

* Financial Planning – What should I be doing ?



Mícheál Gunning
Director

Financial Planning is one of those things that people know they should do but often wonder why writes Mícheál Gunning.

In many cases this is because the process is made too complicated and opaque or the goals are too vague for an individual to properly take ownership of their own financial plan.

This has led to many people being ill-prepared financially for the various milestones they will meet over the years. The Invesco Financial Planning service is specifically designed to tackle this issue and provide solutions tailored for the precise needs and lifestyle requirements of our clients.

Financial planning is a process which assists individuals in closing the gap between the life they have now and the life they want in the future. Ideally it's the process of uncovering what a client wants to do or achieve financially, for themselves and their family, and then ensuring that they and their family enjoy the life that they want to live.

Invesco's structured six stage financial planning process works by taking a holistic approach to a client's needs and circumstances and helping them to meet their life goals and priorities.

Initial meeting

It starts with an initial meeting where the financial planning team gets to know the client and their overriding financial goals and objectives. We try to get an understanding of our clients desired lifestyle for the future.

Discovery

We also go through a comprehensive information gathering session which includes all sources of income, debts, investments, pensions, protection benefits, employee benefits, family circumstances, health background and so on.

Analysis and evaluation

The information from the discovery session is used to compile statements of current net worth detailing the client's assets and liabilities; an income and expenditure account containing an analysis of their current financial situation as well as estimating future income and expenditure needs.

Detailed recommendations

We present our financial planning recommendations to the client based on their specific needs and objectives

and the analysis conducted. We utilise lifetime cash flow forecasts, availing of the latest technology to illustrate a current cash flow position including all expenses and taxes due, along with long term forecasts right up to pension age and beyond.

We also prepare detailed "what if" scenarios at this stage which cover both short and long term eventualities such as early retirement, family holidays, sending children to college, gifting money to loved ones or making charitable donations. These assist clients to understand the implications of future financial decisions and steps to be taken now, to cater for various scenarios should they arise.

Protection planning forms part of the process and we show the impact of death or illness on clients and their families. We also carry out an estate planning exercise to illustrate the potential tax liability when an estate is passed on and devise strategies to maximise tax efficiencies.

We illustrate the level of return required from investments to reach the client's goals and objectives. This is followed by a planning session where, based on the various scenarios modelled, we agree on the optimum financial plan for the client.

Implementation

At this point we work with clients to select the most efficient options to implement their individual financial plan whether this be reducing investment risk within portfolios, increasing savings or pension contributions, establishing gifting programmes for family.

Ongoing review & planning

Financial planning is not a one-time exercise. Our lives are subject to constant change and it is of utmost importance that plans are reviewed at least annually to allow for changing circumstances and external factors. We work with clients not just to monitor progress but also to provide coaching and support to help them achieve their goals and their desired lifestyle.

Ultimately, we help our clients to understand how much they will need to fund the lifestyle they want for the future and put the necessary structures and plan in place to help them achieve this.