

**THE CHARTERED INSURANCE INSTITUTE**

**AF5—FINANCIAL PLANNING PROCESS**

**FACT-FIND – APRIL 2010**

You are a financial adviser authorised under the Financial Services and Markets Act (FSMA) 2000. You completed the following fact-find when you met Mr & Mrs Matthews recently.

**PART 1: BASIC DETAILS**

	<b>Client 1</b>	<b>Client 2</b>
Surname	Matthews	Matthews
First name(s)	Terry	Beryl
Address	Treetops Long Lane Staines	Treetops Long Lane Staines
Date of birth	10/08/1947	21/05/1951
Domicile	UK	UK
Residence/Ordinary residence	UK	UK
Place of birth	England	England
Marital status	Married	Married
State of health	High blood pressure controlled by tablets (daily)	Good
Family health	Father and older brother died of heart attack in early 60s	Good
Smoker?	Yes	No
Hobbies/Interests	Spanish History	Walking

**Notes:**

Terry is the managing director of WRS Manufacturing Ltd, a small firm based at Heathrow airport, which he set up over 20 years ago. Terry recently visited the doctor and was diagnosed with a serious heart problem and has been taking medication to control his blood pressure for several years. His doctor has advised him that he should stop smoking immediately and seriously consider retiring.

Beryl works part-time on a voluntary basis in the local charity shop and wants Terry to give up work so that they can spend more time together in retirement. She is also keen to explore the possibility of making a permanent move to Spain as the quality of life might prove beneficial for Terry's health.

## PART 2: FAMILY DETAILS

### Children and other dependants

Name	Relationship	Age	D.O.B	Health	Occupation	Financially dependent?
Sophie Tomlinson	Daughter	31	01/01/1979	Good	Veterinary Nurse	No

#### Notes:

Sophie is currently on maternity leave as she is expecting her first child in May. She lives in London and is married to John, who is a Marketing Consultant.

### PART 3: EMPLOYMENT DETAILS

	Client 1	Client 2
<b>Employment</b>		
Occupation		
Job title	Managing Director	
Business name	WRS Manufacturing Ltd.	
Business address	Heathrow	
Year business started	August 1988	
<b>Remuneration</b>		
Earnings	£51,200	
State Pensions		
Overtime		
<b>Benefits</b>		
Benefits-in-kind	No	
Pension Scheme (see Part 11)	Yes	
Life cover	No	
Private medical insurance	No	
Permanent health insurance	No	
<b>Self Employment</b>		
Net relevant earnings		
Accounting date		
Partnership/Sole trader		
<b>Other Earned Income</b>		

#### Notes:

Terry owns 50% of WRS, a trading company, and his brother, Max, owns the other 50%. Max is six years younger than Terry and has no intentions of retiring in the near future. Terry has been discussing how best to hand over the running of the company to Max and what to do with his shareholding. He is keen to make a "clean break" when he retires, so that he divests any assets that are related to the company.

	Client 1	Client 2
<b>Previous Employment</b>		
Previous employer	Warmup	
Job title	Engineer	
Length of service	24	
Pension benefits (see part 11)	Yes	

**Notes:**

Terry took his apprenticeship at Warmup when he left school. He left there to set up WRS Manufacturing in 1988.

#### **PART 4: OTHER PROFESSIONAL ADVISERS**

	Client 1	Client 2
Accountant		
Bank	SDL Bank	SDL Bank
Building Society		
Doctor	R Cross	R Cross
Estate Agent		
Financial Adviser		
Insurance Agent		
Solicitor	Willis Slater	Willis Slater
Stockbroker		
Other		

**Notes:**

## PART 5: INCOME AND EXPENDITURE

### Income

	Client 1		Client 2		Joint	
	Monthly	Annually	Monthly	Annually	Monthly	Annually
	£	£	£	£	£	£
State Pensions						
Private Pensions						
Salary		9,000				
Benefits-in-kind						
Investment income (gross)						1,396
Rental (gross)	1,225					
Dividend (net)		42,200				

#### Notes:

These figures include income from all sources. Terry takes a salary of £9,000 from WRS Manufacturing and the remainder of his income is taken as an annual dividend. His last dividend was in January this year for a sum of £42,200. The rental income is derived from a commercial property that Terry owns. (See Later)

## Expenditure

	Monthly			Annually		
	Client 1	Client 2	Joint	Client 1	Client 2	Joint
	£	£	£	£	£	£
<b>Household Expenditure</b>						
Mortgage/Rent						
Council tax			181			
Buildings and contents insurance						953
Gas, water and electricity			151			
Telephone			32			
TV licence and satellite			63			
Property maintenance						1,100
<b>Savings</b>						
Savings (See part 10)						
<b>Regular Outgoings</b>						
Life assurance (see part 8)						
Health insurance (see part 9)						
Savings Plans (see part 10)						
Car tax, insurance and maintenance						1,495
Petrol and fares	131	59				
Loans (see note 1)						
Hire purchase						
School fees						
Childcare						
Further education						
Subscriptions						
Food, drink, general housekeeping			1,195			
Pension contributions (see part 11)						
<b>Other Expenditure</b>						
Magazines and newspapers			12			
Entertainment						
Clubs and sport						
Spending money						1,000
Clothes				400	540	
Maintenance						
Other (Holidays)						3,350
<b>Total Monthly Expenditure</b>	131	59	1,634			
<b>Total Annual Expenditure</b>				400	540	7,898
<b>Total outgoings</b>						£30,726

### Notes:

Terry and Beryl expect to run just one car when they retire and so their overall motoring costs will halve. They expect their holiday expenditure to double.

Do you foresee any major/lump sum expenditure in the next two years? Yes.

**Notes:**

Terry and Beryl are considering a permanent move to Spain.

**PART 6: ASSETS**

	Asset	Client 1 £	Client 2 £	Joint £	Income received £
1.	Main residence			480,000	
2.	Contents/car			11,500	
3.	Current account – SDL Bank			4,300	8 pa
4.	Fixed Term Bond – SDL Bank			33,000	1,109 pa
5.	Premium Bonds	12,000	11,000		
6.	Shares in WRS Manufacturing Ltd	320,000			42,200 pa
7.	Royal Key Life Investment Bond			43,720	
8.	Stocks & Shares ISAs	48,700	42,100		
9.	Warehouse in Heathrow	270,000			14,700 pa

**Notes:**

The main residence is owned as joint tenants.

Terry and Beryl invested £33,000 in a one year fixed-rate deposit bond with SDL Bank in July 2009.

Terry's accountant has valued his shareholding in WRS at approximately £320,000.

The Royal Key Life plan is a joint life last survivor onshore investment bond, held entirely in the With-Profits fund. Terry and Beryl originally invested £40,000 into the bond in 2002 and have only taken one withdrawal of £2,000 in 2007 to spend on a holiday.

The Stocks & Shares ISAs are invested in UK Equity Income funds.

The warehouse is one of two that WRS use in the business. The other warehouse is owned by WRS directly. Terry bought his commercial property soon after he started trading. He lets it to WRS but now wants to sell it to raise capital for his retirement. Max has expressed an interest in acquiring the property for continued use by the company.

## PART 7: LIABILITIES

<b>Mortgage Details</b>	<b>Client 1</b>	<b>Client 2</b>	<b>Joint</b>
Lender			
Type of mortgage			
Amount outstanding			
Start date			
Term/maturity			
Monthly payment			
Interest rate			
Life policies (see part 8)			

### Notes:

*Terry and Beryl have no mortgage.*

<b>Other Loans</b>	<b>Client 1</b>	<b>Client 2</b>	<b>Joint</b>
Lender			
Type of loan			
Amount outstanding			
Start date			
Term/maturity			
Monthly payment			
Interest rate			
Payment protection			

### Notes:

*Terry and Beryl have no loans.*

### Other liabilities (e.g. tax)

### Notes:

*Terry has already settled his 2008/2009 tax liability and the first instalment on account for 2009/2010.*

*The July 2010 instalment will be met from the maturing fixed-rate bond.*

### PART 8: LIFE ASSURANCE POLICIES

	Life/Lives assured	Ownership	Sum assured £	Premium £	Term	Start date	In trust?	Surrender Values £
1.								
2.								

**Notes:**  
*They have no personal life assurance.*

### PART 9: HEALTH INSURANCE POLICIES

Type	Life Covered	Current Sum Assured £	Start Date	Term/ Review	Deferred Period	Premium £

**Notes:**  
*They have no personal health insurance.*

### PART 10: REGULAR SAVINGS

Type	Company	Ownership	Fund	Amount Saved £	Sum Assured	Maturity Date	Current Value £

**Notes:**  
*They have no regular savings plans.*

## PART 11: PENSION DETAILS

### Occupational pension scheme

	Client 1	Client 2
Member of employer's scheme	WRS Manufacturing Ltd.	
Type of scheme	SSAS	
Date joined scheme	09/02/1993	
Retirement Age	65	
Pension benefits		
Death-in-service	Return of Fund	
Dependant's benefits	None insured	
Contracted-in/out	Contracted In	
Contribution Level (employee)	Nil	
Contribution Level (employer)	Variable	
Fund type	Unit-linked	
Fund value	£389,100	

#### Notes:

Terry and Max are the only two members of the above SSAS. Max's fund value is £246,300 and is not included in the above figure. The SSAS holds £20,000 in a Trustee bank account and the remainder is invested in a range of managed funds. The scheme has adopted post A-day rules.

#### Additional Voluntary Contributions (including free standing additional voluntary contributions).

	Client 1	Client 2
Type		
Company		
Fund		
Contribution		
Retirement date		
Current value		
Date started		

#### Notes:

## Personal Pensions

	Client 1	Client 2
Type		
Company		
Fund		
Contributions		
Retirement date		
Current value		
Date started		

<b>Notes:</b>

## Previous pension arrangements

	Client 1	Client 2
Employer	WarmUp	
Type of scheme	Defined Benefit	
Date joined scheme	1968	
Date left	1988	
Preserved benefits	See Notes	

<b>Notes:</b>
<p>Terry's recent statement showed that he should be entitled to an annual pension at the scheme retirement age of 65 of approximately £7,840 gross. This will increase by RPI and offers a 50% spouse's benefit.</p> <p>Terry has heard from an old colleague that the scheme has been closed to all members.</p>

## State pension

	Client 1	Client 2
Basic pension		
SERPS/S2P		
Graduated pension		
<b>Total</b>		

<b>Notes</b>
Terry and Beryl do not have any details of their State pension benefits.

## PART 12: INHERITANCES

Wills	Client 1	Client 2
Do you have a current will?	Yes	Yes

**Notes:**

Terry and Beryl have made a will and they each leave everything to each other and then to Sophie on second death.

Trusts	Client 1	Client 2
Are you a beneficiary under a trust?	No	No
If yes, give details.		
Are you a trustee?	No	No
If yes, give details.		

**Notes:**

Gifts	Client 1	Client 2
Give details of gifts made and received.	None	None

**Notes:**

Inheritances	Client 1	Client 2
Give details of any inheritances received or expected	See notes	See notes

**Notes:**

Terry's parents passed away several years ago. Beryl's widowed mother died last year and Beryl inherited a small legacy which she invested in Premium Bonds. They are not expecting any further inheritances.

## PART 13: ATTITUDE TO RISK

What level of risk are you prepared to take to achieve your financial objectives?

### Notes:

Terry and Beryl are balanced risk investors.

## PART 14: BUSINESS RECORDS

<b>Compliance</b>		
Date fact-find completed	28/03/2010	
IDD and menu issued	28/03/2010	
Data Protection Act	28/03/2010	
Money laundering	28/03/2010	
<b>Consultations</b>		
Dates of meetings	28/03/2010	Introductory Meeting
<b>Marketing</b>		
Client source		
Referrals		
<b>Documents</b>		
Client documents held		
Date returned		
Letters of authority requested	Yes	

### Notes:

## PART 15: OTHER INFORMATION

Despite Terry's desire for a clean break, he would like to see the company he founded continue and prosper after his retirement.

**BLANK PAGE**

**BLANK PAGE**

