HARWOOD
FINANCIAL PLANNING

Mrs J Wren
Levenside
Newby Bridge
Cumbria
LA12 8LZ

16th October 2024

Dear Judith & Mike,

Re: CGT Planning

This letter should be read in conjunction with your last annual review letter dated 5th April 2024.

Objective

At present you have an unrealized Capital Gains Tax (CGT) of £57,153 on your joint GIA with Fidelity. As per our discussion on Friday 11th October we explained our concern around the rumored new Labour government plans to increase CGT in the 30th October budget. After this discussion we agreed to take actions as one thing we are certain about is they will not reduce CGT! Furthermore, you need £40,000 of extra spending money; thus, this seems like an opportune time to reorganize your portfolio.

Recommendation

- Within your Fidelity GIA sell in full Vanguard LifeStrategy 80% equity I Acc and WisdomTree Physical Gold in full.

- Withdraw £40,000 from cash in your Fidelity GIA

- invest the remaining proceeds from the sales in your Fidelity GIA in:

    - 10% - Royal London Short Duration Gilts Z Inc
    - 10% - Royal London Sterling Extra Yield A Inc
    - 10% - Trojan Fund X Acc
    - 10% - Smithson Investment Trust PLC
    - 10% - Abrdn UK Smaller Companies Growth Trust plc
    - 10% - Finsbury Growth & Income Trust
    - 10% - HSBC FTSE 250 C Acc
    - 10% - Fundsmith Equity I Acc
    - 20% - HSBC FTSE All World Index Fund C Inc

Rationale

This sale should give rise to a gain in the region of £48,000 crystallizing the bulk of your gain. This gain should lead to an additional tax bill in the region of £4,200 (payable in January 2026). This equates to a 10% tax rate after your respective CGT exemptions (£3,000 each) have been utilized. We feel that suffering this tax bill now is likely to be in your favor as it seems unlikely CGT rates will reduce from 10% (Basic rate tax payer); however, seems very likely CGT rates will rise after the budget on 30th October.

The new funds will be invested in funds that are consistent with your risk profile and the potential for capital growth you require. You can't buy back vanguard Lifestrategy 80% or the Gold fund for 30 days as it would not constitute a disposal for CGT purposes.

Risks involved with this advice

You should remember that unit prices and the value of your investment can fall as well as rise and there is no guarantee you will receive a return of your original capital. Past performance is no guarantee of future returns.

You should note that, whilst your switches are taking place, there could be movements within the stock-market; that is to say that the stock-market could rise or fall in value. If the market rises in value between the date of realising your existing funds and the purchase of your new funds, you could be financially disadvantaged insofar as the cost of buying your new fund could be greater. Conversely, if there is a fall in the market between the date of realising your existing funds and the purchase of your new funds, you could be financially advantaged insofar as the cost of buying your new funds could be lower.

We trust that this letter provides an accurate summary of our discussions and our recommendations are clear; however, should you have any concerns or wish to discuss any of the issues raised in more detail please do not hesitate to contact us.

Yours sincerely
For Harwood Financial Planning

Ryan J Woodhouse
Independent Financial Adviser/Director

Please let me know if you wish to proceed by email/text/phone/WhatsApp. Whatever suits.