



# **'How To Use Your ISA Allowance – A Step By Step Guide'**

**Ray Prince**

**&**

**Graeme Urwin**

**Specialist Financial Planning for UK Resident  
Doctors and Dentists**

Rutherford Wilkinson plc 21/23 Brenkley Way Blezard Business Park NE13 6DS 0191 217 3340

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# How To Use Your ISA Allowance – A Step By Step Guide

2<sup>nd</sup> Edition

Ray Prince & Graeme Urwin

Rutherford Wilkinson plc  
Northumbria House  
21 - 23 Brenkley Way  
Bleazard Business Park  
Seaton Burn  
Newcastle Upon Tyne  
NE13 6DS

0191 2173340

[enquiries@rwplc.co.uk](mailto:enquiries@rwplc.co.uk)

[www.rwplc.co.uk](http://www.rwplc.co.uk)

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Services Authority

## Introduction

Thank you for requesting this Free Guide:

### **'How To Use Your ISA Allowance – A Step By Step Guide'.**

You've probably done this for any of a number of reasons:

- You are looking to use your ISA allowance and want a clearer idea on which one(s) to choose
- To avoid the many pitfalls when investing your money
- You want peace of mind that what you're doing now with your existing ISAs (and Personal Equity Plans) will have the potential to help you achieve your lifestyle and financial objectives

An ISA (Individual Savings Account) is a tax-efficient annual investment allowance launched in 1999 to replace the PEP and TESSA allowances. When you put your savings, shares or life insurance into an ISA account, the income and gains from the investments are sheltered from capital gains tax and the growth is free from income tax (although dividend income is taxable, paid by the ISA manager).

There are two ways of investing:

- Equity – you can invest up to £7,200 into shares / mutual funds each tax year.
- Cash – you can invest up to £3,600 each tax year.

An ISA is simply a tax wrapper. If you invest in a stocks and shares type ISA, it's likely your money will be invested in what is known as a pooled fund. The most common ones are Investment Trusts, Unit Trusts and Open Ended Investment Companies.

Many investors are confused about how to choose the right ISA. This is hardly surprising as there are over one hundred providers and thousands of funds to choose from.

More surprisingly, many ISAs are purchased without much research having been done by the investor. This includes areas such as assessing attitude to risk and deciding how much should be invested in equities (shares), property and bond funds.

Perhaps one of the biggest mistakes that we repeatedly see is where an investor has purchased an ISA many years ago and not reviewed it since to make sure it is still suitable for them. It's crucial you review any investment you make at least annually. The investment market is dynamic and your circumstances will continually evolve, so **not** reviewing could cost you.

The aim of this guide is to inform you about your options so that you'll be able to make the right decisions relevant to your specific situation. We've split it into 5 sections:

- ISA basics
- Risk: What you need to know before you invest
- Asset allocation and deciding where to invest
- Choosing your ISA fund(s)
- Choosing your ISA provider(s)

Our hope is that once you read this guide you will:

- Be able to make investment decisions with more confidence
- Understand what you need to do with any existing ISA investment funds

The guide has been kept as concise as possible as we're aware that you're probably busy and may not be able to set aside a lot of time to read it. It should take you no longer than 15 minutes to read. We would encourage you to take the time though, and not put it off until later. After all, knowing what action to take may help you avoid making any costly mistakes.

We also suggest you print out a copy so that you can make any notes.

Please contact us on **0191 217 3340** if you have any questions or if you'd like more information about how we can help you plan towards your retirement (you can hear some client comments at <http://www.medicaldentalfs.com/client-comments> and see some published articles at <http://www.medicaldentalfs.com/mediaroom> ).

We hope you enjoy reading this guide as much as we did putting it together!



**Ray Prince**  
Financial Planner



**Graeme Urwin**  
Financial Planner

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# Step 1

## ISA Basics

### Background

An ISA is not actually an investment. It is a tax wrapper, within which you can place certain investments, such as Unit Trusts, shares and cash. The main benefit is that the income and gains from the investments are sheltered from capital gains tax and the growth is free from income tax (although dividend income is taxable, paid by the ISA manager).

ISAs replaced PEPs (stocks and shares type investments, as well as corporate bonds) and TESSAs (cash based investments) with effect from 6 April 1999. PEPs were withdrawn in April 2008 and effectively became ISAs.

In each tax year it is possible to opt for either one stocks and shares ISA or a cash ISA plus a stocks and shares ISA.

Type	Investment limit
Stocks ISA	Up to £7,200 in a tax year
Cash ISA	Up to £3,600 in a tax year

Income and capital gains from ISAs are free from personal tax and their returns need not be reported on tax forms.

Dividends from UK companies carry a 10% tax credit which can no longer be reclaimed by ISA managers (since April 2004). However for higher rate taxpayers there is no further tax to pay on share dividends held within an ISA.

Interest on corporate bonds is paid net of 20% tax and this can be reclaimed by the manager giving corporate bonds a slight tax advantage over equities within an ISA for basic rate taxpayers, especially for those looking for an income. However the actual tax saved will depend upon the returns over the period the ISA is held.

From 27<sup>th</sup> December 2005 the range of investments which can be held in the investment element of ISAs was extended to include certain collective funds investing directly into commercial property, which were previously not available.

## Stakeholder ISAs

Stakeholder ISAs replaced CAT-standard ISA's from 6<sup>th</sup> April 2005. To earn the name 'stakeholder' the products have to meet conditions designed to ensure that the products are straightforward and good value.

- Annual charge limited to 1.5% pa of the fund during the first ten years and 1% pa thereafter.
- The minimum deposit cannot be higher than £20.
- No more than 60 per cent of the fund is invested in riskier assets such as shares.
- You can pay into the account by cheque, direct debit, standing order, direct credit (also called BACS or automated transfer).
- The prices at which units or shares in the fund are bought and sold must be the same and the price should be published daily.

The stakeholder conditions do not guarantee the performance of a product. They do not mean that the government recommends that product or that the product is necessarily suitable for you. But they do provide a useful benchmark against which to compare other products.

However these standards are not compulsory and in general only some "tracker" funds satisfy the limited charges permitted within the stocks and shares elements.

Assets held within an ISA can be ignored for the purposes of completing tax returns, however they will form part of your estate for inheritance tax.

## Step 2

### Risk: What You Need to Know Before You Invest

Science has developed a myriad of ways to measure investment risk, some incorporating complex mathematics and some looking at the behaviour and psychology of investors. What is certainly clear is that the days of sticking a pin in somewhere on a scale of 1-10 is of little value when trying to measure your capacity to understand and tolerate risk. Before we look at how we carry out risk profiling, it makes sense to look at some of the main types of risk that an investor may face.

- **Capital Risk:** When investors talk about risk it is probably safe to say that most will be concerned about the risk to their invested capital i.e. 'can it go down, how far might it fall' etc and whilst capital risk clearly exists, the fear of investing in real assets due to the risk of capital loss can often result in investors missing out on 'real returns'.
- **Liquidity Risk:** Too many investors get caught out by having insufficient access to short term funds, being forced to sell invested assets at the wrong time.
- **Inflation Risk:** The concern that money will lose its real value in relation to inflation over time.
- **Market Timing:** Some investors try to forecast the highs and lows of markets and can end up being out of the market during periods of the best returns.

Your risk tolerance is your ability, be it emotionally or financially, to withstand potential declines in the value of your portfolio in the short to medium term without succumbing to the urge or need to sell holdings at the wrong time.

Detailed studies have shown that one of the most costly mistakes in long term investing is to be 'out of the market' when prices increase. Over the years the market has had more up days than down days. It follows therefore that if you step out of the market it is likely you will miss more up days than down days.

As no one is able to predict the market timing of any rises, it's likely that by the time you choose to re-enter the market, there would already have been a significant increase in values. If one adds in that a fundamental of long term investing is to buy low and not sell low, (something that can be achieved by periodical re-balancing), the logical conclusion is that in times of market stress, almost invariably, the right thing to do is nothing.

One method to help you to work out how much risk you will be comfortable with is to use a questionnaire based tool. One tool is the Finametrica Risk Profiling system which is designed to help you determine where your boundaries lie in terms of what level of volatility you are prepared to accept. This 'score' enables us to identify a suitable asset allocation.

## **Volatility**

Dictionary.com's definition of volatility is:

**'Tending to vary often or widely, as in price: the ups and downs of volatile stocks'.**

One of the key aspects of investing is to understand volatility and manage risk.

If the markets simply rose steadily upward every day, investing would be a much easier proposition - one without risk. But in reality, the market is volatile, with ups and downs that affect your investments. Understanding volatility is important when developing an investment strategy - one that manages the inherent risk associated with investing.

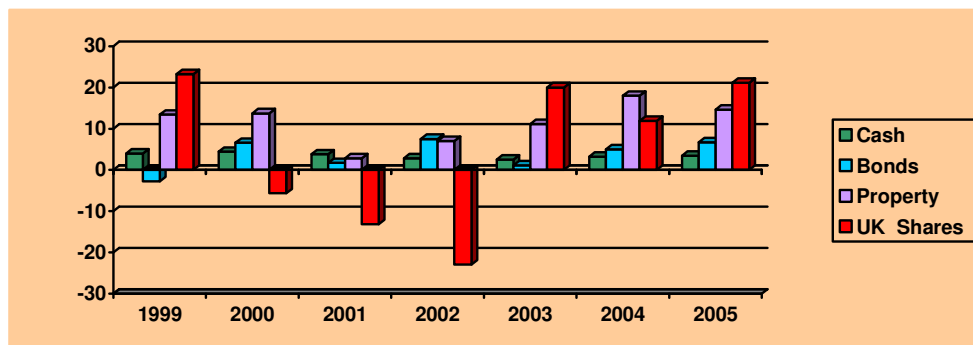
What contributes to volatility?

There are a broad range of factors that influence the price of shares from companies (stocks) and other issuers, such as government agencies or municipalities (bonds):

- Financial fundamentals: Fluctuations in profits, earnings and cash flow affect share prices.
- Market psychology: Perceptions often influence the markets as much as reality. Optimism leads prices up, while uncertainty and negativism can cause a decline in a sector or the entire market.
- Economic factors: Economic indicators (e.g., gross domestic product, employment, inflation), housing statistics, oil prices and industry-specific factors all affect investors.
- Major events: Acquisitions, product innovations, corporate scandals, natural disasters and political changes can have a major influence on a company, industry or entire market

## Risk vs Return

The table below shows how the four main asset classes have performed (see step 3), in percentage terms, over the last seven years. It can be seen that the three years 2000, 2001 and 2002 were particularly hard on shares, but better for property and bonds.



Source: *Financial Express* – (UK Shares=Legal & General UK Tracker, Property =NU Property Unit Trust, Bonds=Legal & General All Gilt, Cash=Legal & General Cash fund)

Having established the correct allocation between equity, property and interest bearing securities for your portfolio, you should then apply modern techniques to ensure the greatest probability that you will earn the return that is appropriate for the level of risk that you are willing to assume.

### Action Point

Before you make your next investment, it really does make sense to take a step back and evaluate how much risk you want to take.

Many investors make the mistake of investing in ISAs every year in isolation from each other. They may choose different funds and fund managers, but the danger is that they end up with maybe tens of different funds all with alternative risk profiles. The problem with this approach is that it becomes harder to monitor and review the portfolio over time and the opportunity cost of managing this number of investments is a big drag on the returns (whether positive or negative).

If you have current investments or ISAs, or are about to make an investment, make sure you take the time to assess the volatility of the funds (ask the fund managers or your financial adviser) before you invest. Don't invest in anything that is too risky for your comfort zone (unless you are prepared to lose the money) and review your portfolio at least annually.

If you need any help with working out how volatile your investment funds are we can help you via our **Funds Review Service**. For an initial discussion

(with no obligation), please contact us on **0191 217 3340** or email us at [docden@rwplc.co.uk](mailto:docden@rwplc.co.uk) .

## Step 3

### Asset Allocation and Deciding Where to Invest

#### Background

As mentioned in step one, an ISA is not actually an investment. It is a tax wrapper that allows your investment to grow tax efficiently.

It's therefore crucial to understand where you're investing your money.

There are four common areas in which you can invest your money:

- Cash
- Bonds
- Property
- Equities (shares)

Where you choose to invest will depend upon a number of factors, such as the length of the investment, your attitude to risk, your current level of investment knowledge and your confidence in your decisions.

Asset allocation is an investment portfolio technique that aims to balance risk and create diversification by dividing assets among the major categories (as above). Each asset class has different levels of return and risk, so each is likely to behave quite differently over time.

For instance, while one asset category increases in value, another may be decreasing or not increasing as much. Some critics see this balance as a settlement for mediocrity, but for most investors it's the best protection against major loss should one investment class underperform.

**The consensus is that asset allocation is one of the most important decisions that investors make.**

In other words your selection of actual shares or bonds is secondary to the way you allocate your assets to high and low-risk shares, to short and long-term bonds, and to cash and property.

The aim of asset allocation is to reduce risk by diversifying the portfolio. For example, if all of a portfolio's assets are concentrated in one area, such as shares, it's likely to be more risky than a portfolio whose assets are spread out among diverse investment categories.

An asset allocation appropriate to your goals and time horizon provides the best chance that you will meet your financial goals. In addition, you should examine your overall financial resources and personal ability to tolerate risk when making asset allocation decisions.

### **The Problem**

Many investors are either unaware of asset allocation, or have heard of it but may be put off understanding it fully as it does take some time to appreciate the benefits that it can bring. Alternatively, they may be using the services of a financial adviser that does not use the process of asset allocation. We believe asset allocation is crucial. When we meet prospective clients, many have never heard of it and their existing portfolios do not show evidence that it is being used.

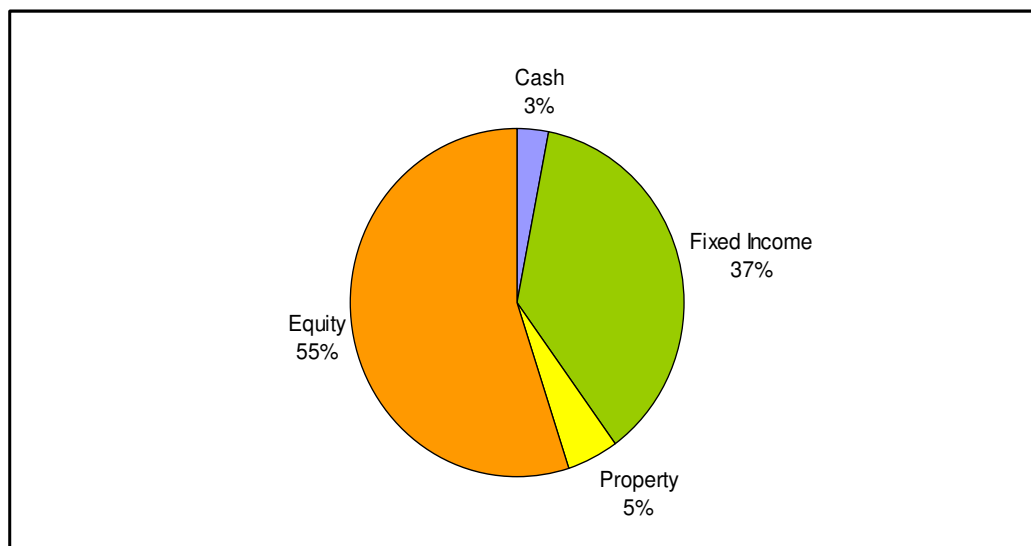
### **Diversification**

Most investors are concerned about the risks associated with financial markets; namely, that their investments will lose money or will not grow enough over time to outpace inflation. Diversification is an important strategy used by investors to help reduce this risk.

Because the markets for shares, bonds, property and cash do not all move in the same direction or to the same degree, an investor's portfolio that combines these asset classes should be less risky than one that includes only one type of investment.

A diversified portfolio has historically produced better returns than one that has concentrated in more conservative asset classes, such as short-term bonds or cash. A diversified portfolio is also less likely to experience stomach-churning volatility than one concentrated in the most aggressive investments.

Let's look at an example portfolio:



As you can see, this portfolio includes a spread of all four major asset classes and would probably be suitable for a balanced risk type investor. Don't make the mistake of believing that you have a diversified portfolio just because your money is spread across different equity funds. You need to have your investments spread across different **asset classes** to achieve diversification, which will help you manage the amount of risk you are taking.

You can also try to reduce your exposure to risk by diversifying your exposure by asset class as well as your holdings within an asset class (for example, equities holdings may be diversified among large-cap shares and small-cap shares).

### Investment goals and time horizons

All investment goals have a time horizon, which is the length of time between the investment and when the money being invested will be required. For example, if you are saving for retirement, you may have a long-term time horizon of about 25 years. Over time, of course, long-term goals such as retirement or funding your child's education will become medium and short-term goals. As your time horizon shifts, your asset allocation may need to alter accordingly.

Typically, investments offering the greatest growth potential also pose the greatest risk. An investor with a short time horizon might want to minimise or avoid higher risk investments such as shares or investment funds because the growth potential offered by these investments over time can be offset by short-term volatility (risk).

If your time horizon is sufficiently short, say three to five years, you may wish to concentrate on more stable investments such as bond funds, or even cash accounts. While bond funds offer no guaranteed rate of return, they are generally less volatile than shares and usually offer greater returns than cash.

Those with a longer time horizon can generally afford to invest more aggressively because short-term volatility will usually be overcome by long-term growth. For long-term investors, the growth potential offered by shares tends to offset the effects of inflation.

### **Action Point**

So what can you do to make sure your investment strategy has the right asset allocation?

A starting point is to follow these simple steps:

- Look at where your existing investments are spread (all your investments, not just your ISAs)
- Complete a risk profile questionnaire. Ask your Financial Planner or search for an online tool
- Decide your time horizons
- Set your asset allocation
- Review at least annually

## Step 4

### Choosing Your Fund(s)

#### Background

As at March 2006 there were 2002 funds (according to the Investment Management Association), 1324 of which could be placed in an ISA. You could also choose from 118 ISA providers.

It's hard enough for Independent Financial Advisers to keep abreast of the market, so we can't imagine what it's like for investors.

There are a number of factors to take into account when deciding which ISA manager and funds to invest with:

- Charges (initial and ongoing)
- Total Expense Ratio (measures ALL charges)
- Minimum amount you can invest
- Past performance
- Future potential performance
- Independent fund research
- Size of the investment fund (total £ in fund)
- Investment objective of the fund(s)

Let's take a look at a few:

#### Charges (initial and ongoing)

Many funds have initial charges when you make the investment. A typical charge is 5% of the initial investment. So, if you invest £7,000 into an ISA, £350 will be swallowed up in charges. If you invest via an Independent Financial Adviser, he or she may receive a commission payment of 3%. This is included within the 5% charge, usually referred to as the bid offer spread.

If you invest via the ISA provider directly, it's usual practice for them to still deduct the 5% upfront charge. One way in which you can get around this is to invest via a discount broker. They may charge you a low fee to set up the ISA (and rebate their commission), thereby possibly reducing the initial charge to approximately 2%.

There **are** funds available that do not have an initial charge. An example of this may be a tracker fund that charges 0%

If you are investing monthly into your ISA it's possible that you're paying a 5% initial charge every month. This is avoidable and really you shouldn't be paying more than 2%.

### **Total Expense Ratio**

An investment fund's total annual operating expenses (including management fees, distribution fees, and other expenses) revealed as a percentage of the fund's average net assets.

High expense ratios decrease investors' returns. An example would be two funds that both earned a 10% return before fees. If the first fund has an expense ratio that is 2 percent higher than second fund, you lose an extra 20 percent of your expected returns each year when your money is in the first fund.

The expense ratio does not include brokerage costs and various other transaction costs that may also contribute to a fund's total expenses.

### **Past Performance**

You've probably seen the warning in investment adverts that tell you 'past performance is not a guide to future returns'.

And it isn't.

But you'd be surprised by the amount of investors who invest thousands of pounds based on this one factor alone. The investment industry knows this as well. If you look at the adverts they all invariably promote the performance of the fund over the last 1, 3 or 5 years. At the time of writing fund management companies are spending millions on publicity and adverts promoting their offerings. One of the reasons you'll be seeing more adverts this month is that many share based funds grew by 20% or more in 2005.

So what **should** you do?

Look beyond the headlines. You need to know:

- What risks does the fund manager take? (volatility)
- What shares does the fund invest in?
- How long has the fund manager been in charge of the fund? (the average is 3 years)
- What other funds can I invest in if performance reduces?

## Passive or Active?

There are bodies of research that point to investing **passively** rather than actively. This involves investing into funds that track the performance of the stockmarket, as opposed to using fund managers who try to beat the stockmarket.

Academic analysis of the sources of investment returns by Eugene Fama of the University of Chicago and Ken French of Dartmouth College has reshaped portfolio theory and greatly improved understanding of the factors that drive equity (share) performance.

These are:-

- **Equity Market** (complete value weighted universe of stocks). Shares have higher expected returns than fixed income
- **Company Size** (measured by market capitalisation). Small Company Shares have higher expected returns than large company shares.
- **Company Price** (measured by ratio of company book value to market equity). Lower priced 'value' shares have higher expected returns than higher priced 'growth' shares.

In other words, research has found that differences in share returns are best explained by company size and price characteristics. Taken together, the three factors on average explain more than 90% of the performance of diversified share portfolios.

By investing into passive funds you're able to:

- Reduce the costs of investing. Many funds have initial charges as low as 0%.
- Benefit from low management fees and operating expenses. Most active funds charge at least 1.5% pa, whereas passive funds charge 1% pa or less.
- Remove the need to switch funds through 'churning' as you remain invested in the market

Let's look at some additional factors for passive investing:

### **Lower turnover resulting in lower cost.**

Most active investment managers do a large amount of trading, believing that this adds value. In the United States, one study showed that the average retail mutual fund had a turnover ratio of 83%, meaning that on average 83% of the securities in the portfolio were traded over a twelve-month period. High turnover is costly to investors because each trade can incur stamp duty and other costs including commissions, spreads and market impact costs.

These hidden costs may amount to more than a unit trust's total operating expenses if the fund trades heavily or if it invests in small company equities with high bid/ask margins. Institutional asset class funds have often significantly lower turnover because their institutional investors want them to deliver a specific asset class return with as low a cost as possible.

### **Consistently maintained asset class exposures.**

Your long term objective will be best met if you keep your allocation within the initial parameters that you establish. Unfortunately, most retail unit trusts effectively have you relinquish your control of your asset allocation in their constant pursuit of the latest 'hot' stock or sector. Institutional asset class funds do not have this problem because their mandates require that they must stay fully invested in the specific asset class they represent.

### **Conclusions**

It can be argued that active management strategies do not consistently add value for the individual investor. Long-term investment objectives could best be achieved by maintaining a disciplined policy of asset class diversification within your overall risk parameters. These goals can be best achieved by investing in institutional asset class vehicles for the long term, supported by regular rebalancing (adjusts your portfolio to maintain asset allocation).

### **Action Point**

Take the time to do thorough research before you invest in your ISA. If you do use the services of a financial adviser, make sure they are creating a portfolio that is linked to your risk profile. There is a strong argument for using passive funds so include this in your research and ensure you monitor your portfolio at least annually.

## Step 5

### Choosing Your ISA Manager(s)

#### Background

If you invested into the ISA's predecessor, the Personal Equity Plan, ten years ago you normally had the choice of investing with one provider, for example Jupiter, and had to choose one or a number of their funds. PEP managers typically offered 20 or 30 funds to choose from, all covering different markets and risks. For example, you could invest in a South East Asia fund or stay closer to home with a UK fund.

The last decade has seen an incredible amount of innovation in the investment market. The way in which you can invest has changed massively:

#### Invest direct with ISA provider

This option is still available, but in our experience rarely used. If you were investing with, say, Jupiter, you would complete their ISA application and nominate your fund(s). The main drawback with this method is that you could be restricted to using the funds of one provider.

#### Invest through a fund supermarket

With this option you invest through an administration company who are authorised to set up your ISA. You then have the choice to invest in hundreds of different funds from many fund providers. One such fund platform is cofunds. They offer access to 57 fund managers and over 300 funds. The main advantage to this route is that you can pick funds that are the most appropriate in **each asset class**. No one fund manager can be the best in each category so this is a huge advantage.

The charges are typically the same as investing direct with the fund manager.

#### Invest through a wrap platform

This takes the fund supermarket approach to the next level.

A "wrap" service allows you to hold whatever unit trusts, cash, investment trusts and shares you like with one set of paperwork, and within a choice of tax wrappers (ISA, pension etc). Switching from one fund to another is also straightforward with reduced initial charges, and transfers completed on the same day, without losing exposure to the market, ensuring that if markets rise while you are switching, you should not miss out.

For example, one of the services we use at Rutherford Wilkinson is called Transact, and is one of the most established and comprehensive administration platforms available in the UK. Although Transact has only been available in the UK since 1999, it is based on a system developed in Australia, where over £12billion of investments are held on this basis. These services are also well established in the US and elsewhere. Over £5.5 billion is now invested through Transact in the UK (as at January 2008).

The main advantages of a wrap are:

- Reduced paperwork.
- Valuations available online, via username and PIN.
- Funds can be switched from one investment provider to another with minimum delay and a reduced initial charge.
- Competitive terms for funds held in cash, with immediate access
- A single point of contact for all valuations etc
- Access to discounted institutional asset class investments

The main disadvantage is that the additional functionality adds to the costs of managing your investments.

### **Invest through a discount broker**

This route is appropriate for you if you are comfortable making your own investment decisions. Discount brokers offer you access to fund managers and fund supermarkets. They make their money by (usually) charging a low set up fee and earning trail commission, which is usually 0.5% of the value of your investment. This is paid to them by the fund manager and is covered by the annual management charge (usually 1.5%).

When you use the services of a good financial adviser you are protected as the adviser takes liability for any advice given to you. Using a discount broker does not offer you this protection.

The main benefit of using a discount broker is a reduced initial charge.

### **Summary**

Our view is that certain investors will benefit by using a wrap service to manage their investments, especially if they have different funds in a number of tax wrappers. You have to balance the advantages with the additional cost of using a wrap (typically 0.6% pa), so you should weigh up this option as well as the others and choose the one(s) that will help you achieve your objectives.

Thanks for taking the time to read this guide and good luck with choosing the right ISA!

To find out if we can help you with your financial planning call **0191 2173340** or [email us](#) for further information. Initial telephone discussions are free of charge and without obligation.

If you're not receiving the twice monthly Financial Tips newsletter, simply [visit our specialist website](#) to join. By doing so you'll be able to keep up to date with all the latest pensions and financial news for doctors and dentists. (Your details are safe with us and we will not sell or pass them to any third parties). This site also contains free articles and resources to help you effectively plan your finances and save time.

## About the Authors



Ray grew up in the North East of England and attended Kings School in Tynemouth, an experience he remembers for the cold weather, all year round! After school he continued his studies, completing a Master's degree in 1997 at Sheffield Hallam University.

Ray started working as a financial adviser in 1994 with Friends Provident. In 1996 he made the step to become an Independent Financial Adviser, joining medical and dental specialists Baxter Fensham Ltd. It was here that he developed his specialist knowledge, advising doctors and dentists how to get the most from their financial planning.

Ray started presenting his ideas in seminars and workshops and has since spoken in front of hundreds of doctors and dentists throughout the UK. In 2000, he left Baxter Fensham to team up with Thomas Dickson and together they were founding members of money4dentists.

Ray has presented financial planning seminars to groups within dentistry, including Women in Dentistry, dental health education council, the BDA and both undergraduate & postgraduate schools. Ray is also a presenter on the financial video site [www.moneycastonline.com](http://www.moneycastonline.com)

In 2004, Ray relocated from the Midlands back to the North East and has since teamed up with Rutherford Wilkinson plc to deal specifically with members of the medical and dental professions.

Ray has continued to pass various financial papers and holds the Advanced Financial Planning Certificate and the Diploma in Financial Planning accredited by the Chartered Insurance Institute. His passion is working with and helping clients who want an unbiased view as to how they can achieve their lifestyle and financial goals and objectives. He likes to help others less fortunate than himself and has volunteered for Crisis, the charity for the homeless, and did a sky-dive in 2003 for Dentaaid, raising funds for under-resourced dentists in the Third World.



Graeme also grew up in the North East, in Chester-le-Street. He remembers very clearly helping out in his father's newsagents nearby, delivering round upon round of newspapers far too early in the morning!

After working for the Mars group for several years, he joined the Medical Sickness Society in his mid twenties. It was here that he developed a passion

for helping medics and dentists with their finances, and became very used to the ins and outs of the NHS Pension scheme. It was this same passion that made him move on after 16 years to become an Independent Financial Planner, as he wanted to offer his clients a broader range of services and a totally impartial advisory service.

Graeme is also a presenter on the financial video site [www.moneycastonline.com](http://www.moneycastonline.com)

After working in London and Kent for many years, he returned to the North East in 2000 with his family. They are now settled in Rothbury, Northumberland, and have invested in thick fleeces and walking boots!

When not working, Graeme spends a lot of time with his family, and is very aware of the saying “tempus fugit” when his daughter increasingly shows him up with her improving skills and fitness.

His other personal interests are local history, genealogy, archaeology and cartography. He also loves walking and playing racquet sports, and regularly plays squash. He also completed the Great North Run in 2005, raising money for children with cancer.

## About Rutherford Wilkinson plc

Rutherford Wilkinson plc is a leading firm of Independent Financial Advisers and was formed in 2002 from the merger of Wilkinson Hatton and Rutherford Financial Management (formerly Peter Rutherford & Co).

These two firms were a natural match, combining substantial strengths and resources. Rutherford Financial Management was an investment specialist formed in 1992, and Wilkinson Hatton, established in 1986, had dealt mainly with corporate clients on a fee-charging basis. Both firms placed a strong emphasis on providing quality advice from professionally qualified advisers, matched with outstanding customer care.

The merger has created a full service financial services organisation that can meet the needs of all types of client, whether business or personal.

**A specialist division was created in 2005 when Ray Prince and Graeme Urwin joined the company. This division deals exclusively with the financial planning needs of UK resident doctors and dentists.**

As well as holistic fee based financial planning, Rutherford Wilkinson offers a wide range of financial services:

- Comprehensive Mortgage Service, residential and buy to let (sourcing the right deal for you and handling many aspects of the administration)
- Practice Acquisition Advice, including practice finance
- Estate Planning / inheritance tax mitigation / wills
- Retirement Strategy, to help you manage your affairs when you decide to give up work
- Long Term Care, planning for when you can't look after yourself or a family member
- Family Protection, to make sure your family have financial security if you die prematurely or suffer a critical illness
- Income Protection, ensuring you have enough income if you can't work due to illness, injury or accident
- Debt Management, understanding how to make debt work for you
- Foundation Planning including product selection (suitable for younger clients)

- Portfolio Evaluation, so you can align your investment strategy with your attitude to risk
- Individual Product Research, to help you buy the right financial policies

## **Risk Warnings**

All content provided in this special report is only for your own information and use, and is not intended to address your particular personal requirements or to be relied upon in making (or refraining from making) any specific investment or other decision. Such content shall not constitute any form of advice or recommendation by us.

**YOUR HOME MAY BE REPOSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.** Written details are available upon request. The FSA does not regulate all types of mortgages.

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Where you are unsure about any specific investment or other decision, you should obtain appropriate expert independent advice.

Levels and bases of, and relief from taxation are subject to change as UK legislation and regulations and the UK tax regime are amended from time to time. Any content referring to such legislation, regulations or tax regime should not be relied upon. The content in this guide refers to the 2006/07 tax year.

Unless otherwise stated, this guide is directed only to doctors and dentists in the United Kingdom. Doctors and dentists outside the United Kingdom should not use or rely upon any content provided.

Seek advice from an Impartial Independent Financial Adviser whenever considering restructuring your investments. Each investment should be considered on merit and not just for the tax advantages.

Rutherford Wilkinson plc is authorised and regulated by the Financial Services Authority.