

# THE CHARTERED INSURANCE INSTITUTE

## AF5—FINANCIAL PLANNING PROCESS

### FACT-FIND

**April 2013**

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

#### PART 1: BASIC DETAILS

	Client 1	Client 2
Surname	Woakes	Woakes
First name(s)	Peter	Rachel
Address	The Barn, Bushy Road, Egham, Surrey	The Barn, Bushy Road, Egham, Surrey
Date of birth	19.11.1959	05.05.1961
Domicile	UK	UK
Residence/Ordinary residence	UK	UK
Place of birth	UK	UK
Marital status	Married	Married
State of health	Good	Good
Family health	Good	Good
Smoker?	No	No
Hobbies/Interests	Furniture making & design	Archaeology

#### Notes:

Peter and Rachel have been married for 27 years. Peter accepted a redundancy package from his employer in March 2012 and then spent the next 12 months at college learning a new trade for his proposed business venture. He is now in the process of setting up his own business, designing and making furniture. Rachel is a finance director at a local IT solutions firm.

#### PART 2: FAMILY DETAILS

##### Children and other dependants

Name	Relationship	Age	D.O.B	Health	Occupation	Financially dependent?
Clara	Daughter	26	22.02.1987	Good	N/A	No
Sebastian	Son	24	24.12.1988	Good	N/A	No

#### Notes:

Clara is married to Tim and they live in London. Sebastian is single and is currently working in London.

**PART 3: EMPLOYMENT DETAILS**

	Client 1	Client 2
<b>Employment</b>		
Occupation	Furniture Designer/Maker	Financial Manager
Job title	Proprietor	Finance Director
Business name	Woakes Bespoke Design	Comitfair Ltd
Business address	To be confirmed	Cobham, Surrey
<b>Remuneration</b>		
Earnings/Salary	Nil	£12,000
State Pensions	Nil	Nil
Dividends	Nil	£87,300
<b>Benefits</b>		
Benefits-in-kind	No	No
Pension Scheme (see part 11)	No	Yes
Life cover	No	Yes
Private medical insurance	No	No
Income protection insurance	No	No
<b>Self Employment</b>		
Net relevant earnings	Nil	N/A
Accounting date	Not known	N/A
Partnership/Sole trader	To be decided	N/A
<b>Other Earned Income</b>		

**Notes:**

Peter's employment at his previous firm terminated on 31 March 2012 and he plans to start his new business in the next few months. He does not expect any earnings from the business for at least six months, but hopes to generate profits after expenses but before tax (net profits) of £9,000 in his first trading year. He then expects the net profits to grow to about £25,000 in year two and hopes to earn a similar amount each year for at least another five years. Peter received a redundancy lump sum of £96,000, after tax, from his previous employment and he placed the majority of this sum in a joint savings account.

Rachel is a founding director of Comitfair Ltd and owns 32% of the share capital. The remaining shares are held equally by her two co-directors. None of the three directors are related to each other. All three directors have a share option agreement for the purchase of each other's shares on death. There is no corresponding Shareholder Protection Insurance.

Rachel's current benefits are death-in-service of ten times salary and company sick pay of full salary for six months. There is no nomination on the death-in-service benefits.

	Client 1	Client 2
<b>Previous Employment</b>		
Previous employer	EZRB Design	
Job title	Head of Design	
Length of service	19 years	
Pension benefits (see part 11)	No	

**Notes:**

Peter worked at EZRB Design for 19 years until his redundancy. Before that he worked at a smaller design agency, which also did not provide any pension benefits.

Prior to founding Comitfair Ltd ten years ago, Rachel worked at two other technology firms, but has no other benefits from that period of employment.

**PART 4: OTHER PROFESSIONAL ADVISERS**

	Client 1	Client 2
Accountant		
Bank	Securebank	Securebank
Building Society		
Doctor	Dr James	Dr James
Estate Agent		
Financial Adviser		
Insurance Agent		
Solicitor	Patterson Mayer	Patterson Mayer
Stockbroker		
Other		

**Notes:**

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**PART 5: INCOME AND EXPENDITURE****Income**

	Client 1		Client 2		Joint	
	Monthly £	Annually £	Monthly £	Annually £	Monthly £	Annually £
State Pensions						
Private Pensions						
Net relevant earnings/salary			1,000			
Benefits-in-kind						
Investment income (gross)		8		9		2,885
Dividends (net)				87,300		

**Notes:**

Peter's only income is derived from interest on cash deposits.

Rachel's main source of income is her salary and dividends from Comitfair Ltd. Rachel also receives interest on cash deposits.

	Client 1	Client 2
<b>Income Tax</b>	£	£
Personal allowances	8,105	2,880
Taxable income	1,450	107,571
Tax		
National Insurance		
<b>Net Income</b>		

**Notes:**

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## Expenditure

Household Expenditure	Monthly			Annually		
	Client 1	Client 2	Joint	Client 1	Client 2	Joint
Mortgage/Rent			573			
Council tax			262			
Buildings and contents insurance						1,375
Gas, water and electricity			298			
Telephone			51			
TV licence and satellite			65			
Property maintenance						2,300
<b>Regular Outgoings</b>						
Life assurance (see part 8)						
Health insurance (see part 9)						
Savings Plans (see part 10)			201			
Car tax, insurance and maintenance				1,100	950	
Petrol and fares	45	75				
Loans						
Hire purchase						
School fees						
Childcare						
Further education						
Subscriptions	25					
Food, drink, general housekeeping			1,600			
Pension contributions (see part 11)						
<b>Other Expenditure</b>						
Magazines and newspapers			100			
Entertainment			250			
Clubs and sport			125			
Spending money	200	200				
Clothes				800	1,500	
Maintenance						
Other (Holidays)						4,000
<b>Total Monthly Expenditure</b>	<b>270</b>	<b>275</b>	<b>3,525</b>			
<b>Total Annual Expenditure</b>				<b>1,900</b>	<b>2,450</b>	<b>7,675</b>
<b>Total Outgoings</b>						<b>60,865</b>

## Notes:

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

## Notes:

Peter wants to buy a workshop for his business. He expects the commercial premises to cost £210,000 and he is anticipating spending a further £35,000 on the purchase and refit costs.

**PART 6: ASSETS**

	Asset	Client 1 £	Client 2 £	Joint £	Income (Gross) £
1.	Main residence			1,100,000	
2.	Contents/car	19,000	21,000	21,000	
3.	Current account – Securebank	8,075	9,120		17 p.a.
4.	Deposit Account – Securebank			104,900	2,885 p.a.
5.	Shares in Comitfair Ltd		387,500		97,000 p.a.
6.	Individual Savings Accounts (ISAs)	43,780	39,675		

**Notes:**

The Securebank deposit account is an easy access account, which holds the majority of Peter's redundancy lump sum, plus other savings made over the last few years. The interest rate payable is 2.75% gross per annum and is paid on an annual basis.

Peter and Rachel's ISAs are invested in a UK Equity stockbroking portfolio managed by Securebank. All income is re-invested.

**PART 7: LIABILITIES**

Mortgage Details	Client 1	Client 2	Joint
Lender			Securebank
Type of mortgage			Interest only
Amount outstanding			£275,000
Start date			13.04.2009
Term/maturity			10 years
Monthly payment			£573
Interest rate			2.5%
Life policies (see part 8)			

**Notes:**

Peter and Rachel remortgaged with Securebank in 2009. They took out an interest only mortgage of £275,000 over a period of ten years. The mortgage rate tracks the Bank of England base rate for the term of the mortgage.

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

Notes:
Peter and Rachel do not have any loans.

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

Notes:
Peter does not have other liabilities. Rachel has a potential tax liability of approximately £15,000 due by 31 January 2014.

### PART 8: LIFE ASSURANCE POLICIES

	Life/Lives assured	Ownership	Sum assured £	Premium £	Term	Start date	In trust	Surrender Values £

Notes:
Peter and Rachel do not have any life assurance policies other than their endowment policy (see part 10).

### PART 9: HEALTH INSURANCE POLICIES

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

Notes:
Peter and Rachel do not have any health insurance policies.

**PART 10: REGULAR SAVINGS**

Type	Company	Ownership	Fund	Amount Saved £	Sum Assured £	Maturity Date	Current Value £
Endowment	Crest Life	Joint	Managed	201 per month	95,000	Aug 2019	47,820

**Notes:**

Peter and Rachel took out the Crest Life endowment when they bought their previous main residence in 1993. The policy is written on a joint life, first death basis with a guaranteed death benefit of £95,000.

**PART 11: PENSION DETAILS****Occupational pension scheme**

	Client 1	Client 2
Member of employer's scheme		Comitfair Ltd
Type of scheme		Group Personal Pension
Date joined		01.10.2003
Retirement age		60
Pension benefits		Defined Contribution
Death-in-service		Return of Fund
Dependant's benefits		None
Contracted-in/out		Contracted-in
Contribution Level (employee)		Variable
Contribution Level (employer)		8%
Fund type		Balanced Lifestyle
Fund value		£68,235

**Notes:**

Rachel has been a member of Comitfair Ltd's Group Personal Pension since inception. Comitfair Ltd contributes 8% of Rachel's basic salary and Rachel has made sporadic lump sum contributions to the scheme in the last ten years. She has not completed an expression of wish.

**Additional Voluntary Contributions (including free standing additional voluntary contributions)**

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

**Notes:**

Peter and Rachel do not have any AVC schemes.

**Personal Pensions**

	Client 1	Client 2
Type	Self Invested Personal Pension	
Company	Majestic Life	
Fund	See below	
Contributions	N/A	
Retirement age	60	
Current value	£611,500	
Date started	September 2004	

**Notes:**

Peter consolidated his pensions to the Majestic Life Self Invested Personal Pension in 2004 and contributed significant lump sums to the policy each year until March 2012. Peter has completed an expression of wish in favour of Rachel.

The SIPP is invested in a range of Unit Trusts and Exchange Traded Funds managed on a discretionary basis by Securebank's pension portfolio management team. Approximately £23,000 is held in the SIPP bank account.

**Retirement Annuity Contracts**

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

**Notes:**

Peter and Rachel do not have any Retirement Annuity Contracts.

**State Pension**

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

**Notes:**

Peter and Rachel do not know what their entitlement to the State Pension will be.



**PART 12: INHERITANCES**

<b>Wills</b>	<b>Client 1</b>	<b>Client 2</b>
Do you have a current Will?	Yes	Yes

**Notes:**

Peter and Rachel made their Wills just after Sebastian was born, but they have not been updated since then. The Wills state that the estate passes to the surviving spouse on death and then to the children in equal shares on second death.

<b>Trusts</b>	<b>Client 1</b>	<b>Client 2</b>
Are you a beneficiary under a trust?	No	No
If yes, give details		
Are you a trustee?	No	No
If yes, give details		

**Notes:**

<b>Gifts</b>	<b>Client 1</b>	<b>Client 2</b>
Give details of gifts made and received	See notes	See notes

**Notes:**

Peter and Rachel have not made any gifts.

<b>Inheritances</b>	<b>Client 1</b>	<b>Client 2</b>
Give details of any inheritances received or expected	See notes	See notes

**Notes:**

Peter's father died four years ago and his mother is now in her early 80s. He is an only child and expects any future inheritance will be worth about £100,000 within the next ten years. Rachel's parents are in their early 70s and are healthy, so she does not want to rely on any potential inheritances from them in her financial planning.

**PART 13: ATTITUDE TO RISK**

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

**Notes:**

Peter and Rachel both have a medium attitude to risk.

**PART 14: BUSINESS RECORDS****Compliance**

Date fact-find completed	07.03.2013	
IDD and menu issued	07.03.2013	
Data Protection Act	07.03.2013	
Money laundering	07.03.2013	

**Consultations**

Dates of meetings		
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**Marketing**

Client source		
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Referrals		
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**Documents**

Client documents held		
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Date returned		
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Letters of authority requested		
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**Notes:****PART 15: OTHER INFORMATION**

Rachel would like to stop work at Comitfair Ltd in the next five years in order to spend more time on her hobby of archaeology. All three directors are in a similar personal and financial position and they have agreed that any exit strategy will need to involve the sale of 100% of the share capital in exchange for a cash sum. They have been advised by the company's accountant that the firm is worth £1.25m.



