Sherwin Financial
Independent Financial Advisers

# Investment Update

Autumn 2012

## Sherwin Financial News

At Sherwins we have been busy this year preparing for the "Retail Distribution Review", which will affect us all from 1st January 2013.

The Retail Distribution Review (RDR) is a key part to the FSA's consumer protection policy. It aims to establish a resilient, effective and attractive retail investment market that consumers can have confidence in and trust, at a time when they need more help and advice than ever with their retirement and investment planning.

It has addressed three key issues within the industry: Knowledge / competency levels of the advisers; How an adviser receives payment for advice given; Clearly defined service agreements with clients.

Statistics from the FSA show that they are expecting approximately 18% of Independent Financial Advisers to leave the industry, as they will not be ready for this "new way" in 2013. Also we see in the news that many providers are opting for a "restricted proposition" rather than continuing with an independent service.

At Sherwins we are pleased to say that David, Terry and Amanda all hold the necessary qualifications, including their "Statement of Professional Standing", and we are ready to continue with an independent proposition in 2013.

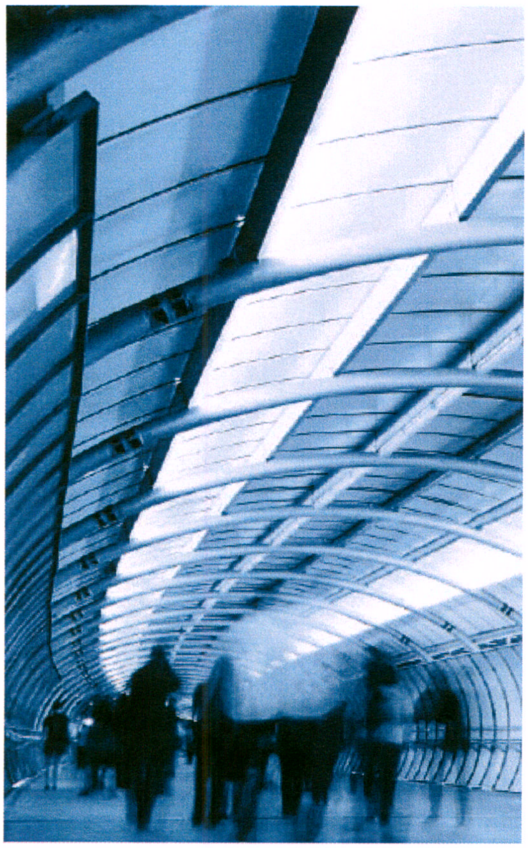
For many of you, this will not be new news as we have been discussing this with our clients for some time. However this is something that will be key in our future reviews, as we are keen to discuss the impact of the above, and where and how this will affect you, if at all.

Welcome to the Autumn edition of our newsletter, providing you with an update of the Financial Services Industry.

If you have any questions about the issues raised in this newsletter, please do not hesitate to contact us.

## Tax Year 12/13: Use your allowance

People often leave any thoughts of Individual Savings Accounts (ISAs) until the last minute, making their investment on the cusp of the 5 April deadline. Although the date is useful for focusing the mind, investing earlier in the tax year means investors enjoy the tax breaks for longer. Therefore, as we are now half way through, it is a good time to start planning where this year's ISA may be best invested and how to use the tax breaks most effectively. The allowance for 2012/13 has been increased to £11,280 and this can be invested either as a single lump sum, a series of smaller amounts or via regular monthly savings.



## Nest: Getting ready for 2012.

In the UK, we are now living longer and having less children. As a result, workplace pension schemes have come under increasing pressure, as they have to cover the income of retirees for longer, but with less investment. At the same time, people are not saving enough for their retirement through their own initiative. The Government has therefore become increasingly concerned about its ability to cope with future demand for state payouts.

Consequently, the Government has decided it is time to try to persuade more individuals to start saving towards a private pension. Their latest measure is the National Employment Savings Trust (NEST), which is set for implementation from October 2012. NEST is designed to encourage a greater level of saving and to open up access to saving for individuals who do not have a decent workplace pension scheme. Therefore, from October 2012, all eligible employees will start to be enrolled automatically into NEST, unless a suitable workplace scheme exists to take its place.

NEST's primary aim is to promote a savings culture, particularly amongst low-to-moderate income earners. It will affect those aged from 22 up to state pensionable age. These are earners who, in the past, have either not had easy access to independent savings or have simply opted not to take part.

Whatever your current situation, it is a good idea to start considering how you can meet the needs of your own workforce. Whether you employ two, 200 or even 2,000 employees, the earlier you beginning to consider your options, the better prepared for change your business will be.

** Eligible earnings are those between £5,564 and £42,475; this will increase in line with average earnings.*



## RDR overview

You may have heard about the Retail Distribution Review (RDR) but do you know what it is all about? RDR sets out to ensure that, as the client of a financial adviser, you are offered a transparent and fair charging system for advice; are clear about the service you receive; and obtain advice from highly respected professionals. As things stand, all the changes required for RDR compliance will come into effect on 31 December 2012 and will apply to every adviser across the retail investment market, including independent financial advisers, wealth managers and stockbrokers as well as banks and other providers of financial products.

## Contact

Curzon House, 3 Bramble Street, Derby, DE1 1HU. Tel: 01332 372387.
Email: life@sherwininsurance.co.uk.
Visit: www.sherwinfinancialservices.co.uk