

THE  
5

FUNDAMENTAL  
STEPS  
*of Solid Financial*  
PLANNING

# *What is Financial* **PLANNING?**



*To know where you  
are, where you want  
to be and to review  
your financial  
position and revise  
your plans regularly.*



- Les Conway -



## The subject of financial planning can cause some people to recoil with fear.

At Essentially Financial we use our team's 50 years of financial planning experience to make the process as stress free and easy to understand as possible.

We've created this guide to give people a better understanding of what financial planning is and why it is such a powerful tool for helping you live the life you want to.

Over the next few pages we will be sharing with you some simple to follow steps and things to consider, making your financial journey a smooth and enjoyable one.

If you have any financial planning related questions please do not hesitate to call me on 020 3137 5398 or send an email to [les@essentiallyfinancial.co.uk](mailto:les@essentiallyfinancial.co.uk).

Yours sincerely,

**Les Conway**  
Founder and Director

# Meet our team



## **Les Conway** Founder and Director

Les has more than 25 years experience within the world of financial planning. He lives in Pinner with his wife Caroline, their two grown up children, Cinnamon the Cat and Bailey the Yorkshire Terrier.

Away from the office Les is a motorsport nut, competes regularly, plays golf badly, is a Malt Whisky lover and a long suffering West Ham United fan.



## **Fiona Moring** Administrator

Fiona is the office's organiser-in-chief. She ensures we are running efficiently and deals with the daily operational side of the business.

Fiona enjoys reading, socialising, salsa dancing, travelling and family days out.



## **Nicola Bluston** Report Writer

Fitness fan Nicola brings lots of energy and professionalism to the team.

She takes care of Financial Planning Reports and Paraplanning.

Outside of the office Nicola spends her time with her children, family and friends, and also enjoys Crossfit, running and travel.

# First things first

The very first step in financial planning is finding out what a person's objectives are.

At every initial meeting I've ever had with someone interested in knowing more about financial planning I do a lot more listening than talking.

It's important people establish what their financial goals are. Then once that's in place we know where we are headed and can put in place a plan (route) to help us get there.

## We look at:



### The journey from A to B

Where we are (A) and where we want to get to (B)



### Establishing what and when B is

B is the goal you want financial planning to achieve and when you want to achieve it by.



### Taking Alternative Routes

Having back up plans in place if the road to B gets bumpy.



### Making sure everything is working correctly

Once the plan is in operation we regularly review it to ensure we are on the right route and working towards the client's objectives.

# Understanding the Economic Cycle

An important part of what we do at Essentially Financial is to help people understand that uncertainty is a certainty.

Solid financial planning helps you control what is within your control but also gives you a degree of protection against the uncertainties.

## We consider:



**The Cycles of the Economy**



**Boom and Bust**



**Why things happen**

The key point here is to accept certain things are beyond your control. Whether these are stock market crashes, global economic issues or similar unexpected national or world events you need to ensure it does not control or indeed paralyse any decisions you make.

# Dealing with Your Concerns

When it comes to your finances clarity is key.

You need to know what you have, ideally what you'll get in the future and you'll certainly need to be clear on where you want to end up eventually.

We deal with this by looking at three important areas.



## Hill of Life

This is an analogy I use regularly. Imagine you are at the bottom of a hill. This hill signifies your journey to planning for your retirement.

The hilltop is the point of retirement you've set whenever that is. My job as a financial planner is to guide you to the top of that hill. Often I'll go on ahead, get to the summit and tell you from my hilltop view how your retirement looks.

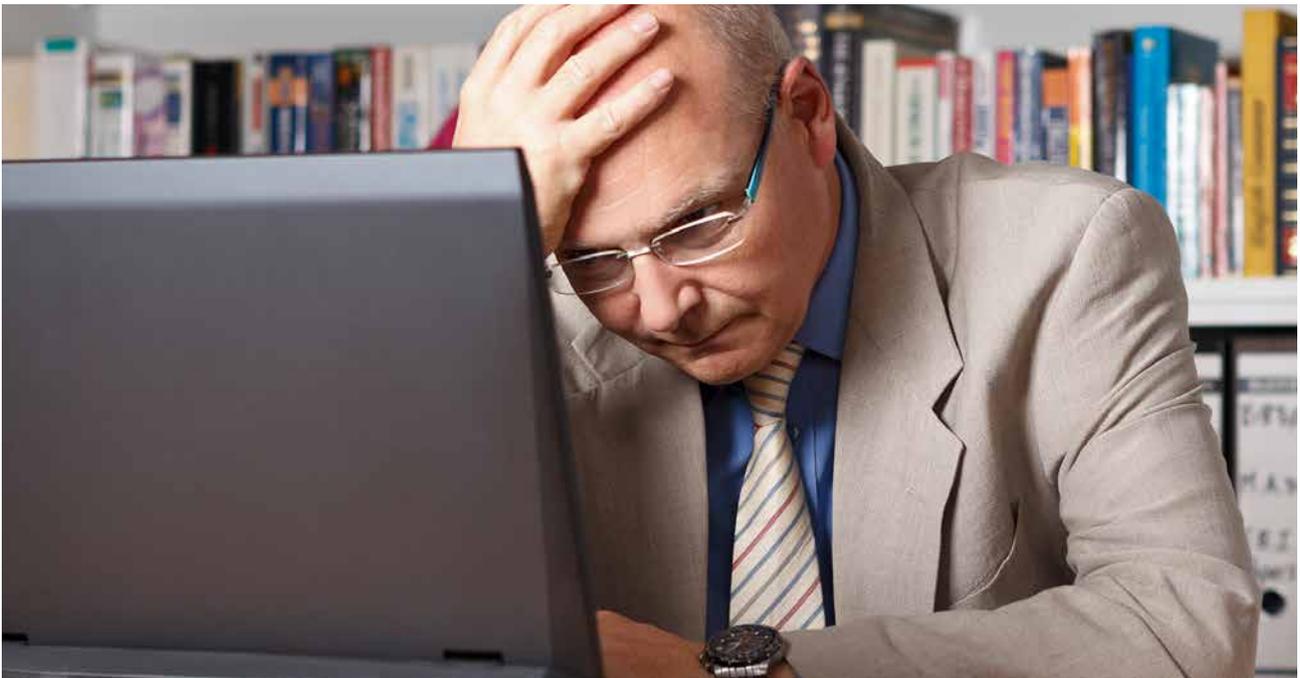
It can be daunting but most people's retirement goals are fairly similar. Over the years we've helped many people achieve those goals.

## The unexpected is a certainty

As mentioned on the previous page. Once you accept that things beyond our control or wishes happen we can put alternative plans in place.

At Essentially Financial we've worked to help our clients through some turbulent times and we totally understand the necessity not to panic.

Doing the groundwork of planning, reviewing and having back up plans means for many of our clients nothing really changes as the storms blow through and eventually fizzle out.



## Life changes

One of the main reasons people come to us seeking financial planning. A change in circumstances often prompts a change in thinking or a need to review things.

These life events include marriage, divorce, death, redundancy, inheritance, illness and relocation.

Interestingly sometimes when things go spectacularly well i.e. successful business, new job or an unexpected windfall, solid financial planning is vital.

The reason why this kind of event needs attention is that, for example, there may be tax issues arising which would need to be addressed.

# The Ages of Financial Planning

## Early Accumulation

People in this category are usually in their **20s and 30s** and:

May be continuing their education.

Starting their first full time job.

Their career is just getting under way and doing well.

They may be settling down, getting married or starting a family.

*This is a great time in life to get organised and begin laying the foundations of successful financial planning for the future. A disciplined approach to finances at this time of life will pay huge dividends in the long term future.*



## Mid Accumulation

People in this category are usually in their **40s and 50s** and:

Sometimes described as pre-retirees.

They are halfway to retirement and need to assess their situation and success.

They continue to reach their career peak and earning power.

Their focus shifts from wealth accumulation to wealth management.

*At this point people are mindful of what they have and what they need for a comfortable retirement. Financial reviews accompanied by taking action are very important at this point.*



## Pre Retirement

People in this group are usually in their **50s and 60s** and:

Retirement becomes more realistic.

Financial goals change dramatically.

More likely to become more conservative and cautious when considering investments.

People move from thinking about growth and accumulation to creating income from their investments.

*At this stage of the financial process we look at whether people have enough to do the things they want to in retirement. This is a time when the Hill of Life analogy on page 7 is really most apt.*



## At retirement

Unless you are the type of person who wants to continue working most people **aged 65** within this group wish to retire.

That magic date has come.

They have prepared and planned how they will replace earned income with their retirement income.

They reassess their lifestyles and determine what they want to do with their free time.

The hard work has been put in to get here so now they want to make the most of it.

*At this retirement stage people are looking at what they can do with themselves and their new found freedom. Point two is very important here as it marks a shift in thinking and one which will benefit from professional financial planning. Regular reviews and monitoring are still important because as we discussed earlier the only certainty is uncertainty.*



## Post retirement

People in this growing group are usually in their 70s or older and:

Want to ensure that the capital they've accumulated lasts.

Making provisions for beneficiaries becomes very important.

They need to feel confident their financial house is in order.

*This can be an overlooked phase of the financial planning process but it's really crucial the hard work put in over the years is protected. Put simply it's about making your money last as long as you do.*

*At this point inheritance planning and being mindful of potential long term care costs come to prominence.*



“

*The truth is that  
you don't know  
what's going to  
happen tomorrow.  
Life is a crazy ride  
and nothing is  
guaranteed.*

”

- Eminem, American Rap Artist -

# THE **3** **CORE** PRINCIPALS *of Solid Financial* **PLANNING**

Here's a summary of the practical solutions we at Essentially Financial work to achieve:

**Assessing and understanding where you are and where you want to be.**

**Planning and taking action.**

**Regularly reviewing and monitoring.**

# THE **5** FUNDAMENTAL STEPS *of Solid Financial* PLANNING

There are five fundamental parts of any solid financial plan. In no particular order they are:

## **Arrange life, critical and illness protection**

It's staggering how many people have none of the above in place to protect themselves, their families and their finances should something bad occur.

## **Build a rainy day fund**

I sometimes call this a mend the roof fund. Ideally you should be thinking about 3-6 months worth of capital. This could cover your outgoings should something unexpected happen to impact your finances.

## **Pay off debt**

Now we are not implying that all debt is bad providing you can comfortably pay back the debt repayments whether it's a mortgage, credit card or personal loan.

## **Set up medium / long term financial plans**

A crucial part of the financial planning process and one we can assist you with.

## **Review the position and re-plan regularly**

This part of the process is where any good financial planner will add real value for his clients.

We've discussed about getting you from A to B and planning to achieve your goals.

The fact that the unexpected happens has also been looked at. Unfortunately, not everything in life runs to plan and quite often the route to your goals will need adjusting and reviewing.

*Financial Planning is a  
lot less stressful than  
you might think.*

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*planning for life*

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