

Financial Illustration

Prepared for:

Mrs ABC

Prepared by:

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Cashflow Model

This plan has been prepared using your current financial position as a starting point which is then projected forward into the future using the planned income, expenditure, savings and investments. A number of different outcomes can be considered as part of the cashflow planning process representing different assumptions, expectations or choices you make in your planning.

Cashflow modelling is designed to illustrate the financial outcome(s) resulting from a specific set of choices and demonstrate if you have insufficient wealth to meet all of your objectives or that you have surplus wealth which continues to increase throughout your life. This information will help you make informed decisions about your future including reducing or increasing expenditure, changing your investment strategy or protecting your estate.

Life Events Modelled: Live to Age 90

You have inherited your late husband's personal pension fund value of £210,000 which is nearly all crystallised. A further £10k of tax free cash is available which will now also be crystallised. You have recently retired from work with only minor pensions in payment coming in as income. You would like to know therefore if this fund is large enough to drawdown sufficient income to match your required expenditure of £1400 p.m.

Events modelled in this illustration:

- Reflect everything planned where no unforeseen events occur

Basic Information

Illustration	60 to 90
Retirement Age	60
State Pension Age	66
Inflation Rate	1.5% per annum
Initial Cash	£3000
Interest Rate	0.5% per annum

General assumptions:

- The validity of any projection or plan is only as good as the input assumptions and values used to create it
- Figures shown may fluctuate in reality and could have a significant positive or negative effect on your finances
- Regularly reviewing the cashflow reports and the assumptions used will increase the accuracy of the forecasted outcomes

Income

	From	To	Amount	Frequency	Adjust
Annuity (Level)	60	90	£120	Monthly	No
Superannuation	60	90	£40	Monthly	2.5% pa
State Pension	66	90	£115	Weekly	2.5% pa

Assumptions about income:

- Your current income sources and amounts will fluctuate in reality and cannot be guaranteed

Spending

	From	To	Amount	Frequency	Adjust
All Spending	60	90	£1400	Monthly	By Inflation

Assumptions about spending:

- The spending figures shown are based on your current spending habits today and cannot predict what you will actually spend at retirement

Investments

NISA	
Initial Value	£15600
Capital Gain	6% pa
Income	0% pa Re-invested

Drawdown Pension	
Initial Value	£210000
Capital Gain	5% pa
Income	0% pa Re-invested

	From	To	Activity
TFC Withdrawal	At	60	Withdraw £10000 Single
FAD Income	60	60	Withdraw £407 Monthly Amount adjusted by inflation
	Then	65	£1240 Monthly
	Then	90	£750 Monthly

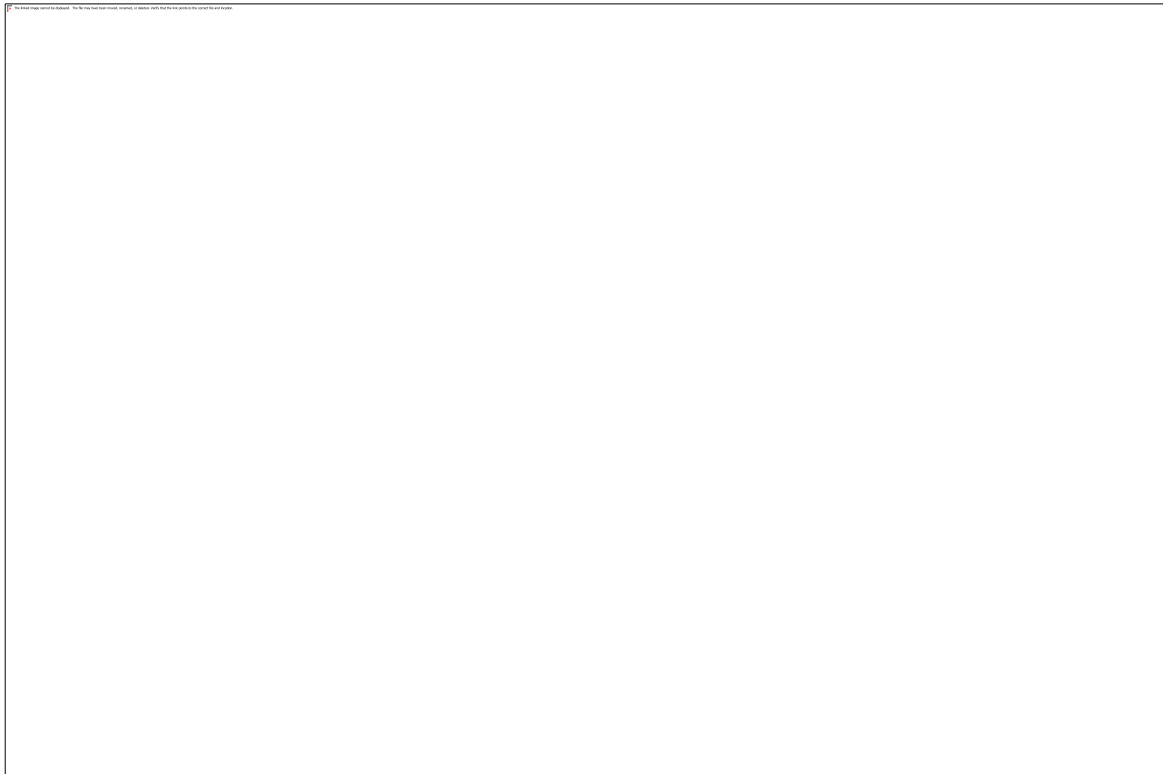
Assumptions about investments:

- The return on investments is based on a reasonable expected overall return for the underlying asset classes of each investment

Cash - A summary of your opening and closing cash balances for each year is shown below.

Age	Opening	Incomes	Spending	Investments	Closing
60	3000	+1920	-16800	+14899	=3019
61	3019	+1903	-16800	+14895	=3017
62	3017	+1887	-16800	+14895	=2999
63	2999	+1871	-16800	+14895	=2965
64	2965	+1855	-16800	+14895	=2915
65	2915	+1840	-16800	+14895	=2849
66	2849	+7805	-16800	+9014	=2868
67	2868	+7850	-16800	+9014	=2932
68	2932	+7896	-16800	+9015	=3043
69	3043	+7943	-16800	+9015	=3201
70	3201	+7991	-16800	+9016	=3408
71	3408	+8040	-16800	+9017	=3665
72	3665	+8090	-16800	+9018	=3973
73	3973	+8141	-16800	+9020	=4334
74	4334	+8193	-16800	+9022	=4748
75	4748	+8245	-16800	+9024	=5217
76	5217	+8299	-16800	+9026	=5743
77	5743	+8354	-16800	+9029	=6325
78	6325	+8410	-16800	+9032	=6966
79	6966	+8466	-16800	+9035	=7668
80	7668	+8524	-16800	+9038	=8430

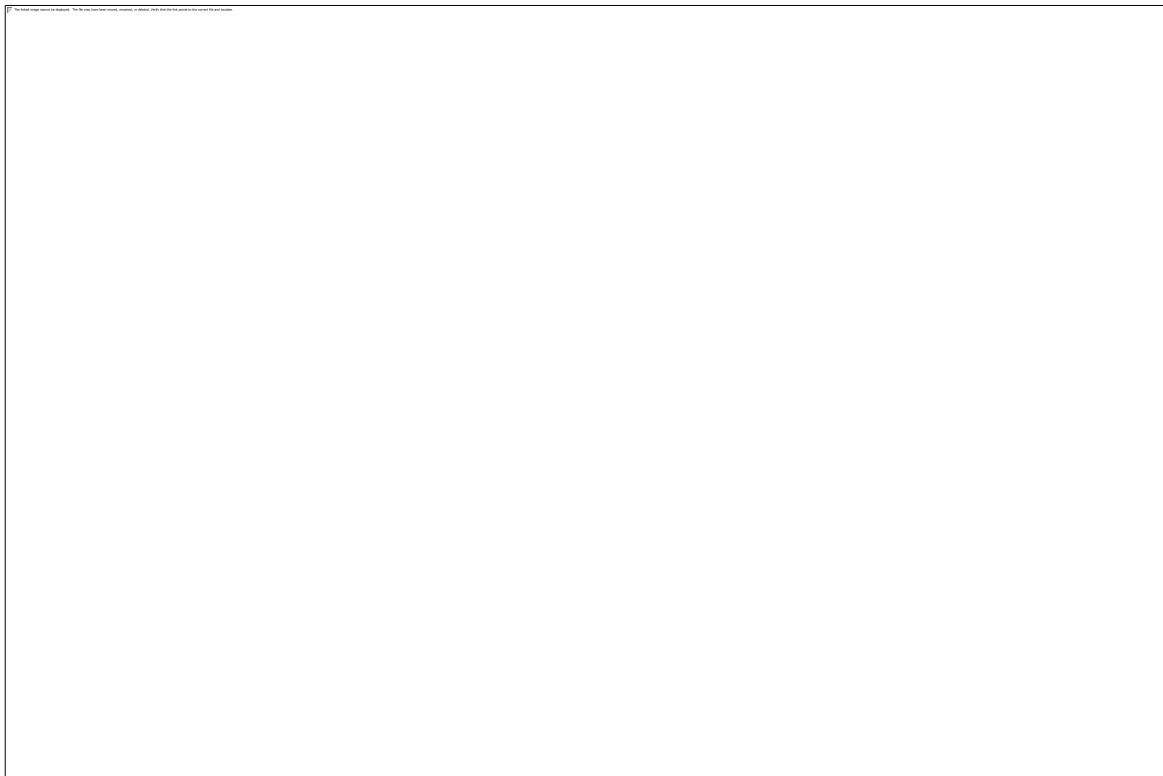
81	8430	+8583	-16800	+9042	=9254
82	9254	+8642	-16800	+9046	=10143
83	10143	+8703	-16800	+9051	=11096
84	11096	+8764	-16800	+9055	=12116
85	12116	+8827	-16800	+9061	=13204
86	13204	+8891	-16800	+9066	=14360
87	14360	+8955	-16800	+9072	=15587
88	15587	+9021	-16800	+9078	=16886
89	16886	+9087	-16800	+9084	=18258
90	18258	+9155	-16800	+9091	=19704



Wealth - A summary of your total wealth is split between cash and investment values.

Age	Cash	Investments	Total
60	3000	225600	228600
61	3019	218247	221266
62	3017	210648	213665
63	2999	202790	205789
64	2965	194665	197630
65	2915	186264	189179
66	2849	177576	180425
67	2868	174680	177548
68	2932	171691	174623
69	3043	168607	171650
70	3201	165425	168626
71	3408	162142	165550
72	3665	158755	162420
73	3973	155261	159234
74	4334	151657	155991
75	4748	147939	152687
76	5217	144103	149320
77	5743	140147	145890
78	6325	136067	142392
79	6966	131859	138825

80	7668	127519	135187
81	8430	123044	131474
82	9254	118428	127682
83	10143	113669	123812
84	11096	108762	119858
85	12116	103702	115818
86	13204	98486	111690
87	14360	93108	107468
88	15587	87563	103150
89	16886	81848	98734
90	18258	75957	94215



Incomes - A summary of your current income streams and future estimated income streams is shown below.

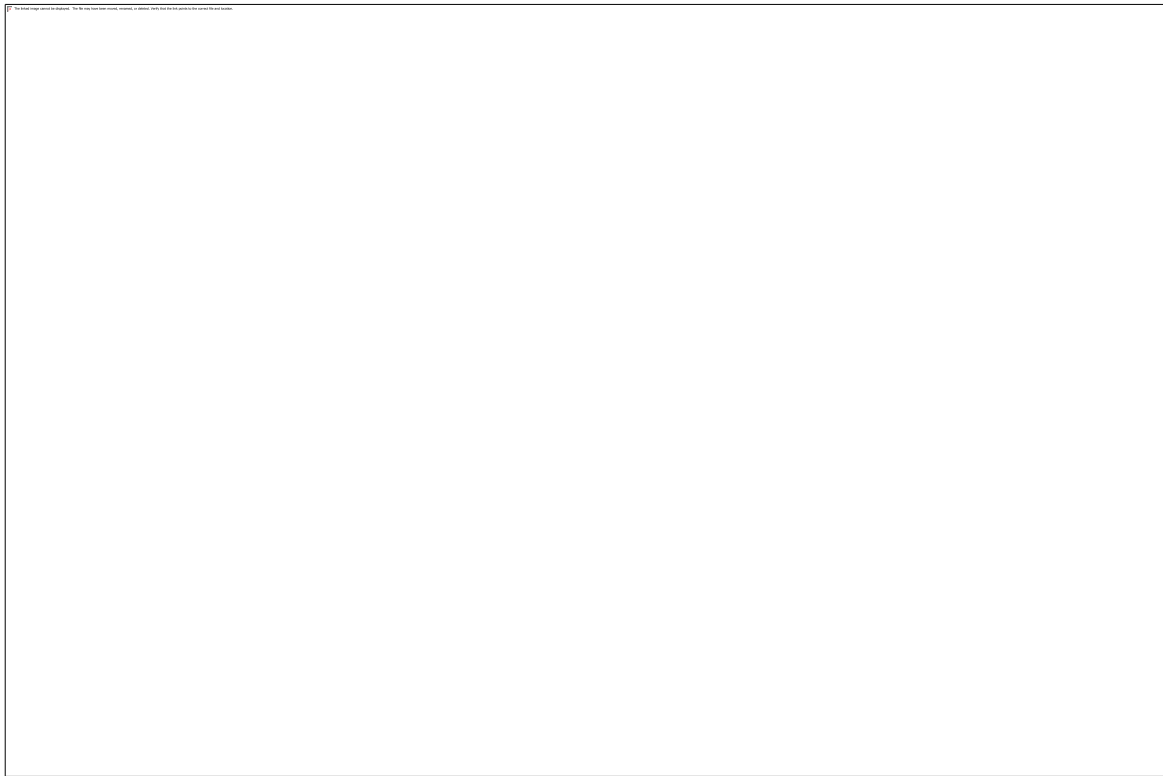
Age	Annuity (Level)	Superannuation	State Pension	Total
60	1440	480	0	1920
61	1418	485	0	1903
62	1397	490	0	1887
63	1376	495	0	1871
64	1356	499	0	1855
65	1335	504	0	1840
66	1315	510	5980	7805
67	1295	515	6040	7850
68	1276	520	6100	7896
69	1257	525	6161	7943
70	1238	530	6223	7991
71	1219	536	6285	8040
72	1201	541	6348	8090
73	1183	546	6411	8141
74	1165	552	6475	8193
75	1148	557	6540	8245
76	1131	563	6606	8299
77	1114	568	6672	8354

78	1097	574	6738	8410
79	1081	580	6806	8466
80	1064	586	6874	8524
81	1048	592	6943	8583
82	1033	597	7012	8642
83	1017	603	7082	8703
84	1002	609	7153	8764
85	987	616	7224	8827
86	972	622	7297	8891
87	958	628	7370	8955
88	943	634	7443	9021
89	929	641	7518	9087
90	915	647	7593	9155

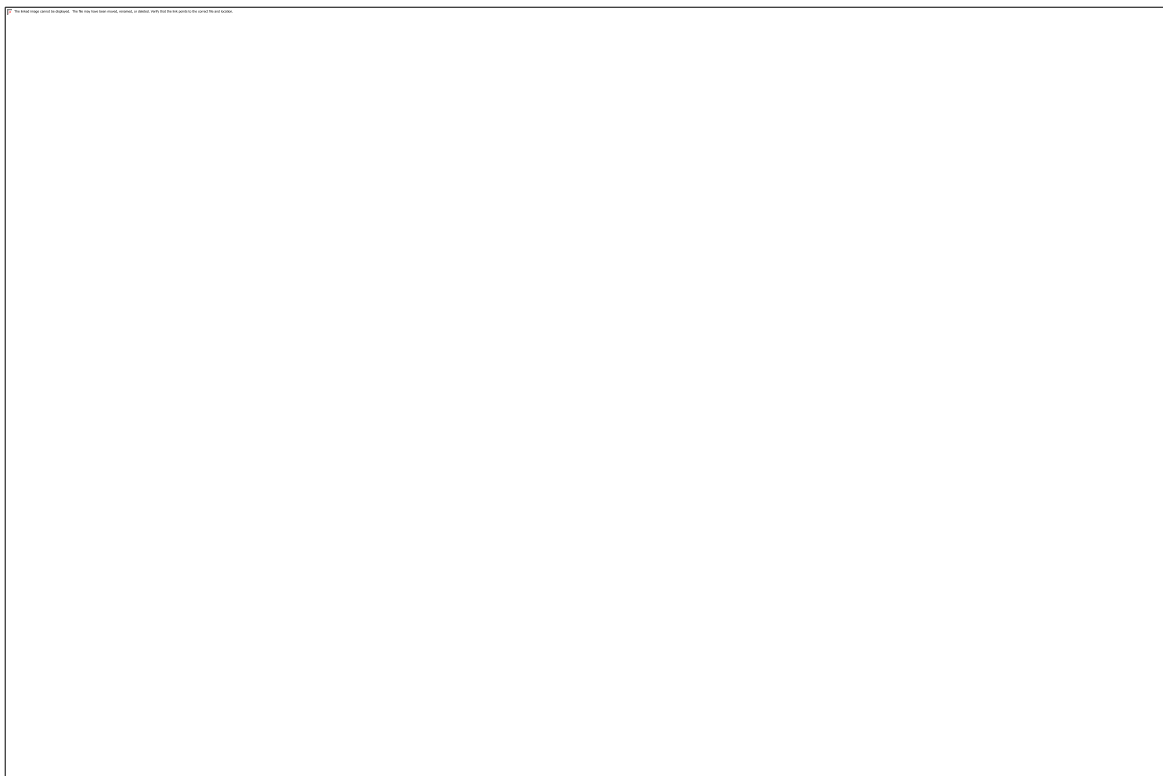


Spending - A summary of your current spending and future estimated spending is shown below.

Age	All Spending	Total
60	16800	16800
	Values repeating until	
90	16800	16800



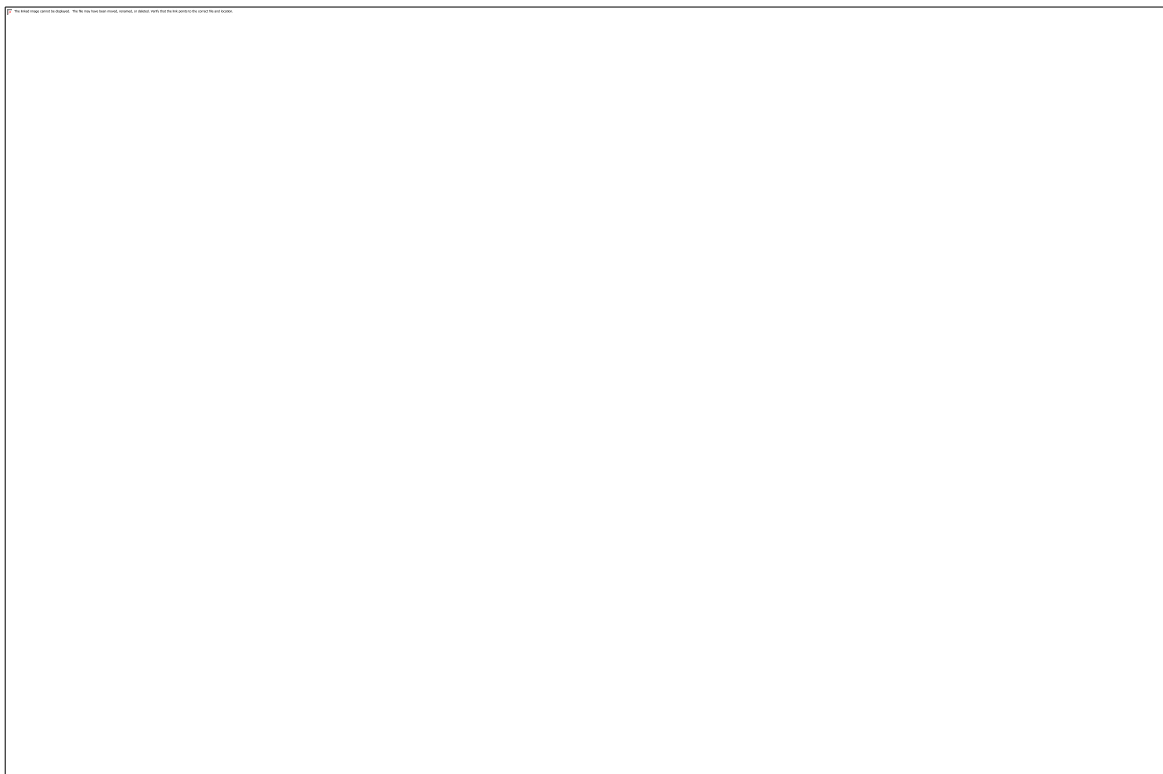
Spending v Income - A comparison of spending versus income is shown below.



Investments - A summary of your current investment values and the projected changes to these as a result of new contributions or withdrawals is shown below.

Age	NISA	Drawdown Pension	Total
60	15600	210000	225600
61	16302	201945	218247
62	17036	193612	210648

63	17802	184988	202790
64	18603	176062	194665
65	19440	166823	186264
66	20315	157261	177576
67	21229	153450	174680
68	22185	149506	171691
69	23183	145424	168607
70	24226	141199	165425
71	25317	136826	162142
72	26456	132299	158755
73	27646	127615	155261
74	28890	122766	151657
75	30190	117748	147939
76	31549	112554	144103
77	32969	107179	140147
78	34452	101615	136067
79	36003	95857	131859
80	37623	89897	127519
81	39316	83728	123044
82	41085	77343	118428
83	42934	70735	113669
84	44866	63896	108762
85	46885	56818	103702
86	48995	49491	98486
87	51199	41908	93108
88	53503	34060	87563
89	55911	25937	81848
90	58427	17530	75957



Conclusion

This cashflow analysis has confirmed that your late husband's pension fund can sustain your income requirements through to age 90 and beyond. Thereafter withdrawals of income may need to be taken from your NISA investment should your current spending levels remain the same.

The Tax Free Cash received at age 60 from the pension fund reduced the need for a high level of drawdown income straight away. Drawdown income was then set at a greater level between ages 61 and 65 inclusive, to plug the income gap before drawdown income reduced again at age 66 onwards on account of your state pension coming into payment.

Your cash steadily increases over time but your overall wealth steadily reduces.

Your level annuity income shows a fall in value because it is not adjusted with inflation and your superannuation payment increases in value as the scheme increases have exceeded inflation.

Appendix

Personal Details

Client 1 is Mrs ABC date of birth 01 / 02 / 1955.

Today's Money

Where values are described as being in *today's money* that means that, whilst the nominal (actual) amounts in future years may have increased by inflation, the values shown have been discounted by inflation to show their real value in today's terms.

For example whilst loan repayments or level annuity income might be a fixed sum each year the actual value of that amount (its buying power) will be eroded by inflation and so in future years its value is smaller in today's money.

This is useful as it allows for valid comparison of values at different times. Often nominal amounts far in the future may seem to be very large because of the compounding effect of inflation, but when seen in today's money its real value can be better appreciated