ASSET Advantage

Your quarterly newsletter from

ASSET Investment Management Ltd
wealth management specialists

Summer 2014

Recently we attended a presentation by Stephanie Flanders, the erstwhile BBC economics editor. She is now chief market strategist for the UK and Europe for J.P. Morgan Asset Management. Whilst it is impossible to précis her entire presentation within a few short paragraphs, here are a few salient points:-

Interest Rates

- *In the US, expect a rise sooner rather than later*
- *In Europe, expect them to remain broadly the same for now*

Equities

Last year's strong run in equity markets has led many to believe that European equities have reached fair value, and to question whether or not the upward march of equity markets can continue....we do not believe that this is a reason for investors to rein in their equity exposure. Rather, we expect that positive earnings growth will materialise, but the pace at which this occurs will depend on several factors, including the resolution of the medium-term economic issues facing the eurozone, a continued improvement in private sector confidence, and a change in consumer behaviour.

Alternative Investments

Investors should be aware that this asset class has some unfamiliar attributes which will bring their own risks....alternatives are still less liquid than more mainstream asset classes, particularly in times of increased market stress or volatility. Alternative instruments are can also be more complex and less transparent than traditional assets, making them daunting to the unsophisticated investor. Because alternatives are non-traditional by their very definition, they are not a one-size-fits all solution.

Our Summary

Interest rates will rise over the next few years; this will not necessarily be bad for equities whose long term performance is key. Don't be tempted by high risk alternative strategies - if it looks to good to be true then it probably is!

Apologies for the lack of a Spring newsletter this year - the extra work we had to do regarding the "clean" share class moves and other regulatory changes meant that before we knew it we were half way through the year!

As usual, if you have any requests for articles or information, or want this to be sent to any friends and family, then please let us know.

Our Services

We are able to offer qualified advice in areas other than pure investment, such as:-

- Care Fee Planning
- Equity Release
- Mortgages
- Income Protection
- Life & Critical Illness cover
- Pension Planning
- Inheritance Tax Planning
- Wills and Estate Planning
- Lasting Powers of Attorney

Asset Protection Trusts

Recently we have had questions from prospective new clients regarding Asset Protection Trusts. In essence, these arrangements place all the clients' assets, including the home, into a trust which as such is outside the scope for assessment by the local authority in respect of care fees. Or so some will tell you.

If these are done purely for this reason then the local authority will claim deliberate deprivation of assets and the person requiring care will still have to pay. The trusts do not work for Inheritance Tax purposes either.

We have seen some set up "to avoid probate costs". This is technically true, but avoiding say £1000 costs by writing a £3000 trust (as some of these cost) will not appear bona fide when scrutinised.

Be very careful and discuss this matter with us if approached to take out one of the dubious arrangement

SOLLA

Earlier in the year, Paul underwent the selection and accreditation process for SOLLA, the Society of Later Life Advisers.

Far from being a "rubber stamp" exercise, SOLLA undertake a thorough audit of qualifications, skills and knowledge before any prospective member can gain accreditation. This is only granted after assessment by their panel after a face to face meeting and skills assessment which Paul undertook in London.

There are only 8 accredited advisers within a 50 mile radius of Norwich, but who are SOLLA?

The Society of Later Life Advisers was founded in 2008 as a not for profit organisation, to meet the need of consumers, advisers and those who provide financial products and services to the later life market. Their professionalism has been recognised by The Money Advice Service (MAS) and Norfolk County Council, who recommend that only a SOLLA accredited adviser should be consulted when considering care fee planning.

Long Term Care

The whole issue of long term care will become more and more important as out population ages whilst at the same time the squeeze on the public purse becomes tighter.

Our Spring 2013 newsletter highlighted some of the new proposals for care fees funding; we hope that some certainty in this area will encourage insurers to bring forward new products to enable clients to "pre-fund" their care, but one of the consequences of the Retail distribution Review has been a tightening of profit margins for the tradition insurers and a diminution in their numbers. It's rather like research into antibiotics - everyone knows it needs to be done but those that can do it can't make money out of it. Someone needs to join the dots to make a complete picture, but those who can are the ones least affected by having to sell the family home to provide for fees.

We recently had a meeting with Angela Gifford at **Able Community Care Ltd**, based in Norwich but providing a national service for people who want to stay in their own home whilst receiving care. We were impressed by their professionalism and ethos and hope that we will be able to work together in the years to come.

Here we reproduce an article from on of Angela's news update:-

In the 1990's when the NHS and Community Care Act was introduced, national standards were not available. The result was that each Council brought in their own specifications for domiciliary care organisations who wished to be placed on each Council's Approved List. Able Community Care managed to become Approved Providers with 52 Councils. The work involved, the duplication and the financial costs were substantial.

When the Commission for Social Care Inspection (CSCI) came into being with one set of standards on a nationwide basis, care organisations breathed a sigh of relief. Scotland and Wales then brought in their own specifications but this was manageable. The CSCI was replaced by CQC (Care Quality Commission) who were to continue the inspection and regulation in England.

However, there is a clear dissatisfaction that has crept in on the current regulation and inspection system as demonstrated by an increasing number of County Councils. Once again, Councils are expecting care organisations to be subjected to further, individual council specifications, basically going back to the same situation of the 1990's.

Is it that our English national standards are not deemed to be fit for purpose, if so, should they be revised if is it necessary? If they are deemed to be fit for purpose, why are the Councils bringing in this additional level of specification? For nationwide care organisations such as Able Community Care, to have to go through the individual processes again will undoubtedly increase the cost of care packages and give speculation as to why we are regulated by CQC, an organisation we have to contribute to financially.

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