MONTHLY MATTERS

APRIL 2025

Wealth Matters

CELEBRATING 25 YEARS

Hasn't the weather outdone itself?! Late spring has arrived in a glorious plume of hot weather and balmy sunshine. We've been relishing the opportunity to take our lunch outside and soak up some rays on our breaks and Toby is making up for lost time with plenty of warm naps in sunny spots.

This month, we have plenty to share with you.

Graham Dormer, our newest addition to the financial planning team, has shared his insights into financial planning for small business owners. Graham has a strong background in finance within SMEs, so brings a raft of expertise in this area to the team. Read on to find out more.

Following on from this, we've taken an in depth look at the importance of Wills within your estate planning and why it's imperative to keep them up to date at all times.

Next up, we've taken a look at the team's guidance on how to set financial goals, before rounding up with our usual dose of Toby's tales.

We hope you enjoy this newsletter.

IN THIS NEWSLETTER

Practical planning tips for small business owners

By Graham Dormer

Running a small business is more than a full-time job. Between managing cashflow, growth, staff, and strategy, your financial health can quickly become overwhelming. That's where financial planning becomes not just helpful, but essential.

Setting aside time to think about your long-term goals—both personal and professional—can make a big difference. A bit of structure and planning now can offer more flexibility and peace of mind later.

Here are some of the key areas to focus on:

1. Tax Planning

Effective tax planning isn't just about reducing liabilities – it can also support business growth and personal financial goals.

For example, employer pension contributions (including for company directors) are often treated as allowable business expenses. This can reduce Corporation Tax and National Insurance contributions while helping you build long-term retirement savings in a tax-efficient way.

2. Personal & Business Balance

For many business owners, personal and business finances are closely linked—which can make long-term planning more complex.

Setting up a structured personal financial plan alongside your business helps ensure that your future income isn't entirely reliant on the success or sale of the business.

This approach adds flexibility and can provide more security in retirement, regardless of how your succession plans evolve.

3. Exit & Succession Readiness

Even if you're years from leaving your business, having a plan for how and when that might happen gives you options. Whether it's a sale, handover, or simply winding down, thinking ahead makes transitions smoother.

4. Risk Planning

Unexpected events—illness, loss of a key client, or staff changes—can impact your business and your household. Reviewing insurance options and contingency plans helps manage those risks more effectively.

5. Estate & Legal Planning

A robust estate plan combined with solid tax planning is key for any business owners. Making sure you protect your loved ones and ensuring your business ends up in the right hands at the right time is essential.

Estate Planning is not just necessary for when you decide to retire. What would happen if you became incapacitated or unexpectedly passed away? Having Wills, Powers of Attorney, Trusts and clearly defined beneficiaries will protect your business and family for many years to come.

What Helps in the Long Run?

Just like a personal financial plan, we recommend that you review your business plan annually at least. It is about gaining clarity, reducing risk, and giving yourself the freedom to focus on what you do best: running your business.

At Wealth Matters, we can offer advice on all aspects of supporting small business owners.

Get in touch with your Wealth Matters Financial Planner to learn more.

What happens when I die? Wills and Inheritance Tax explained

Navigating the intricacies of Wills and Inheritance Tax (IHT) can be a daunting task, especially in the emotionally charged aftermath of a loved one's passing. The admin of your estate is the last thing your loved ones will want to have to think about, so getting your affairs in order sooner rather than later is the best way to make the process seamless.

What happens to my assets?

When someone dies, their estate, which includes everything they own of monetary value (property, savings accounts, shares, investments, belongings, and so on), must be distributed according to their wishes as outlined in their Will. If there isn't a Will, or if it is wholly or partially invalid, it becomes subject to rules of intestacy, which are set by law.

It is crucially important to put a Will in place with a professional, who can ensure its validity and make sure that it can be distributed exactly according to your wishes. If not, your intentions may not be able to be carried out. If you do not already have one, talk to us about getting a Will in place.

How does my Will get distributed?

The Executor (or Executors) of the Deceased's will (or an Administrator if there is no will) is legally responsible for handling the estate. This involves identifying all assets and liabilities, such as property, savings, investments, and debts. Often, an Executor will choose to enlist the help of a professional third party to either assist or to completely take on the responsibility of distributing the Will.

The Executor then values the estate and applies for a grant of probate, which is a legal document that confirms their authority to deal with the estate. Once probate is granted, the Executor can begin the process of distributing the assets according to the instructions laid out in the will. This may involve selling property, closing bank accounts, and transferring ownership of assets to beneficiaries.

Where does Inheritance Tax come into play?

Before the beneficiaries can receive their inheritance, any Inheritance Tax owed to the government must be settled. Inheritance tax is calculated on the value of these estate above any available Nil Rate Band and Residence Nil Rate Band.

It's worth bearing in mind that married couples or civil partners don't pay inheritance tax on first death on assets that are based to their surviving spouse or civil partner. Any unused Nil Rate Band and Residence Nil Rate Band can potentially be utilised on second death.

We can help you and your family to plan so you are not paying more IHT than is necessary – speak to your financial planner about how this works.

It's also worth noting that IHT must typically be paid within six months of the end of the month in which the person died. If it is not paid within this timeframe, HMRC may charge interest on the outstanding amount.

What can I do to be prepared?

Get your Will in place and, importantly, review it regularly. Life throws all sorts of twists and turns our way, so it's good practice to make sure your Will continues to reflect your wishes. Big life events such as a marriage, a divorce, grandchildren being born, or sale of property might affect the intentions laid out in your existing Will. Many people do not realise that, when they marry, their Will becomes invalid and they must make a new one – and in the reverse scenario, a divorce does not revoke a Will.

The rules and thresholds around IHT change often. Get in touch so we can help with your estate planning, so you can get plans in place for mitigating the amount of tax due upon your estate after your death.

It's not the most pleasant subject to think about, but it's just as important to consider what will happen to your wealth in death as it is in life – after all, you can't take it with you.

How to set financial goals

Why is it important to set financial goals?

When you start with the end in mind, it becomes much simpler to focus on what it is you want to achieve. Your Financial Planner will need to know what your goals are before we can plan out how to help you get there. This is why we always do a deep dive into what matters most to you before any of the technical work begins.

Through tailored financial planning, we help you build a roadmap to your goals, with careful steps on how to achieve them, and ongoing reviews to help you stay on track!

Should we set long- or short-term goals, or both?

It is important to set both long- and short-term goals as both can be factored into your financial planning.

Short term goals could include building an emergency fund, paying off debt, purchasing a new car or funding your children's University fees. Longer term goals may be building a retirement fund, paying off a mortgage, or building a legacy for your loved ones.

What tactics can we use for goal setting?

Setting out what you want your future to look like is crucial. It gives you an opportunity to think about what your priorities are and the reasons you're looking forward to this chapter of your life.

We advise our clients not to start with the value of their pot, but to first think about the following three questions:

- **When do you want to be financially independent?** For some people the answer is 'as soon as possible', but many enjoy their work. Is part time work or a phased retirement something you would consider?

- **What does your ideal retirement look like?** What is it you are most looking forward to? This could include travelling, hobbies, spending time with family, moving home, or even starting a new business.

- **Do you have any other priorities or goals for retirement?** For example, would you like to leave a legacy for your family? Do you want to help your children or grandchildren get on the property ladder? These elements will need to be factored into your plan.

With goals set for retirement and lifestyle, Wealth Matters then map out how you will be able to afford it.

We break down your finances into four key areas:

- **Essential spending:** This is the basic income you need;

- **Discretionary spending:** What extra income you need to allow you to live the retirement lifestyle you need to;

- **Emergency Funds:** Maintaining a buffer will improve your financial resilience;

- **Lump Sums:** I normally ask my clients, how often would you like to change your car in retirement? What large holidays or cruises do you plan to go on?

What is a good way to make sure we are on track with achieving our goals?

Using smart forecasting tools, we can build a picture of where you are now versus where you'd like to be in the future.

We can model different scenarios and effectively predict how and when you will achieve your goals. You may hear this method referred to as "cash flow planning".

How often should we review them?

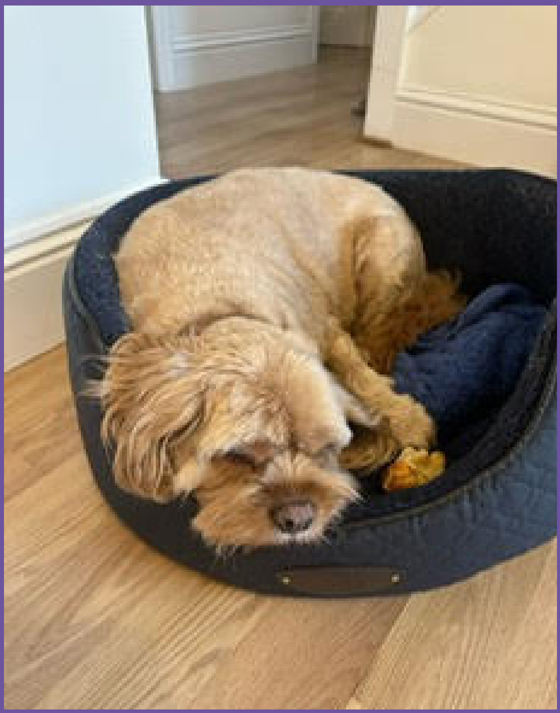
It is important to review your goals at least once a year. Your personal goals may even change depending on your circumstances, especially during major life events, so you may need to add new ones!

Meeting with your Financial Planner on a regular basis ensures that your plan remains current and achievable by monitoring progress and making adjustments. Your Financial Planner will aim to ensure you have the flexibility you need to accommodate the inevitable unknowns, while never taking our eyes off your ultimate prize.

What next?

Get in touch with us if you'd like to discuss your financial goals and how we could help you achieve them.

Dog Tales



With all the volatility in the markets this month, many news outlets have been losing their head a little.

Abrupt market corrections can certainly feel jarring and stir up a little fear in the pit of your stomach – it's an understandable feeling. However, as Toby is perfectly modelling here in his serene repose, the very best thing that you can do in situations such as these is to step away from the scaremongering headlines and relax.

Remember that ups and downs are part of the normal cycle of the stock markets, and that historically they have always bounced back stronger after a major correction.

Take a leaf out of Toby's book – keep calm and ~~carry on~~ have a snooze.

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