MEMBER INSIGHTS OCTOBER 2023

WALLIS WEALTH LIMITED

If any of these articles pique your interest and you want to discuss more, please get in touch.

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Junior ISAs

In the 2022 Autumn Budget, it was revealed that the Junior ISA (JISA) spending limits would remain at £9,000 for the 2023/2024 tax year. The JISA limit was last changed in early 2020, when it was doubled from £4,500 to its current level.

JISA and CTFs both benefit

JISAs replaced Child Trust Funds (CTFs) in 2011, but those who still hold CTFs will continue to benefit from the increased allowance. Both JISAs and CTFs are a tax efficient way to build up savings for a child. It is not possible to have both a JISA and a CTF.

Savings for children

A Junior ISA can be opened for any child under 18 living in the UK and the money can be held in cash and/or invested in stocks and shares. Once the person who has parental responsibility for a child has opened the account, anyone can contribute to it. The child can manage the account from age 16 and at age 18 they can withdraw the money if they want, when the account otherwise becomes a normal cash or stocks and shares Individual Savings Account (ISA). Alternatively, they can keep saving into it as a standard ISA.

The tax benefits for JISAs and CTFs are the same as for an adult ISA. So, there is no Capital Gains Tax and no tax on income.

Investing for their future

Following the Budget, it was reported:

> **“By saving towards their future, families can give children a significant financial asset when they reach adulthood – helping them into further education, training, or work.**
>
> **Junior ISAs and Child Trust Funds are tax-advantaged accounts for children, designed to encourage a long-term savings habit.”**

Two principles which apply to many aspects of financial planning are particularly relevant when planning for your child’s financial future:

- The longer the timescale, the more scope there is for your investments to grow.
- Taking expert advice can help you avoid potential pitfalls.

The potential of a JISA

It is estimated that if £9,000 was invested every year from birth and assuming a net 2% return, which is obviously by no means guaranteed, the JISA would be worth around £194,000 at age 18. Saving such a large amount is obviously out of the question for most people, but whatever amount you can afford to save for your child’s future, a JISA can be a great choice.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

An ISA is a medium to long term investment, which aims to increase the value of the money you invest for growth or income or both. The value of your investments and any income from them can fall as well as rise. You may not get back the amount you invested.

Tax concessions are not guaranteed and may change in the future. Tax free means the investor pays no tax.

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New Mortgage Charter encourages lenders to provide you with more support

Banks and Building Societies have been encouraged by Chancellor Jeremy Hunt to offer more flexibility if you are finding it difficult to make mortgage payments. Mortgage lenders, the FCA, the Government as well as organisations such as UK Finance and the Building Societies Association have come together to provide you with a new Charter to give you reassurance and support through these tough times. They are committed to implementing this new Charter as soon as possible.

Lenders have an extensive range of measures they have agreed to, to help you if you're finding it difficult. Lenders don't want to repossess your home; repossession is either a last resort or when it is in your financial interest.

We are here to help you with any mortgage payment concerns you have. If you are currently in arrears, our advisers can work with your lender to get the support you need.

Under the new Charter, lenders' promises include:

- Helping and guiding you if you're worried about your mortgage repayments without it affecting your credit file.
- Supporting you in switching to a new mortgage deal at the end of your existing fixed rate without needing another affordability check, if you're up to up to date with payments.
- Providing timely information to help you plan if you're approaching the end of your current deal.
- Offering you tailored support if you're struggling, such as extending your term to reduce your payments, with the option to go back to your original term within six months. A range of other options are available depending on your circumstances such as switching to interest-only payments for six months, temporary payment deferral or part interest, part repayment.
- You won't be forced to leave your home without your consent, within a year from your first missed payment, and only in exceptional circumstances.
- From 10 July, if you're approaching the end of a fixed rate deal, you will have the option to secure a new deal up to six months ahead. You can also request a better like-for-like deal that's available with your lender up until your new term starts.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

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Investment myths

Understanding investments can be daunting, and there are several myths that are likely to put you off if you are new to investing. In this blog, we'll debunk five misconceptions about investing. By unravelling these myths, you'll gain a clearer perspective on how to navigate the world of finance and make informed investment decisions.

1 You need to be wealthy

You can invest with less than you may think. Making small regular investments can provide more benefits than investing a lump sum. You can invest a small amount into the markets every month. One big benefit of investing a small regular sum is that, instead of saving your cash until you have a lump sum, you're putting your money to work straight away. Even with rising interest rates, leaving money sitting in a bank account can be less profitable than investing it in the market.

2 It's too much of a risk

With any type of investment, there is a risk of losing your money. It's all a balance between risk and reward, meaning the greater the risk, the greater the potential reward. If you understand the risks involved and the level of risk you're comfortable with, you'll be able to make an educated decision as to whether it's worthwhile.

3 You need to know the best time to buy

Most people think you need to invest when stocks are low and sell when they're high, but there are so many factors that can change the stock market, it's pretty much impossible to predict the outcome. The best thing to do is start investing as soon as you can for as long as you can. There may be fluctuation, some good and some bad, but the longer you're able to hold on to your investment, the more time you'll have to recover from any lows.

4 Your money will be inaccessible

It is true that the longer you keep your money invested, the more chance you have of making a return, however this doesn't have to mean your money is inaccessible. There are lots of investment options where you can access your money at any time. You should leave your investments untouched for them to have the most potential, but should a situation arise where you may need your funds, you will be able to access them.

5 You have to monitor your investments every day

Checking your investments every day can lead to risky decisions such as changing investments or withdrawing funds altogether. Investments usually span over a long period of time, so it's best not to make potentially harmful decisions based on short-term market performance. If you're opting for a low-risk investment, you won't need to check it often. It's recommended to monitor your investments every three months just to see how they're doing.

Get in touch

If you're interested in finding out more about how you could invest your money wisely, we're here to help.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

Past performance is not a guide to future performance and should not be relied upon.

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