What is “Holistic Lifetime Financial Planning”?

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If you are an existing client of mine, it is probably because I have recommended and arranged a financial product or solution to you at some stage in my past 31 year career as a “financial adviser”. I am now making a change away from being a commission-based Independent Financial ***Adviser***, to being an Independent Financial ***Planner,*** providing Holistic Lifetime Financial Planning, primarily on a professional fee basis. A word of explanation may be needed.

- **Holistic:** Literally “treatment of the whole, rather than isolated parts or problems”. Financial advice in the past has often been about selling one-stop solutions to narrow problems, or single products to meet isolated needs/wants, without regard to the wider picture. That this can be inappropriate may be illustrated by the situation where a client might be advised to invest in something returning, say 5% per annum net, when he is paying out over 20% net interest on credit card debts. Clearly, the debts should be repaid before thinking about investing. There are many other examples. I hold the CII Advanced Financial Planning Certificate (AFPC) in Holistic Financial Planning, and am also a “Certified Financial Planner” CFP CM, certified by the Institute of Financial Planning.

- **Lifetime:** People’s situations, needs/wants, resources and objectives change with time. A good financial planner remains in touch, conducts regular reviews and adapts the long term financial plans to client circumstances, psychology, attitudes & needs; not just to markets and product availability. Constant monitoring should be conducted.

- **Financial Planning:** “Planning” is just that. Foreseeing needs/wants and making advance provision, as well as adjusting/correcting present arrangements. This can include cash flow/expenditure analysis and forecasting investment returns, adjusting savings/expenditure rates and risk/return exposures accordingly.
- It can also mean re-adjusting expectations to the realistic and achievable, away from pipe-dreams. Most attributable returns from investment planning result from the asset-allocation decisions, rather than other issues such as market timing, stock selection, style etc. Getting the asset-class mix right, and diversifying risk is essential.

- **Professional:** To reinforce the impartiality of my advice, I prefer to work primarily on a fee basis, with commission offsets or rebates, agreed in advance on a one-to-one basis. You may wish to read my paper “Fees versus Commission” on my website: www.midasfides.co.uk for the rationale. It is in your interest.

I am now a Certified Financial Planner of the Institute of Financial Planning, an organisation which promotes the move away from commission-based product selling to Holistic Lifetime Financial Planning. I look forward to re-introducing myself and the new direction I am taking, and to elaborating on how this can benefit you. I will need to re-appraise myself of your circumstances in some depth.

Action: Ask for a meeting. The initial one is free. It’s to determine whether you need me.

A summary of the Holistic Lifetime Financial Planning Process follows:

Holistic Lifetime Financial Planning Process

Preliminaries:

i) Free Introductory Meeting and Discussions, Explanation of Process and Benefits
ii) Factfind Process
iii) Letter/s of Engagement completed and signed

1) **Statement of Present Position**
    - Asset/liability summary and valuation
    - Income breakdown, tax and net income
    - Expenditure & outgoings
    - Insurance protection arrangements and risk exposure
    - Identification and statement of problems and issues

2) **Attitudes, Emotions**
    - Risk/return tolerance
    - Prioritisation of financial objectives relative to lifestyle objectives

3) **Statement of Objectives**
    - Prioritise objectives
    - Quantify objectives, goals, targets
    - Timescale for achieving objectives
    - Tolerance for variability in goals (best and worst case outcomes)

4) **Projection of Current Arrangements**
    - Apply growth assumptions to present assets, relate to risk/reward tolerance
    - Apply assumptions to progress of debt
    - Assume current savings rate maintained
    - Stochastic projection modelling (short term unpredictability of variation)
    - Earmark and match current arrangements to specific objectives
    - Assume future lifestyle changes, earnings changes, capital injections etc.

5) **Identify Mismatches**

    - Quantify likely shortfall/surplus in meeting objectives
    - Quantify adjustment in funding required to meet mismatch
    - Adjust growth projections & risk/reward tolerance
    - Revise feasibility/achievability of objectives and timescale (“reality check”)

6) **Formulate Strategic Solution (“The Plan”)**
    - Broad changes in financial and lifestyle patterns needed to reach goals
    - Reappraise realistic achievability of objectives and revise goals

7) **Specific Recommendations**
    - Changes to existing investments matching risk to asset allocation & funds
    - Re-allocation of funds to new/different investments, savings, retirement plans
    - Change of expenditure/outgoings patterns
    - Revise insurance portfolio. Reduce/increase/add/remove/replace cover
    - Implementation of recommendations

8) **Set Regular Review Timetable and Stick to It**
    - Keep regular meetings and repeat above process each time, in order to
    - Monitor, Re-Value, Revise, Adjust & Match to expectations