

Winter 2012



Welcome. As we look at the year ahead, many in our profession are focusing on the Retail Distribution Review, or RDR as it's referred.

Radically changing the market, it will see a move away from reliance on commission-based 'sales' and the introduction of increased minimum qualification requirements. Furthermore, firms will need to offer clarity in their service and pricing, together with consistent levels of service.

The implications are clearly far reaching. Industry commentators suggest that up to a fifth of all firms still depend on commission, whilst as many as one in ten may leave the market by the end of the year.

We have a transparent and fair fee structure in place, and firmly believe that all those who take advantage of our professional services should be clear in their expectation and comfortable throughout the advice process.

We take the time to listen, help develop a financial plan, and provide outstanding value for money.

Other changes have been designed to deliver important benefits such as the introduction of a new, more sophisticated investment strategy under our discretionary management service. This means we can better protect our clients' capital and maximise returns from their investments whilst also reducing the charges attached to many of the portfolio holdings.

Consequently, we look forward to an 'interesting' year – one in which we will be focused on our clients' objectives.

Timothy D J Eddolls
Managing Director



Employer vs Employee

Many of our private clients are directors of their own limited companies and therefore have a number of opportunities available to them when it comes to tax planning. One particular example being pension contributions.

We are often asked whether it is more advantageous to make pension contributions from clients' own net income, or instruct their company to make employer contributions on their behalf.

Whilst people often favour the latter, it is not a clear cut case. There are instances in which making contributions from your net income will prove far more advantageous than having your company make the contribution on your behalf. However, the reverse can also be true and some companies may reduce their tax liability considerably by making pension contributions for their employees.

Bonus Sacrifice

Following on from the above, many employees are currently in the process of receiving their annual bonuses before the end of the tax year. This can often push an employee into a higher tax band with dire taxation consequences.

In this situation, sacrificing one's bonus for an employer pension contribution can result in large tax savings, not just for the individual but also for the company. In some scenarios, employers may even be willing to pass on their additional tax savings to the employee, resulting in a larger pension contribution than the bonus payment would have been.

How We Can Help

No one individual or company tax situation is identical, and advice on the best course of action should always be sought.

If this article applies to you, please get in touch. We have extensive experience in this area. As a vital part of your financial planning we can provide suitable solutions and advise you on the best route according to your specific circumstances.