



THREE COUNTIES

Financial Management Services Limited

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Consolidating your investments - making your life easier

We are seeing an increasing number of clients taking advantage of the consolidation service we are now offering. Like a lot of clients you may well have a collection of ISA's, PEP's and Unit Trust or OEIC holdings spread across a number of Fund Managers resulting in a multitude of six monthly statements received at different times. This makes it difficult to understand how much your total investments are worth at any one time. In addition to this you are also likely to get a number of different tax vouchers for each unit trust holding resulting in complicated and error prone tax returns.

Consolidation brings together all of your ISA, PEP & Collective Investment holdings (unit trust and OEIC) into one place by using a process called re-registration. The holdings remain invested in the market at all times and your ISA & PEP holdings retain their tax benefits. Best of all, most re-registrations are free of the Selestia Investor charge. The beauty of the consolidation process is that it results in one six monthly valuation statement showing all of your investments - allowing you to easily see the value of your investments and one consolidated tax voucher - all you need to do to complete this part of your tax return is sign the relevant part of the tax voucher.

Once you have moved your holdings on to the platform you are able to benefit from access to over 850 funds allowing cost efficient switching to be carried out and should you decide to move house you will only have one place to update your address details.

If you wish to find out more about the Consolidation Service please contact Three Counties on 0191 230 3034.

Three Counties Personal Injury Review Service

Purpose - To identify whether the damages should be placed within a Personal Injury Trust prior to the award being made

Benefits to claimants and their solicitors - No matter how large or small the damages award when a client is claiming means tested state benefits, placing the damages in trust could help save them hundreds and possibly even thousands of pounds providing a few simple guidelines on how to use the capital and income from the trust are followed

Warning over Home Repossessions

Home Repossessions could become more common if UK interest rates keep rising. Mortgage payments are now a bigger burden than at any time since 1991. For a two person household on average incomes, home loan repayments now take up 22% of take-home pay.

House prices have so far outstripped incomes in the past decade, with the cost of buying a home rising by 278%. The price rises were partly driven by low interest rates which have made bigger loans easier to afford.

So far, property repossessions by mortgage lenders have been running at very low levels. Just over 8,000 properties were seized by lenders in the first half of last year. This is still the highest figure for five years and many analysts believe things may get worse if rates continue to rise.

State benefits - a right or a risk...

Many clients who receive a payment following an accident may be in receipt of state benefits and knowing how the award may affect their right to continue claiming any benefits can protect the Personal Injury team from a future cry of negligence.

Some state benefits (including income support, housing benefit, council tax benefit and income based job seekers allowance) are based not only on the level of income a client is receiving but also the level of capital that they hold. So receiving a lump sum award following a successful negligence claim may mean that a client is now in possession of capital above the threshold limits set down by the government and that they will no longer be able to receive the same level of benefit as they did prior to receiving the award. Whilst the government provides claimants with a 52 week grace period following receipt of the award, after 52 weeks the award falls within the claimants estate meaning that in some cases the client may lose their state benefits altogether.

Any capital held above £3,000 will affect individuals claiming means tested benefits (and remember the total capital includes savings already held as well as the award received). Then on a sliding scale the level of benefit received is reduced until a limit of £8,000 (in the case of income support and income based job seekers allowance) or £16,000 (in the case of council tax benefit and housing benefit) of capital is held at which point the right to claim the benefit is removed altogether.

Spending the award quickly doesn't work either as this is considered "a deprivation of capital" and as such the client will be deemed to still have the benefit of the capital even though they've spent it. In fact spending it on nothing much or giving it away is the worst thing a client can do as they will lose their right to state benefits and have no savings to live on.

To protect the practice from a claim of 'why didn't you tell me?' every client should be made aware that they should consider placing their award within a Personal Injury Trust, sometimes referred to as a Special Needs or Disability trust. Providing the award goes straight into the trust any capital within the trust is not taken into account when completing assessment for entitlement to state benefits and providing income from the trust is not used for everyday living expenses that too will be discounted, money from the trust can instead be used for care costs, house purchase and even holidays without benefits being affected.

Buoyant Year for FTSE and Pound

A welter of takeover activity pushed the FTSE index of leading shares nearly 11% higher in 2006 while the pound made substantial gains against the dollar. The index of top 100 shares closed the year up 602 points at 6220.8 after a buoyant year's trading.

A series of foreign takeovers of British firms including P&O and BAA pushed its value to a five year high.

Sterling gained 14% on the dollar as interest rates rose in the UK and the US economy slowed. At the end of 2006 Sterling was worth \$1.9678, compared to \$1.7187 a year ago, the biggest annual increase in 16 years. Some analysts believe Sterling will hit the \$2 mark next year for the first time since 1992, but this is likely to hinge on whether UK rates rise again in 2007.

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 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.

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

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