

Case Study:

Financial Navigation

You may have read about our Financial Navigation service, but how does this actually work in practice? This case study shows how the service was able to benefit Mr & Mrs Smith (and yes, their names have been changed!).

What is the Financial Navigation Service?

This is a unique service from Woodruff Financial Planning, which seeks to ask and answer the truth about your financial future. The service does not look at financial products, but instead looks at the fundamental position of your financial life.

We first set goals for your future, and then show you how these goals will impact on your lives, based on what you currently earn and spend, and projecting this forwards into the future. The result is a plan which will allow you to make changes towards a more secure and prosperous future.

About Mr and Mrs Smith

The Smiths have been running an increasingly successful business for around 10 years. Mr Smith has seen a number of financial advisers over the years, and each has recommended a new set of products for him. However, on talking to us he realised that he needed an overall strategy for his personal finances, which would run parallel to his business strategy.

In the past, the Smiths have viewed their business as their pension. However, recently a big national competitor has set up in their area, and they are concerned that this could impact on the future profitability and sale value of their business.

Gathering data

The first step was to gather data on their financial

lives. This is a detailed process and took a few hours, but is really the only way to drill down into their spending habits. This analysis showed that they were earning good money, but that their expenses had risen over the years to match their incomes.

Using this analysis, we are able to extrapolate the likely future spending habits as well.

Setting goals

The Smiths had some definite goals for their business. They want to sell up within 5 to 10 years, so that they can stop working and start doing the things they really want to do, before either of them gets too old to enjoy this time.

This led them to decide that they would like to sell their business at this time and use this money to fund their retirement.

They have 2 children, both of whom they hope will attend university; with this in mind, they would like to have enough money to pay for university fees and living costs so their kids don't leave university saddled with massive debts.

The analysis

The process took a few weeks to get hold of all the data we needed, but ultimately we were able to

Continued overleaf...

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gather all the technical data we needed on all of their plans, investments and pensions etc. This was all fed into our planning software program, which allowed us to examine the Smiths' situation.

Net worth

First we examined their existing assets (and debts) to work out how much of their pot was able to be used towards their goals. For example, they had a large part of their assets in their house, which could not be sold because they needed somewhere to live. The business accounted for another large proportion.

Income

Obviously, their income was fine for the present, but will eventually stop when the business is sold. The analysis was able to examine the effects into the future.

Expenditure

We looked at their expenses now and projected them forwards into retirement. Obviously some expenses reduce in retirement (such as the mortgage), but others actually go up, such as leisure and holidays.

Cashflow analysis

All this culminated in analysis of their future spending habits, based on projections. This showed them that if they retire as planned, based on their current valuation of the business, they would run out of money in retirement within 10 years.

Different scenarios

We were able to examine the effect of different scenarios on their future financial situation. This included the following:

Death or illness

If one of the main earners was not around to provide for the family, they would need to replace this income.

The analysis showed them how much cover would be needed.

Solving the retirement cash crisis

The Smiths had a number of choices:

- **Spend less now**
- **Spend less in retirement**
- **Sell the business for more money**
- **Retire later**
- **Start saving now**

Our analysis was able to show them the effects of each of these scenarios, and to adjust each scenario based on different inputs from the clients. This enabled them to take control over their future financial lives, and put in place changes to ensure that over time they could meet their financial goals.

No obligation trial

We offer you a **no risk, no obligation trial** of the Financial Navigation service - allow us to analyse your finances, and if you are not happy with the service, simply cancel your subscription with no questions asked.

Why use us?

1. **Free** initial consultation
2. **Guaranteed** satisfaction with our advice
3. **Fee-based** - no commission hungry salesmen
4. **Fully independent** from insurance companies
5. State of the art **research tools**
6. **Regular contact & services to suit you**

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