

# Q&A

**Q** If cash returns have fallen to zero, is there such a thing as a risk free investment now?

**A** Cash is a low risk investment and as such would not be expected to make high returns. Over the longer term it has never been expected to beat inflation, and is really a shelter for people with no risk tolerance who are concerned about some capital security, and not capital growth.

**Q** The budget seemed to stifle those earning big salaries. What are the main issues for those on high incomes to be aware of now?

**A** Last weeks' budget announcement has left some higher earners saving for their retirement high and dry. They feel they are effectively being punished for contributing to pensions and lessening the burden on the state. We wonder where are the incentives now to invest at a time when it is so desperately needed?

Anti-forestalling Measures have also been introduced to ensure nobody takes advantage of the time delay before the new rules come into force.

No longer is the talk of pension tax relief encouraging people to save for themselves but rather what other vehicles can be used to protect assets, and provide some funds for retirement. There are other options out there, and it is important to seek advice to see if they are solutions you could consider. The message from the government is that for high earners, pensions are no longer the environment they support.

One environment they do support is that of ISAs. They encourage further saving for individuals not trying to make significant advantage of tax reliefs, but to accumulate steady saving over time.

ISA contribution levels have been increased to £10,200pa, of which half



**SUE WEST,  
DIRECTOR**

can be held in cash and half in equities (stocks and shares). Individuals can enjoy tax free interest on cash held in ISA accounts, and freedom from CGT when they sell their equity ISA holdings. This will encourage savers at a time when many are searching for improvements to their existing plans.

For higher earners looking for alternatives there are a number of trust based solutions available. You should speak to your financial adviser to discuss whether these might be suitable for your situation.

**Q** I have traditionally invested in equities. Is now the time to move up a gear into hedge funds and venture capital?

**A** If you have a high risk tolerance, you may have used these areas already. Now could be the time to move back into them, depending on your risk profile, what you have already, and what you are seeking to achieve. You should talk to an IFA to clarify these, and make sure all of your investments are in the right place for you. LRH Wealth Management offer an initial meeting free of charge, and will help you to find the right path for you.



**LRH WEALTH MANAGEMENT LIMITED**  
INDEPENDENT FINANCIAL ADVISERS

The Old Woolcombers Mill, 12 – 14 Union Street South, Halifax, West Yorkshire, HX1 2LE  
T: +44 (0) 1422 360788 | F: +44 (0) 1422 380201 | E: mail@lrh.co.uk | W: www.lrh.co.uk