

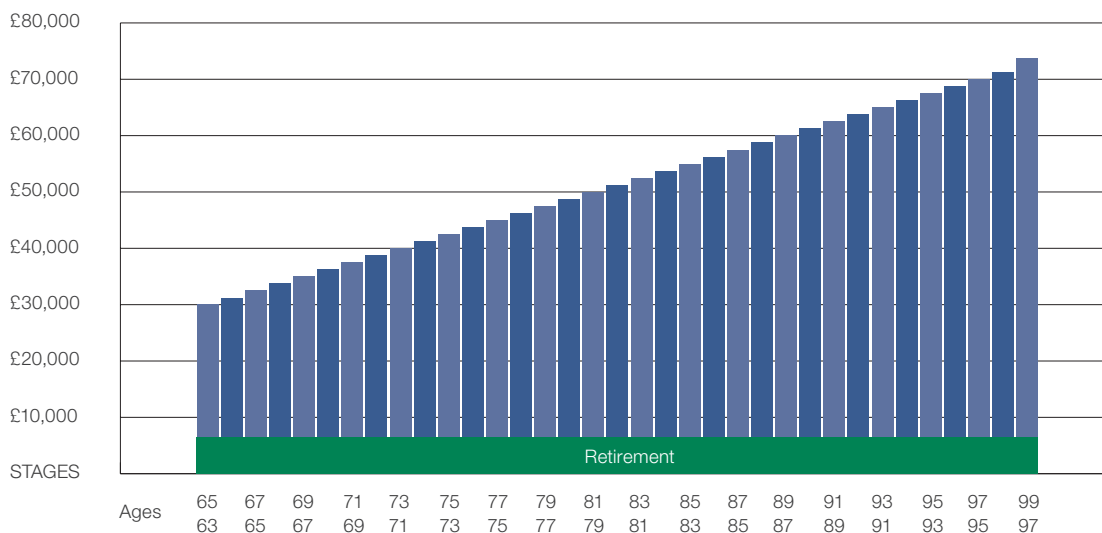
CASE STUDY: Cash Flow Planning

Can I spend more in Retirement?



Introducing Mr and Mrs W Cruise

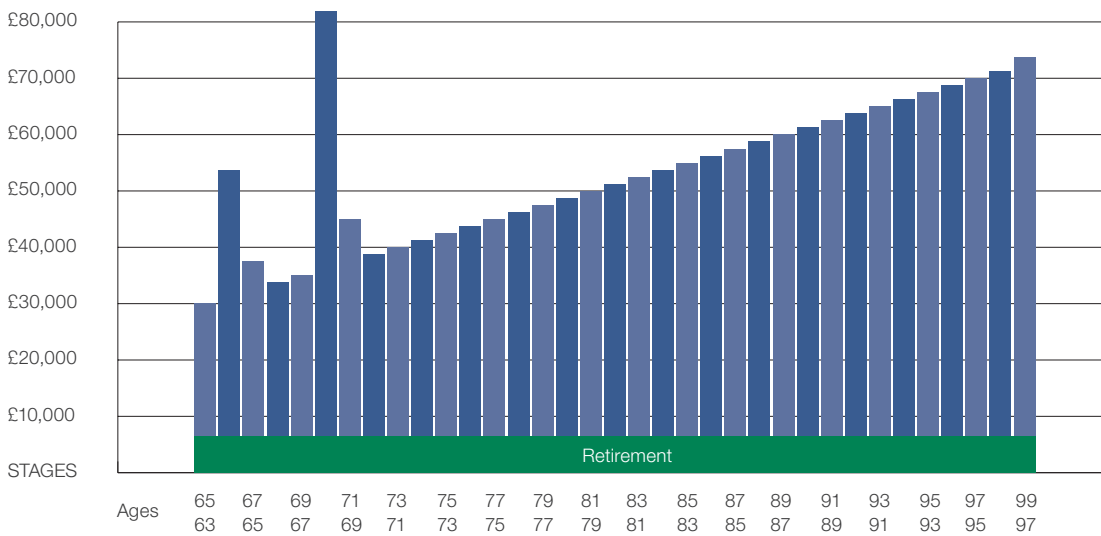
Mr Cruise is aged 65 and we had recently taken him through the retirement process following the Financial Master Plan we had produced. He wanted a gross income of £30,000 to live on which had been calculated using our personalised expenditure questionnaire. This needed to increase with inflation and could be sustained from the Pension Fund of £750,000 he had accumulated during his working lifetime. This can be seen below.



Three months into retirement, Mr Cruise requested a further meeting (something that we offer at no extra cost for those clients who use our Service Level One). We asked what it concerned and he mentioned some plans around the desire to access more capital. He wanted to provide deposits for children's houses and a world cruise.

At the meeting, we discussed their thoughts and the desire was to provide their children with a lump sum to use as a deposit for a house purchase. After revisiting their Financial Master Plan, it was decided the best option would be to take £20,000 of Tax Free Cash from their Pension. We then discussed their plans for a world cruise, which they had decided was a lovely idea to celebrate their 50th wedding anniversary, in five years' time. We estimated the cost of this to be £40,000, and we built some inflation protection into this as well.

As you could imagine, they were concerned that taking £60,000 out of their pension could mean they would have to sacrifice income in the longer term. It's impossible to answer this sort of question without updating the Financial Master Plan and we created a 'WHAT IF' scenario. This looked at taking two single payments to see what affect it would have.



They were very pleased to see the graph below, which highlighted to them that they could take the two substantial payments from their Pension and still be able to maintain the desired income during the remainder of their retirement.

Mr & Mrs Cruise left our meeting a lot happier. They felt much more comfortable in spending the extra money to benefit both themselves and their family, confident in the knowledge that they could still draw a comfortable income in retirement.

The purpose of using a Financial Master Plan is to enable you to plan what you want to do, when you want to do it. In the case of Mr and Mrs Cruise, they wanted to know if they could afford to make two substantial payments in the next five years and still maintain their income and we were happy to confirm that they could.

What would you like to know?

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