



PSC

FINANCIAL PLANNING

Your Future, Our Expertise

WHY CASHFLOW IS KEY!

We all have finite time and mental energy and we rightly choose to devote to those things that matter to us most:

- ✦ Being the best parent, spouse or friend, we can be
- ✦ Excelling in our professional careers
- ✦ Enjoying the things we love to do in life

As a result – we often do not have the time or capacity to give to planning and managing our financial affairs, with the same level of commitment we bring to our work.

After all – the world of money has become very complicated!

1: THINGS WE WANT TO DO:

We need money to do the things we want to do now & in the future

- ✦ Enjoy now (shop, spend, consume)
- ✦ Buy bigger house or a holiday home
- ✦ Travel
- ✦ Retire early
- ✦ Gift/Support your kids (education, wedding, house deposit)
- ✦ Create a “Spending & Gifting” programme
- ✦ Prudence vs Performance

2. AMBITIONS:

- ✦ What do you want to achieve between now and the day you die?
- ✦ When can you stop going what you no longer enjoy?
- ✦ When can you start doing more of the things you love?
- ✦ How much do you need to sell your business for in order to live the life you want without fear of ever running out of money, whatever happens?
- ✦ What gives your life meaning? What gives your life purpose?
- ✦ What needs to happen to secure your family’s future so they never worry about running out of money, whatever happens?
- ✦ How much is enough?



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3: RESOURCES WE HAVE

We work ourselves and our resources hard in the hope that we will have the means to enjoy these things

But will the

- Monthly paycheck & company stock,
- Pension
- Investment property
- Business investments/interests
- deliver the wherewithal I need to do all the things I want to do?

4. COMPLEX FINANCIAL WORLD

For most of us – the answer is “I don’t know!” – and naturally that doesn’t feel good. It’s frustrating that at the point in your career when you need to make prudent and intelligent decisions around money, it can be difficult to gauge:

- How is my spending now/future depleting my resources?
- How inflation, stockmarket volatility, debt, tax and negative equity could impact my plans.

And when I seek advice – it tends to come in ‘bits & pieces’ – with nobody pulling all of this together for me and making sense of my future.

Thankfully – help is to hand:

A comprehensive personalised “life cashflow” – will pull all of your current / future (a) income (b) expenditure (c) assets (d) liabilities together and project out the likelihood of you meeting your expenditure commitments & goals

When you get this clarity for the 1st time – you’ll either find out

- (a) Alls OK – your finances are on-track and put you at ease, allowing you to focus more on what you do best and enjoy the now!

OR

- (b) Alls not-OK – your current financial position is not sustainable, OR your desired future goals are not attainable – arming you with vital information to alter course and achieve better outcomes.

A detailed cashflow is a key precursor to making informed decisions. Before you decide to invest, top-up your pension, buy that boat, gift your kids or sell that negative equity property, a personalised cashflow will help you understand how this financial decision could impact your current / future life.



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SECTION 2: SO, WHAT EXACTLY IS A CASHFLOW?

1) It all starts by building a detailed picture of your current expenditure & what you plan on spending your money on in future:

e.g.

- Current Lifestyle costs (tax, mortgage, car, living expenses, social expenses)
- Future planned personal (trade-up home, future lifestyle in retirement)
- Future kids (university, wedding, 1st home, inheritance)

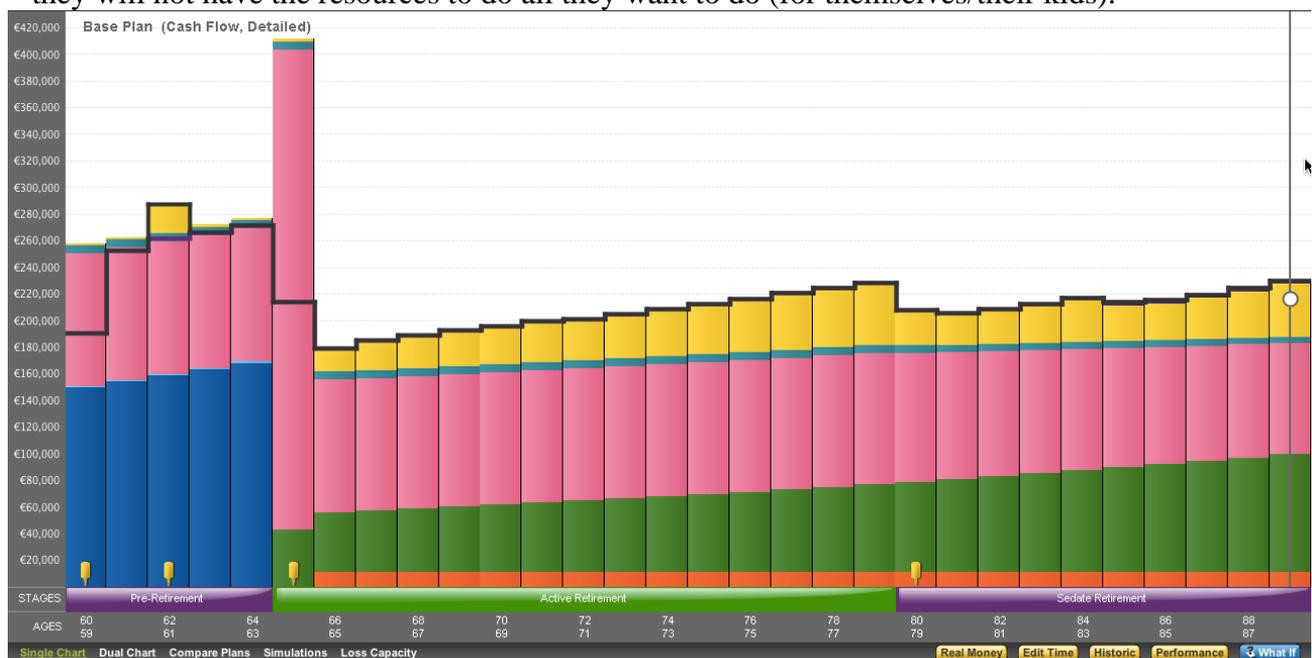
2) The next stage is to overlay your planned means for paying for all of this

- Current income
- Planned future asset realisation/sales (e.g. stock/property sale)
- Pension drawdown

Only when this is complete will you have your 1st clear picture as to whether or not your desired life expenditure is likely to be matched by your financial resources.

For many people – the outcome will be positive, meaning much of the financial worry and confusion will disappear and they can focus more on the now.

For others – the outcome will highlight a gap in their finances. That – unless something changes now – they will not have the resources to do all they want to do (for themselves/their kids).





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SECTION 3: WHAT HAPPENS AFTER A CASHFLOW?

Where a cashflow highlights a gap – this allows you to:

- (a) make emotional choices about what's most important to you. e.g.
 - ✈ retire at 60 vs live in a 'trophy home'
 - ✈ extravagant lifestyle now vs gift kids in future

- (b) make financial choices about the trade-offs they may have to make to do
 - ✈ Can you earn more / work longer?
 - ✈ Do you want to reduce expenditure?
 - ✈ Do you want to change investment strategy? (risk / tax vehicle)
 - ✈ Do you wish to sell assets?

It is important to seek expert advice from an appropriate professional, to see what levers are available to you, and what risks/opportunities relate to these (especially in the areas of tax, investments etc..)

The cashflow can then be adjusted to show you the impact of making any of the above choices, OR more likely – a combination of the above.

When you find a strategy that works for you – it is essential that this is adapted annually – as life is certain to change:

- more kids, promotion or change jobs, inheritance, tax changes, windfall, OR illness, break-up etc...

A good cashflow is dynamic and helps you adapt your plan to let you know where you stand.

In Summary:

Therefore, one of the smartest decisions you can make now, is to cashflow your life.

It will remove confusion & bring clarity. At the very least it will give you the insights you need to make informed decisions about how your expenditure & deployment of your resources impact your future goals.

More importantly, it will help you focus more on what you do best: being a great parent, spouse, friend & excelling in your professional and personal life.