

Hoban Family Investment Pension Fund

Scheme Review

Prepared by

Gavin A. McCloskey
Scheme Consultant

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1. Introduction

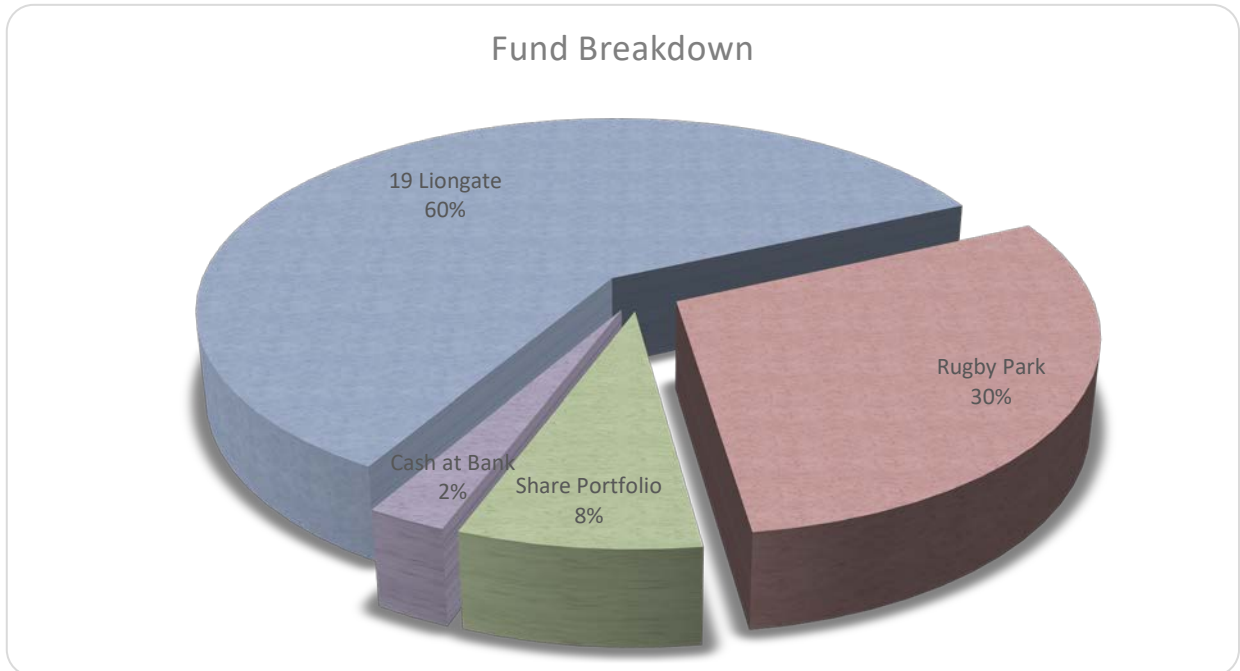
I am pleased to enclose our new look annual trustees report for your scheme.

This report has changed it's focus from previous years by being more specific to the day to day requirements of the scheme and we have cut the content of investment and inflation outlook data.

I also attach with our compliments our most recent newsletter, which contains our latest thinking and articles around both pension and protection planning.

Finally, thank you for choosing us to act as the Practitioner for your pension scheme.

2. Fund Composition



In respect of the property held by the scheme, the previous valuation was supplied in an email dated 18 November 2016

3. Scheme Tax Return

Below is a copy of our tax report submission for the period ending 5 April 2017 and our supporting comments.

The scheme reporting is one of the most important aspects of scheme management as the data submitted may be reviewed by an Inspector in connection with scheme fund movements. It is particularly important that where transactions are undertaken which may involve the scheme connected to persons or businesses associated with either the scheme members or the employer – even if it is no longer trading or has been liquidated that we report that information in the correct format.

It is important that clients notify us in advance of any transactions involving either a scheme member, a close connected company or someone connected to a scheme member, such as a relative or business partner.

The following data has been submitted

Pension Scheme Tax Reference	00071696RT
Pension Scheme Name	Hoban Family Pension Investment Fund
Is the scheme an Occupational scheme?	Yes
Tax Year ended	05 Apr 2017
During this period, was the aggregate of payments to and from the scheme greater than £100,000?	No
Specify the aggregate of payments to and from the scheme	£13837
At the end of this period, did the scheme have assets with a total value before pension liabilities greater than £400,000?	Yes

Connected Parties

At any time during the period from 06/04/2016 to 05/04/2017 did the scheme either directly or indirectly own assets that it had acquired from either: a. a sponsoring employer or any person connected with that employer? or b. a person who was a director of or a person connected to a director of a close company	No
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that was also a sponsoring employer?

or

c. a person who was either a sole owner or partner or a person connected with the sole owner or partner of a business which was a sponsoring employer?

or

d. a member or person connected with a member?

No

Cash and Bank Information

Total amount of all cash and bank balances at the beginning of the period	£31269
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Total amount of all cash and bank balances at the end of the period	£19840
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Total amount of interest credited to these accounts	£0
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Arms Length Transactions

Total cost or market value of any assets owned at the end of the period	£738622
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Specify whether this amount is	Market value
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Total amount of income from assets received	£39323
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Connected Party

If you are unsure of the connected status of the scheme's holdings please let us know and we will ensure that you are covered.

The following are recorded as current unconnected holdings:

The properties at 2 Rugby Park and 19 Lionsgate.

Arms Length Transactions

Arms length transactions is any person, body or firm that falls outside of the connected part definition given above. It is possible to change from connected party to arms length and vice versa. If you are unsure of the arms length status of the scheme's holdings please let us know.

The following arms length holding was recorded:

Share portfolio – all securities are held on arms length terms with no connection with the companies in which shares are held.

4. Scheme Review

Presently, the scheme is in drawdown arrangement and is categorised as capped drawdown. The rules changed in respect of drawdown of pensions and I have set this position below

HMRC now permit as little or as much to be drawn from a pension scheme and this is known as flexi-access drawdown. Presently the pension payments are treated as capped drawdown and therefore the rules place greater restrictions on the amounts that can be paid.

The rules also require periodic reviews of those pensions and following the completion of the scheme tax return I can confirm that the threshold amount for capped drawdown is £65986.19 p.a. This means that if you were in a position to withdraw more than that from the scheme in this scheme or next scheme year, then it may be necessary to change the benefit basis.

I do not propose to put in any scheme paperwork to make those changes as you are within your allowance and further the income paid is generally supported from the scheme's income from properties held.

5. Inflation and Interest Rate Outlook

Bank's Monetary Policy Committee (MPC) set a target for the annual inflation rate of the Consumer Prices Index of 2%. Subject to that, the MPC is also required to support the Government's economic policy, including its objectives for growth and employment

The MPC's central projection in the November Report was for four-quarter GDP growth to pick up from early 2018 and settle around 1¾%.

Consumption growth was projected to remain subdued, while strong global growth, together with the lower level of sterling, was expected to support net trade and business investment. Inflation was projected to rise a little further above the 2% target in the near term before falling back over 2018.

Conditional on the path for Bank Rate implied by market interest rates prevailing at the time, inflation was projected to end the forecast period slightly above the 2% target. That central projection was also conditioned on the Term Funding Scheme, and on the stocks of purchased gilts and corporate bonds remaining at £435 billion and £10 billion respectively.

At its meeting ending on 13 December 2017, the MPC noted that the recent news in the macroeconomic data had been mixed and relatively limited. Global growth had remained strong, while some indicators of domestic activity in Q4 had softened a little. The measures announced in the Autumn Budget would lessen the drag on demand from fiscal consolidation, relative to previous plans.

The labour market remained tight, and the latest surveys suggested this would continue. The impact of November's rise in Bank Rate on the interest rates faced by households and firms had been consistent with previous experience, but it was too early to form a comprehensive view of its effect on the economy.

CPI inflation had risen to 3.1% in November, slightly higher than the MPC had anticipated at the time of the November Report. The MPC continued to judge that inflation was likely to be close to its peak, and would decline towards the 2% target in the medium term.

All Committee members judged it appropriate to leave the stance of monetary policy unchanged. The MPC was of the view that, were the economy to follow the path expected in the November Report, further modest increases in Bank Rate would be warranted over the next few years, in order to return inflation sustainably to the target.

Any future increases in Bank Rate were expected to be at a gradual pace and to a limited extent. We expect a further increase of 0.25% of interest rates in 2018.

6. General Data Protection Regulation

The **General Data Protection Regulation (GDPR)** is a regulation intended to strengthen and unify data protection for all individuals within the European Union.

It will be effective on 25 May 2018 and replaces the data protection act. It is the biggest shake up in generations to data use, privacy and business impact. It covers anyone who is engaged in data use and storage.

Small self administered schemes have a unique relationship in that here the members and trustees are husband and wife. Your scheme will not therefore be affected by GDPR as it is not intended to capture this type or position, however we will need to notify the ICO of this.

Our newsletter, which is enclosed fully explains how GDPR works. The new GDPR rules come into effect from May this year and if you think you might be affected, please let Gavin or Emily know and we will advise accordingly.

7. New Independent Trustee Service

Historically, small self administered schemes had a legal requirement for an independent trustee that acted as an oversight on behalf of HM Revenue and Customs to ensure that there was no improper termination of the trust.

Since 2006, this was no longer a legal requirement but recent changes to the rules surrounding pensions maybe useful for your scheme.

We can offer an independent trustee service via our trustee company and have structured this to give clients full flexibility on the remit needed. It is designed around protection to ensure that in the event of the demise or serious ill-health the distribution of benefits are in accordance with your wishes, impartially and with understanding of the rules that underpin pension schemes.

Controlling Investments

Our independent trustee company signs a delegation letter, whereby the power of investing remains in the hands of the clients as trustees of their own funds.

This way, we are not party to investment decisions and investment choices made by clients. However, if you require our independent trustee to be party to investment decision making, this can be facilitated on a case by case basis.

Ill-health benefits

This is perhaps where most of the need arises. Small self administered schemes have benefited significantly from the increased flexibility of distribution of funds either on death or serious ill-health.

The risk of developing cancer for all invasive cancer sites is one in two for males and one in three for females in the western world. This is a lifechanging condition and depending on the condition and type, your SSAS can be distributed to meet medical and income replacement requirements.

The emotional strain on families and the affected person is significant – having an independent trustee to take on the responsibility of benefit distribution ensure that this is undertaken with integrity and consideration.

Death benefits

In the absence of a surviving trustee, your beneficiaries are required to go to court for a trustee to be appointed which can be a very expensive and time-consuming process.

Children can be admitted to the pension scheme to benefit funds to be distributed at key anniversary dates. You can also arrange for your family to inherit the fund allowing the scheme to become a family trust.

An independent trustee can ensure that both the need for a court appointed trustee is avoided and your instructions are passed down and enacted by the independent trustee to avoid any family dispute that can often arise with family members as appointed trustees.

8. 2018 Action Plan

I propose the following action plan in 2018.

- 1) Update the nomination of beneficiaries for the scheme reflecting the changes to the tax rules concerning death benefits.
- 2) The Trustees need to consider whether a third party independent trustee should be appointed to the scheme.
- 3) Correct the cancelled direct debit account from June 2017 and obtain reimbursement for LEI registration.
- 4) Notify the ICO in connection with the GDPR position for the scheme in respect of conformity with the new data act regulations by 23 May 2018.