Mrs G Parker
12 Siskin Avenue
Dalton In Furness
Cumbria
LA15 8QB

4th September 2024

Dear Gail,

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

After many years of resolving matters relating to your divorce and more recently suffering the loss of your mother, you are now in a much clearer (and healthy) position financially. You still have your job at Vera Wilton's opticians and are receiving monthly (£300) spousal maintenance payments until the age of 60.

During our meeting you told me that you are happy in your job; however, expect to retire around the age of 61. You are hopeful your retirement may coincide with the possibility of grandchildren and if this happens you would like to split your time between the UK and Spain, as your son lives locally but your daughter lives in Girona, Spain. As things stand, you are comfortable in your existing home which is mortgage free.

Therefore, you would like your financial plan to take into account these circumstances.

Recommendation

Switch £40,000 from PruFund Cautious Fund (Series E) held within your pension savings account and reinvest equally between Fundsmith Equity I acc and your Cash SIPP.

Rationale

Having sat down and discussed your plans we agreed on two areas. Firstly, that you should consider withdrawals from your pension in order to use your personal allowance when you retire. Secondly, that you would like to increase the growth potential (by taking a higher level of investment risk) of your funds not needed in the next 5 years.

The transfer of £20,000 to your Cash SIPP means that you will have approximately enough cash set aside to fund the first 18 months of your retirement which is not intended for another 3 and a half years; thus, leaving your remaining funds with an investment horizon of 5 years.

The switch of funds towards Fundsmith equity will increase investment risk in terms of higher volatility (see appendix 2); however, will provide stronger growth potential for your funds.

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 email ryan@harwoodfp.co.uk or send me an iMessage.

Appendix 1: Disclosure

The scope of our service is explained in the client agreement we provided you with on 8th September 2019. 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 this was the only financial planning area 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 initial risk profile (January 2019) was mapped to 3 on a scale of 1 to 10 (a Cautious investor).

3- Cautious Investor

As a cautious investor, you understand that you need to take investment risk in order to be able to meet your long-term goals. On this basis you are willing to take a risk with at least part of your available assets. This would typically mean a portfolio invested in bond funds and property funds. There would also be a shares component to enhance longer term returns which would vary dependent on the intended investment return. The UK and International share component for a cautious investor would be between 20% and 50% of your portfolio value.

It is important to note that a cautious 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 10% over a 12-month period. Although your investment is unlikely to fall by more than 10% over a 12-month period it is still possible.

We discussed investment risk at length at our meeting and also involved your son (Rob) in the discussion. After this discussion it was agreed that we should move your risk profile one level up to level 4. You did not feel it necessary to complete a new risk profile questionnaire as you felt it would not serve any useful purpose.

<u>4 - Cautious Growth Investor</u>

As a cautious 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 bonds, property, UK and International shares – the share component for a cautious growth investor would be between 20% and 60% of the portfolio value.

It is important to note that a cautious 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 15% over a 12-month period. Although your investment is unlikely to fall by more than 15% 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.

<u>Capacity For Investment Loss</u>

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 over £200,000 in cash savings
- You have no debt
- Your minimum investment horizon is 5 years and for some of your portfolio the investment period will far longer

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. We also believe the assessment supports an upward adjustment of your risk profile to level 4.

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	**Fund Value**
Pru Pension Savings Account	£186,554.37
Total	**£186,554.37**

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.
- Moving your funds to cash will reduce the growth potential on the element you move to cash and you will miss out on any potential future growth on this portion of your fund.

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 plans annually.

Following this recommendation, the estimated ongoing charges/fees on your Prudential Pension will be as follows (based on a value of £186,554.37):

Type of Charge	**Charge (%)**	**Charge (£)**
Fund Charges	0.69	1,287.22
Product Charge	0.20	373.10
Ongoing Adviser Charge	0.50	932.77
Total Charge	**1.39%**	**£2,593.09**

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

We did not discuss whether you have a valid Will or Power of Attorney at our meeting. If you do not, 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 a 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