



HFS Milbourne
financial

Business Financial Planning





HFS Milbourne Financial Services Limited are Independent Financial Advisers and Wealth Managers.

Established in 1986, HFS Milbourne Financial are now regarded as one of Surrey's leading financial advisers. We are directly authorised and regulated by the Financial Services Authority (FSA) to act as advisers, and are therefore able to provide our clients with impartial advice in all areas.

In this increasingly complex financial services market, our advisers have a wide range of qualifications and experience. We seek to have long-term client relationships by giving a high level of professional service to businesses and individuals, often liaising directly with clients other professional advisers. We often provide our services on a fee basis, depending on what our clients' requirements are.

We specialise in providing Employee Benefit and Corporate Financial Planning advice to businesses and their employees. Our Personal Financial Planning divisions also advise clients on Personal Wealth Management, Protection and Mortgages.



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Selecting the right Strategy

Deciding on the best benefit strategy for your business is an integral part of a successful company. A good Employee Benefits strategy will enable your company to attract and retain the skilled personnel necessary to meet the challenges of a competitive business environment and to ensure that it is protected adequately so that it can prosper. We firstly need to understand your business and your plans for the future before agreeing any plan of action with you. This may involve liaising with your accountant or solicitor.

Whether you already have some Employee Benefits in place or are contemplating new arrangements, you will need to consider all the latest market and legislative developments. The options open to you and your business are wider and more complex than they have ever been.

When reviewing an Employee Benefit strategy, the following areas need to be considered:-

- Pensions
- Protecting your workforce
- Protecting your business
- Shareholders interests

We aim to provide advice that will form a solid basis for lasting commercial success.



Pensions for your Directors

The main component of your benefit strategy has to be pension provision. Pensions remain one of the most tax efficient means of rewarding people and are acknowledged as the hallmark of a good employer. Pension arrangements for Directors and Partners need to be not only tax effective, flexible and innovative, but at the same time tailored to individual circumstances.



Personal Pensions

Personal pensions allow you to shelter large contributions from tax and are one of the most tax efficient ways of extracting funds from a business for personal benefit.

Self Invested Pensions

Personal and Corporate pension arrangements with the ability to self invest are regarded as being highly attractive for business owners and Directors. Significant contributions are now allowable which can be offset against tax. Business owners find these arrangements attractive since they give direct control over the pension scheme investments and the ability to invest the pension fund in their own business.

There are two types of Self Invested arrangements, Self Invested Personal Pensions (SIPP) or a Small Self Administered Scheme (SSAS), both of which are suitable for business owners depending on your individual circumstances. A Self Invested pension may invest in a wide range of assets including commercial property and may also borrow to invest. Considerable flexibility is given to these types of arrangements over which you have direct control.



Review Service

As a result of significant changes to pension legislation from 6th April 2006 (A-Day), many business owners have older style Personal or Occupational Pension schemes. We can provide advice on how best to consolidate your existing pensions, possibly by also incorporating them into a Self Invested arrangement. This can provide many advantages, including simplification, reduced costs, greater flexibility and wider investment choices.

Drawing Income in Retirement

For many of our clients, the ability to draw an income from their pension fund whilst leaving it fully invested, rather than purchasing an Annuity, is very attractive.

Directors and Partners with significant pension sums at retirement should consider the Income Drawdown strategy rather than purchasing an Annuity from an Insurance Company. Income Drawdown can give far greater benefits including a return of funds to your estate on death. An Annuity can be very inflexible with little or no lump sum on death. The Income Drawdown facility may also be linked into a Self Invested pension to allow even greater flexibility.



A well planned pension scheme will enable a company to attract and retain high calibre employees.

Pensions for your Employees

Scheme Design

There are several principal issues influencing employee pension schemes, these are:-

- Contribution levels
- Career patterns
- State benefits
- Administration

Group Personal Pension Schemes (GPP's)

The main backbone of good Employee Benefit packages is the GPP. In the modern workplace, a GPP offers maximum flexibility, portability and ease of administration.

A GPP is basically a facility for employees to have their own personal pension on a group basis with financial support from their employer. Careful advice is needed when setting up a GPP scheme to make sure that the scheme complies fully with Stakeholder Pensions legislation.

Legislation prevents the employer from offering financial advice to employees, and HFS Milbourne Financial provides this function.

Stakeholder Pensions

Most employers are affected by Stakeholder Pensions legislation; if you have five or more employees then you will need to comply. A suitable Group Personal Pension scheme will satisfy the legislative requirements.

If however, you do not wish your company to contribute, then a Group Stakeholder scheme may be appropriate.

Review Service

If your business has an existing Occupational Pension scheme in place, we are able to review your existing arrangements to make sure they are still appropriate following the changes introduced from 6th April 2006 (A-Day). A Group Personal Pension arrangement may be more suitable as it will remove your Trustee responsibilities and reduce the administration burden.

Retirement Counselling

Careful financial planning is essential to help your staff plan for retirement, HFS Milbourne Financial offer a Retirement Counselling Service. Our advisers are able to provide retirement and redundancy advice to employees.



Protecting your Workforce

It is important to recognise the need to protect your employees and dependants in the event of ill health, disability and death. This is particularly relevant since the State provision is likely to decline in the years to come.

Death in Service

Lump sum Death in Service protection, usually based on a multiple of salary, has always been an important part of pension scheme arrangements in view of the low cost and tax benefits.

Permanent Health Insurance

Most employers will have a limit on how long they can continue to pay a salary in the event of ill health. The loss of income to a breadwinner can have a devastating effect on their families. Permanent Health Insurance replaces the lost income and removes the burden and responsibility from the employer.

Critical Illness

Providing a lump sum benefit on the diagnosis of a Critical Illness is becoming an important group benefit especially for senior employees. Arranging cover on a group basis is a very effective way of providing this protection in view of the much lower unit costs.

Private Medical Insurance

This is often regarded by employees as one of the most highly valued company benefits. From an employee's point of view, it provides assurance that medical treatment will be provided promptly and conveniently. From an employer's point of view, health problems can be monitored and absence from work kept to a minimum.



Protecting your Business

It is important to recognise that the success of any business largely depends on its staff. Most businesses ensure that their business assets such as buildings, plant and machinery are insured against loss, but many fail to do the same for their key employees.

Key Person Insurance

Most businesses have at least one or more people who are essential to its continued profitability and development. This may be due to their specialised knowledge, skill or personal contacts.

A key person might be a:-

- Managing Director
- Top sales person
- Finance Director
- Chief designer or engineer

The death or critical illness of a key person could severely affect the profits of the company. Insuring the key person would make sure that the company receives a lump sum to offset profits and defray other costs.

Calculating Benefit Levels

Calculating how much to insure a key person for can be difficult, HFS Milbourne Financial can draw upon many years experience in advising companies and we will often liaise with your accountant to determine the right level of cover.

Shareholder Protection

This type of protection is often overlooked by businesses; however problems can arise when a partner or shareholder dies. Their share of the business will form part of their estate and will pass to their beneficiaries. Surviving partners or shareholders will usually wish to retain control over the business and would need to find the appropriate funds to purchase the deceased shareholders share from their estate. Arranging appropriate Life Assurance cover for the value of the shares written in trust can solve these problems.

Professional Relationships

The key to a successful long-term relationship with our clients is the provision of high quality professional advice, supported by an efficient service.

We are more than happy to work with your existing accountant and solicitor, or if required, we have tried and tested connections with other professional advisers and will recommend those services where we feel it can add value to our long-term relationship.



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