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# Creating your financial plan

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## Financial planning

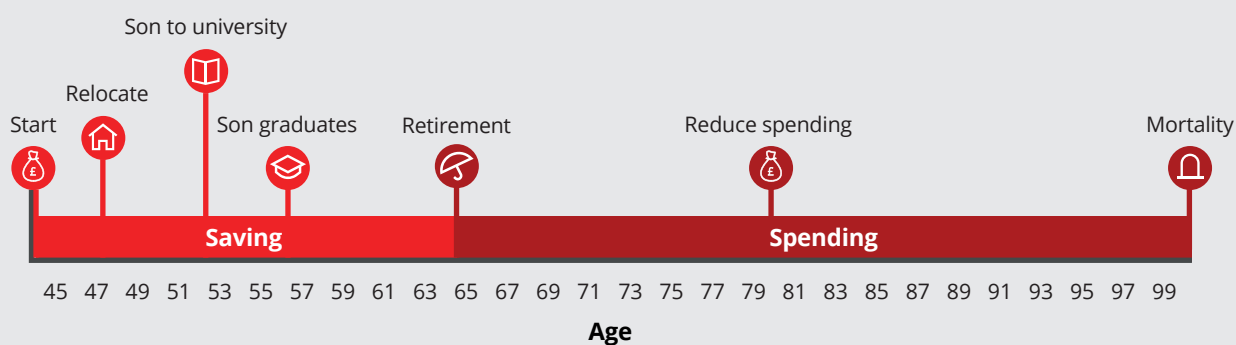
At Holden & Partners, we help our clients to achieve their goals. We know that each person is an individual, with their own unique hopes and aspirations for the future.

We also know that things often change and, from time to time, life can deliver the unexpected. That is why it is crucial to plan in a way that considers the future as well as your immediate needs, and also ensures that you are prepared to deal with the unknowns. This is where cashflow planning can really help.

### What is cashflow planning?

A cashflow plan is a projection of your income, assets, and expenditure over your lifetime. It is a personal plan, built around your own timeline and lifetime goals. To build the plan, we also make some assumptions about the future, for example rates of inflation, as well as annual investment returns based around your risk profile.

### An example of planning your timeline



The cashflow plan will project whether you are on track to meet your life aims and enable you to visualise what your financial future could look like. If a shortfall is projected, we can identify your options as well as the adjustments you could make now, to give you the best chance of achieving a sustainable future. If you are on track to meet your objectives, the plan can be used to identify new opportunities to make the most of your assets and even rethink your goals.

Forming a good financial plan is not a one-off exercise. This is part of an ongoing journey and should have the flexibility to be changed and updated as life moves on and circumstances change. We recommend it is reviewed at least every year to account for changes in your life and to help you remain on target.

## How could a cashflow plan help you?

A well-constructed plan can provide you with guidance, reassurance and peace of mind but also act as a 'call to action' on key decisions. It can help you to understand the potential impact of these important choices so they can be made with confidence.

Some common questions we are asked include:



Questions like these can be mapped and tested within your plan, so you can consider and compare different scenarios and be better informed before making big decisions.

The plan centres around your personal journey and needs. As financial planners, it also helps us to identify areas for you which require attention, so we can help you make the most of your future. For example:

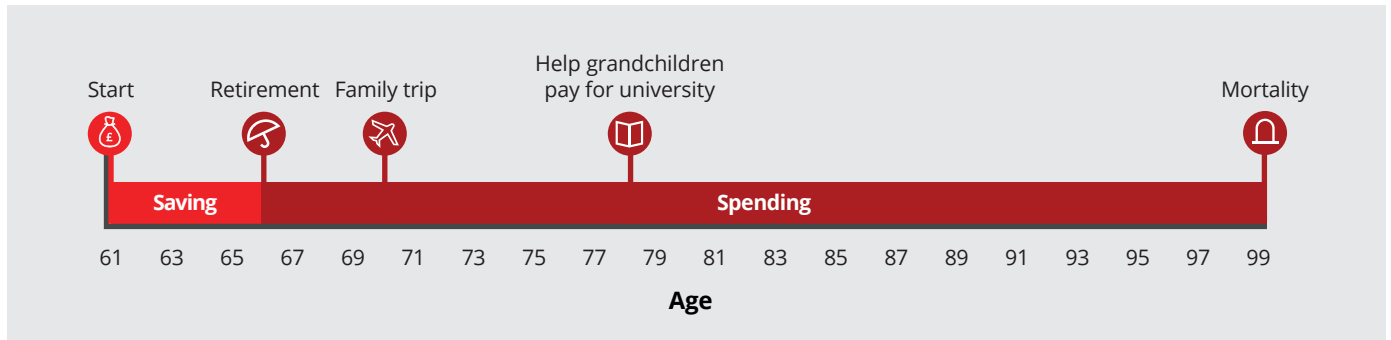
- Assessing the potential Inheritance Tax liability on your estate and demonstrating the various solutions which could help you manage this.
- Identifying the impact of tax and other charges on your pensions and how this could affect your longer-term retirement plans.
- Putting together a tax-efficient strategy for saving, as well as spending, throughout the plan.
- Demonstrating and quantifying the impact on your family's standard of living if you were to die or fall ill.
- Ensuring you are taking an appropriate level of risk with your investments. Too much risk could jeopardise your financial security, for example with exposure to a market crash, whilst an overly cautious approach could compromise the ability of your investments to meet your goals.

## Case study

Alex has enjoyed a successful career and is now starting to think about when to retire, spend more time with family and enjoy a slower pace of life. She plans to stop working in five years but is nervous about being able to manage expenditure when her regular income stops. Alex has saved over her lifetime and built up a portfolio of investments in a pension and other investments.

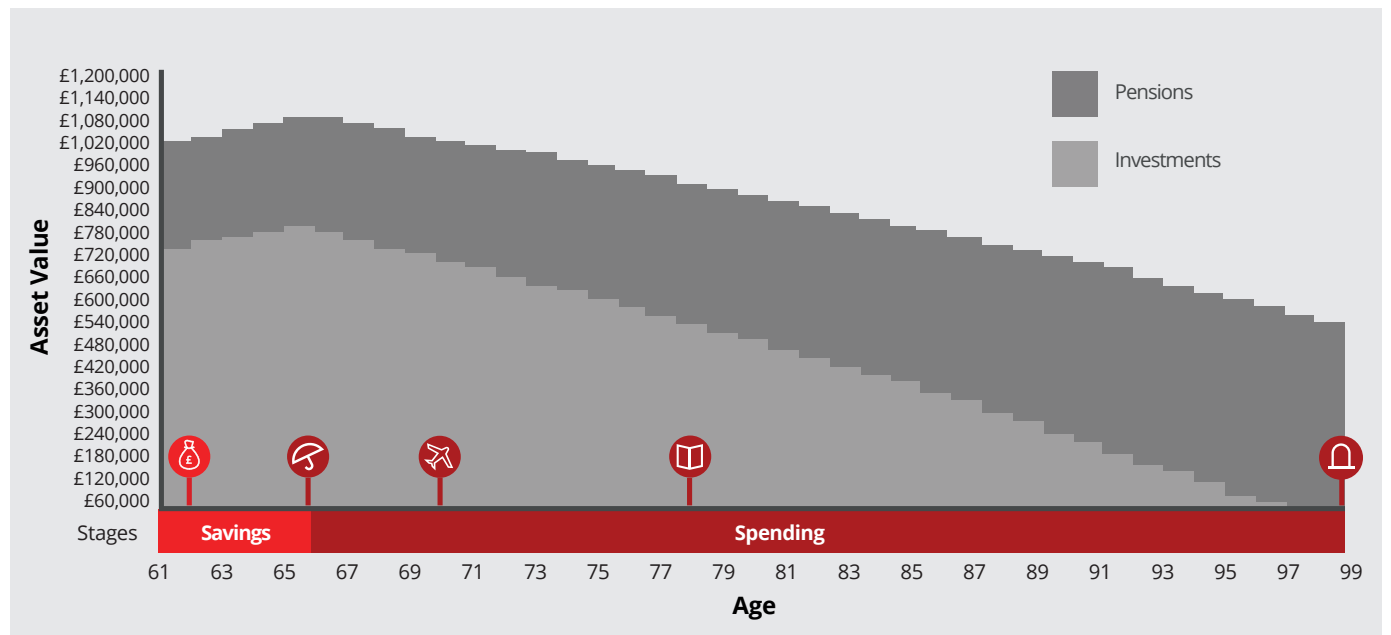
### Alex's timeline

The first step is to set out a planned timeline for Alex and include all the important events in her life as well as her financial commitments. Alex would like to be able to continue spending the same amount she does now but also treat the family more.



### Alex's assets

The cashflow projection shows how the value of Alex's assets could change over time. This predicts that she will need to access and spend her pensions and investments throughout retirement but that these do not run out. This suggests that Alex has a good chance of being able to meet her goals with some room for flexibility because of her surplus assets.



One year later, Alex is made redundant and considers if it might be possible to retire earlier than planned, so she can pursue other interests and spend more time with the grandchildren. Her financial plan is updated to reflect the changes to her circumstances. The projection now shows that she needs to rely on her assets earlier but that the total income she could produce is still enough to meet her desired expenditure. Alex decides to start retirement early with the peace of mind that she can manage her expenses using her assets.

Although Alex has now retired, the financial plan is still reviewed each year. This is to check that she remains on track and can still meet her desired level of expenditure. There are also some years where she wants to spend more, to help her grandchildren or perhaps take the family away on a big holiday. The updated financial plan shows Alex the possible impact of these larger expenses and if they could be funded.





## How do I start my own financial plan?

Please speak to your financial adviser about how a cashflow plan might be able to help you. We will discuss your circumstances in detail and understand what you want to achieve, enabling us to build a personalised financial plan for you.

If you are unsure about the answer to any of the following questions, a cashflow financial plan could be right for you.

- **When can I afford to retire with my desired lifestyle?**
- **How much do I need to save to achieve this?**
- **What level of return do I need to achieve this?**
- **Am I taking too much risk with my investments?**
- **Am I taking enough risk with my investments?**
- **Can I afford a large capital expense such as a home extension, or make gifts to my children?**
- **Can I meet my goals if my investments fall in value?**
- **Will my family be OK if I am unable to work, or if I die prematurely?**

Do get in touch if you would like to find out how Holden & Partners can help you and your family plan a sustainable and inspiring future.





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