Welcome to **AMR Financial Management**

Independent Financial Advisers and Investment Managers

AMR Financial Management provides tailored financial planning, investment advice and discretionary investment management to private individuals, trustees, companies and charities.

AMR's directors and staff strive to provide a level of service that will exceed your expectations and are committed to helping you achieve your financial goals.

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About AMR

Independent Financial Advisers

AMR was established in 1992 as a result of a merger of four smaller firms of financial advisers.

Directly authorised and regulated by the Financial Conduct Authority we have two offices – in Harpenden, Hertfordshire and in Newbury, Berkshire. Our Newbury office is also the home of our dedicated investment management team.

AMR is small enough to provide a personal service to our clients but large enough to provide quality advice across a wide range of financial planning areas. Our advisers are fully qualified and each is personally able to draw on in excess of twenty five years financial services experience.

Investment Managers

AMR offers an investment portfolio and fund management service. This service specialises in discretionary and advisory portfolio management for private individuals, corporate clients, pension funds, trustees and charities.

Investment management demands the application of professional ability, knowledge and experience backed by thorough research. The experience and skills of the Investment Department at AMR, together with direct daily communications with leading global investment houses and major institutions, combines to provide a reassuringly independent and capable investment management service.

About AMR's Management Team

Jonathan Bailey DipPFS

After obtaining a BA(Hons) degree in Accountancy Studies in 1986, Jonathan was articled to a firm of Chartered Accountants in the same year. Having transferred to that firm's financial services arm in 1989, he joined a regional firm of IFAs in 1992 before finally joining AMR in 1999. Jonathan was appointed as a director of the company in 2005.

Russell Bamford DipPFS

Russell entered financial services in 1985 when he joined the financial management arm of a merchant bank. In 1987 he joined what is now a well-known international financial services provider where, in the late 1990s, he spent time as a specialist adviser based in the City of London. Russell joined AMR in 2004 and was appointed as a director of the company in 2008.

Cliff Lewis DipPFS

Cliff entered financial services in 1978 when he joined the UK subsidiary of a Canadian life assurance company. Past roles have included being the national head of technical training for the financial services arm of one of the big four clearing banks, and a technical manager with what is now a well-known and international financial services provider. Cliff joined AMR in 2002 and was appointed as a director of the company in 2005.

About AMR's Support Team

The company's management are ably supported by a team of experienced and dedicated support staff at both the Harpenden and Newbury offices. We are pleased and proud to claim that a number of our people have been with AMR since the company's inception.

Gordon Hall DipPFS

Having entered the financial services industry in 1982, Gordon has had a variety of roles. Initially working for large life assurance and investment companies, he progressed to a specialist pension position, before becoming an independent financial advisor in 1990. Since then Gordon has been a director of an IFA firm, a company with whom he was employed for 12 years. He also worked for the IFA division of a national accountancy practice before joining AMR in July 2010.

Richard Oliver IMC

After obtaining a BA(Hons) degree from the University of Warwick in 1983, Richard joined the trustee department of one of the big four clearing banks. Subsequently, he obtained the position of fund manager at a London based investment management firm, later being promoted to the position of investment director of both this and, following a merger, another company. Appointed as investment director of AMR when the company was founded in 1992, Richard continues to head-up the firm's investment department today.

Robert Bill IMC, MCSI

After obtaining an Economics degree in 1997, Robert later joined a regional investment management company as a private client adviser, focusing mainly on the activity of discretionary investment management. By 2003 he had been appointed as an investment manager for the firm, and by 2010 he held the position of chief economist. Robert joined AMR in 2012 since when his skill and experience have proved to be of great value. Robert was appointed to the position of Investment Director at the end of 2013.

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Independent Financial Planning

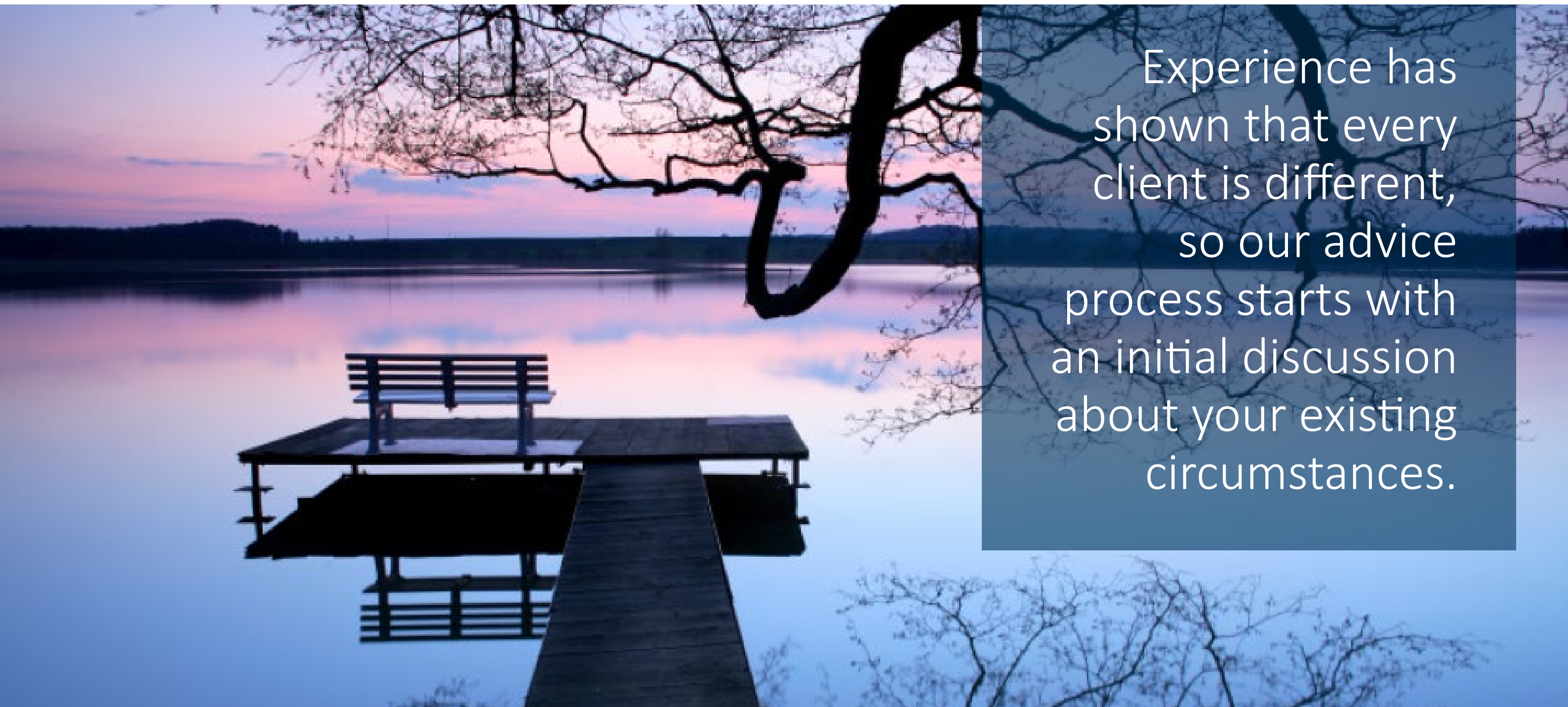
Each of our advisers has over 25 years experience in helping clients to achieve their financial goals. In addition to this wealth of experience, AMR's advisers have access to a range of research resources including financial software that is amongst the most sophisticated currently available. However, something that our clients appreciate just as much is the fact that our advisers are personable and approachable.

Experience has shown that every client is different, so our advice process starts with an initial discussion about your existing circumstances, your immediate and longer-term financial concerns and goals and, when applicable, your attitude to investment risk. At the end of this initial discussion we will outline to you, in broad terms, our suggested solution or solutions together with an explanation as to why we feel this is the most appropriate way forward. We will explain the associated costs, answer any initial questions you have, and seek your agreement to proceed to the next step.

The next steps are to undertake the necessary research and analysis to enable us to make one or more specific and detailed recommendations. This will enable us to produce a bespoke report that will either be sent to you or discussed at a subsequent meeting. We work hard to ensure that our reports are written in plain English and avoid financial jargon to the extent that we can, but nevertheless provide fully detailed product and fund recommendations and give full details of any related matters that might influence your final decision.

Once you have decided to proceed with our recommendation(s) we will prepare all of the necessary paperwork. We will then implement the transaction(s) on your behalf and send the formal documentation for you to retain.

Following on from and ancillary to our Independent Financial Planning Service, we offer an administration and annual review advisory service for clients who have existing and/or newly established arrangements such as pensions, ISAs, unit trusts/OEIC holdings or investment bonds. This service includes an offer of an annual review to assess the appropriateness of the investments in light of your changing circumstances, attitude to risk and personal objectives.



Investment Services

Using AMR's investment capability means that we take care of the day to day administration and decision making on your portfolio, leaving you time to focus on what matters to you. Through a process of discussion with your AMR adviser, we aim to gain a full understanding of your investment aims, tax position and attitude to risk. Then, using these parameters, we will construct and manage an investment portfolio for you. Naturally, your portfolio can change over time as your needs change.

AMR's experienced team have access to up to the minute market information, broker and fund research, and draw on a range of resources to manage your portfolio proactively and cost-effectively.

AMR has been managing client portfolios on both an advisory and a discretionary basis for over twenty years. Where many advisers have chosen to outsource the management of their clients' portfolios to third parties, AMR has continued to invest in its in-house investment management capability. In this way, both you and your AMR adviser can be sure that your portfolio will continue to meet your needs and will not be subject to unexpected changes in the investment policy or style that could arise with a larger group.

As well as a personal account, AMR's investment expertise is available through a range of wrappers including ISAs, pensions and investment bonds.

Two of the principal routes to benefit from AMR's portfolio management expertise are:

- **The AMR Investment Management Service**
- **The AMR Discretionary Portfolio Management Service**

The AMR Investment Management Service

This service offers a cost-effective solution for clients who wish to access a range of portfolio strategies each of which has a different emphasis; such as long term capital growth, investment income or a balance of the two. Different portfolios also reflect a different stance in terms of more or less investment risk.

AMR has selected a well-known and long established financial services company to provide the infrastructure for this service, chosen because of its flexibility, its cost-effectiveness, and because it offers clients the reassurance of the backing of a major financial group.

Once your AMR adviser has agreed an investment strategy with you, you will benefit from holding a portfolio of funds selected from a wide universe of collectives offered by both leading and boutique investment management houses. The asset allocation is then fine-tuned as our macroeconomic and geopolitical view changes, and the strategy of the portfolio can be changed over time should your needs change.

AMR's experienced investment team selects and monitors funds using a range of qualitative and quantitative methodologies in order to gain a full understanding of both the drivers of the performance of funds and also the associated investment risk. AMR's position affords us access to the fund managers when we are considering the merits of a fund both at outset and on an ongoing basis.

The service provides regular comprehensive reports to keep you informed, simplified and convenient administration and, when applicable, information to assist with the completion of your tax return.

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The AMR Discretionary Portfolio Management Service

This service offers an effective solution for clients who have a larger portfolio and wish to have a genuinely bespoke asset allocation containing not only unit trusts and OEICS, but also investment trusts, individual UK equities and fixed interest stocks.

Once your investment aims and attitude to risk have been established through a process of discussion with your AMR adviser, we will provide an investment proposal to show the sort of portfolio holdings we would recommend for you; this forming the basis of the portfolio that we will construct and manage for you.

The holdings are monitored and fine-tuned on an on-going basis as AMR's view of the macroeconomic and geopolitical backdrop changes. Of course, the investment aims of the portfolio can change as your own requirements change.

AMR's experienced investment team draws on a range of research resources to form its view, incorporating up to the minute market information, broker research from leading investment houses, and fund manager meetings. AMR's independence means that the team is not obliged to follow the views of remote in-house analysts, but rather is able to consider a range of views, both positive and negative, to form its investment thesis.

AMR will take care of all of the administration of your portfolio, and provide comprehensive reports to keep you informed and simplify completion of tax reporting. With your agreement, AMR will also aim to maximise the use of your annual tax allowances.

AMR has selected Stocktrade (a division of the London Stock Exchange listed Brewin Dolphin Securities plc) to provide the infrastructure and custody for this service. This provides clients with not only the reassurance of the backing of a substantial investment house, but also with highly competitive dealing charges and efficient administration.

AMR will take care of all of the administration of your portfolio, and provide comprehensive reports to keep you informed and simplify completion of tax reporting

Retirement Options

Whether your pension fund has been created solely by you or with help from one or more employer, there is every chance that it has taken a large part of your working life to accumulate. Combine this with how it may well represent a significant part of your overall wealth and it is easy to see why deciding how to access your pension benefits could be one of the most important financial decisions you ever make.

For some people, having absolute security of income level in retirement may be paramount. For others, having flexibility in terms of how much income they take, or having the potential to pass part of their fund on to their family upon their death, may be more important.

Three of the main options are summarised below, but for some people the best solution is a mix of more than one arrangement.

- **Annuities**
- **Income Drawdown**
- **Phased Retirement**

Remember that if you buy a Pension Annuity with your pension fund now, the decision cannot be undone if it turns out to be the wrong course of action. If you are unsure as to which is the best route for you, or if you'd value some professional advice delivered in a friendly and understandable way, why not contact us today?

Annuities

Traditionally, having taken the tax free cash sum, most people used the balance of their pension fund to buy a conventional annuity. This route continues to be right for many people as it secures their pension income at a predictable level. In addition, when establishing the annuity, you can choose between:

- An income that remains level or one that starts lower but increases by a known amount each year.
- An income that ceases on your death or one that is lower but will also provide a proportion of it to any dependants that outlive you.
- An income that is paid for your lifetime but is guaranteed to be paid for a fixed term even if you die in the meantime.

For those people who have health issues such that their life expectancy is reduced, as well as for many of those who smoke, enhanced rates are available from either mainstream or specialist annuity providers.

It is also possible to purchase a non-conventional annuity that, whilst not absolutely guaranteeing the maintenance of the initial level of pension income, offers the potential for the income to increase over time.

Finally, the Financial Conduct Authority now requires every pension provider to remind people if their plan offers an open market option and encourages policyholders to shop around in order to obtain the best annuity rate.

Being independent, AMR has access to a wide range of annuity providers - so we can do the hard work for you.

Income Drawdown

Since 1995 it has been possible for those people with money-purchase schemes (also known as defined contribution schemes) to take an income by making withdrawals from the fund instead of buying an annuity.

Although the plan holder's income is not secured in the same way as it might be with an annuity, the pension drawdown route offers a number of advantages of its own:

- The tax free lump sum entitlement can be accessed in full or in part with the balance deferred and taken at a later date.
- Although often subject to a cap, the income you withdraw can be varied each year. This can be helpful, for example, where more income is required in the early years because your state pension is not yet payable. A second example might be where the plan holder intends to work on a part time basis for a period before fully retiring at some point in the future. Here, a lower level of pension income might be sufficient in the early years.
- If annuity rates are low when you need to start receiving your pension income you may be reluctant to buy an annuity in the belief that they will improve in the future. Safe in the knowledge that you can buy an annuity at any time, you may choose to take an income via the drawdown route in the interim.

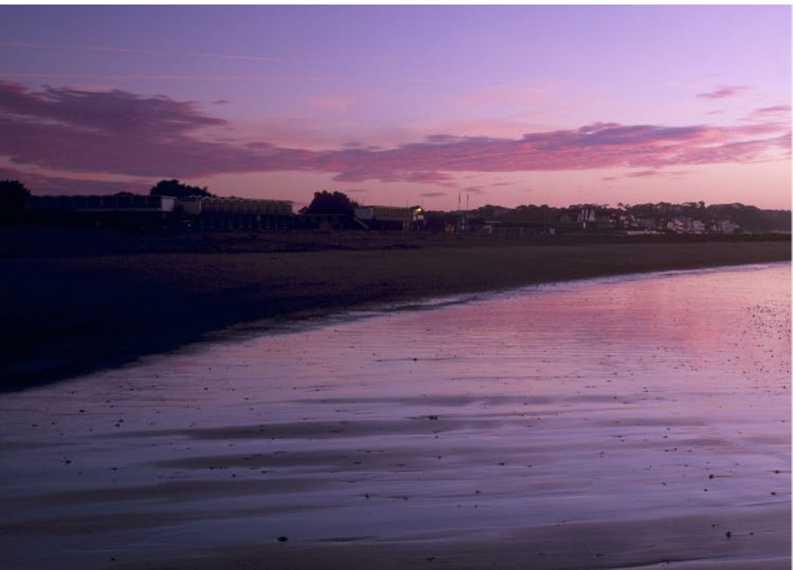
Phased Retirement

Phased Retirement is the process of 'crystallising' a pension in stages rather than accessing retirement benefits all at once. This can prove to be very advantageous for those who do not need to access their pension arrangement's full tax free lump sum entitlement at the start of their retirement.

This approach uses only part of the accumulated pension fund each year, and in particular uses the tax- free cash amounts for income purposes. It can be conducted through sophisticated encashment processes, or alternatively by breaking down the pension fund into a number of segments. The nature of the arrangement produces a series of ongoing income streams which are derived either from an Annuity or a Capped Drawdown plan.

The decision as to how quickly to phase-in your benefits is yours. Each element of phasing will provide an additional tax-free cash lump sum, and will increase your ongoing income stream by the value of the Annuity or Capped Drawdown arranged. This will continue until your entire pension fund has been crystallised. These arrangements offer a number of advantages but the most significant are:

- That part of your tax free cash that remains 'uncrystallised' continues to benefit from being held in a tax-advantaged pension arrangement.
- As part of the 'income' is provided by tax-free cash, the level of Income Tax paid can be minimised. This can be beneficial in the early years of taking benefits for those who may be subject to higher rate Income Tax because, for example, they continue to work or have other sources of taxable income.
- On death, the value uncrystallised remains under pre-retirement rules which are more tax-efficient than post crystallisation rules.



Financial Protection

Do you have a partner or family who, in the event of your death, would struggle financially?

Would your business struggle to survive following the death of a key employee or director?

If a partner or co-shareholder in your business died, would you struggle to buy his or her share from their estate?

Would you struggle financially if you had an illness or injury which meant that you could no longer earn as much as you have in the past?

If so, you should consider protecting yourself, your family and/or your business with life assurance, critical illness insurance or income protection cover.

Life Cover

Many adults will have, or have had, a life assurance policy of some description. Most commonly, people will establish a life policy when they take out a mortgage so as to ensure that if they die during the mortgage term the lender can be repaid, thus allowing their family to retain their home. However, mortgage repayments make up only part of a family's overall outgoings and thus merely covering the mortgage may be insufficient for their needs.

Life cover is available on a stand-alone basis or in conjunction with critical illness cover. Cover can be established for a fixed term or on an open-ended basis.

A fixed term can be suitable if you wish to have cover to ensure that you can repay a mortgage, for example, or if you are concerned about providing for your children until they are financially independent. It is also useful if you wish to protect your business against the death of a key person.

Open ended cover is usually more suitable if you are concerned about providing for your family even if you die at an advanced age. This type of cover can also be useful if you wish to provide the beneficiaries of your estate with a lump sum with which to settle a predicted Inheritance Tax liability.

Many life policies now include a terminal illness clause which may allow for the sum assured to be paid out early if the life assured is diagnosed as suffering from a terminal illness (this is usually defined as having less than 12 months to live).

Critical Illness Cover

Critical illness cover, which pays out a lump sum if you are diagnosed as having one of the critical illnesses covered by the policy, has been available in the UK since the mid-1980s. Cover is available either on a stand-alone basis or in conjunction with life assurance cover.

Cover can be established for a fixed term or on an open-ended basis. A fixed term can be suitable if you wish to have cover to ensure that you can repay a mortgage, for example, or if you are concerned about providing for your children until they are financially independent.

Open ended cover can be suitable if you are concerned about providing for yourself even if you were to contract a critical illness in later life. This might be the case if you intend to 'work until you drop'! After all, working until you drop might not mean that you will work until you die - it might mean that you will work until a critical illness stops you.

Subject to the condition being as defined in the policy wording, all critical illness polices cover:

- Heart attack, Stroke and Cancer

However, many companies cover far more conditions than these three. For example:

- Alzheimer's disease
- Benign brain tumour
- Blindness – permanent and irreversible
- Coronary artery bypass grafts
- Dementia (including senile dementia)
- Liver Failure or Kidney failure requiring dialysis
- Loss of independent existence (unable to look after yourself ever again)

Indeed one insurer, via their Serious Illness Cover policy now offers a policy that covers no fewer than 161 conditions.

Income Protection Cover

Income protection cover (formerly known as permanent health insurance) is designed to replace your income if you are unable to work through illness or injury.

Those who establish an income protection policy usually choose for it to expire at the age they intend to retire.

At outset, the applicant chooses a 'deferment period' of, for example, 3 months. The deferment period is the length of time from when you can no longer work to when the income from the policy starts. The choice of deferment period is yours and will depend, amongst other things, on how long you feel you can survive financially on your own savings.

Once the income from the policy starts to be paid it will usually continue until you can return to work or reach the expiry age (age 60 or 65, for example). Where the policyholder suffers a long-term condition that means he or she cannot undertake his or her usual occupation but can do another type of work, the policy may pay a lower level of income so as to top up the income earned from the new role. In this way lower premiums can be offered.

The amount of income benefit available to an individual is usually set at a level slightly below the individual's earnings. This ensures that the insured has an incentive to return to work if possible. This approach reduces the amount the insurer might have to pay out and, in turn, enables them to offer more competitive premiums.

In the past, Britain's welfare system has attempted to take care of those who fall on hard times through illness or because of the death of a breadwinner. No one is suggesting that the welfare state will not be there tomorrow, but with austerity measures and spending reductions in place for the foreseeable future we think that financial protection is as important as ever.

In 2012, over 40,000 claims were accepted on life and critical illness polices alone. That's around 110 claims paid every day, with each claim having an average pay out of around £55,000.

(Source: The Association of British Insurers)

Inheritance Tax and Trusts

Inheritance Tax (IHT)

On death, the estates of UK domiciled individuals are assessed to Inheritance Tax. In some circumstances, IHT can be assessed during one's lifetime too.

On death, transfers between spouses or civil partners are exempt so, if there is going to be an IHT liability, it is more likely to arise on the second death - when assets must, by definition, pass to beneficiaries other than your spouse or civil partner.

Currently, each individual benefits from an IHT nil-rate band of £325,000 which means this, or a lesser amount, can pass from the estate of the first to die to the next generation without tax being payable.
In the case of a married couple or a couple in a civil partnership, if the first to die does not use (or has not used) all of his or her nil rate band, any unused part can be transferred to the survivor. This means that, on the second death, the estate could benefit from up to two nil rate bands totalling £650,000.

Any amount that exceeds the available nil rate band is taxed at 40%. Many couples, especially in south-east England, have combined estates that exceed £650,000 resulting in a potential IHT liability at some point in the future.

Planning ahead can minimise or even completely mitigate the negative impact that IHT can have on the legacies that your heirs will receive. Remember, the assets that you own have almost certainly been accumulated from income that was taxed as it was earned.

If you would like to consider ways of reducing or mitigating your estate's future IHT liability why not contact us for a free, without obligation, discussion.

Trusts

The use of trusts is often an integral part of IHT planning. Indeed, our IHT planning service will often include a recommendation that one, or more, trust is created either now or upon death. In these circumstances we offer guidance on what type of trust should be used, what trust wording would be appropriate, who the trustees should be etc.

The taxation of trusts can be complex, and so we routinely explain how the recommended type of trust would be assessed from an Income Tax, Capital Gains Tax and IHT perspective.

We also offer a technical and investment advice service for trustees of existing trusts that have been created during someone's lifetime or under the terms of a deceased's Will. With this area of advice, we regularly liaise with clients' solicitors or other professional advisers.

For Further Information

If you have any questions relating to AMR Financial Management, please contact us on:

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