DBL asset management

Case Study

Funding for Education

**As you move through your life, it is likely that your financial priorities will change.
We all find new things that we would like to do, experience the unexpected and change our minds about the future we would like for our family.**

Financial planning means that we are able to help you to be prepared for all of that, for example to change your intended course whenever is convenient for you and head in a new positive direction.

A common example of this is the birth of a child or children which, as current parents will know, can quickly change your financial priorities!

Mr P had been a DBL client for some time, when he and his wife expressed a wish to make sure that they had enough money set aside to fund their children's future education requirements. Mr P was a director and part-owner of a business, with some money already set aside and a financial plan, which anticipated that, at some point, he would sell his stake in his company.

Providing funding for your children's education is a common financial planning priority for those approaching the middle of their lives. Ahead of thinking about passing on wealth to the next generation, considering how you are able to help them to 'get started' is something that often features on people's financial planning agendas, potentially changing any previous plans.

In assessing Mr P's new requirement, we first looked at the following areas with Mr P and his wife;

- Though a company sale was likely, it was not guaranteed. Furthermore, due to the nature of complicated business transactions such as this, there was no real guidance on Mr P's timescales. The business could be sold tomorrow if an appropriate buyer was found or it could be many years into the future.
- Mr P had savings in pensions, but he had not yet reached pensionable age, meaning these were not an option to use at the time of Mr P's request. The family's pension savings potentially could be an option into the future, but Mr P's current financial plan had allocated his pension savings to various activities planned for his retirement.
- Mr P and his wife also had some money stored in ISAs. As with the family's pension savings, these were currently allocated within their financial plan but, owing to the flexibility of ISAs as a tax-wrapper, there was scope to alter the plan at this point.

Mr P's ISAs were the most suitable store of wealth to use to fund his children's education. The activities previously allocated to these funds were deemed less important to Mr P and his wife than their current requirement for their children's future and so these elements were re-planned to take advantage of the point at which Mr P sold his share in his company.

The remaining question was whether Mr P's ISA savings would produce enough income to fully fund the family's three children through secondary school and university.

Using a variety of cashflow modelling techniques and expected investment revenue, we were able to show Mr P that there would be a small shortfall, based on his savings ratio now, his ISA performance and the amount we had established would be required.

With this knowledge, Mr P and his wife decided that the ISAs would provide enough of a boost to the funding, without setting anything extra aside, at this juncture. Mr P was comfortable that the size of the shortfall could be covered from his regular income and so the family were able to move forwards safe in the knowledge that the children's education requirements were fully looked after for the future.

The value of investments can fall as well as rise.
You may not get back what you invest.