



**SECURITIES &  
INVESTMENT  
INSTITUTE**

**Summer 2008  
SII Masters Exam**

**PORTFOLIO CONSTRUCTION  
THEORY**

Information pack

Summer 2008

**TABLES OF RATES AND ALLOWANCES**

**2007/2008**

Personal allowances	£
Age allowances	5,225
- personal allowance:	
aged 65-74	7,550
aged 75 or over	7,690
- married couple's allowance :	
older spouse 71-74	6,285
older spouse aged 75 or over	6,365
- age allowance income limit	20,900

**Bands of Taxable Income**

**Rate**

	<b><u>Earned income</u></b>	<b><u>Investment income</u></b>	<b><u>Dividends</u></b>
		<b><u>Interest</u></b>	
£0 - £ 2,230	10% (Lower)	10%	10%
£2,231 - £34,600	22% (Basic)	20%	10%
Over - £34,600	40% (Higher)	40%	32.5%

**Capital Gains Tax**

Annual exemption (individuals)	£9,200
£0 -£ 2,230	10%
£2,231 -£34,600	20%
Over £34,600	40%

**Inheritance Tax**

Threshold	£300,000	
	£300,000+	40%

**Companies**

Full Corporation Tax Rate	30%
Small Companies Rate	20%

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### R.P.I FIGURES

Mar 82	79.4	July	101.8	Feb	136.3	Sep	153.8
Jan 83	82.6	Aug	102.1	Mar	136.7	Oct	153.8
Feb	83.0	Sept	102.4	Apr	138.8	Nov	153.9
Mar	83.1	Oct	102.9	May	139.3	Dec	154.4
Apr	84.3	Nov	103.4	June	139.3	Jan 97	154.4
May	84.6	Dec	103.3	July	138.8	Feb	155.0
June	84.8	Jan 88	103.3	Aug	138.8	Mar	155.4
July	85.3	Feb	103.7	Sep	139.4	Apr	156.3
Aug	85.7	Mar	104.1	Oct	139.9	May	156.9
Sep	86.1	Apr	105.8	Nov	139.7	June	157.5
Oct	86.4	May	106.2	Dec	139.2	July	157.5
Nov	86.7	June	106.6	Jan 93	137.9	Aug	158.5
Dec	86.9	July	106.7	Feb	138.8	Sep	159.3
Jan 84	86.8	Aug	107.9	Mar	139.3	Oct	159.5
Feb	87.2	Sep	108.4	Apr	140.6	Nov	159.6
Mar	87.5	Oct	109.5	May	141.1	Dec	160.0
Apr	88.6	Nov	110.0	June	141.0	Jan 98	159.5
May	89.0	Dec	110.3	July	140.7	Feb	160.0
June	89.2	Jan 89	111.0	Aug	141.3	Mar	160.8
July	89.1	Feb	111.8	Sep	141.9	Apr	162.6
Aug	89.9	Mar	112.3	Oct	141.8		
Sep	90.1	Apr	114.3	Nov	141.6		
Oct	90.7	May	115.0	Dec	141.9		
Nov	91.0	June	115.4	Jan 94	141.3		
Dec	90.9	July	115.5	Feb	142.1		
Jan 85	91.2	Aug	115.8	Mar	142.5		
Feb	91.9	Sep	116.6	Apr	144.2		
Mar	92.8	Oct	117.5	May	144.7		
Apr	94.8	Nov	118.5	June	144.7		
May	95.2	Dec	118.8	July	144.0		
June	95.4	Jan 90	119.5	Aug	144.7		
July	95.2	Feb	120.2	Sep	145.0		
Aug	95.4	Mar	121.4	Oct	145.2		
Sep	95.4	Apr	125.1	Nov	145.3		
Oct	95.6	May	126.2	Dec	146.0		
Nov	95.9	June	126.7	Jan 95	146.0		
Dec	96.0	July	126.8	Feb	146.9		
Jan 86	96.2	Aug	128.1	Mar	147.5		
Feb	96.6	Sep	129.3	Apr	149.0		
Mar	96.7	Oct	130.3	May	149.6		
Apr	97.7	Nov	130.0	June	149.8		
May	97.8	Dec	129.9	July	149.1		
June	97.8	Jan 91	130.2	Aug	149.9		
July	97.5	Feb	130.9	Sep	150.6		
Aug	97.8	Mar	131.4	Oct	149.8		
Sep	98.3	Apr	133.1	Nov	149.8		
Oct	98.5	May	133.5	Dec	150.7		
Nov	99.3	June	134.1	Jan 96	150.2		
Dec	99.6	July	133.8	Feb	150.9		
Jan 87	100.0	Aug	134.1	Mar	151.5		
Feb	100.4	Sep	134.6	Apr	152.6		
Mar	100.6	Oct	135.1	May	152.9		
Apr	101.8	Nov	135.6	June	153.3		
May	101.9	Dec	135.7	July	152.4		
June	101.9	Jan 92	135.6	Aug	153.1		

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### Taper Relief

<u>Gains on Business Assets</u>	<u>% of Gain Chargeable</u>
Complete years	
1	50
2 or more	25
<u>Gains on Non-Business Assets</u>	<u>% of Gain Chargeable</u>
Complete years after 5/04/98	
1	100
2	100
3	95
4	90
5	85
6	80
7	75
8	70
9	65
10 or more	60

For non-business assets, for the purpose of taper relief, an extra year is added to the ownership period for assets owned before 17/03/98.