

# Establish Financial & Lifestyle Goals

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Evaluating your financial and lifestyle goals in greater depth is essential if you want to get a picture of your future responsibilities and aspirations.

With a full understanding of your circumstances and priorities, our role is to provide you with custom-tailored professional advice, to effectively create your financial life plan to success, to enable you to achieve your financial and lifestyle goals, and together develop a strategy to make these become a reality.

## Create a picture of your finances

In order to create your financial life plan, you need clarity over your financial and lifestyle goals, your objectives and your motivations. An integral part of this process includes cash flow modelling. This illustrates what might happen to your finances in the future and enables you to plan to ensure that you make the most of your money to enable you to achieve your financial and lifestyle goals.

Cash flow modelling shows your current position relative to your preferred position and your goals by assessing your current and forecasted wealth, along with income inflows and expenditure outflows to create a picture of your finances, now and in the future.

This detailed picture of your assets should include your investments, liabilities, income and expenditure, which are projected forward, year-by-year, using calculated rates of growth, income, inflation, wage rises and interest rates.

In order to implement a detailed plan that outlines how to deliver your financial future, communication is vital. To ensure that, over time, you achieve your desired lifestyle goals, it is important for us regularly to review your financial plan, at least annually, and make any necessary amendments should your personal circumstances change.

## Asset allocation mix

Cash flow modelling can determine what recommendations and best course of action are appropriate for your particular situation and the right asset allocation

mix. The growth rate you require is calculated to meet your investment objectives. This rate is then cross referenced with your attitude towards risk to ensure your expectations are realistic and compatible with the asset allocation needed to achieve the necessary growth rate.

Where cash flow modelling becomes particularly useful is for the analysis of different scenarios based on decisions you may make – this could be lifestyle choices or perhaps investment decisions.

By matching your present and expected future liabilities with your income and capital, we can make recommendations to ensure that you don't run out of money throughout your life.

## How much to save, spend and invest

A snapshot in time is taken of your finances. The calculated rates of growth, income, tax and so on that are used to form the basis of any cash flow modelling exercise will always be assumptions. This is why regular annual reviews and reassessments are required to ensure you remain on track.

Nearly all decisions are based on what is contained within the cash flow, from how much to save and spend, to how funds should be invested to achieve the required return, so there is a lot that needs to be managed.

A lifetime cash flow plan will enable you to:

- produce a clear and detailed summary of your financial arrangements
- define your family's version of the 'good life' and begin working towards it
- work towards achieving and maintaining financial security and independence
- ensure adequate provision is made for the financial consequences of the death or disablement of you or your partner
- plan to minimise your tax liabilities
- produce an analysis of your personal expenditure planning assumptions, balancing your cash inflows and your

desired cash outflows

- estimate future cash flow on realistic assumptions
- develop an investment strategy for your capital and surplus income in accordance with your attitude to investment risk, flexibility and accessibility with which you are comfortable
- become aware of the tax issues that are likely to arise on

## Run through the numbers

With every financial corner you turn, it is important to run through the numbers, which will help you make the right financial decisions. It is important to be specific. For example, it is not enough to say, 'I want to have enough to retire comfortably.' You need to think realistically about how much you will need – the more specific you are, the easier it will be to come up with a plan to achieve your financial and lifestyle goals.

If your needs are not accurately established, then the cash flow will not be seen as personal, and therefore you are unlikely to perceive value in it. Some years, there may not be any change, or just small corrections. However, in other years, there may be something significant. Either way, you will need to ensure things are up-to-date for your own peace of mind, knowing your plans are still on track.

## Speak to a Professional

Setting financial goals for your lifestyle plan is a critical component of life planning. But discovering how to create a life plan takes you beyond goal-setting. It adds an emotional element to those goals so everything you do is infused with meaning. With lifestyle planning, you get to the core of who you are, what you want and how to accomplish it.

For more information, or to discuss how we could assist you, please contact one of our independent financial advisers for a free initial consultation.

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