Issue 2, November 2010

Horlock Holdcroft
FINANCIAL CONSULTANTS Ltd

Money Management financial planner awards 2010
WINNER SIPP Planner

This month……

- We are extremely proud to announce that Nick Holdcroft won the Financial Times and Money Management SIPP Planner of the year award on 7th October.

Self Invested Personal Pension Planner of the year 2010!

Money Management magazine, a specialist personal finance publication, published by the Financial Times, has been running awards for independent advisers since 1996.

The Money Management Financial Planner of the Year awards, dubbed ‘the Oscars of the Personal Finance Industry’ by BBC Panorama when it filmed the very first awards presentation, are considered to be the premier awards for Financial Advisers, recognising their wide ranging duties, professionalism and the invaluable service that they offer to clients.

To reach the finals, Nick had to present a written 2,500 word solution to a complex real life scenario from a selection of case studies. It’s all done anonymously, with each entrant given a PIN number so the judges don’t know whos paper they are marking. Nick then had to convince a panel of judges of his expertise in his selected specialisation in a face to face interview to determine the winner and runner up for his category.

At a gala awards event at the Dorchester Hotel on London’s Park Lane, in presenting the award to Nick, Janet Walford OBE, editor of Money Management Magazine said “I am delighted to see new entrants and repeat winners to this toughly fought area of financial advice. This year in particular the competition was extremely tough with the highest quality of candidates. This later point alone reflects the high and still growing standards of the Personal Finance community and show that these awards are won purely on talent”.

Congratulations Nick, we couldn’t be prouder!

Welcome

Welcome to the November edition of the Horlock Holdcroft newsletter, our update on developments in the world of financial services.

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

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The axeman cometh

The much-anticipated Comprehensive Spending Review was always likely to attract interest and controversy in equal measures. Chancellor of the Exchequer George Osborne presented a four-year package of £18bn worth of public spending cuts aimed at restoring "sanity to our public finances and stability to our economy". The UK's structural budget deficit is now the largest in Europe and, at present, the UK spends £43bn every year on debt interest.*

Osborne warned of "a hard road" ahead, and the cuts outlined in the Treasury's statement did little to challenge the truth of that warning. Neverthless, spending in Government departments is to be reduced by an average of 19%, rather than the 25% that the Treasury originally estimated.

The Confederation of British Industry commented that "the spending cuts, though painful, are essential to balance the UK's books and build its future prosperity".

Surviving Recession

TIP 1: Diversify

This is also the first rule of investing, but worth reaffirming. Different asset classes perform well or poorly at different times. If your portfolio is exposed to a single asset class – say, equities- its performance will follow the fortunes of only the equity market, and returns could be volatile. However, if your portfolio contains a selection of different asset classes, and is also spread across different countries and regions of the world, the different elements will usually perform differently – so if one is doing badly the chances are another will do better and compensate for some of the downside.

Within the department of Work and Pensions, £7bn of savings were announced on top of the £11bn of welfare savings already planned. The public sector pension system is to undergo reform, with the aim of saving £1.8bn by 2015. Employee contributions are set to rise while the state pensionable age will increase to 66 in 2020 rather than 2026.

Universal benefits for pensioners – including free bus passes, free TV Licences, and winter fuel allowances – have, however, been retained. Meanwhile, families who receive working tax credits will see an increase in the working hours threshold to 24 hours per week. Elsewhere, households with one or more higher-rate taxpayer will receive no child benefit.

A new permanent levy on banks' balance sheets aims to "extract the maximum sustainable tax revenues from financial services" and will be launched in January 2011. The levy is expected to raise around £2.5bn a year by 2012/13 and will apply to the global balance sheets of UK banks and the UK Operations of overseas banks. The Treasury hopes that, as well as making a "fair contribution", UK financial institutions will be encouraged to avoid taking excessive risks and to "make greater use of more stable financial sources".

The Confederation of British Industry commented that "the spending cuts, though painful, are essential to balance the UK's books and build its future prosperity". However, the spending review has triggered some fears the cuts will stifle the UK's economic recovery. The Office for Budgetary Responsibility has estimated that around 490,000 people will lose their jobs as a result of the spending reductions. A squeeze on spending, combined with the risk of higher unemployment, might lead to renewed pessimism amongst consumers and private sector businesses, undermining the UK's tentative recovery

(Source: marketing-hub.co.uk, October2010)