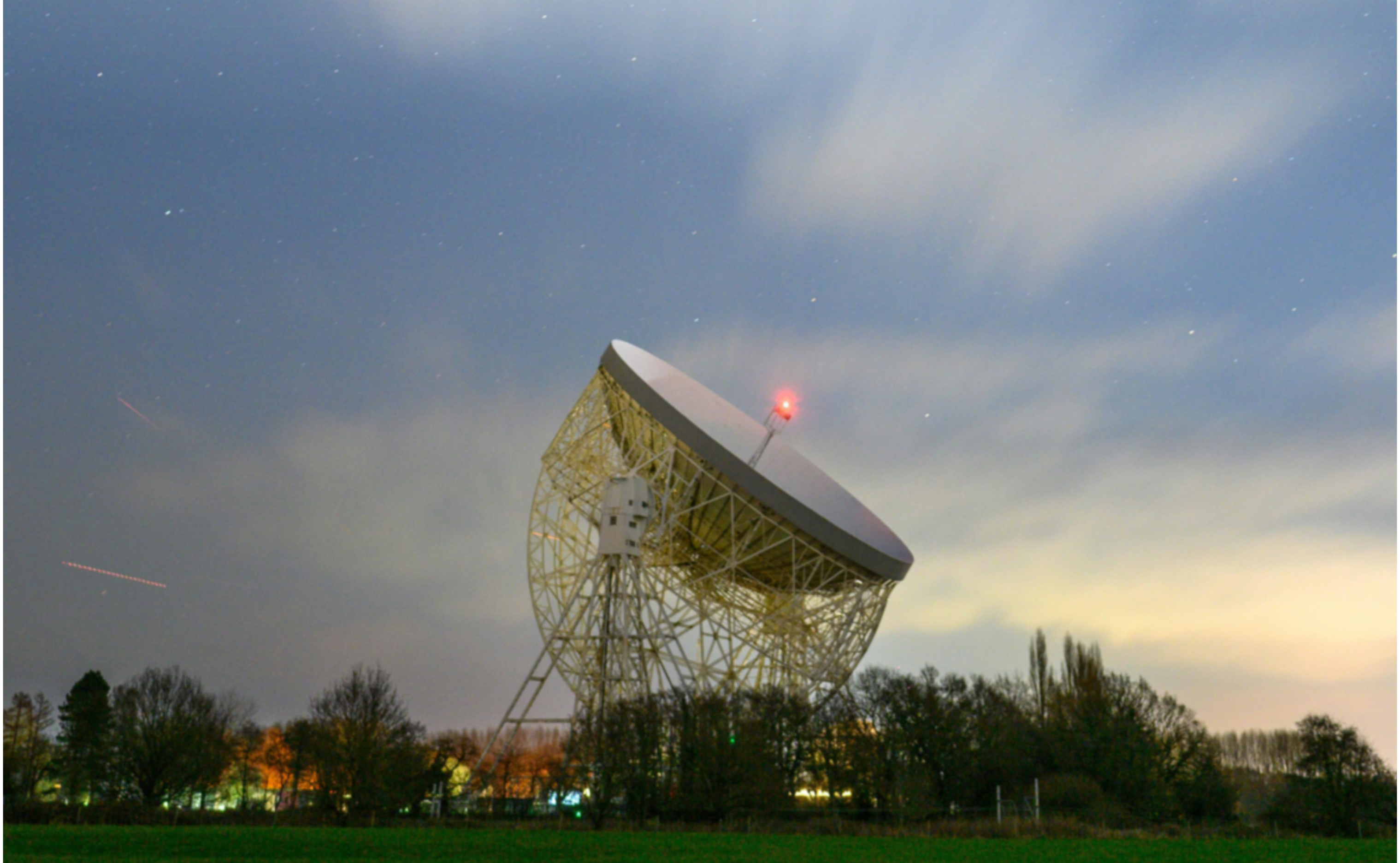
throp FINANCIAL PLANNING

MONTHLY NEWSLETTER

THROP FINANCIAL PLANNING

Please enjoy reading our newsletter. If you would like to discuss any of the articles further, please do not hesitate to contact us.



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Considerations for first-time buyers

Being a first-time buyer can be daunting. Not only are you about to make one of the biggest financial decisions in your life, but you'll probably also have family members and friends offering their ideas on the right house, mortgage, lender, conveyancer and even removal company for you.

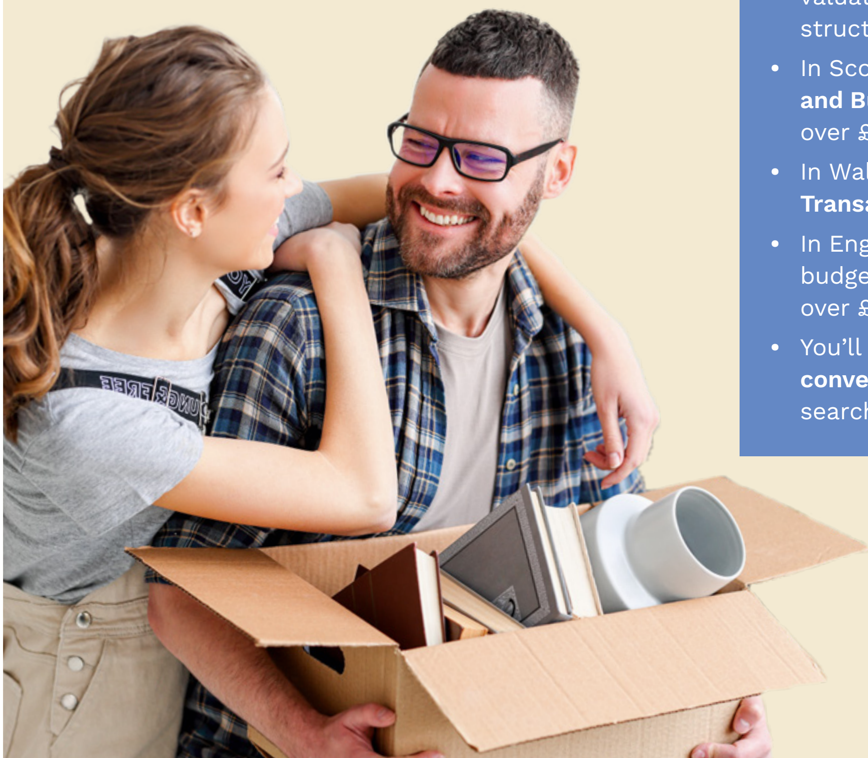
We've put together some ideas to try and take away some of the stress and confusion and give you confidence to move through the home buying process as smoothly as possible.

Get the right advice

Of course, we're going to say that – it's what we do! We'll review your circumstances and look at your income, debt, day-to-day outgoings, employment and the size of your deposit, to assess what you can afford to borrow now and in the future. We'll talk you through the types of mortgages we think are right for you and the lenders who offer them.

Save as much as possible

Buying a house is going to be expensive so it's important to save, save, save to get yourself in the best position possible. Some lenders will accept a minimum deposit of 5% of the cost of the house you're buying but aim higher. The bigger your deposit, the smaller the mortgage (and monthly mortgage payments) making you more attractive to a lender.



Compromise

We can all admit that it is easy to get a little carried away when looking for our 'dream' home, but sometimes buying your first house is all about compromise. Deciding what you're prepared to compromise on is an essential step when considering your first home. Whether it's the luxury of having extra bedrooms or a bigger garden, it's unlikely that you're going to get everything you want at a price you can afford.

Know your budget

Your hard-saved deposit and monthly mortgage repayments aren't the only expenses you need to be mindful of when buying your first home:

- Some lenders will charge for a **valuation fee** to help them establish how much they are prepared to lend you.
- You'll also need to factor in the cost of a **survey** (depending on the type of property you're buying and the lender you choose to go with you might need a basic mortgage valuation, a homebuyers report or a full structural survey).
- In Scotland you also need to budget for **Land and Buildings Transaction Tax** on properties over £175,000.
- In Wales you'll need to budget for **Land Transaction Tax** on properties over £225,000.
- In England or Northern Ireland, you'll need to budget for **Stamp Duty Land Tax** on properties over £425,000.
- You'll also need to pay your **solicitor** or **conveyancer** for any legal work and local searches they do on your behalf.

Talk to us and we can help with practical financial advice on your first and future home purchases.

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

The future of wealth is female

More women own their wealth, and their ambitions are changing too.

Industry commentators often say that 60% of UK wealth will be in the hands of women by 2025.

That figure is from a report published 20 years ago, so we can't vouch for its accuracy today. But there are other signs that the Great Wealth Transfer is pushing more wealth towards women and that the face of financial advice is changing as a result.

Mavericks and trendsetters

Baby boomers own most of the UK's wealth and female boomers are increasingly coming into the money left behind by their partners. Research from Schroders suggests that two thirds of baby boomer wealth is found in joint households, and that the first transfer typically occurs between a husband and a wife.

But this situation is changing. A growing proportion of female wealth owners are Gen X (born between 1965 and 1980) whose needs, expectations and ambitions are different from their mothers. And the stereotype of the risk-averse female investor is rapidly eroding as the number and diversity of female wealth owners continues to grow.

Almost 70% of women want to make a positive social impact with their investments, according to analysis from The WealthiHer Network. Meanwhile, half of UK landlords are female and almost 10% of volatile cryptocurrency investments are owned by women, according to more Schroders research.

Even women who don't own exotic assets are starting to reshape the advice industry. Many women are taking control of their wealth, some for the first time in their lives. Whilst the maverick female investor is increasingly common, you don't have to be radical to make the most of your money.

Get set for your future

Whether you want to leverage your wealth for greater independence, use your money to do good in the world, or simply provide for the people you care about, we're here to give you the confidence and advice you need to realise your ambitions.

The value of your investment can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance.

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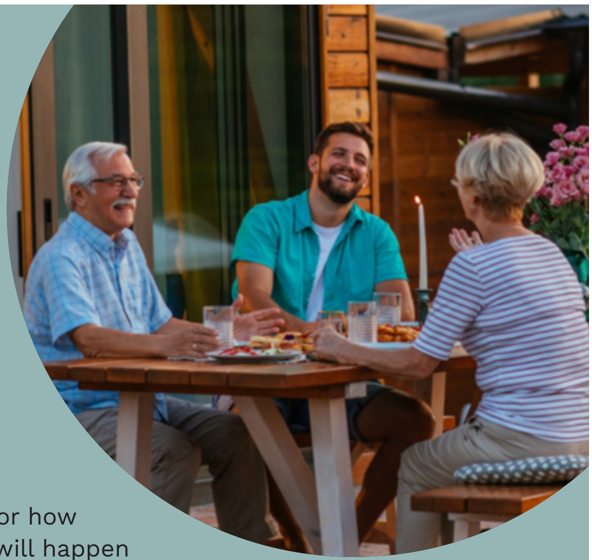
Tools for successful estate planning



Successful estate planning is about balance and compromise.

It means you can avoid 40% inheritance tax (IHT), by ensuring that your estate is worth less than the tax-free threshold of £325,000 when you pass away.

But life is complex. You don't know when you're going to pass away or how much money you may need in later life. You also can't predict what will happen to your loved ones, and you may want your assets to be used in a certain way.

Let's consider some ways that could help reduce your IHT liability:

1. Lifetime gifts

You can give away up to £3,000 tax-free each year to one person or split the £3,000 between several people (this is known as your annual exemption). You can give a further £250 per person each year to individuals who haven't benefitted from your annual exemption.

Other gifting options such as wedding gifts, gifts from your surplus income and gifts to help with living costs are also available.

2. Exemptions and reliefs

There are lots of other legal ways to reduce IHT besides gift giving, including:

- Any amount left to a spouse or civil partner is exempt from IHT.
- Any unused IHT allowance will also pass to your spouse (note that you must be married or in a civil partnership for these conditions to apply).
- Leaving your home to your children or grandchildren could boost your tax-free allowance by up to £175,000 to a total of £500,000.
- Any money you leave to a UK registered charity, community amateur sports club is free from IHT and the IHT rate on your taxable estate falls from 40% to 36% if you leave more than 10% of it to one of these groups.

3. Trusts

Trusts help you control what happens to your assets after you pass away. Trustees are legally obliged to manage the assets on behalf of your beneficiaries, and you can make the terms as rigid or flexible as you like. Trusts can also be useful for minimising IHT.

4. Pension arrangements

You can pass many pension products on to loved ones when you die and they're not usually subject to IHT so it can be a smart way to leave a legacy if you don't think you'll use all your pension in your lifetime. But it can be complex, and the person inheriting may have to pay income tax.

5. Life assurance

Estate planning may not eliminate the IHT liability on your estate, but the payout from a life assurance policy can be used to pay off all or part of the eventual tax bill. Alternatively, your Executors might need to take out a loan to cover the cost because the assets in your estate can't be realised until they've been granted probate, and that doesn't happen until IHT is paid.

We can help you create a legacy to be proud of

Setting up your estate to support your loved ones can bring you real peace of mind. We'll work with you to explore your options and explain the best way to achieve your goals.

Figures based on the IHT figures for the 2024/2025 tax year.

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.

HM Revenue & Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes, which cannot be foreseen. Please contact an accountant or tax specialist for specific tax advice.

Trusts are not regulated by the Financial Conduct Authority.