Adviser Firm of the Year
ENTRY FORM TEMPLATE

Please note, this form will not be accepted as your entry. It is a template that you can use offline while you prepare your entry. When you're ready, you will need to submit your entry online.

Contact Name:

Contact Job Title:

Organisation:

Contact Phone Number:

Contact Email Address:

Please indicate your region:

Professional Adviser Awards 2021 – Adviser Case Study
Supplied by the Personal Finance Society

BACKGROUND:

Bob is 73 and his wife Sally is 72. They have a son called Phil.

Their joint assets are a house in St Albans worth £1.2m, a holiday flat in Worthing worth £500,000, £25,000 each in separate building society deposit accounts earning 1 per cent interest a year.

Bob has £63,000 in stocks and shares yielding 3 per cent while Sally has £18,000.

In Equity UT Isas, Bob has 2.5 per cent yield – accumulation units of £85,000 and Sally has £24,000.

In investment bonds, Bob has £93,000 while Sally has £30,000.

The pair own a classic car worth £45,000 and Bob has £186,000 in a personal pension plan.

They have executed wills in favour of each other on first death, then all assets to Phil, their son and only child on the second death.

Bob's personal pension plan is crystallised. He took the maximum PCLS of £55,000 in 2017 to assist with the purchase of the holiday flat. They intend to spend about 4 weeks a year at the holiday flat.

Their cash holding arose following the sale of the house that Bob inherited on the death of his mother in June 2018. Two-thirds of the net sale proceeds were invested in Sally's name for tax efficiency.

Pension income is £45,000 for Bob (plus £8,468 a year state pension) and £18,000 for Sally (plus £6,718 state pension). Both pensions increase in line with RPI.

Both private pensions are paid from defined benefit arrangements with 50 per cent spouse's pension.

This income is more than sufficient for their current and expected future needs.

Bob effected the investment bond in 1995 for £30,000. Due to the high charging structure and poor recent investment performance, he is now seriously thinking about encashing it and reinvesting in unit trusts. No withdrawals have been made. Sally is not thinking of encashing her bond at the moment.

Sally's mum, Grace, is still alive – aged 97. She has a house in Islington worth £1.85 million, cash of £200,000 and National Savings Certificates worth £35,000. Her husband died 10 years ago leaving all of his estate to her.

They have a son called Phil, aged 49 and married to Holly (aged 43). They have 3 sons, Billy (aged 15), Alfie (aged 13) and Archie (aged 11).

Phil is very keen to provide them with some financial help if they go to university. Bob is happy to assist.

Phil is a self-employed interior designer. His profits are £58,000 a year. He pays £100 per month to a personal pension plan that has a current value of £11,600.

Holly works as an account manager for a large firm of national accountants. Her salary is £47,000 and she receives an annual bonus of £8,000. Her employer pays a pension contribution of 8% of her salary to a group personal pension plan. Holly makes no personal contribution.

Their main investments are cash and stocks and shares ISAs worth £125,000 (Phil) and £37,000 (Holly). They also have non-ISA cash of £25,000 in a joint building society account generating interest at 1 per cent a year.

Holly's father, Ron, died in September 2007. Holly inherited Ron's family residence (Ivy Cottage), then worth £300,000, and she and Phil immediately occupied it as a family residence. In September 2017 with the help of a mortgage, they bought another property but were unable to sell Ivy Cottage at that time. She therefore let Ivy Cottage at a rent of £1,250 per month. Allowable expenses total £3,600 per annum. There is now a chance of a sale for £525,000 which they would hope to complete in March 2020.

PROBLEM:

Bob wants to fund the university education of his three grandsons.

ADVICE:

Treat the information contained in the case study as if it had been gathered by yourself at a client meeting with Bob and Sally.

Any gaps or anomalies that you identify should be treated as a normal result of the fact finding process and you, as the financial planner, should identify these, if relevant, in your response to the clients and reach a conclusion.

Your response and recommendations should be made as extracts from a comprehensive financial plan. There is no need to produce a full financial plan, unless you feel that this is necessary.

Any assumptions that you make in preparing your recommendations must be fully detailed and justified in your response to your client. You should also include all relevant calculations and supporting information.

Any recommendations for products can be made on a generic basis, but you should include realistic estimates for the cost of any financial products recommended together with any implications of using these.

Any recommendations made should form part of a comprehensive financial plan and your plan, as a whole, must be affordable by the clients. Any knock-on effects that a particular recommendation may have on others should be stated and clearly explained.

You may use financial planning software to help prepare your recommendations, but there must be clear explanations detailing how you arrived at your solutions.

Advice:

1. What planning action would you suggest to improve Bob and Sally's current financial position?
2. What should Bob consider in regards to his personal pension plan?
3. What will be the tax liability if Bob encashes his investment bond? Is there any advance planning that he should consider?
4. Advise on strategies that can be used to help the grandchildren with the cost of a university education.

Your Case Study Answer:
(Please answer in no more than 1,000 words)

Business profile - Please provide, in no more than 200 words, an overview of your business's services and specialities, ethos and objectives. Please include the most recent possible figures on the number of advisers; total number of clients; and income and profit/loss for most recent full year available:

Risk controls - Managing risk and liability is a crucial consideration for any adviser business so please explain, in no more than 300 words, how you manage the risks and liabilities to your business and clients.

Should you win, please state the official name of the company as you would like it to appear on announcements and on the award:

Please provide your twitter handle:

Please attach your company logo:

Please note: The independent judging panel will analyse the entries on the basis of the case study (60%); risk controls (30%); and business profile (10 %).

ALL ENTRIES MUST BE RECEIVED ONLINE BY 8TH JANUARY 2021