



Lavender Financial Planners Limited

Independent - Impartial - Informed

*“A goal without a  
plan is just a wish”*

*Antoine de Saint-Exupery French writer (1900 - 1944)*

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# Financial Planning

## An Introduction

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**Financial planning is the process of managing your finances effectively to meet your life goals.**

**The financial planning process will help you look at the “bigger picture” of where you are financially.**

ASK YOURSELF...

- Can you consider the short and long term effects of financial decisions on your life goals?
- Can you adapt to life changes?
- Do you feel secure that your financial goals are on track?

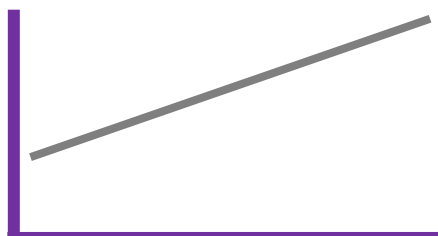
Are you viewing each financial decision as part of a whole?

Planning for your future demands that you stay focused on your goals, which will change from time to time. Financial worries do not necessarily derive from lack of money, but more often from lack of planning.

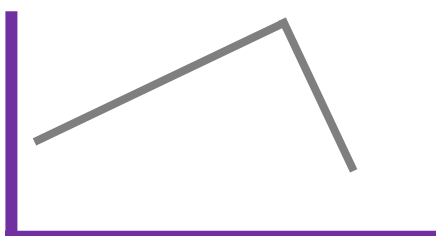
The aim of Financial Planning is to help you to identify and achieve your financial goals and objectives in order that you may achieve the lifestyle you desire.

To us, financial planning provides a direction and meaning to all your financial decisions. Knowing where you are now, where you would like to be and how to achieve all your financial goals.

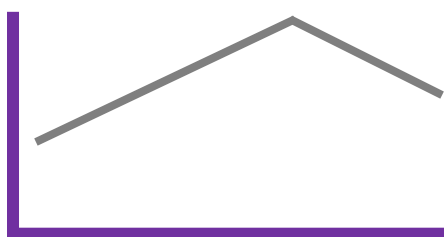
Ultimately there are likely to be one of three outcomes in your financial plan. Either, your assets will grow indefinitely, you will eventually run out of money, or your asset base will grow until retirement and then gradually deplete.



**Scenario One** If your assets continue to grow indefinitely then you may wish to consider reducing the investment risk you are taking to achieve your goals. You could also plan to achieve these goals earlier and consider the use of IHT efficient savings products to preserve your wealth for the next generation.



**Scenario Two** If you eventually run out of money you may wish to reduce your expenditure. Alternatively, review your expectations - are they realistic? You can look to make your investments more tax-efficient and consider increasing your investment risk.



**Scenario Three** The ideal scenario is for your asset base to deplete gradually in retirement. Ultimately, the ideal scenario is to run out of money on the day you die!

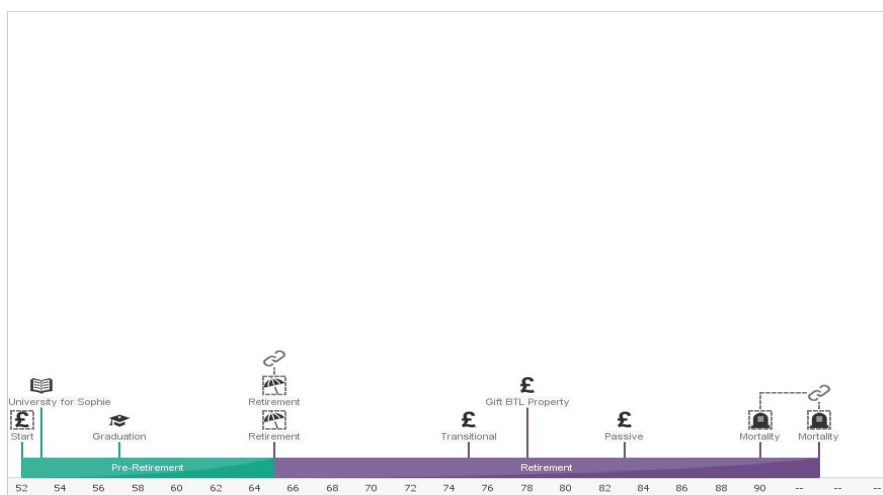
Admittedly this is very difficult to plan for but as long as you have disinherited the HMRC on death you will have achieved the final goal. Any assets below the nil rate band on death can be passed through your estate into the hands of your beneficiaries free from Inheritance Tax.

We will review your plan at least once each year and at significant life events - such as marriage/civil partnership, birth or adoption of a child, purchase of a new house - so it reflects your changing goals and financial situation

# The Five Steps of Financial Planning

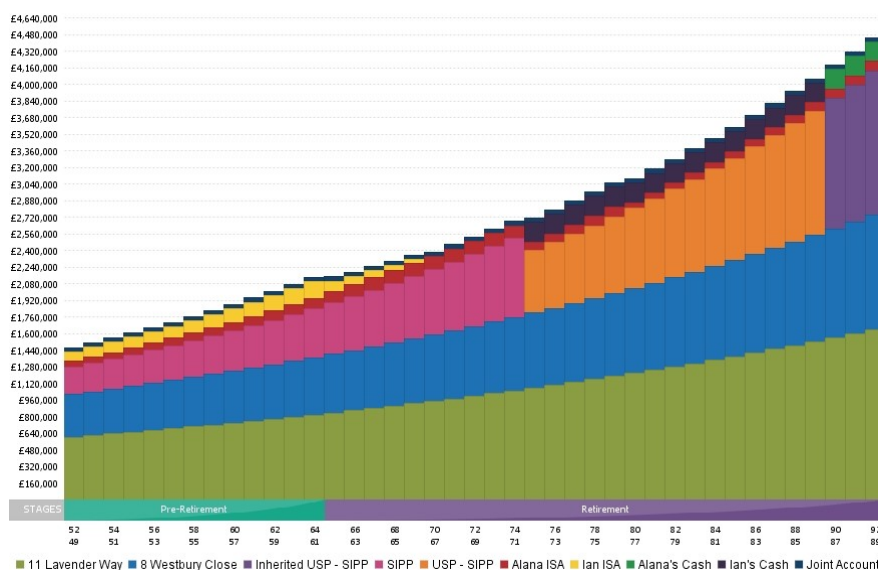
## 1. IDENTIFY YOUR FINANCIAL GOALS

The Financial Planning process begins by helping you list all of your life goals, especially those that will require financial resources beyond your current income. Next, you determine the target date by when you would like to achieve the goals and finally, determine the amount of capital you will need.



## 2. CALCULATE YOUR NET WORTH

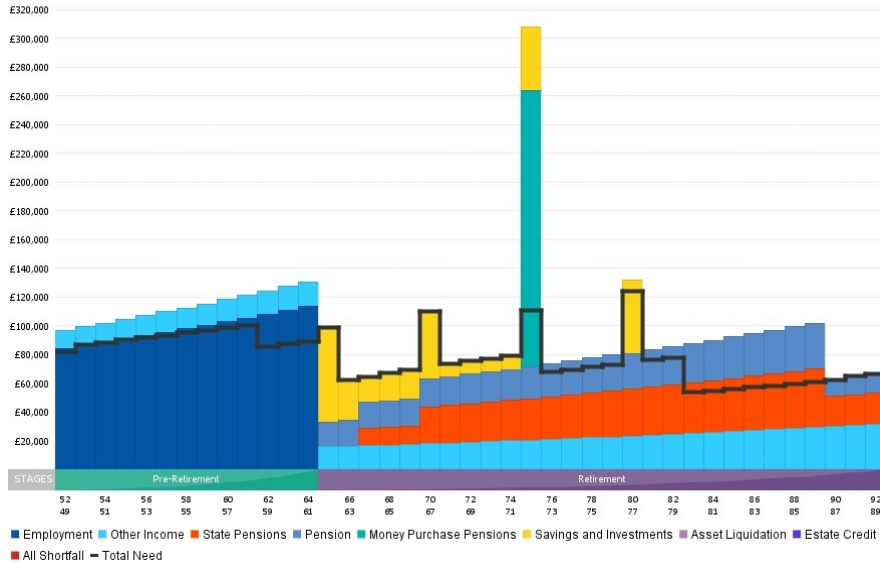
Once you have identified your goals, together we will determine where you are now and calculate your net worth: assets less liabilities. This step helps create a current financial picture. This provides part of the foundations for the start of the Financial Planning exercise



### 3. EVALUATE YOUR INCOME

Knowing your income and expenditure is important in helping you to achieve your financial goals. We will ask you to list your current monthly Income and Expenditure. It will be useful to categorise expenditure dependent on need, e.g. Basic, Leisure and Luxury. You may wish to use bank and credit card statements to help you obtain more accurate information.

Coupled with your Net Worth, you have now identified the resources available to help you achieve your goals.



### 4. RESOURCE ANALYSIS

Having identified your goals and resources, the next step is to analyse the information provided. This analysis will usually begin with a look at your financial foundations and consideration of the 'gap' between your goals and reality. Will your foundations help protect you against unexpected losses that might otherwise keep you from meeting your goals?

We will consider reviewing your Insurance Policies, look to establish an emergency cash fund and review your Will and any Lasting Power of Attorney.

### 5. PLAN AHEAD

Your Personal Financial Plan will analyse your current financial arrangements and consider how they can be better utilised. Using a lifetime cash-flow forecast, your financial objectives will be considered based on assumptions you have agreed.

Adjustments may also need to be made to the plan, to re-evaluate your life-long goals and anticipate economic factors that affect your plan.

- Rate of inflation
- Your income tax bracket
- Interest rates
- Overall economic conditions

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# Financial Planning Actions

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Take time to ensure that you fully understand your financial position, aims and objectives.

Only by doing so will you maximise the benefit of Financial Planning

**Now that you have completed your analysis, it is time to take action but how?**

## **FOR INDIVIDUALS**

Here are some questions to ask yourself

- Could you increase the amount you are saving?
- Are you planning your spending effectively?
- Do your long-term savings goals sometimes get overlooked?
- Are your goals too ambitious?
- Could you change or eliminate any of your goals?
- Could you delay the target dates of your goals?

We will work with you to achieve your goals through the various stages of your life, whether you are creating wealth, protecting against the unforeseen, preserving & consolidating, or ultimately distributing your wealth to those closest to you. We will help you:

- Make the most of your time after work ends (planning for retirement)
- Provide for loved ones tax efficiently (planning for death)
- Maintain your financial security through times of poor health (planning for sickness, incapacity or long term care)
- Do the best for your children (planning for education)
- Navigate the maze of investment options (planning for tax efficient investments)

## **FOR BUSINESS OWNERS**

Your business is often an extension of your own personal affairs and Financial Planning can help you extract value from your business and plan for retirement.

Financial Planning can also be used to help minimise the impact on the business of the death or illness of its key staff and shareholders.

## **DIVORCE**

Getting divorced is both complicated and challenging — for either spouse. So whether you are a couple contemplating divorce or going through a divorce, there are many key aspects that financial planning can identify to ultimately help rebuild your financial position.

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# Your peace of mind and protection

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**Lavender Financial Planners subscribe to and abide by a number of laws, regulations and pieces of legislation for your protection, confidentiality, and security.**

THESE INCLUDE:

The Financial Conduct Authority (FCA) – our regulator. We will tell you if any product or service recommended is not regulated by the FCA.

The Financial Services Compensation Scheme (FSCS) – for financial security.

The Data Protection Act (DPA) – for confidentiality.

The Financial Ombudsman Service – we are answerable to the Ombudsman in the case of any complaint.

Law – all our agreements are in accordance with the laws of England and Wales. The laws concerning property, conveyancing, trusts and power of attorney can differ if you live in Scotland or Northern Ireland.

## **Contact Us**

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Lavender Financial Planners Limited offer a free initial meeting with no obligation or cost. To arrange this, or to ask any questions please use the contact details above.

