

Be prepared to pay for investment advice

How investment advice from financial advisers is delivered will change with effect from 1 January 2013. New legislation known as the Retail Distribution Review (RDR), introduced by the FSA, to modernise the way recommendations for investment products, such as ISAs and pensions, are made to investors.

Investment advice is not free. Currently the price of advice is often hidden in the policy charges of the products you buy. The maximum cost of advice is set by the product provider, not by you. From 2013, you, the investor, will be able to see the charges and, more importantly, agree them in advance with your financial adviser. It will provide greater

transparency and give investors more control over the cost of advice.

Independent financial advisers will continue to look at a broader market and consider all relevant options for you, without any restrictions or bias, such as being paid by commission. This ensures that your advice will be truly independent, and your adviser must clearly explain how he is going to be rewarded for the work he does for you in advance.

The final change is that advisers will have to meet new consistent professional standards and improve how their knowledge is kept up-to-date. This will ensure a code of ethics is adhered to and

that they act with integrity and treat their customers fairly.

We welcome these changes and expect there to be a considerable drop in the number of qualified financial advisers, but the quality of advice and level of client service will rise. We therefore believe that a lot of our clients may find that their current adviser either retires or leaves the industry altogether.

If you find yourself in this situation and either want or need to appoint an alternative financial adviser then please get in touch with your Menzies representative who will recommend an introduction to a member of the Menzies Wealth Management team.

Auto-enrolment to Government pension scheme – are you affected?

Over a period between 1 October 2012 and 31 March 2016 all employees will have to be automatically enrolled into a qualifying pension scheme. The introduction of auto-enrolment aims to make saving for retirement the norm amongst employees.

Employees will be auto-enrolled into a qualifying pension scheme which could be: an occupational pension scheme, a personal pension scheme or the default scheme as will be made available by the government – The National Employment Savings Trust (NEST). Contributions will have to be made by both the employer and the employee.

Employers who are already contributing to a pension scheme for their employees (above the minimum threshold) will not have to make any changes to their existing schemes.

The Government will be introducing the scheme over a four year period. It will be based on the size of the employer (typically by PAYE size) and employers will be given the flexibility to enrol workers either side of their automatic enrolment date. Employers should consider the impact of implementing the scheme, bearing in mind the additional administration, time and cost that will be involved with this new requirement. Unexpected costs such as pension contributions can make a significant difference to the running costs of the business.

Menzies Wealth Management can help you plan for the transition and decide which pension scheme is best suited for your business and employees. For further information and advice please contact the team on the details below.

CONTACTS

The Menzies Wealth Management team of qualified advisers have a depth of experience in the financial industry and are dedicated to advising on a range of financial solutions to suit their client's individual needs. If you require any further information or would like to discuss any matters, please contact Eric Norman-Walker on the details below.

advice@menzieswm.co.uk
020 7387 5868

Blackwater Valley | East Surrey | Heathrow | London | Solent | Woking

www.menzieswm.co.uk

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