Winter 2011

Wise Words

the latest financial news from Aaron Tawny

We Wish You A Very Merry Christmas & A Happy New Year

with the hope that we can help make it a very prosperous 2012!

As with previous years instead of sending individual Christmas Cards the charity we will be making a donation to this year is the Alzheimers Charity.

Could EQUITY RELEASE solve a retirement crisis?

As retirement approaches we often start to think about how we'll manage financially, especially if we have a small pension and limited savings. If you own your own home and have little or no mortgage, you might be considering Equity Release. If so, we trust that this article will provide you with some basic information on how it works and whether it is right for you.

What is Equity Release?: It's a way that homeowners in later life can release cash from their home without having to move. You borrow money against the value of your home, but pay nothing back until the debt is repaid from the sale of your home - either after your death, or if you have to go into a care home. Alternatively, you can raise money by selling your home, or part of it, but continue to live in it, until you die or go into a care home.

But first, there are quite a few things to consider. Equity release is a big decision and might not be the best or only solution. If you receive State Benefits - what will the impact be? If your circumstances change - will it affect your ability to move? If you have children - how will they feel about it? You may wish to discuss it with them first. Most importantly, you should get specialist independent financial and legal advice before signing-up for Equity Release.

Who can choose Equity Release?: You usually need to be at least 55 years old (but the older you are, the more money you are likely to raise from the scheme). You should have paid-off your mortgage (or have very little left to pay-off). Your property should be in reasonable condition.

Why choose Equity Release?: There are advantages and disadvantages to choosing Equity Release.

Advantages include:

- You can get a lump sum, regular income, or both and you don't have to move house;
- Reputable plans guarantee you'll be able to continue living in your home until you die or go into care.

Disadvantages include:

- With a Lifetime mortgage (see following section), the interest is added to the amount you owe – because you therefore pay interest on interest, the amount you owe can grow very quickly;
- You will get much less than full market value, if you sell some or all of your property through a Home Reversion Scheme (see following section);
- If you decide to get married, or decide to live with someone in your property after you take out the scheme, the plan may come to an end on your death and your partner may have to move out;

Could EQUITY RELEASE solve a retirement crisis? contd

- If you want to move to a new property, you may not be able to transfer the scheme to your new home – it depends on the scheme and the new property;
- If you die soon after taking out a scheme, you could have effectively sold off your home (or part of it) cheaply - but some schemes give families a rebate if you die within the first few years of signing up.

There are three main types of Equity Release plans, which are explained below:

Lifetime Mortgages:

- You take out a loan secured on your home;
- You keep full ownership of your home, although you will have to pay back the mortgage on it, together with the accumulated interest. You repay the mortgage from the sale of your home, either when you die or move out. Reputable schemes guarantee that the repayment will never exceed the value of your property;
- Many providers offer a 'drawdown' facility. Which means that instead of borrowing all you need as a lump sum at the start, you can take smaller cash amounts, either when you need it or on a regular basis.

Home Reversion:

- You sell your home or part of it to a reversion company;
- You no longer own your home, or you only own part of it. You receive a lease giving you the right to live there rent-free (or sometimes for a token rent) for your lifetime, or until you have to move into care. Check the terms of the lease to make sure you know what to expect!
- The reversion company will get its payout when the property is sold;
- The reversion company will only pay you a percentage of the current market value of your property, because it may have to wait years for its return.

Sale and Rent-back Schemes:

- You sell your home, in return for a right to rent it back for a fixed term;
- You do not have the right to stay there for life, so get advice and check out the tenancy agreement carefully;
- Check that the provider is authorised by the Financial Services Authority. All Equity Release providers must be authorised, but if you take a plan from one that is not, it is operating illegally and you will not be protected;

If you receive any means-tested benefits, such as Pension Credit, Council Tax Benefit or Housing Benefit, they could be reduced or lost entirely. You may find you have to pay more tax on any income raised from investing the money you receive from equity release.

As Independent Financial Adviser's we are able to work out what might happen to your benefit if you take out an Equity Release plan. Taking a drawdown Lifetime mortgage may greatly reduce the risk of your benefit being affected.

Avoiding risk

Lifetime Mortgages, Home Reversion Schemes and Sale and Rent-back Schemes are regulated by the FSA (Financial Services Authority). Make sure the firm you buy the Equity Release plan from is authorised by the FSA.

You may want to choose a product from a company that is a member of SHIP (Safe Home Income Plans). This is an industry body and its members agree to abide by a voluntary code of conduct. Members guarantee that you can live in your property for life, move your plan to an alternative property without penalties and never owe more than the value of your home. If you use a company that is not a member of SHIP, check whether it offers similar benefits.

It is vital to take independent financial advice from an Equity Release specialist when considering Equity Release. Aaron Tawny is one of the few local firms of Independent Financial Advisers who are qualified in this area. Age UK have produced a very informative information pack which covers all aspects of this area. If you require a copy or wish to discuss this area further, with an illustration, which will also give details of our fee, please do not hesitate to contact us.

Auto-Enrolment/Workplace Pensions - Bigger than the Olympics!!

The 2012 Olympics are balloting for 6 million tickets - however, auto-enrolment will involve communication with all 30 million working people in the U.K., from 2012 onwards. We are often told that one of the main things about the 2012 Olympics is its legacy. Well, it could easily be argued that the legacy of auto-enrolment will overshadow that of the Olympics.

The next time you're in London, take a walk through Trafalgar Square where you will see the Olympic clock, counting down to the opening ceremony - Just add 65 days to the time displayed and that's how long you've got until auto-enrolment takes centre stage.

From 2012 changes to pensions law will affect all Employers with a least one worker in the U.K.

Changes in a nutshell: Employers will need to:

- Automatically enroll certain workers into a Pension Scheme;
- Make contributions on their worker's behalf;
- Register with The Pensions Regulator
- Provide workers with certain information about the changes and how they will affect them.

The new Employer duties will be introduced in stages over 4 years, starting in 2012. Each employer will be allocated a date from when the duties will first apply to them, known as the 'staging date'. The greater the number of employees, the earlier will be the 'staging date'.

Auto-enrolment is going to be a challenge for everyone, so here are four early steps you should consider:

Step 1: Understand the current rules of auto-enrolment;
Step 2: Identify your likely 'staging date';
Step 3: Understand your contribution levels;
Step 4: Consider the financial implications of auto-enrolment.

We can, of course, advise on all of these together with other important issues/options, such as:

- Is NEST (National Employers Savings Trust) your best way forward;
- The less costly Danish alternative that is available;
- Your current scheme suitability
- Any differing management schemes, you might have in place.

Auto-enrolment legislation and its rules is likely to be a minefield for many employers and we will be contacting those of our clients in January, who we feel might benefit from our further advice.

Meanwhile, you might find either of the following two web sites of useful interest:

www.tpr.gov.uk/pensions-reform
www.tpr.gov.uk/staging

However, should you wish to speak to us in the interim, please give us a call.

ISAs

The tax benefits of investing in ISAs have been widely documented and most people are aware of these benefits, so we would remind clients that the current overall subscription limit, for this tax year, is £10,680, of which up to £5,340 can be subscribed to a Cash ISA - don't forget, to take advantage of an ISA, subscriptions must be made before 5th April.

It should also be remembered that ISA contributions now increase annually by reference to the RPI figure for the September, prior to the start of the new tax year.

Children's ISAs

Junior ISAs give every child that has missed-out on the Child Trust fund, the opportunity for tax-free returns from their investments. Junior ISAs must be opened by the child's parent or guardian, however,

Friends and relatives can pay single premiums into the Junior ISA on birthdays, specials occasions or as a regular savings plan

once opened anyone can pay into the Junior ISA on the child's behalf. This represents a great opportunity whereby friends and relatives can pay single premiums into the Junior ISA on birthdays, specials occasions or as a regular savings plan - all up to the child's 18th birthday.

Please contact the office on 01536 512724 if you would like full details.

Investment Diversification...
Some interesting alternatives worth a consideration

Make more from less

The global transition to a low-carbon economy has moved up the political and social agenda in recent years, creating a huge investment opportunity.

The severity of world climate change has already led to total global investment in clean energy projects of $243 billion in 2010, a rise of 30% from 2009. However, much more is required over the coming decades meaning that companies exposed to low-carbon energy, resource efficiency or waste and water management all stand to benefit from increased investment.

Underlying this global megatrend are the twin factors of population growth and a finite supply of natural resources. More people in the world means greater demand for energy and water. This is having a major environmental impact and depleting finite natural resources, which in turn is driving improvements in efficient usage - including water recycling - as well as sourcing energy from alternative technologies.

There are a growing number of funds giving investors access, not just to 'alternative technologies' such as solar and wind-generated powers or any other singular industry, but are diversified across a broad array of sectors. They concentrate on companies within those sectors whose success is driven primarily by their delivery of products and services that aid the transition to a low-carbon world.

The Legal & General Global Environmental Enterprises Fund is one such fund and includes three key sectors which are integral to the transition to a lower carbon economy:

- Energy efficiency
- Lower carbon energy production
- Water, waste management and pollution control.

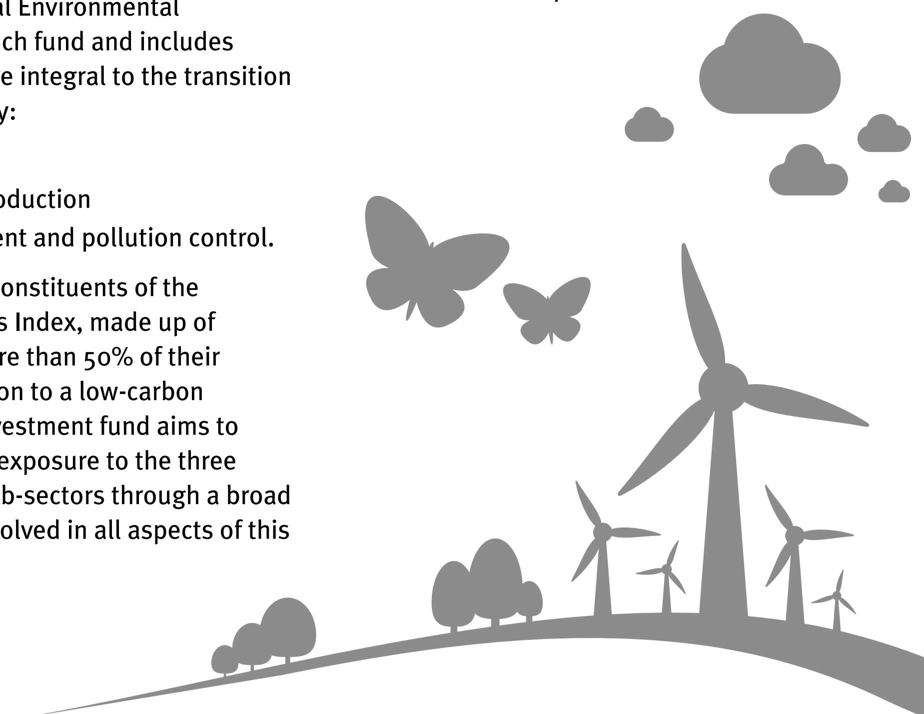
The fund is based on the constituents of the Osmosis Climate Solutions Index, made up of companies generating more than 50% of their revenues from the transition to a low-carbon economy. This passive investment fund aims to give investors a balanced exposure to the three sectors and the various sub-sectors through a broad portfolio of companies involved in all aspects of this low carbon transition.

UK agricultural land funds

In times of uncertainty the attention of investors turns to assets which offer long-term security. The performance of land has been less volatile than other investments, such as equities and commercial property. We show below a number of alternative investments for your consideration, however, we only show basic factors and anyone interested in any areas shown, should contact us to discuss these in greater detail, including any associated potential risk.

Agricultural land investment offers:

- Investors the opportunity to buy an interest in farmland in a unit size, which is lower than that generally required to make a direct investment in land;
- Invest in arable farmland, together with associated buildings, which is tenanted under Farm Business Tenancies;
- Combines security, low volatility and long-term growth, together with liquidity
- Farmland is a secure way of investing at a time of instability in financial markets and banks;
- Farmland is a diminishing resource;
- The demand for land in the UK exceeds the annual supply of land made available for sale;
- The performance of farmland has been less volatile than other property assets and investment into equities, over the last 10 years;
- UK agricultural land is the only UK property asset which has produced



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positive returns throughout the current and previous (1990-1991) recessions. It was the only UK property sector in 2010 not in recession;
- On a three, five and ten year basis, farmland remains the top performing asset class in UK property, with returns of 6.3%, 12.0% and 13.3% respectively (annualised returns)

Ground rent funds

What is a ground rent? - A ground rent is created when a piece of land is sold on a long lease. This typically occurs when a block of flats is built, but selling newly built houses on long leases is still prevalent, especially in the north of England. It is estimated that another £800 million of ground rents were created, from newly constructed flats, between 2005 and 2010. Lease lengths vary, with 125 years being the most common, but often leases may be for as much as 999 years.

CB Richard Ellis, in their report on this sector in September 2010, considered that Ground Rent funds are often compared to gilts, fixed income securities and long-dated bonds, except that their total returns available significantly exceed those available on those financial instruments. - They also commented that 'Ground rent investment constitutes one of the most secure and low-risk property assets available'.

Main benefits:
- SECURITY - A tenant default in their rent payment would ultimately enable the fund to take occupation of the property;
- RELIABLE RETURNS - The longevity of leases, together with periodic rent reviews and potential growth in property values means ground rent funds may be expected to generate predictable returns
- LOW VOLATILITY - This is another characteristic of Ground Rent funds. Gilts will inevitably be affected by sentiment in the currency markets along with prevailing predictions in respect of interest rates - there is no immediate correlation in the value of the two asset classes

Natural Gas Equity Funds

Germany has decided not to build anymore nuclear power stations and indeed, scrap all its existing power stations by 2022. Furthermore, the Japanese earthquake and subsequent nuclear disaster earlier this year, threatens the future of nuclear energy. All this, together with the soaring cost of crude oil, boosts the demand for gas.

The US has vast reserves of natural gas and also has the cheapest gas price at around $4.50 per thousand cubic feet. In Europe it is around $9 and Asian prices are around $15 The ratio, therefore, between oil prices and natural gas prices is at one of the most extreme levels it has ever been.

On top of this, the US Department of Energy has now given its approval for the export of natural gas. It will be seen, therefore, that investment in the areas of natural gas might well prove very attractive and lucrative.

**Water infrastructure funds -
The world's most precious resource**

Of all the water on earth, only 30% is usable by humans and around one billion people, almost entirely in the developing world, still do not have the most basic access to clean water. The US has to spend $1trillion in order to make upgrades in its own water infrastructure, whilst China will spend more than $125 billion between 2010 and 2015. With supplies growing scarcer and expenditure on infrastructure growing ever great, in both the developed and developing worlds, it is easy to see why many asset managers have dedicated Water funds.

Investment in to 'Water' may well, therefore, appeal to those seeking 'green' investment.

Renewable energy funds

The world is increasingly looking towards alternative forms of renewable energy, driven not least by world government mandates and legislation, not only to reduce carbon emissions and limit the effects of global warming, but also to displace their use and reliance on the ever decreasing fossil fuel reserves. To gain future energy independence and security a new global industry has emerged in the production and supply of renewable energy from sources such as:

- Green biofuels;
- Wind turbines;
- Wave power;
- Solar power etc

There are many 'green' investment opportunities within these related areas and anyone interested should contact the office to discuss the available opportunities. Please be aware past performance is not a reliable indicator of future returns and the value of these investments can fall as well as rise. You may not get back the amount originally invested.

GILTS - A lesson from history

The current topic of Government debt is being debated on an almost daily basis, particularly with regard to Europe, where Government debt has spiraled out of control in the last 10 years and there is a real possibility that at least one Eurozone Government might default on its obligations.

It is interesting to note that the first 'Gilt' was issued in 1694 as a result of the disastrous state of the country's finances and the need for King William to raise funds to fight a European war. The first note to be issued and guaranteed by the British Government had a gilt edge around the rim of the note and thereafter the name stuck. The 1694 note was a perpetual paying 5% coupon and the issue raised £1.5 million. It was finally retired in 1994, on the three hundredth anniversary of the Bank of England.

Since that first issue in 1694 the Government has used the gilt market to finance its spending and cash management. Over the years, different issues had different names to reflect why the issue had taken place. Consol's date from the 18th century and War Loan stock was used to finance the two world wars of the last century. These issues carried a very low coupon and the redemption is at the government's discretion. There are eight very old undated issues which have no fixed maturity.

In recent times, the Government has issued a number of different variants, such as Index Linked Gilts. The first was issued in 1981 and today 25% of all new Gilt issuance is on an Index Linked basis. There have been double-dated issues and recently a 50 year Index Linked Gilt, issued with a 1.25% coupon, maturing in 2055. There are also Gilt strips, which have proved popular, which is where the coupon and the Gilt are separated.

The Gilt Market is dynamic and critical to the country's finances and the health of this market is a direct reflection on the state of the country's finances and credit worthiness. The first issue in 1694 resulted in the creation of the Bank of England and paved the way for the sovereign and then parliament to finance their spending, be it good or bad. From a £1.5 million first issue the total amount of Gilts outstanding is currently £1,033 trillion. It is interesting to note that, in 2008 the figure was £478.8 billion, which reflects the importance of Gilts in the recent financial crisis

Corporate Investment

We recently advised a local company who's objective was to purchase a printing machine in around five to six years time (the approximate life span of their current one which they are leasing). The capital outlay will be approx £750,000 and they wanted their current cash reserves to work harder for them, with the potential to cover the majority of the expense from capital growth.

Our recommendation was to consider investing the majority of their cash reserve into an offshore single premium bond, as generally they can provide flexibility, easy administration, and the potential for investment growth.

Due to the historic cost basis of accounting the company used, the bond also offered a tax efficient way of investing and the potential or tax deferral.

As such, the bond offered them the following options:

1. Defer or reduce tax on the gains.
2. Helped manage timing of any tax liability.
3. Improved 'after tax' investment returns.
4. Flexibility if their initial objective changed.

If you require any further information, please do not hesitate to contact the office.

Aaron Tawny clients help maintain Marks & Spencer retail sales

YOUR M&S

A huge thanks to all our clients for their continued support and those who have also kindly recommended Aaron Tawny to others who they felt could benefit from Independent Financial Advice. Over 90% of the business generated has come from existing clients and recommendations. If after our first meeting with anyone recommended to us they feel they can benefit from our independent advice and become a client, as a thank you we give the introducer a £25 M&S voucher. 2011 has been a bumper year for M&S vouchers -

A HUGE THANKS TO ONE AND ALL

Advisers play a vital role in mortgage selection

The mortgage market continues to present many challenges, with loans becoming increasingly difficult to secure as lenders continue to 'tighten up' in terms of their lending criteria. That said, there are still a vast array of home loans to choose from and the task of finding the right mortgage certainly hasn't got any easier. Even if potential borrowers have already decided whether it is a fixed or variable loan they want, they still need help to fathom which is the most suitable or cheapest option.

Unlike savings accounts, personal loans or credit cards it isn't as simple as referring to a comparison website or a 'best buy table'. Some lenders will launch attention grabbing rates hoping that it will be sufficient to entice borrowers who don't shop around or use the service of an Independent Financial Adviser. Many lenders continue to bypass the broker community and develop products based largely on high profit margins, and various rate and fee combinations. This of course works for them, but for the potential borrower, this can be just a big headache.

One of the biggest issues borrowers face is working out which is the most appropriate mortgage based on Total Cost, i.e. not just the Interest Rate, but also the associated fees, which can vary enormously between lenders. There tends to be a trade off between high fees and low rates, as typically the deals with higher fees offer the lower rates and vice versa. It is essential that these factors are considered.

For example: Out of the following three 2-year fixed deals currently available, which do you think is best?

1.	2.	3.
2.49%	2.94%	2.99%
£199 Booking Fee	£1,895 Arrangement Fee	£995 Arrangement Fee
1.5% Arrangement Fee		

If the borrower was only looking to borrow £50,000 then option 1 works out the best in terms of total cost. However, if the loan was £200,000 then due to the 1.5% Arrangement Fee setting the borrower back a hefty £3,000, then the same deal suddenly becomes the most expensive of the three options.

If the borrower was looking to borrow £120,000 or £200,000 then option 3 works out the cheapest over the 2 year fixed term, but without access to professional advice and a mortgage calculator, it would be almost impossible to choose.

For advice, guidance and fee costs on the most suitable mortgage for your needs, please do not hesitate to contact us.

Interest Rates -
Impact for Borrowers and Savers

The Bank of England has given a clear signal and indication that the UK could mirror the United States in keeping Interest Rates at record lows until 2013.

Whilst there was no official announcement that the UK would follow the US's lead in pledging low rates, the latest figures for the economy and inflation suggest that the Bank could hold off raising rates for the immediate future. The latest minutes from Bank's Monetary Policy committee (MPC) also support this notion as all nine members voted unanimously to hold rates at their record low level. This is significant, as the committee had been split and two members had regularly voted for an increase in the rate. They have now ditched their stance in the face of the weaker economic environment.

Market forecasts are for rates to edge up from 0.5% to 0.75% around the start of 2013, rising gradually to 1.5% in late 2013 and then hitting 2% around the 3rd quarter of 2014. The prospect of an extended freeze in the rate has driven down the price of most fixed rate mortgages as lenders factor in a low rate for a prolonged period. This represents a great opportunity for borrowers coming to the end of their current fixed rate as they may be able to select a new fixed deal, at a very attractive rate.

Likewise, you may be on your lender's Standard Variable Rate (SVR), and it may be possible to select a fixed deal at a lower rate than you are currently paying. Don't forget, the lender could increase the SVR at anytime!

A fixed rate will give you peace of mind and security of knowing what your monthly repayments will be and in tough economic times, this will help you plan and budget. Or, you may feel that a Tracker would present

Continued overleaf

Interest Rates - Impact for Borrowers and Savers (contd...)

the most benefit to you, as your rate would simply track the very low base rate and may still offer you a rate lower than your current one. This is clearly good news for those with mortgages and potential borrowers, but does of course mean more misery for pensioners and those with savings.

So what are the options for those on fixed incomes or savers with funds on deposit? Potential investors looking for better returns are reluctant to invest money during these uncertain times, for fear of poor returns and of course, investment risk. One investment that continues to be popular is a Guaranteed Investment bond, that offers the peace of mind that your amount invested is guaranteed, yet it still offers very attractive growth potential.

Investing money in this manner takes away the investment risk, as providing the investment is held for the term (minimum 8 years) you have the security of knowing you will get back at least the amount you invested. On top of this there is scope for very attractive capital growth, which is locked in at each anniversary, giving you a new guaranteed amount.

For those of you with existing portfolios, this may be an opportunity to consider as we all know that equities deliver over the long term, but what if that long term finishes during a market downturn? Would you feel more secure with a guarantee on your investment? In short, this investment offers peace of mind and scope for capital growth with no investment risk to your capital.

This approach can also be applied to your Pension fund.

Each year the top financial institutions and investment houses are asked their predictions for the FTSE. For the past four years, these expert predictions have been far from accurate.

Year	FTSE opened	Expert predictions		FTSE closed
2008	6,200	Seven investment Capital Spreads Hargreaves Lansdown UBS Gartmore Lewis Charles Security Lehman Brothers	6413 6800 6900 6960 7200 7200 7300	4,434
2009	4,434	"Hargreaves Lansdown's Richard Hunter admits that his 5000 forecast for the Footsie in 2009 could easily be 3000." Asked by the Evening Standard to predict a target for the Footsie at the end of 2009, Goldman Sachs, Merrill Lynch and JP Morgan were just some of the firms who declined to comment.		5,412
2010	5,412	Charles Stanley Brewin Dolphin Seven Investment Management JP Morgan Cautious Total Refund fund Killik & Co Hargreaves Lansdown	4,700 5,500 5,500 5,800 5,850 6,000	5,899
2011	5,899	Barclays Wealth Charles Stanley Nomura Brewin Dolphin Credit Suiss JP Morgan, Killik & Co, Cazanove Seven Investment Management UBS	6,100 6,150 6,250 6,450 6,500 6,600 6,666 6,700	FTSE as at 16.08.11* 52 weeks high 6,105.77 52 weeks low 4,791.01

Information above sourced from www.thisismoney.co.uk/stock-market 07/04/2010 *Yahoo Finance - 16.08.2011

The above clearly illustrates that nobody can predict how the market will perform, not even the experts. So, until someone can make an accurate prediction, it seems only logical to include a guarantee in your financial plans.

Smart Currency Exchange

We have recently been able to offer clients the services of Smart Currency Exchange and they have benefited from their competitive exchange rates. Please find below an article by Charles Purdy who is a director of Smart Currency Exchange. This may be of help to anyone currently looking at or considering currency exchange.

The economic crisis is certainly causing problems for people all over the world, yet in the world of international money transfers there are actions that can be taken to safeguard your money - especially if different currencies are required. International payments include payments between countries for property, the movement of pension payments, transferring savings or paying for any goods or services in a currency other than the one you have.

Working with an international payment specialist rather than using a bank will allow you to save money over using the bank and provide you with options that can minimise financial losses.

Moving Large Lump Sums of Money Internationally

Do you need to pay a staged payment for a property? How about moving funds from the sale of a property abroad back to the UK? Regardless of the reason for moving money - or where you need to move it to - it's important to realise that for every £100,000 you move, you could pay around £4,000 unnecessarily if you use a bank. Banks around the world add a margin of around 4% more than the margin used by an international payment specialist. Using a bank rather than a specialist is similar to buying a property and then asking if you can pay an extra £4,000 for no reason.

Apart from saving money on the cost of buying currency, you can also ensure that the value of the money you are moving doesn't change. In other words, if you need to move a large sum of money within the next year and you are happy with the current exchange rate, you can reserve that rate today - yet pay for it at a later date.

For example, during the month of June 2010 Mr and Mrs Kingston needed to discuss a payment of €89,400 due in October 2010. They were happy with the rate of the day so they booked a contract for the full amount at a rate of €1.2250/£1 and simply paid a 5% deposit to secure the transaction. When October came, they sent the money due, less the 5% already paid. If, however, they had waited until the last minute to purchase the euros, they would have had to accept a rate of €1.12/£1 - one that would have meant paying an extra £6,841!

While the euro has lost ground since it was at parity (€1/£1) in December 2008, in the grand scheme of things it is still a fantastic time to purchase (or secure a rate for) euros to sterling. So, if you originally bought your euros at close to €1.50/£1 and you now want to bring the funds back, now is the time to think seriously about doing it - especially given that many analysts feel that sterling is likely to continue to strengthen towards €1.30/£1 with the developing debt crisis in the euro zone.

Moving Small Sums on a Regular Basis

If you are moving small sums of money on a regular basis, you can benefit greatly by fixing the currency exchange rate if and when the rate is at a good level. For example, in June 2010 many Brits living in Europe secured a rate of €1.22/£1 for monthly payments for a year on all of their pension payments. That means that as sterling weakened throughout the year, they were unaffected by the rate change and continued to receive a rate of €1.22/£1 each month.

In addition to saving money on getting better-than-bank exchange rates and fixing rates for future use, international payment specialists can also reduce the fees associated with transfers, shrink the transfer times from 5 days to 48 hours and provide a level of service that far surpasses the cold, impersonal bank. As for safety, specialists are strictly regulated by the Financial Services Authority and process payments through a bank, negotiating a better rate of exchange with the bank and then passing the savings on to the client

It's often the people that wait until the last minute that are forced into buying at the worst times - don't let that be you. If you need any further information, please do not hesitate to contact us.

Bridging Loans

Be it residential or commercial, there are numerous different situations when bridging finance can really help a client out of a difficult situation. The original use of bridging finance in the 'good old days' was the chain break where the client had sold their own house and had exchanged on their new purchase only to find out that the buyer of their existing property had pulled out, thus leaving them in the lurch. The chain break bridge helps give the client time to find another buyer whilst still allowing them to move into their new home.

Another very popular Financial Services Authority (FSA) regulated bridge is the downsize bridge. Typically, a couple will be in their 50's or 60's living in a substantial family dwelling. The children have flown the nest and the couple no longer needs a five bedroom property. They have set their hearts on a smaller property, but have yet to sell their existing home. The downsize bridge assists in giving the client the money to purchase the new smaller home, whilst giving them time to sell the family home with which to repay the bridge.

There are some further examples in differing circumstances:

- New build flats i.e. releasing capital from newly built flats for further projects, whilst the flats are still on the market for sale
- Development from commercial usage into residential i.e. funds to convert an office block into flats
- Paying off an existing development loan
- Hotel loan
- New build loan.

If you require any further information, please don't hesitate to contact us.

Disability Badge Holders

If you or anyone you know holds a Disability Badge, we have been informed that sadly reminders are no longer sent out, when they are coming up for renewal. Badge holders now need to either contact their Local Authority or download an application form from their Local Authority website (typically under blue badge holders). This will need to be done approximately 6 weeks before your renewal date to ensure the replacement comes through in time.

What is your view of retirement?

Statistics show we are living longer than ever before. A healthy 65 year old man can expect to live for a further 17 years on average, while a woman of the same age will live for another 20 years.

People spending two to three decades in retirement need income solutions that will meet their changing needs. Retirement product providers recently took time to talk to consumers and Independent Financial Advisers (IFA's) to find out what they were looking for from retirement and the financial products associated with it.

This research revealed that the very concept of 'retirement' is now out of date. A new generation of people is choosing to stop full-time work on their own terms, fitter and healthier than ever before. They see life as an adventure and want to live life to the full especially during their primetime retirement years.

As a result, a unique range of retirement income products has emerged to help meet the demands of people who want a choice and flexibility from their financial products, not be 'locked into' one contract for the rest of their lives.

How retirement has changed, now people are living longer?

Retirement can now be looked at in two 'halves'. The initial phase is The 'Primetime years' - typically one of good health and an active lifestyle. After age 75 The Senior Retirement years with occasionally worsening health and changes to personal circumstances will often lead to different income needs during these 'senior' years.

A new unique range of products can help meet client's needs during their primetime retirement years and delay any permanent income purchase until clients are older and have a better view of their financial needs.

55 to 75	75 to 90
The Primetime Retirement years:	**The Senior Retirement years:**
Generally good health	Potentially poor or worsening health
Probably still married	Possibly widowed
New hobbies/pastimes	More sedate lifestyle
Reduced outgoings - mortgage repaid?	Increased outgoings - long-term care costs?

Should Clients Consider Delaying a Permanent Income Purchase?

With new retirement products now available, Aaron Tawny are able to offer more options to our clients. With current historical all time low annuity rates many are now choosing to delay making a decision about permanently converting their pension fund to an annuity, until an age beyond the normal retirement age of 65. Indeed, legislation introduced in April 2011 means that consumers are no longer obliged to convert their pension fund to a 'Lifetime Annuity' by the time they reach age 75.

Some of the reasons clients consider delaying this decision until much later in your 'primetime' years are as follows:

- Control: They may not be ready to permanently lose control of their pension fund if they are not required to do so. They appreciate the ability to be able to pass on the remainder of their fund to their beneficiaries should they die prematurely;
- Changing circumstances: They want to be able to adjust their death benefit choices later on in retirement should their spouse/partner predecease them and not be stuck with a choice (e.g. spouse's pension) that no longer provides a benefit to them or their beneficiaries;
- Health: they know that if they are diagnosed with a serious illness they may be offered a much higher income from their retirement product provider than others who are in good health. Health can deteriorate significantly between the ages of 65 and 75 and therefore they may wish to keep open the possibility of benefiting from these improved rates in the future, rather than lock into a lifetime plan today when you are in good health;
- Economics; they may believe Lifetime Annuity rates will improve in the future and have chosen to defer signing up to a lifetime income level today, in the expectation that rates will improve.

The new retirement products have been designed to offer clients the certainty of income they need in their primetime retirement years without locking them in for life. They also offer more of the control clients want over their pension fund, without exposing their investment to stock market risk.

With these new products, what you see is what you get. You know exactly what income you will receive from day one, subject to Government limits, plus a Guaranteed Maturity Amount at the end of the Plan term, which then gives you the ability to switch to anther appropriate pension product to suit your needs.

In summary these new retirement products give clients a 'keep your options open' alternative with no investment performance risk that we believe is a sensible, modern approach for many people retiring in the UK today.

At Aaron Tawny we believe most people retiring now don't want to make a financial decision today that cannot be changed for the rest of their lives - they have worked hard to build up a pension 'pot' and would like to retain control of that money for as long as possible, without taking unnecessary investment risks. The products offer greater freedom to a new generation of people entering their primetime retirement years.

Most pensions have what is commonly know as an open market option (OMO) at retirement. With the new retirement products available this can also stand for 'Offered more Options'.

For further information, please do not hesitate to contact us.

Just for fun - Wordsearch

Each of the ten words can be found running either horizontally, vertically or diagionally.

1. Growth
2. Default
3. Eurozone
4. Economy
5. Gold
6. Debt
7. Income
8. Gilts
9. Inflation
10. Commodities

Q	E	H	T	W	O	R	G	Y	T	E	V
S	E	R	L	M	B	C	P	I	C	U	G
X	U	A	U	E	T	O	L	O	I	N	B
O	R	I	A	G	G	B	N	U	N	T	Y
S	O	T	F	L	O	O	R	M	C	W	S
R	Z	B	E	X	M	L	E	J	O	P	T
U	O	I	D	Y	F	C	D	E	M	A	L
O	N	A	D	F	V	C	E	S	E	T	I
R	E	H	J	U	L	R	B	I	E	S	G
S	D	I	N	F	L	A	T	I	O	N	C
C	O	M	M	O	D	I	T	I	E	S	B
R	D	T	Y	O	N	E	U	R	Z	F	U

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.

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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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

- ☐ Equity Release
- ☐ Investments
- ☐ Auto-Enrolment/ Workplace Pensions
- ☐ Mortgages/Bridging Loans
- ☐ ISA's
- ☐ Life Cover
- ☐ Smart Currency Exchange
- ☐ Annuities/Retirement Planning

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