

# THE CHARTERED INSURANCE INSTITUTE

## AF5 - FINANCIAL PLANNING PROCESS



### FACT-FIND

October 2017

You are a financial adviser authorised under the Financial Services and Markets (FSMA) Act 2000. You completed the following fact-find when you met Mr and Mrs Carter recently.

#### PART 1: BASIC DETAILS

	Client 1	Client 2
Surname	Carter	Carter
First name(s)	Alan	Kim
Address	47 Oak Avenue, Birmingham	47 Oak Avenue, Birmingham
Date of birth	11.08.1978	15.06.1980
Domicile	British	British
Residence	UK	UK
Place of birth	Birmingham	Coventry
Marital status	Married	Married
State of health	Good	Good
Family health	Good	Good
Smoker	No	No
Hobbies/Interests	Rugby	Swimming and Tennis

#### Notes:

#### PART 2: FAMILY DETAILS

##### Children and other dependants

Name	Relationship	Age	D.O.B	Health	Occupation	Financially dependent?
Helen	Daughter	5	15.08.2012	Good	N/A	Yes
Joe	Son	2	01.06.2015	Good	N/A	Yes

#### Notes:

Helen has recently started primary school and Joe will start school in September 2020.

<b>PART 3: EMPLOYMENT DETAILS</b>		
<b>Employment</b>	<b>Client 1</b>	<b>Client 2</b>
Occupation	Manager	Manager
Job title	Purchasing Manager	Office Manager
Business name	Aston Products	
Business address		
Year business started		
<b>Remuneration</b>		
Salary	£60,000	Nil
State Pensions		
Overtime		
<b>Benefits</b>		
Benefits-in-kind	See Notes below	
Pension Scheme	See Part 11	
Life cover	3 times salary (Death in Service)	
Private Medical Insurance	No	
Income Protection Insurance	No	
<b>Self Employment</b>		
Net relevant earnings	N/A	N/A
Accounting date	N/A	N/A
Partnership/Sole trader	N/A	N/A
<b>Other Earned Income</b>		
<b>Notes:</b>		
<p>Alan has recently joined a new employer on a starting salary of £60,000. Alan is entitled to a range of benefits from his new employer, including a contributory group personal pension scheme (see Part 11), and death in service cover.</p> <p>Kim left First Services Ltd in 2012 when Helen was born. She is hoping to return to work at First Services Ltd in September 2020 when Joe starts primary school. She will work on a part-time basis initially and return to full-time work in September 2021.</p>		
<b>Previous Employment</b>	<b>Client 1</b>	<b>Client 2</b>
Previous employer	ATK Products	First Services Ltd
Job title	Purchasing Manager	Office Manager
Length of service	10 years	8 years
Pension benefits	See Part 11	See Part 11
<b>Notes:</b>		
<p>Alan has recently left his previous employer and has built up benefits under his former employer's group personal pension scheme (see Part 11).</p> <p>Kim has pension benefits in the First Services Ltd group personal pension scheme from her service in the company (see Part 11).</p>		

**PART 4: OTHER PROFESSIONAL ADVISERS**

	Client 1	Client 2
Accountant		
Bank	BK Bank	BK Bank
Building Society		
Doctor		
Solicitor	Phipps LLP	Phipps LLP
Stockbroker		
Other		
<b>Notes:</b>		

**PART 5: INCOME AND EXPENDITURE****Income**

	Client 1		Client 2		Joint	
	Monthly £	Annually £	Monthly £	Annually £	Monthly £	Annually £
State Pensions						
Private Pensions						
Salary		60,000				
Benefits-in-kind						
Savings income (gross)		54		54		140
Rental (gross)						
Dividend paid (gross)				950		

**Notes:**

Alan and Kim's savings income is derived from their Cash ISA holdings and their Fixed Rate Savings Bond.

Their dividend income is derived from Kim's Global Equity fund.

	Client 1	Client 2
<b>Income Tax</b>	<b>£</b>	<b>£</b>
Personal allowances	11,500	11,500
Taxable income		
Tax		
National Insurance		
<b>Net Income</b>		

**Notes:**

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**Expenditure**

Household Expenditure	Monthly £			Annually £		
	Client 1	Client 2	Joint	Client 1	Client 2	Joint
Mortgage/Rent			1,124			
Council tax			175			
Buildings and contents insurance						630
Gas, water and electricity			120			
Telephone			30			
TV licence and satellite			50			
Property maintenance						750
<b>Regular Outgoings</b>						
Life assurance (see Part 8)			25			
Health insurance (see Part 9)						
Savings Plans (see Part 10)						
Car tax, insurance and maintenance						1,000
Petrol and fares						1,500
Loans (see Note 1)						
School fees						
Childcare						
Further education						
Subscriptions						
Food, drink, general housekeeping			750			
Pension contributions (see Part 11)	200					
<b>Other Expenditure</b>						
Magazines and newspapers						250
Entertainment						
Clubs and sport						
Spending money						1,500
Clothes				600	500	
Maintenance						
Other (Holidays)						3,000
<b>Total Monthly Expenditure</b>	200		2,274			
<b>Total Annual Expenditure</b>	2,400		27,288	600	500	8,630
<b>Total Outgoings</b>						39,418

**Notes:**

Alan and Kim have only recently moved into their own property. They previously lived in rented accommodation.

**Do you foresee any major/lump sum expenditure in the next two years?****Notes:**

Alan and Kim do not foresee any major expenditure in the next two years.

**PART 6: ASSETS**

	Asset	Client 1 £	Client 2 £	Joint £	Income (Gross) £
1.	Main residence			315,000	
2.	Contents/car	25,000	12,000	15,000	
3.	Current account – BK Bank	2,500	1,200		
4.	Fixed-Rate Savings Account – BK Bank			14,000	140
5.	Cash ISAs	6,000	6,000		108
6.	Stocks & Shares ISAs – UK Index-Tracker funds (accumulation units)	16,000	16,000		
7.	Unit Trusts – Global Equity fund (accumulation units)		38,000		950

**Notes:**

Alan and Kim have recently purchased their first property after living in rented accommodation for a number of years. Alan's elderly father gifted the sum of £100,000 in June 2017 to provide them with the deposit on the property.

Kim's Unit Trust is invested in a single Global Equity fund. This was recommended to her by her father some years ago, but Kim has never reviewed this investment since it was purchased although she is aware that it has performed very well.

Alan and Kim have not used their ISA allowances for the current tax year 2017/2018, but are keen to do so.

Their Stocks & Shares ISA holdings are in UK Index-Tracker funds, but both would like to consider a more diversified portfolio, with a view to providing long-term growth for their retirement.

**PART 7: LIABILITIES**

Mortgage Details	Client 1	Client 2	Joint
Lender			SecureBank
Type of mortgage			Repayment
Amount outstanding			£215,000
Start date			July 2017
Term/maturity			25 years
Monthly payment			£1,124
Interest rate			3.9% (Variable)
Life policies (see Part 8)			

**Notes:**

Alan and Kim have set up a mortgage on their new property on a repayment basis. They are keen to put in place a life policy to cover the full mortgage in the event of either death.

Other Loans	Client 1	Client 2	Joint
Lender			
Type of loan			
Amount outstanding			
Start date			
Term/maturity			
Monthly payment			
Interest rate			
Payment protection			

**Notes:**

Alan and Kim have no outstanding loans.

**Other Liabilities (e.g. tax)****Notes:**

Alan and Kim have no other liabilities.

**PART 8: LIFE ASSURANCE POLICIES**

	Life/Lives assured	Ownership	Sum assured £	Premium £	Term	Start date	In trust ?	Surrender Values £
1.	Alan/Kim	Joint	£75,000	£25 per month	18 years	August 2012	No	Nil

**Notes:**

Alan and Kim set up a joint life first death level term policy when Helen was born. This was intended to meet childcare costs for Helen until she reached age 18. Alan and Kim now believe that this policy is inadequate for their needs and wish to review it.

Alan has a death in service cover of three times basic salary. This is nominated for Kim (see Part 3).

**PART 9: HEALTH INSURANCE POLICIES**

Type	Life Covered	Current Sum Assured £	Start Date	Term/ Review	Deferred Period	Premium £

**Notes:**

Alan and Kim have no health insurance policies.

**PART 10: REGULAR SAVINGS**

Type	Company	Ownership	Fund	Amount Saved £	Sum Assured	Maturity Date	Current Value £

**Notes:**

Alan and Kim do not have any regular savings plans although they are keen to start a savings plan as soon as possible to build up their savings for retirement.

**PART 11: PENSION DETAILS****Occupational pension scheme**

	Client 1	Client 2
Member of employer's scheme		
Type of scheme		
Date joined		
Retirement age		
Pension benefits		
Death benefits		
Dependant's benefits		
Contracted-in/out		
Contribution Level (employee)		
Contribution Level (employer)		
Fund type		
Fund value		

**Notes:**

Alan and Kim do not have any Occupational pension schemes.

**Additional Voluntary Contributions (including free standing additional voluntary contributions).**

	Client 1	Client 2
Type		
Company		
Fund		
Contribution		
Retirement date		
Current value		
Date started		

**Notes:**

Alan and Kim do not have any Additional Voluntary Contribution schemes.



**Personal Pensions**

	Client 1	Client 1
Type	Group Personal Pension	
Company	Secure Life	
Fund	Balanced Managed (Default)	
Contributions	5% Employer/5% Employee	
Retirement date	65	
Current value	£1,250	
Date started	August 2017	

**Notes:**

Alan has joined his new employer's group personal pension scheme. He receives a 5% employer contribution based on his basic salary and makes a personal contribution of 5% of basic salary. Alan has completed a nomination in favour of Kim on the Secure Life pension.

The contribution is invested in the scheme default fund but Alan would like to select his own investment funds. The scheme offers a wide range of collective funds investing across a range of different asset classes.

**Previous pension arrangements**

	Client 1	Client 2
Employer	ATK Products	First Services Ltd
Type of scheme	Group personal pension	Group personal pension
Date joined scheme	January 2007	May 2004
Date left	August 2017	June 2012
Preserved benefits	£62,000	£28,000

**Notes:**

Kim is happy to retain her holdings within the First Services Ltd group scheme as she would like to return to the company in 2020 when Joe starts full-time primary school

Alan wishes to review his holding in the ATK Products scheme as he would like to consider transferring this into his new employer's scheme to reduce administration and paperwork. Alan's ATK Products pension is currently invested in a UK Commercial Property fund and a UK Smaller Companies fund.

Nominations have not been completed on either the First Services Ltd or the ATK Products schemes.

**State Pension**

	Client 1	Client 2
Basic Pension		
SERPS/S2P		
Graduated Pension		
<b>Total</b>		

**Notes**

Alan and Kim have not checked their entitlement to State Pensions.

**PART 12: INHERITANCES**

<b>Wills</b>	<b>Client 1</b>	<b>Client 2</b>
Do you have a current Will?	Yes	Yes

**Notes:**

Alan and Kim set up new Wills following the birth of Joe. They leave all of their assets to the survivor and on second death, to the two children in equal shares. They have a guardianship agreement in place with Kim's sister for the two children in the event that both Alan and Kim die before the children reach age 18.

<b>Trusts</b>	<b>Client 1</b>	<b>Client 2</b>
Are you a beneficiary under a trust?	No	No
If yes, give details		
Are you a trustee?		
If yes, give details		

**Notes:**

<b>Gifts</b>	<b>Client 1</b>	<b>Client 2</b>
Give details of gifts made and received	£100,000	

**Notes:**

Alan received a gift of £100,000 in June 2017 from his elderly father. This gift was to assist Alan and Kim with the purchase of their first property. Alan has received no other gifts from his father or any other sources.

Kim's father wishes to make regular gifts for Kim to help her to build up her long-term retirement savings. Kim's father intends to make these annual gifts to Kim for at least the next ten years.

<b>Inheritances</b>	<b>Client 1</b>	<b>Client 2</b>
Give details of any inheritances expected	£300,000	

**Notes:**

Alan is the sole beneficiary for his elderly father and he expects to receive approximately £300,000. Alan is the executor of his father's Will. His mother died a number of years ago and used her full Nil Rate Band at that time.

Kim's parents are both alive and well and she does not believe she will receive any significant inheritance from her parents or from any other source in the foreseeable future.

**PART 13: ATTITUDE TO RISK**

What level of risk are you prepared to take to achieve your financial objectives?

**Notes:**

Alan and Kim have recently completed a full risk profiling assessment and have been identified as having different risk profiles.

Alan is a high risk investor.

Kim is a moderate risk investor.

**PART 14: BUSINESS RECORDS****Compliance**

Date fact-find completed	20.09.17	
Client agreement issued	20.09.17	
Data Protection Act	20.09.17	
Money laundering	20.09.17	

**Consultations**

Dates of meetings	20.09.17	
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**Marketing**

Client source		
Referrals		

**Documents**

Client documents held		
Date returned		
Letters of authority requested		

**Notes:****PART 15: OTHER INFORMATION**