HARWOOD
FINANCIAL PLANNING

Mr R Arey
102 Fairhope Avenue
Morecambe
Lancashire
LA4 6LA

12th March 2025

Dear Rob,

Re: Annual Review 2025

This report aims to summarise your objectives and then provide recommendations in order to keep your financial plan on track to meet these objectives.

Following on from the objectives and recommendations there is supporting information in the appendices including analysis that you may find useful.

Objectives

You still have 10 years until retirement and recognize your plan value is not where it needs to be in order to have the sort of retirement you would wish for. You explained the following in 2024:

“I realise my pension is going to be short of providing me a decent income in retirement; therefore, I would like to look at switching some of the funds around to increase the chances of growing my fund. I have no extra funds to contribute to my pension at this time.”

In our call on 12th March you confirmed that nothing had changed with your circumstances since our last review and the above statement is still relevant. You confirmed that your mortgage stands at £96,000 with a term of 10 years remaining. This is covered by a joint life term assurance with Aviva that costs £30pm.

During our call we discussed your protection requirements, in particular additional life cover via a relevant life plan. You asked us to provide a quote for £50,000 of cover over the next 10 years.

Recommendation

We recommend no change to your AJ bell Retirement Investment account.

We recommend you take out a relevant life policy with L&G paid for Kazbor Services. The sum assured would be £50,000, with cover provided until your 70th birthday at a premium of £16.99 per month. If you wish to proceed with this recommendation, we will provide a separate letter detailing this recommendation in full.

Rationale

Your existing portfolio remains compatible with your agreed risk profile and has the potential for capital growth you require when investing over the medium to long term.

We trust that this letter provides an accurate summary of our discussions, and our recommendations are clear; however, should you have any concerns or wish to discuss any of the issues raised in more detail please do not hesitate to contact us.

Yours sincerely
For Harwood Financial Planning

Ryan J Woodhouse
Independent Financial Adviser/Director

Please reply to us via your PFP messaging system/email to inform us if you wish to proceed with the relevant life recommendation.

Appendix 1: Disclosure

The scope of our service is explained in the client agreement we provided you with and you confirmed you did not wish to place any restrictions on the types of products or investment strategy when making our recommendation.

During our telephone conversation on 12th March, we conducted your annual review for 2025. You confirmed there were no changes to your circumstances. Our advice provided to you is based upon the information you have disclosed and therefore if this letter does not coincide with your view of the situation, or you require any further clarification, please let us know at your earliest convenience. It is important to emphasise any information in relation to your circumstances that has not been disclosed could have affected our advice to you.

Our recommendation has been limited to your objective of reviewing your existing AJ Bell pension, as this is the only financial planning area you wished to review at present. Therefore, if you have needs in other financial planning areas they will not be covered within the scope of this report.

Appendix 2: Your Attitude to Investment Risk

In order to understand what would represent an acceptable level of risk for you we follow a 3-step process. Firstly, we assess your psychological approach to risk through a risk questionnaire. Secondly, we assess your circumstances including your capacity for loss and investor experience and the final step is to combine the first two steps to arrive at a suitable level of Investment risk.

The funds recommended are based on the level of risk you are prepared to accept. This was discussed following the re-completion of a risk profiling questionnaire. Your risk profile was 8 on a scale of 1 to 10 (an adventurous investor). This is an uplift from your current risk profile of level 7.

8 Adventurous Investor

As a balanced/adventurous investor, you are happy to take on investment risk and understand that this is crucial in terms of generating long-term return. You are willing to take risks with most of your available assets. This would typically mean a portfolio invested in a combination of bond, property, and UK and International shares – the shares component for a balanced/adventurous investor could be between 50% and 90% of the portfolio value.

It is important to note that a balanced/adventurous investment can fall as well as rise in value and it would be quite common for this type of investment to rise or fall by 35% over a 12-month period. Although your investment is unlikely to fall by more than 35% over a 12-month period it is still possible.

Your risk profile will be reviewed on an annual basis or if you inform us of a change in your circumstances.

Emergency Fund

You advised that you have a cash emergency fund of £7,500. This money is currently held within Kazbor Services Limited; however, it is repayable to you upon demand.

Appendix 3: Plan Information

Plan	Fund Value
AJ Bell RIA	£75,111
Total	**£75,111**

Appendix 4: Risks

All the risks associated with this investment are detailed in the product literature provided to you when you started your plans. You should refresh your understanding on this information. In addition, you should take note of the following risks:

- You should remember that unit prices and the value of your investment can fall as well as rise and there is no guarantee you will receive a return of your original capital. Past performance is no guarantee of future returns.

In addition, there are more general warnings associated with pension planning:

- You should be aware that whilst you do not currently require a lifetime or short-term annuity, you may find that should you require one of these in future, the rates may be lower at that time.
- When you enter drawdown as opposed to purchasing an annuity you are exposed to investment risk. If there is a fall in the value of your plan this could lead to lower future income than an annuity purchase would have provided. You also face the risk that your funds may be exhausted before you die.
- Please note should you decide to take an income from your pensions in future you have a duty to inform the other scheme administrators of this within 91 days. Failure to do so will result in you becoming liable for a penalty of up to £300. A further penalty of up to £60 per day (after the initial 91 days) may also be applied until the information is provided.
- You should also note, if incorrect information has been provided a penalty of up to £3,000 may be due where that incorrect information has been negligently or fraudulently provided.
- If withdrawals from the plan exceed the growth being achieved your capital will be eroded.
- Pension funds are typically held outside the estate for inheritance tax (IHT) purposes; however, any tax-free cash and/or income drawn from the pension and not spent will be included in the estate for IHT purposes and potentially incur an IHT tax charge on death.
- As stated above, in most circumstances pensions typically do not form part of the estate for inheritance tax purposes, however executors must report a pension transfer if death occurs within two years from the date of transfer. In these circumstances an inheritance tax charge may apply to the value of the transfer, especially if you were in ill health at the time of transfer. We understand that you are in good health at present, however, if you have any serious health problems that you have not disclosed to us, please do so before proceeding with the proposed transfer of your pension.
- When you retire, your pension may be lower than illustrated if:
  - Investment performance is lower than illustrated.
  - You start taking your pension earlier than the illustrated retirement date.
  - Tax rules change.
  - Charges increase above those illustrated.

Appendix 5: Estimated Fee's/Charges (next 12 months)

We believe it is important to review your investment strategy at regular intervals to ensure it continues to meet your aims and objectives. Full details of our service proposition are contained within our client agreement. We will review your pension annually.

The charges on your funds once moved to AJ Bell Investcentre RIA will be as follows (based on a value of £75,111):

Type of Charge	Charge (%)	Charge (£)
Fund Charges	0.56%	£420.62
Custody Charge	0.25%	£187.78
Ongoing Adviser Charge	0.50%	£375.56
Total Charge	**1.38%**	**£983.96**

Our ongoing adviser charge will be deducted from your plans and as a consequence you will lose the compounding effect this would have had, if charges were paid directly.

Appendix 6: Miscellaneous

Product Documentation

The documentation provided at outset is important and contains information regarding the product which we have recommended, particularly with regards to how the product works, its aims, risks and charges, together with its legal status, tax treatment and your cancellation rights. Therefore, please ensure you have read this document carefully. If there are any points on which you are unsure, or require further clarification, please contact us and we will be pleased to explain these in greater detail.

Tax Treatment and Law

All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and His Majesty's Revenue and Customs (HMRC) practice. Levels and basis of tax relief are subject to change.

Financial Services Compensation Scheme (FSCS)

You may have full rights to the Financial Services Compensation Scheme (FSCS). The FSCS provides compensation should your chosen provider become insolvent and be unable to honour a claim under your policy. The levels of compensation vary depending on the type of contract concerned and the limits for each type of category are available at www.fscs.org.uk.

Wills and Lasting Powers of Attorney

You advised us that you do not have a valid Will in place or Lasting Powers of Attorney. We strongly recommend that you have a Will written as soon as possible as there can be tax-planning advantages from Will writing and this can ensure that as much as possible of your estate goes to those intended.

It would also be prudent to set up and register Lasting Powers of Attorney for "property and financial affairs", to ensure that in the event of your incapacity, your spouse/relative could act on your behalf.

Nomination on death

You have previously completed a nomination of beneficiary/expression of wish form. In the event of your death the policy proceeds, subject to the trustees' discretion, are paid to your chosen beneficiary.

What happens when you die? –

Should you die before age 75, the nominated beneficiary can receive a lump sum, drawdown an income or purchase a dependents annuity. All these options are paid free of tax.

Where you die after the age of 75 the same options are available, but tax is paid at the beneficiary's marginal rate of tax.

Annuity Comparison

If you were to purchase an annuity with your remaining £75,111 you could receive £3,278 per annum. This annuity is with Standard Life and is based on a lifetime annuity with a 5-year guarantee period, 50% spousal pension, and a 3% per annum escalation in payment assuming you are a non-smoker and in good health.

An annuity purchase was not suitable for you at this time because you intend to carry on working for the next 10 years.