

An Introduction to Financial Planning



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A goal without a plan is just a wish.

Antoine de Saint-Exupery
French writer (1900 - 1944)

Why Plan?

We are living in very difficult financial times and life is a real struggle for lots of people.

However difficult your situation, you will be better off addressing the situation, taking control and focussing on a realistic goal than allowing the situation to control you.

For all of us there are things that we would like to achieve in our lives: in order to achieve them we need to be focussed and financially 'organised'. This is the essence of Financial Planning.

Rather than just wishing that you could do something or have something that's important to you, why not apply yourself to make it happen using the process of Financial Planning?

As well as realising your dreams at the end of the process, you will have a sense of achievement: in addition you will feel in control and have the comfort of knowing that your financial life is ordered.

Your plan will provide you with a financial roadmap which, if you follow it correctly, will lead you to where you want to go.

In order to be effective your plan must be:

- Agreed with your partner, if you have one. Are your goals also his/her goals? In order to be successful, you will both need to be committed and to enjoy your achievements as you progress towards your goals.
- Realistic and achievable: you need to be sensible about what you are setting out to try and achieve if you want to avoid disappointment.
- Written down: if it's not written down, it doesn't exist!
- Regularly reviewed and updated: in order to keep your plan on track you need to regularly revisit it and repeat the whole planning process to keep it up to date.

Why an Ongoing Process?

... because things change and these changes can have a significant impact upon the direction that your planning may need to take.

These could be personal changes in:

- Your personal circumstances such as marriage, divorce, additions to your family, ill-health or a change of job for example.
- Your assets – you may inherit money or other property.
- Your liabilities – may stop, start, increase or decrease.
- Your income – may increase or change, stop or start or the source of income may change.
- Your expenditure – may also increase or decrease. For example, you may start or finish paying a mortgage.
- Your surplus – How much of your income is surplus (or is there a deficit if you are overspending). This is essential to identify.
- Your views & opinions, for example, on the risks you are prepared to take, your views on investment and your lifestyle balance may all change over time.

Or they could be something that is outside of your personal circumstances or control:

- A change in government policy, for example – changes to the amount of tax you will pay or changes to when you will receive your state pension and how much you will be paid.
- A change in the political or economic environment.
- Stock market highs and lows.
- Property market changes.
- Population change.
- Work changes such as relocation or market closure.

It's important to remember...

Everyone is different and no two people will have the same financial plan. Your plan is unique to you.



Our Approach

The traditional financial advisory business model was based around the concept that following an initial consultation, a client would buy a financial product from the adviser which generated a fee or commission.

At Loughtons we offer a different approach. Whilst we recognise the importance of products, our primary purpose is to help you plan effectively.

Our success has been built on three simple maxims – integrity, professionalism, and impartiality. We offer a high-quality bespoke service to clients over the long term, ensuring we deliver financial planning strategies that fulfil our client's requirements. This ethic has helped us to retain a high degree of loyalty from our clients and other professionals with whom we work.

We add value in several ways. Our aim is to work in partnership with you to help you to achieve the following:

- **To Be Financially Well-Organised** - To create a financial plan that will give you a clear grasp of your present financial situation and help you make the most effective use of your resources to achieve your goals and objectives.
- **General Lifestyle** - To define you and your family's version of a desirable lifestyle and achieve it as soon as possible.
- **Financial Independence** - To achieve financial independence no later than age.....
- **Financial Protection** - To ensure that adequate provision is made for the financial consequences for the family of the death or disablement of you or your partner.
- **Income Tax Planning / Current Cashflow Management** - To minimise your income tax liability, produce an analysis of your personal expenditure planning assumptions and to ensure that your cash inflows are sufficient to cover your desired cash outflows.
- **Investment Planning / Future Cashflow Management** - To estimate future cashflow on realistic assumptions and to develop an investment strategy that will enable you to invest your capital and surplus income in accordance with risk / reward, flexibility, and accessibility standards with which you are comfortable.
- **Estate Planning** - To reduce the tax liability likely to arise on the death of yourself and your partner and to ensure that your estate is distributed to your beneficiaries as intended.

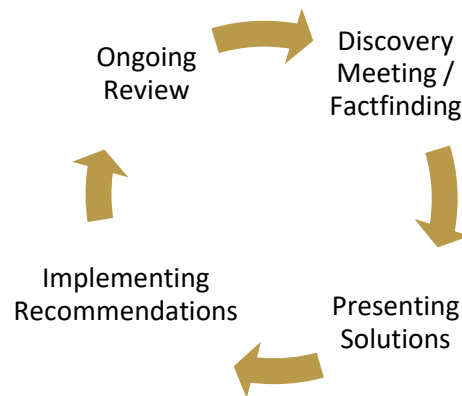


The Financial Planning Process

The Financial Process that we use is outlined below:

1. Initial Consultation Meeting
2. Discovery Meeting / Factfinding
3. Presenting Solutions
4. Implementing Recommendations
5. Ongoing Review

This process is perpetual. Things always change so adjustments will be needed and these should be reviewed ideally at least annually.



The Financial Planning Process Overview

An overview of each step is outlined below:

Initial Consultation

This is always at our expense and places no obligation on you to engage with our services. The purpose of the meeting is to familiarise ourselves with each other, explain our philosophy and method of operating and establish your advice requirements. It is also important at the outset that you understand how we work, what we expect from our clients and what you can expect from us. We will outline the various services available together with the fees and costs involved.

Discovery Meeting / Factfinding

This will involve the gathering of information as we seek to get to know you, your requirements, priorities, goals and objectives. We will look to understand where you are now, how your financial planning has evolved and where you aspire to be. We will also outline the various risks that you may encounter in your journey. This step may involve the use of cashflow planning software.

Presenting Solutions

We will research appropriate solutions to match your stated goals and objectives based on the information you have provided. We will present these to you in writing and this will also involve a discussion of the topics covered at this meeting.

Ongoing Review

Often people set up financial plans with good intentions, but these fail to meet their expectations due to the lack of an ongoing review against their original objectives (Would you buy a new car and never get it serviced?). Clients benefit as they value a relationship with an adviser who is fully aware of their financial affairs and is committed to reviewing them whilst taking account of any changes in personal circumstances, goals, objectives and legislation. This step may involve the use of cashflow planning software.

Initial or Additional Advice Service

Initially or at any time during your ongoing relationship with us, there will be times when you will have additional financial planning needs, over and above those covered by our ongoing review service. For example, inheriting money, investing further funds, protecting your family or moving to a new house?

These will involve additional work in recommending solutions to you, to ensure that this complement and enhances your existing arrangements.

It's not how much money you make that matters but how much money you keep—and how long that money works for you.

Robert Kiyosaki



Please note that this document does not constitute financial advice.

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