

ELEVATION CORPORATE SOLUTIONS



ELEVATION

WEALTH MANAGEMENT

INVESTMENT.
PENSION.
RISK.
TRUSTS.

ELEVATION-WM.CO.UK

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WELCOME TO
ELEVATION
CORPORATE
SOLUTIONS

Elevation began as an Owner Managed business, and like many businesses of a similar profile, has experienced many of the challenges created by the establishment, growth and consolidation of a business. The longer term satisfaction has been to retain the sense of responsibility only sometimes felt by a business that is owned by its management, whilst being able to grow through devolving both genuine responsibility and incentive to others.

The perspective of Elevation being a firm of Financial Planners, whilst also sharing a common evolution to many of its clients, provides, we think, a unique ability to both empathise through actual experience, and then add value through professional knowledge and market position.

This brochure sets out some of our thoughts about where to gain advice and direction. Hopefully it will help in avoiding some of the pitfalls which are very common when engaging with advice.

I do hope that you gain real value by reading through this brochure.

TONY SMITH
Chief Commercial Officer

ABOUT ELEVATION WEALTH MANAGEMENT



Elevation Wealth Management is a firm of Independent Financial Advisers. We have offices in Birmingham, London and Nottingham. Elevation currently manages in excess of £270m of client assets.

Elevation specialises in face-to-face Wealth Management advice to individuals and businesses. The scope of our advice covers three main areas.

- Protecting against financial risk both for private and corporate assets
- Helping to preserve and build capital wealth.
- Supporting the strategic growth of business and personal financial planning objectives.

Whatever you or your business’s financial position, Elevation can provide professional financial advice designed to suit the circumstances and the strategic needs of either your business or personal financial objectives.

“Elevation specialises in face-to-face wealth management advice to individuals and businesses.”

Our first priority will be to understand you and your business goals. Taking time to get to know each other in this way builds trust and helps us to establish a long-term relationship.

Elevation will discuss the level of any ongoing service you would like, to ensure that whatever decisions you have made remain appropriate and continue to meet your objectives. Whatever your requirements, your IFA, together with the strategic partners with whom we have chosen to operate, will do their best to satisfy them and will agree with you at outset what you can expect and when.

HOW TO GET THE MOST FROM YOUR ELEVATION IFA?
As a busy person and successful business person, you undoubtedly will have a detailed understanding of what is required to make your business succeed. However, all too often it is the simple things that make the greatest difference and are often overlooked. That is why the following points are worth considering when working with your Elevation IFA, or any professional, to save you both time and money.

Agree with yourself your own limitations on time, knowledge, inclination and abilities.

Even with requisite knowledge, inclination or ability — start by agreeing with yourself the amount of time that you have to deal thoroughly with what is involved in effecting and managing your financial plan. From there, assess what you can and want to do, and be prepared to delegate anything else. You no doubt delegate tasks within your business to gain maximum effect — do the same with your investment in yourself!

By working in this fashion not only will you find yourself with more time to do the things you do best, but it will also provide you with peace of mind to focus on the successful running of your business.

WHAT ARE YOUR OBJECTIVES?
Agree, with your Partner or other professional, an agenda of points you need to cover. This will help you cover all of your considerations and will increase the chances of achieving all your objectives.

ASK OTHERS FOR RECOMMENDATIONS
Personal recommendations are almost always worth following. Very few individuals will recommend someone who gives poor service or is unreliable. Your Elevation IFA is in an excellent position to make qualified professional recommendations; whether you require corporate finance, an accountant, law firm or any other professional service.

ONLY WORK WITH PROFESSIONALS YOU LIKE AND TRUST
Work with people with whom you feel you can build a trusting relationship, and allow them to understand what is important to you.

HAVE A CLEAR IDEA OF COSTS
Most professionals are willing to work within an agreed fee and will make sure you understand what this covers. If they remain within the scope of their engagement and you are happy with the outcome, you may then consider increasing their control and responsibilities. Avoidable anxiety in the relationship inevitably develops if there is ‘any vagueness in the initial terms of engagement. Do not engage until you are reasonably comfortable with the key drivers of the agreement.

BE OPEN TO IDEAS
The best professionals are proactive and don’t just take orders or wait to be asked. They are well-positioned through being in their market 24/7. Even when you’re not paying them, they will be thinking of you, your business needs and potential solutions – it is these solutions that could well save you money and vastly improve your business.

Remember: ‘you don’t know what you don’t know.’

GET YOUR PROFESSIONALS TO WORK TOGETHER FOR YOU
It is likely, indeed inevitable, that you will have more than one professional with whom you work. Introduce them to each other so that they each understand their separate roles and how they will interact. By doing this you can rest assured that the advice you are given is joined up and the time taken for explanations cut down, thus avoiding duplicated advice.

Whatever your plans for the future, whether for yourself, your family or your business, Elevation aims to make a real difference to your personal and business financial planning.

OUR SERVICES

The following are all areas in which we, together with our strategic partners, have expertise and can provide the bespoke solutions you require.



1. BUSINESS RISKS

Most businesses, irrespective of their structure, will have insurance as one of their basic operating costs. It is at the heart of their contingency or disaster recovery plans. However, in our experience, businesses rarely prioritise their insurance requirements and therefore often fail to consider the uninsured risks they are carrying as a consequence. We can help you to examine this.

Insurance, which in some cases is mandatory, covers operational risks. Examples of such cover include: professional indemnity insurance, specialist motor insurance, environmental and public liability insurance, directors’ and officers’ insurance, and buildings and contents insurance. In most cases, companies have these areas covered. However, all too often the business’s most valuable and potentially most vulnerable assets, its employees, are not insured.

Few businesses are sufficiently capitalised to meet all their requirements and will often need external finance. A business needs to ensure it has the ability to meet the repayments and, by definition have an appreciation of any event that represents a risk to this ability.

“We will undertake an in-depth review of your business and work with you to implement a tailored insurance programme to protect your business from a wide range of risks.”



2. REMUNERATION STRATEGIES FOR BUSINESS OWNERS

An object of a remuneration strategy is to maximise the distribution made for the benefit of a business owner, taking into account all relevant circumstances. Tax will always be important but is not the only factor. Emphasis must be placed on getting the right balance between short-term needs, long-term aims and cash flow.

At the heart of any strategy is ensuring the right business structure is being used: sole trader, partnership, limited liability partnership, limited company or combination thereof.

The lowest effective tax rate for a shareholding director will always be achieved through a combination of dividends, salary and pension contributions; but does this meet the day-to-day needs of the recipient and the cash-flow abilities of the business? Is there an option to employ a spouse, and/or adult children? How comprehensive should any remuneration package for them be, balanced against the duties they genuinely perform?

Is the payment of benefits in kind from the business an option, and to what extent is it sensible for the business to meet personal expenses of the principals?

Should interest be paid on any shareholder loans or rent paid on personal property, let or used by the business?



“We have the expertise to provide the bespoke solutions you require.”



3. PENSIONS

Pensions continue to be a complex area: the last 25 years have seen a consistent theme of legislative intervention, to encourage private retirement provision on one hand, and limit the excesses of tax reliefs on the other; and the needs of the principals of the business will often be very different to those of their employees.

SIPPs & SSASs

Self-invested personal pensions (SIPPs) and small self-administered schemes (SSASs) – which are broadly only suitable for principals, directors and senior managers – offer not only a broader investment choice but can also provide a valuable source of finance for business. Suitability is often dependent on a diverse range of circumstances of the individuals and needs of the business.

TAKING BENEFITS

While the options at retirement, more specifically from April 2015, are greater and more flexible, the need remains to establish a substantial pension fund and exercise the most appropriate options in a tax-efficient manner.

NEW PENSION FREEDOMS

The pension changes outlined in the Budget 2014 go a great deal further than removing the need to purchase an annuity. By combining reliefs with exemptions and now choice and flexibility, pensions are now one of the most attractive savings vehicles available.

AUTOMATIC ENROLMENT

Automatic enrolment is the latest attempt by the government to address the pension crisis by recognizing that the solution lies in private provision. However, it has had and will continue to have a major impact on all employers, particularly for those with no current provision or low pension membership participation.

SALARY SACRIFICE

For businesses where employees are paying a pension contribution from their net pay, salary sacrifice can be an effective way to increase the sum that is paid into pensions at no cost to the employer or the employee.

TRUSTEE OBLIGATIONS

If you are a trustee of a registered pension scheme looking for positive investment returns over the medium to long term, it is your responsibility to regularly review the performance and risk profile of the pension funds under management.

COST OF DELAY

The impact of compound interest over time can be very significant. The cost of delaying starting pension contributions for principals and/or employees is to lose out on this compounding effect.

SCHEME TYPE

While employer-sponsored pension schemes will, in the main, either be defined contribution or defined benefit arrangements, they still come in many different forms. The right arrangement, however, will be based upon the same factors; funds available, investment managers, level of contributions and charges. Suitability should be constantly reassessed.

1. EMPLOYEE BENEFITS

At the basic level, employee benefits are how the business rewards its employees for the performance of their duties, and are a fundamental running cost of the business. They can and should, however, be more than this; supporting the business goals of the organisation by encouraging the behavior and values that it needs in its employees in order to be successful. If it can provide employee benefits at a lower cost to the business than the perceived value to the employees, so much the better.

GROUP INCOME PROTECTION

Group income protection pays a percentage of an employee's salary each month as a regular income, if they are unable to work due to long-term illness or injury. As well as a valuable benefit to the employee, such schemes can help the business manage absence through intervention and rehabilitation.

LIFE ASSURANCE

Life assurance, also called 'death in service' benefit, pays a tax-free lump sum if an employee dies, to provide support for the people who depend on them financially. Life assurance schemes are often run in conjunction with, or alongside, pension arrangements - and care needs to be taken where the employee's pension fund, along with their death in service benefit, exceeds the lifetime allowance for pensions.

CRITICAL ILLNESS

Critical illness insurance provides a tax-free lump sum to an employee in the event that they are diagnosed with one of a number of specific medical conditions - most commonly stroke, heart attack or cancer - again to provide support for those people who depend on them.

PRIVATE MEDICAL INSURANCE

Private medical insurance pays for the cost of private treatment for medical problems. It does not, however, supplement an employee's income while they are off work, and it is a taxable benefit.

OTHER

Other benefits that can save employees money and therefore add to the value of their package include: child-care vouchers, car allowance or car scheme, and an interest-free loan for specific items such as travel and gym membership.

"Before making a recommendation, we will take the time to fully understand your business and how a cost-effective benefit strategy will dovetail with your business plans."





2. SHARE INCENTIVE SCHEMES

In recent years, as with pensions, various provisions have been introduced to both increase the attractiveness of share incentive schemes, to reward and retain staff, and to limit their effectiveness. Consider carefully the options and the requirements of the business.

APPROVED VS. UNAPPROVED

While there are many different forms of share incentive and share option schemes, they can be broken down into two main forms from a tax perspective: approved and unapproved; with approved schemes providing greater tax advantages and unapproved schemes providing greater flexibility.

SHARE OPTION PLANS

With Company Share Option Plans (CSOPs), a company has discretion over who can participate. The scheme must be approved in advance by HMRC and the maximum value of qualifying options per options per employee is £30,000. The option must be exercisable no earlier than three years and no later than ten years from grant.

ENTERPRISE MANAGEMENT INCENTIVES

Enterprise Management Incentives (EMIs) are probably most suited to smaller businesses, with options capable of being targeted at specific employees for up to £250,000.

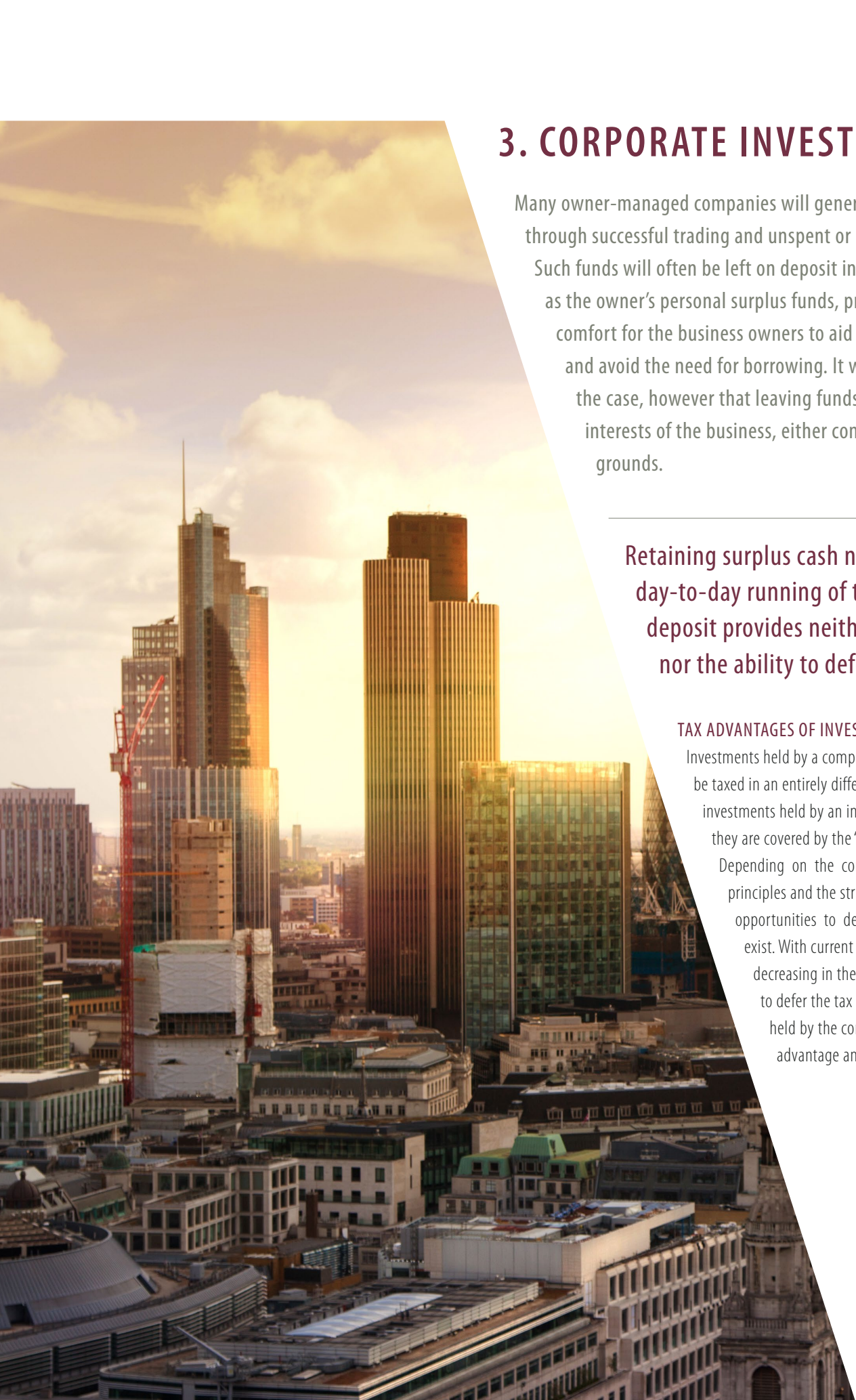
ELIGIBILITY

Share Incentive Plans (SIPs) must be open to all employees without preferential terms for directors or senior employees. The scheme is operated via a trust and both the company and the employees must satisfy eligibility criteria. There are no tax or National Insurance Contributions (NICs) liabilities at the point of award, and withdrawal of shares after five years results in exemption of tax and NICs.

SAVE AS YOU EARN

Save As You Earn (SAYE) can also be open to all employees, who can save from £5 to £500 per month over three, five or seven years. At the end of the contract the savings and a tax-free bonus can be used to acquire shares at an agreed price. There is no Income Tax or NICs charged on either the grant or exercise of the option; however, for Capital Gains Tax (CGT) purposes, any gain is based on the cost of the shares at the option exercise price and not the market value of the shares on exercise.





3. CORPORATE INVESTMENTS

Many owner-managed companies will generate cash surpluses through successful trading and unspent or un-invested profits. Such funds will often be left on deposit in much the same way as the owner's personal surplus funds, presenting a source of comfort for the business owners to aid business cash flow and avoid the need for borrowing. It will not always be the case, however that leaving funds on deposit is in the interests of the business, either commercially or on tax grounds.

Retaining surplus cash not required in the day-to-day running of the business on deposit provides neither a good return nor the ability to defer tax.

TAX ADVANTAGES OF INVESTING

Investments held by a company will, for the most part, be taxed in an entirely different way than the same investments held by an individual. This is because they are covered by the 'loan relationship rules'. Depending on the company's accounting principles and the structure of the investment, opportunities to defer or mitigate tax do exist. With current rates of Corporation Tax decreasing in the years ahead, the ability to defer the tax point of an investment held by the company can be a significant advantage and can increase net returns.



TAX RELIEF

Entrepreneurs' Relief applying to the first £10 million of capital gains arising on the disposal of business assets, at a rate of 10% can be an exceptionally valuable relief. Understanding the relationship between trading activities and investment activities given the value of Entrepreneurs' Relief is essential.

Business Property Relief (BPR) provides a 100% Inheritance Tax (IHT) exemption. Most businesses should qualify for it, but not all property will. So it is important that business owners understand the rules for BPR qualification.

"We work in tandem with your accountants."

The levels and bases of taxation and reliefs from taxation can change at any time and will depend on individual circumstances.



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4. FINANCE

All businesses, at some point, will need to raise finance. For a sole trader this will primarily be personal capital, or borrowing. For partnerships this will broadly be in the form of equity participation from the partners. And for companies, it will be via share or loan capital. These are not, however, the only sources.



BANK LENDING

Banks still provide approximately 50% of small business finance and this is despite the fact that the relationship between them and their borrowers rarely runs smoothly. This finance is usually from commercial mortgages, fixed-term loans or overdrafts, with suitability dependent on the term of the loan, the security offered and the bank's perception of risk.

EQUITY CAPITAL

Alternative sources of finance could include business angels or private equity investors via Venture Capital Trusts (VCTs) or Enterprise Investment Schemes (EISs).

There is a risk attached to these types of investment, however, and they are suitable only for experienced, sophisticated or high net worth investors who accept that they may get back significantly less than the original investment.

These represent a much higher risk than investing in larger, well-established companies listed on the FTSE All Share Index, and they are inherently more illiquid. The legislation surrounding VCTs, and as a result their tax treatment, are subject to individual circumstances, may change in the future and could apply retrospectively.

INVOICE FINANCING

While there is a significant difference, operationally, between 'factoring' and 'confidential invoice discounting', they both provide finance based on the business's outstanding invoices - its debts. Employing these methods can address one of the most common causes of business failure: a lack of cash flow.

LEASING

For established businesses, capital expenditure can be partially funded using lease or hire purchase arrangements. There are many organisations offering a wide variety of products, with the choice depending upon factors such as your business entity, the status of your cash flow, taxation issues, and the acceptable level of risk.

PENSION-LED FUNDING

Where there is an appropriate pension fund with sufficient assets or investments, then, subject to HMRC approval, this may provide finance to the business. However, it must be used in relation to specific qualifying activities such as purchase of plant, machinery or commercial property.

CAPITAL ALLOWANCES

Capital allowances, while not debt finance, are nevertheless an important feature of tax and finance for businesses. The Annual Investment Allowance gives 100% initial relief for investment in plant or machinery up to £200,000 (as from January 2016, and from both Corporation Tax and Income Tax).

R&D TAX CREDITS

Like capital allowances, research and development (R&D) tax credits, while not debt finance, can provide a useful source of funds for companies. The scheme works by allowing companies to notionally enhance the cost of development expenditure which can be offset against profit; a scheme the Treasury has increased the value of in recent budgets.

5. SUCCESSION PLANNING

Succession means different things to different people. Whatever it means to you, it will inevitably be critical to the long-term success of your business. Only one third of family businesses survive to the second generation and only one in ten are transferred to generations beyond this (source: CBI, 2011). Whether the succession means retention of shares beyond retirement, gifting shares to the next generation, or a management buyout, preparation is the key.

RETAINING AND GIFTING SHARES

Retaining shares in the business beyond retirement and potentially receiving any dividends to augment private pension provision can be attractive given the CGT and IHT advantages. However, consideration should also be given to the implications for the ongoing running of the business, by those with little or no equity participation.

Where you expect to gift shares in the business, will this be an outright gift, or a gift into trust? The CGT consequences will need to be considered as will the short and long-term implications of running the business.

MANAGEMENT BUYOUT

Where a management buyout is an option, will this be a sale of the assets of the business or the sale of the shares? The choice will be dictated by numerous tax, legal and commercial considerations, but just as important is ensuring you have the right people in the right positions.

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“We will work with you to identify the potential risks to achieving financial independence for you and your family and, more importantly, how to mitigate these.”

DEATH OR SERIOUS ILLNESS OF SHAREHOLDERS

In the event of the death of a shareholder or business owner undermining any plans to retain, gift or sell the business, how will any remaining interested parties ensure the purchase and the sale of the business occurs as smoothly as possible, leaving all parties with the right ownership of the business?

Similarly, in the event of a serious illness or loss of mental capacity, how will the business re-organise itself and adequately compensate all parties?

6. PLANNING YOUR EXIT

When considering exiting your business, it is always best to plan as far ahead as possible. Close examination of your business, to understand its qualities as well as the areas where you could improve operations, can considerably increase the value you can achieve.

- If your business has, or can demonstrate, a track record of strong, growing profits it will be of great value and interest to potential purchasers.
- Do you know where your expenses are being incurred and where savings can be made? Can you demonstrate a good track record of expense control?
- To maximise the value of your exit, the business must be able to stand alone without your involvement. This will mean recruiting a strong management team to whom you can delegate the running of the business.
- Are your products and services scalable, and are you a market leader in your field?
- How do you compare to competitors, and does your business have any unique selling points? Do you have a strong client base with measures established to protect it? Do you have long-term contracts in place with your key customers, and have you worked to reduce any dependence on any key clients?
- Do you have appropriate commercial contracts with key suppliers, employees or any individual or entity that could impact your business? Is any property used by the business held in a separate vehicle so purchasers have the option to purchase or lease? Ultimately, have you considered the issues that may arise with any potential purchaser who will conduct his or her own due diligence prior to a sale?

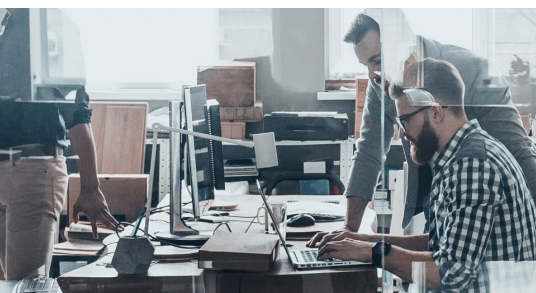
7. INVESTING YOUR EXIT PROCEEDS

The decisions you make immediately before and after you exit your business will be crucial in determining the success of your post-exit wealth plan: how best to invest the proceeds of so many years of hard work.

You will need to take advice and consider the taxation consequences of the various options open to you, and also where to invest your wealth. Both are areas where we and our strategic partners can help.

While it may be practical to delay any investment decisions until you have become accustomed to the funds you have at your disposal, it will increase the tax efficiency and flexibility of your options if you decide before you sell the business what you are going to do with the profits.





ELEVATION WEALTH MANAGEMENT

8. SUCCESSFUL FUND MANAGEMENT

It is essential, throughout your career, that you build and maintain an investment portfolio diversified across asset types, business sectors and countries; but also across fund managers.

Since past performance is no guarantee of future success, do not place your money in the hands of any single team of investment managers just because they have done well recently.

The approach to the problem taken by Elevation through its Discretionary Portfolio Services, is to select from around the world the finest individuals and teams to manage our clients' money, and then to continually monitor their performance. When we judge that a different manager could provide better results, or that creating an additional fund will provide further diversification, we will make the change for our clients' benefit.

The value of an investment placed by Elevation Wealth Management will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than the amount invested.

Every care is taken that the information in brochure is accurate at the time of going to press. However, all information and figures are subject to change and you should always make enquiries and check details and, where necessary, seek financial, legal or accountancy advice before entering into a transaction.

The information in this brochure is of a general nature and does not constitute advice. You should seek professional advice tailored to your needs and circumstances before making any decision. The Financial Conduct Authority does not regulate National Savings or some forms of mortgage, tax planning, taxation and trust advice, offshore investments or school fees planning.

“Elevation offers a range of carefully constructed, risk-rated Portfolios that enable you to spread your investments across a wide range of asset types and countries, and to choose fund managers with different investment styles to create a balanced and diversified investment solution.”



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Elevation Wealth Management Ltd is registered in England & Wales No. 04794182 and is authorised and regulated by the Financial Conduct Authority.

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