



**Cornwall Finance &
Investment Services**
Independent Financial Advisers

Harlyn House
Bonython Road, Newquay
Cornwall TR7 3AW

Tel. 01637 839098
Email: mark@cfislive.co.uk

A View From The Cliff

Dear clients and friends, I am delighted to present this, A View From The Cliff,

Cornwall Finance & Investment Service's periodical, named as our offices are close to the cliffs of Lusty Glaze.

Thank you, for your continued support of Cornwall Finance & Investment Services through these turbulent times, we trust, we have added value to your financial planning. In this newsletter we hope to: Share our, and our investment partners views on the World of personal finance. Provide market analysis giving our understanding of current economic situations, future opportunities and threats to World Markets. Offer our Tax Savings Tips, including ways you may manage your money better. To inform you of our new charging structure and how the new Financial Services regulations will effect how we are paid for our services.



The Financial Services Authority does not regulate Taxation Advice,
Trust Advice, Will Writing and some forms of mortgages



Principal Mark Ridgmont. Authorised and regulated by the Financial Services Authority





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Market Analysis

City Asset Management Plc, stock brokers and fund managers (www.city-asset.co.uk) are amongst our most favored investment professional friends and we are most grateful to Helen Angove for her contribution below:

After the volatility of the second half of 2011, investors have experienced more normalised markets with lower levels of volatility as economic data continues to provide positive surprises, and attention turns to a resumption in global growth rather than a collapse in the Eurozone or a double dip global recession.

City Asset Management first started paying attention to the improvement in US economic data last September, but decided to wait for further confirmation given the myriad of calls for a downturn predicated on Eurozone collapse and a slowdown in China. We increased our weighting to US equities at the end of November after further positive data on employment, manufacturing and even housing. The period gave us a chance to review our selection of US fund managers, and given our more conservative approach to markets, we looked to managers investing in companies with strong cash flows and the ability to pay, and grow, their dividends.

US markets have led global equities higher in 2012. In dollar terms the S&P500 Index has risen by 11.8%, and the technology driven NASDAQ index has risen by 18%. It has influenced European equities, which have risen by 20.5% in Germany and 12.6% in France. The other important factor has been the level of liquidity provided by the European Central Bank through its "Long Term Refinancing Operation" (LTRO) which offered 3 year loans to banks at 1%. The first round in December saw a take up of Euro 489 billion, and the second in late February saw over 800 banks take Euro 523 billion.

UK equities have also participated in the global rally, but not to the same extent as other majors. The FTSE100 index has risen by over 6% and has been led by a 24% rally in the financial sector, which seems an overly optimistic reaction. At the same time mining stocks have been exerting some pressure on the market as investors note recent comments from industry and China in terms of raw materials demand. UK unemployment remains stubbornly high, and there has been almost no growth in average earnings in a period when households are continuing to strive to deleverage. However, while the domestic economy remains difficult, UK equity valuations are still attractive and companies are participating in the global recovery, which has been reflected in the strong performance of the industrial sector of the FTSE 100 in the past month.

The recent downward shift in developed market government bonds, particularly in the UK, US and the Eurozone has seen the first real move away from what we perceive as overvalued assets. We believe that the global deflation theme is important, and allows us to find interesting approaches via a range of dedicated regional specialist funds that can participate in a more positive outlook for equities, albeit with some volatility likely as the year progresses.

The above article is the opinion of City Asset Management Plc (CAM)., Penzance, Cornwall and does not constitute investment advice



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Market Analysis

We agree with the wisdom and opinions of CAM. We are most grateful for the support of our investment partners who have provided our clients stirring returns over the very difficult recent times.

In our opinion, these are more settled times than at the time of writing my last newsletter although we are likely to see a slower than usual economic recovery over this year and next.

The Cornwall Finance & Investment Services; Investment Process is designed to help you gain from a wide range of assets and accurately to control your investment's risk of loss. This is why we are so careful in having a comprehensive ongoing understanding of our clients needs feelings and attitudes, so we can make the right asset allocation for you.

Wherever possible, we will aim to continue to ensure that the fund managers, who are the best of their professions, able to draw value, income and opportunity from uncertainty and to the best of their ability the preservation to your capital.





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Topical Tax Tips

If any of these subjects are of interest please contact us for further information.

Finance Act in July 2011:~ The adoption into law of the Financial Act in July 2011 has so radically altered retirement that I have included it again in this newsletter. The outcomes of this pension legislation are exciting and have kept us very busy! 'Handled carefully they can potentially bring substantial benefits to their policyholders and their families'. However, the new rules are not simple and require a detailed conversation with us. Below is a flavour of some of the opportunities:

Flexible-Drawdown: ~ At retirement, if you have a guaranteed lifetime pension income of at least £20,000.00, then all other pension savings can be drawn-down as you wish, up to 100% of the fund in a single payment, subject to income tax at your highest marginal rate. **This is excellent news for :**

Those with Free Standing Additional Voluntary Contributions and a fully funded or on target main Final Salary Scheme.

Those who have, pension funds worth over £400,000.00, (including of course commercial property).

Those whose life expectancy is rapidly declining and who want to access their life's savings immediately.

2012/13 ISA Funding Limits: - This tax year you can invest up to £11,280.00 per annum, £5,640.00 can be in cash.

Removal of compulsorily annuitization at age 77: Over the past 23 years I have been told often that pensions are rubbish by those who do not want to save, "Because when you die the government or the life company keeps your cash after you have bought an annuity!" This has changed, the Government has scrapped the arbitrary age for annuity purchase of 77. This allows us as financial planners, to help you use your pension capital, to enjoy your retirement to the full, by using all the mechanisms vehicles and financial products available.

Pensions have just got better.



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Topical Tax Tips

Your Pension, Your Legacy.

Removal of compulsorily annuitization is also great news for those who wish to use their pension in their legacy planning. Investment into a pension can now mean that:

- You receive up to 50% tax relief on investment.
- Have your funds or commercial property expertly managed with tax exempt growth.
- After the age of 55, you receive 25% tax free cash and an income if and when you need it. When you pass away your spouse could receive the benefit of all your pension fund to provide them with an income, and when they die, your children could receive the residual fund less 55% tax charge. If your children then wish to invest the pension capital in their own pension scheme they will receive full tax relief up to 50% for highest tax payers.

The maximum you can hold within a pension without a tax charge is £1,500,000, and the maximum you can invest is £50,000 per tax year. Three years carry forward is available, e.g. £150,000

.Using Pension Savings To Get Back Your Child Benefit

In April 2013 all those families who have one parent working and one caring, (the traditional family) will suffer a clawback of Child Benefit if the one who is working earns above £50,000.00. Child benefit will continue to be paid but the tax bill will increase on a sliding scale. For a family of three children this could mean a reduction in disposable income of £2,449.20. There may be a solution to this problem, it is called Salary Sacrifice, but the principal works equally well for those who are self employed. Any pension contribution, effectively reduces overall income, therefore someone earning £58,000.00 who makes a gross contribution of £8,500.00 will keep their child benefit. Also the effect of pension tax relief, reduced National Insurance (NI), may mean, no reduction in take home pay, or only a slight reduction. Employers can prove most helpful in this regard to their employees, plus save themselves Employer NI payments!





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The New Look RDR IFA Service

The financial planning profession of which I have been proud to be part of for 24 years has evolved. From the 31st December 2012 all firms, like Cornwall Finance & Investment Services, who wish to continue to provide Independent Financial Advice, must comply with the new FSA guidelines set out in the Retail Distribution Review (RDR)

- All advisers must be annually certified competent by training after attaining a Diploma in Financial Planning (L4 degree)
- Advisers must never receive commissions on investment advice, but have customer agreed service and remuneration packages .

This has meant that Cornwall Finance & Investment Services have been reviewing the ways we deliver and are paid for our services.

Cornwall Finance & Investment Services are proud to say that our advisers are qualified to provide independent financial advice, holding our annual Certificate of Professional Standing issued through the Personal Finance Society and the Chartered Insurance Institute. In our view without the freedom of independence, in our product recommendations, advising on client's financial planning would be too curtailed, to achieve the potential value we hope to offer our clients.

New Client Agreements will be issued in September and need to be agreed and returned from all clients by December 2012. An individual letter with the client service package that we feel suits you and your needs best will be sent to you soon. We will call you all to ensure your understanding and obtain your agreement.

For ongoing service to comply with RDR it has been necessary to consider that not all our clients wish or need to have the same level of service and thus should not all pay the same fee. We have therefore chosen to offer our clients three broad categories of service, which will ensure that the desired level of service is obtained and a corresponding, fair fee is charged.

The three service categories are detailed on the following page.



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Cornwall Finance & Investment Services Our Service Commitments



Executive Choice:

Designed for our clients, whose assets or financial planning needs require,

- Quarterly individual investment valuation reports**
- Meeting with your adviser every six months.**
- Online access to up to date information on your holdings**
- Market updates and Newsletters**
- Digital Document Storage**
- Discounted Wills and Trust**
- Free Mortgage Review for a Family Member**

The minimum annual fee for this service is £587.00. These fees will be offset, by initial advice fees from policies of non investment insurance and /or (as now) paid in the form of a deduction from your investments or separately, e.g. monthly payment terms will be offered.



Advanced Choice:

Designed for our clients, whose assets or financial planning needs require,

- Six Monthly individual investment valuation reports**
- Meeting with your adviser every year.**
- Online access to up to date information on your holdings**
- Market updates and Newsletters**

The minimum annual fee for this service is £378.00. These fees can be offset, by initial advice fees from policies of non investment insurance and /or (as now) paid in the form of a deduction from your investments or separately, e.g. monthly payment



Entry Level:

Tailored for our clients whose assets or financial planning require only a single application of our service, initially. Fees for the work carried out will be calculated and charged on an individual basis. These fees can and will (as now), be offset, by initial commissions from policies of life assurance and /or met by fund-based charges paid to us by your investment provider. Ongoing service will be limited to

- Annual investment valuation (where appropriate)**
- Market updates and Newsletters**
- Cornwall Finance & Investment Services ready to serve you further, if required.**





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Thank you for the continued use of our services at Cornwall Finance and Investment Services. Our aim is always to continue to innovate and develop our services, so that we can better add value to your financial planning.

We hope you found this newsletter of interest and look forward to speaking with you all soon.

Your views matter to us, so if there is anything you would like to see in our Autumn edition please let us know.

Should you have any questions please contact me on: 01637 839098, Mobile 07710 868377 or by email at mark@cfislive.co.uk

We hope you to see you soon and that the sun shines on us all in 2012!

**Mark Ridgmet DipPFS, & The Team At
Cornwall Finance & Investment Services**



The Financial Services Authority does not regulate Taxation Advice, Trust Advice, Will Writing and some forms of mortgages. Your home may be repossessed if you do not keep up repayments on your mortgage.. The initial fee for mortgage advice is. £250.00 The precise total amount will depend upon your circumstances but we estimate for our fully independent Mortgage Advice Service it will be typically, a fee of 0.38% of the loan advance.



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