



THREE COUNTIES

CLIENT BRIEFING

May 2007

New Name, Same Aim

As you can see from this all-new Client Briefing we have finally taken the plunge and dropped the longest financial services company name in existence!

As of 1st May 2007, Three Counties Financial Management Services Ltd is no longer, we are now registered as Three Counties Ltd, which in theory does not seem too dramatic, however an extremely welcome one for those of us who have to write it several times a day.

As well as the name change we have taken steps to update the company image with a new 21st century logo and newly designed interactive website which should be accessible during May 2007.

Although changes are afoot at Three Counties, our goals remain the same. We continue to pride ourselves on the commitment to technology and on the personal service we provide to our clients. All the changes, to both company and personnel are hopefully to benefit all our clients and build towards a successful future together.



Peter West - Chairman's Statement

Our priority at Three Counties is to continue to develop our services in a way in which clients can be assured of both the quality and continuity of our advice and information under all circumstances. As part of this medium to long term planning we have re-branded the company and will shortly have our new interactive website available which will deliver on-line valuations and client information. This we see as a valuable tool for the future but for those who are not and have no intention of getting "on-line", don't worry!

To meet the challenges of the future it is vital that we have a well structured business model in place. As part of this planning, after 16 years as Managing Director, I have now decided that the time is right for me to hand over to my successor, John Baxter. Many of you will have already met John at various company functions over the past three years. This succession, and my move to Executive Chairman, represents part of our long term strategy and has been some eighteen months in the planning.

For those who are concerned, this does not mean the end of my association with Three Counties. As Chairman, I will remain part of the management board and participate in the future strategy planning for the company; I shall also continue to work with my clients and to be part of the team which has responsibility for the investment strategies recommended to our clients.

My thanks to you all for your support and we look forward to continuing to develop our relationship with you all.



Update from John Baxter, Managing Director

The company now looks after the financial arrangements of in excess of 1200 private clients, while the corporate team look after the pension arrangements of around sixty small and medium sized companies as well as a significant number of owner managed businesses.

Since 1994 the directors of Three Counties have focused on the building of a strong recurring income stream which will allow it to work closely with clients without recourse to produce sales or high initial commissions. For many years we have held the view that good financial advice cannot be delivered by general practitioners. Our Client Managers are required to specialise in such areas as pensions, trusts, estate planning, portfolio structuring, life insurance etc. Every client has a lead Client Manager backed up by a personal assistant and can call on the individual expertise of colleagues. Clients are therefore re-assured that a team of specialists work together to ensure that the advice given is relevant and appropriate at the outset and continues to be up to date. Regular reviews and frequent meetings with the client are encouraged.

We are committed to developing and delivering first class client services. Last year we introduced fee programmes which underpin the requirements of most of our private clients. An initial meeting without charge or commitment can be arranged to explore the type of advice required.

Client Day 2007

We would just like to thank everybody that attended this year's client day on the 21st March.

Once again it proved to be a very successful day with a good attendance for both morning and afternoon sessions.



We also would like to thank our two guest speakers Geoff Laws from Gordon Brown Associates and Gordon Welham from Richard Reed Solicitors. I am sure their presentations on Wills and the changes to Enduring Power of Attorney were of great interest to you all.

For those who were unable to attend, we have handouts from the client day and we are happy to send these out at your request.

Once again many thanks and we look forward to seeing you all again in 2008!

New-style Property Trusts

The arrival of the real estate investment trust, or REIT follows a change in the law. Britain's biggest commercial property owners can now change their corporate status and turn themselves into investment trusts. This allows them to own property and distribute the gains tax-free.

The end of this 'double taxation' will allow dividends to be paid out of untaxed income provided at least 90 per cent is distributed to investors.

To convert, a trust company must pay a one off charge to the Treasury equivalent to 2 per cent of the value of its property portfolio. After that, it will be free to expand its portfolio with little hindrance from tax authorities. The new REITs are also expected to attract investors in residential property. The rules for holding residential property within the new trusts are complicated, but still likely to prove enticing to some investors.

Making Adequate Plans!

What would the future hold for your dependants?

A failure to invest in life assurance could have disastrous consequences for your family. Those who die in middle age could leave their dependants facing a very hard future unless they make adequate plans. Despite this, many families have little or no life insurance cover.

The first time that many people think about life insurance is when they buy a property. Taking out enough to cover the cost of the mortgage is fine provided that you have no dependants. As soon as the children come along, the situation is altered dramatically.

It is not sufficient just to cover the mortgage, which may account for only about 30 per cent of the household expenses. The question is, **'HOW WOULD THE FAMILY MANAGE TO PAY FOR THE OTHER 70 PERCENT?'**

We can help you calculate how much cover you might need. This could be based on a lump sum figure or regular income, or a combination of both.

A lump sum is likely to include the total value of your liabilities, including the mortgage and loans. A look at your bank statements will give an indication of the level of regular income required.

Alternatively, you could clear any liabilities with a lump sum and provide a monthly income to your family.

Don't leave it to chance. If you would like to review your current protection provision, please contact us for further information.

North East Businesses Charity Ball 2007

As many of you are aware Three Counties Ltd were the organiser of this years Charity Ball in aid of The Great North Air Ambulance at the Gateshead/Newcastle Hilton Hotel on the 20th April.

The evening was a success with the total being raised in excess of £5,000. We would like to thank all the people that attended or donated to the charity for all their contributions.

IHT Ruling

Thousands of families whose inheritance tax planning has been thrown into confusion following a recent court ruling are being urged to take action to avoid being hit by a large tax bill.

Up to 500,000 families have wills using a nil-rate band discretionary trusts designed to cut the IHT liability after their death of 40% on assets worth more than £300,000.

Concerns are mounting that many of these arrangements, which typically involve splitting the value of a property between a husband and wife so both can use their IHT allowance, may now be void.

The case involved an Oxford man and his wife who held specified shares of their home as tenants-in-common.

When the wife died, her £150,000 half share of the family home passed into a discretionary trust to use her nil-rate band allowance.

Transfers between husbands and wives are IHT free, and her husband was then able to continue living in the house by owing the trust £150,000.

The family were expecting that they would not have to pay tax on the wife's half of the property but the ruling by the Special Commissioners, who settle the disputes between taxpayers and HM Revenue & Customs, claimed that the debt was invalid and insisted that the children pay tax at 40%, resulting in a bill for £60,000 on the mother's share of the property.

The decision not to allow the use of the wife's inheritance tax exemption on the husband's death rested on the fact that she had not worked, had not contributed to the mortgage and had died first.

With property prices raising many estates over the £300,000 nil-rate band threshold, families are being warned to act now and seek advice as they may need to change their wills. If you are at all concerned about your own situation, please call this office and speak to one of our client managers.

Mortgage Lending Still Booming

Mortgage lending is still rising strongly. Total lending in March amounted to £31.3bn - 10% higher than a year ago and another monthly record.

The British Bankers Association (BBA) says net mortgage lending, which strips out the effect of repayments, rose by £5.1bn in March.

The continued strong lending has come despite three rises in interest rates since last summer.

With house prices still rising briskly, and now standing about 10% higher than a year ago, it is little surprise that mortgage lending has kept pace.

Other industry data on mortgage approvals and enquiries from new buyers has all pointed in the direction of the market staying buoyant in the coming months despite widespread expectations of further rises in the cost of borrowing this year.

MORTGAGES - INDEPENDENT ADVICE WITH NO FEE!

LEADING ON FROM THE ABOVE ARTICLE, YOU WILL NOTICE WE HAVE INCLUDED OUR NEW MORTGAGE ENQUIRY FORMS. IF YOU REQUIRE A MORTGAGE REVIEW PLEASE COMPLETE THE ATTACHED FLIER, OTHERWISE CALL THE OFFICE TO ARRANGE A CONVENIENT APPOINTMENT.

Pensions advice tailored to individual needs

These days, more and more people are choosing to completely reassess their retirement plans but with so many factors to consider this can prove bewildering.

Questions to be addressed are:

'Will my pension meet my expectations?'

'Is my old pension expensive?'

'How will recent changes in pension rules affect me?'

'Contract in/contract out - what should I do?'

A pension review will help you address such questions plus many more important issues that may need to be considered. Our approach is tailored to focus specifically on your retirement plans and to present a comprehensive report offering independent advice.

If you would like more information on this service or would like to book an appointment please do not hesitate to call us.

For further information please contact:-

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

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

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

Simon Walker (Director) sgw@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 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.