Mr & Mrs R Huddleston
Deerleap
Satterthwaite
Ulverston
Cumbria
LA12 8LR

27th January 2025

Dear Robin & Geraldine,

Re: Annual Review 2025

This report aims to summarise your objectives and then provide recommendations in order to keep your financial plan on track to meet these objectives.

At our meeting on 27th January, we conducted your annual review for 2025. Our advice provided to you is based upon the information you have disclosed and therefore if this letter does not coincide with your view of the situation, or you require any further clarification, please let us know at your earliest convenience. It is important to emphasise any information in relation to your circumstances that has not been disclosed could have affected our advice to you.

Following on from the objectives and recommendations there is supporting information in the appendices including analysis that you may find useful.

Objectives

As things stand, you do not anticipate needing your pensions to fund your retirement, as your business (System Hygiene Ltd) provides you with enough salary and dividend income to meet your needs. The only reason you would retire is if you sold your company, if this occurred you would envisage that your company would be worth in excess of £8m; therefore, we can see that your pension is only a minor part of your overall net wealth.

It is your intention to take the Tax-Free Cash from Geraldine's Fidelity pension once the maximum permitted Lump Sum Allowance (LSA) of £268,275 is available within the plan.

Recommendation

We are recommending that there are no changes to your existing arrangements at present. However, we will continue to monitor the balance of Geraldine's Fidelity pension and once the value exceeds £1,073,100, we will then advise on taking the tax-free cash from the plan.

Rationale

Your investments have performed well over recent years and remain aligned with your agreed risk profile. We feel the current funds still have the potential for capital growth you require whilst you also have a proportion of funds allocated to low-risk assets in anticipation of Geraldine's imminent tax-free cash withdrawal.

We trust that this letter provides an accurate summary of our discussions, and our recommendations are clear; however, should you have any concerns or wish to discuss any of the issues raised in more detail please do not hesitate to contact us.

Yours sincerely,
For Harwood Financial Planning

Ryan J Woodhouse
Independent Financial Adviser/Director

There are no changes being recommended to your arrangements; thus, no response to this letter is necessary.

Appendix 1: Disclosure

The scope of our service is explained in the client agreement we provided you with on 22nd February 2022 and you confirmed you did not wish to place any restrictions on the types of products or investment strategy when making our recommendation.

Our recommendation has been limited to your objective of reviewing your Pensions. Therefore, you may have other financial planning needs that are not addressed by this report. We note that your estate has an inheritance tax (IHT) liability, this report does not address that situation as it will be discussed in future meetings.

Appendix 2: Your Attitude to Investment Risk

In order to understand what would represent an acceptable level of risk for you we follow a 3-step process. Firstly, we assess your psychological approach to risk through a risk questionnaire. Secondly, we assess your circumstances including your capacity for loss and investor experience and the final step is to combine the first two steps to arrive at a suitable level of investment risk.

The funds recommended are based on the level of risk you are prepared to accept. This was discussed following the initial completion of a risk profiling questionnaire. Your risk profile was originally mapped to a 5 on a scale of 1 to 10 (a Balanced investor). However, after further discussion we have agreed that you are more suited to a 6 on scale of 1 to 10 (a Balanced Growth investor) a description of which can be seen below:

6 - Balanced Growth Investor

As a balanced growth investor, you are happy to take on investment risk and understand that this is crucial in terms of generating long-term return. You are willing to take risk with most of your available assets. This would typically mean a portfolio invested in a combination of bonds, property, UK and International shares – the share component for a balanced growth investor would be between 40% and 75% of the portfolio value.

It is important to note that a balanced growth investment can fall as well as rise in value and it would be quite common for this type of investment to rise or fall by 25% over a 12-month period. Although your investment is unlikely to fall by more than 25% over a 12-month period it is still possible.

Full details of your risk profile discussion and capacity for loss can be found in last years' suitability report dated 24th November 2023, this document also confirms your investment experience.

Your risk profile will be reviewed on an annual basis or if you inform us of a change in your circumstances.

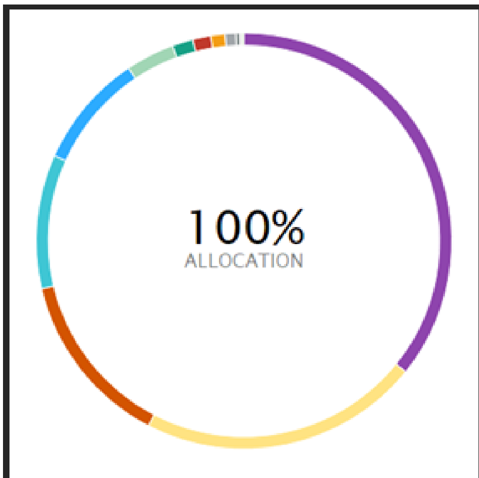
Appendix 3: Plan Information

Plan	Fund Value
Robin – Fidelity Pension Savings Account	£172,840
Robin – Fidelity Drawdown Account	£908,940
Robin – Fidelity Stocks & Shares ISA	£32,390
Geraldine – Fidelity Pension Savings Account	£1,042,670
Geraldine – Fidelity Stocks & Shares ISA	£32,380
Total	**£2,189,220**

Robin, your Fidelity holdings are invested in the following portfolio of funds:

Investment	Provider	% Invested
Fidelity Index World Fund P Accumulation	FIL Investment Services (UK) Ltd	28.83
Finsbury Growth & Income Trust Plc	Lindsell Train Ltd	19.46
Fundsmith Equity I Acc	Fundsmith LLP	15.21
Royal London Short Duration Gilts Fund M Inc	Royal London Unit Trust Managers Ltd	0.27
Royal London Short Duration Gilts Fund Z Inc	Royal London Unit Trust Managers Ltd	13.24
Royal London Short Term Money Market Fund Y Acc	Royal London Unit Trust Managers Ltd	13.46
Smithson Investment Trust plc	Fundsmith LLP	9.46
Cash - Bank Account	Cash Account Co	0.07

Which has the following asset allocation:



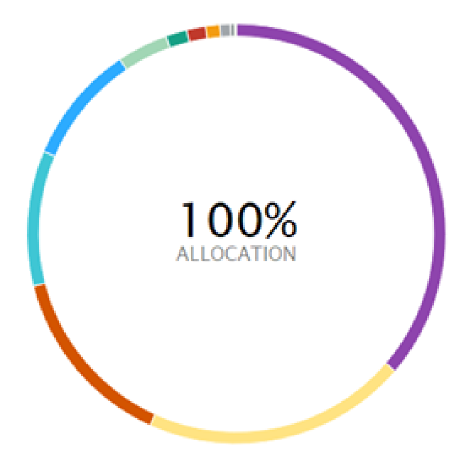
ASSET ALLOCATION	NET %[1]	SHORT %	LONG %
North America Equity	35.89	-0.69	36.58
UK Equity	21.83	0.00	21.83
UK Government Bonds	13.74	0.00	13.74
Europe (ex-UK) Equity	10.45	0.00	10.45
Cash - Short Term Money Market	8.90	-1.47	10.37
Other	3.81	-0.27	4.08
Japan Equity	1.61	0.00	1.61
UK Corporate Bonds	1.41	0.00	1.41
Developed Pacific (ex-Japan) Equity	1.11	0.00	1.11
Global (ex-UK) Fixed Income	0.83	0.00	0.83
Emerging Markets Equity	0.30	0.00	0.30
Cash - Bank Account	0.07	0.00	0.07
Private Equity	0.05	0.00	0.05

[1] Due to rounding there may be a discrepancy between the Long/Short % and the Net %.

Geraldine, your Fidelity holdings are invested in the following portfolio of funds:

Investment	Provider	% Invested
Fidelity Index World Fund P Accumulation	FIL Investment Services (UK) Ltd	29.43
Finsbury Growth & Income Trust Plc	Lindsell Train Ltd	18.11
Fundsmith Equity I Acc	Fundsmith LLP	15.76
Royal London Short Duration Gilts Fund M Inc	Royal London Unit Trust Managers Ltd	0.28
Royal London Short Duration Gilts Fund Z Inc	Royal London Unit Trust Managers Ltd	13.74
Royal London Short Term Money Market Fund Y Acc	Royal London Unit Trust Managers Ltd	13.91
Smithson Investment Trust plc	Fundsmith LLP	8.77

Which has the following asset allocation:



ASSET ALLOCATION	NET %[1]	SHORT %	LONG %
North America Equity	36.37	-0.70	37.07
UK Equity	20.46	0.00	20.46
UK Government Bonds	14.25	0.00	14.25
Europe (ex-UK) Equity	10.43	0.00	10.43
Cash - Short Term Money Market	9.20	-1.52	10.72
Other	3.94	-0.26	4.20
Japan Equity	1.64	0.00	1.64
UK Corporate Bonds	1.46	0.00	1.46
Developed Pacific (ex-Japan) Equity	1.10	0.00	1.10
Global (ex-UK) Fixed Income	0.83	0.00	0.83
Emerging Markets Equity	0.28	0.00	0.28
Private Equity	0.04	0.00	0.04

[1] Due to rounding there may be a discrepancy between the Long/Short % and the Net %.

We still believe these portfolios to be suitable as it has the potential for capital growth you require and is also compatible with your agreed risk profile.

Appendix 4: Risks

All the risks associated with this investment are detailed in the product literature provided to you when you started your plans. You should refresh your understanding on this information. In addition, you should take note of the following risks:

- You should remember that unit prices and the value of your investment can fall as well as rise and there is no guarantee you will receive a return of your original capital.
- Past performance is no guarantee of future returns.
- If withdrawals from the plan exceed the growth being achieved your capital will be eroded.
- Any tax-free cash and indicative annuity or drawdown pension income quoted on the illustration are based on many assumptions listed on the illustration. The actual benefit payable will be based on what happens in reality. You could receive lower or higher returns than the illustration indicates.
- When you retire, your pension may be lower than illustrated if:
  - Investment performance is lower than illustrated
  - You start taking your pension earlier than the illustrated retirement date
  - Tax rules change
  - Charges increase above those illustrated.
- Following an active approach means you take the risk of underperforming the stock market as a whole.
- By accepting a recommendation to invest in a bespoke portfolio you take on an element of key person risk. This is the risk of death or incapacity of your financial adviser which impacts the company's ability to help you manage your investments. Details of our business continuity plan can be provided upon request.

Your Portfolio is made up of a mixture of collective investment funds that assume the following structures:

- Open Ended Investment Companies (OEICs)

- Unit Trusts
- Investment Trusts
- Exchange Traded Funds

The following risks should be noted in relation to the above fund structures:

- Investment Trusts have the ability to borrow (or gear), this means that if a manager accesses this facility the borrowing will either increase gains or increase your losses.
- Premium/Discount Risk: Investment trusts can trade above (at a premium) or below (at a discount). This means that upon sale you could receive less than the net asset value of the investment on encashment.
- In exceptional circumstances Open Ended Investment Companies (OEICs) and Unit Trusts may temporarily suspend withdrawals.

Appendix 5: Estimated Fee's/Charges (next 12 months)

We believe it is important to review your investment strategy at regular intervals to ensure it continues to meet your aims and objectives. Full details of our service proposition are contained within our client agreement. We will review your plans annually.

Robin, the fees on your Fidelity holdings will be as follows, based on the values set out below:

Fidelity Pension Savings Account (£172,840)		
Type of Charge	**Charge (%)**	**Charge (£)**
Fund Charges	0.43%	£743
Product Charge	0.10%	£173
Ongoing Adviser Charge*	-	£1,650
Total Charge **	**1.48%**	**£2,566**
Fidelity Drawdown Account (£908,940)		
Type of Charge	**Charge (%)**	**Charge (£)**
Fund Charges	0.43%	£3,908
Product Charge	0.10%	£909
Ongoing Adviser Charge*	-	£1,650
Total Charge **	**0.71%**	**£6,467**
Fidelity Stocks & Shares ISA (£32,390)		
Type of Charge	**Charge (%)**	**Charge (£)**
Fund Charges	0.33%	£107
Product Charge	0.10%	£32
Ongoing Adviser Charge*	-	£300
Total Charge **	**1.36%**	**£439**

*Our ongoing adviser charge is a fixed fee.
**The total charge in percentage terms is irrelevant as a consequence of the fixed adviser charge.

Geraldine, the fees on your Fidelity holdings will be as follows, based on the values set out below:

Fidelity Pension Savings Account (£1,042,670)		
Type of Charge	**Charge (%)**	**Charge (£)**

Fund Charges	0.43%	£4,483
Product Charge	0.15%	£1,564
Ongoing Adviser Charge	-	£2,400
Total Charge	**0.81%**	**£8,447**
Fidelity Stocks & Shares ISA (£32,380)		
Type of Charge	**Charge (%)**	**Charge (£)**
Fund Charges	0.33%	£107
Product Charge	0.15%	£49
Ongoing Adviser Charge	-	£300
Total Charge	**1.41%**	**£456**

*Our ongoing adviser charge is a fixed fee.
**The total charge in percentage terms is irrelevant as a consequence of the fixed adviser charge.

Appendix 6: Miscellaneous

Product Documentation

The documentation provided at outset is important and contains information regarding the product which we have recommended, particularly with regards to how the product works, its aims, risks and charges, together with its legal status, tax treatment and your cancellation rights. Therefore, please ensure you have read this document carefully. If there are any points on which you are unsure, or require further clarification, please contact us and we will be pleased to explain these in greater detail.

Tax Treatment and Law

All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and His Majesty's Revenue and Customs (HMRC) practice. Levels and basis of tax relief are subject to change.

Lump Sum Allowance (LSA)

The LSA is the limit on the amount of certain tax-free lumps sums that you will be able to receive from all of your pension arrangements before marginal rate taxation applies.

Where the amount exceeds this allowance, income tax may be payable on the excess.

Lump Sum and Death Benefit Allowance (LSDBA)

The LSDBA is the limit on the amount of certain tax-free lump sums that can be paid in respect of an individual from all of their pension arrangements before marginal rate taxation applies.

LSDBA will be used up where a member takes a relevant lump sum, such as Pension Commencement Lump Sum (Tax Free Cash), Uncrystallised Funds Pension Lump Sum, Serious Ill Health Lump Sum or Lump Sum Death Benefits (except trivial commutation).

A check is made against these allowances when benefits are paid. This will apply to your new pension savings account only when you withdraw benefits in the future.

Robin, you have previously taken a tax-free lump sum of £268,275 on 1st January 2024 from your Fidelity plan; thus, you have no remaining LSA remaining.

Annual allowance

Contributions into the scheme are limited by the annual allowance. The Annual Allowance is currently a maximum of £60,000 per annum 2024/2025. High earners may have a lower annual allowance. There is also the facility to potentially carry forward up to 3 years' worth of unused allowances. You should note that if an individual has flexibly accessed other pension benefits though, their Money Purchase Annual Allowance may be restricted to £10,000 with no Carry Forward allowed.

Contributions exceeding the annual allowance would trigger a tailored tax charge of up to 45%. Tax relief on any personal contributions made is limited to £3,600 per annum or 100% of salary if higher.

Robin, you have made gross pension contributions of £8,333.30 for the current 2024/25 tax year. Geraldine, you have made the maximum £60,000 contribution into your Fidelity pension for the current 2024/25 tax year.

High earners - Tapered annual allowance

From 6 April 2023, individuals who have 'adjusted income' for a tax year of greater than £260,000 will have their annual allowance for that tax year restricted.

For years prior to this, the levels were lower.

- Between 6th April 2016 and 5th April 2020 there was a lower amount of £150,000.
- Between 6th April 2020 and 5th April 2023 there was a lower amount of £240,000.

For clarity, this means that the application of the tapered annual allowance is applied each tax year separately and hence an individual may have a tapered annual allowance in one tax year, and a full annual allowance in the following tax year depending on their income.

The definition of income for the £260,000 figure is 'adjusted income'. The inclusion of employer pension contributions in the definition of adjusted income means that it is not possible to use salary exchange to reduce income below £260,000.

There is also an income floor of £200,000, called the 'threshold income'. Between 6th April 2016 and 5th April 2020 there was a lower limit of £110,000.

This figure has been included to try to give some certainty to individuals about who may be affected by the tapered annual allowance and also to ensure that lower paid individuals are not affected as a result of a large pension contribution.

Where an individual has threshold income of £200,000 or less, they will not be subject to the tapered annual allowance even if their adjusted income is greater than £260,000.

The way that the tapering will work is that for every £2 of income that exceeds £260,000, £1 of annual allowance will be lost. For individuals with adjusted income in excess of £360,000 the taper annual allowance is £10,000.

From 6th April 2023, the tapered annual allowance will apply to individuals with adjusted income of £260,000 and over and threshold income of over £200,00.

Money Purchase Annual Allowance (MPAA)

It is our understanding that you have not flexibly accessed any of your pension funds at this time, therefore, you have not triggered the Money Purchase Annual Allowance (MPAA).

Financial Services Compensation Scheme (FSCS)

You may have full rights to the Financial Services Compensation Scheme (FSCS). The FSCS provides compensation should your chosen provider become insolvent and be unable to honour a claim under your policy. The levels of compensation vary depending on the type of contract concerned and the limits for each type of category are available at www.fscs.org.uk.

Wills and Lasting Powers of Attorney

You have confirmed that you have a valid will with Barlow & Rowland. I have reviewed your current will and recommend that this is reviewed, in particular with regards clause 2 and clause 3. What needs to be addressed is of a complex nature; therefore, this would be better discussed in person. You should consider which solicitor you wish to deal with moving forward.

It would also be prudent to set up and register Lasting Powers of Attorney for "property and financial affairs", to ensure that in the event of your incapacity, somebody of your choosing could act on your behalf.

Nomination on death

You have both previously completed a nomination of beneficiary/expression of wish form and named Robert (50%) and William (50%) as your beneficiaries. In the event of your death the policy proceeds, subject to the trustees' discretion, are paid to your chosen beneficiary.

As discussed at our meeting, we recommend keeping Robert and William as named beneficiaries for the next 2 years. However, this should be revisited in April 2027 due to the proposed changes set out in the information set out below.

What happens when you die?

Should you die before age 75, the nominated beneficiary can receive a lump sum, drawdown an income or purchase a dependents annuity. All these options are paid free of tax.

Where you die after the age of 75 the same options are available, but tax is paid at the beneficiary's marginal rate of tax.

Following the budget on 30th October, it is the intention of the current Government to introduce Inheritance Tax (IHT) on pensions from April 2027. There will be a consultation period prior to this proposal receiving Royal Ascent. Assuming this measure comes into effect, this may have an impact on your circumstances.