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# Important Notes

This analysis provides only broad, general guidelines, which may be helpful in shaping your thinking about your retirement planning needs. It can serve as a guide for discussions with your professional advisers. The quality of this analysis is dependent upon the accuracy of data provided by you. Calculations contained in this analysis are estimates only.

Actual results may vary substantially from the figures shown. All rates of return are hypothetical and are not a guarantee of future performance of any asset, including insurance or other financial products. All inflation rates are estimates provided by you.

This analysis contains very specific computations concerning the value of your assets today. These computations are based on assumptions you provided concerning the value of your assets today and the rate at which the assets will appreciate. These assumptions must be carefully reviewed for their reasonableness. These assumptions are only a "best guess". The actual values, rates of growth, and tax rates may be significantly different from those illustrated. The actual taxes due may be significantly greater or smaller than those illustrated. No guarantee can be made regarding values and taxes when actual appreciation rates and tax rates cannot be known at this time.

For illustrative purposes, many assumptions must be made. These assumptions are not to be considered as legal advice; only your legal counsel should provide such advice. No legal or accounting advice is being rendered either by this report or through any other oral or written communications. Please discuss legal and accounting matters directly with your counselors in each of those areas. Because your planning concerns and goals may change in the future, periodically monitoring actual results and making appropriate adjustments are essential components of your program. Annual updating allows a year of estimated values to be replaced with actual results and can be very helpful in your determining whether your plans are on your desired course. Strategies may be proposed during the course of planning, including the acquisition of insurance and other financial products. When this occurs, additional information about the specific product (including a prospectus, if required, or a policy illustration provided by the insurer) will be provided for your review.



## **CURRENT SITUATION**

# Your Test Drive's Goals

## Scenario: Current Situation

Many retirement goals have a cost associated with them. These goals then become expected outgoing payments for your retirement lifestyle. The goal of your retirement "test drive" is to see if your anticipated income, along with the assets and investments you indicated as available for retirement, are adequate for the expected outgoing payments for your lifestyle.

### Goals necessary to maintain your retirement lifestyle:

#### Maintain insurance coverages:

- ABC Term for Andrew and Jenny
- Disability for Andrew

#### Essential Living expenses:

- Final Expenses Andrew
- Retirement Living Expenses
- Final Expenses Jenny
- Living Expenses

#### Education expense:

- University
- University

#### Pay debts:

- Loan for Family Home

### Retirement Plans

Asset	Limit Uses to	Current Balance
Harris Engineering Money Purchase	Retirement	£25,440
Jenny Stakeholder	Retirement	£9,860
Personal Pension	Retirement	£24,000
Retained Final Salary Pension	Retirement	£5,000

### "Restricted Assets" that should not be used for retirement

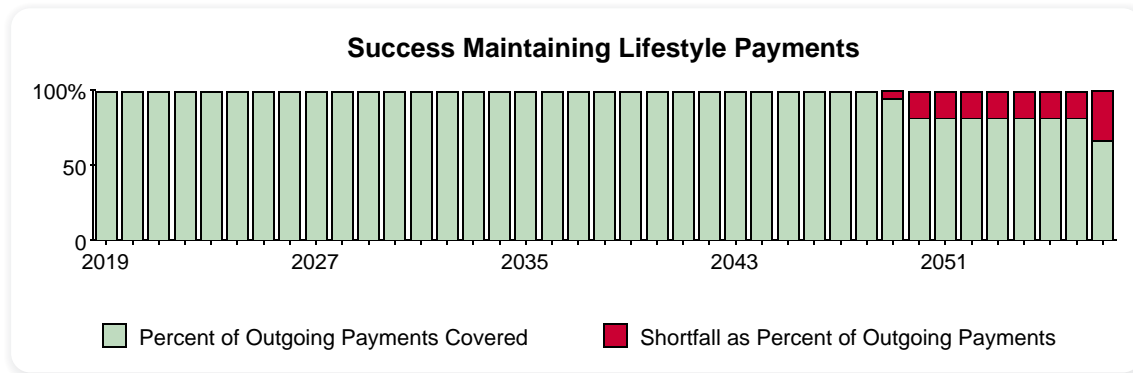
Asset	Limit Uses to	Current Balance
Family Home	Do Not Use	£345,000
Average Car Value	Do Not Use	£15,000
Investment Bond	Do Not Use	£14,365
Jenny Stakeholder	Do Not Use	£9,860

**A successful "test drive" provides for these goals.**

# Test Drive Results

## Scenario: Current Situation

If Jenny lives to age 85 and Andrew lives to age 85, does this scenario provide for all outgoing payments each year?



**A shortfall occurs in December of 2049 with "restricted assets" equal to £714,375 at the end of that year.**

There are shortfalls when your desired expenses exceed your estimated income. At that time, you would have to modify your lifestyle expenses to the available income unless restricted assets are used.

### You may want to reconsider your lifestyle expenses or the date of retirement

- Are your lifestyle expenses "nice to have" or necessary to maintain your lifestyle?
- Delaying retirement a year or two may help eliminate the shortfall.

### Consider additional savings

- Monthly savings<sup>1</sup> between now and retirement of £964 could help eliminate the shortfall.
- Monthly savings<sup>1</sup> between now and retirement of 13% of income each year could help eliminate the shortfall.

### Consider revising or repositioning investments or qualified plans distributions

- Review your asset allocations.
- Review each retirement plan and its distribution options.

### Consider "downsizing" your home

- Your home equity, estimated at £673,093 in 2049 that may be a source of retirement income.

### Consider changes that may further reduce taxes during retirement

- Reconsider each qualified retirement plan for optional ways of taking distributions.

**Review your "restricted assets" to see which, if any, you may use**

**Additional "test drives" can be taken to evaluate changes.**

<sup>1</sup> Shortfall estimated to occur December of 2049. An alternative source of income would be restricted assets, if any. Otherwise, you would have to reduce your lifestyle expenses.

# Your Retirement Payments

Scenario: Current Situation

## Your Outgoing Lifestyle Payments

Your retirement needs consist of making all outgoing payments necessary to maintain your lifestyle. In addition to making your payments, you do not want to use any assets you have designated for other purposes or have indicated that it should not be used. Your goal is to make all of these outgoing payments necessary for your retirement lifestyle.

## Expenses

Description	Amount	Frequency	Percent Continuing after First Death	Percent Continuing after First Retirement
Final Expenses Andrew	£10,000	Annual	100%	100%
Final Expenses Jenny	£10,000	Annual	100%	100%
Retirement Living Expenses	£2,400	Monthly	100%	100%
Living Expenses	£2,400	Monthly	70%	100%

## Liabilities

Name	Balance	Date of Balance	Interest Rate	Payment	Frequency
<b>Existing Debts</b>					
Loan for Family Home	£95,000	14 Jun., 2016	4.500%	£630	Monthly

YOUR CURRENT SITUATION

# Your Retirement Payments

Scenario: Current Situation

This graph assumes Jenny lives to age 85 and Andrew lives to age 85.

## Expected outgoing payments to maintain your lifestyle

Year	Basic Expenses	Educ. & Spec. Needs	Loan Payments	Retirement Plan Contributions	Discretionary Spending	Taxes	Total Outgoing Payments
2019	17,500	0	4,410	1,750	3,955	1,033	28,648
2020	30,864	0	7,560	3,000	7,782	2,983	52,189
2021	31,754	0	7,560	3,000	8,304	3,136	53,755
2022	32,671	0	7,560	3,000	8,874	3,264	55,368
2023	33,615	3,517	7,560	3,000	6,646	3,396	57,734
2024	34,587	8,695	7,560	3,000	2,094	3,530	59,465
2025	35,589	8,955	7,560	3,000	2,477	3,668	61,249
2026	36,620	13,067	7,560	3,000	1,811	3,811	65,870
2027	37,683	15,043	7,560	3,000	1,208	3,940	68,434
2028	38,777	9,786	7,560	3,000	3,696	4,089	66,908
2029	39,905	10,079	7,560	3,000	4,127	4,248	68,919
2030	41,066	6,056	7,560	3,000	6,891	4,414	68,987
2031	42,262	0	7,560	3,000	11,000	4,600	68,422
INITIAL RETIREMENT YEARS							
2032	43,278	0	7,560	1,600	5,538	2,527	60,504
2033	44,115	0	7,560	0	0	12	51,687
2034	45,099	0	7,560	0	0	0	52,659
2035	46,216	0	431	0	0	0	46,647
2036	47,602	0	0	0	0	0	47,602
2037	49,030	0	0	0	0	0	49,030
2038	50,501	0	0	0	0	0	50,501
2039	52,016	0	0	0	0	0	52,016
2040	53,576	0	0	0	0	1,495	55,071
2041	55,184	0	0	0	0	1,778	56,962
2042	56,839	0	0	0	0	1,376	58,215
2043	58,544	0	0	0	0	1,242	59,787
2044	60,301	0	0	0	0	3,139	63,440
2045	62,110	0	0	0	0	3,630	65,740
2046	63,973	0	0	0	0	3,766	67,739
2047	65,892	0	0	0	0	3,891	69,784
2048	67,869	0	0	0	0	4,020	71,889
2049	69,905	0	0	0	0	3,968	73,873
2050	72,002	0	0	0	0	466	72,469
2051	74,162	0	0	0	0	461	74,624
2052	76,387	0	0	0	0	456	76,843
2053	78,679	0	0	0	0	451	79,130
2054	81,039	0	0	0	0	445	81,485
2055	83,470	0	0	0	0	440	83,910
2056	85,975	0	0	0	0	434	86,408
SEASONED RETIREMENT YEARS							
2057	119,302	0	0	0	0	110	119,412



# Taxes during Your Retirement

Scenario: Current Situation

This graph assumes Jenny lives to age 85 and Andrew lives to age 85.

## Taxes after retirement

Taxable income usually decreases during retirement, but must be considered in any scenario. When securities or assets are sold to provide retirement income, capital gains taxes must be considered.

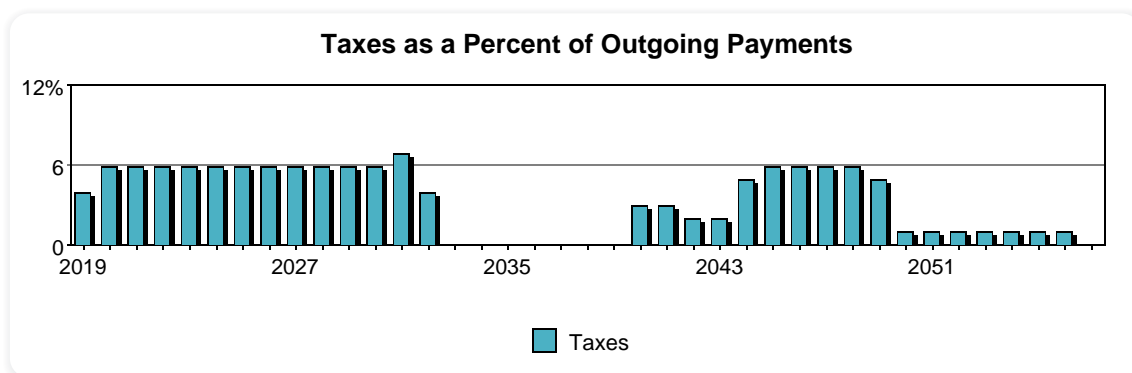
## Taxation risk

"Taxation risk" is not knowing how taxes may affect your future income. Generally speaking taxes maintain a similar relationship to taxable income over time. By applying your effective average tax rate to estimated taxable income, you can see the likely affect of taxes during your retirement "test drive."

## Income Tax Rates Used for Estimated Taxable Income

### Income Tax Rates

Basic Income Tax Rate	20%
Higher Income Tax Rate	40%
Capital Gains Tax Rate	18%



## Qualified retirement plans

Qualified retirement plan distributions are taxable. How you take your income from your qualified retirement plan affects both your retirement income and your retirement payments.

## Taxable income and taxes affects retirement needs

# Primary Sources of Retirement Income

## Scenario: Current Situation

Your retirement income comes from several sources. Some income you receive is from sources you have little control over such as State Benefits. Some income is a result of choices you have made such as retirement plan distributions. The balance of your income must come from your assets as earnings, withdrawals, or liquidations.

### State Benefits

Andrew is eligible for certain State Benefits. Andrew's State Benefits are based on levels in today's terms increased by inflation. Andrew plans to take State Benefits starting at age 65.

Jenny is eligible for certain State Benefits. Jenny's State Benefits are based on levels in today's terms increased by inflation. Jenny plans to take State Benefits starting at age 60.

### Qualified Retirement Plans

#### Retirement Plans

Name	Owner	Current Balance	Balance As Of	Growth Rate	Owner Contrib'ns	Employer Contrib'ns
Harris Engineering Money Purchase	Andrew	£25,440	27 Feb., 2017	5.000%	£100	£100
Jenny Stakeholder	Jenny	£9,860	27 Feb., 2015	6.000%	£50	£50
Personal Pension	Andrew	£24,000	28 Sep., 2015	5.000%	£100	£0

#### Pension Plans

Name	Owner
Retained Final Salary Pension	Andrew

### Income Transactions

All other income items and transactions will be reflected in the analysis as they are specified. If income is not sufficient to make the outgoing payments in a month, then assets will be used in the order listed below, but honoring all of your restrictions.

### Other Assets

Asset	Limit Uses to	Current Balance
Cash Account	Unrestricted	£0
Bank Account	Unrestricted	£1,250
Pension Tax-free Cash Proceeds	Unrestricted	£0
Building Society	Unrestricted	£12,000
Inherited BT Shares	Unrestricted	£7,425
ABC ISA Jenny	Unrestricted	£7,632
ABC ISA Andrew	Unrestricted	£3,546
Harris Engineering Money Purchase	Unrestricted	£25,440
Personal Pension	Unrestricted	£24,000

# Retirement Income by Sources

Scenario: Current Situation

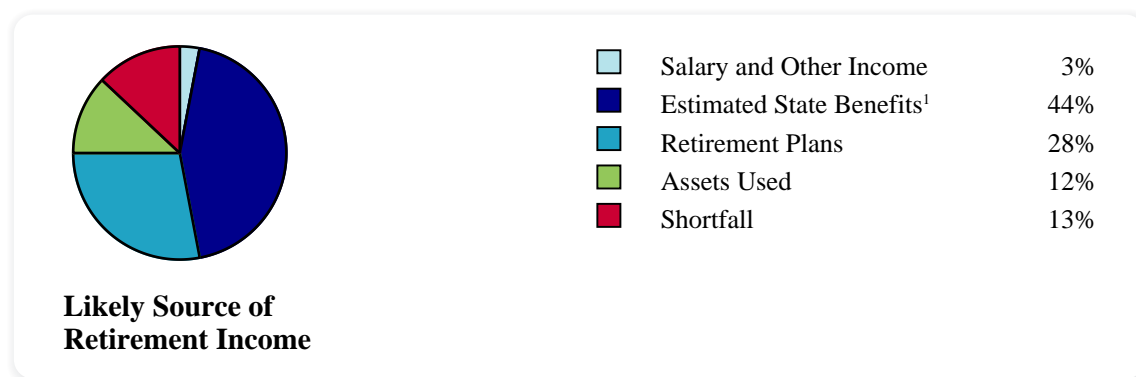
## Retirement Needs

This analysis examines your lifestyle expenses. It then considers sources of income such as any continuing salaries, other income, State Benefits, and your retirement plans. Assets you have designated for use at retirement are also considered. Assets you designated as "Do Not Use," have not been used to pay retirement expenses. Estimated retirement income and available assets are compared to all retirement expenses to determine any shortfalls.

### Retirement Success:

- Paying all lifestyle expenses
- Not using any restricted assets—those assets you have designated not to use or for another purpose
- Not running out of money

## Sources of Retirement Income



### Retirement Failure:

Estimated income and assets available for your retirement appear to be insufficient to provide for the retirement lifestyle. A shortfall occurs in December of 2049 with "restricted assets" equal to £714,375 at the end of that year.

### A cash flow failure occurs

The value of expenses not covered, the shortfall, at the start of retirement in year 2032 is £233,917. Monthly deposits to avoid shortfalls is £964.

<sup>1</sup> State Benefits are based on a number of factors. These include the number of years national insurance contributions have been made and whether you are contributing to additional state pensions such as SERPS and the Second State Pension. Actual State Benefits at retirement may be greater or less than the amount shown.

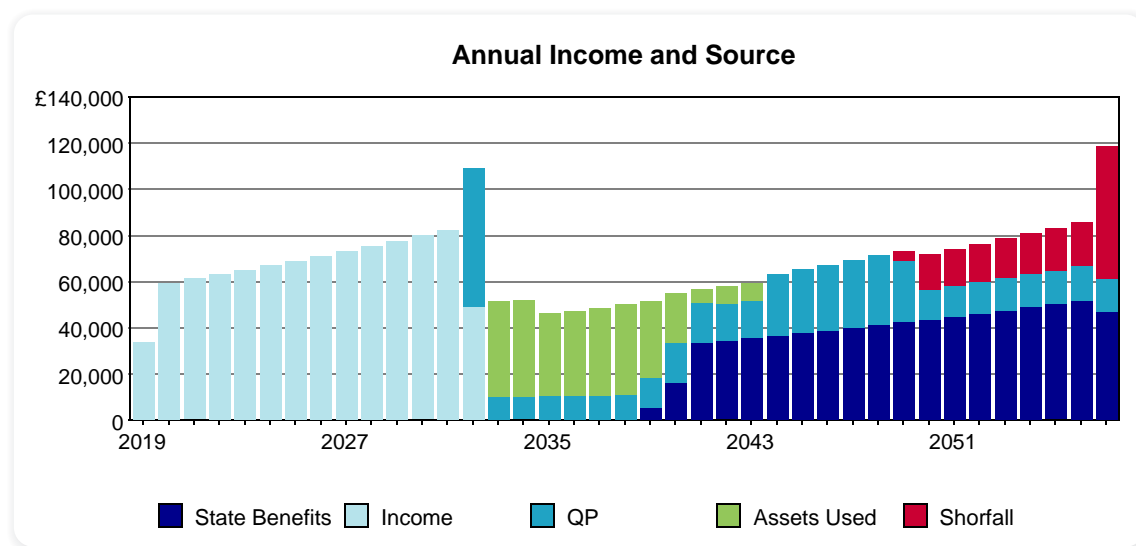
## YOUR CURRENT SITUATION

# Your Retirement Needs

## Scenario: Current Situation

Assumes Jenny lives to age 85 and Andrew lives to age 85.

Your retirement needs consist of your basic lifestyle expenses, education and special needs, loan payments, any remaining qualified retirement plan contributions, discretionary spending, and your taxes. Your expected incomes and the assets you wish to make available for your retirement needs must satisfy these needs.



**A shortfall occurs in December of 2049 with "restricted assets"<sup>1</sup> equal to £714,375 at the end of that year. The table below shows selected values from various phases of retirement.**

Year	Total Income Needed	Annual Income	State Benefits	Retirement Plan Distributions	Assets Used	Cumulative Shortfalls	Net Worth
2032	60,504	49,343	0	60,774	0	0	837,565
2057	119,412	0	47,147	14,419	0	182,816	658,115

A shortfall occurs if your retirement needs cannot be satisfied by your expected income or by using the assets available. One solution may be to use some of the assets you previously restricted. Other options may be to seek higher returns from assets and investments, to use income more efficiently, or to reduce lifestyle expenses.

## Shortfall is anticipated in year 2049.

<sup>1</sup> Restricted assets are those assets you have designated for a specific purpose other than retirement or have designated "Do not use."

# Comparison of Scenarios

Is your plan on track, or should you change directions? Comparing different planning scenarios can help you decide which planning strategies and techniques work best for you. By comparing strategies, you can get the perspective you need in order to make better financial decisions.

**Scenario 1:** **Current Situation**

**Scenario 2:** **Increase Pension and ISA contributions**

## Major Scenario Differences

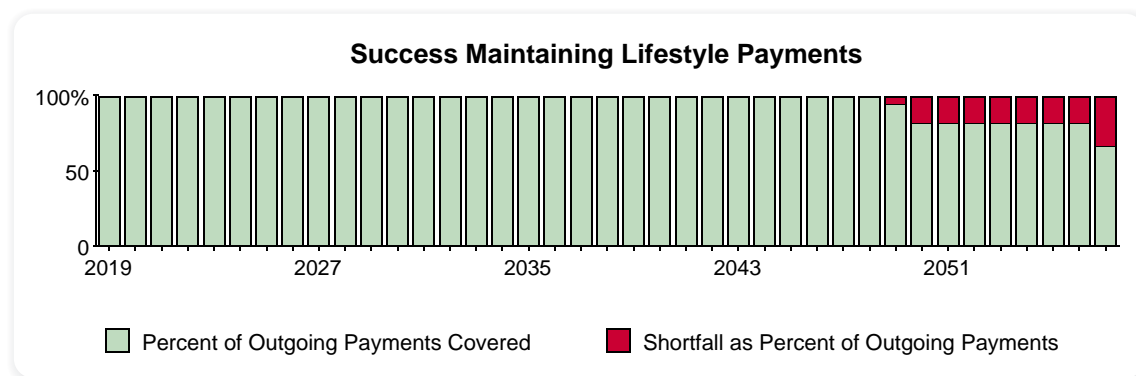
The complete analyses of scenarios being compared should be reviewed for differences. The chart below shows the differences in these two scenarios:

Scenario Creation Date	Jun. 7, 2019	Jun. 10, 2019
Scenario Name	Current Situation	Increase Pension and ISA contributions
<b>Transactions</b>		
Transaction - Dividend to Savings		
To Transfers		
Transfer		
Asset	Building Society	ABC ISA Andrew
Transaction - Jenny's Income to Savings		
To Transfers		
Transfer		
Asset	Building Society	ABC ISA Jenny
Transaction - Retirement Plan Transaction		
From Transfers		
Salary Reduction From Transfer		
Employee Transfer	£100.00	£200.00
Employer Transfer	£100.00	£200.00

The Assumptions page and the Other Facts Used page can provide more details for the items included within a scenario.

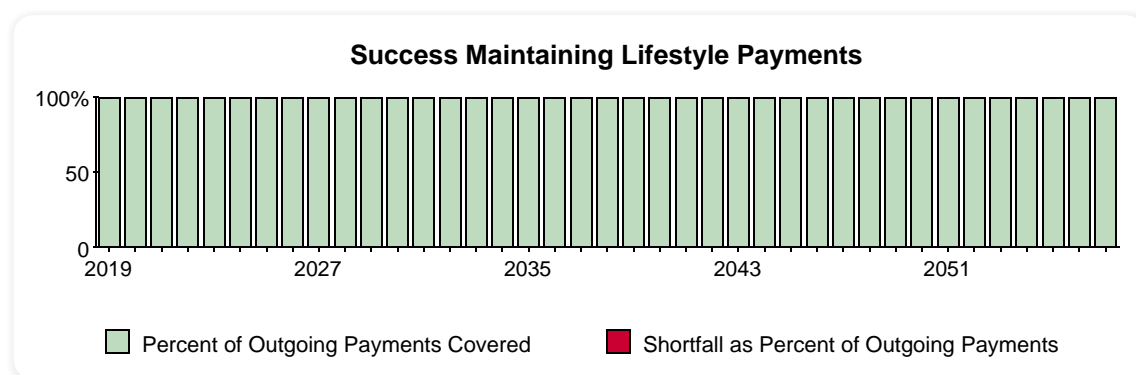
# Test Drive Results

## Scenario 1: Current Situation



When this shortfall occurs, your lifestyle must be adjusted or you must use restricted assets.

## Scenario 2: Increase Pension and ISA contributions

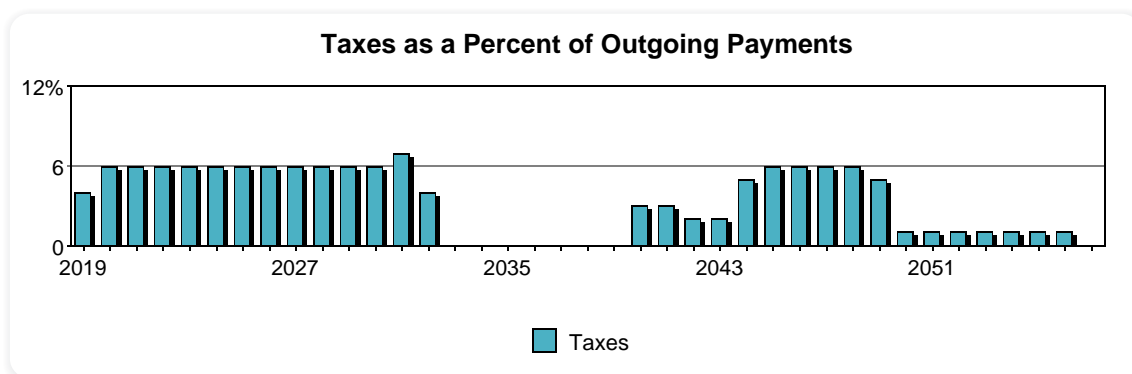


It appears that all of the outgoing payments to maintain your lifestyle will be met in this scenario.

## COMPARISON

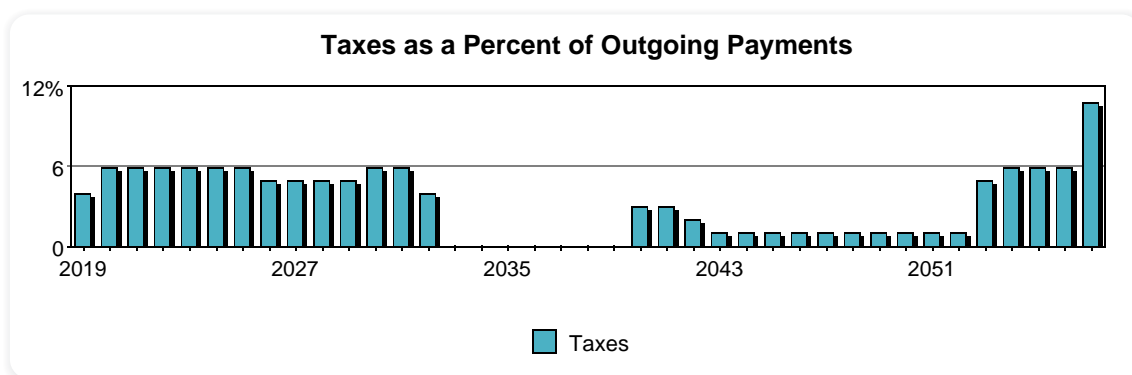
# Taxes during Retirement

## Scenario 1: Current Situation



This reflects the portion of outgoing payments that are likely to go for taxes in this scenario.

## Scenario 2: Increase Pension and ISA contributions

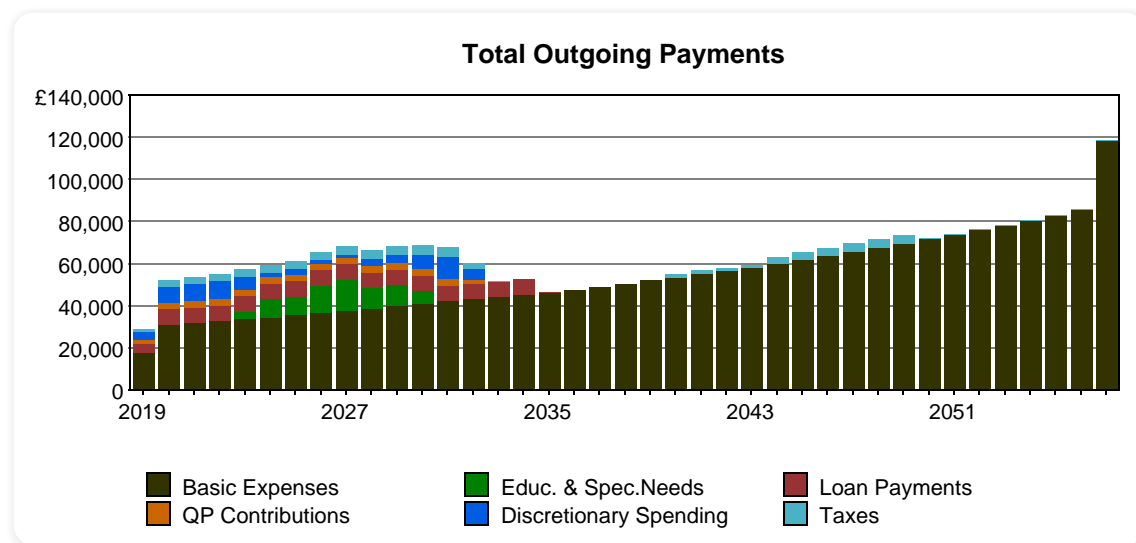


This reflects the portion of outgoing payments that are likely to go for taxes in this scenario.

## COMPARISON

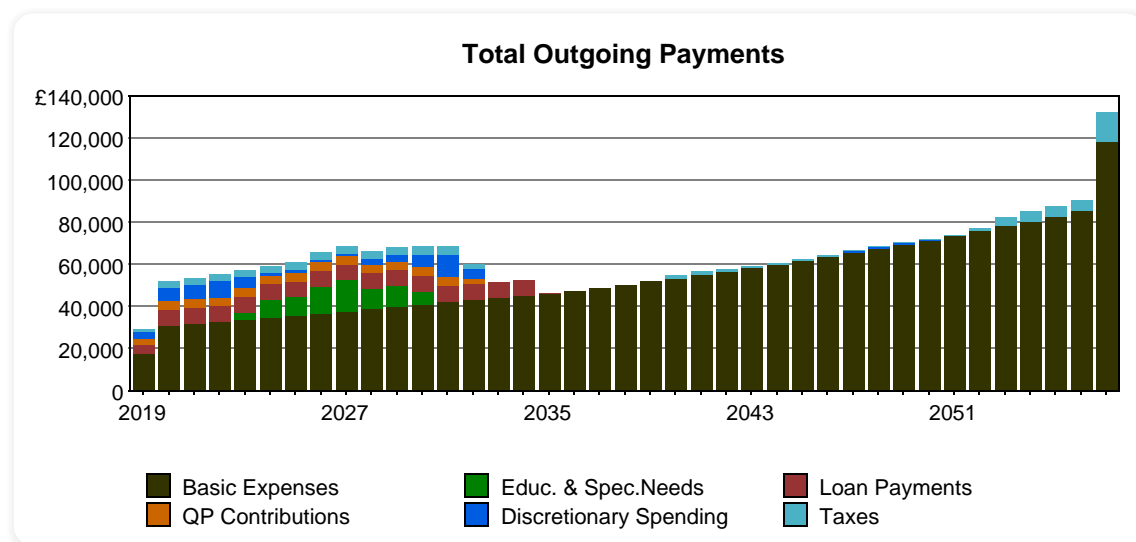
# Your Retirement Payments

## Scenario 1: Current Situation



This represents the outgoing payments necessary to support your lifestyle for this scenario.

## Scenario 2: Increase Pension and ISA contributions



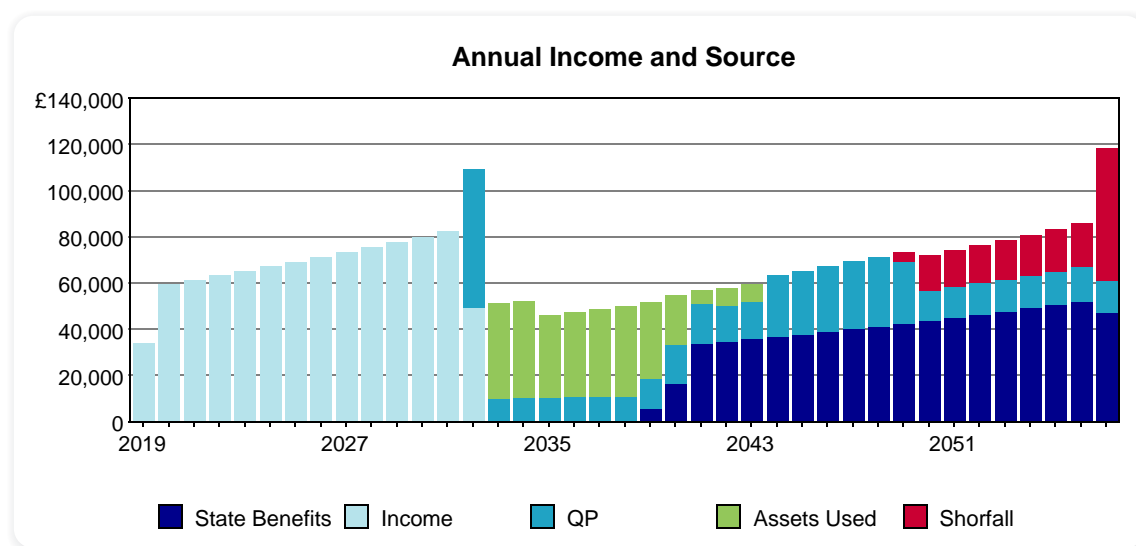
This represents the outgoing payments necessary to support your lifestyle for this scenario.



## COMPARISON

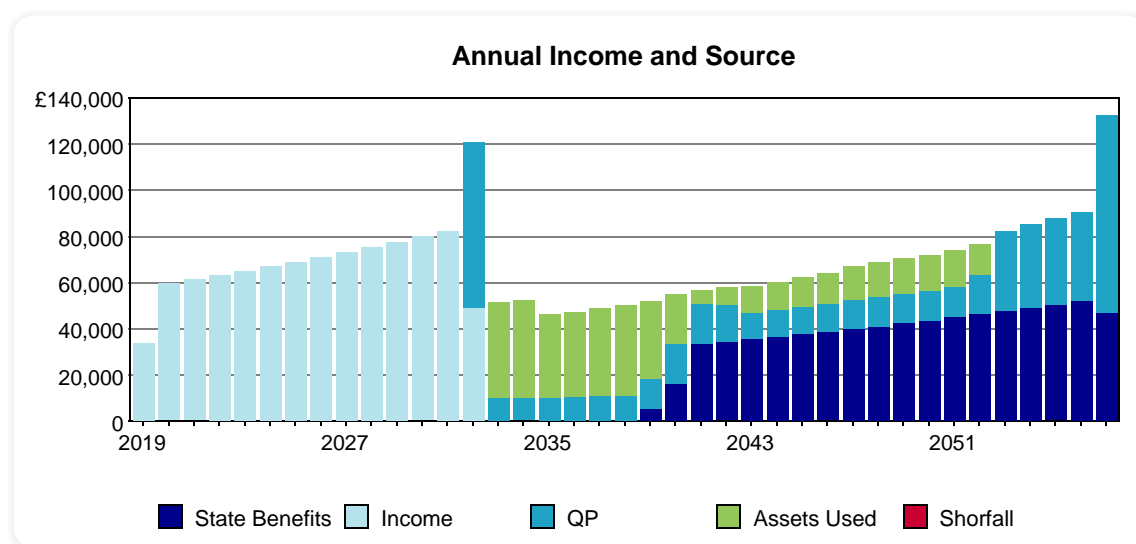
# Income and Shortfalls

## Scenario 1: Current Situation



A shortfall occurs in December of 2049 with "restricted assets" equal to £714,375 at the end of that year.

## Scenario 2: Increase Pension and ISA contributions



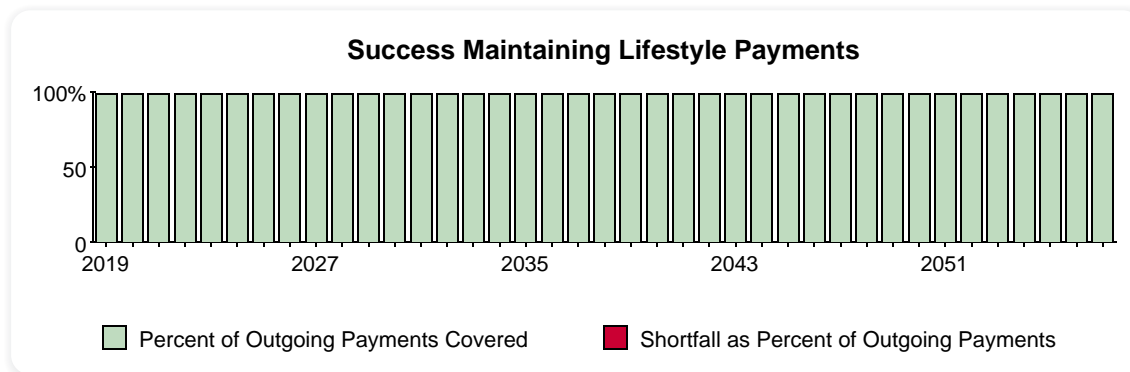


## **PROPOSED SCENARIO**

# Test Drive Results

Scenario: Increase Pension and ISA contributions

If Jenny lives to age 85 and Andrew lives to age 85, does this scenario provide for all outgoing payments each year?



**It appears that your expected income and available assets are sufficient to meet your outgoing payments during retirement.**

**You may want to “test drive” some additional lifestyle expenses during retirement.**

**Are there any future purchases you would want to consider during retirement?**

**Would you like to consider the distributions to your heirs?**

**Additional "test drives" can be taken to evaluate changes to your retirement plans.**

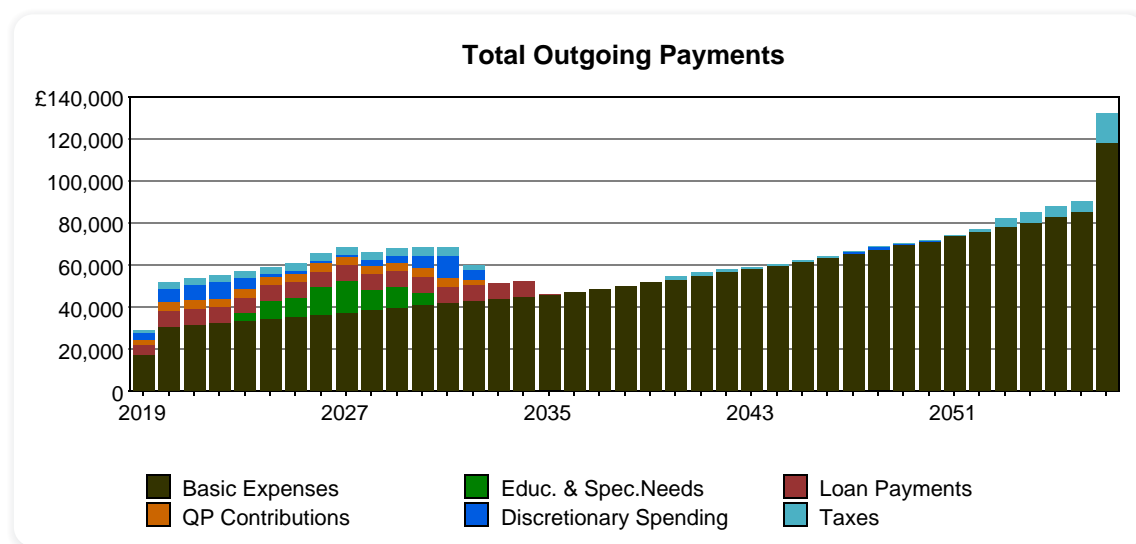
## A PROPOSED SCENARIO

# Your Retirement Payments

Scenario: Increase Pension and ISA contributions

This graph assumes Jenny lives to age 85 and Andrew lives to age 85.

## Expected outgoing payments to maintain your lifestyle



These are the outgoing payments you indicated you needed for your lifestyle. This illustration shows these lifestyle expenses, adjusted annually for estimated inflation.

## Outgoing payments vary with retirement phases

Retirement Phase	Beginning Year
Initial Retirement Years	2032
Seasoned Retirement Years	2057
Matured Retirement Years	2067
Survivorship Years	2059

**Goal: Make all outgoing payments necessary for your retirement lifestyle without using restricted assets<sup>1</sup>**

<sup>1</sup> Restricted assets are those assets you have designated for a specific purpose other than retirement or have designated "Do not use."

# A PROPOSED SCENARIO

## Your Retirement Payments

Scenario: Increase Pension and ISA contributions

This graph assumes Jenny lives to age 85 and Andrew lives to age 85.

### Expected outgoing payments to maintain your lifestyle

Year	Basic Expenses	Educ. & Spec. Needs	Loan Payments	Retirement Plan Contributions	Discretionary Spending	Taxes	Total Outgoing Payments
2019	17,500	0	4,410	2,450	3,355	1,032	28,746
2020	30,864	0	7,560	4,200	6,682	2,940	52,246
2021	31,754	0	7,560	4,200	7,204	3,050	53,768
2022	32,671	0	7,560	4,200	7,774	3,131	55,336
2023	33,615	3,517	7,560	4,200	5,546	3,215	57,653
2024	34,587	8,695	7,560	4,200	994	3,299	59,334
2025	35,589	8,955	7,560	4,200	1,377	3,385	61,065
2026	36,620	13,067	7,560	4,200	1,105	3,477	66,029
2027	37,683	15,043	7,560	4,200	762	3,575	68,823
2028	38,777	9,786	7,560	4,200	2,507	3,647	66,478
2029	39,905	10,079	7,560	4,200	2,939	3,753	68,436
2030	41,066	6,056	7,560	4,200	6,151	3,866	68,899
2031	42,262	0	7,560	4,200	11,000	3,987	69,009
INITIAL RETIREMENT YEARS							
2032	43,278	0	7,560	2,400	4,683	2,331	60,252
2033	44,115	0	7,560	0	0	0	51,675
2034	45,099	0	7,560	0	0	0	52,659
2035	46,216	0	431	0	0	0	46,647
2036	47,602	0	0	0	0	0	47,602
2037	49,030	0	0	0	0	0	49,030
2038	50,501	0	0	0	0	0	50,501
2039	52,016	0	0	0	0	0	52,016
2040	53,576	0	0	0	0	1,495	55,071
2041	55,184	0	0	0	0	1,778	56,962
2042	56,839	0	0	0	0	1,376	58,215
2043	58,544	0	0	0	0	497	59,042
2044	60,301	0	0	0	0	493	60,794
2045	62,110	0	0	0	0	489	62,599
2046	63,973	0	0	0	0	485	64,458
2047	65,892	0	0	0	1,000	480	67,373
2048	67,869	0	0	0	1,000	476	69,345
2049	69,905	0	0	0	765	471	71,142
2050	72,002	0	0	0	16	466	72,485
2051	74,162	0	0	0	0	461	74,624
2052	76,387	0	0	0	0	998	77,385
2053	78,679	0	0	0	0	4,043	82,722
2054	81,039	0	0	0	0	4,849	85,888
2055	83,470	0	0	0	0	5,034	88,504
2056	85,975	0	0	0	0	5,197	91,172
SEASONED RETIREMENT YEARS							
2057	119,302	0	0	0	0	14,195	133,497

# Taxes during Your Retirement

Scenario: Increase Pension and ISA contributions

This graph assumes Jenny lives to age 85 and Andrew lives to age 85.

## Taxes after retirement

Taxable income usually decreases during retirement, but must be considered in any scenario. When securities or assets are sold to provide retirement income, capital gains taxes must be considered.

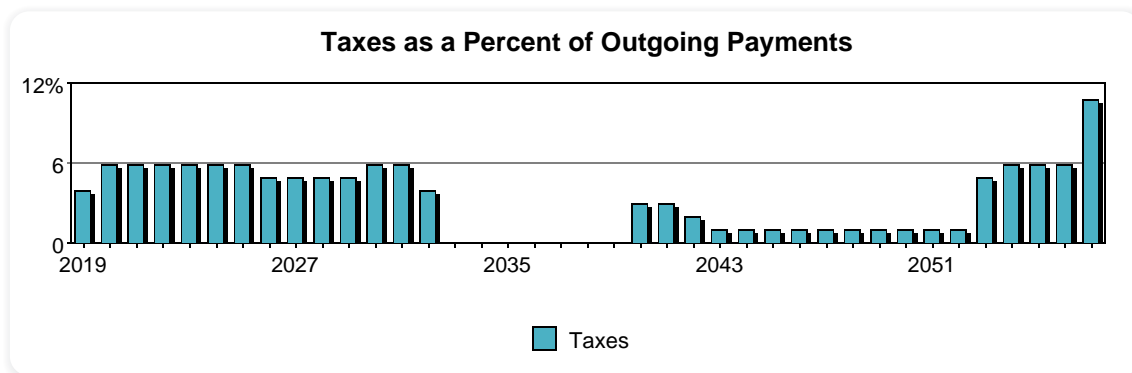
## Taxation risk

"Taxation risk" is not knowing how taxes may affect your future income. Generally speaking taxes maintain a similar relationship to taxable income over time. By applying your effective average tax rate to estimated taxable income, you can see the likely affect of taxes during your retirement "test drive."

## Income Tax Rates Used for Estimated Taxable Income

### Income Tax Rates

Basic Income Tax Rate	20%
Higher Income Tax Rate	40%
Capital Gains Tax Rate	18%



## Qualified retirement plans

Qualified retirement plan distributions are taxable. How you take your income from your qualified retirement plan affects both your retirement income and your retirement payments.

## Taxable income and taxes affects retirement needs

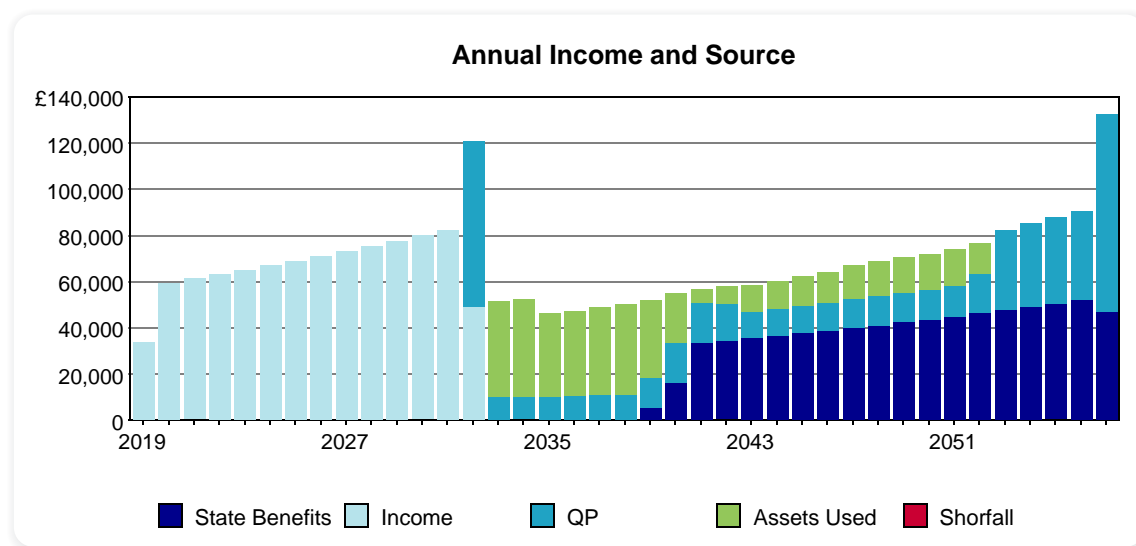
## A PROPOSED SCENARIO

# Your Retirement Needs

## Scenario: Increase Pension and ISA contributions

Assumes Jenny lives to age 85 and Andrew lives to age 85.

Your retirement needs consist of your basic lifestyle expenses, education and special needs, loan payments, any remaining qualified retirement plan contributions, discretionary spending, and your taxes. Your expected incomes and the assets you wish to make available for your retirement needs must satisfy these needs.



**It appears that your expected income and available assets are sufficient to meet your outgoing payments during retirement. The table below shows selected values from various phases of retirement.**

Year	Total Income Needed	Annual Income	State Benefits	Retirement Plan Distributions	Assets Used	Cumulative Shortfalls	Net Worth
2032	60,252	49,343	0	72,622	0	0	919,111
2057	133,497	0	47,147	86,350	0	0	918,123

# Assumptions in this Analysis

Scenario: Increase Pension and ISA contributions

<b>Andrew James Elliott</b>	Age: 46	Male	Born: 14 September, 1972
<b>Jenny Elliott</b>	Age: 45	Female	Born: 8 January, 1974

Andrew and Jenny are married.

## State Benefits

Andrew is eligible for certain State Benefits. Andrew's certain State Benefits are based on levels in today's terms increased by inflation. Andrew plans to take State Benefits starting at age 65.

Jenny is eligible for certain State Benefits. Jenny's certain State Benefits are based on levels in today's terms increased by inflation. Jenny plans to take State Benefits starting at age 60.

## Ages and Events

Ages illustrated are based on the age as of the last birthday.

## Calculation Date

The starting date for the calculations in this report is 10 June, 2019. Assets that were entered with a valuation date more than one month prior to this date have their value adjusted for appreciation to approximate the value of the asset on this calculation date.

## Calendar Year Processing

Each year of the illustration ends with December. The current year will calculate from the month of the Calculation Date through December of that year.

## Nature of Monthly Calculations

Calculations are made each month, based on the amounts available at the start of the month. No attempt is made to determine the exact date within a month various transactions occur.

## Interest Rates and Earnings

Interest and earnings are credited for  $1/12^{\text{th}}$  of the annual amount requested for each month. This is for the purpose of helping to determine the applicable cash flow and does not represent a guarantee of this or any interest or earnings. All rates of return illustrated are hypothetical and are not associated with any particular investment product.

## Insurance

The numbers produced by this analysis in no way guarantee the right to purchase life insurance in the amounts illustrated. If any new life insurance is illustrated, this presentation is not valid unless accompanied by a complete illustration of proposed policy values.

## Final Expenses

**Andrew:**  
Final Expenses: £10,000

**Jenny:**  
Final Expenses: £10,000



# Assumptions in this Analysis (Continued)

Scenario: Increase Pension and ISA contributions

## Estate Assumptions

For the purposes of Inheritance Tax analysis, it is assumed death occurs to Andrew at the end of the current year followed immediately by the death of Jenny. Each client's estate is assessed individually at the time of death and jointly-held assets and liabilities are divided equally. The value of any assets jointly held with a third party are deemed part of the estate. Death benefits from pension plans are assumed to be held in trust and therefore not liable to Inheritance Taxation at the holder's death. However pension benefits transferred from Andrew to Jenny are considered part of the estate at Jenny's death. Life insurance proceeds are paid to your named beneficiary and are considered part of the estate for Inheritance Tax purposes. This analysis incorporates the current Inheritance Tax Nil Rate band in its calculations.

## Loans, Credit Cards, and Lines of Credit

Any form of credit illustrated is not a guarantee that such credit will be accepted by a lending institution. Different forms of credit may have a number of fees associated with various uses of the credit. Please consult the lending institution for details as well as all fees and rules for using that credit.

## Restrictive Uses of Assets

Assets that are marked for restricted use will only be used to provide cash for that purpose.

## Income Taxes

### Income Tax Rates

Basic Income Tax Rate: 20%

Higher Income Tax Rate: 40%

Additional Income Tax Rate: 45%

## Capital Gains Tax

Taxation on the gains from assets that are liable to Capital Gains Tax are deducted at the rate of 10% up to the basic tax band and 20% thereafter. Liable gains on Investment Bonds are taxed at 20%. An individual's Annual Exemption amount is deducted from the total gains in any given year before Capital Gains Tax is applied. The current Annual Exemption amount is increased annually by the State Benefits inflation rate. Capital Gains Tax is not applied to the following asset types: Bank Accounts, Other Bonds (Government), ISAs PEPs TESSAs, Property – Main Residence, Savings (Cash Equiv.) and Venture Capital Trusts. Entrepreneur Capital Gains Tax relief is not applied.

## Assumed Retirement

Retirement is assumed to be when Jenny reaches, or would have reached, age 58. Any change you indicated in the basic living expenses is applied at that time.

## General Inflation Rate

A general inflation rate of 3% is used for all basic living expenses and where indicated.

# Assumptions in this Analysis (Continued)

Scenario: Increase Pension and ISA contributions

## Education Payments

Education costs are stated as annual amounts but are assumed to be paid in 12 monthly payments. Payments are assumed to start in August of each year unless a specific starting date is stated.

## Education Inflation Rate

An education inflation rate of 3.000% is used for all education funding expenses. Historically, the cost of education has experienced a rate different than the general inflation rate of all goods and services. Adjustments for the education inflation rate are made in January of each year.

## Costs Associated with Long-Term Care

Estimated costs of long-term care are based on the average costs for a nursing home stay in the current county of residence (Staffordshire), adjusted for the current level of long-term care inflation rate. Basic living expenses are further adjusted as if disabled and any salary or retirement contributions are discontinued. (Estimated costs based on Laing and Buisson survey carried out in 2003.)

## Discretionary Spending

For this illustration, it has been assumed that you will spend any excess money in your cash account in excess of £0. In addition, it assumes that any tax refunds are spent. "Sweeps" and all other transactions are processed prior to determining the amount of discretionary spending for each month.

## Sweep Excess Money to Other Assets

Monthly transfers of 100% from Cash Account to Building Society; already started and ending after the illustration. Only transfer funds when the balance of the account exceeds £1,000.

## A PROPOSED SCENARIO

# Other Facts Used

Scenario: Increase Pension and ISA contributions

Andrew James Elliott

Jenny Elliott

**Age:** 46 **Male** **Born:** 14 Sep., 1972

**Age:** 45 **Female** **Born:** 08 Jan., 1974

**Email Address:** andrew@mail.com

**Email Address:** jenny@mail.com

Do not use Email for Notifications

Do not use Email for Notifications

Andrew and Jenny are married.

**Home Phone:** 01743 248515

**Business Phone:** 01743 236214

### Mailing Address

23 Lawn Green Court  
Shrewsbury, Staffordshire, ST3 7TF

### Children and Dependents

Name	Date of Birth	Gender	Relationship	Dependent of
Christopher	09 Oct., 2005	Male	Child	Jenny, Andrew
Shannon	18 Mar., 2008	Female	Child	Jenny, Andrew

### Salaries

Employer	Employee	Current Salary	Frequency	Inflation Rate
Harris Engineering	Andrew	£700	Monthly	3.000%
The Tea Tree	Jenny	£650	Monthly	3.000%

### Other Income

Description	Recipient	Amount	Frequency	Inflation Rate	Tax Exempt
Dividend (Dividend)	Andrew	£3,500	Monthly	3.000%	No

### Current Bank Accounts, Savings, Deposit

Account Name	Owner	Current Balance	Balance As Of	Interest Rate	This asset is the Cash Account
Bank Account	Jenny, Andrew	£1,250	15 Jan., 2016	0.000%	
Cash Account	Jenny, Andrew	£0	23 Jan., 2016	0.000%	
Building Society	Jenny, Andrew	£12,000	27 Feb., 2015	2.500%	

### Tax-Efficient Investments

Account Name	Owner	Current Balance	Balance As Of	Interest Rate
ABC ISA Andrew	Andrew	£3,546	13 Jun., 2017	5.000%
ABC ISA Jenny	Jenny	£7,632	27 Feb., 2015	5.000%

### Investment

Account Name	Owner	Current Balance	Balance As Of	Interest Rate
Pension Tax-free Cash Proceeds	Jenny, Andrew	£0	15 Jan., 2014	0.000%

## A PROPOSED SCENARIO

# Other Facts Used (Continued)

Scenario: Increase Pension and ISA contributions

## Stocks

Name/ Symbol	Owner	Current Value	Balance As Of	Basis	Rates	
					Div. Rate	App. Rate
Inherited BT Shares	Andrew	£7,425	27 Feb., 2015	£0	1.300% <sup>1</sup>	3.000%

## Investment Bonds

Name/Symbol	Owner	Market Value	Balance As Of	Face Amount	Growth Rate
Investment Bond	Andrew	£14,365	27 Apr., 2015	£10,000	6.000%

## Retirement Plans

Name	Owner	Current Balance	Balance As Of	Growth Rate	Owner Contrib.	Employer Contrib.
Harris Engineering Money Purchase	Andrew	£25,440	27 Feb., 2017	5.000%	£200	£200
Jenny Stakeholder Personal Pension	Jenny	£9,860	27 Feb., 2015	6.000%	£50	£50
	Andrew	£24,000	28 Sep., 2015	5.000%	£100	£0

## Final Salary Scheme

Name	Owner	Benefit	Lump Sum	Death In Service Lump Sum	Inflation Rate	Start
Retained Final Salary Pension	Andrew	£5,000	£0	£0	3.000%	Starting when Andrew retires

## Residences

### Family Home

Owner	Current Value	Balance As Of	Cost Basis	Appreciation Rate
Jenny, Andrew	£345,000	07 Mar., 2016	£195,000	2.000%

Personal Loan Secured by this Asset

Balance as of	Mortgage Balance	Payment	Frequency	Interest Rate
14 Jun., 2016	£95,000	£630	Monthly	4.500%

## Personal Property

Name	Owner	Current Value	Value As Of	Basis	Growth Rate
Average Car Value	Jenny, Andrew	£15,000	28 Sep., 2015	£0	3.000%

## Life Insurance-Individual

Name	Insured	Owner	Beneficiary	Face Amount	Premium	Frequency	Cash Value
ABC Term	Joint	Andrew	Andrew	£150,000	£46	Monthly	£0

## Disability Insurance-Individual

Name	Insured	Owner	Monthly Benefit	Waiting Period	Benefit Period	Premium	Frequency
Disability	Andrew	Andrew	£500	90 Days	Age 65	£54	Monthly

<sup>1</sup> Received in Cash

# Other Facts Used (Continued)

Scenario: Increase Pension and ISA contributions

## Essential Living Expenses

Description	Amount	Frequency	Inflation	Percent Continuing after First Death	Percent Continuing after First Disability	Percent Continuing after First Retirement
Final Expenses Andrew	£10,000	One Time	3%	100%	100%	100%
Final Expenses Jenny	£10,000	One Time	3%	100%	100%	100%
Retirement Living Expenses	£2,400	Monthly	3%	100%	100%	100%
Living Expenses	£2,400	Monthly	3%	70%	100%	100%

## Education Expenses

Description	Amount	Frequency	Percent of Estimated Aid
University	£7,500	Annual	0%
University	£7,500	Annual	0%

## Debt

Liability Name	Owner	Payment Amount	Frequency	Current Balance	Balance As Of	Interest Rate
Loan for Family Home	Jenny, Andrew	£630	Monthly	£95,000	14 Jun., 2016	4.500%

## Distribute Income to Specific Assets

Description	From	To	Amount	Apply Inflation
Dividend to Savings	Dividend	ABC ISA Andrew	20%	n/a
<i>Already started and ending after the illustration.</i>				
Jenny's Income to Savings	The Tea Tree	ABC ISA Jenny	20%	n/a
<i>Already started and ending when Jenny retires.</i>				

## Reposition Assets

Description	From	To	Frequency	Amount	Apply Inflation
Savings	Bank Account	Building Society	Monthly	£500	no
<i>Already started and ending when the first client retires.</i>					
Andrew's ISA Withdrawals	ABC ISA Andrew	Cash Account	Annual	5%	n/a
<i>Starting when Andrew turns 75 and ending after the illustration.</i>					
Invest Life Insurance	ABC Term	Building Society	Monthly	100%	n/a
<i>Already started and ending after the illustration.</i>					
Sell Investment Bond	Investment Bond	Building Society	n/a	n/a	n/a
<i>Starting when both clients retire.</i>					

## Sweep Transaction

Description	From	To	Thres-hold	Min, Trans.	Frequency	Amount	Apply Inflation
Sweep	Cash Account	Building Society	£1,000	£0	Monthly	100%	n/a
<i>Already started and ending after the illustration.</i>							

# Other Facts Used (Continued)

Scenario: Increase Pension and ISA contributions

## Pension Distribution

Description	From	To	Tax Free Option	Drawdown Method	GAD Rate	Frequency	Convert To Annuity
Money Purchase tax-free cash	Harris Engineering Money Purchase	Pension Tax-free Cash Proceeds	25%	Amount	0	Monthly	no

*Starting when Andrew retires and ending after a one time occurrence.*

Money Purchase Drawdown to Age 70	Harris Engineering Money Purchase	Cash Account		Amount	0	Monthly	no
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*Starting when Andrew turns 67 and ending when Andrew turns 70.*