



Association of Independent Financial Advisers - Russia

Inside this Issue

PAGE 1

- Market Update
- Tax

PAGE 2

- Death
- Wills

PAGE 3

- Why use an Offshore Trust

PAGE 4

- Foreign Exchange

**Association of Independent
Financial Advisers – Russia**

Web: www.aifa-russia.com
Email: info@aifa-russia.com





Market Update

As we move towards the close of the year, it is perhaps an appropriate time to have a look at the markets in 2015.

Without doubt it has been a turbulent year and investors have seen some highs and some lows.

The FTSE started the year at 6700, rising to 7100, then falling to 5899, standing today at 6146.

The S&P started the year at 2058, rising to 2126, before tumbling 1867, currently standing at 2050.

The market which has seen considerable volatility China having risen to 5121 had a large fall to 2927 in August, a fact which the worlds media made very public. What has been less publicized is the fact that since that time the Chinese market has actually hit a technical bull run rising to 3568. The Chinese market is very unlike any other major market as the majority of investors are individual as opposed to institutions

So where now?

Mixed messages appear. The EU remains a strong bet, given the weakness of the Euro coupled with QE. As one manager has stated:

"We retain our overweight position in Eurozone stocks where valuations are in line with historical averages. Business sentiment and credit conditions continue to improve and the ECB looks set to extend its quantitative easing program. This would provide a boost to European equities"

Tax

Unless you live in a "tax free" location such as Saudi Arabia, Kuwait, UAE etc., the chances are that you are living as an expatriate on a temporary residence in a foreign land. That foreign land, be it in Europe or further afield, will almost certainly have a tax regime and the likelihood is that you should be in that tax regime. The days of hiding away are fast disappearing. Depending upon where you are based could have a significant impact. More than 50 countries have signed up to a new international standard for exchange of information.

In mainland Europe in particular there is a complete flow of information between countries. Spain recently announced an amnesty for undeclared foreign source pensions. A new form, a Modelo 720 (overseas assets reporting) has been used and submitted. It appears that Spanish Tax Inspectors have been comparing old Wealth Tax Returns with what has been declared on the new forms. It would not be hard to understand there may be some significant differences.

The amnesty announced has run from Jan 1st 2015 to the end of June. Apparently since the end the Hacheinda (Spanish Tax) have opened 28,000 enquiries into expatriates' tax returns.

The Spanish situation brings us all lessons to be learned. You can no longer run, you can no longer hide, the tax man, either in your country of residence or your home country will find you, and will charge you. Penalties can be onerous both financial and custodial. You need to get your situation in order.

Seek advice.



GLOBAL VIEWS

Death

It will come to us all, there is no escape. What will we leave behind for our families? What will be the legacy? Will it be no university education for the children because Dad failed to plan, and Mum, the widow cannot afford it? Will it be a quick flight home leaving behind a home and what was the family base, back to your home country to start again, with nothing or very little?

Many years ago someone commented:

“The last thing I want to do is to leave my wife (widow), with so much money that when I look down, or up, at her she has a Ferarai and an Italian gigolo.

By the same token I do not want to see her having to sell the house, move the kids from the school they have been attending to a completely new area, where neither she nor the kids know anyone.

At the end of the day if I make her life hell on earth, when she joins me she will no doubt make my life hell, and that's for eternity, I don't want to take that risk”.

So what does it take, just a bit of life assurance, it is not expensive and hopefully will not be needed, but you never know.

Seek advice; you may be surprised at how inexpensive it is, and what degree of comfort it could bring.

Wills

Of course being dead is the easy part, it's the living we have to worry about. Hence the need for wills. Depending upon where you are based there are some very different factors to take into consideration. Within Arabia you may be faced with Sharia Rules. If you are living away from your Home Country, and or, you have assets in your Home Country, you may need to consider two wills.

If you have been married before, or have children by a previous relationship, you really do need to do a will!

Failure to write a will, if you are a British National, could mean The Crown taking more of your estate than you could ever imagine.

A correctly written will may also help with Estate Planning, and mitigating Succession Tax.

Seek advice, and do it!





Why Use an Offshore Trust

Avoiding probate can mean substantial savings in time, legal fees and paperwork. A trust allows your descendants to bypass this process and gain access to the assets and property more quickly.

Trusts can give power to the trustees to exercise discretion, over a long period of time, as to how capital and income is to be distributed. This power can continue long after the donors have died.

A further benefit of using a trust is increased privacy. A will is a public document (i.e., anyone can go to the probate court and review the contents of a will). However, a trust remains private.

A trust can protect both business and personal assets from most creditors' claims. A trust works because it splits ownership of trust assets; the trustee has equity ownership and the beneficiaries have beneficial ownership.

A trust is an ideal way to protect gifts to minors and for the trustees to look after the capital until the children are at an age to look after their own financial affairs.

Trusts are an ideal way to provide funds to charity or suitable good causes. Again, these trusts can continue well beyond the life of the charitable donor.

A trust gives greater protection than a will against legal action from anyone who is unhappy with the distribution of assets and decides to challenge it. While not fireproof, as there will be times when trusts are open to challenge, it is more difficult to do than challenge a will.

Writing a policy into trust not only provides funds without probate delays, these funds will be outside of the deceased's estate for IHT and available for immediate disposal if required.

We offer a range of trusts to suit circumstances and budgets.



GLOBAL VIEWS

Foreign Exchange



GlobalNet are pleased to announce we have secured a partnership with The Currency Company ensuring all our clients will have access to preferential commercial exchange rates.

The Currency Company are the first to specialise in foreign exchange for financial institutions, focusing on dealing with IFAs, Life Companies and Trustees to ensure private clients get the best advice on managing the currency exposure throughout their investment portfolio and beyond.

By dealing with high volumes and working closely with a wide range of financial institutions they are uniquely positioned to achieve market leading exchange rates of up to 5% better than those offered by major banks and other financial institutions.

In addition by committing to ensuring every client will speak to a market expert with a city trading or broking background, The Currency Company are the only FX firm with a genuine focus on analysing individual investors' currency exposure and providing tailored advice and solutions to maximise returns.

If you have any upcoming currency requirements and would like to speak to a market expert and gain access to our preferential exchange rates please contact one of the experienced brokers on +44 (0)1923 797359 or visit :

www.thecurrency-company.com

