

YOUR MONEY

Almary Green Investments

LOVEWELL BLAKE

Choosing an adviser

John Mee, director
Lovewell Blake
Financial Planning

WHEN you need financial or investment advice, how should you judge any firm you approach?

There is a whole range of advising organisations from the very small to the very large, some with well-recognised high-street names. Some will provide very detailed services, others quite limited options. Further, with countless numbers of contracts and funds available for any potential investor, how do you find out which are the most appropriate? And which organisations have the capability to undertake detailed research for you?

What is most important is that any advising firm should be able to demonstrate its ability to undertake research to identify contracts which they feel, given any client's personal circumstances, are the best on the market.

In addition, they also need to demonstrate they may advise you to invest in the top performing funds, which they anticipate will continue to provide good returns, while also having acceptable charges both initially and ongoing. This research needs to be repeated regularly and the firm needs to provide ongoing advice to you at intervals agreed at the outset.

Any initial consultation should be without charge with no obligation for you to proceed further, enabling you to gain an insight into the type of organisation you are dealing with.

Once you are happy with the firm, they should make themselves familiar with your own personal circumstances enabling them to provide you with some initial thoughts. They should then be in a position to summarise their recommendations in a detailed, easy-to-read report, confirming your objectives and how their advice will meet your needs. Understandably, this report should be open to further discussion to determine the best way forward for you.

Finally the firm should assist you to complete any documentation, ensuring all your contracts are set up correctly. Ongoing support remains essential to ascertain your contract or investments are reviewed to maintain performance, ensuring your finances remain on track and so providing peace of mind. It is often said that good financial advice is invaluable – no exaggeration.

The choice of the most appropriate contract can save you significant costs, with the most appropriate range of funds providing returns well in excess of others. Research, therefore, is vital. So, when you do need advice, always ask what services an independent adviser (IFA) can provide you, both initially and into the future.

Trusts are the key to tax efficient life insurance

Take the right steps to protect yourself properly when investing in life cover, says independent financial adviser JIM BARR

Many readers are doubtless bombarded every week with offers of life cover – in magazines, by e-mail and in their daily post.

Life insurance, as I have stressed before in this column, is something everyone should think about – and it plays a key part in people's financial planning.

I'm concerned, however, that tens of thousands of people buy 'term assurance' life cover direct from a provider each year without taking the simple step of setting up the policy within a trust that can guard any future payout from tax.

Take a straw poll across the UK today and I would suggest you would find 80% of people who hold insurance and pension policies do not have them written "in trust".

But surely the most important thing is that I have life insurance?

While having some life cover is better than none at all, it is most effective when set up in a trust arrangement and incorporated within an overall financial plan designed to deal with the unexpected. This should encompass not just insurance but also documents such as wills and Lasting Powers of Attorney, which can help save a huge amount of work later at what might be a very distressing time.

Life cover is a particular area where buyers – typically parents wanting to provide for children in the event of unexpected death – should be wary of what they are not being told.

Insurers are so keen to tempt us with well-priced offers they don't mention the importance of setting up policies so that the payout goes to a trust. Without the trust, the payout would be made directly into the deceased's estate, taking time to sort out paperwork and also becoming potentially subject to inheritance tax.

With the rise in web-based insurance, people are increasingly buying policies direct from life companies or via comparison sites, which can miss out this important step. Likewise, policies taken out when



PEACE OF MIND: Writing of insurance, pensions and wills in trust is simple, tax efficient and can save a lot of work at what can be a distressing time for families

mortgages are purchased are often seen as add-ons to the sales process, more often undertaken over the phone or online, again with little or no attention to trust writing.

Who do investors turn to for help?

Writing of insurance – and pensions – in trust is a simple procedure and one that is second nature to independent financial advisers. My colleagues and I at Almary Green have the appropriate documents with us when we visit clients to arrange a policy and this is always a subject we raise, as we have discovered this is often an area of omission in their financial planning.

Not having a policy set up in trust is effectively ensuring the

client will have a potential 40% inheritance tax liability on their estate. Given that pensions and life insurance can form the major part of the total wealth of an individual, not ensuring all our clients have these policies written in trust would be letting them down.

Anyone with concerns or queries about this issue should certainly speak to an independent financial adviser – for sound advice and peace of mind.

■ Jim Barr is based at the Ipswich office of Almary Green Investments and has over 35 years' experience of working in the financial services sector. He looks after the financial requirements of individual and corporate clients on a wide range



of protection, pension and investment needs. To contact Jim Barr call 01473 257973 or 01603 706740 or visit www.almargreen.com.

Contact us for a free initial consultation

01502 532290 - 07770 387587

89 Bridge Road | Oulton Broad | Lowestoft | Suffolk | NR32 3LN

Lovewell Blake
FINANCIAL PLANNING LIMITED

**Taking Care
of Your Future Finances**

Advisers in Ipswich, Bury St Edmunds, Newmarket,
Norwich and Cambridge

Head Office: Greenfields House, 10 Meridian Way, Norwich, NR7 0TA

Contact us: 01603 706740 | enquiries@almargreen.com | www.almargreen.com

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> Independent Financial Advisers