Spring 2011

"If you wait for opportunities to occur, you will be one of the crowd."

Edward de Bono

INSIDE: BUDGET 2011

Competition: Inflation set to continue

MANY THANKS TO ALL THOSE CLIENTS WHO ENTERED OUR COMPETITION: 'What will rise the most in 2011?'

We asked clients to predict what they thought the price would be at the end of November 2011 of each of four items in the 'shopping basket' of household goods used to calculate the official inflation figure. The items we selected are: a litre of unleaded petrol; a loaf of sliced white bread; a pint of milk; and a pint of bitter.

Below we detail your predictions. Clearly, far more of you think that prices will rise than fall, especially the price of petrol!

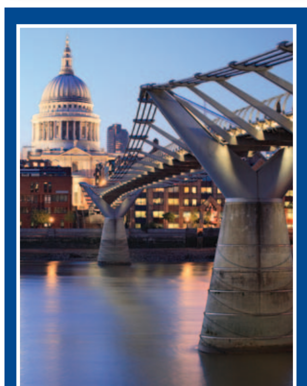
Item	November 2010 Price	Range predicted for November 2011	% of respondees who felt price would fall	% of respondees who felt price would rise by 10% or more
Litre of unleaded petrol	119p	112p - 195p	4.38%	71.53%
800g sliced white loaf	122p	28p -180p	7.3%	17.52%
Pint of milk	45p	38p - 200p	3.65%	27%
Pint of bitter	261p	178p - 348p	7.3%	20.44%

ISAs and compensation

RECENT RESEARCH BY THE FINANCIAL Services Compensation Scheme (FSCS) found that only half of 1,000 people interviewed knew that Cash ISA savers would get their money back if their ISA provider went bust. The FSCS covers insurance, investments and deposits – including ISAs – issued by UK authorised financial services firms. In the event of default, deposits are covered up to £85,000 per person per bank and investments up to £50,000 per person per firm. Insurance is covered up to 90% of the claim with no upper limit, while compulsory insurance is protected in full.

Meanwhile, the importance of regularly reviewing Cash ISAs has been highlighted by Moneyfacts, which says that savers are missing out on up to £1,300 a year in interest payments by keeping their money in poorly paying accounts. Moneyfacts says savers who have invested the maximum into a Cash ISA each year could now have saved £50,000 before any interest has been added, or slightly more for those aged 51 and over. This could now be worth about £70,000, it says, had they transferred their ISAs into the most competitive 1-year fixed-rate account every year.

■ ***To have your ISAs reviewed, contact your usual Lowes' consultant, or call 0191 281 8811.***



Our cover shot:
St Paul's Cathedral and the Millennium Bridge.
© istockphoto/Lowes

Make your money work

Best bank and building society unrestricted instant access/no notice accounts

Amount	Provider	Account	Gross Rate	Contact
Branch Based				
£1+	Northern Rock	Branch Saver 4	2.05%	Branch
Postal or Telephone				
£1+	National Savings & Investments	Direct Saver	1.75%	0500 500 000[1]
£10,000+	Skipton Building Society	Telephone Saver Account	2%	0845 850 1722[2] www.stroudandswindon.co.uk
Internet				
£1+	Northern Rock	E-Saver Issue 3	2.5%	www.northernrock.co.uk
£500+	Newcastle Building Society	Online Access Saver	2.7%	www.newcastle.co.uk

Note 1. Apply, deposit and withdraw by telephone or online.
Note 2. 2.25% gross/AER available on amounts over £25,000.
Sources: Providers' websites, www.thisismoney.co.uk, www.moneyextra.com, www.moneysupermarket.com, www.moneyfacts.co.uk (19/04/2011). All accounts subject to terms and conditions.

Good Advice Awards 2010
Investment Life & Pensions Moneyfacts WINNER Best Investment Adviser

Good Advice Awards 2009
Investment Life & Pensions Moneyfacts WINNER Best Tax and Estate Planner

Professional Adviser awards 2010
Winner Best IFA website

Professional Adviser awards 2010
Highly Commended Education

This magazine is not personal advice. If you are unsure as to the suitability of any intended course of action, please contact your usual Lowes' Consultant or this office.

Lowes Tax Cards

OUR 2011/12 TAX CARDS have now been printed and we are pleased to enclose your complimentary copy with this issue of the magazine.

To request additional copies, please telephone 0191 281 8811, or email: client@Lowes.co.uk

English university fees could discourage aspiring graduates

GRANDPARENTS LOOKING TO HELP THE younger generations of their family need look no further than the rising cost of university education in England.

The Office for Fair Access (Offa) has announced that all of the 123 universities and university colleges in England plan to charge £6,000 or more to full-time undergraduates from autumn 2012. A further 17 further-education colleges also plan to charge fees of £6,000 or more.

However, of 70 English universities, 46 of them, including some former polytechnics, intend to charge the £9,000 maximum annual undergraduate tuition fees, which is expected to bring the average fee for all English universities to near £8,000.

MPs voted last December to allow universities and colleges to raise tuition fees for full-time undergraduates from £3,350 a year to £6,000 in 2012 and up to £9,000 in 'exceptional cases'. Offa may instruct some universities to lower their charges if they fail to meet their academic targets.

Students will not have to pay the fees up front, as the Treasury bears the initial cost in the form of student loans. However, these loans must be repaid once graduates are earning more than £21,000 a year. The government has recommended that universities spend £1,000 out of every £9,000 received in fees to support students from less well off backgrounds.

■ ***Lowes can offer a number of ways of saving money for education needs. For more information, please contact your usual Lowes' Consultant, or call 0191 281 8811.***

COMMENT

A great response

I WOULD LIKE TO EXPRESS MY SINCERE THANKS TO ALL CLIENTS WHO completed our recent client survey. We were delighted with the response rate, which at over 40% is very high for a survey of this nature, but we are even more delighted with the results, which are summarised on page 10 of this issue and are our best ever. I would particularly like to express my thanks to all of you who took the time to make additional comments, most of which, thankfully, were positive and have been truly motivational for all at Lowes.

This year we also asked clients to identify one area where we could improve. This has identified a number of interesting points that we are now working on but, as the survey is anonymous, we are not in a position to reply to the comments individually. If, on the other hand, you would like to discuss any points with our team please don't hesitate to call.

Each year we write to all advised clients and offer a review of their financial affairs and, obviously, we are delighted to also offer this service to non-advised clients. It is appreciated that changes to client circumstances may not coincide with our programme of reviews, so please do call the office or your consultant to arrange such a review at any time of the year.

A handful of clients expressed surprise that we did not switch investments more regularly. One of the hard lessons we have learned over the last 40 years of managing our clients' money is that switching between funds as a result of a period of underperformance, or trying to second guess the markets with speculative market timing can, more often than not, produce the opposite result to that intended.

When selecting funds we usually look for managers with an established track record, but we accept there will be times when an individual manager will underperform. Our portfolios are a blend, not only of assets, but also of managers and management styles we believe will smooth out the short-term variability of individual performances whilst benefiting from what we believe will be their combined longer-term performance.

Your investments are monitored on an ongoing basis and, should we feel a move is necessary, we will contact you. However, that recommendation would only be made once we have weighed up all factors we anticipate will affect future performance. We clearly can't get it right on every occasion but, in the main, we feel that our investment strategy in recent years has paid dividends and we are delighted to note that of the survey respondents over 93% rated our investment performance as good or very good.

When is a guarantee not a guarantee?

I was somewhat bemused by a recent article in a financial magazine that highlighted the issue of Santander Bank having to write to clients to tell them that a guaranteed product they offered some years ago would not be covered by the Financial Services Compensation Scheme in the event of Santander going bust. What I found hypocritical was that an advert on the same page featured a non-regulated investment (rare stamps), which purported to offer "100% capital security" and "unlimited returns - historically 10% per annum". Whilst Santander may have technically got it wrong, they are significantly more likely to deliver on their offering than the rare stamp company promoting "100% capital security". I think you can expect more security from a bank the size of Santander than a dealer in stamps. As the saying goes, "if it looks too good to be true, it usually is".

Ian H Lowes,
Managing Director

If you would like to receive further information on any of the subjects featured in this issue of **LOWES** please call: **0191 281 8811**, fax: **0191 281 8365**, e-mail: **client@lowes.co.uk**, or write to us at: **Lowes Group PLC**, FREEPOST NT197, Holmwood House, Clayton Road, Newcastle upon Tyne NE2 1BR. Lowes® Financial Management Limited. Registered in England No: 1115681. Authorised and Regulated by the Financial Services Authority.

COMMODITIES

What determines the price of oil?

Are speculators responsible for the wild swings in the price of oil?

IT'S HARDLY SURPRISING THAT THE price we pay for petrol has become a cause for national debate.

Taxation accounts for around 62% of the price of a litre of petrol and will raise over £30 billion in 2011, and this is in addition to the tax the government collects on oil company and retailer profits. However, what is it that actually determines the price of petrol and, in particular, why does its price fluctuate so wildly over time?

Numerous reasons are put forward for this. Among them are: that price fluctuations may be due to supply disruptions caused by political uncertainty, such as the recent unrest in the Middle East, or major accidents, such as the BP Deepwater Horizon blowout in the Gulf of Mexico. There may also be demand issues – such as rising demand from China and India due to rapid economic growth, or falling demand in parts of Europe due to economic recession.

Another factor cited for rising prices is that we are nearing (or have already reached) a point called 'peak oil'. This is the point when the maximum rate of global petroleum extraction is reached, after which the rate of production enters terminal decline and the price starts to rise.

However, according to the fund manager, Invesco Perpetual, none of these can explain the huge volatility of oil prices over time, because the supply of oil and the demand for it from end users have not been far enough out of line.

A spokesman at Invesco Perpetual told Lowes: "In January 2007 oil was $50 a barrel, while in the summer of 2008 it was $146 a barrel. Clearly, demand did not rise threefold. Then, in December 2008 it fell to $37 a barrel. It almost behaves like a technology stock."

Digging deeper for an explanation, Invesco Perpetual analysed the oil trades on the Chicago Board of Trade, the world's oldest futures and options exchange, and found that for every one barrel of oil traded physically (i.e. involving suppliers of oil and end users of that oil) there were 80 barrels traded financially (i.e. the trades were between parties who were neither suppliers of oil, nor had any interest in actually using the oil being traded).

While some of these 80 futures' trades could be accounted for by end users hedging their energy input costs against price fluctuations, the vast majority involve speculators. "The oil price is being driven by the futures market, but the futures market is not necessarily being driven by end users of oil," Invesco Perpetual told Lowes, adding: "The 80:1 ratio refers to the fact that there's a considerable amount of activity in the oil futures' world. But the price of oil is not an indicator of economic activity."

Invesco Perpetual says a relative newcomer to the commodity markets is also trading in commodity futures – large UK pension funds: "They are under pressure from two very different demands, to minimise risks whilst maximising their returns."

Invesco Perpetual said that while in 2000, 50% of UK pension fund asset allocation was in UK equities, by the end of December 2010 it was 25%, with the balance having gone into fixed interest, emerging markets and commodities: "To reduce risks and to maximise returns, their actuaries are advising them to invest in other asset classes of which commodities is one and, of which, one is oil."

However, Invesco Perpetual's view is challenged by a recent International Energy Agency (IEA) analysis which says the price of crude oil fluctuated in a similar pattern to seven non-exchange traded commodities throughout the decade: "Unusually high volatility in commodity markets post-2007 does not appear unique to crude oil traded on exchanges. Other commodities that are not traded in exchanges experienced similar fluctuations and price surges in the second part of 2000s. Moreover, volatility declined for both crude and non exchange-traded commodities in 2010. For the past decade, many have tried to blame speculative oil traders for causing fluctuations in oil prices. As a result, policy-makers have responded to this point of view with a bevy of proposals that aim to control the activity of speculative traders. This recent IEA study casts doubt over both this pervasive view and the effectiveness of such policies."

Just how high can the oil price go? Invesco Perpetual says oil is very overvalued at the moment and could fall to $80 - $90 a barrel by the year end. The IEA, in its 2010 Energy Market Outlook published last November, predicts the average crude oil price will rise from just over $60 in 2009 to $113/barrel (in year-2009 dollars) in 2035. The price stood at around $112/barrel on 21 April.

Deferring your State Pension

PENSIONS

AROUND 1.2 MILLION PENSIONERS ARE TAKING advantage of State Pension deferral. If you are able to defer your State Pension, either for a future lump sum or a higher income, it could be an attractive option to consider.

If you don't want to receive your State Pension immediately, then simply don't claim it when you reach state pension age. There is no action you need to take until you want to receive your income or lump sum. The two options are:

1. **A one-off lump sum, plus your normal State Pension:**
   - Made up of the State Pension you had not claimed, plus interest at 2% above Bank of England Base Rate.
   - Deferral period must be at least one year, but the lump sum may be paid up to 90 days after your claim (with no interest earned during the 90 days!).
   - Taxed at your existing rate, so the lump sum cannot push you into a higher tax band. However, Income Tax rates could be higher when you claim your lump sum.
2. **Extra State Pension, paid for life on top of your normal State Pension:**
   - For each week you defer you receive an extra 0.2% (equivalent to 10.4% per year) on top of your normal State Pension.
   - Deferral period must be at least five weeks.
   - Added to any other income and subject to Income Tax. No further liability for non-taxpayers.

Choosing between the two options

Deferral is a personal decision and depends on your priorities for capital and income, and your attitude to investment risk. With Bank of England Base Rate and annuity rates at historic lows, extra income can be more attractive than the lump sum but, as interest rates rise, the lump sum option should become more attractive. e.g. deferring £100/week of State Pension income for five years would return £2,704 in extra annual income, which will in future rise in line with normal State Pension increases. The same deferral period would provide a £27,680 lump sum (assuming a constant Base Rate of 0.5%).

To put the value of the extra income in context, a male aged 70 would need a pension fund of around £37,400 today to purchase a guaranteed income by an annuity which escalates at only 2.5% each year. On these figures alone, choosing the income would be a good option. However, life expectancy is also a factor. If you have a family history of poor health the lump sum option could be attractive to increase your return in the short-term.

■ ***There are many factors to consider in State Pension deferral, so please talk to your usual Lowes Consultant before making any decisions.***

Peril of the knee-jerk reaction

MARKET COMMENT

By Melvyn Bell, Lowes' Investment Manager.

IN A WORLD WHERE SHORT-TERM TRADERS SEE THE relative value and fundamentals of a stock as less important than its performance over the last three to 12 months, there is always the risk of knee-jerk reactions to unanticipated events such as those that recently gripped Japan.

So, it wasn't surprising when the future prospects of Japanese equities were called into question and share prices fell, with the Nikkei 225 Index collapsing 16% in the two days following the quake and tsunami – the biggest fall in two trading days since the 1987 crash. Prior to that, foreign institutional investors, attracted by the relative value of Japanese equities, had been weekly net buyers since November.

This fall drove down the average value of the 1,666 shares listed on the Topix Index to 91% of their book value, without any consideration of their earnings potential. In short, even if all of these companies were considered to have no future, the cost of purchase would in theory be covered by their break-up value. These companies include global heavyweights like Toyota, Nissan, Sony, Nintendo and Matsushita – companies I would suggest will continue to be profitable global giants, irrespective of recent events.

While these figures show the Japanese equity market is undervalued in absolute terms, the undervaluation relative to other markets is even more striking. Data compiled by Bloomberg shows that the S&P 500 Index and the Stoxx Europe 600 Index are trading at 2.2 and 1.6 times book value respectively.

Hardly surprising then that value investors saw potential profits in Japan. For example, speaking to reporters in Korea on 21 March, Warren Buffett, probably the most successful value investor in the last 70 years, said, "If I owned Japanese stocks, I would certainly not be selling them because of the events of the past 10 days or so. Something out of the blue like this, an extraordinary event, really creates a buying opportunity." He added: "It'll take time to rebuild, but it will not change the economic future of Japan."

He was not alone in reaching this conclusion, as investors scrambled to take advantage of the stunning decline by investing a record net inflow of $1.2bn in Japan-focused Exchange Traded Funds in the week following the collapse. As a result, despite the continued uncertainty, the markets have recovered strongly, with the Nikkei 225 Index up by over 10% in the 10 days to the 25 March, still below the pre-collapse levels but recovering nevertheless. Just as importantly, the Japanese markets remain significantly undervalued relative to other global markets.

The point of these comments isn't to encourage the wholesale ditching of a well balanced diversified investment portfolio in favour of Japanese equities. In our view, the best way to achieve growth and reduce volatility is to invest in a spread of assets across a range of funds managed by experienced managers compatible with your objectives and attitude to risk. The recent events in Japan illustrate the perils of knee-jerk reactions to short-term events and ignoring the relative valuation and potential for recovery that experienced fund managers seek to exploit.

How the 2011 Bud

Lowes' experts summarise the key points of the March 2011 Budget …

ONE OF THE FIRST POINTS TO NOTE ABOUT THIS YEAR'S Budget is that from April 2012, there is to be a change in the calculation of how many tax allowances are linked to inflation. Instead of the Retail Prices Index (RPI), the government will use the historically lower Consumer Prices Index (CPI) figure, so the tax free amount will be increased by less than it would previously have been.

The ISA subscription limit will also be subject to this rule. The CPI from the previous September will be used to set the increase and will be rounded to £120 to allow for regular monthly payments. The Cash ISA limit will remain half of the Stocks and Shares ISA limit.

ISAs

ISA limit for 2011/12

The annual ISA subscription limit for the 2011/12 tax year has been increased to £10,680, which can be split between a Stocks and Shares ISA (up to £10,680) and a Cash ISA (up to £5,340).

Introduction of Junior ISAs

From this autumn, any UK resident child under age 18 who does not have a Child Trust Fund (CTF) account will be eligible for a Junior ISA. The maximum annual contribution will be £3,000, which is higher than the CTF maximum of £1,200 although, unlike CTFs, there will be no government contribution. The normal ISA rules relating to tax free income and capital gains will apply and the Junior ISA accounts will be opened and managed by the person with parental responsibility for the child.

Savings

Index-linked NS&I bonds to return

These were withdrawn last July for the first time since their launch 35 years ago, but are expected to be re-introduced within the next year. NS&I have confirmed that the bonds will, once again, be linked to the Retail Prices Index (RPI) measure of inflation, but offer no further details at this stage.

Taxation

Personal Income Tax

As previously announced, the personal allowance for under 65s has been increased by £1,000 to £7,475 and the basic rate limit reduced to £35,000. For 2012/13, the personal allowance will rise £630 to £8,105, while the basic rate will be further reduced to £34,370. The higher rate tax (40%) threshold will, therefore, remain the same for both tax years at £42,475.

For people with income above £100,000, the personal allowance is reduced by £1 for every £2 of income over that figure, and will be lost completely for those with income over £114,950 in 2011/12 and £116,210 in 2012/13.

"… from 6 April 2012 there will be a reduction in the rate of IHT from 40% to 36% on estates from which at least 10% of the value is left to charity."

For those aged over 65, higher personal allowances are available, subject to reductions for income above certain limits.

Inheritance Tax

The government announced that the IHT nil rate band will remain frozen at £325,000 until April 2015, after which the CPI will be used for indexation.

However, from 6 April 2012 there will be a reduction in the rate of IHT from 40% to 36% on estates from which at

get will affect you

least 10% of the value is left to charity. The relief will be designed so that the benefit of the tax saving is passed on to the charities and not to other beneficiaries, but details as to how this relief will apply in practice have yet to be announced.

Capital Gains Tax

From 6 April 2011, the annual exempt amount for Capital Gains Tax increased in line with RPI indexation to £10,600. From April 2012 the CPI will be used as the default indexation assumption for Capital Gains Tax annual exempt amounts.

Osborne: Tax allowance rises will use CPI from April 2012.

In addition, the government has increased the lifetime limit on capital gains qualifying for entrepreneurs' relief to £10 million.

Merger of National Insurance and Income Tax

The government announced that it is to consult on merging National Insurance and Income Tax, but added that pensioners, savings and dividends will not be liable to more tax as a result. However, it could be several years at least before any changes are made.

Pensions

Income Drawdown and the Age 75 rule

There is now no obligation to take tax free cash before age 75, nor to purchase an annuity. To allow pension savers to fund relatively longer periods in retirement, new drawdown rules affecting maximum income levels and death benefits have also been introduced, which now make drawdown much more attractive for over-75s. Anyone with pension income over £20,000 (excluding drawdown income) can also take advantage of uncapped income from their drawdown plan. Existing drawdown funds will be phased into the new rules within the next five years.

> *"… the State Pension age will be 66 by 2020 and that, subsequently, the retirement age will rise in line with increases in life expectancy."*

Public Service Pension reform

Lord Hutton's recommendations for public sector pension reform have been backed by the Treasury and there is to be consultation on the proposals. Hutton recommended that public sector final salary schemes should be phased out in favour of cheaper 'career average' arrangements by 2015, and that the normal retirement age for civil servants should be increased in line with planned State Pension age changes. He also recommended similar arrangements for MPs.

State Pension reform

The government confirmed that the State Pension age will be 66 by 2020 and that, subsequently, the retirement age will rise in line with increases in life expectancy. These are the steps in what is expected to result in State Pension age being 75 or more for current teenagers

The government also confirmed it was considering the introduction of a new single-tier, flat-rate State Pension. The Department for Work and Pensions has now published

plans which confirm it will be worth approximately £140/week and will replace the current combination of entitlements and state pensions, including the State Second Pension. A consultation on the measures will end on 24 June and, should the new scheme be introduced, it is likely to apply to new pensioners only, not existing ones.

Abolition of contracting out for final salary schemes

As part of the proposed move to a single-tier State Pension, the government announced that it is to consult on the abolition of contracting-out for defined benefit (final salary) pension schemes.

The ending of contracting-out would mean that defined benefit schemes would no longer be able to replace part of the State Pension, as well as topping it up. Such a move would also mean that employers and employees would lose their National Insurance rebates, and make it more expensive for employers to continue offering these schemes on existing terms.

Contracting out of the State Second Pension via personal pensions is already due to be abolished in April 2012

Pensions tax relief on contributions

The planned £50,000 annual allowance for tax free pension contributions, first announced last October, came into force on 6 April. As before, an individual's maximum contribution will be limited to 100% of earnings, so this will not affect the majority of pension savers. However, this is likely to reduce large contributions by employers for high level staff. As previously announced, the lifetime allowance will also be changed to £1.5m from April 2012.

EIS and VCT schemes

EISs

EIS schemes are designed to enable unquoted companies with gross assets of less than £7m to raise finance. Up front EIS Income Tax relief has been increased from 20% to 30%. EISs also offer Capital Gains Tax (CGT) relief if held for three years, plus deferral of CGT on gains reinvested and, once they have been held for two years, are exempt from Inheritance Tax (IHT).

From April 2012, the EIS annual investment limit will rise from £500,000 to £1m, with the ability to carry back one year, as at present, and the size of unquoted company an EIS can invest in will increase to £15m.

VCT

VCTs are investment companies quoted on the stockmarket and are designed to enable quoted companies with gross assets of less than £7m to raise finance. For now they remain unchanged, with up front Income Tax relief remaining at 30%, Capital Gains Tax (CGT) relief on profits if held for five years, and deferral of CGT on gains reinvested.

However, as for EIS, from April 2012, the size of quoted company that VCTs can invest in will increase to £15m. Rules are also being relaxed for eligible investments and allowable trades. The aim of these changes is to make it easier for smaller companies to find funding in the current economic climate by increasing the attraction to investors wanting to reduce their liability.

■ ***For detailed information on how the 2011 Budget might affect your personal financial planning, please contact your usual Lowes' Consultant, or call 0191 281 8811.***

5 YEARS AGO

How did it perform?

– The NDF Kick Out Plan

IN OUR ONGOING SERIES EXAMINING THE progress of investment products we featured in Lowes Magazine five years ago, we report on the NDF Kick Out Plan.

This product presented an innovative solution to the problem posed to savers of low interest rates by offering the possibility of 9.75% a year simple growth on an initial capital investment.

PORTFOLIO

NDF Kick Out Plan: Innovative solution to low interest rates

Although the plan's full investment term was potentially six years, there was the possibility of early maturity, paying out the full 9.75% a year growth plus the original capital on any of the first five anniversaries.

The plan was linked to two indices – the FTSE 100 Index and Japan's Nikkei 225 Index – and, for early maturity to occur, the closing level of both these indices on an anniversary had to be the same or higher than the corresponding starting index levels on 24 March 2006, the start date of the plan. This occurred on the first anniversary, giving investors a 9.75% return on their original capital.

Ken Lowes,
our founder, looks back…

I HAVE JUST READ IN the sunday newspaper of a family living in London who have 12 children, live in a £1.2 million house and are receiving benefits of £70,000 a year, so where is the incentive to save and become independent?

Who do you take issue with – those who take the benefit or those who pay it? If we had no welfare state then many people would struggle through no fault of their own but, so long as we maintain a system without limits, there will always be those who exploit it. Even with that in mind, I didn't take kindly when told I couldn't claim last winter's fuel allowance because I had forgotten to inform the payments department of my change of address. The first payment the state ever made to me and I can't have it because I forgot to inform them of a change of address!

> *"Every generation has to pay for the one that went before."*

I found myself hurling abuse at the radio when I heard the Archbishop of Canterbury had suggested that those of us who have managed to accumulate some wealth to give us independence do not play our part in helping future generations – inferring that we, the over-60s, have had a life of milk and honey.

Every generation has to pay for the one that went before. In the early part of the 20th century it was with the lives of husbands, sons and daughters fighting for the democracy that allows such liberal views to be espoused. It was my generation that spent most of their working lives paying taxes as high as 83p in the pound and battling inflation which decimated the living standards of those on fixed incomes and pensions without the luxury of having the rent paid on the council house, yet alone one worth millions. It was us that got this country to the point that we can afford to squander billions in consultancy fees to determine how many paperclips are required in Whitehall.

When I started Lowes 40 years ago, I wanted to make the world a better place for those tragically affected by the death of a breadwinner, or ensure that a comfortable lifestyle continued well into retirement. I wanted to help those people who wanted to help themselves and who other companies ignored because they deemed them not wealthy enough for the effort required. Along the way I tried to get clients to embrace new concepts such as investing, but also to consider that to get more requires more risk. "Nothing for nothing in this world" was the cry.

> *"I have met some wonderful clients over the years."*

Seminar attendees listened incredulously when I suggested that even the mighty Halifax could go bust, so be wise and spread the risk. I was told that the reason we did not recommend Equitable Life was because they didn't pay a commission, when the truth was I knew they were not what they purported to be. And I will never forget when we refused to do business with a client who wanted a Barlow Clowes 10% bond. We lost him to a competitor and he lost all his capital in the ensuing scandal. I could go on but, suffice to say, there was a time when just 'getting' a job was important, and not necessarily the job you wanted, but one you had to have to look after your responsibilities. Today, many of those responsibilities are taken care of, so no need for life assurance, no need for a pension, and no need to save! We shall see.

I have met some wonderful clients over the years. We didn't always get it right, but the methods and style of advice we pioneered are now the industry norm. Forty years on another Lowes is at the helm, as feisty and independently minded and a great deal more qualified, but with the same ethics as his father. I'm proud of what I started and even more proud of what my youngest son is continuing.

Holmwood House - Lowes' head office since 1984.

CLIENT SURVEY

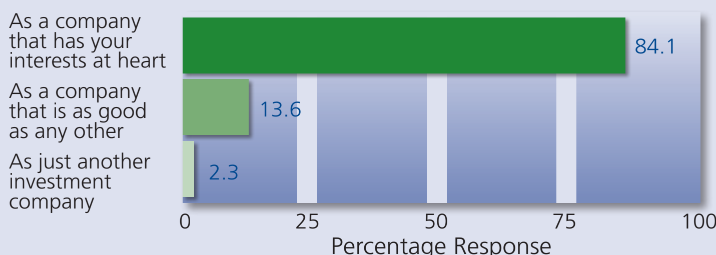
FOR THE PAST 20 YEARS WE HAVE CONDUCTED CLIENT satisfaction surveys to help us identify how we can improve our client service.

The response to the 2011 survey has been exceptional and we would like to thank all those clients who took the time to complete and return it.

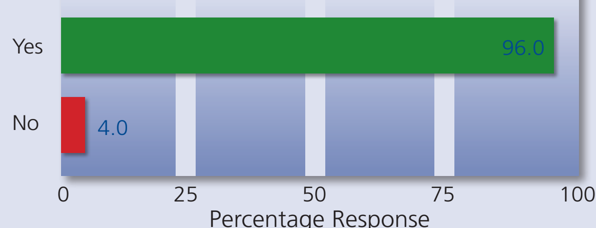
We would also like to offer our sincere thanks to all those who added comments and suggestions as to how we can improve the service we provide. We are considering all suggestions.

A summary of the results are shown below with the full results on our website Lowes.co.uk.

1) How would you describe Lowes Financial Management to a friend?

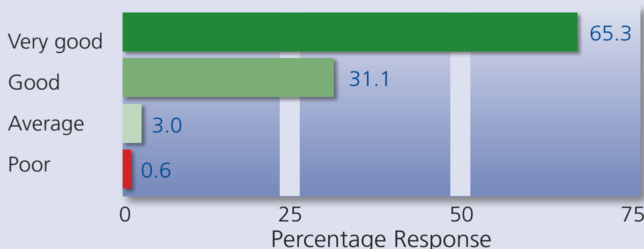


2) For over 14 years our literature has carried the statement "Where personal finances are cared for personally." In your experience, does this reflect the service we provide?

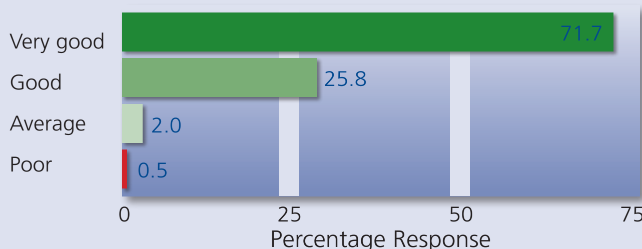


3) Bearing in mind, if appropriate, your experiences with other advisers and investment groups, how would you rate Lowes Financial Management:

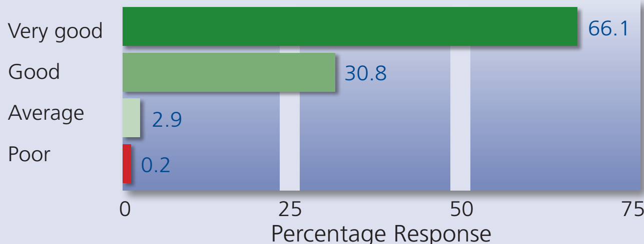
On Client Service?



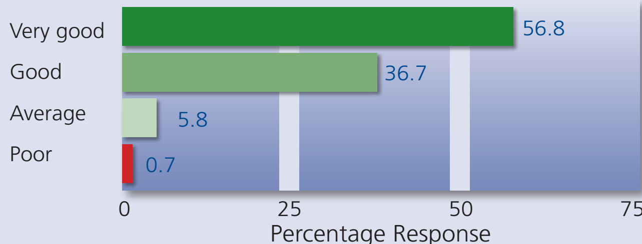
On Professionalism?



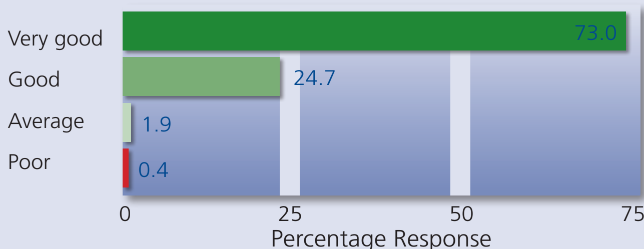
On Depth of Knowledge?



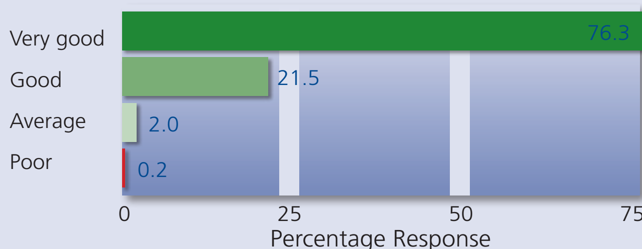
On Investment Advice?



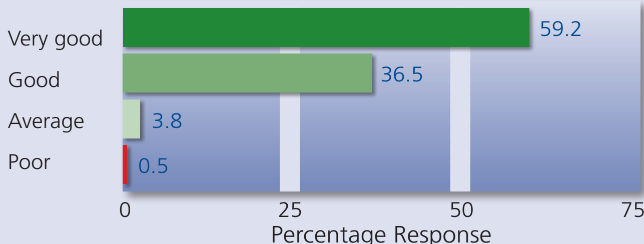
On Approachability?



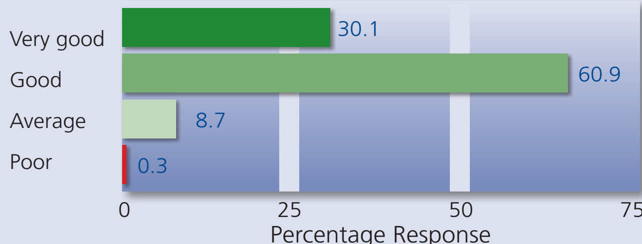
On Staff Helpfulness?



4) Do you believe the level and quality of contact you receive from Lowes Financial Management to be:



5) How would you rate the Lowes Magazine?



This magazine is not personal advice. If you are unsure as to the suitability of any intended course of action, please contact your usual Lowes' Consultant or this office.