



Mr & Mrs J Cuff
1 Greenacres Drive
Garstang
Lancashire
PR3 1RQ

28th August 2024

Dear Jon and Annette

Re: Annual Review 2024

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

With regard to your pensions your objective is to invest for potential for capital growth within a risk suited environment, and both anticipate drawing benefits when Jon reaches the age of 67. You each receive regular employer pension contributions of £400 per month, which you intend to continue for the life of your electrical business.

Recommendation

Jon

Switch Jupiter Strategic Bond to Royal London Short Duration Gilts Z inc

Annette

No change- Maintain your pension investments in their present form.

Rationale

We have decided to remove Jupiter from our model portfolio selection as it has underperformed its benchmark for a significant period and we are also concerned about the managers over focus on macro-economic issues as opposed to the fundamentals of the underlying investments he is purchasing. Furthermore, the manager is trading frequently adding to the cost of the fund and in doing so reducing the growth potential of the fund. The new fund chosen is also lower charging than your existing fund (0.75%) lower in cost.

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

You agreed to the fund switch recommendation at our meeting on 28th August; thus, no response to this letter is necessary. We will proceed immediately with the switch.

Appendix 1: Disclosure

The scope of our service is explained in the client agreement we provided you with on 21st June 2021 and you confirmed you did not wish to place any restrictions on the types of products or investment strategy when making our recommendation.

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 pension as these were 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, in particular addressing your estates IHT liability.

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 7 on a scale of 1 to 10 (a Growth investor).

7 – Growth Investor

As a growth 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 bond, property, and UK and International shares – the shares component for a growth investor could be between 40% and 85% of the portfolio value.

It is important to note that a growth 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 30% over a 12-month period. Although your investment is unlikely to fall by more than 30% over a 12-month period it is still possible.

By contributing regularly to your pension/investment you may also benefit from pound / cost averaging which means in a falling market you will be able to purchase units at a lower price, thus you avoid the risk of purchasing all your units at the peak of the market.

Full details of your risk profile discussion and capacity for loss can be found in the separate risk profile report sent to you in August 2021. This also confirms your investment experience.

Investment experience

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 determine the ultimate success/failure of your investment.

You have a good level of investment experience as you have had funds invested in your AJ bell pension for over a decade.

Capacity For Investment Loss

When assessing your pension/investments, 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 have access to £150,000 of cash funds
- You have mortgages across your main residence and property portfolio; however, your equity levels are over 55% of your total portfolio (including main residence)
- You still have a 17-year investment horizon for your pension assets

The above factors leave us feeling confident that a short-term fall in the value of your investments in line with the volatility levels outlined previously would not mean that you suffer a drop in living standards; thus we agreed to maintain a level 7 risk profile.

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

Appendix 3: Plan Information

Plan	Value
Jon - AJ Bell Investcentre SIPP	£167,133.97
Annette – Standard Life Wrap SIPP	£13,955.88
Total	£181,089.85

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.

- You should note that, whilst your switches are taking place, there could be movements within the stock-market; that is to say that the stock-market could rise or fall in value. If the market rises in value between the date of realising your existing funds and the purchase of your new funds, you could be financially disadvantaged insofar as the cost of buying your new fund could be greater. Conversely, if there is a fall in the market between the date of realising your existing funds and the purchase of your new funds, you could be financially advantaged insofar as the cost of buying your new funds could be lower.
- There is no guarantee the return on the new funds will be greater than that of your existing funds and could possibly be lower.

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

Following this recommendation, the estimated ongoing charges/fees on Jon's AJ Bell Investcentre SIPP will be as follows (based on a value of £167,133.97):

Type of Charge	Charge (%)	Charge (£)
Fund Charges	0.57	952.66
Product Charge	0.25	417.83
Ongoing Adviser Charge	0.50	835.66
Total Charge	1.32%	£2,206.15

The estimated ongoing charges/fees on Annettes Standard Life Wrap SIPP will be as follows (based on a value of £13,955.88):

Type of Charge	Charge (%)	Charge (£)
Fund Charges	0.22	30.70
Product Charge	0.35	48.84
Ongoing Adviser Charge	0.60	83.73
Total Charge	1.17%	£163.27

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 me that you do not have a valid Will in place or Lasting Powers of Attorney. I 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/partner/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.