



provisio

Financial Planning: an introduction



navigating through life's changes...

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The Power of Planning

“To us, financial planning provides a direction and meaning to all your financial decisions.

Knowing where you are now, where you would like to be and how to achieve all your financial goals.”

Financial planning is the process of managing your finances effectively to meet your life goals. The financial planning process will help you look at the “bigger picture” of where you are financially.

Ask yourself:

Can you consider the short and long term effects of financial decisions on your life goals?

Can you adapt to life changes?

Do you feel secure that your financial goals are on track?

Are you viewing each financial decision as part of a whole?

Planning for your future demands that you stay focused on your goals, which will change from time to time. Financial worries do not necessarily derive from lack of money, but more often from lack of planning.

The aim of Financial Planning is to help you to identify and achieve your financial goals and objectives in order that you may achieve the lifestyle you desire.

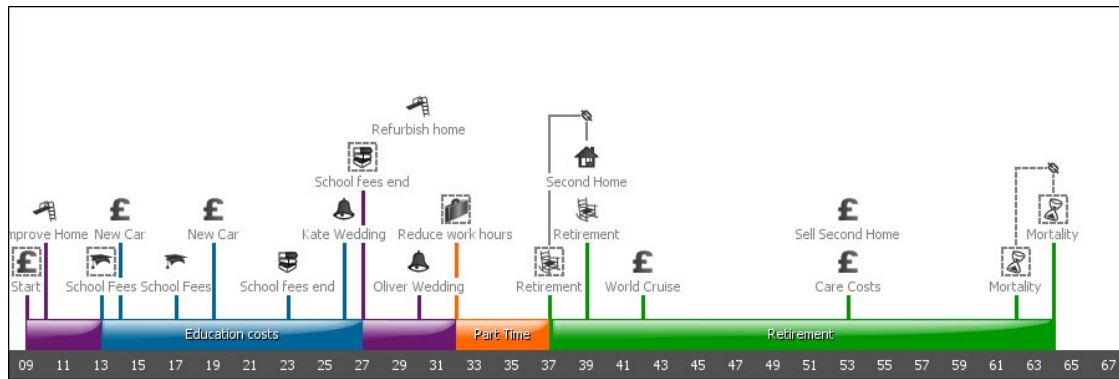


planning for the road ahead...

The Five Steps of Financial Planning:

1. Identify your Financial Goals

The Financial Planning process begins by helping you list all of your life goals, especially those that will require financial resources beyond your current income. Next, you determine the target date by when you would like to achieve the goals and finally, determine the amount of capital you will need.

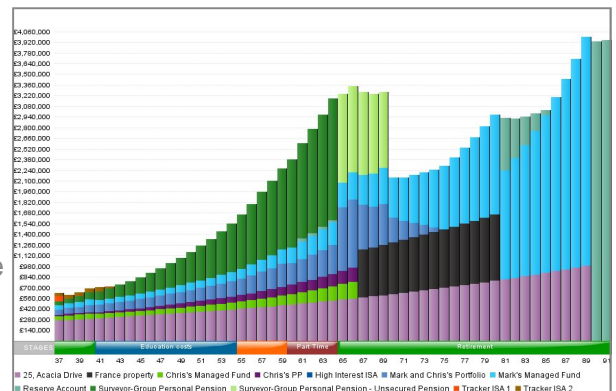


2. Calculate Your Net Worth

Once you have identified your goals, together we will determine where you are now and calculate your net worth: assets less liabilities.

This step helps create a current financial picture .

This provides part of the foundations for the start of the Financial Planning exercise



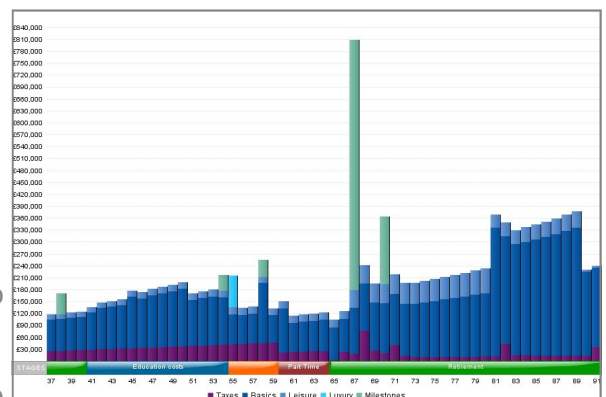
3. Evaluate Your Income

Knowing your income and expenditure is important in helping you to achieve your financial goals.

We will ask you to list your current monthly Income and Expenditure. It will be useful to categorise expenditure dependent on need, e.g. Basic, Leisure and Luxury.

You may wish to use bank and credit card statements to help you obtain more accurate information.

Coupled with your Net Worth, you have now identified the resources available to help you achieve your goals.

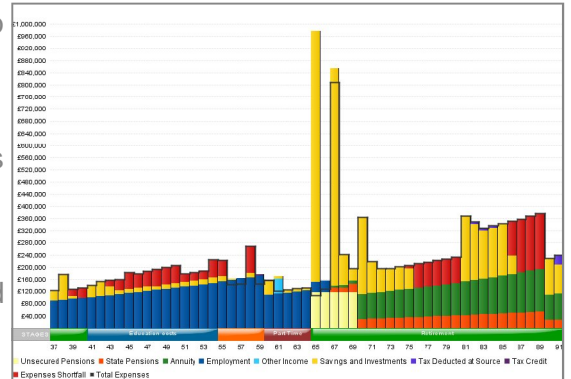


4. Resource Analysis

Having identified your goals and resources, the next step is to analyse the information provided.

This analysis will usually begin with a look at your financial foundations and consideration of the 'gap' between your goals and reality.

Will your foundations help protect you against unexpected losses that might otherwise keep you from meeting your goals?



We will consider reviewing your **Insurance Policies**, look to establish and **emergency cash fund** and review your **Will** and any **Lasting Power of Attorney**.

“Take time to ensure that you fully understand your financial position, aims and objectives. Only by doing so will you maximise the benefit of Financial Planning”

5. Plan Ahead

Your Personal Financial Plan will analyse your current financial arrangements and consider how they can be better utilised.

Using a **lifetime cash-flow forecast**, your financial objectives will be considered based on assumptions you have agreed.

Adjustments may also need to be made to the plan, re-evaluate your life-long goals and anticipate economic factors that affect your plan.

- Rate of inflation
- Your income tax bracket
- Interest rates
- Overall economic conditions



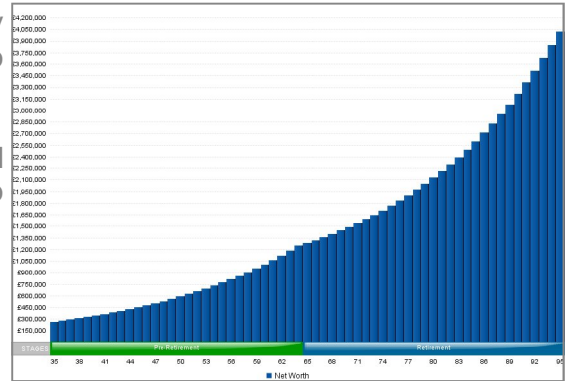
Step 5 Update Your Plan

Ultimately there are likely to be one of three outcomes in your financial plan. Either, your assets will grow indefinitely, you will eventually run out of money, or your asset base will grow until retirement and then gradually deplete.

Action needs to be taken for each scenario:

If your **assets continue to grow indefinitely** then you may wish to consider reducing the investment risk you are taking to achieve your goals.

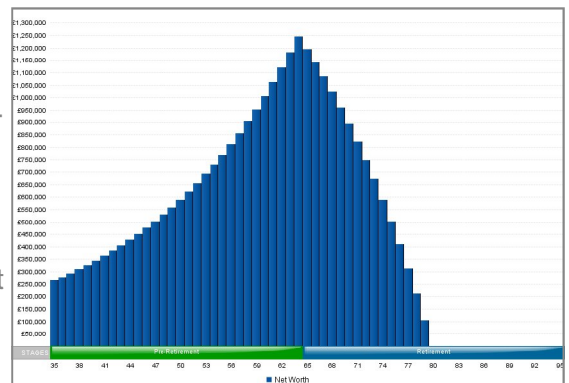
You could also plan to achieve these goals earlier and consider the use of IHT efficient savings products to preserve your wealth for the next generation.



If you **eventually run out of money** you may wish to reduce your expenditure.

Alternatively, review your expectations - are they realistic?

You can look to make your investments more tax-efficient and consider increasing your investment risk.

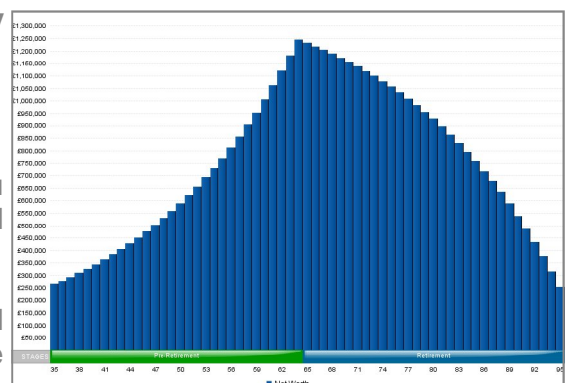


The ideal scenario is for your **asset base to deplete gradually in retirement**.

The ideal scenario is to run out of money on the day you die!

Admittedly this is very difficult to plan for but as long as you have disinherited the HMRC on death you will have achieved the final goal.

Any assets below the nil rate band on death can be passed through your estate into the hands of your beneficiaries free from Inheritance Tax.



We will review your plan at least once each year and at significant life events - such as marriage/civil partnership, birth or adoption of a child, purchase of a new house - so it reflects your changing goals and financial situation.

This exercise needs to be repeated regularly. If your income increases, you may find ways to accelerate your savings, then you will accelerate your progress toward your goals. Be prepared to modify your goals if you suffer a set back. The key is to remain flexible.

Practical Applications for Financial Planning

Now that you have completed your analysis, it is time to take action but **how**?

For Individuals

Here are some questions to ask yourself

- Could you increase the amount you are saving?
- Could you earn more/spend less?
- Are you spending too much on impulse purchases?
- Are you neglecting long-term saving goals?
- Are your goals too ambitious?
- Could you change or eliminate any of your goals?
- Could you delay the target dates of your goals?

We will work with you to achieve your goals through the various stages of your life, whether you are creating wealth, protecting against the unforeseen, preserving & consolidating, or ultimately distributing your wealth to those closest to you. We will help you:

- Make the most of your time after work ends (planning for retirement)
- Provide for loved ones tax efficiently (planning for death)
- Maintain your financial security through times of poor health (planning for sickness, incapacity or long term care)
- Do the best for your children (planning for education)
- Navigate the maze of investment options (planning for tax efficient investments)

For Business Owners

Your business is often an extension of your own personal affairs and Financial Planning can help you extract value from your business and plan for retirement.

Financial Planning can also be used to help minimise the impact on the business of the death or illness of its key staff and shareholders.

Pension and Divorce

All of our Financial Planners have undertaken extensive training and received individual accreditation from Resolution to act as Financial Neutrals in Collaborative divorce cases.

Financial Planning can help you understand the true value of your wealth and help you rebuild following a divorce.

More Information about Provisio Financial Planners

Provisio Limited operate a bespoke **Wealth Management Service** that brings together four distinct areas of financial stewardship under one simple fee structure

- Financial Planning
- Future cash-flow analysis
- Risk analysis
- Portfolio management

When combined together effectively, these four disciplines will ensure that you are always best placed to achieve your financial goals, regardless of any changes in circumstances that may occur.

Financial Planning A Certified Financial Planner will provide you with a personalised report detailing recommendations that address your financial goals, based on the information you have provided.

A meeting will be arranged to discuss the contents of the report and to help you understand the strategy that has been proposed, you can then make an informed decision whether to proceed.

Future Cash Flow Analysis Visual cash flow analysis software will be used to provide you with accurate answers to the big questions that matter most. You will be able to see what we are saying, why we are saying it and how it will benefit you.

Risk Analysis Through a series of risk-graded model portfolios you are able to access carefully managed low-cost investments that best suit your return expectation and more importantly ensure the level of investment risk you undertake is acceptable.

Portfolio Management We use modern internet based technology to streamline investment transactions, administration and service, whilst also providing a single view of all your investments at any time.

The Financial Services Authority (FSA) does not regulate Financial Planning. Instead, the FSA regulates financial planners by the services they provide. All Provisio Financial Planners adhere to the Codes of Ethics and Practice as defined by the Institute of Financial Planning (IFP) and are regulated as Independent Financial Advisers by the Financial Services Authority.

Contact: **Martin Gorvett APFS, AIFP, CFP**
Chartered Financial Planner

Tel: 01462 687337

Mobile: 07515 334 516



provisio



Postal
Address:

PO Box 401
The Nexus Building
Broadway
Letchworth
Herts
SG6 9BN



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Registered Office: PO Box 501, The Nexus Building, Broadway, Letchworth Garden City, Herts. SG6 9BL.
Company Reg. Number 02916207 (England)