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INDEPENDENT FINANCIAL ADVISERS

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Newsletter December 2024

Please note that this newsletter is available in a larger font if required.

We are rapidly approaching the end of another year, one that has seen a recovery in global stock and fixed interest markets and an improvement in portfolio values. I covered the Budget in my last newsletter and this time I want to concentrate on the changes we are making to our services.

Due to regulatory developments over recent years we have reviewed the services we provide and the costs we charge to ensure these remain appropriate in future. We are all aware that energy, transport and other costs have risen sharply over the past 2-3 years, which Altorfer have absorbed while still providing the same level of service to all clients.

Altorfer are not just discretionary wealth managers, looking after your ISAs and pensions, although this is a major part of our day-to-day operation. We also advise on:

- Inheritance tax planning and transferring wealth between generations.
- Funding school and university fees.
- Investments and pensions for children.
- Life assurance, critical illness and income protection cover.
- Retirement income planning.
- Annuities.
- Taking benefits from occupational pension schemes, although we do not advise on transfers from Defined Benefit Schemes.
- Care fees planning.
- Business protection.
- Investments for small businesses and trusts.

Financial advice is about helping you achieve your goals and objectives, while managing risks and your specific needs effectively. We are happy to meet with you and your wider family to discuss issues that will affect all of you in the future, particularly with the news in the Budget that the inheritance tax allowances are frozen until 2030, as are the income and capital gains tax thresholds until 2028. There are opportunities to generate a tax efficient income in retirement and reduce inheritance tax liabilities as long as planning is put in place early enough.

As mentioned above, we have reviewed our service levels and charges, and I have included our new Client Agreement for your attention with this newsletter. I have written previously highlighting our intention to release a Model Portfolio Service (MPS) and I am pleased to advise that we will be launching this in January. Details of this can also be found in the new Client Agreement.

MPS is a lower cost service designed for those clients who do not need ongoing bespoke advice and annual review meetings, such as children and those who have relatively small amounts to invest and no ongoing planning needs. The low MPS charges cover the ongoing discretionary management of portfolios held on platforms such as Transact. However, other services, such as reviews or advice in other areas, will still be available for an additional charge. This is part of our Consumer Duty Fair Value initiative to ensure that we deliver the best service to all clients.

We will contact you if we feel you would benefit from moving to MPS. However, please feel free to raise the topic with your adviser at your next review meeting if you have not been contacted and this is something you would like to explore further. They will be glad to discuss its viability for your needs in more detail.

We believe our bespoke advice and portfolio management service is still suitable for most clients and will continue to provide review meetings for everyone who does not move to MPS. Prompted by the FCA's Consumer Duty regulations we are introducing tiered charging and service levels for the bespoke service. This will ensure greater parity between fees paid and service levels received. Some clients will see a small annual increase in charges, while those with larger portfolios will see a reduction. We are still able to combine platform charges across family groups, other than those that move to MPS, further reducing the overall cost.

Please note that the figures shown on the Client Agreement are Altorfer's charges only, and there are also platform and fund manager charges applied. We constantly review our choice of platform provider to ensure you are receiving value for money, and many platforms are reducing their charges in line with Consumer Duty. We also regularly review the funds held in both MPS and bespoke portfolios to ensure that we hold the cheapest share class or move to an alternative cheaper fund if we can do so without affecting returns or contravening your investment preferences, such as investing ethically or avoiding sectors including tobacco or fossil fuels. Most portfolios include both actively managed and passive tracker funds as part of this cost management, although there are currently less ethical and sustainable trackers available.

Please read through the Client Agreement and, if you are happy to proceed, sign and return a copy to us, either by post or email. Alternatively, if you have any questions, please discuss them with your adviser. We will not change the charges applicable to your portfolio until you have signed a separate instruction agreeing to do so. These will be provided as part of next year's review meetings or earlier if advice is required beforehand.

We are also reviewing the number of clients managed by each adviser and need to make some changes, either to the months in which your review meetings are held or between advisers, though we will endeavour to keep any adviser changes to an absolute minimum. Anyone affected will be given as much notice as possible. Our intention is to ensure every client receives the best service possible and can plan for the longer term.

There are further improvements planned for later in 2025, including the introduction of DocuSign, which will allow you to sign documents faster and more securely.

The remaining changes are behind the scenes, such as closer integration between our systems and the platforms, life companies and fund managers, again reducing the amount of time required to obtain the information for meetings or answering any questions you may have. There have also been improvements within the platforms, for example introducing additional daily dealing times, which could mean it takes one or two less days to process a withdrawal when you need access to your money.

Returning to the Budget, one positive note is that the ISA and pension allowances have not been reduced. Everyone over the age of 18 can invest up to £20,000 into an ISA, either Cash or Stocks & Shares and it is also possible to split your allowance between the two. Those aged between 18 and 40 who are saving towards the purchase of their first home can invest up to £4,000 into a Lifetime ISA and receive a 25% government bonus, although the contribution forms part of the overall £20,000 ISA allowance. Under 18s can hold Junior ISAs, into which parents, grandparents and other relatives and friends can invest up to £9,000 per year. These automatically become adult ISAs on the child's 18th birthday, so some financial education is advised beforehand, something we are happy to help with. Children and anyone who is not working can also have up to £2,880 net (£3,600 gross) invested into a pension on their behalf each year, while those in work can pay the lower of 100% of salary or self-employed earnings or £60,000 gross (£48,000 net). Allowances cannot usually be carried forward so please talk to your adviser if you would like to make contributions for the current tax year. Please do not leave it until late March or the first week of April as you may miss out due to the time taken to process instructions or transfer assets.

As always, we are reliant on you to keep us up to date with your circumstances. There is no need to wait for your next review meeting if you or a member of your family need our help. We would also be grateful if you could let us know when you change your telephone number (including if you no longer have a land line), email address or bank details, as otherwise there may be delays in us being able to contact you or release money.

Looking ahead to 2025 we are excited about these forthcoming changes, designed with your needs and growth in mind. We close at lunchtime on Christmas Eve, returning on 2nd January 2025. In the meantime, I would like to wish you all a Merry Christmas and a Happy and Healthy New Year.

Kind regards

A handwritten signature in black ink, appearing to read 'Daniel Wackett', with a stylized flourish at the end.

Daniel Wackett
Managing Director
Altorfer Financial Management Limited