

FORCES MoneyPlan

Pro Bono Financial 'Options & Priorities' Report

Prepared by

For

On behalf of

On Course Foundation / Blesma / Forces Pension Society / Veterans' Gateway
(please delete as appropriate)



Personal
Finance
Society
Standards, Professionalism, Trust.



PLEASE BE AWARE

This report follows a pro bono meeting between

(Financial Adviser name) and (Ex/member of Armed Forces name)
that took place on (date) and is based on information provided by (Ex/member of Armed Forces name)

Neither this report nor the meeting represents or offers a personal recommendation as to a specific course of action/actions to be taken. As such it does not constitute regulated financial advice.

This report seeks to provide financial information, rules of thumb and guidance in respect of possible options that (ex/member of Armed Forces name) may wish to consider (i.e. what you 'could' do), based on an understanding of his/her current circumstances, needs and priorities.

It also provides guidance on how to go on to access regulated financial advice if a personal recommendation is required (i.e. what you 'should do')

This report is made up of the following sections:

1. Generic principles/rules of thumb underpinning financial well-being
2. Things for you to consider following our meeting: options and priorities
3. Further sources of reliable, independent financial information
4. Things you should be aware of
5. What you should do now

1. Generic principles/rules of thumb underpinning financial wellbeing

What is Financial Wellbeing?

Financial wellbeing means having financial security and financial freedom of choice, in the present and in the future.

	PRESENT	FUTURE
SECURITY	Control over your day-to-day, month-to-month finances	Capacity to absorb a financial shock
FREEDOM OF CHOICE	Financial freedom to make choices to enjoy life	On track to meet your financial goals

How do I establish it?

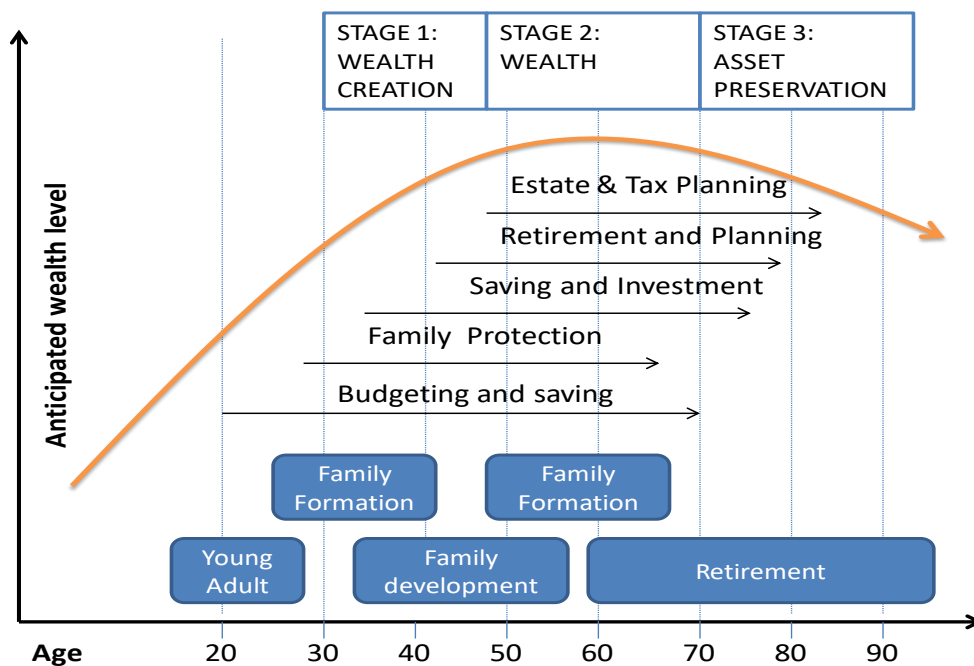
To establish or underpin financial wellbeing, you need to do four things

1. Clarify what you want from the future.
2. Understand where you are today. This should include:
 - Subsistence spending (spending that is absolutely necessary)
 - Disposable spending (what's left over after subsistence spending) – this is the part of your income that can significantly impact on your wellbeing
3. Deal with urgent issues and then move towards 1
4. Increase your ability to cope with financial shocks (e.g. illness, investment losses, debt, bankruptcy etc) that might throw you off course.

Financial wellbeing – key stages

Depending on what you want from the future, and how much money and other assets you are able to build up, the following diagram illustrates the key stages towards financial wellbeing, dependent upon anticipated wealth, age and the extent to which you have financial dependants (either now or in the future).

All of these stages will not apply to everyone – for example, if you have no dependents or immediate family members when in later life, the importance of estate planning (such as ensuring your estate doesn't pay unnecessary Inheritance Tax on death) may not be a priority. This diagram does provide an illustration of the kind of financial advice many prioritise at key points in their lives and as they accumulate more wealth.



Financial wellbeing – some key rules of thumb along the way for you to consider

A rule of thumb is a general guideline, an easy way to approximate a value quickly. It's not meant to be completely accurate or set in stone, but provide some general guidance to help you manage your personal finances.

- If you can, save at least 10% of your income. In this period of consistently high inflation, I believe a better goal is to aim for 20%.
- In terms of priority, if you receive a windfall or have accumulated savings/investments consider putting some in a secure emergency fund first (for example, 6 months expenditure), then pay off high-interest debt (like credit card debt and personal loans), and only then begin saving and investing.
- If you have recently received a financial windfall, consider using 1-2% to treat yourself. Put the rest in a safe place that will earn you interest and if possible, ignore it for six months. Allow the initial emotion to pass. Get over the initial urge to spend the money on a big house or a bigger car. If possible, live your life as closely to how you have before. After you've had time to think about it, make your decisions.
- Cut your use of credit cards. If you're not willing to buy a thing if you had cash, you should think twice before you buy it just because you have a credit card.
- Never forget inflation. Inflation is the silent killer of wealth. For example, at an inflation rate of 5%, the value of £1000 in terms of its purchasing power in your hands will halve in just over 14 years.
- Know your risk tolerance 'before' you begin investing. For example, the time to decide how much you can afford to lose in the stock market is before a crash, not after one.

Managing lump sums of money

When looking at investing money you need first to understand yourself and your attitude to risk. All investments carry some degree of risk – even guaranteed deposit accounts from a bank or building society are subject to inflation and may not keep pace with it resulting in the purchasing power of your money decreasing over time.

You need to establish:

- How much risk you are comfortable with
- How much risk you need to take (to reach the future you want)
- How much risk you are able to take (both actually and emotionally)

Think about whether you need to invest to generate more income or just to make your money grow.

2. Things for you to consider following our meeting- options and priorities

This section should be bespoke to the 'client' and cover the following

- *Individual risk tolerance and capacity for loss*
- *Protection*
- *Savings*
- *Investment*
- *Retirement Income*
- *Residential property*
- *State Benefits*
- *Disability Grants & benefits*

Where appropriate, specific aspects of financial planning that relate to payments made via the Armed Forces Compensation Scheme should be included – for example, the advantages of putting payments made into a compensation/personal injury trust.

3. Further sources of reliable, independent financial information

Citizens Advice – Benefits and concessions for the Armed Forces, veterans and their families

Citizen's advice is a national charity providing information and advice. As part of this service they also highlight to Veterans, people serving in the Armed Forces and their dependants a range of financial help available to help them. This can include:

- benefits in the UK
- benefits abroad
- Council Tax Relief
- help with school fees
- help with childcare costs
- free and reduced travel costs.

To find out more click use the following link

<https://www.citizensadvice.org.uk/benefits/armed-forces-and-veterans/benefits-and-concessions-for-the-armed-forces-veterans-and-their-families/>

4. Things you should be aware of

Difference between guidance and advice

Whilst most of us don't differentiate between information, guidance and advice in our day to day lives, when it comes to financial matters there is an important distinction.

Financial Guidance is intended to provide generic information on the range of options, helping you to make your own decisions for which you are ultimately responsible.

Financial Advice is tailored to the individual so that whilst guidance tells you the options available (what you 'could' do), Financial Advice tells you which would be most appropriate for you (what you 'should' do). By making a 'personal recommendation', Financial Advice is regulated by the Financial

Conduct Authority (FCA) and provides protection should you receive inappropriate or simply wrong advice (at which point you can talk to the Financial Ombudsman Service or Financial Services Compensation Scheme to seek reimbursement)

The Financial Ombudsman Service
Exchange Tower
London E14 9SR
<http://www.financial-ombudsman.org.uk/>
Tel: 0800 023 4 567 or 0300 123 9 123

Financial Services Compensation Scheme
10th Floor, Beaufort House, 15 St Botolph Street
London EC3 7QA
<http://www.fscs.org.uk/contact-us/>
Tel: 0800 678 1100 or 020 7741 4100.

What are Financial Scams?

Scams are schemes to con you out of your money. They can arrive by post, phone call, text message or email or a scammer may turn up at your home.

Financial scams are ways of getting hold of your bank details to steal money from your account. Some financial scams persuade you to invest in bogus deals involving shares or other investments. Remember – ‘if it looks too good to be true, it probably is’

To find out more click on the following link

<https://www.citizensadvice.org.uk/consumer/scams/scams/common-scams/financial-and-prize-draw-scams/financial-scams/>

5. What you should do now.

1. Please let us have your feedback on your consultation and report

We hope you have found this report and the meeting of value. So that we can assess these we would be grateful if can you take a few minutes to provide feedback by completing the attached feedback form. This will enable us to evaluate this initiative for future service personnel.

Please send this form back to [Forces MoneyPlan](#) or by mail to:

Forces MoneyPlan
The Personal Finance Society
20 Fenchurch Street
London
EC3M 3BY

2. Consider whether or not you would benefit further from a personal recommendation

What you have received so far is information and guidance. If you wish to receive advice in the form of a personal recommendation as to what course of action you should take, based on a more detailed analysis of your personal circumstances, needs and wishes, you should consider taking regulated financial advice. Or you may simply find it helpful to speak to a regulated financial adviser if you are not sure what you need to do or are feeling confused about the options available to you including any aspect of this report.

Please note there will be a charge for any subsequent financial advice you ask for, although these charges will be fully explained BEFORE any cost is incurred by you.

This advice can be provided by me (the financial adviser with whom you have had your free, no cost meeting) or another financial adviser/firm should you prefer. If you wish to speak with me in respect of a personal recommendation as to a specific course of action, please contact me (insert contact details). If you wish to identify another financial adviser you will be able to find one in your local area through the Personal Finance Society, the Professional Body for Financial Advisers, via the 'Find an Adviser' area within their website

<http://www.thepfs.org/yourmoney/>

All Financial advisers that are members of the Personal Finance Society are fully qualified regulated by the Financial Conduct Authority and comply with a strict code of ethics in their dealings with clients.

How much does financial advice cost?

The whole point of taking financial advice is to get back more than you put in. Financial advisers usually charge for their services in one of (or a combination of) the following methods:

- an hourly rate - typically around £200, but can be higher (i.e. £500) for specialist advice;
- a percentage of the money invested - this can vary depending on the size of the initial investment
- a fixed project fee - typically £1,000 - £5,000 for a specific piece of research advice work;
- some firms may also charge clients a monthly retainer fee of between £50-£100.

Fees vary depending on the experience and qualifications of the adviser and the geographical location of their business. Advisers are no longer paid commission, except for certain non-investment product recommendations, and they have to explain to you how much the advice will cost you. You will need to agree this and how you will pay for it before any advice is provided.

Valuable financial planning involves revealing detailed personal financial information and can involve divulging information about your goals and ambitions, so you need to be comfortable in the company of an adviser.