



WEALTH PERSPECTIVES

Issue 8 | September 2014

The **FUNDAMENTALS** of **INVESTING**

Portfolio construction

Building the right Investment portfolio to achieve your goals can be complex.

MARKET *Commentary*

In the second quarter, developed world stock markets appear to have reached a crossroads, in terms of monetary policies.

WHERE DOES THE PATH

to your financial future lead?

Are your pensions and Investments getting riskier?

Could you survive
for **SEVEN YEARS**
WITHOUT AN INCOME?



TAYLOR BURKE
INVESTMENT



CAERUS
Capital Group

WELCOME TO THE LATEST EDITION *of* WEALTH PERSPECTIVES

Welcome to the latest issue of our Client magazine, **Wealth Perspectives**. In the following pages, Industry experts from leading Pension and Investment companies share their views on the issues that affect your finances.

Keith Carby, Chairman and CEO of CAERUS Capital Group, explains why it is essential to continuously review your Investment plans to ensure they are on the right path to meet your goals.

Simon Brett, Chief Investment Officer at Parmenion, looks at the key events that have shaped the markets in the last six months.

Nicola Robinson, Corporate Communications Manager at Parmenion, looks at the fundamentals of Investing, in the third of a series of articles.

Martin Coyle, Head of Platform Strategy at Aegon, looks at the opportunities available from the new ISA and Pension rules introduced in this year's Budget.

Rachel Trundle, National Account Development Manager at Friends Life, looks at the importance of protecting your income in the event that you are unable to work due to injury or illness.

Finally, **Charlotte Cowell, Head of Product at MetLife**, looks at the recent pension legislation overhaul.

If you wish to discuss your finances or any of the issues raised in this edition, please do get in touch.

Best wishes

Colin Burke

Sandra Taylor

Partners: Colin Burke & Sandra Taylor
Taylor Burke Partnership



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THE CAERUS SENTIMENT DASHBOARD



CAERUS
 Portfolio Management

The CAERUS Sentiment Dashboard provides, in a single view, current attitudes to the main asset classes.

Cash



Government Bonds



Other Bonds



Property



UK



Developed Markets ex-UK



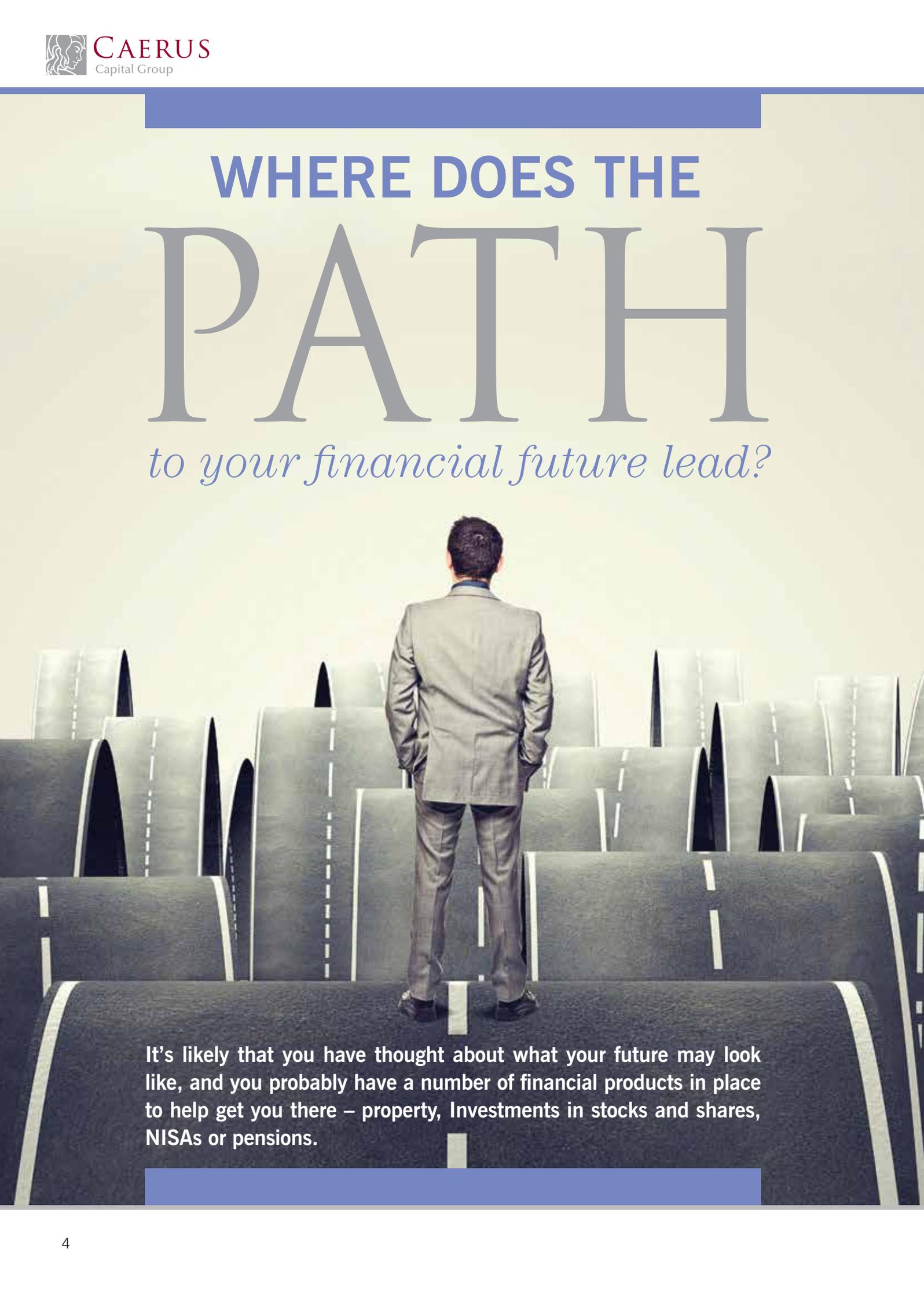
Emerging Markets



Please note, this information is for indicative purposes only.

WHERE DOES THE PATH

to your financial future lead?

A man in a grey suit stands with his back to the camera, looking out over a vast landscape of rolling road rolls. Each roll is a dark grey road surface with white dashed lines down the center and solid lines on the edges. The rolls are arranged in a grid-like pattern, receding into the distance under a bright, hazy sky. The man is standing on one of the rolls, positioned in the center of the frame.

It's likely that you have thought about what your future may look like, and you probably have a number of financial products in place to help get you there – property, Investments in stocks and shares, NISAs or pensions.

Are your pensions and Investments getting riskier?

The performance of the different assets that underpin your Investment plans will have a major impact on how those plans perform. Over the past few years, equity markets have risen dramatically and property prices are increasing. This is likely to mean that the proportion of equities and property in your Investments has increased. Ironically, this could mean that the closer you are to reaching your Investment goal, the more risk you are taking with your Investments.

To illustrate this, let's look at a simple portfolio, made up of 25% each in Equities, Property, Corporate Bonds and Gilts. From the table below we can see that after two years, due to the difference in performance, the balance of the portfolio has changed significantly.

This can impact on the level of risk within your plans. The impact of the increase in Equities and Property, at a faster rate than Corporate Bonds and Gilts, means the portfolio has become more risky, as the percentage invested in assets with a higher volatility has increased, see *Table 2*.

Table 2

	Volatility ³
UK Equities	10.28%
Property	5.43%
Corporate Bonds	3.88%
Gilts	5.31%

As well as changes to the underlying Investments in your portfolios, legislation affecting how much you can contribute and how much you can take, before paying tax, can have a big impact on your plans.

A number of recent changes to ISA and pension legislations will have an impact on your financial plans. For ISAs, from the start of July, the annual allowance was increased from £11,520 to £15,000. For pensions, it's been proposed (although not yet finalised, as is subject to consultation) from April 2015, savers will be able to continue to access their pension pot from the age of 55 (moving to 57 by 2028). Anything taken above the usual 25%

tax-free element will be taxed as earned income, at their marginal income-tax rates.

In order to meet your future goals, it's important that your Investments are professionally managed, to ensure they are providing the best return, and not exposing you to too much risk. It's also important that you are able to adjust your plans to take advantage of changes in legislation. Your Financial Adviser is best placed to review your plans and ensure your Investments are aligned to your goals.

Table 1

	Starting allocation	2-year performance ¹	Final allocation
UK Equities²	25%	36.60%	29.6%
Property²	25%	17.17%	25.4%
Corporate Bonds²	25%	11.07%	24.0%
Gilts²	25%	-2.82%	21.0%

NOTES:
 1. SOURCE – FINANCIAL EXPRESS ANALYTICS – TOTAL RETURN BID-BID LINE CHART OVER 24 MONTHS (FROM 16TH JUL 2012 TO 16TH JUL 2014) FROM UK IMA UNIVERSE.
 2. IMA SECTOR AVERAGES HAVE BEEN USED TO REPRESENT THE RETURNS FROM VARIOUS ASSET CLASSES: UK EQUITIES – IMA UK ALL COMPANIES SECTOR; PROPERTY – IMA PROPERTY SECTOR; CORPORATE BONDS – IMA STERLING CORPORATE BOND SECTOR; GILTS – IMA UK GILTS SECTOR.
 3. SOURCE – FINANCIAL EXPRESS ANALYTICS – TOTAL RETURN ANNUALISED RATIOS TABLE OVER 104 WEEKS (FROM 14TH JUL 2012 TO 11TH JUL 2014).



Keith Carby
 Chairman and CEO
 CAERUS Capital Group

MARKET *Commentary*

Parmenion
It's your future.



Simon Brett
Chief Investment Officer
Parmenion Investment Managers

In the second quarter, developed world stock markets appear to have reached a crossroads, in terms of monetary policies. The early adopters of unorthodox monetary policies (the US and the UK) are, perhaps, coming to the end of their experiment. Japan appears to be progressing on its own experiment, while Europe seems the most hesitant.

First let's take the United States. In the past quarter, both the bond market and the stock market rose. The S&P 500 has risen for the past six quarters in a row. Certainly, after a very harsh winter, which hit economic growth,

the US economy does seem to be expanding and output and employment are now above pre-financial crisis levels. In normal circumstances we would, therefore, expect bond yields to rise in anticipation of interest rates going back up to more 'normal' levels. But that did not happen – yields actually fell during the quarter. That may have been because demand for US Treasuries rose, owing to tension in Iraq, Russia and the Ukraine, but also there may be an expectation that longer-term interest rates will remain lower for longer – certainly below their long-term averages.



The UK is ill prepared for rate rises and there is a genuine risk that growth may slow down.

will happen to consumer confidence and spending when rates do rise? The conclusion is that the UK is ill prepared for rate rises and there is a genuine risk that growth may slow down.

Therefore, at the moment, both the United States and the UK are preparing for a rise in rates. There is an expectation that any rise will be modest in absolute terms, but the trend is up and easy money is coming to an end. However, what is also becoming clear is that in the longer term rates will be lower than the post-war averages.

The jury remains out on Japan and its stimulus programme. Dubbed “Abenomics”, after the Japanese Prime Minister Shinzo Abe, it is a bold experiment to revive the Japanese economy after two stagnant decades. There are three strands to the programme; Quantitative Easing (QE) to increase the money supply and get inflation up to 2%, a government-spending programme to create jobs and raise consumer spending; and some profound structural reforms to the economy. The first two ‘arrows’ triggered a stock-market rally, as a weaker yen helped exporters. But, perhaps it is the third arrow that may have lasting effects. This will include a cut in corporation tax, reform of the rigid labour market, with more women encouraged to work, and the use of robotics to counter a shrinking labour force. The success of these changes will probably have a greater effect of reversing Japan’s fortunes.

A similar conversation on interest rates is taking place closer to home. London house price rises have certainly caught the attention of the media and the Bank of England. However, in many parts of the country, house prices are not so buoyant. This presents a dilemma for policymakers. Raise interest rates to subdue the London market, and perhaps smother what is an expanding UK-wide recovery? The latter is a real risk. A large number of new businesses have been established, which have never experienced or dealt with a rising rate environment. And, with consumer debt still high, what

The picture in Europe could not be more different. Lack of demand is leading to deflation in some of the peripheral countries of the monetary union. Falling prices or deflation is serious. Once again, Europe is faced with the problem of setting a ‘one size fits all’ interest rate.

In June, the European Central Bank (ECB) lowered its key interest rates. Banks that deposit monies with the ECB will now have to pay for the privilege, in effect a negative interest rate. The hope is that banks will be encouraged to take these monies and lend them to companies willing to expand, meaning demand goes up and deflation is averted. However, there is a problem with such reasoning. If there is lacklustre demand, why will companies invest? Given the high levels of unemployment in many Eurozone countries, there is simply not very much demand and, therefore, it is unlikely companies will invest. Watch this space to see the next actions by the ECB.

Given the above, the rest of this year will be interesting. Can the US and UK come off the drip feed of liquidity and what will the reactions be? Will Japan succeed at meaningful reform, which has eluded its policymakers for the past 20 years? And will Europe, with Germany at its core, ever be bold enough to implement QE?

The **FUNDAMENTALS** *of* **INVESTING**

Portfolio construction

Building the right Investment portfolio to achieve your goals can be complex, and it hinges upon assessing how much risk you are willing, and able, to take.



While many factors may influence the risk you are willing to take, you can narrow the focus into three main questions:

- How able are you to deal with the ups and downs of Investment returns?
- How much can you afford to lose?
- How much do you expect to gain to meet your objectives?

Risk tolerance – how much risk are you willing to accept?

The first question assesses your psychological ability to tolerate the ups and downs of Investment performance, establishing how much risk you are willing to take. Understanding your personal risk tolerance is fundamental to ensuring you are satisfied with Investment outcomes.

Risk tolerance isn't just an economic concept – it's a psychological consideration too. Over 100 years of research into measuring psychological differences between people has yielded principles that define good practice. This is the field of psychometrics, which means the measurement of the mind. These principles should underpin a risk-profiling methodology.

Risk capacity – how much can you afford to lose?

The second question relates to your financial circumstances and aspirations. This question defines your capacity and tolerance for loss. While you may be willing to take a high level of risk, you need to balance this with the potential for loss. No one should ever recommend an Investment that exposes you to greater risk than you can accept.

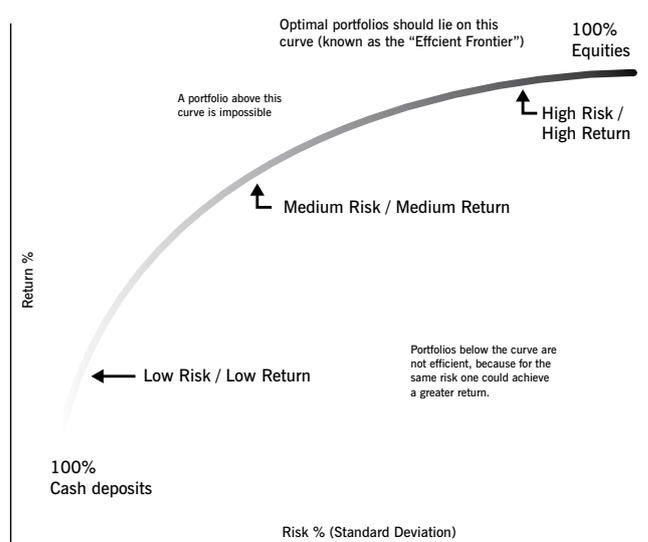
The third question focuses on your short, medium and long-term goals and the Investment return required to achieve them. Even if you have significant capital working to achieve your goals – and a willingness to take a high level of risk – it's always advisable to take no more risk than absolutely necessary. It is important to review the risk level in the portfolio, to ensure it is not higher than you can tolerate, or exposes you to the possibility of unacceptable financial hardship.

Seeking professional Financial Advice will help you understand and answer these crucial questions. A Financial Adviser's work will form the foundation of your appetite for risk.

Mapping an accurate asset allocation, which will perform within your tolerance and capacity for risk, is what separates a professional Investment portfolio from the rest.

Tailoring a portfolio to your risk and return requirements

With a clear picture of your risk tolerance and capacity, a Financial Adviser can create and tailor the portfolio's asset allocation to mirror your appetite for risk. Investment managers can create an almost infinite number of asset blends, each offering a different balance of risk and return. By studying asset class returns over the last 20 years, a range of portfolios can be created, which are tightly aligned to 'The Efficient Frontier'.



Source: Modern Portfolio Theory. Harry Markowitz (1990).

The Efficient Frontier is a concept in Modern Portfolio Theory

A portfolio is called 'efficient' if it has the best possible expected return for its level of risk. By combining assets in different proportions, starting at the left with the most conservative (100% cash) and moving to the right with the most aggressive (100% equities), it is possible to tailor portfolios that provide the best opportunity of achieving desired returns, at the lowest possible risk.

Using the CAERUS Select Portfolios as an example, as illustrated in the table below, we can demonstrate the effect of different asset weighting across ten different 'risk grades'. In these portfolios, we have calculated the weightings in each asset group to produce a variety of different risk and return structures. The portfolios are calculated from the actual historic returns of the asset types. So, based on standard market indices, a risk grade 1 portfolio would have had a much lower return than a risk grade 10, but with much less risk.

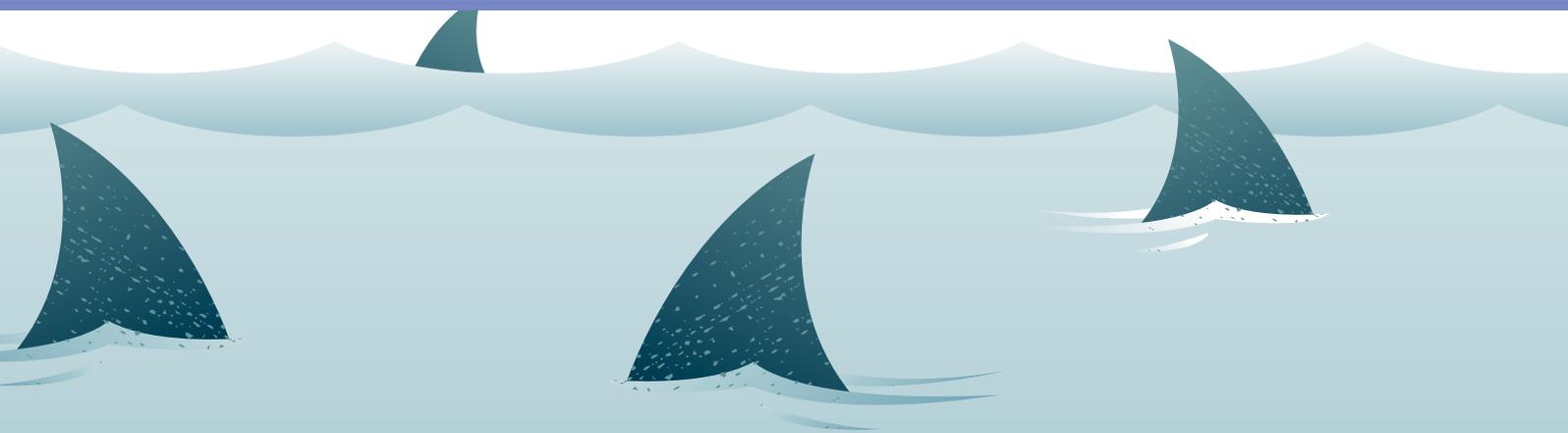
The risk grade 10 portfolio is much more volatile. The maximum gain and maximum loss columns also show the greatest gains and losses in any one year, over the 20 years to December 2013. The risk grade 10 has had years in which the maximum loss was much greater. As the table shows, getting the asset mix wrong can significantly affect your Investment expectation and outcome. A Financial Adviser will help you choose the correct portfolio for your needs.

Historic performance data by Investment mandate

Figures based upon benchmark returns in 20-year period ended 31st December 2013.

Asset Group	Investment Mandates (figures as %)									
Name	1	2	3	4	5	6	7	8	9	10
Managed Liquidity	80	25	15	15	5	0	0	0	0	0
Fixed Interest	20	55	55	35	30	25	15	0	0	0
Property	0	10	10	10	10	10	15	15	10	0
UK Value and Income Equity	0	5	10	20	20	20	20	20	15	10
UK Growth	0	5	5	15	15	20	20	15	15	15
Developed Markets Equity	0	0	5	10	20	25	25	35	35	40
Emerging Markets	0	0	0	0	0	0	5	15	25	35
Average Annual Return	3.58	5.68	6.20	6.56	7.02	7.25	7.28	7.23	7.05	6.77
Volatility (Standard Deviation)	1.83	3.99	4.94	6.90	8.88	10.30	11.20	13.73	15.33	17.75
Maximum Annual Gain	7.32	12.45	14.36	16.71	18.82	20.17	21.29	30.21	35.93	42.54
Maximum Annual Loss	0.11	-3.88	-4.78	-10.32	-13.95	-16.58	-19.65	-23.75	-24.95	-25.95
Total Annual Charge	1.15	1.28	1.32	1.37	1.42	1.45	1.48	1.54	1.57	1.60
Estimated Yield	1.24	2.19	2.32	2.37	2.36	2.36	2.39	2.15	1.91	1.54

Source: Parmenion Investment Management (Strategic Multi Option Portfolios)



The importance of review

Throughout life, your circumstances and needs will change. So any Investment portfolio you put in place today needs to be continually reviewed, to ensure it remains suitable for achieving your financial goals. Once an accurate asset allocation is established, the next stage involves investing in those assets.

Reviewing your asset allocation

As time passes, a portfolio's current asset allocation is likely to drift from the original portfolio risk mandate – your preferred risk exposure. Without adjustment, the portfolio may become too risky or conservative. If it's too risky, long-term returns may increase but so, too, may losses. If the portfolio becomes too conservative, risk may reduce but returns are unlikely to match expectations.

Rebalancing involves moving the current asset allocation back in line with that originally agreed. It's important for maintaining an agreed level of risk exposure.

Reviewing your Investments

Each of the underlying funds purchased to create your asset allocation must be reviewed continually, to ensure they remain right for you. This involves looking at the performance of each underlying active or passive fund – and making sure the underlying financial fundamentals don't bring additional specific risk to your portfolio.

Reviewing your goals

The process also ensures your bespoke risk mandate remains appropriate for any life changes since you established the portfolio. For example, you may have inherited money, so you can afford to take less risk to achieve your goals. Or, you may experience financial hardship and need to reduce risk in your portfolio. People's tolerance to risk also tends to diminish as they age and their Investment horizon shortens.

Securing professional Financial Advice will provide you with a well-planned, regular review strategy. This will make sure your

portfolio's risk and return profile still matches your circumstances and ambitions.

Your next step?

Establishing the correct Investment strategy, without delay, can have a dramatic and positive impact on your future. It's important to remember these points:

- Identifying your financial goals at the earliest opportunity is the foundation of the Investment process.
- Risk and return are closely linked.
- Blending asset classes can help you manage risk.
- Understanding how much risk you are willing and able to take is critical.
- Basic Investment philosophies underpin the daily Investment of your wealth and can help you achieve your Investment goals.
- Your portfolio must be reviewed regularly to ensure it stays in line with your aspirations.

If your current portfolio was created without considering these points, it may not be right for you. You should seek professional Financial Advice to ensure you stand the best chance of achieving your goals.

Nicola Robinson
 Corporate
 Communications
 Manager
**Parmenion
 Investment
 Managers**



AEGON



Martin Coyle
Head of Platform Strategy – Retail
Aegon

The Budget this year gave a boost to long-term savers, with a series of significant changes introduced to both Individual Savings Accounts (ISAs) and those with defined contribution (DC) pension savings.

Some of these changes take effect almost immediately and others are proposed for the future and subject to consultation.

For ISAs, from the start of July:

- the annual ISA allowance was increased from £11,520 to £15,000.
- people have flexibility over how they use their allowance across cash and stocks and shares.
- transferring cash and stocks and shares ISAs and between providers has been made easier.

And, for pensions, it's been proposed (although not yet finalised) from April 2015, savers will:

- be able to continue to access their pension pot from the age of 55 (moving to 57 by 2028).
- have the option to access their entire Defined Contribution (DC) pension savings however they wish, providing their scheme offers this flexibility (or the provisions override those of the scheme). Anything taken above the usual 25% tax-free element will be taxed as earned income at their marginal income tax rates.

NISA v pension

With the biggest change to tax-free savings in years, and the rebranded ISA (NISA) in the spotlight, the NISA v pension debate has been reignited. Let's consider what each has to offer.

Tax efficiency

NISAs and pensions are both tax-efficient ways to save but the way tax relief is applied is different (see the table on the right). On the tax-efficiency front, pensions have the edge, generally offering a 25% tax-free lump sum from a pension pot. There are also income-tax benefits,

particularly for higher and additional rate tax payers, who can save more tax on contributions, and pay less tax on their income if their tax rate reduces in retirement.

Know your limits

Both products have limits on how much can be saved into them. The overall NISA allowance is capped at £15,000 and there's a limit of one cash and one stocks and shares NISA per tax year. While there's no limit to how many pension plans someone can have, there's an overall annual allowance of £40,000 on tax-relievable savings. Also, unlike a NISA, there's a lifetime limit of £1.25m on tax-advantaged pension savings. Savers exceeding these allowances will normally attract a tax charge.

Free money

With the introduction of auto-enrolment, millions of UK employees are likely to receive an employer contribution into their company pension, and there's no arguing with free money! For this reason, some say that NISAs could never replace pensions but instead should be used as a way to top up your savings. Using NISAs as part of a retirement

savings strategy could be particularly beneficial for those affected by the pension annual and lifetime allowances, to boost their tax-efficient savings.

Greater flexibility

There's no doubt that NISAs offer more flexibility, as savers can take capital or income from their savings at any time. They are also easier to access than a pension, so risk-averse or lower-income savers may like the comfort of being able to access their money when they want. There is, of course, the downside that there may be the temptation to dip into retirement savings if they're readily accessible.

The changes that have been proposed by the Chancellor could, however, increase the flexibility of DC pensions. Currently, savers normally use most of their DC pension savings to provide a retirement income for life, either by buying an annuity or through income drawdown. From next year, the draft proposals intend that savers are given freedom on how they spend their DC pension pots (after they reach 55), subject to income tax at marginal rates on the amounts taken above the 25% tax-free lump sum.

Saver to Investor

With NISAs offering the ability to save up to £15,000 in cash, it can also be a good way to encourage younger generations or entry-level savers to get into the habit of saving. Then, as they get more comfortable and need more growth from their savings, they can start investing in the stock market using a stocks and shares NISA.

Best of both worlds

Choosing the right option will depend on many factors, including tax status, financial goals, attitude to risk and need for flexibility.

But NISAs and pensions don't need to be mutually exclusive; a good retirement strategy will likely include both.

For those savers who have an NISA and a pension with the same provider, on a platform, there's the advantage of being able to view all of the savings together – helping them keep on track of their financial goals and potentially benefiting from lower charges.

For more information on how best to get ready for retirement, speak to your Financial Adviser.

	NISA	Pension
How tax efficient is it?	Contributions get no tax relief. An £80 contribution = £80 into a NISA. There's no tax to pay when you cash in your NISA.	Personal contributions operating relief at source get basic rate tax relief upfront (higher rate tax payers can claim the extra relief via self-assessment or separate claim). £80 personal contribution gets basic rate relief added = £100 contribution. Income you take over and above the 25% tax-free lump sum from a pension is taxed (unless you're a non-taxpayer).
Both allow savings to increase with generally no tax on growth.		
How much can be paid in?	Limit set on how much you can pay in each tax year but this can be split across a cash and/or a stocks and shares NISA. For 2014/15 the limit is £15,000.	Pay as much as you like but there's an annual allowance on savings made each year and lifetime allowance on savings made over your lifetime, over which there could be a tax charge. Current annual limit is £40,000 and £1.25m over your lifetime. Tax relievable personal contributions are also limited to 100% of your 'relevant UK earnings' in the tax year (or £3,600 if higher).
How easy is it to access savings?	You can access your money whenever you need to.	You usually can't access your pension fund until you are 55, unless in ill health.
What happens to savings if the saver dies before taking benefits?	Treated as part of your estate for inheritance tax purposes.	Your total savings are paid, usually tax free, to your beneficiaries (spouse, partner, family, friend). This normally won't be included in your estate for inheritance tax purposes.

The value of an Investment and any income from it can fall as well as rise and is not guaranteed. You may get back less than the amount originally invested.



Could you survive
for SEVEN YEARS
WITHOUT AN INCOME?

When it comes to being ill, most people don't think they will be too poorly to work, or for long enough for it to be of any real concern. After all, most people have a couple of sick days a year. Consequently, **it's easy to see why people don't understand the need for income protection.**

The Health and Safety Executive tells us that almost one in five people will become sick and eventually leave work.

As a society, we are aware of cancer and heart attacks. Both of these conditions are increasingly survivable but still, undoubtedly, life changing. They can also have a serious impact on a person's ability to earn a living. However, there is a wide range of other things that could prevent someone from getting into work in the morning. The majority of claims Friends Life pay for income protection result from mental health issues or muscular skeletal problems. But what are the chances of someone not being able to work due to ill health or injury? The Health and Safety Executive tells us that almost one in five people will become sick and eventually leave work as a result.

When discussing income protection, the cost of living is inevitably considered and the question often arises – “How much do you spend on your mortgage/food/child/cat per month and what would happen if you lost your income?” Thinking about expenditure, in terms of what you spend per month, arguably creates a false sense of comfort. Do many people have enough savings to cover their mortgage/food/child/cat expenses for a few months – and what if a few months became seven years?

Let's rephrase the question: “How much will you spend on your mortgage/food/child/cat over the next seven years and what would happen if you lost your income now?” The average length of a Friends Life income protection claim is around seven years. Savings only go so far, but if you have built up sufficient funds to cover seven years' worth of living expenses, the chances are

you aren't expecting to use them to provide an income in the event of a sudden and prolonged absence from work.

Where people have put the effort into building their savings and assets, the reality is they are likely to have very clear financial goals in place. For younger people these may include the purchase of their first home. For people in more advanced life stages, goals could be more family orientated, like paying for school or university fees or supporting an elderly relative with care costs. And, of course, there is the question of retirement. Losing your ability to earn in the run up to a planned retirement date could not only have a serious impact on your savings, but also your plans for the future. And it wouldn't take seven years without an income for many people to use up their savings or have their long-term financial goals seriously impacted.

For those people who would look to the State for support in times of sickness, the reality of what's on offer may come as an unwelcome shock. While State support exists, there is a cap of £500 per week for many of the benefits someone unable to work as a result of sickness would look to claim. In addition to this, many are means tested; meaning households with significant levels of savings, or partners who have their own careers, are unlikely to get anywhere near £500 per week, if they qualify for anything at all.

Income protection is an important financial planning tool. It provides a regular income

if you're unable to work due to ill health or an accident, and suffer a loss of earnings as a result. Not only does the replacement income provide support for individuals and their families, it can also be used to protect longer-term financial goals and ambitions. Seven years might be a long time, but there's a good chance it won't be the rest of your life.

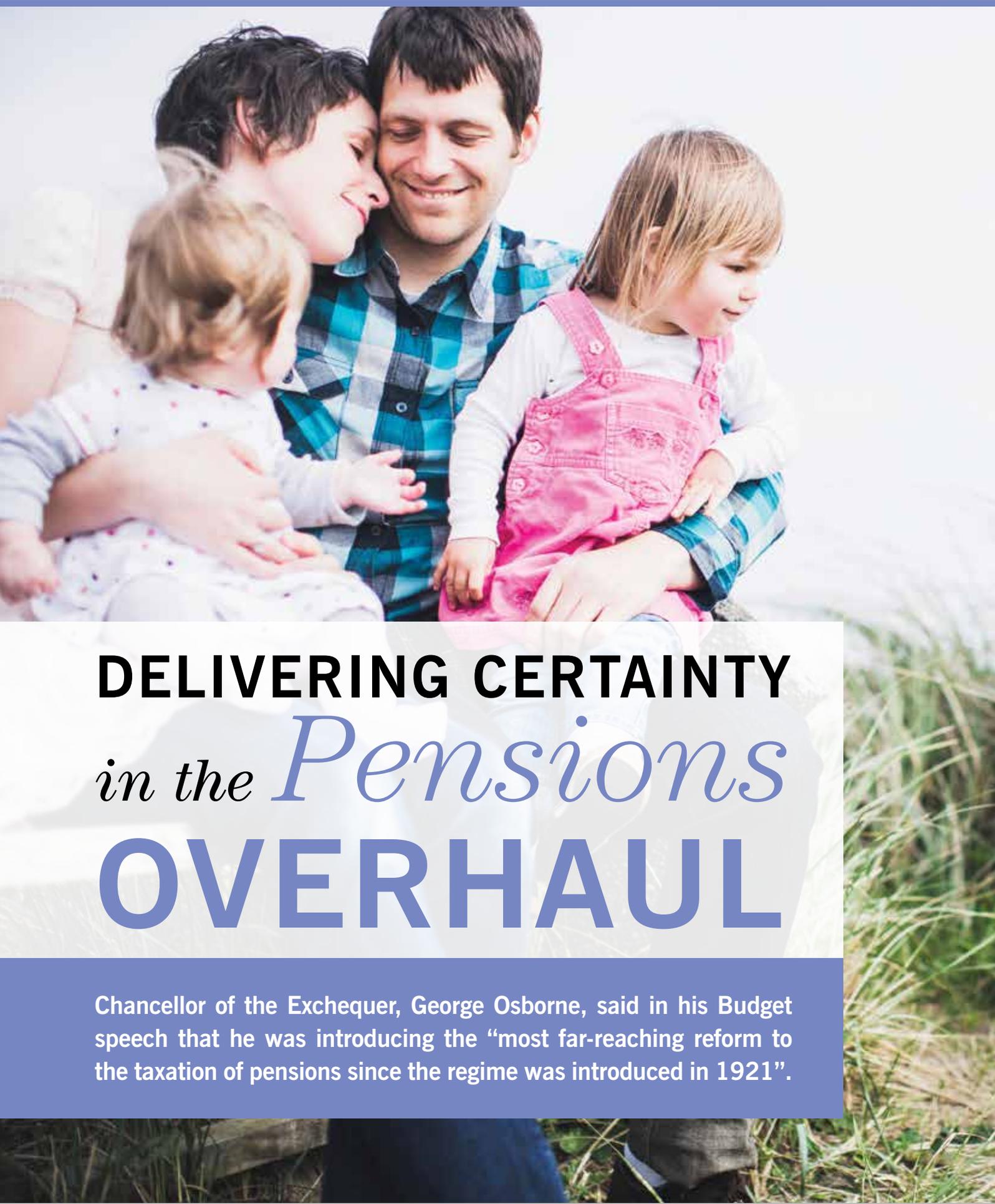
Please remember that the cover has no cash-in value at any time, and if you cancel your cover or stop paying premiums, it will stop.

For more information, please speak to your Financial Adviser.

FriendsLife



Rachel Trundle
National Account
Development Manager
Friends Life



DELIVERING CERTAINTY *in the Pensions* OVERHAUL

Chancellor of the Exchequer, George Osborne, said in his Budget speech that he was introducing the “most far-reaching reform to the taxation of pensions since the regime was introduced in 1921”.

The announcements lived up to the billing and the retirement income market is now in the middle of a complete overhaul.

From April 2015, retirement savers with a defined contribution pension fund will be able to access their money however and whenever they like, from the age of 55. The first 25% of the money they take out of their fund will be tax-free with the rest of the fund subject to tax at their marginal rate. Savers with final salary or defined benefit schemes will also be able to transfer, in order to take advantage, but should take advice first.

Up to 18 million people will be able to benefit from new rules guaranteeing free and impartial advice from April 2015, with the Money Advice Service and The Pensions Advisory Service playing a major role.

The changes have already started:

- If you started taking your drawdown pension before 27 March your maximum drawdown income would have been 120%, but this will increase to 150% before April 2015 (depending on the date of your drawdown anniversary).
- If you have a small pension fund you may be able to take this as a lump sum instead of using it to provide income as the lump-sum small-pot limit has been increased from £2,000 to £10,000.
- If your total pension savings are £30,000 or less (previously £18,000) then you may be able to take these as a lump sum.

It is clear that a lot is going to change, but key things stay the same – advice is even more important and savers need to know about all their options, including guaranteed drawdown.

Whether saving for retirement or in retirement, the need for certainty remains the same. People still value the need for protection of their pension funds and the prospect of Investment growth.

Advice is even more important and savers need to know about all their options.

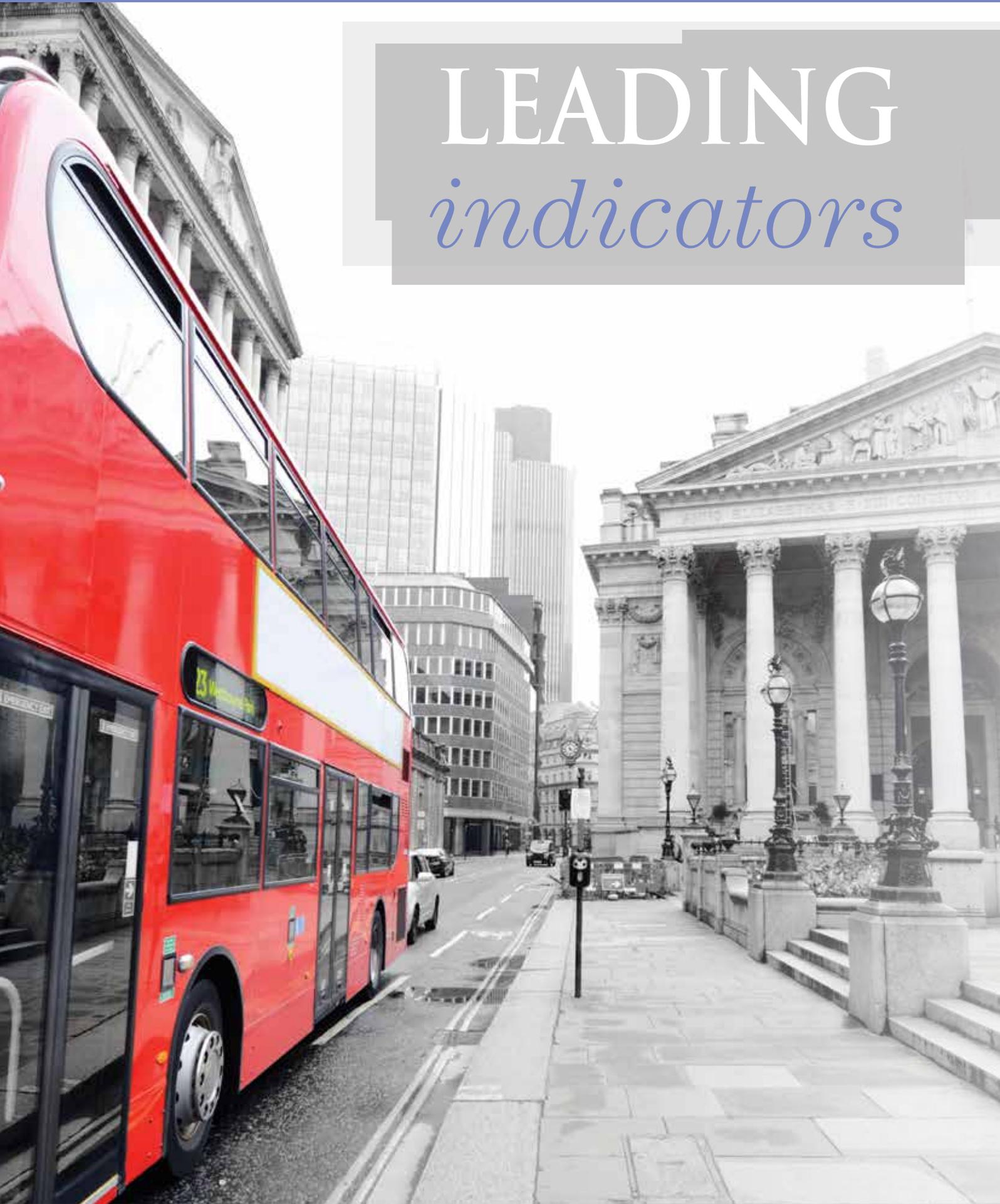
Guaranteed products, such as those offered by MetLife are ideally suited to the new era of pension flexibility, as they ensure Investors are guaranteed a capital amount or an income for life, while having the potential to earn a return on their Investment. They can be used with Investments such as bonds and pensions, to save for retirement, and also for those at and in retirement who need an income from their money.

For further information on the guaranteed retirement products, speak to your Financial Adviser.



Charlotte Cowell
 Head of Product,
 UK Wealth Management
MetLife

LEADING *indicators*



United Kingdom Stock Markets	3 months	6 months	1 year
FTSE 100 ¹	-3.16%	2.12%	4.16%
FTSE 250 ¹	-3.85%	-2.48%	3.64%
FTSE All Share ¹	-3.25%	1.29%	4.17%

Source: Financial Express Analytics 11th August 2014

American Stock Markets	3 months	6 months	1 year
NASDAQ 100 ¹	9.82%	9.16%	24.22%
S&P 500 ¹	2.33%	7.35%	14.84%

Source: Financial Express Analytics 11th August 2014

European Stock Markets	3 months	6 months	1 year
CAC 40 ¹	-6.84%	-1.15%	2.58%
DAX ¹	-5.96%	-3.62%	8.04%
DJ Euro Stoxx ¹	-4.09%	2.33%	10.66%

Source: Financial Express Analytics 11th August 2014

Other Stock Markets	3 months	6 months	1 year
Hang Seng ¹	14.42%	16.50%	17.50%
MSCI Emerging Markets ¹	6.99%	12.32%	15.40%
Nikkei ¹	4.34%	2.18%	8.62%

Source: Financial Express Analytics 11th August 2014

Gilts	3 months	6 months	1 year
FTSE British Government 10 – 15 years ¹	2.86%	4.24%	5.38%

Source: Financial Express Analytics 11th August 2014

Property	3 months	6 months	1 year
Halifax Property Index ¹	4.96%	6.02%	9.88%
IPD UK All Property ¹	3.69%	7.89%	16.65%

Source: Financial Express Analytics 11th August 2014

Savings	3 months	6 months	1 year
Moneyfacts Instant Access ^{1,2}	0.20%	0.36%	0.69%
Moneyfacts 90 days notice ^{1,3}	0.23%	0.43%	0.86%

Source: Financial Express Analytics 11th August 2014

Inflation	
UK Consumer Price Index	2.64%

Source: Financial Express Analytics 11th August 2014

Interest Rates	
Bank of England	0.50%

Source: Financial Express Analytics 11th August 2014

Notes

- 1** Gross return Bid-Bid, annualised (ending 11th August 2014).
- 2** Moneyfacts Average of instant access accounts, £10,000 invested, total return, gross.
- 3** Moneyfacts Average of 90 day notice accounts, £10,000 invested, total return, gross.

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We are always delighted to hear from you, to contact us please phone or email:

Call us on: 0845 603 3288 **Send us an email to:** info@taylorburke.co.uk

Address: Whelan House, 30 Marlborough Road, St Albans, AL1 3XQ

www.taylorburke.co.uk

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