



Financial Needs Analysis

Private and Confidential

for

Mr John Smith

Prepared by

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IMPORTANT NOTES

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Your adviser must have sufficient information before making a suitable recommendation. The information that you provide in the Fact Finding relating to your investment objectives, financial situation and your particular needs will be the basis on which advice will be given.

Your adviser is required to disclose to you the fees and commissions payable to Phillip Capital on any product recommended to you.

An insurance and/or investment product purchased without the full completion of the Fact Finding process, or following from a partial or inaccurate completion, may not be appropriate to your needs.

It is important that you carry out financial review and risk profiling at least once a year. This is to ensure that any financial products recommended based on your updated information will be more suitable for your needs.

DISCLAIMER

This financial plan herein is hypothetical in nature and is intended to help you in making decisions on your financial future based on information that you have provided and reviewed.

IMPORTANT: The projections or other information generated by this financial plan regarding the likelihood of various investment outcomes and goals attainment are hypothetical in nature, and are not guarantees of future results.

The assumptions used in this financial plan are based on information provided and reviewed by you. Those assumptions must be reconsidered on a regular basis to ensure that the results are adjusted accordingly. The smallest of changes in assumptions can have a dramatic impact on the outcome of this financial plan. Any inaccurate representation by you of any facts or assumptions will render the results null and void.

This plan does not constitute advice in areas of legal, estate or tax. It is your responsibility to consult the relevant professionals in those areas either independently or in conjunction with this planning process.

CPF projections are based on the distribution rates stipulated by Central Provident Fund Board ("CPF Board") and the stated assumptions. It is not a guarantee of actual results.

The results presented in this plan are not predictions of actual results. Actual results may vary to a material degree due to external factors beyond scope and control of this financial plan. Historical data used to produce future assumptions used in the financial plan, such as hospitalization charges, inflation rates, fund historical performance, is not a guarantee of future performance or results.

This plan does not consider the selection of investment instruments. The results in this plan do not constitute an actual offer to buy, sell or recommend a particular investment or insurance product. All investments are inherently risky. Past performance and any forecast is not necessarily indicative of the future or like performance of any investment instrument.

Financial Ratio Analysis

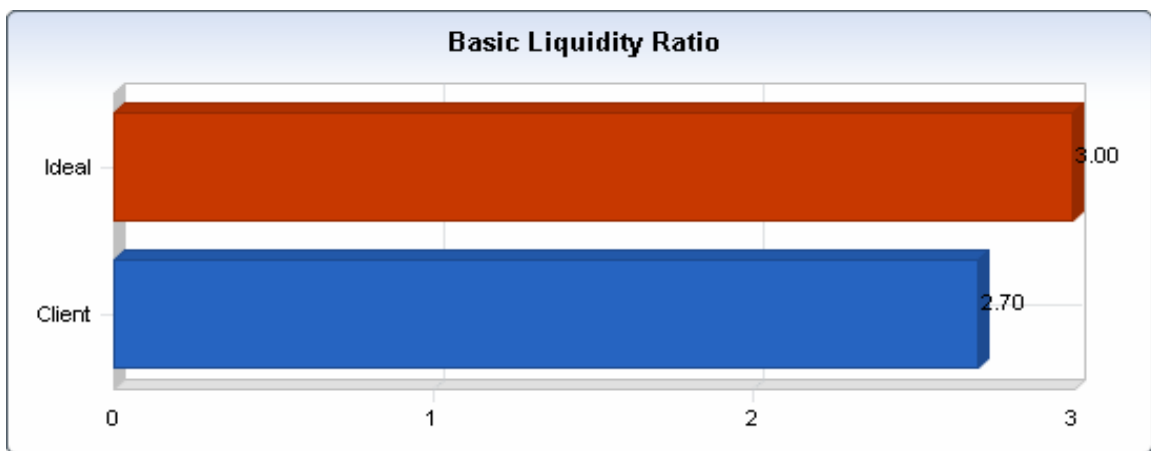
Financial ratios are numerical yardsticks used to give a snapshot of your current financial situation. The ratios help you to assess the strengths and weaknesses of your present financial health. The financial ratios are categorized into these 7 main areas:



1. Basic Liquidity Ratio

Ideal is 3 or more

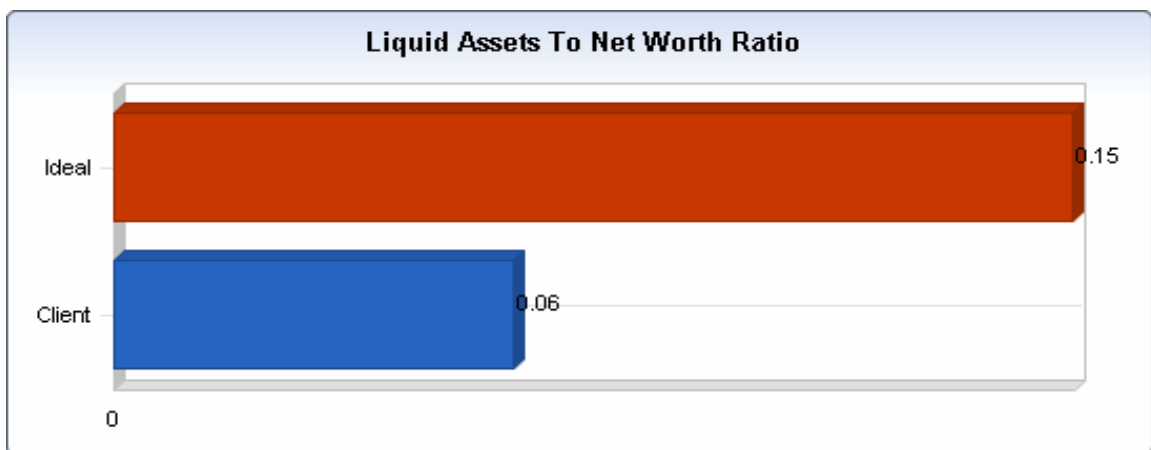
This ratio shows, in the unfortunate event that you lose all sources of income, how long (number of months) you can continue to meet all your expenses with your cash assets. It is recommended that you have liquid assets to cover at least 3 months of your monthly expenses.



2. Liquid Assets To Net Worth Ratio

Ideal is 0.15 or more

This ratio shows the amount of your cash/near cash assets as a percentage of your Net Worth. It is recommended to have at least 15% of your Net Worth in liquid assets.



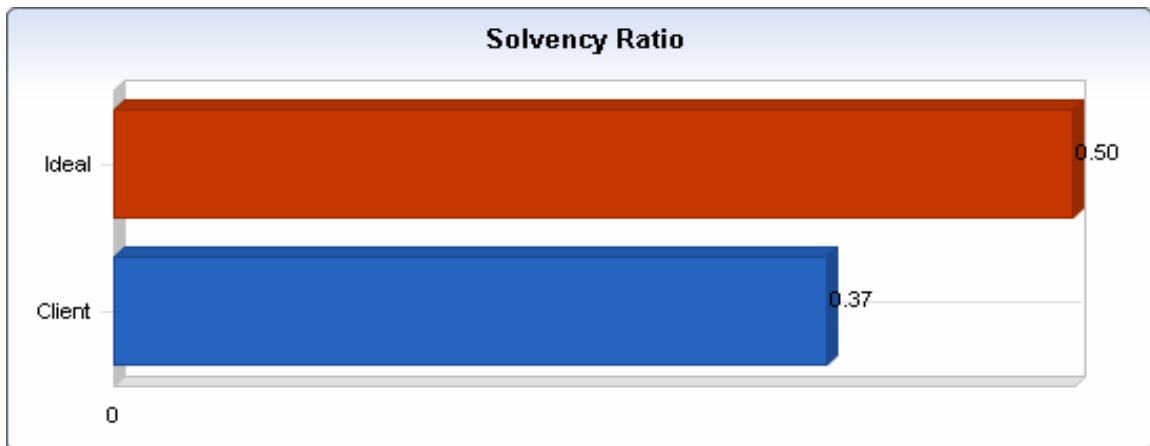
Financial Ratio Analysis



3. Solvency Ratio

Ideal is 0.5 or more

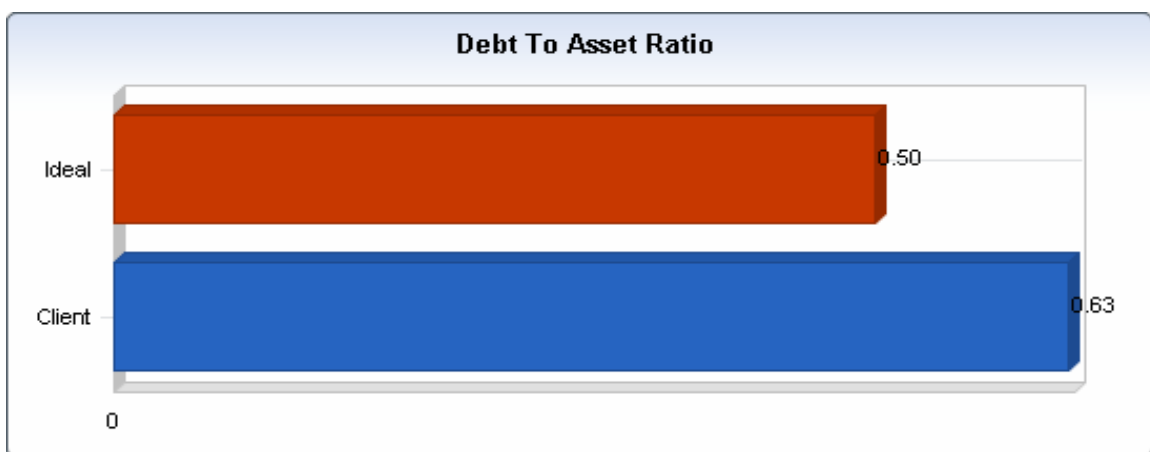
This ratio measures the proportion of assets that are financed through your own cash reserves and not through borrowings. While building up your assets is fine, you need to be mindful of the debts that are building up as well. This ratio shows how much a decline in value of your assets you can sustain before you become insolvent. (Insolvent means that your total liabilities are greater than your total assets). The higher the ratio, the better.



4. Debt To Asset Ratio

Ideal is less than 0.5

This ratio indicates the amount of debt that you incurred to acquire your assets. A ratio that is more than 50% is considered not prudent as it means that you have borrowed too much to finance your assets.



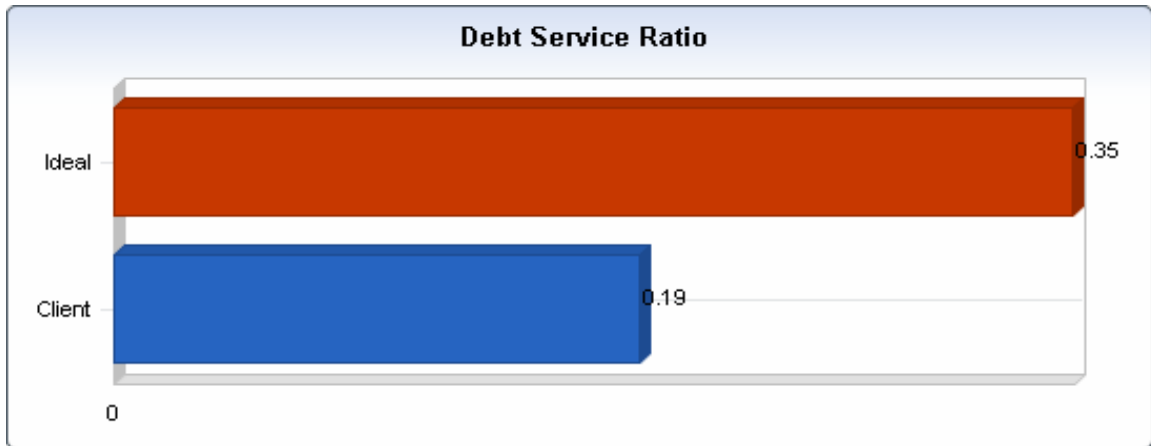
Financial Ratio Analysis



5. Debt Service Ratio

Ideal is less than 0.35

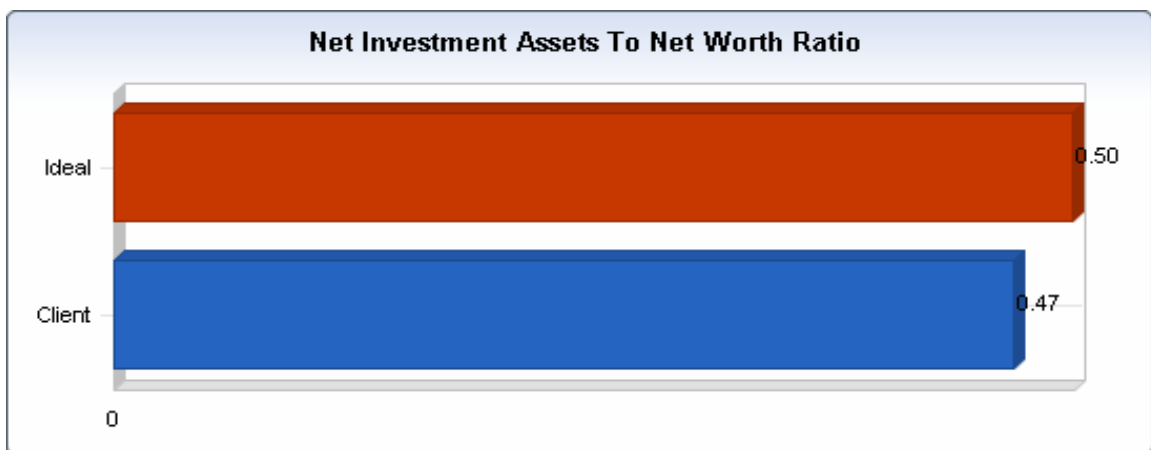
This ratio measures your ability to service your debt commitments. It is recommended to be below 0.35.



6. Net Investment Assets To Net Worth Ratio

Ideal is 0.5 or more

This ratio measures how well you are in accumulating invested assets by comparing the value of invested assets as a percentage of your Net Worth. It is important to accumulate invested assets that help you to grow your Net Worth. When you are near your retirement, this ratio should be 50% or more.



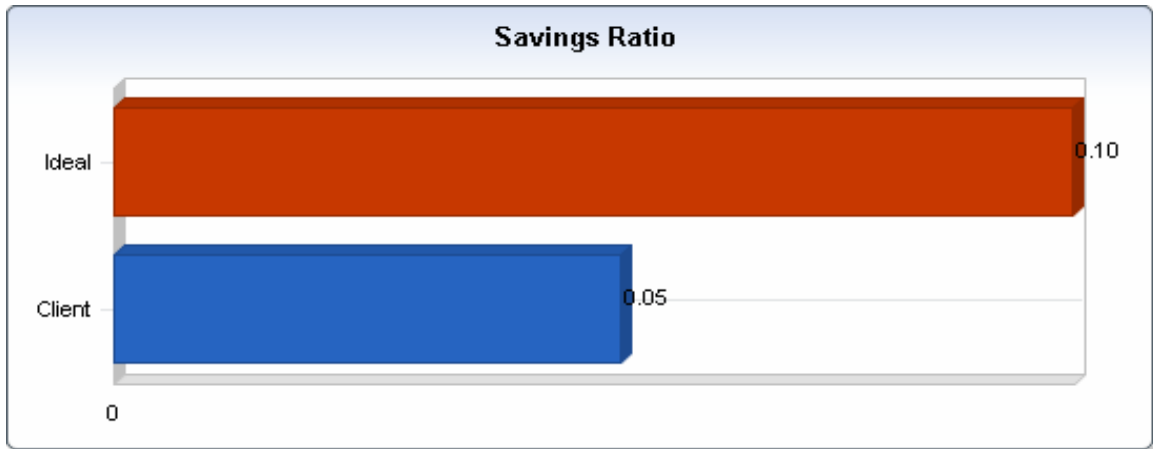
Financial Ratio Analysis



7. Savings Ratio

Ideal is 0.1 or more

This ratio measures the amount of cash surplus that you commit to savings. It is recommended that you have a 10% ratio to meet your future needs.

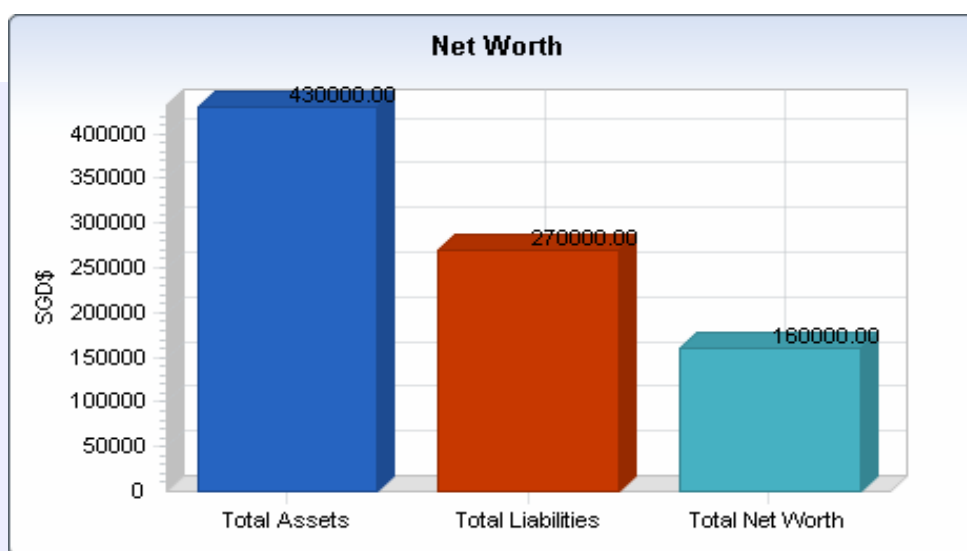


Current Financial Health

Analysis

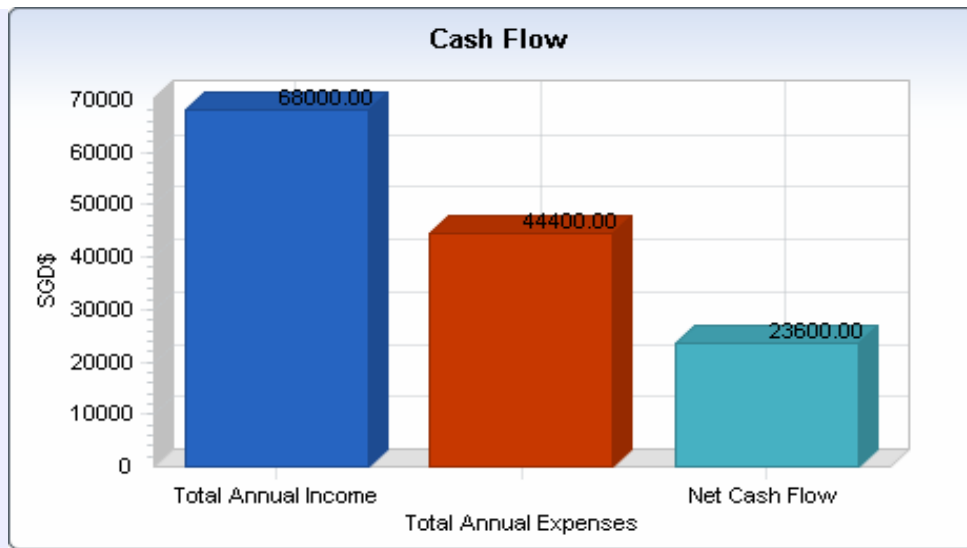
Net Worth is calculated by subtracting the total value of your current liabilities from the total value of your current assets. It is desirable to have a high positive Net Worth because it means that you own more assets than you owe. Based on the information that you have provided, your **current Net Worth is SGD\$ 160,000.00**.

Cash Flow is a consolidation of your annual cash inflows and outflows. It is calculated by adding all your cash inflows and then subtracting all of your cash outflows, which include lifestyle expenses, savings and investments, and taxes. Based on the information that you have provided, you have a **cash flow surplus of SGD\$ 23,600.00 in 2008**.



<u>Net Worth</u>	<i>Client</i>
Liquid Assets	10,000.00
Investment and CPF Assets	75,000.00
Personal Assets	345,000.00
Liabilities	270,000.00
Net Worth	<u><u>160,000.00</u></u>

Current Financial Health



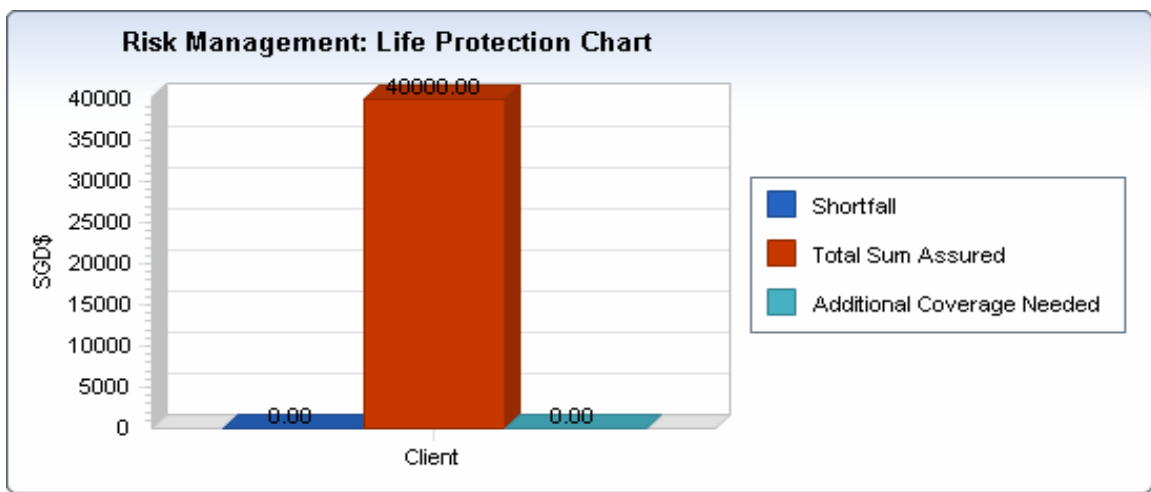
<u>Cash Flow</u>	<i>Client</i>
Income	68,000.00
Personal	6,000.00
Transport	12,000.00
Household	6,000.00
Loan Repayment/Insurance	10,800.00
Children/Parents	6,000.00
Taxes	0.00
Investment/Savings	3,600.00
Others	0.00
Surplus	23,600.00

Risk Management - Life Income Protection

Analysis

Life income protection is about providing adequate income for your dependents in the unfortunate event of your unexpected death, total loss of income, temporary or permanent inability to work.

Based on our analysis, it appears that you currently have sufficient capital and life insurance to meet your family ongoing financial needs.



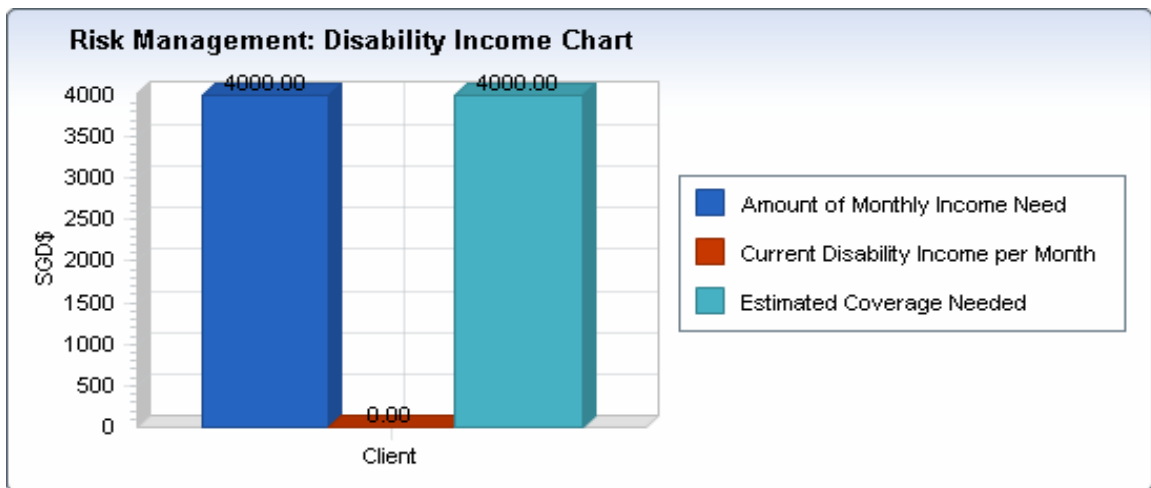
Recommendation

Risk Management - Disability Income Protection

Analysis

Disability income protection is to ensure that there is sufficient income replacement to maintain your desired lifestyle, should you become disabled.

Based on our analysis, your desired monthly income is SGD\$ 4,000.00. Your current disability income per month coverage is SGD\$ 0.00, hence it is insufficient. You will need an additional monthly coverage of SGD\$ 4,000.00 .



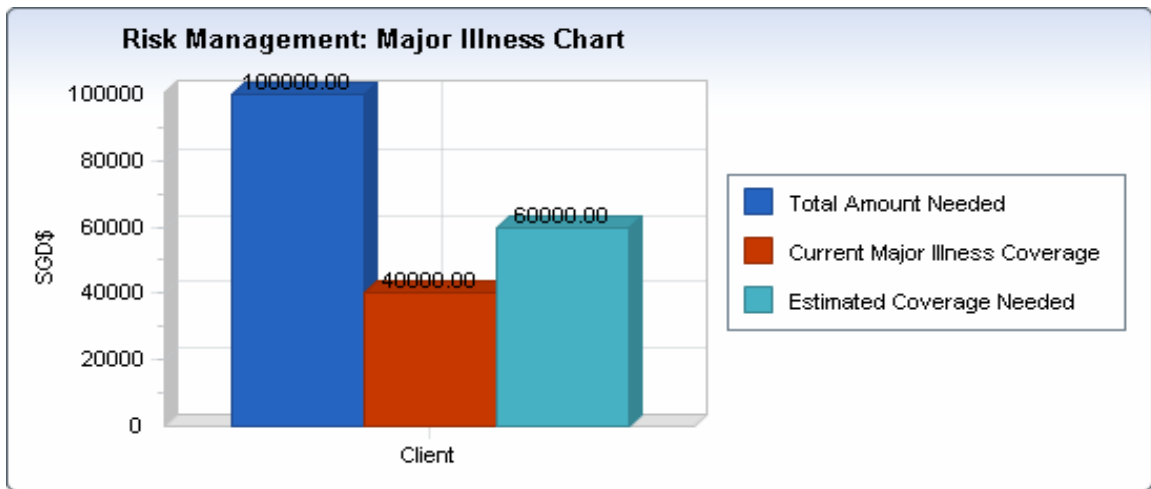
Recommendation

Risk Management - Major Illness Protection

Analysis

Major illness protection is to cover against the high costs incurred in the event that you suffer a debilitating major illness.

Based on our analysis, you will require an annual amount of SGD\$ 5,000.00 for a period of 10 years and an immediate lump sum of SGD\$ 50,000.00 . This will work out to be a total of SGD\$ 100,000.00 at the inflation adjusted rate of return of 0%. Your current major illness coverage is SGD\$ 40,000.00, which is insufficient. You will require an additional estimated coverage of SGD\$ 60,000.00 .



Hospital & Surgical	Client	
	Company	Personal
Type of Hospital	GR	GR
Type of Ward	B	B
Deductible	Yes	Yes
Co Insurance	20	20
Portability	No	Yes
Guaranteed Renewability	No	Yes

Retirement

Analysis

Retirement planning ensures that you build a sizeable retirement nest egg that can allow you to live comfortably without working in your later years.

You intend to retire in the year **2031** at age **62** with monthly income of **SGD\$ 3,000.00** in today's dollars. This will work out to be a retirement nest egg of **SGD\$ 2,506,192.06**.

Based on the information you provided, at the time of your retirement, your CPF asset is projected to be **SGD\$ 379,319.53** excluding your Medisave. Your investment will be worth **SGD\$ 169,877.41**. You will have an outstanding CPF Housing Loan of **SGD\$ 0.00**.

Based on our analysis, you will not have sufficient capital to fund your retirement needs. You have a shortfall of **SGD\$ 1,956,995.12**. Your current capital will only last you to age **68**.

To meet your retirement needs, you need an additional monthly savings of **SGD\$ 2,481.19** to be invested with an annual return of at least **8%**.



Notes

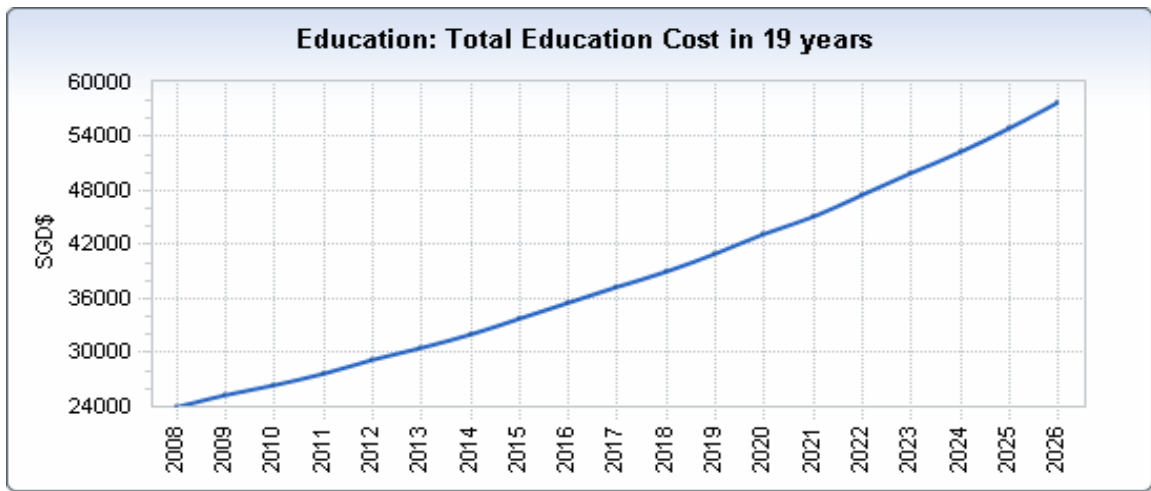
Education

Children Education Plan

Analysis

Education planning is to ensure that you have sufficient funds for your education needs which include the tuition fees and living expenses.

Based on our analysis, you need an education fund of **SGD\$ 57,758.86** in **19** years time. To accumulate this fund, you need to invest an amount of **SGD\$ 134.10** monthly at an annual return of at least **7%**.



Notes

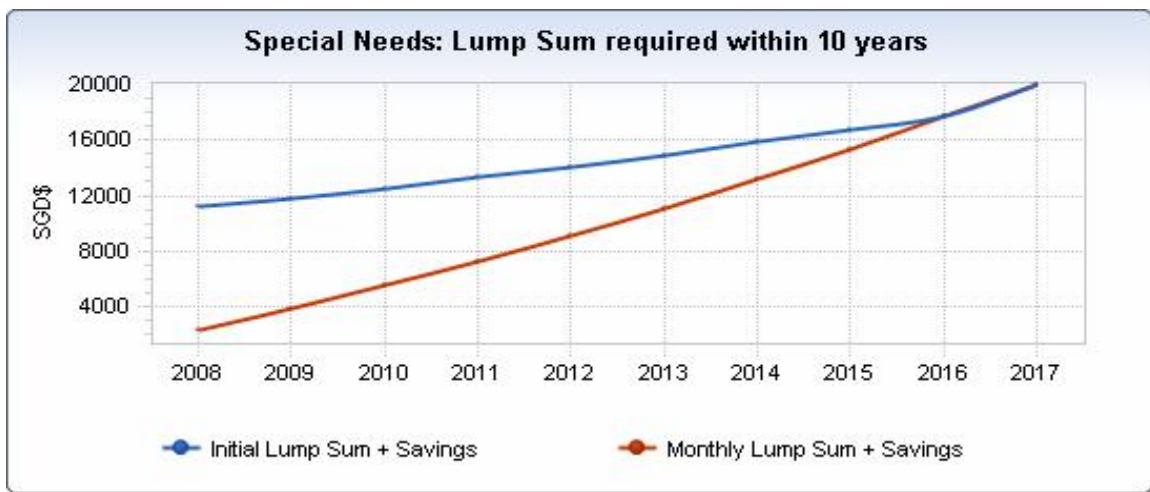
Special Needs

Holiday

Analysis

You have indicated that you need a lump sum of **SGD\$ 20,000.00** in **10** years time. You currently have savings of **SGD\$ 1,000.00**.

Based on our analysis, if you invest your current savings with an annual return of at least **6%**, you will not be able to meet your goal. To make up for the shortfall, you need to either invest an additional lump sum of **SGD\$ 10,167.90** or invest **SGD\$ 111.11** monthly, with at least an annual return of **6%**.



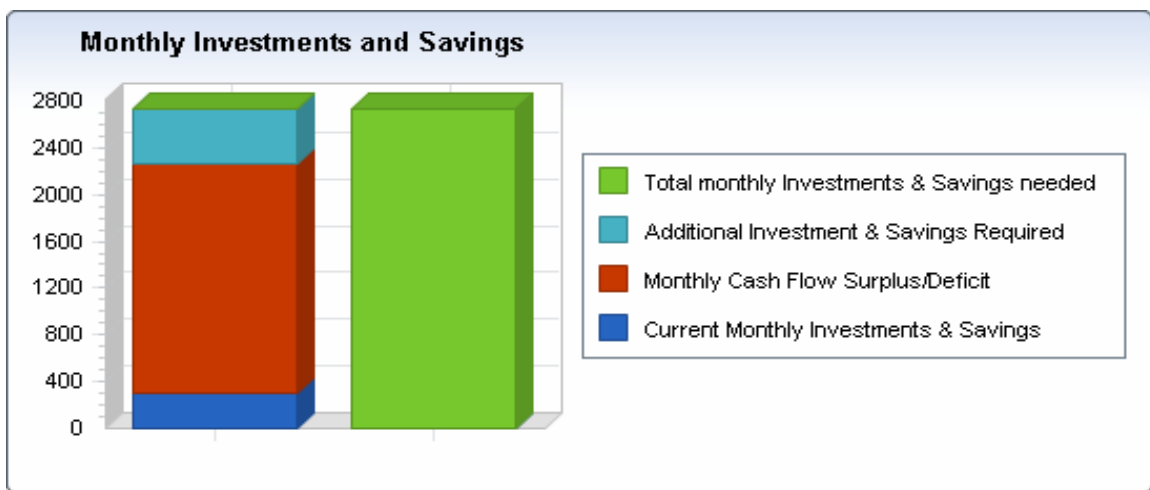
Notes

Financial Needs Summary

Our analysis has identified your financial needs and ascertained the required actions to meet these needs.

In summary, you have put aside **SGD\$ 300.00** monthly of your Cash Flow to investments and savings. You have monthly Cash Flow surplus of **SGD\$ 1,966.67**. To meet your goals, you need a total additional monthly investments and savings of **SGD\$ 2,726.40**.

Based on our assessment, you do not have sufficient resources to meet your additional investments and savings requirements.



Additional Monthly Investments and Savings for:

1. Retirement at annualized 8%	2481.19
2. Education Children Education Plan at annualized 7%	134.1
3. Special Needs Holiday at annualized 6%	111.11
Total monthly investments and savings needed	2,726.40
Current Monthly Investments and Savings	300.00
Monthly Cash Flow Surplus	1,966.67
Additional Investment and Savings Required	459.73

Risk Profile

Account Type : Independent

Ability to take Risk

1. What is your age group?

- < 30 years old.
- 30 – 38 years old.
- 39 – 55 years old.
- > 55 years old.

2. When do you intend to start drawing out this amount of money?

- < 3 years.
- 3 – 5 years.
- 6 – 10 years.
- > 10 years.

Risk Profile

Risk Appetite

1. How much do you know about investments?

- I do not know anything about how the stock markets move.
- I know that stock markets move in cycles, and the ups and downs characterized by these movements are normal.
- I know enough to pick out even the short-term trends and fluctuations of stock markets.
- I know the historical background on the markets I invest in, and actively seek out information that may indicate future trends.

2. Which of these statements apply to you :

- I am risk averse. I do not like to see my portfolio in negative territory. I don't mind that my investment returns are small (between 3% to 5% p.a.).
- I have a moderate risk appetite. I am willing to see some fluctuation to my portfolio, but not too much. Overall, medium returns are good enough for me (between 5% to 7% p.a.).
- High returns are important to me. I am willing to take higher risks for significantly higher returns over time (above 10% p.a.).
- I think that I am good enough in investing such that I will do much better than most people. I expect returns of over 20% p.a.

3. To what extent does a stock market crash resulting in a large drop in your funds affect you?

- I lay awake about it at night worrying that I may lose my investments and will consult my friends on what to do.
- I worry about it and consult the experts. If they say sell, I will sell. If they say otherwise, I will then decide myself on what to do next.
- I sell straight away as soon as I can to limit my losses. Any significant crash indicates that more is on the way.
- I am not bothered in the least and view it as part of short-term market fluctuations. I am a long-term investor and this has no effect on my investment strategy on decisions.

4. If experts all say that it was a good time to buy into the market after it has sank 50%, what would your reaction be?

- Curse them because I had bought in at the all time highs of the markets and there was no way I was going to lose more money buying more of the fund.
- Consider their recommendations carefully and the overall market fundamentals and put some money into the fund if I agree with them. Whether I had lost money or made money in that stock market previously is irrelevant.
- Give a yawn and turn away. I don't believe in what experts say. I would stick to just investing for the long haul and not try to time the market meanwhile.
- Get all excited and put shift all my money into the fund mentioned. This is the opportunity for me to make it big!

Risk Profile

5. How often do you go back and check the prices of the funds that you buy and what is your typical reaction every time you check?

- I check every day and I always feel "Hmm, why hasn't the price moved?"
- I check once a week or month and do not expect great jump in fund prices.
- I check once a year when I am doing my annual review and am usually satisfied with the prices as they are within my expectations.
- I will only look at them when I intend to sell off some of the funds (perhaps around retirement time, etc). In the meantime, I do not care how high or low they go nor do I have any interest in checking.

6. Given two hypothetical portfolio, how would you invest:

Portfolio 1: Gives an average annual return of 5% but downside is minimal

Portfolio 2: Gives an average annual return of more than 10% but downside could be more than 20% in 1 year.

- 100% in portfolio 1
- 75% in portfolio 1 and 25% in portfolio 2
- 50% in portfolio 1 and 50% in portfolio 2
- 25% in portfolio 1 and 75% in portfolio 2

7. Given that an investment may lose 30% of its value within a year but has potential to gain 60% during the same period, how much of your investment monies would you invest into that instrument?

- 20%
- 0%
- 30%
- 10%

8. What is the range of losses and gains which you will be comfortable with on your investment within the span of one year? Ranges from:

- Loss of 10% to gain of 15%
- Loss of 5% to gain of 8%
- Loss of 25% to gain of 50%
- Loss of 15% to gain of 20%

9. Which statement best describes your investment preference?

- Emphasis on quick capital appreciation.
- Emphasis on generating a stable stream of income.
- Emphasis on steady capital appreciation.
- Capital preservation.

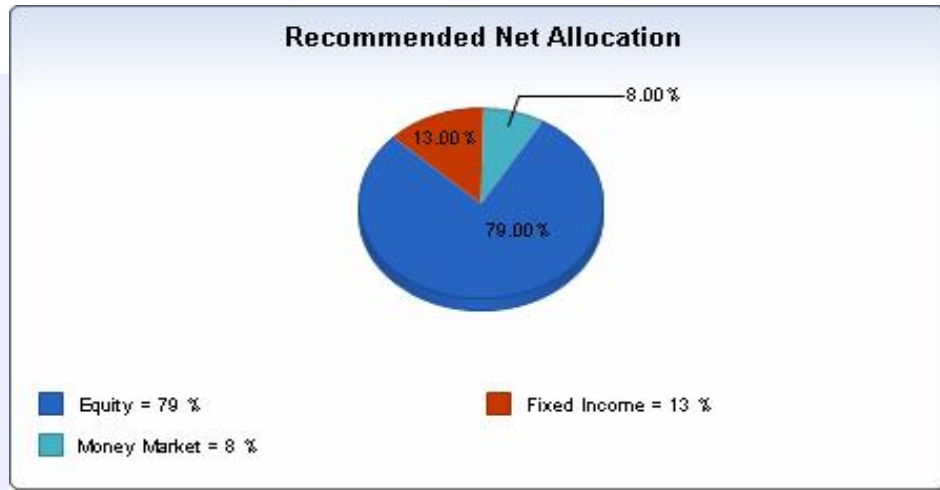
10. If you have a portfolio heavily weighted in equity funds and equity markets are going through a correction; would you:

- Check on the portfolio every other day and worry over how much the portfolio has dipped not knowing what to do.
- Think through your portfolio and switch most of it to bonds.
- Add on to equity funds which invest into markets which you feel have strong fundamentals.
- Take a wait and see attitude but worry too much because you believe that long term investing works.

Risk Profile

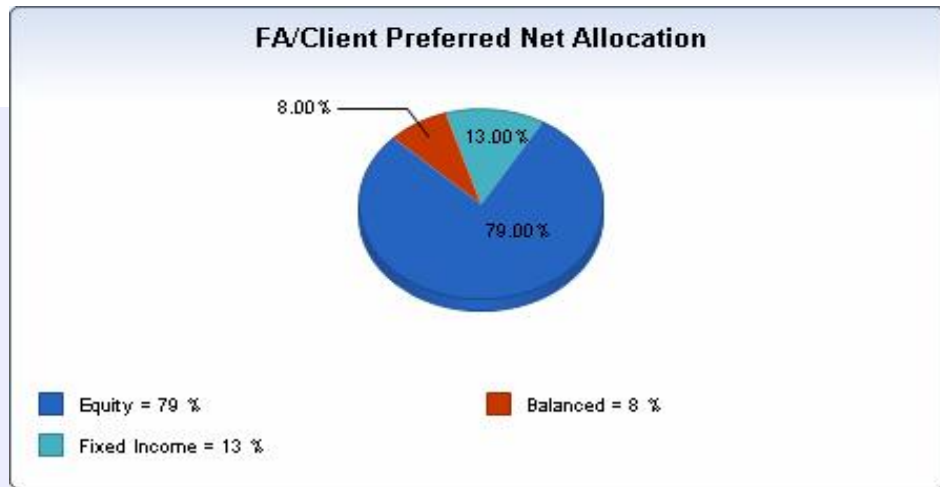
Risk Profile - Moderately Aggressive

Recommended



Equity	79	Money Market	8
Balanced	0	Capital Protected/ Guaranteed	0
Fixed Income	13	Index	0
Alternatives Investment	13		

Preferred



Equity	79	Money Market	0
Balanced	8	Capital Protected/ Guaranteed	0
Fixed Income	13	Index	0
Alternatives Investment	13		