

# THE CHARTERED INSURANCE INSTITUTE

## AF5 - FINANCIAL PLANNING PROCESS

### FACT-FIND

April 2014

You are a financial adviser authorised under the Financial Services and Markets Act (FSMA) 2000. You completed the following fact-find when you met Mr Cole and Miss Bennett recently.

#### PART 1: BASIC DETAILS

	Client 1	Client 2
Surname	Cole	Bennett
First name(s)	Mark	Kim
Address	2 Broadway, Skegness	2 Broadway, Skegness
Date of birth	21.07.1965	10.07.1972
Domicile	UK	UK
Residence	UK	UK
Place of birth	UK	UK
Marital status	Divorced	Single
State of health	Good	Good
Family health	Good	Good
Smoker	No	No
Hobbies/Interests	Windsurfing	Horse riding
<b>Notes:</b>		
Mark and Kim have lived together for five years.		

#### PART 2: FAMILY DETAILS

##### Children and other dependants

Name	Relationship	Age	D.O.B	Health	Occupation	Financially dependent?
Noel	Son	13	24.12.2000	Good	N/A	Yes
Holly	Daughter	13	24.12.2000	Good	N/A	Yes

##### Notes:

Mark has twin children, Noel and Holly, from his previous marriage. They live with their mother. Mark will pay maintenance of £1,480 a month in total until they are age 18. The twins both attend their local comprehensive school. Mark would like Noel and Holly to attend university.

Kim has no financial dependants.

**PART 3: EMPLOYMENT DETAILS**

	Client 1	Client 2
<b>Employment</b>		
Occupation	Director	Marketing Consultant
Job title	Sales Director	Proprietor
Business name	ASF Ltd	KB Marketing
Business address	Lincoln	Skegness
Year business started	1988	2005
<b>Remuneration</b>		
Salary	£60,000	Nil
Dividends	£20,000	Nil
State Pensions	Nil	Nil
Overtime	N/A	Nil
<b>Benefits</b>		
Benefits-in-kind	No	No
Pension Scheme (see part 11)	Yes	Yes
Life cover	No	No
Private medical insurance	No	Yes
Income Protection Insurance	No	Yes
<b>Self Employment</b>		
Net relevant earnings	N/A	£55,000
Accounting year	N/A	1 January to 31 December
Partnership/Sole trader	N/A	Sole Trader
<b>Other Earned Income</b>		

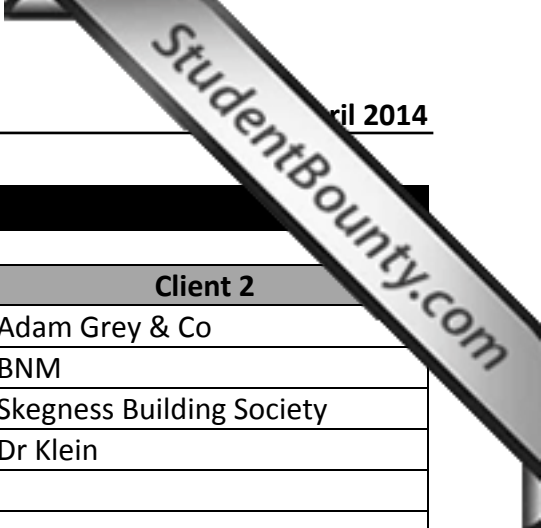
**Notes:**

Mark has a 60% shareholding in his company. There are two other shareholders. He has specialist knowledge in the company who rely on him as their main sales person.

In the accounting year ending 31 December 2013 Kim's profits after expenses but before tax (net profits) amounted to £55,000.

	Client 1	Client 2
<b>Previous Employment</b>		
Previous employer	N/A	EZRB Design
Job title		Marketing Assistant
Length of service		10 years
Pension benefits (see part 11)		No

**Notes:**



**PART 4: OTHER PROFESSIONAL ADVISERS**

	Client 1	Client 2
Accountant	Adam Grey & Co	Adam Grey & Co
Bank	BNM	BNM
Building Society	Skegness Building Society	Skegness Building Society
Doctor	Dr Foster	Dr Klein
Estate Agent		
Financial Adviser		
Insurance Agent		
Solicitor		
Stockbroker	Patterson Mayer	
Other		

**Notes:**

**PART 5: INCOME AND EXPENDITURE**

**Income**

	Client 1		Client 2		Joint	
	Monthly £	Annually £	Monthly £	Annually £	Monthly £	Annually £
State Pensions						
Private Pensions						
Salary	5,000					
Benefits-in-kind						
Investment income (gross)		520		250		
Rental (gross)						
Dividend (net)		20,000				

**Notes:**  
The investment income is derived from Mark and Kim's cash deposits.

	Client 1	Client 2
Income Tax	£	£
Personal allowances	9,440	9,440
Taxable income	73,302	45,810
Tax		
National Insurance		
<b>Net Income</b>		

**Notes:**

**Expenditure**

Household Expenditure	Monthly £			Annually £		
	Client 1	Client 2	Joint	Client 1	Client 2	Joint
Mortgage/Rent			1,088			
Council tax			190			
Buildings and contents insurance						600
Gas, water and electricity			140			
Telephone			50			
TV licence and satellite			55			
Property maintenance						1,200
<b>Regular Outgoings</b>						
Life assurance (see part 8)	48		39			
Health insurance (see part 9)		70				
Savings Plans (see part 10)	100					
Car tax, insurance and maintenance				2,100	1,700	
Petrol and fares						
Loans						
Hire purchase						
School fees						
Childcare/Maintenance	1,480					
Further education						
Subscriptions						
Food, drink, general housekeeping			680			
Pension contributions (see part 11)	300	100				
<b>Other Expenditure</b>						
Magazines and newspapers						
Entertainment						
Clubs and sport				900	1,800	
Spending money			500			
Clothes				480	980	
Other (Holidays)						3,000
<b>Total Monthly Expenditure</b>	1,928	170	2,742			
<b>Total Annual Expenditure</b>	23,136	2,040	32,904	3,480	4,480	4,800
<b>Total Outgoings</b>						70,840

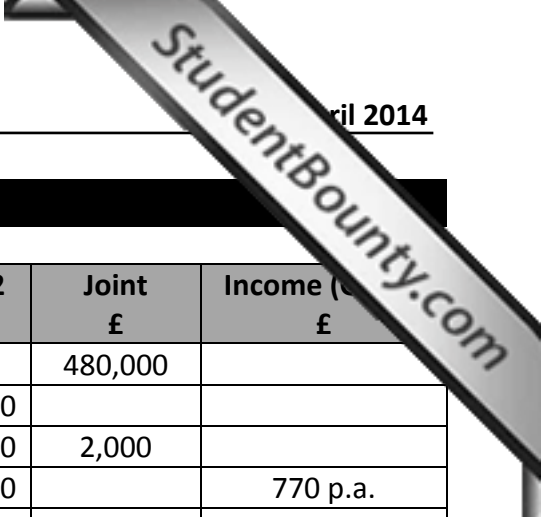
**Notes:**

Kim wants to increase her pension contributions and would also like to start saving a total of £250 per month to help towards Noel and Holly's university expenses.

**Do you foresee any major/lump sum expenditure in the next two years?**

**Notes:**

No.



**PART 6: ASSETS**

	Asset	Client 1 £	Client 2 £	Joint £	Income (£ p.a.)
1.	Main residence			480,000	
2.	Contents/car	25,000	10,000		
3.	Current account – BNM bank	1,000	1,000	2,000	
4.	Easy Access Savings Account – BNM bank	152,000	25,000		770 p.a.
5.	Individual share portfolio	75,000			
6.	Stocks & Shares ISAs	56,000	38,000		
7.	Unit Trust	6,000			
8.	Shares in ASF Ltd	100,000			22,222 p.a.

**Notes:**

The main residence is owned as tenants-in-common.

Kim holds sufficient money in her savings account to cover her Income Tax and National Insurance contribution payments.

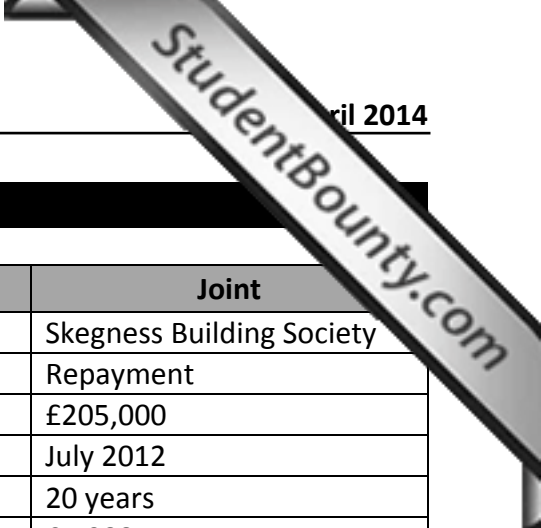
Mark sold a large part of his share portfolio in January 2014 which realised a taxable gain of £100,000.

Mark’s remaining share portfolio is invested mainly in AIM shares.

Mark’s and Kim’s Stocks and Shares ISAs are invested in UK Growth funds.

Mark’s Unit Trust is invested in a UK Tracker fund.

Mark’s accountant has advised him that his shares in ASF Ltd are worth approximately £100,000.



**PART 7: LIABILITIES**

Mortgage Details	Client 1	Client 2	Joint
Lender			Skegness Building Society
Type of mortgage			Repayment
Amount outstanding			£205,000
Start date			July 2012
Term/maturity			20 years
Monthly payment			£1,088
Interest rate			Tracker
Life policies	(see part 8)	(see part 8)	

**Notes:**

The mortgage rate tracks the Bank of England base rate plus 2% for the term of the mortgage.

Other Loans	Client 1	Client 2	Joint
Lender			
Type of loan			
Amount outstanding			
Start date			
Term/maturity			
Monthly payment			
Interest rate			
Payment protection			

**Notes:**

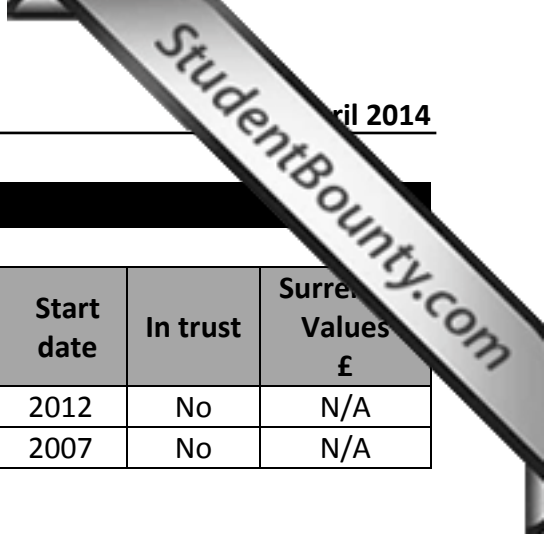
Mark and Kim do not have any loans.

**Other Liabilities (e.g. tax)**

**Notes:**

Mark has to pay Capital Gains Tax on the gain realised from the partial sale of his share portfolio.

Kim has to pay her self-employed Income Tax and National Insurance contributions.



**PART 8: LIFE ASSURANCE POLICIES**

	Life/Lives assured	Ownership	Sum assured £	Premium £	Term	Start date	In trust	Surrender Values £
1.	Joint	Joint	205,000	39 p.m.	20 years	2012	No	N/A
2.	Mark	Mark	100,000	48 p.m.	13 years	2007	No	N/A

**Notes:**

Mark and Kim took out a joint life first death decreasing term policy to cover their mortgage.

Mark also has a single life plan for £100,000 life and critical illness policy payable on first event to provide cover for his twins.

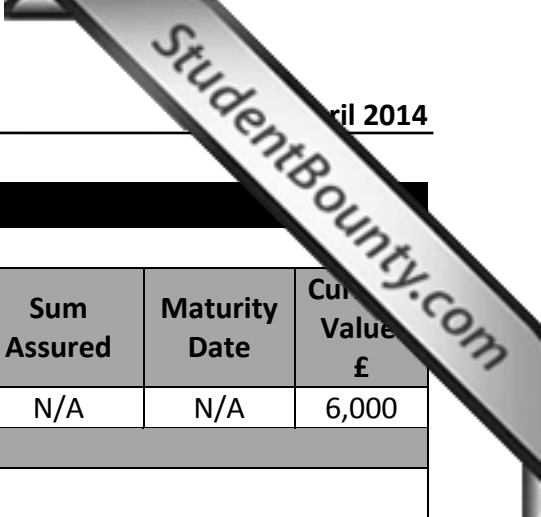
**PART 9: HEALTH INSURANCE POLICIES**

Type	Life Covered	Current Sum Assured £	Start Date	Term/ Review	Deferred Period	Premium £
Income Protection Insurance	Kim	12,000 p.a.	2008	Age 60	4 weeks	40 p.m.
Private Medical Insurance	Kim		2008			30 p.m.

**Notes:**

Mark also has a combined life and critical illness policy (see part 8).

Kim’s income protection insurance policy provides a level benefit of £1,000 per month. The policy is set up on an any occupation basis.



**PART 10: REGULAR SAVINGS**

Type	Company	Ownership	Fund	Amount Saved £	Sum Assured	Maturity Date	Current Value £
Unit trust	BNM bank	Mark	UK Tracker	4,800	N/A	N/A	6,000

**Notes:**

Mark is saving £100 per month into a plan via BNM bank to save towards his children’s university costs.

**PART 11: PENSION DETAILS**

**Occupational pension scheme**

	Client 1	Client 2
Member of employer’s scheme	Yes	
Type of scheme	Group Personal Pension	
Date joined	1990	
Retirement age	65	
Pension benefits	Defined contribution	
Death benefits	Return of Fund	
Dependant’s benefits	None	
Contracted-in/out	In	
Contribution Level (employee)	7.5% of basic salary	
Contribution Level (employer)	15% of basic salary	
Fund type	Adventurous Managed	
Fund value	£318,000	

**Notes:**

Mark has not completed an expression of wish form.

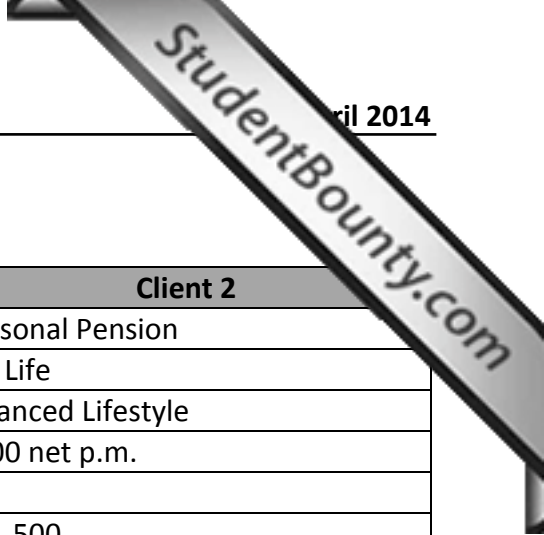
**Additional Voluntary Contributions (including free standing additional voluntary contributions).**

	Client 1	Client 2
Type		
Company		
Fund		
Contribution		
Retirement date		
Current value		
Date started		

**Notes:**

Mark and Kim do not have any Additional Voluntary Contribution schemes.





**Personal Pensions**

	Client 1	Client 2
Type		Personal Pension
Company		UN Life
Fund		Balanced Lifestyle
Contributions		£100 net p.m.
Retirement age		65
Current value		£11,500
Date started		2007

**Notes:**

Kim has not completed an expression of wish form.

**Previous pension arrangements**

	Client 1	Client 2
Employer		
Type of scheme		
Date joined scheme		
Date left		
Preserved benefits		

**Notes:**

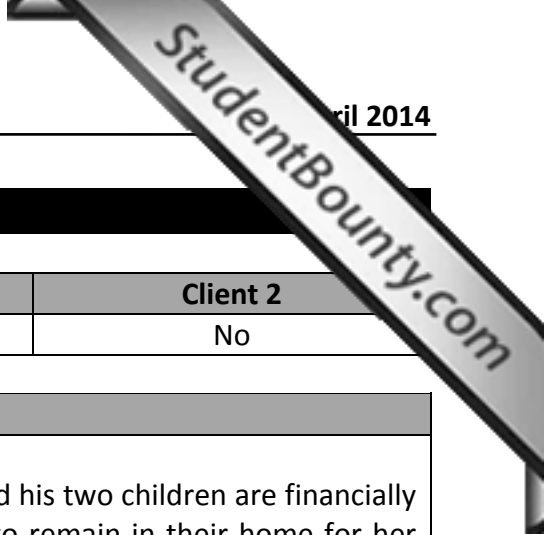
Mark and Kim do not have any previous pension agreements.

**State Pension**

	Client 1	Client 2
Basic pension		
SERPS/S2P		
Graduated pension		
<b>Total</b>		

**Notes**

Mark and Kim do not know their entitlement to State Pensions.



**PART 12: INHERITANCES**

Wills	Client 1	Client 2
Do you have a current Will?	No	No

**Notes:**

Mark and Kim have not made Wills. Mark wants to ensure that Kim and his two children are financially secure in the event of his death. He would also like Kim to be able to remain in their home for her lifetime.

Trusts	Client 1	Client 2
Are you a beneficiary under a trust?	No	No
If yes, give details		
Are you a trustee?	No	No
If yes, give details		

**Notes:**

Gifts	Client 1	Client 2
Give details of gifts made and received		

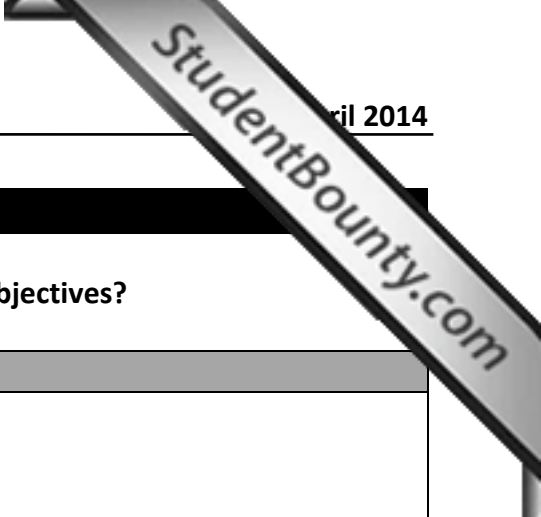
**Notes:**

Mark and Kim have not made any gifts.

Inheritances	Client 1	Client 2
Give details of any inheritances received or expected	None	None

**Notes:**

Mark and Kim have not received any inheritances and do not expect to receive any in the future.



**PART 13: ATTITUDE TO RISK**

What level of risk are you prepared to take to achieve your financial objectives?

**Notes:**

Mark has a speculative attitude to risk.

Kim has a medium attitude to risk.

**PART 14: BUSINESS RECORDS**

Compliance		
Date fact-find completed	19.03.2014	
Client agreement issued	19.03.2014	
Data Protection Act	19.03.2014	
Money laundering	19.03.2014	
Consultations		
Dates of meetings		
Marketing		
Client source	19.03.2014	
Referrals		
Documents		
Client documents held		
Date returned		
Letters of authority requested		

**Notes:**

**PART 15: OTHER INFORMATION**