BLACKSTONE
FINANCIAL MANAGEMENT LIMITED

Retirement's plane sailing with the right numbers

Background

At the age of 58 Matt's life was changing in fundamental ways. He was selling his business and was in the process of splitting the proceeds equally with his wife, as they were also divorcing at the same time.

Financially speaking, Matt had to make what he was left with work hard to support his retirement plans, as he had no investments, no savings, no life cover and only the value of the sale of the business and his marital home and a pension of £165,000 to fall back upon.

Objectives

The starting point of any plan is to have some clear objectives in mind. With these in place, robust plans can be brought to fruition and can help deliver lifetime goals. Without a plan we are all simply adrift.

Matt sat down with us in our initial meetings and told us that he wanted to achieve some specific goals, that we were then able to work toward delivering. These included:

- Matt had always been a homeowner and, after retiring and sorting out his divorce, he wanted sufficient reserves to enable him to develop or purchase without finance a substantial home for himself and any new partner. He also had an ambition to have a nice holiday home in Scotland near where his boat is moored.
- Matt also wanted to buy a new sailing boat. Allowing him to indulge one of his main hobbies during his retirement, and to enable him to fulfil the lifetime ambition of sailing around the UK and Ireland.
- He wanted financial security too and wished to achieve an income of £80,000 per annum after tax, with the scope for this to rise if needed over time
- Lastly, Matt wanted to understand and mitigate his estates Inheritance Tax liability and be able to support his two children if needed.

The Blackstone approach

One of the key things we always do, is to get clients to examine a 360 degree approach to financial planning, to consider things they may have dismissed in the past, or may not be aware of.

In Matt's case we examined some factors he hadn't considered. These included changes in his health, possible inheritances for him; and where the £80,000 goal came from and how it was calculated.

We also ensured that Matt understood that we were creating a life plan and not something that only covers the next few years. Being used to dealing with shorter term business plans, this was a cultural change to Matt's thinking, but one that paid off extremely well.

One thing that always concerns us, is that Matt had contacted some larger advisers that had him thinking he would need to use a myriad of products under different jurisdictions. All because they only ever think about how much client's have to invest, without ever stopping to try to understand what their objectives and goals actually are.

The nitty-gritty

We work net of tax, not gross of tax. Which means that one of our focuses is to always limit the amount of tax you pay on the top line income figure. We're always surprised how many clients aren't focused upon this before they come to us. Many people don't realise just how valuable using all available allowances are and how they can help to preserve wealth, by reducing how much tax is paid

After the sale of his business and dealing with his divorce, Matt was left with £4M. His main concern was that this wasn't enough to retire and achieve all the goals he'd set out.

As he had very few investments before retirement, other than his business and pensions, he was ignorant as to what other opportunities were available and what significant returns they could achieve.

As this was a new area for Matt, the first thing we suggested was that he immediately set aside two years worth of income, in order to provide him with the psychological safety net of knowing that he was financially stable whilst his chosen investments became established.

Then we turned to his property ambitions. In order to enable him to supercharge his property ambitions, we showed Matt how he could boost his existing pension via his Limited Company, in order to provide significantly more funds for commercial property projects he had in motion and on the horizon.

As far as Inheritance Tax Planning was concerned, it was far easier than Matt had anticipated to ensure that his children avoided a large IHT bill, whilst he still enjoys the benefits of his wealth. Where previously Matt had thought that the only options open to him were to give away money, which he was not prepared to do just now as he wants access to his own capital.

The future is plane sailing

Following the introduction of a realistic and uncomplicated cash flow model, Matt now has a simple financial plan, with 3 elements to it. Of course, we occasionally tweak things so that it keeps in line with the overall life plan.

Since we opened Matt's mind to the benefits of shrewd investment opportunities, we have developed an accessible DIY portfolio that allows Matt to be as hands on with his own investments as he wishes to be.

We are always on hand to consult on any financial matters. More recently we've been helping when queries arise over property matters that he is considering getting involved with. With us helping analyse return on investments and whether they are worth the risk and if they are in his best interests.

The one thing Matt now always says, is that £4m goes an awful lot further than he realised once you take the right advice, work with the right people and grow funds and combine tax efficiency within your financial plan – and he's absolutely right!