

BLACKTOWER *magazine*

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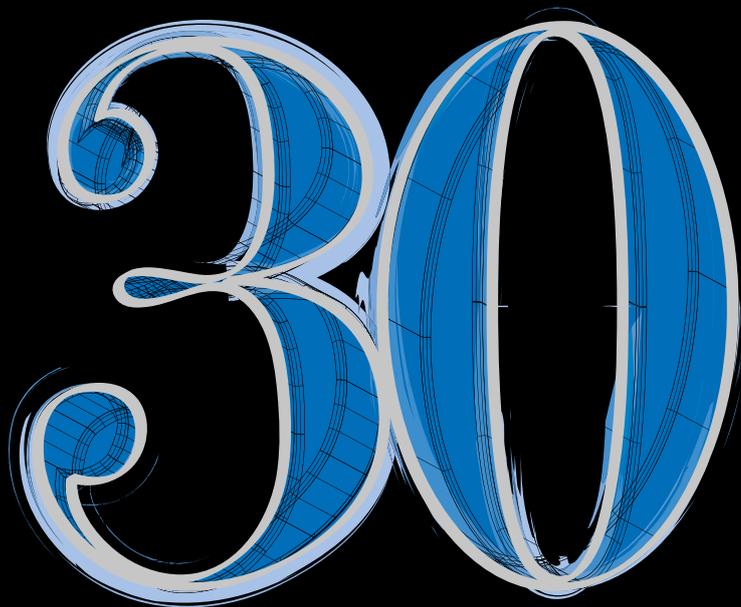
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YEARS

Shaping the Future

A Place in the Sun

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Editor's note...

Jonh C Westwood
Group Managing Director

Dear Reader,

A warm welcome to the 10th edition of the Blacktower Financial Management Group Magazine. This is a special edition to commemorate achieving 30 years in business.

Within these pages you will be able to have an insight into my journey over the years and where we are today as a business.

My team have prepared some informative articles providing you with some key information which I believe will be of use to you the reader. We have also been greatly supported by companies that we work closely with to deliver you with great products and solutions.

In particular, I would like to thank the Gibraltar Minister for Financial Services, Mr Albert Isola, for his participation and kind words.

There is never a dull time in this industry and we are presented with challenges on an ongoing basis. It is imperative to have a knowledgeable team of people to support you throughout your financial planning journey. I am confident that we are well positioned to be able to continue to provide you with the support and advice you required.

Congratulations to the Blacktower team and thank you, the reader, for your continued support.

John Westwood

30 Years in Business

A Man on a Mission

By John Westwood, Group Managing Director

It all began when some friends and I decided to set up an independent IFA firm back in the mid 80s and consequently Blacktower was born. I honestly didn't think that 30 years later I would still be here managing the Pan European and International Wealth Management company that Blacktower has evolved into today.

Starting our careers in London with Schroder Financial Management gave all four of the founding directors of Blacktower a great background and insight into the industry, as it was back in the early 80s and we had all enjoyed the success of representing such a great brand as Schroders.

However back then, the advice and distribution market was also changing and we became attracted to the Independent Sector so it was subsequently decided it was the right time to build our own business and become IFAs. Our initial plan was to concentrate on London and the South East of England where we had previously worked for Schroders.

The next step was for the four of us to go to the bank and re-mortgage our houses up to the roof (literally) in an effort to raise sufficient money to set up and pay for a "Board of Trade Licence" and join the proposed new regulator FIMBRA. I recall we also had to buy four cars that looked smart enough to be seen in by clients, which was a bit of a problem as well.

Much has changed over the ensuing years and taking into account a few stock market crashes, one global market meltdown, constant and increasingly stringent regulatory changes, I am still here and appear to be in one piece.

A lot of transformations have also taken place within Blacktower over the years, which really started back in 1999 when the company restructured and I decided to take over what was to become Blacktower Financial Management Group. At that time, it consisted of BFM UK and its little, new co-sister company Blacktower Financial Management (International) Limited, which was not yet fully trading, but just an idea in development. The business plan was to build a boutique Wealth Management Business operating from London into Portugal and possibly Spain.

Gibraltar Head Office was launched in 2003 when the Financial Services Commission granted us a local licence for the International Company. The idea was to introduce UK-style financial planning into the international market, concentrating only on the Ex-pat HNW pension and estate planning markets and really not working too hard - spending much more time on the golf course and sailing.

It became very apparent at an early stage that this business/leisure balance plan was not working out and the firm started to grow quickly and expand beyond the original intention. So after further thought regarding business strategy and also taking into account that my golf skills remained dreadful, it seemed a good time to refocus on building the company and attempt to grow Blacktower into a significant force in the International Financial Planning Market.

I think it would be fair to say that over the ensuing years and in particular the last ten years, the Group has enjoyed a great deal

of success both in terms of size and market presence. We have continued to expand across Europe with now some 15 country offices in place and we have also successfully gained a full Business Securities Licence in the Cayman Islands, allowing us to set our sights on the Caribbean and Latin American markets.

Our European Business now benefits from both MIFID and IMD licences and Blacktower's UK business continues to grow its market presence in the post RDR world, within the UK's rapidly changing financial services sector. With a strong Board of Directors in both the UK and Europe, I see this pattern continuing, allowing the Group to move from strength to strength.

I think that the last 5 years or so have been significant in terms of the Company's growth. Back in 2010, we discussed the idea of setting up an International IFA Network and subsequently, Nexus Global was born. In the early days, we deliberately held back on expanding this business, preferring to gain a better understanding of how we should provide this service offering and of course working together with our regulators, who were unfamiliar with this concept within the international market. Today, after a great deal of work by the BFMI Board, we are preparing to expand Nexus Global even further and on a more Global basis.

During this time, we have also seen the launch of our first UCIT IV Managed Portfolios, namely Nexus Solutions and Dynamic, which in turn are managed on our behalf by Quilter Cheviot, recently purchased by Old Mutual International. I believe this is unique to the Blacktower Group and we remain one of the only firms that can deliver such a service offering.

Today, these Portfolios form an integral part of our Wealth Management proposition and represent a significant step forward in the quality and security of the advice we deliver. We will be expanding this service during 2016 with the addition of an income fund.

So, after a 30 year ride, we are still here and going from strength to strength, aiming to become one of the most recognised and professionally respected International Wealth Management Advisers in the market place today. I know that the Blacktower Group's Directors and I have this ambition firmly in place for the future.

I would like to sincerely thank everybody involved within the Blacktower Group for the great work they continue to do and of course our many industry friends and colleagues for their professional support over the years.

Lastly, but by no means least, a huge thank you to our numerous clients who continue to support us and value the services we provide, thank you for allowing us to work with you.

Exciting Times Ahead.....
With Kindest Regards

(John C. Westwood)



Congratulations Blacktower

"Many congratulations to all at Blacktower for 30 years in the international advice business. It's a testament to your dedication and commitment to the ever expanding expatriate financial planning market. All the best for the next 30 from the whole team at Old Mutual International!"

Old Mutual International

"Momentum Pensions are proud to be a trusted business partner and extend our congratulations to all at BFM Group on celebrating your 30th Anniversary."

Momentum Pensions

"Congratulations to John Lyndsay and the team at Blacktower on your 30th Anniversary. Having known you personally for nearly 25 of those 30 years it's easy to see why your business has grown into the hugely successful business it is today."

Global Wealth Management Solutions

"Congratulations to John and to Blacktower on 30 years of efficient tax and investment planning during which you have transformed the lives of hundreds of people by maximising their financial arrangements."

Tony Millan - Client

"Working with BFM has been like a breath of fresh air for me. There is a really warm, family atmosphere that is reflected in the brand image. I have nothing but positive things to say. Here's to the next 30 years!"

Patrick Macdonald - International Financial Adviser

We would like to congratulate you on this wonderful achievement and for reaching the 30th anniversary of the Blacktower Group. We are proud to be part of your team and we look forward to many more years of success together!"

Paul Howard - Regional Manager
& Lisa Howard - Administrator, Rome, Italy



BLACKTOWER
FINANCIAL MANAGEMENT GROUP

"Congratulations Blacktower on 30 years of fantastic service."

Sophie Barton - Administrator

"Congratulations Blacktower, you've built a great team."

Glenn Stroud - International Financial Adviser

"Very few companies celebrate 30 years in business, and the fact Blacktower have is a great testament to how great a company this is. Hopefully we'll still have John Westwood at the helm - he doesn't need to retire!"

Francisco Makfus - Regional Manager
Barcelona

"Congratulations on this extraordinary milestone and achievement of 30 years in business as Blacktower! The entire French team wish you all the very best for the future."

Simon Verity - Country Manager France

"Coming together is a beginning, keeping together is progress, and working together has brought you much success. Congratulations to you on 30 years in the business, if Olympic medals were won your Gold are overdue!"

Yvonne Corkish - Head of Administration

"Blacktower is 30! For me, this is a lifetime. My sincerest congratulations and thank you for letting me be part of your lives work!"

Rebecca Tanke - Personal Assistant to Paul Rhodes

"Blacktower - Happy anniversary! Many congratulations on reaching the 30 year milestone!"

Jamie Allan - Compliance Officer

"Congratulations to John Westwood and all the teams on reaching 30 successful years with Blacktower. May the next 30 be as successful!"

Allison Corbett - International Financial Adviser

"Congratulations to BFM on your 30 years in business, what a fantastic achievement! Here's to the next 30!"

Laura Mann - Regional Manager
Canary Islands

"30 years in business and I only joined the team in 2013 - how did you ever manage without me?! HAPPY Birthday Blacktower!"

Kelly Roberts - Group Marketing Manager

"It is an absolute pleasure to work so closely with the senior management of The Blacktower Group as we move to new heights, & our international footprint & reputation grows ever stronger. Congratulations to all on the first 30 years!"

Paul Rhodes, Associate Director

"MAZE are delighted to be involved with such a vibrant, forward thinking and successful company as Blacktower. Congratulations on reaching 30 years, we have shared confidence that this is only the beginning!"

Maze Capital

"VAM Funds are very proud to be associated with BFM. Sincere congratulations to John and the team for reaching 30 years in the International Advisory arena."

VAM Funds

"RL360 would like to congratulate Blacktower on their 30th anniversary. We look forward to continuing to work closely together to meet clients financial planning needs."

RL360

"Congratulations on your 30 years in the financial services industry, what an achievement! It is a pleasure and privilege to work for such a reputable company in this sector and I take pride in being a part of it. May your success long continue!"

Anita Pembery - Administrator



FOR THOSE WHO KNOW THE
VALUE OF **GROWTH** OVER TIME.

Truly successful investment funds, like well-planted trees, grow increasingly impressive with each passing year. While growth may be slow some years and fast in others, depending on the financial climate, their results over time are notably rewarding. VAM Funds, with over a decade of delivering above-average investment returns, is proving remarkably attractive to those in the know.

One good example is the VAM US Micro Cap Growth Fund. Launched 12 years ago, and despite having to weather severe financial storms, this Fund has grown by more than **230%***.

Safe, secure, efficient and committed to achieving excellent investment growth over the long term, VAM Funds has the perfect solution for clients who value and appreciate the power of patience.

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For further information on VAM Funds, please contact Steve Reddaway at stephen.reddaway@vam-funds.com or on 0033 6775 99362.

*Performance of the Fund since launch 17/01/2003 to 23/11/2015

VAM Funds is a Luxembourg-domiciled and regulated fund management company offering a range of funds investing across the spectrum of asset classes.

For professional intermediaries and advisers only. The funds are authorised by the Financial Conduct Authority in the UK. This is not an offer to purchase shares, which may only be bought under the terms of the prospectus. The value of shares may go down as well as up. Changes in the rate of currency exchange may cause the value of the investment to go down or up. Past performance is not a guarantee of future returns.

A (Less than Obvious) Place in the Sun

A few days before I sat down to write this, Spain and England played a football friendly in one of the country's smaller stadiums, the Estadio José Rico Perez, home of Hercules FC. As uncommon as that seems, the result wasn't particularly surprising (Spain won the game 2-0) and neither was the fact that 15,000 English supporters were present. The stadium is based in Alicante, which, alongside Marbella, has the largest British population in Spain. After all, whenever any discussion about making Gibraltar a part of the United Kingdom comes up, the Spanish typically say 'we'll give you back Gibraltar, if you give us back Marbella' - or so the joke goes.

By Francisco Mahfuz - Regional Manager, Barcelona

Nothing about this is particularly new. The British have been coming to Spain in large numbers - perhaps more than to any other Southern European country - for the best part of a century. There is a very clear stereotype of British couples moving to sunny Spain in their older age, never bothering to learn the language and encouraging the local economy to sprout a whole range of typical British staples, such as the fish-and-chips shops and the 'greasy spoon' cafes serving the ubiquitous English breakfast. What is not anywhere near as understood is how many British people actually live in completely different parts of Spain, and in ways that do not (usually) conform at all with the 'Brits abroad' stereotype. Catalonia, where I have lived for the past six years, makes a very interesting case against the idea that these stereotypes are in any way reliable when trying to figure expatriates out.

In direct opposition to the image of Spain as a tranquil place for retirees, Barcelona (the capital of Catalonia) is a vibrant city with around one and a half million inhabitants, of which 10 -15% are foreigners. Once we take into account the surrounding towns which still technically qualify as Barcelona (pretty much everywhere up to 40 mins away), the

population just about doubles. The past few years, after recovering from the worst of the economic recession, Barcelona has started reinventing itself as one of the most attractive destinations for foreign companies in Europe. Large businesses such as Pepsi, HP and Dow Chemicals have significant operations here; for a number of years, the Mobile World Congress has made the city the European capital of telephonic technology and that has, in many ways, filtered throughout: Barcelona now sports the interesting (but not yet very well understood) title of 'Europe's smartest and most connected city'. Recent developments have also positively improved Barcelona's marina, in an attempt to turn the city into a destination for the richest and most economically attractive parts of the yachting community.

At street level, it is more common every day to see a variety of shops and businesses that cater to the permanent international community - so not tourists, nor the isolated foreigners who need things from home in order to feel comfortable. Increasingly, the city has come to terms with a young middle-class which comes from all over, and would like that to be reflected on their options of services and leisure - but without missing

out on the city's traditional character and flavour.

What I find particularly interesting is that, as urban as Barcelona is, less than 30 or 40 minutes by train will take you to completely different settings: smaller towns, white-sand beaches and rural hideouts are all fairly easy to find. Slightly further out, locations which would not feel out of place in the Costa del Sol or the Alps are common enough in Catalonia (and nearby Andorra). And, as would be expected, all of these places have their own expatriate communities, which in many ways share a way of living very similar to those in other (more popular) parts of Spain.

Barcelona also offers a lot of opportunities for someone working in the financial services industry. Our office, for example, is based in Portal del Angel, which is the busiest pedestrian street in the city - some say in the whole of Spain. David Marks and I, who have worked together in the industry here for the past six years, have a significant part of our clients coming from some of the multinationals around town - and many of our days are probably no different to someone who works in Madrid. At the same time, we also have many clients who are like the typical retired British expat living up the coast, as they would in Marbella or Alicante. Glenn Stroud, one of our other advisors, actually spends most of this time far from the office, dealing with people which would find themselves at home near many of our other offices. If the city's efforts to revitalise the port and marina work, it's safe to say that dealing with the yachting community, as it's very common around Mallorca, will also become something else you can do in Barcelona as an IFA.

It's funny that for a region famous for having it's own language, and perhaps the strongest separatist movement in Europe, Catalonia offers its inhabitants (financial advisers included) a little taste of many other parts of Spain. Discussions of independence aside, I hope that remains the case for many years to come.

The Barcelona Team



Francisco Mahfuz
Regional Manager

Francisco has been working for the past 6 years in international financial services as a wealth manager, as well as being responsible for a team looking after the Cataluña region in Spain.

Originally from Brazil, before moving to Spain Francisco spent 5 years in London, where he achieved a degree in English Literature as an after-work project directly related to his love for reading and learning. He is an International Wealth Manager through the Chartered Institute of Securities & Investments, and holds a Diploma in Financial Planning through the Chartered Insurance Institute.



Glenn Stroud
International Financial Adviser

Having recently moved to Blacktower, Glenn has been working in Barcelona as an International Financial Adviser for 2 years where he has been giving focused advice on retirement planning and UK pension transfers (QROPS).

Glenn is originally from the UK where he has a solid financial background in the City of London and is SFA and SIB qualified. Glenn lives in Barcelona with his family.



David Marks
International Financial Adviser

David has been working for the past 7 years in International Financial Services as a Senior Wealth Manager, as well as running a team in Barcelona. Over this period he has built a solid reputation as a knowledgeable, trustworthy and reliable adviser to clients in Barcelona and all over Spain.

Being half British / French, David is completely fluent in both languages, as well as speaking business level Spanish. He moved to Spain, 7 years ago, where he started in Madrid before moving to Barcelona to help set up the office.



Andy Clelland
International Financial Adviser

Having moved to Barcelona in 2010 Andy joined the Barcelona team at Blacktower following previous experience in Wealth Management, Financial Advice and as a Stockbroker in the UK. Over this time he has built up a reputation as a knowledgeable, trustworthy and reliable adviser to his clients. Andy specialises in holistic financial planning especially in the areas concerning asset and portfolio management, tax efficiency, retirement planning and international pensions and received his qualifications through the Chartered Institute of Securities & Investments.



Luke Forrest
Business Development Team Manager

Luke has been working in International Financial Services since 2006. He has been at the forefront of developing and building successful operations across 7 countries and 9 cities. Luke's goal is to use his experience of evolving new markets to continue the ever-expanding footprint of the Blacktower Group throughout Europe.



Sophie Barton
Administrator

Sophie joined the Blacktower team in January 2014 initially working as an Administrator in the NL office. Sophie received an Award in Financial Planning in October to expand her knowledge of the industry and further her career in financial services before her move to Spain, working from the Barcelona office and assisting the advisers with their day to day work.



French Life Insurance Investment Policies – Assurance Vie

Simon Verity - Country Manager, France



Interestingly, it's estimated a third or more of the French population has an Assurance Vie. It's clear to see why as for a French resident, it's one of the best ways to protect your hard-earned savings from tax and grow your investments over the years; as well as offering the facility to draw-down tax efficient income when required. In short, an Assurance Vie is a convenient "wrapper" or way of holding assets and for the majority of people this simply means their savings.

Many expats will have had Life Assurance Bonds (Single premium whole of life bonds) in the UK for example and whilst the Assurance Vie has many similarities in its appearance, it is the specific tax advantages relating to French residents that makes this plan shine. Do not confuse the name with traditional "life insurance" this is a pure investment plan (unless you want otherwise).

Assurance Vie has been a cornerstone of French financial planning for decades with the last changes being made in 2013, however the fundamental principles and advantages remain intact and this way of "wrapping" your savings up for the future is as viable as it ever was. Couple this with the fact that this product is also highly useful in estate planning and reducing inheritance tax bills for your beneficiaries when you have gone, ensures that Assurance Vie remains the "go to" option for most French investors not looking to put money into illiquid assets such as property for example.

Assurance Vie is equally as valid for expats living, working or retired in France with the intention of remaining there for at least the medium term and looking to ensure they keep their tax bills as low as possible on their savings and wanting to help protect their cash assets from inheritance tax for their beneficiaries should the worse happen.

Once you have placed your money inside an Assurance Vie plan you then choose what kind of investment risk you wish to take in order to achieve growth on your funds. These choices can range from zero risk through to guaranteed funds through to high levels of risk, but the key point is that is your choice on what funds you use. Most Assurance Vie products will offer the facility to hold many different funds if that is required and switch to other funds if needed or desired.

Many people fixed rate believe Assurance Vie is a fixed rate low risk product due to most of the banks offering a guaranteed fund within the wrapper, namely the "Fond en Euros", currently paying around 2.5%. This is simply not the case and whilst many low risk investors would settle for 2.5%, as is better than most current bank interest rates today, this may not excite a longer term investor looking for greater returns ahead of inflation over the medium to long term. The truth is that there are funds to suit all levels of investors needs and indeed even for the low risk investors there are funds available that have given nearly double the return over the last five years than that offered in the "Fonds en Euros" in any event!

Many Assurance Vie products will allow online access to track your investments current value and this may be more important when using many funds that are likely to fluctuate in value. Those in the lower risk funds may just be content to have a half yearly or annual statement for their records. As a valuation can be given on request at any time, access to this information is never going to be a problem.

Most investments grow entirely tax-free inside the Assurance Vie and this is one of the key points. All or any withdrawals are subject to an actuarial calculation and considered to be part capital and part gain. In simple terms, any money taken out is considered partly

return of your own money and partly growth. In the earlier years of the plan, the return of capital element could be a substantial part of the income taken and being your own money, it will be tax free giving the possibility to have good levels of income but keeping income and social taxes due to an absolute minimum. Up to year 8 of the investment, most people will opt to pay any tax that is due on their annual tax return at their normal marginal rate of tax. However, after 8 years, withdrawals are tax-free if the "gain" is no more than 9,200€ pa (for a couple). Any additional "gain" is then only taxed at a maximum rate of 7.5%. In all cases, the "gains" in withdrawals are subject to social taxes at 15.5%.

Compare this to bank interest for example where you will pay your highest rate income tax plus 15.5% social tax on all your growth, even if you don't need the interest as actual income. You have simply made the decision to pay more tax than required by not protecting your savings from taxation through Assurance Vie.

Money invested in Assurance Vie can be left to beneficiaries when you have gone and in simple terms you can leave up to €152,000 free of inheritance tax to as many people as you want, with anything over this being only taxed at a rate of 20%. This saves inheritance tax for all and avoids the higher penal rates of tax altogether for example the 60% IHT rate to non blood relations (such as step



children, non married (PACS) partners or friends).

In summary, Assurance Vie hits many financial nails on the head at the same time and because of this can seem a little complicated. After a detailed discussion with your financial adviser on how this product can be tailored to suit you, it will soon become clear that it is an easy product to use and why the French population hold it so dear to their hearts!



Simon Verity
Country Manager

With over 20 years as a Financial Planner, Simon has been giving advice in France for over 10 years from his office based in North West France. As the Country Manager, his responsibilities include expanding the existing French team as well as continuing to help clients with their financial needs in France.

Simon originally gained his UK qualifications in 2001 and spent 15 years working for various UK institutions and Banks and latterly as an Independent Financial Adviser running his own business before making the move to France. He has recently completed a course on Will Writing and Cross Estate Planning which will be completed January 2015.



Bill Johnstone
International Financial Adviser

Bill had a very successful career in the UK, having worked 27 years with Allied Dunbar and 12 years as an independent adviser. Prior to that, he taught modern languages, French and Spanish in London. He was a branch manager with Allied Dunbar and developed a sales team of thirty people. He won many awards and qualified for many overseas conventions. His clients included many celebrities. He is now resident in France and building a client bank, helping clients with QROPS and Assurance Vie products.



Ted Sellwood
International Financial Adviser

Ted has worked for more than 30 years in the Financial Services Industry. His work has included direct sales, sales training (both field and office based) sales management to senior manager and boardroom level. He also successfully built and sold two financial services practices before moving to France.



Rosemary Sheppard
International Financial Adviser

After having worked in the UK banking industry for over 7 years, gaining her original UK qualifications with CII in 2010, Rosemary has now made the move, with her young family, to live in the beautiful Dordogne.

Rosemary works throughout France, including Paris and Toulouse and specialises in providing Financial Planning advice for investments and retirement planning, including QROPS and Assurance Vie products. Over the last 10 years, Rosemary has assisted her husband in building their gîte business and in doing so has amassed a wealth of experience that she is happy to share with her fellow expats.

The continued growth of our business

It is a great achievement in such a fast paced and changing environment to see a Wealth Management business not only survive, but also grow over the last 30 years

By Robert Mancera - General Manager/Director



Personal

I was invited to join BFMI in the summer of 2010 as General Manager for the business.

At that time I was responsible for two offices in Spain, one in Portugal and one in France. When I look around the place the only people that are still here (Westwoods excluded) is Anita Pembrey, Ally Kerr, Jan Bjorkmann, Lisa Friday and Simon Verity.

I have witnessed and been party to year on year growth in the business since then.

BFMI Today

Today, we stand at 15 branches in 12 countries; we have some 60 Financial Advisers looking after the needs and wealth of Expatriates throughout the EU and further afield. All of these advisers are supported by a team of Administrators and Business Development personnel.

Still today, we continue to entertain opportunities in other countries. We are likely to see further additions in places like Belgium and Turkey in Europe, as well as looking at proposals for the Americas and Africa.

How have we achieved this?

Well there are numerous reasons. We are based in an excellent jurisdiction with a strong and robust finance centre. We work closely with the Gibraltar Financial Services Commission, headed up by Samantha Barrass. From here we can fully take commercial advantage of the EU Legislation which provides us with the roadmap to offering our services throughout Europe.

The Board of Directors are ever present to the risks and opportunities, taking into consideration current and future legislative changes and embracing them.

Furthermore, we maintain an excellent reputation with all our Partners and for the most part are considered as the 'model' to follow when dealing with clients. It is imperative to build strong relationships with providers.

Our people – they believe in the Brand and our Reputation in the market, which provides them with a great platform from which to go about their day to day affairs.

Next Steps

If you keep a close eye on the advances of BFMI in the Financial Service press, you will be aware that BFMI was awarded a MiFID1 (Category 3) licence in 2015. This enables us to offer a greater product solution to our clients and furthermore places us at an advantage taking into consideration the amount of legislative changes on the horizon.

I am working to gain authorisation to 'Passport' this solution to all our Branches across Europe.

Congratulations

...but none of this could have actually been achieved without the strength, direction, reputation and lateral thinking of our Group MD, John Westwood.

I wish to personally congratulate John on this great achievement and thank him for his guidance, support and leadership...I have learnt a great deal!

INVEST FOR YOUR FAMILY'S FUTURE IN A FEW SIMPLE STEPS.

The path to financial security needn't be a difficult one. It just requires a sense of direction, clear guidance and the kind of investment solutions that offer a simpler way to save. We have been helping families reach their financial targets for over 30 years.

Why don't you take the first step? Ask your financial adviser about how our flexible investments – powered by award-winning online technology – can let you grow your wealth and access it when you need to.

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Portugal, the beauty of simplicity

By António Rosa - Regional Manager Lisbon

Despite its diminutive size, Portugal has always offered plenty to see and do; wine tasting in Alentejo and Douro, culture and gastronomy in Lisbon, Port Wine in Porto, beach culture and golf in the Algarve and dozens of tiny towns in between, each with their own distinct regional charm.

Portugal's capital is Lisbon, one of the oldest cities in the world and undeniably the oldest in Western Europe. Lisbon, rich in charm and style, sprawls across 7 picturesque hills, one more beautiful than the other. Lisbon is the wealthiest region in Portugal and is one of the most visited cities in Europe.

If you are looking for nightlife, theatres, haute Couture fashion, sophisticated life style, modern housing and all what one would expect in a first world 21st century cosmopolitan city, then Lisbon is for you. Lisbon's beaches are amongst the best that nature has to offer with its gold brushed sandy colour and home to many 5 star hotels and 19 manicured golf courses.

For many decades, Portugal has been the favoured destination for thousands of pensioners entering the Autumn of their lives seeking comfort, affordability, safety and an ideal climate.

NOW THE CRESCENDO; TAX FREE!

Portugal, recognising its uniqueness in its offering to pensioners amplified above, has taken a major step forward in making Portugal a tax free jurisdiction for individuals in receipt of pension income. The new non-habitual resident status gives the

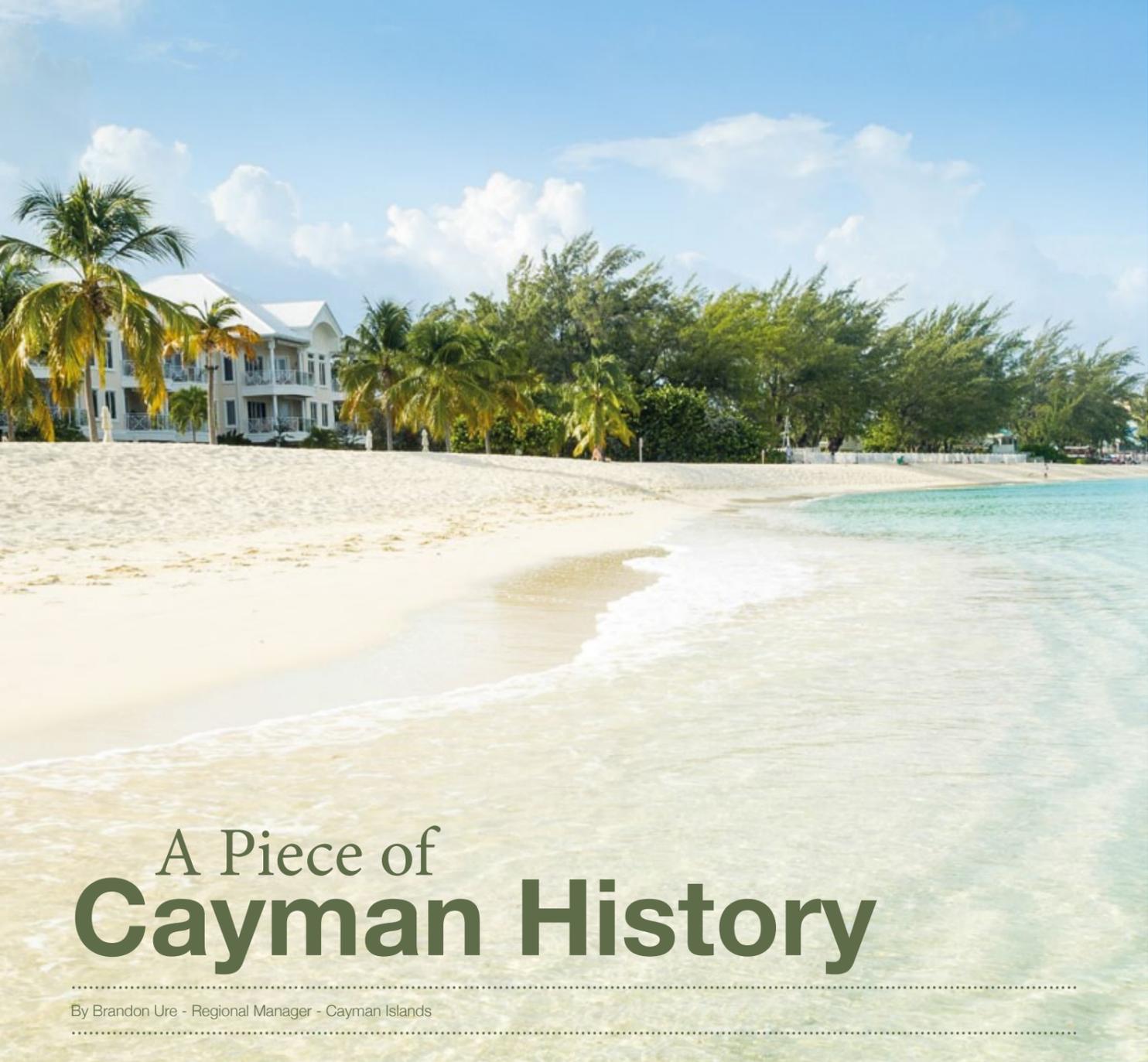
opportunity to those who wish to become residents in Portugal to benefit from a favourable taxation of foreign income, with an exemption, both in Portugal and in the country where the income is paid, if a Double Taxation Agreement is in place.

HOW CAN YOU ACQUIRE NON-HABITUAL STATUS?

Over the last few years, our Lisbon office has helped many people, not just pensioners, attain the Non-Habitual status. There are 3 essential keys points to qualify.

- Not been a tax resident in Portugal for the last 5 years.
- Register at the local tax office as a tax resident in Portugal (to do so you must remain in Portugal for more than 183 consecutive days or, have at 31st of December of that year, a home in such conditions that would lead to the assumption that it is intended to be kept and occupied as your habitual home).
- Request that the status of the Non-Habitual Resident be attributed at the time of registering as a tax resident in Portugal.

Fact or Fiction? Yes it is all true but as with all things in life, it is best to seek help from a professional body than to try it yourself and risk all and not obtain the Non-Habitual Status.



A Piece of Cayman History

By Brandon Ure - Regional Manager - Cayman Islands

The Cayman Islands or “Cayman” consists of three islands; Grand Cayman, Little Cayman and Cayman Brac. They remained mostly uninhabited until the 17th century. The earliest settlers consisted of pirates, refugees, “lost at sea” sailors and migrants from other neighbouring islands. In 1670, England gained control of the Islands which remains a British Overseas Territory to this day.

Grand Cayman, which is the largest and most developed of the three islands, possesses the majority of the approximately 60,000 people populating the island. Of that amount, about half are expats. The expat population consists of individuals from mainly Canada, USA, UK, South Africa, and Australia. These expats are working professionals focusing in fields of accountancy and corporate law. Our strong footprint in the Financial Services industry caters to these professions.

The Island enjoys a “no direct taxation” status which drives our island as a thriving offshore financial centre. Cayman continues to attract banks, hedge funds, structured finance vehicles, captive insurance plans, and mutual funds. There are approximately 300

registered banks with Cayman consisting of 1.5 trillion USD in banking liabilities. The Financial industry employs about one third of the employable population.

Our office was established in January of 2014 and is regulated with the Cayman Islands Monetary Authority (CIMA) with a full securities business licence. The main focus of our office is the massively underserved expat population. Of the 30,000 expats residing in Cayman, most are white collar professionals which have recently moved (within five years) from their home country leaving behind their retirement assets. Most of our focus clients are unaware they have the option of recapturing their retirement plan. A great opportunity to assist this segment. We also enjoy the ability to work with the local population due to our multifaceted licence. Being able to contribute to the well being of the local population through savings plans, investment options and diversification outside of real estate is a rewarding venture. This is truly a very green territory.

The staff currently consists of two members; Brandon S Ure and Kristin Dilbert. They offer a combined experience of close to twenty years in finance. Our goal is to add at least two more advisers and

one support staff by mid-2016. We are confident that goal will be met sooner than anticipated. Brandon is the Regional Manager of the Cayman office since September of 2014. He currently acts as a Portfolio Manager for an existing book of clients and provides execution services for clients which manage their own investment portfolios. In addition to this, he has consulted on liquidations with local Insolvency firms. “Given the flexibility of our securities licence I see swift development of wealth management, brokerage services and customised banking options to our expat and local population. This is a very exciting growth story for us”.

Prior to his migration to Cayman, Brandon worked as a Financial Adviser with Morgan Stanley Smith Barney and Northern Trust Securities in Chicago, Illinois.

Kristin M Dilbert is an International Financial Adviser with BFMI Cayman. She started her tenure with the office in October 2015. Her professional career has been cultivated in the banking industry for over nine years. The most recent position held was with Scotiabank & Trust (Cayman) Ltd. as an International Private Banker. In that role she managed several large private wealth and corporate portfolios with great success, managing a portfolio in excess of 30M USD comprised of self-sourced investments and credit facilities. Kristin has held several senior positions in Banking and possesses extensive knowledge in Credit Structuring and Wealth Management.

Prior to working with Scotiabank, Kristin worked as Assistant Account Manager for a local captive insurance company. Kristin attended college in Boston, Massachusetts at Mount Ida College where she studied International Business Management.



Our small and motivated group is looking forward to growing the business and the Blacktower brand in Cayman. We are pleased to be a part of the Blacktower family.



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INTERNATIONAL PENSION SPECIALISTS

IVCM would like to **congratulate Blacktower** on their 30th anniversary and look forward to working together throughout 2016 and beyond.



Italian Tax Changing Times for International Residents of the Eternal City

By Paul Howard, Regional Manager - Rome

In April of 2013, the three Rome-based UN agencies - the Food and Agriculture Organisation of the United Nations (FAO), the International Fund for Agricultural Development (IFAD) and WFP - were made honorary citizens of Rome during a ceremony to commemorate the 2,766th anniversary of the “eternal city’s” founding.

The three agencies have different mandates but collaborate to improve food security and alleviate hunger worldwide. FAO moved its headquarters to Rome from the U.S. in 1951; ten years later, FAO gave birth to the World Food Programme, which has kept its headquarters in Rome IFAD, which funds agricultural development projects primarily for food production in developing countries, has been based in Rome since its inception in 1977.

Officers of the three organisations benefited from treaties drawn between the Italian government and the United Nations which stated that income and emulsions paid to them would be free of local taxation and outside of Italian employment laws.

For decades people who worked for these organisations found themselves the envy of locals and onsite duty free shopping was and still is viewed as another perk to add their “special tax status”.

As years passed, the international officers became integrated within their local communities as many were seduced by the Italian culture and lifestyle. People arrived in

Rome for a 2 to 5 year posting and 30 years on they found themselves still enjoying life in this fabulous city and country. Most had become resident property owners and a new generation of international workers and families had been born.

Grey areas formed when researching how local taxation rules introduced in the late 20th and early 21st century for resident workers conflicted with those UN treaties of the 1950’s designed for temporary postings.

The need for international tax advice grew and along with it the role of the International Financial Adviser in Rome. Whilst all residents in Italy, regardless of nationality, had been faced with the reporting of worldwide assets since 1990, the introduction of wealth tax on overseas assets (including property) in 2011 and the Italian tax authorities reduced penalty voluntary disclosure programme of 2015 proved to be the point where people started to think twice about their position.

Financial advice in Rome in 2015, became viewed as a complimentary service to that

of the Tax lawyer as people scrambled to the tax professionals when they started to receive letters from their banks and financial institutes outside of Italy explaining that they would be reporting their accounts to the Italian authorities in 2016.

If people wished to take advantage of the reduced penalty payments (-50%) offered by the Italian authorities, they had to come clean and provide 5 years mandatory tax returns. This was a shock to everyone at the agencies but then there was also the matter of how to hold their overseas assets in a tax efficient manner each year.

Working closely with product providers, accountants and tax lawyers in Rome has enabled Blacktower to take a strong position locally towards the latter part of 2015. Bespoke investment solutions surrounded by a tax efficient wrapper look to be the perfect answer to solve the problems of most in these circumstances. However, it is the importance of holding detailed consultations with clients that always has, and always will be, the factor that determines and solves each individual client’s needs.

“Are UK Banks leaving the International Market because of Exchange of Information?”

By Tim Govaerts, Regional Manager - Costa del Sol

The vast majority of expats in Spain have, over the past few years, put their house in order when it comes to their financial affairs. Extensive press coverage on subjects such as the Spanish tax amnesty in 2012, the Modelo 720, FATCA (Foreign Account Tax Compliance Act) in the US, and various directives in Europe with regards to information sharing, has made people across the EU aware of the importance of doing the right thing and paying the taxes due.

However, the so called shadow economy in Spain was still estimated at nearly 20% of the GDP in 2013. Therefore it seems that there is still a significant minority that look at ways to reduce their tax bill by utilising offshore accounts for their income and assets. Jurisdictions such as Gibraltar, Isle of Man, Guernsey, Jersey, but equally Luxembourg and Switzerland, have historically been popular places in this respect.

In order to tackle this, tax authorities across the globe have taken measures specifically targeted at tackling tax avoidance, evasion and fraud through the use of international accounts.

Central to this strategy is greater sharing of information between governments. Within the EU this was agreed under the latest Administrative Cooperation Directive which kicked in as January 2016. On a global scale this information sharing is called the Common Reporting Standards or CRS. As at the end of October 2015, 61 countries worldwide have signed up to this. The ambitious aim is to implement CRS globally by the end of 2017.

Under these agreements, Financial Institutions will be required to report financial information to their local tax authorities, which will then supply that information to the account holder's country of tax residence. Information passed will include account balances, sales proceeds from financial transactions, and all types of investment income.

UK expats in Spain are going to be affected because many of them, quite reasonably and to some advantage, choose to bank in offshore financial centres. Benefits for Account holders in those island jurisdictions include receiving interest paid gross (without deduction of tax at source) whilst being able to enjoy the stability and familiarity of jurisdictions governed by UK law, within the UK banking system and subject to regulations as robust as those in the UK.

Those that do use the international banks for the wrong reasons will find that having an account there post banking secrecy is

less attractive than it used to be. With the dramatic increase in information flows comes an increase in the likelihood of evaders getting caught.

The CRS reporting obligations will inevitably create additional costs for the banks too, which they will almost certainly pass on to their customers. The worst case scenario is that banks will simply decide to stop providing services for non-residents. It would be strange, but not impossible, if all banks decided they would only let local residents use their services. Banks in such jurisdictions as Gibraltar, Guernsey, Jersey and Isle of Man that rely heavily on non-resident account holders will simply pull out of those jurisdictions or will require high minimum account balances to make it worthwhile keeping you as a customer.

So, on one hand you have the reduced attractiveness for the customer and on the other hand you have the increased cost for the bank. This could explain why over the last 12 months we have had numerous clients contacting us for advice after receiving letters from their Banks and Building Societies based in the Channel Islands, the Isle of Man, Switzerland etc. saying that their account was being closed. Often no explanation or reason was given, whilst in other cases customers have been informed about the imminent exchange of information and that in case the customer would object they had to close the account.

It is obvious that we need to be aware of this new reality. The times of banking secrecy are over, so are the days of ignoring your obligations to the country where you are enjoying your sunny retirement. There are however still many tax efficient solutions at hand that give you the possibility to grow your money in a compliant environment.

If you have been informed by your bank that they are closing your account, give us a call and we will be pleased to discuss with you the alternatives available.

Blacktower Seminars in the Costa del Sol

Over the last two years, Tim Govaerts (Area Manager for the Costa del Sol) and I (Richard Mills, International Financial Adviser), have held numerous seminars along the coastline of Andalucia, the most southerly of the autonomous communities in Spain.

By Richard Mills, International Financial Adviser

As we explain during the introduction to a seminar, these are not sales presentations, rather a means to provide information of relevance to the expat community in the area. Whilst the audience is usually predominantly British the presentations try to be as generic as possible and expats from all over Europe and further afield, are regularly in attendance.

In Spain over recent years there have been a number of changes that have had a significant effect on expats (as well as Spanish nationals). In 2012, there was an amnesty for residents with undeclared overseas assets. This was quickly followed by the introduction of the Modelo 720 in early 2013, a new tax form requiring residents to declare any overseas assets in excess of €50,000, with severe penalties for non declaration if caught. More recently it has been the automatic exchange of information, whereby information on all financial holdings and transactions will be shared between countries, which has attracted attention.

Further to this, there are a range of more generic topics which people always want to know about. These include Spanish residency rules, how inheritance and gift taxes are calculated, and any recent changes in Spanish taxation and how it applies to expat residents. Also of key interest is the tax compliant products available to residents in Spain, and the benefits of these over investments in their home countries. This normally translates to ways to minimise the income, savings or inheritance taxes payable in Spain.

A typical seminar will cover a main subject that is current and relevant, as well as a number of related (or unrelated) generic subjects. Our seminars usually follow the same format – tea or coffee on arrival (time permitting), the presentation which will take approximately 60-80 minutes, Q & A immediately following the presentation, then complimentary tapas and drinks and the opportunity to discuss personal circumstances in more detail with us.

In addition to the formal seminars, we do presentations to clubs and other organisations. These will often take the form of an after lunch (or dinner) speech, so will usually be much shorter in time than our other presentations, and by nature of that, focussed on a narrower range of topics. As I was once told, if you see anyone fall asleep, you know you've gone on for too long!

Whether a full seminar or a presentation to a club, we recognise that the presentations will not always cover the topics all attendees have an interest in, so we're always willing to take questions about other subjects either during or after the event.

So what makes a successful event? First and foremost it comes down to one thing – did the event make the attendees feel they had spent their time wisely by being there?

A whole range of factors contribute to this in varying degrees: prior information about the venue and how to get there; seating, lighting, heating (or cooling) in the event; sound quality of the presentation, and

even the quality of the tapas and drinks afterwards! But probably most important is the answer to the question – did the points I as an attendee expected to hear covered, get covered adequately?

We ask attendees to complete a questionnaire after our seminars where they can comment on all of the above points. As a result of these we have made a number of changes to the way we organise events, and even to the content of the presentation.

So, what next for our seminars in Andalucia? Since the General Election in Spain, there is still uncertainty in the coalition party that is yet to be formed so will they be bringing in a new swathe of tax changes or will the generous changes that were introduced previously in the last year continue? What happens as the automatic exchange of information comes into force?

Whatever happens, we will be running a new season of seminars in the first quarter of 2016 to keep you up to date with any changes, and their impact on you.

If you would like to attend one of our future seminars please contact the Costa del Sol office, or if you would like to see a seminar in your area please contact your local office.

Pensions and Retirement Jargon Buster

By Laura Mann, Regional Manager - Canary Islands

Annual Allowance

The maximum savings made into a pension – based on your own and any employer contributions, that you can have in a year before you have to start paying tax on them. In the tax year 2015-16, the annual allowance is £40,000. If you're not earning, you can still get tax relief on savings up to £3,600 a year.

Annuity

An Annuity is a type of retirement income that provides you with a regular payment, usually for life.

Flexi-Access Drawdown

Flexi-access drawdown allows you to withdraw any amount of income from your pension scheme without any restriction while leaving the pot invested. You can take 25% as a tax-free lump sum when you first decide you want to go into drawdown, but there may be exit charges.

Guaranteed Annuity Rate (GAR)

A competitive guaranteed income offered by some pension schemes if you take a lifetime annuity out with them – often hard to match if shopping around.

Guaranteed Drawdown

Guaranteed Drawdown is a 'hybrid' product that combines a guaranteed income for life with the flexibility of drawdown.

Income Drawdown

Income Drawdown allows you to draw an income from your pension scheme while leaving the pot invested.

Lifetime Allowance

The maximum value of pension savings that you can build up without incurring a tax charge at the time you draw out your savings as cash or pensions (and without leaving a tax charge for your beneficiaries if you die before age 75).

Market Value Reduction

A reduction to your pension pot that could apply if you want to cash in your with-profits policy before or after its maturity date or other date(s) specified in the policy.

Money Purchase Annual Allowance (MPAA)

The maximum pension savings you can get tax relief for each year after you have taken money out of your pension pot as cash, either as a small cash sum (see Uncrystallised Funds Pension Lump Sum), or have started taking income from flexi-access drawdown, or flexible annuity that will decrease.

Tax-Free Lump Sum

An amount of cash set by law that you can take at retirement free of tax. It's usually up to a quarter of your pension. Sometimes simply referred to as 'tax-free cash' or 'cash lump sum'.

Uncrystallised Pension Fund

An uncrystallised Pension Fund is a pension pot that has not been accessed for retirement income.

Uncrystallised Funds Pension Lump Sum (UFPLS)

This is a cash sum taken from a pension pot that has not paid out any retirement income. For each withdrawal before age 75 the first 25% (quarter) will be tax-free and the rest will be taxed at your highest tax rate.

Interpersona

"One size doesn't fit all...."
Structured Products designed to your needs



"Strategy is about making decisions"

-Let us help you make the right move...

- NEXT
- LATER
- TOMORROW
- NOW

The do later box

By Paul Rhodes, Associate Director

For many, moving overseas to become an expat is both an exhilarating and a challenging time.

Some make the transition for a better career, others for sunnier locations, many move for love, and some just to see what is on the other side.

Whilst the motivation for the move can vary, a common thread that emerges is that the move is nowhere as difficult as it first appears. If time consuming, moving countries is a lot easier than most people expect and the facts speak for themselves.

Inside an average of 43 months from arriving in the new country, 76% of my clients had already moved on again, and more importantly 94% of my clients that did move again, did not move back 'home'.

So if the majority don't return home and rather they move on again, what happens to their plans and investments left in the UK or elsewhere?

The simple fact is they tend to languish, as most have generally started a new investment plan in their new home country. Having a new pension, a new house, a new life, people tend to look on their older investments as secure, safe, and 'taken care of' or they simply don't think about them at all and put them into their to sort out later box.

It is just too easy to be busy with life itself and put the thought about your pensions and savings aside. In a world that hardly allows people to have a hobby alongside the family, the job, etc time is a precious asset. Add several pension and investment plans in different countries and all of a sudden the thought about the most important thing in your life - your future- does not only become time consuming but also complicated.

The reality is that the 'safe' investments back home is somewhat different than you might think. Most investments are not actively managed and tend to underperform in the marketplace, and in the medium/long term this can have huge consequences on their performance and growth. Moreover, constant changes made by the government in regards to several types of investments could be a massive disadvantage to you without you even knowing.

More and more people prefer to have all their investments at one place, actively managed and looked after on their behalf, whilst the investments remain totally portable, moving with them seamlessly wherever they move.

We work with some of the worlds largest institutions that recognised this trend of people moving companies and countries, and have constructed solutions that would allow the expat to consolidate their investments into one safe location in a portfolio that works with you, not against you.

I know my clients have benefitted massively from these modern, sleek, one stop solutions giving them the freedom to worry about the nicer things in life, knowing their ever-growing financial mess is finally unravelled in a safe, secure, tax efficient location, that they can add to or take from as they need, wherever their lives may take them.

If you have been putting off sorting that box of finances for too long, would like an opinion and straightforward advice, get in touch and find out for yourself just how easy finally unpacking that box can be.

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The Deteriorating Funding Status for UK Final Schemes Reasons and Answers

Good, Honest,
Professional Financial
Advice from Costa Blanca!

By the Blacktower Costa Blanca Team

In today's financial climate there can be no better way to protect your wealth than spending time with a financial adviser whose main priority is you and listening to your needs and wants and then giving you sound professional advice.

Just recently the Sunday Times reported that many well known footballers stood to lose in excess of 100 million due to mis-selling of investments that promised them tax breaks and good returns. The financial advisers responsible reportedly earned more than 5 million from selling these schemes before HM Revenue & Customs launched a crackdown to demand repayments of historical tax rebates generated by the investments.

The golden rule with investing that we tell clients and prospective clients time and time again is that if something seems too good to be true it usually is. If you are offered products that guarantee you an annual return above the market rate and at the moment for most people that would be 5% to 6%, due to market volatility, then the risk to your capital is high and in some cases you may even lose the lot.

If you are offered a product/ scheme that's sole purpose is to avoid tax liabilities then run a mile, as the tax authorities in the UK and Spain are looking into and closing numerous schemes that claim to help clients avoid income tax and/or inheritance tax. The fines and penalties for the individuals who have used these are huge.

Also unless you have a crystal ball no one can get the timing of investments right all the time, especially at the present time when the markets are up and down like a yoyo, anyone claiming to be able to do this is either a fool or a liar. Ask yourself if they were so good at getting the timing of investments correct why are they working and not living it up as a billionaire.

A good financial adviser will not offer you products that are high risk or make such fanciful claims, they will work with you to match good solid funds to your attitude of risk and keep you regularly updated on your investment portfolio.

The **Costa Blanca Office** can be contacted on +34 965 058 212

By Daniel Goggin, International Financial Adviser

Don't worry my ex-employer will pay my pension. They have always looked after me well....

I am constantly reminded by 'experts' that the situation in the UK is being tackled to combat the funding status of UK final salaries schemes. Over the past 3 years we have seen a staggering 44 Billion pounds put into the UK Final Salary schemes by employers trying to curb the deficits their schemes are creating. With rising equity markets surely the schemes are back into a positive funding status? No, in the past three years the deficit for schemes covered by the PPF has risen from 215 Billion to 375 Billion!

The Pension Protection Fund (PPF) will protect my scheme and continue to pay my final salary in retirement...

- The PPF scheme will only protect a certain amount of your uncrystallised pensions.
- The PPF scheme has never been tested. By that I mean had a large company pension scheme added to it. When we see this scheme paying one of the large FTSE 100 schemes (BT, BAA, etc.) then we will truly see what the PPF is willing to pay members.
- To put this into perspective - The PPF has only paid out 1.9 Billion to date. In the last three years alone we have seen scheme deficits increase by 160 Billion.

Why is the deficit worsening and what can be done?

Its quite a simple concept. Final schemes were established when people worked for their whole life and would spend just a few years in retirement. Now we are seeing males live to about 82 years old (around 15 years longer than these schemes expect them to!) and the baby boomers are all entering/entered retirement (so we will have more people retired than working for the first time ever).

In the past the people currently employed paid for the people in retirement. Now they have closed the schemes and already the deficits are starting to boom. There are only three options for employers to minimise these deficits - Put some of their profits into the schemes, raise retirement age or pay out less than promised to members

in retirement (and believe me they aren't going to want to keep putting their profits into a pension scheme for the next 100 years until the final salary pensions have all stopped paying).

What can be done?

Take advice on what you should be doing with your scheme. The government has recently changed the law to protect individuals transferring their UK schemes and ensuring they receive the correct advice. So get in contact and don't leave retirement to chance.

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High taxes

Hi -Tech, Welfare State and Good Design

An interview with Shaun Armstrong, Regional Manager - Sweden

These are some of the things often associated with Sweden. The Swedish economy is fast transforming itself from the heavy industry that brought the world global companies such as Volvo and Scania to a new IT focused economy that has produced the likes of Spotify.

Stockholm has joined Berlin and London as Europe's leading centres for IT orientated start-ups.

With a high standard of living, free child care, health care and clean air Sweden is an attractive destination for both international companies wanting to make the most of Sweden's creativity or Londoners looking to change gear.

With so much provided by the Welfare state one might think the visiting expat does not need to think about too much when it comes to financial services.

Well not according to long term resident and new BFMI Regional Manager Shaun Armstrong.

"The Swedish system is designed for the average Swedish citizen - it never had the visiting expat or late comer in mind. There are certain aspects of the Swedish system that do not favour the expatriate."

So you feel you have a mission to help expats in Sweden understand their personal financial situation better?

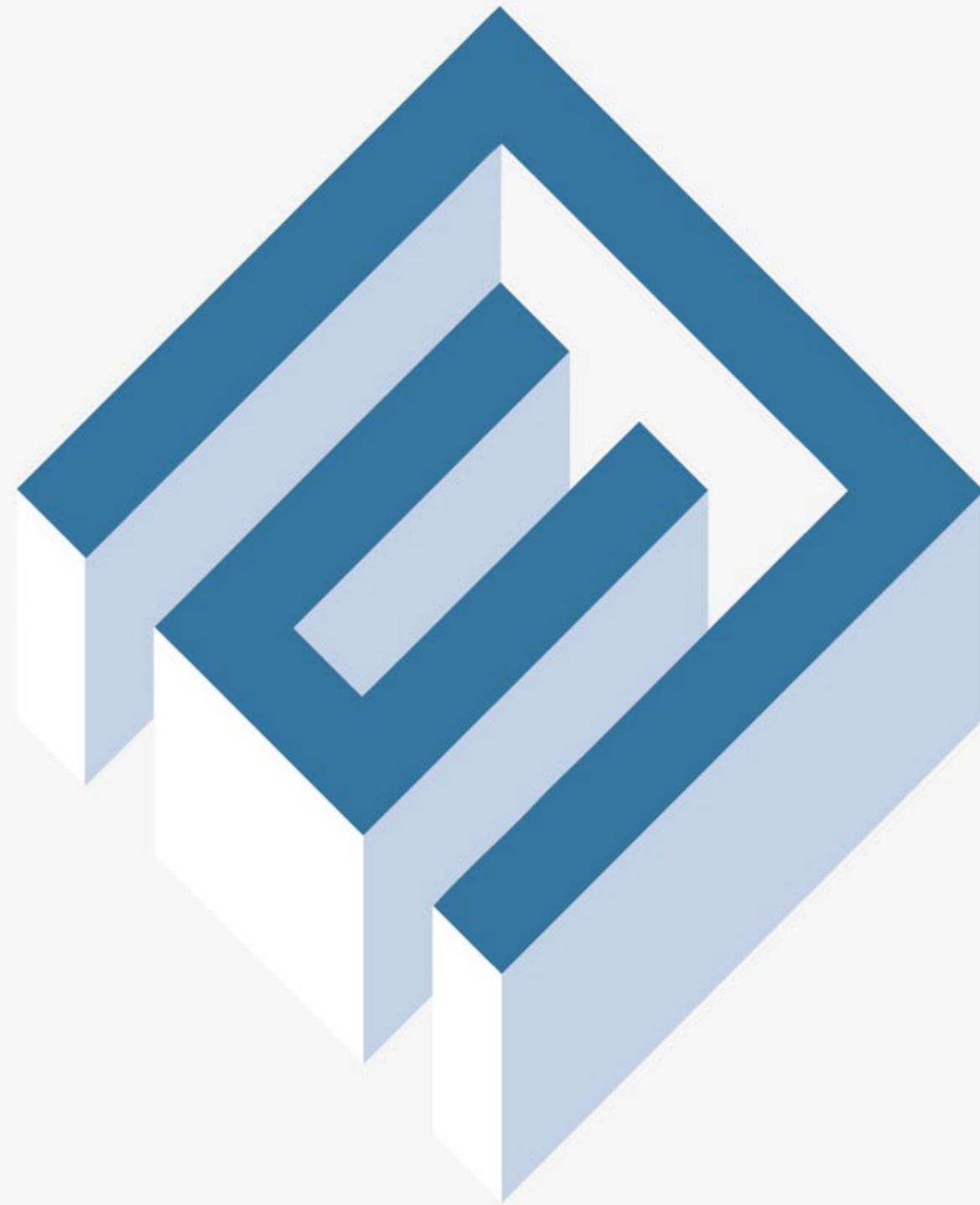
"Absolutely. Joining the Blacktower Group gives me the opportunity to combine my many years of experience in the insurance and financial planning industries with my knowledge and experience of Sweden. This helps me to guide my clients towards making the right decisions to help secure their financial future and put them in a stronger position".

How do you think Blacktower adds value to the expatriate experience in Sweden?

"Well first you start with regulation - we are very big on rules and regulations here in Sweden. Blacktower has the required regulatory requirements for security and peace of mind. Then the Blacktower process of doing business builds piece by piece the advisory process and the relationship between client and adviser. And finally open communications and processes. Everything secure, well built and transparent - just as we like it up here.

How does the future for Blacktower in Sweden look?

"Very positive. An increasingly globalised Swedish economy and excellent English skills will see continued growth in arrivals of expatriates and international individuals. More than this Stockholm is a natural springboard in to the exciting transition economies of the Baltic region.



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Water

Shall we ride the wave?

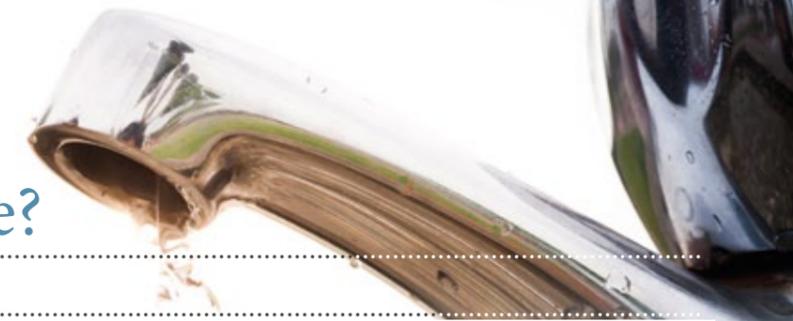
By Jeremy Agorom, International Financial Adviser

It is a subject that we seem to forget as it is so habitual to our everyday life, especially in the Western world, but the scarcity of water globally is an outstanding issue and extending to our shores.

In 2050, the UN estimates that the population will rise to 9.3 billion. Aligned with a surge in demand for food production, energy and consumer products, experts predict a 55% increase in the demand of water within this time frame. Moreover, this problem can represent an opportunity for financial markets to play a pivotal role in providing future water security.

Many analysts and important players within financial markets believe the creation of a futures market to trade water would help to create a baseline pricing mechanism against which regional water tariffs could be fairly set thus helping to fund vital water infrastructure.

"Water will become something that is traded, there will be a market for it and this could happen in the next decade. Water will become a commodity – but a very different commodity because it is also a basic human need. If you track economic growth and you agree that water is a vital input then it will eventually become a commodity," said Usha Rao-Monari, Chief Executive Officer of Global Water Development Partners – an affiliate of New York-based investment giant Blackstone, the world's largest private equity firm with a reported \$280bn under management. In March



2014, Global Water Development Partners is aiming to provide investment for water projects around the world.

David Miller, senior fund manager for Nexus Global Solutions Portfolio claims 'an estimated USD 1 trillion is needed globally for water infrastructure. This represents an attractive investment opportunity for those investors seeking to understand the water supply and demand imbalance problem and identify the array of companies involved in providing solutions'.

With these factors in mind, not to mention the long existing need for clean drinking water in third world and less-developed countries, there is a distinct ethical opportunity for financial markets to support this issue. Funds such as **Quilter Cheviot Climate Assets** provide investment opportunities into companies that are exposed to these trends.

Continued scope for growth clearly exists in this sector over the coming years as it is a necessity in sustaining economies across a rapidly growing world.

Disclaimer:

The above information was correct at the time of preparation and does not constitute investment advice and you should seek advice from a professional adviser before embarking on any financial planning activity.

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The long and the short of it

It's an honour to be asked to contribute to the 30th anniversary issue. Long-term success comes from a combination of careful strategic planning and the flexibility to respond to shorter term opportunities. It is clear that Blacktower has balanced both with great skill.

By David Miller, Executive Director

The future is never anything but opaque and full of potential risk. I feel certain that back in 1986 none of us, including the founders of Blacktower, had any real sense of what the world would look like 30 years hence. As recently as 1996 when the US Federal Reserve was reviewing its decision making framework, there was considerable internal debate about whether the internet would have any material impact on economic growth. Fortunately for the credibility of the world's largest and most powerful central bank they made the right decision, but it was a close call. To the great benefit of investors, economic growth, interest rates and inflation have all moved in the right direction over the last three decades and this has provided a firm foundation for long-term saving and investment. However, to dismiss any of the bumps along the way as insignificant is only possible for those with heavily rose tinted glasses. The 1987 crash springs to mind along with the evaporation of the tech bubble in 2000. The after effects of the credit crunch in 2008 are still with us.

Outside investment markets, the world has changed out of all recognition. The benefits of globalisation have been huge. In 1986 the Cold War was still a fact of life, China's economy didn't count for much and the euro was a pipe dream. The list of companies that have come and gone during this period is too long for this article, but worth reflecting on fallen giants and those currently at the top of the pile. Wealth creation in one generation has been a particular feature of the last 30 years with inheritance much less influential than in the past. There is a fair chance that many who read this article were richer than the founders of Google until relatively recently.

All of which brings me to the more recent past and most importantly the future. Back in 2009 just as the credit crunch was starting to unwind I wrote a note summarising the factors that I thought would drive markets over the next ten years.

- The risk free rate of return (interest rates) will remain close to zero.
- Governments will underwrite corporate risk for as long as they can afford to and will do nothing to disturb

the recover.

- Globalisation is here to stay and inflation will remain under control.
- The personal savings rate will continue to rise.
- Capacity utilisation will remain below average.
- GDP volatility will be higher than has been experienced in recent years.
- In the half time report published at the end of 2014, I didn't see much need to change these investment foundations and this remains the case today. Having a proper framework within which to make investment decisions is vital, particularly during the period of rapid change that we are living through at the moment.

Last year was an indifferent year for investors and in the short-term, volatility may well continue to overwhelm attempts to establish longer term trends. At a stock selection level the gap between winners and losers looks set to widen. Bond investors have been reasonably well rewarded in recent years, but under the surface credit quality and geography have made a big difference. The real moves have been seen in commodities and currencies. The US dollar has moved substantially higher against the rest, whilst commodity prices have suffered from a vicious combination of new supply and a slowdown in demand.

What is becoming clearer are the battle lines for 2016;

- Global manufacturing output is falling which is usually bad for economic growth. Why should 2016 be different?
- Will consumers remain confident and keep spending? If they do then economic growth will remain positive.
- Will the US remain content with a

strong dollar or will a proper currency war break out?

- After the fractional increase in US interest rates, will this be the first of many?

Of these it is becoming clear that currencies will be in the financial front line mainly because of the marked divergence of monetary and fiscal policy between the major economic blocks. In the US, we are seeing higher interest rates and increased government spending. In Europe, lower rates and continuing austerity. In Japan, there is a potential overdose of Quantitative Easing, whilst China is quietly spending some of its massive trade surplus both at home and abroad. When the big battalions are waging multiple undeclared currency wars, the risk of collateral damage is high particularly if your currency is pegged to one of the majors. With the US pursuing its own, essentially domestic, agenda, some of the dollar pegs used to bolster confidence are looking increasingly strained. None of the OPEC member countries like the low oil price, but because some have allowed their currencies to depreciate, the domestic consequences are manageable. In contrast, the Saudi riyal is pegged to the dollar which is why there is a gaping hole in the budget. The Hong Kong dollar connection to the US dollar rather than the Renminbi might have seemed sensible in 1997 but much less so now. There are also currency tensions in Europe both in Scandinavia and further east.

Looking forward to 2016 short-term tactics will matter, but with inflation likely to remain low and the banks are still very wary of lending to companies in need of capital for growth, investors are in a strong position to earn a good real return. People tell me that patience is a virtue, but when building a successful company or investing in financial markets, my response is 'sometimes, but not always'. This year is shaping up to be one where investment success will come from a combination of strategic planning, tactics and patience.



QUILTER CHEVIOT
INVESTMENT MANAGEMENT

The value of investments, and the income from them, can go down as well as up. You may not recover what you invest. This commentary has been produced for information purposes only and isn't intended to constitute financial advice; investments referred to may not be suitable for all recipients.

US International Retirement Plans

If you're an American citizen, this may be of interest to you. In recent years, the US government has been tightening its tax laws and regulations; partly as a result of avoided tax payments by its citizens and an increasing budget deficit, and partly as a hangover from the War On Terror and the largescale issues of money laundering that have been exposed in the last decade.

By Joachim Bjorkmann, Business Development - Malta

Aiming to achieve two objectives, increased tax revenue and the prevention of money-laundering, the Foreign Account Tax Compliance Act (FATCA) and the Foreign Bank Account Report (FBAR) were introduced specifically looking at American citizens living and earning abroad. The two legislations require American citizens that hold either green-cards or passports to annually report any earnings (earnings up to \$99,000 per year must be reported but may not be taxed) and bank accounts with over \$10,000 of assets in them must also be reported. To clarify, if you are a U.S. citizen or resident alien, the rules for filing income, estate, and gift tax returns and paying estimated tax are generally the same whether you are in the United States or abroad. Your worldwide income is subject to U.S. income tax, regardless of where you reside. Failure to do this can incur significant fines on your assets.

As it stands there are 7 million US citizens living abroad, and only 6 - 7% of them file the necessary tax returns required by the IRS; that's 6.5 million non-compliant! Historically, many European firms have steered well clear of US citizens due to an unfamiliar and complex tax system, reluctance to deal with the IRS, and a significant number of the major institutions we deal with that will not entertain US clients due to the aforementioned reasons. However, there is now an option for American citizens abroad wishing to make a tax-free investment that is fully compliant with US tax regulations in

the form of the US International Retirement Plan.

The way this programme works is by actually being a Maltese Contractual Pension Plan established under advice from US Tax Attorneys and recognised as a qualifying pension under Malta: US Taxation Agreement through a Maltese based pension provider. The US International Retirement Plan is open to any current or future US taxpayer, who is non US resident, looking to save for later retirement aged over 18. If the client returns to the US they are able to continue funding the plan as it is a pension. As it is a contractually based pension plan, there is much less onerous reporting and it is in fact exempt from FATCA. It is important to note that this is a pension. Benefits cannot be taken before retirement age - nor can the plan be closed down by the member to take 100% out; this is part of the reason for it being exempt from the strict new legislation.

Funding, Investment and Growth

Funding is made from after tax dollars with no upper limit and contributions can be one-off or regular and on-going. It's possible to transfer in existing assets - advice needed, and it is much easier to invest in non-US mutual funds with no Passive Foreign Investment Companies charges. Growth generated within the plan is not subject to any Maltese or US Federal tax. Advice from an independent adviser is required, ensuring that a client is given the

best and most pertinent treatment.

The member can take up to 30% of the value as a lump sum from age 50, tax free, with the remaining value of the fund providing pension benefits for the member. Upon death of member, any residual value held within the plan can be distributed to spouse/beneficiaries as a one off lump sum or used to provide spouse/beneficiaries with pension benefits with the added bonus of there being no Maltese or US withholding tax.

Summary

In summary of the product, there is the opportunity for unlimited contributions, tax free growth, open investment architecture, ability to invest into PFICs with no penalties, reduced reporting obligations and tax efficient retirement benefits from age 50 (30% tax free lump sum).

The US government haven't made it easy for its citizens living abroad, even just renouncing your US citizenship is a lengthy and convoluted process, but there are options out there available and this is by far one of the best ones as it is fully compliant with all the necessary legal systems within which it operates and allows for a relatively high degree of flexibility for your investment. If you or someone you know is an American citizen looking for investment or pension options, this may be extremely relevant to you.



We've grown in line with people's confidence in us.



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Gibraltar, posting 10% GDP growth and consistent budget surpluses, is the onshore success story in Europe.

Together with our partner firms across the various disciplines in the Gibraltar Finance Centre, we have as our foundation three main virtues; regulation, reputation and speed to market.

For more information visit the Gibraltar Finance website: gibraltarfinance.gi



GIBRALTAR FINANCE
HM Government of Gibraltar

Within the European Union Single Market



A Message from the Minister



By Albert Isola MP, Minister for Financial Services, HM Government of Gibraltar

I am delighted to have been asked to contribute to this publication celebrating the 30th anniversary of Blacktower Financial Management Group.

Gibraltar continues to develop dynamically as an innovative EU onshore financial services jurisdiction key components of which are the many firms like BFMG that are licenced in Gibraltar or avail themselves of passporting rights and settle all or part of their business here.

The global financial services world continues to evolve bringing with it many challenges and opportunities. This sector is a key element of private enterprise and contributes greatly to the economic success we enjoy. We work rigorously on the basis that we only want to attract quality operators providing them with a platform that offers a robust regulatory environment, an excellent reputation that we zealously guard and the ability to facilitate that firms reach market at speed.

We have moved strongly away from the notion that we are a tax haven. Gibraltar has entered into the equivalent of 130 tax information exchange agreements through the different mechanisms that we currently have in place namely the multilateral convention, the EU directive and bilateral tax information exchange agreements. We've also signed up to FATCA with the UK and the United States. In October 2014, the chief minister signed the Berlin Accord, which is the common reporting standard of automatic and spontaneous information exchange with 55 countries as part of the first phase. We are one of the early adopters and we always have been. There are a further 38 countries going into phase two in 2018. So we will with effect from 1st January 2017 have automatic and spontaneous exchange of information with some 60-odd countries.

This year we've introduced a new product namely in insurance-linked securities. A new addition to the already successful insurance

portfolio a sector in which Gibraltar excels. The Government works very closely with the private sector in raising the profile of the jurisdiction and we readily engage with new initiatives as they arise. Testament to that is the increased resource provided to Gibraltar Finance to deliver our message to both our traditional markets and those where we perceive that there is an opportunity to create something new and exciting. We continue to explore other areas of interest including financial technology and review our existing stock of products as can be seen with the review of our tax residency schemes.

We have invested significantly in renewing and creating financial services legislation meeting the demand of local practitioners including that which relates to Private Trust Companies, Purpose Trusts, Anti Forced Heirship, Perpetuity Period, Limited Liability Partnerships and shortly Private Foundations. This work continues as we strive to create excellence in all that we do and equip practitioners with the best toolkit possible.

A matter of great pride is the establishment of the Gibraltar International Bank created in a remarkably short space of time and which is now delivering banking services to personal and corporate members of our local community. In late 2014 we welcomed the launch of the Gibraltar Stock Exchange another important step in the development and maturity of the jurisdiction.

There will be more to come as we work at pace to deliver positive change. All of this creates an environment in which firms like BFMG can truly call Gibraltar home and grow and develop with a sense of partnership and belonging.

Finally, I congratulate the Directors and staff of BFMG on their many years of success and positive contribution to our economy and look forward to working with them for many more.

Leading the way in providing innovative retirement solutions for globally-mobile individuals



The Pathfinder Retirement Scheme is a contract-based QROPS which provides non-UK residents and those leaving the UK, including US-connected persons, with a flexible, cost-effective and tax-efficient retirement solution.

It can benefit those retiring in the majority of the EU countries and in Civil Law jurisdictions where trust-based pension schemes may not be recognised.

KEY FEATURES INCLUDE:

- Flexible retirement benefits.
- Multi-currency options; pension funds can be denominated in all major currencies.
- Portability; individuals may reside in any jurisdiction.
- Open architecture for investments. The Scheme operates using a broad range of investment managers and asset strategies.

An added advantage of the Pathfinder contract is that it mitigates the additional tax and reporting burdens placed on all those, with pensions held via trust structures, by jurisdictions such as France, Spain and Portugal.

Pathfinder is administered by Trireme Pension Services (Malta) Limited which provides a wide range of pension offerings.



For more information

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Trireme Pension Services (Malta) Limited is authorised by the Malta Financial Services Authority to act as a Retirement Scheme Administrator to Retirement Schemes under the Retirement Pensions Act, 2011. Company Registration Number C58492 First Floor, Orange Point, Dun Karm Street, Birkirkara By-Pass, Birkirkara, Malta BKR 9037. T | 00 356 22 193 800 F | 00 356 21 495 292



Going into administration... ... not literally!

By Anita Pembery, Administrator

Having spent hours (or possibly days) in various meetings getting to know your chosen Independent Financial Adviser, you reach the decision that you like and trust him or her and can easily make the decision to place your investments with Blacktower, based on your rapport and professional Client/Adviser relationship.

You may be entrusting your life savings, pension funds or investing in a Regular Savings plan. You have already made the important decisions and investment choices by this stage, so now you can sit back and wait to see your investments progress.

What you may not be aware of at that point is that your applications/forms are vetted and processed by a Blacktower Administrator; we get the opportunity to know you, the client, just as well as your Adviser. In fact, over the years, you may even speak with your Administrator more than your Adviser.

It is likely that you may wish to review your investments on an annual basis. Between

you and your Adviser you can agree on this and the frequency of said reviews. In the meantime, life (as it invariably does) may throw up some surprises for you that require a more day to day approach.

This is where your local Administrator is an invaluable member of the team in relation to your product servicing.

Your Administrator will be on hand to handle all your day to day needs. Services can include, but are not limited to; arranging a review meeting; providing appropriate withdrawal forms and assisting with the completion of these; investment updates; and even matters like a change of address. An Administrator needs to 'know your client' just as much as the IFA in order to

be able to service them. So, by the same token, it is in your best interests as the client to get to know your Administrator. He or she adds value to the client relationship and is always on hand to assist you with any enquiries.

Your Administrator will be emailing, posting, certifying and/or completing various forms of documentation on behalf of all of our valued clients, to save you time and inconvenience.

Remember, these are just a few examples of how your local Administrator can help you. You know and like your IFA, get to know your local office Administrator – you may find the benefits invaluable!

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What our clients say...

"Expert advice, and very timely"

Mr. R Kime – Germany

"After contacting Paul Howard earlier in the year (2015) in respect to advice on my UK pensions, I would like to take this opportunity to offer our thanks to him for his help and advice in this matter and also to his wife, Lisa, for her administrative support.

Fantastic team work which made the transformation of my UK Pension over to a QROPS scheme seamless and painless. It certainly is a pleasure and a great relief to know that expert advice and knowledge is at first hand and there is no doubt that we shall continue to do business in the near future."

Mr. Steve.M (Cyprus)

"Luke Hunt is truly professional in his job, organised, attentive to client's specific requests and result-oriented which are essential for corporate management and for success in business. I enjoyed working with him very much. I strongly recommend him without reservation!"

Hassan Mahani - Netherlands



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FINANCIAL MANAGEMENT GROUP

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The contents of this newsletter are believed to be correct at the date of publication February 2016. Every care is taken that the information in this newsletter 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 legal advice before entering into any transaction. The articles are for information only and do not constitute advice. You should seek professional advice tailored to your needs and circumstances before making any decision.

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