

March 2010

Investment Markets

In our **January 2009 Client Briefing** we predicted that 2009 would be a very profitable year for investors and so it turned out with all major stock markets showing significant rises.

FTSE 100 (UK)	+ 22%
Dow Jones (US)	+16%
Japan	+ 19%
Hong Kong	+ 41%
Brazil	+ 75%

Source: Trustnet - 1 January 2009 to 31 December 2009

Whilst the above data indicates significant improvements in all markets during 2009, it was the emerging economies where the recovery was the steepest.

Of the four major asset classes, both equities and bonds recovered strongly. The Bank Base Rate fell to just 0.5% and UK commercial property showed the first signs of recovery (see below).

Outlook for 2010

The consensus is that decent returns will be harder to find in 2010 and whilst we would not disagree, we do anticipate a better second half to the year after a hesitant start, with continued uncertainty surrounding the result of the general election.

We have always impressed on clients the need to take at least a five year view before investing new money and in spite of the returns seen during 2009, most world economies are still in the early stages of recovery. We are therefore confident that we will see further growth in equity markets over the medium term, driven partly by the demands from the emerging economies of China, Brazil, India etc. and the continuing poor returns from cash.

We are also encouraged by the recovery of the UK commercial property market which commenced in the latter part of 2009 and is gathering pace. This is being driven by attractive valuations following the recession, demand from overseas buyers and the fall in the value of sterling. We are already increasing the exposure to commercial property in client's portfolios and this will continue throughout the year.

Fiscal Year End Tax Planning

Pension Top Ups

Anyone earning below £150,000 p.a. can still receive personal tax relief on pension contributions at their highest marginal tax rate. Remember to top up contributions before the 5th April.

If you are fortunate enough to have income over £100,000, from April this year, you will have your personal allowance reduced by £1 for every £2 of adjusted net income above £100,000. This means that if your adjusted net income is £112,950 or more you will have no personal allowance at all! The good news is that relievable pension contributions reduce adjusted net income. If you make pension contributions to reduce your adjusted net income below £100,000, you can get your personal allowance back and potentially achieve an effective rate of tax relief of 60% on some of those contributions.

Pension contributions enjoy basic rate tax relief at source. However, higher rate relief must be claimed by completing a self assessment tax return. According to the Telegraph, up to a quarter of a million high earners are missing out. Make sure you are not one of them!

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ISAs

The annual investment ISA allowance is **now** £10,200 for anyone who is aged 50 or over at any time during the 2009/10 tax year. For anyone younger, the allowance is £7,200 although this will then increase to £10,200 for **all** on 6th April 2010. ISAs remain tax exempt and provide a valuable source of tax free income in retirement. All taxpayers should ensure that they use up as much of their allowance as possible before 5th April. The maximum allowance for cash ISAs is £3,600 which is increasing to £5,100 after April.

Personal Tax Allowances

You can make full use of your tax rate bands and allowances by transferring assets to your spouse or civil partner.

Inheritance Tax (IHT)

The Nil Rate Band (the limit below which IHT does not usually apply) will remain at £325,000 for 2010/2011 but you can ease the burden by using your annual gift exemption of £3,000 (and the same for 2008/09 if not used) together with your small gift exemption of £250 per individual per tax year.

HFP News

Congratulations!

Max Samuel has been with us since October 2004 and on 1st January 2010 he was granted full adviser status by the Financial Services Authority. In his new role he will begin to develop his own client relationships, under the supervision and guidance of our senior advisers.

Welcome!

Hot off the press, we are delighted to offer a warm welcome to Clive Smith who has just joined us. He brings with him considerable experience having worked within the industry for the past 28 years in many roles including adviser, paraplanner and supervisor. In his role at HFP he will act as an immediate support to the three senior advisers and we anticipate Clive playing a key role in the development of our business in the years ahead.

Our Website (www.hfp.co.uk)

Our new website is up and running. We have recently included a 'Best Buy' section and we are planning to add further functionality. Please take a look and let us have your comments or requests.

HFP Attempts a Paperless Office!

We have recently invested in an electronic document storage facility. This means that our records are easier to recall, more secure and we are doing our bit for the planet. Rest assured all your data is treated with the utmost confidentiality and this remains a priority for us.

Our Truly Independent Mortgage Service

Don't forget we are able to offer a professional, unbiased, whole of market mortgage service. Any initial discussions are free and we only charge a modest fee upon completion of your mortgage. This charging basis enables us to ensure that we offer true whole of market advice, which many mortgage brokers will not, even though they will not admit it! Of course the benefit to you is that we can offer the very best rates and service available.

Please contact Anna Needs on the usual contact number shown below or email her on anna@hfp.co.uk.

Retail Distribution Review (RDR)

Although this is the final item in this **Briefing**, it is probably the most significant. Attached is the first in a series of communications designed to keep you informed of the changes that RDR will bring and how these will affect our dealings with you.

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