

Dear Client(s)



Spring is here at last



We are delighted to be sending you the Spring edition of our newsletter. We hope you will find much of interest.

We hope that with the longer days and sunshine not only will we see green shoots appearing in our gardens but we very much hope for green shoots in the stock market also. We have just gone over the 4000 mark so a long way to go. Probably be a bumpy ride along the way but keep looking towards the horizon.

BUDGET UPDATE (or the bits that might interest you)

Individual Savings Accounts

The ISA subscription limit will be significantly increased from the current £7,200 to £10,200 on 6 October 2009. Within this new limit, up to £5,100 can be saved in cash. However, the new limit will be implemented in two stages, and the 6 October 2009 increase will only apply to investors aged 50 and over. All other ISA investors will have their ISA limit raised to these levels from 6 April 2010 onwards.

Investors aged 50 and over who have already used their £7,200 ISA allowance in the current tax year will therefore be able to top up their 2009/10 ISA by a further £3,000 after 6 October 2009.

Taxation of personal dividends

From 22 April 2009, individuals who receive dividends from non-UK resident companies (not including offshore funds) will be entitled to a non-payable tax credit, regardless of the size of their shareholding. The tax credit will only be available if the source country is a 'qualifying territory' with a double taxation agreement with the UK.

Income tax

Various changes have been announced to income tax and can be summarised as follows.

From the tax year 2010/2011:

- An additional rate of income tax of 50% will be introduced for taxable income above £150,000, so from 2010/2011 there will be three main rates of income tax: 20%, 40% and 50%.
- The basic personal allowance will be reduced to zero on a tapered basis for those individuals with 'adjusted net incomes' above £100,000. The reduction will be at a rate of £1 for every £2 above the income limit, similar to the way age-related personal allowances are reduced. 'Adjusted net income' is the total of an individual's income, less certain deductions. The main deductions are: payments made gross for pension schemes, grossed up Gift Aid contributions and grossed-up pension contributions which have received tax relief at source.
- An additional rate of income tax for dividends will be introduced at 42.5%, applicable where dividends are otherwise taxable at the new 50% rate. From 2010/2011, therefore, there will be three rates of tax on dividends: 10%, 32.5% and 42.5%.
- The trust rate will increase to 50% and the dividend trust rate will increase to 42.5%. The previously announced plan to introduce, from tax year 2011/12, a 45% rate and withdrawal of personal allowances in two stages (at £100,000 and £140,000), has been superseded by these changes and will now not take place.

These changes will increase the number of marginal tax rates applicable to income, and therefore increase complexity, highlighting the pressing need for advice.

On a more personal note....

We have pleasure in announcing Fiona and her husband Jonny are expecting their first child in early June. She is finishing work at the end of May and will be returning in January 2010. She is winding up her ongoing cases during the month of May, however, before she goes on maternity

leave if you have any urgent matters you wish to discuss with her please email or call her on Fiona.terry@bhi-limited.com or 0117 370 1884. Once she is on maternity leave please use the following contacts:

- Rebekah Lane, Administration 0117 370 1883 becka.lane@bhi-limited.com
- Beverley Hatcher, Investments & Protection 0117 370 1881 beverley.hatcher@bhi-limited.com
- Louise Barton, Pensions 0117 370 1882 louise.barton@bhi-limited.com



Compensation Limits

We are getting a lot of enquiries from you regarding compensation levels for different types of investments. The current maximum limits are as follows;

Deposits: £50,000 per person.

100% of the first £50,000.*

Note: for deposit claims against firms declared in default between 1 October 2007 and 6 October 2008, the maximum level of compensation is £35,000 (100% of the first £35,000). For claims against firms declared in default before 1 October 2007, the maximum level of compensation is £31,700 (100% of the first £2,000 and 90% of the next £33,000).

Investments: £48,000 per person.

100% of the first £30,000 and 90% of the next £20,000.

Home finance (e.g. mortgage) advice and arranging: £48,000 per person (for business conducted on or after 31 October 2004).

100% of the £30,000 and 90% of the next £20,000.

Long-term insurance (e.g. pensions and life assurance): unlimited.

100% of the first £2,000 plus 90% of the remainder of the claim.

General insurance: unlimited.

Compulsory insurance (e.g. third party motor): 100% of the claim. Non-compulsory insurance (e.g. home and general): 100% of the first £2,000 plus 90% of the remainder of the claim.

General insurance advice and arranging: unlimited (for business conducted on or after 14 January 2005).

100% of the first £2,000 plus 90% of the remainder of the claim. Compulsory insurance is protected in full.

For further information visit the following link:

http://www.fscs.org.uk/industry/about_us/limitations/compensation_limits/

Changes to Tax and Benefits

For many people, the most significant change is the 5% increase in the basic state pension. Individuals will see their weekly income increase from £90.70 to £95.25.

Meanwhile, Personal Allowances (the amount you can earn before you have to start paying income tax) has increased from £6035 to £6475. People aged over 65 will now have a Personal Allowance of £9490 up from £9030.

People earning more than £40000 could see their National Insurance (NI) contributions increase. Previously, NI was payable at 11% of the first £40400, but from 6 April this changes to 11% of the first £43875 and 1% thereafter.

Inheritance tax also faces a tweak. The threshold after which this 40% tax must be paid increases to £325000 up from £312000.

Investments

Don't forget it's the new financial year so move any spare cash into your cash ISA (unless you are putting the maximum into an equity ISA). The Principality are currently offering a 2 year fixed rate 3.3%, Barclays Bank have a variable ISA 3.55% instant access. However these offers are subject to a daily change and for more up to date information please contact us.

And to finish

Palindromes

The word Palindrome is derived from the Greek palindromos, meaning running back again (palin = AGAIN + drom-dramein = RUN). A Palindrome is a word or phrase which reads the same in both directions. Some simple examples are;

RACECAR	DEED	LEVEL	PIP
ROTOR	CIVIC	POP	MADAM
EYE	NUN	RADAR	TOOT

Words like LIVE and STRAW (which read EVIL and WARTS backwards) are not themselves palindromes but the "phrases" LIVE EVIL and STRAW WARTS are. A palindrome is not necessarily a single word. The longest palindrome is ROTAVATOR.

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