Lifetime Financial Planning



LONSDALE

Our aim is to help you achieve your financial goals. Our lifetime financial planning model allows us to manage this process for you by planning your future finances.

Simon Hawker
Managing Director
Lonsdale Services

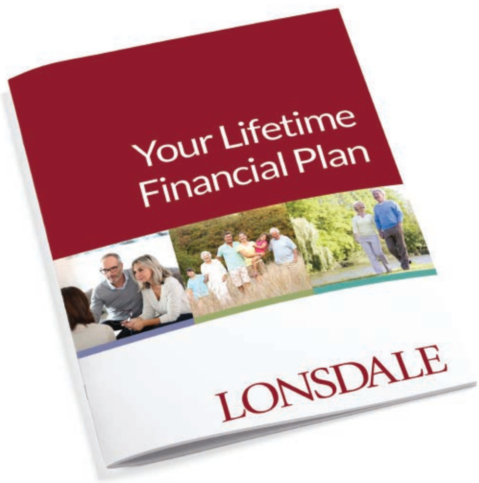
How can modelling your lifetime finances achieve your personal goals?

Lifetime Financial Planning helps you visualise your wealth by creating a plan which helps you understand how life events or decisions will impact your future finances. It is not a product or an investment solution in itself but a fundamental part of financial planning to help you achieve your financial priorities at any stage of your life.

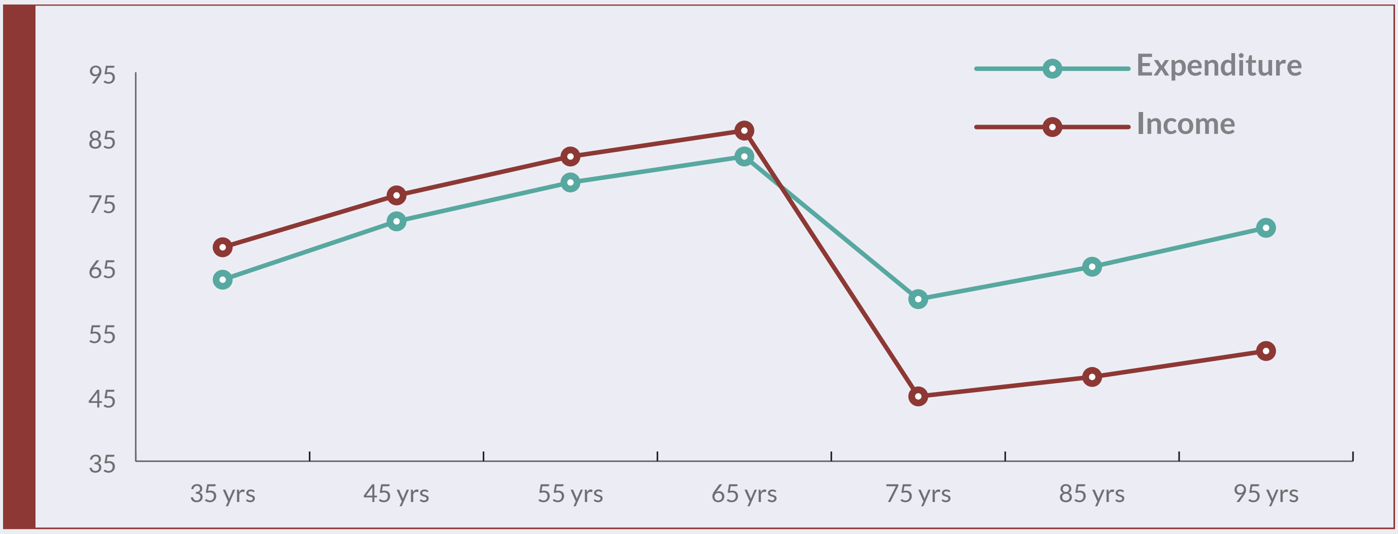
Just like starting a long journey with a road map, Lifetime Financial Planning will help you understand where you are heading financially, the route you will take to get there and the decision points you need to be aware of along the way. Once your Lifetime Financial Plan is set up we can model different assumptions to show you how various scenarios will impact your plan, so you always make the most informed and appropriate financial decisions. Reviewing your plan regularly will enable you to monitor progress and ensure you remain on the right track.

Key Considerations of Lifetime Financial Planning

- Catastrophic Event Planning
- Income and Expenditure Planning
- Retirement Planning
- Long-term Care Planning
- Estate Planning



Retirement Planning Example

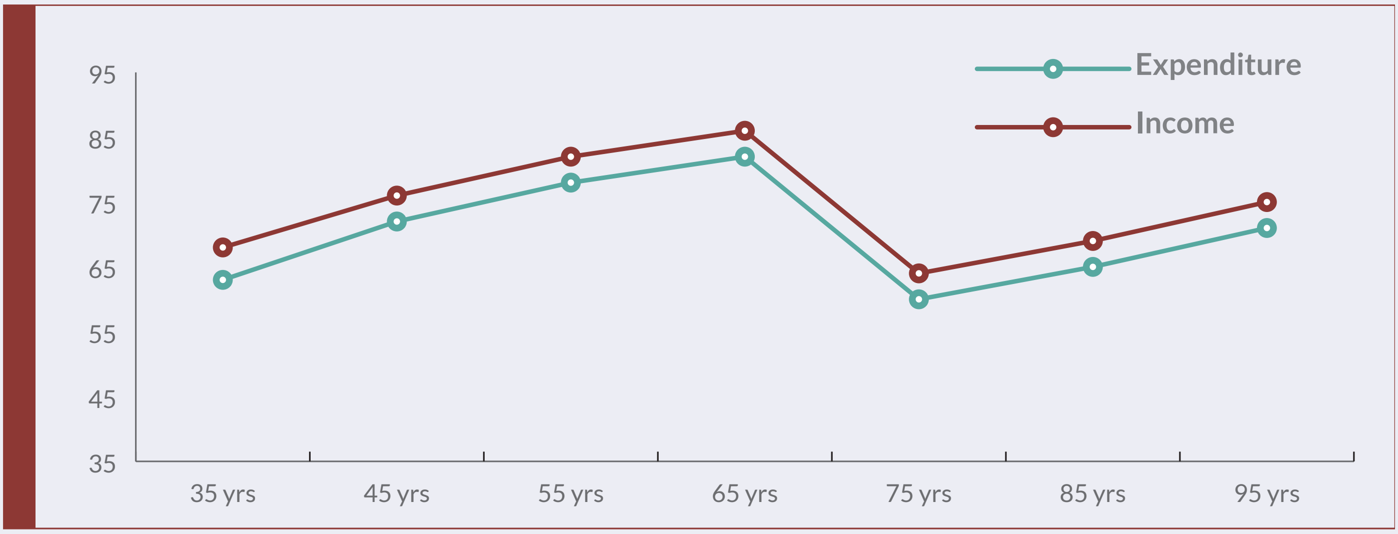


The example above shows how a couple can build up an income surplus while they are working at a time when their income exceeds expenditure. However, unless this surplus is invested appropriately for their retirement, they could suffer an income shortfall when they retire, even if we assume they reduce their spending from the age of 65.

If the couple used the Lifetime Financial Planner they could predict their post-retirement income shortfall, as the planner makes assumptions about your future wealth, the cost of nursing care and medical expenses in retirement. The couple could then consider the most appropriate way to fund this deficit by investing their income surplus in personal pensions and other tax-efficient investments while they worked.

By regularly monitoring their actual and predicted income and expenditure through the Lifetime Financial Planner, the couple can continue to increase or decrease investment in their portfolio to achieve their required retirement income.

Income and Expenditure levels after using Lifetime Financial Planning



Use our 5-step process to achieve your financial objectives:

1. Agree your financial priorities
2. Evaluate your current financial circumstances
3. Test assumptions and agree variables within your Lifetime Financial Plan
4. Action the requirements in your plan
5. Regularly monitor and review your plan

Use our Financial Planning checklist to review your financial priorities:

- ☐ What are your financial goals and aspirations?
- ☐ What financial products do you already have?
- ☐ What are your key financial priorities (protection, investment or estate planning)?
- ☐ How much money can you invest or regularly save?
- ☐ What level of risk are you prepared to take?
- ☐ What level of returns do you need or expect?
- ☐ What level of product charges are you willing to pay?
- ☐ What is your investment planning time-frame?

We contacted Lonsdale Wealth Management after the company was recommended to us as we were approaching retirement and wanted to understand if our pensions and investments would give us the retirement we wanted. Their consultant took time to understand our current position as well as what we wanted from our retirement. He then created a detailed plan which helped us visualise our financial future and demonstrated that we could retire slightly earlier than we originally anticipated.

Mr & Mrs J
Staffordshire

Our three client examples illustrate how useful Lifetime Financial Planning can be in answering specific questions or concerns.

Mr & Mrs Grey

Age **44 years**

Twins aged **4 years** old

Main Residence **£500,000**

Investments **£15,000**

Cash Savings **£45,000**

Current Annual Income (net) **£70,000** p.a.

Current Annual Expenditure **£55,000** p.a.

From age **67**

State Pension **£13,000** p.a. each

Mr Grey has a Defined Benefit Pension of **£4,000** p.a.

Key Concerns

1. How do we fund university education for our children?
2. Can we afford to maintain the same lifestyle in retirement?

Mr Brown

Age 58 (single with no dependents)
Main Residence **£300,000**
Investments **£170,000**
Cash Savings **£50,000**
Total Estate **£520,000**
Current Annual Income (net) **£60,000** p.a.
Current Annual Expenditure **£40,000** p.a.
From age **66**
State Pension **£13,000** p.a.
Defined Contribution Pension worth **£160,000**

Key Concerns

1. How can I most effectively fund my retirement?

2. If I was unable to work from 62 how would it affect my finances?

Mr & Mrs Green

Age **75**
Main Residence **£380,000**
Investments **£575,000**
Cash savings **£87,000**
Total Estate **£1,042,000**
Current Annual Income (net) **£36,000** p.a.
Current State Pension (net) **£13,000** p.a.
Clients have **£6,000** surplus p.a. after expenses

Key Concerns

1. Can we afford to maintain the same lifestyle for the remainder of our lives?

2. Can we afford to gift assets to our family?

3. If we needed nursing care how would it affect our finances?

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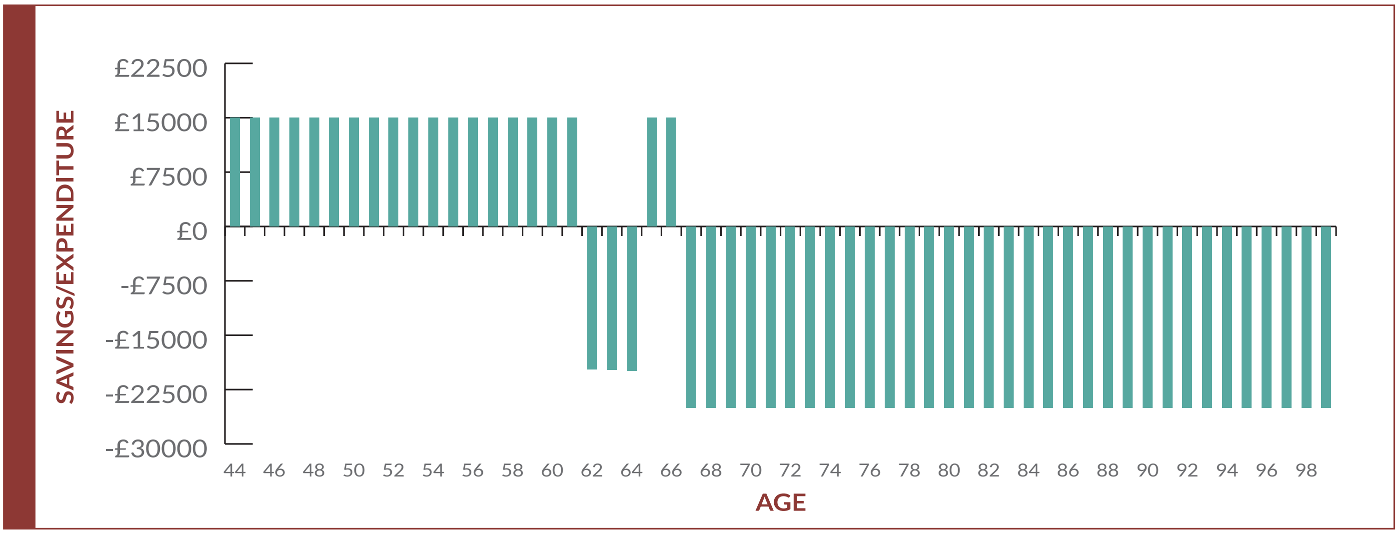
1. How do we fund university education for our children?

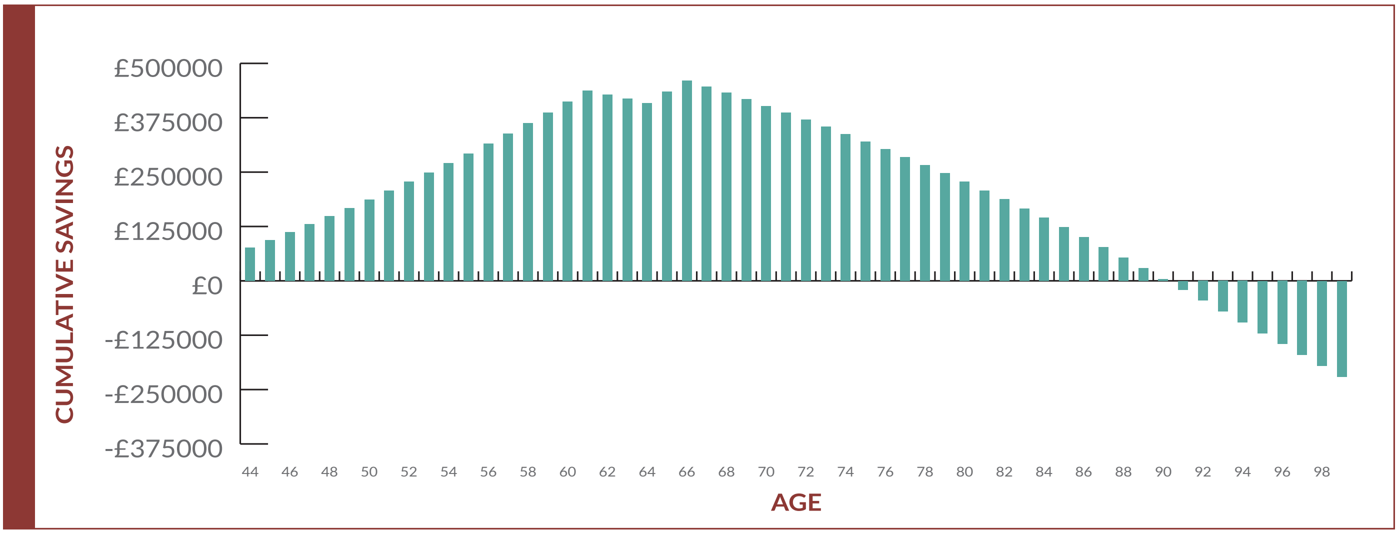
Mr & Mrs Grey's cashflow p.a.



The forecast assumes Mr and Mrs Grey continue to save £15,000 p.a. until their children go to university when the couple are age 62 . (In this example - when the couple are 44 years old university fees are assumed to be £9,000 p.a and are forecast to increase annually by 0.5%.)

2. Can we afford to maintain the same lifestyle in retirement?

Mr & Mrs Grey's projected wealth age 44-98



Assuming Mr and Mrs Grey maintain their current spending and work until they receive their state pensions at aged 67 and Mr Grey's defined benefit pension scheme, there is currently a £25,000 p.a. shortfall in their pension provision.

The couple could:

(a) Review their projected expenditure in retirement

(b) Consider saving or investing more current disposable income now to fund their retirement

(c) Invest any surplus income in tax-efficient savings products, for example (pensions, ISAs or bonds), to provide extra income for their retirement.

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1. How can I most effectively fund my retirement?
2. If I was unable to work from 62 how would it affect my finances?

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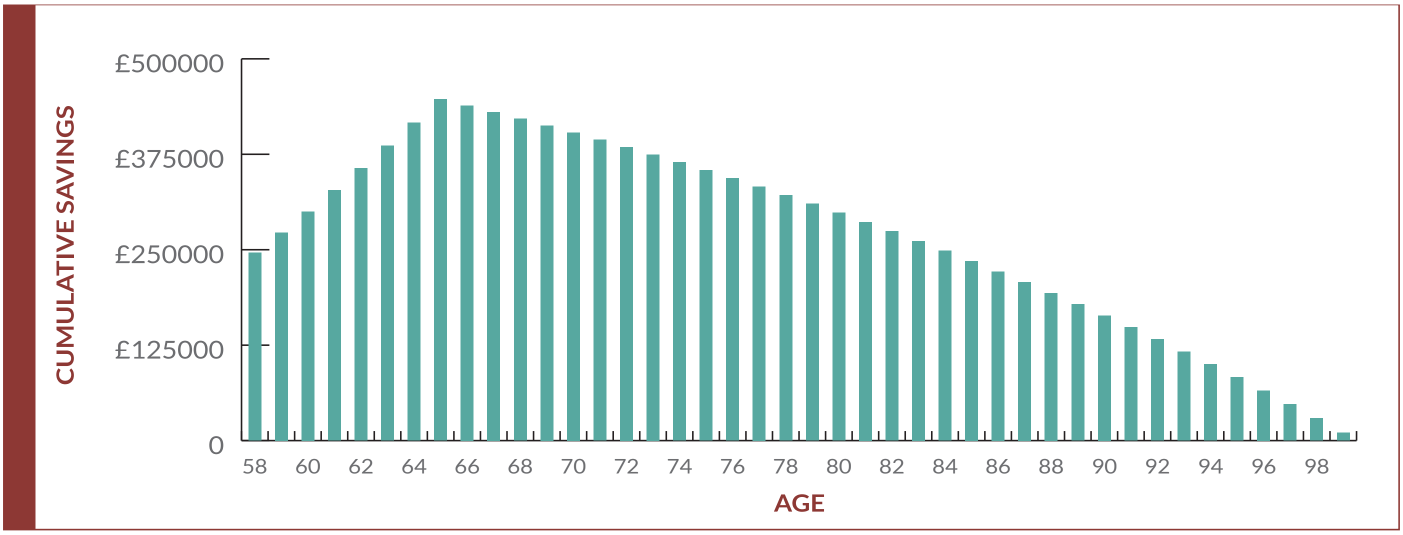
1. How can I most effectively fund my retirement?

Assuming Mr Brown maintains the same lifestyle in retirement and purchases an annuity with his defined contribution pension scheme for approximately £8,000 p.a., he would have an income shortfall of approximately £19,000 p.a. in retirement.

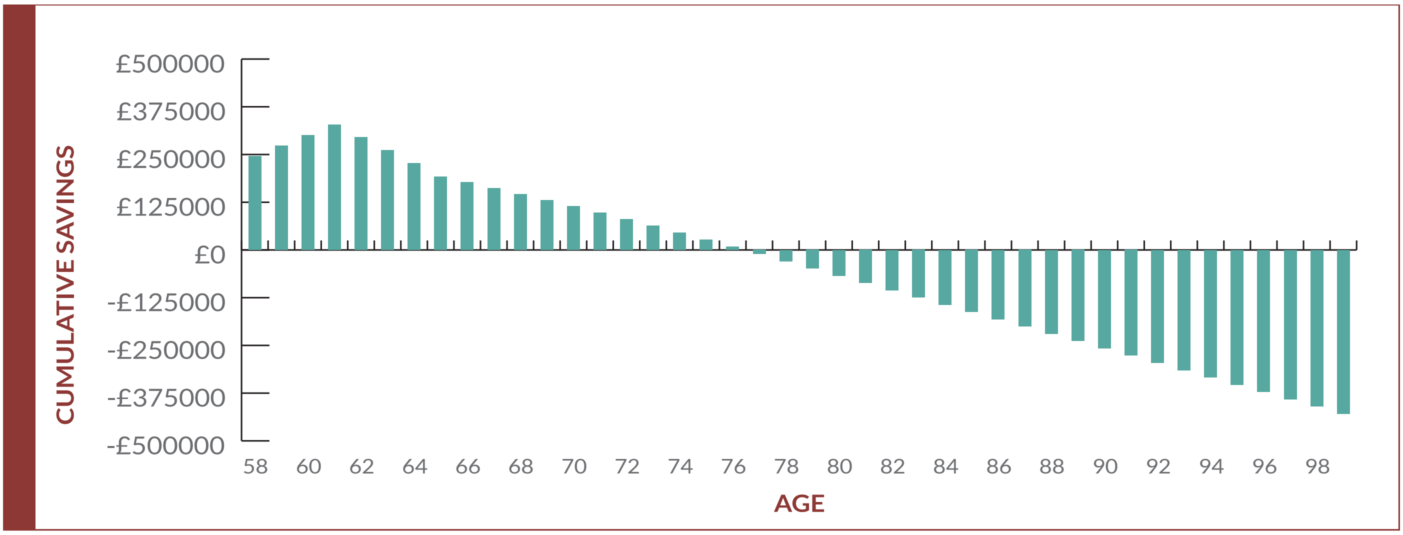
Mr Brown's projected wealth age 58-98



Mr Brown should review his spending plans for retirement. He may require more income at the start of his retirement but budget to spend less than £40,000 in later life. If this is the case he may be better off making flexible withdrawals from his defined contribution pension scheme rather than purchasing an annuity in retirement.

2. If I was unable to work from 62 years old how would it affect my finances?

Mr Brown's wealth if he stopped work after age 62



Assuming Mr Brown maintains his current expenditure the graph shows how his wealth (investments and savings) would be spent by his 77th year if he was unable to work between 62 and 66 years old. To insure against this happening he could consider taking out a permanent health insurance policy to guarantee him an income if he was unable to work until he retires at age 66.

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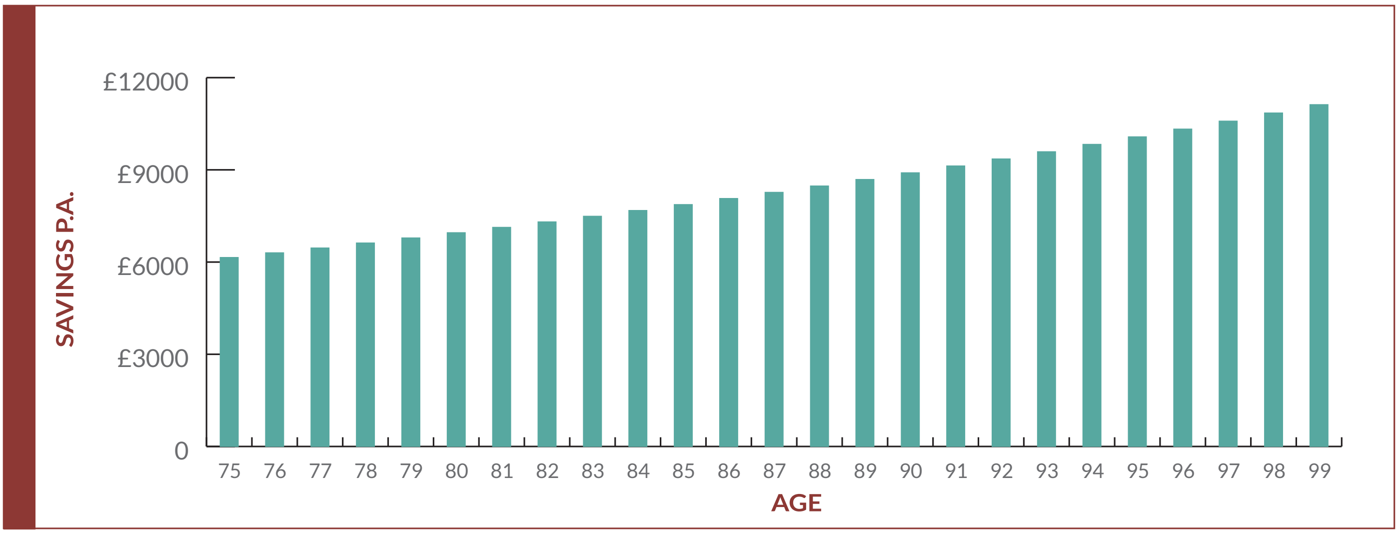
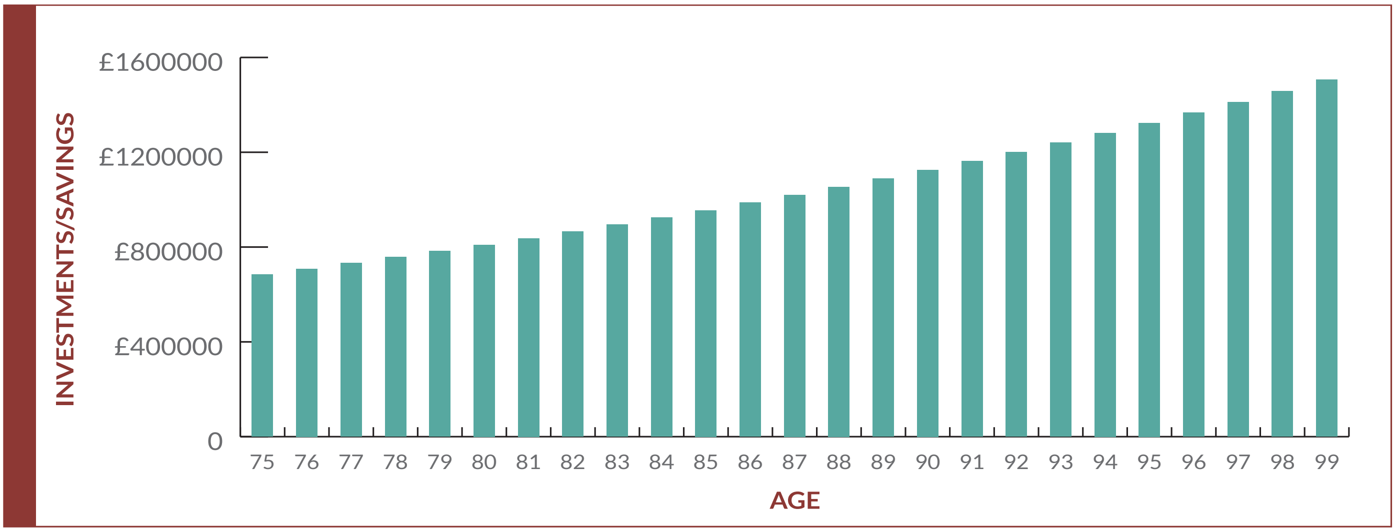
1. Can we afford to maintain the same lifestyle for the remainder of our lives?

Mr & Mrs Green's projected savings p.a.



The surplus cashflow is forecast to increase by 2.5% p.a. as pension payments increase. Some of this surplus income could be used to make regular gifts – fund education for grandchildren, or start stakeholder pensions.

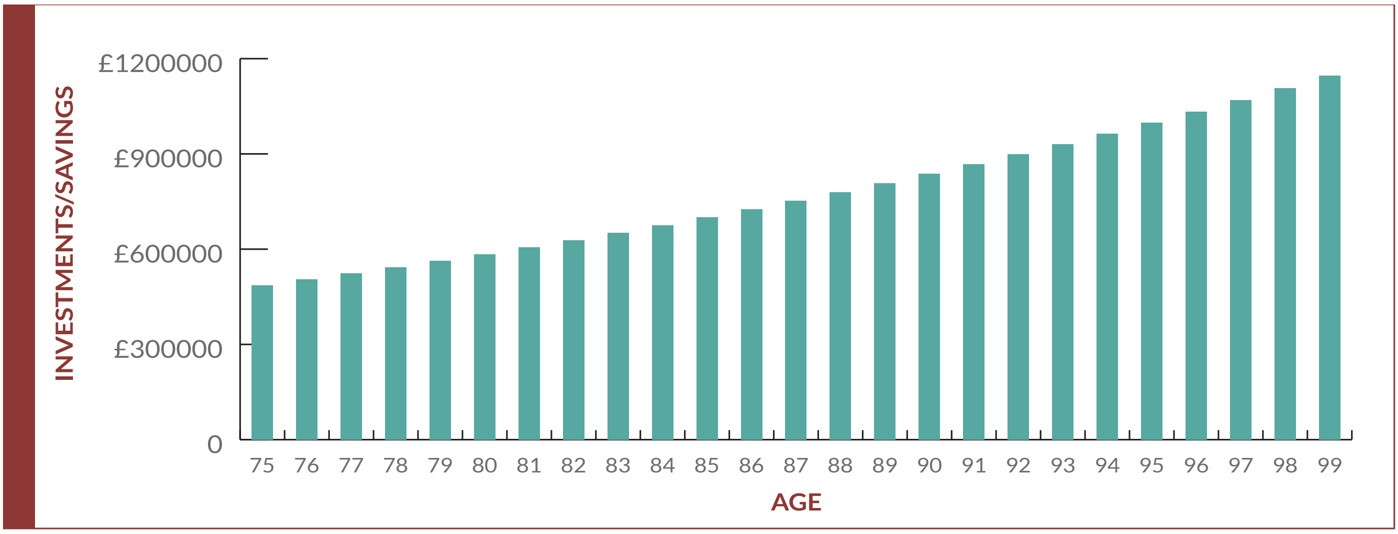
Mr & Mrs Green's investment wealth age 75-94



Wealth excluding their main residence continues to accumulate in real terms. The projection assumes cashflow increases as illustrated and assets increase by 2.5% p.a.

2. Can we afford to gift assets to our family?

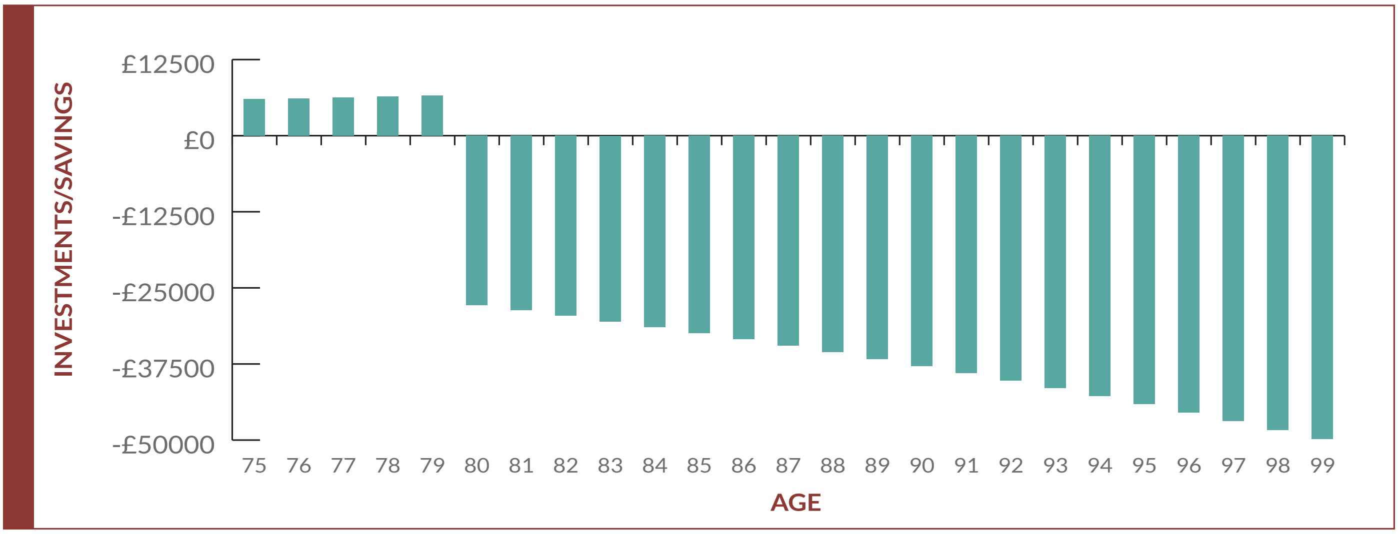
Mr & Mrs Green's projected wealth accumulation after gifting £200,000



Even though the value of their investments/savings are reduced by £200,000 at aged 75, Mr and Mrs Green still have surplus income which can be used to make regular gifts from their income. Wealth continues to accumulate in real terms, allowing for flexibility in later life.

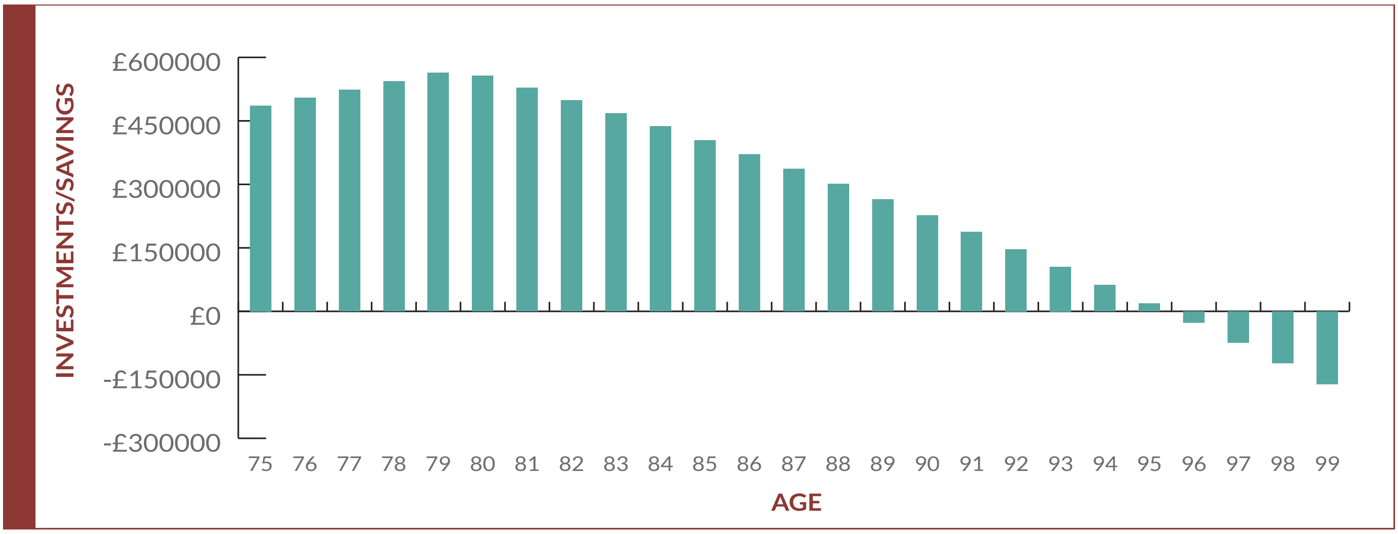
3. If we required nursing care how would it affect our finances?

Cashflow after nursing costs for Mr Green



If Mr Green requires nursing care from aged 80, the cost is forecast to increase by 3% p.a. and the couple no longer have surplus income. They would have to use investments and savings to supplement his long-term care costs.

How gifting and nursing care costs affect Mr & Mrs Green's projected wealth



Assuming the couple gift the £200,000 when they are 75, and Mr Green requires nursing care from aged 80, all care costs could be sustained from investments or savings until they are 96, when these savings would be depleted.

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About us?

Lonsdale Wealth Management has brought together a group of like-minded Independent Financial Advisers to offer individuals and companies a holistic approach to financial advice and planning. As a privately owned business, we can afford to look after your best interests and focus on your long-term financial goals. Our main office is in St Albans and our regional offices support clients across the United Kingdom.

Lonsdale advisers communicate in an open and straightforward manner. Together we deliver results that will achieve your financial goals. We act with the utmost integrity, reliability and value. These core values ensure we always put your interests first.

Client service is important to us, and our aim is to work with clients on an ongoing basis. As a result we have developed long-term partnerships with many of our wealth management clients. We believe that professional advice can add significant value to you. To maximise this value we also offer you a comprehensive planning and review service. When you become a Lonsdale client you will also benefit from regular face-to-face meetings with your designated adviser.

We are committed to working in partnership with you to achieve your financial goals. We will be open and honest with you at all times and act with integrity in everything we do. We believe you have the right to expect value for money from us, which is exactly what we seek to deliver.

Simon Hawker
Managing Director,
Lonsdale Services

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Because you deserve independent advice and support

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