



ST. JAMES'S PLACE
WEALTH MANAGEMENT

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Providing specialist financial advice

SPRING 2018 NEWSLETTER ISSUE 6



WELCOME

Welcome to this edition of my Practice newsletter. In this edition, we continue to focus on succession planning as part of my 2018 What If program.

During 2018 I continue to focus on preserving family wealth. I will be holding a specialist evening seminar with dinner in September dedicated to Succession Planning. This event has specifically been designed for clients and their children or parents.

It is highly recommended that people seek face-to-face financial advice, so they can gain a clear perspective on the challenges and opportunities that exist in the current climate. If you have not had a review meeting with me within the past 12 months, please get in touch to make an appointment to ensure your arrangements remain effective and appropriate.

If you would like any further information on the topics discussed within this newsletter, or if you would like to register your interest in forthcoming events, please do not hesitate to contact me.

RUSSELL FAIRBRASS
Associate Partner

PRESERVING FAMILY WEALTH

The role of pensions in Estate Planning

A few years ago, a pension was solely intended for the purpose of seeing someone through retirement. If you had a defined contribution pension, it was, in most cases, used to purchase an annuity on retirement; and a guaranteed income was paid thereafter until death. However, reforms to these types of pensions have given people greater choice of how and when to access the funds. More importantly from an estate planning perspective are the changes to the way benefits can be paid out to loved ones on death.

With a pension pot, there's no seven-year wait for it to be outside the estate for Inheritance Tax purposes – it's free of Inheritance Tax immediately. Moreover, the pension can be left entirely free of UK Income Tax if you pass away before the age of 75. After 75, your nominated beneficiaries would pay Income Tax at their own marginal rate – but only when the money is withdrawn from the inherited pension pot.

Your pension savings could be used to provide an income or lump sum for whomever you choose. This could be your spouse, civil partner, children, grandchildren or anyone who is not financially dependent on you. It is also possible for the wealth to remain within the pension plan indefinitely, cascading down several generations until it is finally depleted.

If your pension is your only source of income in retirement, you should use it to maintain your own lifestyle. But if you have the financial means, it may make sense to draw down on other assets that are not exempt from Inheritance Tax (such as ISAs and bank accounts) and treat the pension much like a multi-generational trust fund. In fact, your pension might be the last income tap that you turn on.

Nevertheless, you will not want to leave potentially large sums to others unless you have a say over who those individuals are. This is where an 'expression of wishes' form and the use of trust structures to receive the pension funds give you greater control and security. With the benefit of advice, you can ensure your pension goes to whom you intend, without putting your own retirement security at risk.

If this is an area that you would like to discuss further, or you would like to discuss any matter relating to pensions or estate planning please contact my office.

The levels and bases of taxation, and reliefs from taxation, can change at any time and are dependent on individual circumstances

FOCUS ON

Succession Planning

Continuing my 2018 'What If' client programme-

During 2018, at your annual review meeting I will cover all areas of Intergenerational planning to protect and preserve your estate for your loved ones, involving the next bloodline in the financial process e.g.-

Wills & Lasting Power of Attorney*

Executors

Trusts

Probate*

Inheritance Tax

Advising the wider family- When considering intergenerational wealth, it is often best to involve all affected family members in the planning process, to meet everyone's needs now and in the future.

First Steps- Parents often say they wish they had put more into a pension scheme earlier or started when they were younger. They didn't, because they thought they were too young and they couldn't afford it. Today perhaps they can afford to give a child some money towards a solid start to their future retirement.

Gifting- Five ideas to make life less taxing

1. Use the allowance for individuals to give gifts worth up to £3,000 a year (£6,000 if you use the previous year's allowance as well) without incurring any IHT.
2. Individuals can pass on larger amounts of money free of IHT, so long as they live for seven years after making the gift.
3. Take account of the 'normal expenditure out of income' rule – if you give gifts out of your income and, in doing so, don't damage your standard of living, they are exempt from IHT, and there is no upper limit.
4. Spread your giving over several years rather than paying out a lump sum.
5. Don't give away too much too soon – otherwise you could be dependent on your children.

The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than the amount invested.

The levels and bases of taxation change at any time and are dependent on individual circumstances.

*Wills, Lasting Power of Attorney and Probate involve the referral to services which are separate and distinct to those offered by St. James's Place and along with trusts are not regulated by the Financial Conduct Authority.

EVENTS

Diary dates

6th September 2018
Succession Planning
Presentation with Dinner
Chichester Yacht Club



Chichester
Yacht Club

2018 Golf at Goodwood/Old Thorns

I am always keen to play a round of golf with clients, please get in touch to make a diary date.



Refer a friend

As a client, you know that my Practice is built on trust and personal word of mouth recommendations.

I always appreciate being referred to like-minded friends and colleagues of my clients. I am always happy to offer an exploratory meeting to potential new clients.

Why not invite a friend to come along with you at one of my client events during the year?

Please contact my office for further information.

The Partner represents only St. James's Place Wealth Management plc (which is authorised and regulated by the Financial Conduct Authority) for the purpose of advising solely on the Group's wealth management products and services, more details of which are set out on the Group's website www.sjp.co.uk/products. The 'St. James's Place Partnership' and the title 'Partner' is a marketing term used to describe St. James's Place representatives.

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