

# UNLOCKING TIED UP CAPITAL

Philip N Bristow explores a refreshing solution to the Aged Debt dilemma facing the Bar



**A**ged Debt is arguably one of the biggest concerns facing today's barrister community, brought sharply into focus as most traditional lending sources continue to tighten.

With many barristers being owed six figure sums at any given time it is not surprising that a much needed alternative loan product has been received favourably by the Bar. It is a well known fact that the Bar work incredibly long hours with cases requiring considerable focus. It is concerning that financial worries can potentially dilute that focus and have a detrimental affect on day to day working life. Unlocking Aged Debt is an effective fast track and often tax efficient method to release tied up funds quickly and efficiently with the added benefit of augmenting cashflow and offering peace of mind in one easy step.

It is essential to work with a financier who is preferably an accredited fully endorsed Bar Council service partner, but also one who understands the many issues facing the Bar. A carefully selected panel of funders with a sympathetic underwriting team is key to offering an unsecured loan product tailored to the specific requirements of each client. It is clear that a sophisticated market requires an equally sophisticated and flexible loan product. Another crucial ingredient is a straight forward application process designed to minimize unnecessary paperwork that only takes a matter of minutes rather than hours to complete.

We believe an holistic approach is essential in the provision of financial solutions with each clients funding needs being different with some being considerably more complex and challenging than others. Vector adhere to this philosophy by working closely with other Bar Council Service partners such as leading IFA The Cavanagh Group and Place Campbell Chartered Accountants enabling the appropriate specialist to be referred quickly.

**CASE STUDIES**

Over the last decade we have seen a huge surge in demand for Aged Debt funding and have highlighted some typical case studies :

**TAX**

A high earning junior with an Aged Debt of £350,000 and a tax bill of £100,000 to pay with some overdraft headroom available. On balance, the client preferred to fund the bill through an Aged Debt Loan with the advantage of leaving the overdraft for contingency and the day to day running of the practice and being able to offset the interest element of the loan against tax. The facility enables barristers to capitalize these fluctuating costs over a predetermined period and is particularly relevant for those with over seven years call who are taxed on an earnings basis.

**School Fees**

A leading Silk with an Aged Debt of £500,000 with school fees to pay for two children at £25,000 per year. An Aged Debt loan of £125,000 was provided to cover five years school fees. The bursar was paid upfront for one years fees with a small discount being offered for paying the school a lump sum whilst the balance was swept into an offset mortgage account and drawn down when required with tax relief gained on both products. This solution offered much needed peace of mind with the education fees being planned and paid in a tax efficient manner. Many clients have also used the facility for university fee planning.

**Debt Consolidation**

A junior with an Aged Debt of £175,000, an overdraft of £50,000 and credit card debts of £25,000. A five year loan was used to consolidate the aforementioned debts. The client was offered peace of mind through a structured affordable tax efficient repayment programme to remove financial worries.

**Junior to Silk Transition**

A family law practitioner was delighted to have achieved Silk status however was not so delighted with the prospect of a 6-12 month temporary reduction in gross fee income during the transition period. An Aged Debt Loan provided continued financial stability through the process. Many clients also consider adding the Silk application fee to the loan.

**Acquisition of Chambers Freehold**

A criminal practitioner was acquiring a share in chambers premises structured through a pension. An Aged Debt loan provided the capital to cover the associated costs structured in an easily manageable and tax efficient manner.

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**AGED DEBT LOANS TOP USES OVER LAST DECADE**

School Fees	Tax Bills
Overdraft Clearance	Debt Consolidation
Personal /Chambers expenses	Pension top ups
Property Deposits	Chambers Freehold Acquisition
Film Partnerships	Vehicle acquisition
Investment schemes	Financial planning schemes
Mortgage reduction	Junior to Silk Transition
University fees	

**Cashflow**

It is a constant issue for most barristers across the spectrum from junior tenants to silks and is a dilemma that is worsening. We have seen many clients who are often up to their overdraft limit ,with extensions proving to be either unavailable or a non commercially viable option!

The irony is that the overdraft is often cleared completely and the account put into credit on settlement of a few large cases. Furthermore the predicament would not have arisen in the first instance if monies owed had trickled through on a more regular basis.

The nature of this issue makes it nigh on impossible to budget and forecast effectively for the future and this in essence has contributed to the increasing popularity of the Aged Debt Loan Product ●

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 To find out more please visit [www.ageddebtffunding.co.uk](http://www.ageddebtffunding.co.uk) or call us on 0845 500 1666 for a without obligation confidential discussion.  
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