

# Financial Health Check Report

John & Joan Smith

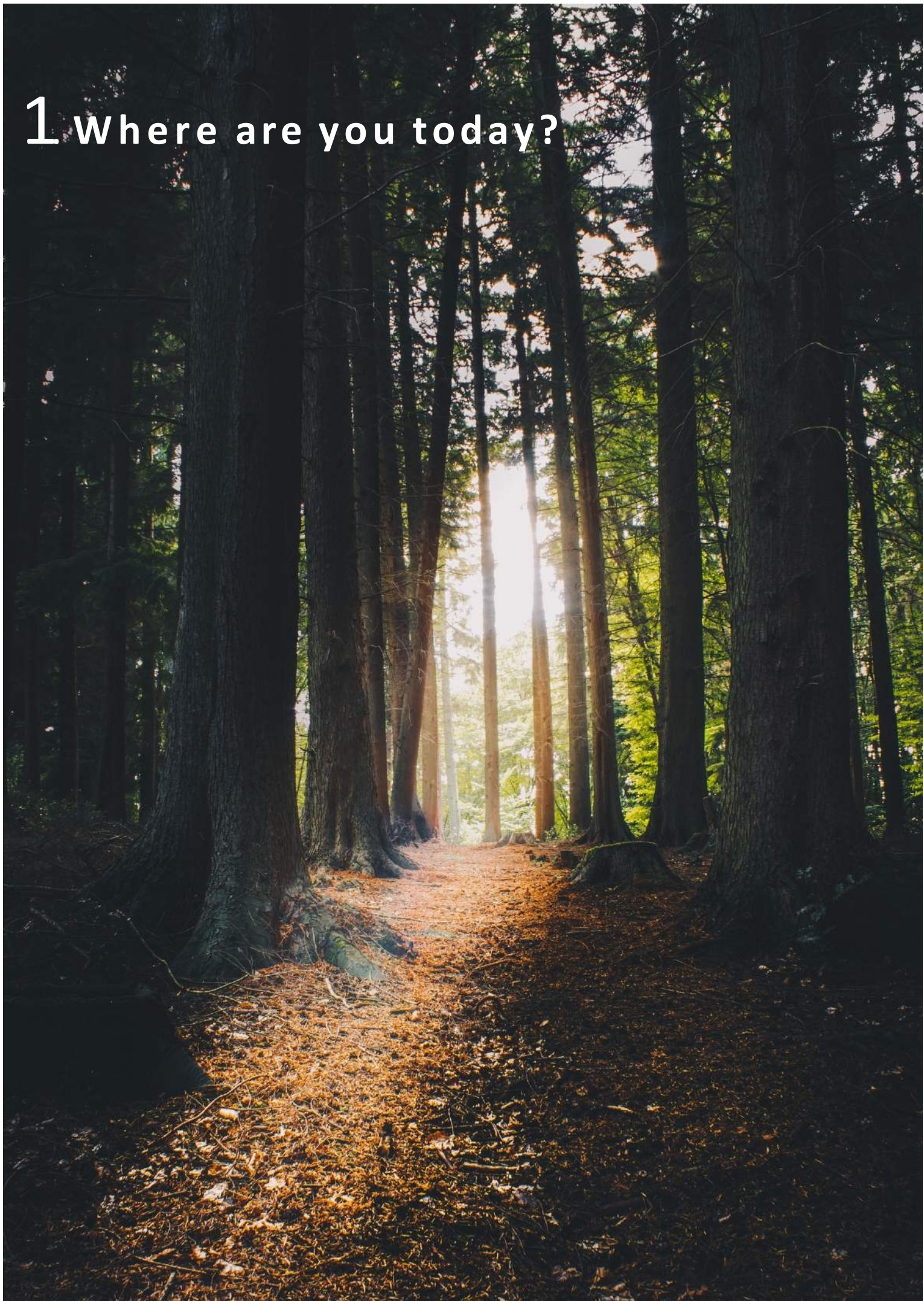
April 2023



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1 Where are you today?



## Your Current Position

Working out where you are today is the starting point towards making smart decisions for your future.

An overview of your current financial situation.

# Financial Summary

The Financial Summary report provides you with an overview of your plan assumptions and key projections, including Cash Flow, Net Worth, and Asset Allocation. In addition, it provides Insights into achieving your goals. It indicates the state of your current financial health.

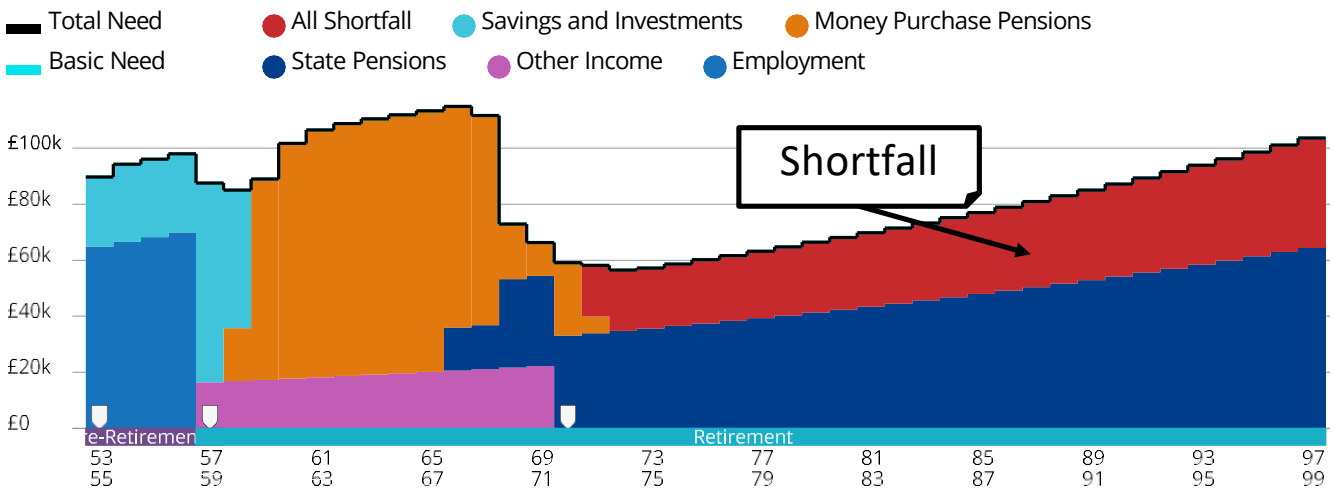
Net Worth  
**£850,000**

Assets : £1,300,000  
Liabilities : £450,000

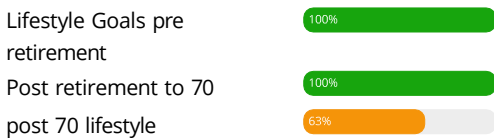
John Smith  
Current Age: 53  
Retirement Age: 57

Joan Smith  
Current Age: 55  
Retirement Age: 59

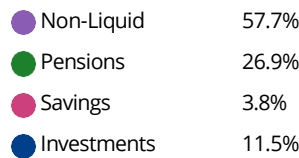
## Cash Flow, Detailed



## Goal Summary



## Asset Allocation



## Insights

**Annual Savings Need**  
Save an additional **£44,266** annually until Retirement (John), to meet your goal.

**Investment Returns**  
A **7.2%** return is needed annually to prevent shortfall.

**Retirement Spending**  
You can afford to spend **£42,588** annually excluding taxes in retirement with your current plan.

**Lump Sum Savings**  
You can prevent the shortfalls with an additional lump sum of **£201,953** in 2027.

**Life Needs**  
If John passed away today, an additional **£651,953** in life insurance cover would be needed to maintain Joan's lifestyle.

If Joan passed away today, an additional **£483,203** in life insurance cover would be needed to maintain John's lifestyle.

# Balance Sheet

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	John	Family & Trusts	TOTAL
<b>ASSETS</b>			
Non-Liquid			
main house		£750,000	£750,000
Total Non-Liquid	£0	£750,000	£750,000
Pensions			
John PP	£350,000		£350,000
Total Pensions	£350,000	£0	£350,000
Savings			
prem bonds	£50,000		£50,000
Total Savings	£50,000	£0	£50,000
Investments			
S&S ISA	£150,000		£150,000
Total Investments	£150,000	£0	£150,000
Total Assets	£550,000	£750,000	£1,300,000
<b>LIABILITIES</b>			
Secured			
main house mortgage		£450,000	£450,000
Total Liabilities	£0	£450,000	£450,000
NET WORTH	£550,000	£300,000	£850,000

# Income v Expenditure Sheet

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Name	John	Joan	Family & Trusts	TOTAL
<b>INCOMES</b>	<b>£80,438</b>	<b>£15,759</b>	<b>£0</b>	<b>£96,198</b>
✓ <b>Employment Incomes</b>	<b>£52,531</b>	<b>£15,759</b>	<b>£0</b>	<b>£68,291</b>
consultancy	£52,531	£0	£0	£52,531
Joan work	£0	£15,759	£0	£15,759
✓ <b>Withdrawals</b>	<b>£27,907</b>	<b>£0</b>	<b>£0</b>	<b>£27,907</b>
Withdrawal from S&S ISA	£27,907	£0	£0	£27,907
<b>Expenses</b>	<b>£56,117</b>	<b>£1,021</b>	<b>£39,060</b>	<b>£96,198</b>
✓ <b>Basic Expenses</b>	<b>£52,531</b>	<b>£0</b>	<b>£0</b>	<b>£52,531</b>
Lifestyle Goals pre retirement	£52,531	£0	£0	£52,531
✓ <b>Debt Payments</b>	<b>£0</b>	<b>£0</b>	<b>£39,060</b>	<b>£39,060</b>
main house mortgage - payment	£0	£0	£39,060	£39,060
> <b>Taxes</b>	<b>£3,586</b>	<b>£1,021</b>	<b>£0</b>	<b>£4,606</b>

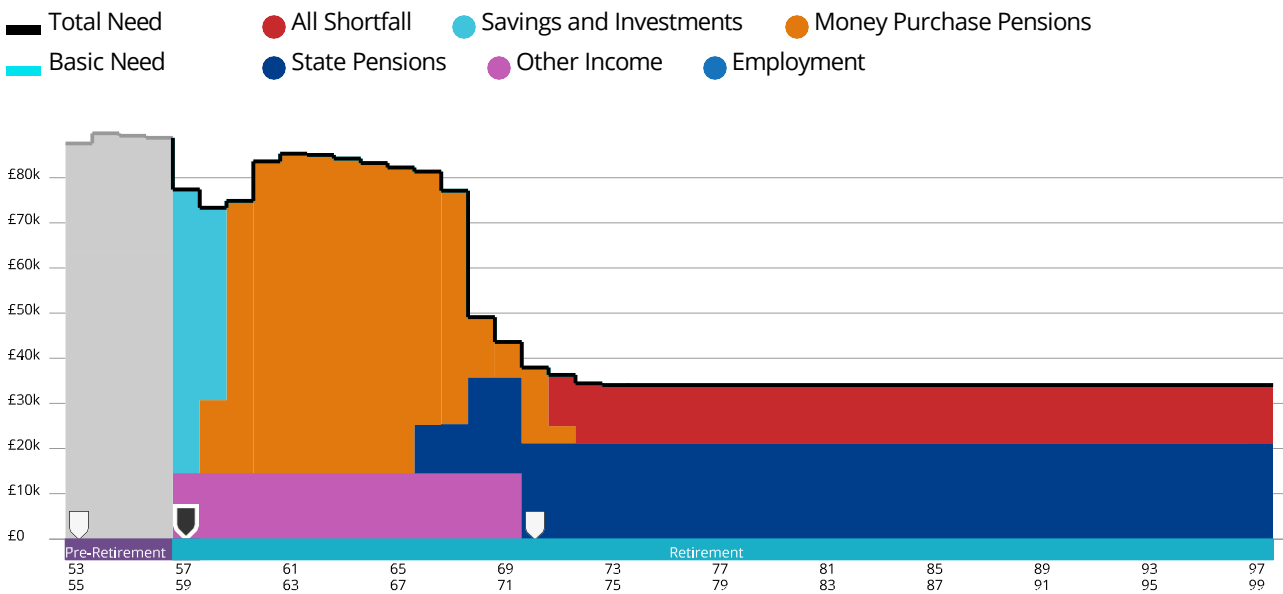
# Retirement Summary

The Retirement Summary report lists the assumptions of your retirement goal including, goal amount, current age, retirement age and mortality. It projects retirement cash flow by income type and identifies any projected shortfalls. It identifies whether or not you are on track to meet your stated goal and details additional possible spending or required saving.

John Smith  
 Current Age: 53  
 Retirement Age: 57 (2027)  
 Mortality Age: 98 (2068)

Joan Smith  
 Current Age: 55  
 Retirement Age: 59 (2027)  
 Mortality Age: 100 (2068)

## Cash Flow



## My Goals

Start Event

End Event

Lifestyle Goals pre retirement  
 £50,000 per year\*



Plan Start  
 2023 (Age 53)



Retirement  
 2027 (Age 57)

Post retirement to 70  
 £40,000 per year\*



Retirement  
 2027 (Age 57)



charity work  
 2040 (Age 70)

post 70 lifestyle  
 £35,000 per year\*



charity work  
 2040 (Age 70)



Mortality  
 2068 (Age 98)



# Retirement Summary

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Our projections show that you will not meet your planned expenses in 27 of 41 retirement years.

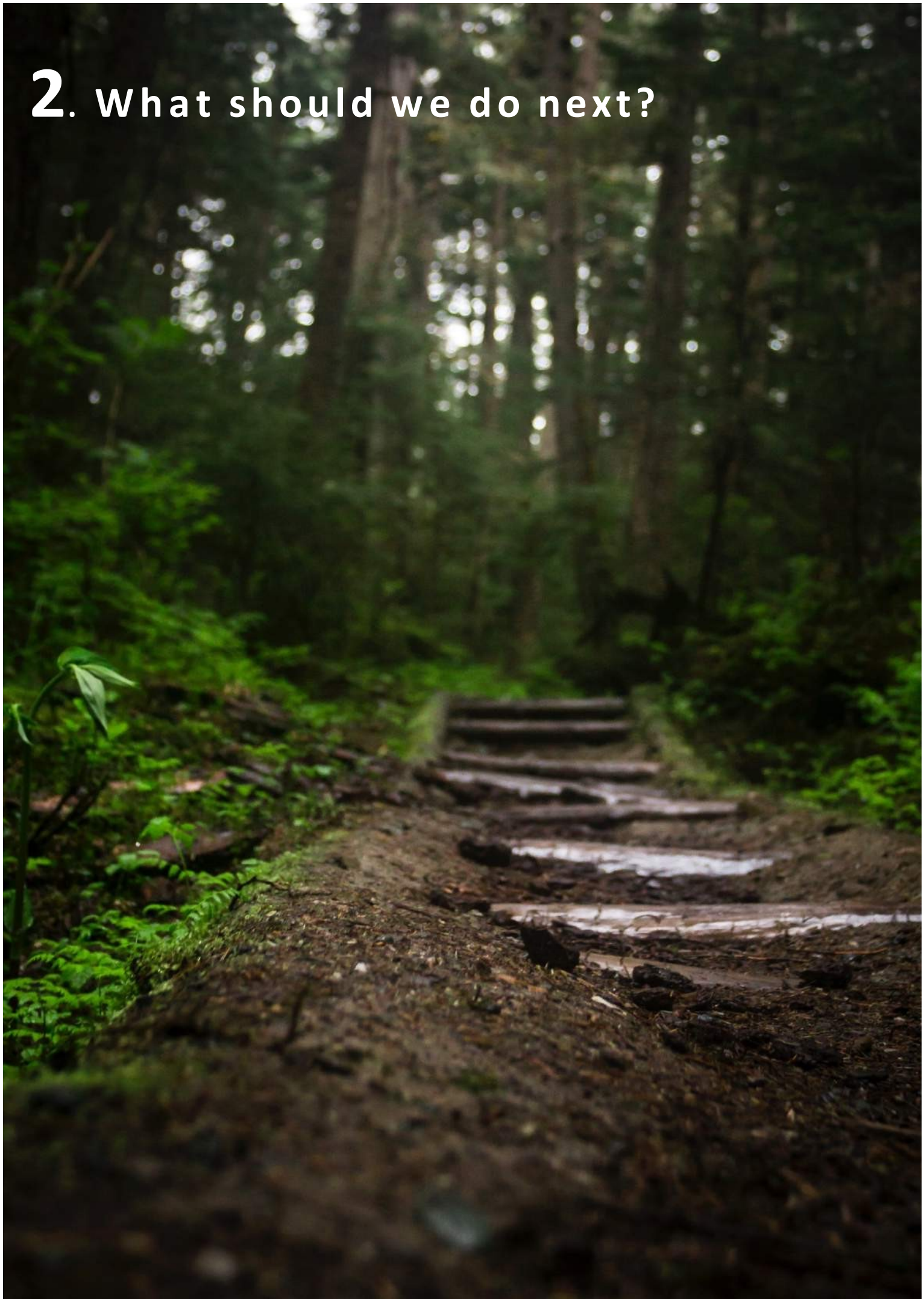
- Expenses are not funded in 27 years
- Expenses are funded in 14 years

You will have shortfall in 27 of 41 retirement years.

You can prevent the shortfalls with an additional lump sum of £201,953 in 2027.

Or, you can save an additional £44,266 per year.

## 2. What should we do next?



## Your Action Plan

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Putting your plan in place & making it all happen.

A clear plan of action that lays out your priorities  
& the steps required.

# Things to Consider....

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## What's Important to You:

Getting clear on your values makes financial decisions easier.

- Family
- Security and peace of mind with money "I worry that I won't have enough"
- Freedom. - "Do the things we want to do".
- Have more time

## What are your goals?

Money is a vehicle for reaching your goals , not the goal itself

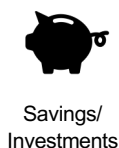
- Retire at age 55.
- Have £75K passive income
- Pay minimal taxes
- Feel confident about my investment choices
- Have a plan so we don't run out of money
- Make sure the kids are secure

## Where are we Today?

Potential Risks to your finances.

- Sequence of Risk
- Inflation - 'the silent killer'
- Longevity Risk - living longer than we think
- Investment Drift - not having a coherent long term multi decade plan
- Market Risk
- Healthcare and long-term care costs
- Paralysis by Analysis - not having a strategy plan

## 8 Keys to your Successful Plan?



## What are the top next steps?

Focus on the things we can control.

## Things to Consider....

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### Savings and Investments:

Cash Savings | Emergency Fund | NS&I | Cash ISA | Stocks and Share ISA | Junior ISA | Lifetime ISA | General Investment Accounts | Onshore/Offshore Bond | Direct Shares | Commodities | Risk Management & Volatility | Diversification & Asset Allocation

- Your Stock & Share ISA is not aligned to your attitude to risk and is underperforming.
- The charges on your S&S ISA are high and uncompetitive, dragging down the overall performance
- You currently have a large emergency fund which we have discussed about reduce this and diverting the excess to S&S ISA to get your money working harder.



### Retirement Planning:

Retirement Age | Regular Premiums | Pension Transfers | Tax Relief | Carry Forward | SIPP/SSAS ISA | DB / DC | State Pension | Income Withdrawal | Flexi-Access | UFPLUS | Death Benefits | Expression of Wishes

- You have several pensions with previous employers that do not align to your attitude to risk and therefore maybe underperforming
- The charges on your current pension are uncompetitive and swapping this to a cheaper provider should be considered
- You have carry-forward allowance which could be used to reduce your corporation tax as well as funding a higher amount into your pension
- Joan currently has opted out of her employer pension. We suggest to revisit this.



### Tax Planning:

Types of Tax | Tax Rates | Tax Bracket | Tax Code | Paying Tax | HMRC | The Budget | P11D/BIK | Claiming Tax Relief | Using Available Allowances | Personal Allowances | Mitigating Tax

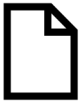
- You could increase your pension contributions to £60K pa and save an extra £5k pa in corporation tax (CT) over and above what you are saving currently.
- You have £60K in carry forward allowance that you could use to make an extra pension contribution from your company, saving CT of £15K
- Joan should contribute to her employer pension; this will save her income tax at 20% along with receiving 'free money' contribution from her employer of 5%



### Debt Management:

Credit Cards | Mortgage Rates | Interest Rates/BoE | Types of Product | Repayment Methods | Over-payments | Flexibility/Offset | Fees/Terms/Lockins | Affordability

- Your mortgage is due for renewal in 9 months. We suggest you start looking for a new rate at 6 months to lock in a rate in case interest rates continue to rise.



### Wills & Trusts:

Understanding Wills | Sorting your Will | NS&I | Trusts | Use of Trusts & Types | Expression of Wishes | Lasting Power of Attorney | Funeral Wishes | Inheritance Tax | Gifting/PETs/CLTs | Philanthropy/Legacy | Tax Implications | Rules of Intestacy

- You currently do not have a will set-up.
- You currently do not have an LPA setup.
- We have analysed your potential Inheritance Tax liability which is current £zero



### Insurance Coverage:

Life Insurance | Critical Illness | Income Protection | Private Medical | Home Insurance | Vehicle Insurance | Travel Insurance | Pet Insurance | Dental Insurance | Business Insurance

- Neither of you have any life or critical illness cover.
- We have assessed that if John die today , Joan would require an extra £651,953 to maintain her lifestyle
- We have assessed that if Joan die today , John will require an extra £483,203 to maintain his lifestyle.



### Cash Flow:

Budget Planning | Income & Expenditure | Disposable Income | Emergency Fund | Reducing Debt | Overpaying Mortgages | Savings/Investing Rate | Run Out of Money? | Die With Too Much Money?

- We have provided a detailed cash flow analysis of your current situation
- Based on current assumption , you will run out of money at age (John) age 71.
- We have discussed various options to reduce this shortfall and provided this information under separate cover (see summary on page 5)



### Lifestyle:

Achieving Financial Independence | Goals & Objectives | Bucket List | Purpose | Interests | Health & Fitness | Longevity | Career Changes | Building Wealth | Affordability | Post Retirement Options / chapter3 |

- You currently have a desire to retire at age 57. However , as previously stated based on current assumptions you would run out of money at age 71.
- We demonstrated some alternative scenarios for you i.e (i) reduce retirement income , (ii) increase retirement age to age 60 (iii) semi retire at 57 then take on part time role - this was all to demonstrate a way to never run out of money and keep your optimal lifestyle requirements.

*"Someone is sitting in the shade today  
because someone planted a tree a  
long time ago" - Warren Buffett*



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Financial Planning