



Case Study

Investing the proceeds of a business sale

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I worked with Mr H to achieve his financial priority of keeping his financial situation as simple as possible and protecting his capital with a cautious approach to investment risk.

Simon Armstrong, Independent Financial Adviser, St Albans, Hertfordshire

Current situation

Mr H called me because he had recently sold a buy-to-let property business and required financial advice. Mr H had investment knowledge, but he had previously reinvested income into his property business and had not focused on personal financial planning priorities for his family. Although he now wanted to protect the majority of his business proceeds so they could be reinvested in another business opportunity, he wanted independent financial advice on investing tax efficiently. Mr H's financial priority

was to keep his financial situation as simple as possible as he now wanted to protect his capital with a cautious approach to investment risk.

*For a free initial consultation contact
Simon Armstrong on 01727 845 500 or
email sarmstrong@lonsdaleservices.co.uk*

How Simon added value with his independent financial advice

□ Planned a sustainable income for the family

When Simon Armstrong initially met Mr H, he asked him to come prepared with an idea about current and future spending patterns. To work out how much income the family required going forward, Mr H was asked to work out how much basic, discretionary and capital expenditure the family required. These figures were then input into a Lifetime Financial Plan so Simon Armstrong could determine the best combination of investments to achieve the income required.

□ Explained recent pension and inheritance tax planning legislation

Although Mr H understood investments he did not understand the implications of new pension and inheritance tax legislation. Simon Armstrong was able to explain how the legislation affected him and he used his Lifetime Financial Plan to demonstrate the effect of various investment decisions on his financial situation.

□ Coordinated with other professionals on behalf of the client

The complexity of Mr H's financial situation meant that it was necessary to liaise with other professional intermediaries to action the financial advice required. To set up the relevant inheritance tax planning involved liaising with Mr H's solicitor and his accountant.

□ Invested tax efficiently

Mr H and his wife had not regularly invested in pensions so Simon Armstrong recommended fully funding their pensions and setting up pensions for their children. He also ensured that their New Individual Savings Account (NISA) allowance was used up and recommended the family used the allowance each year.

□ Advised on philanthropy

Mr H was interested in charitable projects and was considering 'impact investing,' as he wished to consider socially responsible investment. Simon Armstrong recommended contacting a number of institutions that provide guidance with impact investing opportunities.

Key considerations for an individual investing the proceeds from a business sale

- Review your personal financial planning priorities
- Calculate the basic, discretionary and capital expenditure you require to achieve your financial goals
- Decide on your risk/reward profile and the length of time you intend to invest
- Consider involving other professionals to liaise with your independent financial adviser

Summary

Mr H has now found another business opportunity in property and is reinvesting the majority of his capital. By using the services of an independent financial adviser he knows how much capital he must ring-fence to generate the necessary income he requires going forward. He is now confident that, whatever happens with his new business venture, he will always have sufficient income.

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