BURLINGTON
ASSOCIATES

Personal Financial Plan

Prepared for:

Mr Michael & Mrs Jane Burlington

2011

Part 2: Suggested Planning Actions

An aid to self-organisation and financial planning
Prepared by Burlington Associates Limited

PRIVATE & CONFIDENTIAL

Prepared by: A Burlington Financial Planner

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The Cash Flow in part 1 of your planning report has identified two potential problems.

1) Insufficient capital to meet your lifestyle plans

The lifelong Cash Flow Forecasts produced by Burlington Associates Limited are one of the major benefits of the Burlington Associates Limited Service. The lifelong Cash Flow Forecast in Chapter 4 shows that, On the assumptions stated, you will run out of money at Michael's age 98 unless you sell assets in addition to your readily realisable investments.

To remain financially secure until Michael's age 99 you would need to :-

a. increase your investment capital now by £29,773 (e.g. by releasing money for investment by the sale of other assets), or

b. increase Michael's gross income by £5,520 pa, escalating in line with inflation until his age 60.

2) Insufficient capital in the event of Michael being disabled

On the assumptions stated, if Michael had become disabled yesterday and in need of long term care you would have had insufficient capital and insurance protection to maintain your current standard of living beyond Michael's age 57 (unless you sold assets in addition to your current readily realisable investments and invested the proceeds of sale).

The cash flow in the event of disability shows that the last seven years of earnings are absolutely critical to maintaining you lifestyle and the loss of even one or two year's income could lead to the need for significant changes in lifestyle during retirement. Coupled with the significant increase in likelihood of a critical illness between the ages of 50 and 60 make the consideration of protecting against that eventuality of very high importance.

Although the annual premium is significant in relation to your other outgoings, the cost of not having the cover in the event of a potential claim would be significantly larger and it is important that you give this very careful consideration.

3) Potential to increase your capital

Based on your current planning assumptions although you could run out of money during the scope of the plan, it should, be possible to increase the amount of readily realisable assets by investing some of your available surplus income in risk assets to achieve a higher rate of return over the long term.

The types of investment that we would consider would include investment into ISAs, Unit Trusts, Open Ended Investment Companies (OEICs), Investment Trusts, Real Estate Investment Trusts (REITs) and Investment Bonds. Generic Information on these investment types are included in the appendix.

The amounts to be invested in each type of investment will be determined, to some extent, by the relative tax treatments of the investments which, in turn, will be dictated by your own tax situation.

4) Mitigation of Inheritance Tax through gifts

Dependent upon the age to which you realistically expect to plan you may have surplus assets which, when taken together with your Capital Assets, could give rise to a large Inheritance Tax liability. You may wish to consider making gifts to your children at a later date to try and mitigate the potential Inheritance Tax liability. At this stage we have not incorporated any of this planning but it remains an option to be considered in the future.

A) Additional Investment from Income

The lifetime cashflow indicates that you are likely to continue to generate surpluses up to your retirement date.

You could consider investing the surplus in to a risk investment in order to improve the returns over the medium to long term. See the introduction to the revised lifetime cashflow for our specific planning suggestions.

B) Utilising Capital Gains Tax Allowances

The current Capital Gains Tax (CGT) allowance is £10,000 and is the amount of gain that can be realised on relevant investments before any taxation is levied. In order to take advantage of this allowance you would need to realise sufficient assets each year to recognise this level of gain. You would not be able to reinvest the proceeds in to the same investments for 30 days during which time the price of the asset could move against you.

Nonetheless, this is an important planning opportunity and you should consider using this strategy as part of your planning.

C) Using withdrawals to manage cash surpluses and deficits

Specific recommendations regarding withdrawals from investments are noted below to ensure that you should always have readily available cash.

D) Implementation of a policy to cover the shortfall in the event of a Critical Illness

We recommend that you implement a policy that would pay out in the event of Michael becoming disabled to provide a tax-free income of £140,000 p.a. until Michael reaches the age of 60. A specific recommendation letter to this effect has been sent together with this report

Suggested Changes to Lifetime Cashflow

Based on the suggestions above we have made the following changes to the lifetime cashflow –

I) Jane Transact ISA

Withdrawals commence from Michael's Retirement at £2,000 per month until depletion. These will be exhausted when Michael reaches age 65/66

II) Michael Transact ISA

Withdrawals commence from Michael's Retirement at £2,000 per month until depletion. These will be exhausted when Michael reaches age 65/66

III) Michael's Other ISA

Withdrawals commence in 2050 at £30,000 p.a. increasing by RPI, These would then be exhausted when Michael reaches age 96/7

IV) Jane's Other ISA

Withdrawals commence in 2049 at £30,000 p.a. increasing by RPI. These would then be exhausted when Michael reaches age 96/7

V) Jane's GIA

Additional Investments of £40,000 until Michael's retirement and an additional investment of £150,000 following the receipt of the tax-free cash from Michael's pensions after retirement. At the same time the use of the CGT allowance should commence from 2011. These would then be exhausted when Michael reaches age 96/7

VI) Michael's GIA

Additional Investments of £40,000 until Michael's retirement and an additional investment of £200,000 following the receipt of the tax-free cash from Michael's pensions after retirement. At the same time the use of the CGT allowance should commence from 2011. These would then be exhausted when Michael reaches age 96/7

VII) Canada Life Bond

Withdrawals commence after Michael's retirement at £7,500 p.a.. This would then be exhausted when Michael reaches age 81/2

VIII) New Critical Illness Policy

Premiums commence immediately at £7,200 p.a. until Michael reaches age 60.

The following charts show the effect of these changes to the cash flow. On this proposed basis, you will not run out of cash until Michael reaches age 98/99 and this would also protect you against Michael becoming disabled before the age of 60.

Original Chart of Future Capital

Proposed Chart of Future Capital No Catastrophe

Year by Year Cash Flow Forecast:Original

Readily Realisable Capital £	As at	Michael's Age At Year End	Cash Inflows £	Cash Outflows £	Balance of Surplus Account £	Capital at End of Year £	Capital in 2009 Terms £
602,015	**21/12/2009**	51	**106,654**	60,674	47,291	655,179	655,179
655,179	06/04/2010	52	**421,399**	389,689	81,201	728,221	703,595
728,221	06/04/2011	53	**425,976**	317,006	194,357	881,965	823,324
881,965	06/04/2012	54	**423,603**	367,447	259,886	989,596	892,559
989,596	06/04/2013	55	**424,777**	315,448	381,479	1,154,864	1,006,397
1,154,864	06/04/2014	56	**425,987**	319,003	506,141	1,324,833	1,115,474
1,324,833	06/04/2015	57	**427,183**	359,002	596,805	1,462,505	1,189,749
1,462,505	06/04/2016	58	**557,748**	192,112	1,004,359	1,918,832	1,508,185
1,918,832	06/04/2017	59	103,372	**149,628**	1,001,593	1,945,620	1,477,526
1,945,620	06/04/2018	60	103,914	**143,504**	1,005,474	1,980,226	1,452,953
1,980,226	06/04/2019	61	104,470	**182,256**	971,257	1,977,956	1,402,210
1,977,956	06/04/2020	62	105,054	**196,359**	920,947	1,960,868	1,343,088
1,960,868	06/04/2021	63	113,067	**167,048**	906,437	1,980,907	1,310,931
1,980,907	06/04/2022	64	108,750	**159,185**	894,860	2,005,264	1,282,174
2,005,264	06/04/2023	65	109,393	**159,448**	883,108	2,030,893	1,254,649
2,030,893	06/04/2024	66	110,054	**158,367**	872,574	2,059,248	1,229,146
2,059,248	06/04/2025	67	110,739	**217,022**	802,382	2,029,521	1,170,437
2,029,521	06/04/2026	68	118,492	**181,512**	773,137	2,042,384	1,138,024
2,042,384	06/04/2027	69	113,363	**172,186**	746,815	2,059,886	1,108,963
2,059,886	06/04/2028	70	114,120	**176,955**	715,183	2,073,868	1,078,734
2,073,868	06/04/2029	71	114,904	**181,816**	677,926	2,084,097	1,047,396
2,084,097	06/04/2030	72	115,713	**251,963**	568,192	2,023,804	982,700
2,023,804	06/04/2031	73	122,112	**209,615**	503,221	2,010,311	943,139
2,010,311	06/04/2032	74	116,017	**199,226**	439,654	2,000,355	906,732
2,000,355	06/04/2033	75	89,760	**199,410**	346,032	1,962,572	859,522
1,962,572	06/04/2034	76	86,641	**204,566**	239,879	1,914,589	810,153
1,914,589	06/04/2035	77	89,295	**288,334**	46,122	1,781,430	728,316
1,781,430	06/04/2036	78	100,308	**187,143**	-41,132	1,757,319	694,163
1,757,319	06/04/2037	79	94,861	**166,583**	-120,286	1,743,967	665,593
1,743,967	06/04/2038	80	97,774	**172,402**	-208,445	1,724,389	635,865
1,724,389	06/04/2039	81	100,784	**178,417**	-306,406	1,697,916	604,931
1,697,916	06/04/2040	82	103,884	**184,663**	-415,032	1,663,820	572,737
1,663,820	06/04/2041	83	107,084	**191,114**	-535,254	1,621,309	539,231
1,621,309	06/04/2042	84	118,413	**196,565**	-658,573	1,579,031	507,410
1,579,031	06/04/2043	85	113,790	**193,463**	-792,563	1,529,562	474,892
1,529,562	06/04/2044	86	117,302	**192,104**	-931,401	1,478,892	443,633
1,478,892	06/04/2045	87	120,928	**198,842**	-1,083,950	1,418,325	411,077
1,418,325	06/04/2046	88	124,675	**205,829**	-1,251,374	1,346,878	377,168
1,346,878	06/04/2047	89	128,525	**213,056**	-1,434,927	1,263,485	341,851
1,263,485	06/04/2048	90	132,511	**220,550**	-1,635,964	1,166,985	305,064
1,166,985	06/04/2049	91	136,614	**228,312**	-1,855,948	1,056,128	266,749
1,056,128	06/04/2050	92	140,851	**236,354**	-2,096,457	929,551	226,840
929,551	06/04/2051	93	145,221	**234,620**	-2,348,425	796,548	187,809
796,548	06/04/2052	94	149,737	**242,846**	-2,623,221	645,993	147,161
645,993	06/04/2053	95	154,392	**251,365**	-2,922,717	476,265	104,827
476,265	06/04/2054	96	159,184	**260,186**	-3,248,929	285,615	60,739
285,615	06/04/2055	97	164,142	**269,324**	-3,604,038	72,145	14,823
72,145	06/04/2056	98	169,258	**278,799**	-3,990,393	-166,203	-32,995
-166,203	06/04/2057	99	154,922	**287,213**	-4,430,035	-451,162	-86,536

Differences between Cash Inflows and Outflows (plus interest) are accumulated in the Surplus Account.
For the purposes of this illustration it has been assumed that this account has an unlimited overdraft facility.
The Capital at the end of the year includes the Surplus Account balance.

Year by Year Cash Flow Forecast:Proposed

Readily Realisable Capital £	As at	Michael's Age At Year End	Cash Inflows £	Cash Outflows £	Balance of Surplus Account £	Capital at End of Year £	Capital in 2009 Terms £
602,015	**21/12/2009**	51	**104,866**	60,049	46,102	653,990	653,990
653,990	06/04/2010	52	443,399	**477,314**	12,251	720,513	696,148
720,513	06/04/2011	53	**450,226**	404,960	55,993	867,219	809,558
867,219	06/04/2012	54	450,230	**455,752**	51,100	967,944	873,030
967,944	06/04/2013	55	**453,836**	404,111	101,270	1,126,456	981,641
1,126,456	06/04/2014	56	**457,538**	408,030	153,517	1,289,835	1,086,006
1,289,835	06/04/2015	57	**460,391**	448,211	170,047	1,420,363	1,155,466
1,420,363	06/04/2016	58	**655,641**	553,256	283,393	1,872,189	1,471,524
1,872,189	06/04/2017	59	**201,752**	160,760	338,093	1,893,027	1,437,587
1,893,027	06/04/2018	60	**202,761**	147,419	410,007	1,928,060	1,414,677
1,928,060	06/04/2019	61	**203,760**	186,150	447,349	1,925,334	1,364,905
1,925,334	06/04/2020	62	**204,761**	200,226	472,259	1,906,816	1,306,065
1,906,816	06/04/2021	63	**213,159**	170,880	536,772	1,924,357	1,273,507
1,924,357	06/04/2022	64	**199,522**	162,978	598,292	1,945,382	1,243,885
1,945,382	06/04/2023	65	162,680	**163,196**	624,725	1,967,429	1,215,442
1,967,429	06/04/2024	66	157,870	**162,062**	648,578	1,991,101	1,188,470
1,991,101	06/04/2025	67	159,078	**220,656**	614,926	1,956,084	1,128,085
1,956,084	06/04/2026	68	167,345	**185,078**	624,471	1,962,991	1,093,786
1,962,991	06/04/2027	69	162,722	**175,675**	639,288	1,973,821	1,062,629
1,973,821	06/04/2028	70	163,974	**180,360**	651,248	1,980,356	1,030,093
1,980,356	06/04/2029	71	165,240	**185,126**	660,143	1,982,295	996,234
1,982,295	06/04/2030	72	166,522	**254,612**	599,801	1,913,372	929,078
1,913,372	06/04/2031	73	173,375	**211,102**	588,105	1,891,366	887,336
1,891,366	06/04/2032	74	167,718	**200,516**	580,869	1,871,987	848,545
1,871,987	06/04/2033	75	141,886	**201,348**	545,891	1,822,919	798,360
1,822,919	06/04/2034	76	139,167	**206,397**	501,550	1,762,430	745,767
1,762,430	06/04/2035	77	142,201	**290,049**	372,902	1,615,444	660,454
1,615,444	06/04/2036	78	153,575	**188,733**	354,189	1,576,081	622,571
1,576,081	06/04/2037	79	148,462	**168,018**	350,135	1,548,928	591,155
1,548,928	06/04/2038	80	151,692	**173,656**	343,405	1,516,508	559,210
1,516,508	06/04/2039	81	154,977	**179,476**	333,743	1,481,376	527,782
1,481,376	06/04/2040	82	150,829	**185,513**	313,068	1,437,466	494,819
1,437,466	06/04/2041	83	154,247	**191,740**	288,544	1,387,132	461,346
1,387,132	06/04/2042	84	165,758	**196,953**	269,253	1,339,317	430,380
1,339,317	06/04/2043	85	161,281	**193,642**	247,997	1,286,671	399,481
1,286,671	06/04/2044	86	164,896	**192,134**	231,116	1,235,383	370,586
1,235,383	06/04/2045	87	168,580	**198,712**	210,478	1,177,152	341,177
1,177,152	06/04/2046	88	172,345	**205,530**	185,743	1,111,473	311,248
1,111,473	06/04/2047	89	176,163	**212,576**	156,552	1,037,810	280,792
1,037,810	06/04/2048	90	180,060	**219,878**	122,518	955,587	249,802
955,587	06/04/2049	91	214,026	**227,436**	113,675	864,253	218,287
864,253	06/04/2050	92	**247,554**	235,262	131,777	762,575	186,092
762,575	06/04/2051	93	**252,122**	232,813	158,244	660,214	155,665
660,214	06/04/2052	94	**256,714**	240,771	182,417	546,025	124,388
546,025	06/04/2053	95	**261,324**	249,067	203,859	430,493	94,753
430,493	06/04/2054	96	221,119	**257,695**	175,452	331,981	70,599
331,981	06/04/2055	97	107,871	**266,775**	18,415	176,771	36,321
176,771	06/04/2056	98	111,077	**276,230**	-152,169	8,105	1,609
8,105	06/04/2057	99	114,376	**286,021**	-346,041	-183,754	-35,245

Differences between Cash Inflows and Outflows (plus interest) are accumulated in the Surplus Account.
For the purposes of this illustration it has been assumed that this account has an unlimited overdraft facility.
The Capital at the end of the year includes the Surplus Account balance.

Detailed Analysis of Post Retirement Income (2017/18)
(Draft Recommendations)

	Michael £	Jane £
Earned Income		
Michael's Standard Life Personal Pension USP	14,220	
Michael's Transact Personal Pension USP	51,827	
Sub-total	**66,047**	**0**
Bank/Building Society Income		
Joint Account Interest	680	680
Sub-total	**680**	**680**
Dividend Income		
Standard Life Shares Dividend	110	
Draft Transact GIA (Jane) Dividend		9,526
Draft Transact GIA (Michael) Dividend	9,332	
Sub-total	**9,442**	**9,526**
Tax Free Income / Capital Receipts		
Copy of CLI Bond		5,696
Copy of Other ISAs - Jane Dividend		895
Copy of Other ISAs - Michael Dividend	767	
Copy of Transact ISA (Jane) Dividend		1,883
Copy of Transact ISA (Jane)		18,864
Copy of Transact ISA (Michael)	18,226	
Copy of Transact ISA (Michael) Dividend	2,322	
Draft Transact GIA (Jane)		9,662
Draft Transact GIA (Michael)	9,662	
Sub-total	**30,977**	**37,000**
Adjustments		
Charitable Donations	2,500	
Sub-total	**2,500**	**0**
Total Income	**107,146**	**47,206**

Summary of Post Retirement Cash Inflows (2017/18)
(Draft Recommendations)

		Michael		Jane
		£		£
Total Earned Income		66,047		
ADD Total Investment Income		10,122		10,206
LESS Allowances		6,475		6,475
Taxable Income		**69,694**		**3,731**
Tax Payable				
At Tax Rate 10%	on £0		on £3,731	373
At Tax Rate 20%	on £40,525	8,105	on £0	
Base Rate expanded by	£3,125		£	
At Tax Rate 32.5%	on £9,442	3,069	on £0	
At Tax Rate 40%	on £19,727	7,891	on £0	
Sub-total		**19,065**		**373**
ADD non-repayable tax paid at source				580
Total Income Tax Payable		**19,064**		**953**
Average Tax Rate (Tax Payable / Total Income)		**17.79%**		**2.02%**
Average Tax + N.I. Rate (Tax + N.I. Payable / Total Income)		**17.79%**		**2.02%**
Average Tax Band Rate (Tax Payable / Taxable Income)		**27.35%**		**10.00%**

Income and Expenditure Post Retirement (2017/18)
(Draft Recommendations)

Description	Michael's age 51 £	Michael's age 59 £
Total Inflows	415,321	154,352
Income Tax	156,844	20,017
Net Inflows	**258,477**	**134,335**
Outflows		
Housekeeping Expenses	29,047	26,874
Professional Fees	4,500	6,744
Personal Expenses	43,660	43,487
Children / Grandchildren	14,400	7,200
Cost of Servicing Debts	8,964	6,807
Motoring Expenses	5,942	5,942
Life Assurance / Insurance	7,200	5,468
Investments	209,535	
Total Outflows	**323,248**	**102,522**

1) Currently your annual cash outflows exceed your annual cash inflows by £64,771

2) Had you reached age 59 yesterday, your cash inflows would have exceeded your cash outflows by £31,813

Original Chart of Future Capital: Michael Disabled

Proposed Chart of Future Capital Michael Disabled

1: Copy of Transact ISA (Jane)

Applies only to the 'Draft Recommendations' scenario

Date Last Updated	24/11/2009
Provider	Transact Integrated Financial Arrangeme
Certificate Number	XXX-XXX-XXX
Owner	J.B. Burlington
Assumed Future Dividend Yield	2%
Surrender Value	£62,535
Surrender Value Correct as at	24/11/2009
Assumed Future Growth Rate	3.5% p.a. compound

Payment History

Type	Value		Increasing by	Start Date	End Date	Paid by
Investment	£10,200.00	per year	0.00%	01/05/2010	De Fu Li Ag	Owner
W'drawal	£2,000.00	per month	RPI	Desired Future Lifestyle Age		00:00:00

Key Dates

Desired Future Lifestyle Age 01/05/2016

2: Transact ISA (Michael)

Applies only to the 'Draft Recommendations' scenario

Date Last Updated	24/11/2009
Provider	Transact Integrated Financial Arrangeme
Certificate Number	XXX-XXX-XXX
Owner	M.A. Burlington
Assumed Future Dividend Yield	2.5%
Surrender Value	£59,631
Surrender Value Correct as at	24/11/2009
Assumed Future Growth Rate	3.5% p.a. compound

Payment History

Type	Value		Increasing by	Start Date	End Date	Paid by
Investment	£10,200.00	per year	0.00%	01/05/2010	01/05/2016	Owner
W'drawal	£2,000.00	per month	0.00%	Desired Future Lifestyle Age		00:00:00

Key Dates

Desired Future Lifestyle Age 01/05/2016

3: Other ISAs - Michael

Applies only to the 'Draft Recommendations' scenario

Date Last Updated	24/11/2009
Provider	
Certificate Number	

Owner	M.A. Burlington
Assumed Future Dividend Yield	2.5%
Surrender Value	£30,000
Surrender Value Correct as at	24/11/2009
Assumed Future Growth Rate	4% p.a. compound

Payment History

Type	Value		Increasing by	Start Date	End Date	Paid by
W'drawal	£30,000.00	per year	RPI	23/06/2050	00:00:00	

4: Other ISAs - Jane

Date Last Updated	24/11/2009
Provider	
Certificate Number	
Owner	J.B. Burlington
Assumed Future Dividend Yield	2.5%
Surrender Value	£35,000
Surrender Value Correct as at	24/11/2009
Assumed Future Growth Rate	4% p.a. compound

Payment History

Type	Value		Increasing by	Start Date	End Date	Paid by
W'drawal	£30,000.00	per year	RPI	02/12/2049	00:00:00	

5: Transact GIA (Jane)

Date Last Updated	24/11/2009
Provider	Transact Integrated Financial Arrangeme
Certificate Number	XXX-XXX-XXX
Owner	J.B. Burlington
Assumed Future Dividend Yield	2.5%
Surrender Value	£135,741
Surrender Value Correct as at	24/11/2009
Assumed Future Growth Rate	3% p.a. compound

Payment History

Type	Value		Increasing by	Start Date	End Date	Paid by
Investment	£40,000.00	per year	0.00%	01/09/2010	De Fu Li Ag	Owner
W'drawal	£10,000.00	per year	RPI	01/01/2011	00:00:00	
Investment	£150,000	single		Desired Future Lifestyle Age		Owner

Key Dates

Desired Future Lifestyle Age 01/05/2016

6: Draft Transact GIA (Michael)

Date Last Updated	24/11/2009
Provider	Transact Integrated Financial Arrangeme
Certificate Number	XXX-XXX-XXX
Owner	M.A. Burlington
Assumed Future Dividend Yield	2.5%
Surrender Value	£86,963
Surrender Value Correct as at	24/11/2009
Assumed Future Growth Rate	3% p.a. compound

Payment History

Type	Value	Increasing by	Start Date	End Date	Paid by
Investment	£40,000.00 per year	0.00%	01/09/2010	De Fu Li Ag	Owner
W'drawal	£10,000.00 per year	RPI	01/01/2011	00:00:00	
	Investment £200,000	single		Desired Future Lifestyle Age	Owner

Key Dates

Desired Future Lifestyle Age 01/05/2016

7: Canada Life International Bond

Date Last Updated	24/11/2009
Provider	Canada Life International Ltd
Policy Number	XXX-XXX-XXX
Grantee	J.B. Burlington
Life Assured	M.A. Burlington
Beneficiary	J.B. Burlington
Current Death Claim Value (% of surrender value)	100%
Surrender Value	£68,145
Assumed Future Growth Rate	6% p.a. compound
Surrender Value Correct as at	24/11/2009
Written Under Trust?	No
Offshore Bond?	Yes

Payment History

Type	Value	Increasing by	Start Date	End Date	Paid by
Premium	W'drawal £7,500.00 per year	0.00%	Desired Future Lifestyle Age		00:00:00

Key Dates

Desired Future Lifestyle Age 01/05/2016