

APPENDIX A - NET WORTH STATEMENT (Marcus)

The following shows the net position of your estate as it stands today (August 2012)

<u>Assets</u>			Marcus £
<u>Readily Realisable Assets</u>			
Cash Deposits			
Current account			20,000.00
Savings account			40,000.00
Cash ISAs			0.00
NS&I Premium Bonds			0.00
Investments			
Equity ISAs			0.00
OEICs			0.00
Investment trusts			0.00
<u>Assets NOT Readily Realisable</u>			
Property			
Principle Private Residence			200,000.00
Pension Funds			
	Holding	Price	
SIPP Cash &			4,000.00
Marwyn Value Investors	800	0.56	448.00
JPM mid cap ords	2000	4.19	8,380.00
Worldwide Healthcare ords	600	8.31	4,986.00
ICI shares	3000	12.76	38,280.00
Other Assets			
Contents / Personal Effects			0.00
Car(s)			0.00
Total Assets			316,094.00
<u>Liabilities</u>			
Offset repayment mortgage (outstanding capital)		~	200,000.00
TOTAL NET ASSETS			116,094.00

SUMMARY

Total readily realisable assets	60,000.00
Total land & buildings	200,000.00
Total pension funds	56,094.00
Total other assets	0.00

APPENDIX B - INCOME & EXPENDITURE STATEMENT

Analysis of annual income and expenditure for the complete tax year ending 5 April 20123
I have assumed your income and expenditure figures have remained the same for this period.

INCOME

	£
Earned Income	
Marcus's earnings	50,000.00
Sub-Total	50,000.00
Other Income	
Bank account interest	0.00
Savings account interest	0.00
Cash ISA interest (assume 2.5% gross)	0.00
Equity ISA (UK shares - assume 2% income yield)	0.00
Child Benefit	
Sub-Total	0.00
Total Gross Income	50,000.00

Estimated Income Tax	9,164.00
Estimated National Insurance Contributions	4,337.36

EXPENDITURE

<i>Figures extracted from Expenditure Questionnaire</i>	30,440.00
Household	
Utilities	
Housekeeping	
Motor	1,680.00
Travel & Leisure	
Voluntary maintenance payments	
Mortgage payments	
Pension Contributions	2,880.00
Sub-total excluding Income Tax & NIC	35,000.00
Sub-total including Income Tax & NIC	<u>48,501.36</u>

SUMMARY

Total Gross Income	50,000.00
Total Expenditure including Tax & NIC	48,501.36
Net Surplus Income	1,498.64

APPENDIX C - INCOME TAX & NATIONAL INSURANCE CALCULATIONS

Breakdown of Income Tax & National Insurance Contribution Calculation for Tax Year ending 5 April 2013

	Marcus £
Earned Income	
Employed earnings	50,000.00
Sub-totals	50,000.00
Other Income	
Cash ISA interest tax free	0.00
NS&I Premium Bonds tax free	0.00
Bank / savings account interest	0.00
Sub-totals	0.00
<u>Statutory Total Income</u>	50,000.00
Less Personal Allowance	8,105.00
<u>Taxable Income</u>	41,895.00
Less	
Tax on Marcus's earnings, first	34,370.00 at 20% 6,874.00
extended BRT band re personal pension conts	3,600.00 at 20% 720.00
	3,925.00 at 40% 1,570.00
Total Income Tax Payable	9,164.00
National Insurance Contributions	
Marcus (class 1 between primary threshold & upper earnings limit at 12%)	4,187.04
Marcus (class 1 exceeding upper earnings limit at 2%)	150.32
	4,337.36
Employer (class 1 exceeding secondary threshold at 13.8%)	5,866.66
Your total net income after taxation & NICs is:	36,498.64
Average Overall Rate of Tax & NICs (broadly)	27.00%
Total employer cost	55,866.66

APPENDIX C(i) - REVISED INCOME TAX & NATIONAL INSURANCE CALCULATIONS

Breakdown of Income Tax & National Insurance Contribution Calculation for Tax Year ending 5 April 2013

	Marcus £		
Earned Income			
Employed earnings			42,475.00
Sub-totals			<u>42,475.00</u>
Other Income			
Cash ISA interest tax free			0.00
NS&I Premium Bonds tax free			0.00
Bank / savings account interest			0.00
Dividends			4,963.45
Sub-totals			<u>4,963.45</u>
Statutory Total Income			<u>47,438.45</u>
Less Personal Allowance			8,105.00
<u>Taxable Income</u>			<u>39,333.45</u>
Less			
Tax on Marcus's earnings, first	34,370.00	at 20.0%	6,874.00
Tax on dividends	4,963.45	at 32.5%	1,613.12
Total Income Tax Payable			<u>8,487.12</u>
National Insurance Contributions			
Marcus (class 1 between primary threshold & upper earnings limit at 12%)			4,185.96
Marcus (class 1 exceeding upper earnings limit at 2%)			0.00
			<u>4,185.96</u>
Employer (class 1 exceeding secondary threshold at 13.8%)			4,828.21
Your total net income after taxation & NICs is:			
			34,765.37
Average Overall Rate of Tax & NICs (broadly)			
			26.71%
Employer pension conts			
			3,600.00
Total employer cost			55,866.66

APPENDIX C(ii) - REVISED INCOME TAX & NATIONAL INSURANCE CALCULATIONS

(swap salary for dividends - reduce salary to £24k)

Breakdown of Income Tax & National Insurance Contribution Calculation for Tax Year ending 5 April 2013

	Marcus £
Earned Income	
Employed earnings	24,000.00
Sub-totals	----- 24,000.00 -----
Other Income	
Cash ISA interest tax free	0.00
NS&I Premium Bonds tax free	0.00
Bank / savings account interest	0.00
Dividends	25,988.00
Sub-totals	----- 25,988.00 -----
Statutory Total Income	<u>49,988.00</u>
Less Personal Allowance	8,105.00
Taxable Income	<u>41,883.00</u>
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Less	
Tax on Marcus's earnings, first	15,895.00 at 20.0% 3,179.00
Tax on dividends	18,475.00 at 10.0% 1,847.50
	7,513.00 at 32.5% 2,441.73
Total Income Tax Payable	----- 7,468.23 -----
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National Insurance Contributions	
Marcus (class 1 between primary threshold & upper earnings limit at 12%)	1,968.96
Marcus (class 1 exceeding upper earnings limit at 2%)	0.00
	----- 1,968.96 -----
Employer (class 1 exceeding secondary threshold at 13.8%)	2,278.66
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Your total net income after taxation & NICs is:	40,550.82
Average Overall Rate of Tax & NICs (broadly)	18.88%
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Employer pension conts	3,600.00
Total employer cost	55,866.66

APPENDIX D(i) - RETIREMENT PLANNING ANALYSIS - PROJECTING MARCUS'S CURRENT PENSION FUNDS

Calc date 01-Aug-2012
 Objective: to retire in 2045 with a gross income after state pension of £3,000 pm in today's terms £1,813 pm
 Marcus's date of birth 01-Aug-1977 Age 35 £21,754 pa
 Target retirement date 01-Aug-2044 (Marcus aged 67 state pension age)
 Premium escalation pa 3.50% assume premiums go up in line with salary (infl + 1.5%)
 Assumed inflation pa 2.00%
 Assumed fund growth pa 5.40% for equity strategy
 (assume 6.0% - 0.6% amc)

Year	PP fund b/fwd	Annual Premiums	Growth 5.40%	PP fund c/fwd
2012	56,094	3,600	3,223	62,917
2013	62,917	3,726	3,599	70,242
2014	70,242	3,856	4,001	78,100
2015	78,100	3,991	4,433	86,524
2016	86,524	4,131	4,895	95,551
2017	95,551	4,276	5,391	105,217
2018	105,217	4,425	5,921	115,563
2019	115,563	4,580	6,488	126,631
2020	126,631	4,741	7,094	138,466
2021	138,466	4,906	7,742	151,114
2022	151,114	5,078	8,434	164,627
2023	164,627	5,256	9,174	179,056
2024	179,056	5,440	9,963	194,459
2025	194,459	5,630	10,805	210,894
2026	210,894	5,827	11,703	228,424
2027	228,424	6,031	12,661	247,116
2028	247,116	6,242	13,681	267,040
2029	267,040	6,461	14,769	288,269
2030	288,269	6,687	15,928	310,884
2031	310,884	6,921	17,161	334,967
2032	334,967	7,163	18,475	360,605
2033	360,605	7,414	19,873	387,892
2034	387,892	7,673	21,361	416,926
2035	416,926	7,942	22,943	447,811
2036	447,811	8,220	24,626	480,656
2037	480,656	8,508	26,415	515,579
2038	515,579	8,805	28,317	552,701
2039	552,701	9,114	30,338	592,153
2040	592,153	9,433	32,486	634,071
2041	634,071	9,763	34,767	678,601
2042	678,601	10,104	37,190	725,895
2043	725,895	10,458	39,763	776,116
2044	776,116	10,824	42,495	829,435
2045	829,435	829,435		
PCLS	207,359	0		
OMO	622,076	829,435		

IL annuity rate 4.94% 4.94%
 IL annuity 30,747 40,996 gross pa

Assumed Annuity Interest Rate at retirement
 Assume CPI for Index-Linked Pension at retirement
 PA90 Mortality Rates, downrating on age (10 yrs)
 Escalating annuity with 5 year guarantee & no spouse's benefit

PA90			
Male aged	67 less	10	57
Spouse aged			54
AIR			2.0%
Escalation			2.0%
Member, single life, 5 year guarantee			20.232
Reversionary annuity to spouse			0
Annuity rate			4.94%

APPENDIX D(ii) - RETIREMENT PLANNING ANALYSIS - PROJECTING MARCUS'S CURRENT PENSION FUNDS

Calc date	01-Aug-2012		
Objective: to retire in 2045 with a gross income after state pension of £3,000 pm in today's terms			£3,000 pm
Marcus's date of birth	01-Aug-1977	Age	35
Target retirement date	01-Aug-2044	(Marcus aged 67 state pension age)	£36,000 pa
Premium escalation pa	3.50% assume premiums go up in line with salary (infl + 1.5%)		
Assumed inflation pa	2.00%		
Assumed fund growth pa	5.40% for equity strategy (assume 6.0% - 0.6% amc)		

Year	PP fund b/fwd	Annual Premiums	Growth 5.40%	PP fund c/fwd
2012	56,094	7,425	3,430	66,949
2013	66,949	7,685	4,030	78,663
2014	78,663	7,953	4,677	91,294
2015	91,294	8,232	5,374	104,900
2016	104,900	8,520	6,125	119,545
2017	119,545	8,818	6,932	135,295
2018	135,295	9,127	7,799	152,220
2019	152,220	9,446	8,730	170,397
2020	170,397	9,777	9,729	189,903
2021	189,903	10,119	10,801	210,823
2022	210,823	10,473	11,950	233,246
2023	233,246	10,840	13,181	257,267
2024	257,267	11,219	14,498	282,984
2025	282,984	11,612	15,908	310,504
2026	310,504	12,018	17,416	339,939
2027	339,939	12,439	19,028	371,406
2028	371,406	12,874	20,751	405,032
2029	405,032	13,325	22,591	440,948
2030	440,948	13,791	24,556	479,295
2031	479,295	14,274	26,653	520,221
2032	520,221	14,774	28,890	563,885
2033	563,885	15,291	31,275	610,451
2034	610,451	15,826	33,819	660,095
2035	660,095	16,380	36,530	713,005
2036	713,005	16,953	39,418	769,375
2037	769,375	17,546	42,494	829,415
2038	829,415	18,160	45,769	893,345
2039	893,345	18,796	49,256	961,397
2040	961,397	19,454	52,966	1,033,816
2041	1,033,816	20,135	56,913	1,110,865
2042	1,110,865	20,839	61,112	1,192,816
2043	1,192,816	21,569	65,577	1,279,962
2044	1,279,962	22,324	70,323	1,372,609
2045	1,372,609	1,372,609		
PCLS	343,152	0		
OMO	1,029,457	1,372,609		

IL annuity rate	4.94%	4.94%	
IL annuity	50,883	67,843	gross pa

Assumed Annuity Interest Rate at retirement
 Assume CPI for Index-Linked Pension at retirement
 PA90 Mortality Rates, downrating on age (10 yrs)
 Escalating annuity with 5 year guarantee & no spouse's benefit

PA90			
Male aged	67 less	10	57
Spouse aged			54
AIR			2.0%
Escalation			2.0%
Member, single life, 5 year guarantee			20.232
Reversionary annuity to spouse			0
Annuity rate			4.94%

APPENDIX D(iii) - RETIREMENT PLANNING ANALYSIS - PROJECTING MARCUS'S CURRENT PENSION FUNDS

Calc date 01-Aug-2012
 Objective: to retire in 2045 with a gross income after state pension of £3,000 pm in today's terms £1,365 pm
 Marcus's date of birth 01-Aug-1977 Age 35 £16,384 pa
 Target retirement date 01-Aug-2044 (Marcus aged 67 state pension age)
 Premium escalation pa 3.50% assume premiums go up in line with salary (infl + 1.5%)
 Assumed inflation pa 2.00%
 Assumed fund growth pa 5.40% for equity strategy
 (assume 6.0% - 0.6% amc)

Year	PP fund b/fwd	Annual Premiums	Growth 5.40%	PP fund c/fwd
2012	20,000	3,600	1,274	24,874
2013	24,874	3,726	1,544	30,145
2014	30,145	3,856	1,836	35,837
2015	35,837	3,991	2,151	41,979
2016	41,979	4,131	2,490	48,600
2017	48,600	4,276	2,855	55,731
2018	55,731	4,425	3,248	63,405
2019	63,405	4,580	3,671	71,657
2020	71,657	4,741	4,125	80,523
2021	80,523	4,906	4,613	90,042
2022	90,042	5,078	5,137	100,257
2023	100,257	5,256	5,698	111,210
2024	111,210	5,440	6,299	122,949
2025	122,949	5,630	6,943	135,523
2026	135,523	5,827	7,633	148,983
2027	148,983	6,031	8,371	163,385
2028	163,385	6,242	9,160	178,787
2029	178,787	6,461	10,003	195,252
2030	195,252	6,687	10,905	212,843
2031	212,843	6,921	11,867	231,632
2032	231,632	7,163	12,895	251,690
2033	251,690	7,414	13,992	273,095
2034	273,095	7,673	15,162	295,930
2035	295,930	7,942	16,409	320,281
2036	320,281	8,220	17,739	346,240
2037	346,240	8,508	19,156	373,905
2038	373,905	8,805	20,666	403,376
2039	403,376	9,114	22,274	434,764
2040	434,764	9,433	23,987	468,184
2041	468,184	9,763	25,809	503,756
2042	503,756	10,104	27,748	541,608
2043	541,608	10,458	29,812	581,878
2044	581,878	10,824	32,006	624,708
2045	624,708	624,708		
PCLS	156,177	0		
OMO	468,531	624,708		

IL annuity rate 4.94% 4.94%
 IL annuity 23,158 30,877 gross pa

Assumed Annuity Interest Rate at retirement
 Assume CPI for Index-Linked Pension at retirement
 PA90 Mortality Rates, downrating on age (10 yrs)
 Escalating annuity with 5 year guarantee & no spouse's benefit

PA90			
Male aged	67 less	10	57
Spouse aged			54
AIR			2.0%
Escalation			2.0%
Member, single life, 5 year guarantee			20.232
Reversionary annuity to spouse			0
Annuity rate			4.94%

APPENDIX D(iv) - RETIREMENT PLANNING ANALYSIS - PROJECTING MARCUS'S CURRENT PENSION FUNDS

Calc date 01-Aug-2012
 Objective: to retire in 2045 with a gross income after state pension of £3,000 pm in today's terms £3,000 pm
 Marcus's date of birth 01-Aug-1977 Age 35 £36,000 pa
 Target retirement date 01-Aug-2044 (Marcus aged 67 state pension age)
 Premium escalation pa 3.50% assume premiums go up in line with salary (infl + 1.5%)
 Assumed inflation pa 2.00%
 Assumed fund growth pa 5.40% for equity strategy
 (assume 6.0% - 0.6% amc)

Year	PP fund b/fwd	Annual Premiums	Growth 5.40%	PP fund c/fwd
2012	20,000	8,866	1,559	30,425
2013	30,425	9,177	2,138	41,740
2014	41,740	9,498	2,767	54,005
2015	54,005	9,830	3,447	67,282
2016	67,282	10,174	4,183	81,639
2017	81,639	10,530	4,977	97,146
2018	97,146	10,899	5,834	113,879
2019	113,879	11,280	6,759	131,918
2020	131,918	11,675	7,754	151,347
2021	151,347	12,084	8,825	172,256
2022	172,256	12,507	9,977	194,740
2023	194,740	12,944	11,215	218,900
2024	218,900	13,397	12,544	244,841
2025	244,841	13,866	13,970	272,678
2026	272,678	14,352	15,500	302,529
2027	302,529	14,854	17,139	334,522
2028	334,522	15,374	18,894	368,790
2029	368,790	15,912	20,774	405,476
2030	405,476	16,469	22,785	444,730
2031	444,730	17,045	24,936	486,711
2032	486,711	17,642	27,235	531,588
2033	531,588	18,259	29,692	579,539
2034	579,539	18,898	32,316	630,753
2035	630,753	19,560	35,117	685,429
2036	685,429	20,244	38,106	743,780
2037	743,780	20,953	41,296	806,029
2038	806,029	21,686	44,697	872,412
2039	872,412	22,445	48,322	943,180
2040	943,180	23,231	52,186	1,018,597
2041	1,018,597	24,044	56,303	1,098,944
2042	1,098,944	24,886	60,687	1,184,516
2043	1,184,516	25,757	65,355	1,275,627
2044	1,275,627	26,658	70,323	1,372,609
2045	1,372,609	1,372,609		
PCLS	343,152	0		
OMO	1,029,457	1,372,609		

IL annuity rate 4.94% 4.94%
 IL annuity 50,883 67,843 gross pa

Assumed Annuity Interest Rate at retirement
 Assume CPI for Index-Linked Pension at retirement
 PA90 Mortality Rates, downrating on age (10 yrs)
 Escalating annuity with 5 year guarantee & no spouse's benefit

PA90			
Male aged	67 less	10	57
Spouse aged			54
AIR			2.0%
Escalation			2.0%
Member, single life, 5 year guarantee			20.232
Reversionary annuity to spouse			0
Annuity rate			4.94%

BARGE CALCULATIONS

Year	Barge etc	Inflation 2.0%	Fund	Reg Savings	Assumed Net Return 4.52%	Fund	Fund	Lump Sum	Assumed Net Return 4.52%	Fund
1	8000		0	744	34	777	0	6145	278	6423
2	8160		777	744	69	1590	6423		290	6713
3	8323		1590	744	105	2439	6713		303	7016
4	8490		2439	744	144	3327	7016		317	7333
5	8659		3327	744	184	4254	7333		331	7665
6	8833		4254	744	226	5224	7665		346	8011
7	9009		5224	744	270	6237	8011		362	8373
8	9189		6237	744	316	7297	8373		378	8752
9	9373		7297	744	363	8404	8752		396	9148
10	9561		8404	744	413	9561	9148		413	9561

61.98 pm

PORTFOLIO RETURN ASSUMPTIONS

Investment Portfolio

Allocation	Asset Class	Return	Portfolio Return	
5%	Index-Linked Bonds	2.50%	0.13%	
20%	Corporate Bonds	3.00%	0.60%	
5%	Commercial Property	4.00%	0.20%	
70%	Equities	6.00%	4.20%	
			<hr/> 5.13%	<hr/> 5.13%
			2.00% less inflation	0.61% less portfolio TER
			<hr/> 3.13% real return before charges and tax	<hr/> 4.52%
				2.00% less inflation
				<hr/> 2.52% real return before tax

Pension

Allocation	Asset Class	Return	Portfolio Return	
100%	Equities	6.00%	6.00%	
			<hr/> 6.00%	<hr/> 6.00%
			2.00% less inflation	0.60% less portfolio TER
			<hr/> 4.00% real return before charges and tax	<hr/> 5.40%
				2.00% less inflation
				<hr/> 3.40% real return before tax

FUND CHOICE & PORTFOLIO TER

MARCUS

Investment Case Study

ASSUME COFUNDS ISA AND NON-ISA

Low risk / defensive portfolio	Allocation Fund Name	Deal	Initial	TER	Rebate	Net TER	TER workings	Net TER workings	TR Assumption	Composite Return
Index Linked Bonds	5.00% L&G All Stocks IL Gilt Index Trust	£0.00	0.00%	0.25%	0.00%	0.25%	0.0125%	0.0125%	2.50%	0.13%
Corporate Bonds	20.00% M&G Strategic Corporate Bond	£0.00	0.00%	1.16%	0.25%	0.91%	0.2320%	0.1820%	3.00%	0.60%
Commercial Property	5.00% M&G Property Portfolio	£0.00	0.50%	1.66%	0.50%	1.16%	0.0830%	0.0580%	4.00%	0.20%
UK shares	35.00% L&G UK Index Trust	£0.00	0.00%	0.56%	0.25%	0.31%	0.1960%	0.1085%	6.00%	2.10%
Overseas shares	28.00% L&G International Index	£0.00	0.00%	0.88%	0.25%	0.63%	0.2464%	0.1764%	6.00%	1.68%
Overseas shares	7.00% First State Global Emerging Market leaders	£0.00	0.00%	1.58%	0.50%	1.08%	0.1106%	0.0756%	6.00%	0.42%
Totals	100.00%			0.88%		0.61%	0.8805%	0.6130%		5.13%