carbon financial partners limited

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Chartered Financial Planners of the Year 2015

inside this issue

Carbon rewarded for "supreme commitment to the highest professional standards"

By Gordon Wilson, managing director

2015 has been a fantastic year for Carbon winning major UK awards. This is confirmation that we have achieved our initial goal of being recognised as one of the very best firms of financial planners in the UK. The biggest achievement of all was being named **Chartered Financial Planners of the Year 2015**. As this was our third consecutive year as a finalist, it was great to also be the winner.

Firms who have achieved Chartered status represent the pinnacle of firms in the UK, so to be named Chartered firm of the year is a very special accolade indeed.

According to the judges, "the corporate **Chartered Financial Planners of the Year** award goes to the firm which…. showed a clear and supreme commitment to the highest professional standards and the development of its people in the widest context, not just in terms of qualifications but also by demonstrating the ethical culture within the firm, and the way in which it promotes its Chartered status to clients and the wider public…. the firm is committed to offering a professional service in a consistent and transparent manner and has a progressive approach to developing its people and business."

Earlier in the Year, Carbon was named '**Adviser Firm of the Year (UK) 2015**' at the Professional Adviser Awards in London, and for the third year in a row we have been awarded the '**Gold Standard for Independent Financial Advice**'.

On an individual level, one of our Aberdeen-based financial planners, Paul Gibson, was named **Money Management Financial Planner of the Year 2015**.

Paul has won a number of individual category awards over the years but to win the overall title is a fantastic and well-deserved achievement.

So why are awards important to Carbon and what does it mean for our clients?

Awards are important because competition of this nature keeps us sharp and focused on being the very best we can be. It tests us against some of the most gifted practitioners in the field, and against the highest standards from across the UK. Winning major UK awards helps us to retain and attract the best people in the business. This means we can deliver advice and a service to our clients which is at a level which can compete with any firm in the UK, giving our clients absolute confidence to rely on us.

In order to win major UK awards you need to be professional and ethical, you need to be investing in your people, systems and processes, and you must be able to demonstrate that you are at the forefront of financial advice delivery in the UK.

It is our hope that our current and future clients will benefit from our commitment to the very highest standards.

Gordon Wilson can be contacted on 0131 220 0000 or by email at gordon.wilson@carbonfinancial.co.uk.

John Beattie interviews Carbon's Gordon Wilson

SCAN ME

To watch the video, scan the QR Code above or visit: www.carbonfinancial.co.uk/videos/

Keep calm and carry on

Barry O'Neill, investment director

If you have ever invested money you will know that when prices are rising, everything in the garden seems rosy, and you probably don't pay too much attention to exactly how much your portfolio is going up by.

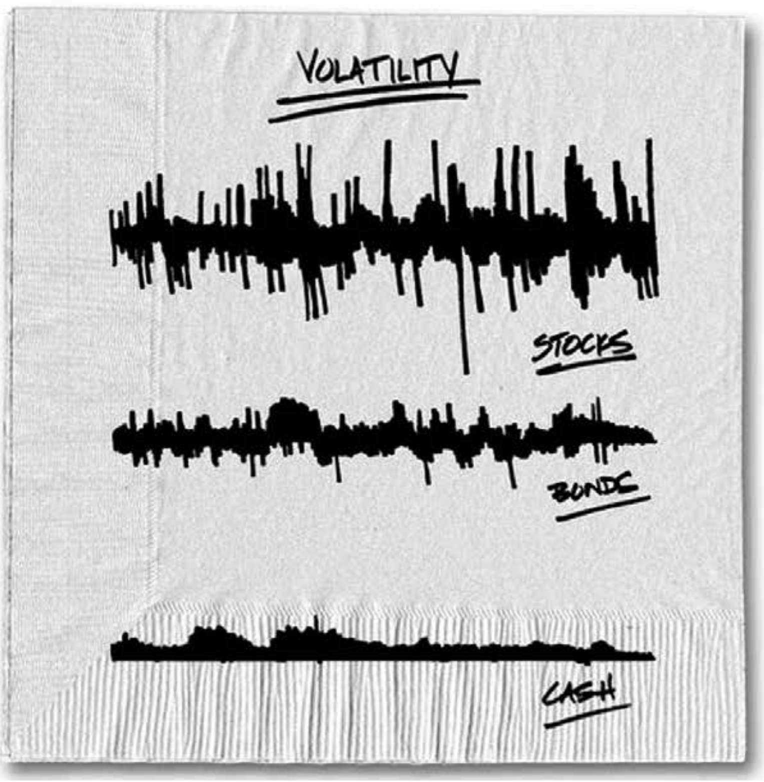
Conversely, when prices are falling, the temptation is to get carried away and start weeding and pruning your rose garden in an attempt to breathe new life into it.

The truth is that if you want to win the investing game, you need to get used to, or even ignore, the ups and downs of markets, as they are a constant.

We refer to the level of price movements over time as 'volatility'. Different types of investments have different levels of inherent volatility. As you can see from the sketch, shares are more volatile than bonds, which are in turn more volatile than cash.

We have experienced periods of very high stock market volatility in the not too distant past. Anyone who was invested throughout 2008 will remember that we had daily, yes daily, swings of up to +/-10% on the UK stock market. When you consider that a good year for shares might ordinarily bring you a 10% return, experiencing that level of gain or loss in a single day was pretty disconcerting. When prices are jumping around like that, making changes to your portfolio is fraught with danger, as buying or selling on the wrong day could cost you a fortune. Remember, it's about time in the market, not timing the market.

Now, we are not advocating that you never review or make changes to your portfolio, far from it. We constantly review our clients' portfolios to see if we can further improve the expected returns or reduce risk or costs. We have made subtle, incremental improvements to our portfolios over the past few years and we will continue to invest time and money into research that could help us build more efficient strategies.



Our clients regularly tell us that because they know we are doing all of this behind the scenes, it empowers them to get on with the really important things – like living their lives to the full and enjoying every day.

I often describe investing in terms of a journey. To stand the best chance of reaching your destination in one piece with minimum stress, you need to do the following:

- Avoid driving around aimlessly; know where you are trying to get to.
- Select the most cost efficient and least risky route.
- Check progress towards your destination regularly but not endlessly.
- Adjust your route only when you have veered off course significantly or your destination changes, not because everyone else seems to be heading in a different direction.

If you would like to discuss this further please contact **Barry O'Neill on 01224 633263 or at** barry.oneill@carbonfinancial.co.uk

Office News

Once again, Carbon's staff have enjoyed a successful quarter of exam passes. Graduate Trainee, **Gary Wright,** has been particularly hard at work, passing the Chartered Insurance Institute (CII) Financial Protection Diploma module and also Unit 2 of the Investment Management Certificate. Graduate Trainee, **Iain Harper**, has also achieved double success in passing the Financial Planning in Practice Module to secure his Diploma in Regulated Financial Planning, as well as passing R08, the CII's pensions update exam, which was also passed by Paraplanner **James Macaulay**. Graduate Trainee, **Ben Lingard**, passed the J10 Discretionary Investment Management unit to gain additional knowledge in this area, as well as to secure additional credits towards achieving the CII Advanced Diploma in Financial Planning.

We also have a number of staff members patiently awaiting the results of their October examinations, to be released in mid-December. We will let you know how they fared in our next newsletter!

Carbon is also delighted to welcome Graduate Trainee, **Liam Kerr**, to the team. Liam joins us from the University of Strathclyde, where he studied International Business and Finance.

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Chartered Financial Planners of the Year 2015

Are you planning to make the most of the new pension rules?

Richard Wadsworth, financial planner

Once upon a time, a pension was simply for providing an income in retirement, but now it is also a super-tax-efficient way of passing wealth down the generations!

In his recently published series of blogs, Richard Wadsworth, financial planner at Carbon, has been looking at some of the great new planning opportunities that have become available in the wake of the new pension rules. One very important implication that he has been focusing on, is how they now allow wealthier families to look after their children or grandchildren financially.

The new rules with regard to accessing your pension fund are now most likely familiar to you: you can access your pension fund any time you like after the age of 55, and you can take as much as you like, up to the entire value of the fund (although there might be very good reasons for not doing this). The new rules on pension death benefits, however, are less likely to be familiar, as they have received considerably less attention. But they too bring some excellent new planning opportunities, especially when it comes to passing wealth down the generations.

For example, you might have secured 40%, 45% or even 50% tax relief on contributions paid to a pension arrangement. Over the years, it has grown in a tax-favoured fund, and from the fund you have withdrawn 25% tax-free. When you die, even if you die after the age of 75, your remaining pension funds can pass to your grandchildren tax-free, provided that you directed them to be paid via pensions in their names.

This can be incredibly beneficial. The grandchildren may have university years ahead of them and they can now drip money out of their pensions to fund these. And because they have very little earnings during this period, if any, they can extract the money without paying any tax on it. After university, there would still be funds left in the grandchildren's pensions. Now, they can drip cash out, over a period of years, to help build a fund to provide a deposit for their own property. And since they are likely to be in their first jobs and therefore earning only modest salaries, the income they withdraw for this purpose might suffer just 20% income tax.

In this example, a pension has been an extremely tax-efficient vehicle by which to pass money down through the generations; certainly hugely more efficient than passing funds through your Will, which could attract inheritance tax at 40%.

If this is relevant to you, please speak to your usual Carbon planner or see www.carbonfinancial.co.uk/2015/05/ for more information as to how to take advantage of the new rules.

Richard Wadsworth can be contacted on 0131 220 0000 or by email at richard.wadsworth@carbonfinancial.co.uk

Kiltwalk raises funds for the Polar Academy

On 8th August ten of us dug out our walking boots and successfully completed the Touch of Tartan Perth Half Marathon Kilted Walk. The walk started at the Perth Aerodrome and followed the same route as the Perth Half Marathon which encompasses a mixture of paths, pavements, roads and trails, before reaching the finishing point at the city's North Inch. Thankfully, the rain stayed away and we all completed the walk successfully before enjoying some well-deserved refreshments. A special mention goes to financial planner, Stephen Rowntree, who completed the half marathon in a very impressive time of 1 hour 26 mins, 24 secs, as well as Carbon's Liz Paterson who organised the day for us.

Planning is already under way to surpass this year's achievement by entering a team into the 26 mile Edinburgh Kiltwalk next year!

We decided to take part in the walk to raise funds for a local charity, The Polar Academy. The Polar Academy unlocks the vast potential within the 'invisible and forgotten' young adults in our education system and turns them into positive role models for their community and families. Each year the Polar Academy will inspire and motivate thousands of young adults, positively demonstrating that by 'inspiration through exploration' anybody can achieve their potential. We are delighted to be able to support their very worthwhile organisation.

The content of this newsletter is for information only. It does not constitute advice. Before investing in any of the products referred to you should seek professional advice.

Our experts in the headlines

The Carbon team is often quoted in publications including Scotland on Sunday, the Telegraph, the Scotsman, the Herald and the Press and Journal.

You can view our most recent press coverage by visiting the website www.carbonfinancial.co.uk/blog/

The Press and Journal, November 18th
Six months on, Barry O'Neill looks at how savers are using their new found pension freedom.

The Press and Journal, October 27th
Paul Gibson looks at ways you can let the taxman help pay for your life insurance.

If you have any questions arising from the newsletter or if you have any other financial questions for our team of experts, please e-mail Alison Whyte on alison.whyte@carbonfinancial.co.uk or call any of the offices.

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Tax year end checklist

John Bell, financial planner

Effective tax planning can save you thousands but most allowances must be used by 5 April or are forever lost to the Treasury. Here are some of the biggest tax giveaways you should consider taking advantage of.

Maximise pensions

Pensions seem more valuable than ever with unrestricted income withdrawals from age 55 and the ability to pass funds to others without tax on death.

- This year provides a one-off opportunity for some to pay twice the amount (£80,000 in total) into pensions. Check with us if you qualify or at least use up the standard allowance of £40,000 and get up to £18,000 tax relief.
- Carry forward unused allowances to pay in up to £180,000 and receive up to £81,000 tax relief.
- Up to £3,600 can be paid to pensions for children or non-working spouses securing tax relief of £720 even if they do not pay income tax.
- The total amount of benefits you are allowed to have in all of your pensions is reducing from £1.25million to £1million at the end of this tax year unless you:
  - o pay no more contributions after 5 April, and
  - o apply for Fixed Protection 2016 (after 6 April).

This could potentially save you £100,000 so it is worth checking if you qualify.

Use ISA allowances

ISAs allow you to save money free of income tax and capital gains tax (CGT) and now give you the option to transfer your ISA balance to your spouse on death.

- Invest up to £15,240 into cash or stocks and shares ISAs.
- £4,080 can be invested in a Junior ISA or Child Trust Fund (which are similar to ISAs).
- 16 and 17 year olds can make Junior ISA or Child Trust Fund subscriptions of £4,080 plus cash ISA subscriptions of £15,240, i.e. £19,320 in total.

Reduce income tax

Simply using up allowances can reduce your tax bill.

- Paying into pensions, making gifts to charity or passing income-producing assets to a spouse can reduce income below your current threshold (of £10,600, £42,385, £100,000 or £150,000).
- Consider transferring £1,060 of unused personal allowance to your spouse (if they are a basic rate taxpayer).

Minimise capital gains tax (CGT)

CGT of up to 28% is charged on any profits (the 'gains') you make when you sell (or transfer) certain investments or assets, but only if this is more than your yearly allowance of £11,100.

- Sell part or all of an investment and buy a replacement to cash in a profit and use up your allowance (instead of paying tax on a higher profit in future tax years).
- Gift part or all of an investment to a spouse before selling it to transfer the profit (or gain) to use up their CGT allowance.

Use inheritance tax allowances

On death, the value of your estate above a threshold (currently £325,000) is taxed at 40% when passed to someone other than your spouse or a charity. The simplest way to reduce the value of your estate is to make gifts in your lifetime but you normally need to survive for seven years for this to work. To avoid the seven year clock:

- Consider using your annual gift exemption of £3,000 and last year's if not used, or
- Gift any amount of 'surplus income' provided it does not reduce your normal standard of living.

John Bell can be contacted on 0131 220 0000 or by email at john.bell@carbonfinancial.co.uk

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