ANNOUNCING THE NEXT IN OUR SERIES OF POPULAR SEMINARS

Are you Happy With the Performance of the People Looking After Your Money?

Unless you decide to stash your cash under your bed you are going to have give it to someone to look after. Nearly all of us hand at least part of our money over to a bank or building society for safekeeping, and give the rest to life companies, pension funds or unit trust managers to invest on our behalf. But how well are these people managing your money?

If you are going to achieve your goals, leaving your cash on deposit probably won't be enough as you simply won't generate the returns you need. Yet many people feel let down by the investment industry. They have found that leaving their money in the hands of their pension fund manager, stockbroker or IFA was not a great idea when stockmarkets plunged in 2001, and many could only watch from the sidelines as their retirement income was slashed by a third or more due to the almost total reliance by those funds on share investments.

So how do you find the 'holy grail' of investing - above average returns with below average risk?

As professional financial planners entrusted to handle many millions of our clients' funds - many of whom rely on us to provide a steady and reliable stream of retirement income - we have spent years learning how to achieve above average returns with below average risk.

Now you have an opportunity to learn more about the processes on which our investment management service is based, by coming to the next in our popular series of Seminars held at Quorn Country Hotel on Thursday, 27th April, 2006 at 7.30 pm. Whether you are an existing client who wants to learn more about the way that we look after your money, a potential new client sizing us up for the future, or someone who manages their own money looking for the latest ideas, you will learn much by attending, including:

- How to spot a good investment based on its real value (and to know whether to invest in property or shares at all);
- How to diversify your investments and boost your returns by not trying to guess the future;
- How we use the internet to get the information we need - and how you can do the same;
- How to achieve better results by focusing on what's really important to you.

To reserve a place please register your interest by:-

- by telephone on 01509 217770
- by email to: enquiries@moss-solicitors.co.uk
- via our web site at: www.moss-solicitors.co.uk

There is a restriction on numbers at this venue, and you are advised to reserve your place early. If you know someone who would like to join you at the seminar - let us know. They will be welcome to attend.

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PENSION UPDATE

The high attendance at our recent Pension Seminar showed how much interest there is in this important topic. Pensions are very much in the news these days, not least because of the major changes that are just around the corner.

On 6th April the rules governing your pension scheme will change dramatically. Some of the changes include:

Higher contribution limits - the amount that you can invest in your pension will increase dramatically, up to 100% of your earnings each year (many employees are currently limited to as little as 15% of salary).

If the value of your pension fund exceeds a new Lifetime Allowance, initially £1.5 million, at retirement you will pay tax on the excess. Occupational final salary pensions are valued at 20 times the annual pension for this purpose. If your scheme already exceeds this sum, or is likely to exceed it at retirement, you can arrange to protect your fund to avoid this tax charge. It is essential that you seek professional advice in this circumstance as the rules are fairly complex and it is important to take the right action now.

The tax-free cash sum you can draw from your pension scheme will be harmonised to 25% for all schemes. This is good news if you have an AVC or FSAVC plan, or a contracted-out personal pension, neither of which currently allow any cash to be withdrawn at all. It is less good for some schemes that may allow a cash sum higher than 25% at present. If you have one of these your existing cash sum will be protected, but you need to check your position and be careful if you subsequently transfer your pension to another scheme - you may lose this protection.

You will be able to draw your tax-free cash sum without drawing your pension.

This means that if you want to buy, say, a retirement home before you actually retire, you will have another source of finance available whilst leaving your pension fund invested. Of course, you need to remember that drawing cash from your pension will reduce the pension available.

You will be able to invest the money in your pension into a much wider range of investments. Sadly the ability to invest directly into residential property was removed by the Chancellor before Christmas, but you can still invest into houses via a collective or managed fund. You can also use your pension fund to invest in commercial property without this having to be an 'arms-length' transaction as at present. This is great news for business owners who will be able to use the tax advantages of their pension to invest in property that their company can then occupy.

The age at which you can draw your pension will rise to 55 (from 50 currently) by 2010. If you are intending to retire before 55 using your pension scheme you should check your position.

You will be able to draw your pension, or part of it, whilst continuing to work for the same employer. This is a very welcome change for the many people who would like to be able to reduce their working hours as they get older, but are currently prevented from doing so because they have to fully retire to get their pension.

For the first time you will be able to leave your pension scheme to your family on your death. At present, you are obliged to buy an annuity before age 75, and generally the benefits from your pension die with you. In future, you will be able to keep your fund invested and, by setting up a family group pension, you can nominate other group members to receive the balance of your pension fund. This is a complex area and could have inheritance tax consequences, so we strongly recommend that you seek professional advice if this is an area that interests you.

For many people these changes are a welcome easing of current rules, with the ability to invest more into their pension, without the current complex rules that prevent contributions to different schemes in the same tax year. However, for higher earners and company owners and directors there are some complex changes that you need to consider carefully to ensure that you are making the best use of your pension options. We are able to advise in these areas, with several qualified pension specialists on our financial planning team. Please contact Woodgate Financial Services on 01509 635467.

PLAN FOR THE FUTURE

IF YOU COULDN'T LOOK AFTER YOUR FINANCES, WHO WOULD?

Plan for the future

- You may often think about drawing up a will, inheritance tax planning and general management of your finances, but how often do you consider what would happen if you were no longer able to look after your own money?
- You may take this ability for granted.
- If, due to illness, an accident, or dementia you lost your mental capacity you might not be able to make your own financial decisions.

What can you do?

- Make an Enduring Power of Attorney - where you choose someone you trust (your Attorney) to manage your finances, should you be unable to do so yourself.
- You may wish to consider appointing your spouse and/or your children.
- An alternative is your solicitor.
- You can choose whether to use the EPA immediately or store it safely "just in case"
- If you have an EPA and at a later point lose your mental capacity, your Attorney must register the document with the Court of Protection before they use it.

Is an EPA right for you?

- You should be aware that an EPA is a powerful document.
- It could allow whoever you have to chosen to have unrestricted access to your finances.
- Your attorney must be someone that you can trust.
- It is a very cost effective way of ensuring your finances are looked after.

If an EPA isn't for you, what else can you do?

- Leave your family to apply to the Court of Protection to be appointed as your Receiver if you became unable to make your own financial decisions.
- Be aware that this can be a much more expensive option because there are court fees, both to make the application and for ongoing management.

Do you know someone who might benefit from having an EPA?

- You may know someone who may benefit from having an EPA. If so, please pass on this information sheet.

What should you do next if you want to make an EPA?

- Telephone us on **01509 217770** to discuss further
- We can provide a full advice service, including guidance on your choice of Attorney.
- We can prepare your Enduring Power of Attorney document (in many cases for a fixed fee of £75 plus VAT).

GOVERNMENT ACTS TO CLOSE IHT LOOPHOLES

The Government has acted to close loopholes in the Inheritance Tax (IHT) laws that allow wealthy individuals to avoid the tax.

This has been achieved by bringing forward legislation to stop property held in trusts outside the UK being 'excluded property' (and thus not taxable to IHT) in some circumstances.

Until 5 December 2005, property held in trusts outside the UK was excluded property unless the settlor of the trust was UK domiciled when the trust was settled. Wealthy people wishing to have assets treated as excluded property were able to purchase interests in non-UK trusts settled by a non-UK domiciliary, thus making the assets in the trust excluded property.

Similarly, the Government is introducing legislation (which again will be backdated to apply from 5 December 2005) to prevent the manipulation of trust law and the law which creates an income tax charge on 'pre-owned assets' (POA) that has enabled owners of properties who transfer them into trust but who remain living in them to avoid both a charge to IHT and the income tax charge on the POA.

In future, arrangements whereby the owner of a property transfers the asset but continues to have use of it, through a resettlement involving a 'reverter to settlor' trust, will be liable for the POA charge, notwithstanding that the asset is treated as part of that person's estate for IHT purposes.

These changes illustrate that the Government is taking active steps to minimise IHT avoidance, especially where specific schemes are set up with the sole or main purpose of avoiding tax. However, IHT can still be eliminated or reduced substantially if sensible steps are taken early enough.

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YEAR END TAX THOUGHTS

Yet again the end of the tax year is nigh. Here are some strategies you might like to consider before 5 April 2006 and which could reduce your potential Inheritance Tax (IHT) bill:

- consider passing on an interest in your business to the next generation. Business property relief exempts most transfers from IHT;
- use the annual gifts allowance to make gifts to family members and others;
- make gifts by regular payments where appropriate - if you have sufficient income to continue to maintain your existing standard of living after such gifts have been made, they will not be brought into your IHT account as they will be deemed to be 'gifts out of income', which are exempt;
- if you are gifting assets, the best ones to gift out of your estate are those which you expect to increase most in value;
- consider assigning life insurance policies into trust or making them payable directly to beneficiaries; and
- consider realising capital gains before 5 April to make use of your annual exemptions.

There are many effective ways, such as using trusts, whereby assets can be sheltered from IHT. We can help you protect your family's wealth.

Contact us for advice - preferably well before 5 April.