Mr B Chambers
13 High Rigg
Brigham
Cockermouth
Cumbria
CA13 0TA

9th July 2024

Dear Barry,

Re: Annual Review 2024

This report aims to summarise your objectives/needs 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

Your objectives remain unchanged from previous discussions; to recap we have recorded your objectives as follows:

With regard to your investments your objective is to invest for potential for capital growth within a risk suited environment. You are saving for retirement and have an anticipated retirement age of 60. You do not plan to buy an annuity as you have two Sellafield Pensions which will provide you with sufficient income in retirement. You wish to have flexible access to the funds within your Standard Life SIPP when you retire.

At present you have £73,000 in your Santander account. Your outgoings are minimal and you have stated that your earnings cover your expenditure with a surplus of over £1,000 most months. Your anticipated taxable earnings (including bonus) are £70,000 for 24/25.

Through the year you contribute £4,500 (gross) to your Standard Life Pension.

Recommendation

Make a Pension lump-sum contribution of £15,500 gross in the current 23/24 tax year into your existing Abrdn pension. This equates to a net contribution of **£12,400.**

The underlying funds should be invested in Vanguard Lifestrategy 80% equity (acc).

Rationale

The monies invested within your Pension will be invested in funds compatible with your capital growth objective and your agreed risk profile. Any gains within your Pension will be free from income and capital gains tax and you will receive tax relief at your highest marginal rate of tax, which is currently 40%.

We are recommending no change on the ISA/Pension funds you currently hold prior to your additional contribution.

You will receive 20% tax relief at source and the remainder will be dealt with via your works payroll as you have an adjusted tax code of 2235L.

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

To confirm you have read this report, your acceptance of our fact find, recommendation and consent for us to carry out this transaction, please send me a message via email or WhatsApp.

Appendix 1: Disclosure

The scope of our service is explained in the client agreement we provided you with on 18th December 2018, you confirmed you did not wish to place any restrictions on the types of products or investment strategy when making our recommendation.

At our meeting on 10th July 2024, we conducted a review of your finances and recorded them in the review summary document, as part of your annual review for 2024. 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 investments and pensions as these are the only financial planning areas you wish to review at present. Therefore, you may have other financial planning needs that are not addressed by 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 initial completion of a risk profiling questionnaire. Your risk profile was mapped to a 5 on a scale of 1 to 10 (a balanced investor).

<u>5-Balanced Investor</u>

As a balanced 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 risk with most of your available assets. This would typically mean a portfolio invested in a combination of bonds, property, UK and International shares – the share component for a balanced investor would be between 40% and 80% of the portfolio value.

It is important to note that a balanced 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 25% over a 12-month period. Although your investment is unlikely to fall by more than 25% over a 12-month period it is still possible.

<u>Investment experience</u>

Judging your investment experience is an important part of determining your overall risk profile. We say this, because the risk profile tool in isolation is a theoretical exercise i.e., it deals with hypothetical situations, whereas investing for real tests how you have reacted/responded to certain situations in reality. The way you respond to setbacks when investing is an important factor that can be determine the ultimate success/failure of your investment.

You have investment experience because you have been invested in stocks and shares ISAs since 2012 and your SIPP for over 6 years. You have seen the value of your investments fluctuate and therefore, you are comfortable with the volatility levels (explained above) for a level 5 investor.

Capacity For Investment Loss

When assessing your pension, it is our responsibility to assess your ability to 'absorb' investment losses and whether this would have a detrimental impact on your standard of living. The following factors that are important to you in this respect are as follows:

- You do not plan to access your pension or ISA for 6 years, assuming you retire at age 60
- Your income exceeds your expenditure
- You will have over £60,000 in cash savings after this recommendation

The above factors leave us feeling confident that a fall in the value of your pension in line with the volatility levels outlined previously would not result in a drop in living standards.

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

Appendix 3: Existing plans

You have the following plans:

Plan	**Value**
Abrdn Wrap ISA	£57,278.43
Abrdn (Standard Life) Wrap SIPP	£112,507.72
Total	**£169,786.15**

You are currently making regular pension contributions of £375 gross (£300 net) per month.

Appendix 4: Risks

All the risks associated with this investment are detailed in the product literature provided to you. You should read these documents carefully (they will be emailed).

You should remember though 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, especially in the early years or if you choose to take an income from it. Past performance is no guarantee of future returns and there is no guarantee your new funds will perform better that your former funds.

You should also note the following:

- Following an active approach means you take the risk of underperforming the stock market as a whole.
- By accepting a recommendation to invest in a model portfolio you take on an element of key person risk. This is the risk of death or incapacity of your financial adviser which impacts the company's ability to help you manage your investments. Details of our business continuity plan can be provided upon request.

Your Portfolio is made up of a mixture of collective investment funds that assume the following structures:

- Open Ended Investment Companies (OEICs)
- Unit Trusts

The following risks should be noted in relation to the above fund structures:

- In exceptional circumstances Open Ended Investment Companies (OEICs) and Unit Trusts may temporarily suspend withdrawals.

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

- Under current legislation you cannot normally access your pension benefits before the age of 55; exceptions include, for example, on medical grounds.
- If withdrawals from the plan exceed the growth being achieved your capital will be eroded.
- Any tax-free cash and indicative annuity or drawdown pension income amounts quoted on the illustration are based on many assumptions listed on the illustration. Actual benefit payable will be based on what happens in reality. You could receive lower or higher returns than the illustration indicates.
- 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: Ongoing Reviews and Charges

Ongoing Fees/Service

The fees on your Abrdn (Standard Life) ISA will be as follows, based on a value of **£57,278.43**:

Type of Charge	Charge (%)	Charge (£)
Fund Charges	0.34%	£194.74
Service Fee/Platform Charge	0.35%	£200.47
Ongoing Adviser Fee	0.80%	£458.22
Total Charge	**1.49%**	**£853.43**

The fees on your Abrdn (Standard Life) SIPP will be as follows, based on a value of **£127,697.72** following the top-up:

Type of Charge	Charge (%)	Charge (£)
Fund Charges	0.40%	£510.79
Service Fee/Platform Charge	0.35%	£446.94
Ongoing Adviser Fee	0.80%	£1,021.58
Total Charge	**1.55 %**	**£1,979.31**

Initial Fee

The initial charge for this the top-ups is 2% of the pension contribution. Based on a contribution of £15,500, this will equate to £310 and will be deducted from the Abrdn (Standard Life) SIPP upon receipt of your contribution.

We will review your ISA and pension annually.

Appendix 6: Miscellaneous

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 Her 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.

Nomination on death

You have previously completed a nomination of beneficiary form. In the event of your death the policy proceeds, subject to the trustees' discretion, are paid to your chosen beneficiaries. You have nominated Helen, your Fiancé, and your 2 daughters; 60%, 20% and 20% respectively.

What happens when you die?

With regarding to your Pension; 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.

Your ISA proceeds will be added to your estate for Inheritance Tax calculation purposes.

Wills and Lasting Powers of Attorney

You have confirmed you currently have a valid Will in place but do not have Lasting Powers of Attorney in place.

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/partner/relative could act on your behalf.