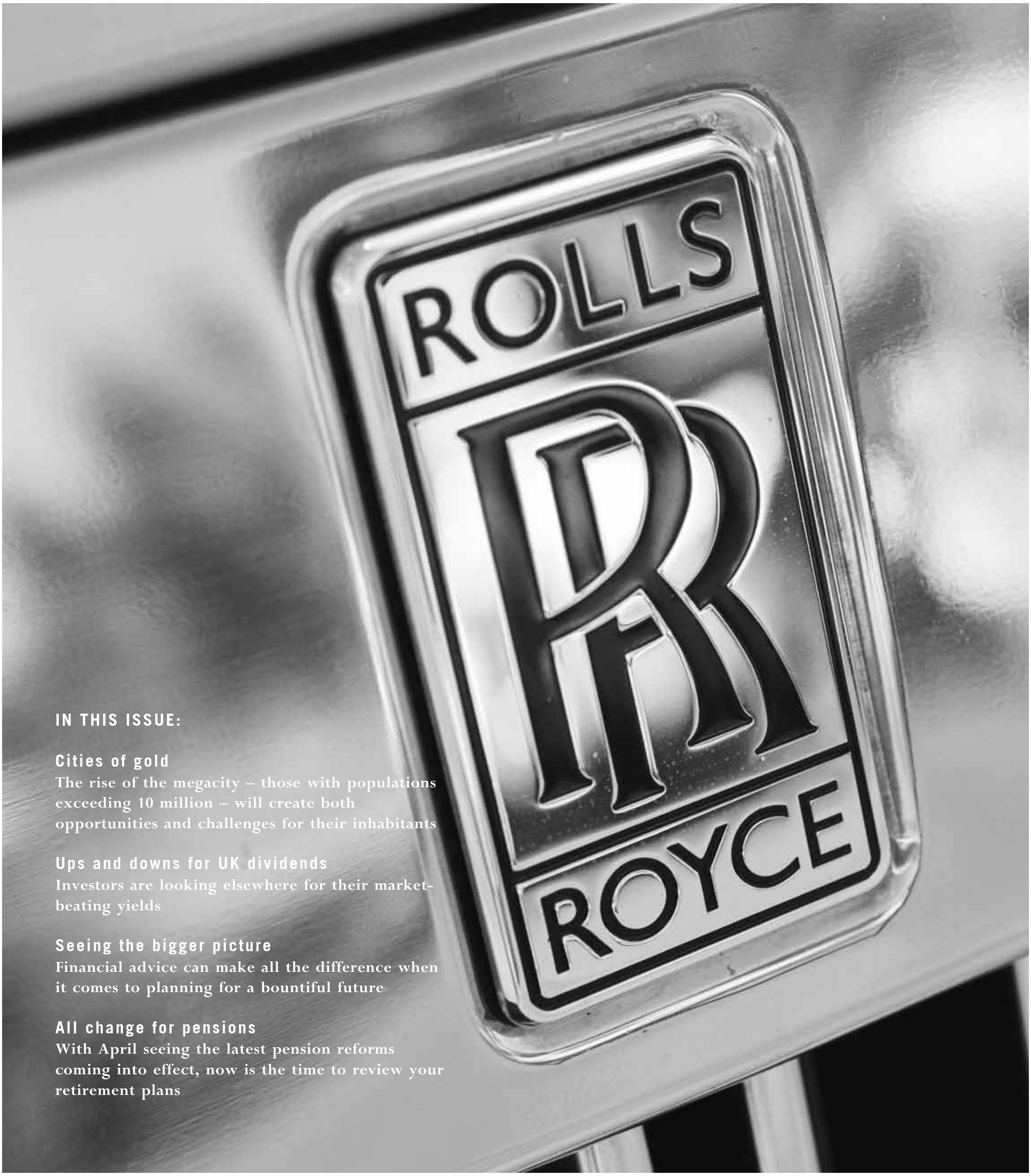
# LIBERTYVIEW

INVESTMENT NEWS FOR CLIENTS OF LIBERTY WEALTH MANAGEMENT • ISSUE 03 • SPRING 2015

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# Welcome to Liberty View

**Welcome to the third edition of Liberty View, our client focused newsletter.**

We enter 2015 with the usual mixture of optimism and fear as confusing messages from the media dominate the headlines. We all agree a headline needs to have impact and drama for it to be worthy of being described as a headline. Hindsight tends to prove that some headlines are more or less accurate than others but rarely are any precise. What will happen to the Eurozone, are Greece in or out and what will be the outcome of our election in May. Clearly we can make predictions based on certain outcomes but as we do not really know what these will be, what is the point in spending energy and time trying to 2nd guess?

***Investing is all about diversification and attitude to risk coupled with the best fund managers and trusted face to face advice.***

***This all sounds very familiar to me.***

So what of predictions for the FTSE100?

| 2014 Predictions | | 2015 Predictions | |
|---|---|---|---|
| Morgan Stanley | 7,220 | Morgan Stanley | 7,200 |
| Barclays | 7,400 | Barclays | 7,300 |
| Citi Group | 8,000 | Citi Group | 7,700 |
| FTSE100 ended 2014 | 6,566 | FTSE100 will end 2015 | X,XXX |

The answer of course is they do not really know what will happen, however they all predict the FTSE100 ending 2015 on a record high and on average 12.7% higher than it finished in 2014. Do you think the FTSE100 will grow 12.7% this year?

Talking of predictions, Alan Shearer predicted that Manchester United would win the Premier League in 2014 and Hull City would be relegated. Manchester United finished 8th and Hull City stayed up. Perhaps Alan should get a job with Morgan Stanley, Barclays or Citi Group?

Enjoy this edition of Libertyview and I look forward to seeing you all at some point in 2015, but that is only a prediction.

**Lee Devonald** Principal
Liberty Wealth Management

FEATURES



Integrity. Excellence. Trust.

ANALYSIS

# *Ups and downs for UK dividends*

***As the traditional sectors for providing generous dividends face tough conditions, investors are looking elsewhere for their market-beating yields***

Before the financial crisis, investors in search of income knew that certain sectors could be relied upon to deliver generous dividends and market-beating yields. Banks were always at, or near, the top of the list; food retailers and utilities were good bets, too, as were the big pharmaceutical companies and oil and gas majors.

Today, the picture is quite different. Most banks struggled to survive the financial crisis and, although HSBC still offers a reasonable yield, the sector as a whole has little appeal for the income investor.

As for the food retailers, 2014 was their annus horribilis. Tesco is forecast to pay a dividend of around 4.6p for the 12 months to February, a third of the 14.76p it paid out at the same time in 2014. Analysts do not expect a recovery any time soon, with the dividend for 2015 expected to be just 5.3p.[1] Tesco delivered the most headlines last year but Morrisons was not far behind, and Sainsbury's also signalled that dividends will be lower in the future.

"UK supermarkets are suffering from structural changes in the market, and it will take a long time for them to re-engineer their business models," says Justin Cooper, head of shareholder solutions at Capita Asset Services.

The outlook is far from certain for other erstwhile income sectors, too. Utilities have become political footballs and their fate will not be known until after the general election.

Oil and gas majors BP and Royal Dutch Shell have traditionally been among the highest dividend payers in the market, but last year they were hit by rising costs and a strong pound in the first half, followed by falling oil prices in the second. If lower oil prices continue, dividends are almost certain to be affected.

And yet the future is not all bleak. Capita predicts that underlying dividends in the UK will rise 5.5% to £83.7 billion this year, having increased by less than 2% last year.

Over the long term, too, dividends have been growing steadily, as Chris Reid of Majedie, manager of the St. James's Place UK Income fund, points out. "Income from the FTSE All- Share has increased by an average of 7% per annum over the past 10 years.[2] We have some fantastic income providers in the UK," he says.

Dividend growth across the market is clearly a positive trend, but deeper analysis provides further clues about where best to look for income, not just now but in the future. FTSE 250 dividends are increasing significantly faster than those in the FTSE 100, albeit from a lower base.2 In the third quarter of last year, for example, the main index accounted for almost 89% of total pay-outs, but dividends fell 1.1% year-on-year. The FTSE 250 accounts for just over 9% of total pay-outs, but dividends within the index rose 7.6%.

"The FTSE 100 is unusual because so many companies report in dollars or euros and derive profits from overseas," says Cooper. "So when the pound is strong, dividends suffer, particularly if they are declared in dollars and then converted to sterling. Equally, these companies are more sensitive to global economic turbulence. Mid-cap stocks are more domestically oriented, and tend to be more cyclical, so they do better when the UK economy is recovering."

Housebuilders are an example of this trend. Not only have they recovered dramatically from their post-crisis lows, but they are also determined to adopt a more disciplined approach to capital – and that means returning more money to shareholders through dividends rather than investing in overpriced land. In other words, they are making sure that the amount they pay out in dividends is well covered by earnings. Dividend cover, calculated by dividing earnings per share by dividends per share, is a key measure for income investors; the higher the cover, the greater the security of the dividend payment is likely to be.

"When you are looking for dividend growth, the most important thing to look for in terms of sustainability is cover," says Alex Stewart from broker Shore Capital. "On that basis, buying the highest-yielding stocks may not always be the best policy. Investors should instead focus on security of income flow. A company such as food producer Cranswick, for example, has raised its dividend every year since its IPO (initial public offering) in the 1970s. That's sustainable growth for you."

On a sector basis, tobacco stocks, large alcoholic drinks companies, telecoms providers and transport groups are often mature businesses, with a tendency to reward their investors. The first two may raise eyebrows among ethical investors, but smoking and drinking continue to deliver profits, while telecoms

**If lower oil prices continue, dividends are almost certain to be affected**

**Vodafone returned almost £16 billion to investors in the first quarter of last year**

stocks such as BT, Vodafone and even TalkTalk tend to generate plenty of cash.

Vodafone has traditionally been one of the largest dividend payers in the UK – in the first quarter of last year it returned almost £16 billion to investors following the sale of its stake in US mobile operator, Verizon. Now a smaller business, it has pledged to remain a generous distributor of dividends in the future.

Of course, predicting where income growth will come from is not an exact science. Majedie's Reid adopts a focused approach, seeking out companies that are likely to pay market-beating dividends in the future: "You have to look for companies that are raising their game. We look at their six-year history and their forecasts for the next three years. We then carry out four tests: how they make money, the strength of their balance sheet, their competitive position and their valuation. The idea is that the 60 or so companies in our fund will leapfrog the competition over three years."

Reid's approach is highly specific but, like other income seekers in the market, he believes earnings cover is crucial.

*"It is a question of looking at the dividend, seeing how much it costs and how much it is covered. For us, the cash dividend cover should be 1.3 times and rising."*

With interest rates still at historic lows, the search for income is increasingly important. Against that backdrop it is worth noting that, even though income from the FTSE 100 fell last year, the index is still yielding around 3.5%. It is reassuring to know that the main index still beats bank accounts hands down.

*1. www.digitallook.com*

*2. Majedie Asset Management, December 2014*

*The information contained within this report, does not constitute investment advice. It is not intended to state, indicate or imply that current or past results re indicative of future results or expectations. Full advice should be taken to evaluate risks, consequences and suitablitity of any prospective fund or investment. Where the opinions of third parties are offered, these may not necessarily reflect those of St. James's Place.*

*The value of an investment with St. James's Place will be directly linked to the performance of the funds you select and the value can therefore go down as well as up. You may get back less than you invested. Equities do not have the security of capital which is characteristic of a deposit with a bank or building society, as the value and income may fall as well as rise.*





# Seeing the bigger picture

**Financial advice can make all the difference when it comes to planning for a bountiful future**

Between 2009 and the end of 2013, the number of financial advisers in the UK fell by 15%, according to research from the Association of Professional Financial Advisers. That reduction reflects the drive to greater professionalism in the industry by regulators through the Retail Distribution Review, which introduced new rules on the training and competence of advisers, and the way they are paid by clients.

Yet the need for impartial, professional financial advice has never been greater. Mis-selling scandals, the increasing complexity of financial products and the growing imperative for us all to save more for our retirement means that even the most informed of investors will be in need of expert guidance. The government recognises this through initiatives such as the free pensions guidance to be offered through organisations including Citizens Advice and The Pensions Advisory Service. Guidance is a good start, but advice will be vital, and not just to ensure people make the right retirement decisions.

The regulatory changes have also spawned a wave of internet services, including fund supermarkets and companies claiming to be able to build investment portfolios based on little more than a lifestyle questionnaire. While these services, whether from the government or private companies, may be able to guide investors on the options available, they cannot, and do not claim to, offer tailored advice based on an individual's circumstances, goals and financial position.

Adrian Batchelor, director of the Academy – the training college for St. James's Place Partners – says:

*"The financial world is becoming ever more complex. We have specialists whose sole purpose is to pore over legislative changes, over every page of the Budget, to work out the implications for our clients and to keep our Partners up to date. I don't know how people without access to that kind of information are meant to cope. It's very difficult without that knowledge."*

**ANALYSIS**

Batchelor points out that in real life people rarely have just one financial need in isolation. 'You might start by thinking you need to sort out your pension, but the ensuing conversation with your adviser could reveal that there are other gaps in your financial planning,' he says.

Some financial decisions, such as opening bank accounts or sorting out home insurance, can easily be done independently. For the bigger issues, particularly those which require some forward planning, good financial advice is vital. Without advice, it can be hard to see the big picture: to appreciate how all the products and investments interact and combine; to assess where the gaps and imbalances are; and to define what needs to be done so you can achieve your goals.

There is growing evidence of the tangible benefits that professional advice can bring. Research conducted by insurance company Standard Life in 2014 shows how financial advice can fill in those gaps in an investor's knowledge. The survey found that consumers who have taken pension advice during their working lives have a more realistic view of how much they need to save to produce sufficient retirement income. As a result, they end up with pension funds twice the size of those who did not seek advice, at an average of £74,554 compared to £37,277 for those going it alone.

There is a detailed process that a financial adviser goes through to ensure a client's financial plan is correct for the client at the outset, backed by regular reviews to ensure that the plan remains appropriate and is on course to achieve the goals – something that DIY investors will often neglect.

*"It is also easy to overlook the fact that attitudes towards risk change over time."*

One action that is easily overlooked by people doing their own financial planning is risk assessment. Investors should be familiar and comfortable with the concept of having their attitude to risk assessed as it should be one of the first activities undertaken with their financial adviser. It is, however, too easy to forget about risk after the initial assessment and to concentrate on performance instead. Indeed, assessing the risk and volatility of different investment vehicles is something that an ordinary investor would find very hard to do alone.

Also, investors should adjust their portfolios over time, for example, as they approach retirement or as circumstances change. Without an adviser, will the right choices be made?

A good financial adviser will want to review attitudes to risk at regular intervals to ensure that your financial plan and investment portfolio are still true reflections of your attitude and aspirations.

Even when you believe you have done everything you possibly could to anticipate changes in your own circumstances, the government may introduce legislation, change rules or develop new products that make a review of your finances essential.

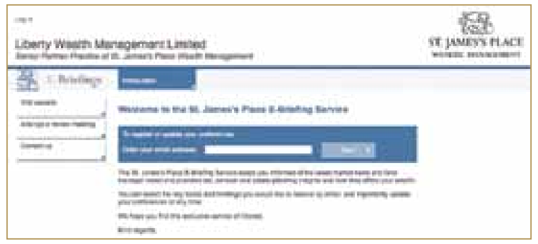
There is evidence that the financial service industry is now adapting well to the rigours of the Retail Distribution Review, with the number of advisers now showing a slight increase and evidence of growing professionalism across the industry. That is welcome in an industry so vital for everyone's financial future.

**Investors should be comfortable with the concept of having their attitude to risk assessed**



**SPECIAL REPORT**

# *Keep yourself E-Briefed*



To keep up to date with the latest economic and financial developments, the majority of people now turn to computers, phones and tablets to get their daily news. We are pleased to introduce our new E-Briefing Service, to ensure you remain up-to-date on the latest market, investment and wealth management news.

Our enhanced levels of customer service ensure that you're not given just a generic newsletter with information in that isn't relevant to you – you have the choice to pick the subjects your E-Briefing covers, so you receive your own specially compiled communication.

The choice covers the latest market news, economic updates, fund manager views and insights on tax, pension and estate planning and how they affect your wealth, as well as information to help you run your business. Most importantly, you can change your preferences at any time, as life moves forward.

Once you sign up online at www.libertywm.co.uk you will receive regular emails inviting you to click through to both informative longer feature articles and quick, easy-to-digest bullet points.

*Liberty Principal Lee Devonald said: "There is a monthly client briefing outlining all the major issues of the time, as well as those crucial daily, monthly and annual investment market updates."*

"We always advise clients to keep themselves as well informed as they possibly can, and there is no better, easier way than the new E-Briefing service. There is no doubt about it, the financial sector can be extremely complex and the more clients that understand the advice we give, the more of a partnership we can form in working towards their goals."

Another simple and effective way to help understand the overall issues surrounding your finances is to tune in to Liberty TV. Available again through our website, these short films address issues such as retirement planning, inheritance tax and investment planning.

"We've designed the Liberty website to be so much more than just a showcase for us," added Lee. "We want it to be a valuable resource for people to use in enhancing their financial knowledge. We are really pleased with the response we get from those that are signing up for E-Briefing and watching the films through Liberty TV, and our pledge is to keep this information stream coming."

To register for E-Briefing, visit our website www.libertywm.co.uk and click the E-Briefing Service on the homepage. Simply enter your email address where prompted and you will be taken to your E-Briefing page, where you can customise which communications you would like to receive. By selecting the 'Your Preferences' tab at the top of the page, you can also request to receive information about specific products and services we can provide you with.

We hope that you enjoy this new service and look forward to hearing any feedback that you may have.

**"We want E-briefings to be a valuable resource for Liberty clients to use in enhancing their financial knowledge." Lee Devonald**

ANALYSIS

# Cities of gold

**The rise of the megacity – those with populations exceeding 10 million – will create both opportunities and challenges for their inhabitants**

Technology and globalisation are creating an explosion in the number and size of cities worldwide. More than half of the world's population now lives in a city; by 2050 the proportion will have risen to 66%, according to the UN. Four years ago there were 350 cities of more than one million inhabitants; by 2030 there will be 435. The UK currently has two cities – London and Birmingham – whose populations exceed one million; by 2030 China alone is expected to have 128.

These cities, however, are small in comparison with the handful of megacities that have sprung up over the past few decades, each with more than 10 million inhabitants. In 1990 there were 10 of these, but by 2030 there are expected to be 41.

Cities create both opportunities and challenges for their inhabitants and those who run them. At their best, they can be dynamic centres of creativity, enterprise and sustainable living. "Cities are our greatest invention," says professor Richard Florida of the University of Toronto, an urban theorist. "They generate wealth and improve living standards while providing the density, interaction and networks that make us more creative and productive. They are the key social and economic organising units of our time, bringing together people, jobs and all the inputs required for economic growth."

Cities characterised by innovation, enterprise and culture attract like-minded people, creating a multiplier effect. San Francisco today is at the heart of a high-tech start-up boom, with young technology companies choosing to be there rather than the suburbs of Silicon Valley. IT companies don't require large physical premises, but depend on creative designers who need to be with other people that have ideas and energy.



Cities can also be more environmentally friendly; political economist Edward Glaeser has demonstrated how city living reduces $CO_2$ emissions because people tend to drive less and live closer together. Doubling a city's size also has the potential to increase income, wealth, patents, start-ups and universities; but need not involve doubling the number of petrol or train stations, or water pipes and electricity cables, because the existing infrastructure is utilised more efficiently.

Without adequate investment and planning for education, health, housing, environmental and other services, however, cities can descend into squalor. Glaeser has demonstrated that, when a city doubles in size, serious crime also goes up by 16%. The geographic shift in the world's economic balance of power is also likely to put pressure on rapidly growing cities to provide healthcare, education, housing and other key services.

Most of the new generation of megacities will be in emerging economies, creating a shift in the world's demographic balance. Indeed, three countries alone are expected to account for 37%[1] of the projected growth in the urban population by 2050 – India, China and Nigeria. That means that roughly one billion more people in emerging economies will become significant consumers.[1] Evidence suggests that as cities expand, income inequalities increase; and that the bigger the city, the greater the income disparity. Some two-thirds of the world's urban population now lives in cities where income inequality has increased since the 1980s.[1]

In China, for instance, the exploding urban population has had a marked impact on income disparity. In 2001 the difference between the average income of the 10% richest and 10% poorest households was 13 times. By 2011 the difference was 35 times.[2] Large cities lure the unqualified from remote areas, or abroad, and at the same time magnify the returns of the skilled and talented, leading to income polarisation.

This is by no means just a problem for developing economies. London is a relatively wealthy city by world standards, but a study in 2011 showed that while the most affluent districts had no inhabitants on unemployment benefit in the previous year, in the most deprived areas, some 29% of inhabitants received benefits.[3] The only place in the UK with a greater income disparity was Rochdale.

Technology, however, could make a big difference. A number of cities, including Chicago, Rio de Janeiro, Boston, Barcelona and Stockholm, have demonstrated how 'smart' planning can help by using IT management and control to improve the quality and efficiency of city services.

Smart cities generally need strong political leadership, and to be relatively independent from central government policy. They tend to have a mayor's office or similar body that is able to work across the city with different organisations – environmental, education, transport and so on – and place a great emphasis on the technological training of their citizens.

Chicago has invested heavily in broadband infrastructure and projects to encourage technological innovation since the election of mayor Rahm Emanuel, a former Whitehouse chief of staff, in 2011. His efforts to increase minimum wages, encourage tourism and invest in transport and technology – with initiatives to roll out broadband and offer widespread digital education – appear to have been his most successful civic initiatives.

There seems little doubt that, to compete at the top of the table, tomorrow's cities have to be smart.

*1 United Nations, October 2014*

*2 World Bank, August 2013*

*3 Communities and Local Government Statistical Release, March 2011*

**London and Birmingham – whose populations exceed one million; by 2030 China is expected to have 128 cities with that number**

**ANALYSIS**


# All change for pensions

***With April seeing the latest pension reforms coming into effect, now is the time to review your retirement plans***

The pensions industry is in the throes of a revolution. A wave of reforms taking effect in April will bring more flexibility to everything, from the way benefits are taken to what happens on death. They will affect everyone with a defined contribution pension, and everyone should seize the opportunity to review their retirement plans to make the best of the changes.

These reforms apply only to those with defined contributions schemes, where a set amount is paid into the fund and the benefits depend on the amount accumulated. The reforms touch all the key areas of pensions: the tax-free lump sum; how income can be taken from the fund on retirement; the so-called 'death tax' on pensions left in an estate; and the level of contributions that can be made after some funds have been drawn from the pension. The impact of all four will be far-reaching.

Ian Price, divisional director for pensions at St. James's Place, says: "These changes mean that, from April, everyone with a defined contribution pension will have far more choice about how they take their pension benefits. But the decisions about how to use these freedoms are not easy ones and it is essential that everyone takes appropriate advice to ensure they opt for the right solution for them." Most pension funds allow their members to take a tax-free lump sum of up to 25% from their fund.

The first reform means that, from April, it will be possible to withdraw amounts directly from the fund without having to enter drawdown or buy an annuity, with a quarter of each such payment being tax-free. For example, someone with a £100,000 pension pot could choose to take £25,000 at once, with all subsequent withdrawals taxed as income; or they could take 10 payments of £10,000 each, with £2,500 of this paid free of tax.

That could be an attractive option for those who do not need a large sum of cash. Not only does it allow some tax planning, it also means that the funds remain invested in the pension for longer, potentially earning greater returns. That brings us to the second reform: the scrapping of restrictions on using 'drawdown' – taking a regular income from your pension while leaving it invested. The current system has financial constraints regarding the maximum amount that can be drawn from pension funds.

From April, there will be complete freedom over how to take benefits, from taking the whole fund at once (dubbed the 'Lamborghini option' after pensions minister Steve Webb said individuals were free to blow their retirement savings on one if they wished), to taking lump sums as required, or drawing a regular monthly income.

But the objective of a pension fund should be to provide regular income in retirement; so withdrawing everything is likely to be sensible only if the funds are small, or in exceptional circumstances.

There are tax implications to be considered: any amounts withdrawn over the tax-free lump sum described above will be taxed at the marginal rate, so a basic rate taxpayer will pay 20% tax; but if the pension withdrawal pushes income to higher levels, it will be taxed at 40% or 45% as appropriate.

*"Everyone will have far more choice about how they take their pension benefits."*

But the new rules will mean everyone over the age of 55 has the opportunity to choose how and when they take their pension benefits. While some may still opt for the certainty of a regular income, whether through the purchase of an annuity or through drawdown, others will welcome the freedom to dip into it occasionally.

The third major change is to abolish the 55% tax, which is currently charged on lump sum death benefits from pension funds being used to provide benefits like income drawdown. From April, pension funds left by anyone dying before the age of 75 will be free of tax if they are taken as a lump sum, or the beneficiaries draw an income from it. They will only be subject to tax if dependants of the deceased choose to buy an annuity; otherwise there will be no Income Tax to pay.

If the death occurs after the age of 75, there are three options, all with different tax implications. The beneficiaries can take the whole fund as a lump sum, which will be subject to a 45% tax charge. They can take a regular income through drawdown; or, if they were dependants of the deceased, they can use it to buy an annuity. In the latter two cases, the income will be taxed at the beneficiaries' marginal tax rate. Lastly, they can take lump sum income payments through drawdown as required, which again will be subject to tax at marginal tax rates. Assets in pension funds at death will usually remain outside the Inheritance Tax system.

Personal pension contributions on which you can claim tax relief are restricted to 100% of earnings, up to a maximum of £40,000 a year, and this will not change after April. But a new lower maximum of £10,000 a year will apply once withdrawals above the tax-free lump sum are taken. The reduction in the annual allowance to £10,000 won't apply if you enter capped drawdown before 6 April 2015 (and stay within the income limits) – but it also won't apply if you buy a lifetime annuity.

**The new rules will mean everyone over the age of 55 has the opportunity to choose how and when they take their pension benefits**

The government will allow those in private sector defined benefit schemes – such as final salary schemes – to switch into a defined contribution scheme. That could mean you lose the very valuable benefits that many of these schemes have; so it is essential that anyone considering such a step takes financial advice.

Indeed, in recognising that the new system is complicated, the government is arranging free guidance which will be available from organisations such as The Pensions Advisory Service. While 'guidance' will explain what people can do, most people want to know what they should do; so advice remains essential. Among the many issues that will need to be considered is the balance between pension and ISA savings. Payments into the latter do not receive tax relief upfront, while pension contributions have tax relief at the highest marginal rate. In addition, ISA proceeds can be taken tax-free, while pension income is taxable. The reforms mean it is essential to seek advice to find the best balance between the two.

The reforms may not yet be complete: there is speculation that the quid pro quo for giving pensioners greater freedom in how they use their money will be a restriction of the tax relief on pension contributions; although there has so far been no official statement on this.There are already indications that pension savers plan to make full use of the new freedoms. A survey by the National Association of Pension Funds found that a quarter of people intended to take all their pension in cash when the regulations are changed. While many of these had other income they could use to fund their retirement, one in five of those planned to do this regardless of whether they had funds elsewhere. On the positive side, however, more than half of those questioned – 58% – would prefer to use their fund to generate a regular income. That will remain the priority for many investors, regardless of the new freedoms.

The changes to the inheritance rules for pensions have attracted particular attention, with some commentators suggesting that the scrapping of the death tax gives significant opportunities for estate planning. Ian Price cautions against getting too excited by the changes. He points out that for the vast majority of people the key objective will be to ensure that their pension fund provides enough income for them throughout their retirement, rather than to view it as an Inheritance Tax saving mechanism.

A 65-year-old man, for example, could expect to live for a further 22 years, and a woman 24 years – that means income from a pension fund could have to last for a considerable period. Average pension sizes also remain worryingly low: the mean size of a pension fund used to buy an annuity was just £38,600 in 2014, according to the Association of British Insurers. While that average is after any lump sums have been taken, and excludes larger funds where the pensioner opted for drawdown, it does highlight the low level of pension savings in the UK – something that these reforms, and other initiatives such as auto enrolment, are intended to address.

*The levels and bases of taxation and reliefs from taxation can change at any time. The value of any tax relief is generally dependant on individual circumstances.*





# ISA Allowance, use it or lose it

**The allowance for this tax year will be lost unless you invest by 5th April**

## Don't let the upcoming ISA allowance deadline slip by

It isn't often that the Chancellor gives Britain's hard-pressed savers and investors something to cheer about. But since last summer, George Osborne has provided some good news for those looking to secure their financial future.

The increase in the annual ISA allowance to £15,000 in July 2014 now makes this tax saving opportunity nearly 30% bigger than it was before. What hasn't changed though is that the allowance for this tax year will be lost unless you invest by 5th April.

Lee Devonald, Principal of Liberty Wealth Management, said: "The full tax-saving and investment benefits of ISAs can only be achieved by investing for the long term in assets offering the scope for attractive levels of income and capital growth. There are signs though that savers increasingly believe that Stocks & Shares ISAs potentially offer a better use of this valuable tax break."

The changes also now allow full flexibility in the use of cash and investments within the overall annual limit. Previously the allowance was split half and half between cash and investments, but now you can choose what percentage you want to put into what pot. However, the average instant access Cash ISA account currently pays interest of just 1.08%*, which means a basic-rate taxpayer depositing the full £15,000 would save tax of just £32.

"Depositing your ISA allowance in a savings account on which the returns may fail, even to keep pace with inflation, feels like a wasted opportunity," adds Lee. "Whilst clients will need to keep a certain amount of instant access cash to hand, we always like to see the people's long term savings working harder for them."

Our clients have entrusted us with £9.3 billion of ISA investments, which makes St. James's Place Wealth Management the largest Stocks & Shares ISA provider**. Through our distinctive investment management approach we can help our clients create a diversified and balanced ISA portfolio to stand the test of time.

If you are considering investing in an ISA before the end of the tax year, or want to find out more about how your existing ISA portfolio could work harder for you, please contact Lee or one of the Liberty Wealth Management team on 01375 656020 or email info@libertyfp.co.uk.

**Source: Bank of England, December 2014*

***Investment Management Association, November 2014.*

*The favourable tax treatment of ISAs may be subject to changes in legislation in the future. An investment with St. James's Place will be directly linked to the funds you select and the value can therefore go down as well as up. You may get back less than you invested. An investment in a Stocks & Shares ISA will not provide the same security of capital associated with a Cash ISA.*

**SPECIAL REPORT**

**After a tour of P&A Wood's new showroom, test drive the latest Rolls Royce models**

# 2015 Liberty events calendar

### *Friday 17th April 10.30am to 4pm – Tour of P&A Wood, Dunmow, Essex*

If the smell of vintage leather and petrol is your kind of fragrance, this is an event not to be missed. This legendary company specialises in sales, service and spare parts for the entire range of Rolls-Royce and Bentley cars from 1904 to the present day. Set up by brothers Andrew and Paul Wood in 1967, the company is the only Rolls-Royce authorised accident repair agent in the UK.

You will be shown the state of the art engineering workshop, the showroom and, of course, the beautiful cars. There will even be an opportunity for a test drive.

This event is open to both Liberty clients and P&A Wood customers.

Georgina Wood from P&A Wood said: "Many of the vintage cars we restore are not just our customers' pride and joy but are also, in many circumstances, a highly valuable investment."

There is no charge for the day but donations are very welcome and will be split between Liberty's chosen charity St Lukes Hospice and the Stroke Society which is P&A Wood's chosen charity.



### *Thursday 18th June – 'Making Life Less Taxing' seminar at Boreham House, Chelmsford*

A chance to enjoy the Grade 1 listed splendour of Boreham House and catch up with Lee and the Liberty team on some taxing issues.

Subjects will include inheritance tax, and how the newly elected Government is going to approach taxation. Plus there will be an update on the economy and where to find the best return for your money.

### *Tuesday 21st July – Race night at Chelmsford City Racecourse*

Join the Liberty family at the newly refurbished Chelmsford City Racecourse for an evening right up close to the action. Liberty guests will enjoy a private area in the Fairwood Lounge, which is situated opposite the winning post. If the weather is fine, there is access to a private terrace with unrivalled views of your horse coming home first!

There is a choice of two bars, snacks are available and musical entertainment will be on offer after the race. And of course there is the all-important chance to have a flutter. A great evening to enjoy with family and friends, and a chance to catch up with Lee and the team.

### *Tuesday 10th November – 'How to invest and protect your wealth in changing times' at The Lawn, Rochford*

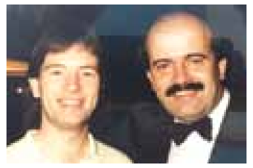
Enjoy the elegant surroundings of this gracious manor house, and a chance to hear from one of St. James's Place's asset management team. Subjects covered will include looking back at the financial decisions made since the election and how to minimise the tax you pay whilst aiming to maximise the return on your investment.

*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 and reliefs from taxation can change at any time and are dependent on individual circumstances.*

**IN THE SPOTLIGHT**

A young Ian pictured right, with some of snooker's greats.



# *Ian Edgeway speaks to Liberty View*

## *How the man from the Pru shared a Coca Cola with George Best*

**How did your 30 year career in financial services start?**

I started in the late 70s as a self-employed commission-only salesman for the Independent Order of Forresters, moving on to being 'The man from the Pru'. I then joined the Woolwich, merging into Barclays and then Britannia merging into the Co-op. The management side of things developed when I took on a team of advisors covering the North Essex and Hertford areas. But the credit crunch came about and I found myself seeking another role.

**What was it that you liked about Liberty Wealth Management?**

Fully qualified with the full diploma in financial services, I was introduced to Lee at Liberty and immediately saw the professional set up he has with a family-oriented team. There was a position available that suited both of us – I wanted to concentrate on a different area of the business away from the active advice-giving and Lee wanted someone to take on the compliance side of things so he could spend more time with his clients. A perfect fit!

**What does compliance involve?**

Financial services is now, quite rightly, heavily regulated and we have to follow many rules in order to ensure the advice we give is at all times well-formed and fair, and that we are acting with integrity. My role involves making sure we have all the information from all the companies our clients might be with, preparing detailed reports and ensuring detailed and clear records are kept.

**What about life outside work?**

I'm married to Andrea with three children; Aimee and Sam have now flown the nest and Callum is studying at Chichester Uni. I am a passionate Manchester United fan and enjoyed spending an hour alone in a bar with George Best towards the end of his playing career. He was my ultimate hero and actually came across as a very shy and lovely guy. He was on his own having a ploughman's and Coca Cola; I only wish he stayed on the cola forever. I also enjoy a game of golf at the Rayleigh club, representing the club with a very dodgy 7 handicap, and mountain biking regularly on a Thursday evening all year round in Danbury woods. I do miss my passion for playing snooker which had to stop some years ago due to age catching up and the need for glasses which meant I could not compete any more. I captained the Matchroom club at Shoeburyness and we played at some great venues against the best players in the world at that time, including Steve Davis, Terry Griffiths, Ray Reardon, Jimmy White and Will Thorne. I lost on the pink ball to Terry but managed to beat Will (Mr Maximum) who was number four in the world at the time.

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