

Financial Illustration

Prepared for:

Mr & Mrs Lovett



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.

Are Schooling Fees Affordable?

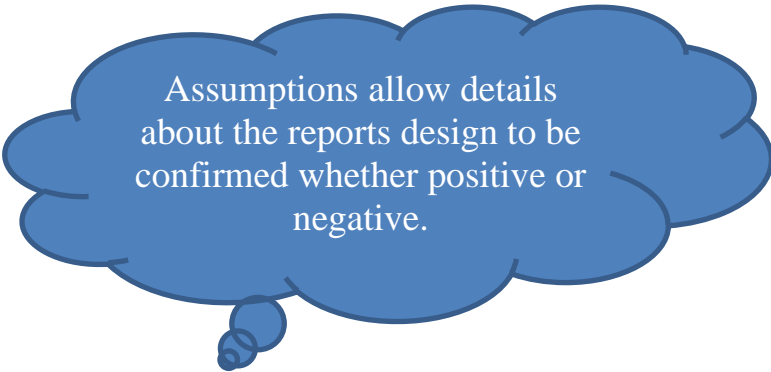
Peter & Jody have asked if they can afford to send their son Jacob to a local private school. I stated I would illustrate the cost and the effect it will have on their financial position.

Events modelled in this illustration:

- Reflect everything planned where no unforeseen events occur

Basic Information

Illustration	41 to 90
Retirement Age	62
State Pension Age	67
Inflation Rate	2% per annum
Initial Cash	£30000
Interest Rate	0.5% per annum



Assumptions allow details about the reports design to be confirmed whether positive or negative.

General assumptions:

- 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
- No consideration has been given to unforeseen life events that could affect income and spends in the future

Income

	From	To	Amount	Frequency	Adjust
Peter	41	61	£38000	Annually	By Inflation
Jody	41	61	£22000	Annually	By Inflation
Pensions	62	90	£20000	Annually	By Inflation

Spending

	From	To	Amount	Frequency	Adjust
DD's Bills	41	61	£1000	Monthly	By Inflation
	Then	90	£700	Monthly	
Personal Holidays	41	90	£1000	Monthly	By Inflation
	41	61	£4000	Annually	
School Fees Jacob	Then	75	£7000	Annually	By Inflation
	Then	90	£3000	Annually	
	43	49	£7500	Annually	
Mortgage	Then	56	£13000	Annually	No
	41	61	£1000	Monthly	

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

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

Age	Opening	Incomes	Spending	Investments	Closing
41	30000	+60000	-40000	+150	=50150
42	50150	+60000	-39760	+251	=70641
43	70641	+60000	-47025	+353	=83969
44	83969	+60000	-46794	+420	=97595
45	97595	+60000	-46568	+488	=111514
46	111514	+60000	-46347	+558	=125725
47	125725	+60000	-46130	+629	=140223
48	140223	+60000	-45918	+701	=155007
49	155007	+60000	-45709	+775	=170073
50	170073	+60000	-51005	+850	=179918
51	179918	+60000	-50805	+900	=190013
52	190013	+60000	-50609	+950	=200354
53	200354	+60000	-50417	+1002	=210939
54	210939	+60000	-50228	+1055	=221766
55	221766	+60000	-50044	+1109	=232831
56	232831	+60000	-49863	+1164	=244132
57	244132	+60000	-36686	+1221	=268667
58	268667	+60000	-36512	+1343	=293499
59	293499	+60000	-36342	+1467	=318625
60	318625	+60000	-36175	+1593	=344043
61	344043	+60000	-36011	+1720	=369752
62	369752	+20000	-27400	+1849	=364201
63	364201	+20000	-27400	+1821	=358622
64	358622	+20000	-27400	+1793	=353015
65	353015	+20000	-27400	+1765	=347380
66	347380	+20000	-27400	+1737	=341717
67	341717	+20000	-27400	+1709	=336025
68	336025	+20000	-27400	+1680	=330305
69	330305	+20000	-27400	+1652	=324557
70	324557	+20000	-27400	+1623	=318780
71	318780	+20000	-27400	+1594	=312974
72	312974	+20000	-27400	+1565	=307139
73	307139	+20000	-27400	+1536	=301274
74	301274	+20000	-27400	+1506	=295381

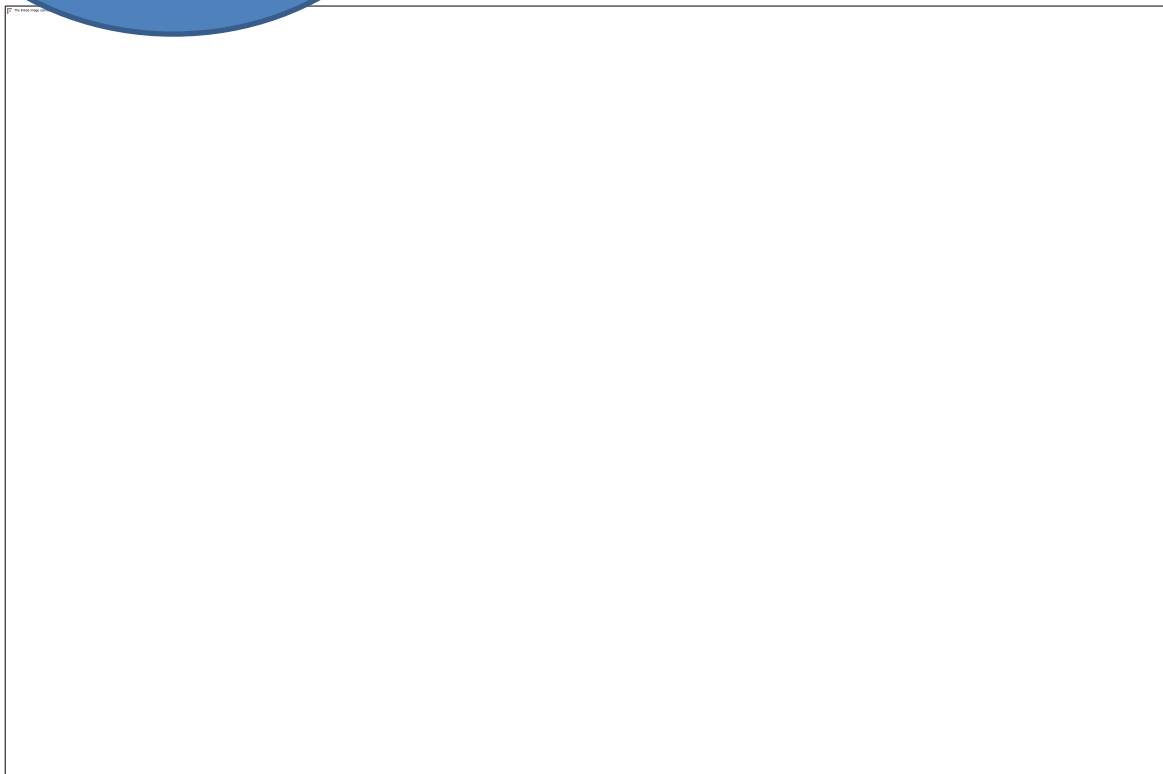
75	295381	+20000	-27400	+1477	=289458
76	289458	+20000	-23400	+1447	=287505
77	287505	+20000	-23400	+1438	=285542
78	285542	+20000	-23400	+1428	=283570
79	283570	+20000	-23400	+1418	=281588
80	281588	+20000	-23400	+1408	=279596
81	279596	+20000	-23400	+1398	=277594
82	277594	+20000	-23400	+1388	=275582
83	275582	+20000	-23400	+1378	=273560
84	273560	+20000	-23400	+1368	=271527
85	271527	+20000	-23400	+1358	=269485
86	269485	+20000	-23400	+1347	=267433
87	267433	+20000	-23400	+1337	=265370
88	265370	+20000	-23400	+1327	=263297
89	263297	+20000	-23400	+1316	=261213
90	261213	+20000	-23400	+1306	=259119

Report

Select what to include in the downloaded report.

	Inputs	Table	Chart	Landscape Chart
All:	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
OR				
Basics:	<input type="checkbox"/>			
Cash:		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Wealth:		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Income:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Spending:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Spending v Income:			<input checked="" type="checkbox"/>	<input type="checkbox"/>
Investments:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Different charts can be requested within the wizard. A **Chart** as illustrated below or a **Landscape Chart** as illustrated later for Incomes



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

Age	Peter	Jody	Pensions	Total
41	38000	22000	0	60000
42	38000	22000	0	60000
43	38000	22000	0	60000
44	38000	22000	0	60000
45	38000	22000	0	60000
46	38000	22000	0	60000
47	38000	22000	0	60000
48	38000	22000	0	60000
49	38000	22000	0	60000
50	38000	22000	0	60000
51	38000	22000	0	60000
52	38000	22000	0	60000
53	38000	22000	0	60000
54	38000	22000	0	60000
55	38000	22000	0	60000
56	38000	22000	0	60000
57	38000	22000	0	60000
58	38000	22000	0	60000
59	38000	22000	0	60000
60	38000	22000	0	60000
61	38000	22000	0	60000
62	0	0	20000	20000
63	0	0	20000	20000
64	0	0	20000	20000
65	0	0	20000	20000
66	0	0	20000	20000
67	0	0	20000	20000
68	0	0	20000	20000
69	0	0	20000	20000
70	0	0	20000	20000
71	0	0	20000	20000
72	0	0	20000	20000
73	0	0	20000	20000
74	0	0	20000	20000
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78	0	0	20000	20000
79	0	0	20000	20000
80	0	0	20000	20000
81	0	0	20000	20000
82	0	0	20000	20000
83	0	0	20000	20000
84	0	0	20000	20000
85	0	0	20000	20000
86	0	0	20000	20000
87	0	0	20000	20000
88	0	0	20000	20000
89	0	0	20000	20000
90	0	0	20000	20000

Landscape chart chosen within wizard options



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

Age	DD's Bills	Personal	Holidays	School Fees Jacob	Mortgage	Total
41	12000	12000	4000	0	12000	40000
42	12000	12000	4000	0	11760	39760
43	12000	12000	4000	7500	11525	47025
44	12000	12000	4000	7500	11294	46794
45	12000	12000	4000	7500	11068	46568
46	12000	12000	4000	7500	10847	46347
47	12000	12000	4000	7500	10630	46130
48	12000	12000	4000	7500	10418	45918
49	12000	12000	4000	7500	10209	45709
50	12000	12000	4000	13000	10005	45510
51	12000	12000	4000	13000	9805	45310
52	12000	12000	4000	13000	9609	45110
53	12000	12000	4000	13000	9417	44910
54	12000	12000	4000	13000	9228	44710
55	12000	12000	4000	13000	9044	44510
56	12000	12000	4000	13000	8866	44310
57	12000	12000	4000	0	8686	36686
58	12000	12000	4000	0	8512	36512
59	12000	12000	4000	0	8342	36342
60	12000	12000	4000	0	8175	36175
61	12000	12000	4000	0	8011	36011
62	8400	12000	7000	0	0	27400
63	8400	12000	7000	0	0	27400
64	8400	12000	7000	0	0	27400
65	8400	12000	7000	0	0	27400
66	8400	12000	7000	0	0	27400
67	8400	12000	7000	0	0	27400
68	8400	12000	7000	0	0	27400
69	8400	12000	7000	0	0	27400
70	8400	12000	7000	0	0	27400
71	8400	12000	7000	0	0	27400
72	8400	12000	7000	0	0	27400
73	8400	12000	7000	0	0	27400
74	8400	12000	7000	0	0	27400
75	8400	12000	7000	0	0	27400
76	8400	12000	3000	0	0	23400
77	8400	12000	3000	0	0	23400
78	8400	12000	3000	0	0	23400
79	8400	12000	3000	0	0	23400
80	8400	12000	3000	0	0	23400
81	8400	12000	3000	0	0	23400
82	8400	12000	3000	0	0	23400
83	8400	12000	3000	0	0	23400
84	8400	12000	3000	0	0	23400
85	8400	12000	3000	0	0	23400
86	8400	12000	3000	0	0	23400
87	8400	12000	3000	0	0	23400
88	8400	12000	3000	0	0	23400
89	8400	12000	3000	0	0	23400
90	8400	12000	3000	0	0	23400

Increased holiday spends once in retirement

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



Conclusion

The illustration clearly shows that Peter & Jody can afford school fees for their son Jacob. The forecast though does not take into consideration any Life Events that could compromise future incomes or increase spends

Appendix

Personal Details

Client 1 is Peter Lovett date of birth 01 / 11 / 1973.

Client 2 is Jody Lovett date of birth 02 / 12 / 1970.

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