



Meeting Notes – Mr & Mrs A B Smith

Client Names: Albert & Barbara Smith

Adviser Name: Richard Fyfe

Date: 17th January 2025

Also in attendance: Joe Wood

Time: 10am

Location: Fyfe Financial's Office

Meeting Summary

- Albert and Barbara reflected on their past year, celebrating Albert's 70th birthday with a family get-together and several holidays.
- You explained that you are enjoying your retirement and feel you have struck the right balance of making the most of your money in early retirement whilst retaining sufficient funds for later.
- Barbara mentioned that an inheritance of around £250,000 is expected from Albert's father within the next few years, which could impact your financial planning.
- We discussed the plan to withdraw £50,000 to cover your expected capital expenditure over the next 12 months which includes £15,000 for a new bathroom, £25,000 on a new car and £10,000 on a cruise around the Caribbean.
- It became apparent that your regular expenditure exceeds your income by over £4,000 each year so we agreed to increase your regular ISA withdrawals by £350 per month.
- We discussed the proposed changes to pensions and inheritance tax and established that if the new rules are implemented as planned on 6th April 2027, your IHT liability would jump to around £240,000. We agreed that you would go ahead with gifts of £50,000 to each of your two children, Chris and Danielle, to potentially reduce your IHT bill by £40,000 should you survive the required 7 years.
- We reviewed your investment portfolio, noting a strong performance with a 12% increase last year. We also discussed the potential risks of over-concentration in US tech stocks which will lead to changes to your investment strategy. You remain happy with your Level 6 risk profile.
- We agreed that you will contact your solicitor to update your wills and arrange lasting powers of attorney.
- As a result of the sale of a property this tax year you will have crystallised a capital gain of £45,000. You therefore need to inform your account of this so it can be declared on your 2024/25 tax return. The resultant CGT liability is estimated to be around £8,500.



Meeting Notes

Personal Update

- You recently spent 3 weeks in the USA and Canada celebrating Albert's 70th birthday.
 - You also spent a long weekend in Scotland with the whole family.
 - You are now planning a cruise around the Caribbean later this year.
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Your Worries & Concerns

- You have concerns about the proposed inclusion of pensions in the inheritance tax (IHT) regime and how this would significantly increase your eventual IHT liability if implemented.
 - You are worried about recent changes in capital gains tax and how this may affect your financial planning in the future.
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Plans for the Future

- You are planning a cruise around the Caribbean later this year.
 - You also intend to have a new bathroom and buy a new car for Barbara.
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Health

- We discussed your health concerns, which included a recent bout of flu for Albert.
 - You are generally both in good health but are mindful of your medical history.
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Assets

- You have the following assets:

Asset	Value
Home	£450,000
Savings	£210,000
Investments	£150,000
Property	£220,000
Pensions	£550,000
Chattels etc.	£20,000
Total	£1,600,000

Liabilities

- Your current liabilities include capital gains tax of around £8,500 from your recent property sale.
- You have no other debts.

Income

- You currently have the following sources of gross annual income:

Income Source	Amount
Albert's State Pension	£11,502
Barbara's State Pension	£9,208
Albert's Annuity	£16,990
Barbara's Rental Income	£11,520
Albert's SIPP Income	£21,778
Joint ISA Withdrawals	£6,000
Total	£76,998

- This provides you with a net income of just over £5,650 each month.



Regular Expenditure

- Your regular expenditures include general living costs, holidays, and family support.
- Excluding exceptional holidays and capital expenditure for items such as cars, your monthly outgoings average around £6,000.

Income Vs Expenditure

- Your regular expenditure currently exceeds your income by around £350 per month.
- We therefore agreed to increase your net income by £350 per month.
- As Albert's income has already reached the higher rate income tax threshold and both your pensions are outside your estate at least until 5th April 2025, we agreed to increase your regular ISA withdrawals by £350 per month to £850 per month

Capital Expenditure

- You are currently planning a Caribbean cruise for later this year at an expected cost of £10,000.
- You are also planning to have a new bathroom for around £15,000 and to buy a new car for Barbara for around £25,000.
- We agreed that you would therefore withdraw £50,000 from your ISAs to pay for these.

Tax

- Following the recent sale of your rental property you have made a capital gain of £45,000 which must be reported to HMRC within 60 days of the sale.
- I recommend that you inform your accountant of this capital gain so that you can formally account for it.
- The estimated Capital Gains Tax liability is almost £8,500. You have confirmed that you have sufficient funds in the bank to pay this tax bill.
- As Albert's income has already reached the higher rate tax threshold, it makes sense to take the additional income you need from your ISAs.



Inheritance Tax & Estate Planning

- We discussed the recent Government proposals to include pensions within the inheritance tax (IHT) regime by 6th April 2027.
- Under current rules your IHT liability would only be around £20,000. However, if the new rules are implemented as planned on 6th April 2027, your IHT liability would jump to around £240,000.
- In order to potentially reduce IHT in the future, you would like to make gifts to your two children, Chris and Danielle, and have decided to proceed with gifts of £50,000 each.
- This would potentially reduce your IHT bill by £40,000 should you survive the required 7 years and the proposed IHT/pension rules are implemented as proposed.
- I made it clear that these rules have not yet been finalised and could still be changed or scrapped and as such it might be premature to make such gifts. You confirmed that you were already thinking about making the gifts as your children “could really do with the money” and these proposed new rules “are just the kick up the back side that you needed!”
- I also confirmed that based on your lifetime cash flow forecast these gifts are affordable and will not affect your own financial security in the future.
- We briefly touched the potential inheritance that you might receive from Albert’s elderly father and agreed this might potentially be passed on tax efficiently to Chris and Danielle via a Deed of Variation. We would of course discuss this more at the time.

Wills & Lasting Powers of Attorney

- Although you believe your current wills are roughly in line with your wishes, you are keen to include small individual legacies to your grandchildren and we therefore agreed that you would contact your solicitor to update your wills.
- You also confirmed that you do not have Lasting Powers of Attorney (LPAs) in place and I recommended that you ask your solicitor to arrange these for you.
- We agreed that you needed both Property & Finance and Health & Welfare LPAs and that it would make sense to be each other’s primary attorney with your two children as reserve attorneys.

Pensions & Investments

- We agreed that we have been happy with the service levels of your SIPP and ISA provider, over the last 12 months who remain extremely cost effective.
- We will also proceed with the proposed capital withdrawals and income increase as planned.



Investment Performance

- Recent investment performance has been strong, with growth of 12% over the past year.
- Your investments have grown by around £200,000 over the last 7 years which equates to growth of over 45%, well ahead of the benchmark and inflation.
- You confirmed that you are happy with the returns on your investments.

Investment Strategy

- I explained that despite excellent returns over the last few years, we are increasingly worried about the concentration risk of holding such a large proportion of your portfolio in a handful of US tech giants such as Microsoft, Apple and Nvidia. This also undermines the high levels of diversification achieved elsewhere in your portfolio.
- We are also worried that the US technology sector could be over-valued and that as such a potential market correction could be disproportionately detrimental to returns going forward.
- We therefore recommend making some changes to your investment portfolio which will reduce this concentration risk and provide better overall diversification.
- Your new portfolio will also be slightly cheaper than your existing investment funds.
- You confirmed that you are happy to follow our advice on this.

Risk Tolerance

- You confirmed that you remain happy with your Level 6 Risk Profile.
- We discussed the likelihood of a stock market crash within the next few years and you confirmed that you are aware of market fluctuations and are prepared for potential downturns.
- You confirmed that you understand that the bottom of the market is the worst time to cash in your investments and that the best thing to do is to sit tight and stick to the existing strategy.

Your Financial Plan

- The financial plan includes goals for retirement, travel, and family support.
- It is also based on the levels of income and expenditure stated above.
- Overall, you are in a strong financial position and your financial plan remains on track.



Financial Protection

- We briefly discussed financial protection but agreed that as you are retired and your income is not dependent on your ability to work, you do not require any life assurance, critical illness cover or income protection.
- You also hold plenty of cash and do not have any debts (other than your CGT liability which you can easily afford to pay).
- We also discussed financial protection in relation to IHT and the gifts you plan to make to your children but you confirmed that you are not interested in applying for any life assurance in relation to these.

Meeting Tasks

Task	Person Responsible	Completion Date
Arrange a £50,000 withdrawal from your ISAs to be split equally between each ISA.	Fyfe Financial	Within 1 month
Increase your regular ISA withdrawals to £850 per month each.	Fyfe Financial	Within 1 month
Review your investment strategy and make the agreed changes.	Fyfe Financial	Within 2 weeks
Update your financial plan and lifetime cash flow forecast and send out your comprehensive report including a review of your pensions and investments.	Fyfe Financial	Within 2 weeks
Gift £50,000 to each of your two children, Chris and Danielle.	Albert & Barbara	As soon as you happy to proceed
Contact your solicitor to update your wills and arrange Lasting Powers of Attorney.	Albert & Barbara	Within the next 3 months
Contact your accountant to inform them of the £45,000 capital gain you crystallised during the 2024/25 tax year.	Albert & Barbara	As soon as possible



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Contact Us

If you have any queries about any aspect of your meeting notes, if you spot any inaccuracies or if any points require clarification, please do not hesitate to contact us via any of the methods below:

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