



KEY FACTS & FIGURES – The UK Economy

BOE base rate	0.5%	December 2013
Unemployment	7.1%	Sep – Nov 2013
Inflation (CPI)	2.0%	December 2013

Source: Office of National Statistics

Agenda

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Base rate remains stable

UK interest rates have been kept on hold at a record low of 0.5% since March 2009.

Inflation Continuing to fall

- The Consumer Prices Index (CPI) annual inflation grew by 2.0% in December 2013, down from 2.1% in November. This is the first time that the Government's 2% target has been hit since November 2009.
- Upward contributions to the change in the rate came from gas and electricity price increases.
- The main downward contributions came from food, non-alcoholic beverages and recreational goods & services.

Unemployment Continuing to fall

- The unemployment rate for September to November 2013 was 7.1% of the economically active population, down 0.5% from June to August 2013. There were 2.32 million unemployed people, down 167,000 from June to August 2013.
- The employment rate for those aged from 16 to 64 for September to November 2013 was 72.1%, up 0.5% from June to August 2013. There were 30.15 million people in employment aged 16 and over, up 280,000 from June to August 2013.
- Total pay rose by 0.9% in the period August to October 2013, compared with August to October 2012. Regular pay rose by 0.8% over the same period. However, with all measures of inflation currently around 2% there continues to be a reduction in the real value of pay.

Independence – Delivering the Right Consumer Outcomes

As the financial advice industry narrows its scope with a move towards restricted advice for many firms, what are the benefits of truly independent, whole of market financial advice?

As with any industry, financial advice firms have to offer a range of services. This helps customers differentiate between these firms, and gives the marketplace diversity. The services on offer range from full, whole of market independent financial advice to firms offering restricted advice on a limited range of products. 2plan wealth management have always believed that full independent advice is best for the client. In fact, our whole philosophy and business model are built around this core belief that:

Our advisers act solely on your behalf;

Our advisers have your best interest at heart at all times;

Our advisers do not act on behalf of any product provider, bank or insurance company;

We have a commitment to provide transparent costs and charges;

We are our clients' trusted adviser;

We are the agent of the client.

As the agent of the client, it's our role to investigate the whole of the marketplace to find the most suitable solution for your needs. We have access to cutting edge research tools and financial planning specialists to make sure that whatever your financial needs, we can find the right product to meet them.

There are costs involved though, just as there are costs involved with any professional service. Where some advice firms have prescribed fees which take no account of individual circumstances, 2plan wealth management's focus on the client means that all advice fees and charges are agreed between the client and the adviser before any work takes place. This means that the client is in control, and most importantly, that the costs are known from the outset. There are no hidden fees, charges or commissions. Total transparency is a key part of our relationship with our clients and forms the backbone of the client relationship.

The true 'independent' advice sector is shrinking. Major players and high street names, including Sesame, St James's Place, Lighthouse Wealth, Positive Solutions and

Towry, are either restricted or are moving toward a restricted model. By remaining proudly independent, 2plan wealth management are well placed to lead the independent sector with innovative technology and research solutions, a client-focussed philosophy and a clear commitment to a whole of market viewpoint.

Where an adviser in your local bank is acting on behalf of the bank and advising on a limited range of options, your 2plan wealth management Independent Financial Adviser works solely on your behalf.

Ultimately, full independent financial advice is the gold standard. Restricted advice, whether it's restricted by advice area, product providers or both, is unlikely to be able to meet the full needs of a client, either now or in the future. Independent advice means free of provider bias and full access to the whole of the financial marketplace. There's no other way to receive such wide-ranging and transparent solutions, and 2plan wealth management are committed to providing independent advice to all of our clients, all of the time.



The Autumn Statement

On 5th December 2013, Chancellor of the Exchequer George Osborne outlined to Parliament the current state of the economy and the Government's spending plans.

While there are some clear winners and losers under this 'mini budget', the key areas for savers and investors are detailed here:

Non UK residents to pay Capital Gains Tax on gains made from disposal of residential property from April 2015. This is aimed at the currently overheated London property market and the high number of foreign investors buying property there. This is forecast to raise an estimated £15 million in 2017, rising to £70 million in 2019.

Personal allowance to rise to £10,000 from April 2014, then increase with Consumer Prices Index inflation from April 2015. This is a rise of £560 from the current allowance, and means that a typical basic rate taxpayer could be £112 a year better off.

The state pension age is expected to rise to 68 in the mid 2030s and then to 69 in the late 2040s; meaning that those of us born in the 1970s will have to work for three years longer than expected, and those of us born in the 1980s will have to work an additional four years until being able to claim the state pension. This is in line with the Government's expectations that people will spend up to a third of their adult lives in retirement.

The basic state pension will rise by £2.95 a week from April; this will bring the weekly state pension to £113.10.

Petrol taxes have been frozen, with the fuel duty rise in 2014 being cancelled. This means that fuel duty will remain at 57.95 pence per litre until the end of the current parliament in May 2015.

For rail commuters in England, train fares are to rise in line with inflation rather than 1% above RPI. This means that the rise due in January 2014 will be cut to 3.1% from 4.1%. Some train firms, however, have the option to increase some fares by 5.1% as long as other prices are cut elsewhere, a system called 'flexing'.

ISAs: The government will raise the ISA, Junior ISA and Child Trust Fund annual subscription limits in line with CPI in future years. This is further to the previously announced 2014-15 ISA limit which will be increased to £11,880 from the current level of £11,520 (half of which can be saved in a cash ISA). The Junior ISA and Child Trust Fund limits will both be increased to £3,840, and the limit for Cash ISAs will be £5,940 from April 2014.

Planning for Your Future

We all have goals in life. Small goals, big goals, goals for ourselves, goals for our children. A dream home, a comfortable retirement, a holiday home, a private education for our children, or a nest egg for our grandchildren.

We dream about achieving these goals. But how can we take steps to move our dreams closer to reality?

Whether you dream of that luxury cruise at retirement, or just paying off your mortgage, there are any number of goals that we have throughout our life. Some of these are practical, such as paying off the mortgage so that we can live in a house that we fully own. Perhaps we want a particular level of income in retirement. Others are based around our lifestyle- the holiday of a lifetime or the holiday home by the sea.

But what will these dreams cost? It's all too easy to get caught up in the emotive aspects of these dreams: picturing ourselves in our dream home or making plans for that once in a lifetime holiday, but we seldom, if ever, stop to consider how we turn these dreams into realities. This is a four stage process, and one where your Independent Financial Adviser plays a key role.



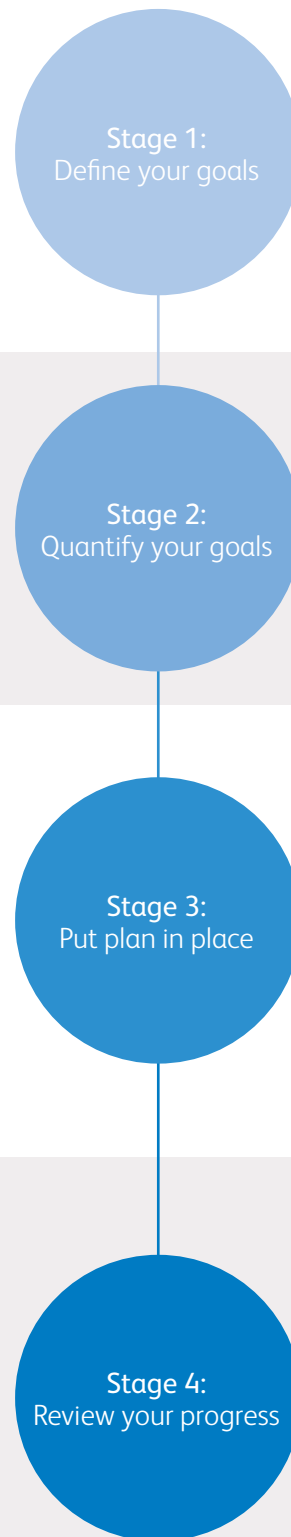
Stage 1 sounds easy, but we all need to take steps to decide what our goals are. Whether it's a comfortable retirement, an investment property or a private education, it needs to be defined. This first stage is crucial in establishing your future financial journey. Defining the goal isn't just about the amount of money you need, it's about the amount of time available to reach the goal. Identifying each of these will help you shape the journey in your own head, for example; what age will your children start their private education; when do you want to retire?

Stage 2 requires research and information. If you are looking at investment properties in a particular area, how much do they typically cost? If you want a private education for your children, how much are the school fees per year? Quantifying the costs involved can be as simple as checking a school's website for their fees, or the research needed may require professional input. If you want to retire with a particular income then you will need a pension pot that is able to provide that income.

Stage 3 is where the knowledge and expertise of your Independent Financial Adviser are essential. Once you've quantified your needs, your Independent Financial Adviser will work with you on putting together a financial plan which addresses these needs and is tailored to reaching these targets. Whether the course of action is investing a lump sum or making regular savings out of your income, this will be measured and recorded, with a financial plan put in place. This plan will be based on an objective analysis of the full financial marketplace and products available, a service that only an Independent Financial Adviser can provide.

Stage 4 is the most important of all. With such important goals, it's imperative that progress toward these is constantly assessed, with key milestones marked. Where progress is ahead of schedule, this can be an opportunity to reduce regular payments, decrease the amount of time allocated to the goal or even just maintain the current pace with a view to reaching the goal early. Where progress slips, your Independent Financial Adviser will amend the plan, recommending that you increase your regular payments, increase the timescale of the objective or even just opt to monitor progress until the next regular review. Whatever the course of action, it will be with your best interests at heart.

Of these four stages, your Independent Financial Adviser adds real value to stages 2, 3 and 4. Your objectives and goals are personal to you, but to make these happen, it's the relationship with your professional Independent Financial Adviser which marks the difference between dreams and reality. Financial advice, free of the influence of product providers, ensures that the best products and services can be selected and implemented. Only an Independent Financial Adviser can act for you as the trusted agent of the client.



Tax Efficient Investing

With the new tax year fast approaching, it's time to consider the allowances available for you to maximise your tax free investments and reduce your own tax liabilities. These allowances are only available once a year and once they're gone, they're gone.

The current tax year ends on April 5th, and when it does, this year's allowances and limits will be lost. This is important for savers and investors, as while there are allowances which will increase in the next tax year, others will decrease. Maximising these allowances and limits is a key part of successful financial planning, so it's essential to understand what these are and how to use them.

ISAs.

ISAs are one of the most tax-efficient investment options for individuals. There are two types available; Cash ISAs and Stocks and Shares ISAs. The overall limit for investment in the current tax year is £11,520 (up to half of which can be in a Cash ISA with the remaining allowance available for a Stocks and Shares ISA), rising to £11,880 in the next tax year. ISA regulations state that income from them is free from personal income tax, capital gains tax isn't chargeable following encashment, they can only be held by individuals and that no more than the investment limit can be paid in to an ISA in the one tax year, regardless of any withdrawals. ISAs are a very popular type of investment, due to their advantageous tax treatment, ease of accessibility and the option available to invest either lump sums or regular contributions.

Pensions.

Pension saving is another tax advantaged area. Individual contributions paid to a pension plan receive basic rate tax relief. This means that for every £80 paid in to the pension, the taxman adds another £20 to bring the total contribution up to £100. Higher rate taxpayers can claim a further 20% from HM Revenue & Customs via their tax return. There are limits to this though; the 'Annual Allowance' is the limit on gross pension contributions which can be made each year and still receive tax relief. In the current tax year this limit is £50,000 but this is reducing to £40,000 in the 2014/2015 tax year. Pension rules state that the maximum you can pay to your pension in a tax year is £3,600 or your UK earnings, whichever is higher. The Annual Allowance is simply the limit on how much you can pay in and receive tax relief.

The other pension allowance to consider is the Lifetime Allowance. This is the total amount of pension savings that you can build up in your lifetime and still enjoy the above tax advantages. This allowance is £1.5 million in the current tax year, but will drop to £1.25 million from 6 April 2014.

If you haven't already made the most of these allowances, then the new year is the perfect time to review your finances and top up your investments ahead of the new tax year, as well as looking ahead to your plans for the next financial year.





Market Update 2013

On the 3rd of January 2014, the FTSE100 celebrated its 30th birthday.

Until the 3rd of January 1984, the main UK share index was the FT30. The FTSE100 was introduced as a more comprehensive illustration of business prosperity in the UK, and was given an initial base level of 1000.

2013 saw a rise in value of the FTSE of 14.4%, closing at 6749.09 on 31st of December 2013, from a closing level of 5897.8 in December 2012. This is the strongest year for the index since December 1999, when it closed at an all-time peak of 6950.6.

The history of the FTSE has been one punctuated by major events: the miners'

strike of 1984; market deregulation in 1986, the Black Monday crash of 1987 and the recent financial crisis of 2008. In particular, the last five years have been a turbulent time, suffering a 31.3% drop in 2008 with the onset of the financial crisis, recovering with a record one day rise of 9.8% on 24th of November 2008. Since then, recovery has been sporadic, with the lowest point in the last five years where the index hit 3529.7 in March 2009.

Investing in shares isn't without risks, as can be seen from the highs and lows mentioned above. But equities remain an important element of an investment portfolio,

depending on your attitude to risk. The UK stock market can be accessed in a number of ways; some popular ways include tax efficiently through a Stocks & Shares ISA or for long term growth through a pension.

The value of an investment can go down as well as up and you may not get back the amount you invested.

If you would like to discuss any of these topics in more detail, please feel free to contact me to make an appointment. If you have friends, family members or colleagues who you think would be interested in these topics, please pass this newsletter to them.



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