



**Brian Robertson**  
Partner

Brian is an experienced Private Client lawyer. He is the firm's Financial Services Compliance Officer. He is married with two teenage sons and his interests include sport and the arts.



**Chris McGill**  
Associate

Chris shares his time between the firm's Edinburgh and London offices in order to keep in close contact with the firm's clients north and south of the border. He was recently accredited by the Law Society of Scotland as a specialist in Charity law.



**Heather Bird**  
Assistant

Heather started at S+W as a trainee, and has been with the firm for four years. She now lives in Leith with her husband, having also spent time living in England and Sydney. Outside of work Heather enjoys swimming, football, travelling and BBQ's in the sunshine with family and friends.



**Derek Anderson**  
Investment Assistant

Derek lives in Edinburgh with his wife, Donnah, and his little boy, Finlay. He was once Scottish Schools 1000m sprint champion in kayaking and is a keen cyclist, commuting to and from work by bike on a daily basis.



**Malcolm Rust**  
Partner

Malcolm is originally from Aberdeen and now lives in Edinburgh with his wife and three children. Malcolm has recently completed the Great Pentlands' Push on behalf of St Columba's Hospice.



**Douglas Sinclair**  
Assistant

Douglas is the third member of the team to have followed the well-trodden path from Aberdeen to Edinburgh. He lives in Edinburgh with his wife and enjoys skiing, football and hill walking.



**Gillian Arthur**  
Assistant

In 2001 Gillian returned to Scotland after working for Coutts Bank in London. She lives in Edinburgh and, in her spare time enjoys playing badminton.



**Kevin Bradley**  
Assistant

Kevin is new to the Private Client team. Having spent many years working abroad, he now lives in Edinburgh and enjoys cycling, fine dining, not-so-fine golf and supporting Scotland at rugby.



**Andrew Holehouse**  
Partner

Andrew is the third Partner in the team and originally worked in London before joining the firm in 1988. He lives in Edinburgh with his wife and two children. Out of the office he enjoys rugby, opera and classical music.



**Andrew Paterson**  
Associate

Originally from Aberdeen but now well settled in Edinburgh, Andrew has been with the firm for almost 10 years. He enjoys spending time in Scotland's beautiful outdoors with his wife and young son.



**Gillian Forsyth**

Trust & Estate Practitioner  
Gillian grew up in Edinburgh but has lived in South Queensferry since 1990. She has a teenage daughter and has worked for the firm for over 12 years.

**If you would prefer to receive the next issue of A Private Word by email rather than by post please email Fahlea Bennett - fahlea.bennett@shepwedd.co.uk**

## Launch of Shepherd and Wedderburn Financial

Shepherd and Wedderburn has significantly increased its private client team in Scotland with the launch of a new independent financial advisor (IFA) practice following the acquisition of respected Scottish IFA firm Muirfield. Shepherd and Wedderburn Financial is headed up by Muirfield founder John Mortimer, who is supported by a team based within our Edinburgh offices. It provides a focused IFA service, enhancing the firm's private client offering, particularly in terms of pensions and long-term financial planning. With regard to pensions an important recent development is the introduction of auto-enrolment into workplace pensions; John has prepared a guidance paper clarifying the changes and setting out top tips for easing your way into retirement. A copy of this paper is included with this issue of 'A Private Word'. For further information about Shepherd and Wedderburn Financial, please visit the dedicated area of our website at [www.shepweddfinancial.co.uk](http://www.shepweddfinancial.co.uk).



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John has recently joined Shepherd and Wedderburn Financial having previously run Muirfield, a successful IFA business in Edinburgh. He is from Edinburgh originally and now lives in North Berwick with his wife and two teenage children. He enjoys playing tennis and golf.



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Donna has worked within the financial sector for over 22 years. Prior to that she worked for 10 years within The Scottish Legal Aid Board. She is originally from Edinburgh but currently lives in Musselburgh. Donna's interests are interior design, painting, arts & crafts and antiques

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SHEPHERD+ WEDDERBURN

# A Private Word

Autumn 2012

Private Client Newsletter

THERE have been several recent news stories that may impact on private clients. For instance, at long last, it looks as if a degree of stability might be achieved in the Eurozone and hopefully this may lead to an improved economic outlook for the UK. However, this development has come as parts of the UK banking sector have faced strong criticism because of matters such as IT failures and serious financial malpractice and it will clearly be some time before full confidence in the banking sector returns.

Another recent development has been increased press attention concerning high profile cases of perceived tax avoidance. Opinion concerning aggressive forms of tax avoidance can differ widely and while the courts have generally not sought to penalise legal avoidance techniques, the view of the "court of public opinion" can be just as important for some individuals.

It should be remembered that it is not only the press that is taking an interest in tax avoidance. The Government is currently consulting on a "general anti-abuse rule" and HMRC is also focusing on this issue.

At a time when there is seemingly such a wide-ranging crack down on tax avoidance it is easy to forget that certain aspects of the tax system do offer opportunities for individuals to reduce their tax bill and in this issue we look at two such techniques as well as offering a reminder on other aspects of your affairs that you may wish to keep under review. As ever, if you would like to discuss any matter raised in this newsletter, then please do get in touch with your usual contact in Shepherd and Wedderburn's Private Client team.



In this edition

## A Stitch in Time

## Time to Enter the Dragon's Den?

## Prevailing Windfarm Tax Solutions

## A Stitch in Time...

We would like to think that all of our clients appreciate the need to keep their Wills up-to-date in order to ensure that they properly reflect changes that may occur during their lives. However it is equally important to keep other aspects of your affairs up-to-date if your circumstances change.

For instance, while it may seem obvious that individuals should update who is nominated to receive their pension death benefit, it is surprising how often cases arise where matters have not been updated following events such as separation, divorce or re-marriage.

In such circumstances the fact that nominations have not been updated can lead to payments being made to former spouses or partners. This will often be a result that the deceased individual would have wished to avoid and may lead to a great deal of uncertainty for surviving family members.

We would therefore advise all clients to regularly review all aspects of their affairs to be sure that they properly reflect their present circumstances – while this may involve a small amount of effort it is likely to be time well spent.

# Time to Enter the Dragon's Den?

Last year's Autumn Financial Statement brought confirmation from the Treasury that the Government planned to introduce a new "Seed Enterprise Investment Scheme" (SEIS) that was likely to be of particular interest to all budding venture capitalists and business angels.

Detailed rules concerning the new scheme have subsequently been set out in the 2012 Finance Bill that has now made its way through Parliament and the new scheme will offer very generous income and capital gains tax (CGT) exemptions and reliefs where individuals invest up to £100,000 into young trading companies. The reliefs and exemptions available for qualifying investments in the current tax year are:

- The income tax liability of the investor is reduced by 50% of the sum invested.
- An investor is also entitled to exemption from CGT on a disposal of the investment.
- Gains arising on the disposal of any asset in tax year 2012-13 will be wholly or partially exempt from CGT if a qualifying investment in SEIS eligible shares is made.

In order to qualify for relief the investor must not be too closely connected to the relevant company and must make their investment in exchange for new ordinary shares in the company (which must then be held for three years). In addition the company must be relatively young and

have only a limited number of employees and assets. Such investments are therefore likely to be risky and potential investors will need to give careful consideration as to whether such investments are suitable for them, however, the potential tax incentives will be attractive to investors.

In addition to the SEIS, the tax system offers similar tax reliefs under the Enterprise Investment Scheme and through Venture Capital Trusts and if you are thinking of taking advantage of such a scheme we would be happy to discuss the pros and cons with you.

Alternatively if you own a business which is currently being courted by an outside investor we would be happy to advise you whether investments in your company may attract relief.

## Prevailing Windfarm Tax Solutions

### Innovative solutions to reduce inheritance tax exposure

For those landowners who allow a windfarm to be developed on their land the resulting income stream is likely to be very welcome. This may especially be the case where the windfarm site was previously of low value and unlikely to produce a meaningful income. In turn the new income stream may radically increase the underlying value of the land. While this too will be a welcome development, the increased capital value may markedly increase the landowner's exposure to inheritance tax.

The traditional way in which to reduce this exposure is for the landowner to transfer the land to other family members prior to the development being undertaken and while the land is still of a low value. While such planning can be effective in reducing the risk of a large tax charge arising on the landowner's death, it also raises issues concerning loss of control and the fact that in passing assets to other family members, the landowner is likely to have to give up a substantial portion of the new income stream. Given that this income may have been the main driver

behind allowing the development in the first place, this may not be welcomed.

Due to this issue, attempts have been made to develop a structure that will allow the landowner to reduce his exposure to inheritance tax while retaining his income stream. One possible structure is for the landowner to enter into partnership with the developer rather than simply letting the land to them. The thinking behind such an arrangement is that it may qualify for business property relief and therefore make it wholly exempt from inheritance tax.

While there has yet to be a definitive ruling that such an arrangement will qualify for business property relief, the possibility that a partnership structure (rather than simply letting the land) may lead to relief is likely to result in increased interest in such structures.

**Shepherd and Wedderburn is one of only a handful of firms to have experience of putting in place such a structure and if you are faced with similar issues we would be happy to discuss the matter with you in greater depth.**

## Team News

### Recognition of Expertise in Charity Law

**Malcolm Rust and Chris McGill have both recently gained accreditation by the Law Society of Scotland as specialists in Charity Law.**

The Law Society of Scotland's specialist accreditation scheme recognises the exceptional quality and skill of expert lawyers. Accredited specialists are required to demonstrate exceptional competence and are granted this status following thorough analysis of no less than five year's experience in a particular field of law.

### Support for St Columba's Hospice Charity Event

Under the captaincy of Douglas Sinclair, Shepherd and Wedderburn's Private Client team completed the challenging 26 mile trek in the Pentland Hills in September as part of the 'Great Pentland Push' and raised over £2,000 towards an essential rebuild of St Columba's Hospice. This is a key initiative to improve hospice care for Edinburgh and the Lothians.

## 5 Review your finances

This is an ideal time to reappraise your financial plans. Speak to an independent financial adviser and work with them to set a new plan. Ask yourself if you were retiring now could you live off the state pension of £5,587 per annum. Some advisers can run cashflow models to show you what amount of savings you need to put away to meet your retirement expenditure, taking into account future inflation. As a society we have moved away from a savings culture to a spending culture and a rebalance is required.

## 6 Consider other ways to save for your retirement!

If you are contributing the minimum four per cent of earnings and benefiting from the extra four per cent from your employer and the government, think about building up a stocks and shares ISA as well. ISAs can complement your pension income when you retire because income from an ISA is not assessable to tax.

## 7 Don't delay

The earlier you start saving, the better your income will be when you retire. Putting things off will exacerbate the situation. Getting used to a regular pension payment is an excellent discipline and you will reap the reward of this later in life.

## Key Contacts



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## 8 Don't ignore other liabilities

Don't ignore other liabilities. When considering how much to pay into a workforce pension, don't immediately give up or reduce repayments of a loan. It may be better to deal with this debt first before committing to a new outgoing towards your pension. Take a balanced view and if in doubt seek advice.

## 9 Don't listen to the doubters

Don't listen to the doubters. There are too many people burying their head in the sand and refusing to take up any form of saving. It may take a while because less than 50 per cent of the workforce is saving into a pension, but this will change. As the baby boomers reach retirement and more and more are in receipt of a state pension, the only route left for future generations is for them to take control and make their own retirement provision. This is the start!

## 10 As a famous corporal used to say, 'don't panic'.

As a famous corporal used to say, 'don't panic'. Treat workforce pensions as a positive event and review your own financial position. Where possible benefit from the generous employer contributions and income tax relief. After all, these payments are all going towards the pot of money that will provide you with an income when you retire.



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SHEPHERD+ WEDDERBURN  
FINANCIAL

# Introduction of auto-enrolment: Top ten tips for easing your way into retirement

Briefing Paper  
November 2012

**October 2012 saw the introduction of the first phase of auto-enrolment, where the UK Government has made it mandatory for employers to enroll their staff into a workplace pension scheme. There are several reasons why these workforce pensions are being introduced, primarily based around the fact that we are living longer and, even with the state pension age being gradually increased, we need to put in place the mechanism to better fund retirement. The state pension, currently at £107.45 per week for a single person, is unlikely to be enough for most. With auto-enrolment now in place, John Mortimer, Director of Shepherd and Wedderburn Financial sets out some tips to help your journey around workforce pensions.**

## 1 Find out when you will be enrolled

Each employer will have a staging date when they must start automatically enrolling employees into the new pension scheme. The staging dates vary depending on the size of the workforce, starting with the largest and working down to the smallest. For firms with 120,000 and more staff, auto-enrolment began in October 2012.

## 2 Find out if you are eligible

For auto-enrolment, the pension scheme will be open to all employees aged from 22 up to state pension age. Your earnings must be above the minimum level (currently set at £8,105 per annum, but this is likely to change each year). If you meet these criteria you will be automatically enrolled into the pension scheme. If you do not and you are aged between 16 and 75 and have earnings between £5,564 and £42,475 you can elect to opt in and still benefit from your employer's contribution. If in doubt, ask!

## 3 How much should I pay in?

You will have a minimum payment to make if you want to benefit from your employer's contribution. This starts at 0.8 per cent of earnings and increases over the next five years to three per cent. At that point you will be receiving a one per cent government tax relief payment plus an employer payment of three per cent making a total contribution of eight per cent. Be careful because these percentages may only apply to earnings between £5,564 and £42,475 known as 'band' earnings. If you and your employer contributions are not based on your total earnings then you may wish to consider making a higher payment.

## 4 Don't rely on auto-enrolment to provide you with a comfortable retirement!

This may sound a bit self-defeating but employees should know that auto-enrolment is an attempt to ease people into saving for their retirement rather than provide a solution to the problem. They will need to make other provisions or pay more into their pension if they want a better income in retirement. The government envisages that in 20 years time about one quarter of the population will be over the age of 65. It wants employees to take more responsibility for their income when they retire and sees auto-enrolment as the starting point. In Australia, where more stringent pension regulations are in force, the employer contribution will start to rise to 12 per cent of earnings from July next year.

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