

Direct investment in shares or use of a fund

Assumptions

- £ 100,000 Initial investment
- 8.0% Total return pa
- 2.0% Dividend yield, retained and spent
- 6.0% Capital growth = difference
- 20.0% CGT rate
- Direct investment, all capital return subject to CGT, tax paid following year, except in final period for simplicity

Variable

- 1.0% Annual charge in fund as % of b/f value

Direct investment in shares

| Year | B/F | Capital return | CGT on PY Capital Return | C/F |
|------|--------------|----------------|--------------------------------|--------------|
| 1 | £ 100,000.00 | £ 6,000.00 | | £ 106,000.00 |
| 2 | £ 106,000.00 | £ 6,360.00 | -£ 1,200.00 | £ 111,160.00 |
| 3 | £ 111,160.00 | £ 6,669.60 | -£ 1,272.00 | £ 116,557.60 |
| 4 | £ 116,557.60 | £ 6,993.46 | -£ 1,333.92 | £ 122,217.14 |
| 5 | £ 122,217.14 | £ 7,333.03 | -£ 1,398.69 | £ 128,151.47 |
| 6 | £ 128,151.47 | £ 7,689.09 | -£ 1,466.61 | £ 134,373.96 |
| 7 | £ 134,373.96 | £ 8,062.44 | -£ 1,537.82 | £ 140,898.58 |
| 8 | £ 140,898.58 | £ 8,453.91 | -£ 1,612.49 | £ 147,740.00 |
| 9 | £ 147,740.00 | £ 8,864.40 | -£ 1,690.78 | £ 154,913.62 |
| 10 | £ 154,913.62 | £ 9,294.82 | -£ 1,772.88 | £ 162,435.56 |
| 11 | £ 162,435.56 | £ 9,746.13 | -£ 1,858.96 | £ 170,322.73 |
| 12 | £ 170,322.73 | £ 10,219.36 | -£ 1,949.23 | £ 178,592.86 |
| 13 | £ 178,592.86 | £ 10,715.57 | -£ 2,043.87 | £ 187,264.56 |
| 14 | £ 187,264.56 | £ 11,235.87 | -£ 2,143.11 | £ 196,357.32 |
| 15 | £ 196,357.32 | £ 11,781.44 | -£ 2,247.17 | £ 205,891.59 |
| 16 | £ 205,891.59 | £ 12,353.50 | -£ 2,356.29 | £ 215,888.79 |
| 17 | £ 215,888.79 | £ 12,953.33 | -£ 2,470.70 | £ 226,371.42 |
| 18 | £ 226,371.42 | £ 13,582.29 | -£ 2,590.67 | £ 237,363.04 |
| 19 | £ 237,363.04 | £ 14,241.78 | -£ 2,716.46 | £ 248,888.37 |
| 20 | £ 248,888.37 | £ 14,933.30 | -£ 2,848.36 | £ 260,973.31 |
| 21 | £ 260,973.31 | £ 15,658.40 | -£ 2,986.66 | £ 273,645.05 |
| 22 | £ 273,645.05 | £ 16,418.70 | -£ 3,131.68 | £ 286,932.08 |
| 23 | £ 286,932.08 | £ 17,215.92 | -£ 3,283.74 | £ 300,864.26 |
| 24 | £ 300,864.26 | £ 18,051.86 | -£ 3,443.18 | £ 315,472.93 |
| 25 | £ 315,472.93 | £ 18,928.38 | -£ 3,610.37 | £ 330,790.93 |
| 26 | £ 330,790.93 | £ 19,847.46 | -£ 3,785.68 | £ 346,852.72 |
| 27 | £ 346,852.72 | £ 20,811.16 | -£ 3,969.49 | £ 363,694.39 |
| 28 | £ 363,694.39 | £ 21,821.66 | -£ 4,162.23 | £ 381,353.82 |
| 29 | £ 381,353.82 | £ 22,881.23 | -£ 4,364.33 | £ 399,870.71 |
| 30 | £ 399,870.71 | £ 23,992.24 | -£ 9,374.69 | £ 414,488.26 |

Investment via a fund

| Year | B/F | Capital return | Annual charge on b/f | CGT on final gain | C/F |
|------|--------------|----------------|-------------------------|----------------------|--------------|
| 1 | £ 100,000.00 | £ 6,000.00 | -£ 1,000.00 | | £ 105,000.00 |
| 2 | £ 105,000.00 | £ 6,300.00 | -£ 1,050.00 | | £ 110,250.00 |
| 3 | £ 110,250.00 | £ 6,615.00 | -£ 1,102.50 | | £ 115,762.50 |
| 4 | £ 115,762.50 | £ 6,945.75 | -£ 1,157.63 | | £ 121,550.63 |
| 5 | £ 121,550.63 | £ 7,293.04 | -£ 1,215.51 | | £ 127,628.16 |
| 6 | £ 127,628.16 | £ 7,657.69 | -£ 1,276.28 | | £ 134,009.56 |
| 7 | £ 134,009.56 | £ 8,040.57 | -£ 1,340.10 | | £ 140,710.04 |
| 8 | £ 140,710.04 | £ 8,442.60 | -£ 1,407.10 | | £ 147,745.54 |
| 9 | £ 147,745.54 | £ 8,864.73 | -£ 1,477.46 | | £ 155,132.82 |
| 10 | £ 155,132.82 | £ 9,307.97 | -£ 1,551.33 | | £ 162,889.46 |
| 11 | £ 162,889.46 | £ 9,773.37 | -£ 1,628.89 | | £ 171,033.94 |
| 12 | £ 171,033.94 | £ 10,262.04 | -£ 1,710.34 | | £ 179,585.63 |
| 13 | £ 179,585.63 | £ 10,775.14 | -£ 1,795.86 | | £ 188,564.91 |
| 14 | £ 188,564.91 | £ 11,313.89 | -£ 1,885.65 | | £ 197,993.16 |
| 15 | £ 197,993.16 | £ 11,879.59 | -£ 1,979.93 | | £ 207,892.82 |
| 16 | £ 207,892.82 | £ 12,473.57 | -£ 2,078.93 | | £ 218,287.46 |
| 17 | £ 218,287.46 | £ 13,097.25 | -£ 2,182.87 | | £ 229,201.83 |
| 18 | £ 229,201.83 | £ 13,752.11 | -£ 2,292.02 | | £ 240,661.92 |
| 19 | £ 240,661.92 | £ 14,439.72 | -£ 2,406.62 | | £ 252,695.02 |
| 20 | £ 252,695.02 | £ 15,161.70 | -£ 2,526.95 | | £ 265,329.77 |
| 21 | £ 265,329.77 | £ 15,919.79 | -£ 2,653.30 | | £ 278,596.26 |
| 22 | £ 278,596.26 | £ 16,715.78 | -£ 2,785.96 | | £ 292,526.07 |
| 23 | £ 292,526.07 | £ 17,551.56 | -£ 2,925.26 | | £ 307,152.38 |
| 24 | £ 307,152.38 | £ 18,429.14 | -£ 3,071.52 | | £ 322,509.99 |
| 25 | £ 322,509.99 | £ 19,350.60 | -£ 3,225.10 | | £ 338,635.49 |
| 26 | £ 338,635.49 | £ 20,318.13 | -£ 3,386.35 | | £ 355,567.27 |
| 27 | £ 355,567.27 | £ 21,334.04 | -£ 3,555.67 | | £ 373,345.63 |
| 28 | £ 373,345.63 | £ 22,400.74 | -£ 3,733.46 | | £ 392,012.91 |
| 29 | £ 392,012.91 | £ 23,520.77 | -£ 3,920.13 | | £ 411,613.56 |
| 30 | £ 411,613.56 | £ 24,696.81 | -£ 4,116.14 | -£ 66,438.85 | £ 365,755.39 |

Fund outcome minus direct outcome

-£ 48,732.87