Philip J Milton
& Company Plc
Established 1985

"A Wealth Management Service to help you achieve your financial goals, save you time and stress and offer absolute peace of mind."

MILTON NEWS
Tax Year End 2024 Edition

Highlights

- Tax
- ISAs and Pensions
- Our Charges
- News from the Markets
- Our Support for Charities & Projects

and much more!

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Financial Planner
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INDEPENDENT FINANCIAL ADVISER

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Dear Client *March 2024*

As well as a general financial update, this letter reminds you of a few things to do before 5 April so don't delay! Of course, sensibly many will already have acted in good time but for those who haven't, time is fast running out! For the diligent too, remember that subscriptions to allowances can take place on 6 April as well, for 2024/25! Please read on and I do hope that you find the commentary of interest. Subscribers to our periodic and completely free e-shots will be aware of several of the main themes and if you too would like to begin to receive our industry renowned financial bulletins, send us your email address. You can unsubscribe at any time.

New Allowances & Tax

A quick reminder of some of the key allowances for both 2023/24 and 2024/25, most of which are either frozen or have reduced. The only positive is the increase in the pension annual allowance from previous years!

Allowance	2023/24	2024/25
Personal (Income Tax)	£12,570	£12,570
ISA subscription	£20,000	£20,000*
JISA subscription	£9,000	£9,000
Dividend Tax limit	£1,000	£500
Capital Gains Tax (CGT) limit	£6,000	£3,000
Pension subscription	£60,000**	£60,000**
Capital gain reporting threshold	£50,000	£50,000

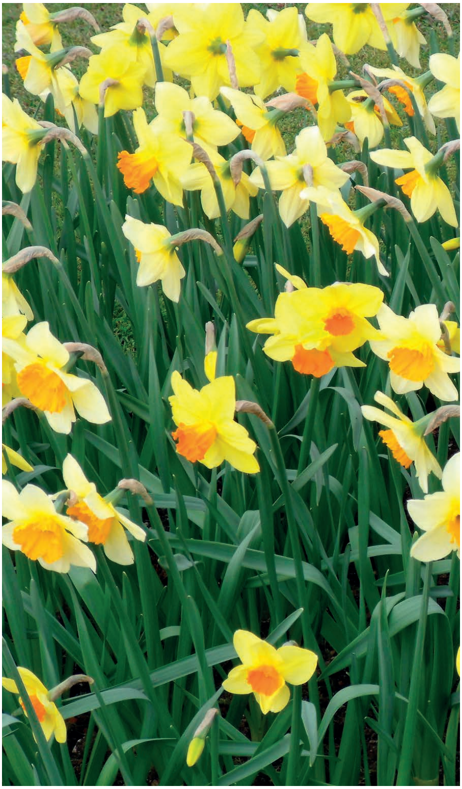
**A new additional British ISA allowance of £5,000 will also be available for UK focused assets and we shall look forward to providing details of our own once arrangements for it are established, after the rules are published this summer.*

***Contributions (from all sources) are capped at 100% of income each year, up to a maximum of £60,000.*

Just to remind you all that following the Chancellor's 2022 Autumn Budget, personal tax allowances have continued to fall, either actually or in real terms. This means that if unsheltered dividends (from shares, Unit Trusts and Investment Trusts for example) exceed £1,000 and capital gains are over £6,000 each, you may be required to file a Tax Return for 2023/24 and perhaps in the future too. Even if the capital gains' exemption is not used, if sale proceeds exceed £50,000 this too may trigger the need for a Tax Return. From 6 April 2024 the annual allowances drop again to £500 for dividends and £3,000 for capital gains. Dividends and gains within ISAs and Pensions remain completely tax-free of course, making the use of your valuable allowances even more important.

Where allowances are exceeded, dividends will be taxed at 8.75% for basic rate taxpayers, 33.75% for higher rate taxpayers and 39.35% for additional rate taxpayers. CGT is charged at 10% where your income does not exceed the higher rate threshold (£50,271) or 20% where income exceeds £50,271. An 8% surcharge applies on gains from residential investment property although from 6 April 2024 the highest rate for residential investment property will be capped at 24%.

This is not to suggest that any investments or shares you hold outside of tax-exempt "wrappers" should now be sold but it is certainly wise to consider having more in tax-friendly accounts as exempt allowances continue to decline. Importantly, whilst tax is a factor, it is also vital to consider how attractive the investment is from a valuation perspective. If an investment seems expensive and more likely to drop in price (from this point) than increase, a residential investment property or US technology shares for example, it may be cheaper to sell and pay some tax on the proceeds than suffering a potentially significant drop in value.



Of course, this will depend on your particular circumstances and no two individuals are identical when it comes to income, tax, investments, allowances, requirements and financial priorities. We shall be happy to advise you.

In itself, for many people this will incur a new 'tax' and they have to engage a professional firm (like ourselves – we are very economic and efficient!) to file their Tax Return and so our bill, however small, is an extra cost – a new 'tax'. Don't forget too that the Return must cover details of all your income so not just the bit creating the tax bill. (We'll also try to guide you on saving tax, etc so that helps soften the blow!). Please do contact the office if you are unsure about your circumstances.

On the subject of tax, we are told that 11.6million Self-Assessment returns were filed by 31 January, many at the last minute (remember some must file more than one, eg partnerships, etc). However, 1.1million were not done in time and likely to lead to penalties and interest on unpaid tax. Penalties escalate too, the later the filing.

In some ways it is a simpler process now but also more complicated. More people fall into the regime of 'must' file Returns. After 5 April, even more will fall foul – with higher State Pensions, static Personal Allowances and savagely cut allowances on savings, dividends and Capital Gains and that's all before a possible change of government. It is your duty to report taxable income – rents on properties, business income and so on. If you don't, the Taxman will catch-up with you and then penalties apply for unfiled Returns and unpaid tax. You can be penalised too for not informing HMRC of a new business as well.

Finally on the Budget – cautious and prudent but increases in workers' pockets with welcome NI cuts. Holiday home owners need to be alert though as the special 'business' categorisation for these residential properties is going, so no preferential tax treatment (IHT and CGT) and also we assume no relief from Business Rates (Council Tax) - the latter well overdue. I shoudn't blame owners from selling up before next April to enjoy the tax benefits (eg Business Assets Disposal Relief)! A council like North Devon could be as much as £2million a year better-off from all that Council Tax it has lost these last several years. Aside from that, generous interim provisions for Non-doms apply on their first four years but then they will either flee or be expected to pay on all worldwide income and gains. If this drives the very wealthy away, it is negative as they take their investment, spending and employment with them of course.

If you need professional help for tax and accountancy services then engage a competitively priced firm like ourselves and in advance of the situation, not scrabbling about last minute where the stresses and strains don't help anyone. Having us on side can be worth its weight to relieve the stresses and tensions alone and of course, we look into everything for you too which might involve personal guidance about opportunities to better align your finances to reduce your tax burden. That might involve employing a spouse, using all Personal Allowances, transferring the Marriage Allowance or simply paying into pensions and ISAs.

My very best wishes,

Philip J Milton DipFS CFPCM Chartered FCSI FLIBF FPFS FCIB

Chartered Wealth Manager, Fellow Of The Personal Finance Society,
Fellow Of The Chartered Institute Of Bankers,
Fellow Of The Chartered Institute for Securities & Investment

ISAs

Allowances for ISAs remain the same at £20,000 per individual and for 2023/24 this will be lost after 5 April. You cannot carry forward any unused allowances so your ability to contribute after the tax year end will be lost forever. With the increasing tax burden upon the country and the inevitable tightening of tax-friendly options (which may worsen with a General Election looming), this is an opportunity not to be missed where affordable. Market conditions for 'value' investments also suggest the timing of a subscription is good too.

From 6 April the new £20,000 ISA allowance becomes available for 2024/25 and the sooner you use this, the sooner your money can deliver tax-free returns, whether for your future retirement or for income to enjoy now. So don't delay till our reminder this time next year if you have money to invest! More information is available on request. We shall also keep you posted on our new "British ISA" as announced in the 6 March Budget.

Typically, Market ISAs like ours receive income from dividends and interest. Often (but not always) dividend income is paid from company profits and therefore, will fluctuate over time but with an overall upward trend reflecting growth and inflation. Nevertheless, by owning a very diverse range of investments within an ISA as we do (which we offer across our entire investment spectrum), you can balance that risk as you become less reliant upon any one company or fund for income. Our mainstream independently managed ISA strategies have historically delivered income of upwards of 4% annually, without touching capital, so, far more than most and cash ISA alternatives. Presently projected income yields are nearer to 5% or more in fact. This is available monthly or quarterly.

We offer various different market-based strategies, including one that holds more defensive investments, that we expect to exhibit more stability during normal market conditions albeit with lower return expectations when markets are buoyant.

Whilst ISA returns are exempt from lifetime taxes, the value does form part of the taxable estate upon death. However, where a spouse or civil partner is the beneficiary they will be able to inherit the ISA investment as it stands without the need to sell everything and start again. If you have ISAs managed elsewhere you may wish to ask whether the provider allows "additional permitted subscriptions" for surviving spouses on death. We certainly do I am pleased to report!

I am enclosing an ISA application form for your convenience if you have spare funds sitting idly in the bank, building society or National Savings. Of course, if you have subscribed to a Stocks & Shares ISA elsewhere already this tax year you will need to invest with us for 2024/25. ISAs elsewhere (including cash ISAs) can be transferred to us of course.

Pensions

Perhaps even more attractive than ISAs, the annual allowance for pensions increased for 2023/24 from a maximum of £40,000 to £60,000, albeit it is capped at 100% of earnings if that amount is lower (as it will be for many). The same cap applies for 2024/25 as well. Income from pensions, investments, property and dividends does not count as "earnings".

If you meet certain conditions, you may be able to invest more from any unused allowances from the last three years. If you are not working and have no earnings, you are still able to apply £2,880 to a pension each year and the Government will top this up to £3,600 automatically. This initial tax relief (of at least 25%) applies to all pension contributions where the individual has earnings too, providing they are below age 75.

As with ISAs, all returns achieved by pensions are completely exempt from tax and do not need to be reported on your Tax Return. Any pension benefits remaining on death are not lost and can instead pass intact to nominated beneficiaries, who may then access the pension tax-free if the deceased was under the age of 75. Benefits are taxable if the deceased was over that age.

Pension contributions will be especially appealing to individuals who lose some or all of their Personal Allowance and Child Benefit due to their income exceeding specific thresholds (which increased for Child Benefit and is scheduled to transition further over the next couple of years). This is because the pension contribution (with added tax relief) reduces the assessable income amount to determine eligibility to the allowance and benefit.

So, as an example, if you add a £10,000 lump-sum to your pension, the Government will automatically top that up by 25% to £12,500. How about that for an immediate return! 40% taxpayers can claim an extra £2,500 off their tax bill, thereby reducing the cost of the £12,500 pension top-up to just £7,500!

To pay 40% Income Tax still requires an income of over £50,271 as the tax rate thresholds have been frozen, which means more people pay it. The additional rate of tax of 45% is payable on income exceeding £125,140, an income which would also mean that the entire Personal Allowance (£12,570) and any Child Benefit is completely lost if no pension contributions are made.

Again, we manage a wide range of Pension strategies as existing investors will know. These will suit investors seeking a more cautious approach right the way through to those seeking a little more spice! For examples of the available strategies please visit **www.miltonpj.net/services/discretionary-wealthmanagement.**

Our managed pensions also allow investors access to all of the flexible options at the point of full or partial extraction, 25% of which will be available tax-free!

See next page for details of our competitive charges.

Charges

Initial Charge	Nil
Initial Transaction Charge	1%
Management Charge	1.5% (ISA) 1.25% (Pension) per annum. No VAT.
Annual Fund Charges	0.6%* (estimated)
Administration/platform fees	Nil
Withdrawal Fee**	Nil (assuming cash transfer/withdrawal)
Investment Limit	From £1,000 lump or £50 per month
Reporting Dates	January, April, July, October

**Collective investments (mainly Investment Trusts) enjoy independent management for which a small extra charge applies within their funds (approximately 0.6%pa). **Subject to optimum withdrawal terms. Transaction charges also apply annually to buy and sell holdings of course. For full terms, please refer to our Discretionary Client Agreement, available upon request or on our website.*

As time is running short, please do let us know if you have any questions or wish to transfer your ISA/Pension subscription directly to our Client Trust Account, with paperwork to follow. If you are considering further investments and seek specific advice before doing so, please contact us and we shall try to guide you on the next steps. However, if you wish to add capital without needing advice then we are happy accepting your investment on an "instruction only" basis upon your request.

Market News

So they have done it... the big seven US stocks have accounted for 75% of the gains of the whole US market this year, powered higher by Nvidia's stunning results in February. The biggest 10% count for 75% of the value of the whole market, the highest since the 1930s. That's higher than the value of all 'TMT' just before the Dotcom bubble burst (72%). The big five count for 25% of the world's stocks too.

Nvidia (from a 'mere' $100billion not long ago) is now the third $2trillion company. The flows of money are unrelenting, including via 'passives' which just buy stuff because it 'is there'. For ourselves, whilst in the face of 'this' it might seem awfully boring but we are more comfortable holding other assets which typically give us a solid income and are not so far away from the realities of the values of the businesses, as opposed to being priced on multiples of say '100 times' future earnings' expectations.

What investors don't appreciate is that, say (not as a recommendation) Lloyds Banking could double in value from here and double again and still not be expensive on historic grounds at all and meantime investors buying today can enjoy a dividend income of circa 6%pa. Apple ('valued' at the equivalent of all the UK stockmarket) could halve and halve again and realistically still be 'expensive' on historic criteria and dividends would not have been worth writing-home about.

Well, Japan has finally done it. After 34 years the Nikkei index has finally broached the level first seen in 1989. However, what a great buy if you invested in January 2009 when it had fallen almost 80% as it has rebounded almost five-fold.

Are there any lessons for the US market presently? Remember that human emotion and hype drive prices in the short-term, both upwards and downwards. Reality trails some way behind. The sharper the ascent or descent the greater the likelihood of a similar correction either up or down, based on the collective human emotions unleashed at the time. Just numbers (mere superstition I know) but the Dow Jones has now exceeded the Nikkei's latest 'number' too.

Perhaps it is time to remember a few very popular investments which, well, aren't as popular now. However, I say that in terms of trying to remind investors that what is popular now may not be so profitable going forwards – or as they imagine.

How about China to begin – do you remember when everyone and his dog was pushing the fantastic opportunities there? The Shanghai Composite peaked on 12/1/15 and rebounded some of the way to a recent peak on 10/9/21. The index is down 45% from the high and 24% from the 9/21 high. Bloomberg reminds us that is a cool write-down of some $6trillion.

Ørsted, the giant Danish company which proclaims to be "leading the transition to green energy" was worth $82billion in 2021, at the height of the 'Environment, Social and Governance (ESG) revolution' when lots of people wanted green things in their portfolios. Since then it has shrunk to below a third of that, after having dropped by 79% at its worst. Oh dear! Despite such examples, ESG seems to be the new craze in investment circles with funds being promoted by many of the big players which don't want to miss out as investors rightly become increasingly environmentally aware.

And lithium – we all know we need loads of this for battery technology and it is found in difficult places. Well yes, from early 2023, it has fallen in price by over 80%, the lowest levels since 2020 and before the hype began to be created and now trading at levels where producers are struggling to justify the costs of production (so it suggests supplies could be hit ultimately).

This isn't necessarily an 'opinion' on the asset or commodity at all but simply suggesting that with investor euphoria, prices can be carried-away, even if the underlying themes are spot-on (these figures ignore income (if any!) and costs. Memories can be short… or convenient too! I haven't even mentioned IBM, Intel, Cisco or Nokia... they have all had their time in the sun but where are they now?

Yes of course there may be reasons given for the descents but the point about popularity is unchanged and you would do well to heed this! I shall repeat again, it is generally unwise to place too much reliance on 'past performance' – what is important is what the future holds.

Do you sell these things at their troughs or do you hold or buy more? That is what makes a good investor and remember that if it is translated into a 'fund' or 'portfolio' (which must be forward-looking and not backward, driving using the rear-view mirror) as crashes happen when you're not looking ahead. And developments aside, but is Microsoft really 'worth' $3trillion and Apple $2.75 trillion…? To put that into perspective, the same collective market worth can be attributed to the whole of the UK's market! That is a clear reflection of how excessive values can become and the extreme risk to which investors can become exposed, versus owning a diverse portfolio of blue chip UK companies (many of which we do not hold but just to give an example).

Time Costed Charges for certain services

I regret that due to ongoing inflationary pressures, we are again in the difficult position of needing to increase our time-costed fees for specialist services like Trusts, Tax Returns and Accountancy. Inevitably, staffing and general other costs have escalated and therefore, we must pass a small amount of that on. For further information on the changes, effective 1 April, please contact the office.

Other News

NEW STAFF APPOINTMENTS

I am delighted to provide some fantastic extra news which bodes well for the firm, existing staff and our loyal customers alike. Having already added one senior and experienced individual, Mr Dominic Myers, to the Management Team last Summer to bolster our senior level support and ensure ongoing best practice for our growing Firm moving forward, this month we have also recruited another, Mr Steven Dalzell who last worked at the $1trillion Abu Dhabi Sovereign Wealth Fund. With increasing pressures upon the industry in terms of compliance, research and customer care, the extra help at senior level will be invaluable. Whilst we continue to grow our fantastic team of Customer Support Managers, we also remain on the look-out for extra qualified advisers to support the existing advisory team. Naturally, if you know a suitable candidate, please do mention our vacancy to them as we shall be delighted to hear from them.

Chartered Financial Planners

On the front cover is the Chartered Financial Planners' logo. To remind you of how we achieved this much sought-after recognition (and which has been renewed again this month), please see below.

The title 'Chartered Financial Planners' is granted by the Chartered Insurance Institute (CII), the professional body for insurance and financial planning. To retain our title, the advice, service and ongoing support we provide must remain of the highest quality.

Our advice must be based solely on your researched needs and provided by someone competent to discuss products and services that meet your requirements.

- We prove our technical, professional knowledge and competence by qualifications.
- We maintain our knowledge and skills through continuing professional development.
- Our advisory staff must be members of the Chartered Insurance Institute and comply with its Code of Ethics as enforced through disciplinary sanctions.

Our Chartered title means a lot to us. It was not easily achieved nor easy to maintain and there are very few Southwest firms meeting the rigorous criteria. It takes continuous investment in client service and commitment to maintain it. It is our policy to maintain these standards and your guarantee of our overall commitment to client service and professionalism.

PHILIP J MILTON & COMPANY PLC CHARITABLE FOUNDATION

Philip J Milton
& Company Plc
Charitable Foundation
Investing in the future - today

Our own charity, the Philip J Milton & Company Plc Charitable Foundation acts both as a recipient of our own and others' donations and looks to gift additional funds to local good causes. Enquiries are welcomed.

The Charity's Objectives are to provide grants to any of the following as the Trustees see fit:

1) Any UK registered charity operating in the areas of education, poverty relief, disaster relief or Christian activity
2) Any organisation operating in the North Devon region to benefit local community facilities, the arts or culture for the public benefit
3) Any individual anywhere in the world for the purpose of education or training, poverty relief or medical treatment
4) Any organisation assisting in the development of programmes for financial education including budgeting, basic finance, home economics and basic culinary skills

Whilst wide-ranging, some core objectives are intended to be pursued, including financial education to the poor in our local area and to consider if a suitable programme is possible to roll-out more widely.

If you feel your 'cause' would qualify for a donation, please do contact us in writing providing details. Last year, we were pleased to be able to support many worthy local causes.

If you would like to support the Charity, please send your donation to: 'The Philip J Milton & Company Plc Charitable Foundation', Choweree House, 21 Boutport Street, Barnstaple, Devon EX31 1RP. Thank you!

Amongst many other great local causes, in 2023 the charitable foundation was also delighted to support the generous matchfunding for the Amigos' borehole campaign. This enabled the charity to reach its target of securing funding for 5 boreholes so that over 14,000 people in rural communities in Uganda could have access to much-needed clean water.

AMIGOS

Our corporate sponsorship is currently being used to sponsor a student of Kira Farm in Uganda, where young people can enrol in a one-year programme focusing on three main areas: conservation farming, vocational training and holistic life skills.

Amigos hopes to play its part in helping people to change their lives. Whilst only 17% of young people are employed in Uganda, 100% of Kira graduates are in employment.

As you may recall, Justine, age 20, was last year's student benefiting from our sponsorship. Justine is a bright, ambitious young man with a good command of English and full of life, despite coming from a humble family which has endured so much hardship.

We were delighted to receive an update from Justine in December to confirm his graduation from Kira Farm and the return to his family and community. He thanked Kira Farm for the skills he has developed in carpentry, building, beekeeping and electrics. He plans to demonstrate his new skills by making chairs and tables for his Church and teaching the youths in his village.

We wish Justine all the very best for a bright and happy future.

After Hours

REFERENCES

The problem of giving references for an unsatisfactory employee was neatly solved by an employer who wrote 'you will be very fortunate if you can get this man to work for you'.

A ship's captain was once informed 'this man deserves a berth; make sure you give him a wide one'.

This man informs me he has been my house surgeon for the last six months. He has carried out all his duties to his entire satisfaction.

I am sure he will join your company as he leaves ours, fired with enthusiasm.

Miss Smith has shown herself capable of anything and we will be glad to see her back.

KNOW IT ALL

He who knows not, but knows not that he knows not, is a fool; shun him. He who knows not but knows he knows not, is simple; teach him. He who knows, but knows not that he knows, is asleep; wake him. He who knows and knows that he knows is a wise man; follow him.

Unsolicited Client Testimonials – Thank you!

We would also like to thank you and your firm, for looking after our interests since 1994 and through we are sure some very difficult years in that time. it is always very nice to deal with a local company that we can be sure is always acting in their clients' best interests. **TR, Barnstaple, June 2023**

Thank you so much for yesterday. Please also convey our thanks to your father for spending time with us. The experience was brilliant and with absolutely no interruptions really allowed an in-depth discussion. We both have every confidence in your company and look forward to a long-lasting relationship.

RC, Gloucestershire, February 2023

Thanks for taking care of our finances. **IB, Devon, December 2023**

Thank you for all your excellent financial support this year!

BC, Devon, December 2023

Thank you also for looking after my finances – I know you will do the best you can for your clients. **JT, Devon, December 2023.**

PLEASE NOTE: The comment contained within this newsletter is the opinion and copyright of Philip J Milton & Company Plc. This is a financial promotion. No outside institution is employed specifically to provide comment which is based entirely upon our independent view of worldwide markets and economies at the time of publication. The values of market investments and their income can fall as well as rise. Any performance/prices quoted are based on details at the time of writing and specific clarification and individual comment is necessary if action is being considered. Please note that some of the ancillary products or services such as Will Writing, Accountancy and Executorship services are not regulated by the Financial Services and Markets Act 2000. The value of your home is at risk if you do not keep up repayments on a mortgage or other loan secured upon it (written details are available on request). Any case studies featured in this edition have had identifying details altered to protect client confidentiality. Data is sourced externally. Although we check to ensure it is as accurate as possible, we cannot be responsible for data from third parties. If you wish to buy any investment, product or service because of this update please seek advice or conduct your own research before doing so. We cannot be liable for decisions made as a result of our publication (and where no advice has been sought). Past performance does not guide future performance. Investments can fall and rise.