

Just **ASC!**

● **ASC Financial Managements Newsletter**



ASC takes to the local airwaves

ASC director Tony Castrey will go on the air later this month to answer questions on financial matters as part of a special local radio phone-in.

He has been asked by Stoke-on-Trent based Focal Radio to become their expert-for-the-day on Potteries' presenter Sam Plank's popular morning show.

Tony will appear on the programme once a month from the 22nd of April. This coincides with ASC celebrating its 10th anniversary.

The big topic of conversation is likely to be the current credit crisis and how it might affect people's savings and pensions.

The station, based in Campbell Road, Stoke, reaches more than half a million listeners across Staffordshire and Cheshire.

Tony said: "I'm expecting some very pointed questions. The present economic climate is affecting everyone and people need some sensible advice about how best they should utilise their savings and safeguard their pension pot.

"Personally, I think we have another 12 months to go before the economy begins to settle down - but there are still ways to make the most of your money."

Focal Radio's official remit is to maintain a programme schedule concentrating on community issues.



Tony Castrey - ready to take your calls



ASC

● Financial Management Limited

This issue

Up-to-the-minute financial news direct from the BBC

Retirement - a new time for living

Your ASC guide to all the tax facts

Recession - major company still making profits

Anyone for a free round of golf - see back page

Who owns what?

The government has pledged to pay compensation up to a maximum of £50,000 to any individual who loses their money in a British bank collapse.

But beware - even that amount could leave you well out of pocket.

The reason is that you may have more than £50,000 invested with different High Street names without realising they are actually one and the same.

The big banks own many other companies – including building societies and other smaller banks - and such investments could be counted as one. Barclays, for example, own the Woolwich Building Society.

“People do not always realise that a bank and a building society with a different name are one and the same as far as the government’s compensation scheme is concerned,” said ASC’s Tony Castrey.

“It is vital that you always carry out a check to make sure you do not have more than the maximum of £50,000 deposited in different places within a single organisation.”

In tune with the BBC

Up-to-the-minute financial news direct from the BBC is now available to ASC clients at the click of a mouse.

For several weeks ASC’s website www.ascifa.com has had a link to the BBC’s own online site, making it easier to switch between the two.



“The BBC’s website is one of the most comprehensive and up-to-date services anywhere in the world and is open 24 hours a day, seven days a week,” explained ASC director Gary Hanmer.

“The new link should make life just that bit easier for those searching for information about the Stock Market, general money matters, investing and savings.

“For example, it’s a great place to find out about the best interest rates and savings accounts and helps all of us to keep abreast of events in world markets.

“We’re all living in a digital world these days and access to information is clearly one of the keys to money management.”

Retirement - a new time for living

MORE Britons are living longer than ever before partly thanks to medical breakthroughs but also because today’s elderly are a lot more active, according to the latest statistics.

Thirteen per cent of women and 5 per cent of men are set to live to 100 having enjoyed a retirement as long as their time in the workplace.

Meanwhile people over 60 now outnumber those under 16 for the first time.

So how can their pensions possibly hope to keep pace with their longevity?

Until now most people had little choice but to cash in their private pensions and buy an annuity in the hope that it could pay them a monthly income.

A second method, drawdown, allows people with larger funds to take out the tax-free portion of their pension and leave the rest to be invested.

But the Reading-based company ‘Living Time’, backed by the giant insurer AIG, believes it has found a credible alternative with a range of flexible products that combine some of the advantages of both annuities and drawdown.

Their key product is a fixed-term annuity providing a fixed income (subject to GAD limits) for a minimum of 5 years and up to a maximum age of 75.

It then pays out a guaranteed maturity payout - assuming the client survives until the end of the term – to be reinvested in another plan (if aged 70 or less), a secured drawdown pension (if past the age of 75) or an annuity.

The plan can be set up as a joint life policy and can include a guaranteed income period or ‘value protection’ - returning a lump sum equal to the initial investment less gross income paid to the point of death (less tax if the money is not reinvested for income).

The client can choose whether their spouse or civil partner can receive an income or lump sum. It may even be possible to provide a lump sum to a nominated beneficiary

If the client dies before the end of the term the maturity amount would only be payable if they had selected death benefit options.

“Even in the credit crunch people retire and have to make choices about how best to structure their finances,” said ASC’s Tony Castrey.

“With Living Time plans, customers are not ‘locked’ into a single product for life. They can choose from a range of innovative products that may suit them better than simply taking up an annuity and decide how best to maximise their pension fund.”

He added: “Anyone considering retirement should seek independent advice as a matter of course. This a complex area and while there are now more ways to maximise the potential inherent in pensions they require some professional input.”

Retirement age to be 55

THE minimum age at which you can claim your personal pension is to rise to 55 from April 2010. If you are in your late 40s or early 50s and wish to take your pension soon, make sure you seek advice from an expert. Beware that if you take your pension before the age of 55, this income could push you into a higher tax bracket.

Tax facts >>>

Inheritance Tax

	2007-08	2008-09
Chargeable transfers		
Nil rate limit	£300,000	£312,000
Tax on excess value for chargeable transfers on or within 7 years of death*	40%	40%
Tax on excess value for other chargeable limelight transfers	40%	40%

*Reduced tax charge on gifts within 7 years before death

Years before death	0-3	3-4	4-5	5-6	6-7
% of death charge	100	80	60	40	20

Main exemptions		
Gifts to UK charities		Unlimited
Gifts between UK domiciled spouses		Unlimited
Annual		£3,000
Small gifts to any one person		£250
Gifts on marriage		
- Parent		£5,000
- Bride, groom or grandparent		£2,500
- Other		£1,000

A transferable nil rate band between Spouses/Civil Partners has been introduced.

Making allowances

The rules covering Individual Savings Accounts (ISAs) have changed so that you can now put a cash-based ISA into a 'Stocks and Shares ISA' without losing your annual top-up allowances. This may prove valuable once the economy gets back on its feet. Once you have made this move it cannot be reversed and a Stock Market ISA cannot be put into a cash-only ISA.

Income Tax Rates

2007-08	£ per year	2008-09	£ per year
Starting rate 10%	0,2,230	N/A	N/A
Basic Rate: 22%	2,231-34,600	Basic Rate: 20%*	0-36,000
Higher Rate: 40%	over 34,600	Higher Rate: 40%*	over 36,000

Tax on excess income is 40%

Income Tax Rates for Savings

	% 2007-08	% 2008-09
Savings income for basic rate taxpayers	20*	20*
Dividends for basic rate taxpayers	10	10
Dividends for higher rate taxpayers	32.5	32.5
Other income and gains	40	40

Trust Standard Rate Band £1000

There will be a 10% starting rate for savings income only, with a limit of £2,320. If an individual's taxable non-savings income is above this limit then the 10% savings rate will not be applicable. There are no changes to the 10% dividend ordinary rate or the 32.5% dividend upper rate.

Main Income Tax Reliefs

Personal Allowances	£ - 2007-08	£ - 2008-09
Single - Under age 65	5,225	5,435
Aged 65-74 (age attained in tax year)	7,550	9,030
Aged 75 and over (age attained in tax year)	7,690	9,180
Minimum: Aged 65 and over	5,225	5,435
Married - Under age 70	0	0
Aged 70-74	6,285#	6,535#
Aged 75 and over	6,365#	6,625#
Minimum: Aged 70 and over	2,440#	2,540#
Age allowance income limit	20,900	21,800
Blind Person	1,730	1,800
Enterprise Investment Scheme Relief	400,000**	400,000**
Venture Capital Trust Relief	200,000†	200,000†

Personal age allowances reduced by 50% of excess over age allowance income limit (but not below level of minimum personal allowances).

*Relief at 20% only or enough to reduce tax to nil. †Relief at 30% only. #Relief at 10% only. a Married Couples Allowance is only available where one spouse is born before 6 April 1935. -Minimum amount of Married Couples Allowance for age allowance purposes only. **There is a proposal to increase the limit to £500,00 however this will require approval by the European Commission. The effective date of the change is not known at present.

Biting back at the credit crunch

THE credit crunch may have left some investors in a state of shock but some bonds provided by insurance companies can still be excellent investments.

This is partly because many bonds GUARANTEE that your original capital investment is safe no matter what happens in the topsy-turvy world of the Stock Market.

ASC director Gary Hanmer said: "We keep hearing stories of people leaving their hard-earned money in the vaults of banks of building societies - or even under the mattress.

"They do it because they think they have nowhere else to turn, though their interest rates have fallen so low that at best their savings are simply standing still or losing ground against inflation.

"But once you have larger amounts of money to invest - say £10,000 or above - you will want some medium-to-long term growth. You may also need to take an income from your investment.

"This is where bonds come into their own and people should remember that we are now in the 'bottom' of the market, so the likelihood is that they will eventually rise significantly."

Bonds have distinctive tax advantages for those wishing to take an income. They also allow you to switch between funds.

What's more, they can be tailored to individual needs by providing distinct investments with varying degrees of risk, from low, to medium or even high risk.

Some companies even offer attractive financial incentives to tempt clients to take up bonds - so the original sum could be increased almost immediately.

Furthermore, they have the added safeguard of higher compensation values than banks and building societies in the unexpected event of a default.

While only £50,000 is protected in banks and building societies, bonds attract a 100 per cent compensation for the first £2,000 of any invested amount and 90 per cent for the remainder.

Bonds can also be written in Trust to protect against Inheritance Tax as well as safeguarding them from the imposition of care home costs.

Finally, people can still invest 'in cash' within a bond, sometimes benefiting from interest rates higher than those offered on the High Street.

"It may sound a little complicated but there are many bonds out there which do a great job," said Mr Hanmer.



Anyone for golf – it's FREE!

THE directors of ASC are offering **YOU** the opportunity to win a ticket to join them free-of-charge on a summer-time golf day.

The event is to be staged at a well known Staffordshire golf course.

All you have to do to stand a chance of going into the hat is fill in the form below and post it back to us before May 10th at our offices at MIC House, 8 Queen Street, Newcastle ST5 1ED.

The event is ASC's way of saying thank-you to its many clients in celebration of the company's 10th anniversary.

It will include a bite to eat, 18 holes of golf

Name.....

Address.....

Postcode.....

Tel:.....

Mobile:.....

Email:.....

and an evening meal. Green fees are included in the prize.

"It's the first time we've arranged a golf day and we're determined it will be a huge success." said ASC's Gary Hanmer.

"It is our way of paying back all those many clients who have remained loyal to us over the last 10 years since we started our business.

"We hope to turn this into an annual event and in future years we will use it to help a charity."

Bill's corking win...

- CONGRATULATIONS to Mr William Beech of Merrion Drive, Bradeley, who won a bottle of bubbly in our last competition.

Tell a friend about ASC

Anyone who brings business to ASC in 2009 by referring a friend, relative, colleague or acquaintance to us will receive a special thank-you in the form of a £25 Marks and Spencer voucher.

This small reward is part of our commitment to customers who often seek our advice on the basis of word-of-mouth recommendations.

Over the years many of our clients have become firm friends and we are sure they value a service based on mutual interest and personal attention.

Gary Hanmer and Tony Castrey



Recession fails to dent strength of major insurance company

DESPITE the recession and the US federal bailout of giant insurance firm AIG, its subsidiary ALICO (which includes the UK's AIG Life) is still making profits – and is even expanding across western Europe.

The firm's after-tax operating profit for 2008 was \$1.3 billion – an increase of 30 per cent on the previous 12 months. It is now set to become independent of its parent AIG Inc to protect it from financial challenges in America.

ALICO'S western European business enjoyed revenue growth of 26 percent on average between 2005 and 2007, while profits rose about 20 per cent annually over the same period.

Its life-insurance operations in Europe have a solvency level four times higher than that required by regulators.

ASC director Gary Hanmer said: "Considering the challenges faced

by companies in the current economic environment, ALICO continues to have a strong insurance operation, which is very reassuring for its many local customers.

"It has a reputation for having financial strength ratings that are among the highest in the insurance market. This is a key measure of an insurance company's ability to meet its obligations to policyholders.

"It remains a strong and well capitalised company, both globally and in the UK."

ALICO has a wide range of life, health and pension insurance products in more than 55 countries and regions around the world.

