



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

Marlyn House
Beython Road, Newquay
Cornwall TR7 3AW

Tel. 01637 83008
Email: mark@cfis.co.uk

A View From The Cliff

I am delighted to present this initial, Cornwall Finance & Investment Services periodical, A View From the Cliff,

Thank you, for your continued support of Cornwall Finance & Investment Services through these difficult times, we trust, we have added value to your financial planning. The purpose of these newsletters is:

- To share our views on the World of personal finance.
- To provide market analysis from investment professionals, sharing their understanding of the current situation, future opportunities and threats that may arise.
- To offer tax savings tips, including ways you may manage your money better.
- To inform you of our practice's development and how the new laws effecting Independent Financial Advisers are changing it.

For those who we feel it may interest, we enclose our DVD on our service, which I hope that you enjoy and pass to your friends and family.. If you have not received a copy and would like on please let us know



The Financial Services Authority do not regulate taxation advice or some ISAs



Principal Mark Ridgment. Authorised and regulated by the Financial Services Authority No. 512118





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

Marlyn House
Beylton Road, Newquay
Cornwall TR7 3AW

Tel. 01857 82002
Email: mark@bdlive.co.uk

Market Analysis

Brewin Dolphin, stock brokers and fund managers (www.brewindolphin.co.uk) are amongst our most favored investment professional friends and we are most grateful to Jonathon Croggon for his contribution below:

Earlier this year, it would have been reasonable to suggest that markets were conservatively valued against expectations of a slow economic recovery across the mature economies. To many, this was the beginning of the end of the credit crisis which began in the summer of 2007, but few anticipated the extent to which a subsequent slowdown in Gross Domestic Product (GDP) growth in the developed world would undermine the fragile infrastructure of the debt funding in Western economies. This has led to a sharp rise in Treasury bond yields for the debt of those countries which look most exposed to default on their debt and an unprecedented downgrade to the creditworthiness of the world's largest economy. At the same time, a raft of economic data from both sides of the Atlantic has painted a picture of a rapidly slowing global economy. Markets have been caught off guard and the volatility, some of the worst since the depths of the 2007/08 crisis, expresses the uncertainty that investors feel about the future. Paralels have been drawn with the events of the credit crisis, but there are important differences. Firstly, companies have built up stronger balance sheets and larger companies in particular have hoarded cash. Banks have improved their capital bases in order to better withstand shocks (although there is still a long way to go). However, while in 2007/8, the political response was well coordinated across the world, it is clear from events in Europe and the United States this summer that this is no longer the case. This lack of decisive leadership has contributed to the sense of uncertainty in markets.

This said, equity markets look good value at current levels, and with the FTSE 350 Index yielding close to 4%, investors are well rewarded for taking the additional risk that this type of investment entails. With interest rate rises fading into the distant future, the gilt and bond markets are also looking reasonable value, in spite of strong rises in most areas over the past few months. Volatility is often accompanied by opportunities as well as risks and that certainly seems to be the case at present. Investors holding large sums of cash, where real interest rates (adjusted for inflation) are often negative, will be painfully aware of this!

The above article is the opinion of Mr Jonathon Croggon, Brewin Dolphin, Truro, Cornwall and does not constitute advice



Principal Mark Ridgment. Authorised and regulated by the Financial Services Authority No. 512118





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

Merlyn House
Beylton Road, Newquay
Cornwall TR7 3AW

Tel. 01857 82008
Email: mark@dfi.co.uk

Market Analysis

We are grateful for and agree with these opinions. We would like to add that we are in the throws of a global financial restructuring the like of which has not been seen since the 1940's. This is as a result of 80% of the World's population, (Source HSBC) becoming richer and destabilizing the West's dominance over capital markets. This shift in power is shown by Belize (a Latin American state) having a far lower interest charged on its debt than Greece, furthermore the offer of a financial rescue package by the BRICA economies (Brazil, Russian, India, China and South Africa) to the Euro-zone, emphasizes the extent to which the West has ceased to dwarf other economies.

The good news, to date at least, is that we have managed to avoid a major war, which usually accompany such tectonic fiscal upheavals. This means from a long-term strategic planning perspective, Cornwall Finance & Investment Services remain committed to equity markets, (investing in the World's most profitable companies) where applicable based on our clients individual attitude to investment risk and reward.

However, over the short term, radical political action is needed, such as the federation of the Euro-zone as per the USA, or some new revised reinstatement of the gold standard, onto which the World's economies can peg their currencies. We fear however, that the current crop of British, European and US leaders are not sufficiently bold, to choose to grasp the painful nettles that need to be gripped. However, in democracies men and women of quality always emerge when the need for them arises, it just takes a little longer to sort the mess out. Therefore, as Mr. Croggon referred to earlier, in the short term there is likely to be volatility, which may mean value of investments can fall and you may get back less than you invested.



Principal Mark Ridgment. Authorised and regulated by the Financial Services Authority No. 512118





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

Marlyn House
Beython Road, Newquay
Cornwall TR7 3AW
Tel. 01637 82008
Email: mark@dfiire.co.uk

Market Analysis

Part of our client services at Cornwall Finance & Investment Services; is to act as a brake, in helping you to control your investment's volatility. This is why we are so careful when recommending assets and funds, to ensure they are appropriate to your tolerance of volatility. We will therefore, continue in accordance with your service agreement, to be constant in monitoring your investments and check to see if your risk profile has changed or your financial needs varied.

Wherever possible, we will continue to ensure that the fund managers you invest with are the 'best of breed'; and able to draw value and opportunity from uncertainty and preservation to your capital.

Topical Tax Tips

The adoption into law of the Financial Act in July 2011 has changed retirement forever. The potential outcomes of this pension legislation are exciting and if handled carefully may bring substantial benefits to their policyholders and their families. However, the new rules are not simple and require a conversation with an IFA, specializing in pensions. Below is a flavour of some of the changes:

Flexible-Drawdown: At retirement, if you have a guaranteed lifetime income of £20,000.00, (prove able to HMR&C), 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 Additional Voluntary Contributions and a fully funded or on target main Final Salary Scheme.
- Those who have, or hope to have, pension funds worth over £400,000.00, (including of course commercial property).
- Those whose health is rapidly declining and who want to access their life's savings immediately.



Principal Mark Ridgment. Authorised and regulated by the Financial Services Authority No. 512118





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

Marlyn House
Beython Road, Newquay
Cornwall TR7 3AW

Tel: 01857 83008
Email: mark@dfiire.co.uk

Topical Tax Tips

Removal of compulsorily annuitization at age 77: Over the past 20 years I have been told by those I meet that pensions are rubbish because when you die the government or the life company keep your cash. My clients, I trust, have known the benefit of saving for their retirement and that our service has been of benefit to those plans. However, we knew that when our clients reached the age of 75, (latterly 77) either the capital in their pension funds would be spent in exchange for an income for life, or there would be a serious 82% tax charge. This has been hard for new pensioners due to the appallingly low, and still falling, compulsorily annuity rates. The Government has kept to its word and now scrapped this arbitrary system, which allows us as financial planners to help you enjoy your retirement to the full using all the mechanisms and financial products available.

This 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 continues to receive all the income and on their death the capital passing to your children or heirs, subject to a 55% tax charge. If your children they wish to invest the pension capital in their own pension scheme they will receive full tax relief up to 50% for highest tax payers.

As you can expect the Tax-Man is not happy about this and thus the maximum you can hold within a pension is now only £1,500,000.00 and the maximum you can invest is £50,000 in any one tax year (carry forward is available).

New ISA Funding Limits: Pensions aside, do not forget, you can now invest up to £10,600.00 per annum in Individual Savings Accounts.



Principal Mark Ridgment. Authorised and regulated by the Financial Services Authority No. 512118





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

Marlyn House
Beython Road, Newquay
Cornwall TR7 1AW

Tel. 01637 82002
Email: mark@cfis.co.uk

The New Look IFA Service

You may have heard that the financial planning profession has evolved. From the 31st December 2012 all those, 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) and we have no option but to comply.

- All advisers must be qualified by examination in financial planning, to Diploma standard., (DipPFS, L4 degree)
- Advisers must never receive commissions on investment advice, but have customer agreed service and remuneration packages .

This has meant that all investment advisers including Cornwall Finance & Investment Services have had to review the ways we deliver and are paid for our services. Many IFA's are now considering their exit strategy and it is considered likely that between 15-30% of IFAs will sadly leave the profession, (source Money Marketing, FT group) .

Cornwall Finance & Investment Services are proud to say that our advisers are now and will always be sufficiently qualified to provide full independent financial advice. Without the freedom of full independence our choices in advising your financial planning would be too curtailed to achieve the value we hope to offer you our clients. Our current client charging structure, is in line with the aims of the Retail Distribution Review however, amendments are required and new Terms of Business will be issued to all clients in 2012. **Before implementation we will discuss with all our existing clients to ensure that you have the service package that suits your needs best.**

In order to redesign our 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 categories are detailed on the following page.



Principal Mark Ridgment. Authorised and regulated by the Financial Services Authority No. 512118





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

Merlyn House
Beyrthen Road, Newquay
Cornwall TR7 3AW

Tel. 01637 83000
Email: mark@cfisire.co.uk

Cornwall Finance & Investment Services Our Service Commitments



Executive Choice:

Designed for our rare clients, whose assets or financial planning needs require twice annual investment reports, with an unlimited access to advisers. The anticipated post 31st December 2012 minimum annual fee for this service will be £587.00. These fees can be offset, by initial commissions 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:

For those whose assets or financial planning needs require less intensive services from Cornwall Finance & Investment Services. Advanced Choice clients will receive annual investment reports and individual consultations with advisers will be limited. The anticipated minimum annual fee for this service will be £378.00 (post 31st December 2012). These fees can be offset, by initial commissions 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



Entry Level:

Tailored for our clients whose assets or financial planning require only a single application of our services. Fees for the work carried out will be 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 prescribed limits. In the unlikely event that additional fees need to be charged directly by Cornwall Finance & Investment Services, monthly payment terms will be offered.



Principal Mark Ridgment. Authorised and regulated by the Financial Services Authority No. 512118





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

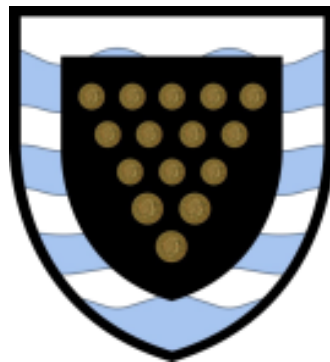
Merlyn House
Beyrthen Road, Newquay
Cornwall TR7 3AW
Tel. 01637 839098
Email: mark@cfis.co.uk

“Thank you for your continued faith in myself and my team at Cornwall Finance and Investment Services. Our aim is always to continue to innovate and develop our services, in order to add value to your financial planning.

We hope you found this newsletter of interest and look forward to speaking with you all soon. We wish you a pleasant, peaceful and prosperous end to 2011”

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

**Mr Mark Ridgment DipPFS, HCIMA
Principal Cornwall Finance & Investment Services**



Principal Mark Ridgment. Authorised and regulated by the Financial Services Authority No. 512118

