



THE CHARTERED INSURANCE INSTITUTE

AF8 - RETIREMENT INCOME PLANNING

EXEMPLAR - FACT-FIND

2020/2021

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

PART 1: BASIC DETAILS		
	Client 1	Client 2
Surname	Evans	Evans
First name(s)	Patrick	Jane
Address	1 Linden Way, Mansfield	1, Linden Way, Mansfield
Date of birth	1.2.1958	3.4.1960
Domicile	UK	UK
Residence	UK	UK
Place of birth	Nottingham	London
Marital status	Married	Married
State of health	Deteriorating	Good
Family health	Good	Good
Smoker	No	No
Hobbies/Interests	Golf	Walking, badminton
Notes:		
Patrick was recently diagnosed with a heart condition which will require ongoing long-term treatment but this will not affect his life expectancy. Patrick will retire in the next few months so that he and Jane can spend some time travelling, visiting family members overseas over the next three years.		

PART 2: FAMILY DETAILS						
Children and other dependants						
Name	Relationship		D.O.B	Health	Occupation	Financially dependent?
Sally	Daughter		02.03.1982	Good	Engineer	No
Ian	Son		10.04.1985	Good	Teacher	No
Notes:						
Sally is married and has two children, aged 5 and 7. Sally moved to Australia with her husband and children and they do not intend to return to the UK in the future.						
Ian lives in the UK and is planning to get married next year. Ian has no children.						

PART 3: EMPLOYMENT DETAILS		
	Client 1	Client 2
Employment		
Occupation	Sales Manager	Physiotherapist
Job title	Manager	
Business name	Tresham Industries	Oakhill Sports Clinic
Business address	Mansfield	Mansfield
Year business started	Not known	Not known
Remuneration		
Salary (gross)	£48,000 per annum	£18,000 per annum
State Pensions	N/A	N/A
Overtime	N/A	N/A
Benefits		
Benefits-in-kind	N/A	N/A
Pension scheme	see Part 11	see Part 11
Life cover	N/A	N/A
Private Medical Insurance	N/A	N/A
Income Protection	N/A	N/A
Self Employment		
Net relevant earnings	N/A	N/A
Accounting date	N/A	N/A
Partnership/Sole trader	N/A	N/A
Other Earned Income		
	N/A	N/A
Notes:		
	Client 1	Client 2
Previous Employment		
Previous employer	Mansfield UK	N/A
Job title	Sales Administrator	N/A
Length of service	1979-1993	N/A
Pension benefits	see Part 11	N/A

Notes:

Patrick has preserved pension benefits from his first employer.

Jane does not have any previous benefits from any employers and has worked part-time for Oakhill Sports Clinic since she qualified as a physiotherapist in 1993.

PART 4: OTHER PROFESSIONAL ADVISERS		
	Client 1	Client 2
Bank	Assure Bank	Assure Bank
Building Society	Midlands Provident	Midlands Provident
Doctor	Dr King	Dr King
Solicitor	Walker Phipps LLP	Walker Phipps LLP
Notes:		

PART 5: INCOME AND EXPENDITURE						
Income						
	Client 1		Client 2		Joint	
	Monthly £	Annually £	Monthly £	Annually £	Monthly £	Annually £
State Pensions						
Private Pensions						
Salary (gross)		48,000		18,000		
Benefits-in-kind						
Bank interest (gross)						350
Investment income (gross)						
ISA income		450		900		
Dividend income						710
Notes:						

Expenditure

Household Expenditure	Monthly £			Annually £		
	Client 1	Client 2	Joint	Client 1	Client 2	Joint
Mortgage/Rent						
Council tax						1,600
Buildings and contents insurance				680		
Gas, water and electricity				1,500		
Telephone				700		
TV licence and satellite				600		
Property maintenance				2,500		
Regular Outgoings						
Life assurance (see Part 8)						
Health insurance (see Part 9)						
Savings Plans (see Part 10)						
Car tax, insurance and maintenance				1,000	850	
Petrol and fares				950	700	
Loans (see note below)						
Hire purchase						
School fees						
Childcare						
Further education						
Subscriptions	60	30				
Food, drink, general housekeeping			800			
Pension contributions (see Part 11)	160	24				
Other Expenditure						
Magazines and newspapers						120
Entertainment						2,500
Clubs and sport						2,000
Spending money						2,800
Clothes						1,500
Maintenance						
Other (Holidays)						4,000
Total Monthly Expenditure	220	54	800			
Total Annual Expenditure	2,640	648	9,600	7,930	1,550	14,520
Total Outgoings						36,888

Notes:

Patrick and Jane are unsure of what their expenditure will be in retirement.

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

Patrick and Jane are planning to travel extensively over the next few years as they are concerned that Patrick's health will deteriorate in the future and prevent them travelling outside the UK. They estimate that their travel plans will cost £70,000 in total over the course of the next three years.

PART 6: ASSETS

	Asset	Client 1 £	Client 2 £	Joint £	Income (Gross) £
1.	Main residence			650,000	
2.	Contents/car			55,000	
3.	Current account – Assure Bank	3,000	1,500		
4.	Savings Account – Assure Bank			35,000	350
5.	OEIC/Unit Trust holdings – UK Recovery funds			42,000	545
6	OEIC/Unit Trust holdings – Emerging Markets Growth fund			33,000	165
7.	Stocks & Shares ISAs – US Equity Tracker fund	30,000			450
	Stocks & Shares ISAs – UK FTSE-100 Tracker fund		30,000		900
8.	Investment Bond (onshore) – Managed fund			85,000	

Investment Funds

Fund	Value £	UK Equity	Global Equity	Property	Fixed Interest	Cash	Total Expense Ratio
UK Recovery (Joint)	42,000	95%				5%	1.64%
Emerging Markets Growth (Joint)	33,000		90%			10%	1.96%
Investment Bond (Joint)	85,000	40%	40%	20%			1.2%
US Equity Tracker (ISA - Patrick)	30,000		98%			2%	0.8%
UK FTSE-100 Tracker (ISA – Jane)	30,000	98%				2%	0.5%

Notes:

Patrick and Jane hold two investment funds in joint names which were purchased many years ago with lump sums of £18,000 in the case of the UK Recovery fund and £15,000 in the case of the Emerging Markets Growth fund. They have not reviewed these funds in recent years.

They have not used their ISA allowances for several years as they have used any excess net income each year to repay their mortgage and make gifts to their children.

Patrick and Jane took out their investment bond with the proceeds of an inheritance from Jane's mother. They have not taken any withdrawals from this bond, nor have they made any additional investments into the bond since it was purchased with an initial investment of £55,000 in June 2013.

Patrick and Jane currently draw the income from their various investment funds and ISAs and have used most of this to make gifts to their children and grandchildren within the annual gift exemptions.

PART 7: LIABILITIES

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

Notes:

Patrick and Jane have recently repaid their mortgage in full.

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

Notes:

Patrick and Jane have no outstanding loans.

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

Patrick and Jane have no outstanding liabilities.

PART 8: LIFE ASSURANCE POLICIES

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

Notes:

Patrick and Jane do not currently hold any life assurance policies.

PART 9: HEALTH INSURANCE POLICIES

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

Notes:

Patrick and Jane do not have any health insurance policies.

PART 10: REGULAR SAVINGS

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

Notes:

Patrick and Jane do not currently make any regular savings.

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

	Client 1	Client 2
Member of employer's scheme		
Type of scheme		
Date joined		
Retirement age		
Pension benefits		
Death benefits		
Dependant's benefits		
Contracted-in/out		
Contribution Level (employee)		
Contribution Level (employer)		
Fund type		
Fund value		
Notes:		
Patrick and Jane do not have any occupational pension scheme entitlements.		

Additional Voluntary Contributions (including free standing additional voluntary contributions)

	Client 1	Client 2
Type		
Company		
Fund		
Contribution		
Retirement date		
Current value		
Date started		
Notes:		
Patrick and Jane do not have any additional voluntary contribution schemes.		

Personal Pensions

	Client 1	Client 2
Type of scheme	Group Personal Pension	Group Personal Pension
Company	UK Life Ltd	Midlands Life Ltd
Fund	UK Equity tracker (50%) UK Gilt & Fixed Interest (50%)	Cautious Managed Lifestyle (100%)
Gross Contributions	5% employee/5% employer	2% employee/6% employer
Scheme Retirement date	February 2023	April 2025
Fund value	£162,000	£33,000
Year started	1993	1993

Notes:

Patrick and Jane are both members of their employer's Group Personal Pension schemes to which both they and their employers currently contribute.

Previous pension arrangements

	Client 1	Client 2
Employer	Mansfield UK	
Type of scheme	Defined benefit	
Date joined scheme	1979	
Date left	1993	
Preserved benefits	£4,700 per annum (gross)	

Notes:

Patrick's defined benefit scheme became insolvent a few years ago and his benefits will be provided by the Pension Protection Fund.

This pension comes into payment at age 65.

It also provides a spouse's pension of 50% of Patrick's entitlement on death.

State Pension

	Client 1	Client 2
State Pension	See below	See below
Total	See below	See below

Notes

Patrick and Jane have received a State Pension forecast and both are entitled to the full flat-rate State Pension on their State Pension ages.

PART 12: INHERITANCES

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

Notes:

Patrick and Jane made their Wills several years ago leaving all of their assets to each other and then to their children in equal shares 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	£1,000 per year	£1,000 per year

Notes:

Patrick and Jane have gifted monies to their children and grandchildren for the past few years to use some of their annual gift exemptions. These gifts have been funded from the income generated by their various investments.

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

Notes:

Patrick and Jane have already received various small inheritances from family members over the past ten years. They do not expect to receive any further inheritances.

PART 13: ATTITUDE TO RISK

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

Notes:

Patrick and Jane have always had an adventurous attitude to risk but both feel that this level of risk is no longer appropriate. They believe that a low to medium risk level is now necessary and would like to review their current investments, taking into consideration their change of position following Patrick's early retirement.

PART 14: BUSINESS RECORDS**Compliance**

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

Consultations

Dates of meetings		
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Marketing

Client source		
Referrals		

Documents

Client documents held		
Date returned		
Letters of authority requested		

Notes:**PART 15: OTHER INFORMATION**

Jane may continue to work part-time as a physiotherapist for the next five years. Her employer is willing to provide continuing employment to Jane on a flexible basis to fit in with her travel arrangements. Jane expects to earn a salary of £10,000 per annum (gross) from this continuing employment due to her reduced working hours.

Patrick and Jane are planning to sell their current home to release funds of approximately £200,000 after all fees and charges to provide additional income in retirement. They expect to sell their home and purchase a new property for approximately £400,000 in the next two or three years.

Clients' Financial Objectives:**Immediate objectives:**

- To ensure that Patrick and Jane have sufficient capital for the next three years to accommodate their travel plans.
- To ensure their existing investments and pension arrangements are suitable following their recent change in circumstances.

Longer-term objectives:

- To ensure that Patrick and Jane can generate adequate joint income of £45,000 per annum (gross) in today's terms throughout their retirement.
 - To arrange a suitable investment strategy for the residual proceeds of the sale of their home.
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Assignment 1 (2500 words)

Assess the adequacy of Patrick and Jane's current financial arrangements to meet their immediate needs and objectives. You should analyse any strengths or weaknesses in their current financial position.

(Student Guidance: No recommendation is required. Any calculations that you use to support your assessment will not form part of the word count).

Assignment 2 (2500 words)

Patrick and Jane's attitude to risk has recently changed to low to medium due to their recent change in circumstances. Recommend and justify how their investment portfolio's asset allocation and product selection should be adjusted.

(Student Guidance: Candidates should take into consideration any tax implications for each of their recommendations).

Assignment 3 (3000 words)

Recommend and justify a suitable and tax-efficient investment strategy for Patrick and Jane to enable them to generate a sustainable income, from the date of Patrick's retirement, to fund their longer-term needs and objectives.

(Student Guidance: Candidates should assume that Patrick and Jane have released the sum of £200,000 from the sale of their property. Candidates should take into consideration all of Patrick and Jane's assets and pensions in formulating recommendations).