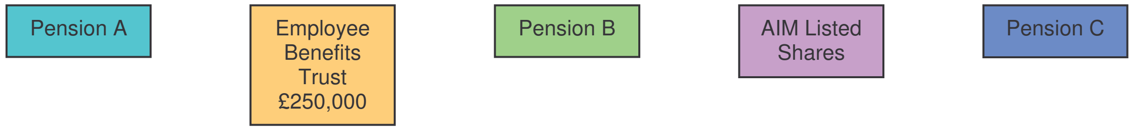
crawford consulting

Client Case Study – Retirement Planning



Background

The client, a solicitor working for a successful Lloyds of London run off company wishes to change career. In addition, she also wishes to enhance her retirement planning by using the resources in place from her employment. She was a member of the company Employee Benefits Trust and has two traditional personal pension plans. She also owns shares issued from the company when it floated on the Alternative Investment Market.

Challenges

- The client intends to change her career but wishes to use her existing investments to benefit her retirement planning. In addition, she wishes to coordinate her investment strategy in order to manage risk more appropriately.
- She wished to take advantage of any advantageous tax planning that may be available.
- Disjointed pension arrangements.

What We Did

- We advised the client to take benefits from her Employee Benefits Trust in order to provide a high level of earned income on which to base pension contributions.
- The client agreed to sell shares in the AIM listed company to raise cash to fund the pension contributions based on earned income generated from the benefits of the Employee Benefits Trust.
- We consolidated the existing pension plans into a self invested personal pension which also received the new contribution funded from the sale of shares in her employer's company and cash held in the Employee Benefits Trust.
- Devised and implemented agreed risk strategy in the run up to retirement in five to seven years.
- Consulted tax advisers to confirm approval of pension contribution based on income generated by the Employee Benefits Trust.

The Results

- All investments managed together by chosen investment team.
- Pension funds held in one contract and now part of a coherent investment strategy.
- The client suffered capital gains tax on the sale of the AIM listed shares. This was offset by income tax relief on pension contributions into the new self invested personal pension, which at the time was at a higher rate than the rate of capital gains tax.