



TOP 5

Financial considerations for high earners



CHRIS BAKER



Maximise your tax allowances

There are precious few allowances granted to you. Use them! This may include your ISA's, JISA's, Pension*, Capital Gains Tax Allowance, Dividend Allowance, VCT, EIS allowances. Seeking financial advice will help you understand which of these allowances may be suitable for you.

1



Review your pensions

You should review the asset allocation of your existing pension(s). Given current legislation, you may not be drawing on your pension until later in life than you thought (due to the favourable tax treatment of pensions). As such, reviewing your pension asset allocation would be very prudent as you may be missing out on the additional returns that equities are likely to provide above fixed income securities over the long term.

2



Insure yourself, protect your family

As a higher earner, your income provides for a lifestyle that your family are accustomed to. What if that should cease due to ill health? You insure your car, your house, your dog...make sure that you insure yourself!

3



Invest in pensions for your children

This is a great way of ensuring financial wellbeing for your children without 'spoiling them' by gifting cash. Investing the maximum £2,880pa (£240pcm) to a pension fund from birth until a child turns 18 could create a pot of £1,030,000 by age 65**

4



Become a High Net Worth (HNW) family

Some higher earners will become HNW families, although not all, by any stretch. By making regular, prudent savings, you can turn a high income into financial stability and independence for generations to come. This involves careful consideration of your investments and your inter-generational tax planning.

5

*this is a complex area of legislation with your annual allowance being dictated by your own personal position.

**assuming a 5% return and 20% tax relief at source.

*The value of the investment will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than the amount invested

Please note that none of the above should constitute financial advice

If you would like to talk about any of the above, please do let us know.



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