

Wise Words

the latest financial news from Aaron Tawny

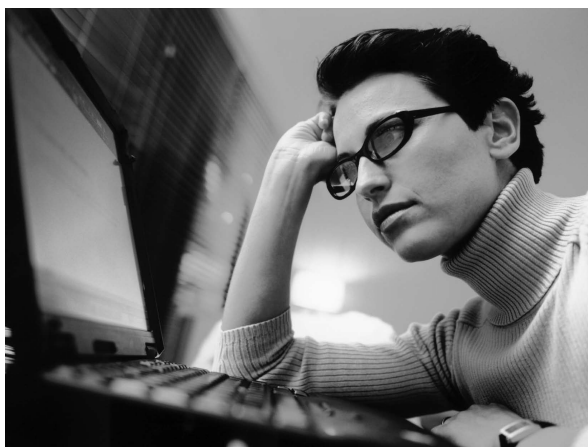
Financial Planning Service

Following on from a previous article regarding the launch of a vastly improved Financial Planning Service, we are pleased to inform you that we have now installed the first phase of the service. Due to the complexity of the system, we shall gradually phase clients' investment portfolios and pension holdings etc. onto the system.

Benefits of the this first phase will include:-

- Immediate access to current values;
- Consolidated viewpoint of top investment managers;
- Widest possible fund & investment choice;
- Speed to move, withdraw or invest;
- Reduced "drag-costs" i.e. no time out of the market, to prevent loss of growth;
- Asset Allocation (where & how your money is invested) – monitored & managed across all investments, as opposed to product by product;
- Adviser time dedicated to our clients and their strategic needs, concerns and objectives;
- Online access to monitor investments.

The final stage will be to install the Investment/Retirement/Protection Planning Element, then we will be up and running.



Benefits of the new service include online access to monitor investments

Investment Themes:

We live in an "energy-hungry world" and our demand for energy is immense and growing. World energy consumption in 2008 stood at 11,294.9 billion tonnes of oil equivalent – a growth of 195.6% since 1965. Currently, developed nations use an average of five times more energy per capita than their developing counterparts. However, developing countries are catching-up fast – China, India and Russia are now in the top six of the world's energy-consuming countries. To put this into context, these top six countries are responsible for 55% of all energy used worldwide.

China & India combined represent over a third of the world's population and the impact of growing demand from these two nations is massive and will only increase.

The world's seemingly voracious appetite for energy is, however, confronted by two related problems:

- Finite supply of fossil fuels, such as coal and oil;
- Climate change.

Whilst the foregoing might have severe consequences, it can also lead to considerable opportunities, with companies involved in energy production, both conventional and alternative, having the potential of massive growth. However, the growth of companies involved in alternative sources of energy should be viewed over the longer term, since the technology required might well take some time to perfect.

This is all well and good, but you might well ask "how can I identify potentially winning companies?"

This, of course, forms part of the Aaron Tawny Advisory Service, which includes such factors as "Client Risk Analysis" and "Investment Timescales" etc. and the identification of Fund/Investment Managers who might have considerable expertise in these areas.

Retirement

(or the Happiest Days of your Life?)

Research has shown that the very concept of “Retirement” is now out-of-date. Nowadays people are choosing to stop full-time work on their own terms, often fitter and healthier than ever before. They want to live life to the full, especially in the early years of their retirement.

It is apparent that retirement can be split into two sections –

- “Primetime Retirement Years (55 -75 years) – generally in good health, probably still married and developing new hobbies/pastimes. Furthermore with reduced outgoings and no mortgage.
- “Senior Retirement Years (75+ years) – Potentially poor or worsening health, possibly widowed with more sedate lifestyle. Furthermore, might face increased outgoings - long-term care costs?

The current two main types of retirement options are:-

- Traditional Lifetime Annuity whereby you give a provider your entire pension fund and they give you a guaranteed pension for life. The level of pension is mainly governed by the annuity rates prevailing at the time, but may also be influenced by the state of your health.

These types of pension can also be guaranteed for a specific term with the pension paid for the whole term, irrespective of death within the term and may include a spouse’s/civil partner’s pension on death of the Annuitant. However, you lose all control of your pension fund, but there is no risk involved.

- Conventional Income Drawdown whereby you retain full control of your pension fund which remains invested as you direct, with it’s potentially accompanying risk factor. You then drawdown an income directly from your investment fund. You are able to specify the level of income you require, but this must be within the guidelines laid-down by the Government. Under current legislation an Annuity must be purchased from age 75 years.

However, now we are able to offer a retirement product that encompasses most of the benefits of both a Lifetime Annuity and Income Drawdown, thus allowing clients to have the best of both worlds.



Nowadays people are choosing to stop full-time work on their own terms

The plan offers clients the certainty of income they need in their “Primetime retirement years, without locking them in for life. It also offers more of the control that clients want over their pension fund without exposing their investment to stock market risk.

The plan can provide a required level of income for a fixed term (subject to Government limits), plus a guaranteed maturity amount after the fixed term, which gives you the ability to switch to another appropriate pension product, to suit your specific needs.

To fully understand the benefits and disadvantages, we strongly recommend you seek a greater insight from your Adviser, as this could be an ideal retirement solution for many people.

The end is in sight for age 75 Rule

The new Government has confirmed plans to end the rules requiring the compulsory purchase of an Annuity at age 75.

This pledge was made in the coalition policy agreement and reflects promises made by both the Conservatives and the Liberal Democrats in their pre-election manifestos.

At this stage, no further details have been released, but the emergency Budget (set for the 22nd June) should provide more information.

It could involve pushing the age 75 threshold up to 80 or 85 or changing the rules regarding the death benefits.

Once we are aware of any changes, we will keep you informed.

Interest rates continue to be at their lowest level in over 300 years

How long will it last? Is it time to fix now?

We are seeing more activity in the re-mortgage market, as fixed rates are becoming more and more competitive.

We have access to some exclusive mortgage deals, so now could be the ideal time to re-mortgage if your existing deal and 'tie in' has expired as many lender's fixed rates are lower than the variable rate you may be on. Also, many lenders that we are speaking to feel that we may see an increase in rates towards the end of the year, so it may be a case of acting whilst you can!

The market continues to show signs of stability, with the Council of Mortgage Lenders (CML) reporting that lending jumped to £11.5bn in March, a 24% rise from February. This figure is also up 3% on March last year.

So despite what you may be hearing or seeing in the media, mortgage deals continue to be available, so please do not hesitate to contact us, to discuss any aspect of Mortgage Planning.

- FACT** Mortgages/Remortgages are still readily available
- FACT** Interest rates are available from below 3% FIXED (terms and conditions apply)
- FACT** Up to 90% still available for First Time Buyers
- FACT** Debt Consolidation still available
- FACT** Self Employed schemes still available
- FACT** Historic credit problem - help still available

We charge an administration fee of £180 per mortgage.

Think carefully before securing other debts against your home. Your home may be repossessed if you do not keep up repayments on your mortgage.

Stamp Duty - Now the dust appears to be slowly settling after the election, the Conservatives aim to take 9 out of 10 first-time buyers out of stamp duty permanently by raising the threshold for them to £250,000. This is of course excellent news and may help any potential First Time Buyers get on the property ladder.

Buy-to-Let - Many people are looking to add diversification to their retirement and investment portfolios, through the addition of investment properties. This continues to be a popular area, as despite the property market showing signs of stability, it does seem like an ideal time to buy, as there are bargains out there. We now have access to 80% Loan to Value deals for both purchases and remortgages.

Switch & Fix

Several mortgage providers now offer the option to start on a tracker rate, then switch to one of their fixed rate products at any time during your mortgage deal period, without paying Early Repayment Charges on the tracker mortgage.

This gives you the confidence of knowing that if interest rates rise, causing your payments to increase, you have the option to switch to a fixed rate product at any time during the mortgage deal period, only paying any product fee for the new fixed rate product, which could be as low as £495 and added to your loan, if you wish.

40% tax relief to be axed?

Many Pension experts and industry commentators have warned that 40% tax relief on Pension contributions may be scrapped under reforms from the new Government.

The Liberal Democrats have been calling for tax relief on contributions to be brought down to the basic rate of 20% for all tax payers, regardless of their Income Tax band.

It is therefore a strong possibility that the rules could be changed imminently, so any higher rate tax payers may wish to contact us to discuss how these changes could impact them.

Rather than paying a contribution at the tax year end, it may be wise to make the contribution now whilst it would still qualify for higher rate relief.

Scrapping Home Information Packs (HIPs)

Home sellers will no longer need to provide a Home Information Pack

After speculation, the Conservative-Lib Dem Government has said that home sellers will no longer need to provide Home Information Packs (HIPs). But due to EU law an Energy Performance Certificate (EPC) will still be required. The move should cut around £250 off selling the average home. A full HIP costs around £350, while a standalone EPC can be sourced for approximately £100.

Housing Minister Grant Shapps said: 'Today the new Government is ensuring that HIPs are history. This is a great example of how we are determined to get straight down to work and cut pointless red tape, which is strangling the market'. 'By suspending HIPs, it means that home sellers will be able to



get on with marketing their home without having to shell out hundreds of pounds upfront. 'We are committed to greener housing, so from now on all that will be required will be a simple Energy Performance Certificate.'

One of the main criticisms levelled at HIPs is that the cost put homeowners off speculatively putting their properties on the market, further reducing the number of homes for sale.

Child Trust Funds to be scrapped

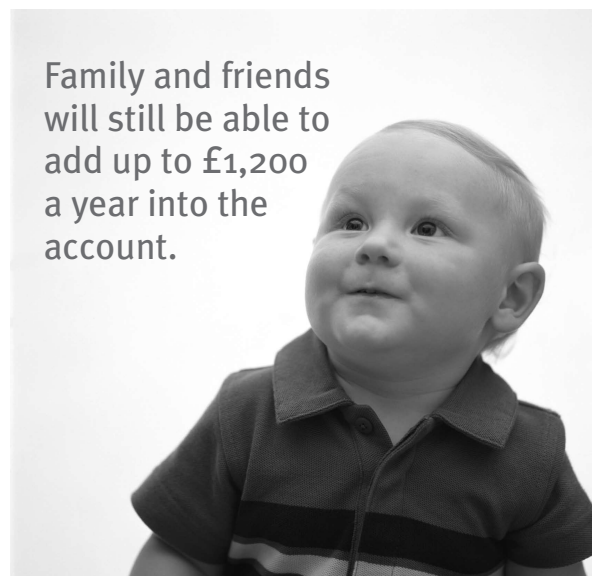
The coalition Government has announced that it will stop all payments to Child Trust Funds by January 2011. Payments under the scheme will be sharply reduced from August 2010 in the build-up to its full withdrawal.

At present, parents of newborns receive a minimum £250 voucher to invest for their children. They can have access to the money from the age of 18. A further payment is made when the child reaches the

age of seven. This top-up will be scrapped from 1 August.

Former Chief Secretary to the Treasury, David Laws, said halting these payments to newborns from the end of the year - and the top-up payments - would save £520m.

Some £320m will be saved in 2010 and 2011, rising to £520m in 2011-12.



Family and friends will still be able to add up to £1,200 a year into the account.

What about my fund?

If it has already been opened, it will continue as usual - and the child will not be able to touch the money until the age of 18. The tax-free element will continue. No tax is paid on any income or gains in the account.

Family and friends will still be able to add up to £1,200 a year into the account. The Government will not withdraw the money it has already put in the account.

Life insurance

With comparison websites becoming more and more popular, it would be easy to think that you would get the most competitive deal on your Life Insurance through them.

However, this is not always the case, as recently we have seen examples where people have used such websites to get a quote for life insurance and the same company, for the same premium offers less in terms of the sum assured than we can arrange for them and the clients have ended up with the same premium, but a higher sum assured.

Speaking with us would also ensure you benefit from professional advice and service.



Facebook & Twitter

We are pleased to announce that we are now live on Facebook and Twitter, please add us to keep up to date with the latest industry news and developments.

We hope you find this a useful and informative read. With our constant strive for excellence in customer service we always appreciate to hear your feedback, whether good or bad.

Aaron Tawny Mortgages Ltd is Authorised and Regulated by the Financial Services Authority. The Financial Services Authority does not regulate: Some forms of Buy to Lets, Commercial Loans & Tax Advice.



To detach please cut along dotted line

If you would like more information on any of the following areas, please tick the relevant section, fill in your details and send this back to us at:

Aaron Tawny Mortgages Ltd. 6 Market Place, Kettering, Northants, NN16 0AL

- | | | |
|---|--|---|
| <input type="checkbox"/> Financial Planning | <input type="checkbox"/> Mortgages | <input type="checkbox"/> Annuity/Income Drawdowns |
| <input type="checkbox"/> Life Insurance | <input type="checkbox"/> Investment Themes/Funds | |

Name: Address:

Telephone: Email:

Your financial needs: How we can help

All of our advisers are trained to offer unbiased, jargon-free advice on any of these areas:

- Pensions
- Inheritance Planning
- Pre & Post Retirement Planning
- Equity Release/Home Reversion Schemes
- Life Assurance/Income Protection
- Investments
- Mortgages/Re-Mortgages/Buy to Lets
- Commercial Mortgages
- Business Protection
- Financial Planning

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