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RT Financial Planners is an Appointed Representative of 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.

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10th Anniversary of ISAs

This tax free savings plan was introduced by Gordon Brown in one of his first budgets and they have become simpler over the years. Their well-known tax advantages mean they have been popular since inception.

ISAs form part of many of our clients' portfolios and we are at our busiest at this time of year since those clients who have not yet invested their annual allowance are keen to do so before the end of the tax year.

Anyone with cash on deposit should have some in a cash ISA -the current annual limit for these is £3,600 - and anyone who has stockmarket-based investments should make use of their investment ISA allowance, currently set at £7,200. But it is important to ensure you are achieving a good deal from your ISA. With interest rates recently having fallen to such a low level, some Cash ISAs are offering interest of 1%, although it is possible to achieve up to around 3.5% if you are able to commit your capital for one year.

We always advise our clients to hold sufficient cash to cover day-to-day emergencies. However, new rules mean cash ISAs can be transferred to investment ISA without affecting your annual allowance, which means your capital remains within a tax-free wrapper but is linked to the stockmarket, rather than interest rates.

While the stockmarket may not be for everyone at the moment (and no-one can guarantee there will not be further volatility in the markets) if you have capital which you can put away for a few years, then with share prices very cheap at the current time now may be a good time to buy.

If you have cash on deposit, but would like to see it work harder, call your RTFP adviser as soon as possible.

Pre Launch News!

Following on from our exciting news in the last newsletter, when we were able to confirm that Jackie Greenwood had achieved Chartered status, things have moved on apace and we have now changed from a Limited Liability Partnership to a Limited Company, with Jackie heading the company as Director.

We are beginning the work of moving the company to Chartered Status – and when you realise that there are currently only 15 chartered advisers in the whole of Cheltenham and Gloucester you will understand that this is a move of which we are extremely proud - and one that will benefit all our clients.

We are also working on our new look, planning to re-launch RT Financial Planners Ltd as a chartered company with brand new livery and updated website, so if you have any ideas as to what you would like to see on our web pages, do please let us know.

CHANGES TO STATE PENSION AGES

You are probably aware that the women's State Pension Age is changing. Between 2010-2020 it will gradually increase from age 60 to 65, to bring women in line with the men's State Pension Age. However, many people do not realise that both women's and men's ages are increasing further, to age 68. By 2026 the State Pension Age will be 65, by 2036 it will become 67 and by 2046 it will be 68. This is set in legislation, but may it increase further still?

It is our experience that people like to choose when to retire and we have heard some people say they are unhappy at the prospect of having to work to these higher ages, as opposed to choosing to do so. However, we have also heard people say that, although the current State Pension is only £90.70 per week (£4,700 per year) for a single person, it does at least help top up private pension provision and pay a few bills in retirement. (A couple's weekly State Pension is currently £145.05 per week or £7,542.60 per year.)

We believe it is more important than ever to ensure that your own provision for future capital and income is not only adequate, but also sufficiently flexible to meet your requirements, whatever these may be when you come to retirement.

Please talk to your adviser about your retirement plans – it's never too early. Furthermore, pensions can also be an excellent investment opportunity for future generations, as parents and grandparents can fund children's pensions from an early age to give them a solid base for their futures.

PROTECT YOUR MORTGAGE – OR RENT - AND LIFESTYLE

We are now able to offer long term protection for rental payments as well as mortgage payments. Liverpool Victoria have looked at traditional Mortgage Protection Payment Protection Insurance (MPPI) and rebuilt it from the ground up, so can provide long-term protection for your mortgage or rent payments - and the cost of living - if you are unable to work due to accident and/or sickness. An unemployment cover option is also available.

If you are interested to learn more about Liverpool Victoria's Mortgage & Lifestyle Protection, which was recently awarded five stars by Defaqto, a company with more than fifteen years' experience rating and comparing financial products, then please call Mandy Clements-Hunt in our Winchcombe office on 01242 604066 for more information and a quotation.

Where Would I Invest My Money Now?

Jackie Greenwood APFS
Chartered Financial Planner

Today's economic climate is – to say the least – uncertain, and it has made investment decisions more difficult than ever for many investors. Returns and trends from various assets have been completely out of line with expectations based on traditional economic theories. For example, usually, when there are interest rate reductions, capital values of fixed interest securities and corporate bonds increase – not so over the last six months – in fact quite the opposite in many cases.

Cash is producing historically low (if any) returns for investors so, although this has been an ideal asset for sheltering from recent falls in markets, it is no longer the attractive holding it was only a short time ago. The only reason I would hold this at present is for short term needs or gradual investing.

Gilts (Government Securities) are, in my opinion, unlikely to continue to give the returns or stability that they have done over the last 6-12 months. With the increase in demand for these safer assets over the last year, prices have risen significantly. This, coupled with the impending huge increase in supply (to fund the borrowing and promises the Government are making so freely at present), could be signs of another bubble about to burst. Regulators say that Gilts are low risk – and whilst this may be true in the long term, I would not risk my money buying them at this stage in the current economic cycle.

Corporate Bonds are, in my opinion, likely to show a good return over the coming years, albeit I think the road may continue to be a little rocky along the way! At the moment I am happy to invest in high grade (more secure) corporate bonds through funds that have very little held in Banks – and I am sure there is no need to explain why this may be! High Yielding (more risky) corporate bonds may well become attractive in the not-too-distant future, but I am a little too faint-hearted for these yet.

Shares are another asset that I believe will continue to be volatile for some time yet and - although this is always the case with shares - I expect there to be more than the usual level of volatility for some time yet. However, an absolutely undeniable fact is that you can buy in at a price around 32% lower than you could a year ago.* I am therefore happy to invest now for the longer term in funds holding solid company shares that are less prone to economic cycles – for example Utilities and Pharmaceutical companies. I also believe that international funds may show better value than purely UK invested ones.

I would not invest in individual shares as I do not have the facility to undertake the levels of research into the companies that fund managers have – and funds offer much more diversity. Some of the funds I am holding at present are Standard Life and Black Rock's Absolute Return Funds, Invesco Perpetual's Corporate Bond Fund, Jupiter's Merlin Growth Portfolio, and a few specialist ones for longer term (albeit higher risk) growth – such as Gartmore's Emerging Markets, Jupiter's Emerging European and First State's Global Resources Funds.

I must stress that these are my opinions for good investments but my circumstances differ from other people's so these are not recommendations – speak to us to see if these funds and opinions match your requirements.

**FTSE Allshare Index – 27th March 2008: 2,931.81; 27th March 2009: 1,971.49 = 32.75% reduction*

Client Surveys

We have been very encouraged by some of the responses we have received from clients who have been sent our surveys, which ask for feedback on all aspects of our service, from understanding attitude to risk to whether or not the service received throughout the company was helpful and courteous. At the moment we are sending these surveys (which are not compulsory!) to those clients who have recently completed business with us. However, if you would like to give us some feedback, you may request a survey form and we would be delighted to hear from you whether you have completed business or not. Simply telephone Valerie Kiertzner, Corporate Services Manager, on 01285 886117 and let her know whether you would like a form suitable for investment or mortgage questions and she will be happy to send or e-mail one to you.

WILL YOU BE WORKING IN 2012? IMPORTANT PENSION INFORMATION

New pension legislation, due in 2012, will affect all employers, with the introduction of Personal Accounts: a new form of pension for employees. Broadly speaking, it is planned that all employees will have to be offered a pension contribution of 3% of income, with the employee obligated to make a contribution to the same scheme of (eventually) 4% of income. Employees would have to opt out of auto enrolment if they did not wish to participate and the auto enrolment process would be repeated at regular intervals in the future.

Although this is not due to become legislation until 2012, we believe forward planning is essential – for businesses, so there are no unwelcome surprises for companies who have not built this into their plans and budgets, because companies cannot opt out and for employees, who may find themselves wanting help with their budgeting if they go with auto enrolment, happy to save for their future while young, but find they have a smaller pay cheque as a result.