

THE PARAPLANNERS

Paraplanner perspective: Dynamic Planner Cash Flow



REVIEWING THE DYNAMIC PLANNER CASH FLOW TOOL

The number of cash flow tools available has grown rapidly in recent years and advisers and paraplanners can now choose from a large number that range from very simple tools to those with more complex feature sets. There's also been an emergence of a new breed of tools that focus on the sustainability of a client's portfolio in retirement. If you like numbers and forecasting, it's an exciting time.

This review provides our objective opinion of the new Dynamic Planner Cash Flow tool, which is called Dynamic Planner Cash Flow! Our review explains the experience from a user perspective and draws on comparisons with other tools we are familiar with.

Our review was led by Colin Stewart, our in-house expert on at-retirement planning who specialises in defined benefit transfer analysis. At The Paraplanners, we work with most of the cash flow and retirement planning tools in the UK and Colin has hands-on experience of working with many of them on a daily basis, so he's well placed to compare and contrast Dynamic Planner's new tool with these.

Colin had no previous access to the tool and was asked to do the review as a new user so he could give feedback on how intuitive and easy the software is to use.

For the purposes of this review, we created a test case for a client transitioning from work into retirement and decumulation, although the tool can of course be used for clients in the accumulation phase or to invest for a specific purpose.

This review was commissioned by Dynamic Planner. Other than providing us with an initial overview of the new tool, and answering some questions, we were free to run the review as wanted with no input from Dynamic Planner and this is our own, independent opinion.

In this review, we've looked at:

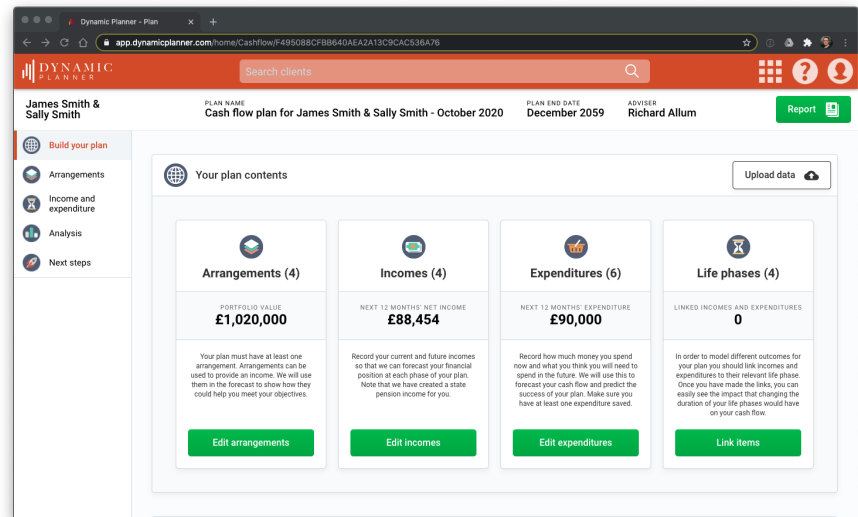
- The user experience and building a cash flow
- Analysis
- The report
- How we'd use the tool
- Integrations

THE USER EXPERIENCE AND BUILDING A CASH FLOW

In comparison with other tools we use, the user interface is impressive. It's clean and very easy to navigate. We like the less is more approach and lots of white space gives a better experience.

It is very clear what the system expects of the user. The sidebar menu is short and to the point. Many systems have a detailed sidebar with lots of sub-menus and options. This can be messy and confusing. It is pleasing to see that, while there is a sidebar menu, there aren't a lot of options hidden within it. Chunky action buttons in the main part of the page also lead you to the various input screens in a natural way.

Inputting data can be laborious in some cash flow tools, but is pretty straightforward here. In our test case, inputting all of the data required - various income and expenditure patterns, arrangements (including live links to specific funds and contributions/withdrawals) and



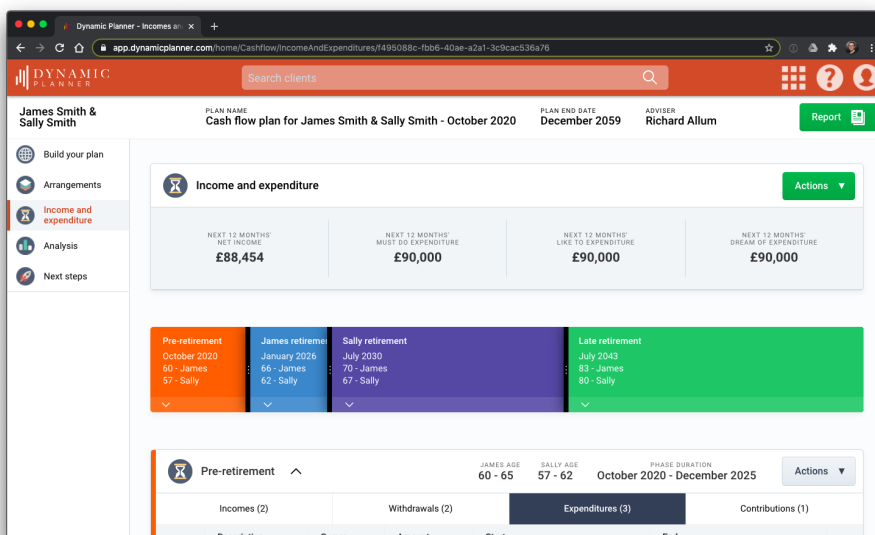
Above: The plan overview page with quick access to the details

setting up the right life phases - took a matter of minutes. It was especially pleasing to see four life phases and State Pensions pre-populated.

If you create a new cash flow forecast, it appears to start by automatically creating a clone of the previous one. This means a new 'scenario' can be quickly built based on an existing one, or you can start from scratch by resetting the clone.

We are big fans of 'sliders' as a screen function and the ability to tweak life phases in this way is a very helpful feature. Every life phase is matched to a different colour palette and this really helps to visually differentiate the individual phases.

Left: Life phases that can be changed by sliding along the timeline



While we're used to systems that prompt you to set the percentage of income or expenditure continuing in the event of death or illness, it's not too onerous to do this manually.

The toggle switches to include or ignore any income, expenditure or arrangements is a neat feature and I wish more cash flow systems did this. It means you change assumptions easily without having to create new scenarios and delete items to see the effect. In some other systems, it can be easy to get in a mess or lose data when including and excluding items, especially if you happen to forget to create another scenario first. A big tick from us for this simple but powerful feature.

Equally, the ability to anchor an income or expenditure item to the start or end of a life phase is a really welcome feature. It means that you can use the sliders to adjust the life phases and everything that's anchored to it will also adjust accordingly.

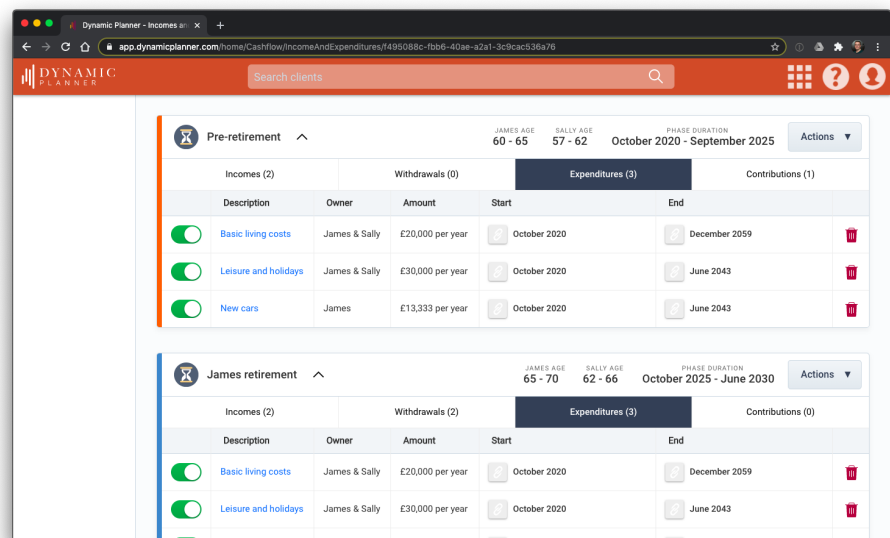
The ability to set levels of expenditure at 'must do', 'like to do', and 'dream of' is really helpful. This saves the user from having to

create multiple scenarios and this is the first time we've come across a system that can cope with this so easily. It's especially powerful at the analysis stage to be able to easily toggle between them to see the effect.

Many of the tools we use now have 'decumulation' priorities and it is good to see this included in Dynamic Planner Cash Flow. We especially like that this can be set at arrangement level, rather than at 'tax wrapper' level. This allows the adviser or paraplanner to set the parameters however they want i.e. allowing for differences between spouse/partner tax rates, individual pots earmarked for certain goals or for IHT efficiency.

It's useful to be able to set product charges at arrangement level. Some systems only allow you to set charges at client level, or just have a blanket assumption that you can't change.

Right: Easily turn off and on income and expense items using the toggle switches



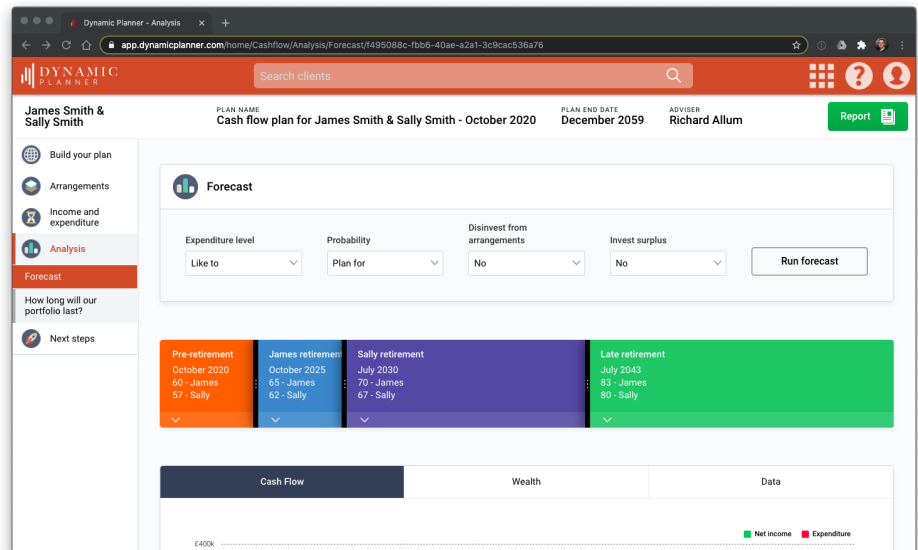
ANALYSIS

This part of the tool is very clear. The ability to toggle expenditure levels, probability and meeting shortfalls or investing surpluses is really straightforward and offers a lot of customisation.

While other stochastic tools allow you to set various parameters for compromising on spending if a plan is likely to fail by setting rules to deal with sequencing risk, the average adviser (and certainly the average client) is more likely to identify with the 'must do', 'like to' and 'dream of' options instead. While simple, they are still very powerful and effective.

Plan charts

The charts produced by a cash flow tool combine the calculations, assumptions and analysis into a single visual representation that shows if the client will have enough

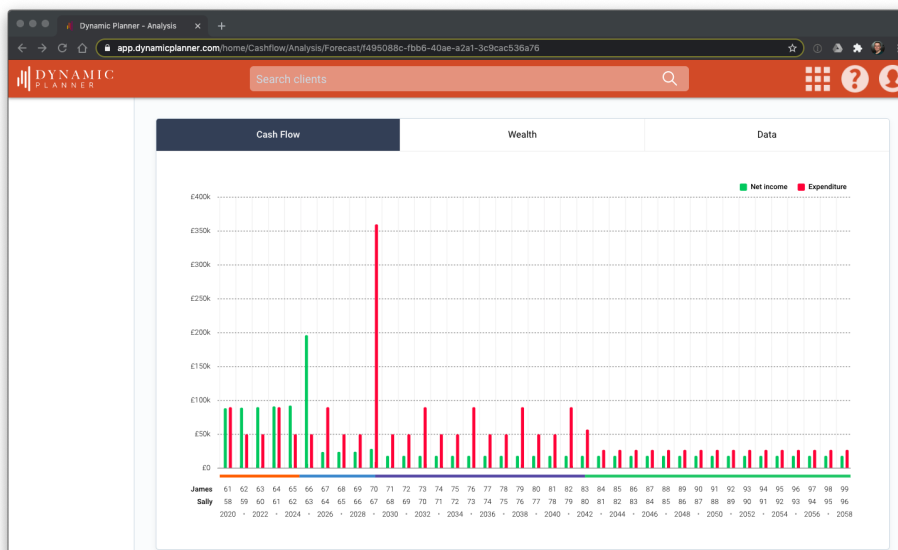


Above: Easy drop downs and sliders for selecting and changing main assumptions

money or not. These charts are often the main or only thing a client will see as a result of this process and they should be clear and easy to understand.

This is the first chart we use in any cash flow. It gives a quick visual sense check based on the data added and also shows where the

client may have some issues that need to be addressed. The figures are all in real terms, which is our preferred basis. Income tax has been calculated based on the current tax year's standard UK tax rates and bands.



Left: Cash flow chart showing income and expenditure each year

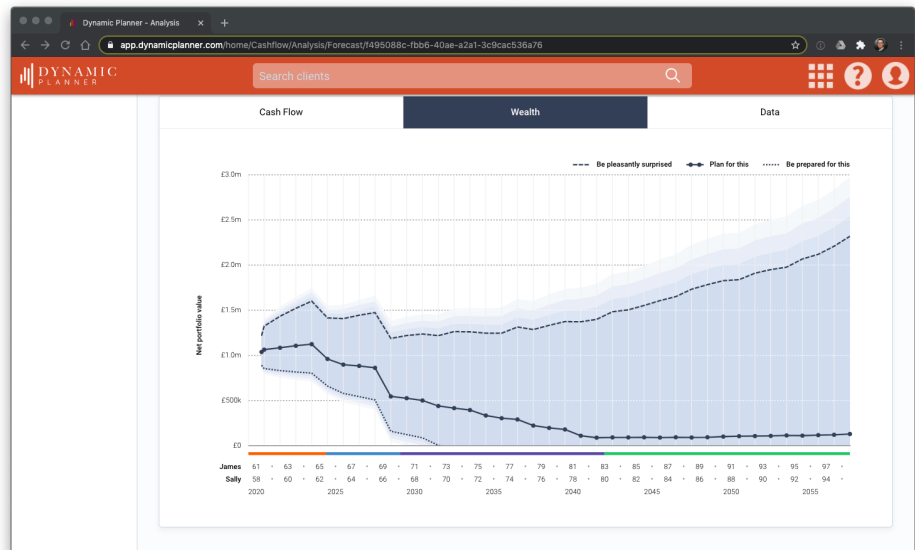
The stochastic modelling result is shown clearly and we especially like the client-friendly terms used - 'be pleasantly surprised', 'plan for this' and 'be prepared for this' - to explain the 5th, 50th and 95th percentile outcomes. Once again, this is a clear chart showing the potential outcomes overlaid on the timeline and life phases that we've set up.

The third tab is a data report that shows a year by year breakdown of the money coming in and going out as well as the resulting portfolio value. This is another easy way to sense check what's happening in the forecast.

How long will our portfolio last?

This is a very nice addition to the tool. Although it's possible to work this out in some other tools, the implementation and presentation of this element is excellent in Dynamic Planner Cash Flow.

Other tools we have seen give a percentage chance of success for the plan, as well as a running out age. We're not convinced that a

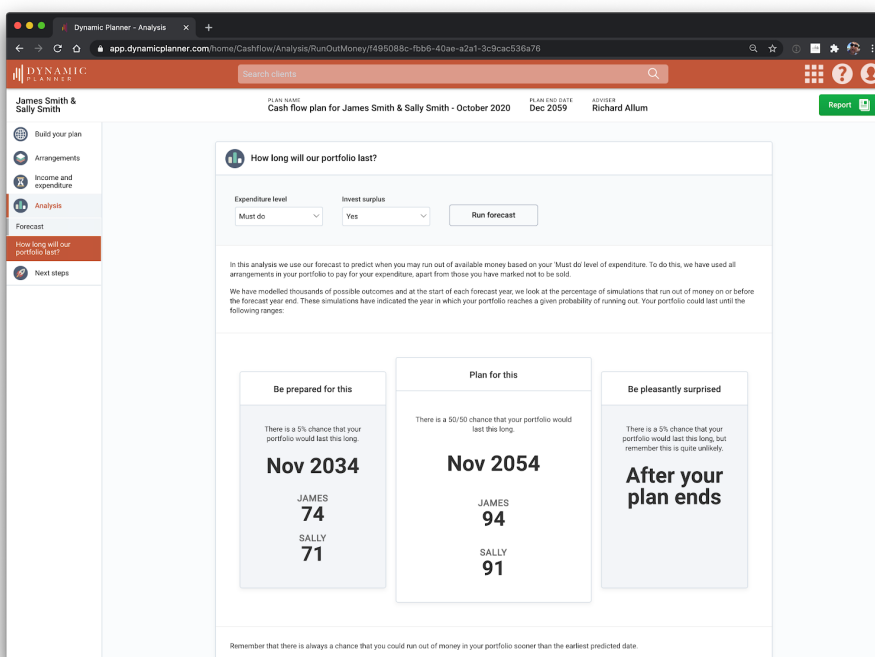


Above: The wealth chart with stochastic forecasts

chance of success measure will be clearly understood by most clients. Presenting this only in terms of when they might run out is clear and simple to understand.

When it comes to next steps, we've noted the only option is to select which expenditure level to use to pre-populate the report, in addition to the option to add free text. Most cash flow tools we use will allow outputs using an assumption for how surpluses are treated, so it is a little unusual that this isn't an option. There is always the risk of underestimated expenditure in cash flow so showing the

position assuming everything is spent is wise. It would also be helpful for the user to have the option to be able to demonstrate in the report the scenario where all surpluses are invested instead. That could leave the client with something to ponder after the meeting. We understand that more options in this area are being looked at.



Left: How long will the portfolio last?

THE REPORT

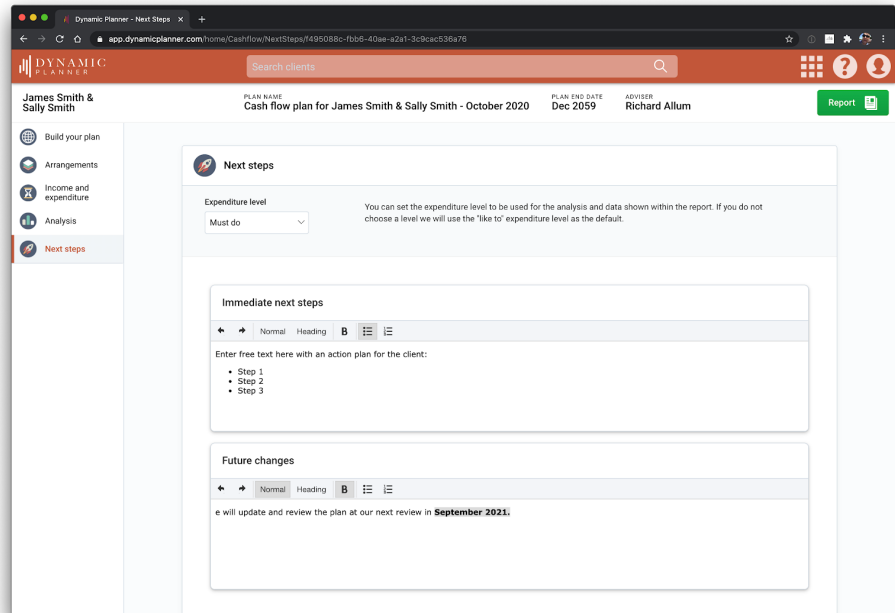
The quality of the report stands out and customisation options, in browsers or in Word, are excellent.

In comparison to the outputs from other systems, it is setting the standard.

Using the toggles and selecting what will be included in the report is very easy. There are also options to choose from different themes. You can download in Word or PDF, with a special option for those who wish to print, and this is a nice feature.

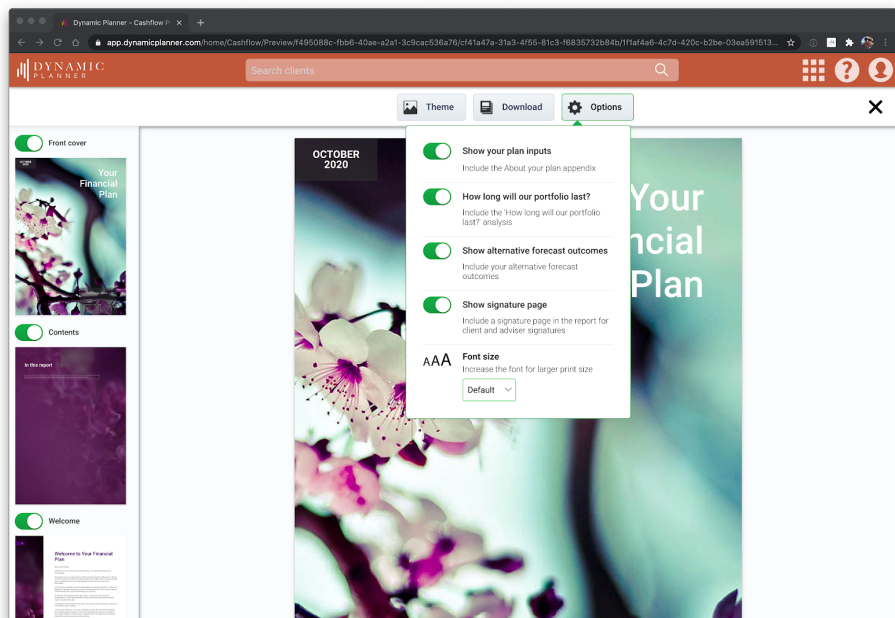
The report is well laid out with the salient, tangible points that the client wants to see front and centre, with the detail (such as data tables) in the appendices.

An example of the report is attached at the end of our review.



Above: Free text input screen

Below: Report options and customisation



HOW WE'D USE THE TOOL

INTEGRATIONS

This tool is useful for:

- Accumulation planning
- Saving for a specific purpose
- Near or at-retirement planning
- Later life and care planning

It is clearly not intended to be a complex tax planning tool. It covers the basics well and more features are being developed. As paraplanners, we like to know what's going on under the bonnet and while there's a fine balance between ease of use and simplified assumptions, it's important that users understand what the calculations and analysis are based on. We'd like to know more about the assumptions driving the tool.

It's likely we wouldn't use this system for full defined benefit pension transfer advice, because of the simplified tax assumptions, and this kind of advice requires a very detailed tool. However, we think it could be powerful for abridged defined benefit advice. The ability to test the viability of drawing scheme income in a financial plan using stochastic modelling could really help clients understand the value of what they already have.

Cash Flow is one of three new tools Dynamic Planner has released. The other two are for risk profiling and client reviews. The ability for client data to flow through the system without any duplication of data entry is a real benefit. It is also possible to link to a wide number of investment and product providers to pull through and update actual values in real time. These two features save time and improve accuracy.

OUR THOUGHTS IN SUMMARY

We feel that, in general, there is an increasing need for stochastic cash flow modelling in financial planning, and it's become a vital part of decumulation planning.

Of the tools we have seen, this is the easiest to navigate and use. It is highly customisable, but remains simple at the same time. It's clear a lot of thought has been given to the user and the client, which helps Dynamic Planner Cash Flow stand out from some other cash flow systems.

The report is excellent. There is enough detail in there to get the message across without overwhelming the client. It will help conversations rather than hinder.

In short, we would like to pat Dynamic Planner on the back for creating this tool and we're looking forward to using it.

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NOV 2020

Your Financial Plan

James & Sally Smith

Prepared by:
Richard Allum
03 Nov 2020 - 01 Dec 2059

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Welcome to Your Financial Plan

Dear James & Sally

Following our recent discussions and meetings, I am pleased to present your financial plan.

This shows how you may be able to meet the financial goals we discussed. It shows how the investment portfolio we have created for you might perform over the coming years, including the income it might generate to help meet your day-to-day expenditure.

As the future is uncertain, we cannot guarantee any particular outcome. To show the likelihood of different outcomes, we have included a forecast which shows a range of possible results that could be achieved by your portfolio.

At the back of this report we have also shown a summary of your financial arrangements, income and expenditure, along with the key assumptions we have made in preparing this plan.

If anything in the report looks inaccurate or you require further explanation, please do not hesitate to get in contact.

Your financial needs are, of course, constantly evolving. We will review and update your progress against this plan as part of the annual review service we provide to you. In the meantime, if there are any changes to your circumstances or goals that could affect your financial plan, do let me know.

Kind regards,

Richard Allum

1. Your current position

We look at your current financial position including your incomes, expenditures, investments, and pensions to measure the likelihood of meeting your financial objectives

About you

Name	Current age	State retirement age
James	60	66
Sally	57	67

Your expenditure levels explained

In your report, we group your expenditure into three different levels to help with planning and forecasting and so you can see how your plan could be affected at these different expenditure levels. Your three levels of expenditure are:

- **Must do** - This level covers all your essential expenditure and your everyday living costs.
- **Like to** - This level covers all your **"Must do"** expenditure plus those little luxuries like a holiday or club memberships.
- **Dream of** - This level covers all your **"Must do"** and **"Like to"** expenditure plus big items like multiple holidays and new cars.

Your incomes and expenditures

CURRENT INCOME (BEFORE TAX)	CURRENT INCOME (AFTER TAX)	CURRENT EXPENDITURE	SURPLUS / DEFICIT
£135,903	£88,454	£50,000	£38,454

From the information provided you expect to have a balanced cash flow over the next 12 months based on your **"Must do"** level of expenditure. This means you plan to spend the same as you receive in income, after tax.

Your life phases

To help map out your financial plan, we agreed upon the following broad life phases for you.

Phase name	Phase duration	Phase ages	
Pre-retirement	Oct 2020 - Sep 2025	James 60 - 65	Sally 57 - 62
James retirement	Oct 2025 - Jun 2030	James 65 - 70	Sally 62 - 66
Sally retirement	Jul 2030 - Jun 2043	James 70 - 83	Sally 67 - 79
Late retirement	Jul 2043 - Dec 2059	James 83 - 99	Sally 80 - 96

Your portfolio

We have listed the investments and other assets you hold and their current values. This portfolio, if required, will be used to help provide the income you are looking to take at your chosen retirement date.

	Valuation date	Value	Risk profile
James & Sally			
General Investment Account (Aegon (previously Cofunds))	01/10/2020	£160,000	4
James			
ISA (7IM)	01/10/2020	£150,000	6
SIPP (AJ Bell)	01/10/2020	£600,000	5
Sally			
ISA (Ascentric)	01/10/2020	£110,000	5
Total		£1,020,000	

2. How long will our portfolio last?

We forecast how long you might be able to sustain your "Must do" level of expenditure based on your available level of income and by drawing down on your investments.

In this analysis we use our forecast to predict when you may run out of available money based on your "**Must do**" level of expenditure. To do this, we have used all arrangements in your portfolio to pay for your expenditure, apart from those you have marked not to be sold.

We have modelled thousands of possible outcomes and at the start of each forecast year, we look at the percentage of simulations that run out of money on or before the forecast year end. These simulations have indicated the year in which your portfolio reaches a given probability of running out. Your portfolio could last until the following ranges:

Be prepared for this	Plan for this	Be pleasantly surprised
There is a 5% chance that your portfolio would last this long.	There is a 50/50 chance that your portfolio would last this long.	There is a 5% chance that your portfolio would last this long, but remember this is quite unlikely.
Nov 2030	Nov 2036	After your plan ends
James 70	James 76	
Sally 67	Sally 73	

Remember that there is always a chance that you could run out of money in your portfolio sooner than the earliest predicted date.

Our assumptions

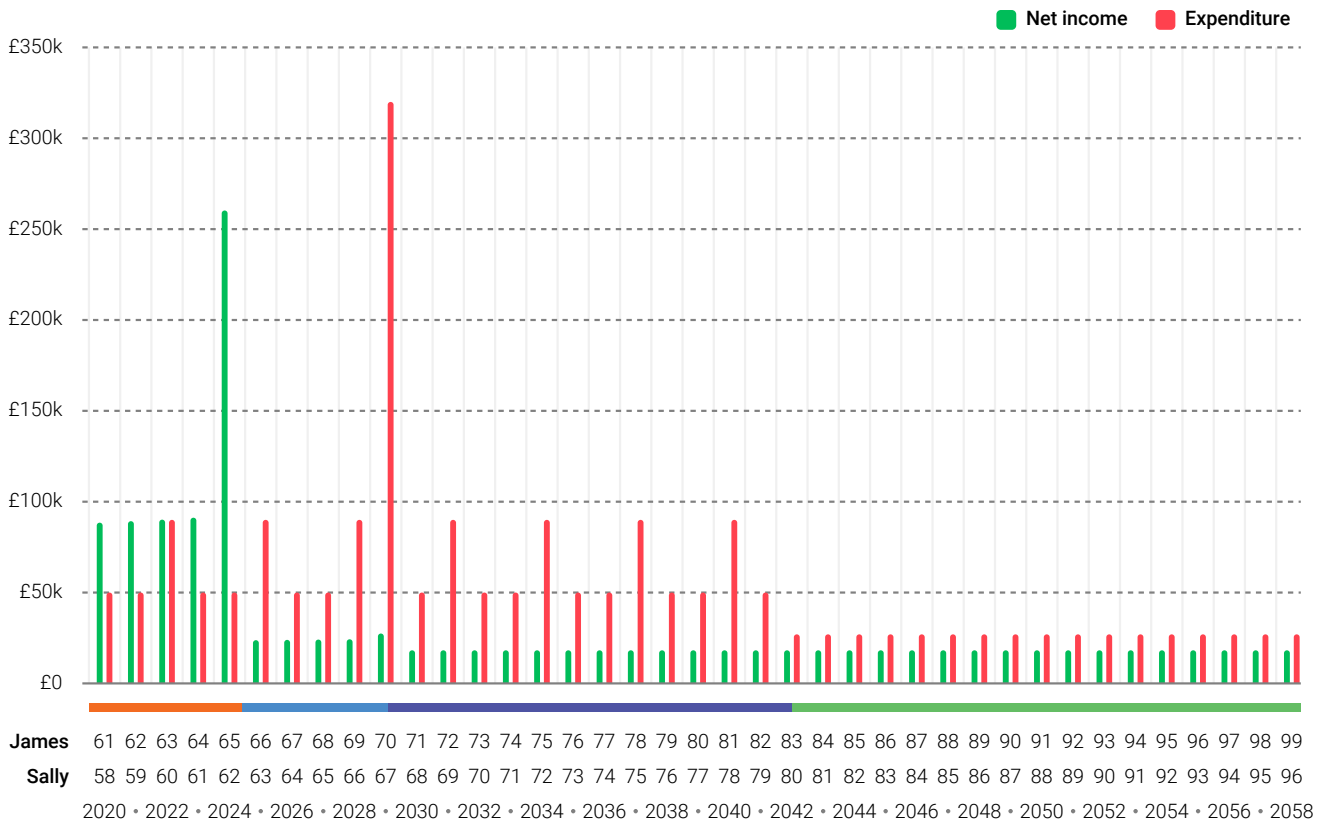
The above analysis is based on the following assumptions:

- Meeting your "**Must do**" level of expenditure over the duration of your plan.
- The age and date shown is the first year in which your portfolio reaches £0 or less (when your expenditure exceeds your income in a given forecast year) in a specified proportion of simulations.
- Incomes could still be coming in after your portfolio has reached £0 but they might be insufficient to fund your expenditure.
- Other income may be available and included from sources besides your portfolio (such as your state pension, any annuities or other defined benefit (or 'final salary') employer pensions).
- The ranges shown are not finite and your portfolio could always exceed the values shown.
- Pensions are only used to provide income from age 55 onwards.
- The forecasting methodology identifies the first forecast year that the stated percentage (e.g. 5%) of people will reach without running out of available money. It could be the case that more than 5% of people would reach that date, but 5% would not make it to the following year without having financial difficulty.

3. Your income and wealth forecast

Based on your current financial position, we forecast the potential for future growth and income from your portfolio.

Your income forecast

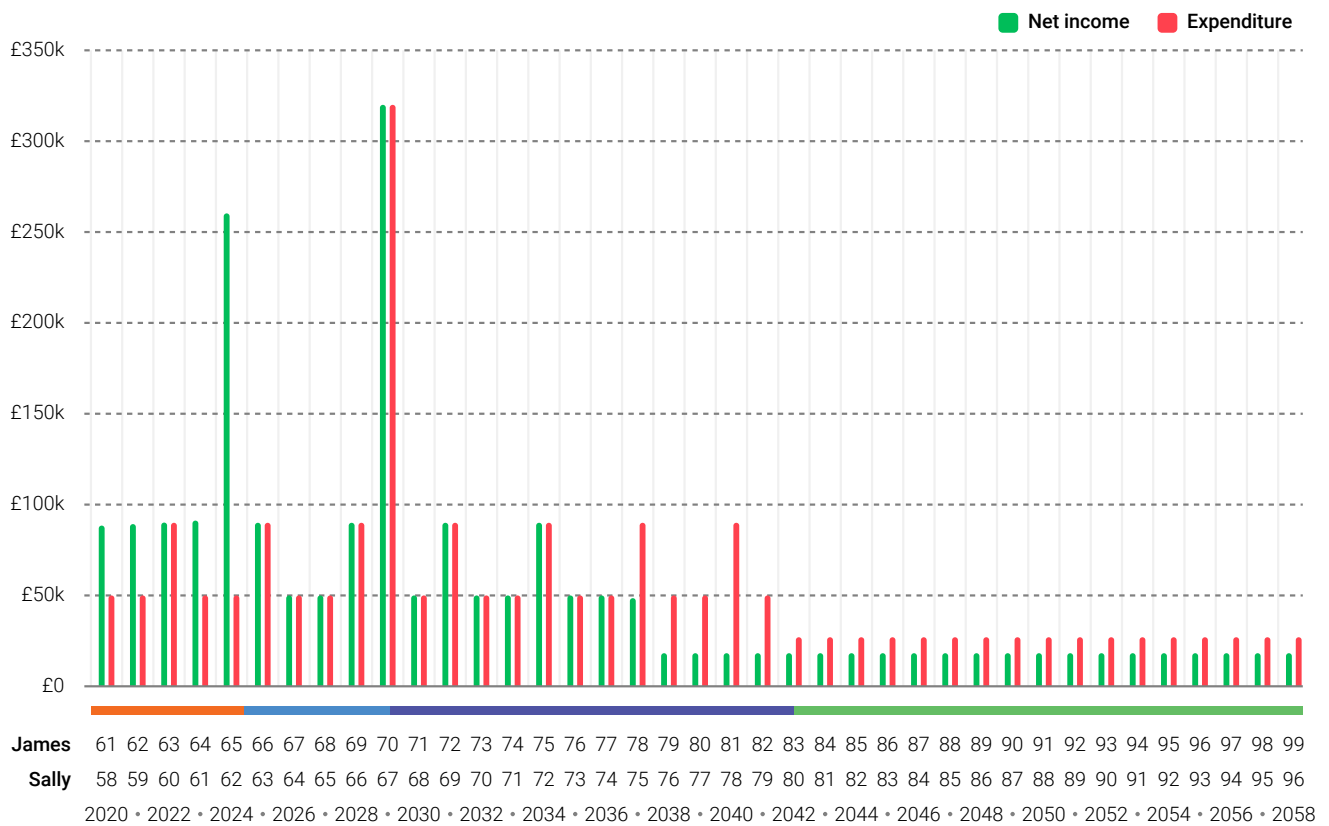


The chart above shows your forecast net income (after tax) and your projected **"Must do"** expenditure. This forecast is based on your portfolio growing in line with the **"Plan for this"** outcome.

You can also see the lower **"Be prepared for this"** and higher **"Be pleasantly surprised"** growth outcomes in the appendices to this report.

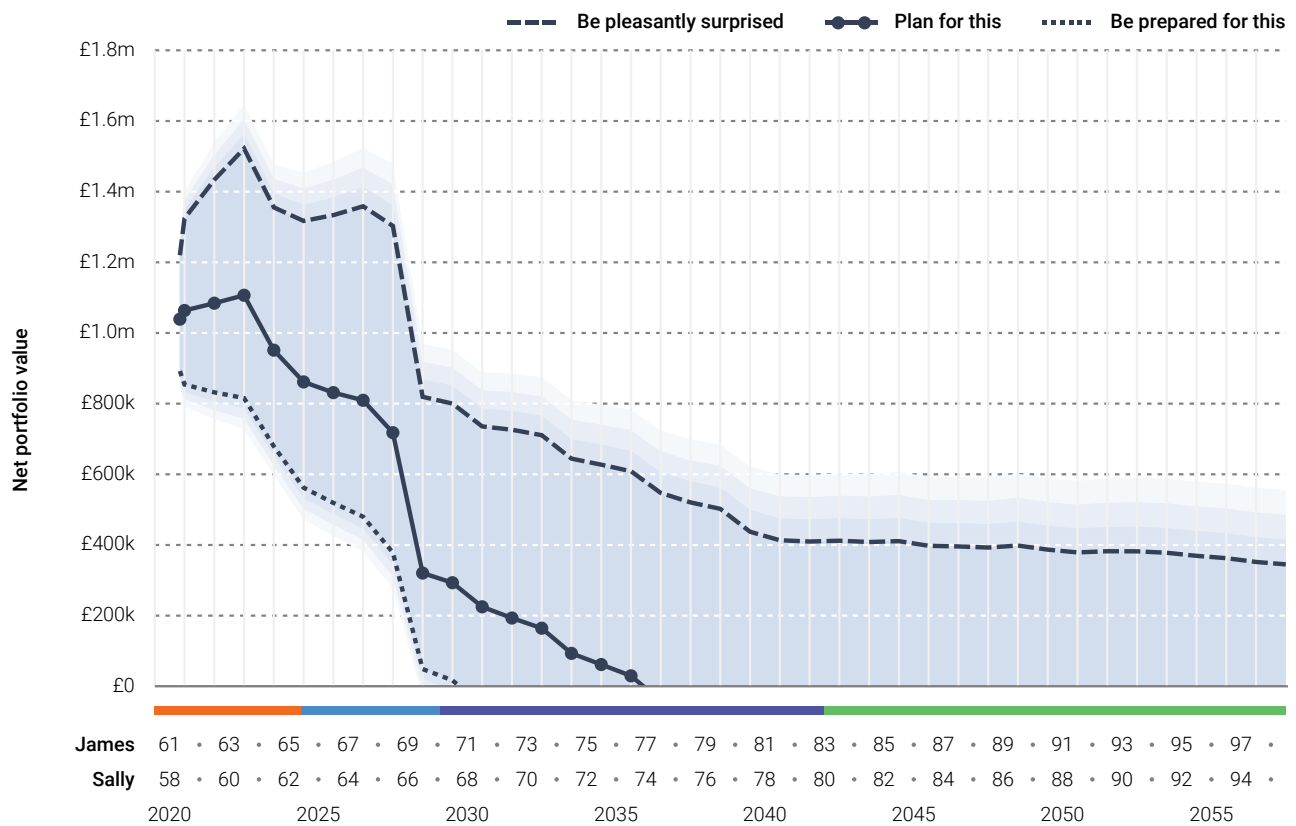
Income tax has been calculated based on the current tax year's standard UK tax rates and bands. The forecast is shown in 'real' terms – i.e. what your future income would worth in today's money – and assumes annual inflation (how much the prices of goods and service rise) of 2.5% a year.

Where you can see that your red expenditure is greater than your green income, we refer to this as a shortfall. When this occurs in real life you have to take some action; borrow, spend less, earn more or spend your investment. This is a forecast of the future, so that you can see how you could spend your investments to meet your income the chart below shows a different income and expenditure forecast with the necessary income being taken from your investment to meet the shortfall. This does not mean that this will happen, when you find yourself in this situation you should take our advice as to the best option depending on your circumstances at that time.



Where you have several investments for the purpose of the forecast, we have applied current best practice as to which investment would normally be spent first and which would be left invested longest. This is only indicative and when the time comes you should take advice which considers your current situation, the general tax rules and the specific rules applying to your investments.

Your wealth forecast



The wealth forecast above shows the potential future value of your investment and pension portfolio after charges. If in any year your required expenditure cannot be met by the income generated by your portfolio, a portion of your portfolio would be disinvested to make up the shortfall, which could reduce your portfolio's overall value.

The three outcomes which are shown are:

Be prepared for this – This outcome assumes a lower-than-average level of investment growth, including investment loss. There is a 5% chance of your portfolio seeing this outcome or worse.

Plan for this – This outcome assumes an average level of investment growth (and is the assumption we use throughout this report). There is a 50/50 chance of your portfolio performing better or worse than this.

Be pleasantly surprised – This outcome assumes a higher- than- average level of investment growth. There is a 5% chance of your portfolio seeing this outcome or better.

For a full breakdown of the inputs, assumptions, and data used to calculate this forecast please see the appendices at the end of this report.

4. Next steps

As part of our ongoing review service, we explain the next steps to take to ensure you have the best chance of meeting your financial plan.

- We show how your portfolio is working to meet your financial goals.
- We have included a forecast which shows a range of possible results that could be achieved by your portfolio.
- We show a summary of your financial arrangements, incomes, and expenditures, along with the key assumptions we have made in preparing this plan.

Immediate next steps

Please read through the report and let me know if you have any questions.

Future changes

We will update and review the plan at our next review in **September 2021**.

Please review this report and come back to me with any questions or comments.

Once you are happy with this report, please sign and return a copy to me and retain the other copy for your records.

Appendices



A: About your plan

Lots of information has been used to help create a suitable financial plan for you. Below are details of your current and expected income and expenditure, and the current composition of your investment portfolio. Do let me know if anything is incorrect or missing so I can ensure my advice to you is based on the most accurate information.

Your incomes

These are sources of regular income you are currently receiving or expect to receive in the future.

Name	Type	Owner	Amount	Annual increase	Frequency	Starting	Ending
Salary	Salary or wages (gross)	James	£10,000	Earnings inflation	Monthly	Oct 2020	Sep 2025
Salary	Salary or wages (gross)	Sally	£1,250	Earnings inflation	Monthly	Oct 2020	Jun 2030
State pension for James	State pension (gross)	James	£9,110	Price inflation	Annually	Jan 2026	Rest of life
State pension for Sally	State pension (gross)	Sally	£9,110	Price inflation	Annually	Jul 2030	Rest of life

Your expenditures

These are the key day-to-day and one-off expenses you expect to have to meet out of your income.

Name	Type	Owner	Amount	Annual increase	Frequency	Starting	Ending
Basic living costs	Other	James & Sally	£20,000	Price inflation	Annually	Oct 2020	Dec 2059
Leisure and holidays	Other	James & Sally	£30,000	Price inflation	Annually	Oct 2020	Jun 2043
New cars	Other	James	£40,000	Price inflation	Every 3 years	Oct 2020	Jun 2043
Gift to grandchildren	Other	James & Sally	£250,000		One-off	Jul 2030	
Travel when Sally retires	Other	James & Sally	£20,000		One-off	Jul 2030	
Cleaner and gardiner	Other	James & Sally	£7,000	Price inflation	Annually	Jul 2043	Dec 2059

Your investments and pensions

These are all the holdings included in your investment portfolio, including any new investment contributions you are making and any withdrawals you are taking out. 'Disinvestment priority' indicates the order in which you wish investments to be sold to meet any shortfall in the income you need to receive from your portfolio.

ISA (7IM)

Owner	Value	Risk profile	Assumed charges (%)	Disinvestment priority
James	£150,000	6	1.20%	3

ISA (Ascentric)

Owner	Value	Risk profile	Assumed charges (%)	Disinvestment priority
Sally	£110,000	5	1.30%	2

General Investment Account (Aegon (previously Cofunds))

Owner	Value	Risk profile	Assumed charges (%)	Disinvestment priority
James & Sally	£160,000	4	1.40%	1

SIPP (AJ Bell)

Owner	Value	Risk profile	Assumed charges (%)	Disinvestment priority
James	£600,000	5	1.25%	4

Contributions

Payer	Amount	Frequency	Starting	Ending
Employer	£1,000	Monthly	Oct 2020	Sep 2025

Withdrawals

Type	Amount	Frequency	Starting	Ending
PCLS	Forecasted			
Flexi-access drawdown	£1	Annually	Oct 2025	Rest of life

B: Your full incomes, expenditures, and portfolio value forecast

Below are full details of your forecast year-by-year incomes and expenditures and the potential changes in the value of your portfolio. Expenditure is based on the **"Must do"** level. Portfolio performance is based on our average **"Plan for this"** forecast outcome.

Year	James's age	Sally's age	Income (net real)	Expenditure (real)	Portfolio value	Debt
Nov 2020	61	58	£88,454	£50,000	£1,039,060	£0
Nov 2021	62	59	£89,276	£50,000	£1,063,613	£0
Nov 2022	63	60	£90,110	£90,000	£1,084,279	£0
Nov 2023	64	61	£91,193	£50,000	£1,106,777	£0
Nov 2024	65	62	£260,258	£50,000	£951,348	£0
Nov 2025	66	63	£90,000	£90,000	£861,522	£0
Nov 2026	67	64	£50,000	£50,000	£831,250	£0
Nov 2027	68	65	£50,000	£50,000	£809,506	£0
Nov 2028	69	66	£90,000	£90,000	£717,768	£0
Nov 2029	70	67	£320,000	£320,000	£320,516	£0
Nov 2030	71	68	£50,000	£50,000	£293,206	£0
Nov 2031	72	69	£90,000	£90,000	£225,030	£0
Nov 2032	73	70	£50,000	£50,000	£193,252	£0
Nov 2033	74	71	£50,000	£50,000	£164,446	£0
Nov 2034	75	72	£90,000	£90,000	£93,215	£0
Nov 2035	76	73	£50,000	£50,000	£61,636	£0
Nov 2036	77	74	£50,000	£50,000	£29,624	£0
Nov 2037	78	75	£48,513	£90,000	£0	-£41,487
Nov 2038	79	76	£18,221	£50,000	£0	-£73,266
Nov 2039	80	77	£18,221	£50,000	£0	-£105,045
Nov 2040	81	78	£18,221	£90,000	£0	-£176,825
Nov 2041	82	79	£18,221	£50,000	£0	-£208,604
Nov 2042	83	80	£18,221	£27,000	£0	-£217,383
Nov 2043	84	81	£18,221	£27,000	£0	-£226,162

Year	James's age	Sally's age	Income (net real)	Expenditure (real)	Portfolio value	Debt
Nov 2044	85	82	£18,221	£27,000	£0	-£234,941
Nov 2045	86	83	£18,221	£27,000	£0	-£243,721
Nov 2046	87	84	£18,221	£27,000	£0	-£252,500
Nov 2047	88	85	£18,221	£27,000	£0	-£261,279
Nov 2048	89	86	£18,221	£27,000	£0	-£270,058
Nov 2049	90	87	£18,221	£27,000	£0	-£278,837
Nov 2050	91	88	£18,221	£27,000	£0	-£287,617
Nov 2051	92	89	£18,221	£27,000	£0	-£296,396
Nov 2052	93	90	£18,221	£27,000	£0	-£305,175
Nov 2053	94	91	£18,221	£27,000	£0	-£313,954
Nov 2054	95	92	£18,221	£27,000	£0	-£322,733
Nov 2055	96	93	£18,221	£27,000	£0	-£331,513
Nov 2056	97	94	£18,221	£27,000	£0	-£340,292
Nov 2057	98	95	£18,221	£27,000	£0	-£349,071
Nov 2058	99	96	£18,221	£27,000	£0	-£357,850

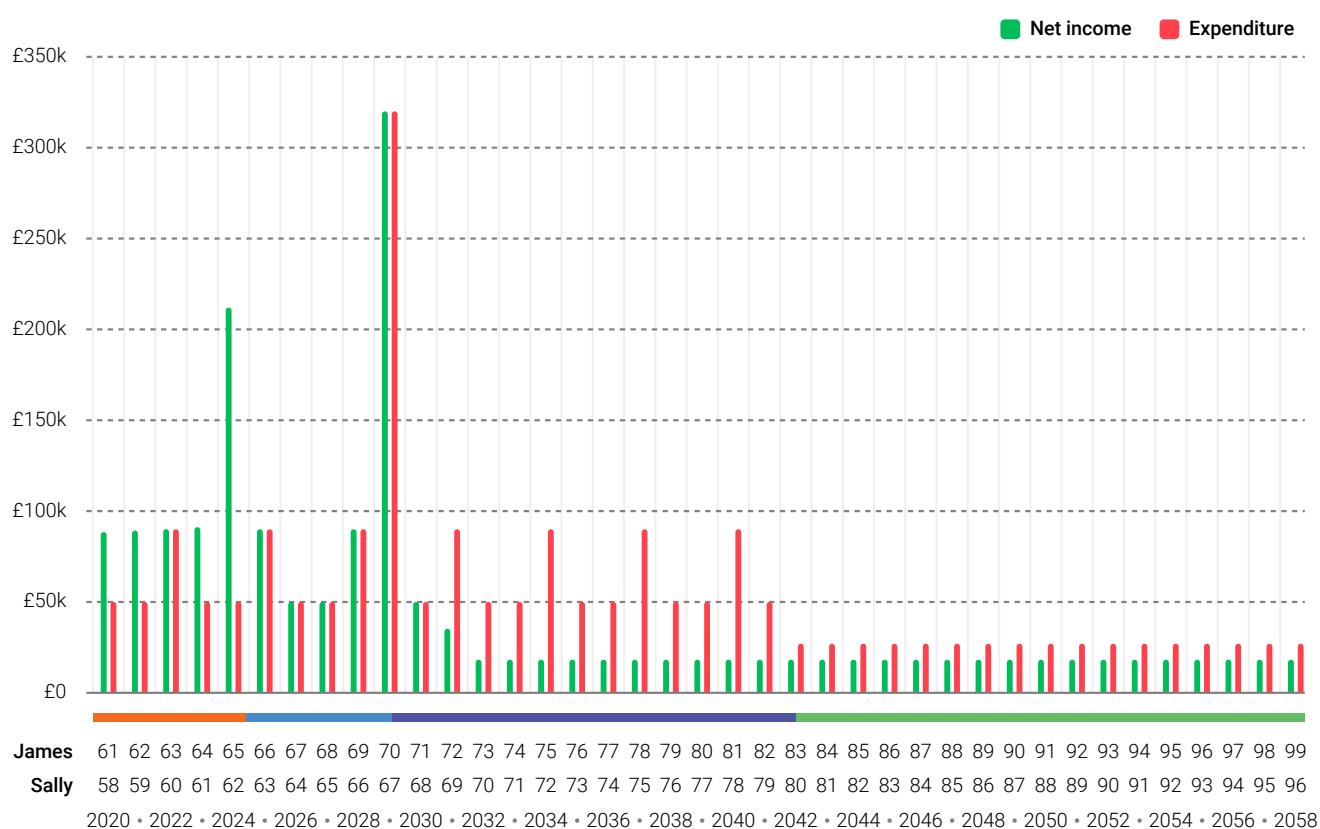
C: Your alternative forecast outcomes

As the future is uncertain, we cannot guarantee any financial outcome. We therefore look to show a range of possible results that could be achieved by your portfolio under different market conditions.

Throughout this report, we have used figures based on our **"Plan for this"** forecast, which assumes average returns from investment markets. Below are two further forecasts to show the potential impact of very different market conditions on your portfolio. Please note that these forecasts are for illustration only and we cannot guarantee what outcome will be achieved.

The "Be prepared for this" outcome

This is our worse-than-average scenario, which shows what could happen to your portfolio if investment markets suffer poor returns including sustained losses. There is a 5% chance your portfolio could achieve this performance or worse, so it is important to be prepared for it.



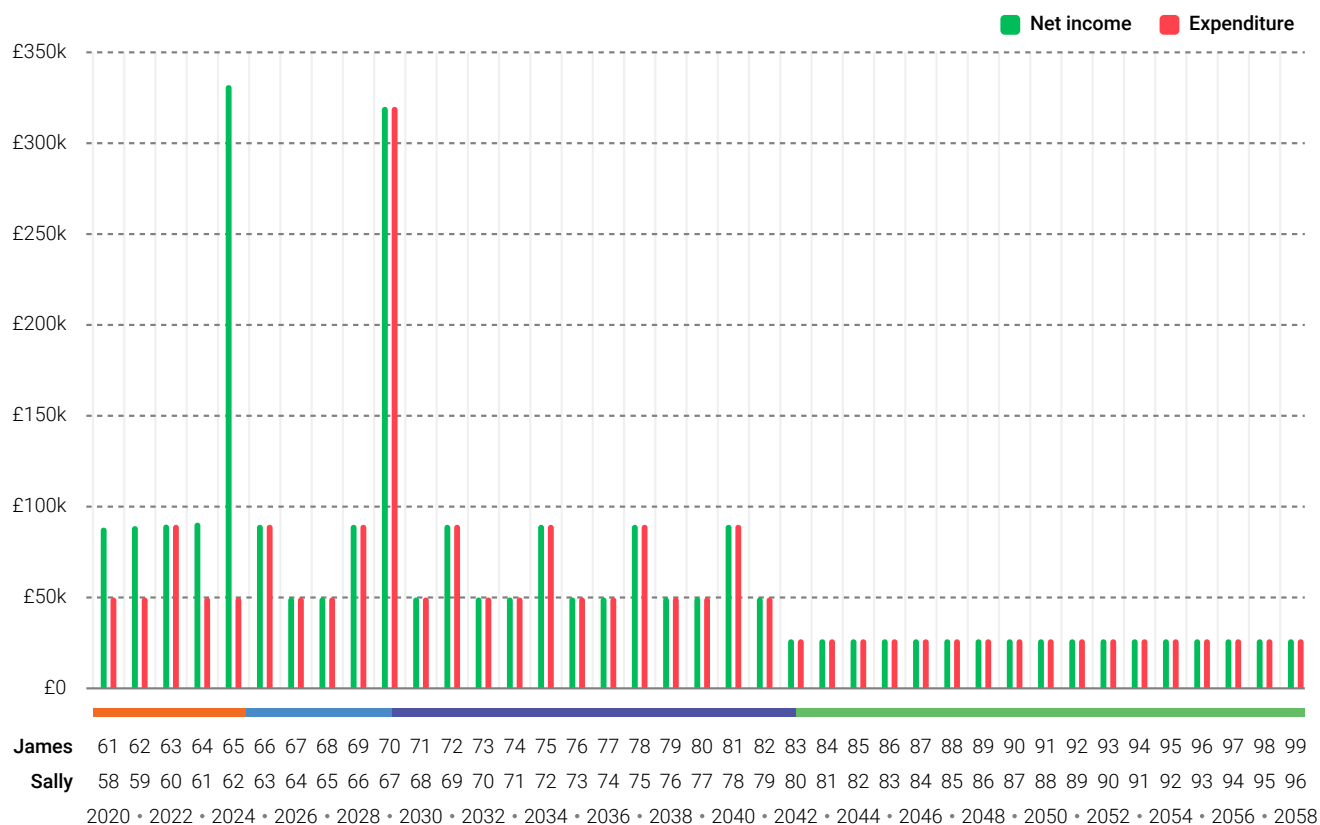
Year	James's age	Sally's age	Income (net real)	Expenditure (real)	Portfolio value	Debt
Nov 2020	61	58	£88,454	£50,000	£892,302	£0
Nov 2021	62	59	£89,276	£50,000	£854,247	£0
Nov 2022	63	60	£90,110	£90,000	£832,038	£0
Nov 2023	64	61	£91,193	£50,000	£815,706	£0
Nov 2024	65	62	£211,961	£50,000	£679,182	£0

Year	James's age	Sally's age	Income (net real)	Expenditure (real)	Portfolio value	Debt
Nov 2025	66	63	£90,000	£90,000	£562,163	£0
Nov 2026	67	64	£50,000	£50,000	£519,074	£0
Nov 2027	68	65	£50,000	£50,000	£479,988	£0
Nov 2028	69	66	£90,000	£90,000	£378,570	£0
Nov 2029	70	67	£320,000	£320,000	£48,802	£0
Nov 2030	71	68	£50,000	£50,000	£16,990	£0
Nov 2031	72	69	£35,232	£90,000	£0	-£54,768
Nov 2032	73	70	£18,221	£50,000	£0	-£86,547
Nov 2033	74	71	£18,221	£50,000	£0	-£118,327
Nov 2034	75	72	£18,221	£90,000	£0	-£190,106
Nov 2035	76	73	£18,221	£50,000	£0	-£221,885
Nov 2036	77	74	£18,221	£50,000	£0	-£253,664
Nov 2037	78	75	£18,221	£90,000	£0	-£325,443
Nov 2038	79	76	£18,221	£50,000	£0	-£357,223
Nov 2039	80	77	£18,221	£50,000	£0	-£389,002
Nov 2040	81	78	£18,221	£90,000	£0	-£460,781
Nov 2041	82	79	£18,221	£50,000	£0	-£492,560
Nov 2042	83	80	£18,221	£27,000	£0	-£501,339
Nov 2043	84	81	£18,221	£27,000	£0	-£510,119
Nov 2044	85	82	£18,221	£27,000	£0	-£518,898
Nov 2045	86	83	£18,221	£27,000	£0	-£527,677
Nov 2046	87	84	£18,221	£27,000	£0	-£536,456
Nov 2047	88	85	£18,221	£27,000	£0	-£545,235
Nov 2048	89	86	£18,221	£27,000	£0	-£554,015
Nov 2049	90	87	£18,221	£27,000	£0	-£562,794
Nov 2050	91	88	£18,221	£27,000	£0	-£571,573
Nov 2051	92	89	£18,221	£27,000	£0	-£580,352
Nov 2052	93	90	£18,221	£27,000	£0	-£589,131
Nov 2053	94	91	£18,221	£27,000	£0	-£597,911

Year	James's age	Sally's age	Income (net real)	Expenditure (real)	Portfolio value	Debt
Nov 2054	95	92	£18,221	£27,000	£0	-£606,690
Nov 2055	96	93	£18,221	£27,000	£0	-£615,469
Nov 2056	97	94	£18,221	£27,000	£0	-£624,248
Nov 2057	98	95	£18,221	£27,000	£0	-£633,027
Nov 2058	99	96	£18,221	£27,000	£0	-£641,807

The "Be pleasantly surprised" outcome

This is our better-than-average scenario, which shows what could happen to your portfolio if investment markets experience strong performance. There is a 5% chance your portfolio could achieve this performance or better – so although there is a small likelihood it could happen; it must never be relied upon.



Year	James's age	Sally's age	Income (net real)	Expenditure (real)	Portfolio value	Debt
Nov 2020	61	58	£88,454	£50,000	£1,220,075	£0
Nov 2021	62	59	£89,276	£50,000	£1,324,223	£0
Nov 2022	63	60	£90,110	£90,000	£1,433,422	£0
Nov 2023	64	61	£91,193	£50,000	£1,521,872	£0

Year	James's age	Sally's age	Income (net real)	Expenditure (real)	Portfolio value	Debt
Nov 2024	65	62	£331,975	£50,000	£1,355,519	£0
Nov 2025	66	63	£90,000	£90,000	£1,317,110	£0
Nov 2026	67	64	£50,000	£50,000	£1,333,544	£0
Nov 2027	68	65	£50,000	£50,000	£1,358,520	£0
Nov 2028	69	66	£90,000	£90,000	£1,303,145	£0
Nov 2029	70	67	£320,000	£320,000	£819,282	£0
Nov 2030	71	68	£50,000	£50,000	£800,218	£0
Nov 2031	72	69	£90,000	£90,000	£735,552	£0
Nov 2032	73	70	£50,000	£50,000	£726,174	£0
Nov 2033	74	71	£50,000	£50,000	£710,775	£0
Nov 2034	75	72	£90,000	£90,000	£644,314	£0
Nov 2035	76	73	£50,000	£50,000	£627,310	£0
Nov 2036	77	74	£50,000	£50,000	£608,701	£0
Nov 2037	78	75	£90,000	£90,000	£547,278	£0
Nov 2038	79	76	£50,000	£50,000	£520,459	£0
Nov 2039	80	77	£50,000	£50,000	£502,243	£0
Nov 2040	81	78	£90,000	£90,000	£437,390	£0
Nov 2041	82	79	£50,000	£50,000	£413,316	£0
Nov 2042	83	80	£27,000	£27,000	£409,748	£0
Nov 2043	84	81	£27,000	£27,000	£412,061	£0
Nov 2044	85	82	£27,000	£27,000	£408,449	£0
Nov 2045	86	83	£27,000	£27,000	£410,868	£0
Nov 2046	87	84	£27,000	£27,000	£397,704	£0
Nov 2047	88	85	£27,000	£27,000	£395,781	£0
Nov 2048	89	86	£27,000	£27,000	£392,713	£0
Nov 2049	90	87	£27,000	£27,000	£398,381	£0
Nov 2050	91	88	£27,000	£27,000	£386,809	£0
Nov 2051	92	89	£27,000	£27,000	£378,991	£0
Nov 2052	93	90	£27,000	£27,000	£382,336	£0

Year	James's age	Sally's age	Income (net real)	Expenditure (real)	Portfolio value	Debt
Nov 2053	94	91	£27,000	£27,000	£382,003	£0
Nov 2054	95	92	£27,000	£27,000	£377,922	£0
Nov 2055	96	93	£27,000	£27,000	£369,244	£0
Nov 2056	97	94	£27,000	£27,000	£362,639	£0
Nov 2057	98	95	£27,000	£27,000	£351,935	£0
Nov 2058	99	96	£27,000	£27,000	£345,090	£0

These figures show you your net income (i.e. after tax has been paid) and your projected **"Must do"** expenditure. Income tax has been calculated based on the current tax year's standard UK tax rates and bands. The forecast is shown in 'real' terms – i.e. what your future income would be worth in today's money – and assumes annual inflation (how much the prices of goods and service rise) of 2.5% a year.

Where you have several investments for the purpose of the forecast, we have applied current best practice as to which investment would normally be spent first and which would be left invested longest. This is only indicative and when the time comes you should take advice which considers your current situation, the general tax rules and the specific rules applying to your investments.

D: How we built your plan

Forecasting methodology

It is impossible to know for sure what will happen with investment markets in the future, so we have shown the typical range of potential outcomes by forecasting what could happen to your investments in the future. These projections are designed to give a feel for the likely outcome and are not a guarantee.

Your investments have been projected forwards using the Geometric Brownian motion model, which is widely used in finance and investment. It means that each month, the investment value changes, sometimes it goes up, sometimes it goes down, but is more likely to be close to the average than far away. The size of jump in price is linked to the volatility of the portfolio, and the tendency to rise rather than fall. The extent of this tendency is linked to the assumed average growth rate. The growth in previous months does not impact what might happen in the future.

The projection is repeated thousands of times, to give a view of the likely range of outcomes. The middle line of the charts (the **"Plan for this"** line) is the middle outcome of the projection, half the projections are below it and half are above. 5% of the projections end up below the **"Be prepared for this"** line and 5% end up above the **"Be pleasantly surprised"** line.

Assumptions

Your plan has been constructed based on the following assumptions:

- Standard UK tax rates and bands have been used when calculating your net income (i.e. after tax). Unless stated otherwise, all figures are quoted in 'real' terms – i.e. what your future income would be worth in today's money – and assume annual inflation (how much the prices of goods and service rise) of 2.5% a year.
- Other than income tax, no other personal tax has been included in our calculations. It is possible that you may be liable for additional taxes, such as capital gains tax on any profits you make on selling an investment. We will always look to advise you on the tax implications of any change to your financial plan, based on your financial position.
- The likely future growth of your investments has been determined using the risk profile listed. For each risk profile, an average growth rate and level of volatility are assigned, based on the assumptions developed by independent risk-profiling specialists Dynamic Planner, shown in the table below.

Dynamic Planner risk profiled portfolio	Assumed average growth rate	Assumed average volatility
Portfolio 1	-2.37%	0.01%
Portfolio 2	-0.49%	3.47%
Portfolio 3	0.52%	5.60%
Portfolio 4	1.57%	7.57%
Portfolio 5	2.68%	9.82%
Portfolio 6	3.49%	11.69%
Portfolio 7	4.37%	13.91%
Portfolio 8	4.86%	15.78%
Portfolio 9	5.42%	17.67%
Portfolio 10	5.93%	20.11%

E: Glossary of terms

ANNUAL REVIEW

The yearly assessment of your financial plan by your adviser to check that it is still suitable and performing as expected.

ASSET ALLOCATION

How a portfolio is allocated across different asset classes (e.g. cash, bonds, and equities/shares) to match an investor's objectives and risk profile.

CAPITAL GAINS TAX

A personal tax payable on the profits made on an investment or other asset (e.g. the difference between the value when it is bought and when it is sold, net of costs).

CASH FLOW

The balance between your income and your expenditure. If your cashflow is positive, you are receiving more income than you spend. If it is negative, you are spending more than the income you receive.

CASH ISA

A tax-free individual savings account created to hold savings deposits.

DISINVESTMENT PRIORITY

The order in which arrangements in your portfolio would be disinvested in any year to make up any shortfall in your required income.

EXPENDITURE LEVELS

Expenditure refers to the costs you need to meet out of your income. Three levels of expenditure can be included in your financial plan:

"Must do" - this level covers all your essential expenditure and every-day living costs.

"Like to" - this level covers all your "must do" expenditure plus those little luxuries like a holiday and club memberships.

"Dream of" - this level covers all your "must do" expenditure plus big items like multiple holidays and new cars.

FINANCIAL CONDUCT AUTHORITY (FCA)

The regulatory body that oversees financial services companies include financial advisers and asset managers.

FINANCIAL OMBUDSMAN SERVICE

An independent service to which consumers can appeal if they believe poor advice or service from an FCA-authorised firm has resulted in financial loss.

FINANCIAL PLAN

A plan created by an adviser in collaboration with a client to determine their financial objectives and how these should be achieved.

FORECASTED VALUE

The algorithm when used for the same input, may produce a different output in different runs.

FORECAST

An illustration of how much growth or income a portfolio might achieve in the future, based on certain performance assumptions.

GENERAL INVESTMENT ACCOUNT

A plan that lets you hold investments outside of a tax-efficient product such as an ISA or pension. There tends to be no limit to how much you can invest in a general investment account.

GROSS INCOME

The income from your investments or salary before any relevant income tax is taken off.

INCOME TAX

A personal tax payable on salary and interest and other income earned on savings and investments.

INDIVIDUAL SAVINGS ACCOUNT (ISA)

A tax-free investment wrapper that protects investments from income tax and capital gains tax liabilities.

INFLATION

The rate at which the prices of goods and services rise each year.

INVESTMENT PLATFORM

An online service that allows an investment portfolio, including ISAs and SIPPs to be monitored and managed securely and easily in one place.

LIFE PHASE

The different phases of your life, from work to retirement – each of which will have its own priorities and financial-planning requirements.

NET INCOME

The income you receive from your investments or salary once income tax is taken off.

OBJECTIVE

The goal for an investment; what the proceeds of investment are ultimately to be used for.

ONGOING REVIEW SERVICE

The service provided by an advisory firm to a client to ensure their arrangements remain suitable – typically includes an 'annual review' meeting and regular progress reports.

OPEN ENDED INVESTMENT COMPANY (OEIC)

A type of professionally managed investment fund that pools lots of different investments together. It is divided into shares of equal size whose price will rise and fall in line with the value of the fund's underlying investments.

PORTFOLIO

An individual investor's collection of investments.

REAL TERMS

A monetary value that has been adjusted to consider the effects of inflation on its buying power.

RISK

The potential for an investment to fluctuate in value or lose money.

RISK PROFILE

An assessment of an investor's attitude to, and capacity for, investment risk, based on their personal circumstances and preferences.

SELF-INVESTED PERSONAL PENSION (SIPP)

A type of pension plan that offers an investor extensive freedom as to what investments they hold in it.

STOCKS & SHARES ISA

A tax-free individual savings account created to hold stock market investments.

VOLATILITY

The tendency of investments and investment markets to fluctuate in value.

I confirm that I have read and understand the full content of this report.

Client signature	Client signature	Adviser signature
James Smith	Sally Smith	Richard Allum
Date	Date	Date

Contact information

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