



THORNTONS WEALTH

MAIN ANNOUNCEMENTS FROM CHANCELLOR JEREMY HUNT AT A GLANCE

110 measures aimed at stimulating
growth in the UK's economy

STATE PENSION

*'Triple Lock' to increase by
8.5% from 6 April 2024*

PERSONAL TAX AND SAVINGS

*What the Autumn Statement
means for you and your money*

ASPIRING TOWARDS RETIREMENT

*Why many people experience a
mixed bag of emotions on the subject*

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Thorntons Wealth is a trading name of Thorntons Investment Management Ltd (SC438886) and Thorntons Wealth Management Ltd (SC241755). Both companies are registered in Scotland and the registered address is Whitehall House, 35 Yeaman Shore, Dundee DD1 4BU. The companies are authorised and regulated by the Financial Conduct Authority.



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WELCOME TO THE LATEST ISSUE OF THORNTONS WEALTH MAGAZINE.

Welcome to the December 2023 issue of Thorntons Wealth's monthly e-zine newsletter.

Chancellor of the Exchequer, Jeremy Hunt, announced during the Autumn Statement 2023 what he said was 'a comprehensive package of 110 measures aimed at stimulating growth in the UK's economy'. He acknowledged the announcement comes amid a challenging economic climate. Still, Mr Hunt said he remained optimistic, pointing out that the UK's economy has been more resilient than expected this year. We summarise the key points announced during the Autumn Statement 2023.

The State Pension is set to increase commencing on 6 April 2024 due to a mechanism known as the 'Triple Lock'. Chancellor Jeremy Hunt announced an increase of 8.5%, which pensioners will welcome. This increase translates to significant changes in the weekly pension amounts. For those receiving the full, new flat-rate State Pension, the weekly amount will be £221.20. Meanwhile, for those on the full, old basic State Pension, the weekly figure will be £169.50.

Significant changes are coming to Individual Savings Account (ISA) rules. From 6 April 2024, savers and investors will have more freedom to pay into more than one of each type of ISA annually. This is considered one of the most considerable shake-ups of ISA rules for many years. The new rules are designed to provide further flexibility, enabling savers and investors to move between different providers. By allowing multiple subscriptions to ISAs of the same type every year, the government aims to stimulate competition among providers.

Retirement is often envisioned as a time to unwind and indulge in our passions after years of hard work. However, recent research indicates that many individuals feel apprehensive about retiring due to financial and emotional concerns. The latest findings show that nearly two-thirds (58%) of over-40s are nervous about retiring, with 20%

being 'very anxious'. This represents a staggering 70% increase from our 2022 findings.

Embarking on the journey of investing can seem intimidating initially, but with a long-term perspective, it can significantly accelerate the achievement of your financial goals. It's normal to feel a mix of excitement and apprehension as a first-time investor. There's a lot to navigate – stocks, bonds, mutual funds, market trends and a sea of unfamiliar jargon. Remember, every successful investor started right where you are now. We consider five essential tips to help you take the first step and beyond.

We hope you enjoy this issue and find the articles featured interesting.

You can also forward this e-zine newsletter to someone else you know who would like to receive a complimentary copy. ■

Best Wishes,
Thorntons Wealth

The content of the articles featured in this publication is for your general information and use only and is not intended to address your particular requirements. Articles should not be relied upon in their entirety and shall not be deemed to be, or constitute, advice. Although endeavours have been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough examination of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions taken in respect of any articles. Thresholds, percentage rates and tax legislation may change in subsequent Finance Acts. Levels and bases of, and reliefs from, taxation are subject to change, and their value depends on the individual circumstances of the investor. The value of your investments can go down as well as up, and you may get back less than you invested. Past performance is not a reliable indicator of future results.

MAIN ANNOUNCEMENTS FROM CHANCELLOR JEREMY HUNT AT A GLANCE

110 measures aimed at stimulating growth in the UK's economy

CHANCELLOR OF THE EXCHEQUER, JEREMY HUNT,

ANNOUNCED DURING THE
AUTUMN STATEMENT 2023
WHAT HE SAID WAS 'A
COMPREHENSIVE PACKAGE
OF 110 MEASURES AIMED AT
STIMULATING GROWTH IN THE
UK'S ECONOMY'.

He acknowledged the announcement comes amid a challenging economic climate. Still, Mr Hunt said he remained optimistic, pointing out that the UK's economy has been more resilient than expected this year. Our Guide to Autumn Statement 2023 summarises the key points announced.

ECONOMY

GROWTH

- The independent Office for Budget Responsibility (OBR) expects the economy to grow by 0.6% this year and 0.7% next year, rising to 1.4% in 2025, then 1.9% in 2026, 2% in 2027 and 1.7% in 2028

BORROWING & DEBT

- Underlying debt is forecast to be 91.6% of GDP next year, 92.7% in 2024/25 and 93.2% in 2026/27 before declining to 92.8% in 2028/29
- Borrowing forecast to fall from 4.5% of GDP in 2023/24 to 3% in 2024/25, 2.7% in 2025/26, 2.3% in 2026/27, 1.6% in 2027/28 and 1.1% in 2028/29

INFLATION

- Headline inflation forecast set to fall to 2.8% by the end of 2024 and to the Bank of England's 2% target rate in 2025

TAXATION AND WAGES

- The main rate of National Insurance is cut from 12% to 10% from 6 January 2024
- Class 2 National Insurance – paid by self-employed people earning more than £12,570 – abolished from 6 April 2024
- Class 4 National Insurance for self-employed – paid on profits between £12,570 and £50,270 – cut from 9% to 8% from 6 April 2024
- Legal minimum wage – known officially as the National Living Wage – to increase from £10.42 to £11.44 an hour from 6 April 2024
- New rate applies to 21 and 22-year-old workers for the first time rather than just those 23 and over
- Income Tax personal allowance remains unchanged and frozen until 2028 (applies to England, Wales and Northern Ireland)

PENSIONS & BENEFITS

- State Pension payments to increase by 8.5% from 6 April 2024, in line with average earnings
- Consultation on whether savers get the right to choose the pension scheme their employer pays into, allowing them to possibly have one pension pot for life
- Universal Credit and other working-age benefits to increase by 6.7% from 6 April 2024, in line with September's inflation rate



- Local Housing Allowance rates – which determine the level of housing benefit and Universal Credit people receive to pay rent – to be unfrozen and increased to 30% of local rents
- Work Capability Assessment to be reformed to reflect the availability of home working after the COVID pandemic
- Funding of £1.3bn over the next five years to help people with health conditions find jobs
- Further £1.3bn to help people who have been unemployed for over a year
- Claimants deemed able to work but who refuse to seek employment lose access to their benefits and extras like free prescriptions

BUSINESS & INFRASTRUCTURE

- ‘Full expensing’ tax break – allowing companies to deduct spending on new machinery and equipment from profits – made permanent

- There has been no further change to the rates of Corporation Tax
- Some £500m over the next two years to fund AI innovation centres
- The 75% business rates discount for retail, hospitality and leisure firms extended for another year
- Funding of £4.5bn to attract investment to strategic manufacturing sectors, including green energy, aerospace, life sciences and zero-emission vehicles
- Households living close to new pylons and transmission infrastructure to get up to £1,000 a year off energy bills for a decade

OTHER MEASURES

- Alcohol duty: the government will freeze alcohol duties until 1 August 2024
- Duty rates on all tobacco products increase by RPI +2%
- To reduce the gap with cigarette duty, the rate on hand-rolling tobacco increased by RPI + 12% this year

- Planning applications to be granted for businesses to allow local authorities to recover the full costs of major business planning applications if they meet guaranteed faster timelines
- If they fail, businesses will be refunded in full and have their planning application processed free of charge
- The government will meet its NATO commitment of spending 2% of gross domestic product (GDP), the measure of everything produced in the economy, on defence
- Extension of National Insurance relief for employers of eligible veterans for another year to support the Veterans’ Places, Pathways and People programme
- Scope of the current VAT zero rate relief on women’s sanitary products extended to include reusable period underwear from 1 January 2024. ■

STATE PENSION

'Triple Lock' to increase by 8.5% from 6 April 2024

THE STATE PENSION IS SET TO INCREASE COMMENCING ON 6 APRIL 2024 DUE TO A MECHANISM KNOWN AS THE 'TRIPLE LOCK'.

CHANCELLOR JEREMY HUNT ANNOUNCED AN INCREASE OF 8.5%, WHICH PENSIONERS WILL WELCOME.

The State Pension is a recurring benefit paid out every four weeks by the government. This payment is made available to individuals who have reached the qualifying age and have sufficiently contributed to National Insurance.

This increase translates to significant changes in the weekly pension amounts.

For those receiving the full, new flat-rate State Pension, the weekly amount will be £221.20. Meanwhile, for those on the full, old basic State Pension, the weekly figure will be £169.50.

The State Pension 'Triple Lock' concept might seem complex, but it's quite straightforward. It's a system that ensures

the State Pension increases each April, with the increase based on the highest of three measures.

The 'Triple Lock' system measures inflation as per the Consumer Prices Index of the previous September, the average wage increase across the UK, or a minimum of 2.5%. Whichever of these three measures is highest dictates the increase in the State Pension. ■



PERSONAL TAX AND SAVINGS

What the Autumn Statement means for you and your money

INDIVIDUAL SAVINGS ACCOUNTS (ISAS)

One of the most considerable shake-ups of ISA rules for many years

Significant changes are coming to Individual Savings Account (ISA) rules. From 6 April 2024, savers and investors will have more freedom to pay into more than one of each type of ISA annually.

This is considered one of the most considerable shake-ups of ISA rules for many years. The new rules are designed to provide further flexibility, enabling savers and investors to move between different providers. By allowing multiple subscriptions to ISAs of the same type every year, the government aims to stimulate competition among providers.

This will increase flexibility and choice and support the development of long-term investment products.

Allowing multiple ISA subscriptions – The government will allow multiple subscriptions to ISAs of the same type every year starting 6 April 2024.

Allowing partial transfers between providers – Partial transfers of ISA funds are allowed between providers starting 6 April 2024.

Removing the requirement to reapply for an existing ISA annually – Removal of

the requirement to reapply for an existing dormant ISA from 6 April 2024.

Expanding the Innovative Finance ISA to include Long-Term Asset Funds – Long-Term Asset Funds to be permitted investments in the Innovative Finance ISA from 6 April 2024.

Expanding the Innovative Finance ISA to include open-ended property funds with extended notice periods – Open-ended property funds with extended notice periods are to be permitted investments in the Innovative Finance ISA from 6 April 2024.

Allowing certain fractional shares contracts as a permitted investment – Certain fractional shares contracts are to be allowed as eligible ISA investments (the government will engage with stakeholders on implementation).

Digitalise the ISA reporting system – Digitalisation of the ISA reporting system to enable the development of digital tools to support investors announced.

Harmonise ISAs to those over 18 years of age – The government will harmonise the account opening age for any adult ISAs to 18 from 6 April 2024.

ISA, JISA, LISA & CTF Annual Limits – Individual Savings Account (£20,000), Junior Individual Savings Account (£9,000), Lifetime Individual Savings Account (£4,000 excluding

government bonus) and Child Trust Fund (£9,000) limits frozen at their current levels for 2024/25.

OTHER PERSONAL TAX AND SAVINGS ANNOUNCEMENTS

LIFETIME ALLOWANCE (LTA) ABOLITION

The government will legislate in the Autumn Finance Bill 2023 to remove the LTA. The measure will clarify the taxation of lump sums and lump sum death benefits, the application of protections and the tax treatment for overseas pensions, transitional arrangements and reporting requirements. This will take effect from 6 April 2024.

UPDATING BLIND PERSON'S ALLOWANCE AND MARRIED COUPLE'S ALLOWANCE FOR 2024/25

The government will uprate the Blind Person's Allowance (BPA) and the Married Couple's Allowance (MCA) by the September CPI figure of 6.7% in 2024/25. The BPA will be valued at £3,070, and the MCA will be valued at between £4,280 and £11,080. This decision represents no policy change, as it confirms the default position for these

allowances to be updated by CPI, as set out in the Income Tax Act 2007.

NATIONAL INSURANCE CONTRIBUTIONS RATES AND THRESHOLDS

The government will freeze the Lower Earnings Limit (LEL) and the Small Profits Threshold (SPT) at 2023/24 levels in 2024/25. For those paying voluntarily, the government will also freeze Class 2 and Class 3 National Insurance contribution (NIC) rates at their 2023/24 levels in 2024/25. The LEL will remain at £6,396 per annum (£123 per week), and the SPT will remain at £6,725 per annum. The main Class 2 rate will remain at £3.45 per week, and the Class 3 rate will remain at £17.45 per week. This will not affect existing arrangements for payments of voluntary Class 2 or Class 3 NICs connected with previous tax years.

EXTENDING THE EMPLOYER NICS RELIEF FOR EMPLOYMENT OF VETERANS

The government is extending the NICs relief for employers of eligible veterans for one year. The relief means businesses pay no

employer NICs on annual earnings up to £50,270 for the first year of a qualifying veteran's employment in a civilian role.

ANNOUNCEMENT OF FUTURE GUIDANCE CHANGES TO TAX RELIEF FOR SELF-EMPLOYED

The government announced that HM Revenue & Customs will rewrite guidance around the deductibility of training costs for sole traders and the self-employed. This measure will clarify the guidance to ensure that individuals can be confident that updating existing skills, maintaining pace with technological advances or changes in industry practices are allowable costs when calculating the taxable profits of a business.

SIMPLIFYING MAKING TAX DIGITAL FOR INCOME TAX SELF ASSESSMENT

The government is announcing the outcome of the review of the impact of Making Tax Digital (MTD) for Income Tax Self Assessment (ITSA) on small businesses. This includes maintaining the current MTD threshold at £30,000 and

design changes to simplify and improve the system. These changes will take effect from April 2026. The government is also legislating in the Autumn Finance Bill 2023 to ensure taxpayers who join MTD from 6 April 2024 are subject to the government's new, fairer penalty regime for the late filing of tax returns and late payment of tax.

Response to consultation on taxation of environmental land management and ecosystem service markets

In Spring Budget 2023, the government launched a consultation on the taxation of environmental land management and ecosystem service markets. This closed on 9 June 2023. The government is reviewing responses to this consultation and will give a further update in Spring 2024. ■

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THE GOVERNMENT WILL UPDATE THE BLIND PERSON'S ALLOWANCE (BPA) AND THE MARRIED COUPLE'S ALLOWANCE (MCA) BY THE SEPTEMBER CPI FIGURE OF 6.7% IN 2024/25.

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TAKING THE FIRST STEP

Introduction to investing for beginners

EMBARKING ON THE JOURNEY OF INVESTING CAN SEEM INTIMIDATING INITIALLY, BUT WITH A LONG-TERM PERSPECTIVE, IT CAN SIGNIFICANTLY ACCELERATE THE ACHIEVEMENT OF YOUR FINANCIAL GOALS.

It's normal to feel a mix of excitement and apprehension as a first-time investor. There's a lot to navigate – stocks, bonds, mutual funds, market trends and a sea of unfamiliar jargon. Remember, every successful investor started right where you are now.

The stock market is known for its fluctuations, with dips and rises being part and parcel of the game. However, history evidences that shares often outperform cash over extended periods and stay ahead of inflation.

Here are five essential tips to help you take the first step and beyond.

1. AIM HIGH, AIM RIGHT

The first step of your investment journey involves setting concrete goals. A relatively long-term target helps your investments weather market volatility. Your goal could be anything from saving for retirement to securing your children's future.

During temporary market downturns, keeping your eyes on the prize reduces the likelihood of selling out and incurring losses.

2. CONSISTENT INVESTMENTS: THE KEY TO STABILITY

Contrary to popular belief, you don't need a mountain of money to begin investing. Regularly investing manageable amounts each month or gradually investing a lump sum can prove beneficial, especially during times of economic uncertainty and stock market turmoil.

Your money purchases more shares when the market is down and fewer when it's up. This strategy averages out your investment cost and may contribute to smoother portfolio performance over time.

3. MAXIMISE YOUR TAX ALLOWANCES

Remember your Individual Savings Account (ISA) allowance, which resets annually on 6 April. For the current 2023/24 tax year, this is £20,000. An ISA allows your investments to grow tax-efficiently, enabling more of your money to contribute towards your future.

4. EMOTIONAL INTELLIGENCE IN INVESTING

Allowing emotions to guide your investment decisions is not a wise strategy. It's natural to feel nervous when the stock market dips, especially for novice investors. However, maintaining your composure and staying in the market once you've entered can be crucial.

5. THE ART OF DIVERSIFICATION

A well-rounded investment portfolio will typically include a mix of equities, bonds and cash. Diversification is beneficial, as different assets react differently under varying market conditions. This can help balance returns and lessen the impact of a specific asset's value decline.

For beginners, diversification can be a challenging task. That's where expert professional financial advice is crucial. We can help you distribute your money across various investments tailored to your unique needs and risk tolerance. We can also ensure you're making the most of your tax allowances and reliefs, giving you confidence that your money is working as hard as it should. ■

ASPIRING TOWARDS RETIREMENT

Why many people experience a mixed bag of emotions on the subject

RETIREMENT IS OFTEN ENVISIONED AS A TIME TO UNWIND AND INDULGE IN OUR PASSIONS AFTER YEARS OF HARD WORK. HOWEVER, RECENT RESEARCH INDICATES THAT MANY INDIVIDUALS FEEL APPREHENSIVE ABOUT RETIRING DUE TO FINANCIAL AND EMOTIONAL CONCERNS^[1].

THE RISE OF 'RETIREMENT ANXIETY'

The escalating cost of living is putting a strain on income and savings, leading to a growing phenomenon we call 'retirement anxiety', particularly among those over 40. The latest findings show that nearly two-thirds (58%) of over-40s are nervous about retiring, with 20% being 'very anxious'. This represents a staggering 70% increase from our 2022 findings.

IMPACT OF ANXIETY ON RETIREMENT PLANS AND PERSONAL LIFE

The anxiety is so severe for 18% of adults that it causes them sleepless nights. More than one in ten (11%) state that anxiety negatively affects their personal life and relationships. Consequently, 13% of adults

have postponed their retirement plans due to this anxiety, rising to almost two in ten (18%) for those over 55.

A CONCERNING TREND FOR THE UNPREPARED MAJORITY

Despite these anxieties, the research reveals that almost half (41%) have made no preparations for retirement. To help alleviate some of these worries, here are some tips:

ASSESSING YOUR CURRENT ASSETS

If you're among the 39% who fear not having enough money to last through retirement or the 33% who worry about affording desired activities, start by assessing what you already have. This will help you understand your proximity to your dream retirement and identify any gaps you need to fill.

BOOSTING YOUR SAVINGS

Now that you know your current standing and potential needs, you can begin strategising how to bridge any savings gaps. With 43% of adults feeling they haven't saved enough for retirement and 27% regretting their late start, having a plan can help alleviate these concerns.

PRESERVING YOUR SAVINGS

In today's world, 29% of adults struggle to save for retirement while managing current living expenses. While the rising cost of living is pressuring many households, try to avoid dipping into your retirement savings early.

CONSOLIDATING YOUR PENSIONS

You might find it beneficial to consolidate multiple pensions into a single pot. This could decrease your annual fees and simplify management. However, ensuring you will retain valuable benefits in the process is crucial.

RETHINKING YOUR INCOME STRATEGY

With 39% of adults concerned about the rising cost of living affecting their



retirement plans and 24% worried about the economy's impact on their pension and investments, it could be time to reconsider your income strategy in retirement.

EXPLORING WORK OPPORTUNITIES IN RETIREMENT

Retirement doesn't necessarily mean complete withdrawal from the workforce. In fact, 14% fear losing their identity when they stop working. Whether you opt for a 'flexi-retirement', part-time work or starting a new business, the key is to do what makes you happy. ■

NEED HELP MAKING INFORMED DECISIONS TO ENSURE A COMFORTABLE AND FULFILLING RETIREMENT?

Retirement is a significant milestone that often feels distant until it's right around the corner. But remember, we offer plenty of support to guide you through your retirement journey. If you need further information or assistance navigating your retirement planning, please get in touch with us.

Source data:

[1] abrdn plc – Don't let retirement anxiety push you off track – 22/09/23.

THIS ARTICLE DOES NOT CONSTITUTE TAX OR LEGAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH. TAX TREATMENT DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF EACH CLIENT AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS THE PLAN HAS A PROTECTED PENSION AGE).

THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.

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THE ESCALATING COST OF LIVING IS PUTTING A STRAIN ON INCOME AND SAVINGS, LEADING TO A GROWING PHENOMENON WE CALL 'RETIREMENT ANXIETY', PARTICULARLY AMONG THOSE OVER 40.

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