



**advice rooms**  
FINANCIAL ADVICE MADE EASY

# A Guide to **Financial Planning**

To speak to one of our advice team please call:

**0808 141 0756**

Or email: [info@advicerooms.co.uk](mailto:info@advicerooms.co.uk)



Advice Rooms was created as a space for individuals to receive financial advice regarding any area of their financial and/or retirement planning. Today's world makes everything seem impossibly complex with companies leaving a mind field of options when trying to plan your future finances.

Our advisers will help you understand the routes that are available to you and how to create a plan that best suits your aims and aspiration in retirement.

## Contents:

- 3** What is Financial Planning?
- 4** Our Advice Service
- 5** Retirement Planning
- 7** Estate & Inheritance Tax Planning
- 7** Wills and LPA
- 8** What to do next



### Pension Wise from MoneyHelper

Pension Wise is a free and impartial government service from MoneyHelper that offers you:

- Tailored guidance (online, over the telephone or face to face) to explain what options you have and help you think how to make the best of your pension savings.
- Information about the tax implications of different options.
- Tips on getting the best deal, including how to shop around.

Visit [moneyhelper.org.uk/pensionwise](https://moneyhelper.org.uk/pensionwise) for more details.

If you'd prefer to speak to someone over the phone or book a face-to-face appointment you can call **0800 138 3944**.

Advice Room's product guides are not intended to replicate or replace the service provided by Pension Wise, but to help you consider which retirement options may be relevant to your needs and circumstances.

# What is financial planning?

Financial planning is an essential process for achieving financial goals and securing a stable financial future, regardless of one's stage in life. Given the fast-paced nature of today's economy, financial planning has become increasingly important to effectively manage finances and adapt to unexpected circumstances.

Personalised financial planning services, such as those offered by Advice Rooms, are tailored to meet the unique financial needs and goals of each client, including retirement income, inheritance tax planning, and portfolio diversification.

When working with a financial advisor, clients should discuss their financial goals, income and expenditures, liabilities, and plans for the future. The advisor will consider the client's risk appetite and capability, as well as their current asset allocations.

Retirement planning is a crucial part of financial planning, and involves determining when to retire and estimating essential income needs. Retirement cash flow models can help estimate retirement income capabilities and assess the potential risks.

Whether you are planning for retirement, saving for a down payment on a house, or simply looking to build wealth, financial planning is designed to help you achieve your goals and secure your financial future.

## Personal advice

Here at Advice Rooms we understand that each client has unique financial needs and objectives and tailor our services accordingly.

Whether you require advice for a specific goal like retirement income or something much more complex such as inheritance tax planning, we create personalised financial plans that are designed to help you achieve your targets.

Our team of experts are dedicated to helping you achieve your financial aspirations and maximising the potential of your personal wealth and improving the quality of your retirement.

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# Our Advice Service

## Speaking to a qualified adviser

Speaking openly to a financial adviser provides valuable insight into your personal and financial circumstance allowing them to understand what is important to you.

To provide suitable advice an adviser will discuss your financial goals, income & expenditure, liabilities and what your plans are moving forward. Although you may be discussing your own finances the conversations may also include your family and how you plan for their future.

Your adviser will also discuss your appetite and capability towards risk. If it is relevant to you they will also begin to understand your current asset allocations in order to design and recommend a suitable portfolio.

## Portfolio diversification

Areas you may need to consider when speaking to your financial adviser:

- Family protection and life insurance
- Pensions contributions, pension transfer and/or pension consolidation
- Retirement targets & projections
- Additional saving & investments
- Drawdown capabilities
- IHT planning
- Estate planning



# Retirement Planning

## Essential expenditure

The first stage of retirement planning is to understand when you would like to retire. You will then need to determine your retirement timeline and how long your retirement may last. This will impact your retirement income needs along with your savings and investment strategies.

Understanding your essential income needs in retirement is a crucial step in creating a solid financial plan. (Essential income needs refer to the expenses that you must cover in order to maintain a basic standard of living, such as housing, food, and healthcare).

It's important to note that your essential income needs may vary depending on your lifestyle and retirement goals. For example, some people may want to downsize their home and reduce their housing expenses in retirement, while others may want to maintain their current living arrangements.

Once you have a clear understanding of your essential income needs, you should then think about what other luxury & lifestyle costs you want to cover such as travel expenses, hobbies, entertainment, and other discretionary spending. You can then use that information to estimate how much income you will need in retirement. This will then help you determine how much you need to save and invest to generate that income.

## Creating a personalised plan

Once your financial adviser has a clear picture of your circumstance they will make a full analysis of your information and begin to map out the recommendation that are most suitable for you. This often includes speaking to the product providers to understand which product will give you the most suitable benefits at the best cost. Your adviser will have also discussed your appetite and capability towards risk which will also determine what recommendations are most suitable to you.

This gives you the opportunity to understand what is being suggested before you agree. Our adviser will arrange a meeting to discuss the advice given in detail and go through any reports page by page so you fully understand all recommendations provided.

Your adviser may discuss the following:

- Investment funds
- Stocks and shares
- Pension plans
- Annuities
- Life insurance policies
- ISAs (Individual Savings Accounts)
- Investment Bonds
- Property investments

The specific products that are recommended will depend on your individual financial situation and goals. Your adviser will explain the benefits and risks associated with each product and help you make an informed decision about which products are most suitable for you. It's important to remember that financial advice is tailored to your unique circumstances, and there is no one-size-fits-all solution.

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### Cash Flow Models

Retirement cash flow models are an essential tool for planning your retirement income needs and determining whether your current savings and investment strategies are on track to meet your goals.

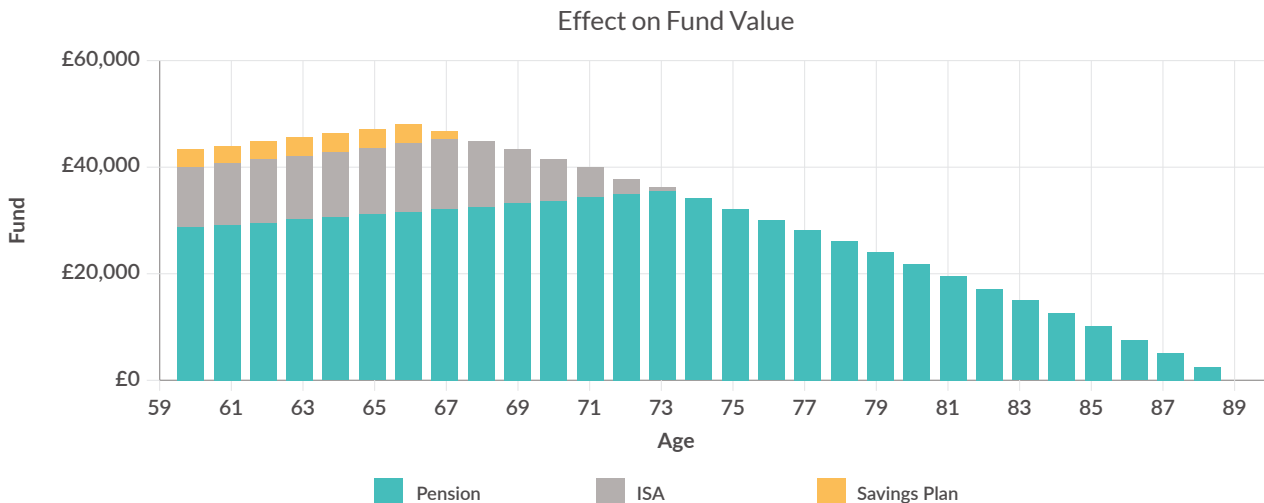
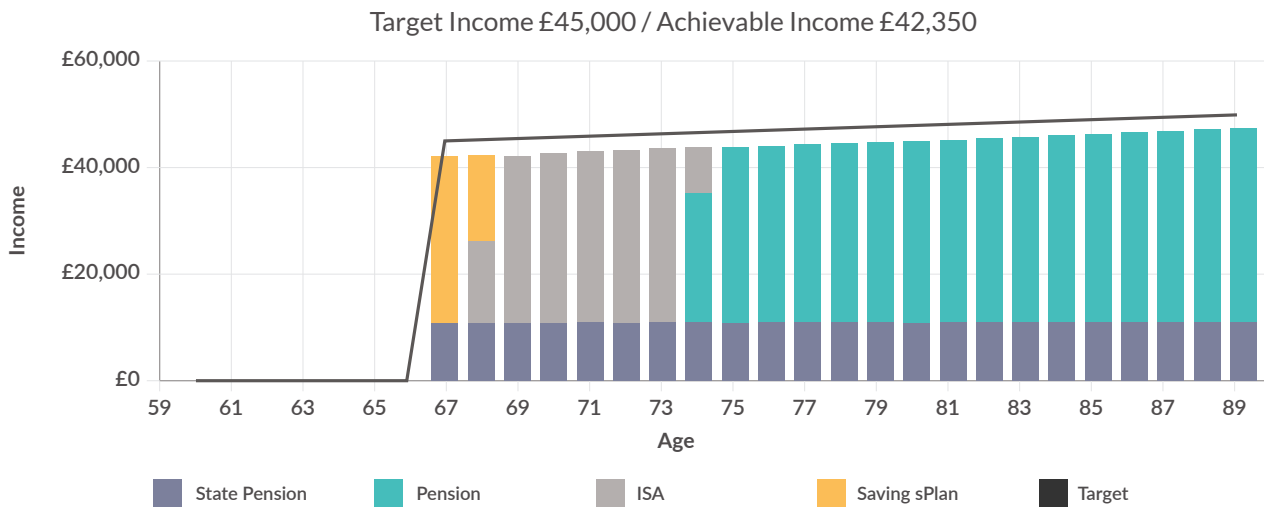
These models use various assumptions and projections to estimate how much income you could achieve in retirement, taking into account factors such as your retirement timeline, life expectancy, essential and discretionary expenses, expected investment returns, and inflation.

By using a retirement cash flow model, you can gain a better understanding of the potential risks and opportunities in your retirement plan and make informed decisions about how to allocate your resources.

For example, you may find that you can afford to retire earlier or spend more in retirement than you originally thought. Or, you may discover that you need to save more aggressively or adjust your asset allocation in order to achieve your desired retirement income.

If there are shortfalls in your ability to achieve a desired income in retirement you should receive a 'Short Fall Analysis' to enable an understanding of what can be done to bridge the gaps.

The following examples are visual representations of a simple cash flow model. These calculations can be designed to represent any circumstance or eventuality, and are often re-run when an individual makes changes to their contributions, withdrawals and/or retirement plans.



## Wills and LPA

In short, a will and LPA are crucial components of your overall financial planning, allowing you to protect your assets, minimise tax liabilities, and ensure that your wishes are carried out, no matter what happens.

Ensuring that your assets are distributed according to your wishes is crucial to protect your legacy and the well-being of your loved ones after you pass away. However, without proper planning, a significant portion of your assets could end up in the hands of the taxman. This is where a will and lasting power of attorney (LPA) can come in handy.

A will is a legal document that outlines your wishes for the distribution of your assets after you pass away. By having a will in place, you can ensure that your assets go to the people or causes that you care about most, while minimizing the tax burden on your loved ones.

An LPA, on the other hand, is a legal document that allows you to appoint someone you trust to make decisions on your behalf if you become unable to do so. This could include decisions about your finances, property, and even your health and welfare.

By having a LPA in place, you can ensure that your affairs are managed by someone you trust, should you become incapacitated due to illness or injury. This can provide you and your loved ones with peace of mind, knowing that your affairs are in good hands.

## Estate and Inheritance tax planning

Estate and inheritance tax planning are crucial parts of your overall financial planning. Estate planning involves organising your assets and making decisions about how they'll be distributed after you pass away. Inheritance tax planning, on the other hand, is all about minimising the tax burden on your loved ones after you're gone.

In the UK, inheritance taxes are levied on estates that exceed a certain threshold, which is currently £325,000 per person. Anything above this threshold is taxed at a hefty 40%. But fear not, there are several strategies you can use to reduce this burden.

For example, you can make tax-free gifts of up to £3,000 per year during your lifetime, as well as additional gifts for special occasions. Plus, gifts to your spouse or civil partner are completely exempt from inheritance tax.

Another useful strategy is to establish a trust to manage and protect your assets, while also reducing the amount of inheritance tax your beneficiaries will have to pay. Trusts can also be a great way to distribute your assets over time, rather than all at once.

By implementing the correct strategies for your situation you can ensure that your loved ones receive the maximum benefit from your hard-earned assets, while minimising the tax burden on their end.

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# What to do next...

The information throughout this guide gives an idea of what is involved when creating a financial plan. Everyone has a unique set of circumstances so please speak to one of our advisers to discuss your options and understand the best way to create your personalised strategy.

## When discussing your plans your adviser will:

- › **Discuss** – your circumstances to fully understand your needs moving forward
- › **Help define your income needs** – especially your essential expenditure, it is common to use guaranteed income to cover the basics
- › **Explain the impact of inflation** – and how costs rise over time
- › **Discuss the need for Tax Free Cash** – and check whether you need to take any of your pension fund as cash, this could be sensible if the money is used to pay off existing debts
- › **Collect your health and lifestyle information** – this can have a big impact on the guaranteed income available to you in retirement
- › **Discuss long term care options** – for you or your dependant
- › **Discuss leaving a legacy** – is your intention to leave some of your assets to your children or to others? It may also be important to your discuss your dependant's income and how will those who are important to you be catered for after you die
- › **Research the market** – and explore the options that will help you achieve your aspirations in retirement
- › **Produce a suitability advice report** – to suggest a suitable strategy moving forward. The report will include retirement projections, suitable product and investment while identifying any other need to be considered. All of this will be discussed with you in detail so you fully understand the recommendations that have been made

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Nothing contained within the report constitutes as financial advice or a personal recommendation.

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