



INDEPENDENT FINANCIAL ADVISERS LTD

Stafford House, 23 Chorley Old Road, BOLTON BL1 3AD
Tel 01204 366522, Fax 01204 533330,
email admin@leedham-ifa.co.uk



Authorised and regulated by the Financial Services Authority, no 229808
Registered in England & Wales, no 4719736



Newsletter Summer 2010

All Change at the Top

Our latest newsletter comes a little later than usual. Following the events of the last 2 or 3 months, a spring newsletter would almost certainly have to be re-written based on the results of the election!

This edition is based more on conjecture and prediction rather than hard facts, as we await the emergency budget on 22nd June 2010.

Following a very successful 12 months for investors, we were expecting something of a correction in markets as we approached the election. The combined weight of impending spending cuts and slower economic growth projections were always likely to restrict market performance over the next 12 months, but unfortunately several unexpected events have really dented short term confidence. The combined effects of the Greek bailout, a cooling of the Chinese economy, the concerns over the European rescue package, the Gulf of Mexico oil leak and finally threat of military action in North Korea have had a negative effect on global markets over the last few weeks. Whether this is a good buying opportunity or a trend for the next few months remains to be seen.

The events of 6th May 2010 and the following week were a watershed for UK politics. Following many months of campaigning, markets received what was expected to be the least favourable outcome – a hung parliament. We now of course have the first Conservative / Liberal Coalition in

history and the first Coalition Government since the Second World War.

While it is difficult to predict what the future holds, it is certain that the Government will have to raise public finances to combat the growing levels of national debt. George Osborne recently outlined plans for £6.5bn of cuts and we expect this to be the first of many.

With the budget due on 22nd June, it makes sense to look at a few areas of interest to our clients:

Pensions

It would appear that both parties remain committed to extend the age of annuity purchase or Alternatively Secured Pension (ASP) beyond the age of 75. This is a welcome change as it should give clients greater choice in retirement. Although we are some way from the finer detail, this looks like a positive move.

Capital Gains Tax

It looks likely that the current rate of CGT at 18% is going to increase. Again, the detail is unclear at this point, but it may be an opportune moment to reconsider the suitability of holding assets subject to capital gains, such as second homes, individual stocks and shares and unit trust portfolios.

If you would like to discuss how this may affect you, please feel free to contact us.

Inheritance Tax

It is looking increasingly unlikely that the IHT nil rate band will be raised at this point, despite this being part of the Conservative manifesto. Again, for those concerned about leaving assets to family members, we feel that this is still a very important area in which to consider advice.

If you have any concerns about Inheritance Tax, please contact us.

ISAs

Although it has been available for a while, many people are still unaware that the ISA allowance has now increased to **£10,200** per person per year. ISA allowances have become more complicated as time has gone on, but we feel very strongly that our clients should take advantage of them. With the impending tax increases in other areas, this is one area of planning that must be utilised.

If you would like to discuss your ISA allowance and how it can be used, please do not hesitate to contact us.

Pensions and high rate tax relief

We have been concerned about the abolition of high rate tax relief for some time. The moves made by the previous Government at the end of last year were a clear statement of intent to reduce the tax efficiency for high earners. The

rules are now more complex, but for the vast majority of high rate taxpayers, relief at 40% is still attainable.

If you want to discuss how this applies in your particular case, please get in touch.

Cash and Interest Rates

For some time now, interest rates have been at 0.5%, the lowest since the inception of the Bank of England. Although cash provides a safe haven in times of uncertainty, and is an essential part of a portfolio, our clients have found it increasingly difficult to use it as a way of providing income. As inflation is still above the Government's target, the real value of cash holdings is being eroded over the long term.

We understand that clients who have cash holdings see capital security as the most important requirement. However, we are able to access a number of guaranteed type products and funds that can offer either income or capital growth options with a capital guarantee. This in effect can give clients the chance to earn higher rates of return than currently available through bank accounts without the worry of their investments falling in value.

As there are many of these products on the market it is essential that you speak to us first to ensure that you take professional advice and understand any risks before making any commitment.

For further information please ring our office on 01204 366522 or email us at admin@leedham-ifa.co.uk

Alternatively return the FREEPOST slip below to

Leedham IFA Ltd, FREEPOST BL5244, BOLTON , Bolton BL1 3YZ:

<i>Please contact me about:</i>		
Name:	Pensions	<input type="checkbox"/>
Address:	Capital Gains Tax	<input type="checkbox"/>
	Inheritance tax	<input type="checkbox"/>
	ISAs	<input type="checkbox"/>
Tel no or email address:	Cash investments	<input type="checkbox"/>
	A Financial Health Check	<input type="checkbox"/>