DBL asset management

Case Study

Wealth Accumulation

Rate of investment growth is a common concern for clients when we first begin discussing their financial requirements.

Wealth accumulation is a natural and very pertinent area of focus. Are your pensions performing at an acceptable rate? Are your investments correctly aligned? Are you putting enough into your savings to see them grow at an attractive percentage?

This was a primary concern of Mr S, who came to us with a number of pensions and investments, having worked previously with an Independant Financial Adviser from a large, well-known national firm.

Mr S, who was a very senior businessman, was uncertain whether his pensions were growing at the best possible rate, when compared to the rest of the market. He had little idea if his investments were achieving above or below standardised benchmarks and he was uncertain regarding the level of regular contribution he was making to his various savings vehicles.

Before analysing his rate of wealth accumulation we very quickly established that some key questions had not been answered in Mr S's previous financial planning. These questions were vital to answering Mr S's concerns regarding his wealth accumulation.

- Mr S had not considered with his adviser when he wanted to retire
- No cashflow forecasting had been carried out to show Mr S what level of income he needed in retirement to match his desired expenditure
- Though some consideration to risk had been completed, Mr S's investments had not been rebalanced for some time, meaning he had no idea as to his exposure to risk

These important points are bedrocks of sound financial planning and retirement planning. By talking to Mr S about his plans for his retirement, we were able to then set some financial planning goals which took into account:

- What Mr S wanted to do in retirement
- What Mr S wanted to do before retirement and how much he could save as a consequence
- How much risk Mr S was willing to take to accumulate extra wealth

As a result of these discussions, we were able to realign Mr S's pensions and investments so that they were no longer just accumulating wealth at an almost random rate. They were working directly for what he wished to do in retirement.

Wealth may be accumulated at a quicker rate, for example, in more risky investments. For those close to retirement, like Mr S, these investments may contain too much risk compared to their relative reward.

We were able to show Mr S that continued investment along with his current strategy would return greater wealth, but only to a marginal degree.

Meanwhile, an alternative strategy would be both safer and would still enable him to comfortably live his desired retirement lifestyle and leave an inheritance to his children. By following our guidance, Mr S added to his savings at an acceptable rate and watched them grow at a rate that delivered what he wanted to achieve and how he wanted to live his life.

Wealth accumulation is, of course, important. We all want to see our wealth heading in the right direction, at the right rate. But without full and proper financial planning, wealth accumulation may occur in the wrong way and may mean you fail to achieve your goals.

DBL will ensure that, like Mr S, your wealth not only accumulates, but that it truly works for you and your family, helping you to achieve everything that you want out of life.