

# Reflections

The newsletter for clients of Fairbairn Private Bank

## Focus on Pensions

Welcome to our autumn issue which focuses on the ever-growing issue of pensions and, in particular, a couple of options you may not have considered. On page 2, we look at the increasingly popular self invested personal pensions (SIPPs), which offer UK residents much greater flexibility in how they plan for their retirement.

For clients with existing UK pensions who are living abroad, or planning to leave the UK in the near future, we review an offshore pension solution known as QROPS, on page 3. These structures are recognised by HM Revenue and Customs (HMRC) and permit the transfer of UK registered pensions offshore.

In our last issue we celebrated the four-year milestone of our discretionary investment management service, which is designed for those who wish to delegate the management of their portfolios to our investment team. However, we can also offer a full range of stockbroking services for those clients who wish to retain control of their wealth and make their own investment decisions. Our

'execution only' service is outlined on page 4 and can be used in isolation or in tandem with our discretionary investment management service.

We are always delighted to receive independent recognition and on page 4 we announce another first with two recent wins at the International Investment Fund and Product Awards. While acknowledging the consistency of our approach, these latest awards also reaffirm our reputation as one of the leading integrated banking and wealth management brands across the UK and British offshore islands.

Despite the ongoing environment of slow economic growth, we are pleased to announce we have recently expanded our team with four new appointments. On page 5, we welcome Elanco Kanagasabapathy to our Jersey-based trust company, Colin Campbell and Carlo Lourenco to our London team and Clayton Stewart to our representative office in Johannesburg, South Africa.

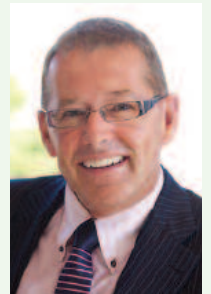
This summer we had great pleasure in sponsoring the Trophee des Isles sailing event in Jersey. This annual event is a junior regatta

and over 60 young sailors from France, the Channel Islands and the Isle of Wight took part this year. With two island-based offices, we were very pleased to encourage this up-and-coming sailing talent.

We recognise the importance of supporting both our local and wider communities, and our charity committee devotes a lot of time and energy into organising fundraising activities. The support and generosity of our staff seems to build year on year, and on page 6 we reveal the remarkable range of activities they have undertaken for our staff-nominated charities. Many thanks to all our staff for their efforts – they really do make a difference!

Warmest regards  
to you all,

**Greg Horton**  
Managing Director,  
Fairbairn Private Bank



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## Dip into a SIPP

As health and longevity continue to improve and there is a need to fund a longer life in retirement, it is inevitable that people will look for alternatives to the traditional personal pensions as the mainstay of their retirement savings plans. In some cases, compromises are being made, as recent research has revealed that almost two million people in the UK are to postpone retirement over the course of the next decade, in a bid to build their pension pot further.

As traditional pension funds continue to underperform, more savers are choosing to take control of their retirement money and modern pension legislation allows greater flexibility in how they plan for their retirement. A direct consequence of this is the growing demand for self invested personal pensions (SIPPs), which is expected to increase further as more people begin to appreciate the flexibility and financial benefits of these vehicles.

A SIPP is a specific type of personal pension, suitable for employed or self-employed UK residents under 75 years of age, which offers a wide choice of assets in which to invest, including stocks and shares, commercial property and cash, amongst others. SIPPs typically allow you to take full, active control of the underlying assets or, if preferred, to appoint a discretionary investment manager to do this on your behalf. The added advantage of appointing a discretionary investment manager is that they should have the experience and expertise to generate the returns to fund your retirement needs. To self-manage a SIPP, as with any important longer term investment, requires skill, experience and financial sophistication, given

the scope of assets in which you can invest. But the sophistication of SIPPs has done much to increase their popularity, as they offer unrivalled flexibility and freedom in planning for your retirement. Unlike traditional pensions, there is no compulsory requirement to purchase an annuity when you retire.

SIPPs also have compelling potential from a tax planning perspective, and these continue to develop. There are a number of special features associated with SIPPs, such as: availability of full tax relief on contributions, subject to the UK annual allowance; contributions paid net of basic tax relief at 20%; from the age of 55, a regular income can be taken from the fund while still being invested; growth is free from capital gains tax (CGT); and a tax-free lump sum of up to 25% of the SIPP's value.

As with all investments, it is important to bear in mind there are restrictions and risks involved in investing in SIPPs; the key restrictions to consider are: the maximum annual contribution, which is subject to HMRC rules (the current annual allowance is £255,000, but this will be reduced to £50,000 with effect from April 2011); residency and age restrictions; scheme rules may prevent or restrict withdrawal of capital; and higher rate tax relief must be claimed by self assessment. Any decisions made concerning payments to, investments within and withdrawals from the SIPP will affect the benefits.

We, in conjunction with specialist pension providers in the UK, can arrange a SIPP structure for you through our Focus platform, giving you access to a range of banking and investment services all within one account

and under one roof. The main advantage of including your SIPP within our Focus platform is that you can save time and simplify your administration. Additionally, through our online banking system you can view your SIPP online, to allow you to monitor the progress of your SIPP investment on a real-time basis. By investing with Fairbairn Private Bank you have the option of self-managing your SIPP or employing our discretionary investment management service to manage it for you.

Our discretionary investment management service combines our experience and understanding of clients' needs to construct innovative services which are highly adaptable and uniquely positioned. Your SIPP would be managed by us to target a return within an agreed level of risk which you are comfortable with. We understand that your overriding expectation is the delivery of investment performance.

The types of investment that can be held within a SIPP carry different forms of risk. As with any investments, the value and the income from them can fall as well as rise and you may not get back the original amount invested. Past performance is not necessarily a guide to future performance and exchange rate changes may affect the value of your investments.

Please note that all figures quoted are correct at the time of writing.

To find out more about this service and explore other options available, please contact your relationship manager directly or our client services team on **+44 (0) 1624 645000**.



## QROPS to go

In today's economic environment of low interest rates, increasing taxes and with the UK government's forced austerity measures ahead, more and more people will be considering the benefits of retirement abroad. The number of wealthy UK expatriates is expected to grow from seven million currently to sixteen million by 2020, but how will a move abroad affect their existing pension arrangements?

One potential solution to this question is a qualifying recognised overseas pension scheme (QROPS). As its name suggests, a QROPS is an overseas pension scheme based outside the UK which is recognised by HM Revenue and Customs (HMRC) as being eligible to receive transfers from registered UK pension funds. This enables anyone with a UK registered pension who is living outside the UK, or is intending to leave the UK, to transfer their UK pension rights into the QROPS.

The specific features of each QROPS will vary depending on the jurisdiction chosen, but the key advantage is the ability to consolidate all your UK pension holdings in one offshore structure, with no cap on the transfer value. This can result in reduced costs and simplified administration, and create wider opportunities for investment management.

One common misconception is that the main reason for investing in a QROPS is to avoid UK taxes, but in addition to ensuring your pension is tax-structured correctly, QROPS additionally offer a wider choice of investments and a higher level of flexibility than many UK pension schemes. As well as there being no requirement to purchase an annuity within a QROPS, any remaining assets following death

should also be available to beneficiaries without any deduction of UK tax, which offers significant estate, domiciliary and succession planning opportunities.

A QROPS is structured in much the same way as a UK pension and provides an investment vehicle that is owned on your behalf by a trustee. For a QROPS, this trustee must be based outside the UK and approved by the HMRC as a QROPS administrator. The scheme must meet certain criteria set out by HMRC and act as if it were a UK scheme for QROPS members who have been resident in the UK at any time in the previous five tax years. If you have emigrated from the UK, or you are about to do so, and you have transferable pension assets in the UK, then you may be eligible to use a QROPS.

In addition to meeting the HMRC's requirements, a QROPS must also meet the requirements of the jurisdiction in which it is domiciled. We are able to offer QROPS through our preferred partners in either Guernsey or the Isle of Man.

Our Guernsey-based sister company, Fairbairn Trust Company, has professional trustees that are fully qualified to administrate and run the QROPS for you. The investment element of the QROPS could then be provided by the bank's discretionary investment management service which is held on our integrated banking and investment platform, Focus. This multi-currency service enables cash accounts to be held within the pension and payments to be made in a client's chosen currency. Our core investment objective is to offer preservation of capital and income generation.

### The risks with QROPS:

- If you are not intending to retire outside the UK, a QROPS will almost certainly not be suitable.
- Investors should take care in their choice of pension jurisdiction, otherwise they may risk losing the HMRC approval of the QROPS. However, both Guernsey and the Isle of Man are leading international finance centres, widely recognised as respected and highly regulated jurisdictions.
- Investors should be aware that moving their pension assets out of the UK means losing the Financial Services Authority (FSA) regulations protecting the assets. However, other jurisdictions offer alternative protection and compensation schemes.
- Re-entry into the UK would need to be considered carefully.
- The value of investments and the income from them can fall as well as rise and you may not get back the original amount invested.
- Past performance is not necessarily a guide to future performance.
- Exchange rate changes may affect the value of your investments.

To find out more about this service and whether it would be of interest to you, please contact your relationship manager directly or our client services team on **+44 (0) 1624 645000**.



Andrew Bates, senior private banker in London, accepts our two awards from Lawrence Gosling, group editorial director, Incisive Media

## International award wins

As you are probably aware from previous issues of Reflections, we have a history of success at the annual International Investment Fund and Product Awards, but this year we were delighted to be awarded not one, but two top awards. The results, which were assessed by an independent panel of industry experts, saw the bank voted Best International Wealth Manager, for a second year running, and also awarded the title of Best International Bank. Being awarded both

the major banking and wealth management awards has never been achieved before and highlights a 10-year unbroken record of winning achievements at these prestigious industry awards.

As well as winning these two highly prestigious awards outright, we were also highly commended under the Best Service Initiative category. This is the seventh time in the past nine years that we have either won or been highly commended in a service category and

reflects the dedication and levels of commitment our team puts into client service.

With eighteen outright wins and eleven highly commended awards over the years, we appreciate this continued acknowledgement from the International Investment Fund and Product Awards, which remain the leading awards devoted to recognising achievements in the international financial services industry.

## It's all in the execution

In our previous two articles on pensions, we discussed the benefits of our discretionary investment management service. However, increasing numbers of investors seek to take investment decisions themselves rather than rely solely upon advisers. The explosion of the internet has meant there is an abundance of information available to refer to when making investment decisions, and this new found source of independence has led to more people taking investment matters into their own hands. Investors who choose this 'execution only' route simply use a stockbroker to buy and sell shares on their behalf. They always issue the instructions and seek no advice on what to include in their portfolio, or when to buy and sell.

At Fairbairn Private Bank, we provide investment dealing and execution only stockbroking services through our Focus account. This enables you to retain complete control over your wealth and gives you the freedom to manage your own investments.

Most importantly, you can keep up-to-date at any time by viewing your transactions and portfolios online. We can buy and sell stocks and shares traded on any of the major international markets on an execution only basis, subject to funds being available in your account.

To sell stocks and shares for you, we must hold them in our custody and nominee service, which is an integral feature of our investment dealing package. This offers considerable administrative benefits and means your stocks or shares are held in our nominee name, although you are still the ultimate owner. Offering a full range of custodian services, security of assets is assured through our nominee registration facility.

An advantage of using the execution only service through our Focus account is you will automatically receive a comprehensive and integrated report each month, detailing your entire net worth held with us. The report

also shows details of any purchases, sales and corporate actions, and any resultant profit or loss arising from sales. By combining these services in one seamless package, we can reduce a considerable part of the administrative burden of managing your own portfolio of investments.

Our execution only service is of most benefit to investors who have the time and the interest to research the markets carefully, and the self-confidence to know exactly what they want to do. However, we are happy to offer our execution only and discretionary services simultaneously to suit each client's specific requirements.

To find out more about our investment dealing services, please contact your relationship manager directly or our client services team on **+44 (0) 1624 645000**.



Carlo Lourenco – Personal Banker

Colin Campbell – Private Banker

Elanco Kanagasabapathy  
– Trust Director

## New appointments

### London

As part of our continued expansion into the UK, Colin Campbell and Carlo Lourenco have joined the private banking team at the bank's London office.

Colin joins as a private banker and brings with him extensive financial experience following 15 years with Barclays. Most recently, he was employed as a private banker at Barclays Wealth. Carlo joins as a personal banker following a 10-year career with Coutts.

It is a very exciting time for the bank as we continue to raise the profile of our asset management offering in the UK. Colin and Carlo will be a strong addition to our growing team of wealth management professionals

who can offer clients a wide range of investment solutions.

### South Africa

Clayton Stewart has joined the South African team as a private banker based in the Johannesburg office. Clayton was previously with the Alpha Family Office and brings with him considerable wealth management skills in the offshore investment markets. His brief is to extend our successful network of professional introducers and intermediaries in the wealth management field.

### Fairbairn Trust Limited, Jersey

Jersey-based Fairbairn Trust Limited has recently strengthened its team with the appointment of Elanco Kanagasabapathy.

Elanco joins as trust director following five years with Kleinwort Benson where he was employed in the corporate services division. He has over 12 years experience in financial services and brings with him an extensive knowledge of pensions, private clients and corporate employee incentive arrangements.

Justin Thomas, managing director of Fairbairn Trust Limited, commented: "I am delighted to welcome Elanco who will be a strong addition to our growing team of trust professionals. His primary responsibility will be business development focusing on the growth of Fairbairn Trust Limited's corporate fiduciary offering."

## Fairbairn Private Bank sponsors Jersey Regatta

This summer we were delighted to sponsor the Trophée des Isles, which is a sailing regatta that was held in the waters around Jersey over the August Bank Holiday weekend.

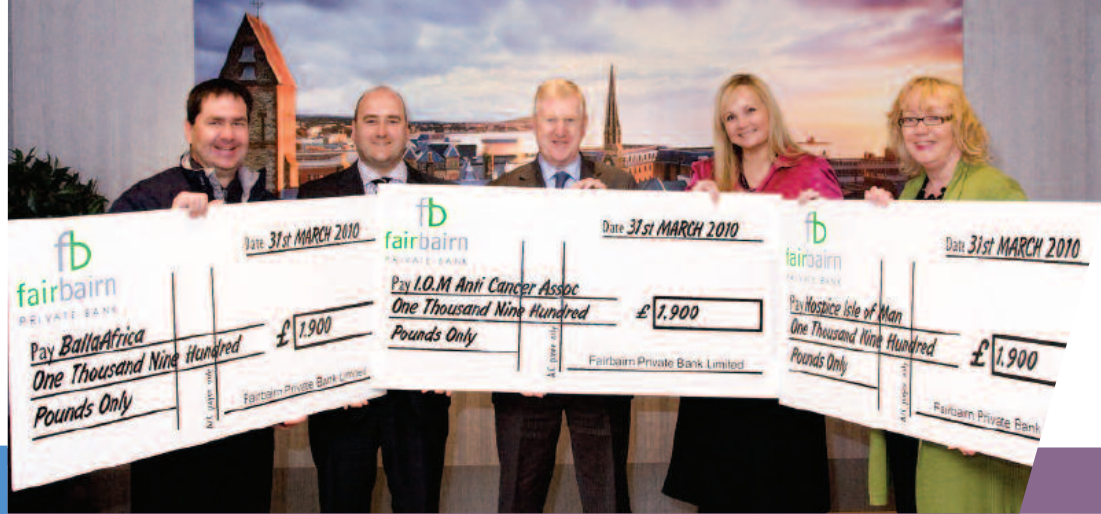
The Trophée des Isles is the largest junior sailing regatta to be held between the Channel Islands and mainland France. With more than 60 junior sailors each racing for their clubs, it is one of the foremost junior sailing events of the year. Racing was held over two days at St Catherine's Sailing Club, with the Bank Holiday

Monday set aside for the visiting teams to discover Jersey. The regatta is normally contested between the sailing clubs of St. Malo, St. Catherine's and Guernsey Yacht Club, but this year the Isle of Wight, hosts of the 2011 Island Games, also entered, which made for a tightly-fought competition.

With sixty boats competing in five fleets, the event was a magnificent success thanks to smooth organisation, teamwork and great sailing. The perfect weather, sunshine with a stiff offshore breeze, allowed spectators to

sit in the sunny shelter of the clubhouse while competitors skimmed around the bay in their dinghies. Team scores were calculated based on the top three sailors in each race and the overall Trophée des Isles prize was awarded to the home team from St Catherine's. Cameron Walker, senior private banker at Fairbairn Private Bank, was on hand for the prize-giving and personally congratulated all the sailors, who took away Fairbairn Private Bank goody bags as a souvenir of the event.





Left to right in the photograph are: Johan Loubser from BallaAfrica; Andrew Halsall; Mike King from Isle of Man Anti-Cancer Association; Rebecca Laforey; and Mary Doyle from Hospice Isle of Man.

## Charity fundraising

Our staff in the Isle of Man and Jersey offices have been busy raising money for four good causes. Through a wide range of fund raising schemes, including a monthly staff draw, sports sponsorships, themed social events, book sales, cake sales, lunch days and dress down Fridays, a total of £7,600 has been raised. The money has been split equally between four staff-nominated charities: Hospice Isle of Man, Isle of Man Anti-Cancer Association, Jersey Friends of the Anthony Nolan Trust and BallaAfrica.

While the first three charities do an outstanding job in supporting the local communities on the Isle of Man and Jersey, the fourth charity, BallaAfrica, provides assistance further afield and works with aids orphans and others living

in poverty stricken areas of South Africa.

Andrew Halsall and Rebecca Laforey presented the three Isle of Man based charities with the cheques on behalf of all the Isle of Man staff, while Hayley Pallot, from the Jersey office, presented the cheque to Jersey Friends of the Anthony Nolan Trust.



Hayley Pallot and Stephanie Coyle present a cheque to Jersey Friends of the Anthony Nolan Trust

**For further information** please contact our client services team on **0800 289 936** or visit **www.fairbairnpb.com**

The value of your investments and income from them can fall as well as rise and you may not get back the original amount invested. Exchange rate changes may affect the value of investments. Past performance is not necessarily a guide to future performance.

The opinions in Reflections are those held by the authors at the time of printing. Should you no longer wish to receive this publication or any information about Fairbairn Private Bank's products and services, please advise us in writing. Also, should you no longer wish to receive information about our group companies' products and services, please advise us in writing.

**Fairbairn Private Bank (IOM) Limited** St Mary's Court 20 Hill Street Douglas Isle of Man IM1 1EU Tel +44 (0)1624 645000

**Fairbairn Private Bank Limited** Fairbairn House 31 The Esplanade St Helier Jersey JE1 1FB Tel +44 (0)1534 887889

**Fairbairn Private Bank** Old Mutual Place 2 Lambeth Hill London EC4V 4GG Tel +44 (0) 207 002 3600

Fairbairn Private Bank is a registered trade name of Fairbairn Private Bank (IOM) Limited and Fairbairn Private Bank Limited.

The parent of Fairbairn Private Bank is Nedbank Group Limited, which is incorporated in South Africa and is regulated by the South African Reserve Bank. The ultimate parent of Fairbairn Private Bank is Old Mutual plc, which is incorporated in England and Wales and regulated by the UK Financial Services Authority. Fairbairn Private Bank places limited funds with other parts of its group and thus its financial standing is linked to, albeit not wholly dependent upon, that of the group. Fairbairn Private Bank has its own independent credit rating from the international credit rating agency, Moody's. Depositors may wish to form their own view of the financial standing of Fairbairn Private Bank and the group based on publicly available information. The latest report and accounts, and details of the credit rating are available at [www.fairbairnpb.com](http://www.fairbairnpb.com)

Fairbairn Private Bank (IOM) Limited is licensed by the Isle of Man Financial Supervision Commission. Registered office: St Mary's Court 20 Hill Street Douglas Isle of Man.

The London office is authorised and regulated in the UK by the Financial Services Authority.

Fairbairn Private Bank Limited is regulated by the Jersey Financial Services Commission. Registered office: Fairbairn House 31 The Esplanade St Helier Jersey. Latest audited accounts are available on request.

Authorised and regulated in the UK by the Financial Services Authority in respect of regulated mortgage contracts only.

UK Financial Services Authority registration numbers:

Fairbairn Private Bank (IOM) Limited 313189

Fairbairn Private Bank Limited 313187

South African representative office established in terms of Section 34 of the Bank's Act 94 of 1990.

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Fairbairn Private Bank (IOM) Limited is a member of the Isle of Man Depositors' Compensation Scheme, for full details please see [www.fsc.gov.im](http://www.fsc.gov.im)

Fairbairn Private Bank Limited is covered by the Jersey Depositors' Compensation Scheme. For full details, please see [www.gov.je](http://www.gov.je)

Fairbairn Private Bank is a member of the UK Financial Services Compensation Scheme established under the Financial Services and Markets Act 2000. More information can be found at [www.fscs.org.uk](http://www.fscs.org.uk)

For further information, please complete your details, tick the appropriate boxes and either fax this to +44 (0) 1624 627218 or send to: Client Services Team Fairbairn Private Bank St Mary's Court 20 Hill St Douglas Isle of Man IM1 1EU.

Title \_\_\_\_\_

Surname \_\_\_\_\_

Forename(s) \_\_\_\_\_

Address for correspondence \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone number \_\_\_\_\_

Email address (if applicable) \_\_\_\_\_

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Your account number with us (if applicable) \_\_\_\_\_

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- Accumulation account
- Gold status Visa card
- Fixed term deposit service
- Foreign exchange service
- Structured deposit service
- Lending
- Focus – integrated banking and investment service
- Self-managed pension
- Insurance bond wrapper
- Old Mutual funds
- Discretionary investment management service
- Alternative investments
- Discretionary – bespoke portfolio
- Trust and corporate services
- SIPPs
- Corporate Bonds
- Foundations
- Via email     Via post

Please complete overleaf for further information on any of the Fairbairn Private Bank services.