Financial Planning Report

Prepared for:

Mr J & Mrs R Roberts

Prepared by:

Mr PPOL REMOTE DEMO
Independent Financial Adviser

PPOL

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SUITABILITY REPORT

Introduction and Basis of Advice

I am authorised as an Independent Financial Adviser and I can confirm you have been provided with a copy of our Client Agreement, our Terms of Business, the services we offer and how we can be remunerated for these services.

My recommendations that follow are based on my understanding of your current financial position and objectives. The report should be read in conjunction with the relevant illustrations, fee disclosure and Key Features documents; I do stress that if you do not understand any of the information then please contact me as a matter of urgency.

I would also mention that if any information has not been disclosed, it is possible that my advice may not take account of all your personal requirements and could ultimately have been different.

Summary of Current Position & Objectives

Please find below a summary of your current position:

Name	John	Ruby
Date of Birth	4/2/1967	8/9/1968
Marital Status	Married	Married
Number of Financial Dependants	0	0
Employment Status	Retired	Retired
Tax Status	Higher Rate Tax Payer	Basic Rate Tax Payer
Monthly Net Income (£)	3700	1200
Monthly Expenditure(£)	2200	Joint
Total Assets (£)	975000	Joint
Total Liabilities (£)	0	Joint
Smoker	No	No
State of Health	Good	Good
Business Asset	75000	

John & Ruby ....
....
....
....Meeting Notes

You have specifically requested that I focus my advice on the following:

- To establish a suitable pension vehicle to save for your retirement in a tax efficient manner

Investment Knowledge & Experience

We discussed your knowledge and experience of financial products and investments.

- You confirmed to me you have some knowledge and some previous experience of investing

Attitude to Risk

We discussed at some length your attitude to risk (ATR) and in particular the relationship between risk and reward. I can confirm the agreed risk profile for each area of financial planning discussed in this report is detailed below.

John 's risk profile is summarised as follows:

Investment Attitude to Risk: Balanced

You prefer to invest in a broad range of core stock-market linked investments, where the overall returns achieved are more closely linked to the performance of the underlying assets. In so doing, this will provide you with the potential to benefit from real capital growth. However, you should be aware that investment values will fluctuate according to market conditions.

Ruby's risk profile is summarised as follows:

Investment Attitude to Risk: Low

Investments in this area are designed to provide a relatively stable and conservative level of growth and / or income. In return for the opportunity to earn more than from your deposit type investments, you are willing to accept a low risk of capital loss.

If you feel that this does not accurately reflect your attitude to risk please contact me as a matter of urgency.

Pension Recommendations

I have recommended a **Self-Invested Pension Plan (SIPP)** for the following reasons:

- A SIPP will allow you to exercise substantial control over the choice of investments held under your pension. Whilst you may not use all of the options, you do intend to invest in a broad spectrum of investments and require the flexibility to change your underlying investments in the future without having to switch providers
- A SIPP is not restricted to the investment choice of one provider. It is a pension wrapper which can contain any investment approved by HM Revenue & Customs for pension purposes
- A SIPP can invest directly in commercial property, as per your stated objective
- A SIPP can invest indirectly in residential property via a Real Estate Investment Trust, as per your stated objective
- It is possible to use a SIPP to borrow towards the purchase of a commercial property
- While invested your fund will benefit from tax advantaged growth
- Benefits can be taken at any time from age 55 and the effective requirement to buy an annuity at age 75 was scrapped from 6th April 2011
- 25% of the uncrystallised pension fund can be taken as a Pension Commencement Lump Sum (tax free cash) payment

AXA Elevate - Self-Invested Pension Plan - John

Gross Employer Contribution	Frequency
£150.00	Monthly

Pension Contribution Insurance - This is designed to help safeguard the pension contributions in the event of being unable to work through illness or injury for a prolonged period of time. You chose **NOT** to include this option due to the following:

- You did not feel this feature was necessary

Indexation - The contributions will increase each year so helping to mitigate against the effects of inflation.

Self-Investment - Your pension will be structured to allow the widest range of investment options permitted under HMRC legislation. It therefore provides you with much greater control over the type of asset used within your pension fund investment strategy.

Entry Charges			Ongoing Charges			Event Based Charges
Adviser Charge	AC Paid By	Provider Charge	Adviser Charge	AC Paid By	Trust Fee	Land or Property Fees
2%	Provider	£225.00	0.5%	Provider	£99.00 per annum	£999.00

I am recommending the above for the following reasons:

- Elevate is wrap platform from AXA Wealth. It allows access to over 150 fund managers and over 5,000 funds including products and solutions developed by other AXA companies. Assets under management surpassed £8.4bn as at 1st August 2014.

- The charging structure of the recommended plan is competitive when compared to similar plans in the market place
- The research undertaken of the market place has identified this as being the most suitable solution for your needs and objectives
- They have provided us and our clients with an excellent service in the past

Investment Strategy - Commercial Land or Property

This investment solution allows for the pension fund to invest into physical Land or Property, which is commercial in nature. The assets detailed below will be acquired by the trustees of the SIPP for the benefit of the plan holder(s).

Asset Type	Name	Acquisition Basis	Legal Title	Valuation	'Connected' Transaction	Tenancy Agreed	VATable
Building	Plot ABC	Fund Purchase	Freehold	296,000	Yes	Yes	Yes

You can purchase property from a connected person or unconnected third party. However, any purchase from, or disposal (including a lease) to, a connected person must be evidenced as being on a commercial basis. It needs to be on *arm's length terms* in accordance with an independent professional valuation by a recognised Member of the Royal Institute for Chartered Surveyors (MRICS) or a Fellow Member (FRICS).

I have recommended the above for the following reasons:

- Any gain on the property value whilst an asset of the pensions scheme is free from Capital Gains Tax
- An open market rent can be paid to the pension scheme which is receivable gross from the tenants and free from income tax
- Rent payable by the tenants can be treated by them as a business expense for tax purposes
- The pension scheme assets will remain outside the member's estate for Inheritance Tax purposes

Income Requirements in Retirement

The accompanying illustration provides an indication of the income you could receive from the recommended pension plan. It is important that we review your pension provision on a regular basis as your current level of funding may prove insufficient. You should also remember that if you elect to take part of your pension fund as a tax free cash payment, this will reduce the income you receive. The illustration does not include your State Pension entitlement. It is possible to obtain a personal forecast of the State Pension you can expect to receive by contacting The Pension Service.

Expression of Wish

I would recommend that you complete an Expression of Wish Form. This will ensure the proceeds of your pension, subject to the trustee's discretion, are paid to your chosen beneficiary on your death.

Further Information and Risk Warnings

Further information regarding the recommended investment can be found in the Key Features Document provided and the Appendix of this report. A summary of the risk warnings associated with my recommendations can also be found in the Appendix of this report.

Alternative Solutions Considered But Discounted

I confirm due consideration was given to a range of alternative solutions but subsequently discounted for the following reasons:

Stakeholder Pension

- It is not possible to access the recommended investment strategy via a personal pension
- The range of options available via a personal pension are more restrictive than the recommended pension plan
- It is not possible to access to the range of specialist investment opportunities required to meet your risk profile via a personal pension

Personal Pension

- It is not possible to access the recommended investment strategy via a personal pension
- The range of options available via a personal pension are more restrictive than the recommended pension plan
- It is not possible to access to the range of specialist investment opportunities required to meet your risk profile via a personal pension

Important Information

Cost of Services

A summary of how my company can be remunerated for the advice received and the provision of my services is detailed in the disclosure documentation provided.

Our Service Proposition

My company offers a number of service propositions which govern the type of service and the regularity of contact and reviews you will experience. The ongoing servicing of your plans is recommended but not compulsory and if taken up can be cancelled at any time. The associated costs of our propositions and when they commence are set out in our disclosure documentation already provided and these costs may go up or down in line with the fluctuating value of the underlying assets. I confirm that you have elected for the following service:

- A proactive advice service centred around your immediate issues that will require periodic review and re-planning in the future.

Charges Summary

Proposed Self-Invested Pension AXA Elevate John

Entry Charges			Ongoing Charges			Event Based Charges
Adviser Charge	AC Paid By	Provider Charge	Adviser Charge	AC Paid By	Trust Fee	Land or Property Fees
2%	Provider	£225.00	0.5%	Provider	£99.00 per annum	£999.00

Entry Charges: One off charges taken before or on investment.

- Adviser Charge: A fee paid to the adviser for advice and services.
- AC Paid By Provider: The Adviser Charge will be facilitated by the product provider but taken from your funds.
- Provider Charge: A charge taken from the premium prior to investment.

Ongoing Charges: Regular charges, typically taken over a year.

- Adviser Charge: A fee paid to the adviser for ongoing advice and services.
- AC Paid By Provider: The Adviser Charge will be facilitated by the product provider but taken from your funds.

Event Based Charges: Ad hoc charges related to specific events.

Cancellation Notice

Once you plan is set up you have a legal right to cancel should you change your mind, the period is generally 30 days (which may reduce to 14 days for NISA and Unit Trust investments and may increase to 60 days for annuities). The amount you get back may be reduced by a decrease in value between making your initial investment and up until your investment is sold.

Affordability & Emergency Fund

You should keep some money immediately accessible to cover any unforeseen emergency expenditure that may arise. I would normally recommend that you retain an emergency fund equal to three month's expenditure within an immediate access deposit account as a bare minimum. I confirm you are happy with the level of your emergency reserve. I would also like to take this opportunity to confirm that the above recommendations are affordable to you.

Financial Services Compensation Scheme (‘FSCS’)

The FSCS was set up under the Financial Services and Markets Act 2000 and exists to protect clients of FCA authorised firms and covers deposits, insurance and investments. The scheme can pay compensation to clients who have lost money as a result of their dealings with FCA authorised firms that are unable to pay claims against them.

The level of investor protection offered to SIPP investors will depend on the way the SIPP is established and its legal structure. The protection also depends on how the underlying investments are held. For pensions generally the compensation limit is 90% of the investment with no upper limit (although traditional **trust** based arrangements have a limit of £50,000). Investments not regulated by the FCA do not have protection, for example commercial property, loans, unregulated collective investment schemes and unquoted shares. These are therefore considered higher risk investments.

Aspects of Your Financial Affairs Not Addressed But Deemed Important

I practice a comprehensive approach to financial planning. To this end, I would like to draw your attention to the following. If on further consideration you wish to discuss any of the below in more detail please do not hesitate to contact me.

Inheritance Tax Planning

- It was agreed that we would address this issue at a later date

Wills and Lasting Power of Attorney

- I understand you have made a Will. I do stress the importance of keeping your Will up to date, thereby ensuring your estate passes in accordance with your wishes.

Confirmation

I have identified your objectives and I hope you agree that the recommendations made correspond to your current needs and future requirements. If you have any queries concerning the content of this report, or should you feel the recommendations are in any way an inaccurate reflection of your circumstances and future objectives please contact me immediately.

Report written by **Mr PPOL REMOTE DEMO**

Signature ___________________________ Date ____/____/____

We the undersigned have received this report. We acknowledge this is a fair reflection of our conversation and confirm we have received all supporting literature including Key Features Documents, fund fact sheets and illustrations.

Accepted by **John and Ruby**

Signature ___________________________ Date ____/____/____

Signature ___________________________ Date ____/____/____

APPENDIX

Risk Warnings – Self Invested Personal Pension

In addition to the risks shown below, I recommend you read carefully the section entitled "risk factors" in the Key Features Document provided.

- For a full explanation of the charges and how they affect your plan, please refer to your personalised illustration and Key Features Documents.
- The figures on any quotations provided are for illustration purposes only and are not guaranteed.
- The value of the investment is determined by the value of the units, the price of which can fall as well as rise. What you get back is not guaranteed. The value of your investment may be eroded by the effect of inflation over time.
- The recommendations are based on current taxation, law and practice and the current legal and administrational framework and are based on my current interpretation and understanding of those, all of which may be subject to change.
- Past performance is no guarantee of future returns.
- When you retire, your pension may be lower than illustrated if:
    - You stop or reduce any regular contributions.
    - Investment performance is lower than illustrated.
    - The cost of converting your pension fund into an income for life is more than illustrated.
    - You start taking your pension earlier than your chosen pension age.
    - Tax rules change.
    - Charges increase above those illustrated.
- It is important to periodically review the value of your investments against expectations - particularly as you approach your chosen retirement age.
- Please bear in mind that the outlook for market sectors can change, as a result your asset allocation could become unbalanced.
- Fund or funds may have a higher risk rating than your overall stated attitude to risk. If this is the case, then the overall risk rating applied to the combined funds being recommended is designed to meet your stated risk profile.
- Where a property fund has been recommended you should be aware property and land can be difficult to sell – so you may not be able to cash-in this investment when you want to.
- Where a corporate bonds has been recommended you should be aware in adverse market conditions the fund may be difficult to sell.
- Where a fund invests in overseas markets, changes in currency exchange rates mean that the value of the investment can go up or down.
- If you have a smaller fund or deal excessively, the value of your SIPP may be eroded by plan or transactional based fees and these costs may become disproportionate to the value of your SIPP.

Technical Notes – Pensions

A current summary of the main UK registered pension's legislation can be found below.

Budget 2014 - If unchanged, then with effect from 6th April 2015 legislation will enact the following:

- Regardless of fund size individuals will be able to draw down their 'money purchase' pension savings whenever and however they wish after age 55 (age 57 from 2028). Any amount taken will be treated as income and subject to their marginal rate of income tax in that year. A tax free lump sum equivalent to 25% of the pension fund value can still be withdrawn.
- No prescribed product at retirement needs to be purchased however Annuities and Drawdown will remain available but with greater flexibility.
- The 55% beneficiary tax charge on death pre and post age 75 whether crystallised or not will be abolished
- The transfer by members of Defined Benefit (DB) pensions into Defined Contribution (DC) pensions will cease for Public Service scheme members.

State Pension Age

- The State Pension Age is 65, it is planned to be further increased to age 66 by 2020, age 67 between 2026 and 2028, age 68 by the mid 2030's and age 69 by the late 2040's.

The Lifetime Allowance

The lifetime allowance is the limit of pension benefits you can draw from before tax is applied. Excess benefits are subject to a tax charge on the balance over the lifetime allowance. The charge is 25% or 55% depending upon whether the excess benefits are taken as an income or a lump sum.

- The lifetime allowance is currently £1.25 million

Pension Protection

- Enhanced, Primary, Fixed or Individual are forms of pension protection and were introduced between 2006 and 2014 in order to ring fence benefits from the lifetime allowance.

If you have opted for any form of the above "protection" it is important that you inform me of this fact, as this could affect my advice concerning your pension planning.

Contributions

- There is no restriction on the number of pension schemes one can contribute into.
- Individual contributions are unlimited. However, there are limits on the amount of tax relief receivable. This is restricted to the higher of £3,600 or 100% of salary subject to the annual allowance.
- The annual allowance for 2014/15 is £40,000. It is possible to offset contributions in excess of the annual allowance against unused allowances from the previous three years.
- Contributions or accruals made by an employee/employer in excess of the annual allowance are subject to a tax charge at the member's marginal rate of tax relief.
- Employer contributions count towards the annual allowance. It is up to the Employer's local inspector of Taxes whether or not the entire contribution will be relievable for tax purposes.

- No tax relief will be granted on contributions paid after age 75.

Retirement Ages

- The age of which one can retire is 55.
- It is still possible to take benefits exceptionally early on the grounds of permanent ill health.

Tax-Free Lump Sums

- It is possible to take a tax free cash payment of 25% of the fund value from any pension.
- It is possible for an individual to protect any entitlement to a Pension Commencement Lump Sum payment in excess of 25% accrued prior to April 2006. .

Death Benefits

- On death before age 75, there will be no tax charge on an uncrystallised pension fund
- Death on or after your 75th birthday will result in a tax charge of 55% on all uncrystallised benefits if taken as a lump sum
- A 55% tax charge on death will apply to any crystallised benefits regardless of age.

Retirement Benefits

Income at retirement can be secured by way of purchasing an annuity (lifetime or fixed term) from an insurance company or taking income directly from the pension fund or scheme assets by way of drawdown or a scheme pension. The following limits or conditions on pension income apply:

- The maximum Capped Drawdown GAD limit is 150% of the prevailing annuity rate.
- Flexible Drawdown allows those who already meet a minimum income requirement of £12,000 p.a. to take income without limit from their pension fund.
- Individuals over 60 with a total pension fund of less than £30,000 can withdraw the entire fund as cash (25% tax free rule applies) under current ‘Triviality’ rules.
- Individuals over 60 with a total pension fund not exceeding £10,000, can withdraw the entire fund as cash (25% tax free rule applies) under ‘Small Pot’ rules. .

Investments

- Use of an asset other than on commercial terms will give rise to an income tax assessment, like a benefit-in-kind.
- Small business owners and professional partnerships can transfer their own business premises and company shares into their pension pots.
- Scheme borrowing is limited to 50% of scheme assets.

Auto-Enrolment

All employers are required by law to automatically enrol certain members of their workforce (known as eligible workers) into a qualifying workplace pension scheme and contribute to it. A minimum contribution is set based on a band of the gross annual earnings and will include the employees and employer's contribution and the tax relief added together. These duties took effect for the largest employers from 2012 with all other sized employers being phased in until 2018.

Notes on Financial Products

Self-Invested Personal Pension Plan

Self-invested personal pensions (SIPPs) aim to build up a sum of money in a tax efficient way which can subsequently be used to provide an income during retirement with the option of a tax free lump sum.

SIPPs generally accept regular, monthly, annual or one off contributions from individuals and from employers and the level of regular contributions can be changed at any time subject to the provider's minimums. Contributions will qualify for tax relief at your highest rate of income tax and are paid net of basic rate tax at 20%. The pension provider collects the basic tax relief from HM Revenue & Customs up to the maximum limits set by them. Any higher or additional rate relief entitlement can be reclaimed through your annual tax return.

A SIPP will allow you to have greater involvement in the running of your pension plan and can usually offer you a much wider choice of where to invest your pension savings. SIPPs are allowed to invest in a variety of ways including "connected person transactions" which are allowed provided they occur at "arms-length". Permitted investments can include:

- Stocks and shares traded on any recognised stock exchange.
- Futures and options relating to stocks and shares traded on any recognised exchange.
- Units in an authorised unit trust.
- Shares in OEICs.
- Policies of insurance linked to unit-linked or investment funds of an insurance company resident in the UK.
- Traded endowment policies transacted with a person regulated by the FCA.
- Structured deposits and investments
- Cash deposits in any currency.
- A freehold or leasehold interest in commercial property (including land).

Property Investment via a SIPP

It is possible to invest directly in commercial property via a SIPP. The following should be considered when undertaking a commercial property purchase via a SIPP:

- The rent accumulates tax free within the scheme and the subsequent disposal of the property is exempt from capital gains tax.
- The lease must be on commercial terms and the administrator of the SIPP is required to take independent advice on the terms of the lease and the rent payable.
- A SIPP may only borrow towards the purchase of a freehold or leasehold interest in commercial property to be held as an investment of the scheme. The amount borrowed must not exceed 50% of the value of the individual pension assets.