



North Devon's Leading Independent Wealth Managers

MILTON NEWS

Tax Year End 2021 Edition

Highlights

- News from the Markets
- How to invest in the Market?
- Our ISA Range – urgent action required to bank your allowance
- Urgent Pension contributions
- Other important action before 5 April
- Chartered Financial Planner status – ongoing!
- Ready for savers' interest rates to hit zero or minus?
- Tax rises on the way – are you prepared

and much more!

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Dear Client

February 2021

I hope you had a comfortable Christmas and New Year. Ours was nice – surreal too in many ways and with Lunch's odd prospective disaster this year though thankfully averted at last minute (that'll teach us for going on a longer walk than planned, with the turkey in the oven...)! It's the first time we have enjoyed it outside, donning thick scarves, hats and coats and on very socially distanced tables as Noah was recovering from Covid19 and was isolating (so all his 'things' remained untouched for a few days afterwards...). Before anything else and if not insensitive, I wish everyone a Happy, Healthy and Prosperous 2021 and the very best for you and your families, with the strength and courage to endure all that the closing stages of this evil Pandemic is throwing at us.

So, we have a Brexit deal. That's good; it would never be perfect nor please all but what it does is replace uncertainty with certainty. We have an encouraging escalation in the vaccine roll-out with hopes of all vulnerable and over-fifty-year-olds being treated by the end of spring. It's still not going to be an easy time and precautions remain imperative, especially if we are aged or vulnerable (or in touch with those who may be) and it is still tragedy for those who have lost loved-ones.

Understandably the media concentrates mainly on the tragic death toll and hospitalisations but we must also look at the more positive news concerning vaccinations. Of course, this has been one of the most awful events to have ever occurred but let us have optimism that we shall soon be through the worst of the disease and can then be able to look towards doing more of the things we enjoy with family and friends. Business and economic recovery will take longer but it will follow though there will be casualties too.

So, what to start predicting? After the best ever November for the MSCI world index (and one of our best three months for clients' investments too, see below), the UK market now has a chance to move forwards. There are so many undervalued home-based situations offering colossal catch-up with the rest of the World and I really believe that could happen. One prediction I have seen is for the FTSE100 to hit five figures sooner than many expect – three years maybe – that would be around 15% pa plus income and yip – it could occur; it's not so far-fetched now. Indeed, it must still jump 14% simply to hit the figure at which 2020 began, putting it all into context, so it is not so far away after all. One sector due a revamp is the banking sector

– so much value and share prices so cheap (and shares still so unowned and unloved). Add to that energy producers (not pure ‘clean’ ones which are so overpriced at the moment), insurers and some core sectors are very good value. We are increasing our exposure to banks especially – on the other basis that they are not so over-exposed as so many frothy stocks in the States for example either, if a big jump doesn’t happen. They are also ‘allowed’ to start paying dividends too, so always good.

Did you know that during 2020, the FTSE100 fell 14.3%, marking its worst performance since the financial crisis in 2008 when it slumped 31.3%? Indeed, the FTSE100 remains 15% below its May 2018 peak. Conversely, 2020 proved a solid year for the US and Japanese markets, the latter at a five-year high and the Dow at its highest ever swollen by the tech heavy and over inflated stocks. Consequently, we have far more interest in the excellent value here in the UK market and the continuing (albeit less benevolent) discounts within the Investment Trust sector (collective investments which remain conspicuous by their absence within portfolios constructed by most other investment professionals – if you are not with us, check yours!). These discounts have narrowed and our clients have gained extra for free as a consequence!

I expect Sterling to regain some of its impetus too. The US Dollar has been weakening but against the Euro, the Pound is too weak and as a Nation we must make hay whilst the sun shines; our goods are cheap to EU citizens now and their goods are dear – 24% more since the peak in July 2015 so I expect to see that unravelling. If you have EU assets, those Euros buy cheap Pounds – at the moment. Maybe time to sell Euro assets and bring the money home.

At the point of writing, a number of our biggest holdings is enjoying exponential rises – long may it continue – even if it makes my job of buying for new clients that much harder. Indeed, our balanced accounts which include as much as 40% in assets described as ‘defensive’ in some form or another (including commodities, currencies, property, loan funds or whatever) have recovered by as much as 20-25% or more since the 5 October valuations. What is telling is that at the same time the FTSE100, purely UK shares, is only up around 14% (excluding income and costs of course). How on earth has a very balanced, medium risk strategy based on fundamental ‘value’ outperformed all those investors with their ‘cheap’ Index-trackers in the UK by 11% in just over three months? However, well done loyal and trusting clients as you are already in; your patience is at least beginning to be rewarded and special congratulations to those who responded to our calls to sit tight, reduce or cancel income withdrawals and indeed to invest more cash when things were at their cheapest – there is still time to avoid missing-out so don’t delay if you are thinking about it and have too much cash earning you nothing still. We realise that values are not quite back to their all-time highs for the UK market nor mainstream clients’ accounts pre-Pandemic but what a phenomenal recovery. Indeed, this boost has pushed the total assets the Firm now

manages for all of its clients to over £200million, indeed the highest ever now and a most humbling milestone for us.

It was a pleasure to share with clients their 5 January valuations reflecting that significant gain and which has continued further after the reports were generated. Here are just a few examples of how several of our holdings have fared since 5 April 2020 (and most will also have paid a dividend too). The lowest point was around 24 March. These are NOT recommendations and neither are they necessarily our largest holdings nor in everyone's accounts of course. Income has been received on top too!

Stock	5 April 2020 value	Current value	% Recovery
New City High Yield	£0.4035	£0.523	29.6%
Phoenix Group	£5.308	£7.086	33.5%
Shires Income Trust	£1.805	£2.50	38.5%
UIL Limited	£1.40	£2.20	57.1%
Aberdeen Sm. Co Trust	£2.16	£3.16	46.3%
European Assets Trust	£0.78	£1.21	55.1%
Chelverton UK Div Trust	£0.845	£1.60	89.3%
Montanaro UK Sm Trust	£0.985	£1.385	40.6%
G4S Group	£0.699	£2.58	269.1%
CQS Nat. Resources Trust	£0.518	£1.36	162.5%
Canadian General	£11.05	£19.60	77.4%
Blackrock World Mining Trust	£2.685	£5.65	110.4%

The four stocks in green are in our top ten stock list in size terms and primarily pushed there because they have done so well. They include miners and also a utility company (which is rather dull in fact)! Clearly, most of these recovery figures are extraordinary (albeit over a short period) and we would never suggest that this is typical as in this case, we are comparing values now to those just after Covid-19 caused the first national lockdown, so from an extremely depressed level. You may also feel that this performance cannot possibly be repeated for new money going into the market now. Probably that is true but don't forget the comments above about how poorly the UK fared during 2020, particularly compared to other major markets around the world. We have high hopes that the UK has much further to run.

As for cash deposits, it is impossible to secure an acceptable return with rock bottom interest rates (possibly going minus in 2021 so you pay to deposit your money!), falling returns from atrociously low National Savings and low Government Bond yields. Residential property also looks very expensive too and with potentially more job losses to come and with interest rates only able to go one way (albeit not in the near

term), house prices could start to fall sharply and the housing market freeze. Regardless, value-wise, houses are very poor propositions now and with £1.5trillion of debt against our housing stock, that is a big sum to go bad.

US MARKET WORRY

So, Tesla becomes famous for another reason (not just that CEO Elon Musk is now the World's richest person) – its coming of age as the biggest company (by market value) to join the US S&P 500 index and straight-in as number five. The index is 'weighted' so managers of passive funds had to sell stuff lower down to chase Tesla 'because it is there' and for no other reason, even if they agree it is ludicrously over-valued. In six months, its shares rose 200% and more since with \$1trillion on the horizon. Funnily enough, Apple has announced plans for driverless electric cars and is stockpiling Chinese components, so will Tesla's fame be short-lived indeed? It really is a very long way down and what is interesting about indices is that whilst Tesla has not added any 'points' to the Index, if it collapsed in value, it would rip-off many points added organically by the other components... and so close to the twenty-first anniversary of the 1999/2000 Dot.com peak... history doesn't repeat but it sure does rhyme!

What is curious is this situation happened with the dear old FTSE100 in 1999/2000. Then it was Vodafone which jumped in size as it took-over Mannesmann of Germany. At its peak on 30 March 2000, Vodafone shares were £6.36 and since as low as £1.02. The damage to the index was compounded because it counted for an upwardly revised 16% of the index.

Remember too that all mainstream 'cheap' UK passives were impacted as the FTSE100 counts for the vast majority of all UK stocks so the other few thousands don't count for much value. Check out the graphs of the smaller company and midcap indices since the same 1999 if you want to see the damage such bulky 'addition' can wreak in a mainstream 'index-tracker' but it's 'ok'... your losses are 'cheap' in management fees so they tell us..!

My very best wishes



Philip J Milton DipFS CFPCM Chartered MCSI FPFS FCIB

*Chartered Wealth Manager, Fellow Of The Personal Finance Society,
Fellow Of The Chartered Institute Of Bankers*



HOW CAN YOU INVEST IN THE STOCK MARKET?

Incredibly, savers have £1.5trillion in cash stashed away in bank accounts in the UK, the biggest cash pile on record, according to findings from Janus Henderson Investors. The asset manager said that £1.2trn of this cash is not needed to meet household contingencies, suggesting it is “sitting unproductively” in cash accounts earning minimal interest. The group suggested that savers are missing out on the opportunity to earn “billions of pounds extra return” on their savings. We agree! Unfortunately, despite the much-coined phrase “buy low, sell high”, far too often our irrational fears, driven inevitably by emotion of the moment, the fear of loss (not lost opportunity!) prevent us from doing just that and instead we wait for conditions to appear more “comfortable” before investing, by which time much of the recovery has already occurred.

So, for those of you who have funds available to invest more sensibly, over a wise period and who agree with us that opportunities are very attractive, how do you go about investing? One of the most tax-efficient and flexible options to invest is in a Market ISA. Despite the majority of ISAs being awfully returning Cash ISAs, (why, we don't really understand in light of the tiny tax benefit and derisory interest rates, plus the savings' Tax allowances making it redundant for most), it is the Market variety to which I am referring here. See below for more information.

ISAs - FREQUENTLY ASKED QUESTIONS

- **What is an ISA?**
- **Am I eligible to take out an ISA?**
- **How much can I contribute each year?**
- **What happens to the ISA when I die?**
- **Is an ISA suitable for me?**
- **Can an ISA give me a good income?**
- **Is an ISA risky?**
- **How can I invest in a stocks & shares ISA with you?**

Apart from writing us a cheque now, please read on; we have tried to address these queries!

WHAT IS AN ISA?



An Individual Savings Account (ISA) is simply a tax-efficient wrapper where returns from qualifying investments and cash pay absolutely no tax. ISAs are completely exempt from Capital Gains Tax and UK Income Tax, irrespective of your tax status. All distributions from interest-bearing holdings are completely tax-exempt too. Neither profit made nor income earned from ISAs has to be reported to the Taxman. ISAs are doubly beneficial to those who otherwise will be caught by the tax surcharge on their overall dividends (where these exceed £2,000 for 2020/21).

You can have many ISAs but you can only pay into one of each type (cash or stocks & shares for example) annually. You just need to make sure the money you put in across all your ISAs each year doesn't exceed the annual allowance. You can also transfer from past years' ISAs to another and from limp Cash ISAs to Market ones with us for example!

AM I ELIGIBLE AND HOW MUCH CAN I CONTRIBUTE EACH YEAR?

Every UK resident adult has an annual ISA allowance. During each of 2020/21 and 2021/22 (so before and after 5 April) you may subscribe up to £20,000 towards ISAs. These may be Stocks and Shares ISAs, Cash ISAs or a combination of the two in whatever proportions you wish. The ISA allowance is only for the money that you put into ISAs each year (running from 6 April to the following 5 April). It does not include contributions applied to ISAs in the past nor any money that you earn (from interest or growth) inside your ISAs.

So that's a generous £40,000 per person and £80,000 for a couple between now and early April for those who are yet to contribute to ISAs. Monthly, that's up to £1,666 per person although the Philip J Milton & Company Plc Discretionary Managed ISAs allow as little as £50 for beginners and there is no penalty for stopping, suspending or amending contributions according to personal circumstances. We only offer Stocks & Shares ISAs.



Regular subscriptions via monthly direct debit are automatic (so require minimal effort) and may appeal particularly to those investors who prefer to stagger their investment throughout the year in order to spread their timing, hence smoothing their exposure in the

face of volatility as well. There is also no fixed term with ISAs unlike many other forms of saving and consequently, you may access your investment at any time although clearly, it is designed to be a longer-term investment plan. Just imagine the fantastic value our monthly savers enjoyed in the spring when buying prices were so low!

When your money is invested in a Stocks and Shares ISA you can still withdraw it or the income they generate whenever you need – but remember, investing should be for the medium to longer term, so more than five years really. Your component holdings in your ISA would need to be sold of course and for the most attractive terms on dealing, please read our Discretionary Client Agreement. All that said, an investor in October would now be enjoying a 25% return from their Balanced Market ISA so three months was all that was needed for a great return as things were so cheap but that is exceptional! Investors in April did even better still!

ISAs ON DEATH

Spouses and civil partners can inherit ISAs on death and continue to enjoy tax-free returns. Previously, if someone passed away, their surviving husband, wife or civil partner could inherit their ISA savings but lost the tax-free status. For other recipients the tax benefits are still lost on death. With our own ISA, we are happy to transfer the account (and all its component holdings) into the recipient's name without charge, so no disposal costs either!

IS A STOCKS AND SHARES' ISA SUITABLE FOR ME?

The purpose of this newsletter is to give details of our strategies for your perusal. It is not suggesting a particular ISA type is necessarily appropriate for you. Whilst we shall welcome your application, without advice (using the form on the back page of this newsletter and the blue form in the centre), this will be a non-advised transaction and so we cannot be held accountable at a later date for its suitability in light of your overall circumstances.

If you want to discuss options or queries with one of the advisory team (comprising not only advisers but also our very experienced and competent team of Client Service Managers) before submitting an application, please write, telephone (01271 344300) or email info@miltonpj.net. We are also available for conference calls on Zoom and Skype. Naturally time may be very tight before 5 April, a very busy time of the year and so availability may be very limited and don't forget, Good Friday is 2 April so don't leave things till the last minute as you'll be too late!

CAN AN ISA GIVE ME A GOOD INCOME?

This will depend on your choice of ISA! As we know, banks and building society accounts are offering really poor interest rates (if anything) and this is unlikely to change in the short-term. This is true also of their cash ISAs so we see very little value in using your ISA allowance for Cash ISAs, particularly with tax-free allowances for savings' income anyway.

Typically, Market ISAs like ours receive income from dividends and interest. Often (but not always) dividend income is paid from company profits and as a consequence, they can fluctuate over time. Nevertheless, by owning a 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 dividends. Our independently managed ISA strategies have historically delivered upwards of 3-4% annually, without touching capital, so far more than the Cash ISA alternative. Please see below for more information. We also offer a Defensive, High Income ISA with a higher expected income flow.

IS AN ISA RISKY?

As the name suggests, stocks and shares (Market) ISAs do invest in shares and other market securities and their prices will fluctuate over time. Not all stocks carry the same degree of risk but there is no denying that this type of investment is generally more suited to those who can tolerate changes in investment valuations, are looking for medium to longer-term investment periods and returns and probably do not anticipate needing access to the money for the next few years. However, excellent shorter-term returns are totally possible especially if you start when things are cheap and if you make those, your 'risk view' going forwards can relax more perhaps!

Nevertheless, inherent risks can be lowered in many ways. For our ISAs (and all our managed strategies), here are some of the measures we use automatically to help protect clients' assets:

- By creating a highly diverse investment strategy, buying stocks in many different holdings and funds within numerous sectors and across various global locations. This means that rather than the value being reliant upon the fortunes of just one company (or a small number of companies) or market you will instead have your money spread across anything up to fifty holdings (dependent upon amounts invested) and many of these are 'funds' too. By "spreading eggs across many

baskets” whilst some may give disappointing returns or even fall in value, there are many others to offset that. This diversity also opens your investment to a vast range of different opportunities.

- We do not invest only in direct shares. Infact they tend to be the minority of our selections. Instead, we include a wide range of ‘funds’ - collective investments (mainly Investment Trusts), which themselves offer a wide pool of underlying holdings overseen by professional investment managers. Again, this diversity reduces risks attaching to the ISA.
- Our strategies also include investments that are more defensive in nature and which do not necessarily react in the same way to conditions as the stock market itself. These are often referred to as ‘uncorrelated investments’, where performance is driven by unrelated factors. Often these include funds which have large numbers of underlying investments too. They can include investments where value is driven by movements in interest and exchange rates, commodity prices, such as gold, base food stuffs, copper and currencies for example.
- We face no restrictions in what we can buy for you. We seek opportunities we feel are the best value at any given time. We have no axe to grind and it makes no difference to us what we buy or who manages it – only buying the best from a totally independent investment universe. You will not find such vast and varied range anywhere else and not at such good price either! We buy things you can’t buy yourself too!
- We employ the services of a leading global custodian to hold your money and investments securely and which means that you are assured of a further layer of protection, even if our own financial position remains very prudently managed!
- Rather than your investment manager constantly changing over time, (which happens in the investment industry) and leading to periods of uncertainty and cost as funds are overhauled to reflect the new manager’s views, our Firm’s investment team has enjoyed the management oversight and direction of the same person for over thirty-five years now and the majority of his Family’s money is in the same pots as clients’! This has delivered great consistency in investment direction and strategy without substantial changes in holdings, a strategy which is key to ensuring opportunities are not missed through excessive trading and so lower costs paid through small turnover.
- Importantly, we are not “trend-seekers” swayed only to invest by the latest fad, often where interest is driven by sheer speculation as opposed to the fundamentals of the

underlying holding. We seek investment opportunities the market is undervaluing and where we consider there is attractive opportunity for gain or recovery. If there is a nice dividend too that is gratefully received! The latest trendy favourite is the US tech sector (with Amazon, Facebook and Apple to name a few) which has driven US indices to record levels but which we feel is massively over-inflated and where new investors are likely to have their fingers burned. We are of the view that the UK market generally offers far better value at current levels, with a healthy track record of dividend payments too and this will remain our primary focus going forward. Of course, we shall still invest a smaller proportion of funds in international investment opportunities but steering clear of direct US exposure for now! The 'ESG' sector too is overblown as much money indiscriminately chases the few 100% 'green' and 'friendly' opportunities – many don't really know what they are buying.

OUR ISA OPTIONS

ISA Key Facts (December 2020)

Initial Charge	0%
Management Charge	1.5% plus VAT per annum*
Annual Transaction Charge	0.525% (estimated)
Administration / platform fees	0%
Withdrawal Fee**	Nil (assuming cash transfer / withdrawal)
Investment Limit	From £1,000 lump or £50 per month
Reporting Dates	January, April, July, October
Income Options	Monthly or quarterly, regulated sums or variable

<i>Figures as at December 2020</i>	ISA Model A	ISA Model B	ISA Model C
Projected Annual Income for £10,000 Investment you could expect to take	£430	£365	£550
Total amounts in ISA model at 31/12/20	£21,708,620.02	£17,876,079.45	£10,082,249.91

**Collective investments (mainly Investment Trusts) enjoy independent management for which a small additional charge applies within their funds (approximately 0.6% pa).*

***Subject to optimum withdrawal terms. For full terms and conditions, please refer to our Discretionary Client Agreement, available upon request or on our website.*

We offer a variety of ISA strategies to cater for multiple investor preferences; a more defensive strategy (C) for the lower risk investor, two complementary strategies which work together but with different holdings within them (for couples) for those seeking both income and growth (A and B) and finally an IHT exempt AIM ISA (D) for those seeking high risk opportunities and/or with an Inheritance Tax (IHT) liability, investing within select holdings on the Alternative Investment Market.

These shares within the AIM ISA (D) should be free from IHT if held for only two years although HMRC will not confirm that until the time. (An AIM ISA is potentially better than other estate planning measures as investors retain total control of the capital and income, all whilst offering tax exempt income and capital gains).

You will see a very attractive projected income flow from the three main ISA strategies and this can be paid monthly as a fixed sum – how does that compare to the Building Society or National Savings for you? It will not vary either, even if interest rates elsewhere go down even more.

HOW CAN I INVEST IN A STOCKS & SHARES ISA WITH YOU?

- If you have unused ISA allowances this tax year (or want to use those for 2021/22 after 5 April, or perhaps both), please send a cheque payable to “Philip J Milton & Company Plc” with the completed ISA application form (attached). If you would prefer to transfer money securely online, please contact us for bank details. Remember how this could be imperative this year ahead of likely swingeing tax increases on everything else and possible contraction of allowances going forwards. If you miss the chance, you cannot make-up past years’ lost allowances.
- Transfer a Cash or Stocks and Shares ISA held elsewhere to our management (without affecting your annual ISA allowance). Contact us for the relevant paperwork. Many new clients find that assimilating a host of strategies ‘all over the place’ into a single directed and properly managed one is excellent and administratively fantastic for them too! Without being morbid but it makes life so much easier for your nearest and dearest on death too. There is **no subscription cost** whatsoever to do this ‘Execution Only’.
- If you are considering further investment and seek specific advice before doing so, please contact us and we shall 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.

JUNIOR ISAs (JISAs)



Remember too that the 2020/21 JISA allowance stands at a very generous £9,000. This is the same for 2021/22. We offer our own managed stocks and shares JISA which has access to all of our ISA investment strategies, so an ideal long-term solution for children who have plenty of time on their side. With cash JISAs

paying nearer 2% at best, they are barely keeping pace with inflation and over an investment term of perhaps 10-18 years, we are confident that stocks and shares should outperform. Of course, we cannot offer any guarantees but dividends alone should exceed the total interest returns on cash at the moment! Don't leave all your children and grandchildren's money to rot on deposit... they won't be very thankful compared to what you could do instead! It is also a great educator for children to see how things in the world of money actually work.

WHY SELECT OUR DISCRETIONARY MANAGED INVESTMENT SOLUTIONS?



With our discretionary investment solutions, once invested we make all the ongoing management decisions for you in line with the chosen strategy. This is perfect for investors needing to delegate the day-to-day management and worry of their investments to a specialist who has their best interests at heart. This provides a convenient and low-

maintenance answer where our expertise, funds and resources are just not available to the individual investor and every working day.

Constructing, monitoring and then maintaining successfully a portfolio of investments takes considerable time and resources and needs a thorough understanding of market opportunities. Being realistic, how many people have the time, knowledge, or experience to be able to manage their own investments anyway and to be able to access the sorts of opportunities available to us every day? Picking 'top performers' from yesterday or relying upon tips in the media is a sure-fire way of going horribly wrong in time too. Inevitably conditions change and by managing your funds on a

discretionary basis, we are in the best possible position to react to these changes without delay and in accordance with your best interests. Compare that to the more typical and wholly inadequate one-off annual 'review' too which is all most advisers give, by which time it may be too late to make any necessary alterations to what should have changed a year ago!

We do not simply throw a client's money into markets upon receipt either. Instead, at any time of any working day, our sophisticated system can be deployed to look across all of our Portfolio, ISA and Pension strategies for all investors and identify every investment we need to purchase and in what quantity. We shall then decide which of those (if any) we wish to buy at that time. Equally, for sales, by trading in bulk we usually secure preferable prices for investors. We may also decide to apply limit prices when appropriate for stocks that are more difficult to trade. Unlike certain other available investment options (which face restrictions with dealing frequency), we can trade **any time** the market is open, thereby providing optimum flexibility.

We negotiate very attractive dealing terms through our ever-growing market presence and we are often approached by buyers of stock we hold and sellers of stock that we might be buying. We also have access to newly issued stock. Invariably, the prices we pay or receive are superior to those available to investors on the open market and that includes private investors.

We also "cross" deals on certain investments. For example, where we are required to sell for clients (who need to raise money) but we still favour that investment, we shall usually buy it back for those new clients. In so doing, we trade at a price that is favourable to both the seller and buyer and better than the open market. For stocks with limited trading, this is particularly advantageous to avoid being forced to receive a poor price for a modest quantity of stock.

PENSION CONTRIBUTIONS



We write extensively on this subject, so I shall not be too expansive here. I shall note merely that for any UK resident under age 75, pension contributions are the most tax efficient savings' vehicle around as you receive 'instant' tax relief and can access your money straight away (not that I would encourage it, if avoidable). 'Now' may indeed be the last time you can attract the highest possible Income Tax

reliefs on Pension contributions too – did you realise? Pensions are of course an extremely sensible place for long-term savings for those under age 55, too as all growth and reinvested income accumulate tax-free! The biggest tax saving of all arises for those whose incomes fall between £100,000 - £120,000 – did you know you can have an effective 60% tax relief on this income due to 40% Pension tax relief and also restoring your Income Tax Personal Allowance you lose otherwise? Speak to us to make sure pension saving is the right choice for you and to find out more about our unrivalled, seriously cost effective and fully flexible, discretionary managed pension strategies. Some of the key attractions are as follows:

- Currently, for every £1 paid into a personal pension by an individual (under 75), the pension ‘instantly’ receives £1.25 (whether you pay tax or not and even if you are not working, up to £2,880!). A contribution of £2,880 is automatically boosted to £3,600!
- Higher and top rate taxpayers can then claim back even more via their tax return. £10,000 in a pension could therefore effectively cost a 40% rate taxpayer as little as £6,000 and a 45% rate taxpayer as little as £5,500. You can also benefit from other tax savings and things like Child Benefit and Grant funding for example, if you contribute to a pension as this ‘reduces’ your adjusted income.
- For higher earners who lose all or part of their Personal Tax Allowance (due to income being between £100,000 and £125,000), a pension contribution is even more appealing as it also allows recovery of the Personal Allowance!
- You are allowed to contribute the higher of £2,880 net (which receives tax relief making the overall contribution £3,600 gross) or 100% of your UK earnings (up to a maximum of £40,000 (unless income exceeds £200,000 when this allowance is tapered down)) to your pension each tax year. Even if you are in a public sector or company pension scheme, you can have a personal pension too!
- After making full use of the current year’s annual allowance, you can carry forward unused allowances from the three previous tax years, starting with the earliest.
- Pension benefits can be taken flexibly at any time from age 55 (rising to 57).
- 25% of your pension is there for you as a tax-free lump sum. The rest can be withdrawn flexibly as part of your annual taxable income or used to buy traditional annuities to provide you with a secure income for life.
- If you die before touching your pension, up to 100% of the whole pot can pass down a generation with not a penny lost to Inheritance Tax! Don’t touch all or any of it if you can avoid it! If death occurs before age 75, the recipient will have access to the pension immediately and with no Income Tax to pay on withdrawals.

We provide a wide range of fantastic pension strategies catering for clients' differing requirements, security preferences and the probable timing until they might need to access part or all of their pension. Clients can switch between strategies for free, as their circumstances change, (for example approaching or entering retirement and the need to reduce volatility and then draw an income/lump-sum). Options also include complementary strategies for couples, to create extra diversity for risk minimalisation and enhanced return prospects, by pursuing a wider range of opportunities. If you have a pension with us already, personal top-ups are simple! We only need a cheque for your net contribution payable to 'GAM Asset Company Ltd – PJM SIPP 2A/C'. Bank transfers can be accepted too, please contact us for details.

As with Portfolios and ISAs, our pension strategies spread investors' capital amongst carefully selected stocks within defensive, income, growth, smaller company, UK and international sectors in variable proportions based upon our views concerning prevailing market conditions. Cash and currency reserves can and will be used occasionally too.

MEET THE TEAM

Our clients, whether they come to us for Financial Advice, Wealth Management, Investments, Probate and Estate guidance or related things legal, enjoy close and regular contact with their adviser and are aware we also have a highly competent support team on hand to assist should an adviser not be available immediately for queries. Over the coming editions of Milton News, we should like to introduce more of the team who will be delighted to help you at any time.

On this occasion we should like to introduce Miss Ellen Sharland, who has recently transferred from 'Reception' to the 'Administration Department'.

So, Ellen, tell us a bit about your background and how you managed to arrive at Philip J Milton & Company Plc:

I have grown up on our family farm in Winsham, only 2 minutes away from Braunton and the lovely beaches which surround our coastline here in Devon. I started off by helping my parents out on the farm, being a general helping hand. As I grew older, I started to help my mum with the computer and paperwork side of things which I really enjoyed doing. I then got a job at the local pub in 2015 and stayed for 4 years and I joined the company in January 2020 as a Receptionist. I was looking for a job that was admin based and a workplace where I could progress. My colleague Sarah



informed me of a job opening here which I thought was a brilliant opportunity to show my skills. Starting off as a receptionist I was then given the opportunity to be a Client Support Manger in September 2020 with help and support from my colleague Vicky. Then at the end of November I joined the administration department as an Administration Assistant, and I am thoroughly enjoying it. I still help with reception and Client Support Manager tasks when needed and as time allows.

What element of your job do you enjoy the most?

I enjoy every aspect of my job! From the team I work with, to helping clients and the variety of work each day. Starting off in Reception has really given me an insight into how the company works and all the different departments within. As I had no experience in this environment before, it was all new to me. A warm welcome from my colleagues helped me settle and adapt quickly. When taking calls from our clients, this could be related to anyone in Tax, Probate, Admin or Advisory so I really got to learn how everyone works and how I could deal with clients' queries when answering the phone. As I am quite a shy person, my confidence has boosted and I now feel confident with helping clients in the best way possible. Not long after I started, the COVID-19 outbreak occurred and we went into our first lockdown. To keep people safe, we went to Skeleton staff in the office and I was one of those people, as I was still learning the ropes of my position and the Firm, it was difficult to know what to say to our clients. I had our senior Receptionist on hand to help but some queries we had were difficult to tackle. There was always the option of emailing but it is not as quick and easy as it would be to ask someone face to face. But as time went on, I slowly learnt ways around how I could adapt to this new routine, as has everyone else. Sadly, a loved one of mine passed away from COVID meaning I worked from home for a short period of time. This proved difficult as I was unable to properly do my job from home. Not able to answer the phone, sort the daily post and help finalise letters (as were my main roles) was difficult and most other tasks are computer based. Soon I was back in the office again making my job a lot easier! Moving from Reception to the Administration department in such a short space of time has made me realise my capability. The COVID-19 outbreak has brought us team spirit and shows how well we all work as a company to get through these difficult times.

What does a typical day at work involve?

My day starts off with checking through emails and categorising what has recently come in on the inbox. I then make myself a cup of tea and get ready to start my day. I prioritise my emails and open any systems I may need to use for the day. We can

receive emails from all departments, these can be instructions from placing a dealing restriction on a client's account, amending incomes, share dealing, withdrawals, Pensions, ISA's, and the list goes on. We then prepare instructions to be sent to our external administrators. Emails can come in at any points of the day which are acted upon immediately. We then check through the post that is passed to us and check what action we need to take. At around mid-day we process the banking for payments coming in and out. The main requirement included in my role is to multitask well, work well as a team and respond to the range of queries we receive. I also email clients where necessary and answer the phone occasionally which is great as I love conversing with our clients, they usually tell me what they are up to or ask how we are all coping within the office, I always end the call smiling and tell everyone what a lovely conversation we had.

What are your interests outside of work?

I love spending time with my close friends and family. But as I have not been able to spend much time with them since the COVID outbreak, I enjoy a lot of cooking, sewing, long walks with the dog and now spending our Saturday nights in for a family games' night. Once we can start travelling to different countries soon, I hope to go on my first holiday abroad somewhere, as I have never been before! I guess that is what being a farmer's daughter is all about!

REVIEW SERVICE



Unlike many advisers and wealth managers, for our already competitive annual management fee we are also proud and (potentially) unique in offering clients a complimentary regular review of all funds under our management. This helps ensure the investments continue to be what clients need at the respective times. That can cost up to

1.5%pa+VAT elsewhere, on top of the adviser's/manager's ordinary charges. If you are not with us – how much do you pay, even if that charge is snaffled automatically from your funds held without you realising it or even without your adviser doing much to earn it!? So essentially, for your investment management fee, not only can you access our expertise, wonderful investment opportunities, administrative efficiency and unique investment capabilities but you also have the ability to seek a regular review of those assets with us. This is another significant advantage of using us to look after your capital!

TAX YEAR END PRIORITIES

5 April each year provokes a degree of panic with certain investors who suddenly remember that time is running out to take out an ISA for the year and pay money into a pension! For others and as we advise, the preferred time to be doing this is the **beginning** of the tax year (so, soon after 6 April), not the end! That way you avoid the unnecessary stress (and when financial firms are at their busiest) and you also enjoy the tax benefits for the entire year, alongside any tax-free returns. Indeed, as we are so busy with existing clients to whom we owe our first responsibility, for new enquirers we may even now be unable to meet their entire expectations as a consequence of pressures on time. There are also several other measures you can plan before the tax year end, which may or may not appeal, depending upon your individual circumstances. For example:

- ISA and Pension investing – as mentioned.
- Invest in Junior ISAs (and even pensions) for children.
- Use your generous Personal Income Tax Allowance of £12,500 to the full.
- Make use of the Marriage Allowance, which lets you transfer £1,250 of your **Personal Allowance** to your husband, wife or civil partner. To benefit as a couple, the lower earner must have income below their Personal Allowance. The recipient must pay tax at basic rate.
- High Income Child Benefit Charge – if this applies to you because income exceeds £50,000 have you made a lump-sum pension contribution to mitigate the problem?
- If your income exceeds £100,000 and you are losing your tax-free Personal Allowance, have you considered Gift Aid charitable contributions or lump-sum pension contributions to reduce your adjusted income below the £100,000 level?
- Use your annual gifting allowance of up to £3,000 each – for Inheritance Tax planning. You can also use any missed payments from last year too.
- Surplus income can also be gifted for Inheritance Tax planning, provided this is documented very carefully.
- Limited Companies can consider employer pension contributions.

SELF ASSESSMENT KEY TAX DATES

- 6 April 2021: First day of the new tax year 2021/22
- 6 April 2021: Time to start gathering detailed documents for your 2020/21 tax return
- 31 July 2021: Deadline for 2nd payment on account for tax year ending 5 April 2021
- 5 October 2021: Deadline to register with the HMRC if you became self-employed or started receiving property income. Submit a form CWF1 for self-employment or form SAI for non-self-employed income.
- 31 October 2021 (midnight): Deadline for paper self-assessment returns for 2020/21.
- 30 December 2021: Deadline for online submission of self-assessment tax returns for year ending 5 April 2021 for HMRC to collect tax through PAYE tax codes where you owe less than £3,000.
- 31 January 2022 (midnight): Deadline for online self-assessment returns for 2020/21.
- 31 January 2022 (midnight): Deadline for paying tax for the tax-year to 5 April 2021.
- 5 April 2022: End of tax year 2021/22



TAXATION AND ACCOUNTANCY DEPARTMENT

We have a Taxation and Accountancy Department which can 'take the strain' out of all your taxation and book-keeping procedures. We can offer you the full range of services, including:

Self-Assessment

Capital Gains Tax

Trust & Estate Tax Returns

Ltd Company/Partnership Accounts

VAT Returns/Calculations

Claims for Tax Repayment

Book-keeping

Payroll

CHARTERED FINANCIAL PLANNERS



On the front cover of this newsletter, you will have seen the Chartered Financial Planners' logo. To remind you of how we achieved this much sought-after recognition, please see below.

What is a Chartered Financial Planner?

What do you look for in your firm of financial advisers? That it is ethical and puts your interests first? That its people are competent, knowledgeable and committed to maintaining their professional capability?

Those are precisely the qualities embodied by Chartered status – the reason we are proud to have achieved the title Chartered Financial Planners as a Firm!

Chartered status is an objective mark of professional standing among all professions. It is awarded to firms which can demonstrate commitment to developing knowledge, enhancing capability and maintaining ethical standards.

The title 'Chartered Financial Planners' is granted by the Chartered Insurance Institute (CII), the professional body for insurance and financial planning.

Chartered firms must meet serious obligations

To retain our title, the advice, service and ongoing support we provide are 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 and there are very few South West 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.



RISK WARNING

Market investments offer income through the payment of dividends and interest and good potential for capital appreciation over the longer term. By this, generally we mean periods in excess of five years, preferably longer. However, we can never promise you particular returns, especially in the short-term. At any point in time but especially in the short term, your capital could be worth less than the original amount invested as some of the selected holdings may fall in value, regardless of expectations at the time of acquisition. We may also invest in funds that hold overseas' securities. The value of these investments will also rise or fall because of exchange rate changes. Past returns achieved cannot be relied upon to be repeated.

CHARITY UPDATE

CHARITABLE FOUNDATION

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. Indeed, several local campaigns have already benefitted!

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. If applicable to you, please complete the Gift Aid form at the back of the newsletter. Thank you!

AMIGOS

Some of our corporate sponsorship is sponsoring a student at Kira Farm in Uganda, where young people 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.

Like many other projects, Kira Farm had to close its doors during the Covid-19 Pandemic. However, we are pleased to report that it is again accepting students and our latest student, Ronald Ochora, has arrived and is keen to begin his training.

Ronald, whose name 'Ochora' means 'surprise', is a softly-spoken, unassuming young man who comes from a very poor background.



He has five sisters and one brother. He lives with his parents, brother and three of his sisters. Between them, they have three grass thatched mud huts: one for the parents, one for the boys and one for the girls.

The family lives on four acres of land, which Ronald's father owns. They have seven chickens and grow sorghum, maize, peas, millet, sweet potatoes, simsim (sesame) and cotton as a cash crop. Despite having four

acres, the land has been overworked and it has become infertile, so when there is a drought, they struggle to feed the family. As a result, the family has to look for occasional digging work during planting season; backbreaking work that earns just 80p a day.

Ronald grew up during the 25-year war with the Lord's Resistance Army (LRA) – a guerrilla group known for human rights atrocities, which included abducting 40,000 children and forcing many to fight as child soldiers. The Ugandan government was unable to stop the LRA and the people of Northern Uganda had to leave their villages and live in government-run camps for internally displaced persons (IDPs). These camps were created for the safety of the people, but they were rife with disease and violence and had 1.7 million people living in them at the height of the conflict. Ronald's father and his brothers were abducted by the LRA but managed to escape after a few days. He and his family then lived in an IDP camp for five years. Conditions were brutal and there was never enough food or water.

Ronald's family lives in abject poverty; they endure a hand-to-mouth existence. In 2017, the crops failed from drought and there was no money for school fees. Ronald had to leave school in Primary 6 (year 5) due to lack of fees. He used to want to become a doctor when he was growing up, as he felt the doctors that he saw were not helping people very much. Life has been tough and Ronald says the most difficult thing has been the hard work on the land and lack of a good harvest. He also has a problem with some older boys who steal and then accuse him of the crime. Despite all this hardship, Ronald loves life and values having his own mud hut.

On a typical day, Ronald wakes at 6am and go into the garden to work until 11am, collecting firewood on the way home. His three sisters carry water for the family; it takes them about an hour. The family have one meal a day, which they eat at 3pm. In the evening, they gather around an open fire and talk, going to bed at 9pm. They have a kerosene candle for light and if they can find old batteries, they put them together with a bulb to try and get some light. Occasionally, for fun, Ronald will play a game similar to marbles but with Coke bottle tops.

AFTER HOURS

Why did the little boy eat his cash? Because it was his dinner money!

Why is money called dough? Because we all knead it!

Always borrow money from a pessimist. They'll never expect it back.

I saw a sign that said "Watch for children," and I said, "That sounds like a fair trade."

What type of investment do Wall Street traders call a "007?" A Bond.

Little Johnny is always teased by the other boys at school for being stupid. Whenever they make fun of Johnny, the other boys will offer him a nickel or a dime, and Johnny always takes the nickel. One day, after Johnny takes a nickel, Johnny's friend, Billy, pulls him aside and asks, "Johnny, don't you know by now that a dime is worth more than a nickel, even though the nickel is bigger?" A smile slowly comes over Johnny's face. "Well," he says, "they'd stop doing it if I took the dime, and so far, I've made 20 bucks!"

UNSOLICITED CLIENT TESTIMONIALS

*I would like to express my gratitude to you and to Felix for your offer of assistance in this matter. I have always been extremely happy with all my dealings with both Philip and Felix over many years, who have been considerate and professional at all times. **BR December 2020***

*Again, thank you for your help to be honest you are the only person over the last few years who has given me the information that I can understand. **KD May 2020***

*Thank you for sending the final accounts concerning my sister's estate. We are relieved that it has come to a satisfactory conclusion despite the delays and extra worries caused by the Covid-19 crisis. Thank you so much for dealing with this so efficiently and with such consideration. **RB July 2020***

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 for comment which is based entirely upon our independent view of worldwide markets and economies at 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

Gift Aid Form

Please note that the form must be in a single tax payer's name.

Name of Charity: **The Philip J Milton & Company Plc Charitable Foundation**

Title: Forename(s):

Surname:

Address:

.....

..... Post Code:

Email:

I want the charity to treat all donations made from the date of this declaration until I notify you otherwise as Gift Aid donations.

You must pay an amount of Income Tax and/or Capital Gains Tax at least equal to the tax that the charity reclaims on your donations in the appropriate tax year.

Signature: Date:/...../.....

You can cancel this Declaration at any time by notifying the Charity.

If your future circumstances change and you no longer pay tax on your income and capital gains equal to the tax that the Charity reclaims, you can cancel your declaration.

If you pay tax at the higher rate or benefit from Age Allowance, you may be able to claim further tax relief in your Tax Return. If you are unsure whether your donations qualify for Gift Aid tax relief, ask the Charity or refer to help sheet IR65 on the HMRC web site (www.hmrc.gov.uk)

Philip J Milton & Company Plc

Established 1985

North Devon's Leading Independent Wealth Managers

Dear Philip J Milton & Company Plc

Please accept this letter as notification of my wish to establish an 'execution-only' (without advice) investment in your discretionarily managed:

- Balanced Investment Portfolio**
- Stocks and Shares ISA**
- High Income ISA**
- Balanced Personal Pension**
- Other: Portfolio / ISA / Pension strategy** (please note)

Please find enclosed a cheque payable to '**Philip J Milton & Company Plc – Client Trust a/c'** to begin/add to my ISA/Portfolio investment. For a pension investment, my cheque is payable to '**GAM Asset Company Ltd – PJM SIPP 2 A/C'**

We have listed some of our most popular strategies here but these are not 'recommendations' for you.

Please select 'other' if you would like to receive information on all our available investment strategies.

Please contact us if you would prefer to transfer funds direct to our bank.

I/ we look forward to receiving full details of the investment and understand my/our funds will be held in a Client Cash Account until all relevant documents/information are provided and I/we meet all other regulatory requirements

Name(s) _____

Address _____

Postcode _____

Date of Birth _____

NI Number(s) _____

Telephone _____

Email address _____

Please tick the box if you **do not** wish to receive confidential information via this email address.

Philip J Milton & Company Plc is authorised and regulated by the Financial Conduct Authority 181768.

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