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RT Financial Planners LLP is an
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Sesame Limited.



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.

Jackie Greenwood
T:01285 886122

TREATING CUSTOMERS FAIRLY

We have produced a TCF Charter, which is available as a leaflet and can also be viewed on our website. If you would like a copy of the leaflet, please let us know and we will be pleased to send you one.

In addition, we have recently implemented a Client Survey to help us better understand our clients' requirements and improve our services. We have been very pleased not only with response rate, but also with the answers to the various questions we have asked, which range from the understanding of what we offer and how we are paid for services, to the general level of service throughout the company and whether or not it was courteous, helpful and efficient.

We have so far sent surveys to those people who have completed business, but if you have dealt with us and not yet transacted business and would like to complete a survey anyway, we would be pleased to send you one. If, on the other hand you would prefer not to complete a formal questionnaire but have any ideas on how we could improve our service to you, please let us know by letter, telephone or e-mail. We are always keen to hear from you.

YOUR FINANCES MATTER MORE IN A DOWNTURN, NOT LESS

Jackie Greenwood DipPFS

The global financial markets are in turmoil and it seems that a day does not go by without more bad news. One thing is clear – it will take some time for the markets to pick up once the various corrections and action plans currently under discussion have been put in place by governments and financial institutions. In the meantime, we urge you not to neglect your finances, even if you are not currently planning to invest. We also urge you not to panic – so if you have any queries about anything to do with your finances, whether it concerns your pension planning, tax planning or protection please call your adviser, who will be happy to answer any questions you may have.

Of course, there are always some investments that are suited for these more turbulent markets and we list some examples below:

Cash or Deposit Funds, for holding measures and caution. There are many that can be held within Investment Bonds. These can be held Onshore or Offshore depending on what is more appropriate for your requirements and tax status.

Gilts and Index Linked Gilts are securities that are, in fact, loans to the Government. There will doubtless be a larger supply of these so the returns may be a little lower but they do offer a secure investment. These can be purchased directly, or through collective investment funds or investment bonds, for added diversification.

High Grade Corporate Bonds offer another option for investors to consider in conjunction with their adviser. These are securities from highly-rated companies – from the UK or overseas companies. I would suggest that the diversity offered by investing through funds in Collective Investments or Investment Bonds is essential.

National Savings Certificates are available in Fixed or Index Linked versions and are also backed by the Government. These are held for fixed terms of up to five years and they do not offer an income, just capital growth. They can be particularly appealing for higher-rate taxpayers as the growth is completely tax free. There is an upper limit of £15,000 per issue per investor – but they can offer you another option for a safe haven at present.

Shares Of course, these are not a low-risk investment by anyone's standard. However, as long as you are considering a long-term investment there could be some excellent buying opportunities at present. It is more important now than ever to seek out managers with superior research facilities and proven stock-selection abilities. Buying on a gradual or monthly basis can also reduce the risk by evening out the peaks and troughs of the market – something that could be particularly relevant at the present time. Once again diversity – through stocks and markets (sector and global) - is vital to reduce the risk.

Of course, only some of the above may be relevant for you and this is only a very brief overview of why some of these assets may prove ideal in these more turbulent times. We strongly recommend you discuss these options and their relevance to your circumstances with your adviser.

If you would like us to feature a particular item in a future Newsletter, let us know by e-mailing Valerie at v.kiertzner@rtfp.co.uk. If you have missed previous editions, you can find them on our website:

www.rtfp.co.uk/newsletters.htm

GIFTS TO HELP MITIGATE INHERITANCE TAX

There are now two distinctly different types of Trust available from a taxation viewpoint when considering Inheritance Tax planning, following the alignment of many different Trust rules. These two Trusts are the underlying mechanisms used within many different schemes, so advice is required to establish the scheme that is most appropriate to your requirements (for example whether you want access to income or capital in the future).

Absolute Trust

Beneficiaries become automatically entitled to the money held in an Absolute Trust at age 18. A gift to this type of Trust is deemed to be a Potentially Exempt Transfer (PET) and is the same as if you were to gift money directly to your children, or indeed anyone else. A PET falls outside your estate after seven years for IHT purposes and the tax on the gift gradually reduces during that seven-year period.

Discretionary Trust

In a Discretionary Trust, no one beneficiary becomes automatically entitled at any stage, but a number of beneficiaries could be eligible. There would normally be a list of 'potential beneficiaries' – this would mean that children and grandchildren could be named as beneficiaries potentially at any stage in the future. Any distributions to them would be made by the Trustees.

Gifts to Discretionary Trusts are Chargeable Lifetime Transfers (CLTs) and not – as with an Absolute Trust – PETs and they are taxed under different rules.

If the money you gift to a Discretionary Trust exceeds the Nil Rate Inheritance Tax Band applicable at the time (£312,000 at the time of writing), there would be an automatic charge to Inheritance Tax (currently set at 20%). However, whilst this may seem unpalatable, it can be avoided by gifting below the Nil Rate Band and in this case there would be no immediate charge to tax – assuming you had not made any other CLTs within the last seven years. After seven years the money would pass fully outside your Estate.

There could also be a charge to tax during the lifetime of the Trust, or when distributions are paid from it. Discretionary Trusts are assessed every 10 years (or earlier, on withdrawal). Providing the Trust's value was not higher than the Nil Rate Band applicable at the time of assessment, then there would be no charge. If the value was higher and tax was charged then it would be at a rate, currently equivalent to 6%, on the excess - very small in comparison to the actual amount of tax that can be saved.

This is just an outline of the taxation of Trusts following changes in the rules. The type of plan that may be appropriate for you will depend on your own requirements. Please contact your IFA, who will be able to advise you on all matters to do with Inheritance Tax mitigation.



CAN WE BEAT YOUR BUILDINGS AND CONTENTS QUOTE?

Until 21st December, Sesame Insure is offering HALF PRICE contents insurance when you take out Buildings Cover. The quotation will be valid for 180 days.

Benefits include:

- New For Old (plus garden cover up to £750)
- Three years no claims
- Free 24-hour emergency assistance

For further information, call Mandy Clements-Hunt in our Winchcombe office on 01242 604066.

BUSINESS OWNERS

You protect your fixtures and fittings – do you protect the people in your business?

When was the last time you reviewed protection for your business? Have you got Keyman cover in place for essential staff?

Do you have five or more staff? Are you aware of your obligations with regard to making pension plans available for them? Do you know that fines are payable if you do not have a plan in place?

Call your adviser today to review your business and make sure you are adequately protected.

May we remind you that we are here to help and advise in economic conditions that have not been seen in this country, or abroad, for many years.

If you have any financial concerns of any kind, please contact your adviser. We are here to help.