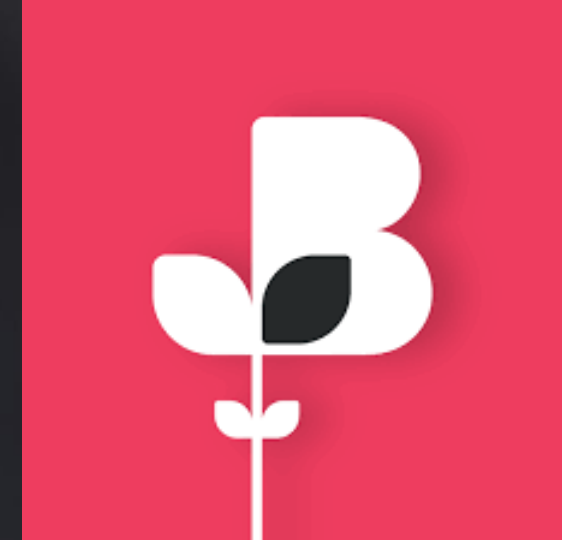


MONEY MATTERS FORUM

10th January 2025



IRONMARKET

Welcome



IRON**MARKET**
WEALTH



Staffordshire
Chambers of
Commerce.



RSM

A warm welcome to IronMarket HQ





Wes Wilkes

NTWRK CEO



Rob Heath

Director Wealth

IRONMARKET
WEALTH

A new era for Wealth Management

A sociable, open collective of like-minded members and wealth mentors, leading the way for a new era of wealth empowerment. One that challenges negative perceptions of wealth management with knowledge sharing, reciprocity and accountability.

Come on in...

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Economic & Market Outlook





2024 - Macro

Geo-Politics

Elections

Budgets

Inflation & Rates

2024 - Markets

Geo-Politics

Elections

Budgets

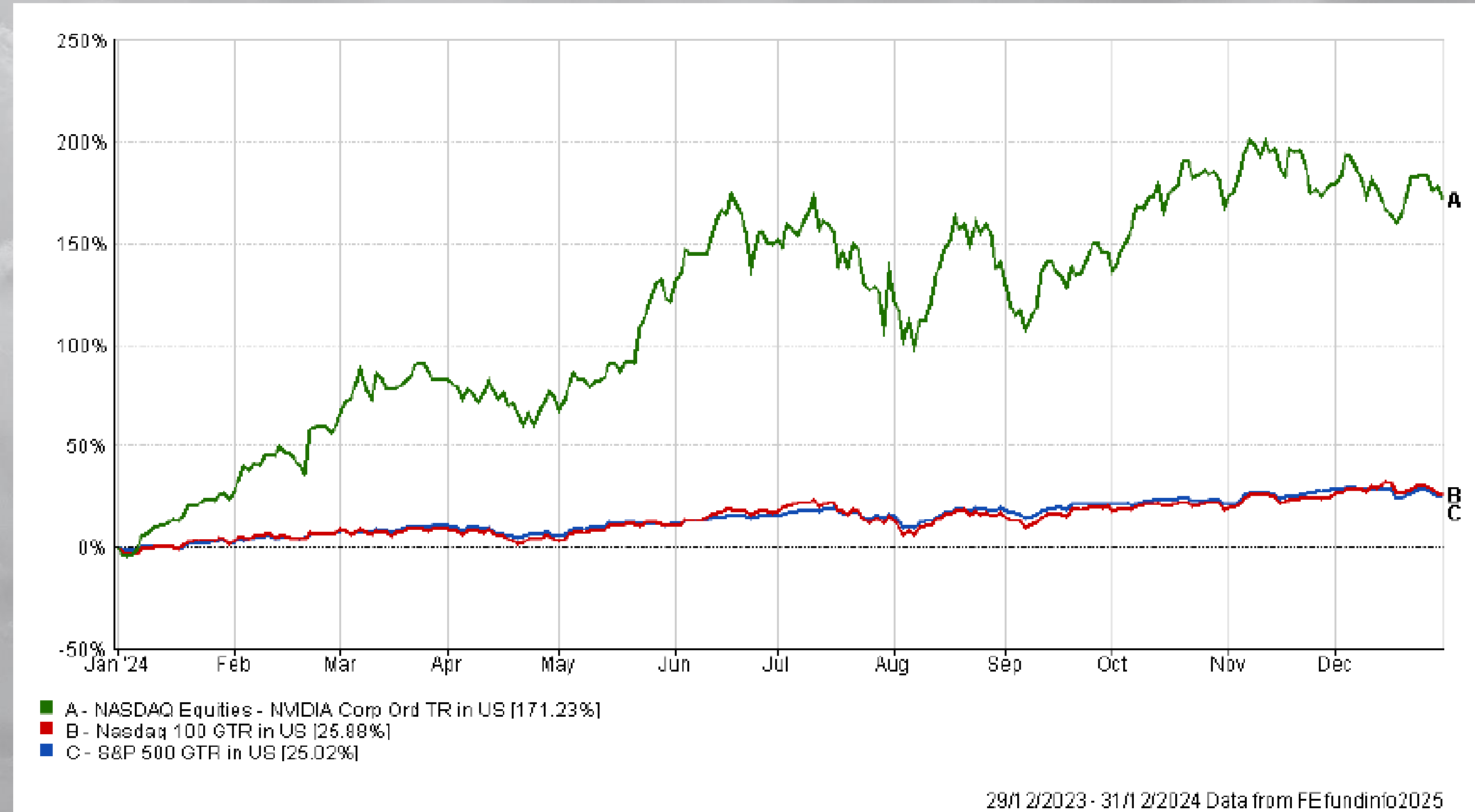
Inflation & Rates

AI



2024 - Markets

AI





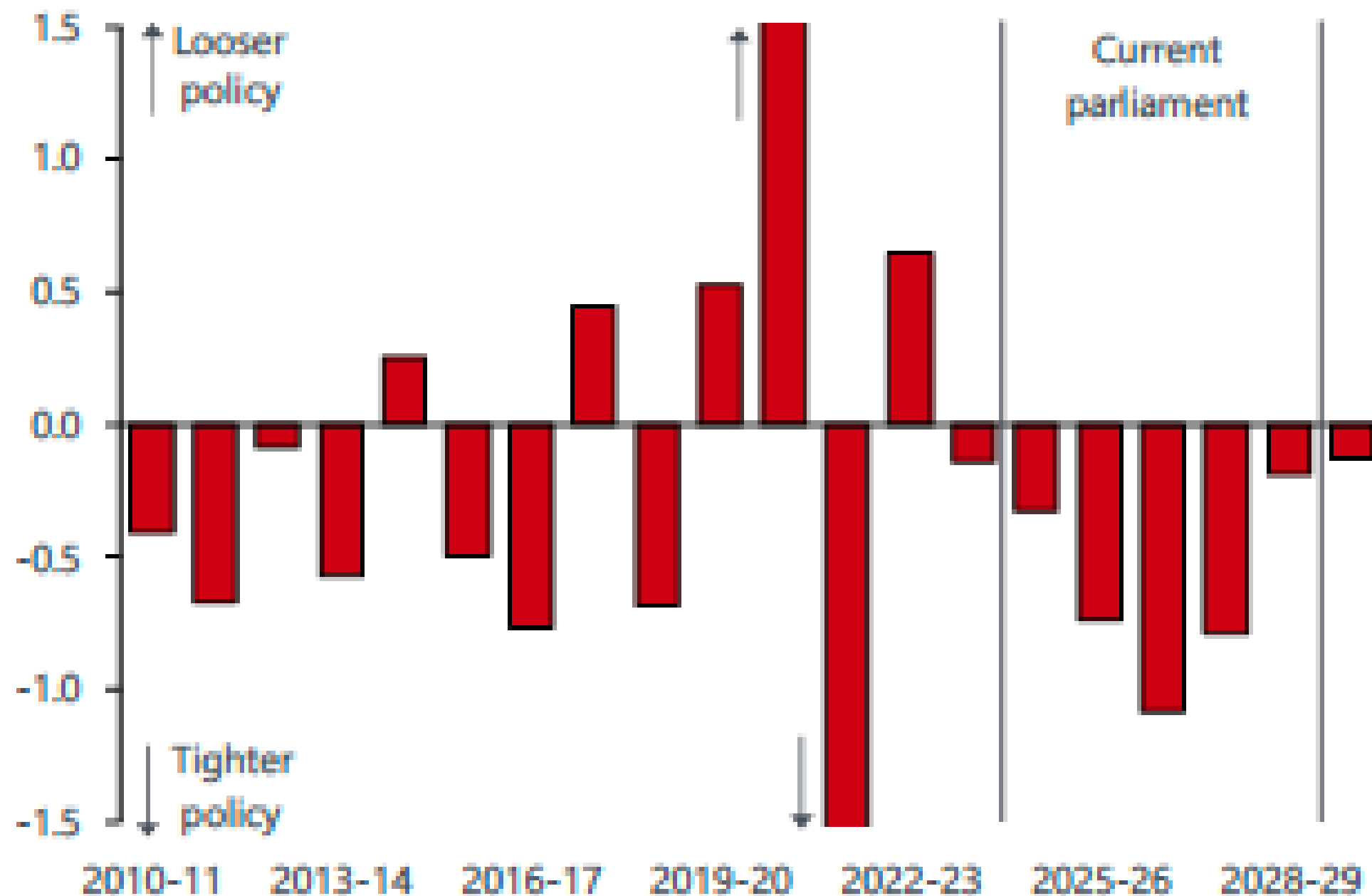
UK

UK

BUDGET GROWTH KILLER?

UK: Fiscal impulse

% of potential GDP



The Office for Budget Responsibility estimates higher current spending will boost GDP by 0.5ppts next year.

UK

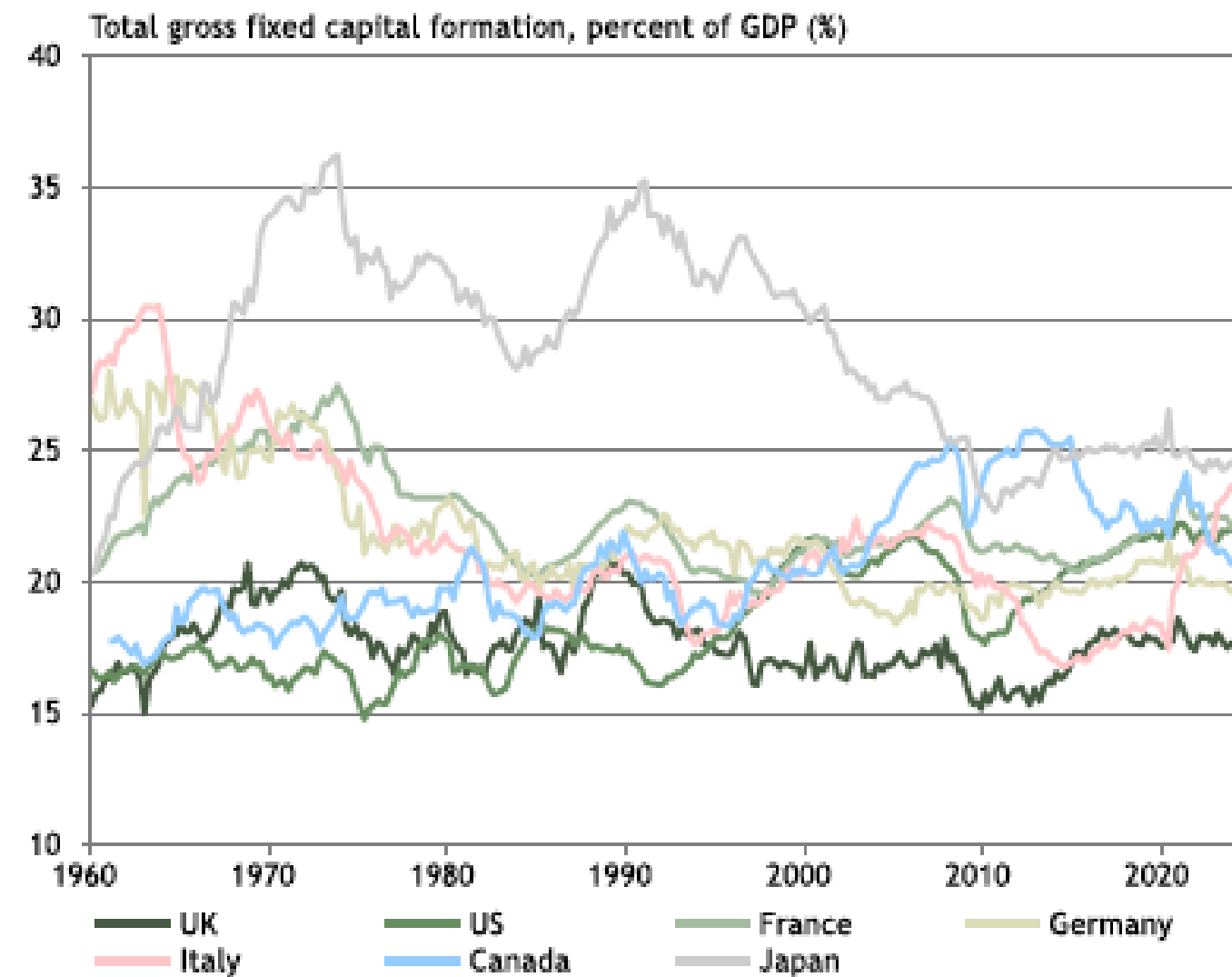
SPENDING CATCH UP

Chart 3: The OBR's investment forecasts

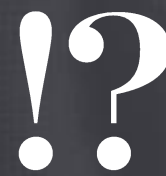


Source: ASR Ltd. / OBR / LSEG Datastream

Chart 4: More is needed to catch up



Source: ASR Ltd. / LSEG Datastream



What economy has ever regulated its way to Growth?

Starmer throws down gauntlet to watchdogs with growth edict

The PM, chancellor and business secretary have written to watchdogs including Ofgem, the FCA and CMA to demand ideas for growth and investment amid sluggish economic growth, Sky News learns.



Mark Kleinman
City editor @MarkKleinmanSky

🕒 Saturday 28 December 2024 10:21, UK

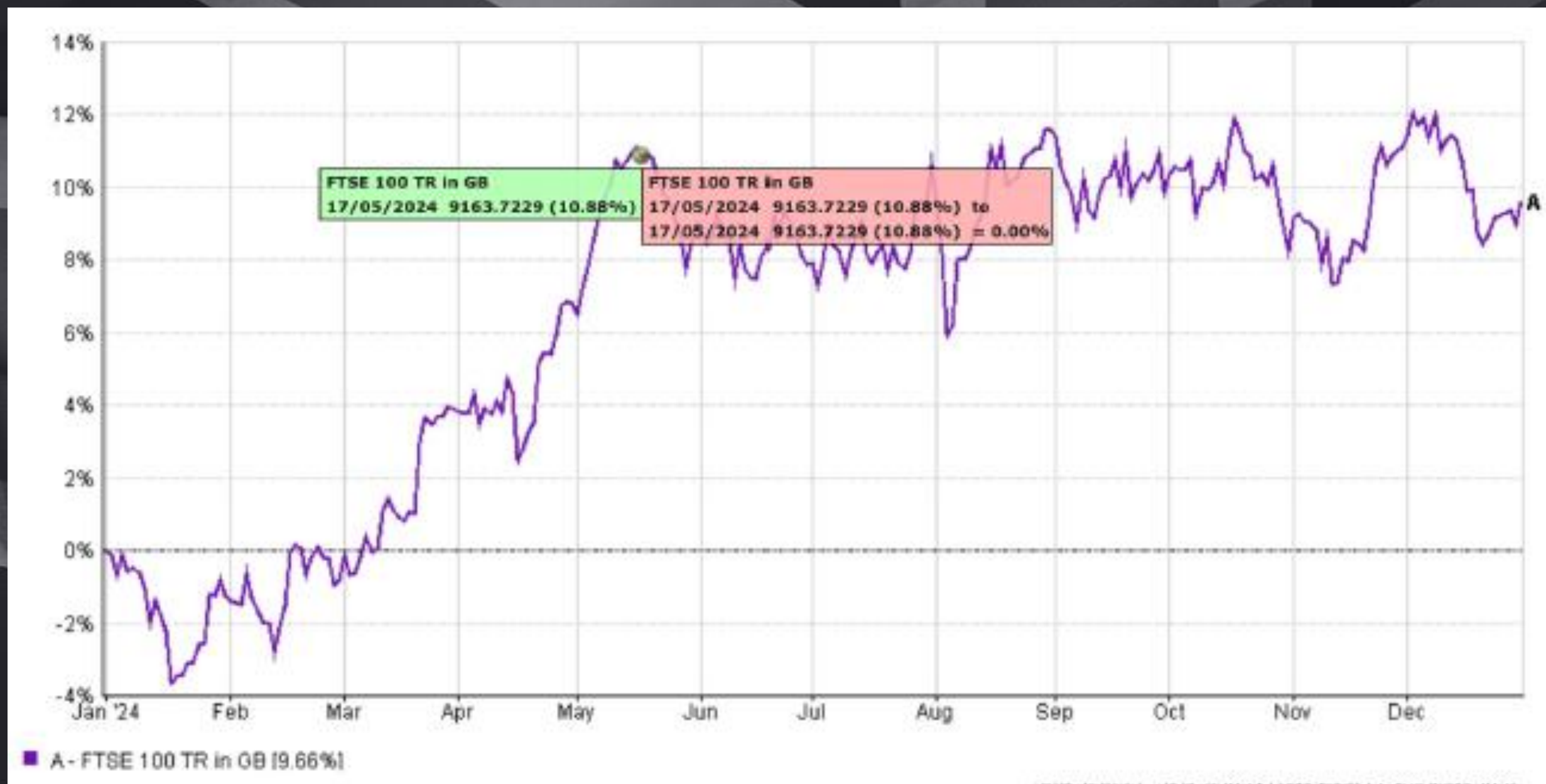


Left to right: Business secretary Jonathan Reynolds, Prime Minister Sir Keir Starmer and Chancellor Rachel Reeves. File pics: PA

Maybe ask business leaders and entrepreneurs for growth ideas?

UK

The Market Story



Cheap
Energy
Defensive
Growth?

A grayscale, wavy American flag with the text 'US' in yellow. The flag is shown in a dynamic, flowing motion, with the stars and stripes clearly visible. The text 'US' is centered in the middle of the flag.

US

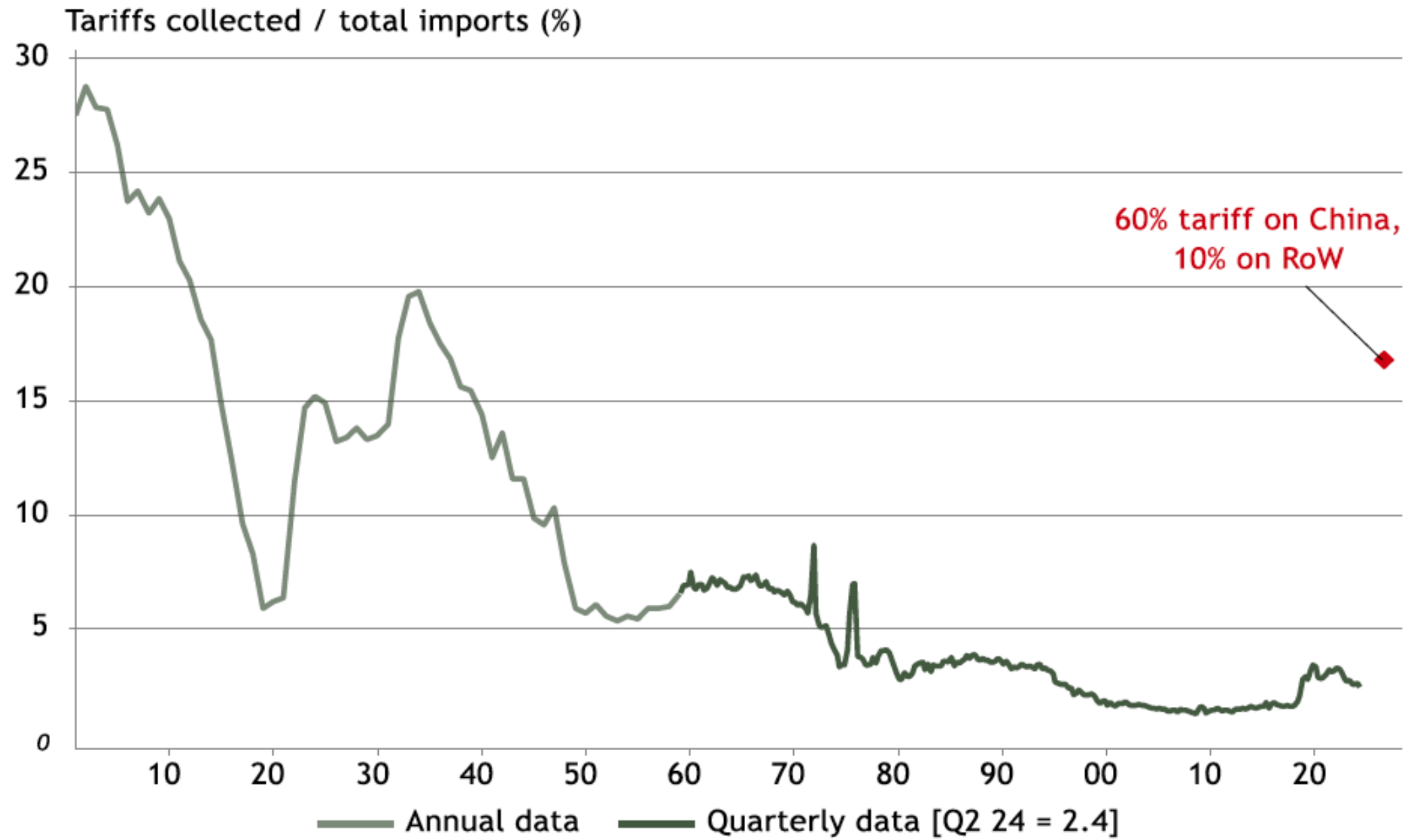


Trump 2.0

Tariffs, Tax & Tik Tok

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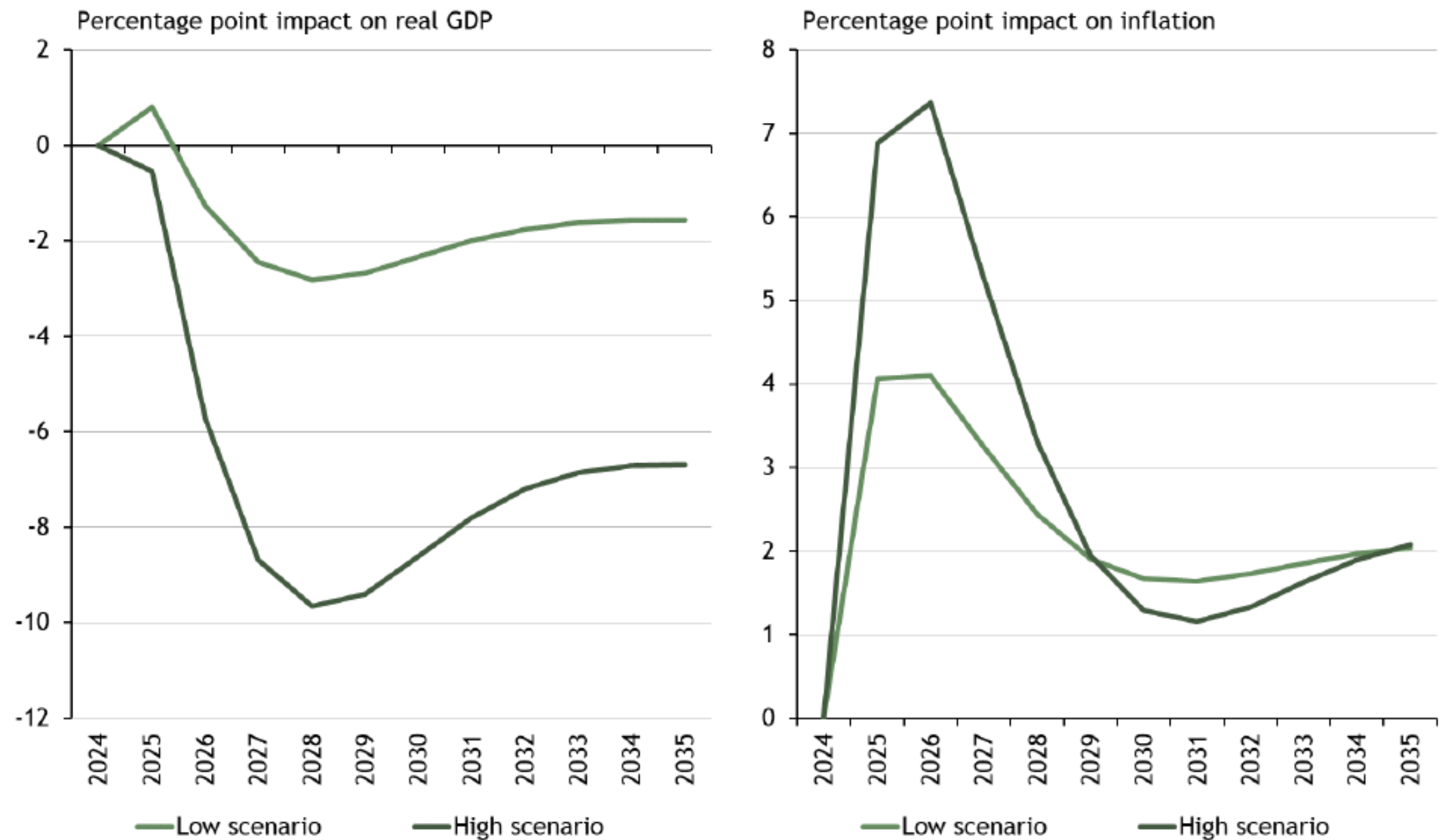
Tariff Trouble





Real Economic Impacts

An estimate of the combined costs



LOW SCENARIO: 10 & 60 percentage point tariffs implemented, no retaliation, 1.3m workers deported, erosion of Fed's independence
HIGH SCENARIO: 10 & 60 ppt tariffs implemented, foreign countries retaliate, 8.3m workers deported, erosion of Fed's independence

Pro Business

- Cut to the main corporate tax rate from 21% to 20% and possibly as far as 15%
- Rollback of Bidens Labor Dept regulations on overtime pay, classification of gig workers, noncompete clauses
- Loosening of Biden's antitrust laws
- Repealing of environmental rules, including those on clean water, power plants, pipeline construction
- Relaxation of financial regulations



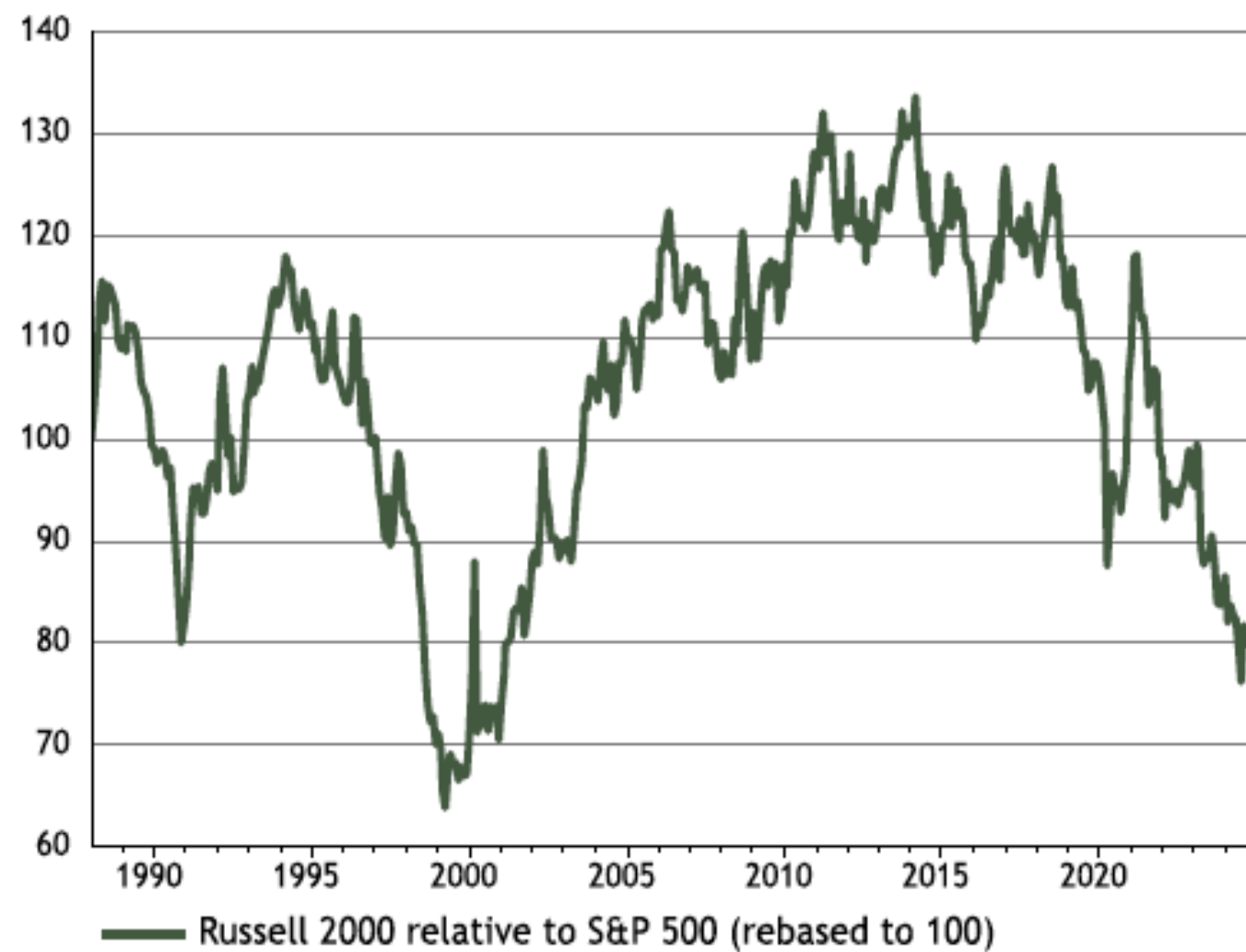
The Market Implications

- USD: Near-term supportive, but longer-term headwinds
- US Bonds: Steeper yield curve initially
- EM Equities: USD and Earnings not supportive
- European Defence: Need for higher spending
- US Small Caps: Beneficiaries of lower corporate taxes
- US Banks: Likely to be supported by:
 - 1) steeper yield curve,
 - 2) looser regulation,
 - 3) more M&A activity

EQUITIES

US - SMALL IS BETTER?

Russell 2000 vs S&P 500 (Long Run)



Russell 2000 vs S&P 500 (YTD)

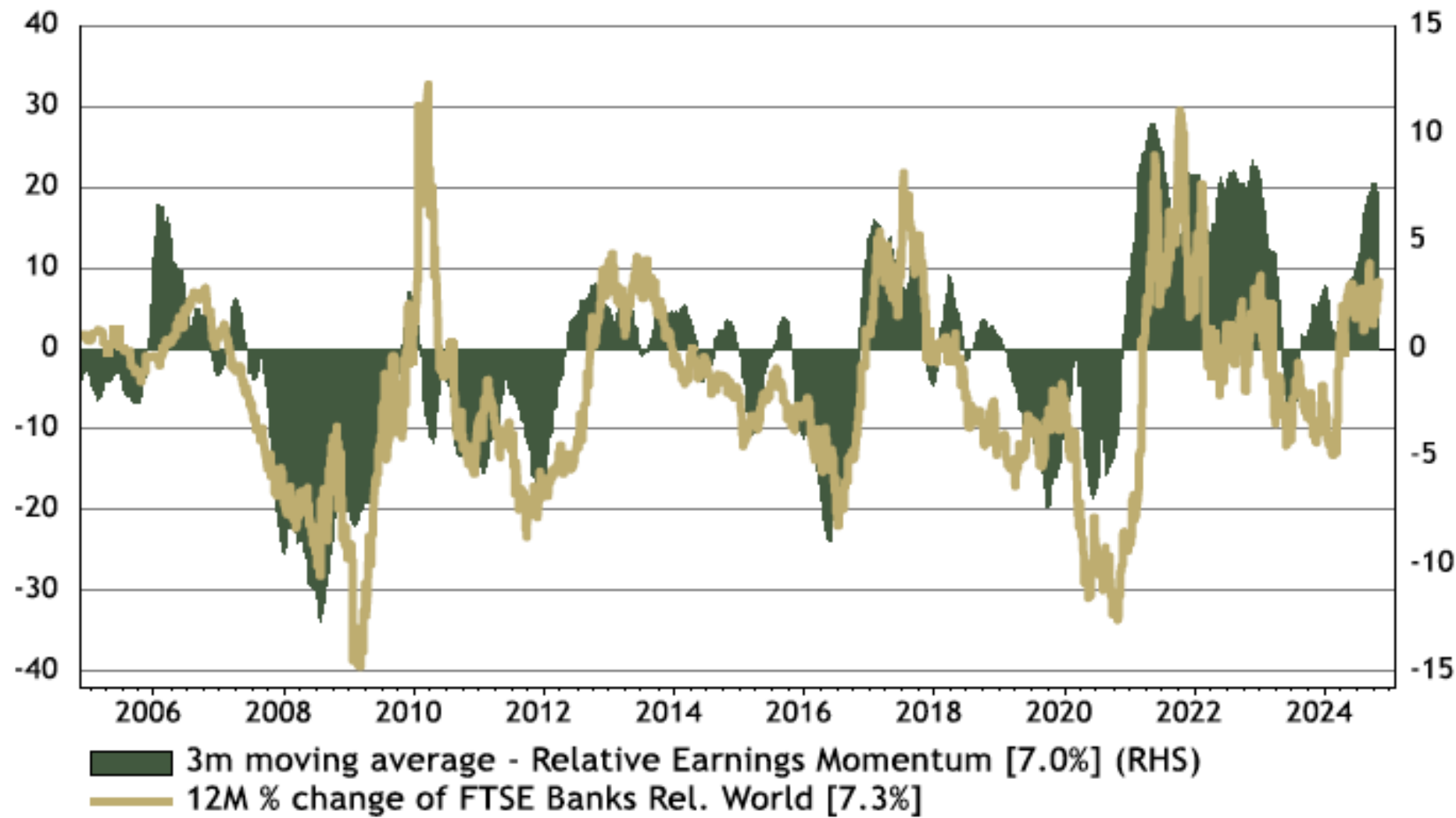




EQUITIES

BANKING ON TRUMP

Global Banks: Relative Earnings Momentum vs Performance





China

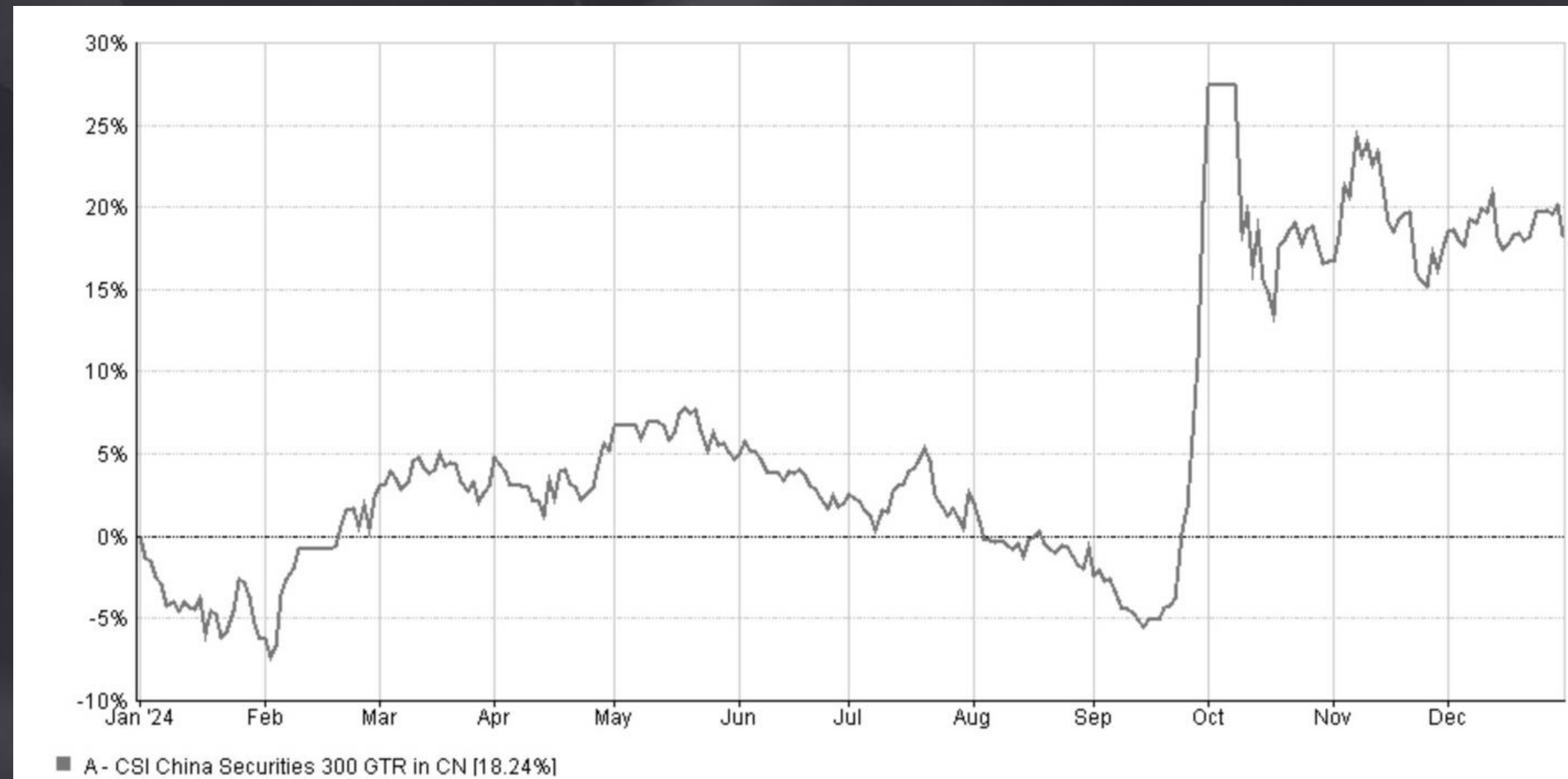
Backdrop

Declining Growth

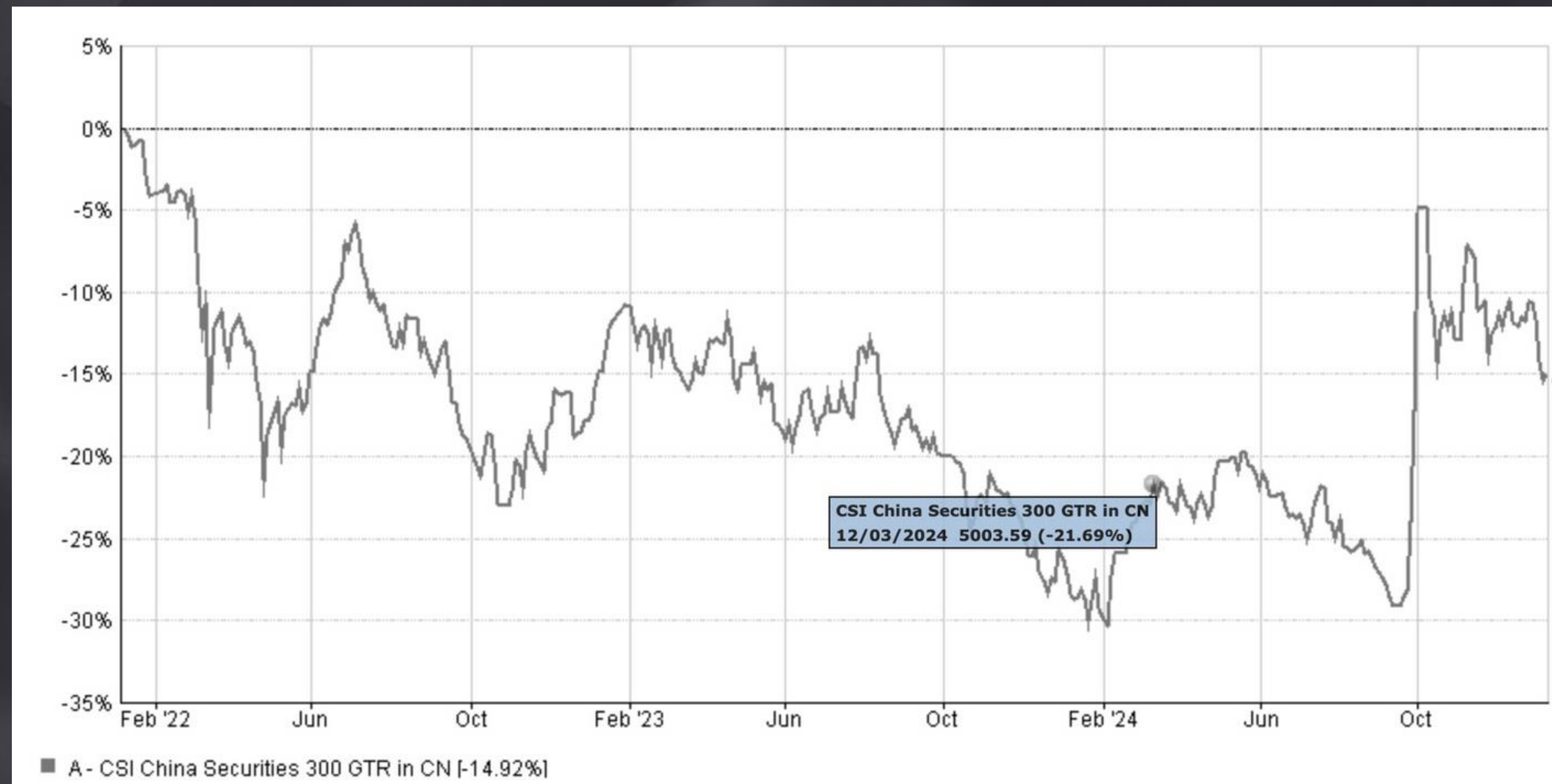
Real estate

Trade Decoupling

Shot in the Arm



False Start



China pushback?

A black and white photograph of two boxing gloves colliding. The glove on the left has the Chinese flag pattern (stars on a dark background), and the glove on the right has the American flag pattern (stars and stripes). The impact point is bright, with many sparks flying out. The background is dark.

**1. Accept the
hit**

2. Fight Back

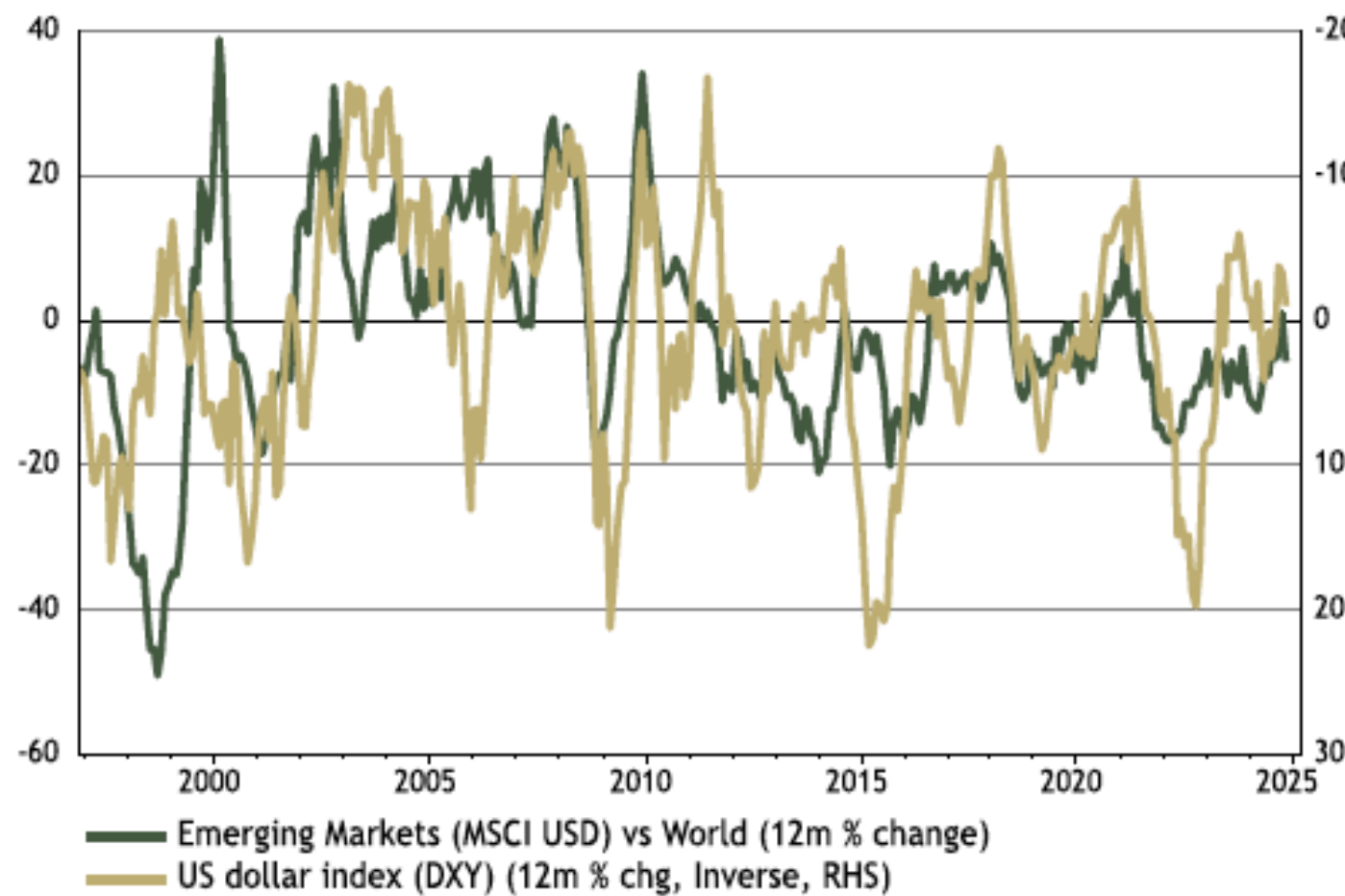
3. Options:

**3. Play the Long
Game**

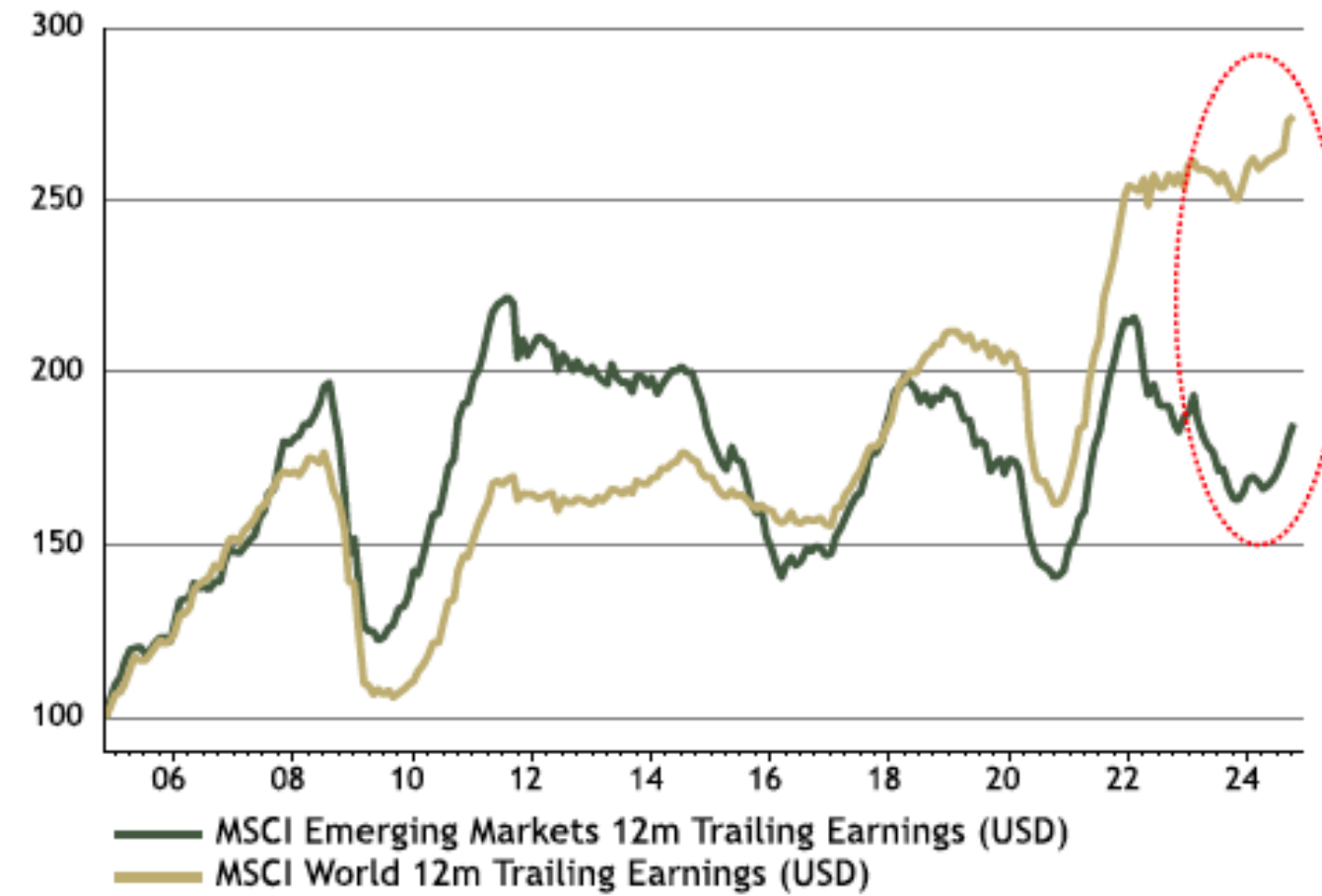
EQUITIES

EMERGING MARKETS

MSCI EM vs World & USD DXY (Inverted)

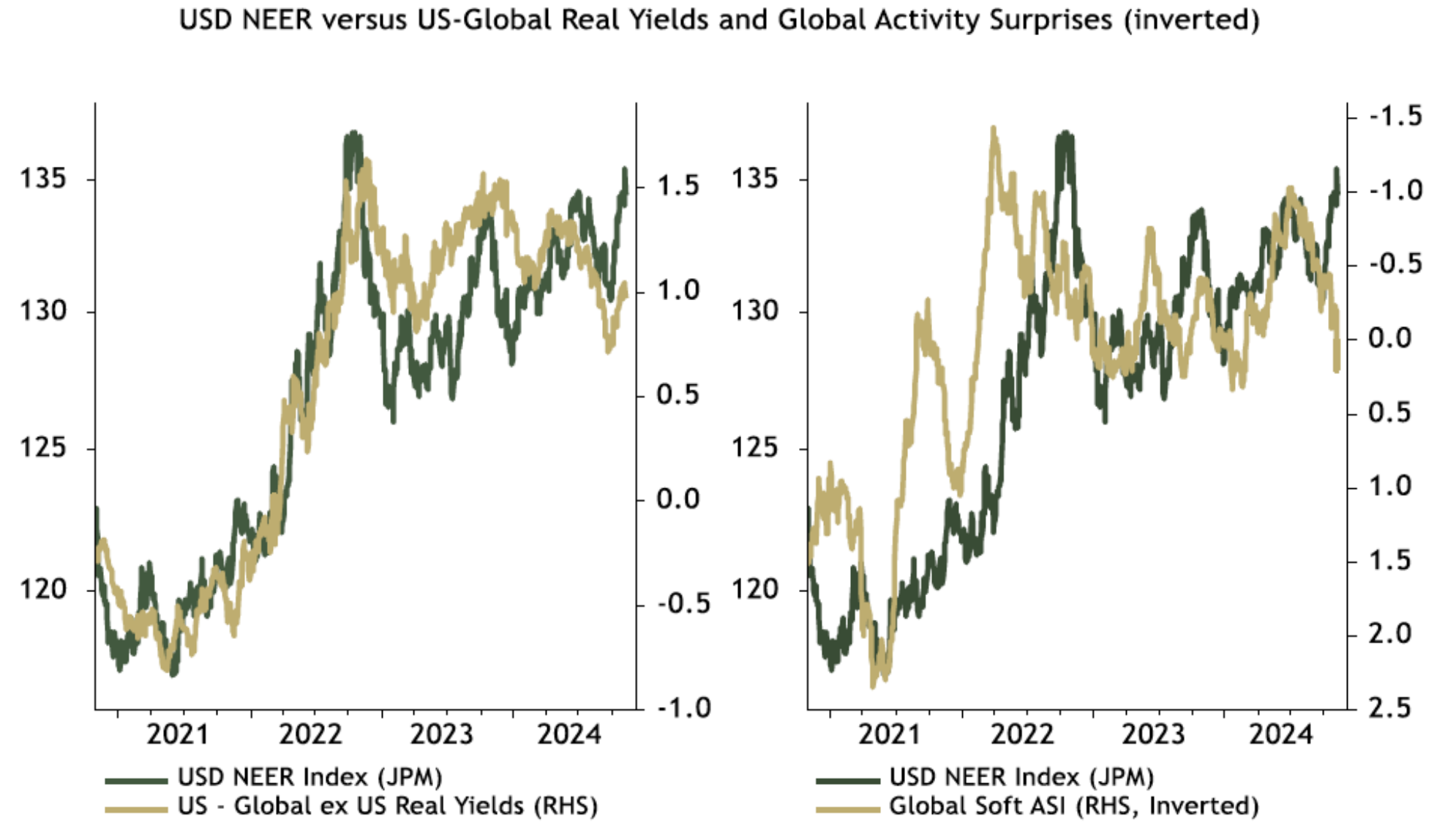


MSCI EM Earnings vs MSCI World



Greenback

USD: Near term strength, but longer term headwinds



Source: ASR Ltd / Bloomberg / LSEG Datastream



Europe



GDP growth is forecast at 1.5%, constrained by subdued industrial activity and persistent inflation.

Germany faces energy challenges, while southern European nations benefit from tourism and services growth.

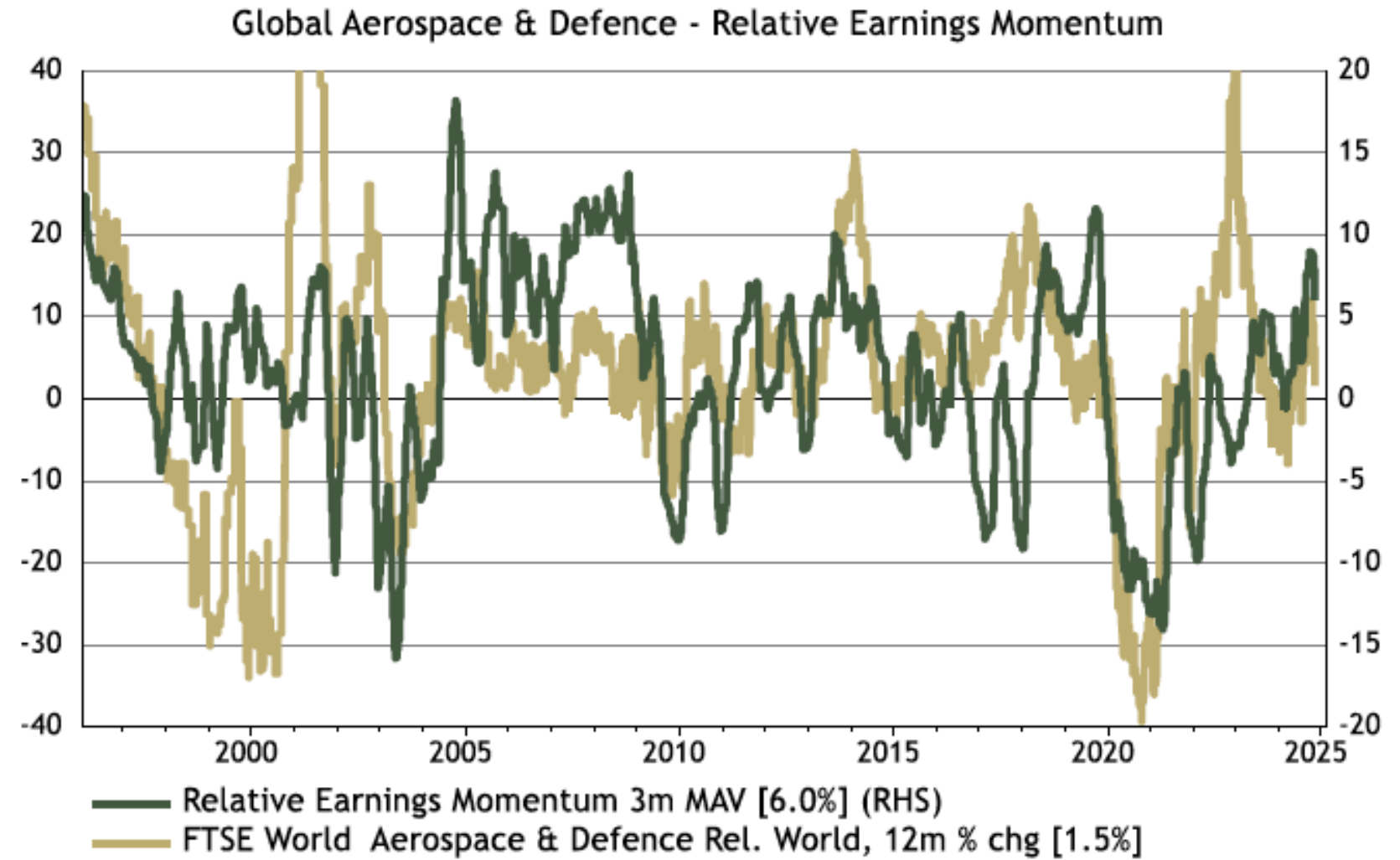
Post-Brexit trade issues remain significant.



EQUITIES

EUROPE - DEFENSE

Global Aerospace & Defence: Relative Earnings Momentum vs Performance



A hand holding a glowing lightbulb against a dark background. The lightbulb is the central focus, with a soft glow emanating from it. The hand is positioned at the bottom, holding the base of the bulb. The background is a dark, textured grey.

**“THE ONLY WAY TO DRIVE
ECONOMIC GROWTH IS TO INVEST,
INVEST, INVEST”**

RACHEL, FROM ACCOUNTS

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WEALTH

Thankyou



Any questions?

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Salary Sacrifice





WHAT IS IT

- Salary sacrifice is an arrangement where an employee agrees to give up part of their salary in exchange for non-cash benefits.
- It's most commonly used for pension contributions but also car schemes, child care vouchers, cycle to work etc



WHY NOW?

Changes from April 2025

- Class 1 employer NIC increases to 15% from 13.8%.
- National insurance threshold decreases to £5,000 from £9,100.
- Employment allowance increases to £10,500 from £5,000



BENEFITS

- Tax Efficiency: Lowers NICs and income tax (subject to individual circumstances) for employees.
- Employer Savings: Reduces employer NICs.
- Flexible Levels: Adjustable contribution amounts, can be used for bonus payments and commission.
- Voluntary: Requires employee-employer agreement.
- Advice: Employees should seek financial advice.

In Practice - employee

	Current Scheme	Salary Sacrifice
Gross Income	£40,000	£38,312
Pension Deduction	£1,688 (inc tax relief of 1%)	0
Income Tax	£5,486	£5,148
NI	£1,783	£1,580
Employer Contribution	£1,013	£1,013 (+£1,688)
Total Pension Contributions	£2,701	£2,701
Take Home Pay	£31,043	£31,584
Net monthly	£2,586	£2,632
SAVING		£541 pa

In Practice - employer

Scenario: Based on 20 employees with a salary of £40K - 5% employee pension contribution



20

Full time employees



£40K

Average salary



5%

Employee Pension
Contribution

BUDGET IMPACT - APRIL 2025

(Scenario: Based on 20 employees with a salary of £40K - 5% employee pension contribution)



£80.3K

Current NIC Cost
Per Annum



£94.5K

New NIC Cost
Per Annum



£14.2K

NIC Increase
Per Annum

Employer NIC takes into consideration the employment allowance

Switching to Salary Sacrifice

Based on switching to a salary sacrifice pension scheme in April.



£80.3K

Current NIC Cost
Per Annum



£89.4K

New NIC Cost
Per Annum



£9.1K

NIC Increase
Per Annum

Reduces the impact of the budget on employer NIC by **£5.1K.**

In Practice- High-income Individual

	Current Scheme	Salary Sacrifice
Gross Income	£121,590	£76,590
Salary Sacrifice	£0	£45,000
Income Tax	£40,386	£18,068
NI	£4,442	£3,542.40
Total Pension Contributions	£0	45,000
Take Home Pay	£76,761	£54,979.60
Net monthly	£6,396	£4,581.64

Switching to Salary Sacrifice

(Based on switching high-income individual to a salary sacrifice pension scheme in April.)



£15.5K

Employer
Current NIC Cost
Per Annum



£17.4K

Employer New
NIC Cost Per
Annum

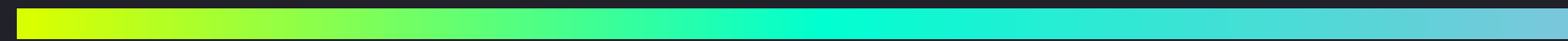


£10.7K

NIC switching
to SS

Reduces the impact of the budget on employer NIC by **£6.7K.**

Thankyou



Any questions?

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Capital Allowances

- Money Matters Forum
- Jane Martin
- jane.martin@rsmuk.com

10 January 2024



What are capital allowances?

- Capital allowances are a form of tax relief which are available on capital expenditure.
- To claim the relief, the following entitlement conditions must be met;
 - Qualifying activity - trade, property business – for commercial property this could be owner occupier, landlord, tenant
 - Capital expenditure must be incurred on the provision of plant and machinery for the purposes of the qualifying activity
 - The claimant must own the plant and machinery
 - There must be a relevant interest in land - freehold or leasehold - for fixtures in commercial property
 - The claimant must be subject to UK tax
- Capital allowances are covered under CAA2001 legislation.

Summary of capital allowances

Type of allowances	Rate per annum
Super deduction / SRP FYA (ended 31 March 2023)	130%/ 50%
Full expensing / SRP FYA (started 1 April 2023)	100%/ 50%
FYAs (Electric cars and charging points)	100%
Main pool WDAs	18%
Special rate pool WDAs	6%
Structures and buildings allowances	3%
Research and development allowances	100%
Land remediation relief	150%
Freeports (plant including integral features) *	100%
Freeports (structures and buildings allowances) *	10%

*On capex incurred on or before 30 September 2026

Full Expensing – HMRC criteria

- The criteria set out by HMRC to make a claim for full expensing tax relief is:
 - The claimant must be a company subject to UK corporate tax – unincorporated businesses are not eligible
 - For eligible expenditure incurred from 1 April 2023 onwards – was to cease on 31 March 2026, now permanent
 - The plant and machinery must be new and unused
 - Claim in the year of expenditure only – but not in the period the qualifying activity ceases
 - Plant must not be acquired for leasing – exclusion for background plant and machinery in a building, ie fixtures
 - Cars do not attract full expensing tax relief
 - Specific rules on disposal of assets which have had full expensing relief – balancing charge

Full Expensing – Cashflow example

- Client has incurred £5m of qualifying expenditure – assume split is £3m Main Pool and £2m Special Rate Pool
- Assume the £1m AIA is available.

Details	Main pool - FE	Special Rate pool - FYA	Details	Main pool – WDA	Special Rate pool – WDA
Rate	100%	50%	Rate	18%	6%
Addition	£3,000,000	£2,000,000	Addition	£3,000,000	£2,000,000
AIA claimed		£1,000,000	AIA claimed		£1,000,000
Allowances	£3,000,000	£500,000	Allowances	£540,000	£60,000
Total Deduction in Year 1 with AIA	£3,000,000	£1,500,000	Total Deduction in Year 1 with AIA	£540,000	£1,060,000
Cash tax saving at 25% CT	£1,125,000		Cash tax saving at 25% CT	£400,000	

Additional cashflow benefit = £725,000

Any questions?

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Any Other Business

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