

Welcome to the Spring edition of *The Wire* 2023!



By Jeremy Hoyland

In this edition of the Wire we are looking forward not only to the year ahead but importantly also to the more distant future.

Mark Creed has produced an article on the upcoming reduction to the annual exemption amount on Capital Gains Tax and if you should consider crystallising your gains before 5th April 2023.

Marcus Carlton and Phil Patient's articles provide some more long-term thoughts to consider. Marcus' article on how connecting with your future self can help boost your financial wellbeing provides a different way of thinking about your financial future, whilst Phil's article reflects on his own experiences of how to prepare children for an inheritance, looking toward the financial future of the next generation.

We have also included some common questions about crypto currency and blockchain, something that is often talked about but generally not clearly explained.

Finally, I'm sure many of you watched the World Cup in Qatar at the end of 2022. Whilst you may have been focussed on the football, there was another story unfolding around the sponsors and the need for agile marketing going forward. Our marketing manager, Stephanie, has laid out the story in our last article.

We hope you enjoy this edition and that the early forward markers for economic recovery continue to bloom and in time burst into life.

Growth at HFMC Wealth

As the weather is starting to change for the better and the plants start to emerge, HFMC Wealth have also been growing. We are delighted to announce that we have acquired R&S Associates Financial Planning Ltd which further strengthens our capabilities for serving our clients at our London office.

This is a continuation of our plan to build a growing, sustainable financial planning and wealth management business that can benefit our clients and staff from prudent increases in



scale, whilst maintaining the depth of understanding and relationship that are so vital to being a successful client focussed business with a wide circle of relevant services.

The transaction, which completed on 16th January 2023, saw all R&S Financial Planning client-facing staff retained. The team will be jointly headed up by Vince Lane and Darren Berry. Vince is a Chartered Financial Planner and is an affiliate member of Resolution, the leading organisation for family justice professionals further strengthening our experience in serving families facing such circumstances.

Darren has previously looked after private clients at UBS and holds the Chartered Financial Planner status, is a designated Trust and Estate Practitioner through STEP and is a Fellow of the Personal Finance Society.

R&S advises over 100 high net worth families, many of whom have been clients for decades and, similarly to us, in some cases over multiple generations.

We would especially like to welcome all the R&S clients to the HFMC Wealth family and hope you find this, your first quarterly newsletter from us, to be insightful and informative.

Jeremy



With the Capital Gains Tax annual exempt amount set to reduce, is it time to crystallise some gains?



By Mark Creed

In 2020/21, Capital Gains Tax (CGT) brought in £14.3 billion for the exchequer, realised on £80 billion of gains and affecting 323,000 taxpayers.

The total CGT liability increased sharply in the most recent figures - indeed, the amount of gains and number of taxpayers increased by 19% and 20% respectively.

Back in 2020, the Office of Tax Simplification published a report in which they recommended the government should “consider more closely aligning CGT rates with Income Tax rates”.

While the recommendations were not implemented at the time, the tax has remained a focus for successive chancellors. The latest, Jeremy Hunt, finally announced some reforms to CGT in his 2022 autumn statement.

So, with changes to CGT in the pipeline, now is a good time to focus on how you can utilise the valuable annual exempt amount on capital gains.

More about your annual CGT allowance

When looking at maximising your tax allowances, the CGT annual exempt amount is one that often flies under the radar.

This exemption lets you make a certain amount of gain each year before you must pay tax. Nearly everyone who is liable for CGT benefits from the allowance, including trusts.

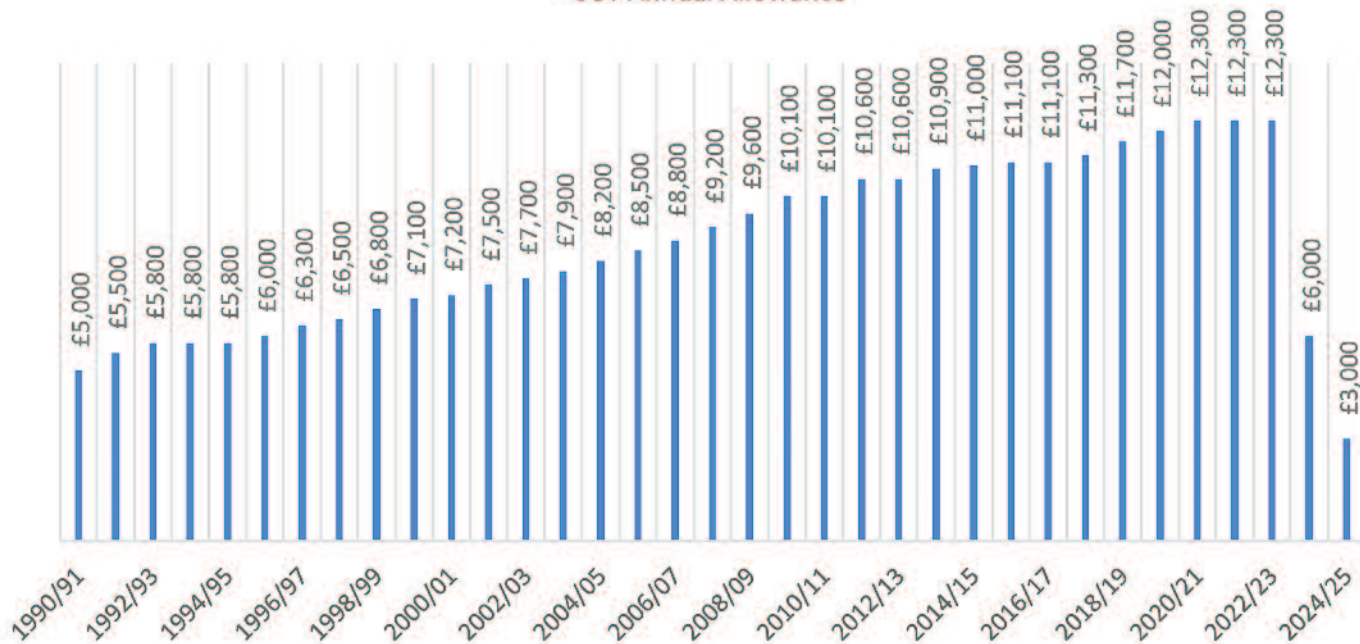
In 2022/23, the annual exempt amount stands at £12,300. However, in the autumn statement, the chancellor announced that the exemption would reduce to £6,000 in the 2023/24 tax year, and just £3,000 in the 2024/25 tax year.

It's important to remember you only pay CGT on gains. CGT is a tax on the profit when you sell (or dispose of) an asset that has increased in value. It is the gain you make that's taxed, not the amount of money you receive.

Most commonly, these assets refer to:

- Second homes
- Shares, bonds, funds (including exchange-traded funds), and business assets not held in an ISA

■ CGT Annual Allowance



CGT ANNUAL ALLOWANCE

- Commercially dealt antiques, rather than personal possessions, gifts, or private cars.

Of course, gains are ultimately what investing is all about. However, as an investor, Capital Gains Tax is like the giant boulder chasing Indiana Jones in *Raiders of the Lost Ark* - you can only run for so long before you need a plan and a strategy. This is especially the case in light of the chancellor's decision to cut this valuable exemption.

Why you should consider crystallising gains

As an investor, your CGT annual exemption is very much an annual "use it or lose it". You can't carry it forward to future years.

Ideally, you should ensure that the full exemption - £12,300 in 2022/23 - is "harvested" from your total gains in any given year. If it isn't, you could just be kicking a tax can down the road.

You have to accept that CGT must be paid at some point in the future. If some of that tax comes sooner rather than later, then so be it. It's essentially an argument between emotions and maths.

- If you crystallise gains now, use your annual exemption, and pay CGT at 20% you have less in the account post-reinvestment.

- Or, you could have a larger amount invested but you'll be pregnant with CGT and have to pay it in the future.

We have undertaken research that revealed that, unless investors are holding to death, the numbers suggest individuals should consider crystallising gains now if they are able to do so, use their annual exemption, and take the hit.

In addition, the compound effect of using an annual CGT allowance is significant, and so the allowance should be utilised in dealing accounts, where available, each year.

There is certainly a case for realising gains while the tax rate is 20% and while the annual exempt amount stands at £12,300. Of course, everyone's circumstances are different and so we recommend speaking to us before making any decisions in this regard.

The annual exempt amount change will likely increase the CGT you pay

In 2022/23, the annual exemption allows chargeable gains of up to £12,300 each year. As you have read, it is an effective way of limiting the tax payable on an investment portfolio by ensuring you realise sufficient gains each year to make the most of the exemption.

An example

Charlotte has a portfolio worth £2,500,000. After one year of investment the portfolio has risen 10%, giving a gain of £250,000. If Charlotte was to encash the entire portfolio at this point, she would have to pay tax on the £250,000 gain.

In the 2022/23 tax year, the CGT annual exempt amount is £12,300, so the actual taxable gain would be £237,700.

Charlotte would then pay £47,540 in CGT (£237,700 x 20%) but has not paid the first £2,460 (£12,300 x 20%) as this is covered by the exemption.

If this were to happen in the 2023/24 tax year when the annual exempt amount reduces to £6,000, Charlotte would pay £48,000 in CGT (£244,000 x 20%). She has not paid the first £1,200 (£6,000 x 20%) as this is covered by the exemption.



It is currently worth up to £2,460 a year for a higher-rate taxpayer. And, if you repeat this exercise each tax year, the tax savings can have a significant impact on your net investment return.

From 2023/24 the exemption will only be worth £1,200 for a higher-rate taxpayer, and from 2024/25 just £600.

It's worth remembering that the exemption is for an individual. So, planning carefully with your spouse or partner before 5 April 2023, could see you realise £24,600 of gains before you pay any CGT.

Could CGT rates rise in the future?

In their 2020 report, the Office of Tax Simplification suggests CGT rates are "more closely" aligned with Income Tax rates.

While this has yet to happen - Jeremy Hunt elected to reduce the exemption rather than change the tax rates - it is something that a future government could revisit.

Currently, the full gain you make (with no adjustment for inflation) is added to your income to determine the rate of tax that will apply. This is currently 10% and 20% on non-residential assets and, 18% and 28% on residential property.

If the government aligns CGT and Income Tax rates as part of a package of reforms, you could pay 40% or even 45% tax on gains. It's worth noting here that people who pay CGT are twice as likely to be higher-rate taxpayers than those who do not.

It's yet another reason to consider realising gains now. The worst-case scenario currently is that you'll pay 20% CGT on investment gains whereas, in the future, this could be 40% or more.

Speak to us

If you have a potential CGT liability, there are strategies we can employ to mitigate this. For example, maximising your ISA investments, or planning more closely as a couple so you can use both individual exemptions can reduce your CGT bill.

Please [email](#) or contact us on 020 7400 4700.

Please note

This article is for information only. Please do not act based on anything you might read in this article. All contents are based on our understanding of HMRC legislation, which is subject to change.

"It's yet another reason to consider realising gains now. The worst-case scenario currently is that you'll pay 20% CGT on investment gains whereas, in the future, this could be 40% or more."

How connecting with your future self can help boost your financial wellbeing



By Marcus Carlton

When you have a concrete picture of your future self, it makes it easier to plan for the long term and, crucially, you're more likely to stick to those plans.

That's the conclusion of a major report by insurer Aegon, which reveals that the strength of your connection to your future self can have profound consequences for your health, happiness and financial wellbeing.

Just as picturing yourself driving down Route 66 or sipping a cocktail on a tropical beach can motivate you to save towards your goal, having a clear idea of what your future self might look like can boost your financial security. It can also improve your wellbeing in a range of other ways - read on to find out how.

If you have a clear vision of your future self, you're likely to be more financially secure

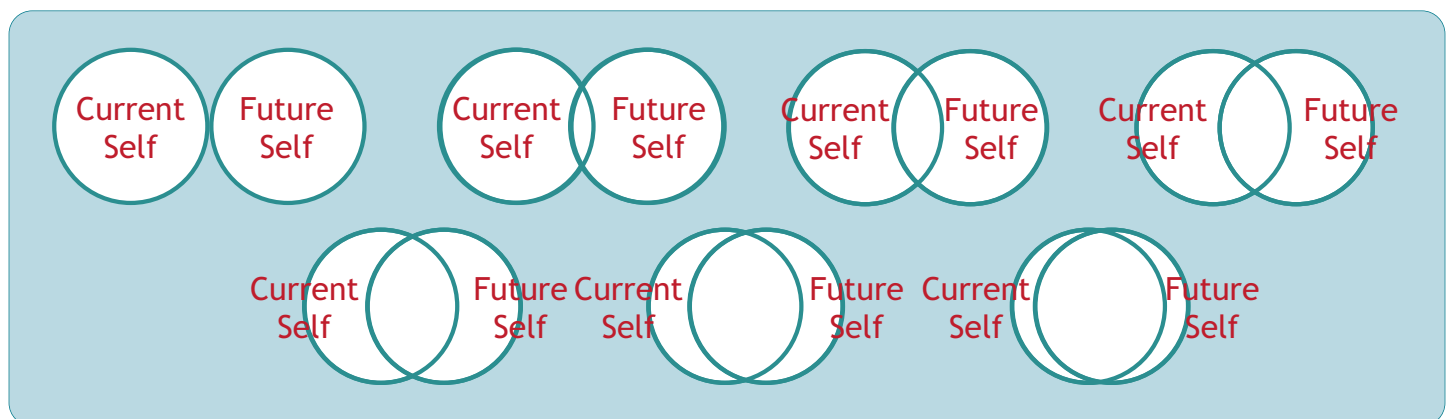
Many people have a clear vision of their future self and see themselves in years to come as an extension of their current identity. These people are often more financially secure and tend to be more ethical in their treatment of others, as they are keen to act in a way that will make life easier in the years ahead.

Conversely, if you find it hard to imagine your future self -

perhaps you see them as a separate person with little connection to the person you are now - you are likely to be less worried about the long-term effects of your decisions now.

This is not a new idea. In 1736, philosopher Joseph Butler wrote: "If the self or person of today, and that of tomorrow, are not the same, but only like persons, the person of today is really no more interested in what will befall the person of tomorrow, than in what will befall any other person".

The notion of a link to our "future selves" also compelled Hal Hershfield, associate professor of marketing, behavioural





decision making and psychology at the University of California, to study the idea.

Hershfield suspected that a disconnection from our future selves might explain some of the irrational elements of human behaviour, including a reluctance to save for retirement.

In his study, he showed participants the graphic below with overlapping circles representing the current and future self.

Participants had to identify which pair of circles best described how connected they felt to their self 10 years from now.

It's an interesting process to go through - which pair of circles represents your relationship with your future self?

Hershfield then compared the responses to various financial planning metrics.

For example, he presented the participants with several scenarios in which they could either receive

a smaller reward soon or a larger reward later. As you might expect, the participants who felt a greater connection to their future self were much more likely to wait for the bigger sum.

The professor then looked at the participants' real-life savings. And, in line with his suspicions, he found that the participants who were better connected with their future selves had saved more.

The Aegon research came up with very similar conclusions. They found that people connected with their future self tend to:

- Be more responsible with their money
- Have a rainy day or emergency fund in place
- Be less likely to have debt
- Be more likely to pay off a mortgage
- Save more.

Of course, thinking more clearly about the future can have wider benefits than just boosting your financial security.

As an example, in a later study, Hershfield found that people's identification with themselves in years to come could also predict their exercise behaviours and overall fitness.

His research revealed that if you identify strongly with your future self you are more willing to look after your body to make sure that you experience better health in the years ahead.

Financial planning can help you create a better vision of "future you"

Despite the clear benefits of thinking more closely about your future, Aegon found that less than a third (28%) of people have a specific picture of themselves in years to come.

So, what can you do to create a better relationship with "future you"?

Firstly, financial planning can encourage you to consider this issue. A financial plan is not generally designed just to "generate positive returns" - it's there to enable you to reach your goals, whatever they might be.

A good financial planner starts by asking you about what you want to achieve in the future. That might be:

- Early retirement
- Providing financial support to children or grandchildren
- Leaving a legacy
- Starting your own business
- Enjoying a comfortable lifestyle in later life.

Only when a planner has established your goals - essentially a picture of your future self - can they create a plan to help you get there. And, you're more likely to stick to this plan because you have clearly envisioned how you want your life to look in the years ahead.

If you are struggling to do this, there are a couple of simple ways you can try and connect with yourself 10 or 20 years from now.

The first is to use an app or other simple software to "age" yourself in a photo. Many smartphones let you upload a photograph of you now, and the app will add 10 or 20 years to your image so you can see what you might look like in a decade's time.

When Hershfield did this with his participants, he found that they subsequently showed greater responsibility in their financial decision-making.

Alternatively, you could write a letter to yourself 10 or 20 years from now, describing what is most important for you now and your plans for the coming years.

This will also encourage you to feel a greater sense of connection with your future self and, consequently, lead to positive change.

Five practical ways you can prepare your child to receive a big inheritance



By Phil Patient

On 1 January 2023, my dad unexpectedly passed away at the age of 75 having been at a New Year's Eve party with friends just hours earlier.

None of us know when our time will come to an end, but we do know that it will happen. My own dad had accumulated wealth in his lifetime and was keen for this to be preserved for me and my two brothers as much as possible.

This is not unusual for our clients, and one of your overriding financial planning goals is likely to be to pass some of your accumulated wealth to your children or grandchildren.

Indeed, the [Kings Court Trust](#) estimate that an eye-watering

£5.5 trillion will pass between the generations within the next 30 years in what many have called “the great wealth transfer”.

With billions of pounds set to transfer between generations, how prepared are your children and grandchildren to receive their own inheritance?

Also, how prepared are you to leave your affairs such that your family know what to do when you are gone?

In my family's case, whilst dad had no expectation of his passing, he had prepared a list of all of his wishes, along with leaving us his key details such as NI number, passport numbers, asset list, instructions and passwords. This was designed to make the management of his estate so much simpler than it otherwise would have been.

“With billions of pounds set to transfer between generations, how prepared are your children and grandchildren to receive their own inheritance?”



Preparing for the inevitable, perhaps in a similar way to my father using a document like HFMC Wealth's ICE document, and letting your family know where to find it certainly helps begin any conversation about inheritance and what to do next.

Whilst your financial adviser will certainly know much of the hard facts about your financial affairs, if not all of it, they won't know much of the more personal information that your family may later rely on.

According to a 2022 survey by the [Bank of America](#), only 51% of parents with \$3 million or more (around £2.5 million) in investable assets believe their children are well prepared to inherit.

Whilst 80% of wealthy parents consider it important to leave a financial inheritance to their children, only half said that the next generation are prepared to inherit when the time comes.

So, if you're concerned about passing on your wealth, here are five useful hints and tips.

1. Make sure your child has a good financial education

If you want your children or grandchildren to handle an inheritance responsibly, it's vital they have a sound knowledge of financial matters.

If they are still young, there are valuable lessons you can teach them about earning their pocket money, and the balance between saving and spending. We have written previously about [the use of apps for pre and early teens such as GoHenry](#) for just this purpose.

If they are older, concepts such as saving, compound returns, tax-efficiency, and asset diversification are likely to be more appropriate.

Inheriting a large sum of money with no basic knowledge of how to deal with it can easily lead to money being frittered away, meaning the valuable help you have provided could go to waste.

2. Start laying the groundwork early

One way to help to prepare your children for an inheritance is to start early. Consider inviting your adult children to meetings with your financial planner, so they can begin to understand the issues involved in an intergenerational wealth transfer, and also of any wishes you might have for how it may be used. Whilst clearly not binding, it can be really helpful.

Remember also that wealth acquired young can have a powerful multiplier effect.

For example, if a child or grandchild can pay off student debt, they can start to save earlier. Getting onto the housing ladder sooner can help them save money in terms of "wasted" rent and give them an asset that will likely appreciate in value over time.

Often, wealth breeds wealth. Indeed, [the Guardian](#) reports one study that traced the descendants of wealthy Victorians and found their great-great-grandchildren were still disproportionately likely to be well-off five generations later.

3. Explain the concerns you have about passing money on

As you get older, you'll have to manage the tricky balance between "not running out of money" and "dying with too much".

Passing on too much wealth too early could leave you short in years to come, particularly if you then have to pay for later-life care.

Similarly, not passing on wealth now could leave your loved ones with a substantial Inheritance Tax (IHT) headache when you pass away.

A 2022 report from [Resolution Foundation](#) revealed that some older people are making significant sacrifices in order to leave something to their children. To leave a healthier nest egg to their offspring, 9% are downsizing, 16% are saving more, and 4% are working longer into retirement.

So, you may need to have a conversation with your child or grandchild outlining reasons you might not be comfortable providing a significant sum now. While they may be happy for you to spend your money as you see fit - it's your money, mum and dad! - they may also need to understand why you need to retain assets to maintain your quality of living in the years or decades to come.

4. Manage expectations

How much are your children expecting to receive from you as an inheritance?

If they don't know how much money is involved, it can cause tension down the line. A 2019 study published by [MoneyAge](#) revealed that UK adults, on average, expect to receive an inheritance windfall of £132,000 from their parents.

Meanwhile, figures from the Office for National Statistics (ONS) suggest the average inheritance passed down by parents is around £50,000.

For many of our clients, the average inheritance is likely to be significantly more, particularly given the value of property.

With discussions about finances being taboo in so many UK families, your children or grandchildren could be vastly overestimating or underestimating the amount of inheritance they expect to receive. Misaligned expectations may leave them more or less able to achieve the life goals they thought they'd be able to meet with the money they expected to inherit.

And, when preparing a child for an inheritance, it's not just the amount you need to consider when setting expectations, but also timescales.

Increasingly, like my own parents, those with wealth are taking a "giving while living" approach, by passing on wealth while they are alive rather than on death. As well as having the benefit of seeing your bequest go to good use, receiving a living inheritance tends to mean that children and grandchildren inherit money at a time in their life when they need it more.

For example, you may be able to help financially when they reach significant life milestones, such as buying a house or having children, or maybe it can be helping grandchildren perhaps with their longterm saving using the "normal expenditure out of income" exemption.

An intergenerational wealth plan, designed with your children and grandchildren in mind, can help you pass wealth when it is needed in a tax-efficient - and timely - way.

5. Tackle both the psychological and practical issues surrounding gifting

As well as the practical and financial aspects of passing on wealth, it's important to remember the psychological aspects - both from your and your child's perspective.

Many parents are concerned that they will "spoil" the next generation by passing money on. You may be worried that it encourages a lack of ambition in a child, or that they won't work as hard knowing there is money coming down the line.



However, we have noted that attitudes are subtly shifting in this regard, with more and more clients wanting to see their hard-earned wealth pass to the next generations, not to HMRC.

Also, parents and grandparents are acknowledging that times have changed. It is undoubtedly much more difficult for young adults to get onto the housing ladder than it was for baby boomers or other generations.

In my own family's case, having lost my mum to cancer in her 60s, my own goal has been to build experiences and memories with my children with memorable events and holidays together. My dad was very keen to support that and enabled this for us.

Many clients understand they can play a positive role in helping younger family members to get ahead or enable them to make choices that they would have wished they could have made.

Of course, transferring wealth to younger generations can also encourage them to take risks. Knowing they have financial support may enable them to pursue less reliable careers - perhaps as an intern or in the arts. They may also be bold enough to set up their own business.

From the recipient's perspective, there are also psychological issues to consider.

In a [research paper](#) examining intergenerational wealth, sociologists Liz Moor and Sam Friedman say: "Intergenerational gifting is sensitive. It can elicit feelings of guilt, embarrassment, even shame, and therefore often goes unspoken in everyday life."

Some of the younger people they interviewed felt judged

by friends for "not having made it on their own", while individuals with more liberal views can sometimes struggle to reconcile personal gratitude with their political conscience.

Interestingly, in the research, many children justified the financial help they received by focusing their emphasis on their parents' early-life struggles and working-class background, rather than their own.

Explaining your own attitude to gifting can help your children with their own thoughts about receiving wealth, turning possible negatives into positives as the act itself can become aspirational and the receipts themselves more valued.

Your financial planner can help formulate a plan that's appropriate for you

With all this in mind, when formulating an intergenerational wealth plan, you're likely to have to consider both yours and the recipient's feelings about the inheritance.

Having a more open discussion about wealth, your own expectations and hopes, and knowing your children's hopes and goals can only help formulate your own plans should you be considering IHT planning.

If you would like to know more about how to best prepare for your family following the inevitable - whether it is expected or unexpected - or how you might to begin planning for wealth transfer, then do get in touch with your financial planner and they would be glad to help.

"Having a more open discussion about wealth, your own expectations and hopes, and knowing your children's hopes and goals can only help formulate your own plans should you be considering IHT planning."



Seven common questions about cryptocurrency and blockchain - answered

Over the last few years, cryptocurrency has moved towards the financial mainstream. In fact, [CoinGecko](#) reports that, as of 2 February 2023, the global cryptocurrency market has a total market capitalisation of \$1.13 trillion.

Even though cryptocurrencies are still somewhat in their infancy, the market is constantly evolving at a rapid pace, and it can often take time to keep up with all the new developments.

So, to help you to better understand the world of crypto, here are the answers to seven common questions about cryptocurrencies and the blockchain.

1. What exactly are cryptocurrencies? How do they work?

Simply put, a cryptocurrency is a form of digital currency designed to be used as an alternative way to pay for goods and services.

The best way to understand cryptocurrencies is to imagine them like other traditional forms of currency. You can use them to buy goods, or invest in them with the intention of selling when the price rises to turn a profit. This is similar to the way people buy traditional currencies on the foreign exchange market.

Of course, there are some stark differences between traditional currencies and cryptocurrencies. For instance, traditional currencies tend to be backed by a commodity or government to stabilise them. Meanwhile, cryptocurrencies operate on a decentralised structure independent of any centralised bank or financial institution.

2. What is the blockchain?

The “blockchain” is the name given to the code that records ownership of cryptocurrencies.

The blockchain is a public ledger that acts as a record of any “mined” cryptocurrency - more on this later - and any transactions made using it.

When a coin is mined or someone makes a cryptocurrency transaction, it is recorded with something called a “hash”. These hashes can only be read when linked together chronologically - in a “block” - and it’s the fact this chronological link (the “chain”) can’t be altered that makes them secure.

Crucially, these blocks cannot be altered or deleted once they’ve been added to the blockchain. This essentially validates transactions and ensures that they’re legitimate.

So, whenever a cryptocurrency transaction occurs, this new chain of unique data lends transparency and security to trades, ensuring that no one can falsify transactions.

Without the blockchain, cryptocurrencies wouldn’t survive. This is because it allows trades to occur automatically and instantaneously, and is entirely transparent, which promotes integrity and trust in transactions.



Source: [Google Finance](#)

3. What types of cryptocurrencies are available? And how has their price changed over the years?

If you've read anything about cryptocurrencies in the past, there's a good chance you've seen "bitcoin" mentioned frequently. This is the most prevalent, and was one of the first forms of cryptocurrency to hit the market back in 2008.

The above chart shows bitcoin's value over the years. As you can see, bitcoin's price remained relatively low until a significant spike at the end of 2017. This eventually settled down, and it wasn't until 2020 that prices started to rise rapidly.

As you can see from the chart, the value of bitcoin has been somewhat volatile. Despite hitting a high of £34,966 on 1 April 2022, the value of the cryptocurrency has since fallen to below £19,000. Had you purchased bitcoin at its peak, the value of your holding would be substantially lower in 2023.

However, bitcoin isn't the only digital currency available; the second-largest cryptocurrency on the market is ethereum. This cryptocurrency went live in mid-2015, and its price saw similar spikes during Covid-induced lockdowns.

The table below shows the price movements of ethereum since its inception. As you can see, ethereum's price

remained low until a significant spike in 2020. Then, much like bitcoin, it rose to alltime highs in 2021, hitting £3,462 for every ethereum coin by 12 November 2021.

Of course, crypto investors aren't limited to these two currencies. [Forbes](#) reports that roughly 21,910 different cryptocurrencies existed as of December 2022.

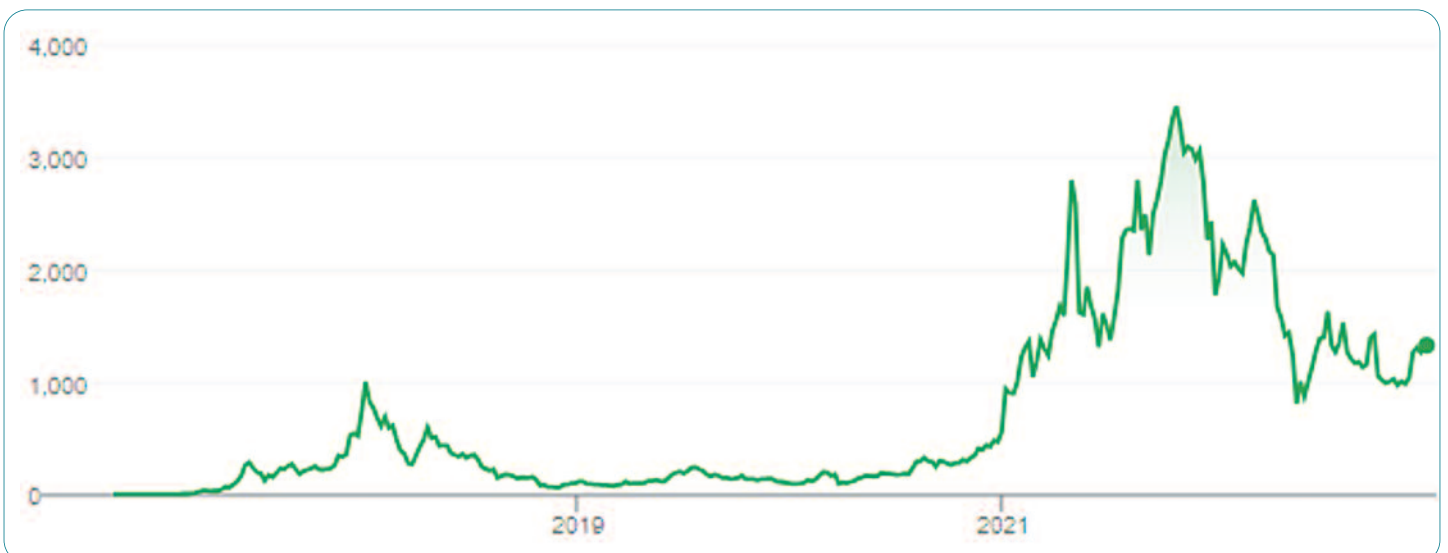
4. How are cryptocurrencies created?

The process for generating cryptocurrencies is called "mining". Here, cryptocurrency miners will use computers to solve complicated mathematical problems that, when solved, generate coins.

As previously mentioned, the blockchain is composed of data that external computers have verified. These cryptocurrency miners are the ones verifying the code. Miners are then awarded cryptocurrencies when the complex maths problems are complete and verified.

For this reason, cryptocurrency miners are essentially bookkeepers. They verify transactions and keep a current record of cryptocurrency account balances. In return for their efforts, they are paid a "bookkeeper's fee" in the form of cryptocurrencies.

Anyone can start mining cryptocurrencies, though it's worth keeping in mind that the computer hardware requirements are quite high. The better your computer, the faster it can



Source: [Google Finance](#)

solve mathematical equations and earn cryptocurrency.

For most people, the cost and complexity of mining cryptocurrency is prohibitive. So, instead you can purchase cryptocurrencies from an online distributor or from an individual who has mined the coins themselves.

5. How can you spend cryptocurrency?

When cryptocurrencies were initially created, founders envisioned them as a new, decentralised way to pay for goods and services. In theory, this could still be the case, but as it stands, only some businesses accept digital currency.

This is partly because in-depth knowledge of the technology is needed to adopt the infrastructure necessary to accept cryptocurrencies as a form of payment. After all, the technology is still somewhat in its infancy, and traditional currency is still far more effective.

Though, this limitation doesn't mean that cryptocurrencies are necessarily a poor investment. For instance, if you

invest in gold, you generally can't go into a shop and exchange it for goods!

Some companies have started accepting cryptocurrency as a form of payment. For example, Virgin Airlines and Virgin Mobile now accept bitcoin as an acceptable payment medium. As the technology advances and general understanding grows, it is likely that more and more businesses will embrace digital currencies.

6. What is a crypto wallet?

When you mine or purchase cryptocurrencies, they are stored in something called a "wallet".

This is simply the name given to the place your digital coins are stored. Several different types of crypto wallets are available, each with varying benefits and levels of security. This can become quite complex, as there are two different sets of categories for crypto wallets: hot and cold wallets, or custodial and non-custodial wallets.

	How it works	Benefits of this wallet	Downsides of this wallet	Their typical cost
Custodial wallets	Wallets that are provided by a third party, which is responsible for their safety	They are usually simple to use and can have intuitive interfaces that make it easier to track your investments	They can sometimes be more susceptible to fraudsters since they are managed online by a third party	Some providers may charge an ongoing management fee, though it's typically free to open one
Non-custodial wallets	Wallets that are wholly managed and owned by yourself	You are given complete control over your wallet and the currency within	They can be more technically complex, making them unsuitable for beginners	If you're using software, they're typically free, though you may need to pay for external hardware
Hot wallets	Wallets that are connected to an internet network	They are typically more convenient and easier to use, which makes trading faster and more efficient	They are more susceptible to hackers since they're always connected to the internet	The charges you face will depend on the fee structure of the wallet provider
Cold wallets	Wallets that are on external devices not connected to the internet, such as USB sticks	Since they aren't usually connected to a network, they tend to be safer	They could be more expensive, especially if you buy a hard drive with lots of storage space	The price varies depending on the hardware – a cheap USB stick could cost as little as £10, while an external hard drive could cost as much as £200

Hot wallets

“Hot wallets” are connected to the internet, and while they’re usually more convenient and straightforward to use, it can be easier for fraudsters to target them since they’re connected to a network.

Cold wallets

A “cold wallet” is simply a piece of external hardware, such as a hard drive or a USB stick.

It’s generally trickier for fraudsters to target cold wallets since they typically aren’t connected to an online network. Though, since you need to purchase an external piece of hardware, they can often be more expensive. Additionally, there is always a risk you could lose the hardware you’re using to store your coins.

Custodial wallets

Custodial wallets are storage spaces for your cryptocurrency that a third party manages. As such, the provider of these wallet types is responsible for the security of your investments.

Non-custodial wallets

Non-custodial wallets are wholly managed by yourself. Whilst this does give you more control over your digital currency, it means you’re responsible for its security.

It’s worth keeping in mind that a crypto wallet can be both hot or cold, and custodial or noncustodial. For example, custodial wallets are typically hot, whilst their non-custodial counterparts can be either hot or cold.

7. Are cryptocurrencies regulated?

As it stands, cryptocurrencies are unregulated in the UK. In fact, the government stated that the decentralised nature of cryptocurrencies would make complete regulation problematic.

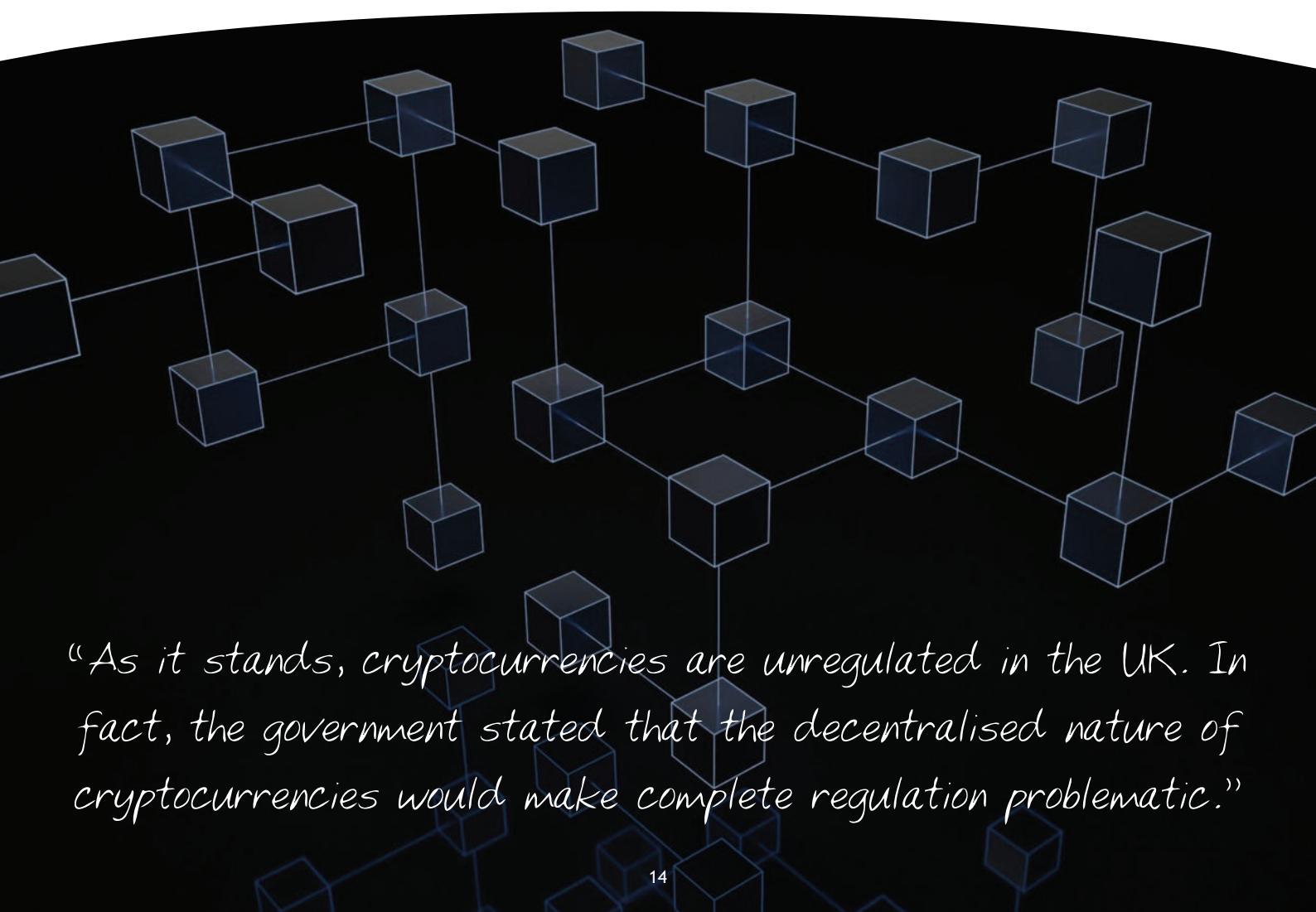
This hasn’t stopped several financial institutions in the UK from attempting to regulate them as much as possible. A “cryptoassets task force” was created in 2018, which brought together the Treasury, the Financial Conduct Authority (FCA) and the Bank of England in an attempt to coordinate a joint response towards cryptocurrencies.

Currently, the FCA has the power to ensure that companies that deal with cryptocurrencies have effective anti-money laundering and terrorist financing procedures in place, though the cryptocurrencies themselves aren’t regulated in the UK.

However, the FCA has taken some action to protect UK consumers, such as issuing warnings about the risks involved, even going as far as banning the retail sale of certain products.

You should also remember that there is no consumer protection in the UK when it comes to cryptocurrencies. This means that, if you feel you’ve been mis-sold a cryptocurrency product, you can’t make a complaint to the Financial Ombudsman.

Similarly, if you’re trading cryptocurrencies through a company, and that company collapses, the Financial Services Compensation Scheme (FSCS) won’t be able to cover you.



“As it stands, cryptocurrencies are unregulated in the UK. In fact, the government stated that the decentralised nature of cryptocurrencies would make complete regulation problematic.”



How an alcohol ban demonstrated the power of agile marketing



By Stephanie Whiting

From the adverts you see in a theatre programme to the emails you receive from brands you trust, marketing is all around you.

At some point in your life or career, you'll have adopted a marketing strategy - whether that was to generate business or to promote yourself at a job interview.

Whilst there are basics that underpin a successful marketing campaign, sometimes reacting to events and having a plan B can turn a potential disaster into a great opportunity.

It's a story that one of the world's foremost beer brands, Budweiser, faced in November. Two days before the start of the World Cup in Qatar, football's governing body, FIFA, decided to ban the sale of alcohol in and around the tournament stadia.

You may have seen Budweiser's reaction to the news online, in a social media post they later deleted.

Joking aside, a business that had paid a reported \$75 million to FIFA for its sponsorship contract suddenly had to completely change its marketing campaign just 48 hours before the start of the tournament. Here's how they did it.

Creating the company's largest ever global campaign

One of the immediate challenges Budweiser faced is that, with the tournament set to kick off, years of planning and logistical work was thrown into disarray.

The late decision led to the eleventh-hour dismantling of Budweiser tents at the stadia, and the company suddenly having millions of units that they couldn't sell.

Sponsorship marketing expert, Ricardo Fort, told the [New York Times](#): "There is a lot of work that needs to happen to be able to sell beverages. This country [Qatar] doesn't manufacture or bottle beer locally.

"They would have to bring trucks from different countries to be able to transport the beer. They would have to bring in a disproportionate amount of refrigerators to store the beer at the concessions."

Fort estimated Budweiser would have lost around \$5 million on its operations in Qatar.



What Budweiser did next turned this problem into their biggest global marketing campaign yet. Instead of leaving the undrunk beer in Qatar warehouses, they decided to give it away.



Using the hashtag #BringHomeTheBud, Budweiser announced they would ship crates of beer to the country that won the World Cup, along with hosting an unforgettable fan party.

During the knockout stages of the World Cup, Budweiser also delivered #BringHomeTheBud branded crates to iconic locations around the world, including various locations in England, Brazil, and the US.

After Argentina won the tournament in a thrilling final, the company announced a series of victory celebrations at fan park locations in Buenos Aires, Rosario, and Cordoba. These celebrations featured musical performances, surprises in the red Budweiser crates to be revealed for fans at the party, and access to exclusive collectible merchandise to commemorate Argentina's win.

Todd Allen, global Budweiser vice president, said: "We are thrilled to #BringHomeTheBud to Argentina, bringing fans together in celebration over the Argentina national team's monumental World Cup win.

"We couldn't wait to bring their epic victory home and to celebrate with the players and fans as we wrap up our largest global campaign to date."

Budweiser kept selling beer in Qatar

Having spent millions on sales infrastructure in Qatar, Budweiser did what they expected to do as tournament sponsors: they sold beer.

Communicating their decision to bar the sale of alcohol in and around stadia at matches, FIFA said they wanted to "focus the sale of alcoholic beverages on the FIFA Fan Festival, other fan destinations and licensed venues".

So, Budweiser continued to sell beer at other locations in Qatar, including hotels and fan parks, for the duration of the tournament.

It's also worth remembering that the sale of beer at venues in Qatar was only a very small part of what Budweiser - the World Cup sponsor for 36 years - expected to get out of the relationship.

The global event is seen by millions, enabling Budweiser to promote their products in pubs, restaurants, and retail outlets in more than 70 countries. They also aired TV advertisements with football icons Lionel Messi and Neymar Jr.

So, the focus of the world's press on this issue likely boosted Budweiser's profile. Like they say, no publicity is bad publicity.

A speedy pivot to low-alcohol beer

While FIFA decided to prohibit the sale of alcohol at Qatar stadia, they did allow Budweiser to sell their "Budweiser Zero" low-alcohol products.

Rather than railing against the ban, Budweiser chose to release a statement promoting its Zero product.

The *FT* reports that UK sales of low-alcohol and no-alcohol beers have almost doubled in five years, so accelerating the company's "Drink Wiser, Cheer Better" campaign fed into a growing demand for alcohol alternatives.

This was a clever ploy, considering the business already had plans to increase the sale of its non-alcohol product.

Indeed, the *Wall Street Journal* reported that Budweiser wants low-alcohol and no-alcohol beer products to make up at least 20% of its global beer volume by 2025. The current figure stands at 6.63%, according to a company report published in February 2022.

Sitting alongside Coca-Cola in the stadia, Zero became a genuine alternative for fans at the tournament. In the desert climate, advertising even encouraged visitors to drink a Budweiser Zero alongside their beer at fan parks, with the message "Hydrate Between Buds".

Let's leave the final word to Kudzi Mathabire, global director of experiential marketing at Budweiser's parent company, InBev: "This is Budweiser's biggest campaign ever, a truly global campaign that touches more than 70 countries".



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