

Private Client Seminar

Limerick

16 October 2019

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Partner



Outline

- Service Offering
- Jim Power – Economic Update
- Case Study – Private Client
- Why did you not tell me.....





Economic & Financial Update

Grant Thornton Private Client Seminar

October 2019

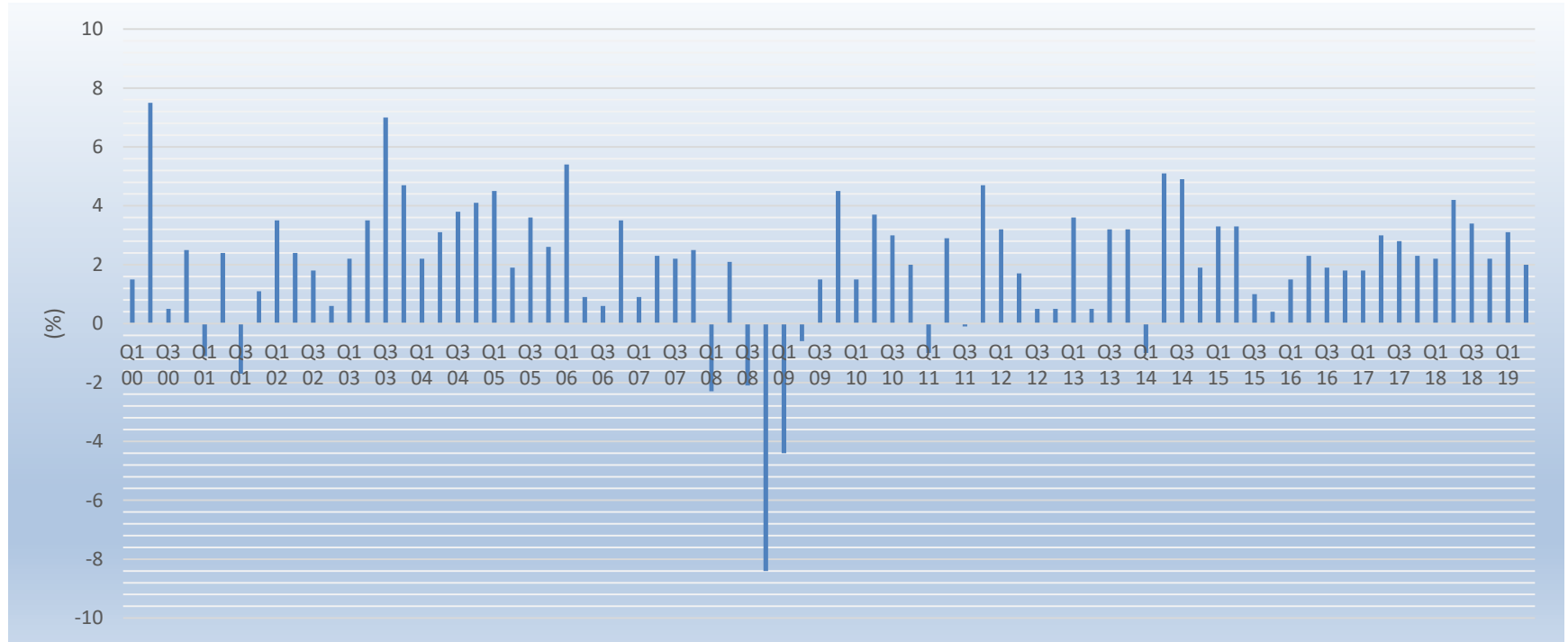


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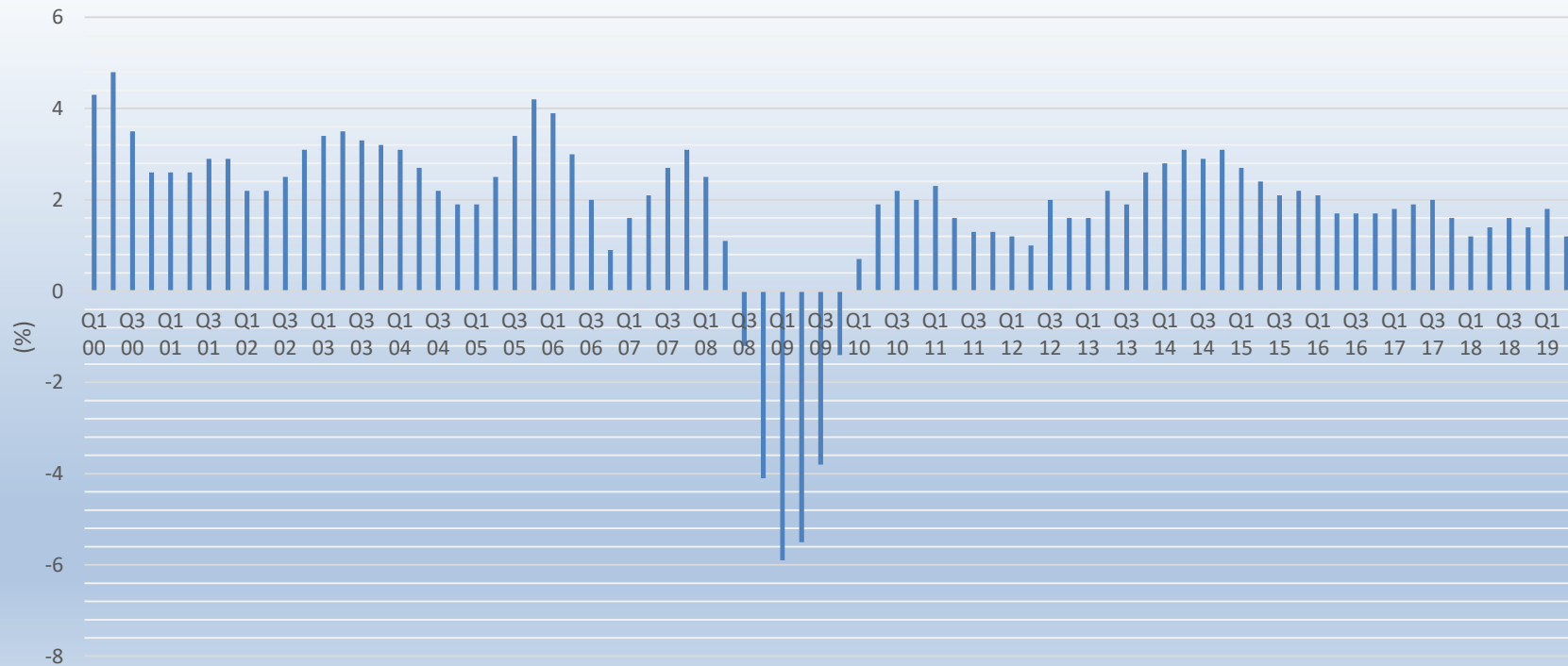
The International Context

- Global growth slowing
- Trade wars / Brexit / Political Developments
- Lack of demand in EZ
- Inflationary pressures very subdued
- Monetary policy to remain very accommodative
- Equity markets still strong > investor options limited
- More uncertain economic & political outlook than for some time
- Global growth subdued in 2020

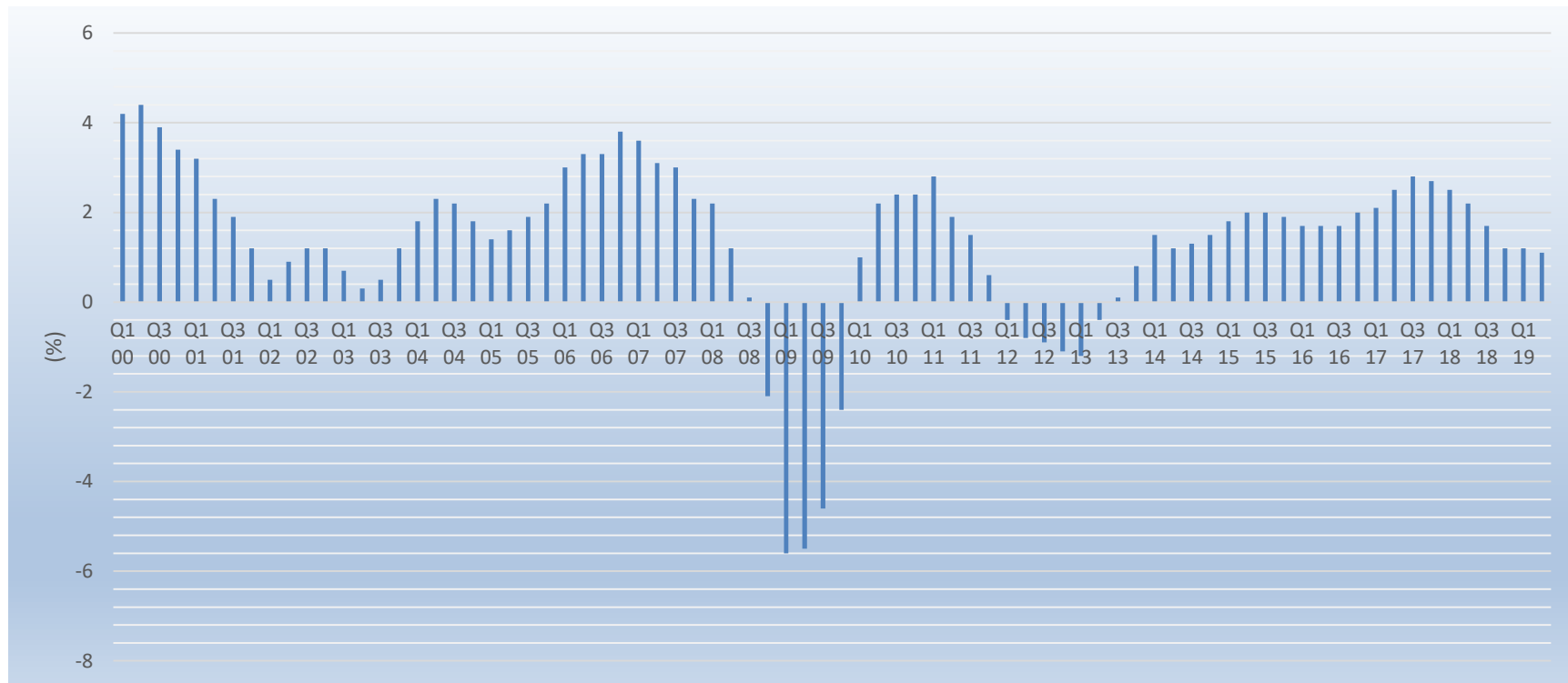
US GDP (YoY)



UK GDP (YoY)



Euro Zone GDP (YoY)



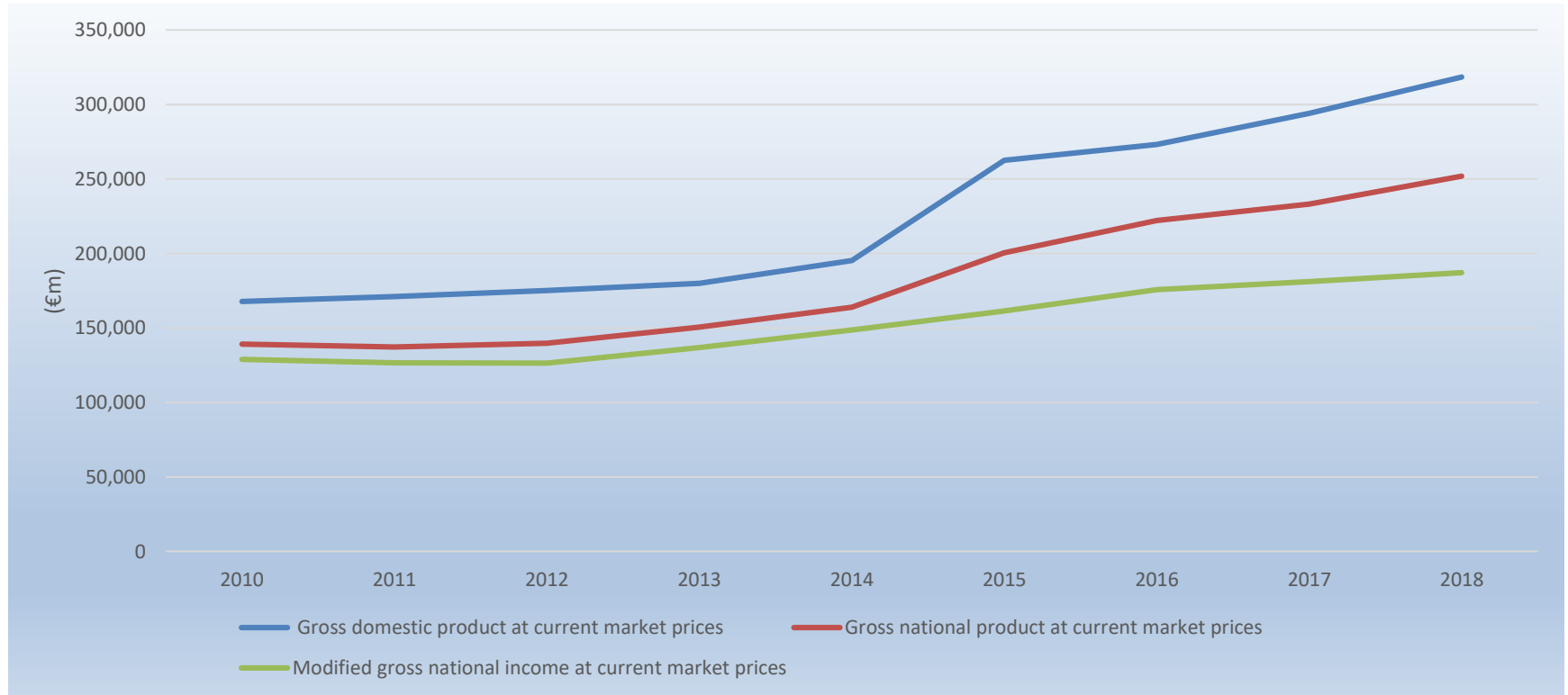
Sterling



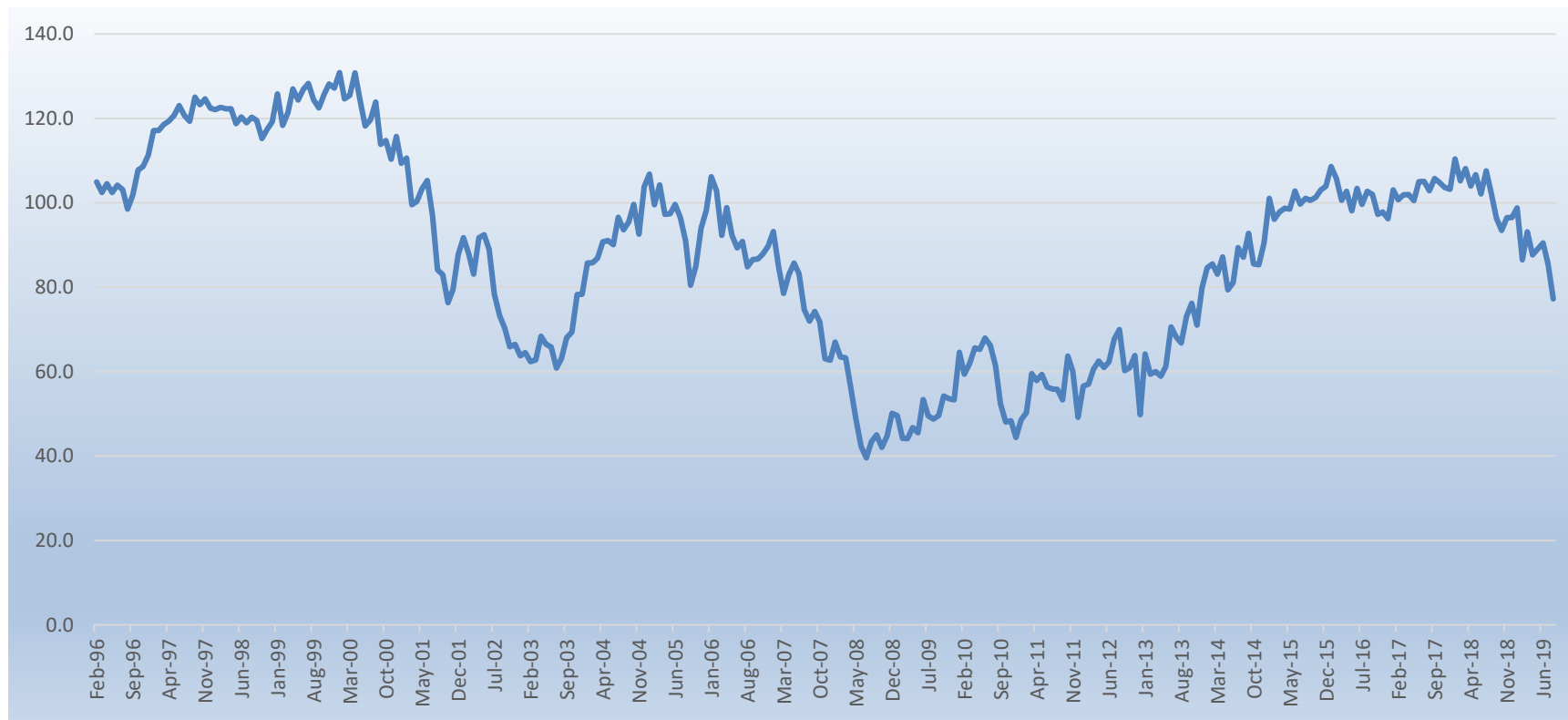
The Irish Economy

- Strong Growth Recovery, but exaggerated
- Exports very strong
- Housing market moderating
- Consumer confidence fragile
- Pressure on Public Services, Public Sector Pay
- High Level of Government Debt
- Debt/GNI* 104% (Debt/GDP 64%)
- Corporation Tax Model under pressure
- Budget 2020 very tricky

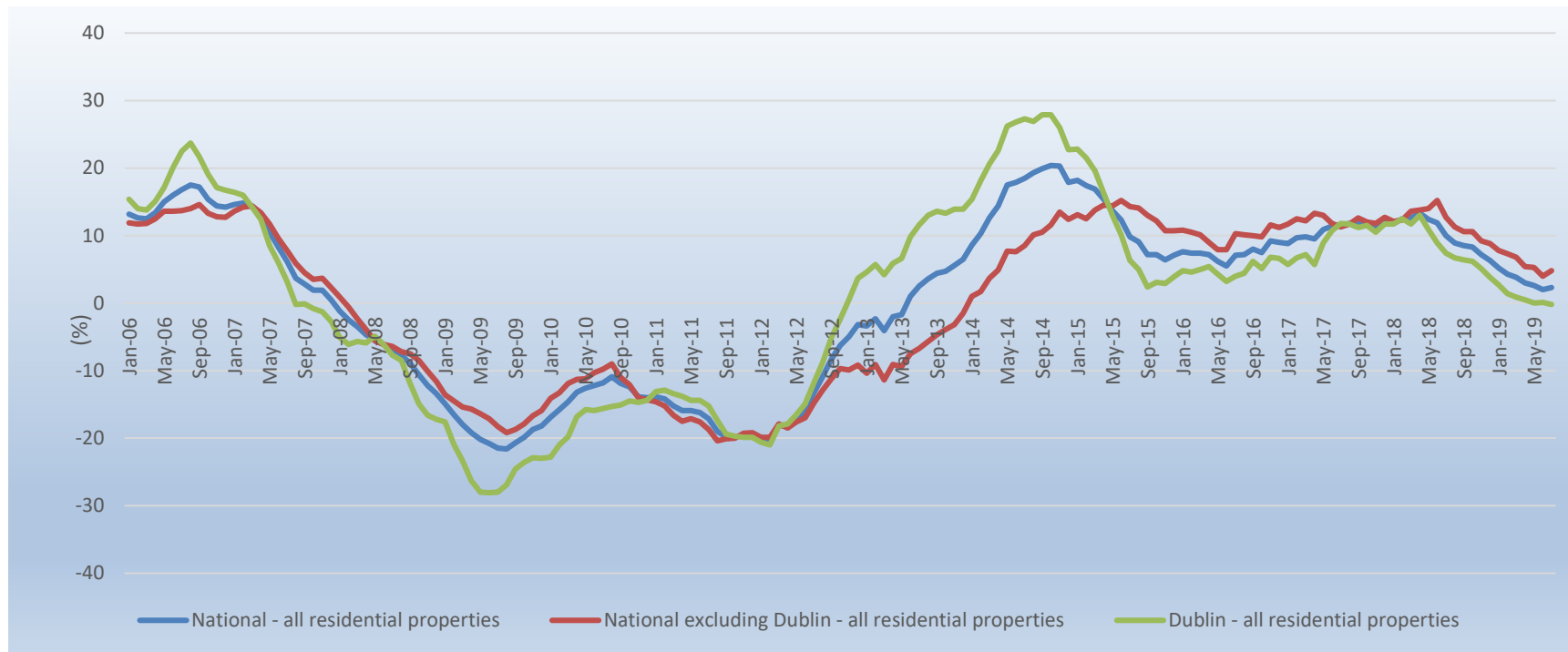
Irish Growth Measures



Fragile Consumer Confidence



Moderating House Prices (% YoY) - Affordability



House Completions



Budget 2020

- 70 minutes talking about very little
- A very unexciting offering – totally appropriate in the circumstances
- Carbon Tax measures reflect political realities, not environmental concerns
- Personal tax reform off the agenda
- Assumption that Corporation Tax take will be sustained
- Expenditure still growing strongly, which is what the electorate desires
- Lots of small initiatives, but nothing of real substance
- Modestly stimulatory for economy
- A budget 'without precedent'.
- We will just have to await Brexit

The Brexit Impact

- Uncertainty has taken heavy toll on UK economy, set to worsen with 'no-deal' Brexit
- Sterling has obvious vulnerabilities
- Auto industry & beef already hit by Brexit
- Irish confidence has been undermined – the reality could be worse
- Period of intense uncertainty, with some opportunities

What to Watch in 2020

- Brexit
- Global Economy
- US presidential election
- Changing of the guard & ECB & Policy making in the EU
- Irish General Election

**Thank you.
Any Questions?**



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Case Study – Discussion

John:

- Runs a successful trading company and owns all of the shares in his own name.
- Salary of €150,000 p.a. and sole income earner in house. Married to Mary with 3 children.
- Aged 53 and Mary is a year younger.
- Wishes to sell the company in 10 years, to retire and travel with Mary. Prudently valuing the company at €3 million.
- Looking to fund pensions for both, through company profits.
- Has pension benefits from a past employment.
- Salary currently covering cost of living.



Case Study – ASPECTS

Tax:

- Retirement Relief / Entrepreneurial Relief
- Possibility of Holdco structure
- Gifting of shares / relevance of age

Financial Planning:

- Pension Planning & how to structure
- Existing benefit already attained
- Planning for future Inheritance



“

Why did you not tell me.....

”

Annual gift exemption

What is it?

€3,000 per year can be gifted by anyone to anyone

Post tax gift – not avoiding taxes

Why use it?

Does not use up any of the CAT thresholds

Simple way of reducing overall “estate” value



Income protection

Who has it?

More people in Ireland have pet insurance and gadget insurance than income insurance (i.e. income protection)

Who needs it?

- Employees
- Self-employed
- Company directors

Tax relief available on premiums paid!



Employment of spouse

Why do it?

Use up their personal threshold

“Service” aspect of length of service satisfied

Future financial planning purposes – pension funding

Why not?

Divorce?



Inheritance – what is Section 72 cover?

Whole of life cover is a death benefit policy that is designed to cover an individual or couple for an indefinite period of time. The policy can be written under Section 72 Capital Acquisitions Tax Consolidation Act 2003 ('Section 72') for inheritance tax purposes.

Whole of life cover could be suitable if you:

- want a guaranteed protection plan for life with payments that don't change – unless you choose the indexation option;
- have assets you want to protect against inheritance tax;
- want cover for the rest of your life (because cover is for your whole life, you may pay more for this cover and must continue to make payments even after you retire).

Whole of life cover may not be suitable if you:

- are looking for flexible payments and the possibility to change your cover in the future and do not need to plan for inheritance tax;
- are looking for a plan with a cash-in value;
- want additional benefits on your plan for example, specified illness cover;
- are looking for a plan that provides cover for a set term or to cover your mortgage.



To PRSA or not to PRSA

Benefits

Useful structure to consider when total pension fund begins to exceed €800,000

Offers flexibility in relation to staged drawdowns

Estate planning benefits – fully payable to estate on death

Limitations

Funding limits are restricted to personal limits rather than company limits

Can be more costly than occupational pension schemes or personal pensions



Three types of individual – which one are you?



Thank you