



Integrated Financial Plan

Prepared for

Tom & Tess London



Prepared: February 25, 2011
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Introduction

Comprehensive financial planning is best described as the process of creating strategies to meet your life goals. Comprehensive financial planning has six components. They are: Financial Management, Asset Management, Risk Management, Tax Planning, Retirement Planning, and Estate Planning. This report will deal with each component separately, but in reality these components are inextricably connected. Thus, our recommendations always consider that fact, which differentiates the work we do from most financial advisors.

This report begins with a definition of your goals and objectives and ends with a specific action plan designed to immediately begin moving you from where you are today, to where you have stated that you would like to be. This document outlines steps in a process that we believe offers the highest possible probability of getting you to your destination in the most comfortable manner.

This report was prepared based on our understanding of the information that you provided both verbally and in the form of source documents. This document contains a number of calculations, projections, graphs, and observations resulting from the analysis of that information. The extent to which this report is considered a comprehensive analysis of all matters relevant to your financial future is in part dependent on the degree of accuracy and detail of the information that was provided.

The calculations in this document illustrating income tax concepts and investment gains are based on assumptions considered reasonable at this time. However, we know that actual results will definitely vary from our projections since it's impossible to predict the future with certainty. For this reason, any projections should not be construed as promises of performance. Your plan should be reviewed from time to time to determine if you are on course and to account for changes in lifestyle, objectives, the economy and legislation. This will allow for adjustments to be made in the strategy as needed to ensure that you stay on track.

Since this report is intended to be a working document, it will be necessary to consider the contents in conjunction with qualified tax, legal, accounting, and investment advice from professional advisors and specialists when implementing recommendations.



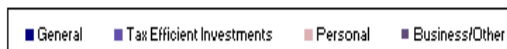
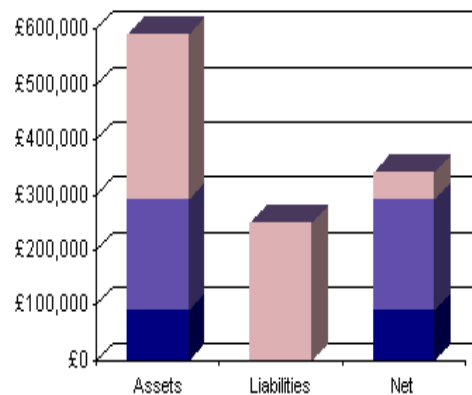
Executive Summary

The purpose of this executive summary is to give you a high level overview of your financial affairs.

Assets & Liabilities

Personal Use Assets	£300,000
Tax Efficient Investments	£200,000
General Investment Accounts	£90,000
Total Liabilities	£247,910
Net Worth	£342,090

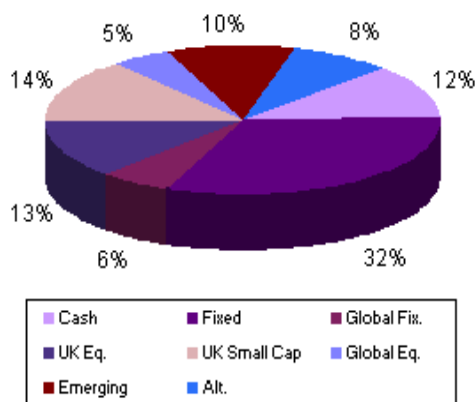
Debt Ratio: 42%
(Liabilities divided by Assets)



Asset Management

The following illustrates your current and target asset allocation as determined through a review of your investment philosophies and objectives, as well as historical past performance:

Target Asset Allocation



Asset Class	Current	Target
Cash	57.76%	11.60%
Fixed Income	21.12%	32.30%
Global Fixed Income	0.00%	5.80%
UK Equity	21.12%	12.50%
UK Small Cap Equity	0.00%	14.20%
Global Equity	0.00%	5.00%
Emerging Markets	0.00%	10.10%
Alternatives	0.00%	8.40%

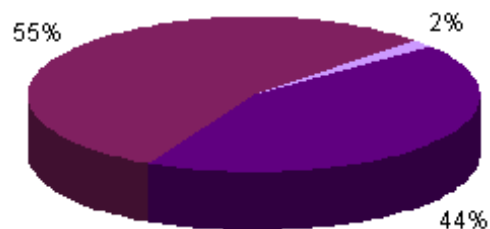
Expected Return 5.15% **Target** 7.64%
Long Term Risk 6.87% **Target** 12.21%

Risk Tolerance is **Moderate**



Cash Flow Overview

Total Income	£137,000
Total Expenses	£123,500
Total Savings	£13,500
Surplus/Shortfall	£0



Income Tax Summary

Tom's Tax	£20,296
Tess's Tax	£11,616
Total Taxes	£31,912

Tom's Marginal Tax Rate	40.00%
Tom's Average Tax Rate	27.06%
Tess's Marginal Tax Rate	40.00%
Tess's Average Tax Rate	22.72%

Retirement Life Goals Analysis

Retirement Lifestyle (After Tax)
Tom's Retirement Age
Tess's Retirement Age
Inflation
Rate of Return
Capital Shortage
Projected Estate Surplus

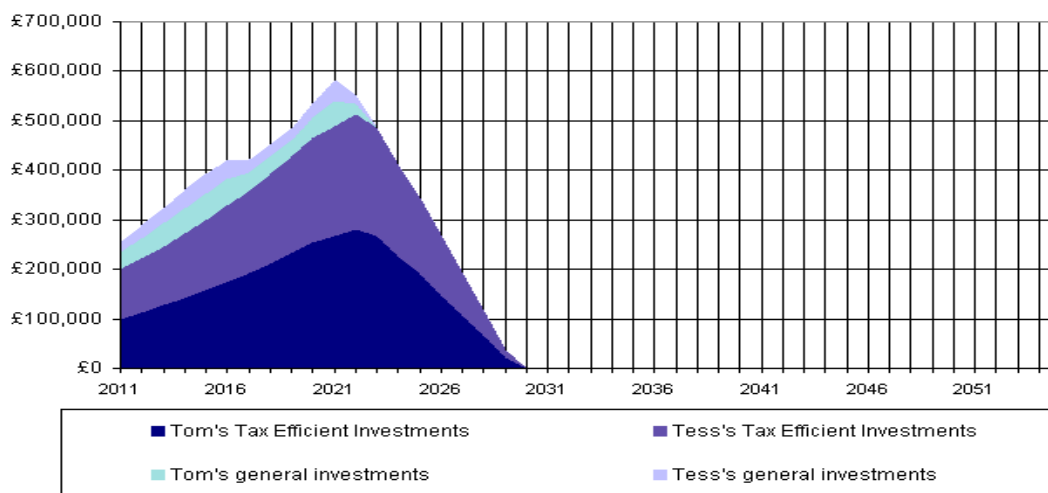
Current Situation

£80,000
60
60
3.0%
5.15%
£663,169
£0

Your Strategy

£80,000
64
64
3.0%
7.64%
£0
£99,265

Current Situation Analysis



This is a graphical representation of extending your current behaviour into the future and shows how your assets would be impacted over time.



Risk Management Analysis – Needs on Death

The purpose of the following analysis is to quantify any shortfall or surpluses as they exist today, without any “planning.” Shortfalls are created on the basis of wanting to achieve the goals and objectives that you articulated to us.

Tom’s Death – Shortfall	£580,734
Tess’s Death – Shortfall	£868,498

Risk Management – Needs on Disability

	Capital Shortfall	Monthly Equivalent
Tom’s Disability	£663,169	£4,073
Tess’s Disability	£663,169	£5,694



Financial Management – Purpose of Financial Management

The purpose of Financial Management is to identify strategies and techniques to optimize short- and midterm cash flows, assets, and liabilities. The components of comprehensive financial planning cannot be dealt with in isolation of the other components. Thus, our specific recommendations are at the end of this document, fully integrated with the other advice offered there.

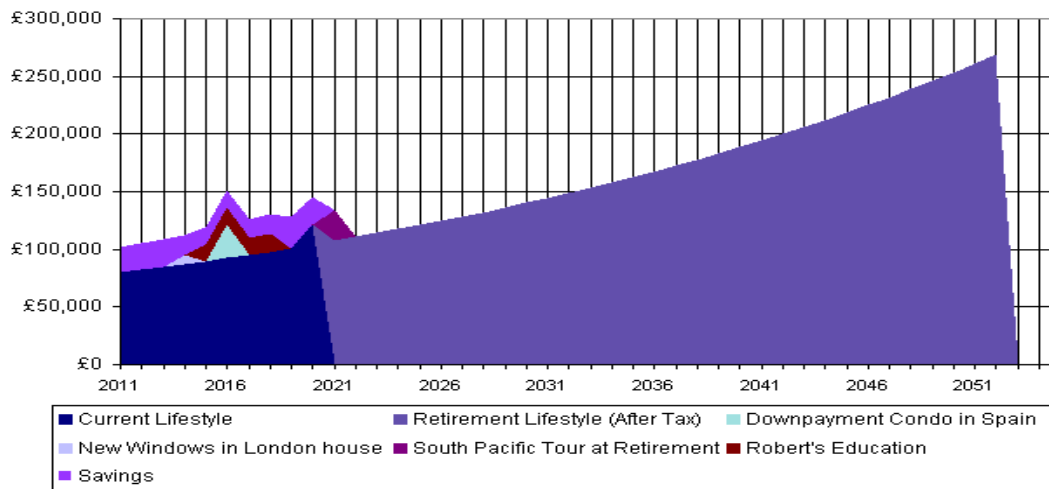


Financial Management – Your Goals and Objectives

Your goals provide the basic framework for the development of your financial strategy. These are the financial goals you have identified. They are expressed in today's dollars, after-tax.

- ◆ **Retirement Age:** You would like to be financially independent at Tom's age 60 and Tess's age 60.
- ◆ **Retirement Income:** Your annual after tax Retirement Lifestyle objective is £80,000 indexed for inflation of 3.0%.
- ◆ **Retirement Ranking:** Your retirement objective was ranked number 4 relative to its importance in comparison with your other objectives.
- ◆ **Other Objectives:** You have the following additional objectives:

<u>Description</u>	<u>Goal</u>	<u>Currency</u>	<u>Inflation Rate</u>	<u>Start Year</u>	<u>End Year</u>	<u>Rank</u>
Robert's Education	12,743	GBP	3.00%	2015	2018	1
New Windows in London house	7,500	GBP	3.00%	2014	2014	2
Downpayment Condo in Spain	25,000	GBP	3.00%	2016	2016	3
South Pacific Tour at Retirement	20,000	GBP	3.00%	2021	2021	5



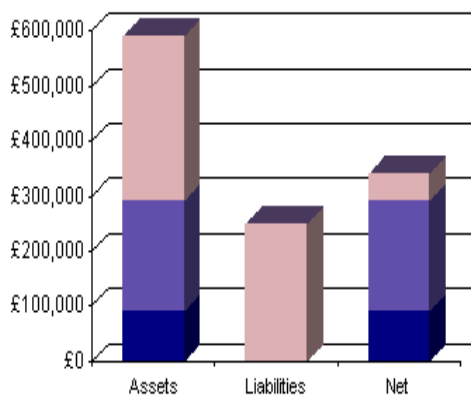


Financial Management – Your Net Worth Position

Your net worth statement measures your financial position at a specific point in time. It also provides a benchmark from which you can measure your progress. Presently your net worth is £342,090 comprised of £590,000 of assets less £247,910 of liabilities.

Assets	Tom	Tess	Other	Total
Personal Assets				
House	150,000	150,000	0	300,000
Total Personal Assets	150,000	150,000	0	300,000
Tax Efficient Investments				
Cash (C£)	100,000	0	0	100,000
Individual Savings Account	0	100,000	0	100,000
Total Tax Efficient Investments	100,000	100,000	0	200,000
General Investment Accounts				
General Investment Accounts	0	10,000	0	10,000
General Investment Accounts	35,000	0	0	35,000
General Investment Accounts	12,500	12,500	0	25,000
General Investment Accounts	0	0	20,000	20,000
Total General Investments	47,500	22,500	20,000	90,000
Total Assets	297,500	272,500	20,000	590,000

Liabilities	Tom	Tess	Other	Total
Personal Liabilities				
Mortgage	108,298	108,298	0	216,596
Mastercard	5,000	0	0	5,000
Personal Loan	9,176	0	0	9,176
Car Loan	17,138	0	0	17,138
Total Personal Liabilities	139,612	108,298	0	247,910
Total Liabilities	139,612	108,298	0	247,910
Net Worth	157,888	164,202	20,000	342,090





Net Investment Assets

While your net worth measures your progress overall, it will be your **net investment assets** that will determine your ability to fund your financial goals. Of your net worth, £290,000 was identified as being your net investment assets. (Total investment assets minus investment liabilities.)



Financial Management – Cash Flow Statement

The following illustrates your cash flow for the current year. Over time your income, savings, taxes and expenses will fluctuate, however, this cash flow statement identifies your current situation.

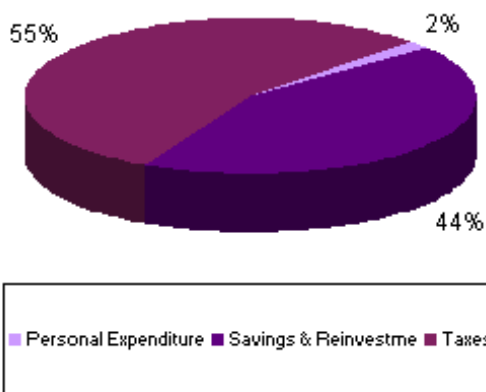
	Tom	Tess	£/Mth	£/Yr
Cash Inflow				
Employment Income				
Salary	6,250	4,167	10,417	125,000
Investment Income				
Dividends		83	83	1,000
Capital Gains	917		917	11,000
Total Inflows	7,166	4,250	11,416	137,000
Cash Outflow				
Personal Expenditures				
Self-Employed Expenses (Tax Deductible)	33	42	75	900
Savings & Reinvestment				
Tax Efficient Investments	625	333	958	11,500
Other Savings	83	83	167	2,000
Reinvested Investment Income	917	83	1,000	12,000
Taxes				
Taxes Payable	1,691	968	2,659	31,912
Net Outflows	3,349	1,509	4,859	58,312
Unallocated Cash Flow			6,557	78,687

Cash Flow Savings Analysis

You have identified your current savings to be £13,500 per annum. This represents 10.8% of your total family earned income of £125,000.

Where Your Money Goes

This is a picture of where your money goes, based on how we have interpreted the information that you provided to us.







Tax Planning – Purpose of Tax Planning

The principles of tax planning form an integral part of any wealth-building strategy. The overall objective is to structure your affairs to legally minimize the amount of tax you have to pay. You can accomplish this by adhering to what we call the 4D's of taxation: deduct, defer, diminish and divide.

- Deduct – Maximize all tax deductions and credits.
- Defer – Defer paying tax as long as possible. A tax dollar deferred is often a dollar saved.
- Diminish – Position investments in investment vehicles, which attract the least amount of tax, having full regard for your risk tolerance and asset allocation strategy.
- Divide – Split income among family member to the maximum degree possible while considering other personal objectives.

Tax recommendations are typically fully integrated with the other components of your financial world thus they are not noted in this section. Rather the recommendations are listed in the Action Plan Checklist at the end of this document.



Income Tax Analysis

This is an overview of your tax situation based on the information you provided. When we refer to Marginal Tax Rates, we are identifying the rate of tax payable on the last dollar of taxable income. The Average Tax Rate identifies the overall percentage of total income that is lost to taxation.

	Taxable Income	Taxes Payable	Highest Rate of Tax	Average Tax Rate
Tom	£ 86,000	£ 20,296	40.00%	27.06%
Tess	£ 51,000	£ 11,616	40.00%	22.72%
Totals	£ 137,000	£ 31,912	40.00%	25.44%



Asset Management – Purpose of Asset Management

An investment management strategy provides the framework for your investment decisions. It ensures that the decision-making process with respect to the management of your portfolio will be consistent, even when unexpected market fluctuations tempt distraction from your long-term strategy. Investment recommendations will always be made in concert with the guidelines that we agree upon and outline in this document. The development of an effective investment management strategy as imperative — the essential foundation upon which our work together will be based.



Asset Management – Your Current Investment Holdings

Portfolio Description: Strategic Portfolio				
Account Description	Holdings	Account Types	Owner	Amount
Tom Individual Savings Plan	Cash (C£)	PEP/ISA/TESSA	Tom	£ 100,000
Tess's Individual Savings Account	Individual Savings Account	PEP/ISA/TESSA	Tess	£ 100,000
Tom's General Investment Account	General Investment Accounts	Open	Tom	£ 35,000
Tess's Investment Account	General Investment Accounts	Open	Tess	£ 10,000
Portfolio Total				£245,000

Portfolio Description: Spanish Condo				
Account Description	Holdings	Account Types	Owner	Amount
Joint Investment Account	General Investment Accounts	Open	Joint	£ 25,000
Portfolio Total				£25,000

Portfolio Description: Education				
Account Description	Holdings	Account Types	Owner	Amount
Robert's Education Account	General Investment Accounts	Open	Other	£ 20,000
Portfolio Total				£20,000
Grand Total				£290,000



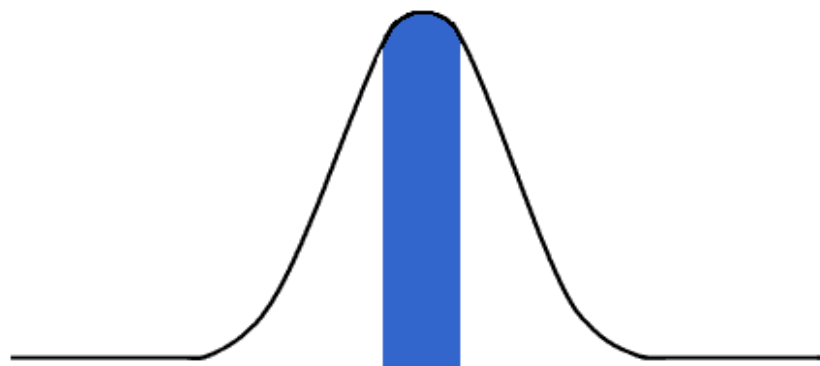
Asset Management – Your Investment Philosophy & Objectives

Tom

Your Risk Tolerance Score

Your Risk Tolerance Score enables you to compare yourself to a representative sample of the adult population. Your score is 53. This is a slightly-higher-than-average score, higher than 60% of all scores.

When scores are graphed they form a bell-curve as shown below. To make the scores more meaningful, the 0to100 scale has been divided into seven Risk Groups. Your score places you in Risk Group 4.



Risk Group	1	2	3	4	5	6	7
Score Range	Less than 25	25-34	35-44	45-54	55-64	65-74	75 or more
No in Group	1%	6%	24%	38%	24%	6%	1%

In answer to the last question, you estimated your score would be 55. Congratulations! You were close. Most people under-estimate their score by a few points.

Your Risk Group

The description of Risk Group 4 which follows provides a summary of the typical attitudes, values, preferences and experiences of those in your group. Six of your answers differed from this description. They are shown in italics below the relevant section. These differences fine-tune the description to you personally.

Making Financial Decisions

They usually think of "risk" as "uncertainty". They have a reasonable amount of confidence in their ability to make good financial decisions and usually feel at least somewhat optimistic about their major financial decisions after they make them.

They are prepared to take a medium degree of risk with their financial decisions and are usually, if not always, more concerned about the possible gains than the possible losses.

You usually feel somewhat pessimistic about your major financial decisions after you make them.



When faced with a major financial decision you are usually, but not always, more concerned about the possible losses.

Financial Disappointments

Typically, when things go wrong financially they adapt at least somewhat easily.

When things go wrong financially you usually adapt somewhat uneasily.

Financial Past

They have taken a small to medium degree of risk with their past financial decisions. Most have never borrowed money to make an investment. The great majority have never invested a large sum in a risky investment mainly for the "thrill" of seeing whether it went up or down in value.

You have borrowed money to make an investment.

Investment

Most commonly they feel it is somewhat more important that the value of their investments retains its purchasing power than that it does not fall. Over ten years, most expect an investment portfolio to earn, on average, from one and a half to twice the rate from bank deposits. Typically, they would begin to feel uncomfortable if the total value of their investments went down by 20%.

Given these portfolio choices,

	<u>Expected Return and Risk</u>		
	<u>High</u>	<u>Medium</u>	<u>Low</u>
Portfolio 1	0 %	0 %	100 %
Portfolio 2	0 %	30 %	70 %
Portfolio 3	10 %	40 %	50 %
Portfolio 4	30 %	40 %	30 %
Portfolio 5	50 %	40 %	10 %
Portfolio 6	70 %	30 %	0 %
Portfolio 7	100 %	0 %	0 %

where shares and property are high return/high risk and cash and bank deposits are low return/low risk, their most common choice is Portfolio 4.

Over ten years you would expect average earnings of about two and a half times the rate from bank deposits.

Borrowing

If they were borrowing a large sum of money at a time when it was not clear which way interest rates were going to move and when the fixed interest rate was 1% more than the then variable rate, they would choose to have 50% to 75% of the loan at variable interest.



You would choose to have only 25% at variable interest.

Government Benefits and Tax Advantages

So long as there was only a small chance they could finish up worse off than if they'd done nothing, they would take a risk in arranging their affairs to qualify for a government benefit or obtain a tax advantage.

How to Use This Report

Your Personal Financial Risk Profile has been prepared from information provided by you and is, of course, only relevant to you.

If, for example, you are one of a couple who make joint decisions, your partner should also do a risk tolerance assessment. Both Risk Profiles then need to be considered when joint decisions are being made. Similarly, where you are acting on behalf of someone else, e.g. under a power of attorney or as trustee, your own Risk Profile remains relevant but must be considered in the context of your responsibilities.

The factors, other than personality, which influence risk tolerance include financial know how and experience, as well as personal, family and work situations and aspirations. If there is a significant change in any of these, risk tolerance should be re-tested. This re-testing is not only for your subsequent decision-making but also for review of decisions made before the change.

People starting to actively manage their finances and/or investments for the first time can find that the new knowledge and experience lead to an increased risk tolerance. In such circumstances, risk tolerance should be re-tested within 6 to 12 months.

In any event, your risk tolerance should be re-tested every two or three years as it usually does change (slowly) with age.

You should discuss your Risk Profile with your financial adviser. Notes of this discussion should be made. These notes may include modifications of, or expansions on, particular aspects of your Risk Profile. Because it is critical that you and your adviser have the same understanding of your risk tolerance, you both should sign-off on your Risk Profile, including any changes made as a result of discussion.

It is important to have confidence in any person with whom you discuss your Risk Profile. They must have the experience, skill and capacity to incorporate it into a decision making process with you.

You can rely on your Risk Profile to assist you in your financial decision making. However, we cannot endorse or support any specific decision you may make because, while we fully support the Risk Profile itself, we are not privy to all the other information that effective financial decision making requires.

Our Risk Profiling system is the financial services equivalent of the first blood pressure machine. While an accurate blood pressure reading does not, by itself, determine a diagnosis or treatment, it does provide critically important information. As the use of scientific Risk Profilers becomes widespread, better 'diagnoses' will be made, more appropriate 'treatments' will be prescribed, the incidence of unpleasant 'side-effects' will be reduced and 'health' outcomes will improve.

FinaMetrica Pty Ltd 1998-2011 U.S. Patent No.6859788





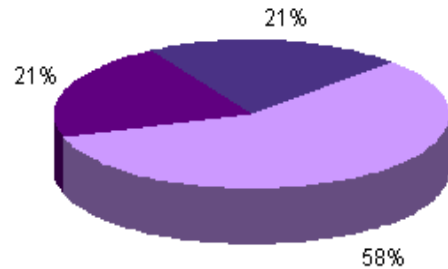
Asset Management – Asset Allocation

All Portfolios

Current Asset Allocation

Based on the information that you have provided, the current asset allocation for this portfolio is:

Cash	57.76%
Fixed Income	21.12%
UK Equity	21.12%
Total	100.00%

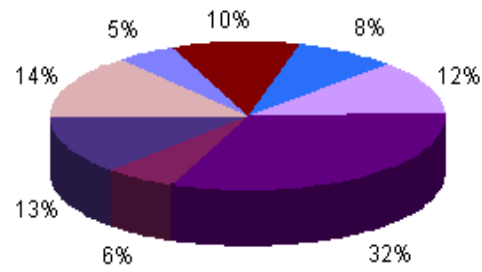


Long-Term Historical Return: 5.15%
Long-Term Historical Risk: 6.87%

Proposed Asset Allocation - Custom

This illustrates the combined asset allocation for all of your portfolios combined.

Cash	11.55%
Fixed Income	32.33%
Global Fixed Income	5.78%
UK Equity	12.53%
UK Small Cap Equity	14.22%
Global Equity	5.00%
Emerging Markets	10.14%
Alternatives	8.45%
Total	100.00%

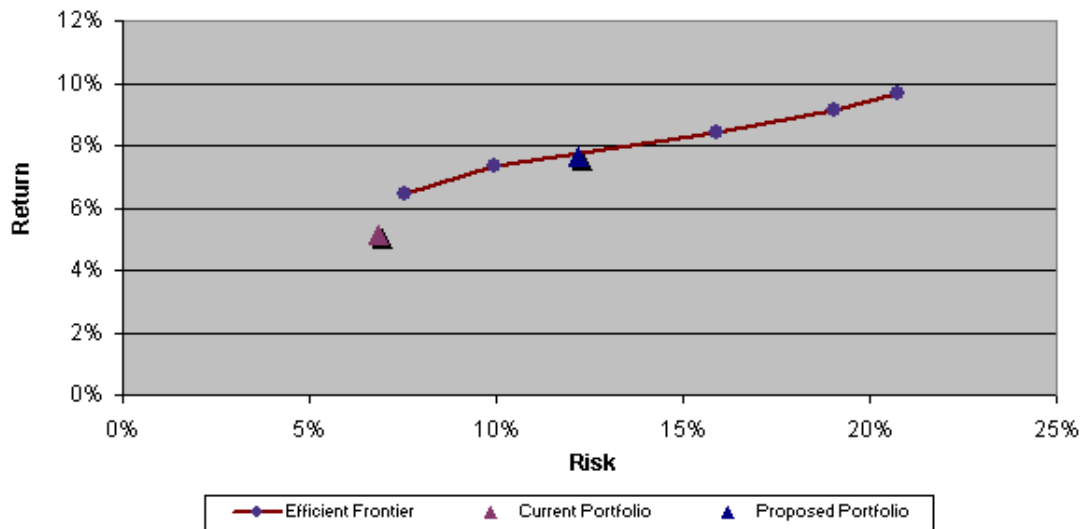


Long-Term Historical Return: 7.64%
Long-Term Historical Risk: 12.21%



Asset Management – Efficient Frontier

In his Nobel Prize winning work, Harry Markowitz employed advanced mathematics to solve the puzzle of how to achieve maximum return with the least amount of risk. He was able to calculate “mathematically correct” portfolios that were most effective in balancing the trade-off between the risk and reward of various asset classes. He called those portfolios “efficient” and was able to plot them graphically to illustrate the range of possibilities for each level of risk or expected reward. The graph below shows the “efficient frontier” for your portfolio from an overall strategic perspective.



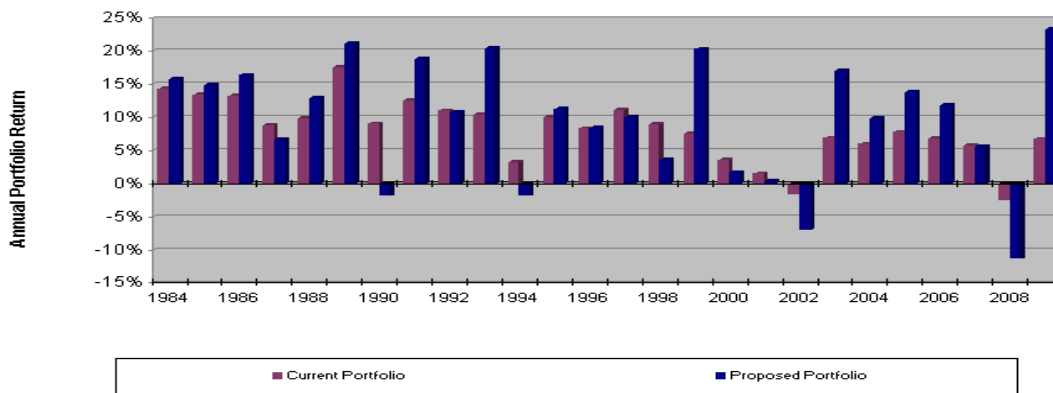
While it's considered ideal for your target portfolio to be positioned directly on the efficient frontier, it's also a reality that there are constraints that can limit your ability to achieve this ideal. These constraints might be a lack of liquidity in your current portfolio, tax ramifications of rebalancing or other limiting factors. In such cases you may not be able to achieve the ideal today, but over the long term we'll work with you towards this goal as the impact of such constraints are minimized.



Asset Management – Historical Annual and Cumulative Returns

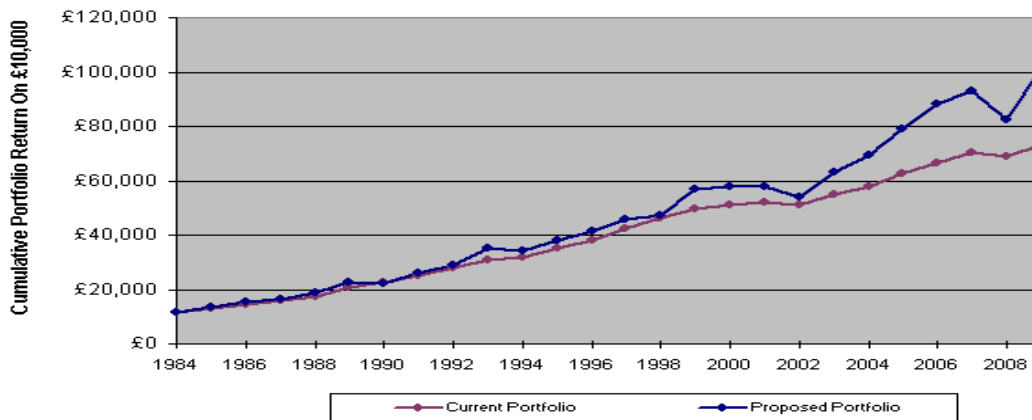
When we identified the long-term projected return of 5.15% for your current portfolio 7.64% for your target portfolio, this creates an expectation for the future. However, it's also helpful to see how both the current and the target portfolio have performed historically based on the benchmarks used for each asset class. The following graph illustrates the actual annual returns achieved by each portfolio over the past 25 years. It highlights the fact that while we expect a certain return over the long term, actual returns from year to year will fluctuate.

Annual Returns – 25 Years of History



The following graph takes the annual returns from above and illustrates how they would have impacted an investment of £10,000. While we note some ups and downs in the portfolio values, the important detail to recognize is the overall upward trend despite setbacks from time to time.

Cumulative Growth on £10,000 – 25 Years of History



Recognizing the variable nature of historical returns can help us to understand how future returns will impact your investments going forward. With this understanding comes the ability to maintain a strategic approach to investment management and not be tempted to over react to short term fluctuations in the marketplace.



Asset Management – Portfolio Repositioning Required

Asset Category	Current %	Current Value (£)	Target %	Target Value (£)	Reposition %	Reposition Value (£)
Cash	57.76	167,500	11.55	33,500	-46.21	-134,000
Fixed Income	21.12	61,250	32.33	93,750	11.21	32,500
Global Fixed Income	0.00	0	5.78	16,750	5.78	16,750
UK Equity	21.12	61,250	12.53	36,350	-8.59	-24,900
UK Small Cap Equity	0.00	0	14.22	41,250	14.22	41,250
Global Equity	0.00	0	5.00	14,500	5.00	14,500
Emerging Markets	0.00	0	10.14	29,400	10.14	29,400
Alternatives	0.00	0	8.45	24,500	8.45	24,500
Totals	100%	290,000	100%	290,000	N/A	N/A

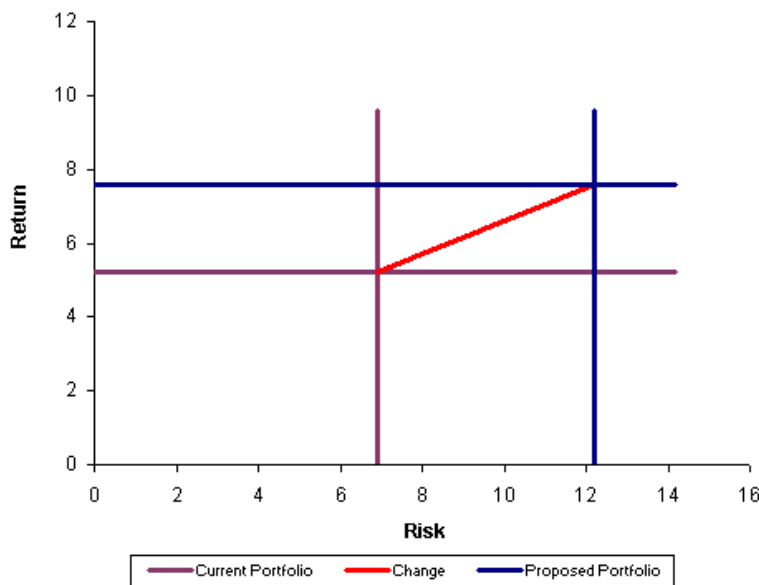


Asset Management – Portfolio Risk vs. Return Analysis

Within the context of investing, it is generally recognized that there is a trade-off between risk and reward — that higher reward can only be achieved by taking on some risk. However, in designing an investment portfolio, the objective should always be to achieve the highest expected return with the least amount of risk. Measuring reward is straightforward. It is the combined expected return of the individual assets. While risk can be measured in many ways, the most frequently used method is to determine the degree of volatility that can be expected. The statistical measurement of volatility is called “Standard Deviation” and it is a technical way to measure the range of return fluctuation expected for a given portfolio mix among the major asset classes.

The Risk vs. Return graph below illustrates how the proposed change in your portfolio will impact your projected long-term return and the degree of risk or volatility within your portfolio.

A portfolio that falls on the far left side of the graph, consisting almost entirely of short-term cash type investments, represents the least risky portfolio (one that is expected to fluctuate the least in the short-term) and has the lowest expected returns. A portfolio on the far right side of the graph, which would consist of mostly equity investments, represents the portfolio with the highest short-term volatility with the highest expected returns. Portfolios between these two extremes represent portfolios of gradually increasing returns and correspondingly increasing risk.

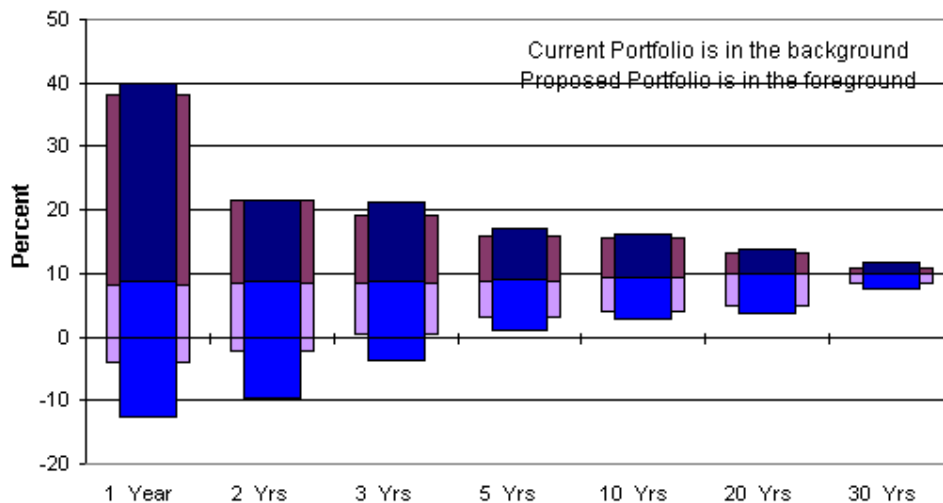




Asset Management – Portfolio Risk vs. Time Analysis

The long-term projected returns for your current and proposed portfolio are based on historical rates of return for each asset class using data going back as far as 1950, where the actual rate of inflation is replaced with an estimated rate of inflation of 3.0%.

Whilst we know that history does not repeat itself exactly, the rates of return for the various asset classes and their associated “risk” are influenced by economic cycles that do have a reasonably consistent long-term pattern. Consider the following “Portfolio Risk vs. Time” graph, which provides a good picture of the highest, lowest and average historical returns over both short-term and long-term time horizons for your current and proposed portfolio.



	1 Year	2 Years	3 Years	5 Years	10 Years	20 Years	30 Years
Current Portfolio							
Actual Historical Highest (%)	38.10	21.51	19.23	15.91	15.54	13.17	10.84
Actual Historical Average (%)	8.31	8.41	8.57	8.80	9.29	10.04	10.04
Expected Return (%)	5.15	5.15	5.15	5.15	5.15	5.15	5.15
Actual Historical Lowest (%)	-4.06	-2.35	0.53	3.17	4.00	5.06	8.44
Proposed Portfolio							
Actual Historical Highest (%)	40.03	21.53	21.32	17.00	16.21	13.83	11.60
Actual Historical Average (%)	8.75	8.65	8.81	9.03	9.38	10.08	10.07
Expected Return (%)	7.64	7.64	7.64	7.64	7.64	7.64	7.64
Actual Historical Lowest (%)	-12.59	-9.64	-3.72	1.07	2.87	3.71	7.72

This clearly illustrates that shorter time horizons demonstrate high historical volatility of returns whereas volatility over longer time horizons is reduced. This risk/reward profile is a key component to your personal Investment Policy Statement as it relates directly to your personal tolerance for risk. Portfolios with an emphasis on aggressive long-term growth will tend to experience a higher degree of volatility in the short-term than portfolios with a moderate or conservative emphasis on growth. This is the trade-off that must be accepted in order to achieve higher rates of return.



Asset Management – Implementation Options

The creation of an investment strategy is an important first step, but the effective implementation of that strategy is equally, if not more, critical when it comes to the attainment of your overall goals and objectives. In implementing your investment strategy, we have a number of methods, approaches and styles from which to choose.

Implementation Methods

Individual Investments – Select individual stocks, bonds, GICs and other direct investments to implement the portfolio recommendations.

Mutual Funds Portfolio – Select a portfolio of different mutual funds from a variety of different asset classes and manually re-balance the portfolio at periodic intervals to maintain its intended risk/reward profile.

Asset Management Service – Identify an asset management service appropriate for your situation. The selection will take into account personal preferences, portfolio size, reporting requirements and range of investment options, measured against fees charged to ensure good value is received. The asset management service provider invests your money in asset class pools/ funds according to your investment management strategy. Your portfolio is automatically re-balanced whenever it becomes necessary, to maintain its intended risk/reward profile.

Private Money Management – Identify a private money management service that is appropriate to your situation. The selection will take into account personal preferences, portfolio size, reporting requirements and range of investment options, measured against fees charged to ensure good value is received. The private money management firm may allocate your money to pooled funds that invest in specific asset classes or, possibly, individual securities, depending on your investment management strategy. The private money management service will re-balance the portfolio in accordance with a pre-determined strategy, which is also outlined in your IPS. Due to the higher level of customization with respect to portfolio design and monitoring, many private money managers limit their services to individuals with portfolios of a certain minimum size, for example, one million dollars or more.

Asset Allocation Approach

There are several schools of thought when it comes to the approach to be used with it comes to implementing a target Asset Allocation. The two primary approaches are “Strategic” or “Tactical”. A choice needs to be made as to which of these approaches should be used in your situation.

Investment Style

Investment Managers tend to favour certain types of securities in the portfolios they manage. They are thus often referred to as either “growth” or “value” oriented. It’s also possible to be a combination of the two. As we structure your portfolio, these investment styles will be taken into consideration.

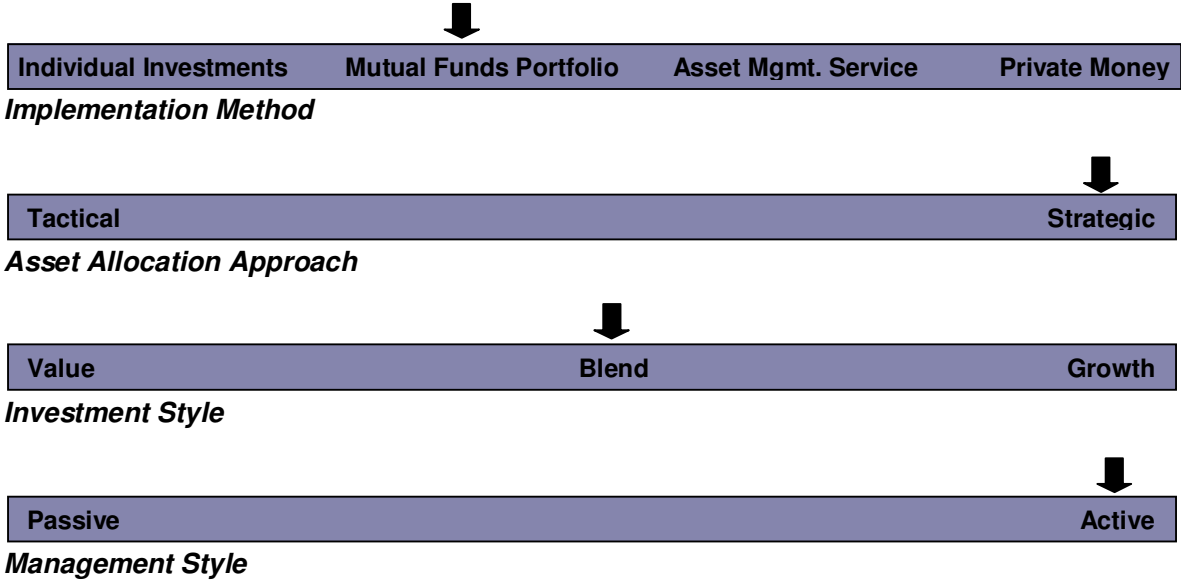
Management Style

The Management Style used will determine how your money is managed. The two possibilities are either “passive” or “active” management styles. The choice of investments within your portfolio will also dependent on the management style most appropriate for you.



Your Recommended Option

The following chart graphically illustrates the method of implementation that we feel is appropriate for you, given your profile and objectives:





Retirement Planning Life Goals – Purpose of a Financial Strategy

The purpose of a having a financial strategy is to provide you with a roadmap of what you need to do to achieve all of your financial goals and objectives. Having this financial roadmap will help you make more informed *decisions* about what you spend, save, or invest. How important is making “more informed” decisions? This report will clearly illustrate that the decisions that you make today will indeed determine tomorrow’s destiny.

It’s important to understand that this initial financial roadmap will not stay “current” forever. It will become outdated with changes in your goals and objectives, tax laws, and other personal economic circumstances. Thus, it’s important to have your financial strategy updated on a periodic basis.



Retirement Planning Life Goals – What is a Life Goals Analysis?

The Life Goals Analysis is a tool that allows you to identify if you are on track to achieve your personal goals and objectives. The analysis provides a snapshot of your entire future financial life. It identifies all anticipated sources of *income*, such as employment income, government and company pension plan benefits, investment income, as well as any special sources of money you may have identified.

The analysis also identifies all anticipated *expenses*. This includes living or “lifestyle” expenses (both before and after retirement), income taxes, savings, your mortgage payments, expenses to educate your children and any one-time expenses you might predict, such as the purchase of a boat, cottage, kitchen renovation etc.

By identifying all sources of *income* and all *expenses* and recognizing the timing of each, we are able to identify any year when you'll have a shortfall (more expenses than income). In these shortfall years, money in your investment portfolio is used to cover these shortfalls. If there are insufficient funds available in your portfolio to fill the shortfall in any given year, then the shortfall is “real”. When you have a shortfall that is “real”, you can only eliminate it by changing one of the variables that you can control. These controllable variables include:

- ❖ Saving more and spending less
- ❖ Reducing your taxes
- ❖ Improving the rate of return on your investment portfolio by changing your investment management strategy
- ❖ Reducing or eliminating one or more of your goals

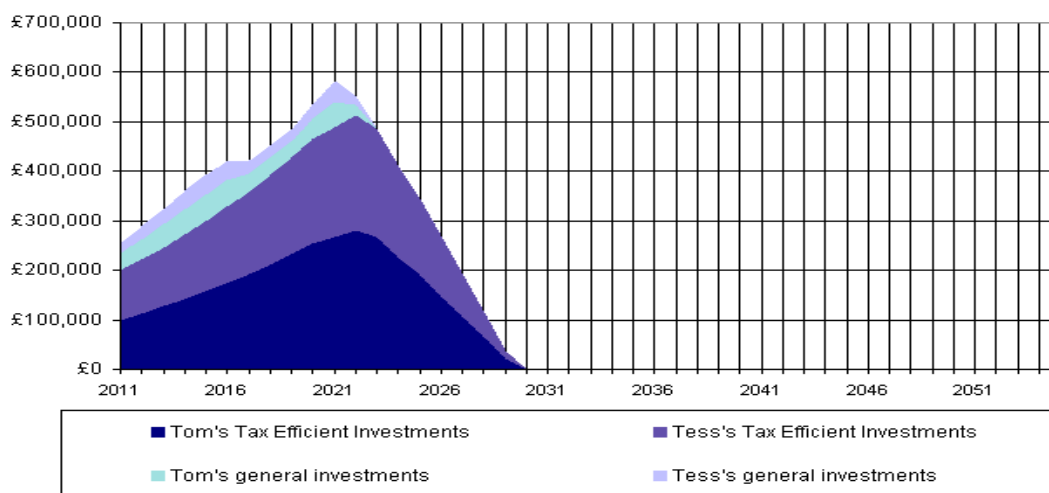
By making one or more of these changes, you can go from a *shortfall* to a *surplus*. Having a surplus (identified as an “Estate”) means that you would achieve all of your goals and objectives, with something left over at the end your planning horizon (age 90).



Retirement Planning Life Goals – Your Current Situation

The Life Goals Analysis – Current Situation is a snapshot of your entire financial life assuming you make no changes in your current financial behaviour. This means that you continue to spend and save as you have in the past and you maintain an investment strategy consistent with how your assets are currently invested. A 5.15% pre-tax rate of return was used when doing the analysis because this is the expected rate of return for the existing asset allocation in your portfolio.

The analysis indicates that there is a projected capital shortage of £663,169. This means you would require this amount of additional money in the bank today to meet all your goals. The following graph illustrates how your savings, withdrawals and your expected long-term rate of return will impact your investment capital over your lifetime.



Additional Monthly Indexed Savings Required

As mentioned above, you would need an additional £663,169 in the bank today to eliminate all of your shortfalls in the future. This of course is not something that you can change, however, there are a number of controllable changes you can make that could eliminate this shortfall. One alternative that is within your control is to alter the amount of money that you save each year. The analysis identifies the additional amount you would need to save as being £6,127 per month indexed to inflation, in order to meet all of your goals, assuming no changes to other factors. Your financial strategy detailed in the next section will either confirm this level of savings or reduce the required savings by adjusting other things that are reasonably within your control.



Retirement Planning Life Goals Summary – Your Current Situation

	<u>£ Per Year</u>	<u>Index Rate</u>	<u>From (Year)</u>	<u>Age</u>	<u>To (Year)</u>	<u>Age</u>	<u>Present Value</u>
INFLOWS							
Salaries, Pensions & Other Revenues							
Tom's Salary	75,000	3.00%	2011	50	2020	59	688,873
State Pension	4,139	3.00%	2026	65	2051	90	64,079
Tess's Salary	50,000	3.00%	2011	49	2021	59	500,501
State Pension	4,139	3.00%	2027	65	2052	90	62,858
Tess's Teacher's Pension	25,000	3.00%	2020	58	2050	88	495,745
Tom's Tax Deductions/Relief's	400	3.00%	2011	50	2019	58	
Tess's Tax Deductions/Relief's	500	3.00%	2011	49	2019	57	
Life Insurance	100,000		2051	89	2051	89	14,205
Life Insurance	100,000		2052	90	2052	90	13,528
Total Salaries, Pensions & Other Revenues							<u>1,839,790</u>
Investment Income							
Tom's Investment Income							17,590
Tom's Dividend Income							652
Tess's Investment Income							12,199
Tess's Dividend Income							452
Total Investment Income							<u>30,893</u>
Withdrawals from Capital							
Tax Efficient Investments/Annuity			2022	61	2029	68	165,549
Tax Efficient Investments/Annuity			2022	60	2029	67	135,913
Tom's General Investment Withdrawals							52,799
Tess's General Investment Withdrawals							41,226
Total Withdrawals From Capital							<u>395,488</u>
Total Income & Capital From All Sources							<u>2,266,171</u>
Taxes Payable							
Taxes Payable Tom							164,564
Taxes Payable Tess							174,584
Total Taxes Payable							<u>339,148</u>
<u>Net Inflows</u>							<u>1,927,023</u>
OUTFLOWS							
Savings							
Tom's Tax Efficient Savings	7,500		2011	50	2019	58	62,579
Tess's Tax Efficient Savings	4,000		2011	49	2019	57	33,376
Tom's Planned General Savings	1,000		2011	50	2019	58	8,344
Tom's Unplanned General Savings							25,246
Tess's Planned General Savings	1,000		2011	49	2019	57	8,344
Tess's Unplanned General Savings							25,246
Total Savings							<u>163,134</u>
Life Goals							
Current Lifestyle	79,588	3.00%	2011	50	2020	59	742,373
Retirement Lifestyle (After Tax)	80,000	3.00%	2021	60	2052	91	1,592,530
Downpayment Condo in Spain	25,000	3.00%	2016	55	2016	55	22,708



New Windows in London house	7,500	3.00%	2014	53	2014	53	7,080
South Pacific Tour at Retirement	20,000	3.00%	2021	60	2021	60	16,501
Robert's Education	12,743	3.00%	2015	54	2018	57	45,866
Total Life Goals							<u>2,427,057</u>
Total Outflows							<u>2,590,192</u>
Shortfall to Achieve Objectives							-663,169
Monthly indexed savings required to meet objectives £							6,127



Retirement Planning Life Goals Analysis – Your Strategy

After reviewing your overall financial position and considering your priorities, we have identified a strategy that will allow you to best meet your goals and objectives. The *revised* Life Goals Analysis illustrates the impact of adopting what we have recommended as your financial strategy. The highlights are as follows:

Savings

	Current Situation			Your Strategy			Variance
	Amount	From Year	To Year	Amount	From Year	To Year	
Tom's Annual Tax Efficient Savings	7,500	2011	2019	7,500	2011	2024	0
Tess's Annual Tax Efficient Savings	4,000	2011	2019	4,000	2011	2025	0
Tom's General Savings	1,000	2011	2019	3,000	2011	2019	2,000
Tess's General Savings	1,000	2011	2019	4,000	2011	2025	3,000

Age of Retirement

	Current Situation		Your Strategy		Variance
Tom's Retirement Age	60		64		4
Tess's Retirement Age	60		64		4

Retirement Objectives

	Current Situation			Your Strategy			Variance
	Amount	From Year	To Year	Amount	From Year	To Year	
Retirement Lifestyle (After Tax)	80,000	2021	2052	80,000	2025	2052	0

Other Objectives

	Current Situation			Your Strategy			Variance
	Amount	From Year	To Year	Amount	From Year	To Year	
Downpayment Condo in Spain	25,000	2016	2016	25,000	2016	2016	0
New Windows in London house	7,500	2014	2014	7,500	2014	2014	0
South Pacific Tour at Retirement	20,000	2021	2021	0	2022	2022	-20,000
Robert's Education	12,743	2015	2018	12,743	2015	2018	0

Portfolio Returns

	Current Situation			Your Strategy			Variance
	Amount	From Year	To Year	Amount	From Year	To Year	
Portfolio Rate of Return- First Portfolio	5.40%	2011	2052	7.91%	2011	2052	2.51%

In cases where some of your objectives have either been reduced or totally eliminated in your strategy, we are not saying that you cannot achieve these objectives. What we are saying is that these objectives cannot be paid for from accumulated savings and either must be eliminated or financed through borrowings and those borrowings be repaid from your normal lifestyle. The key to remember is that any such borrowings cannot be allowed to interfere with your planned savings. Otherwise your strategy for long-term financial success will be compromised.

Based on the above strategy, there is a projected estate surplus of £99,265 in today's dollars.



Retirement Planning Life Goals Summary – Your Strategy

	<u>£ Per Year</u>	<u>Index Rate</u>	<u>From (Year)</u>	<u>Age</u>	<u>To (Year)</u>	<u>Age</u>	<u>Present Value</u>
INFLOWS							
Salaries, Pensions & Other Revenues							
Tom's Salary	75,000	3.00%	2011	50	2024	63	929,406
State Pension	4,139	3.00%	2026	65	2051	90	64,079
Tess's Salary	50,000	3.00%	2011	49	2025	63	657,803
State Pension	4,139	3.00%	2027	65	2052	90	62,858
Tess's Teacher's Pension	25,000	3.00%	2022	60	2052	90	477,039
Tom's Tax Deductions/Relief's	400	3.00%	2011	50	2024	63	
Tess's Tax Deductions/Relief's	500	3.00%	2011	49	2025	63	
Life Insurance	100,000		2051	89	2051	89	14,205
Life Insurance	100,000		2052	90	2052	90	13,528
Total Salaries, Pensions & Other Revenues							<u>2,218,919</u>
Investment Income							
Tom's Investment Income							46,461
Tom's Dividend Income							7,089
Tess's Investment Income							45,305
Tess's Dividend Income							6,913
Total Investment Income							<u>105,768</u>
Withdrawals from Capital							
Tax Efficient Investments/Annuity			2031	70	2050	89	318,722
Tax Efficient Investments/Annuity			2031	69	2052	90	374,122
Tom's General Investment Withdrawals							105,410
Tess's General Investment Withdrawals							116,587
Total Withdrawals From Capital							<u>914,840</u>
Total Income & Capital From All Sources							<u>3,239,527</u>
Taxes Payable							
Taxes Payable Tom							222,819
Taxes Payable Tess							218,997
Total Taxes Payable							<u>441,816</u>
<u>Net Inflows</u>							<u>2,797,712</u>
OUTFLOWS							
Savings							
Tom's Tax Efficient Savings	7,500		2011	50	2024	63	92,941
Tess's Tax Efficient Savings	4,000		2011	49	2025	63	52,624
Tom's Planned General Savings	3,000		2011	50	2019	58	25,032
Tom's Unplanned General Savings							67,631
Tess's Planned General Savings	4,000		2011	49	2025	63	52,624
Tess's Unplanned General Savings							67,631
Total Savings							<u>358,482</u>
Life Goals							
Current Lifestyle	74,588	3.00%	2011	50	2024	63	928,350
Retirement Lifestyle (After Tax)	80,000	3.00%	2025	64	2052	91	1,335,961
Downpayment Condo in Spain	25,000	3.00%	2016	55	2016	55	22,708
New Windows in London house	7,500	3.00%	2014	53	2014	53	7,080
Robert's Education	12,743	3.00%	2015	54	2018	57	45,866



Total Life Goals

2,339,964

Total Outflows
Estate Surplus

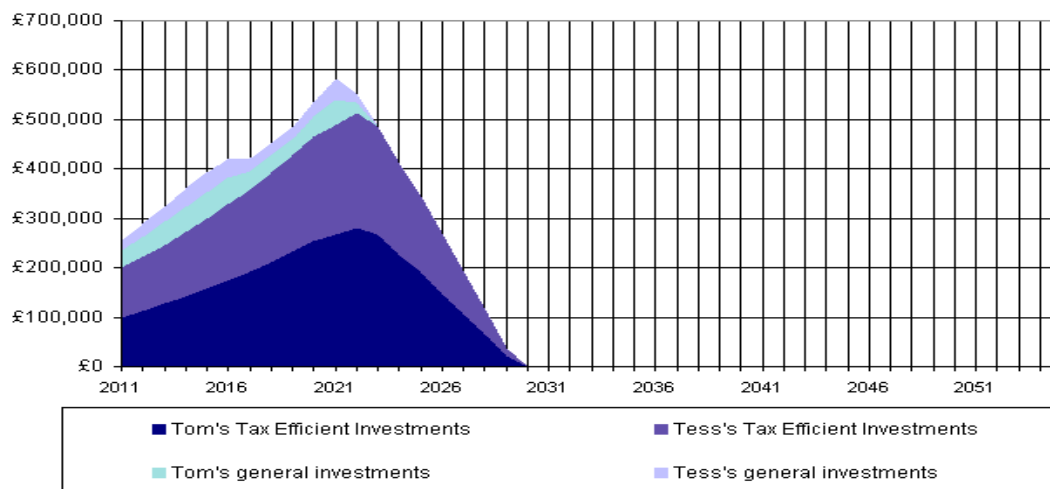
2,698,446

99,265

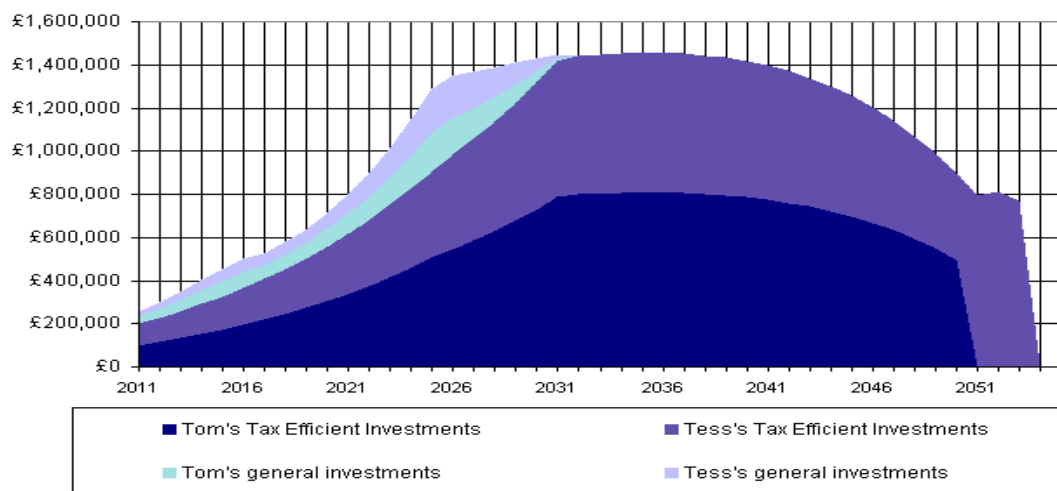


Retirement Planning Before & After – A Comparison of Results

Your Results Before the Implementation of your Financial Strategy – To allow you to clearly identify the benefits of your financial strategy, here is another look at the projected results of your current behaviour. If you did nothing different, you would have a capital shortage of £663,169. This graph is the same as the one we looked at before. It illustrates how your savings, withdrawals and your expected long-term rate of return will impact your investment capital over your lifetime.



Your Results After the Implementation of your Financial Strategy – Now let's look at the same graph, but this time see how the implementation of your financial strategy impacts your results. Compare the graph below with the one above. We have gone from a shortfall of £663,169 to a surplus of £99,265 in today's dollars.



This comparison clearly identifies the impact your financial strategy has on your investment capital over your lifetime. Relatively modest changes in your behaviour can reap very significant benefits that can dramatically enhance your future financial destiny.



Risk Management – Purpose of Risk Management

Doing comprehensive financial planning dictates that it is important to:

- Identify the risks that could threaten your financial security.
- Quantify the risks.
- Determine if there is some way to mitigate the risks through planning.
- Transfer the remaining risks that you are unable or unwilling to assume yourself to an insurance company.

For the majority of the risks that you face, it will be prudent to transfer as much of it as possible.



Risk Management – Survivor Needs on Death

These are the financial goals that have been identified in the event of either of your deaths. They are expressed in today's dollars, after-tax.

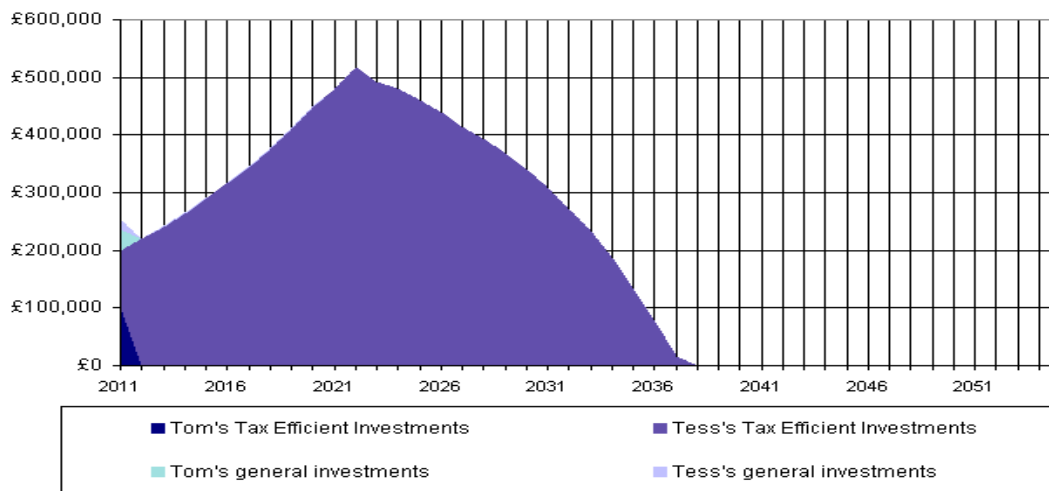
- ◆ **Current Lifestyle:** To provide your family with an annual after tax income of £55,711 indexed for inflation of 3.0%.
- ◆ **Retirement Lifestyle:** To provide the survivor an annual after tax Retirement Lifestyle of £56,000 indexed for inflation of 3.0%.
- ◆ **Other Objectives:** You have the following additional objectives:

On Tom's Death

<u>Description</u>	<u>Goal</u>	<u>Currency</u>	<u>Inflation Rate</u>	<u>Start Year</u>	<u>End Year</u>	<u>Rank</u>
Mortgage	216,596	GBP	3.00%	2011	2011	0
Assumed Burial Costs	10,000	GBP	0.00%	2011	2011	0
Robert's Education	12,743	GBP	3.00%	2015	2018	1
New Windows in London house	7,500	GBP	3.00%	2014	2014	2
Downpayment Condo in Spain	25,000	GBP	3.00%	2016	2016	3
South Pacific Tour at Retirement	20,000	GBP	3.00%	2021	2021	5

A survivor needs analysis was performed based on the information identified above along with the information you provided to us about your income, expenditures, assets and insurance coverage.

- In the event of Tom's death there is a capital shortfall of £580,734.



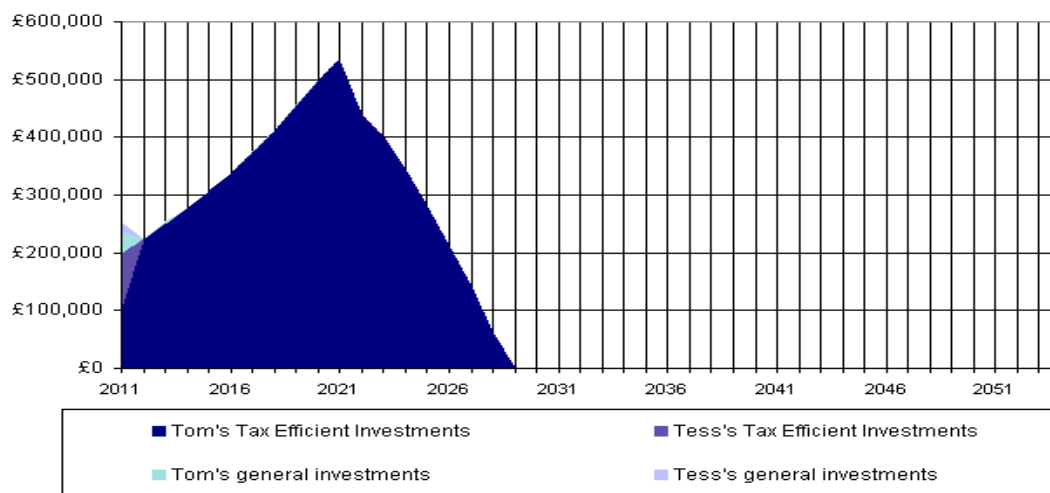


On Tess's Death

<u>Description</u>	<u>Goal</u>	<u>Currency</u>	<u>Inflation Rate</u>	<u>Start Year</u>	<u>End Year</u>	<u>Rank</u>
Mortgage	216,596	GBP	3.00%	2011	2011	0
Assumed Burial Costs	10,000	GBP	0.00%	2011	2011	0
Robert's Education	12,743	GBP	3.00%	2015	2018	1
New Windows in London house	7,500	GBP	3.00%	2014	2014	2
Downpayment Condo in Spain	25,000	GBP	3.00%	2016	2016	3
South Pacific Tour at Retirement	20,000	GBP	3.00%	2021	2021	5

A survivor needs analysis was performed based on the information identified above along with the information you provided to us about your income, expenditures, assets and insurance coverage.

- In the event of Tess's death there is a capital shortfall of £868,498.
-





Risk Management – Needs on Disability

These are the financial goals that have been identified in the event either of you become disabled. They are expressed in today's dollars, after-tax.

- ◆ **Current Lifestyle:** To provide an annual after tax income of £63,670 indexed for inflation of 3.0%.
- ◆ **Retirement Lifestyle:** To provide an annual after tax Retirement Lifestyle of £64,000 indexed for inflation of 3.0%.
- ◆ **Other Objectives:** You have the following additional objectives:

On Tom's Disability

<u>Description</u>	<u>Goal</u>	<u>Currency</u>	<u>Inflation Rate</u>	<u>Start Year</u>	<u>End Year</u>	<u>Rank</u>
Robert's Education	12,743	GBP	3.00%	2015	2018	1
New Windows in London house	7,500	GBP	3.00%	2014	2014	2
Downpayment Condo in Spain	25,000	GBP	3.00%	2016	2016	3
South Pacific Tour at Retirement	20,000	GBP	3.00%	2021	2021	5

An analysis was performed based on the information above as well as the information you provided to us about your income, expenditures, assets and insurance coverage.

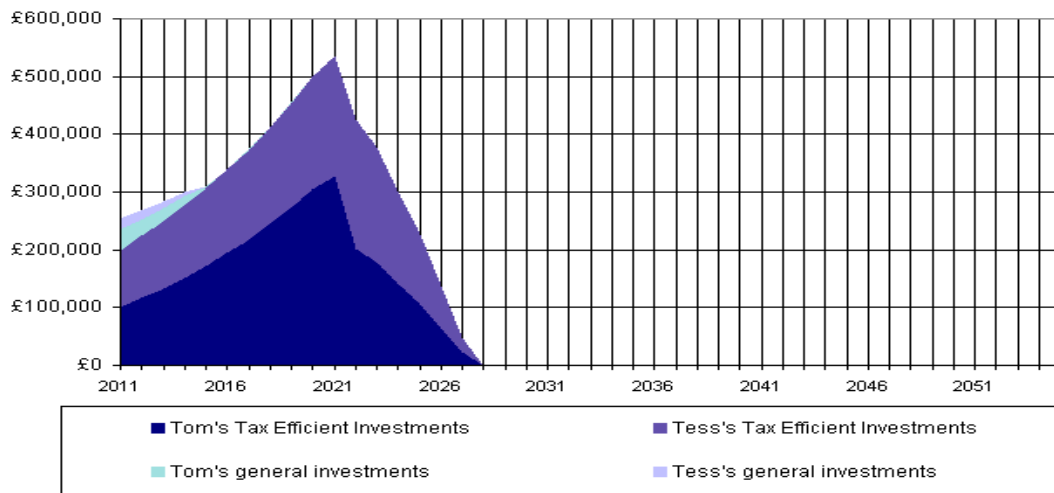


On Tess's Disability

<u>Description</u>	<u>Goal</u>	<u>Currency</u>	<u>Inflation Rate</u>	<u>Start Year</u>	<u>End Year</u>	<u>Rank</u>
Robert's Education	12,743	GBP	3.00%	2015	2018	1
New Windows in London house	7,500	GBP	3.00%	2014	2014	2
Downpayment Condo in Spain	25,000	GBP	3.00%	2016	2016	3
South Pacific Tour at Retirement	20,000	GBP	3.00%	2021	2021	5

An analysis was performed based on the information above as well as the information you provided to us about your income, expenditures, assets and insurance coverage.

- Our analysis indicates that in the event of Tess's long-term disability, you require an additional £5,694 each month.





Risk Management – Critical Illness Protection

With today's health care environment, this type of coverage can provide peace of mind and protect your assets from devastation at a time when you are most vulnerable. Critical Illness coverage can protect against exposure to increased medical expenses and give you the option to obtain time sensitive medical treatment out of country as opposed to be added to a waiting list and having to hope that treatment is available when you need it.

While coverage for critical illness is a matter of choice, we have performed an analysis to identify what we feel is the minimum coverage that should be put in place.

	Tom's Illness	Tess's Illness
Current Age	49	48
Current Earned Income	£75,000	£50,000
# of Years to Replace Income	2	2
Inflation Rate	3.0%	3.0%
Rate of Return	5.0%	5.0%
Lump Sum Costs	£25,000	£25,000
Summary		
Funds To Replace Income	£148,571	£99,047
Lump Sum Costs	£25,000	£25,000
Total Insurance Required	£173,571	£124,047



Risk Management – Long Term Care Protection

Long Term Care Insurance is designed to protect your estate from the erosion that could occur should you be unable to care for yourself due to a prolonged physical illness, disability or cognitive disorder such as Alzheimer's.

We have performed an analysis to identify the level of coverage that we recommend. We also have identified how long term care insurance can protect your capital from erosion based on full or partial coverage. This will help you make an informed decision on the coverage that's right for you.

Tom's Long Term Care				
Current Age			50	
Target Retirement Age			60	
Mortality			90	
Inflation Rate			3%	
Rate of Return			5.0%	
Highest Rate of Tax			45.0%	
Home Care Cost/Month			£2,000	
Starting Age			75	
Facility Care Cost/Month			£3,000	
Starting Age			80	
Summary	Self Insured	50% Insured	100% Insured	
Daily Home Care Benefit	£0	£75	£150	
Daily Facility Care Benefit	£0	£135	£270	
Future Capital to Fund Difference	£1,072,560	£536,280	£0	
Present Value of Capital	£544,347	£272,173	£0	
Indexed Savings to Fund Difference	£55,322	£27,661	£0	

Tess's Long Term Care				
Current Age			49	
Target Retirement Age			60	
Mortality			90	
Inflation Rate			3%	
Rate of Return			5.0%	
Highest Rate of Tax			45.0%	
Home Care Cost/Month			£2,000	
Starting Age			75	
Facility Care Cost/Month			£3,000	
Starting Age			80	
Summary	Self Insured	50% Insured	100% Insured	
Daily Home Care Benefit	£0	£75	£150	
Daily Facility Care Benefit	£0	£140	£280	
Future Capital to Fund Difference	£1,104,723	£552,361	£0	
Present Value of Capital	£545,664	£272,832	£0	
Indexed Savings to Fund Difference	£50,353	£25,176	£0	



Estate Planning – Purpose of Estate Planning

The purpose of Estate Planning is to plan for the effective enjoyment, ownership, management and disposition of assets during life, upon death and after death. Fundamental also to the process is to maximize the estate for heirs while minimizing taxes and other expenses. Thus, Estate Planning is the creation of wealth, the preservation of wealth and the conservation of wealth at time of death.

Like any planning, the process of creating an Estate Plan includes the following steps:

- Identify your estate planning objectives
- Gather information about your current situation
- Analyze your current situation
- Document an appropriate strategy and the eventual outcome of that strategy
- Identify Action Steps required to implement the strategy
- Make decisions for action

The implementation of an Estate Planning Strategy is achieved using a variety of devices. The fundamentals of estate planning are the execution of a Will and Powers of Attorney (for Property and Personal Care). More comprehensive estate planning might include trusts, estate freezes, holding companies, transfers or gifts of property, joint title or life interest in properties, and spousal trusts, just to name a few.

Before a strategy becomes effective, the appropriate legal documents must be executed. Lack of careful planning or faulty execution of legal documents can alter or even invalidate the intentions of a well thought out strategy. We recommend that competent legal counsel who is well versed in estate planning techniques prepare any legal instruments.



Estate Planning – Your Goals & Objectives

There are four Principles of Estate Planning that are fundamental to virtually everyone. These are:

Principle #1: Provide for your own needs for life – Ensure that your personal lifestyle needs are provided for so that you don't have to ever worry about running out of money.

Principle #2: Safeguard your estate to the maximum extent possible – Identify areas where you may be at risk of loss where action can be taken to mitigate such risk. This might include strategies to provide creditor protection or judgment proofing. It might also be through the use of powers of attorney for property and personal care and domestic contracts where appropriate.

Principle #3: Protect your estate from the erosion caused by taxes and other expenses – Take steps to minimize expenses including taxes, probate fees, estate tax, trustee fees, legal and accounting fees.

Principle #4: Distribute your estate in an orderly fashion – Identify and implement a distribution strategy that ensures that your beneficiaries receive what you intended for them to receive and that the distribution strategy is tax effective.

In addition to these principles, you have some specific concerns that must be taken into consideration to ensure that your Estate Planning Strategy fulfils your personal goals and objectives. These are as follows:

- Plan for the effective transfer of your vacation property to your children recognizing the potential tax consequences of such a transfer.
- Structure your estate to efficiently leave a bequest to charity.
- Plan to provide for your children from your previous marriage.
- Ensure that your handicapped child is cared for in the event of your death.
- Minimize Estate taxes.
- Plan for the transfer of your business to your children in the most tax effective manner possible.
- Plan for the sale of your business in the most tax effective manner possible.
- Plan for the transfer of your farming business to your children in the most tax effective manner possible.
- Plan for the sale of your farming business in the most tax effective manner possible.
- Add any other objectives that your client has identified.



Estate Planning – Documents

Last Will and Testament

Tom– We have no record of you having a will. If indeed you do not have a will, we recommend that one be drafted as soon as possible. We can provide assistance in preparing to draft your will utilizing our “Will Planner” which we will review at an upcoming meeting.

Tess– We have no record of you having a will. If indeed you do not have a will, we recommend that one be drafted as soon as possible. We can provide assistance in preparing to draft your will utilizing our “Will Planner” which we will review at an upcoming meeting.

Power of Attorney for Property

Tom– We have no record of you having a Power of Attorney for Property. If indeed you do not have a Power of Attorney for Property, we recommend that one be drafted as soon as possible.

Tess– We have no record of you having a Power of Attorney for Property. If indeed you do not have a Power of Attorney for Property, we recommend that one be drafted as soon as possible.

Power of Attorney for Personal Care

Tom– We have no record of you having a Power of Attorney for Personal Care. If indeed you do not have a Power of Attorney for Personal Care, we recommend that one be drafted as soon as possible.

Tess– We have no record of you having a Power of Attorney for Personal Care. If indeed you do not have a Power of Attorney for Personal Care, we recommend that one be drafted as soon as possible.



Planning Assumptions

This comprehensive financial plan is a long-term document that recognizes all aspects of your financial situation, both now and in the future. Consequently, it's necessary to make a number of assumptions about the future so that we can identify the long-term impact your investment and other decisions will have on your situation. The following are some of the key assumptions that we have made in doing our calculations.

Inflation

The performance of most investments is significantly influenced by a number of economic factors, one very significant one being inflation. Your goals and objectives also will be impacted by future inflation rates. For this reason, it's necessary to identify an expected inflation factor. In your case we have used an assumed inflation rate of 3.0% throughout this report unless otherwise identified.

Portfolio Returns

The long-term average returns used for projecting portfolio performance, are based on historical real rates of return for each asset class. When we say "real" rates of return, this means that we take the historical return for each asset class and subtract the historical inflation for the same time period. We then take your inflation assumption of 3.0% as identified above and add this to the real rates of return to get a forward looking projected return. These long-term average returns are based on appropriate benchmarks for each asset class using 59 years of history where data is available.

Asset Class	Benchmark
Cash	UK 91 Day T-Bills
Fixed Income	UK 5 Year Bonds
Global Fixed Income	JP Morgan Global Gov't Bond
Global Property	Citi Global Property (1)
UK Equity	MSCI UK
UK Small Cap Equity	MSCI UK Small Cap (2)
Global Equity	MSCI Emerging
Emerging Markets	MSCI World
Alternatives	C.S. Tremont Hedge Fund Index (3)
1) Data from 1990	
2) Data from 1993	
3) Data from 1994	
3) Data from 1994	
3) Data from 1994	
3) Data from 1994	
3) Data from 1994	
3) Data from 1994	
3) Data from 1994	

While past investment performance is no guarantee of future performance, history does give us insight into how asset classes behave over long periods of time. That's why we use these benchmarks as the basis for projecting future investment performance. Note also that in your case we have reduced the projected returns by 1.0% in order to be more conservative in any projections done.



Recommendations and Action Plan Checklist

The development of a Comprehensive Financial Plan is an important step in changing your financial destiny. However, only the implementation of your strategy will bring the desired results. This Action Plan Checklist is designed to provide you with a series of steps that will ensure that your strategy becomes a reality. This checklist will also be the tool that will determine when we need to meet to deal with the various action steps. If at any time you have a question or concern about any of the actions we are scheduled to take, or feel that there is some action that has not been identified, please be sure to bring this to my attention.

When	Who	What	Date Complete																										
Now	Jane Tom Tess	Concurrence with Strategy – Your financial strategy will form the basis on which decisions will be based in the future, thus it's important that you concur on all aspects of the strategy as described in this document.																											
Mar./2011	Jane Tom Tess	<p>Target Asset Allocation – Based on your Investment Management Strategy, begin to reposition your existing assets based on the following asset allocation:</p> <table> <tr> <td>Cash</td> <td>11.55%</td> </tr> <tr> <td>Fixed Income</td> <td>32.33%</td> </tr> <tr> <td>Global Fixed Income</td> <td>5.78%</td> </tr> <tr> <td>UK Equity</td> <td>12.53%</td> </tr> <tr> <td>UK Small Cap Equity</td> <td>14.22%</td> </tr> <tr> <td>Global Equity</td> <td>5.00%</td> </tr> <tr> <td>Emerging Markets</td> <td>10.14%</td> </tr> <tr> <td>Alternatives</td> <td>8.45%</td> </tr> <tr> <td>Total</td> <td>100.00%</td> </tr> </table>	Cash	11.55%	Fixed Income	32.33%	Global Fixed Income	5.78%	UK Equity	12.53%	UK Small Cap Equity	14.22%	Global Equity	5.00%	Emerging Markets	10.14%	Alternatives	8.45%	Total	100.00%									
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Alternatives	8.45%																												
Total	100.00%																												
June/2015	Jane Tom Tess	<p>Planned Savings – Structure your current savings as follows:</p> <table> <thead> <tr> <th>Description Savings</th> <th>Existing Savings</th> <th>New</th> </tr> <tr> <th></th> <th>Total Savings</th> <th></th> </tr> </thead> <tbody> <tr> <td>Tom's Annual Tax Efficient Savings</td> <td>£7,500</td> <td>£0</td> <td>£7,500</td> </tr> <tr> <td>Tess's Annual Tax Efficient Savings</td> <td>£4,000</td> <td>£0</td> <td>£4,000</td> </tr> <tr> <td>Tom's General Savings</td> <td>£1,000</td> <td>£2,000</td> <td>£3,000</td> </tr> <tr> <td>Tess's General Savings</td> <td>£1,000</td> <td>£3,000</td> <td>£4,000</td> </tr> <tr> <td>Totals</td> <td>£13,500</td> <td>£5,000</td> <td>£18,500</td> </tr> </tbody> </table>	Description Savings	Existing Savings	New		Total Savings		Tom's Annual Tax Efficient Savings	£7,500	£0	£7,500	Tess's Annual Tax Efficient Savings	£4,000	£0	£4,000	Tom's General Savings	£1,000	£2,000	£3,000	Tess's General Savings	£1,000	£3,000	£4,000	Totals	£13,500	£5,000	£18,500	
Description Savings	Existing Savings	New																											
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Totals	£13,500	£5,000	£18,500																										
Now	Jane Tom Tess	<p>Needs on Death</p> <ul style="list-style-type: none"> In the event of Tom's death there is a capital shortage of £580,734. We need to work together to identify the appropriate type of life insurance coverage needed to eliminate this shortage. In the event of Tess's death there is a capital shortage of £868,498. We need to work together to identify the appropriate type of life insurance coverage needed to eliminate this shortage. 																											
Now	Jane Tom Tess	<p>Needs on Disability</p> <ul style="list-style-type: none"> In the event of Tom's disability there is a shortage of £4,073 per month. In the event of Tess's disability there is a shortage of £5,694 per month. We need to determine if sufficient coverage can be acquired to eliminate this shortfall. 																											



When	Who	What	Date Complete
Feb./2012	Tom Tess	Assessment of our Advisory Services	
Aug./2011	Jane Tom Tess	Portfolio Review date	
Feb./2012	Jane Tom Tess	Summary Review of your financial strategy and Action Plan Update	



Commitment to the Strategy

We view our commitment to develop a financial strategy for you as being the beginning of what we hope is a long-term mutually beneficial relationship. But, we have learned from years of experience that just developing the strategy really means nothing, unless it is implemented. Implementing the strategy means a change in some things that you are currently doing. Some people we work with greatly dislike making changes. Yet, without change, nothing really happens. Our mutual efforts to develop a financial strategy for you would be wasted.

Thus, we will assist you in any way that we can to help you embrace the changes that we agree need to be made by following up with you for the implementation of your Action Plan on a disciplined basis. That is our commitment to you. All we ask of you is to accept your part of what is really a joint responsibility, by taking the required actions in a time sensitive manner.



Appendix

- Tom's Needs on Death Life Goals Summary
- Tess's Needs on Death Life Goals Summary
- Tom's Needs on Disability Life Goals Summary
- Tess's Needs on Disability Life Goals Summary



Tom's Needs on Death Life Goals Summary

	<u>£ Per Year</u>	<u>Index Rate</u>	<u>From (Year)</u>	<u>Age</u>	<u>To (Year)</u>	<u>Age</u>	<u>Present Value</u>
INFLOWS							
Salaries, Pensions & Other Revenues							
Tess's Salary	50,000	3.00%	2011	49	2021	59	500,501
State Pension	4,139	3.00%	2027	65	2052	90	62,858
Tess's Teacher's Pension	25,000	3.00%	2020	58	2050	88	495,745
Tess's Tax Deductions/Relief's	500	3.00%	2011	49	2019	57	
Life Insurance	100,000		2011	49	2011	49	100,000
Life Insurance	100,000		2052	90	2052	90	13,528
Total Salaries, Pensions & Other Revenues							<u>1,172,633</u>
Investment Income							
Tess's Investment Income							2,583
Tess's Dividend Income							394
Total Investment Income							<u>2,977</u>
Withdrawals from Capital							
Tax Efficient Investments/Annuity			2022	60	2037	75	352,980
Tess's General Investment Withdrawals							62,071
Total Withdrawals From Capital							<u>415,051</u>
Total Income & Capital From All Sources							<u>1,590,660</u>
Taxes Payable							
Taxes Payable Tess							164,742
Total Taxes Payable							<u>164,742</u>
<u>Net Inflows</u>							<u>1,425,918</u>
OUTFLOWS							
Savings							
Tess's Tax Efficient Savings	4,000		2011	49	2019	57	33,376
Tom's Planned General Savings							8,344
Tess's Planned General Savings	1,000		2011	49	2019	57	8,344
Total Savings							<u>50,063</u>
Life Goals							
Current Lifestyle	55,711	3.00%	2011	50	2020	59	523,068
Retirement Lifestyle (After Tax)	56,000	3.00%	2021	60	2052	91	1,114,771
Downpayment Condo in Spain	25,000	3.00%	2016	55	2016	55	22,708
New Windows in London house	7,500	3.00%	2014	53	2014	53	7,080
South Pacific Tour at Retirement	20,000	3.00%	2021	60	2021	60	16,501
Robert's Education	12,743	3.00%	2015	54	2018	57	45,866
Mortgage	216,596	3.00%	2011	50	2011	50	216,596
Assumed Burial Costs	10,000		2011	49	2011	49	10,000
Total Life Goals							<u>1,956,589</u>
Total Outflows							<u>2,006,653</u>
Shortfall to Achieve Objectives							<u>-580,734</u>



Tess's Needs on Death Life Goals Summary

	<u>£ Per Year</u>	<u>Index Rate</u>	<u>From (Year)</u>	<u>Age</u>	<u>To (Year)</u>	<u>Age</u>	<u>Present Value</u>
INFLOWS							
Salaries, Pensions & Other Revenues							
Tom's Salary	75,000	3.00%	2011	50	2020	59	688,873
State Pension	4,139	3.00%	2026	65	2051	90	64,079
Tom's Tax Deductions/Relief's	400	3.00%	2011	50	2019	58	
Life Insurance	100,000		2051	90	2051	90	14,205
Life Insurance	100,000		2011	50	2011	50	100,000
Total Salaries, Pensions & Other Revenues							<u>867,157</u>
Investment Income							
Tom's Investment Income							2,725
Tom's Dividend Income							416
Total Investment Income							<u>3,141</u>
Withdrawals from Capital							
Tax Efficient Investments/Annuity			2021	60	2028	67	353,996
Tom's General Investment Withdrawals							64,551
Total Withdrawals From Capital							<u>418,547</u>
Total Income & Capital From All Sources							<u>1,288,845</u>
Taxes Payable							
Taxes Payable Tom							153,641
Total Taxes Payable							<u>153,641</u>
<u>Net Inflows</u>							<u>1,135,204</u>
OUTFLOWS							
Savings							
Tom's Tax Efficient Savings	7,500		2011	50	2019	58	62,579
Tom's Planned General Savings	1,000		2011	50	2019	58	8,344
Tom's Unplanned General Savings							2,625
Total Savings							<u>73,548</u>
Life Goals							
Current Lifestyle	55,711	3.00%	2011	50	2020	59	523,068
Retirement Lifestyle (After Tax)	56,000	3.00%	2021	60	2051	90	1,089,317
Downpayment Condo in Spain	25,000	3.00%	2016	55	2016	55	22,708
New Windows in London house	7,500	3.00%	2014	53	2014	53	7,080
South Pacific Tour at Retirement	20,000	3.00%	2021	60	2021	60	16,501
Robert's Education	12,743	3.00%	2015	54	2018	57	45,866
Mortgage	216,596	3.00%	2011	50	2011	50	216,596
Assumed Burial Costs	10,000		2011	50	2011	50	10,000
Total Life Goals							<u>1,931,135</u>
Total Outflows							<u>2,004,683</u>
Shortfall to Achieve Objectives							<u>-868,498</u>



Tom's Needs on Disability Life Goals Summary

	<u>£ Per Year</u>	<u>Index Rate</u>	<u>From (Year)</u>	<u>Age</u>	<u>To (Year)</u>	<u>Age</u>	<u>Present Value</u>
INFLOWS							
Salaries, Pensions & Other Revenues							
State Pension	4,139	3.00%	2026	65	2051	90	64,079
Tess's Salary	50,000	3.00%	2011	49	2021	59	500,501
State Pension	4,139	3.00%	2027	65	2052	90	62,858
Tess's Teacher's Pension	25,000	3.00%	2020	58	2050	88	495,745
Tess's Tax Deductions/Relief's	500	3.00%	2011	49	2019	57	
Life Insurance	100,000		2051	89	2051	89	14,205
Life Insurance	100,000		2052	90	2052	90	13,528
Total Salaries, Pensions & Other Revenues							<u>1,150,916</u>
Investment Income							
Tom's Investment Income							2,419
Tom's Dividend Income							369
Tess's Investment Income							1,645
Tess's Dividend Income							251
Total Investment Income							<u>4,685</u>
Withdrawals from Capital							
Tax Efficient Investments/Annuity			2021	60	2032	71	141,873
Tax Efficient Investments/Annuity			2022	60	2032	70	190,406
Tom's General Investment Withdrawals							35,536
Tess's General Investment Withdrawals							27,142
Total Withdrawals From Capital							<u>394,956</u>
Total Income & Capital From All Sources							<u>1,550,558</u>
Taxes Payable							
Taxes Payable Tom							1,351
Taxes Payable Tess							168,250
Total Taxes Payable							<u>169,601</u>
<u>Net Inflows</u>							<u>1,380,956</u>
OUTFLOWS							
Savings							
Tess's Tax Efficient Savings	4,000		2011	49	2019	57	33,376
Tom's Planned General Savings							8,344
Tess's Planned General Savings	1,000		2011	49	2019	57	8,344
Total Savings							<u>50,063</u>
Life Goals							
Current Lifestyle	63,670	3.00%	2011	50	2020	59	596,170
Retirement Lifestyle (After Tax)	64,000	3.00%	2021	60	2052	91	1,274,024
Downpayment Condo in Spain	25,000	3.00%	2016	55	2016	55	22,708
New Windows in London house	7,500	3.00%	2014	53	2014	53	7,080
South Pacific Tour at Retirement	20,000	3.00%	2021	60	2021	60	16,501
Robert's Education	12,743	3.00%	2015	54	2018	57	45,866
Total Life Goals							<u>1,962,348</u>
Total Outflows							<u>2,012,411</u>
Shortfall to Achieve Objectives							-631,455
Monthly after tax revenue to age 65 required							4,074



Tess's Needs on Disability Life Goals Summary

	<u>£ Per Year</u>	<u>Index Rate</u>	<u>From (Year)</u>	<u>Age</u>	<u>To (Year)</u>	<u>Age</u>	<u>Present Value</u>
INFLOWS							
Salaries, Pensions & Other Revenues							
Tom's Salary	75,000	3.00%	2011	50	2020	59	688,873
State Pension	4,139	3.00%	2026	65	2051	90	64,079
State Pension	4,139	3.00%	2027	65	2052	90	62,858
Tom's Tax Deductions/Relief's	400	3.00%	2011	50	2019	58	
Life Insurance	100,000		2051	89	2051	89	14,205
Life Insurance	100,000		2052	90	2052	90	13,528
Total Salaries, Pensions & Other Revenues							<u>843,543</u>
Investment Income							
Tom's Investment Income							4,322
Tom's Dividend Income							659
Tess's Investment Income							2,114
Tess's Dividend Income							323
Total Investment Income							<u>7,418</u>
Withdrawals from Capital							
Tax Efficient Investments/Annuity			2021	60	2027	66	210,720
Tax Efficient Investments/Annuity			2022	60	2027	65	138,837
Tom's General Investment Withdrawals							42,853
Tess's General Investment Withdrawals							18,818
Total Withdrawals From Capital							<u>411,229</u>
Total Income & Capital From All Sources							<u>1,262,191</u>
Taxes Payable							
Taxes Payable Tom							160,542
Taxes Payable Tess							1,322
Total Taxes Payable							<u>161,865</u>
<u>Net Inflows</u>							<u>1,100,326</u>
OUTFLOWS							
Savings							
Tom's Tax Efficient Savings	7,500		2011	50	2019	58	62,579
Tom's Planned General Savings	1,000		2011	50	2019	58	8,344
Total Savings							<u>70,923</u>
Life Goals							
Current Lifestyle	63,670	3.00%	2011	50	2020	59	596,170
Retirement Lifestyle (After Tax)	64,000	3.00%	2021	60	2052	91	1,274,024
Downpayment Condo in Spain	25,000	3.00%	2016	55	2016	55	22,708
New Windows in London house	7,500	3.00%	2014	53	2014	53	7,080
South Pacific Tour at Retirement	20,000	3.00%	2021	60	2021	60	16,501
Robert's Education	12,743	3.00%	2015	54	2018	57	45,866
Total Life Goals							<u>1,962,348</u>
Total Outflows							<u>2,033,271</u>
Shortfall to Achieve Objectives							<u>-932,945</u>
Monthly after tax revenue to age 65 required							5,694