

Financial
planning.
And a bit
extra

It's official, our service is exemplary



When we first started Xentum, it was easy to set out our principles because we felt so strongly about how our business should be run. But it wasn't so

easy to know for sure if we were right; that proof could only come with time. And now it has.

Like all IFAs, we're regulated by the FSA, who have a principle called TCF; Treating Customers Fairly. TCF aims to raise standards of customer service and increase customer confidence.

The FSA are currently auditing financial services firms to assess

whether they are treating customers fairly and, as the Company Secretary, I've been working closely with them. My legal background (I trained as a solicitor at Walker Morris and also practised employment law at Cobbetts) has given me very strict ethics. I've always been adamant about how we approach relationships with clients, so I was particularly keen to have our service put to the test.

It seems we passed with flying colours. The report confirmed our clients could 'be confident that they are dealing with a firm where the fair treatment of its customers is central to its culture'.

The FSA felt our annual reviews were 'thorough' and our team approach demonstrated 'an effort to ensure a high standard of service.' They also commended our holistic approach to financial planning and have identified the way we deal with new clients as a specific example of good practice, which they intend to share with the industry once the audit is complete.

It's easy to see now that we were right to stick to our guns, and insist on a business model that puts customer service first (cue huge sigh of relief).

Kate Baldwin
Company Secretary

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The outlook

The deteriorating global situation and the large sell-off in markets, compounded by falling property markets, have caused many equity investors to despair. Some UK commentators have predicted a fall in house prices of up to 25% and, in the UK, mortgage approvals have dropped to the lowest level on record.

But, despite all the setbacks, opportunities still present themselves. And the good news is; shares are cheap. What's more, the UK inter-bank lending

rate (LIBOR) is falling at last, which is a sign that banks are starting to lend to one another again. This highlights a general easing in the credit markets and gives some short term relief to banks, companies and investors, who all rely heavily on this rate.

The oil price has started falling from its recent highs. This should ease inflationary pressures and calm both worries over slower global growth and fears of a severe downturn in the UK and US economies. ▶



- ▶ Other major commodities are off more than 50% which should mean further downward pressure on global inflationary expectations and actual inflation.

The stock market has already dropped many share prices and its volatility is providing attractive opportunities for investors.

Investing in relatively cheap markets now will have obvious long term benefits as markets begin to recover.

Andrew Morris, Senior Fund Manager
Rowan Dartington Portfolio Management

Case study

Pension protection minimises tax.

If you're quick...

The majority of our clients have assets worth over £1 million, and we know all the ins and outs of maximising estates of that value or more. We're particularly keen on helping clients protect the pension provision they've spent years building up, so one piece of advice we give, where appropriate, is to register for pension protection. Here's why:

On 6th April 2006, otherwise known as A-Day, the Government replaced occupational and personal pension regimes with one set of rules. The new rules apply to all pensions, including those set up before A-Day, and have replaced the earnings cap and benefit limits with the lifetime allowance. This sets an upper limit on the overall value of an individual's pension benefits, as shown below:

Tax year	Lifetime allowance
2006/07	£1,500,000
2007/08	£1,600,000
2008/09	£1,650,000
2009/10	£1,750,000
2010/11	£1,800,000

If the lifetime allowance is exceeded when the benefits are drawn,

the excess is taxed at 55% if paid as a lump sum, or 25% if it's used to provide a pension income.

There is good news however. The legislature recognises that some individuals had already built up pension benefits in excess of the lifetime allowance, but within allowable limits under the pre A-Day regimes. They've allowed two types of protection for benefits built up before A-Day, to prevent them from becoming liable for tax:

Enhanced protection – this offers full protection from the lifetime allowance charge, but specifies that no further relevant benefits can be accrued after A-Day.

Primary protection – this provides an individual with a personalised lifetime allowance exceeding the standard lifetime allowance by the percentage by which their A-Day benefits exceeded the first lifetime allowance. It doesn't eliminate the possibility of a lifetime allowance charge, but it does permit further benefit accrual.

Any individual whose pension benefits exceeded the stated lifetime allowance

on A-Day can register, free of charge, for both types of protection. An individual whose pension benefits were below the first lifetime allowance, but are close to, or now exceed the current lifetime allowance can also register for enhanced protection, providing they meet the qualifying condition. But everyone must register by 5th April 2009.

Example:

Miss X had a paid up personal pension worth £1,700,000 on A-Day. By the time she came to retire in June 2008, her fund had grown to £1,850,000, which exceeded the standard lifetime allowance by £200,000. We advised Miss X to register for enhanced protection in April 2006, which meant she would avoid the lifetime allowance charge. Had she not done so, the tax due on her excess benefits would have been £110,000 if paid as a lump sum, or £50,000 if used to provide a pension income.

To say that she was happy would be a bit of an understatement!

For a more in-depth chat about pension protection, feel free to call our pensions specialist on **0845 226 6971**.