

A close-up photograph of two hands, one from a person in a white lab coat and another from a person in a white shirt, holding a black pen over a document. The background is a blurred office or laboratory setting with various equipment and a red wall. A vertical black line runs down the right side of the image.

BRIGHT
WEALTH MANAGEMENT

**Financial planning tips
for contractors**



*Nobody knows
what's around the
corner, but proper
planning helps
to ensure we
are best placed
to meet any
future challenges.*

Christian Eckersley
Director of Bright
Wealth Management





**Receiving
advice
on your
finances
is more
important
than it has
ever been.**



Integro Accounting introduces you to St. James's Place which is authorised and regulated by the Financial Conduct Authority.

While changes in pension, taxation, employment and financial regulation over the last few years has introduced more complexity, it has also created planning opportunities.

Taking advice around your financial goals and objectives will ensure you can make the most of these opportunities and any exemptions and reliefs that are available to you.

In an increasingly interconnected world, we have seen how unforeseen global events can rock the foundations of what we had thought was a stable financial footing.

However, careful planning can help you mitigate any future changes or pitfalls.

If you would like to know more, please talk to your Integro Accountant or contact us directly.

This short e-book has been put together to outline some of the key principles for contractors when considering their financial affairs.

Protecting your income

Many of the contractors we work with were once in an employed position.

During that time, they had the peace of mind that if they were unable to work due to sickness, or an accident, they would continue to receive some form of 'sick pay' so their bills would remain paid. They were also able to take the time they needed to recover.

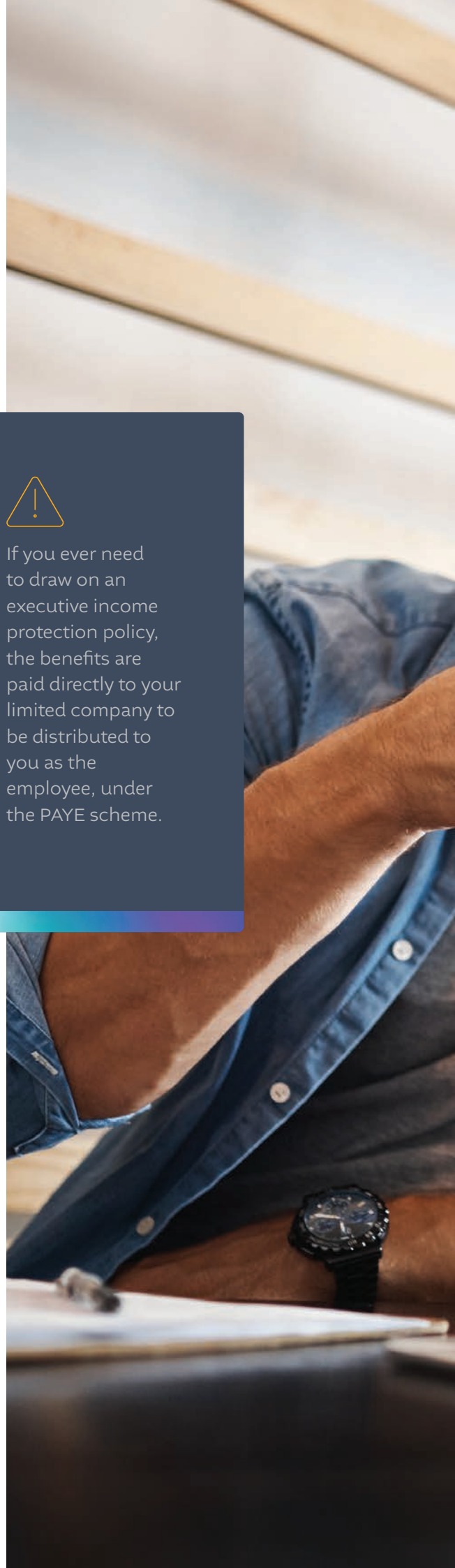
Contractors can replace this 'safety net' when they branch out on their own with an executive income protection policy.


They are considered an allowable business expense, so are tax deductible for the company, and the premiums paid do not attract income tax or national insurance for the employee. Individuals can cover up to 75% of their typical remuneration as well as any regular pension contributions they make and employer national insurance liabilities.

The levels and bases of taxation, and reliefs from taxation, can change at any time. The value of any tax relief depends on individual circumstances.



If you ever need to draw on an executive income protection policy, the benefits are paid directly to your limited company to be distributed to you as the employee, under the PAYE scheme.



A man with short brown hair and a beard, wearing a blue button-down shirt over a grey t-shirt, is sitting at a dark table. He is holding a brown ceramic mug with both hands and looking off to the side with a thoughtful expression. On the table in front of him is a laptop, a small brown bowl with a spoon, and a glass of water. The background is a bright, out-of-focus interior with horizontal wooden slats, possibly a window blind or a wall panel.

Recent times have shown us that we live in an uncertain world, which is why this highly tax efficient and cost-effective solution is a great way to protect your livelihood as a contractor.

**A key strategic
element in
planning for
the future is the
use of personal
pensions to
achieve financial
independence.**



Saving for Retirement

We are extremely passionate about helping you set goals for the future, and a strategy to help you meet them.



Employer-paid pension contributions are a must for any contractor. They are a highly tax-efficient approach that help you save money towards a bright future.

A key element of this strategy will often include looking at the use of personal pensions to achieve financial independence. These plans are an extremely tax efficient option for contractors running their own limited company.

When a contractor makes contributions from their company into their personal pension, they are typically treated as an allowable business expense. As a result, you won't have to pay corporation tax on them. Nor will you have to pay income tax or employers' national insurance on the contribution.

The value of a pension with St. James's Place will be directly linked to the performance of the funds you select and the value can therefore go down as well as up. You may get back less than you invested.

The levels and bases of taxation, and reliefs from taxation, can change at any time. The value of any tax relief depends on individual circumstances.

Financial security for your family

As with 'sick pay', many contractors who were once employed are likely to have benefited from 'death in service' cover.

This would have paid a lump sum (normally a multiple of their salary) to their loved ones if the worst were to happen to them during their working life.

Just like 'sick pay', this can be replaced by contractors taking out a relevant life policy. This is a life insurance policy, paid for by the contractor's limited company.

A relevant life policy is an essential part of future-proofing your income, and protecting your family in a worst-case scenario.

Trusts are not regulated by the Financial Conduct Authority.



The policies are a business expense, benefiting from corporation tax relief, and do not give rise to an income tax or national insurance liability for the contractor.



**The relevant
life policy is
written in trust,
so any money
paid out goes
directly to your
loved ones, not
your company.**



You are your business

**You are your business.
Don't underestimate the
importance of looking
after yourself.**

If you ever require
medical care that could
see you join an NHS waiting
list, private medical
insurance will help you
get the right treatment
in a timely manner.





Don't let poor administration add to your worry of planning for the future.

Taking control of your old pensions

It is not uncommon for contractors to have had a number of different employed roles before starting their own business.

It is likely that each of these will have had their own associated pension, and as a result, there may be a number of old pension pots essentially being left to their own devices!

It is important to regularly review your existing pension arrangements to see if they continue to meet your retirement objectives.

Receiving the right advice during this process ensures you can take greater control over how your pension funds are invested, and that you will be able to access them in a way that suits your plans for the future.

The value of a pension with St. James's Place will be directly linked to the performance of the funds you select, and the value can therefore go down as well as up. You may get back less than you invested.

Save for a rainy day

Whether you are brand new to contracting, or it's something you've done for a long time, having sufficient cash reserves is always a good idea.

As a rule of thumb, having six months of your typical monthly drawings saved as cash within your business gives you the flexibility to take on work you will enjoy, rather than working for the sake of being paid.



Having a financial safety net provides you with peace of mind if you're unable to work in the short term for any reason.



Working with us...

- We put our clients at the heart of everything we do.
- We take care and pride in our people, so they can take care and pride in our clients.
- We are technical experts and actively seek out ways to continuously improve.
- We take accountability and personal responsibility for our roles.
- We communicate appropriately and help make complex things easy to understand.
- We provide complete peace of mind, and build relationships built on honesty, trust and respect.
- We deliver first-class service with a personal touch.

Why us?

For over 25 years, we have offered individuals and businesses expert advice on wealth management.

Our strategies can help you to meet your financial objectives, including the provision of an enduring legacy.

We have particular expertise in investment management, asset protection, retirement strategies and Inheritance Tax mitigation, and share this with clients across the UK.

Any advice provided by Bright Wealth Management will be tailored to your individual needs and based on our core values of quality, integrity and excellence.

*St. James's Place guarantees the suitability of advice given by members of the St. James's Place Partnership when recommending any of the wealth management services available for companies in the group. You can find more details site out on the Group's website at www.sjp.co.uk/products.

**Our service is professional and always personal.
We are committed to the highest standards.**



First meeting without any obligation or commitment



Phone calls one working day response



A highly experienced dedicated team



Letter/email communications two working days response



Support and advice when life gets challenging



Proactive guaranteed* advice



Specialists at your disposal



Access to SJP's specialist technical and tax expertise



Quality answers to your questions



High-quality investment management provided by SJP



Our personal touch with all communications



*We take care and
pride in our people
so they can take
care and pride in
our clients.*

Christian Eckersley
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Place**

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