Field Experts: Tax, Wealth & the Art of Making Money Work Harder

We kick off our new Field Experts series with a conversation that goes straight to the heart of smart investing. Hannah Davies, Head of Private Client and Alan Fletcher, Partnership Director at Invest&Fund, sit down with our guest Russell Dickie CTA, founder of RJD Tax Advice, a specialist tax advisory practice with roots in some of the UK's most respected firms, including Grant Thornton, Deloitte and Evelyn Partners.

The result is a candid, wide-ranging discussion covering everything from common investment mistakes and the quiet power of the Innovative Finance ISA to housing policy, patient capital, and the increasingly creative ways families are planning around rising school fees. Grab a coffee, this one's worth reading to the end!

The Basics — and Why They're Not So Basic

Hannah: Russell, you've spent nearly two decades advising high-net-worth clients, first at the big firms and now running your own practice. When you look at someone's investment portfolio for the first time, what mistakes do you see most often?

Russell: You'd think, after all this time, the answers would change. They really don't. The most common mistake is still the same: people simply aren't using the tax-advantaged allowances and wrappers sitting right in front of them. I see sophisticated investors holding income-producing investments outside ISA wrappers when they've got unused allowances. If you're earning interest outside an ISA, you could be handing over 40% or 45% of that income to HMRC. Unnecessarily.

Hannah: We see that a lot on the platform side, too. People focus so heavily on finding the right opportunity that the 'where do I hold it' question almost becomes an afterthought, and it's great to see people utilising their allowance as well as holding our traditional accounts.

Russell: Exactly. And that's the second mistake, not thinking about which investments sit in which wrapper. Income-producing assets should generally be inside ISAs and pension wrappers wherever possible as first priority. That absolutely includes Innovative Finance ISAs for people investing through peer-to-peer platforms like Invest & Fund. And the third mistake is not getting tax and investment advice working together from the start. The best outcomes come when those two disciplines are aligned upfront, not when someone calls me eighteen months later to try and 'fix' things.

Mistake #1

Not using tax-advantaged allowances and wrappers sitting right in front of you

Mistake #2

Not thinking about which investments sit in which wrapper

Mistake #3

Not getting tax and investment advice working together from the start

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Beyond Stocks and Bonds — What's Actually Worth Considering?

Alan: When clients come to you looking to diversify beyond traditional equities and bonds, where does the conversation typically go?

Russell: Diversification is fundamental, and I always encourage clients to think broadly, but the starting point has to be the client's risk profile, liquidity needs and tax position. I advise on a wide range of asset classes, and when Property comes up, direct ownership brings a significant amount of tax and administrative complexity: stamp duty, income tax on rental profits, capital gains tax on disposal, and, from April 2026, you'll have quarterly Making Tax Digital obligations as well. It's a lot!

Alan: Have you seen an increased demand in direct lending alternatives?

Russell: I have seen peer-to-peer property lending gaining traction, where investors lend to UK residential developers and earn interest on their capital without the headaches of direct ownership. Platforms like yours that specialise in this space, offering asset-backed lending secured against residential property, with yields that have historically been competitive against more traditional fixed-income products.

Hannah: And within an IFISA wrapper, that interest is sheltered from tax. It's a combination that I think genuinely surprises people when they first encounter it.

Russell: Beyond that, I'd look at EIS and SEIS investments with the right clients, VCTs, and for internationally mobile clients, there are some fascinating planning opportunities opening up with the UK's new Foreign Income and Gains regime. The key is that any alternative investment needs to fit within a coherent, tax-efficient overall strategy — not just sit alongside it.

Democratising Investment — Has It Actually Happened?

Hannah: There's been a lot of talk over the years about democratising investment, making opportunities available that were once reserved for institutional investors. How real has that shift been, in your experience? Is it as seismic as we feel, or is it just rhetoric?

Russell: It's been genuinely significant. When I started in tax advisory, many of the more interesting opportunities were accessible only to institutional investors or to people with very substantial capital. Property development finance is a good example that was traditionally the preserve of banks and specialist lenders. Entirely closed off to individual investors.

Hannah: And now someone with an IFISA can participate in the same type of carefully assessed development lending that a family office might have accessed ten years ago. That is a real change.

Russell: What's encouraging is that the democratisation hasn't come at the expense of rigour. The best platforms maintain institutional-grade credit assessment and due diligence. And from a tax perspective, the introduction of the Innovative Finance ISA in 2016 was an important structural step; it meant that interest earned through P2P platforms could be sheltered entirely from tax, putting these investments on the same footing as traditional ISA products. For anyone diversifying beyond cash and equities, it's worth understanding properly.

Money With Meaning — Values and Financial Goals

Hannah: We sometimes hear from our investors that they want their money to do something socially impactful while also growing. Russell, how do you help clients balance supporting causes they genuinely believe in, like contributing to the success of the UK economy and British businesses, whilst also meeting their financial goals?

Russell: This is increasingly at the front of clients' minds. People want to know their capital is doing something they feel is productive. And what's encouraging is that it's now genuinely possible to align values with financial returns without sacrificing performance. Take residential property development in the UK. There's a well-documented housing shortage and supporting SME housebuilders through lending platforms is a direct contribution to addressing it. Your partnership with Homes England means your platform is funding residential projects the country actually needs. That's a tangible impact your wider business can point to, not a vague ESG label.

Alan: The Homes England partnership is something we're particularly proud of. It's one of those things that makes a very real difference at a project level, giving SME developers access to funding they might otherwise struggle to secure from traditional lenders.

Russell: And my role in all of this is making sure that whatever investment approach a client chooses, the tax structure supports it rather than undermines it. Whether that's ISA and pension allowances, timing disposals to manage capital gains, or structuring for internationally mobile clients, tax planning should be built around the investment strategy, not bolted on afterwards.

The Underutilised Options That Could Be Working Much Harder

Hannah: What roles do tax-advantaged accounts play in a well-structured wealth plan? And are there options that you think are genuinely underused?

Russell: Tax-advantaged accounts should be the foundation of any wealth plan, yet they're consistently treated as an afterthought. The annual ISA allowance is £20,000 per person. For a couple, that's £40,000 a year building up in a completely tax-free environment. Add junior ISAs and pensions for the children, and there's a significant amount of tax-free growth available each year if you're organised about it.

Alan: I think you will be able to guess our thoughts on this in relation to the IFISA!

£20K	£40K	£3K
Annual ISA Allowance	Couple's ISA Allowance	CGT Annual Exemption
Per person, per year	Combined annual tax-free growth	Now significantly reduced

Russell: The most underutilised option, in my view, is unquestionably the Innovative Finance ISA. Most people are familiar with Cash ISAs and Stocks & Shares ISAs. The IFISA, which allows you to hold peer-to-peer lending investments inside an ISA wrapper, remains relatively unknown, even among financially sophisticated people. Platforms like Invest & Fund offer an IFISA option, meaning the interest earned on property-backed loans is received entirely tax-free. For a higher or additional-rate taxpayer, the savings are substantial.

Hannah: We'd certainly agree the IFISA deserves more attention than it gets. The returns have been strong, the security is asset-backed, and the tax wrapper means investors keep significantly more of their earnings.

Russell: Beyond ISAs, I help clients think carefully about pension allowances, the Capital Gains Tax annual exemption, which is now just £3,000, so there's less room for manoeuvre than there used to be, and for those with international connections, the new FIG regime offers meaningful reliefs for the first four years of UK tax residence. The principle is always the same: use every available allowance before any investment sits in a taxable environment.

The Funding Gap

Hannah: You've spent your career advising business owners. What's your perspective on alternative funding sources for growing British companies?

Russell: Having advised business owners for nearly twenty years, I've seen firsthand how access to appropriate finance can make or break a growth plan. Traditional bank lending has become increasingly restrictive, particularly for smaller developers and entrepreneurs. The gap is real, and it matters.

Alan: Which, I guess, is where our sector jumped in, the core of the alternative sector is solution based...

Russell: Exactly, alternative funding platforms have stepped in to fill the gap, and I think they play a vital role in the UK economy. In the property development space, your partnership with Homes England specifically targets SME housebuilders who might struggle to access traditional bank finance. That matters enormously, because SME builders are essential to meeting the Government's housing targets, and they need reliable, flexible funding to deliver at scale.

Alan: We've seen that dynamic very directly. Some of the projects we fund are genuinely transformative for the communities they serve, and they simply wouldn't happen without this kind of alternative finance. The way we see it is that even though it's essentially profiting from solving a problem that we wish society didn't have, it's a net positive for both the economy and the communities these businesses serve.

Russell: From an investor's perspective, this sort of patient capital in these areas can offer attractive risk-adjusted returns, with the added benefit of supporting productive economic activity. My advice to business owners is always to explore the full range of funding options available. And to investors, I would also suggest looking beyond conventional products when building a diversified portfolio.

What Really Matters When Evaluating a Platform

Hannah: When you're evaluating different investment platforms or products for your clients, what criteria matter most to you beyond headline returns?

Russell: Returns are important, but they're only one factor, and frankly, they're the easiest thing to put in a brochure! When I assess a platform, I focus on four things.

1

Transparency

Can I clearly see how the investment works, what the underlying assets are, what the fee structure is, and what happens when things don't go to plan? The best platforms publish detailed credit reports and due diligence on every single opportunity. Invest & Fund provides full credit summaries and independent monitoring reports to lenders, which is exactly the level of transparency I want to see.

2

Quality of Security

For property-backed lending, I want to understand the loan-to-value ratios, the charges in place, and whether there are personal guarantees or debentures alongside the property security.

3

Tax Treatment

How is income classified, can it sit in a tax-efficient wrapper, and is there clear reporting to support clients' tax returns? These are the practical questions that matter when you're building a tax-efficient portfolio.

4

Track Record

How has this platform managed defaults and completed projects over time? Past performance isn't a guarantee, but a strong history of credit management is a meaningful signal.

Alan: I think that's something we are always anxious to highlight in terms of transparency. One of the interesting things about the platform model is that it's a stripped-back version of the direct lending bank model; rather than being a walled-off private credit fund, it's clear where the returns are generated, and the quality of the security is visible.

Hannah: I hear that framework is very much how we're often assessed, and it's why we invest so heavily in the transparency and credit reporting side of what we do; UK Residential Development

UK Residential Development — Where Are the Exciting Opportunities?

Alan: Where are the exciting opportunities, do you think?

Russell: The current environment is actually quite interesting for investors prepared to look further afield. Interest rates have created challenges for some asset classes but also genuine opportunities for others. Gilts and purchased annuities, for example, have seen a resurgence. UK residential property development is one area where I see a genuine and durable opportunity. Despite economic headwinds, the fundamental demand for housing remains extremely strong. The Government's commitment to 1.5 million homes over this parliament provides strong policy support for the sector. SME developers, who tend to be more agile and community-focused than the volume housebuilders, are particularly well-placed, but they need reliable funding to capitalise on that. From a tax-planning perspective, I'd also highlight that the EIS, VCT, and SEIS schemes continue to offer generous reliefs for investing in qualifying early-stage British businesses. And the new FIG regime creates interesting planning opportunities for internationally mobile investors looking to deploy capital in the UK. There's a lot to work with if you have the right advice in your corner.

Benefits of Income, and the UK Life Interest Trust

Hannah: We often hear from clients that they are searching for ways to make their investment income work for them with their tax advisors… and a frequent place this conversation moves to is school fees and UK Life Investment Trusts. With VAT now applying to private school fees and costs continuing to rise, what strategies would you recommend for families trying to manage this?

Russell: This is probably the most common conversation I'm having with clients at the moment. The introduction of VAT on private school fees from January 2025, combined with years of above-inflation increases, has significantly changed the numbers for many families. A family with two children at £20,000 a year per child is now looking at close to £48,000, including VAT. That's a substantial, recurring outgoing that requires serious planning. The starting point is always to examine how those fees are funded. If parents are paying from taxed income, the gross cost is even higher. An additional-rate taxpayer needs to earn roughly £87,000 gross to pay £48,000 of school fees after tax. That's before you consider the impact on personal allowance tapering.

The School Fees Challenge

£20,000 per child per year

£48,000 including VAT for two children

£87,000 gross earnings needed to pay after tax

The Tax-Efficient Solution

Income-generating investments structured within tax-efficient wrappers, such as an IFISA, can generate competitive yields received entirely tax-free — significantly more efficient than paying from taxed earnings.

This is where income-generating investments, structured within tax-efficient wrappers, become genuinely valuable. An Innovative Finance ISA through a platform like yours, for example, could generate a competitive yield on capital that is received entirely tax-free. If a family has built up ISA savings over several years, drawing tax-free income from those holdings to fund school fees is significantly more efficient than paying from taxed earnings. Beyond ISAs, there are strategies involving grandparent contributions — and in particular, life-interest trusts for children.

Alan: So, can a UK life interest trust be used for more than just school fees?

Russell: A life tenant can receive dividends, interest, and rental income from a portfolio of investments held in trust, while the underlying capital is preserved for the next generation. This can mean that income may be able to be passed to family members who are subject to lower levels of tax on their investment income due to their own particular circumstances.

Hannah: So, the message really is plan early, plan carefully, and make sure the right people are talking to each other.

Russell: Exactly that. School fees are a known example, recurring expense that lasts for 10 to 15 years. The families who manage it best are those who start thinking about the tax-efficient funding strategy well before the first invoice arrives. However, this strategy also applies to sensible portfolio investments. That's exactly the kind of proactive planning I specialise in at RJD Tax Advice, and it's why I think the relationship between tax adviser, financial planner and investment platform matters so much.

About Our Expert

Russell Dickie CTA

Russell Dickie CTA is the founder of RJD Tax Advice, a specialist independent tax advisory practice. He has over 18 years' experience advising high-net-worth individuals, business owners and internationally mobile clients, having previously held senior roles at Grant Thornton, Deloitte and Evelyn Partners.

RJD

Important Information

Invest & Fund operates a lending platform that brings together borrowers and lenders to finance residential property development projects. Lenders' capital is at risk, and payments are not guaranteed if the borrower defaults. Whilst Invest & Fund offers a Resale Marketplace, lenders may not always be able to access their money quickly. Lending via the platform is not covered by the Financial Services Compensation Scheme. Invest and Fund Limited is authorised and regulated by the Financial Conduct Authority (FRN: 711378). Invest and Fund Limited (No. 8277803) is registered in England and Wales.

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