

VIEWPOINT

BRAYBROOK & CO

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Make the most of your ISA, pension and gifting opportunities



As the end of the tax year approaches, maximising your annual allowances can provide a welcome boost to your long-term financial plans. Here are the key opportunities to consider.

With 5 April on the horizon, now is a good time to take stock of the allowances available for you to grow your wealth more efficiently, plan for retirement, and support your family.

But be aware, most of these allowances operate on a 'use it or lose it' basis. Use them before the end of the tax year, or they'll be gone forever.

Your ISA allowance

Each tax year you can invest up to £20,000 in an ISA with any interest, dividends or capital gains free from UK income tax and capital gains tax.

From April 2027, the annual Cash ISA allowance will fall from £20,000 to £12,000 for under-65s. The aim is to encourage greater investment into stocks and shares to boost the UK economy.

Whether you're building long-term investments through a Stocks and Shares ISA or setting aside shorter-term savings in a Cash ISA, using your ISA allowance before the deadline is a sensible strategy. If you hold ISAs from previous years, this can also be a good time to review whether they're working hard enough to reach your financial goals.

Junior ISAs

Parents, grandparents, family, and friends can contribute up to a total of £9,000 each year into a Junior ISA (JISA) on behalf of a child under the age of 18. The money grows free from income tax and capital gains tax. Often forgotten, JISAs are a tax efficient way of building a valuable financial headstart to support future education costs or a deposit for a first home. You can invest a lumpsum to maximise the allowance, but small, regular contributions can build up significantly over time.

Key allowances to consider before 5 April

- ISA allowance of up to £20,000 per adult.
- Junior ISA allowance of up to £9,000 per child.
- Pension contributions with potential tax relief.
- Junior SIPP contributions of up to £3,600 a year.
- Annual gifting allowance of £3,000.
- Small gifts of up to £250 per person.
- Wedding and civil partnership gift allowances.

Boost your pension contributions

Pensions remain one of the most tax-efficient long-term planning tools. Most people can contribute up to £60,000 a year, depending on earnings, and benefit from tax relief on contributions. This significantly increases the value of each pound you invest.

If you're part of a workplace pension scheme, employer contributions can further boost your savings. As the tax year ends, it's worth checking how much you've paid in and whether an extra contribution could help provide a boost to your long-term retirement plan, and an immediate reduction to your income tax bill.

Junior pensions

For families looking to plan even further ahead, a Junior Self-Invested Personal Pension (SIPP) allows you to contribute up to £3,600 a year into a pension for a child, including basic-rate tax relief. The funds cannot be accessed until the child reaches retirement age, which is currently set at 55 but increasing to 57 in 2028. Starting to invest early gives the investments many years to grow, making a Junior SIPP a thoughtful long-term gift.

Gifting to support loved ones

If helping family is a priority, the annual gifting allowance enables you to give away up to £3,000 each tax year (or £6,000 between a couple) reducing the size of your estate – and IHT liability. You can also make smaller gifts of up to £250 per person, along with certain wedding or civil partnership gifts.

Why an adviser can help

With a range of allowances to consider, it's not always obvious which ones will have the greatest impact for you. A financial adviser can help you understand the rules, decide which options best suit your goals and create a plan that makes the most of each tax year without feeling rushed.

An ISA is a medium to long term investment, which aims to increase the value of the money you invest for growth or income or both. The value of your investments and any income from them can fall as well as rise. You may not get back the amount you invested. HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.