

# Financial Plan Case Study Version 3, published August 2021

The following amendments have been made to the Financial Plan Case Study:

**Page 59** – text has been amended to read:

‘In order to establish a base asset allocation for your risk profile, I have based my recommended asset allocation using data within the FCA’s Investment Platforms Market Study: Interim Report: Annex 5 – Model Portfolio Review July 2018. Further details as to why I believe this reference is appropriate is provided in the appendices.

For planning purposes I believe the ‘balanced’ portfolio in figure 1 represents a level of risk appropriately aligned with an investor who is happy to take a medium level of risk because it offers the potential for long-term growth through exposure to equity and alternative investments, whilst reducing likely volatility through the use of bonds and cash.

The FCA’s study looked at a range of data for differing levels of risk profiles, and provided average asset allocations for several ‘imputed risk’ categories. Risk category 3 was shown to be the most common level of risk for funds labelled ‘balanced’ or ‘moderate’, and so I believe it is a good starting point to help derive a suitable asset allocation for your portfolio. Whilst figure 5.3 in the FCA’s study shows the average asset allocation for figure 3, amongst other risk categories, I have opted to recommend rounded figures for your asset allocation in order to keep things straightforward. Nevertheless, the recommended asset allocation is still within the ranges seen for ‘medium-risk’ investments in the FCA’s study, as demonstrated in figure 5.6.’

**Page 79** – text has been amended to read:

‘The real investment return utilised in this report for retirement planning is based on the balanced portfolio asset allocation recommended within the report. These allocations have been derived using the FCA’s Investment Platforms Market study: Interim Report: Annex 5 – Model Portfolio Review July 2018. Whilst there is no set standard asset allocation deemed for any given risk level, the study by the industry regulator is understood to have taken real data from a relatively wide range of unitised and non-unitised funds that are readily accessible to multiple consumers. Furthermore, I believe the FCA’s study is a good source to help derive a suitable asset allocation, as I believe they have no particular bias other than the interests of the proper functioning of the financial services industry in the best interests of the consumer.

The strategy recommended is made up of alternative investments/property, and cash in varying weightings. I have assumed that this should be a simple 50/50 split between corporate bonds and gilts, giving a simple arithmetic average return of 2.5% annualised.’

Example Financial Plan for Alan & Linda Wong

Year	Linda										Alan										Discount Rate		7.00%			
	Age	Retiral Income	Spouse Income	State Pension	State Benefits	Tax & S&L	Age	Salary	Dividends	State Pension	Tax & S&L	Net Household Income	Total Expenditure	Surplus/Shortfall	Present Value	Age	Retiral Income	Spouse Income	State Pension	State Benefits	Tax & S&L	Net Household Income	Total Expenditure	Surplus/Shortfall	Present Value	
2017	45	£ 30,000	£ 15,000	£ -	£ 5,800	£ 600	45	£ 8,800	£ 20,000	£ -	£ 3,500	£ 72,900	£ 66,500	£ 6,400	£ 8,477	45	£ 8,800	£ 20,000	£ -	£ 5,800	£ 600	£ 3,500	£ 72,900	£ 66,500	£ 6,400	£ 8,477
2018	46	£ 30,000	£ 17,883	£ -	£ -	£ 750	46	£ 8,800	£ 20,000	£ -	£ 3,500	£ 74,703	£ 66,250	£ 8,453	£ 8,333	46	£ 8,800	£ 20,000	£ -	£ -	£ -	£ 3,500	£ 74,703	£ 66,250	£ 8,453	£ 8,333
2019	47	£ 31,212	£ 18,419	£ -	£ -	£ 848	47	£ 8,800	£ 20,808	£ -	£ 3,416	£ 76,115	£ 67,960	£ 8,147	£ 7,822	47	£ 8,800	£ 20,808	£ -	£ -	£ -	£ 3,416	£ 76,115	£ 67,960	£ 8,147	£ 7,822
2020	48	£ 31,836	£ 18,972	£ -	£ -	£ 973	48	£ 8,800	£ 21,234	£ -	£ 3,499	£ 77,500	£ 69,115	£ 8,385	£ 7,294	48	£ 8,800	£ 21,234	£ -	£ -	£ -	£ 3,499	£ 77,500	£ 69,115	£ 8,385	£ 7,294
2021	49	£ 32,473	£ 19,541	£ -	£ -	£ 1,103	49	£ 8,800	£ 21,649	£ -	£ 3,584	£ 78,918	£ 70,718	£ 8,204	£ 6,758	49	£ 8,800	£ 21,649	£ -	£ -	£ -	£ 3,584	£ 78,918	£ 70,718	£ 8,204	£ 6,758
2022	50	£ 33,122	£ 20,122	£ -	£ -	£ 1,230	50	£ 8,800	£ 22,082	£ -	£ 3,670	£ 80,371	£ 72,400	£ 7,971	£ 6,220	50	£ 8,800	£ 22,082	£ -	£ -	£ -	£ 3,670	£ 80,371	£ 72,400	£ 7,971	£ 6,220
2023	51	£ 33,785	£ 20,713	£ -	£ -	£ 1,365	51	£ 8,800	£ 22,534	£ -	£ 3,759	£ 81,860	£ 74,117	£ 7,743	£ 5,684	51	£ 8,800	£ 22,534	£ -	£ -	£ -	£ 3,759	£ 81,860	£ 74,117	£ 7,743	£ 5,684
2024	52	£ 34,461	£ 21,323	£ -	£ -	£ 1,508	52	£ 8,800	£ 23,014	£ -	£ 3,849	£ 83,383	£ 75,960	£ 7,423	£ 5,148	52	£ 8,800	£ 23,014	£ -	£ -	£ -	£ 3,849	£ 83,383	£ 75,960	£ 7,423	£ 5,148
2025	53	£ 35,150	£ 21,964	£ -	£ -	£ 1,646	53	£ 8,800	£ 23,514	£ -	£ 3,931	£ 84,930	£ 77,930	£ 7,000	£ 4,612	53	£ 8,800	£ 23,514	£ -	£ -	£ -	£ 3,931	£ 84,930	£ 77,930	£ 7,000	£ 4,612
2026	54	£ 35,853	£ 22,623	£ -	£ -	£ 1,777	54	£ 8,800	£ 24,024	£ -	£ 4,024	£ 86,503	£ 79,930	£ 6,573	£ 4,076	54	£ 8,800	£ 24,024	£ -	£ -	£ -	£ 4,024	£ 86,503	£ 79,930	£ 6,573	£ 4,076
2027	55	£ 36,570	£ 23,304	£ -	£ -	£ 1,910	55	£ -	£ -	£ -	£ 4,110	£ 88,103	£ 81,960	£ 6,143	£ 3,540	55	£ -	£ -	£ -	£ -	£ -	£ 4,110	£ 88,103	£ 81,960	£ 6,143	£ 3,540
2028	56	£ 37,303	£ 24,014	£ -	£ -	£ 2,046	56	£ -	£ -	£ -	£ -	£ 82,729	£ 84,000	£ 8,729	£ 3,003	56	£ -	£ -	£ -	£ -	£ -	£ -	£ 82,729	£ 84,000	£ 8,729	£ 3,003
2029	57	£ 38,052	£ 24,753	£ -	£ -	£ 2,184	57	£ -	£ -	£ -	£ -	£ 84,603	£ 86,000	£ 8,603	£ 2,469	57	£ -	£ -	£ -	£ -	£ -	£ -	£ 84,603	£ 86,000	£ 8,603	£ 2,469
2030	58	£ 38,818	£ 25,523	£ -	£ -	£ 2,324	58	£ -	£ -	£ -	£ -	£ 86,233	£ 88,000	£ 8,233	£ 1,934	58	£ -	£ -	£ -	£ -	£ -	£ -	£ 86,233	£ 88,000	£ 8,233	£ 1,934
2031	59	£ 39,599	£ 26,323	£ -	£ -	£ 2,463	59	£ -	£ -	£ -	£ -	£ 87,903	£ 90,000	£ 7,903	£ 1,400	59	£ -	£ -	£ -	£ -	£ -	£ -	£ 87,903	£ 90,000	£ 7,903	£ 1,400
2032	60	£ 40,396	£ 27,153	£ -	£ -	£ 2,603	60	£ -	£ -	£ -	£ -	£ 89,613	£ 92,000	£ 7,613	£ 866	60	£ -	£ -	£ -	£ -	£ -	£ -	£ 89,613	£ 92,000	£ 7,613	£ 866
2033	61	£ 41,199	£ 27,999	£ -	£ -	£ 2,743	61	£ -	£ -	£ -	£ -	£ 91,363	£ 94,000	£ 7,363	£ 312	61	£ -	£ -	£ -	£ -	£ -	£ -	£ 91,363	£ 94,000	£ 7,363	£ 312
2034	62	£ 42,007	£ -	£ -	£ -	£ 2,882	62	£ -	£ -	£ -	£ -	£ 93,153	£ 96,000	£ 7,153	£ -242	62	£ -	£ -	£ -	£ -	£ -	£ -	£ 93,153	£ 96,000	£ 7,153	£ -242
2035	63	£ 42,817	£ -	£ -	£ -	£ 3,021	63	£ -	£ -	£ -	£ -	£ 94,983	£ 98,000	£ 6,983	£ -492	63	£ -	£ -	£ -	£ -	£ -	£ -	£ 94,983	£ 98,000	£ 6,983	£ -492
2036	64	£ 43,628	£ -	£ -	£ -	£ 3,160	64	£ -	£ -	£ -	£ -	£ 96,853	£ 100,000	£ 6,853	£ -742	64	£ -	£ -	£ -	£ -	£ -	£ -	£ 96,853	£ 100,000	£ 6,853	£ -742
2037	65	£ 44,439	£ -	£ -	£ -	£ 3,300	65	£ -	£ -	£ -	£ -	£ 98,763	£ 102,000	£ 6,763	£ -992	65	£ -	£ -	£ -	£ -	£ -	£ -	£ 98,763	£ 102,000	£ 6,763	£ -992
2038	66	£ 45,250	£ -	£ -	£ -	£ 3,440	66	£ -	£ -	£ -	£ -	£ 100,713	£ 104,000	£ 6,713	£ -1,242	66	£ -	£ -	£ -	£ -	£ -	£ -	£ 100,713	£ 104,000	£ 6,713	£ -1,242
2039	67	£ 46,061	£ -	£ -	£ -	£ 3,580	67	£ -	£ -	£ -	£ -	£ 102,703	£ 106,000	£ 6,703	£ -1,492	67	£ -	£ -	£ -	£ -	£ -	£ -	£ 102,703	£ 106,000	£ 6,703	£ -1,492
2040	68	£ 46,872	£ -	£ -	£ -	£ 3,720	68	£ -	£ -	£ -	£ -	£ 104,733	£ 108,000	£ 6,733	£ -1,742	68	£ -	£ -	£ -	£ -	£ -	£ -	£ 104,733	£ 108,000	£ 6,733	£ -1,742
2041	69	£ 47,683	£ -	£ -	£ -	£ 3,860	69	£ -	£ -	£ -	£ -	£ 106,803	£ 110,000	£ 6,803	£ -2,000	69	£ -	£ -	£ -	£ -	£ -	£ -	£ 106,803	£ 110,000	£ 6,803	£ -2,000
2042	70	£ 48,494	£ -	£ -	£ -	£ 3,999	70	£ -	£ -	£ -	£ -	£ 108,913	£ 112,000	£ 6,913	£ -2,258	70	£ -	£ -	£ -	£ -	£ -	£ -	£ 108,913	£ 112,000	£ 6,913	£ -2,258
2043	71	£ 49,305	£ -	£ -	£ -	£ 4,139	71	£ -	£ -	£ -	£ -	£ 111,063	£ 114,000	£ 7,063	£ -2,516	71	£ -	£ -	£ -	£ -	£ -	£ -	£ 111,063	£ 114,000	£ 7,063	£ -2,516
2044	72	£ 50,116	£ -	£ -	£ -	£ 4,278	72	£ -	£ -	£ -	£ -	£ 113,253	£ 116,000	£ 7,253	£ -2,774	72	£ -	£ -	£ -	£ -	£ -	£ -	£ 113,253	£ 116,000	£ 7,253	£ -2,774
2045	73	£ 50,927	£ -	£ -	£ -	£ 4,417	73	£ -	£ -	£ -	£ -	£ 115,483	£ 118,000	£ 7,483	£ -3,032	73	£ -	£ -	£ -	£ -	£ -	£ -	£ 115,483	£ 118,000	£ 7,483	£ -3,032
2046	74	£ 51,738	£ -	£ -	£ -	£ 4,556	74	£ -	£ -	£ -	£ -	£ 117,753	£ 120,000	£ 7,753	£ -3,290	74	£ -	£ -	£ -	£ -	£ -	£ -	£ 117,753	£ 120,000	£ 7,753	£ -3,290
2047	75	£ 52,549	£ -	£ -	£ -	£ 4,695	75	£ -	£ -	£ -	£ -	£ 120,063	£ 122,000	£ 8,063	£ -3,548	75	£ -	£ -	£ -	£ -	£ -	£ -	£ 120,063	£ 122,000	£ 8,063	£ -3,548
2048	76	£ 53,360	£ -	£ -	£ -	£ 4,834	76	£ -	£ -	£ -	£ -	£ 122,413	£ 124,000	£ 8,413	£ -3,806	76	£ -	£ -	£ -	£ -	£ -	£ -	£ 122,413	£ 124,000	£ 8,413	£ -3,806
2049	77	£ 54,171	£ -	£ -	£ -	£ 4,973	77	£ -	£ -	£ -	£ -	£ 124,803	£ 126,000	£ 8,803	£ -4,064	77	£ -	£ -	£ -	£ -	£ -	£ -	£ 124,803	£ 126,000	£ 8,803	£ -4,064
2050	78	£ 54,982	£ -	£ -	£ -	£ 5,112	78	£ -	£ -	£ -	£ -	£ 127,233	£ 128,000	£ 9,233	£ -4,322	78	£ -	£ -	£ -	£ -	£ -	£ -	£ 127,233	£ 128,000	£ 9,233	£ -4,322
2051	79	£ 55,793	£ -	£ -	£ -	£ 5,251	79	£ -	£ -	£ -	£ -	£ 129,703	£ 130,000	£ 9,603	£ -4,580	79	£ -	£ -	£ -	£ -	£ -	£ -	£ 129,703	£ 130,000	£ 9,603	£ -4,580
2052	80	£ 56,604	£ -	£ -	£ -	£ 5,390	80	£ -	£ -	£ -	£ -	£ 132,213	£ 132,000	£ 10,013	£ -4,838	80	£ -	£ -	£ -	£ -	£ -	£ -	£ 132,213	£ 132,000	£ 10,013	£ -4,838
2053	81	£ 57,415	£ -	£ -	£ -	£ 5,529	81	£ -	£ -	£ -	£ -	£ 134,763	£ 134,000	£ 10,463	£ -5,096	81	£ -	£ -	£ -	£ -	£ -	£ -	£ 134,763	£ 134,000	£ 10,463	£ -5,096
2054	82	£ 58,226	£ -	£ -	£ -	£ 5,668	82	£ -	£ -	£ -	£ -	£ 137,353	£ 136,000	£ 10,913	£ -5,354	82	£ -	£ -	£ -	£ -	£ -	£ -	£ 137,353	£ 136,000	£ 10,913	£ -5,354
2055	83	£ 59,037	£ -	£ -	£ -	£ 5,807	83	£ -	£ -	£ -	£ -	£ 140,000	£ 138,000	£ 11,360	£ -5,612	83	£ -	£ -	£ -	£ -	£ -	£ -	£ 140,000	£ 138,000	£ 11,360	£ -5,612
2056	84	£ 59,848	£ -	£ -	£ -	£ 5,946	84	£ -	£ -	£ -	£ -	£ 142,680	£ 140,000	£ 11,808	£ -5,870	84	£ -	£ -	£ -	£ -	£ -	£ -	£ 142,680	£ 140,000	£ 11,808	£ -5,870
2057	85	£ 60,659	£ -	£ -	£ -	£ 6,085	85	£ -	£ -	£ -	£ -	£ 145,390	£ 142,000	£ 12,390	£ -6,128	85	£ -	£ -	£ -	£ -	£ -	£ -	£ 145,390	£ 142,000	£ 12,390	£ -6,128
2058	86	£ 61,470	£ -	£ -	£ -	£ 6,224	86	£ -	£ -	£ -	£ -	£ 148,120	£ 144,000	£ 12,920	£ -6,386	86	£ -	£ -	£ -	£ -	£ -	£ -	£ 148,120	£ 144,000	£ 12,920	£ -6,386
2059	87	£ 62,281	£ -	£ -	£ -	£ 6,363	87	£ -	£ -	£ -	£ -	£ 150,880	£ 146,000	£ 13,480	£ -6,644	87	£ -	£ -	£ -	£ -	£ -	£ -	£ 150,880	£ 146,000	£ 13,480	£ -6,644
2060	88	£ 63,092	£ -	£ -	£ -	£ 6,502	88	£ -	£ -	£ -	£ -	£ 153,670	£ 148,000	£ 14,070	£ -6,902	88	£ -	£ -	£ -	£ -	£ -	£ -	£ 153,670	£ 148,000	£ 14,070	£ -6,902
2061	89	£ 63,903	£ -	£ -	£ -	£ 6,641	89	£ -	£ -	£ -	£ -	£ 156,490	£ 150,000	£ 14,690	£ -7,160	89	£ -	£ -	£ -	£ -	£ -	£ -	£ 156,490	£ 150,000	£ 14,690	£ -7,160
2062	90	£ 64,714	£ -	£ -	£ -	£ 6,780	90	£ -	£ -	£ -	£ -	£ 159,340</														