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Investor / Saver / Retired

Using your ISA to boost your retirement

It's easy to dismiss Isas — individual savings accounts — as being irrelevant to our generation. For many millennials, saving and investing seem like unaffordable luxuries. Those saving into the tax-free accounts tend to be older people. The latest statistics (for 2016/17) show that only 17% of Isa savers that year were under 35, but half were aged over 55. According to Scottish Friendly, the numbers of adults holding Isas fell in every age group between 2009 and 2016 except one — baby boomers. But in 2017, the Lifetime Isa (Lisa) came along to help young people saving for a first home or investing for retirement. Open an account at age 18, subscribe the maximum £4,000 every year until you turn 50, and you could net a 25% government bonus worth up to £32,000. Every UK adult gets an Isa allowance of £20,000 every tax year (which begins on April 6). You can split this allowance between different Isa products. Young people can pay up to £4,000 of this into a Lifetime Isa. You have to be aged 18-39 to open an account, but you can keep paying into it until the day before your 50th birthday. Whichever you choose, every pound you pop into the Lisa is topped up by 25p, with the bonus paid monthly. Save the full £4,000 and you could get £1,000 free cash towards your savings goals every year. If you use the Lisa for your retirement, you can access the money tax-free from age 60. But beware — you will be heavily penalised for withdrawals made for any other purpose.

Investor

Women make better investors

When it comes to investment or personal finance planning spectrum, most women still rely on their husbands/father to go about their investments or financial plans. Several studies have shown that women's portfolio outperform their male counterparts because of the inherent qualities that women possess by nature, that differentiates them from male investors in their approach of investing. Women are usually more risk conscious, willing to acknowledge and research what they don't know and 'slow and steady wins the race' broadly sums up their investment approach. They would generally prefer to participate in safer and less volatile investments with consistent track records. Besides women have more long-term investment perspective than men and hence trade less frequently. Savings and investment are indeed two parts of the same coin. As a thumb rule, a typical household should try and save about 25-30 per cent of income. But it does not end there,

And a sensible approach revolves around the three 'P's:

1. Investing for Protection: Life insurance policies are important to protect a family's income in the event of death of the women irrespective of whether she is a home maker or a professional.
2. Investing for a Purpose: The second tenet of investing stands for investing with a purpose or goals based investing. The goals may range from one's retirement to children's education or planning for large ticket purchases.
3. Investing in the right product: Finally, it is important to choose the right product depending on one's risk appetite, goals and time horizon. A long term goal is best met with investment in equities while a short term goal may be met through investment in debt funds.

Property Owner

Property tax changes

Those selling residential property in the UK need to be ready for changes to Capital Gains Tax (CGT) rules from early April, one of the UK's Top 60 accountancy and business services firms is advising. There are currently different rules for the payment of CGT, depending on whether or not you are a UK resident and, for land and buildings, whether the property is residential or commercial. Up until 5th April 2020, UK residents pay all CGT under Self-Assessment. However changes will shortly come into effect. From 6th April, CGT on residential property sales must be declared and a payment on account made to HMRC, within 30 days of completion. Non-residents have been required to pay CGT on disposals of UK residential property within 30 days since April 2015, unless the individual is under Self-Assessment, in which case the normal Self-Assessment payment date has applied. From 6 April 2019, this extended to direct disposals of non-residential UK property by non-residents and indirect disposals of interests in a 'UK property rich' entity. However, from this 6th April, all CGT due by non-residents on disposals of UK land and property, and on indirect disposals of interest in UK property rich entities, must be paid within 30 days even if the individual is under Self-Assessment.

Investor

Coronavirus and the markets: greed and fear in action

Warren Buffett once described fear and greed as diseases that infect investors. As the novel coronavirus rampages across the world and ravages stock markets, investors are quoting the billionaire investor as they try to hold their nerve. "Occasional outbreaks of those two super-contagious diseases, fear and greed, will forever occur in the investment community," the Berkshire Hathaway CEO wrote in his 1986 letter to shareholders. "The timing of these epidemics will be unpredictable," he continued. "And the market aberrations produced by them will be equally unpredictable, both as to duration and degree." "Therefore, we never try to anticipate the arrival or departure of either disease," Buffett added. "Our goal is more modest: We simply attempt to be fearful when others are greedy and to be greedy only when others are fearful. Buffett doubled down on his stance in a CNBC interview this week, arguing long-term investors should be thrilled by the current selloff as it presents an opportunity to buy shares in quality businesses at a discount.

Investor / Saver

Beware cash ISAs

Hard-pressed savers have lost the equivalent of £1 every week thanks to inflation eroding the value of their hard-earned cash. Analysis by RateSetter, a peer-to-peer firm, showed the average cash Isa holder has seen the real value of their savings fall by £252 over the last five years. Low interest rates and relatively high levels of inflation are to blame for savers' woe, which has caused their wealth to be whittled away. The average cash Isa held £5,924 in the 2014/15 tax year, according to official figures, and over the five subsequent years would have grown to £6,154 based on average interest rates for cash Isas, RateSetter found.

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