

## **Life Plan™ Let us take you there™**

### ***“A Roadmap to Your Financial Future”***

In order to develop your financial plan - Life Plan™, we need clarity over your goals, your objectives and motivations. The use of Cash Flow modelling software helps us create your Life Plan™, enables us to illustrate what might happen in the future and enables you to plan to ensure that you get the most of your money and assets – Efficient Frontier !

The process of creating your Life Plan™ starts by modelling your current position relative to your preferred position and your goals by assessing current and forecasted wealth as well as income/capital inflows and expenditure outflows to create a clear picture of your current and future affairs. It also details assets, debts, life assurances/life protection cover, which are projected forward year by year and by using assumed rates and factors around growth, income, inflation, changes in earnings capacity, generating outcomes that can then be measured against goals and objectives.

### ***“Your Life Plan™ is born”***

To implement your Life Plan™ good communication and full disclosure is essential and the outcomes are only as good as the input data. Cash flow modelling is most successful when making use of regular reviews (monthly, quarterly, half yearly or yearly) and re-assessments so you will need to be fully involved in the process.

### **Attitude to Risk & Asset Allocation**

Prior to cash flow modelling implementation we will have assessed your risk profile, capacity for loss and tax status. This is very important when considering both historic performance of existing investments & assets but also in determining the rates of return we will use for future forecasting. Therefore taking both these elements into the mix will help determine what advice recommendations, products and best course of action are appropriate for your particular situation, lifestyle and spending and the most suitable asset allocation (mix of assets in line with your risk profile). The growth rate you require (where applicable) is calculated to meet your investment objectives and compared against existing returns for consistency. These rates are then cross-referenced with your attitude to risk to ensure your expectations are realistic and compatible with the asset allocation needed to achieve the necessary growth rate.

Where Life Plan™ becomes particularly useful is the analysis of different scenarios based on decisions you may make - this could be lifestyle choices or perhaps investment decisions.

By matching your present and expected future liabilities with your income and capital, recommendations can be made to ensure that you don't run out of money throughout your life.

### **How much to save, spend and invest**

A snapshot in time is taken of your finances. The calculated rates of growth, income, tax and so on that are used to form the basis of any cash flow modelling exercise will always be assumptions. Therefore, regular reviews and reassessments are required to ensure you remain on track.

Nearly all decisions are based on what is contained within your Life Plan™: from how much to save and spend, to how funds should be invested to achieve the required return, so there is a lot that needs to be managed.

***“CASH FLOW MODELLING CAN DETERMINE WHAT RECOMMENDATIONS AND BEST COURSE OF ACTION ARE APPROPRIATE FOR YOUR PARTICULAR SITUATION AND THE MOST SUITABLE ASSET ALLOCATION MIX. ”***

Your Life Plan™ should enable you to :-

- Have a clear and detailed summary of your financial arrangements.
- Define your family's vision of the 'good life' and begin working towards it.
- Work towards achieving and maintaining financial independence.
- Ensure adequate provision is in place for the financial consequences of death, serious illness or long term illness or injury.
- Plan to minimise your tax liabilities.
- See clearly analysis of your personal expenditure planning assumptions, balancing your cash inflows and your desired cash outflows.
- Estimate future cash flow on realistic assumptions.
- Develop a new strategic investment strategy or improve an existing one for your capital and surplus income in accordance with risk versus reward, flexibility and accessibility with which you are comfortable.
- Become aware of the tax issues that are likely to arise during your lifetime through variable modelling, 'what if' scenarios or on death.

Running through the numbers, making live changes or simulations and creating these as reports can be important, which in turn can help you make the right financial decisions. It is also imperative to be specific about your goals. For example, it is not enough to say, 'I want to have enough to retire comfortably'. You need to think realistically and pragmatically about how much you will need - the more specific you are, the easier it will be to come up with a plan to achieve your goals.

If your needs are not accurately established, then the Life Plan™ created will not be seen as personal, and therefore you are unlikely to perceive value in it.

Some years, there may not be any change, or just small tweaks. However, in other years, there may be something significant to change; either way, you will need to ensure things are up to date, which in turn will give you peace of mind knowing your plans are still on track.

It is vital that you are aware that certain assumptions have been made in designing your Life Plan™. This is why projected inflation and growth rates are made clear and explained. In addition that the plan and cash flow model is only as good as the information provided, so it is critical that it is reviewed regularly.

### **Is your Life Plan™ on track ?**

Cash flow modelling helps you stay in control of your financial future by giving a more holistic planning approach and clearer picture of the consequences of change on an ongoing basis. It also helps to give an idea of when certain key decisions should be made, such as retiring early or downsizing a property.

### ***Time to formulate a clearer understanding of your Life Plan™ ?***

We can assist you to formulate a clearer understanding of your lifetime cash flow so that you can make sure you have the right provisions in place now, and to ensure that your money doesn't run out in the future, which could have a considerable impact on your eventual retirement. For more information or to discuss your requirements, please contact us today

***You should be aware that investments carry varying degrees of risk and as their underlying value can fall as well as rise you may not get back the full amount invested.***

This guide is for your general information only, and should not be relied upon in its entirety or deemed to be, or constitute, advice or a personal recommendation. Although endeavours have been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without accessing professional Independent financial advice. We cannot accept responsibility for any loss as a result of acts or omissions taken in respect of the content.

So, do you want to truly create your life plan or want to ensure you are able to achieve your goals, then Opes™ Independent Financial Advisers Ltd may be able to help. For further information please feel free to contact us on the details provided or book a no obligation consultation online at [www.opesifas.co.uk/bookameeting](http://www.opesifas.co.uk/bookameeting)

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