

# **LifePlan Cash Flow System**

## **User Guide**

Version 1.4.6.2 – June 2015

## **Introduction**

LifePlan Cashflow is an excel spreadsheet system. Various spreadsheets interlink to produce graphical financial forecasts of income, expenditure and future net worth. The system is designed to assist financial advisors with financial planning for their clients. Uses for the system include gaining an understanding of:-

- The maximum quality of life that might be possible without fear of running out of money.
- The growth rate on assets (and therefore exposure to risk) needed to optimise chances of achieving financial objectives.
- The impact that losing an income would have upon the financial security of a family.

The system is designed to be simple to use with flexibility for the user to input their own assumptions, and to then compare different scenarios with their clients.

## **Basics**

The system works by dividing different areas of a client's financial structure in to "pots", and there is a spreadsheet for each pot. All data is entered into a wizard (the planner) that then automatically populates the relevant spreadsheet. The user has complete flexibility as to the order that they enter the information, and they can change the information entered easily. The combined impact of the data entered on to each spreadsheet is shown in the graphs. The user has complete visibility of each spreadsheet and the impact that their data entry has and so can easily follow how the resultant graphs are derived. The figures in the spreadsheets are always shown in "actual money" terms and so you will see that all figures will rise in line with the rate of inflation you decide to use in your assumptions.

The "pots" are:-

### *Cash Pot*

This is the heart of anyone's financial structure and from where lifestyle is funded. You only enter the total of the current cash balances onto this spreadsheet because the subsequent balance in the cash pot will be a product of all of the other activity entered onto the other spreadsheets.

### *Income and Expenditure*

This is where current income and expenditure (lifestyle) is entered along with future forecasts and ambitions. This is where the life that someone is living or wants to live is entered. The figures that the user enters should always be net. Where relevant you will be asked whether the figures are in today's money or not.

For expenditure this is broken down into three areas: - Regular Monthly - expected to rise with inflation, Regular Fixed – not expected to rise with inflation and to last for a set period and Capital – for one off expenditures. You do not need to enter any detail, just the overall figures and in the regular monthly section this can be adjusted upwards or downwards in percentage terms as circumstances are expected to change in the future.

In the income wizard you can enter current and future anticipated income and whether this is indexed in line with inflation or not and whether the figure you enter is expressed in today's terms or not. Variable and one off incomes can also be entered and this would include monies received which are not as a result of moving monies to or from the other pots (such as receiving a gift or an inheritance, or a lump sum from a non money purchase pension scheme).

The figures entered will produce a deficit or surplus for each month and this will reflect in the balance of the cash pot.

### *Investment Pot*

This pot is for all monies not held or needed to be held in cash and is split into three sections. - General Investments, Pensions and Savings Plans. General Investments are readily realisable investments such as ISA's, quoted shares and funds. The Pension section is for money purchase arrangements whether employer sponsored or not and the Savings section is for contract based savings plans such as endowments.

You can have different growth assumptions for each section and you can move monies to and from the cash pot in each section. In the case of the non readily realisable assets held in the pensions or savings sections, before moving money you will need to allow for any contractual or legislative restrictions. Monies moved in to the pension pot from the cash pot are grossed up by basic rate tax.

### *Property Pot*

Entered into this spreadsheet are the values of property and this is split in to two sections – Main Residence and Other Property. Property can be bought and sold in either section with the resultant impact upon the cash pot.

### *Liability Pot*

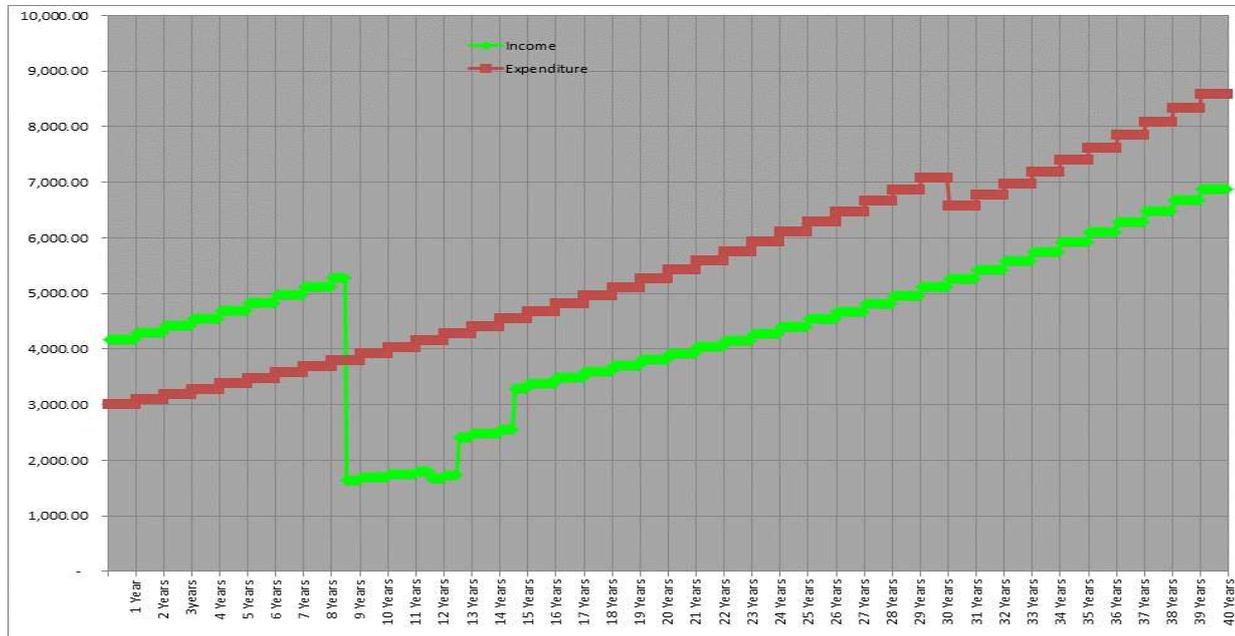
Mortgage details are entered on to this spreadsheet. The system will calculate the monthly interest on the outstanding balance using the interest rate you enter in the assumptions but the user has flexibility to enter the actual payments made or the proposed payments that the clients wish to make to their mortgage account. The impact of the figures entered will be shown in the mortgage balance and also the cash pot from where the mortgage payments are funded. Planned future new borrowings can also be added, and any such monies raised will be added to the cash pot.

There is an extra facility in this section to enter any cash savings that are offset against the mortgage interest charged.

The system produces two graphs:-

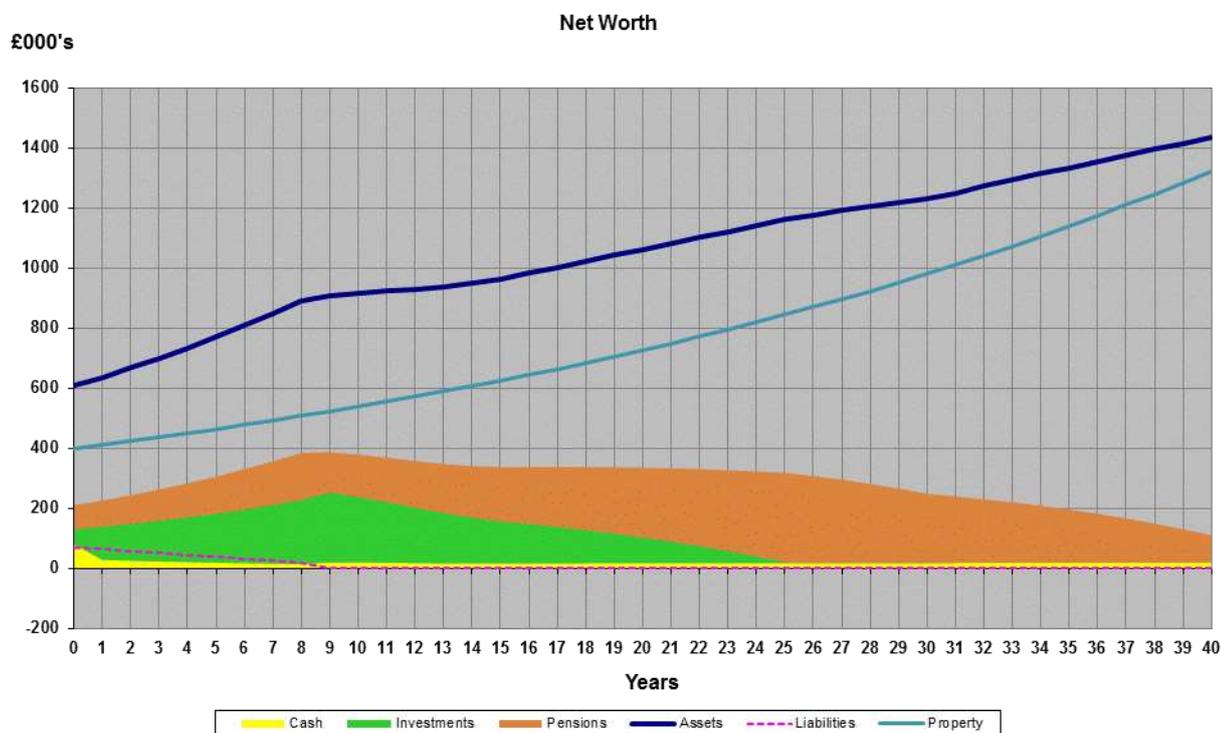
### Income Vs Expenditure

This simply sets out the average net monthly income received (green line) and average monthly expenditure (red line) for each year. The lines will increase to take account of any inflation assumptions that the user has entered. See example below:-



### Net Worth Chart

This chart is the prediction of future net worth based upon the information entered by the user. See example below for the same client as for the first graph:-



The total asset value is the dark blue line but this includes non readily realisable assets such as pensions and property. The yellow (cash) and green (general investments) are the readily realisable monies, the orange block is money in pension funds readily realisable now from age 55. The mortgage is the pink dotted line.

## Getting Started

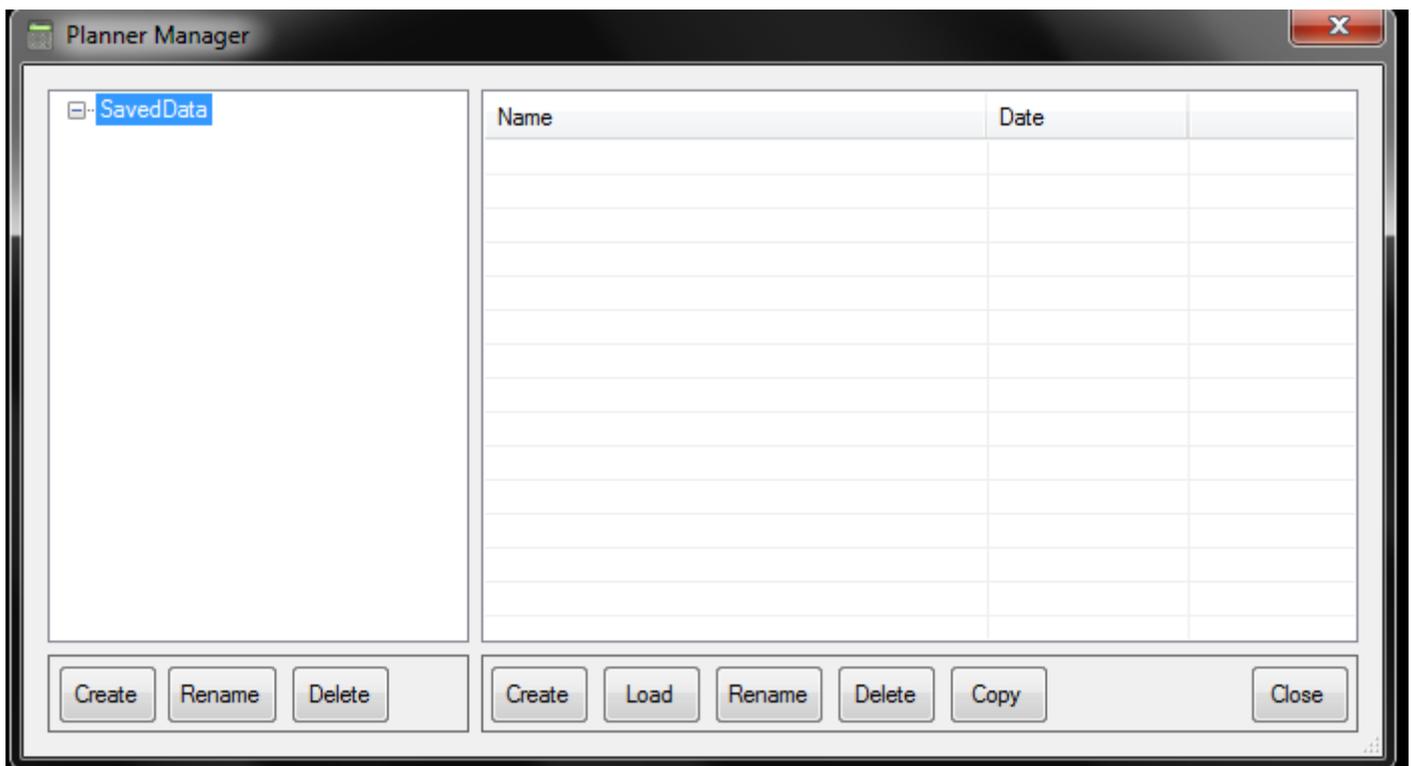
You will need to first of all follow the separate instructions to download the LifePlan system to your computer. You will then be able to launch from an icon placed upon your desktop.



When you click on the icon the input wizard (the planner) launches as shown below.

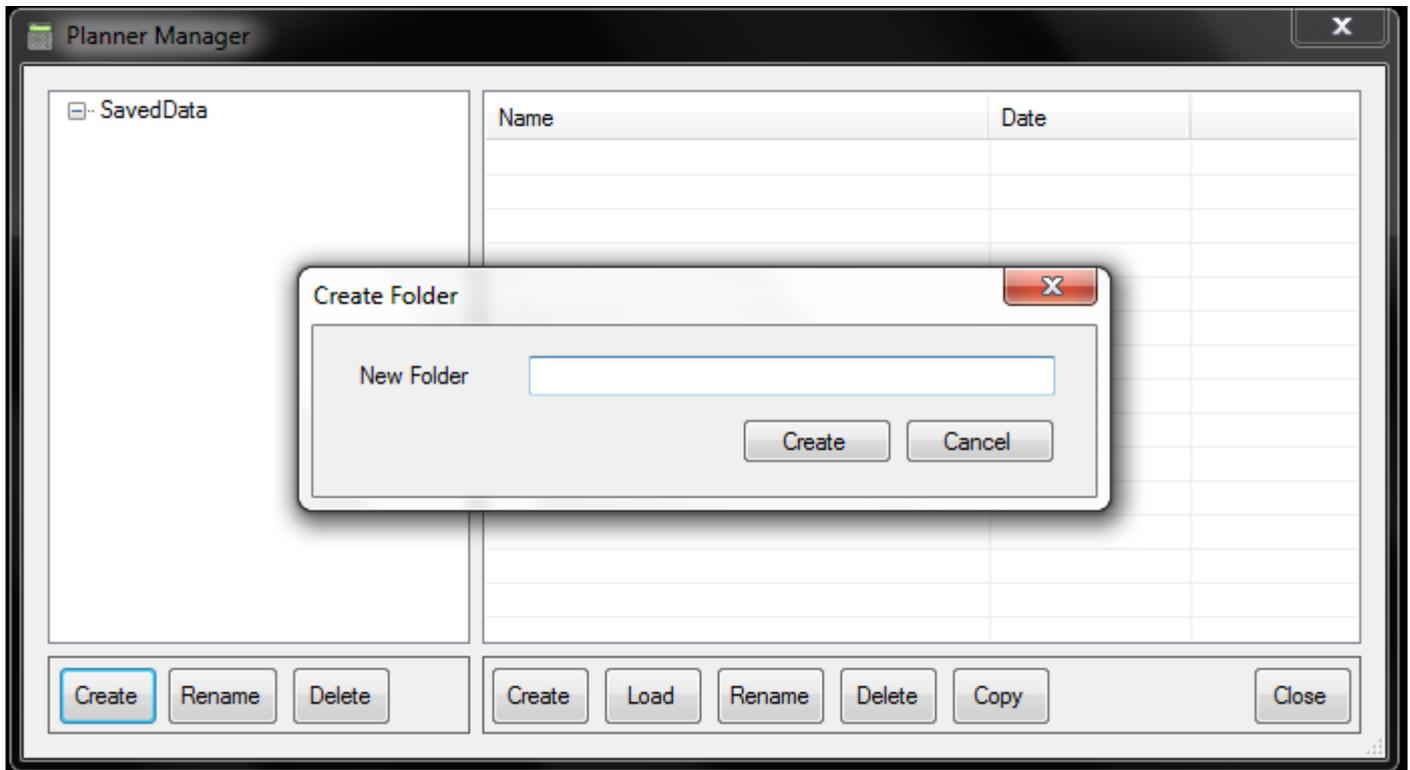


In order to get started you should click the "Manage Planners" option and the following screen appears:-

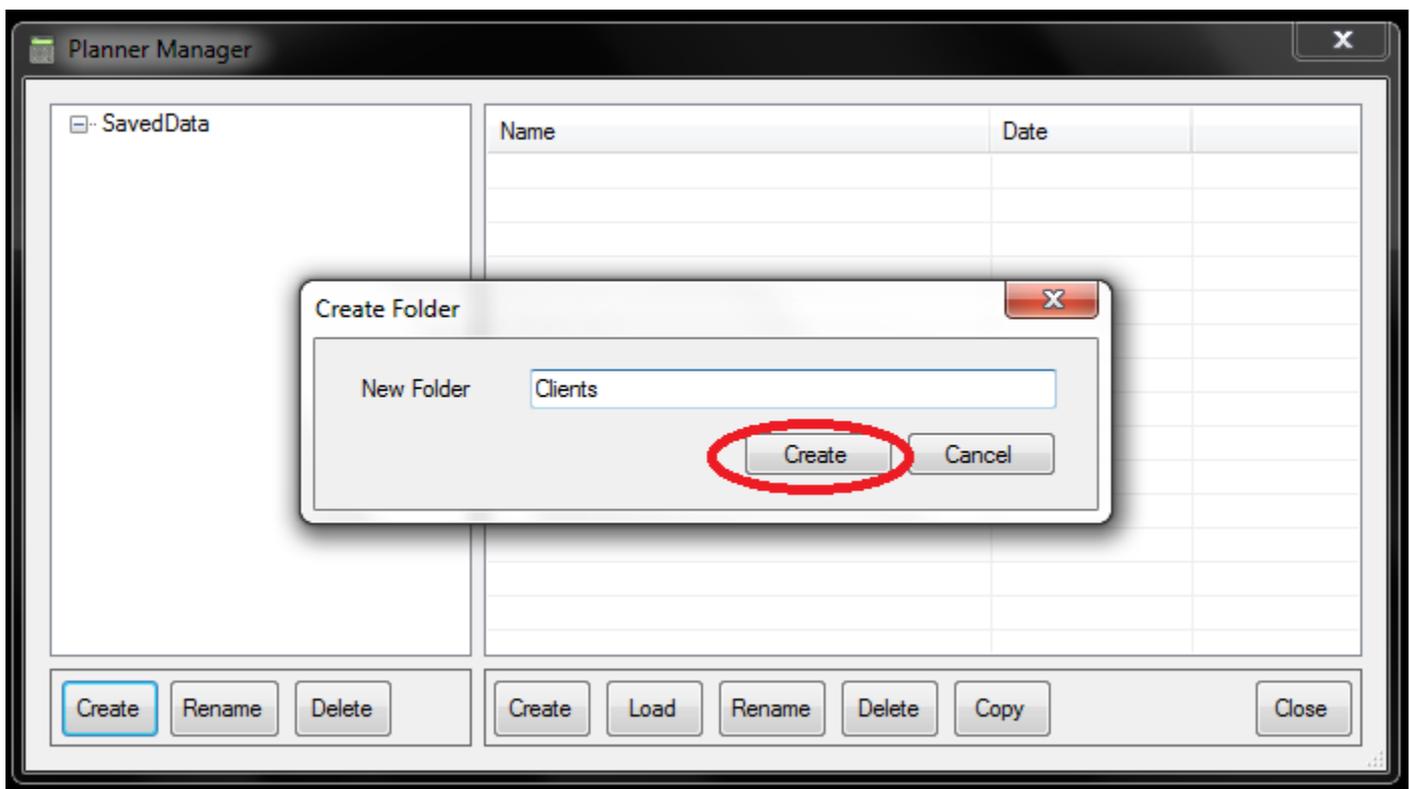


The left hand side of the screen allows you to develop your own folder system, which will help you manage and locate your planners. The right hand side is where you create new planners. You do not have to create a folder system before you get started, you can do so after you have created some planners, but the instruction in this first section sets out how you can create your folders.

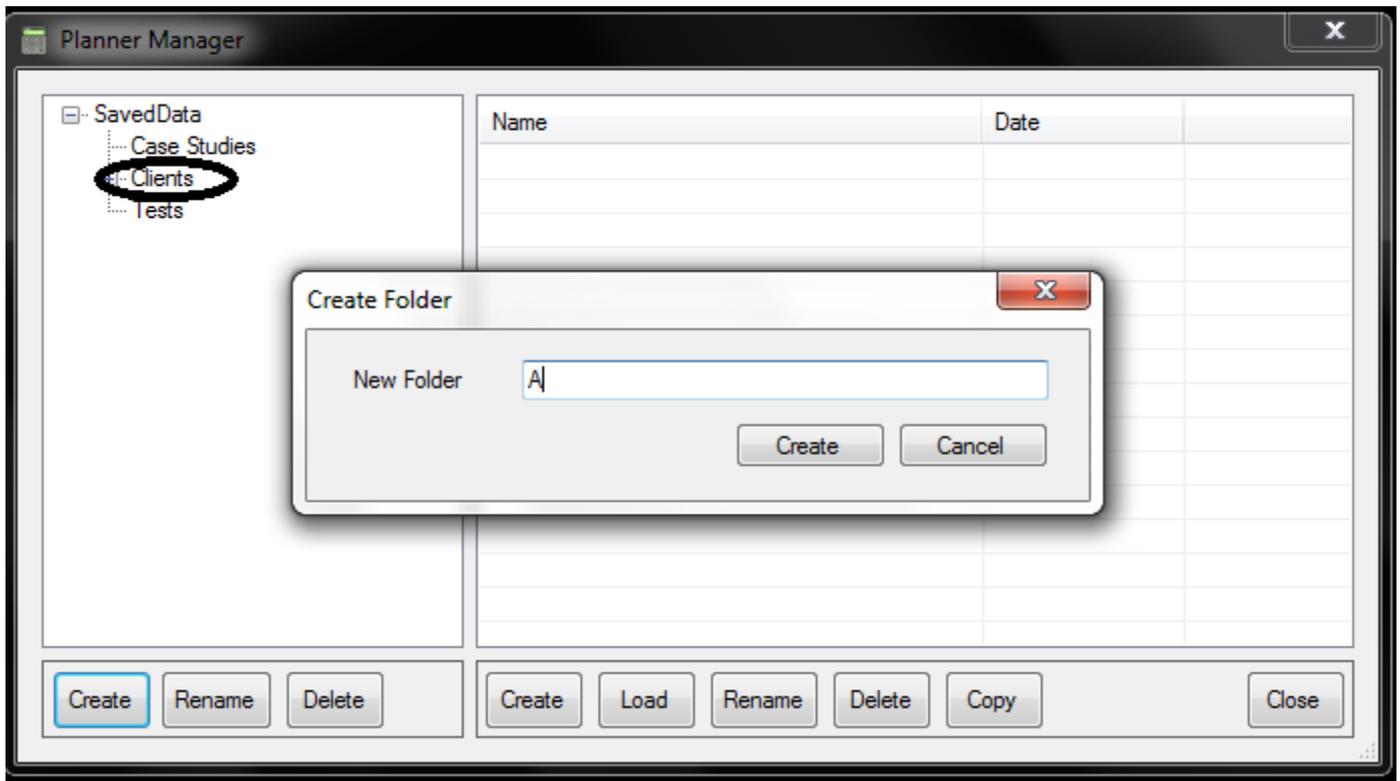
To create the folders you want, press the "Create" button in the left hand corner and the screen will then look like this:-



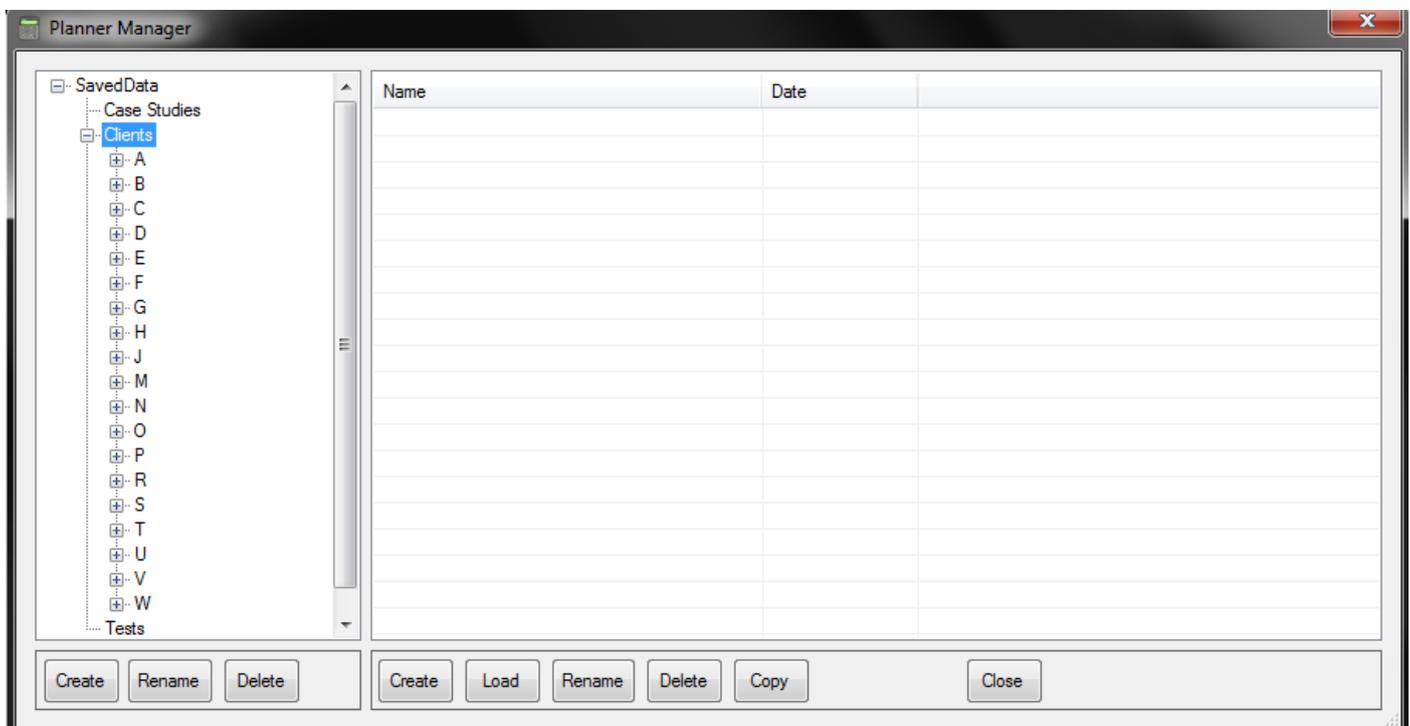
Type in the name of the folder that you want in the "New Folder" box and press "Create" where highlighted to add a folder to your filing system. Repeat this process for as many folders as you want to create.



You can then create subfolders within each of the folders in the same way as above. For example you may wish to break client planners in the clients folder down to the letters of the alphabet that the surname begins with and then have named client folders in the appropriate folder when you create a planner.

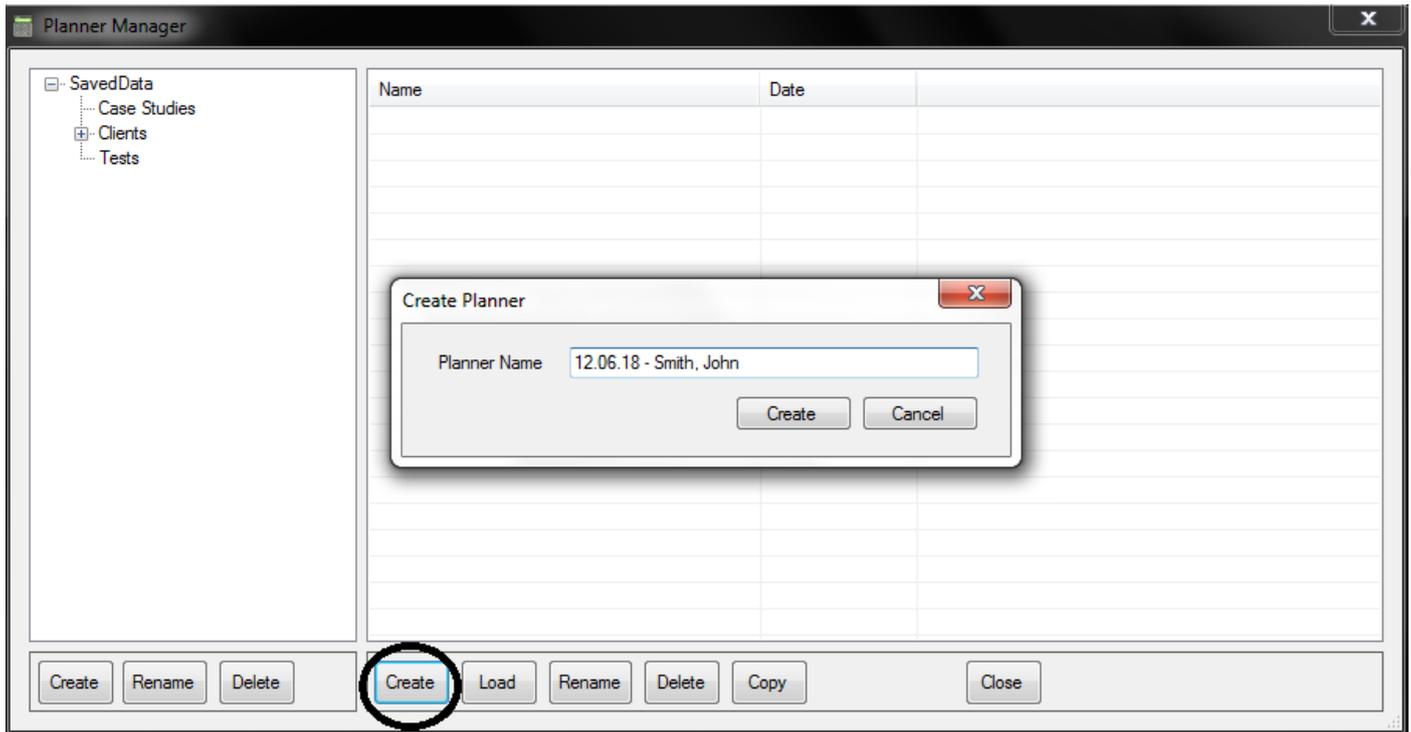


As you create planners for your clients you can expand your folder system such as the one set out below:-



## Loading the Planner

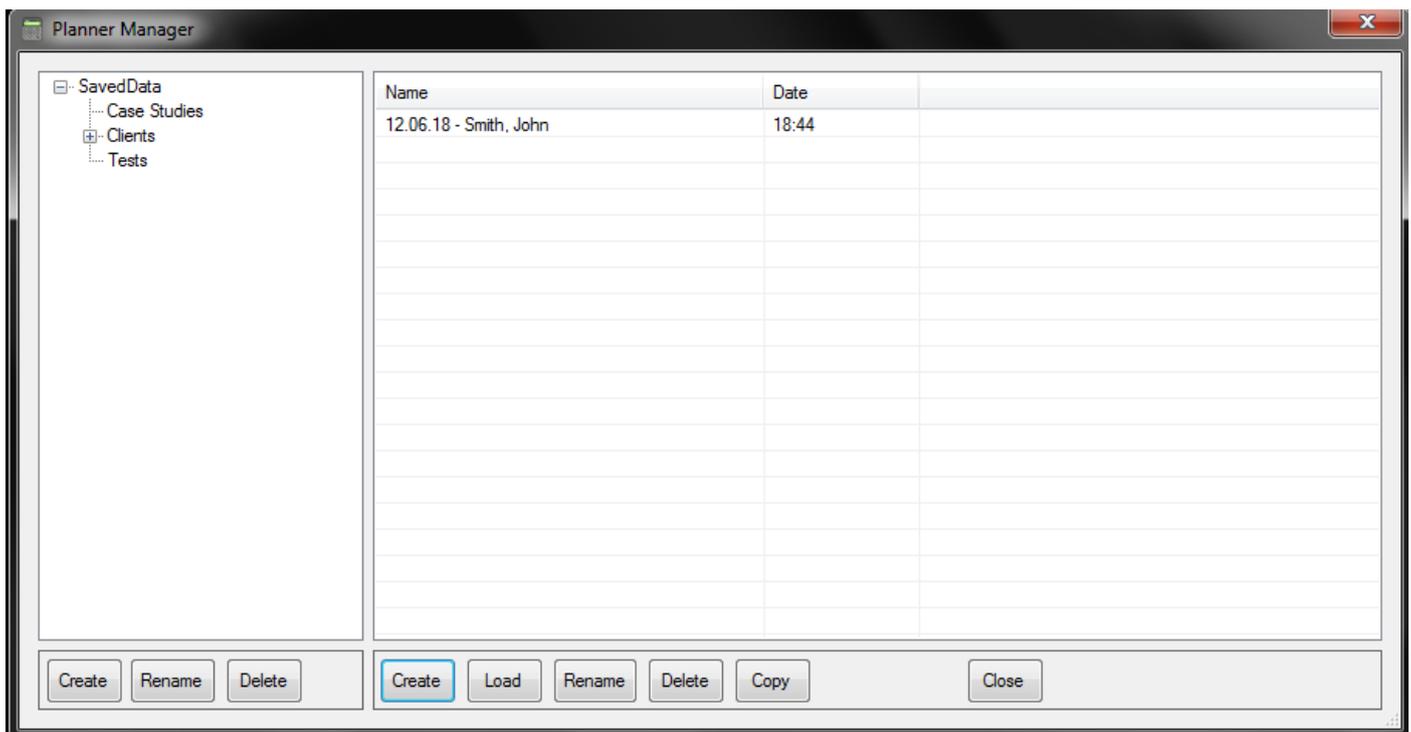
To create a new LifePlan, click the "Create" button highlighted at the bottom of the screen.



A "Create Planner" box will then appear as shown. You type into the box the name that you want to give the planner. It is a good idea to put the year then month then day that you created it as shown above if you want them to appear in a logical order when saved. You could also add the circumstances examined, for example:-

12.06.18 – Smith, John – LifePlan - NRD 65 or 12.06.18 – Smith, John – LifePlan – Current Situation

When you have given your new planner a name that you are happy with press "create" in the create planner box, and you will see your planner now added to the planner manager on the right hand side.

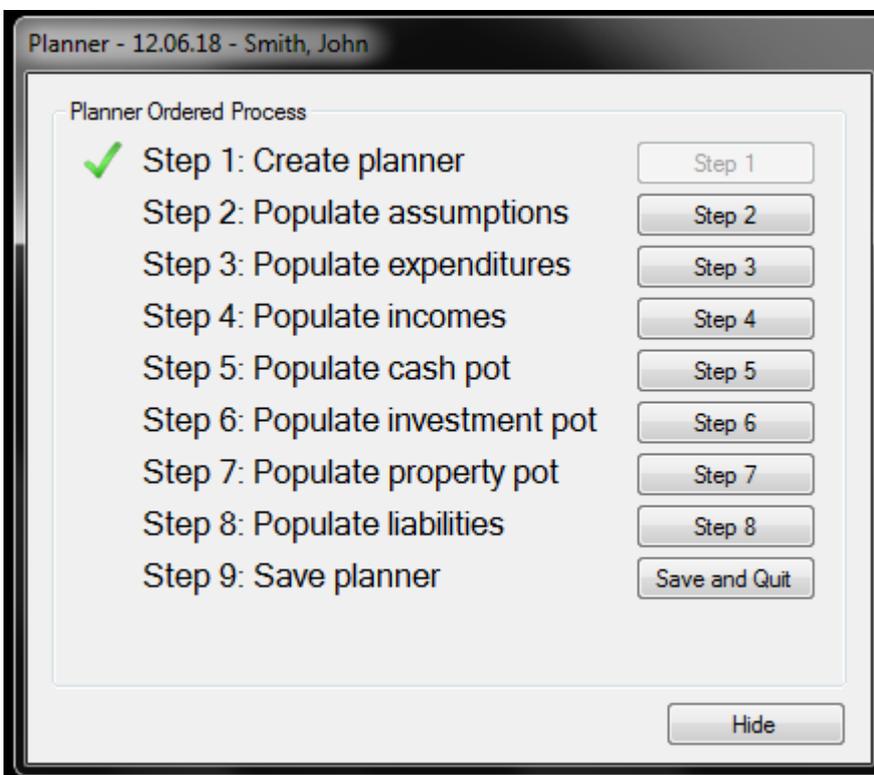




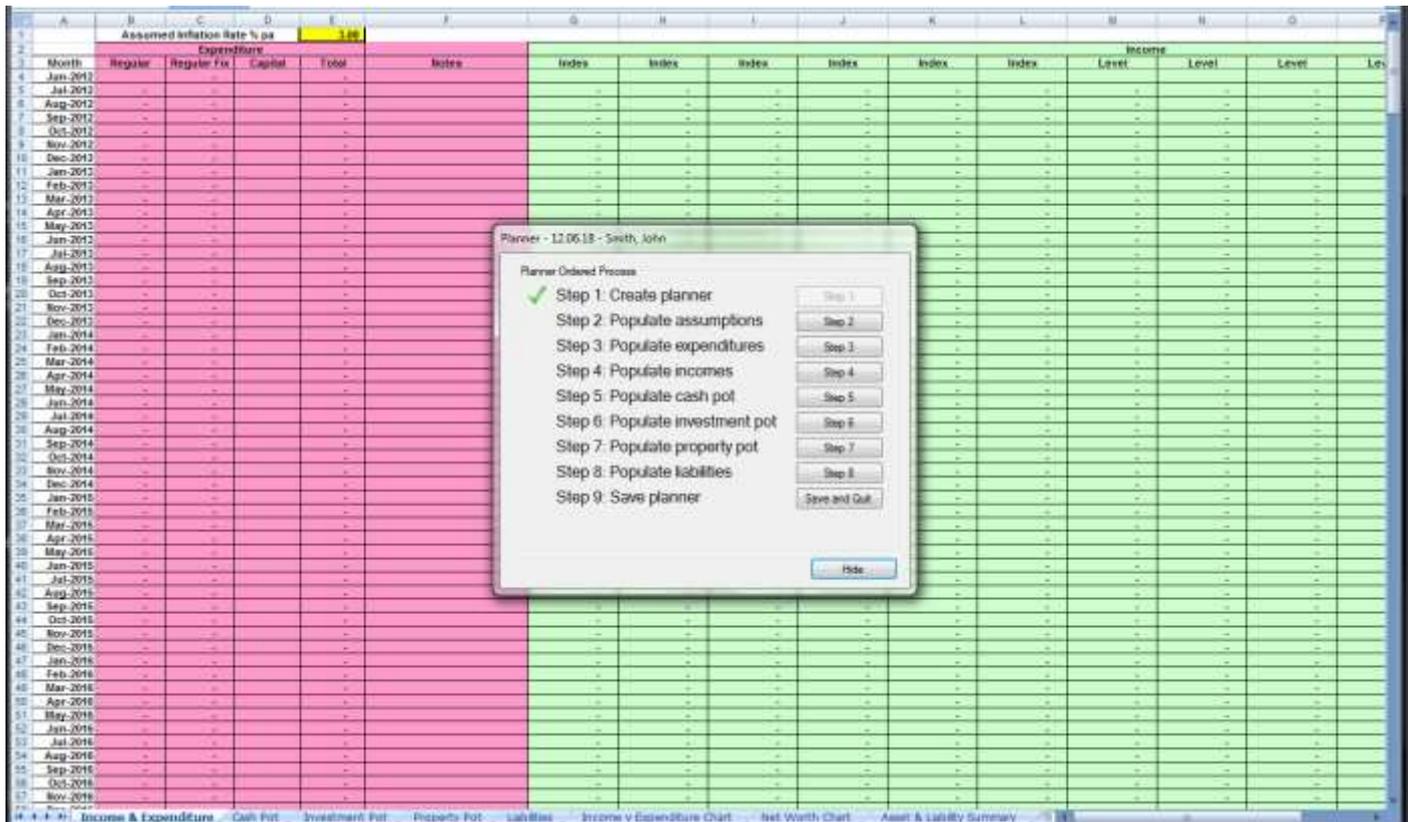
You will now be asked to save the excel spreadsheets and graphs that the planner creates to a place of your choice on your system. The obvious place to save is to an appropriate part of your client file as shown in the screen shot below. The default name for the file that appears in the file name box will be the same name as you used at the start of the process and we would recommend that you use this name so that you can easily later link the planner retained in the LifePlan system with the spreadsheets that the planner generates that are retained on your system.



When you have decided where to save press save. You have now created the planner and you will now notice that a green tick appears against Step 1.



You will see that an excel spreadsheet has launched and is now sitting in the tray at the bottom of your screen. Click on the spreadsheet in the tray and it will appear in your screen underneath the planner. See over.



You have the income and expenditure spreadsheet now open underneath the planner, and at the bottom you can see the tabs for all of the other spreadsheets. You can click on any of the tabs at any time to reveal the underlying spreadsheet.

The system is designed so that the user can see the underlying spreadsheets when entering information into the planner. However if at any time you want to see the spreadsheets without the planner obscuring the view press the “Hide” button and then click anywhere on the screen outside the planner box and it will be minimised to the tray at the bottom of the screen from where it can be clicked on to bring back on to the screen. You can also drag the planner input box around the screen if you want to see obscured columns.

If you want to minimise the spreadsheets at any time press the excel tab in the tray at the bottom of your screen and again this can be clicked to bring the spreadsheets back on screen.

The planner and the spreadsheets are operated independently and you can look at any spreadsheet whilst working in any section of the planner. Information can be entered in to the planner in any order that you wish and you can move in and out of any step between 2 and 8 as necessary. It is best though to start with Step 2 because this is where you enter your assumptions that will govern the calculations in the spreadsheets.

Press Step 2, and the following screen appears, sitting on top of the spreadsheet:-

**Assumptions**

<b>Income and Expenditure</b> Assumed Inflation Rate 3 %	<b>Property Pot</b> Assumed Growth Rate (Property) 3 %
<b>Investment Pot</b> Assumed Growth Rate (General Investments) 5 % Index Contributions or Withdrawals (General Investments) 3 % Assumed Growth Rate (Pensions) 5 % Index Contributions or Withdrawals (Pensions) 3 % Assumed Growth Rate (Other Investments) 5 %	<b>Cash Pot</b> Assumed Interest Rate 1 % <b>Liabilities</b> Mortgage Interest Rate 4.5 % Offset Savings Interest Rate 1 % <b>Years to Select</b> 40

Defaults   Hide   Save   Close

You can see that the assumptions have default values but you can change these to any values that you like. You could also create one planner with one set of assumptions and another with a different set. This would be useful for example if you need to show the effect that different levels of growth have upon a financial plan.

The “Years to Select” dropdown allows you to examine any time period up to a maximum of 40 years.

When you are happy with the assumptions in the boxes press save and then close and you will return to the planner home screen, and the assumptions (Step 2) will be ticked.

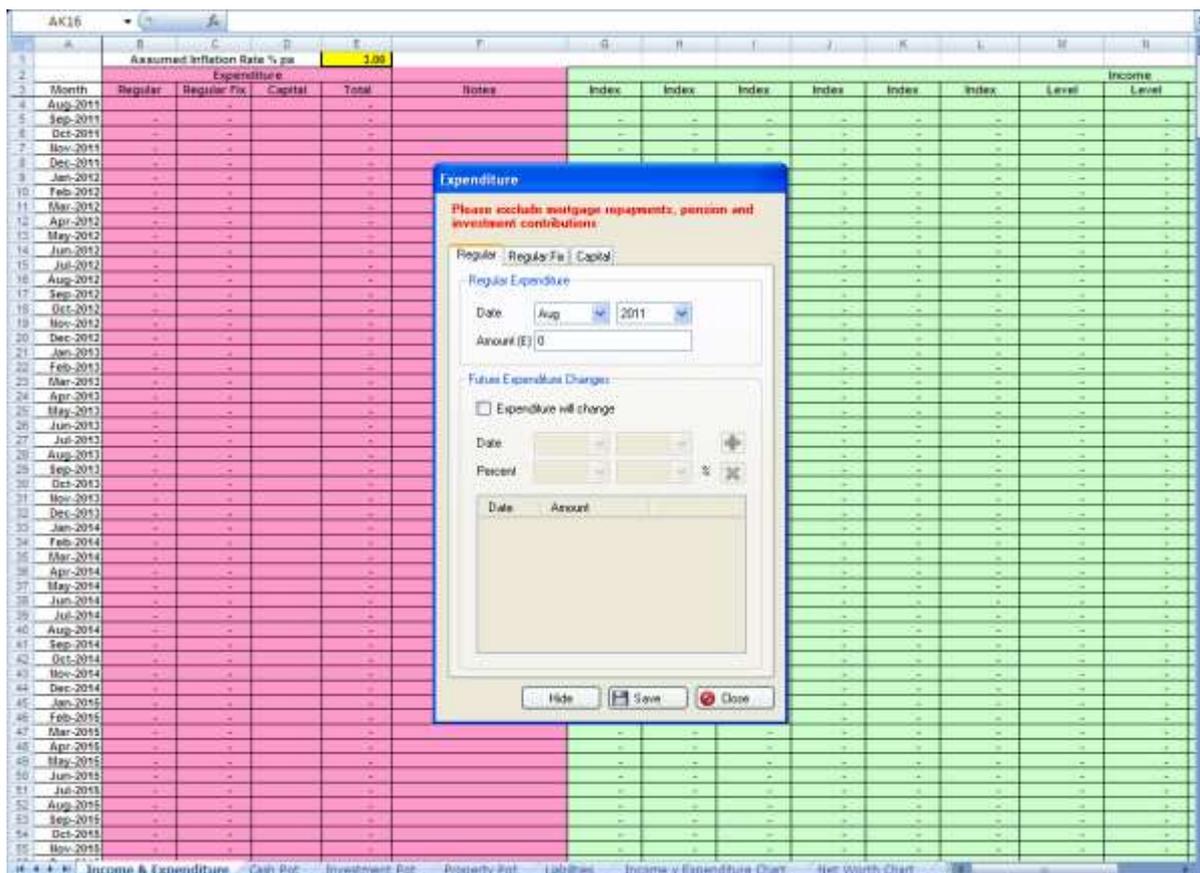
## Loading Client Information

You can now start to enter the client information and in the order that you wish. You have complete freedom to enter any figures to the system that you wish. However some of the entries will need to be thought about or calculated so it is recommended that a full fact find is undertaken and the initial figures are put into the system with reference to the fact find.

This manual will work through each section in the order that it appears in the planner.

### Step 3 - Populate Expenditures

Double Click on the Income & Expenditure tab at the bottom of the spreadsheet to reveal the underlying spreadsheet and then click Step 3. Your screen will look like this:-



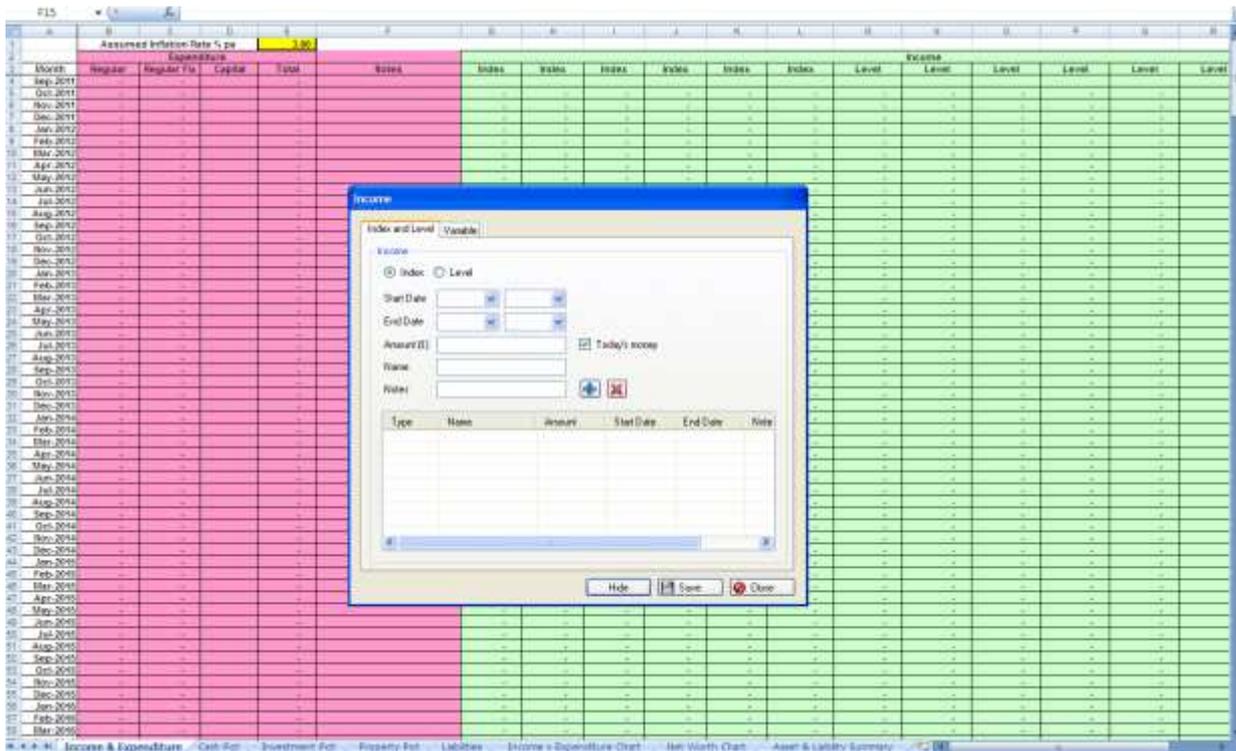
Throughout the system you will see that when you enter data to the planner and save it, it will populate the relevant spreadsheet.

With expenditure it is important to remember that expenditure is where money is spent. It is not monies that are moved from one pot to another. Even mortgage repayments should not be treated as expenditure; they will be reflected in the balance of the cash pot and the liabilities pot instead.

You have three entry tabs that you can complete. The first titled "regular" is where you enter the current normal regular monthly expenditure. This is expenditure that you expect to rise with inflation. You also have the option to tick the "expenditure will change" box and increase or decrease expenditure in % terms at one or multiple points in the future. When you are happy that you have entered everything as you wish press save and the figures will be populated to the spreadsheet. To come back to home screen on the planner press close.

## Step 4 – Populate Incomes

Click Step 4 and your screen will look similar to this albeit that you should have some entries in the red section of the spreadsheet under expenditure:-



This next stage is where you populate the green income columns in the same “Income & Expenditure” spreadsheet. There are two tabs, the “index and level” tab is where you enter regular ongoing income, the variable tab is for irregular income or one offs.

When you create an income you need to decide whether it will rise with the inflation assumption you have used or stay level and then click the relevant index or level button. Use the down arrows to enter the start and end dates. The start date cannot be before the current month and the end date cannot be more than 40 years in the future. Presently the period that the system examines is a fixed 40 years.

In the “amount” box enter the net monthly amount that is received or is expected to be received. You then need to tick or untick the “Today’s Money” box. If the income relates to something that is going to start in the future such as a state or final salary based pension income you enter the figure that applies now, tick the box and the system will automatically calculate what the actual net received income will be at the time that it starts after applying the inflation assumption that you have chosen.

You then need to give the income a unique name and press  to add. If the dates that you choose for any one entry overlap with another entry you will receive a prompt asking if this is correct. Clearly if the income is coming from a different source overlapping dates are likely to occur but if it is the same source you may want to amend the entry.

The details of your entry will then appear in the list. You can have up to a total of 6 indexed and 6 level income sources at this time. If there are going to be more than this you will need to combine under one heading such as Salary or Pension.

When you are happy with all of your entries press save and all will appear on the underlying spreadsheet.

If you want to edit an entry, double click on it in the list, and you will be able to amend the start and end dates and the amount. To remove an item in the list click once on the entry and then once on the red cross.

If you want to enter irregular income or one off capital sums, click on the variable tab and you will see the input screen below:-

The 'Income' dialog box has a 'Variable' tab. It contains the following elements:

- Start Date:** Two dropdown menus for selecting a date.
- End Date:** Two dropdown menus for selecting a date.
- Use end date:** A checkbox.
- Amount (£):** A text input field.
- Table:** A table with three columns: 'Start Date', 'End Date', and 'Amount'. The table is currently empty.
- Buttons:** '+', '-', 'Show', 'Save', and 'Close' buttons.

You make, add and save an entry to the list in the same way as shown previously. If the income is going to be at a set level for a period of time you can tick the box “use end date” and then enter both a start and end date. If there is a single one off lump sum just use the start date. To come back to the home screen press close.

### Step 5 – Populate Cash Pot

Double click on the cash pot tab at the bottom of your screen and then click on Step 5 you will then see the cash pot spreadsheet and the simple input screen on top:-

The 'Cash Pot' dialog box is overlaid on the spreadsheet. It contains the following elements:

- Title:** 'Cash Pot'
- Date:** A dropdown menu showing 'Aug' and '2011'.
- Amount (£):** A text input field.
- Buttons:** 'Help', 'Save', and 'Close' buttons.

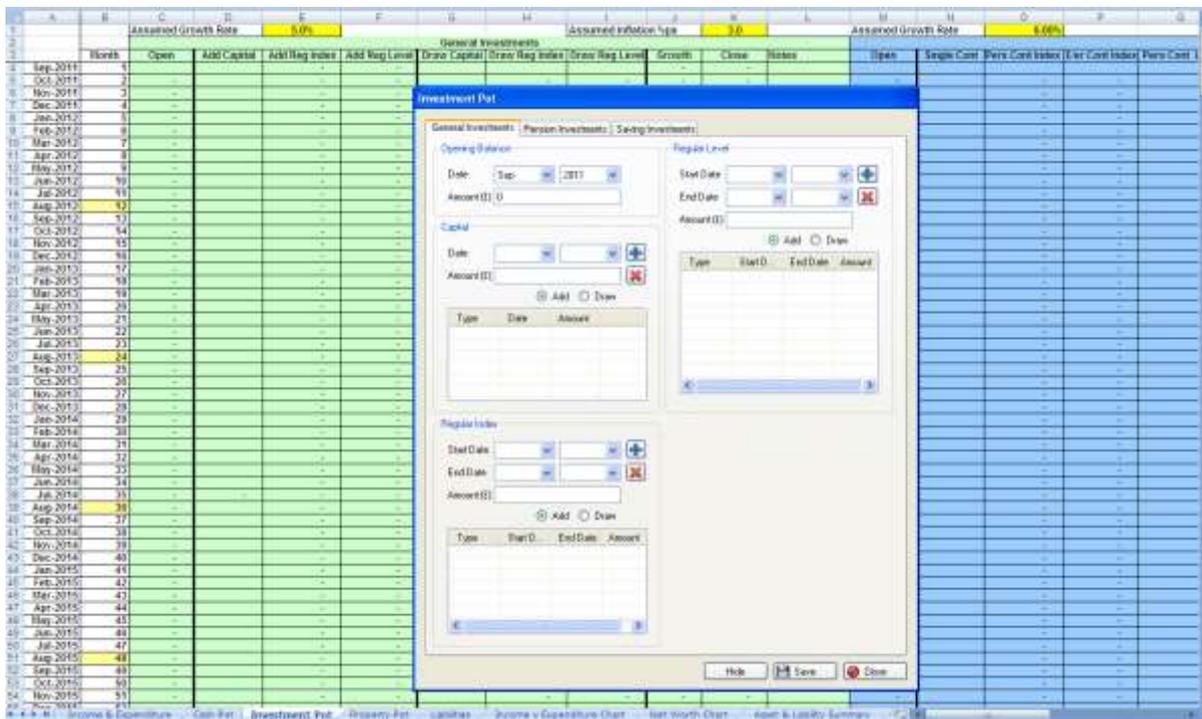
The spreadsheet background shows a monthly breakdown of cash flow from Sep-2011 to Dec-2015. Columns include 'Months', 'Open Bal', 'Add Surplus', 'Less Deficit', 'Sub Total', 'Monies In', 'Transfers In', 'Monies Out', 'Transfers Out', 'Interest', 'Close Bal', and 'Notes'. The 'Notes' column contains entries like '1 Year', '2 Years', '3 Years', and '4 Years'.

As mentioned earlier the cash pot is the heart of the financial structure through which all money will flow. The cash pot is from where day to day life is funded and a positive balance needs to be maintained until the value of all other assets are exhausted. In order to do this you may need to move monies from the other pots to the cash pot as necessary.

The only input screen for the cash pot is the opening balance; from there on the balance of the cash pot will depend upon the entries made to the other pots. Enter the sum of all cash holdings, press “save” to add to the spreadsheet and close to return to the home screen.

### Step 6 – Populate Investment Pot

Double click on the investment pot tab at the bottom of your screen and then click on Step 6 you will then see the investment pot spreadsheet and the input screen on top:-



The investment pot has 3 elements: General Investments (Green), Pension Investments (Blue) and Savings Investments (Yellow). If you scroll to the right you will see the full pensions and savings sections.

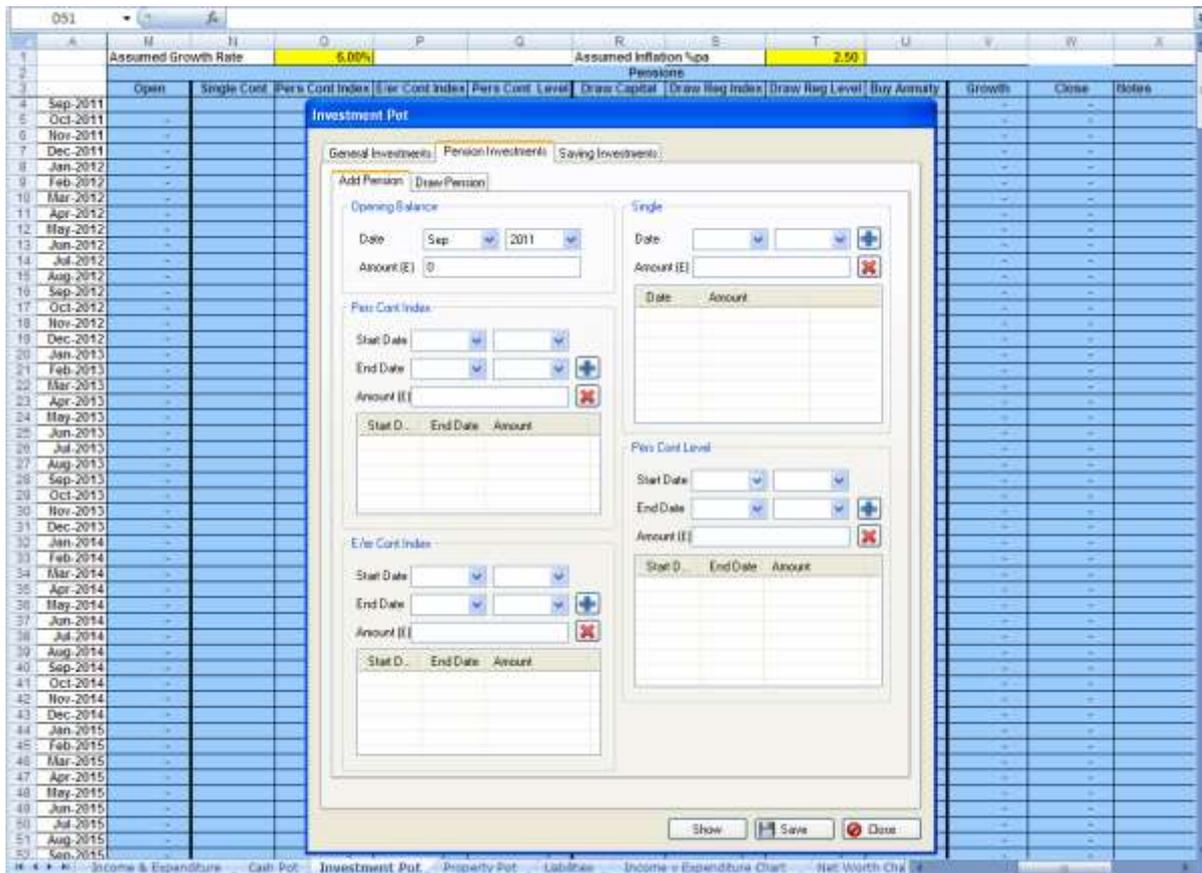
First of all we will look at the “**General Investments**” tab. The first thing to enter is the current balance of the general investments in the opening balance section and then press “save” to add this to the spreadsheet. If regular savings or withdrawals are being made you can also enter these in the “regular index” section (for withdrawals or additions that will rise with inflation) and in the “regular level” section (for withdrawals or additions that will stay level). In each case enter the start and end date the amount, and click the add or draw button depending on whether it’s an addition or withdrawal and then press the blue “plus” button to add to the list and “save” to add to the spreadsheet.

This screen however is usually fully completed when you have a full picture of the current situation and then need to move monies between the cash pot and the investment pot in order to try and increase returns or ensure that cash pot balances remain positive. You can do this by double clicking on the cash pot tab at the bottom of the screen. This will show how much is forecast to be held in cash in any given month and you can then make a decision on whether to move monies out of the cash pot to other pots or vice versa.

To move money from the cash pot to the investment pot you need to enter into the appropriate section “capital” for one off’s or “regular index” or “regular level” for ongoing, enter the dates and click the “add” button to add to the investment pot which will then draw the entered amounts from the cash pot. As always press the blue  button to add to the list and then “save” to add to the spreadsheet. To add to the cash pot by transferring from the investment pot the process is the same as above except you need to click “draw”.

Once you have completed the initial information in the General Investment tab you can move on to completing the pension information see next page.

In order to see the entries you make use the scroll bar at the bottom of the spreadsheet to move to the right so that the blue pension sections of the spreadsheet are on your screen. Then click on the “**Pension Investments**” tab and the screen will look like this:-



You will see that there are two tabs in this section: - “Add Pension” and “Draw Pension”. There is not a separate section for separate policies you just enter the sum totals for all pensions.

**Add Pension** is the page where you add contributions to the pension funds. All of the contributions that you enter except those coming from an employer which you enter in the “E/er” section will be drawn from the cash pot. In this version tax relief of 20% is assumed. You enter the gross contributions in this section but the draw from the cash pot will be less the 20% tax relief. **Pension Contributions should stop in the month before the month in which benefits will be drawn.**

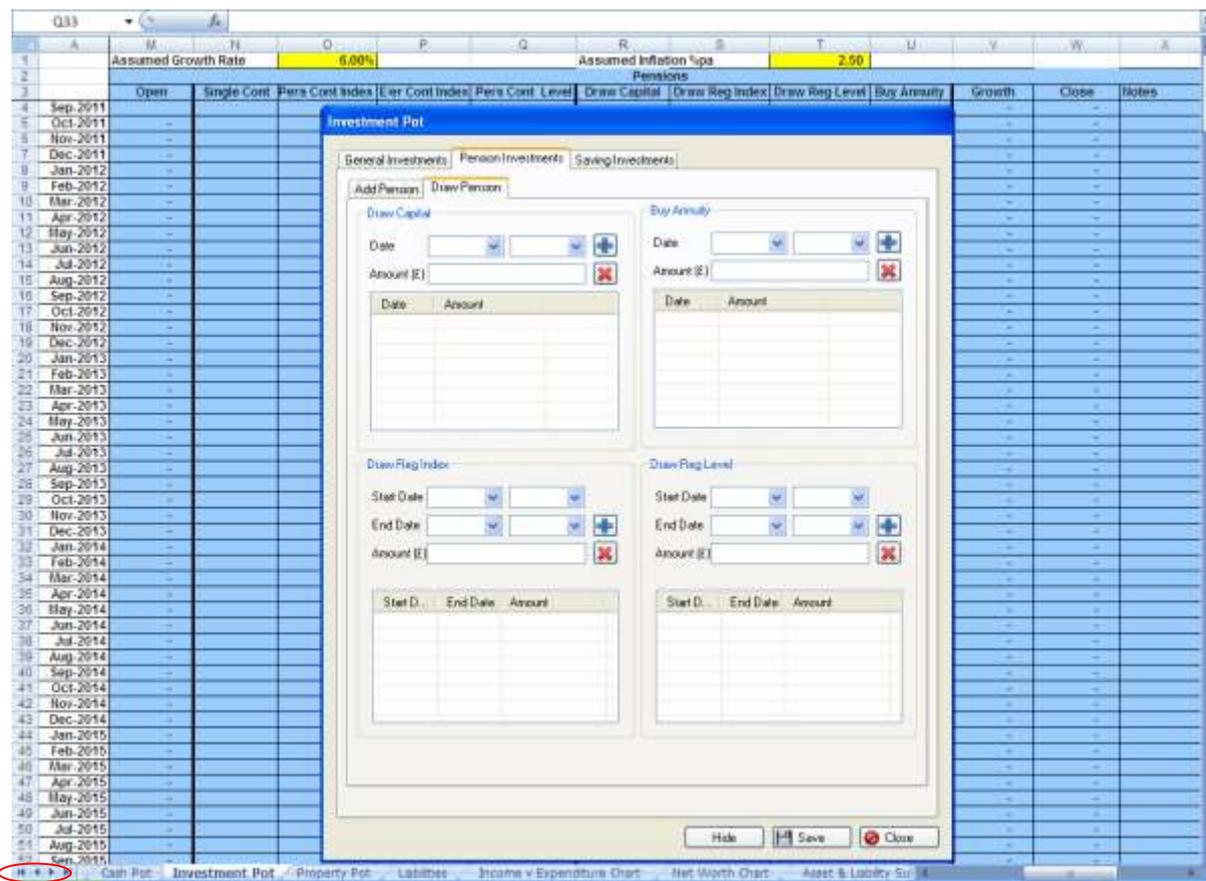
You must press  to add an item to the list. Double click on an entry within the list to edit it, and press  to remove, and “save” for the items in the list to be added to the spreadsheet.

#### Tip Box

If you have multiple pension plans and want to calculate what each plan might be worth on a given date, enter and save the details of the one plan you wish to calculate. You can then note the predicted values on the dates that you want from the closing value column. Once noted delete the entry and repeat for as many plans that you wish to calculate. You then need to combine the values and contributions in respect of all of the plans to enter into the system.

The above is useful if you are not going to draw the benefits from all of the plans at the same time. For example when you are combining the pension assets of a couple and they intend to retire at different times. If you note the separate values as suggested before entering the total you will know how much can be taken as tax free cash and how much will be available to drawdown or purchase an annuity on each retirement date.

The **Draw Pension** section is where you draw benefits. If you click on the draw pension tab your screen will look like this:-

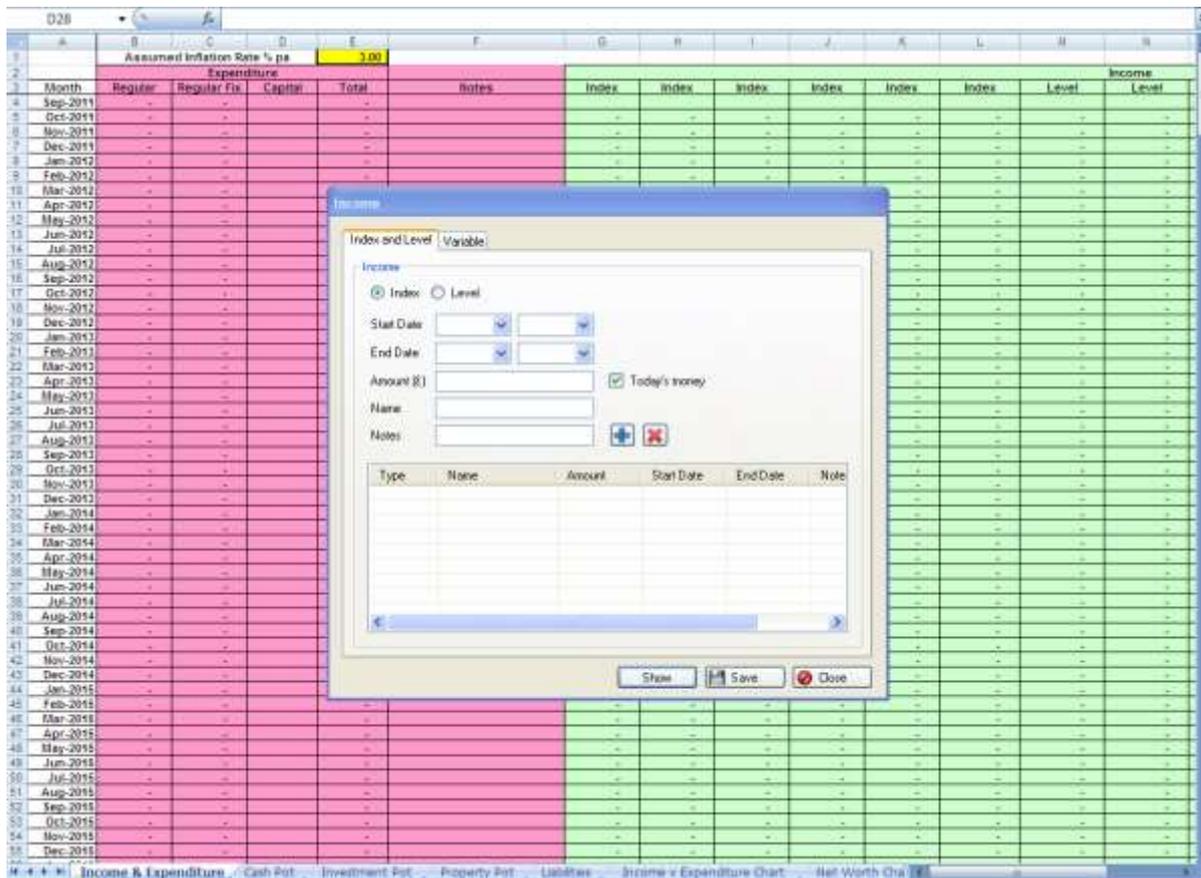


The screen is set to enable you to enter annuity purchase or drawdown details. Any “draw” that you enter whether capital or regular will move money from the pension pot to the cash pot. You will need to ensure that any details that you enter are within legislative limits. You can calculate the maximum tax free cash that can be drawn in a given month by reference to the “open” (opening value) column.

**If you buy an annuity you need to enter the purchase price and date in the “buy annuity section (usually the remaining funds which is the opening balance less the tax free cash) and then you need to remember to create an income entry in the “income and expenditure” pot.**

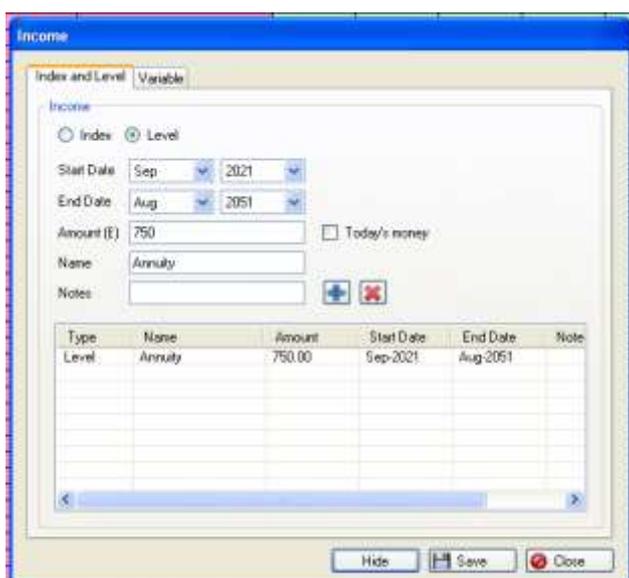
To make the entry in the income and expenditure pot you will first of all need to “save” all the entries you have made in this section and then “close”. You will then come back to the planner home screen, from where you need to click step 4 “populate incomes”.

You can look at any spreadsheet whilst working in any section of the planner. If you want to see the entry that you are going to make in the “income and expenditure” pot use the arrow buttons highlighted in red above to scroll to the left to reveal the “income and expenditure” tab and then click on this. Your screen should then appear as shown on the next page.



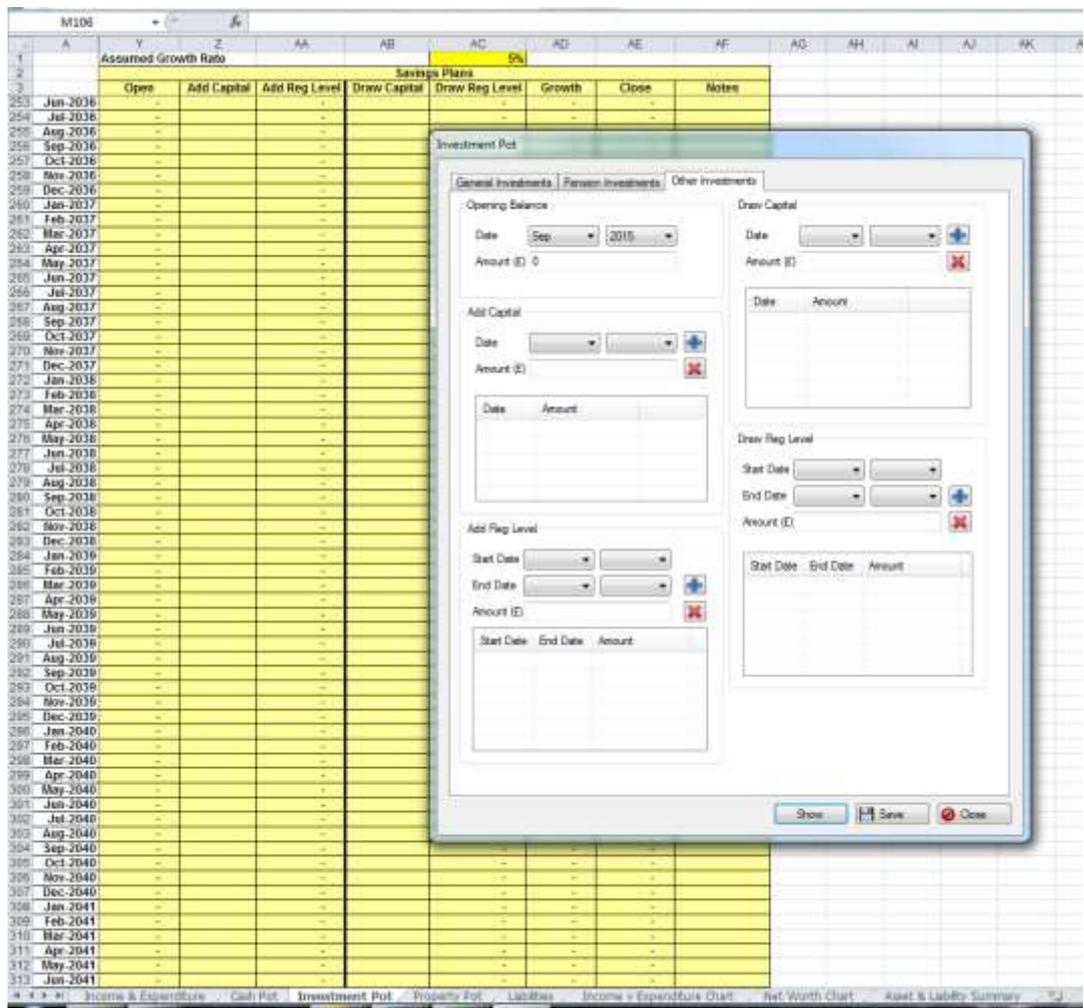
The system does not calculate the income; you are free to enter the monthly income amount that you want and decide whether the income will be indexed or remain level and whether you have calculated it in today's terms or not. Remember that you always need to enter the amount that you calculate to be the net income.

In the "index and level" tab enter the start date to coincide with the annuity purchase date that you entered in the draw pension section of the investment pot, and the end date. If the annuity is a lifetime annuity the end date should be the end of the spreadsheet which is 40 years less 1 month from the current date. Give your entry a unique name and when you are happy press **+** to add the item to the list as in the example below:-



Press "save" for the entry to be added to the spreadsheet. If you make a mistake you can double click the entry in the list, and you will be able to amend. To remove, click on the entry in the list and then press **X**.

The final element of the investment pot spreadsheet is “other investments”. To make an entry you need to press step 6 from the planner home screen “populate investment pot” and in order to see the entries you make in this section you will need to have the investment pot spreadsheet open and use the scroll bar at the bottom of the spreadsheet to move to the right so that the yellow savings plan section of the spreadsheet is on your screen. Then click on the “**Other Investments**” tab and the screen will look like this:-



The input screen allows you to enter an opening balance, add capital and regular level contributions, draw capital or regular level amounts. In practice this tab is really designed for the user to enter those investments that need to be separated such as Trust assets or contractual savings plans. You can show capital growing at a rate different to that in the general investment pot .

**Tip Box**

In the case of contractual savings plans you may find it easier to use the projected values of the product providers. If so, enter the projected value of the plans in the opening balance and change the growth rate assumption to 0%. You then draw the projected maturity value using the draw capital entry at the relevant maturity date. The projected maturity values will then be moved from the “savings plans” pot to the “cash pot”.

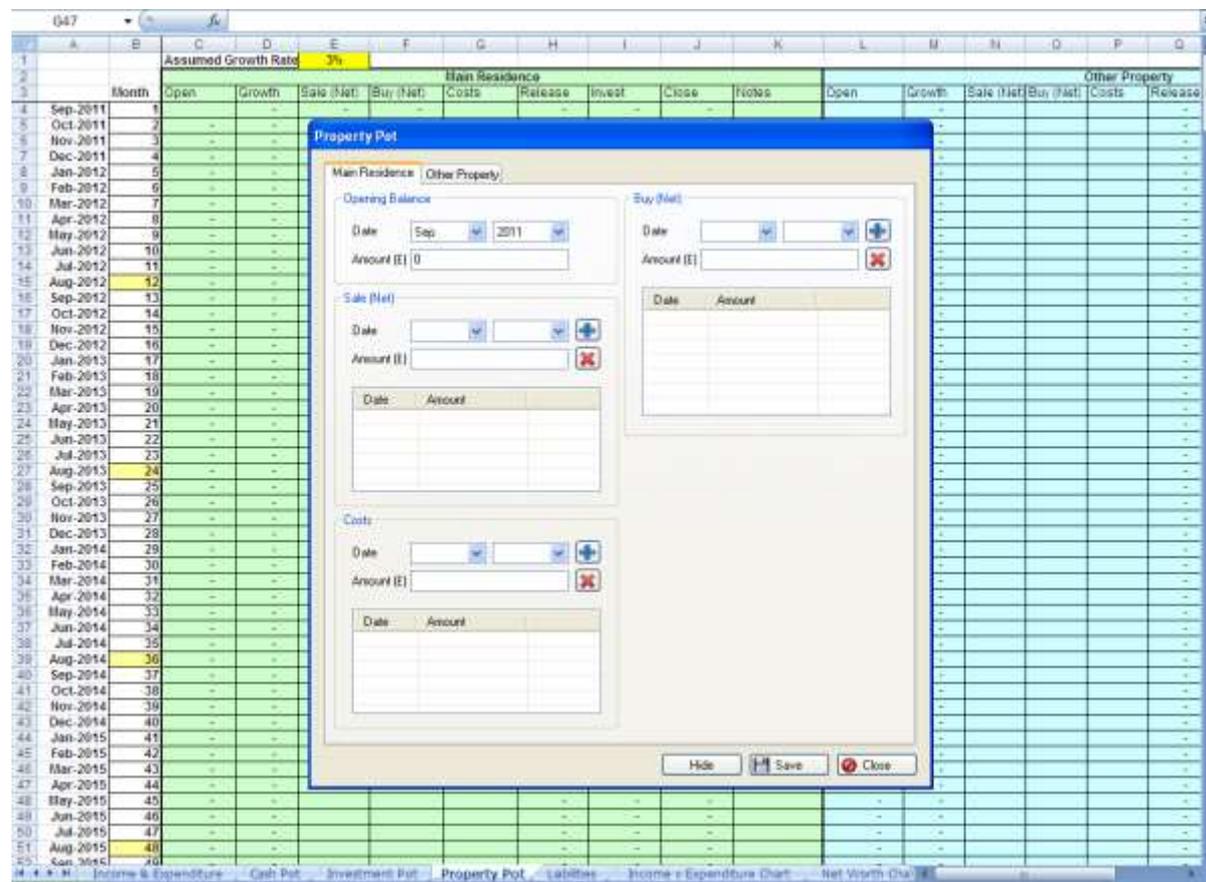
In this case you must not enter the premium details in the “add regular level” entry box because this will inflate the value of the plans by the contribution. Instead you will need to revisit step 3 and add the premiums in the “Regular Fix” section in the expenditure planner. Remember that the entry is the total of all premiums, so if plans mature remember to reduce the total premiums being paid from the relevant date. All premiums will be pulled from the “cash pot”.

See box on next page for the relevant expenditure entry box.



## Step 7 – Populate Property Pot

Click on the “property pot” tab on the spreadsheets and also on step 7 in the planner “populate property pot”. Your screen should then look like this:-



You will see that you can enter main residence details and other property detail. In the main residence section in the first instance you only need to enter the opening balance and then press “save” to enter on to the spreadsheet.

The other entry points allow you to buy and sell the main residence later and also allow for the costs of so doing. You can enter the net sale proceeds and this will be added to the cash pot. Enter the costs and these will be drawn from the cash pot. If another property is being bought you enter that in the Buy ‘net’ section but will need to make sure that there are sufficient monies in the cash pot to do so. You need simply to click on the “cash pot” tab at the bottom of the spreadsheet to check the available cash reserves in any given month.

If there is a surplus because the client is trading down the surplus will remain in the cash pot.

The “other property” tab contains exactly the same information as in the main residence section.

**Remember if you are buying or selling property you may need to pay off or raise mortgages in the next section.**

When you are happy with the information that you have entered on both tabs press save and close. You will be returned to the planner home screen.

## Step 8 – Populate Liability Pot

This is the section where you enter mortgage details. There is also facility to enter savings that are offset against mortgage interest where applicable.

Click on the liabilities tab at the bottom of the spreadsheet, and then from the home screen of the planner click step 8 “populate liabilities”. Your screen will similar to that below:-

The screenshot displays a financial planning spreadsheet with a 'Liabilities' dialog box overlaid. The spreadsheet background shows a timeline from September 2011 to September 2015. The 'Mortgage Interest Rate' is set at 4.50%, and the 'Offset Savings Interest Rate' is at 1.00%. The dialog box is titled 'Liabilities' and contains several sections: 'Opening Balance' with a date dropdown (set to Sep 2011) and an amount input field; 'New Loan' with a date dropdown and an amount input field; 'Lump Sum Repayment' with a date dropdown and an amount input field; 'Contractual Repayment' with start and end date dropdowns and an amount input field; and 'Overpay' with start and end date dropdowns and an amount input field. Each of these sections includes a table with columns for 'Date' and 'Amount'. At the bottom of the dialog box are 'Hide', 'Save', and 'Close' buttons. The spreadsheet tabs at the bottom include 'Property Pot', 'Liabilities', 'Income v Expenditure Chart', 'Net Worth Chart', and 'Asset & Liability Summary'.

In the mortgage tab enter the opening balance (the date will default to current). If you then press save, the interest will be calculated using your mortgage rate assumption and will appear in the “interest” column in the red mortgage section of the spreadsheet.

You can enter the actual mortgage repayments being made, in the “contractual repayment” and “overpay” sections. Don’t forget to add to put an entry in the list and “save” to put in the spreadsheet. You will then see the effect of the repayments being made in the “balance” column in the red mortgage part of the spreadsheet.

You can have multiple entries. This is useful if for example if overpayments might be possible at different times and at different levels but not continuously.

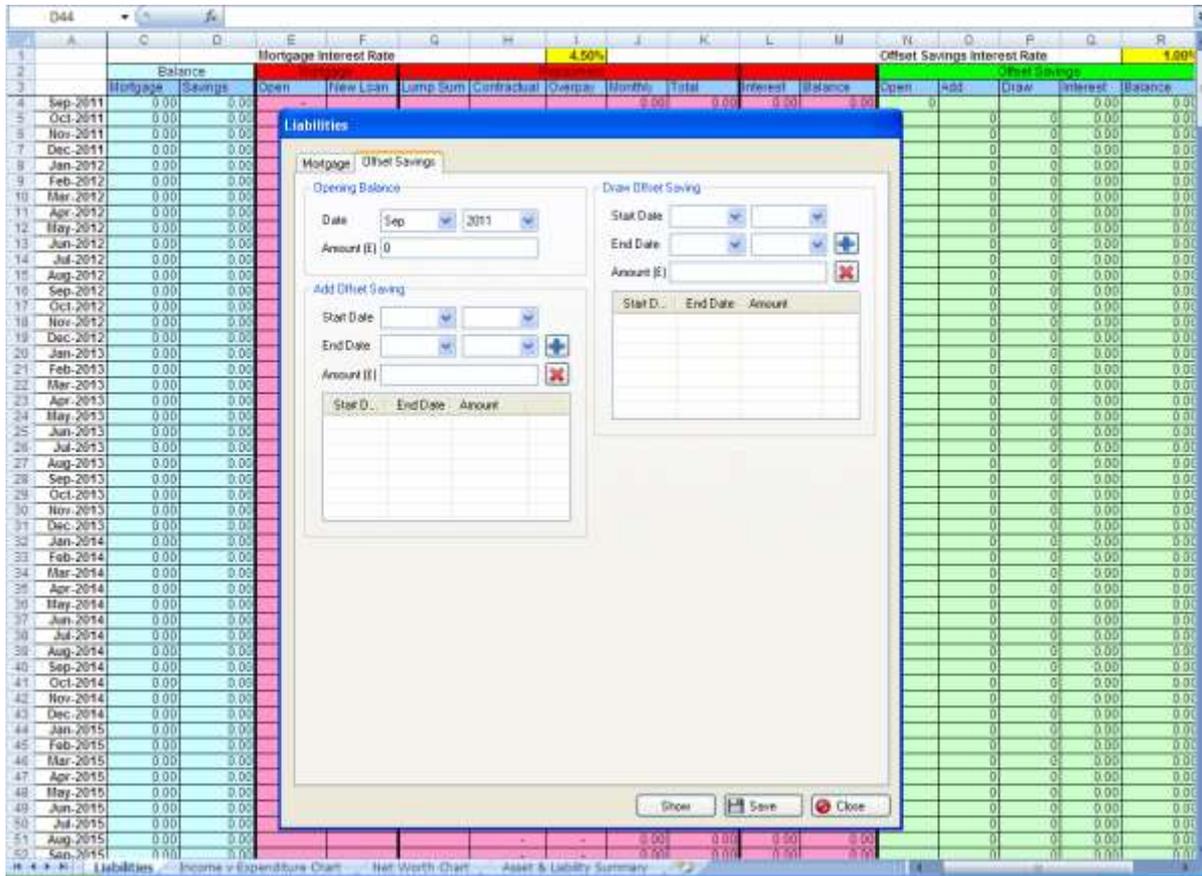
The “lump sum repayment” section is to enter one off capital repayments including perhaps when endowment policies mature and for the repayment of any outstanding balance at the end of the contractual term.

The repayment necessary at the end of the term can be seen in the mortgage opening balance column. Any amount that you enter will be drawn from the cash pot so you will need to ensure that there are sufficient monies in the cash pot to be able to pay off the outstanding liability. To do this click on the “cash pot” tab at the bottom of the spreadsheet and check the balance in the cash pot in the relevant month. If there is insufficient cash to repay the loan you may need to move money from other pots to the cash pot to ensure that there is. For example you may need to draw from the investment pot.

If any extra borrowings are planned enter them in the new loan section. The amount raised will be sent to top up the cash pot and the interest on outstanding balance will be recalculated in the “interest” column. You may need to change the contractual payments that are made from the date of the new loan.

In the case of an equity release loan, you would enter this in the new loan section but it may not require contractual repayment entries to be made. The rising mortgage balance using your assumed interest rate will be seen in the mortgage balance column.

The “offset savings” tab is only relevant if you want to enter details of an offset mortgage. If you click on the tab your screen will look like this:-



If there is an offset mortgage, here is where you enter the opening balance and any regular savings or drawings being made. If you want to enter a one off deposit or withdrawal simply use the same start and end date for the relevant month of the activity.

Any amount in the offset will appear in the offset balance in the spreadsheet and the interest added to the mortgage in the interest column will be calculated on the difference between the mortgage balance and the offset balance.

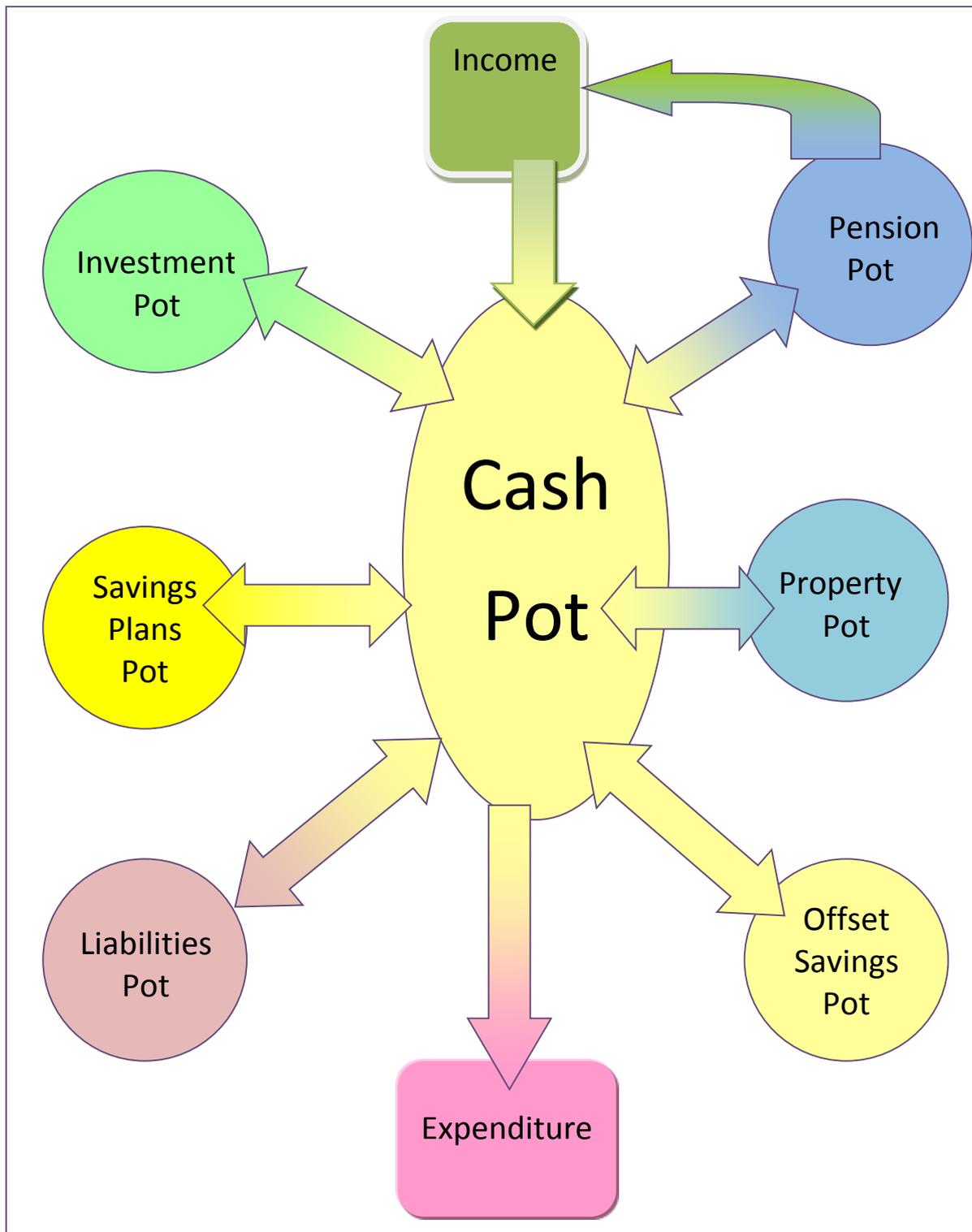
**A point to be aware of is that any cash being held in offset savings will not appear in the cash pot and if monies are needed they will need to be drawn using the “draw offset saving” entry shown above. Any monies drawn will automatically be added to the “cash pot”.**

Once you are happy with all of the entries you should press save and close. You will be returned to the planner home screen and all of the boxes except “save planner” should be ticked. **You must not press “save planner” until everything is complete and you wish to save the spreadsheets to your system.**

## Creating the LifePlan forecast

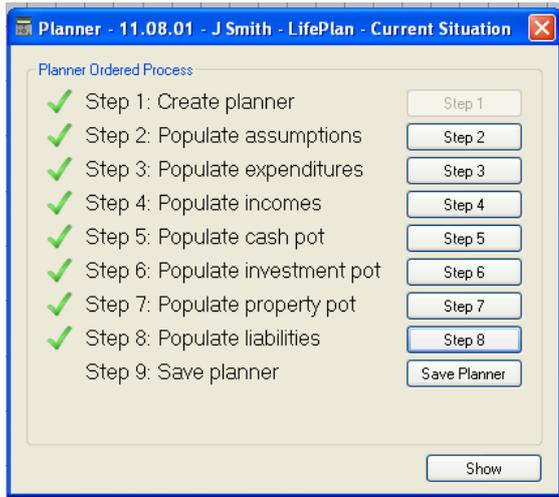
All of the data should now be entered. The next step is to analyse the information and create a plan.

The diagram below is an overview of how the system works, and it is important to understand this because it will make it easier to operate and create plans.



The important thing to remember when creating a plan is not to run out of cash for as long as possible. You will therefore need to move monies as shown in the diagram between the pots in order to maximise potential for achieving the desired returns whilst retaining a sufficient positive balance in the cash pot.

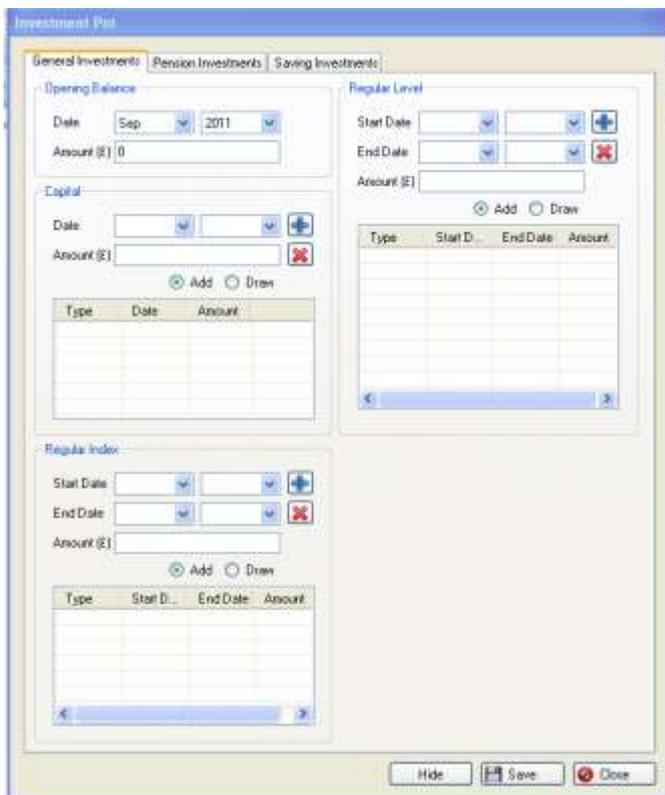
This next stage is where you create the financial plan, by moving monies from one pot to another but all the time making sure that the cash pot does not run dry. You move monies around by clicking the relevant step on the planner.



In each section, apart from cash pot where you can only enter opening balance you enter data to either pull money from the cash pot or put money into it.

You can click on the net worth chart tab at the bottom of the spreadsheets at any time to see the effect of your data input and this will quickly show you if you have gone negative on cash and need to move money around to rectify.

If for example you wanted to move monies to or from the investment pot you would click on the “Step 6” populate investment pot. To see the screen below:-

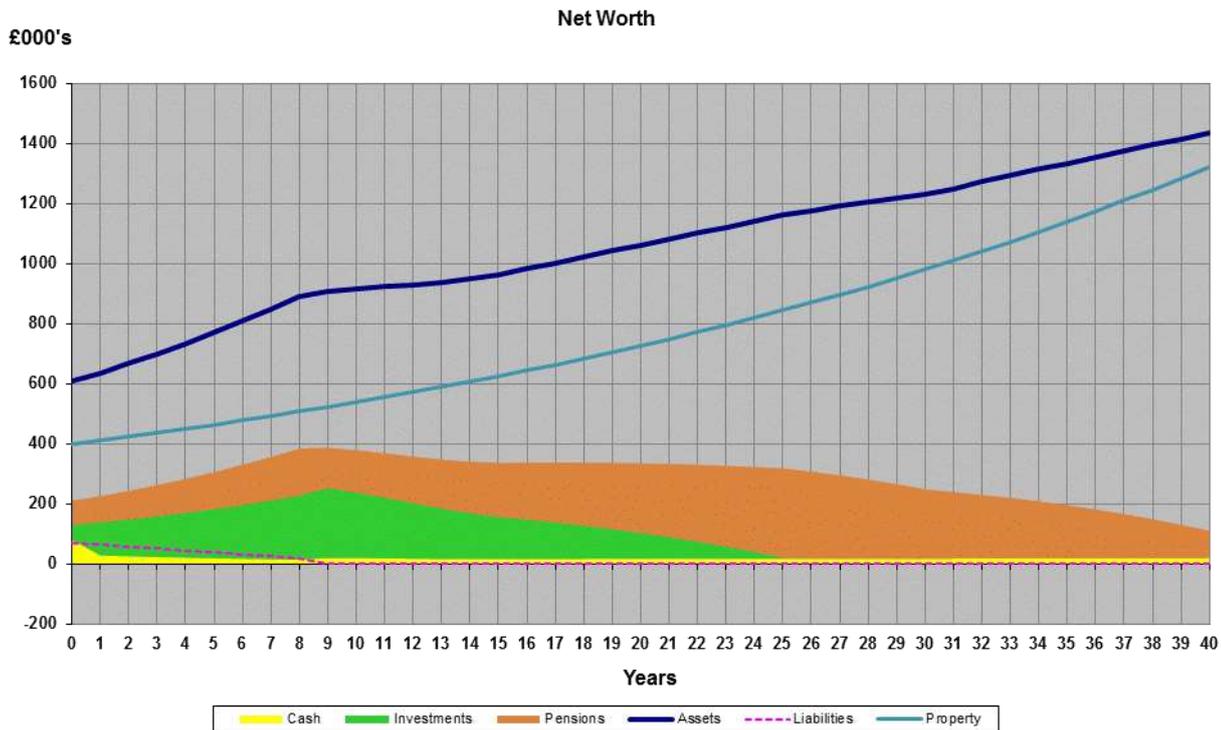


You will have already entered the opening balance when inputting fact find data but this is the point where you can show the effect of moving more monies into the investment pot from the cash pot and also of taking a draw from the investment pot as necessary to keep the cash pot at desired levels.

### Tip Box

If you are going to set up a regular “add” or “draw” from the investment pot you will see that you have the choice between “regular level” and “regular index”. It is best to choose the regular index option because this will reduce the amount of data entry as the payments will automatically keep pace with the inflation assumption. In effect this assumes that the amounts will be adjusted for inflation at each review.

You now need to move monies between the pots until you have a satisfactory net worth graph, such as the one shown at the start of this manual reproduced below.



When you are happy, note the assumptions that you have made to create the planner and set out any agreed action points. An example template for this is set out below:-

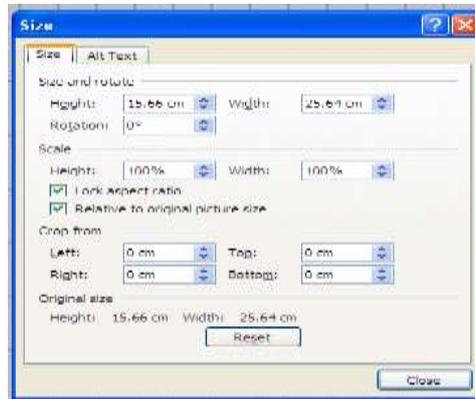
Assumptions	
Normal Monthly expenditure	£
Expenditure to rise with inflation:-	Yes/No
Anticipated monthly expenditure variances	
Anticipated Capital Expenditure	£
Net monthly income	£
Income to rise with inflation:-	Yes/No/Notes
Average Inflation Rate	%pa
Average net return on cash	%pa
Average net return on investments	%pa
Average net return on pension funds	%pa
Average net return on property	%pa
Other Considerations	

You can then press “step 9” on the planner home screen and the spreadsheets will be saved to the file that you chose when you created the planner.

## Import to Report

The spreadsheets that you create can be imported into a client report as follows:-

Right click in the chart area then left click on copy. Open up your report and put the cursor at the place where you want to paste the chart. Then left click on the down arrow beneath the paste sign that is probably in the top left of your screen when in word. Click "Paste Special" and choose one of the picture formats such as GIF. Then Click OK. The picture is then copied into your word document but it will likely be too big so you need to resize it to fit in the report. To do this right click inside the chart then left click size and you will see a screen like the one below:-

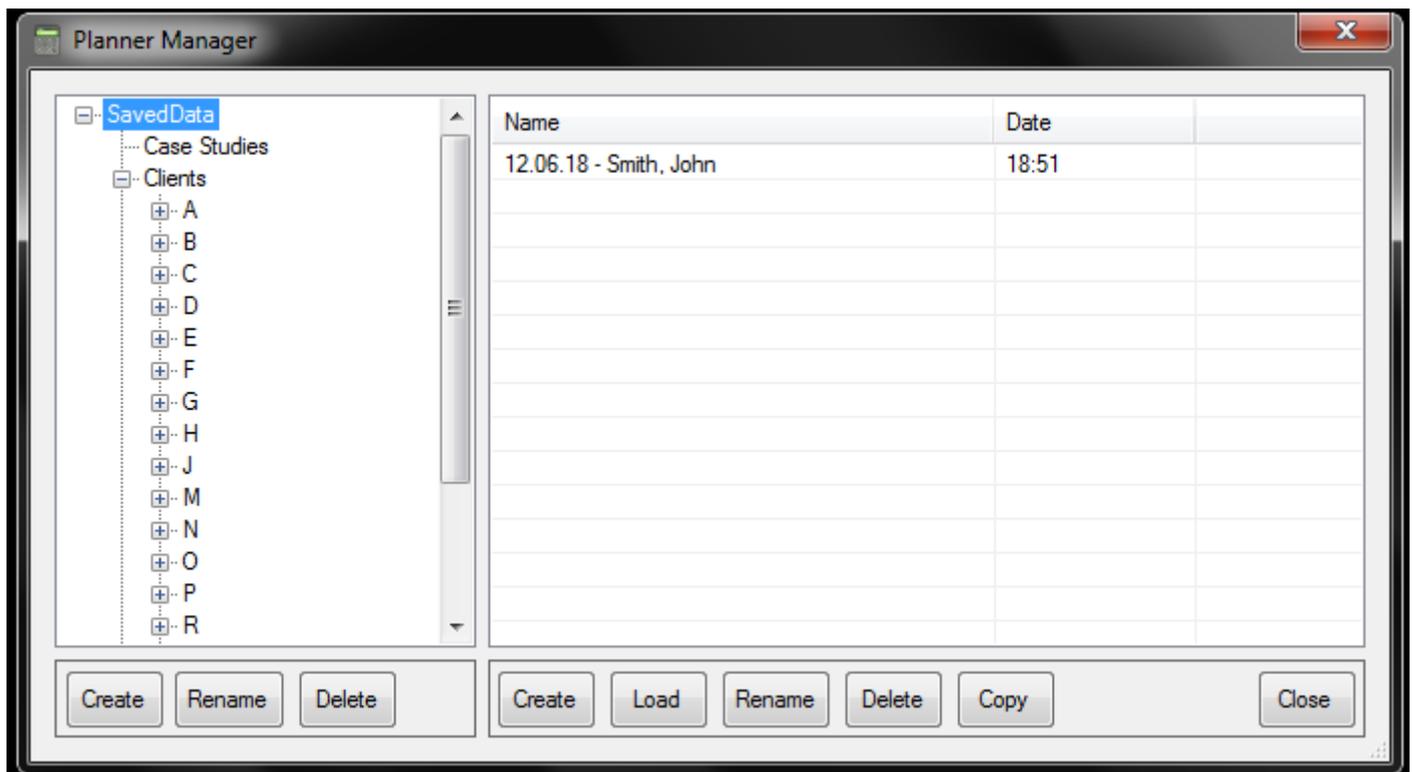


Make sure the lock aspect ratio and relative to original picture size boxes are ticked and then press the down arrow under the 100% to reduce to fit. When ok click close.

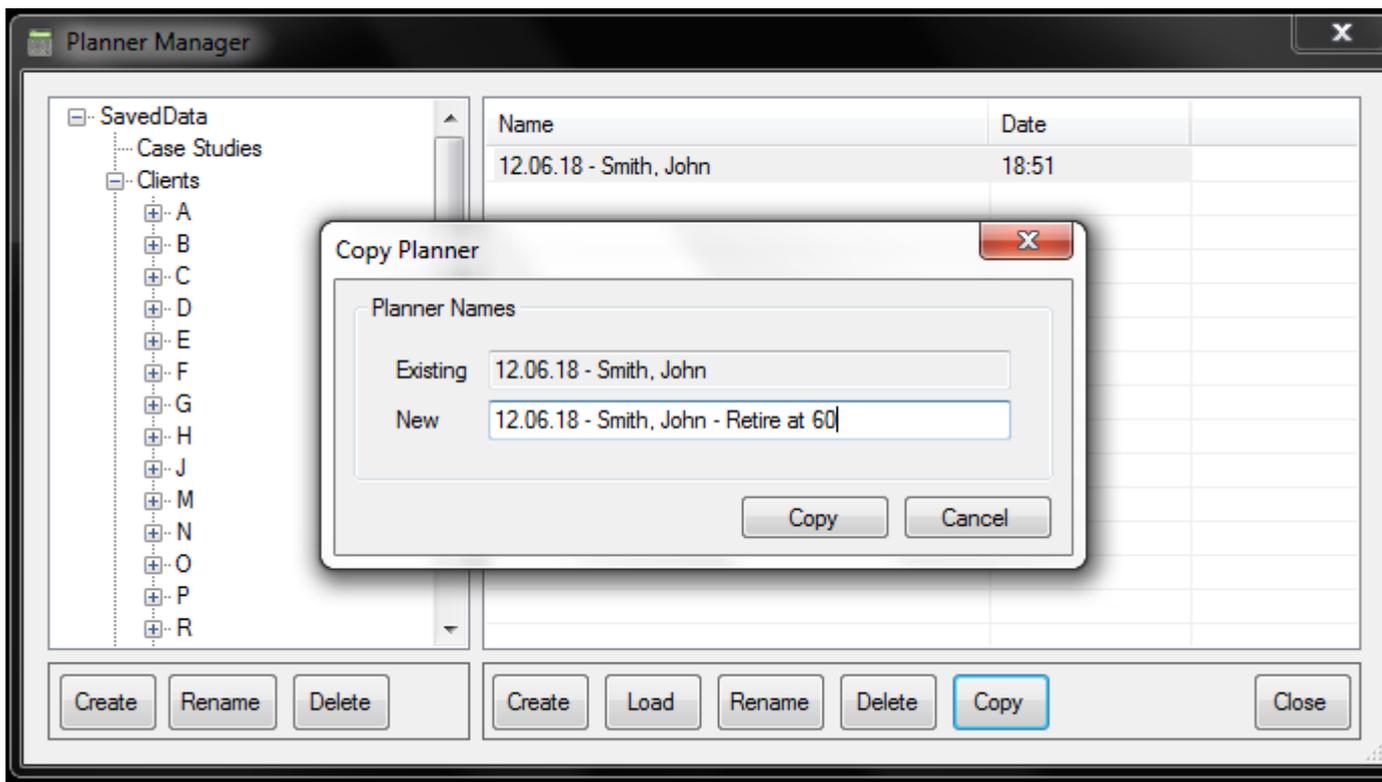
It is best to also note the assumptions made in the construction of the chart so that the components of the plan can be incorporated into the action plan. Also so that assumptions are understood and can be adjusted if necessary in the future.

## Comparing more than one scenario

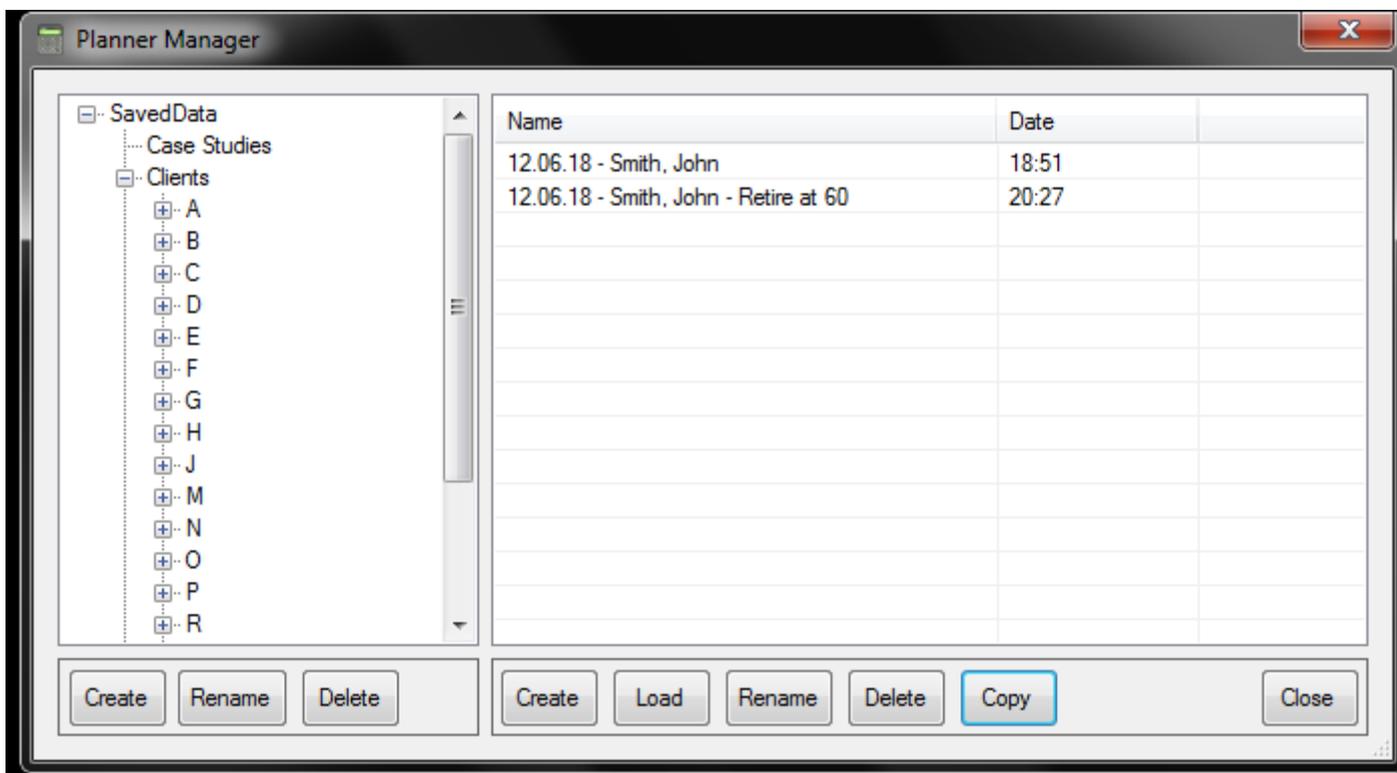
There is a copy function that allows you to use the base data of a planner that you have already saved and created. When you launch LifePlan and click "manage planners" depending on the folder system you have created you might see a screen like this:-



If you want to look at a different scenario such as retiring at a different age or changing the balance between investment and cash or changing the assumptive returns you click on the planner name of the first scenario examined and then “copy”. You will then be asked to give the copy a new name. The name should perhaps reflect the new assumption as below:-



When you have given the alternative scenario planner a new name, click copy. You will then see the planner added to the list on the right hand side of the screen.



Left click on it and click "load" to work on this spreadsheet and follow the same steps set out in this guide for a new planner.

You will see that as you go through each section of the planner the information that you entered for the original scenario is already populated in the lists. Where you are happy for the entries to remain the same click save. If you want to edit any entries double click on them and amend and then press save. If you want to delete any entries click on them in the list and then press the red cross. To add any use the usual process to create a new entry as set out in this guide.

#### Tip Box

It is best to enter all data to the planner from a full fact find and as you may have to think about the best way to input some of the information it may be best not to do this in a client appointment. However you can easily recall the planner at the client appointment by selecting it from the list and pressing "load". You will then be able to work through the planner with the client with much of the information pre entered. You can "save" the entries to the spreadsheet that remain the same or make adjustments in the meeting as necessary.

### **Reviews**

At an annual review you can recall the planner that you completed at the previous review and make amendments as necessary. Again it is better to copy the planner you completed last year and give it a new name. When you load the planner you will be advised that there are dates in the past and you will have an auto option to bring the data start to match the current date. If you select this all events that are historic to the current date will be removed and the opening balances will be those predicted at the previous review.

### **Other Analysis**

LifePlan can be used to demonstrate the impact upon Cashflow that losing an income source through death or illness would have. To do this you would simply remove the income that would be lost and replace this with any protection that might pay out as an income payment

You can then look at the predicted net worth graph and establish how much income or capital needs to be received in order to restore the graph to the position it was in without the loss of the income.

## BackUp

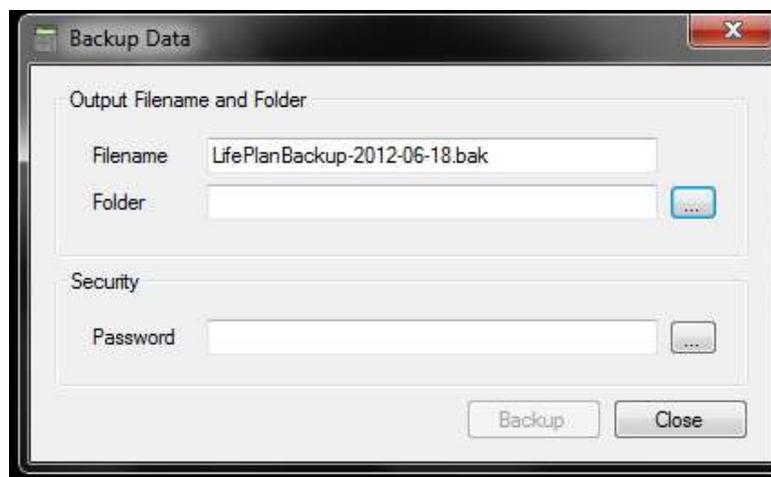
It is recommended that you back up the data that you enter into LifePlan. There is inbuilt functionality in the system to allow you to easily do this and also transfer your LifePlan data between machines. When you load LifePlan you will see the option highlighted as shown.



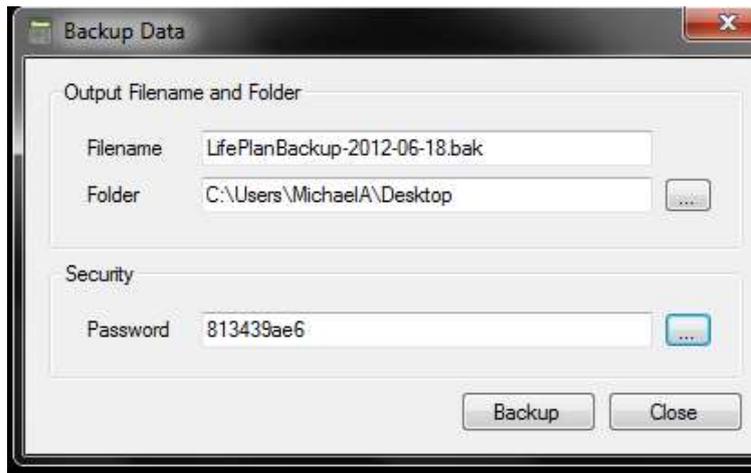
If you click Backup and Restore you will be taken to the following screen:-



To create Backup click the top button and you will then be taken through to the following:-

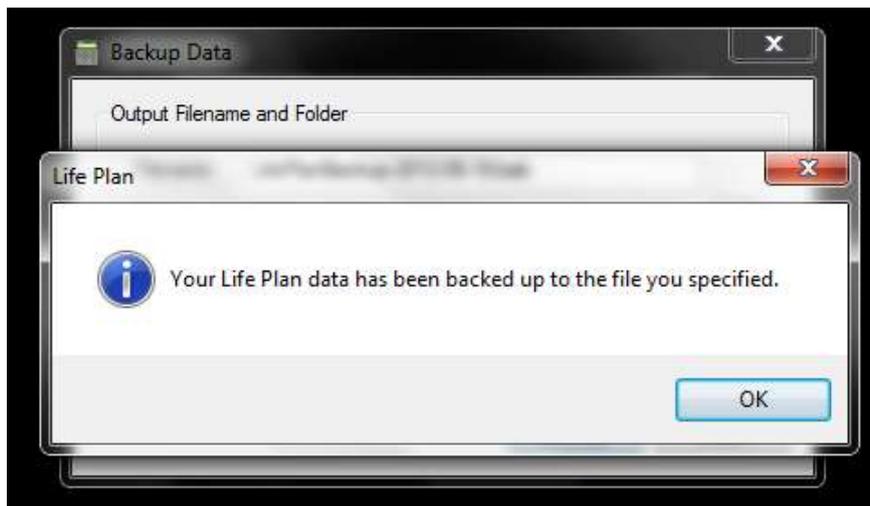


You can select the folder that you want to back up the data to, by clicking on the highlighted button next to folder, there you will be presented with the normal save options including saving to your desk top. You can also enter or generate a password for the backup. To generate a random password click on the button to the right of the password box.



When you have entered the folder destination and password click "Backup"

When the backup is complete you will be presented with the following message:-



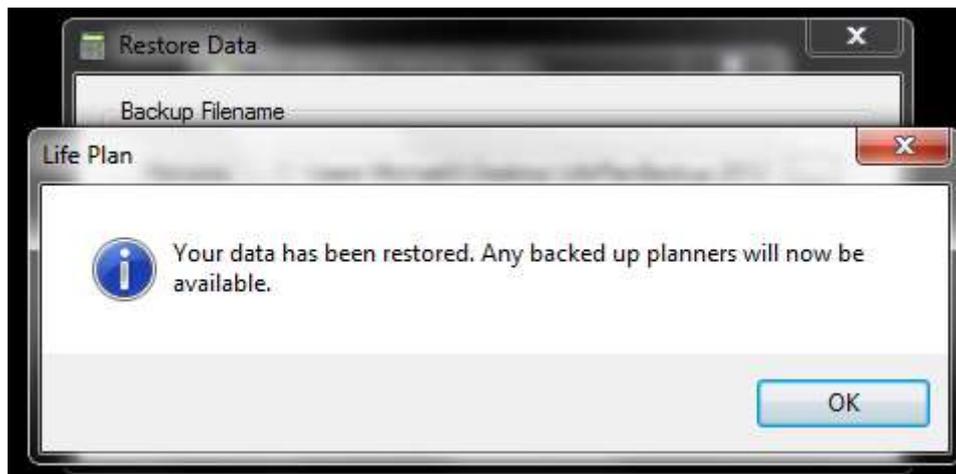
To restore from backup, click this option:-



Locate the backup file using the button to the right of the File Name box, enter your password and press restore.



When the data has been successfully restored you will receive the following message:-



This function can be used to transfer data from a copy of LifePlan on your lap top to a copy on your desk top or vice versa.

### **Summary**

Hopefully this guide will provide enough information to get started and make good use of the system. If you need any specific help in the use of the system please contact Mike Alderson on [michael.alderson@lifeplancashflow.co.uk](mailto:michael.alderson@lifeplancashflow.co.uk) 01454 326202 or 07976 230419.

Website [www.lifeplancashflow.co.uk](http://www.lifeplancashflow.co.uk)