PRESS RELEASE

SEVEN Investment Management

FOR IMMEDIATE RELEASE **31 JANUARY 2018**

TAX PLANNING: 7IM SHARE 5 OFTEN OVERLOOKED AREAS

- **Forget about vowing to file self-assessment 'earlier' next year – you probably won't (although don't miss the deadline!)**
- **Bear in mind all those ways you can make the most of tax allowances**

Benjamin Franklin said that "you may delay, but time will not", something that those filing last minute self-assessment forms will know all too well.

But whilst for ISA investors there's a little time left on the clock until 5 April 2018, **Seven Investment Management (7IM)** highlights five often overlooked ways that investors can make the most of tax efficient saving and investing in general.

Michael Martin, Relationship Manager, 7IM said: "Self-assessment has to be one of the all-time most tedious pieces of life laundry – even the well intentioned of us (like me) can end up filing their return at the 11th hour.

"If you want to halve the pain next year, with less to declare, let alone less to needlessly hand over, there are some options, none of which will in any way upset HMRC. So forget about vowing to file earlier next year – you probably won't (although don't miss the deadline!). But bear in mind those ways you might be able to make the most of tax allowances. And since everyone's circumstances are different, and if there is any doubt, it is well worth seeking tax advice."

1. Capital Gains Tax (CGT) and income tax allowance – the Cinderellas of tax planning?

Michael Martin said: "The capital gains tax and income tax allowances are the Cinderellas of tax planning. Whereas ISA wrappers come with 'ribbons and bows' (a strong brand, in other words), there is no equivalent for capital gains and income tax allowances. This is probably why we find around 80% of new clients are not taking advantage of these important allowances. Crystallising gains annually in a tax efficient way can help mitigate a future tax bill, but it requires discipline and process, and it may be necessary to take advice.

"But if you are utilising your ISA allowance each year, why not be even more tax efficient and think about utilising your CGT and income tax allowance? This year's 2017-2018 capital gains tax allowance is £11,300 and the income tax personal allowance is £11,500."

2. 16 and 17 year olds – the ISA 'double whammy'

Michael Martin said: "It is usually the case that if something looks too good to be true, it probably is. But this isn't the case with the ISA 'double whammy' for 16 and 17 year olds. Whether by luck or design, 16 and 17 year olds currently get two ISA allowances, because they can open an adult ISA from age 16 alongside their Junior ISA, although they can't open a Junior ISA if they have a Child Trust Fund. That could mean putting aside up to £24,128 in your child's name tax free in the 2017-2018 tax year."

3. Dividend allowance – time to restructure?

Sophie Kilvert, Relationship Manager, 7IM said: "Because the dividend allowance is being reduced from 6 April to £2,000 from £5,000, it may mean that some investors might want to restructure their investments towards growth rather than income from a tax efficiency perspective, if investing outside of a tax wrapper."

4. ISA Allowances – passing the strings, as well as the purse?

Sophie Kilvert, Relationship Manager, 7IM said: "For couples, it makes sense to fully utilise each other's ISA allowance, particularly where one half of the couple has more financial resources than the other, producing combined tax free savings of £40,000 in the 2017-2018 tax year. It comes with a caveat, though – since ISAs cannot be in joint names, if you're handing over a significant amount of money to your spouse's ISA for tax efficiency purposes, remember that you are handing over the strings, as well as the purse."

5. Income tax allowance part II

If you are married or in a civil partnership and your spouse earns £11,500 or less, they can transfer up to £1,150 of their personal income tax allowance to you (if you earn between £11,501 and £45,000, or £43,000 if you're in Scotland). This could reduce your tax bill by £230 in the 2017/18 tax year and you could even backdate the claims to 5 April 2015.

*The steps highlighted in this press release are intended as a general guide only. The information contained in this document does not constitute investment or tax advice. Tax rules are subject to change and taxation will vary depending on individual circumstances.

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Notes to Editors:

<u>About 7IM</u>

It all began in 2002, with seven of us in a basement establishing Seven Investment Management (7IM) because we couldn't find anywhere we wanted to invest our families' money. Our assets under management now stand at around £12bn (more than doubling since 2013), and we have moved from 'basement' to 'Bishopsgate' in the City of London. There are now around 240 of us.

Radical common sense

We manage money aiming to meet people's medium to long term return expectations. Fundamentally, we believe in active asset allocation in both active and passive investments (where we were one of the first to offer actively managed passive portfolios). We build global portfolios based on that allocation, and include alternative assets where appropriate to manage the risk reward trade off. Active currency management is also at the core of what we do.

7IM provides investment services to professional wealth managers, planners, advisers and private investors. These include: Discretionary investment management, a range of multi-asset portfolios, an investment and open architecture trading platform and a fantastic app, 7IMagine, which brings client portfolios to life.

Multigenerational investing

We do our best to pass on economies of scale, reducing fees so more investors within a family save with us. Grandparents, through to parents and their children can invest as individuals with one charging structure – whether they live under the same roof or not.

A story of continuous innovation.
In 2013, we launched 7IMagine, an app allowing investors and advisers to keep up to date with their portfolio. The brainchild of some clients – professional 'gamers' uninspired by their paper statements – 7IMagine was enriched in February 2016, with My Future. Again using gaming technology, My Future allows advisers and investors to capture details about family or individual finances, including any number of streams of income, properties, other assets and expenses, to help identify how sustainable their finances are and if / when their retirement income will run out.

Our funds

- Our **AAP fund range (Asset Allocated Passive)** is populated largely with passive structures to keep costs to a minimum. Asset allocation is actively managed to help exploit opportunities and reduce risk across the spectrum: **7IM AAP Adventurous, 7IM AAP Moderately Adventurous, 7IM AAP Balanced, 7IM AAP Moderately Cautious, 7IM Cautious and 7IM AAP Income**. Some of these risk profiles have an offshore version of the fund.
- Our **Multi-Manager fund range** invests in a range of active and passive vehicles. Costs still matter, but if we think an actively managed fund can outperform a passive alternative we have the freedom to choose it. Asset allocation is actively managed. Again, there are different funds for different profiles: **7IM Adventurous**, **7IM Moderately Adventurous**, **7IM Balanced** and **7IM Moderately Cautious**. Again, some of these risk profiles have an offshore version of the fund.
- We also have a selection of funds designed to meet specific needs, such as the **7IM Personal Injury Fund**, the **7IM Real Return Fund** or the SRI focussed **7IM Sustainable Balance Fund**.
- We also have a range of 'smart passive' funds known as the equity value funds. The range includes: the **7IM UK Equity Value Fund**, the **7IM US Equity Value Fund**, the **7IM European (ex. UK) Equity Value Fund** or the **7IM Emerging Markets Equity Value Fund**. These are entirely systematically managed based solely on company fundamentals, the aim being to outperform the relevant passive market cap-weighted alternative by selecting profitable, high-quality, cash-flow generating companies that trade at a discount to their intrinsic value.

Our Model Portfolios

The 7IM Model Portfolios are a range of risk rated portfolios and are available within our discretionary investment services and standalone on the 7IM platform and other platforms. The Models use the same investment process and asset allocation as our funds.

Our range of Model Portfolios are available across the risk profiles: **7IM Adventurous Model Portfolio, 7IM Moderately Adventurous Model Portfolio, 7IM Balanced Model Portfolio, 7IM Moderately Cautious Model Portfolio, 7IM Cautious Model Portfolio and 7IM Income Model Portfolio**.

The 7IM funds and Model Portfolios are available through the 7IM Discretionary, Managed Investment, Platform, and Self Invest services, as well as on other platforms.

Important information: The information contained in this document does not constitute investment advice and if you are in any doubt about the suitability of the investment or service, you should consult a professional financial adviser. The value of investments, and the income from them, can fall as well as rise and you may not get back the full amount invested. Seven Investment Management LLP is authorised and regulated by the Financial Conduct Authority. Member of the London Stock Exchange. Registered office: 55 Bishopsgate, London EC2N 3AS. Registered in England and Wales No. OC378740.

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