



THREE COUNTIES

Financial Management Services Limited

CLIENT BRIEFING January 2007

ISAs to become permanent option.

The chancellor Gordon Brown has confirmed that Individual Savings Accounts (ISAs) will become a permanent savings option for UK investors.

More than 16 million people now have money saved in ISAs, more than twice as many as their predecessors PEPs and TESSAs.

A simplified regime for ISAs will be introduced soon and the current distinction between maxi and mini ISAs will be abolished. Instead there will be ISAs only for either cash or stocks and shares.

By April this year UK savers had already accumulated £111 billion in cash and £70 billion in stocks and shares ISAs.

The fundamental attraction of an ISA is that savers do not have to pay income or capital gains tax on their investments.

Under the new limits, savers will be able to put up to £3,000

a year into a cash ISA or up to £7,000 a year into a stocks and shares ISA.

The two could be combined: for instance £2,000 in a cash ISA and £5,000 in a stocks and shares ISA.

But to encourage people to invest more money in the stock market, any cash saved so far in ISAs can be rolled forward into a new stocks and shares ISA, without infringing this year's contribution limit.

In due course savers will also be able to put money accumulated in maturing Child Trust Funds into an ISA, though this will not start to apply until 2020 when the first funds mature.

All existing Personal Equity Plans (PEPs) – which were closed to new investment in 1999 when ISAs were first introduced will become stocks and shares ISAs.

PEPs are still held by 3.5 million people.

True cost of mortgage increased by third.

The true cost of a mortgage has increased by 33% since 2002–2003. The research revealed that the average annual cost of a mortgage is around £6,284 compared to £4,711 three years ago.

The main reasons for the growing cost of mortgages are rising property prices and increasing rates on home loans, the research showed that the average mortgage rate today is 5.41% compared to 4.29% three years ago. In addition to this, there has been significant increase in the size of mortgage application and exit fees.

When you consider that house prices have risen by 7.7% since last year and with the possibility of a further rise in the Bank of England base rate the size and costs of a mortgage will continue to rise.

With thousands of mortgages on the market, it can be confusing which is the best deal something Three Counties will help you address. With so many loans available it is possible to wipe hundreds or thousands of pounds a year off your repayments. For example the difference between a competitive and an expensive fixed rate mortgage could be as high as 1.26%. On a typical mortgage of £108,000 this could reduce repayments by around £1360 per annum.

Teamwork is at the heart of our business advisory and management process!

At the start of another year we are at an advanced stage in the implementation of our new business model which we believe meets the challenges of financial services in the future and provides a service to our clients which is based on contact and the development of long term relationships.

The business model is largely fee and recurring income based with the team working closely together to ensure continuity of service. All consultants specialise in specific areas of financial planning and refer work to their colleagues when appropriate. Each director and client manager is backed up by a personal assistant whose responsibility it is to ensure continuity in the advisory process and in the implementation and management of our clients' financial arrangements. They are in turn answerable to a Client Services Manager whose role it is to maintain the overall high standards of service and efficiency we aim to achieve.

So here goes with the Team of 2007!



(back row – left to right) Peter Braisby, Paula Curran, Ian Ferguson, Les Cain, Angela Munroe. (front row – left to right) Wilma Watson, Ann Hicks, Flora Cann, Judith Lowery.



Peter West
Managing Director

Personal Assistant: Wilma Watson

In 1989 Peter was one of the founding directors and shareholders of Three Counties. He has played a significant role in the design and introduction of our new business model and in the future development of the firm. He is responsible for investment strategies and risk profiling and has particular responsibility for the advisory management of client portfolios. He also continues to look after a considerable number of our high net worth Private Clients.



John Baxter
Director

Personal Assistant: Judith Lowery

Deputises for Peter West and is responsible for the day to day management of the company and overseeing the implementation of change. John also works closely with legal and accountancy practices within the area. With 38 years of experience in the financial services industry John has amassed a wealth of knowledge and understanding of the market we are involved in.



Simon Walker
Director

Personal Assistant: Ann Hicks

Simon joined Three Counties in 1991 and has a total of 20 years working in financial services. He was instrumental in the development of a FURBS contract which was awarded 'Product of the Year - Pension Category' by the Financial Adviser newspaper. Simon has completed the advanced financial planning certificate and his specialist area is individual and corporate pensions.



Steve Cann
Director

Personal Assistant: Paula Curran

Steve has been in financial services for over 20 years working both as an IFA and broker sales consultant. Since joining Three Counties, Steve has worked mainly with private clients but also has a small number of important corporate clients that he looks after. He has considerable expertise in estate planning including Inheritance Tax mitigation and the use of trusts to complement the management of client portfolios. Steve is the Money Laundering Reporting Officer for Three Counties.



Mark West
Associate Director

Personal Assistant: Ian Ferguson

Mark joined Three Counties in 2004. He has spent many years in the property investment markets (Commercial and Private) and has developed an in depth knowledge of the Buy to Let business. All mortgages, lifetime mortgages and commercial finance will be undertaken by Mark. He also works closely with legal and accountancy practices in the development and maintenance of business relationships and is also responsible for all client and corporate hospitality.



David Pearse
Client Manager

Personal Assistant: Angela Munro

After graduating from Durham University in 1979 with a degree in Classics, and a brief period as a trainee Chartered Accountant, David has built up over 25 years experience in Financial Services, the last 17 as an Independent Financial Adviser to a wide range of both personal and corporate clients. Although comfortable advising upon all areas of financial planning, David has advanced industry qualifications in both Taxation and Trusts and Pensions.



Len Smith
**Client Manager/
Administrator**

Len is a Fellow of the Chartered Insurance Institute and holder of the Advanced Financial Planning Certificate. With 40 years experience in the industry, Len joined Three Counties in 2004 as a technical manager and has recently joined the team of consultants.

No Will?

Intestacy is the word used to describe the estate of someone who dies without leaving a will. The rules in England and Wales are different than in Northern Ireland and Scotland.

If you die intestate (i.e. without having made a will) the government can end up with your assets if you have no close relatives. Even if you do, your wishes may not be followed.

The rules on which members of family get what only apply when no will has been made or where certain assets of estate have not been covered by the will.

The intestacy rules dictate:

- 1) If you are married with children then when you die intestate your spouse gets everything up to £125,000 together with your personal possessions. The remainder is split in half with 50% going to your children when they reach the age of 18 and the balance going into trust for the rest of your spouse's life. When the spouse dies this half reverts to the children.
- 2) If you are married with no children but there are other relatives, then the spouse receives everything up to £200,000 and again takes your personal possessions. The rest is divided with half going to the spouse and the balance going to your parents. If your parents are dead then this half is divided amongst your brothers or sisters or their children.
- 3) If you are unmarried; a shared home may have to be sold if it is not in joint names. The proceeds, along with the rest of the estate will go to your next of kin. The Order of Distribution for Intestate Estates is largely governed by the Administration of Estates Act 1925 and there are no provisions for co-habitees and stepchildren. To stop this happening your partner will have to resort to the courts to recover their share of the property and receive any financial support from the estate.

Finally, if there are no living relatives the money goes to the Treasury.

North East Businesses Charity Ball 2007

Three Counties are delighted to announce that they are the organisers of this year's North East Businesses Charity Ball in aid of the Great North Air Ambulance, which will be held on the 20th April 2007 at the Newcastle Gateshead Hilton Hotel. A black tie event with a Champagne Reception, 4 Course Meal, Charity Auction, Raffle, Table Magicians, Live Singer and Disco all held at this prestigious location promises to be an evening to remember. Tables of ten will be sold for £475.00 (£47.50)

For more information please contact Paula Curran who is part of the organising committee on 0191 2303034.

P.S. Ignore the event title all our clients are welcome business owners or not!

For further information please contact:-

Peter West (Managing Director) pww@three-counties.co.uk

Steve Cann (Director) sec@three-counties.co.uk

Simon Walker (Director) sgw@three-counties.co.uk

John Baxter (Director) John.Baxter@three-counties.co.uk

Mark West (Associate Director) mjw@three-counties.co.uk

Peter Braisby (Client Services Manager) pab@three-counties.co.uk

Les Cain (Office Manager) Leslie.Cain@three-counties.co.uk

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 Inland Revenue 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.

CALE CROSS HOUSE 156 PILGRIM STREET NEWCASTLE UPON TYNE NE1 6SU

Telephone (0191) 230 3034 Facsimile (0191) 230 3035 www.three-counties.co.uk

Authorised and regulated by the Financial Services Authority (FSA) although the FSA may not regulate all products/services recommended.

Tel: 0191 230 3034