



## Financial Planning Services

**A C Mole Financial Services offers a comprehensive service for both private and corporate clients covering a wide range of financial planning areas.**

**Our approach to our clients' affairs is holistic and we pride ourselves on our friendly personal approach.**

**We offer the full range of financial planning services including pensions, investments and personal protection advice.**

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## What is Financial Planning?

Financial Planning is the process of meeting your personal objectives and goals through the proper management of your financial arrangements. Examples of such objectives are:

- Funding for and enjoying your retirement.
- Tax efficient saving.
- Reducing the amount of Inheritance Tax paid on your death.
- Paying for your child's / grandchild's education.
- Protecting your family should you die, be injured or become ill.

The process involves gathering relevant financial information, examining your current financial status and agreeing with you a strategy or plan for how you can meet your goals.

In practice this may involve reviewing any existing strategies and investments to ensure that they still match your objectives and ensuring that maximum use is made of any available tax allowances and concessions.

Financial Planning is not the same as financial advice. It is a process that evolves in response to changes in your personal and general economic circumstances. It is not the sale of a financial product at a fixed point in time but an ongoing process.



## The Benefits of Financial Planning

Planning provides direction and meaning to your finances and financial decisions. To gain the maximum benefit from your savings, investments and insurance arrangements they should be viewed in relation to what it is that they seek to achieve for you.

Financial Planning allows you to understand how each 'financial product' you have (or don't have) affects your hopes and aspirations. Crucially, through careful planning, you can ensure that each of your assets complement each other and are working together under a cohesive and coordinated strategy.

## What to expect from our Financial Planning Process

A C Mole Financial Services will clearly explain or document the services to be provided, including how we will be remunerated and by whom.

We will need you to provide us with information about your assets, liabilities, income and expenditure. We will also discuss your financial needs and goals with you and define how you feel about the relationship between risk and reward.

We will then analyse the details you have given us, so that we may assess your current financial plan and to help us to determine what else you may need to do to meet your goals.

A personal financial plan will then be produced for you. It will address your objectives and include any recommendations we consider appropriate. We will discuss recommendations with you in depth to assist you in making an informed decision.

We will then agree with you on how best to implement the recommendations. Where appropriate we will work with your solicitor/accountant to ensure that the agreed recommendations are implemented as smoothly as possible.

As you will have noted, Financial Planning is a dynamic process and your financial position will need to be reviewed regularly to ensure that the plan takes account of any changes in your circumstances.

## Investment Planning

Financial Planning often means making use of an existing capital sum or building up a capital sum to meet a future objective. Planning the investment efficiently is therefore fundamental to the success or otherwise of the plan.

The first important consideration is to clearly identify and quantify the reason for the investment – the objective.

Once this is achieved, it is essential to understand any risks involved in the agreed investment strategy and the relationship between risk and reward.

Put simply, risk is the possibility of loss. This varies between the asset classes. For example, cash would be considered a low risk investment, the risk of losing money is minimal. However, the returns from cash investments are correspondingly low. Shares (equities) carry the potential for a much better return but the chance of a loss is greater.

A thorough understanding of the relationship between risk and the potential reward is the first step in designing a personalised investment strategy.

A suitable strategy, once agreed, must be regularly reviewed to take into account any changes in objectives and the influence of actual results.

This process provides the framework for any subsequent specific advice and implementation of specific investment recommendations.



*The remainder of this guide covers the main areas that we take into account when drawing up a Financial Plan. Depending on your financial circumstances, not all sections will be applicable at any one time however, we firmly believe all should be considered as part of a full initial review.*

## Tax Planning

Successful financial planning means considering the impact of taxation on any proposed solutions. The main aspects to be considered are highlighted below.

### Income Tax

Reducing the impact of Income Tax within a plan can help to improve returns whether income is reinvested or, perhaps more importantly, where income is distributed and relied upon. A proper understanding of this tax, and the opportunities available to reduce its impact, is essential in any successful planning exercise.

### Capital Gains Tax

Successful planning of an investment portfolio can result in capital appreciation. The benefits of this appreciation can be reduced by the impact of Capital Gains Tax on any gains that are realised. The portfolio must be managed effectively, and reviewed regularly, to ensure that any investment decisions are not restricted by taxation issues.

Where effective planning and monitoring has not taken place previously, and there are significant gains realised, it may still be possible to take action. A number of perfectly legitimate techniques can be utilised to shelter existing gains in order that current arrangements may be updated to take into account new objectives.

### Tax Shelters

For large tax positions a number of sophisticated planning techniques are available. In some cases it is possible to save significant amounts of Income Tax, and in

Specialised professional advice may be needed in more complex situations. We are able to liaise with your tax advisers or accountants to ensure that appropriate action is taken.



## Estate Planning

### Inheritance Tax

If possible, we would all like to protect our estate for the next generation but in many cases the largest beneficiary is the Treasury.

The first step in reducing Inheritance Tax liabilities is to ensure that wills are up to date and efficiently constructed. A thorough review of existing will provisions should be undertaken as the first stage in any estate planning exercise.

There have been significant changes in the legislation regarding Inheritance Tax and there are potentially more changes to come. Some previous strategies are no longer effective and if you have previously made provision for Inheritance Tax liabilities it is important that these are now reviewed to ensure that they are still achieving their objectives.



Mitigation of potential liabilities may involve taking advantage of current legislation as regards exemptions and Potentially Exempt Transfers (PETs) as well as suitable life assurance policies.

### Long Term Care

As life expectancy improves so the need for long term care becomes more of a requirement. The cost of care can be very expensive, putting your long-term security at risk as well as eroding any inheritance you may wish to bequeath.

Ideally, you will get the opportunity to plan for the future and take the steps required to ensure you receive the care in old age that you both want and need.

However, a sudden or unforeseen requirement for care can come as something of a shock; plans may have to be made at very short notice, including what to do with, or where to find, large amounts of money.

### Trusts

We work closely with legal advisers to ensure the effective use of Trusts as they can be efficient tools, for purposes of Inheritance Tax planning, as well as ensuring the right people get the right level of control over your money and at the right time.

## Retirement

### Personal Pensions

Pension contributions are one form of investment where tax relief is obtained at your highest rate.

There have been significant changes in pension legislation in recent times and the opportunity now exists to make large contributions to a suitable scheme. These changes also mean that many older arrangements look expensive in comparison and out of date. Your retirement income could be improved by simply updating your existing plans.

### Self Invested Personal Pensions (SIPPs)

Under current rules individuals may now be able to select the investments within their pension portfolios by using SIPPs - and so no longer restricted to the fund management or range of funds offered by traditional insurance companies.

It is possible to consolidate pension benefits accumulated over your working life, and to hold these under one policy in a contract that is flexible, and where costs are transparent and competitive compared with the 'insured' market.

SIPPs may be used to purchase commercial property which makes them very attractive to directors or sole traders who may wish to purchase property for company use.

### Company Pension Schemes

All businesses employing five people or more are required to offer access to a retirement scheme if they do not already have a suitable occupational or personal pension arrangement in place.

We can offer advice to both Employers and Employees to ensure that legal requirements are met and an appropriate arrangement is in place. If required we can also provide administration services.



## Post Retirement Planning

It is important that the right decisions are made when it comes to taking your pension benefits. Whether you are a member of a company scheme, or have a personal pension arrangement, it is essential that you make the best use of these accrued benefits.

### Annuities

The annuity offered by your personal pension provider may not be the best available. We are able to research the available market to ensure you receive the most competitive rates available to suit your individual circumstances. For someone in poor health this could mean a substantial increase in pension income.



### Income Drawdown

A valuable alternative to an annuity, Income Drawdown provides maximum flexibility including extended retirement dates and the means of taking benefits without committing to the purchase of an annuity immediately.

The value of the fund, the level of income you withdraw each year and the final pension you purchase will all be dependent upon the careful management of the funds remaining invested. An investment strategy must be adopted when starting this type of plan and professional advice is a prerequisite.

### Phased Retirement

Phased retirement allows you the flexibility to take benefits from a portion of your personal pension funds, leaving the balance invested. You have the option of drawing a lower level of income initially, and increasing this later as and when you need more income.

Income is received by encashing segments with the option to take up to 25% of each segment as tax-free cash. The balance is used to purchase an annuity. This can be very useful in ensuring income is received in the most tax-efficient way.

## Protection

### Life Assurance

It is important that families are protected from the financial implications of personal tragedy. Obviously, such protection is particularly important in families with young or dependent children.

### Permanent Health Insurance (also known as Income Protection)

Consideration should be given to protecting earned income in the event of long-term sickness or disablement.

Even if single, and where life assurance may appear inappropriate, there may be a special need for this type of cover as long-term sickness or disablement could result in one being unable to support oneself.

### Critical Illness Cover

A parent suffering a serious illness such as a stroke or heart attack may well adversely affect the family rather more than premature death. This is also relevant to single people who, if employment were to cease prematurely as a result of ill-health or disablement, could find that they are in a very vulnerable position.

### Business Protection

Business Protection Assurance provides company directors and partners with protection from the financial implications arising from the death or incapacity of key executives and directors.

It is important for the financial well-being of any business that contingency plans are in place and they are reviewed on a regular basis.

## Mortgages

We are able to arrange residential, buy-to-let and commercial mortgages from the available market place, including re-mortgages. We generally suggest that you review your mortgage every two to three years to take advantage of any reduced rates that may be available.

## A C Mole Financial Services LLP - About us

AC Mole Financial Services is jointly owned by A C Mole and Sons, an established firm of accountants and tax advisers and Ashcourt Rowan Financial Planning Limited, an independent advisory and asset management firm.

Our links with these two long established firms allow us to draw upon the considerable expertise of both these organisations and offer a truly integrated financial planning service.



**Caroline Perry BSc (Hons) (Financial Consultant)**

Caroline is based at our Taunton office and has been with A C Mole Financial Services since inception. She has a wealth of experience having been involved in financial services for over 20 years after graduating from Manchester University with a degree in Management Sciences.



**Toby Kearney (Administrator)**

Caroline is assisted by her administrator Toby Kearney. Toby is currently sitting professional examinations with the aim of becoming a financial adviser. Toby has previously worked in the insurance, banking and mortgage industries.

## Important Considerations

The most appropriate solution for you will depend upon your circumstances, needs and objectives. This guide is intended to give you an outline of the main areas for consideration as we understand them. It does not profess to offer definitive solutions, however, it is hoped that you will have gained a wider general understanding so that you can then discuss the matter with an A C Mole Financial Services adviser.

This guide is for general information purposes only. It does not in any way constitute a recommendation, nor does it constitute or should be taken to constitute, legal advice.

The information concerning taxation in this guide is based on our understanding of current law and HM Revenue & Customs practice. Taxation law, levels and relief are subject to change. The value of a particular relief will depend upon individual circumstances. All assumptions in this guide are based on the rates applying to the tax year 2007/08.

Whilst every effort has been taken to ensure accuracy, A C Mole Financial Services LLP cannot accept responsibility for any erroneous inclusions, errors or omissions in the text of this guide.

**YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR OTHER LOAN SECURED ON IT.**

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**Integrated Financial Planning**