

Chadney Bulgin acquires Pensions & Wealth Planning Ltd

In October of last year, Chadney Bulgin completed the acquisition of Berkshire-based pension specialists – Pensions & Wealth Planning Ltd (PWP).

Following on from the purchase of Chandos Rose in August 2008, Chadney Bulgin has seen considerable growth within its pensions department, on the back of the successful achievement of Chartered Financial Planning status in early 2010 (see *article below*).

With pension regulations changing and the need for increased professional expertise, the expansion of the department was critical in maintaining the high standards of service demanded by clients.

The team at PWP bring with them a wealth of experience within the personal and group pensions arena, and will complement the already well-established team at Chadney Bulgin.

The newly expanded operation will continue to trade under the Pensions and Wealth



Planning banner in the pension and investment market, whilst complementing the existing full range of financial planning services offered by Chadney Bulgin.

Core within PWP is its long-standing support to members of the Merchant Navy's industry-wide pension schemes. The merger will enable scheme members to access an ever-increasing range of advice services.

Martyn Griggs, Joint Managing Partner says, "This development is consistent with the management's strategic plans for growth, as we have been looking at ways to strengthen our investment and pension proposition and believe that the incorporation of the PWP team will take this to a new level. We aim to establish the Pensions & Wealth Planning name as a leading wealth management brand."



Chadney Bulgin now a chartered firm

The Chartered Insurance Institute (CII) has awarded the prestigious 'Chartered Financial Planners' title to Chadney Bulgin.

Chartered status is an exclusive title only awarded to firms that meet rigorous criteria relating to professionalism and capability. All Chartered Financial Planners commit to the CII's Code of Ethics, reinforcing the highest standards of professional practice in their business dealings.

To date, fewer than 300 firms in the UK have achieved Chartered status, indicating that this is a highly exclusive award reserved for the leading firms within the financial advice market.

STOP PRESS Chadney Bulgin short-listed for industry awards

We are delighted to announce that Chadney Bulgin has been short-listed for two national titles in the annual industry awards. We are in the running for both 'IFA of the Year' and the 'Adviser Training and Professional Development Award'.

A new pension landscape

The pension changes of April 2006 ('A Day') were heralded as the most significant in 20 years. Now the proposals for change in both April 2011 and 2012 are arguably more radical. Below are the key changes scheduled this April; those for 2012 will be covered in a later article.



Significant changes to retirement options

The Government has finally agreed that people with pensions will no longer have to secure an income at age 75. As a result, unsecured (USP) and alternatively secured (ASP) pensions will be replaced by Capped Drawdown or, where a member can confirm they have a secured income of at least £20,000 p.a., Flexible Drawdown.

Under Capped Drawdown, the maximum permissible income will be slightly lower than the current limits in most cases. In addition, the income will be reviewed every three years rather than every five years until age 75. Income limits will be reviewed annually after age 75 but the minimum will be 0% rather than 55% as applies under ASP.

If you can satisfy the £20,000 p.a. minimum secured income requirement (only income from State Pension, a final salary pension or a pension annuity qualifies), you could opt for Flexible Drawdown under which you could withdraw as little or as much as you wish at any time – there is no maximum limit and thus no review period. Having chosen Flexible Drawdown, you cannot make any further pension contributions. Because of the minimum income requirement, this option will only be available to a relatively small number of people, but the flexibility that this arrangement offers could well be of interest.

The tax on death benefits will also be streamlined. For any funds already in USP or for any remaining

fund after age 75, the tax charge will be 55% (previously 35% up to age 75 and up to 82% after age 75). Normally, the lump sum paid on death will not form part of the individual's estate for inheritance tax purposes.

Given these significant changes, if you are considering taking retirement benefits, or are already in USP or ASP, we would strongly recommend that you contact your adviser to discuss what your options now are.

The Annual Allowance

From 6 April 2011, the maximum that you can pay into a pension will be reduced from £255,000 to £50,000 – any contribution above this level will attract a charge to recoup any tax relief claimed on the excess.

Whilst this appears to be a considerable reduction, there will be the ability to carry forward any unused Annual Allowance from the previous three years. In addition, those earning £130,000 and over during the last two tax years will no longer be subject to the anti-forestalling rules that were introduced by the previous Government. There are some very attractive opportunities to take advantage of the tax reliefs available on pension contributions – both this tax year and after 6 April.

For anyone affected by limits on contributing, you should seek professional advice as this whole area is very complicated.

- ⇒ **1 Bank base rate at 0.5%** (as at February 2011) but interest rates look like rising during the year: consider a fixed rate mortgage whilst rates are still competitive.
- ⇒ **2 ISA Allowance 2010/11:** very little time to use this year's allowance which is £10,200.
- ⇒ **3 Life & Critical Illness Insurance:** your circumstances and responsibilities change – ensure that you have the right level of cover at the right cost.
- ⇒ **4 Income Tax:** in 2011/12 the Personal Allowance for those under 65 is rising by £1,000 to £7,475, but the higher rate of tax will be payable on income above £35,000. Make sure you take advantage of all the available tax breaks.
- ⇒ **5 Income Protection:** if you have no sick pay cover, you may regret it, particularly if you are self-employed.
- ⇒ **6 Inheritance Tax (IHT):** the nil-rate band for each individual is now £325,000; above this amount your estate could be liable to 40% tax. Consider planning to reduce any potential bill.
- ⇒ **7 Wills:** it is really important that you make a will and keep it up to date.

Now that the two businesses have combined, we will in future be answering our telephones "Chadney Bulgin Pensions & Wealth Planning".



Time to fix?

With interest rates now held at a record low of just 0.5% for two years, many people have become used to relatively low mortgage payments and the benefits that this has brought to their household budget.

However, the Bank of England has warned that low interest rates might be about to end as the inflation remains stubbornly above the Bank's own target of 2%. The Retail Price Index (the measure that includes mortgage costs) stood at 5.1% for January following the increase in VAT to 20% and continued increase in crude oil prices.

So what does this mean to current and prospective home-owners? Well, despite the obvious concerns about interest rates, the overall state of the economy should mean modest, gradual rate rises. Any sudden increases in the cost of borrowing will quickly have a detrimental effect on household budgets as well as businesses that have any borrowings. Many of the Government cutbacks have yet to take effect and this means job losses have yet to bite.

For many people, the real dilemma is whether to opt for a fixed or tracker type loan. Fixed rates offer certainty, typically coming in 2, 3 and 5-year varieties. Shorter-term fixes offer little security, so 5-year fixed rates (currently around 4% for those with a 25% deposit/equity) would seem prudent for those concerned about future rate rises. Tracker rates are typically around 2.5-3%, but most will tie you in for 2-3 years, so care needs to be exercised if you don't want to get stuck with an increasing mortgage payment. A handful of lenders offer tracker rates with a 'drop-lock' facility, allowing you



to jump from tracker to fixed at any time without incurring a penalty, offering the potential to benefit from today's low rates and still have peace of mind.

Criteria with most lenders is still strict, with little or no tolerance for poor credit history and the best rates still being reserved for those with 25% or larger deposits. However, lenders traditionally look to secure market share early in the year and terms for 85% and even 90% mortgages are gradually improving, but it's unlikely that 95% or 100% products will be re-appearing any time soon.

If your current mortgage product is ending soon, it makes sense to plan ahead and research your alternatives. Always

speak to your current lender first as they will sometimes offer you another product to retain your custom. You should then compare these with the open market, remembering that some lenders will keep offers open for up to six months. As always, keeping up to date with the latest developments in the mortgage market is vital; your Chadney Bulgin adviser will happily advise you on the best course of action.

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For a snapshot of current mortgage best buys, just visit the website www.chadneybulgin.com/bestbuy

Please send an email to info@chadneybulgin.co.uk or enquiries@penwp.co.uk for further information on any of the articles in this newsletter or complete the coupon below and send it to: **Chadney Bulgin LLP, 89 Fleet Road, Fleet, Hants, GU51 3PJ.**

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Are you an accumulator?

In our jargon, you might be an accumulator or decumulator. In this article, we are looking at accumulators, which means you are accumulating wealth and, put simply, you are saving for the future. In the past, we often looked at this as planning for your retirement. Now, many of us look at retirement differently and it simply becomes a phase of your life when you 'stop doing what you are doing now and do what you want to do'.

So in practical terms, where individuals tend to have more career and job changes than was the case in the past, older-style regular investment plans do not offer the flexibility that's needed today. Coupled with a changing society is the fact that final salary pension schemes are disappearing rapidly; the state can't afford to pay generous pensions and we are all living longer – with many people's time in retirement matching their working lives.

The result is that we all should save more and at Chadney Bulgin we have introduced a low-cost facility using our innovative Portfolio Management Service. You can make regular payments to utilise your ISA allowance and can make pension contributions and other direct savings using one direct debit arrangement. You are in control of what you pay in and what's more you benefit from investing in low-cost funds with your ISA, pension and general savings invested in a consistent manner. By combining savings in this way you can

benefit from economies of scale, which is unlikely to be the case if you have separate plans. There is an annual rebalancing exercise carried out to keep the overall shape right. Also, in the long-term you can take advantage of bespoke portfolios.

You have online access so you can see how your savings are growing. Importantly, there are no penalties or strings if your circumstances change and you need to stop saving or to reduce the amount you are paying in.

You can also make one-off payments and this can be of immense value when it comes to pensions, so that your tax relief is maximised.

We think that this is an exciting, flexible and modern way of saving, which is utilising leading-edge technology. Finally, in case you were wondering, a decumulator is that lucky person who is doing what they want to do.

Household insurance

Your home and its contents are likely to be your most valuable assets and that's why we at Chadney Bulgin understand the importance of protecting your home and belongings. We are continually expanding our panel of insurers, which includes many household names.

Getting household insurance quotations can be a minefield and very time consuming with so many comparison websites, television advertising campaigns and all that insurance jargon.

Chadney Bulgin can arrange residential buildings and contents, tenant's contents and landlord's buildings and/or contents cover including rental protection and legal protection.

If you would like us to provide free, no-obligation quotations please do not hesitate to contact our General Business Manager, Dawn Bassett on **01252 788883** and she and her Team will be happy to assist you.



Chadney Bulgin is going Green!

When appropriate, we are looking to communicate with our clients by email. This not only reduces the amount of paperwork you will receive, but also means that we can send you relevant information more quickly.

Please help us by providing us with your current email address. Just drop an email to info@chadneybulgin.co.uk or enquiries@penwp.co.uk with the words 'Email address' in the subject line. Thank you.

ISA allowance: use it or lose it

The ISA limit now stands at £10,200 and will be increasing to £10,680 in the next tax year. The ability to invest in a tax-efficient way is extremely valuable for long-term savings.

There are two types of ISA – Cash and Stocks & Shares. The annual limit for Cash ISAs is £5,100 (rising to £5,340 in 2011–12). For Stocks & Shares, you can invest up to the annual allowance.

If you do not use your allowance in any one tax year, that benefit is lost. Don't forget that you can also transfer existing ISAs if you are looking for a better deal.

Just contact your adviser if you would like some guidance on ISAs.



CONTACT US:

89 Fleet Road, Fleet,
Hants, GU51 3PJ

Tel: 01252 788888
Fax: 01252 786459

www.chadneybulgin.com
www.pensionswealthplanning.co.uk

Please remember:

This newsletter is for general guidance only and represents our understanding of law and HMRC practice as at March 2011. We cannot assume legal liability for any errors or omissions it might contain. Levels and bases of, and reliefs from, taxation are those currently applying but are subject to change and their value depends on the individual circumstances of the investor. The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not necessarily a guide to future performance and past performance may not necessarily be repeated. If you withdraw from an investment in the early years, you may not get the full amount you invested.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP THE REPAYMENTS ON YOUR MORTGAGE.

The Financial Services Authority does not regulate loans, taxation advice, inheritance tax planning, employee share schemes, trust advice, NS&I, and will writing.

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