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Financial Planning for Those Still Working – Case Study

Mr & Mrs Jones, age 50, looking to retire at age 60, business owners, two children age 16 and 17.

£350,000 house   £50,000 cash   £200,000 pensions   £100,000 investments   Household Income - £100,000 p.a.

Challenges

1. Wanted to know 'how much is enough' to enable them to retire at age 60 and maintain their standing of living into retirement.
2. Required advice as to what they needed to do to make this happen.
3. Built up a collection of pensions and investments with no real strategy or structure. Wanted these to be organised, simplified and to generate less paperwork.
4. Concerned that the surviving spouse and the children may not have enough money in the event of either death.

What We Did

1. Calculated how much Mr and Mrs Jones would need to fund their desired lifestyle both up to and into retirement (including university costs). Calculated how much they needed to save on a regular basis to build up this capital.
2. Created a tax efficient strategy for the regular savings using individual savings accounts and pension plans. The extraction of money from the business as an employer pension contribution saved corporation tax of £2,500 pa.
3. Established their tolerance to risk using a sophisticated risk profiling system. We were able to reduce the level of risk within their investments and still keep them on track to meet their objective of retiring at the age of 60.
4. Reorganised investments and pensions using the low cost brb financial horizons ltd investment process. Generated cost savings of £1,400 per annum.
5. Improved returns from cash deposits by £500 per annum.
6. Calculated the long-term financial position of the household in the event of either death. Arranged low cost life assurance cover on Mr Jones' life (written in trust to remove these monies from his estate) to ensure that the family would be able to maintain their existing lifestyle.

The Results

1. Provided a clear strategy setting out what Mr and Mrs Jones needed to do to meet their retirement objectives.
2. By reducing the level of risk being taken within their investments, gave greater security and peace of mind whilst still meeting their objectives.
3. Saved £2,500 per annum in corporation tax, reduced investment charges by £1,400 per annum and increased interest on cash deposits by £500 per annum.
4. By restructuring their investments and pensions, their financial affairs were greatly simplified.
5. Provided security and peace of mind that the family would be well provided for in the event of either death.