



BLACKTOWER FINANCIAL ADVISERS LIMITED

The Professional Forum Pensions Update June 2005

The run up to April 6 2006 (A Day) will see many clients requiring financial advice, to ensure they are not disadvantaged by the new regime. We can provide you and your clients with comprehensive advice, to ensure best use of these financial planning opportunities is taken.

- **Residential Property Purchase**

Clients wishing to buy residential property are building up their pension fund as they are aware borrowing will be limited to 50% of the net scheme assets. But individuals wishing to buy property abroad need to be fully aware of the possible tax and trust disadvantages, which could make such an investment inappropriate.

- **SIPPS/ SSAS Refinancing**

We are delighted to offer an exclusive commercial mortgage scheme in conjunction with Norwich & Peterborough BS, offering an interest rate margin of just 1.4% over Bank Base rate, with no lenders' legal or valuation fees to pay. A 1% arrangement fee can be added to the loan. Any further advances or remortgages should be structured and agreed before A Day, to avoid the limitation on borrowings.

- **End of A9 Concession**

Extra statutory concession A9 currently allows doctors and dentists the facility to waive the tax relief on their NHS pension contribution and then pension their total earnings via a personal pension scheme, with tax relief on those contributions. But is this still best advice, when one considers the April 2006 changes?

- **Funding for Cash**

The ability to fund solely for tax free cash from an occupational pension scheme will cease at A Day. Those clients who were never interested in pensions would be attracted by the fact that their fund can be taken as a tax free lump sum. Furthermore, after April 2006, these benefits can be taken without the need to retire. Do you have business owners or their spouses who are in this position?

- **Carry Back/ Forward to Cease**

In the future tax relief will be given in the year of assessment in which the contribution is paid. If your clients want their tax relief sooner or will pay a higher rate in the previous tax year, they should consider taking advantage of carry back while it is still available. Do you have clients with RACs who should be maximising the carry forward provision – perhaps they will be caught by the lifetime allowance? Perhaps they have Guaranteed Annuity Rates or are considering retiring shortly?

Our Technical Fact Sheet and Client Mailers are all available upon request and we would be delighted to arrange a presentation for your colleagues and clients if appropriate.

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