



CITIMARK

INTELLIGENT SOLUTIONS TO
MANAGING YOUR BENEFITS

FINANCIAL GUIDE



A GUIDE TO

CORPORATE FINANCIAL SERVICES

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The Citimark Partnership Limited is authorised and regulated by the Financial Conduct Authority.



WELCOME TO THE CITIMARK PARTNERSHIP LIMITED

Established in 1985, Citimark provides independent financial planning and investment services to private, trustee and corporate clients. We also work closely with other professional firms in order to offer clients a full holistic service.

We are a Chartered financial planning practice committed to the Chartered Insurance Institute's Code of Ethics and Conduct, reinforcing the highest standards in all of our business dealings.

OUR BUSINESS STATUS

We are fee-based and independent of any external influence, which means that our advice is conflict-free and provides access to the entire range of financial solutions, thus enabling us to focus on what is right for our clients, whether or not this involves any financial product or investment.

OUR ADVISERS' QUALIFICATIONS

At Citimark, our clients can be confident they are dealing with individuals who are highly technical and have excelled in their field whilst always retaining the human touch.

OUR PHILOSOPHY

We understand each business will have a variety of requirements, which is why we treat every corporate client as unique and model a solution specifically tailored to achieve their goals. We take great pride in developing tailored solutions for our clients – always communicating in a simple and easily understood way.

OUR REGULATORS

The Citimark Partnership Limited is authorised and regulated by the Financial Conduct Authority. Their aim is to protect consumers, ensure the industry remains stable and promote healthy competition between financial services providers.

DIRECTORS PENSION PLANNING

“My business is my pension” is a phrase often quoted by business owners as a reason for not formally contributing to a pension for themselves. However, by not considering the use of directors pension planning as part of your overall business strategy, you may be missing out on some valuable benefits and flexibilities that will support both your business and you into the future.

MAXIMISING PROFITABILITY, MINIMISING TAX

Unlike ordinary workers, business owners don't necessarily have to comply with Auto Enrolment regulations for themselves, however, not making sensible pension provision could turn out to be a very tax-inefficient way of running the business:

- Pension funds are a legitimate and highly tax efficient way of extracting profit from a business
- Contributions paid by a business can far exceed the standard Annual Allowance limit of £40,000 or 100% of earnings if less
- This can be done on a regular payment basis or by ad hoc payments, perhaps when profits justify capital extraction
- Existing pension plans can be transferred into this type of arrangement
- You can leave a potential legacy to those closest to you free of inheritance tax and possibly even income tax

CONTROL OF INVESTMENT

Money invested in a director's pension fund does not have to be held simply within a pension provider's own fund range. Instead, such capital can be:

- Used to buy commercial property – either occupied and rented by your own business or by other tenants, generating a tax free return within the pension
- Loaned back to your business to aid business expansion on rates of interest that you determine fair and equitable

- Invested with discretionary investment managers to a mandate that suits your own personal investment and risk objectives
- A combination of these is often a solution our clients like to use

Once invested in your pension, the funds grow free of UK capital gains tax and income tax (tax deducted from dividends cannot be reclaimed).

ACCESSIBILITY

When approaching retirement or business exit:

- Additional payments can be added to the pension fund (subject to any lifetime allowance limits) as a tax efficient way of extracting capital prior to sale completion or retirement
- From the age of 55, you can draw up to 25% of the funds tax free, either as a one off payment or as a series of payments or ad hoc withdrawals
- Income and ad hoc withdrawals can be taken via flexible drawdown to suit your ongoing needs
- In the event of your death, your nominated beneficiaries will have full access to your pension fund benefits

OTHER CONSIDERATIONS

Please note that the administrative costs are often higher than those of a normal pension fund. The tax benefits, annual allowance limit and governing rules of pensions may change in the future. The level of pension benefits payable cannot be guaranteed as they will depend on interest rates when you start taking your benefits.

If you would like to have more control over your own business and personal planning needs, supported by our professional help and advice, please talk to us about directors' pension planning.

PROTECTING THE KEY PEOPLE WHO ARE DRIVING YOUR BUSINESS FORWARD IS OUR SPECIALITY

KEY PERSON INSURANCE

Key person insurance is designed to compensate a business for the financial loss brought about by the death or critical illness of a key employee, such as a company director or other integral member of staff. It can provide a valuable cash injection to the business to aid a potential loss of turnover and provide funds to replace the key person.

You cannot replace the loss of a key person, but you can protect against the financial burden such an event may cause. Without the right cover in place, you could also risk losing your business. Key person insurance can be utilised in a number of different ways, for example, to repay any loans taken out; to help recruit and fund the training costs for replacement staff; to meet the ongoing expenses whilst the level of sales recover; or to facilitate payments for outside consultants or expert advice that may be required.

Whatever the key person does, their loss could have disastrous consequences. Some of the problems the business may face are:

- Loss of profits
- The need to recruit or train a replacement
- Loss of important personal or business contacts
- Difficulties in meeting existing loan repayments
- Loss of confidence from suppliers and customers
- Difficulties in raising new finance for new developments
- Loss of detailed knowledge of the business' processes and systems
- Helping to repay commercial loans, business mortgages and directors loan accounts
- Loss of goodwill

SHAREHOLDER AND PARTNERSHIP PROTECTION

Shareholder and partnership protection provides an agreement between shareholding directors or partners in a business, supported by life assurance, to ensure that there are sufficient funds for the survivor to purchase the shares. It is designed to ensure that the control of the business is retained by the remaining partners or directors, but the value of the deceased's interest in the business is passed to their chosen beneficiaries in the most tax-efficient manner possible.

If a shareholding director or partner were to die, the implications for your business could be very serious indeed. Not only would you lose their experience and expertise, but consider too what might happen to their shares.

The shares might pass to someone who has no knowledge or interest in your business. Or you may discover that you can't afford to buy the shareholding. It's even possible that the person to whom the shares are passed then becomes a majority shareholder and so is in a position to sell the company.

The shareholding directors or partners in a business enter into an agreement that does not create a legally binding obligation on either party to buy or sell the shares but rather gives both parties an option to buy or sell, i.e. the survivor has the option to buy the shares of the deceased shareholder, and the executors of the deceased shareholder have the option to sell those shares.

In either case, it is the exercise of the option that creates a binding contract; there is no binding contract beforehand. This type of agreement is generally called a 'cross-option' agreement or a 'double option' agreement. It is important that this agreement is not binding regarding the sale of the shares because this will prevent you from claiming relief from Inheritance Tax.

EMPLOYEE BENEFITS

A comprehensive employee benefit package can provide a lifeline to employees and their families in the event of illness or even death. With a range of products covering all types of benefits and budgets, Citimark can provide a solution to your employee benefit requirements.

Group Life Assurance (GLA) pays out a cash lump sum upon death

This can provide much needed financial support at a difficult time for an employee's family and dependants.

This cover often provides a 24-hour bereavement counselling helpline, and, in some cases, face-to-face counselling sessions can be arranged at no additional cost.

Group Income Protection (GIP) provides a replacement income if an employee is unable to work because of long-term illness or injury

Should an employee become ill or disabled and unable to work, studies have shown that personal savings will normally only provide a family with an income for up to two weeks. Providing an ongoing income to employees can ensure they and their families do not risk losing their home as well as their health.

As well as the financial support, it also provides employers with access to rehabilitation services that help employees return to work, available from the earliest stages of absence.

Private Medical Insurance (PMI) is designed to cover the costs of private medical treatment for curable, short-term illnesses or injuries

Having key staff absent from work can have a huge impact on businesses. With PMI, you could avoid lengthy absences and high business costs caused by staff having to wait for treatment on the NHS. Your staff may also benefit from choosing when to have treatment and at which hospital. Usually, there's also the privacy of an en-suite room with TV and other home comforts. Most insurers offer products that provide cover for in-patient treatment (where stays in hospital are overnight or longer) and day-patient treatment (where some time is spent recovering, but not overnight). Some will also cover for out-patient treatment (including pre- and post-treatment appointments relating to the condition).

Group Critical Illness Cover (CIC) pays out a cash lump sum if an employee suffers one of an agreed list of illnesses and survives for at least 14 days.

In addition to Total Permanent Disability, cover is provided for around 38

illnesses, and the majority of insurers provide counselling support to the employee in addition to the financial benefits.

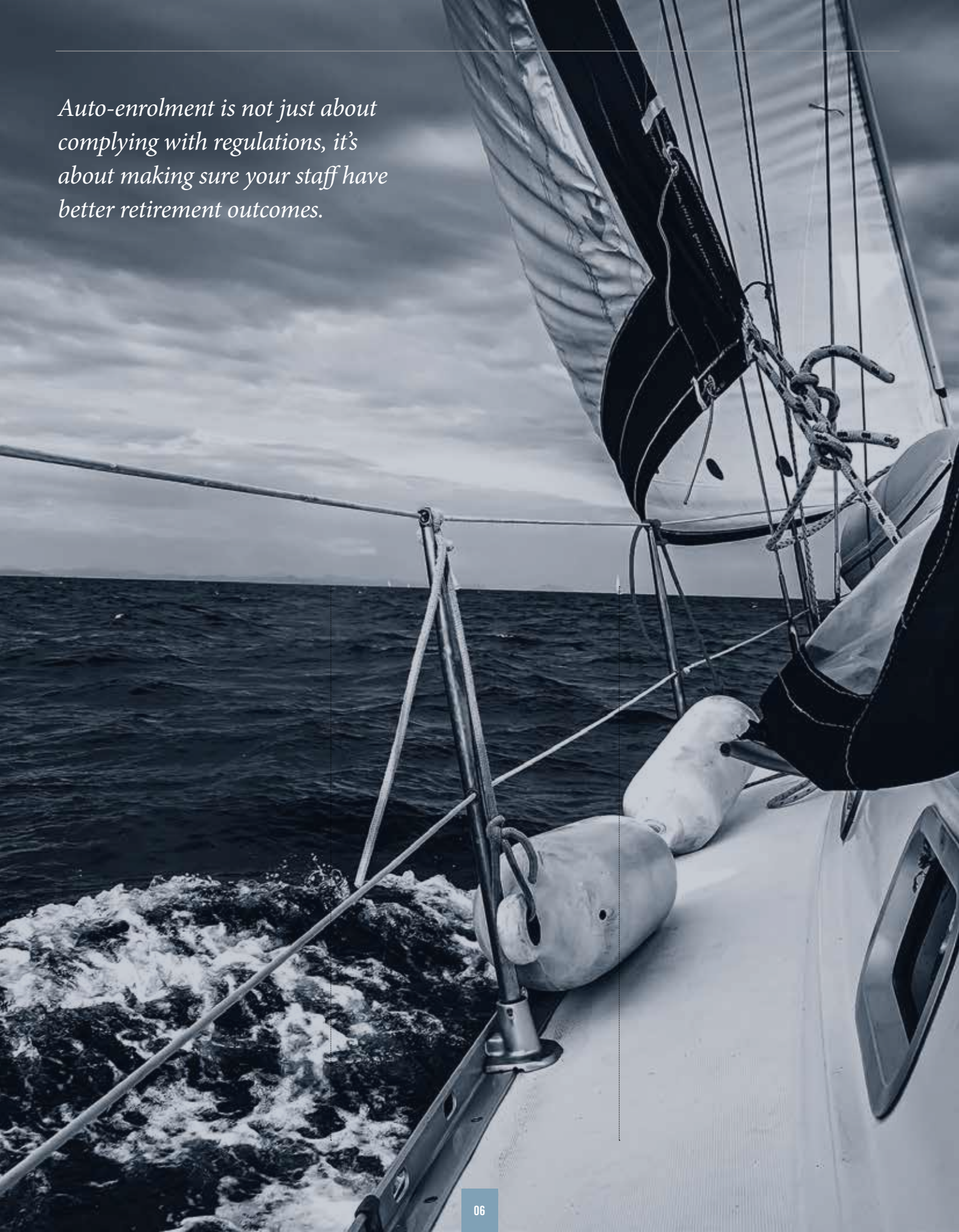
Should an employee suffer a serious illness, the Critical Illness Cover will provide the financial support needed to get them and their family through an incredibly difficult time. It can be used for funding normal expenditure during the recovery period. For more debilitating illnesses, the cash lump sum can be used to remodel the home for wheelchair access, for example.

Health Cash Plans allow your employees to claim back the cost of regular health appointments like the dentist or optician and GP prescriptions

Employees can also claim back the cost of less frequent healthcare, such as a visit to a chiropodist or a physiotherapist. Plus, a cash plan gives your staff access to a GP 24/7 and counselling services.

Providing this benefit for your employees could help improve morale and help you retain more staff. Plus, it puts money straight back in their pockets!

Auto-enrolment is not just about complying with regulations, it's about making sure your staff have better retirement outcomes.



AUTOMATIC ENROLMENT

The Government has introduced auto-enrolment to help more people save for their future. This means that employers will need to automatically enrol some workers into a workplace pension plan and give other workers the option to join.

Auto-enrolment is not just about complying with regulations; it's about making sure your staff have better retirement outcomes.

It's all about Employer Duties

From your staging date you need to be ready to meet a number of administrative and disclosure requirements and follow a strict timetable. Whether it's enrolling, re-enrolling, opting in or out of pension saving, the administrative burden of the auto-enrolment regime falls on you and preparation is key. With a potential penalty for non-compliance you will need to develop detailed administrative processes to make sure you have the right resources in place to meet all the requirements by the relevant deadlines.

That will mean planning ahead for changes to administration and payroll systems to ensure you can make the transition smoothly, and get the details right.

10 things to do BEFORE your Staging Date

1. Make sure you have a workplace pension which qualifies as an auto-enrolment scheme
2. Decide on your definition of pensionable pay: * Qualifying Earnings * Basic Salary * Pensionable Earnings * Total Earnings
3. Know your workforce and review HR data: There are three different categories of worker, determined by their age and how much they earn
4. Know whether you wish to use postponement – it cannot be applied retrospectively

5. Know which staff you have to communicate with and when
6. Know who should pay contributions, when and where to
7. Make sure your employment contracts are updated
8. Speak to staff who have big pension rights or pots. Certain employees may lose valuable pension protection if auto-enrolled
9. Check that your Payroll system can interact with your Pension Provider's system

10. Relax – you are ready

We have been helping our clients since 2012 and have the experience and expertise to guide you seamlessly through the process. From cost-modelling to full implementation our knowledge will provide you with peace of mind that you are not only meeting the legislation but also providing good member outcomes for your staff.

Automatic Enrolment – Triennial Review

With many employers now approaching their triennial review we are seeing a trend developing for scheme reviews. If you believe your existing auto-enrolment scheme may not be the right one for your business we can assist you in finding the right solution.

Automatic Enrolment – Good Member Outcomes

With the Pension Regulator and the Pension Policy Institute now focusing on good member outcomes can you be sure your pension scheme delivers the best outcome for staff.

To ensure your staff are fully engaged with the benefits provided by your pension scheme, we can offer a range

of communication tools to assist you in educating your staff from scheme booklets through to individual meetings.

Automatic Enrolment – Pension Freedoms

If you established your automatic enrolment scheme before the Pensions Freedom legislation was implemented in April 2015 then it is likely you have a default fund with a lifestyle fund targeting the purchase of an annuity.

With many employees now funding for cash in retirement your default fund may no longer be meeting your employees' needs. Contact us for assistance in choosing the right default fund for your employee demographic.

Automatic Enrolment – Senior Executives

Whilst Automatic Enrolment will go some way to ensuring the general workforce have a basic income in retirement, at contribution levels starting at 1%; it will not provide a meaningful income for Senior Executives.

Research indicates enhanced employee performance can be achieved when the Executive understands what their long term financial future could be and focuses on how to achieve it.

With so many changes to Pensions Legislation in the last few years, High Earners could find themselves in breach of the current rules without realising and being subject to large tax bills.

We can provide services specifically designed for your business to provide a bespoke solution for your Senior Executives and High Earners.

IS THE FUTURE OF YOUR BUSINESS BEING PROTECTED?

At Citimark we have the knowledge, wisdom and experience to help you protect your business, grow your business and exit your business

**PLEASE CONTACT US TO ARRANGE A MEETING
AND LET US SHOW YOU HOW WE CAN HELP**

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