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Geoff Pollock, Partner and IFA, welcomes you to Issue Three of The RT Financial Planners (RTFP) Newsletter.

“This Newsletter aims to be informal but informative, challenging and entertaining. It will cover general items, as well as detailing new developments, or tried-and-tested ideas. We hope you enjoy it. Your own ideas and feedback will be very welcome and we hope to publish a selection of letters in future editions.”

'A-Day' is Fast Approaching...

...and the readers of national newspapers have apparently let it be known that the relentless tide of 'pensions crisis' stories has left them feeling very jaundiced.

We say retirement planning and pensions are increasingly important – and for two major reasons!

1. Traditional, final salary occupational pension schemes are becoming a thing of the past. Very few companies offer them to new employees and some companies are ceasing their schemes for existing members.

2. There are major tax benefits inherent in personal pensions.

Both factors underly the major, new legislation coming into force on April 6th 2006.

We cannot cover all the changes in this newsletter, but the good news is that many of the current restrictions are being removed. Here are just two major changes that will impact dramatically on people's pension planning:

◆ From 6 April 2006 you will be able to belong to an employer's scheme and fund your personal pension at the same time.

◆ The funding limit for your pension will be 100% of your annual earnings, up to a maximum of £215,000 pa. This means you can pay 100% gross of your income (even if that contribution comes from your building society account) and receive full tax relief on the contribution. **In turn, this means that the income tax you pay on your earned income goes straight back to your pension!**

These are just two examples of the major opportunities that will be available from April 6th 2006.

But don't wait until then to look at your pension planning – there are many opportunities available to people now that may disappear in the new tax year!

The new law is a major development in pensions legislation. If you have not already done so, you should take advice now before taking any other step.

DO NOT UNDER-ESTIMATE THE IMPORTANCE OF THESE FORTHCOMING CHANGES!

If you would like advice, then please contact your RTFP adviser on 01285 886111.

ABOUT RT FINANCIAL PLANNERS LLP

A partnership of IFAs, with its head office in Cirencester and its smaller office in Winchcombe, the IFAs and their highly-valued support staff have between them many decades' experience in financial services.

LET US HAVE YOUR FEEDBACK!

Write to 'The Newsletter', RT Financial Planners LLP, 2-4 Park St, Cirencester, Glos GL7 2BN or e-mail g.pollock@rtfp.co.uk. Let us have your views on the financial services industry in general or about one matter in particular. We reserve the right to reproduce some, or all, of it in forthcoming Newsletters.

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The information in this Newsletter is to be viewed as general information and does not constitute advice. It is based on our understanding of the current legislation and market conditions, all of which are subject to change. If specific, individual advice is required, we urge you to contact your IFA.

ASSET ALLOCATION & MARKETS

As IFAs, we are often asked where the 'hot' investments are and of course no-one really knows the answers – even TV and newspaper experts can only speculate.

What we will do, however, is look dispassionately at a situation and apply criteria such as asset allocation, using statistical tools developed for insurance and investment companies which have, in turn, made them available to RT Financial Planners IFAs. We also have the massive technical resources of Sesame Research available to us. By using these resources and discussing with our clients their objectives – and crucially – their risk levels, we can assess and recommend their ideal asset allocation and recommend investments to suit that model.

Regular reviews will ensure that the chosen investment model maintains its shape and relevance to the client concerned.

Asset allocation systems do not ask what will be 'hot' for the next six months; a sober and mathematical approach is required for longer-term returns to provide a means by which we can sensibly assess growth potential.

BONDS

The word 'Bond' probably has more definitions in the financial services industry than any other, but the focus of this article is on 'Whole of Life' insurance bonds. It is our belief that this type of bond has, over the last four or five years, developed more than any other investment currently available. 'Whole of Life' bonds are extremely flexible and inexpensive nowadays.

TAKE A LOOK AT WHAT THEY CAN DO!

1. **You can invest in cash, property, government gilts, unit trusts and OEICs (Open-Ended Investment Companies), managed by leading investment companies.**
2. **You can have any mixture of the available funds and alter them later at no cost.**
3. **You can take income monthly, quarterly, annually – your choice. You can receive this income free from tax in the year of receipt, even if you are a higher-rate (40%) taxpayer.**
4. **Because the bond is subject to company taxation** (although this is opaque to the investor), all returns are free from tax on full surrender unless 40% (higher-rate) tax applies. Be aware that some bonds (but not all) apply early redemption penalties for the first five or six years.
5. **Good allocation rates mean that you may have up to 107% of your money invested.**

Costs can be minimal.

Bid-offer spreads are largely a thing of the past. It may cost nothing, initially, to invest, although there may be an administration charge of around 0.5% for the first two to five years.

There will also be a Bond fee, normally around 1% per annum and additional fund charges normally range between 0%-1.5% depending on your fund selection. The early redemption penalties already mentioned may apply in the first five years but again, *there are currently bonds on the market with no early redemption penalties!*

More than this, RTFP will ensure your bond's investment value, after initial charges, is at least the value of your cheque – and perhaps even more. For example, an investment of £50,000 after initial charges will be worth £50,500; an investment of £100,000, after initial charges, will be worth £101,250 and so on.

If you wish to discuss the varieties of Bonds available, or the many ways of ensuring your bond can be designed to meet your needs, then please contact us. A great deal of research is required to ensure you are offered a bond that is structured to meet your needs. They are not a one-size-fits-all product. It may be that, after discussion and research, it is determined these bonds may not be the right investment for you.

**If you would like advice, then please
contact your RTFP adviser
on
01285 886111**

DON'T FORGET THE TAX YEAR ENDS ON APRIL 5TH 2006!

The end of this tax year is fast approaching. Do ensure that your tax-year sensitive investments, such as ISAs, VCTs and EIS's are all properly considered. By the 6th April 2006 any chance to maximise your 2005/2006 ISA allowance will have passed and another year's allowance for VCTs and EIS's will similarly be lost