



Red Star[★]

Wealth Management

Red Star News
October 2018



Welcome to the first issue of our new newsletter. We're planning to make this a quarterly publication and we're hoping we'll be able to make it interesting and informative for you so you look forward to reading it!

We'll try and get the right mix of financial news along with information about what's happening at Red Star Wealth or what some of our lovely staff have been up to. We've always endeavoured to offer you a friendly and personal service and we hope our clients see us friends as well as advisors. We see some

parts of this newsletter as a way for you to get to know some of the other staff here you might not have met face to face. We like to be involved with our local community and we actively support local charities so we may include some details of these activities too.

Our big news at the moment is the fact that we're about to open a satellite office in central London; you can read a bit more about this later in this issue and we'll cover it in more detail next quarter, once we've moved in properly.

We really do want you to enjoy reading our newsletter so we'll always be open to your comments or suggestions of topics we could cover and this is particularly true as we find our feet for the first few issues so do please get in touch!

You've probably received this by post but every issue will also be available digitally, either to download from our website or you can choose to receive it by email rather than in the post. If you'd prefer a digital version, just let us know.



New office

We're really rather excited to announce that we will be opening a new office this month. It's a big step for us because it's in London! A London office might seem strange for a Lancashire based company but, in fact, we do have a significant number of clients in London and the south east; having a London base means we can look after them better.

You might be thinking that our new office is simply an address, but you'd be wrong! We will have physical office space in central London adjacent to Bank tube station.

We look forward to seeing some of our southern clients in our new office over the coming months.



Business Property Relief

You may have heard rumours that the Government plans to make changes to the Business Property Relief (BPR) rules.

Perhaps we should define BPR before we go any further. If you own or have an interest in an unquoted trading company, are a sole trader who runs a trading company or are in a trading partnership, the whole value of your business is exempt from Inheritance Tax if you die or make a lifetime gift. The same goes for farmers although their equivalent of BPR is Agricultural Property Relief (APR). The idea behind BPR and APR is to protect family run businesses from being broken up when a member of the family dies due to an Inheritance Tax charge on the value of the business.

On the face of it, both APR and BPR could be seen as ways to avoid paying Inheritance Tax, particularly by people who do not own businesses and so a reduction in the benefits could be seen as 'fair game' for the Chancellor.

On a more positive note, there have been independent reviews that showed neither relief is being abused. In addition, the Government is currently consulting with the Office of Tax Simplification on Inheritance Tax so it may well be that changes will not occur before this consultation is complete.

In conclusion, it is impossible to tell if anything will happen in the near future but what is absolutely certain is that both BPR and APR are exceedingly tax efficient ways to pass down your business to the next generation as well as being an effective investment vehicle for reducing inheritance tax.. What is not in doubt is that if you plan to take advantage of the tax planning benefit of either of these schemes, you should do it sooner rather than later. You know where we are.



Talk Money Week is the annual celebration of the work thousands of organisations are doing to improve money management across the UK.

Throughout the week, organisations will encourage their customers to 'talk money', showcase their services and lead the charge to make their work more effective, by turning evidence of what works into action at scale. It is an annual event which takes place in mid-November organised as part of the Financial

Capability Strategy for the UK and aims to get more people talking about money.

As part of Talk Money Week, the Money Advice Liaison Group (MALG) is teaming up with the Money Advice Service to jointly present the Talk Money Conference at Central Hall Westminster. Kristen, along with Nick from Red Star Education will be attending the conference to discuss financial capability and debt with a wide range of other organisations from across the financial sector.



Interest rates

It finally happened; the Bank Of England raised the base rate. Cheers from savers, groans from borrowers.

Obviously, if you've got a mortgage, your interest rate will have gone up. You can either grin and bear the increase or you can look around for a better deal, although researching mortgage deals can seem daunting as there are so many different offerings to choose from. Mortgage deals come in all shapes and sizes and what might seem, on face value, to be the best rate sometimes doesn't add up to being the best value when you take into account things such as set up fees so you do need to choose carefully.

It's pretty certain that rates are set to climb over the medium term but there are still several competitive fixed rate deals available; maybe now is the time to look around. If you'd like us to help please get in touch. We aren't tied to any lender and we'll always give you the total cost of the loan, not just the headline interest rate figure.



What's Happening To Your Money?

Looking back

As always, depending where you looked in the world, there were good bits and bad bits.

Both European and Chinese financial indicators weakened over the past quarter. Chinese problems were driven by slower growth along with an increase in corporate defaults. The situation was not helped by worries about the increasing prospects of some sort of trade war between China and America. Last quarter has shown that Donald Trump is quite happy to impose tariffs, whatever the global consequences. Also, the MSCI Emerging Markets Index was down showing it isn't just China that is having problems.

In Europe, uncertainty over the outcome of Brexit continues to present significant issues across the whole continent but this is particularly so within the UK economy with UK manufacturing recording it's largest monthly fall in output in April. In addition to Brexit woes, early in the quarter, the Italian elections moved a party that is openly Euro Sceptic and has proposed substantial fiscal expansion into power. This did not help with the stability of the economy of the region!

Sounding a more positive note was the US economy. The Fed has indicated it is more positive about growth and is planning four interest rate increases over the next year. Mr Trumps tariffs have helped the strength of the US economy, but as they say, "It's an ill wind that blows nobody any good"!

Looking forward

Taking the good and bad into account, we believe there is more good than bad for the coming quarter although the possibility of increasing trade wars and continuing Brexit uncertainty should not be ignored.

We see the likely outlooks from different classes of investment as follows:

Fixed Income

We believe that, for a variety of factors, the fundamental backdrop here remains challenging.

Equities

Investments closely aligned with European influences will continue to be volatile due to the same pressures suffered over the last quarter. On the other side of the Atlantic, if the proposed interest rate increases happen and trade tariffs continue to reduce exposure to foreign trade, the US economy could see strong growth.

Alternatives

Given the challenges to traditional asset classes, with care and skilled management, the alternative investment space would seem to provide an interesting area for the coming months.



Kristen Durose - Managing Director

Kristen has worked in the financial service profession since 1998 and has qualifications in Mortgage Advice, Equity Release (Lifetime Mortgages), Customer Services in a Regulated Environment and Trusts.



Paul Gardner - Consultant

Paul has had more than 30 years experience of providing investment advice for his clients. This includes 20 years on behalf of a major insurance company and the last 10 years as an Independent Financial Adviser.

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