BSK
FINANCIAL PLANNING

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FINANCIAL PLANNING FOR JUNIOR BARRISTERS AND PUPILS

GETTING THE BASICS RIGHT EARLY

When you start at the Bar, it is important to think early about saving, investing and protecting your income. This guide outlines the key tax-efficient savings and protection options available in the UK and what you should consider at the beginning of your career.

TAX-EFFICIENT SAVINGS AND INVESTMENTS

Self-invested personal pension (SIPP)

A SIPP is a personal pension that allows you to invest for retirement and benefit from tax relief.

- Tax relief: Contributions receive tax relief at your marginal rate (20%, 40% or 45%).
- Access: Normally from age 55 (rising to 57 from 2028).
- Investment choice: Wide range of funds, shares and ETFs.
- Often used for: Long-term retirement saving and higher earners looking to reduce tax.

Annual allowance and tapering

- The standard annual allowance is £60,000 per tax year (or 100% of relevant UK earnings, if lower).
- For high earners, the allowance tapers down once taxable income exceeds £260,000, reducing the allowance to as low as £10,000.

Carry forward rules

- You can use unused pension allowances from the previous three tax years, potentially allowing large catch-up contributions.
- Important: You must have been a member of a UK-registered pension scheme in each of those years to use carry forward.

Stocks & Shares ISA

An ISA allows you to invest without paying income tax or capital gains tax.

- Annual allowance: £20,000 per tax year (shared across all ISAs).
- Tax treatment: No tax on growth or withdrawals.
- Often used for: Medium to long-term investing with flexible access.

Cash ISA

A Cash ISA is a tax-free savings account.

- Annual allowance: Shares the £20,000 ISA limit.
- Tax treatment: Interest is tax-free.
- Often used for: Emergency funds and short-term savings.

Lifetime ISA (LISA)

A Lifetime ISA is designed for first-time homebuyers or retirement.

- Annual contribution limit: £4,000 (within the £20,000 ISA limit).
- Government bonus: 25% bonus on contributions (up to £1,000 per year).
- Withdrawals: Tax-free for first home (up to £450,000) or from age 60; penalties apply otherwise.

NS&I Premium Bonds

Premium Bonds are a government-backed savings product with tax-free prizes.

- Limit: Up to £50,000 per person.
- Tax treatment: All prizes are tax-free.
- Often used for: Holding cash for tax liabilities or short-term reserves in a tax-efficient way.

PROTECTING YOUR INCOME AND FAMILY

Income protection insurance

Provides a monthly income if you are unable to work due to illness or injury.

- Covers a proportion of your earnings (typically up to 60–70%).
- Particularly valuable given the lack of employer sick pay at the Bar.

Critical illness cover

Pays a lump sum on diagnosis of specified serious illnesses (e.g., cancer, heart attack, stroke).

- Can be used to clear debts, cover living costs, or fund treatment.

Life assurance and family income benefit

Provides financial support for dependents if you die.

- Life assurance: Pays a lump sum to your family.
- Family income benefit: Pays a regular income for a set period, often more cost-effective for young families.

Practical early-career checklist

1. Start a pension early: Contribute to a SIPP as soon as possible, even with a nominal amount. This establishes pension membership and allows you to use carry forward allowances in the future.
2. First £20,000 of savings: Use an ISA (Cash, Stocks & Shares, or a mix depending on your goals and risk tolerance).
3. Next £50,000 for tax liabilities: Consider NS&I Premium Bonds as a low-risk, tax-efficient place to hold cash earmarked for tax bills.
4. Protect your income: Consider income protection and appropriate life or family cover to safeguard your earnings and dependants against illness, injury or death.

IMPORTANT INFORMATION

This document is for information purposes only and does not constitute personal financial advice. Advice should always be based on your individual circumstances.

The products mentioned may not be suitable for all.

The value of investments can go down as well as up and you may not get back the amount you invest.

The value of pensions and the income they produce can fall as well as rise and are not guaranteed.

Tax treatment depends on individual circumstances and may be subject to change in the future.

ABOUT BSK FINANCIAL PLANNING

Founded in 2011, BSK Financial Planning is a chartered, independent financial advisory firm specialising in working with barristers. The firm provides tailored financial planning and investment management services, helping clients navigate retirement planning, tax-efficient savings, and wealth protection.

With approximately 100 barrister clients, BSK combines sector expertise with personalised advice, offering ongoing support through cash flow modelling, portfolio oversight, and regular reviews. Their focus on the legal profession ensures advice is practical, relevant, and aligned with the unique challenges of life at the Bar.

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