Section 1 – Budgeting

What can we look at to get a handle on our personal financial situation?

Income

What forms can income take?

- Pay check – tax deducted at source
- Self-employed
- Additional income e.g.:
  - Rental income at home
  - Selling things from home – Ebay/Etsy
  - Check the tax allowances for these

UK state pension – check your National Insurance contributions online – it's easy to do that now so go and find out

Understand and make the most of any tax free allowances you may have - £12k in the UK

Moving across tax brackets – understand what is most efficient for you – self/partner

Expenses

With all your costs (utilities etc.), make sure you are getting the best deal. This is increasingly very easy with all the price comparison websites. You can even set alerts to tell you when your provider is more expensive than others.

Check your mortgage /rental payments

If you have a loan, take advantage of the internet to shop around. If you sign up to a fixed interest rate product, when it ends, shop around again – don't succumb to inertia, as lenders depend on us doing that!

We are currently in an era (in the UK at least) of low interest rates. When deals expire (on mortgages for example) we're likely to go back onto the standard variable rate which will be higher – so shop around again.

Section 1 – Budgeting

Go through your bank statements.

Don't be tempted to only have the online version of your bank statement. It is so much easier to review a paper version. And having the paper version reminds you to review it!

So go through and check all your outgoings on a rainy Sunday afternoon.

There will be direct debits, standing orders, insurance that you don't need to be paying any more – so check! Don't hand over your hard earned income when you don't need to.

Be wary of credit and debit card fraud. Check your statements.

Check your utilities/insurance etc.

Consider metering your water (etc.) usage so you only pay for what you use.

Be sure you are not paying too much for insurance in particular – don't succumb to clever fear-inducing marketing.

Make the savings you can now, so you can invest what you save. It may be boring but you could potentially save lots!

Your challenge:

Sit down with your bank statements and check all your outgoings to find out whether or not you need to spend as much as you are.

Section 2 – Saving and investing

Saving

Teach, and show by example, any younger people in your life the discipline of saving from an early age!

It's never too late to start a good savings habit.

You can still catch up with clever investments that work for you.

Build up your savings pot so you can start generating income from those savings.

Much of the advice here is most applicable to the UK but will hopefully still be relevant to our non-UK members.

Try to put some money away each month.

Consider salary sacrifice saving schemes if your employer offers that – what you don't see you won't miss!

If your employer offers a company pension, take it - it is FREE money (UK).

If there is no company pension, start your own – it is still tax efficient to do this (UK).

Think about the level of involvement you want to have in the investment decisions of your pension pot.

Banks are probably the safest place to put your money but will also offer the lowest rate of return.

Section 2 – Saving and investing

Forms of investment

Any investment has to give you a good return and this has to be right for you.

Determine your 'capacity for loss' - how comfortable/solvent are you if you do lose money? Only take on risk with which you are comfortable.

Consider alternative forms of investing to increase the returns you can potentially achieve. But be aware that higher returns will also bring higher risk.

Examples of alternative forms of investment:

• Crowdfunding or peer to peer investing in new companies e.g. Borrow Your Doggy

• Property investment

• Share portfolio

• Art, wine, classic cars, crypto currency

• ISAs (UK) – now a wide range with tax free interest (more on this in Section 3)

Your challenge:

Commit to putting aside an amount of money each month (however small), if you don't already save regularly and an additional amount if you already do.

Consider where you are going to investment that additional pot.

Section 3 – Tax bills and how to reduce them

Content in this section of the workshop is very UK-focused as tax law is so specific to each country. We are working on creating similar content for our non-UK members.

In this session we look at how to minimize tax when saving and investing.

Things to consider:

Individual Savings Accounts (ISAs)

These are tax free 'wrappers' for your investment

- Cash
- Stocks and shares
- Peer to peer – a relatively new and exciting new area to invest

Google innovative finance ISAs – these could be a higher risk investment but are worth checking out if you are not too risk averse.

No income tax, no capital gains tax, all interest paid gross, cheap to run! **£20k** per year per adult can be invested tax free.

Be aware that ISAs fall into your estate on death (at 40% inheritance tax)

Section 3 – Tax bills and how to reduce them

Pensions

2 types: occupational or private:

Occupational: final salary (almost extinct) and contributory

Occupational: employer offers it and tops up, or SSAS (small self-administered scheme - if self-employed)

Private: stakeholder plans, SIPPS (self-invested personal pension plans)

Things to remember:

• Pensions can be passed tax free to those who inherit (if you die under 75)

• Annual and lifetime limits on pensions (Lifetime: £1.03 million. Annual: based on annual earnings and capped at £40,000)

• Make sure you know the current value of your pension (s). Call your pension provider (s) to find out and log this value over time to track performance.

• Ensure you are getting the best return from your pension funds – don't succumb to inertia as that's what your investment manager may be relying on. If you are only getting the same return as in a bank, you better move your funds!

• You can take 25% of your pension pot tax free on retirement: spend it wisely

Section 3 – Tax bills and how to reduce them

Capital Gains Tax

The annual limit is £11,500 so you can buy and sell assets up to this limit each year without paying tax.

Inheritance Tax

The current threshold is £325,000 per person. This doubles to £650,000 for a married couple so long as the first person to die leaves their entire estate to their partner. Anything over this limit is subject to a 40% tax bill. Think about how to limit your potential inheritance tax bill.

Your challenge:

Get a handle on your personal tax position

Think about how you could invest and save on your tax bill now

Get an up-to-date valuation of any pension funds you may have and consider if you are getting a good enough return on those

Consider how to reduce the tax bill on your estate when you die.

If you don't have a will, get one!