

communiqué

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1997: Education, Education, Education 2010: Tax, Tax, Tax



We're all still reeling from the last shock. What of the next shock... TAX?

World markets have seen some stability return. Now governments have to reduce the substantial deficits created by the over optimism and loose monetary policies which fuelled the asset bubbles. There is much talk around the world of reducing public expenditure by getting a tighter grip on economies. The bottom line for the UK is simple: tax bills are likely to increase and both savers and earners will suffer... it will hurt us all.

We think during the next 5 years it will be more important than ever to shape our clients' financial affairs to:
REDUCE TAX AND IMPROVE RETURNS.



the BIG 3

In the last edition of Communiqué we introduced the Beaumont Robinson Big 3. Continuing the theme, this time round the BIG 3 are all about reducing tax and improving returns.

- 1 TAX we know about
- 2 TAX to come
- 3 Pensions Alert!

BIG
TOPIC

1

TAX we know about



Good existing opportunities. Right now there are ways available to reduce the burden of tax and maximise returns.

Wakey, wakey! Invest £20,400 pa for tax-free returns.

At long last the government is encouraging us to invest. We all thought that ISAs were modest, not anymore. There has been a 40% plus increase in the amount you can invest annually. A couple can now put away £20,400 a year - that means say after 3 years well over £60,000 is ring-fenced from the tax man. Significant in anybody's book.

From October 2009 ISA allowances increased to £10,200 for the over 50s. In April 2010 this increase applies to all adults.

We strongly recommend you take advantage of the improved allowances and use these each year. If you're aiming to reduce risk, with Beaumont Robinson you can put £5,100 in a Cash ISA and £5,100 in a Shares ISA.

£60,000 liberated from the tax man - not to be sniffed at!

Use your pension to reduce TAX, TAX, TAX. Save 40%+

In a higher tax environment, pensions are becoming far more important for high earners. Salary sacrifice is back.

Now we have got to grips with the new A-Day rules from April 2006, the Chancellor has now gone and introduced further fundamental changes to pension rules affecting higher earners.

In general terms, anyone earning over £130,000 a year should be careful when making pension contributions or indeed accepting contributions from their employer. You could lose higher rate tax relief on certain contributions. Also, even dividends and benefits-in-kind form part of the new £130,000 threshold.

As ever the rules are complicated. But the main point is: pension schemes continue to be one of the most tax efficient savings vehicles available to individuals.

With new charging structures and greater flexibility, and in this higher tax environment, a pension scheme in our view should be the number one priority for everyone. And particularly higher-rate taxpayers.

BIG
TOPIC

2

TAX to come



Pain after the election. The Tax you don't know about - it's coming and everything is up for grabs.

What we think

CAPITAL GAINS TAX TO INCREASE TO 25%	7/8 FAV
VAT TO INCREASE TO 20%	2/1
STAMP DUTY ON HOUSES TO INCREASE	9/5
PERSONAL ALLOWANCES TO BE ERODED FOR HIGHER EARNERS	11/8
TAX ON INSURANCE POLICIES TO INCREASE TO 10%	11/8

Going very soft and unpredictable in London!

Read our next edition of Communiqué to see how events unfold.

In the meantime, come and talk to us: contact your consultant or David Cubitt on

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ATTENTION! Pensions alert

For employers: NEST

Employers get clued up - here comes VAT mark II.

New "Personal Accounts" pension schemes (NEST - National Employment Savings Trust, to give them their Sunday name) will be introduced in October 2012. They involve a new compulsory pension scheme for most employees. Then, in the great British tradition, they have the voluntary right to withdraw from the scheme!

The main point for employers is that you will be legally obliged to introduce these new schemes. A bit like VAT, NEST will mean extra administration: an extra cost on your business. The detail will evolve over the next 2 years. Please contact us - we are making arrangements to protect all our corporate clients to ensure that the legislation is being adhered to.

For those employers with existing schemes you need to make sure that your scheme meets the new qualifying rules. For further information please contact Rob Scott or Phil Harrison.

For employees: S2P (formerly SERPS)

Should you rush back into S2P?

6 million people with Personal Pensions and Stakeholder Plans are being urged to review their decision to opt out of the top-up State Pension, formerly known as SERPS. Many of our clients are receiving mail-outs from pension providers encouraging them to contract back in to the Government pension scheme.

It's true, mathematically most people will be better off in the Government pension scheme. But where individuals want more control over their pension funds and are able to sacrifice a potentially higher Government pension, they could remain contracted out.

The problem is that different Governments change their minds. For fear of upsetting the electorate, no political party has ever addressed the thorny issue of making pensions compulsory (with the possible exception of NEST). So in future the attraction of contracting back in may disappear. Also remember that a contracted out Personal Pension Plan has the same benefits as a normal Personal Pension Plan - you can take 25% of your benefits as tax-free cash.

Our stance is quite clear - if a potentially higher Government Pension is paramount to you, albeit one with less individual control, then contract back in.

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Find out more at www.beaumont-robinson.co.uk

To talk to us at Beaumont Robinson as Independent Financial Advisers please contact your consultant or David Cubitt on

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Tax reliefs referred to are those currently applying and are liable to change. Their value depends on your individual circumstances. Our comments are based on current legislation and these may be subject to change.

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