

Helping our clients plan a comfortable retirement



Client Profile

Our clients, aged 57 and 63 both in senior roles at a large UK bank approached us having conducted in-depth research involving several firms of varying size. Having worked in financial services throughout their careers, both had a vast knowledge of investments and pensions and were comfortable in managing their finances on an ongoing basis.

Key Needs

- To understand how their accumulated wealth would be best structured for a comfortable retirement.
- Would retaining their final salary pension schemes be in their best interests?
- Calculate and stress test their required level of income in retirement.
- How to pass on their estate to their children as tax efficiently as possible.

Financial Goals

After ensuring their own financial independence, including an ability to fund the costs of long term care in later life if required, our clients wanted to ensure that their estates could be passed on to their children as tax efficiently as possible. Central to this, was understanding how their various existing pensions would be treated upon death and what could be done to structure things to best take advantage of the most up-to date legislation. They were also concerned with how fees could potentially act as a drag on investment growth and therefore wanted to ensure their various pensions and investments were structured within the most cost-effective solution.

Our Solution

Using lifetime cash flow forecasting we were able to stress test our clients plans across several scenarios, including modelling the impact of an early death as well as a crash in stock markets. This allowed our clients to retire with the confidence that a sufficient level of caution had been built into our analysis to ensure robustness over the course of their retirement.

After conducting in-depth technical analysis, taking into account the impact of the above scenarios, it became apparent that there was a compelling argument to transfer one of the final salary pension schemes into a defined contribution arrangement, however it was also clear that it would be in the best interests of the client to retain one of the final salary schemes to provide a guaranteed level of income in their retirement to fund all of their core expenditure needs. This approach provided the optimal balance between security of income and flexibility on death. Meaning that the clients could retire knowing that their ability to live their desired lifestyle could never be impacted by a down-turn in markets.

Results

Being sophisticated investors, our clients remain happy managing their own investments on an ongoing basis, reassured by our analysis and in the knowledge that their asset base has been structured with tax efficiency and flexibility in mind. Knowing that their plans have been stress tested against a number of eventualities, our clients can be confident that they can maintain their financial independence even if the worst were to happen.



"I wanted to weigh up the pros and cons of transferring money out of my final salary pension scheme in the context of our wider future lives and financial needs.

Our TPO Adviser made us think about what we'd need to have in place financially for the rest of our lives and what we'd like to have in place and provided us with unbiased, factual information on which we could consider options for financially efficiently meeting our aspirations in the context of pension and tax regulations.

This took the form of numerical modelling of multiple scenarios and meetings to discuss each of these. He also provided information about what our level of involvement would be for each scenario and highlighted some of the natural feelings that people have towards a hassle free and risk-free life in retirement.

It has enabled us to make our financial choices and decisions, and to formulate plans for the future that can flex dependent on what happens in our lives.

It sounds strange but there's not really anything that we'd have wanted to be done differently."

TPO Client

For more information

call 0333 323 9060 or visit www.theprivateoffice.com

The Private Office and TPO are trading names of The Private Office Limited, authorised and regulated by the Financial Conduct Authority, firm reference number 789482. Registered in England and Wales at 2 The Bourse, Leeds LS1 5DE, company number 10226899.

Advice Champion Services Limited and Investment Champion Online Limited are Appointed Representatives of The Private Office Limited.

Our financial services register entry may be checked by visiting <https://register.fca.org.uk/>

Please note that the Financial Conduct Authority (FCA) does not regulate cash flow planning, estate planning, tax or trust advice.

© 2023 The Private Office

03/2023 FP: 0323002