



STATEMENT OF ADVICE

Private and Confidential

for

Prepared by

Roy Abraham Varghese, CPA, CFP

18-Sep-2012

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Scope of Advice

You have sought my professional advice to design a financial plan that is specific to your circumstances. This plan analyzes your current position and provides strategies to help you achieve your lifestyle goals and objectives.

Based on our discussions, we have agreed that my advice will cover:

- Your goals and objectives
- The suitability of your current investments and how the recommended products fit within your current portfolio.
- Your broader financial planning needs relating to areas such as investment planning, retirement planning, asset and life protection planning, wealth accumulation, cash flow planning and debt management.
- Suitability of your life insurance coverage
- Your current and future income sources

No advice is given on specific shares, bonds or real estate. You may implement investments in these products through other specialists or financial institutions that are licensed to deal in such transactions.

My advice is based on the information you have provided. If you have chosen not to provide your full personal and financial details to me, this limits my ability to undertake a comprehensive needs analysis of your situation and to provide recommendations that are appropriate to your goals and objectives.

Please find within enclosed file, our investment recommendation for you. This recommendation is constructed taking into consideration the outcome based on our assessment of your financial situation, objective(s), need(s), risk profile and time horizon, which was provided by you. Our recommendation also takes into consideration our current research view. However, as markets and financial circumstances are dynamic in nature, our recommendation may not be able to address such changes, especially if it happens abruptly. Hence, please be aware that investments come with their respective risks. In general, we advocate diversification as a strategy to mitigate such abrupt market swings via a portfolio concept.

Roy Varghese, CPA, CFP

Date :

Goals and Objectives

- ~ You wish to maintain a cash reserve of **S\$350,000** for any unexpected expenses or emergencies.
- ~ Your teaching contract ends in Jun 2013. Thereafter, you will go to the US to live with your brother. From this point, you will be "retired" and no longer earning an income. You expect to have annual living expenses of **S\$50,000** (in today's dollars).
- ~ We will assume that you purchase a property in Malaysia in the value of **S\$450,000** (in future dollars) in 2016 in alternative scenario.

Client Details

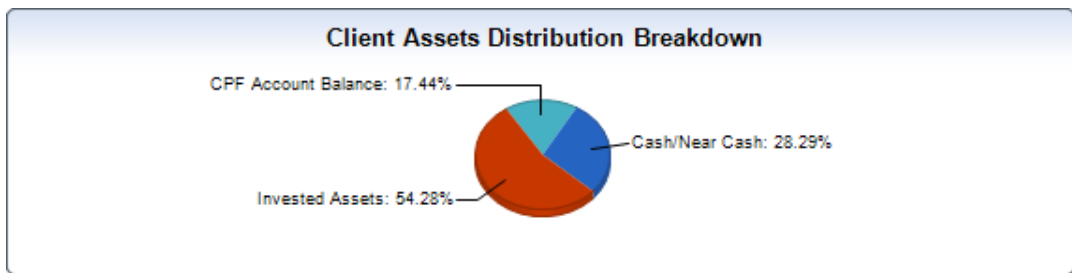
Personal Particulars - Client	
Full Name	
Preferred Name	
Salutation	
Gender	
NRIC/ Passport	
Birthday	
Intended Retirement Age	
Race	
Marital Status	
Home Phone	
Hand Phone	
Address 1	
Address 2	
State	
Postal Code	
Country	
Nationality	
Citizenship	
Employment	
Occupation	
Employer	
Singapore Tax Resident	
Annual Income (SGD)	
CPF Contribution Criteria	
CPF Contribution Rate (%)	

Net Worth

Net Worth is calculated by subtracting the total value of your current liabilities from the total value of your current assets. It is desirable to have a high positive Net Worth because it means that you own more assets than you owe. Based on the information that you have provided, your **current Net Worth is \$1,767,619**.

	S\$
Total Assets	1,767,619
Total Liabilities	0
Net Worth	1,767,619

Total Assets



Assets	S\$
Bank Account	500,000
Sub Total for Cash/Near Cash	500,000
Unit Trust & ILP	959,419
Sub Total for Invested Assets	959,419
CPF - Ordinary Account	70,700
CPF - Special Account	195,600
Medisave	41,900
Sub Total for CPF Assets	308,200
Grand Total Asset	1,767,619

Cash Flow

Cash Flow is a consolidation of your annual cash inflows and outflows. It is calculated by adding all your cash inflows and then subtracting all of your cash outflows, which include lifestyle expenses, savings and investments, and taxes. Based on the information that you have provided, you have a **cash flow surplus of \$48,000 in 2012.**

	S\$
Total annual cash inflow	138,000
Total annual cash outflow	(90,000)
Net annual cash flow	48,000

Annual Income

Cash Inflow	S\$	
	Monthly	Yearly
Income	12,500	150,000
Bonus	0	0
Gross Income	12,500	150,000
Less Employee CPF Contribution	(1,000)	(12,000)
Net Income	11,500	138,000

CPF Inflow	S\$	
	Monthly	Yearly
Employee CPF Contribution	1,000	12,000
Employer CPF Contribution	750	9,000
Total CPF Inflow	1,750	21,000

Annual Expenses

Expenses	S\$	
	Monthly	Yearly
Living expenses, rent, gift to God	7,500	90,000
Total Personal	7,500	90,000
Grand Total Expenses	7,500	90,000

Strategies and Recommendations

Liquidity --- you will require cash holdings of **S\$50,000** as a contingency to cover 7 months of living expenses. This will enable you to have the peace of mind of sufficient cash without the need to liquidate other assets.

Risk management --- you should be adequately covered in the event of premature death, total and permanent disability or hospitalization. This should be reviewed at least once every two years.

Investment strategy --- your personal investment strategy refers to the proportion of your portfolio we recommend you allocate to each of the major asset classes (cash, fixed income, equities, real estate and alternative investments). This is your strategic asset allocation, which is the key driver for long term investment outcomes.

In determining your personal investment strategy, we have discussed the concept of risk for your long term financial objectives. We used a Risk Assessment instrument to understand your risk aversion and your personal view of your risk taking capacity.

It is important that you understand that your lifestyle goals determine the required rate of return pre- and post-retirement, the asset allocation to achieve these target returns and finally the risks associated with the investment strategy. If you cannot tolerate the possible temporary declines in your investment portfolio, you will have to redefine your goals to cater for a lower required rate of return. Your risk profile is **Medium Risk / Medium Return**.

The projection of when money runs out (in the Appendix) is only a guide to understand the trade-offs required to achieve your goals.

Portfolio construction – your investments comprise of different types of financial products. The liquid investment portfolio under the iFast platform is made up of active and passive investment styles of unit trusts and similar products that your adviser is licensed to give advice on. The composition of the portfolio is based on funds that have been researched by independent specialists and reviewed by your adviser for appropriateness. The portfolio is monitored as part of the on-going service to retainer clients and changes are recommended when necessary. It is important to understand that investing in unit trusts and similar products is for the long-term and changes are selectively made. This is not a trading portfolio that you might have with a stockbroker.

	Bad Year (Fall in %)	Good Year (Gain in %)
Cash / Money Market	0	3
Short Duration / Sing bond	-2	6
Global Bonds	-7	12
All Bonds Portfolio	-7	17
Moderately Conservative Portfolio	-21	29
Balanced Portfolio	-27	35
Moderately Aggressive	-34	41
Singapore Equities	-45	67
Resources Funds	-58	86
Technology Funds	-60	105

Source : iFast investment research

Percentages shown here are based on historical data and are to be used as a guide only.

They do not represent the absolute worst drawdown or best gains that may be possible.

Fees & Charges

The wrap-fee for your iFast portfolio pays for the professional services rendered as part of the on-going advice. We can meet any time you wish to discuss changes in your circumstances or to review your portfolio. On our part, your adviser shall initiate review meetings at least three times a year. Internal reviews are conducted by your adviser on a regular basis.

Your financial plan will be updated every other year unless there are material changes to your situation or goals and objectives. There is no fee for the plan updates unless you request a defined scope financial plan.

Fees and Charges

1. Initial Advice and Plan Fee

This fee is paid in advance upon signing the Engagement Letter. The deliverable is the Statement of Advice. In your case, there is no fee charged for the production of this Statement of Advice.

2. Implementation Fee

As part of the Initial Advice and On-going Advice, you will make investments in unit trusts and similar products on the iFast platform. The selection of the funds is based on your investment strategy. The specific funds are recommended by your adviser as part of the portfolio construction. The implementation fee is not to be construed as a sales charge. This fee is paid directly by you to your adviser for the advice provided. The fee, which may be adjusted over time, applies to the initial investment and ad-hoc or regular investments.

Until further notice, your implementation fee is **0.5%** of the gross investments made.

3. On-going advice fee

The on-going advice fee is calculated as a percentage of your investment portfolio on the iFast platform. This fee is paid through deduction of units at the end every quarter. You can choose to stop this deduction. The on-going advice will then cease although your portfolio can remain on the iFast platform.

In your case, the annual on-going fee is **0.5%**.

4. Switching fees and exit

As long as you have a wrap arrangement with iFast, there are no switching fees for unlimited number of transactions in a given year. There are no exit or redemption charges paid to me. Some funds may have a redemption fee payable to the fund manager.

5. Platform Fees – iFast

The fee paid to iFast is a charge for using their platform. Please refer to the table below for details.

All Cash and SRS holdings	Platform Fee
First SGD 100,000	0.075% per quarter
Next SGD 150,000	0.0625% per quarter
Next SGD 250,000	0.05% per quarter
Amount in excess of SGD 500,000	0.025% per quarter

For CPF holdings, a flat rate of 0.04125% per quarter will apply as part of the wrap fee deduction

Important Notes

about your adviser

My full name is Roy Abraham Varghese. I am a self-employed independent adviser who is operating as an appointed representative of iFAST Financial Pte Ltd. My MAS license is VAR100030353. I hold the qualification of Certified Financial Planner (CFP). I am required to undergo a minimum of 33 hours of training every year to update my technical knowledge and skills.

As an appointed representative, I am authorized to give advice on financial matters relating to Securities, Collective Investment Schemes (CIS), and Life Policies, market CIS and arrange contracts of Insurance in respect of Life Policies.

how am I remunerated

I receive fees from my clients for plan construction, initial advice on recommended funds through entry fees and on-going advice fees. I also receive commission from life insurance companies on insurance premiums you pay for policies arranged as a result of your Statement of Advice.

code of ethics and complaints resolution

I abide by the professional standards and code of ethics of the Financial Planning Association of Singapore (FPAS). These standards include integrity, objectivity, competence, fairness, diligence, professionalism, confidentiality and compliance with legislation.

If you have any complaint regarding the service provided by me, you should take the following steps:

1. Contact me and tell me of your complaint.
2. If the complaint is not satisfactorily resolved, you may contact the iFAST hotline at 6557 2000.
3. Where we have not been able to resolve your complaint to your satisfaction, you may take up the matter with the Financial Industry Disputes Resolution Centre Ltd (FIDReC), an independent industry-based dispute resolution scheme. They can be reached at 6327 8878 or www.fidrec.com.sg

Disclaimers

1. This plan is solely for the use of the client to whom it is addressed.
2. If there is a material change in your financial situation, financial needs or objectives, you must bring this to my attention. I will not accept liability for changes in the client's circumstances that I am not aware of.
3. For specialized services such as tax, legal and estate planning, which are outside the scope of this engagement, you will have to engage a qualified professional in those areas.
4. Estimates of income and capital growth rates of return are based on the assessment of current and future economic conditions. These estimates are for illustrative planning purposes only. Your adviser does not guarantee the performance of any recommended investments or asset classes.
5. The recommendations in this report should only be considered to be current for 30 days from the date of this report. After that time, you should not act on any of the recommendations without confirming with your adviser that they are still appropriate.
6. The Adviser Matrix tool is intended to provide an illustration of the general characteristics of investment risk and return. The model assumptions are based on long-term performance data, both actual and forecast, which may not be reflected in actual future results. Fluctuations in returns generally occur as a result of investment market cycles or other external factors. The longer your investment time horizon, the more reliable the investment outcome. Your adviser does not give warranty of the reliability or accuracy of the Adviser Matrix tool, or accept any responsibility in any other way including negligence for errors or omissions.

Client's Retirement

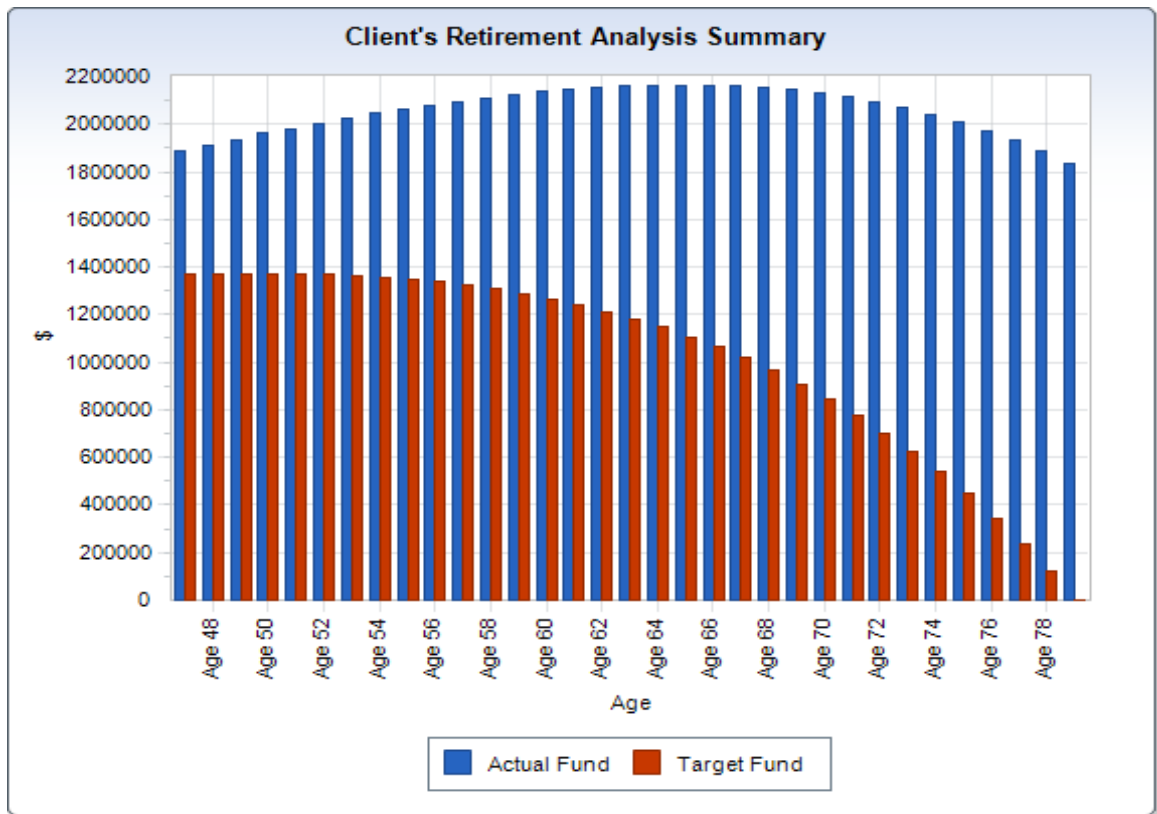
Analysis

Retirement planning ensures that you build a sizeable retirement nest egg that can allow you to live comfortably without working in your later years.

You intend to retire in the year **2013** at age **48** with monthly income of **\$4,000** in today's dollars. This will work out to be a retirement nest egg of **\$1,367,462** based on the assumptions that the inflation adjusted rate of return before retirement is assumed at **0.97%** while inflation adjusted rate of return during retirement at **0.97%**. Inflation is assumed to be **3%**.

Based on the information you provided, at the time of your retirement, your CPF asset is projected to be **\$338,726** excluding your Medisave. Your investment will be worth **\$1,502,795**. On top of that, according to your life stages needs, you have a net inflow of **\$48,000**.

Based on our analysis, you will have sufficient capital to fund your retirement needs until age 95.



Client's Retirement Analysis Information

Current Retirement Fund at Retirement Age

(+) Total CPF fund at retirement age	\$338,726
(+) Total investment value at retirement age	\$1,502,795
(-) Total outstanding housing loan at retirement age	\$0
(+) Total Life Stages Amount Before Retirement Age	\$48,000
(+) Present Value of Life Stages at Retirement Age	\$0
(=) Total retirement fund available at retirement age	\$1,889,521
At what age will the retirement fund last until	95

Desired Retirement Needs

Intended retirement age	48
Client's age to implement plan	47
Years to provide for retirement	32
Capital preservation	\$0
Investment rate of return before retirement (%)	4.00%
Investment rate of return during retirement (%)	4.00%
Inflation rate (%)	3.00%
Inflation adjusted rate of return before retirement (%)	0.97%
Inflation adjusted rate of return during retirement (%)	0.97%
Desired monthly retirement income in today's dollars	\$4,000

Client's CPF Analysis Information

Income

Gross income	\$12,500
No. of months bonus	0
Rate of wage increment per year (%)	0.00%

CPF Account Balances

Ordinary Account	\$70,700
Special Account	\$195,600
Medisave Account	\$41,000
SRS Account	\$0

Projected CPF Fund at Retirement Age

Years to retirement	1
Total Ordinary Account	\$83,267
Total Special Account	\$214,458
Total Medisave Account	\$41,000
Total SRS Account	\$0
Total outstanding housing loan	\$0

Assets Accumulation & Life Stages

Years to retirement : 1

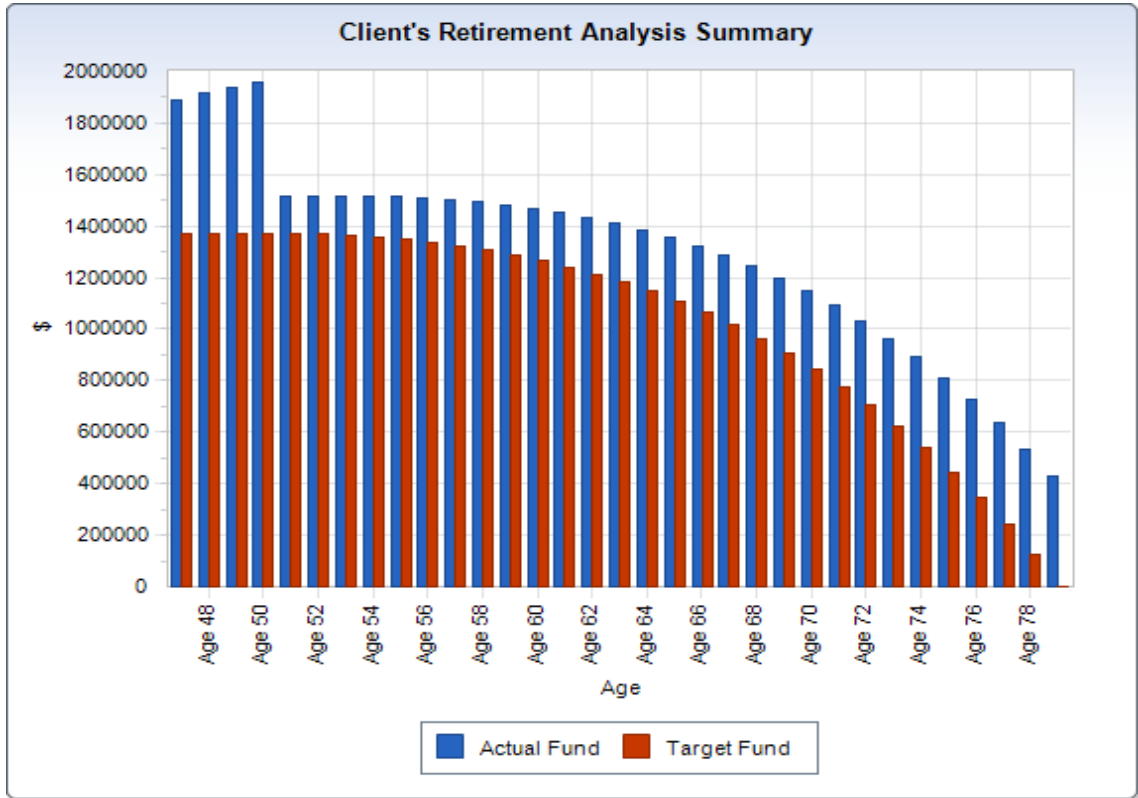
Cash investment

Type of Asset:	ROI (%)	Current Market Value (\$)	Annual Contribution (\$)	F.V. at Retirement Age (\$)
Bank Account	1.00%	\$500,000	\$0	\$505,000
UT & ILP	4.00%	\$959,419	\$0	\$997,795
Cash Investment Total		\$1,459,419	\$0	\$1,502,795

Description	Start age - End Age	Amount (\$)	ROI (%)	Nature of Live Stage	Lump sum or regular amount
annual savings	47 - 47	\$48,000	0.00%	Inflow	One Time Lump Sum

Alternative Scenario

For an alternative scenario, we include the purchase of a property in Malaysia at age 51 in the value of S\$450,000 (future dollars). All other assumptions remain the same.



Based on our analysis, you will have sufficient capital to fund your retirement needs until age 83.

Declarations

Client Acknowledgement

1. I understand that Roy Varghese is a licensed Financial Adviser Representative with iFAST Financial Pte Ltd, a financial advisory company licensed by Monetary Authority of Singapore (MAS).
2. The information provided by me in this Statement of Advice will be used as the basis for advice and recommendations presented to me in investment and insurance.
3. I understand that my adviser must have sufficient information before making a suitable recommendation. Any financial products/services purchased without the completion of a Statement of Advice or based on partial or inaccurate information, may not be appropriate for me.
4. I understand that my adviser must have disclosed all the fees and charges to be borne by me.
5. I understand that it is important that I carry out a financial review and risk profile review at least once a year. This is to ensure that any financial products recommended based on my updated information will be suitable for my needs, and that my financial plan will continue to remain relevant to me over time.

Client Name:

Client NRIC. :

Date: 18 September 2012

Signature:

Appendix

1. Retirement Calculation

Retirement Analysis Calculation

All Investment Interest Rate Earned are computed and credited in the following year. This calculation refers to the base case scenario.

Client's Retirement Analysis Calculation Step Table

Age	Actual Beginning Value	Income for the year	OA Net Inflow	SA Net Inflow	Medisave Net Inflow	SRS Net Inflow	Invested Asset Net Inflow	Live Stages Net Inflow	(-)Retirement Drawdown	(=)Actual Fund End Value	Target Fund Start Value	(=)Target Fund End Value
47	\$1,459,419	\$150,000	\$83,267	\$214,458	\$41,000	\$0	\$43,377	\$48,000	\$0	\$1,889,521	\$1,314,868	\$1,367,462
48	\$1,889,521	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$49,440	\$1,913,684	\$1,367,462	\$1,370,743
49	\$1,913,684	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,923	\$1,937,271	\$1,370,743	\$1,372,613
50	\$1,937,271	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$52,451	\$1,960,213	\$1,372,613	\$1,372,969
51	\$1,960,213	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$54,024	\$1,982,436	\$1,372,969	\$1,371,702
52	\$1,982,436	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$55,645	\$2,003,863	\$1,371,702	\$1,368,699
53	\$2,003,863	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$57,315	\$2,024,410	\$1,368,699	\$1,363,840
54	\$2,024,410	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$59,034	\$2,043,991	\$1,363,840	\$1,356,998
55	\$2,043,991	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$60,805	\$2,062,514	\$1,356,998	\$1,348,041
56	\$2,062,514	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$62,629	\$2,079,880	\$1,348,041	\$1,336,828
57	\$2,079,880	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$64,508	\$2,095,987	\$1,336,828	\$1,323,213
58	\$2,095,987	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$66,443	\$2,110,726	\$1,323,213	\$1,307,041
59	\$2,110,726	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$68,437	\$2,123,981	\$1,307,041	\$1,288,148
60	\$2,123,981	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$70,490	\$2,135,631	\$1,288,148	\$1,266,365
61	\$2,135,631	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$72,604	\$2,145,547	\$1,266,365	\$1,241,511
62	\$2,145,547	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$74,782	\$2,153,596	\$1,241,511	\$1,213,398
63	\$2,153,596	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$77,026	\$2,159,632	\$1,213,398	\$1,181,827
64	\$2,159,632	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$79,337	\$2,163,508	\$1,181,827	\$1,146,590
65	\$2,163,508	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$81,717	\$2,165,062	\$1,146,590	\$1,107,468
66	\$2,165,062	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$84,168	\$2,164,130	\$1,107,468	\$1,064,232
67	\$2,164,130	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$86,693	\$2,160,534	\$1,064,232	\$1,016,640
68	\$2,160,534	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$89,294	\$2,154,089	\$1,016,640	\$964,440
69	\$2,154,089	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$91,973	\$2,144,601	\$964,440	\$907,365
70	\$2,144,601	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$94,732	\$2,131,864	\$907,365	\$845,138
71	\$2,131,864	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$97,574	\$2,115,661	\$845,138	\$777,467
72	\$2,115,661	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,501	\$2,095,766	\$777,467	\$704,044
73	\$2,095,766	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$103,516	\$2,071,940	\$704,044	\$624,549
74	\$2,071,940	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$106,622	\$2,043,931	\$624,549	\$538,644
75	\$2,043,931	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$109,821	\$2,011,475	\$538,644	\$445,976
76	\$2,011,475	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$113,115	\$1,974,294	\$445,976	\$346,176

Age	Actual Beginning Value	Income for the year	OA Net Inflow	SA Net Inflow	Medisave Net Inflow	SRS Net Inflow	Invested Asset Net Inflow	Live Stages Net Inflow	(-)Retirement Drawdown	(=)Actual Fund End Value	Target Fund Start Value	(=)Target Fund End Value
77	\$1,974,294	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$116,509	\$1,932,097	\$346,176	\$238,854
78	\$1,932,097	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$120,004	\$1,884,577	\$238,854	\$123,604
79	\$1,884,577	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$123,604	\$1,831,411	\$123,604	\$0