TAX YEAR-END

Know the facts

MAKE IT COUNT
TAX YEAR-END 5TH APRIL 2025

Wellesley

Myth-busting financial advice

When it comes to managing finances, everyone has a perspective – whether it's on building a solid pension, saving on taxes, or selecting the right investments. And while seeking advice is a good habit, it's essential to filter through the noise. Not every tip you hear is grounded in fact. Here, we cut through the clutter and debunk some of the most common myths around financial advice, helping you build habits based on trusted information.

Did you know...

The word "myth" comes from the Greek word mythos, which means "story" or "word".

Myth 01 "I'm too young to start thinking about a pension"

FACT. Starting a pension doesn't mean you're about to stop work. But starting one early means that when you do, you should have a considerable pot of money.

So, you're never too young.

The longer you save, the more you have the potential to benefit from compound interest. And you get the benefit of tax relief for longer too. Tax relief is where the government also contributes up to a certain amount, so your pension is a tax-efficient place to put your money.

Myth 02 "My property is my pension"

FACT. Your home, or a buy-to-let property you may have, can be part of your pension, but you'd risk putting all your eggs in one basket if it's your only source of retirement income.

If the property drops in value when you need to sell, or the rental market slumps, so will your income. Or your reserves won't last as long as you need them to.

Better to make it part of a holistic plan that includes cash savings or ISAs, and other investments, and spread your risk.

Myth 03 "I can do my own financial planning"

FACT. Financial planning isn't the same as budgeting. Many people are good at managing their personal or family budgets, but long-term financial planning requires an additional level of professional expertise and knowledge. Tax regulations for example can change regularly. And it's easy to miss opportunities or accidentally find you've made a costly mistake if you're not managing money full time.

Expert financial advice over the long-term allows you to prepare well in advance for major life stages such as retirement, or even funding social care. Advisers help you navigate complex decisions or challenging times, bringing greater confidence and peace of mind throughout your life.

Myth 04 "Financial advice is only for wealthy people"

FACT. Many people imagine that you need a six figure sum to start investing. In fact, just investing smaller amounts regularly means you take advantage of times when market prices are low, so your money buys more shares, as well as when prices are high.

But financial advice and planning is about a lot more than investing.

Financial advisers today advise on managing wealth but also on balancing budgets and managing debt, finding the right mortgage and leaving an inheritance.

Things that affect most of us, not just the wealthy. The goal of financial advice is to help you and your family achieve, and maintain, financial wellbeing.

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Myth 05 "I don't need to have a plan until something happens"

FACT. If your financial circumstances suddenly change – whether you lose your job or win the lottery – it's vital to get some proper financial advice on your next steps.

But planning ahead on how you'll cover or capitalise on those unexpected events is even better. A good financial plan isn't simply about stocks and shares.

It could include plans to fund later-life care, put cash by for unexpected emergencies, or taking out health insurance. And proper, long-term advice supports you in the good times, and the more challenging times.

Myth 06 "Financial planning just means investing"

FACT. Knowing where, or how much, you want to invest, or how much risk you're willing to take, is very much part of financial planning.

But it's only part of the plan, not the whole plan. Financial advice is about your financial wellbeing – a plan for life. That includes balancing the family budget, having cash to cover an emergency, finding a mortgage, protecting your business, or managing your debt.

A lot more than investing.

Myth 07 "I need to keep my money in a savings account"

FACT. If you keep all, or most of your money, in a savings account, you need the interest rate to be higher than the rate of inflation. Otherwise, your money will be losing value in real terms. Plus, if your savings are earning more than £1,000 a year, for a basic rate tax payer or £500 for a higher rate taxpayer then you will pay tax on anything over these thresholds.

It's a good idea to keep some cash in an easy access savings account or Cash ISA just in case you need to find some emergency funds to cover an unexpected expense. But there are many other tax-efficient places for you to keep your money, such as ISAs or your pension.

Myth 08 "Tax year-end is something for accountants, not me"

FACT. Tax year-end – 5th April – is much more than a date. It's an opportunity.

Almost all of us have tax-free allowances and many of those are annual. After 5th April each year, your annual personal allowance, ISA allowance, pension contribution allowance and gifting allowances all reset to zero – so tax-savvy savers max out their ISAs, top up their pension or make gifts to loved ones before tax year-end.

Which makes 5th April a definite 'Save the Date'.

Your home may be repossessed if you do not keep up repayments on your mortgage.

The value of an investment 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.

An investment in a Stocks & Shares ISA will not provide the same security of capital associated with a bank account or Cash ISA.

Please note that St. James's Place does not offer Cash ISAs or savings accounts.

The levels and bases of taxation, and reliefs from taxation, can change at any time and are generally dependent on individual circumstances.

Any tax relief over the basic rate is claimed via your annual tax return.