
Welcome to the second edition of *Be more informed*. We shall continue to focus on bringing you news on the latest topical subjects that may require your attention and a conversation with your Financial Adviser. We hope you enjoy this second edition's topics and find the information of use. If you would like to discuss these topics in more depth please feel free to contact us on **0845 450 9442** or email us at **clientservices@cavanagh.co.uk** where we can put you in touch with your Financial Adviser.

Cavanagh Wealth Management

You may have noticed that we have changed our brand from Cavanagh Group to 'Cavanagh Wealth Management'.

Why the change?

Over the years, as we have developed our services within Cavanagh, we have created an investment and financial planning proposition aligned to wealth management. We currently offer a wide range of wealth management solutions that can incorporate

strategic planning for; investments, tax planning, lifestyle and legacy. With these services available we feel the new 'Cavanagh Wealth Management' brand best describes what we do.

In our relationship with you, we hope you can experience many of our services and look forward to helping you achieve your personal financial goals.

Using gift aid and other methods to gain further tax relief

The introduction of the new special annual allowance tax charge will have a significant impact on the attraction of pension funding to reduce pension liability for many individuals who have a relevant income of £150,000 p.a or more. From April 2011 high earners could see their tax relief on pension contributions reduced by 20%.

However, there are a number of planning opportunities available to either help reduce your relevant income or increase tax relief available to you. As the restriction applies to income that exceeds £150,000 pa, one idea is to reduce your 'relevant income' and there are a number of methods to achieve this. For example, Gift Aid donations can be used to reduce relevant income below

£150,000 p.a and so enable the payment of a larger pension contribution without incurring the special annual allowance charge. Other options include, transferring income-generating assets to your spouse or restructuring your investments to produce less income.

There are many other planning opportunities available as an alternative to help build pension provisions that could attract additional tax relief. We can help you explore all options to ensure that your contributions attract the highest rate of tax relief available to you.

Now is the time for estate planning

The doom and gloom about reduced asset values could have a silver lining for people worried about inheritance tax.

Just like the old adage of 'buy low and sell high', it is best to make gifts of assets (for inheritance tax purposes) when they are thought to carry the best prospect of increasing in value.

This is because any subsequent increase in the value of your investment will not be subject to inheritance tax (IHT).

Given that the rate of IHT is 40%, this could be a substantial saving.

And you do not have to be concerned that making a gift will compromise your income and capital needs, because there are a variety of arrangements nowadays that can cater for your requirements.

Be more **i**nformed

Are you between 50 and 55?

Did you know that the minimum pension age is due to change on 6 April 2010. The change means that from 6 April 2010, the earliest you would be able to take your pension benefits will increase from age 50 to 55.

In other words, if you are aged 50 on 5 April 2010, you will be able to take your pension benefits, but if you don't secure these benefits on this date you will not be able to access your pension for another five years.

This change will not just affect those that wish to retire early, it will also affect those

that would like to take their 25% tax-free cash lump sum early but want to leave the rest invested, perhaps while they continue to work.

The Guardian reports that many pension savers aged between 50 and 55 are unaware of the rule change and could miss out.

The change will, for those affected, bring the need for detailed advice on how this may affect their future retirement plans.

Source: www.guardian.co.uk
– August 2008

Are you concerned about long-term care?

'People don't like to think they will need long-term care, but once you reach the age of 65, there is a one in four chance that's exactly what you will need' says *Help the Aged*.

But this puts people in a quandary. You do not know if you are going to be one of the 'one in four' and if you are, how will you pay for long-term care?

The answer is to make sure that you have investments in place to ensure that you can afford the best possible care available.

In addition, if you act now and before there is any prospect that you may need care, some investments are not taken account of in Local Authority capital assessments.



You do not know if you are going to be one of the 'one in four' and if you are, how will you pay for long-term care?



This means that they do not have to be used to fund care costs, unlike other assets that you may have.

Another issue that people are concerned about is that their assets may have to be sold to pay inheritance tax when they die.

To avoid some of your hard-earned wealth going to the tax man rather than to your loved ones, it might be sensible to check now if this would apply to you.

Source: *HM Government paper, Shaping the future of care together*
– July 2009

If you would like to discuss these topics in more depth please feel free to contact us on **0845 450 9442** or email us at clientservices@cavanagh.co.uk where we can put you in touch with your Financial Adviser.

Cavanagh Wealth Management, The Courtyard, Staplefield Road, Cuckfield RH17 5JT
Tel: 0845 450 9442 Email: clientservices@cavanagh.co.uk Web: www.cavanagh.co.uk

Cavanagh Wealth Management is a trading name of Cavanagh Financial Management Limited which is authorised and regulated by the Financial Services Authority. Cavanagh Financial Management Limited is a subsidiary of Cavanagh Group PLC. Registered in Scotland Number SC096918. Registered Office: George House, 36 North Hanover Street, Glasgow G1 2AD.

