



THREE COUNTIES

PROFESSIONAL BRIEFING

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Pension Age – changeover from 50 to 55

Changes have been made to pension ages in legislation that became effective on 6th April 2006.

At present members of most types of pension scheme can take their benefits from age 50. However, the normal minimum pension age will increase to age 55 from 6th April 2010. This change is intended to both benefit the economy and help tackle the “pension crisis” by encouraging older workers to remain active in industry for longer.

In order to take benefits before age 55 an individual's 50th birthday must be before 6th April 2010. Those reaching 50 on or after 6th April 2010 will need to wait until age 55 before any benefits can be taken. Even for those reaching age 50 before 6th April 2010, if benefits haven't been taken by then the new minimum normal pension age of 55 applies.

Under the old regime in place before 6th April 2006, some pension schemes could have special low pension ages below 50. Subject to certain conditions, these are still protected. However, to pay benefits at a protected low pension age, all the benefits from that scheme must come into payment – so the phasing-in of benefits is not possible.

Our Personal Injury review services

Whether you are advising on a serious medical negligence claim or a small whiplash injury we can help you in completing your statutory and professional duty of care as well as providing a key added value service to your clients:

Option 1. the Personal Injury Trust review

Completing a successful claim for compensation can be traumatic so finding that at the end of the process other income is lost and there is really no compensation at all can be frustrating. We can help to identify where damages should be placed within a Personal Injury trust and provide the client with a simple report highlighting why the damages should be placed within trust. The report will also provide guidance as to how the trust works, who should be trustees and what the future income and capital from the trust can be used for without jeopardising the claimants' right to state benefits

Option 2. the Investment and Trust review

This report will highlight whether damages should be placed within a PI. trust and, if appropriate, guidance as to how the trust works. Our detailed report will also take the client through the different forms of investment, the taxation implications, monies held in trust and how best to source an income from the investments. Taking into account the client's attitude to risk and ethical stance together with their short and long term financial needs we will work with them to create a bespoke portfolio of investments which will help to create a financially secure future

Exit this way...

Receiving a large lump sum from the sale of a business can be a welcome and yet daunting experience; early financial planning can help guide the way to a smoother exit.

Small Medium Enterprises are defined as those businesses employing fewer than 250 employees and between them they make up over 95% of the UK's businesses with a combined annual turnover of over £1,056,000,000 and employing over 12.6 million people across the UK.

For many SME owners the decision to sell will not be an easy one and may come after years of building the business from small beginnings into a large, profitable concern. The decision may be caused by an approach, changing circumstances or even just the need to eventually hand the reins over and retire.

Whether planned for years or just a few weeks, as soon as the decision to sell has been made the real preparation can begin. The business accountant and corporate finance adviser will prepare the necessary management information, assist in the valuation of the business and may even help with finding a suitable buyer. It's at this early stage that the role of a financial adviser can be invaluable.

A financial adviser is able to assess exactly what level of income is needed after the sale and where this can come from having reviewed existing investments and pensions; whether there will be income from continued employment or whether it will need to be raised from the proceeds of the sale. This will help to define how much of the purchase price should be in the form of a cash payment.

It's also important at this stage to remember that even if the seller is staying on with the business after completion of the sale for either a hand over or buy out period, that other employment benefits such as life assurance, private medical insurance, dental insurance and company car and fuel benefits may be lost or reduced and the need to replace these benefits and the cost of replacement should be calculated and built into any future income plans.

Throughout owning the business, the seller will probably have taken remuneration in many different ways; through income, dividend payments, repayment of director's loans and reclaiming business expenses.

Boosting income for the few years prior to sale, or even just the period between deciding to sell and completion of the sale, can create greater flexibility for the future investment of any cash proceeds. Pension simplification now means that large lump-sum payments can be made into pension plans and receive full tax relief providing they are the lower of the Annual Allowance or the taxable earnings of the investor for the year in which the payment is made. Changing the way in which income is received can enable significant payments to be made into pension plans with the extra boost of tax relief being reclaimed on the payment made.

Pension specialist knowledge

We would like to make you aware of our G60 Pension Specialist Service which is available to financial intermediaries and also a little on our other pension services.

For your clients to consider an occupational scheme pension transfer (particularly from a final salary scheme) can be a very complex issue. So much so, that the FSA has set a minimum qualification for any Adviser to qualify to provide advice on a transfer out of an "Occupational Company Pension Scheme".

A Pension Transfer Specialist, who must be "G60" qualified, has to produce a full transfer analysis and advise the clients as to what their options are, and the most appropriate course of action based on the personal circumstances. Many advisers do not hold the appropriate qualifications and authorisation to carry out such advice. Three Counties is a firm with G60 qualified and specialist staff. We are therefore also able to help with the more complicated pension benefits and structures such as a Small Self Administered Scheme (SSAS). We have a long track record of providing pensions transfer analysis and advice to individuals (and on occasions bulk transfer review & options) , supporting organisations in the provision of pension transfer advice to their clients and also providing corporate pension assistance to their scheme members when leaving employment.

Web-site access

Our web-site now provides the facility for our Silver Programme clients to view the current value of their investment holdings and, if appropriate, advise us of any change in their personal circumstances and/or priorities. This enables us to make contact and discuss any necessary amendments to their financial arrangements.

For further information please contact:-

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You should be aware that investment in securities involves risk. The value can fall as well as rise and you may not get back the full amount invested, particularly in the earlier years.

Taxation: All statements relating to taxation are based upon our understanding of the law and HM Revenue & Customs practice in force at the date of this report. There can be no guarantee that the tax position or proposed tax position at the time of investment will endure indefinitely.