

# THE CHARTERED INSURANCE INSTITUTE

## AF5—FINANCIAL PLANNING PROCESS



### FACT-FIND

October 2013

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 and Mrs Pritchard recently.

#### PART 1: BASIC DETAILS

	Client 1	Client 2
Surname	Pritchard	Pritchard
First name(s)	Philip	Jane
Address	32 Denton Avenue, Droitwich	32 Denton Avenue, Droitwich
Date of birth	18.7.1968	24.8.1972
Domicile	UK	UK
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	Motorcycle racing	Choir

#### Notes:

Phil and Jane have been married for 15 years. Phil was married previously.

Phil attends motorcycle 'track days' a number of times each year. He no longer races competitively but rides in 'time trials' on race circuits. He owns a number of motorcycles which he maintains himself. Jane is a member of a regional choir which regularly competes in national and international competitions.

#### PART 2: FAMILY DETAILS

##### Children and other dependants

Name	Relationship	Age	D.O.B	Health	Occupation	Financially dependent?
Sophie	Phil's daughter	22	23.09.1991	Good	Trainee Manager	No
Miles	Son	14	06.06.1999	Good	N/A	Yes
Harriet	Daughter	12	12.08.2001	Good	N/A	Yes

#### Notes:

Sophie is Phil's daughter from his first marriage which ended in divorce. She graduated from university last year and recently began working for RBJ Sports as a trainee manager. Miles and Harriet attend local state schools. Phil and Jane have been very happy with the progress their children have made at the schools so far. They have no interest in considering private education.

**PART 3: EMPLOYMENT DETAILS**

	Client 1	Client 2
<b>Employment</b>		
Occupation	Management Accountant	HR Consultant
Job title	Financial Controller	Director
Business name	Neville & Riley Ltd	JPHR Ltd
Business address	Fairfax Road, Bromsgrove	Denton Avenue, Droitwich
Year business started		2008
<b>Remuneration</b>		
Salary	£52,000	£10,000
Dividends	Nil	£27,000
State Pensions	Nil	Nil
Overtime	Nil	Nil
<b>Benefits</b>		
Benefits-in-kind	£2,000 p.a.	No
Pension Scheme	No	No
Life cover	No	No
Private medical insurance	Yes	Yes
Income protection insurance	No	No
<b>Self Employment</b>		
Net relevant earnings	N/A	N/A
Accounting date	N/A	N/A
Partnership/Sole trader	N/A	N/A
<b>Other Earned Income</b>		

**Notes:**

Jane set up her HR consultancy business five years ago. She advises other businesses on matters such as employment law and health and safety obligations.

Phil has worked for his current employer for six years and has no plans to change jobs in the foreseeable future.

Phil's benefit-in-kind comes from family Private Medical Insurance paid for by Neville & Riley Ltd.

	Client 1	Client 2
<b>Previous Employment</b>		
Previous employer	Madden Engineering	HR International plc
Job title	Accounts Clerk	HR Adviser
Length of service	8 years	6 years
Pension benefits (see part 11)	None	Group Personal Pension

**Notes:**

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**PART 4: OTHER PROFESSIONAL ADVISERS**

	Client 1	Client 2
Accountant		Michael Marshall, Bromsgrove
Bank	Securebank	Securebank
Building Society		
Doctor	Dr Llewellyn, The Droitwich Surgery	Dr Llewellyn, The Droitwich Surgery
Estate Agent		
Financial Adviser		
Insurance Agent		
Solicitor	Coopers of Droitwich	Coopers of Droitwich
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		52,000		10,000		
Benefits-in-kind		2,000				
Investment income (gross)				2,160		
Dividends (net)				27,000		

**Notes:**

Jane also receives Child Benefit in respect of Miles and Harriet, totalling £33.70 per week.

	Client 1 £	Client 2 £
<b>Income Tax</b>		
Personal allowances	9,440	9,440
Taxable income	44,560	32,720
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			1,000			
Council tax			290			
Buildings and contents insurance			30			
Gas, water and electricity			210			
Telephone			30			
TV licence and satellite	50					145
Property maintenance						3,000
<b>Regular Outgoings</b>						
Life assurance (see part 8)		15				
Health insurance						
Savings plans						
Car tax, insurance and maintenance				1,500		1,000
Petrol and fares	150	100				
Loans						
Hire purchase						
School fees						
Childcare						
Further education						
Subscriptions						
Food, drink, general housekeeping			650			
Pension contributions						
<b>Other Expenditure</b>						
Magazines and newspapers			300			
Entertainment	550	300				
Clubs and sport				3,000		
Spending money	400	200				
Clothes				1,000	2,500	
Maintenance						
Other (Holidays)						6,000
<b>Total Monthly Expenditure</b>	1,150	615	2,510			
<b>Total Annual Expenditure</b>				5,500	2,500	10,145
<b>Total Outgoings</b>						69,445

## Notes:

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

## Notes:

They plan to use Jane's inheritance to repay their mortgage in full.

**PART 6: ASSETS**

	Asset	Client 1 £	Client 2 £	Joint £	Income (Gross) £
1.	Main residence			550,000	
2.	Contents/car	8,000	7,000	35,000	
3.	Current account – Securebank	4,000	2,000	3,000	0
4.	Easy Access Savings Account – Securebank		300,000		2,160 p.a.
5.	Individual share portfolio				
6.	Stocks & Shares ISAs				

**Notes:**

The interest figure quoted above for Jane's Securebank Easy Access Savings account is her estimate of the amount she will receive in the tax 2013/14 year.

**PART 7: LIABILITIES**

Mortgage Details	Client 1	Client 2	Joint
Lender			Securebank
Type of mortgage			Interest only
Amount outstanding			£150,000
Start date			2001
Term/maturity			25 years
Monthly payment			£1,000
Interest rate			4.5%
Life policies	(see part 8)	(see part 8)	

**Notes:**

Although the mortgage has been set up on an interest only basis, Phil and Jane have always overpaid to reduce the outstanding balance.

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

**Notes:**

Phil and Jane do not have any loans.

**Other Liabilities (e.g. tax)****Notes:**

**PART 8: LIFE ASSURANCE POLICIES**

	Life/Lives assured	Ownership	Sum assured £	Premium £	Term	Start date	In trust?	Surrender Values £
1.	Jane	Single Life	210,000	15 p.m.	25 years	2001	No	N/A
2.	Phil	Single Life	210,000 (see notes below)	125 p.m.	25 years	2001	No	N/A

**Notes:**

Phil was heavily rated when he took out this policy, as he was still racing motorcycles competitively at the time. When Jane received her inheritance and it became clear that they would be able to repay their mortgage, Phil cancelled the direct debit for the premium on his policy.

**PART 9: HEALTH INSURANCE POLICIES**

Type	Life Covered	Current Sum Assured £	Start Date	Term/ Review	Deferred Period	Premium £
Private Medical Insurance	Phil, Jane, Miles & Harriet					

**Notes:**

Private Medical Insurance premiums are paid by Phil's employer, Neville & Riley Ltd.

**PART 10: REGULAR SAVINGS**

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

**Notes:**

Phil and Jane have no regular savings plans.

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

	Client 1	Client 2
Member of employer's scheme	Neville & Riley Ltd	
Type of scheme	Group Personal Pension	
Date joined	Scheme starting on 01.01.2014	
Retirement age	65	
Pension benefits	Defined contribution	
Death benefits	Return of Fund	
Dependants' benefits	None	
Contribution Level (employee)	1%	
Contribution Level (employer)	1% (and matching arrangement)	
Fund type	Default – Lifestyle fund	
Fund value	Nil	

**Notes:**

Phil's employer is setting up a Group Personal Pension with effect from January next year, which will replace the current designated Stakeholder scheme. Phil did not join this scheme and is yet to decide whether he will join the new Group Personal Pension.

Phil and his employer will each contribute 1% of basic salary to the new scheme, if Phil chooses to join. The company will also match further employee contributions to the scheme up to a maximum of an additional 4% of basic salary.

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

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

**Notes:**

Phil and Jane do not have any AVC schemes.

**Personal Pensions**

	Client 1	Client 2
Type		Group Personal Pension
Company		ABC Life
Fund		Managed
Contributions		Nil
Retirement date		2032
Current value		£26,000
Date started		2002

**Notes:**

Phil does not have any Personal Pension plans. Jane's Group Personal Pension was established whilst she worked for HR International. No contributions have been made to the plan since she left their employment.



**Previous pension arrangements**

	Client 1	Client 2
Employer		
Type of scheme		
Date joined scheme		
Date left		
Preserved benefits		

**Notes:**

Phil and Jane have no other pension arrangements.

**State Pension**

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

**Notes**

Phil and Jane do not know their entitlement to State Pensions.

**PART 12: INHERITANCES**

<b>Wills</b>	<b>Client 1</b>	<b>Client 2</b>
Do you have a current will?	No	No

**Notes:**

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<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:**

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

**Notes:**

Phil and Jane have not made any gifts.

<b>Inheritances</b>	<b>Client 1</b>	<b>Client 2</b>
Give details of any inheritances received or expected	None	£300,000

**Notes:**

The £300,000 in Jane's Easy Access Savings Account came from an inheritance she received after her mother died in December last year. Inheritance Tax was paid before Jane and her sisters received their inheritances. Jane's father died four years ago and left his entire estate to her mother.

It took some time to arrange probate on her mother's estate so Jane only received the inheritance very recently.

**PART 13: ATTITUDE TO RISK**

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

**Notes:**

Phil and Jane do not want to take too much risk with their money.

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

Date fact-find completed	20.9.2013	
Client agreement issued	20.9.2013	
Data Protection Act	20.9.2013	
Money laundering	20.9.2013	

**Consultations**

Dates of meetings	20.9.2013	
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**Marketing**

Client source	Referral	Referral from Coopers of Droitwich (Solicitors)
Referrals		

**Documents**

Client documents held		
Date returned		
Letters of authority requested		

**Notes:****PART 15: OTHER INFORMATION**

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