

First of all, consider, **do you actually have a tangible financial goal?** This could be saving for children's education, saving for retirement or for that dream trip abroad when we can all travel again. Perhaps you are thinking of succession planning in your business? Are you on track with your savings or do you need to consider saving more? Taking some time to analyse your income and expenditure will help you see where you could make savings.

If you have **accumulated some debt due to Christmas** indulgences, consider paying this down quickly to avoid high interest charges. If debt has become a problem, speak to a professional about your concerns. More on this in later articles.



### Use your allowances

Planning early in the year will allow you headroom to fully use your allowances before the end of the fiscal year on 5th April.

### ISA

Everyone has an allowance of £20,000 for 2020/21 which will be lost if not fully used. Perhaps there is scope to top-up or open an ISA for this year?

## Pensions

Remember that a valuable tax relief is available for pensions both as an individual and for business owners. Ensure that you are aware of how much you can contribute and be aware of the limits. For the tax year 2020/21 the annual allowance is £40,000 for pensions savings. This applies to contributions across all pensions in the tax year, from all sources such as individual, employer and from a third party. **Is there scope to top up or even maximise your allowances through your workplace pension or your own individual private pension arrangement?**

## Marriage Allowance

If you or your spouse does not use the full personal allowance (£12,500 in 2020/21) then the **Marriage Allowance allows you to transfer £1,250 to your wife, husband, or civil partner.** The partner receiving the transferred allowance must pay Income Tax at the basic rate to benefit. Claims can be backdated to 2016.

## Spring clean your paperwork

Have you been accumulating paperwork from old workplace pensions, ISAs or other investments, waiting for a rainy day to sort them all out? Now is the time to address these and take stock of what you have. Get in touch with the providers and ask them for up-to-date values **and check whether there are any valuable guarantees or bonuses or indeed any penalties.** It is worth checking the annual charges too to see if you are getting value for money.



Many of the providers have online capabilities and you may be able to track down old policies online.

Taking the time now to check what you have will help you **declutter and give you the best start for the challenges of the forthcoming year.** In the next article, I will explain what to do with your old statements along with some other helpful financial planning tips for 2021.

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