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Description automatically generated**Lockhart Annual Review Meeting Note**

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| **Client Name**  **(including any children, companies or trust)** | Client E |
| **Date of Meeting** | 08 April 2025 |
| **Location of Meeting** | Phone Call |
| **CLIENT IN DECUMULATION (Pension/ISA/GIA/OFB etc)** | Using cash to top-up earnings, but not decumulating investments yet. |

1. Update on Client Circumstances *(to include liquidity/CapEx income needs etc.)*

It was a pleasure to speak with you again on 8 April 2025. During our call, you kindly provided an update on your current circumstances.

You continue to work at *XXX*, and confirmed that your net earnings have increased to approximately £1,450 per month. In addition, you continue to receive maintenance payments of £1,250 per month from your ex-partner, which are expected to continue until November 2027.

You advised that your total monthly expenditure remains in the region of £3,200—comprising around £2,300 on rent, bills, and utilities, with the remainder allocated to food, leisure, and lifestyle expenses. This results in a monthly shortfall of approximately £500.

To help manage this, you have recently withdrawn £5,000 from your Premium Bonds to top up your readily accessible cash. You confirmed that you now hold £45,000 in Premium Bonds and a further £10,400 in your bank account. These resources will support your income shortfall for some time to come, in line with the longer-term plan of preserving invested funds to benefit from the passage of time—a critical factor in investment growth and performance.

However, we agreed it would not be appropriate to allow your cash reserves to become fully depleted. You wish to retain at least £10,000 as an emergency fund and as a buffer to provide flexibility in the event of adverse market conditions or personal financial disruption.

On that note, you shared that the current economic climate has affected *XXX*, and that the YYY store has recently closed. While you are currently comfortable in your role, this development has understandably made you feel somewhat concerned about your long-term employment security. We therefore agreed to stay in regular contact throughout the year, as needed, and you are always welcome to reach out at any time.

1. Objectives (t*o be included in client report)*

We agreed that the following remain your key financial objectives:

* To continue supporting your current lifestyle, which requires approximately £3,200 per month in expenditure.
* To preserve your overall wealth, both in nominal terms and in real terms (after the effects of inflation). It is important that your longer-term funds—those not expected to be accessed for 5–10 years—are positioned to achieve growth comfortably above inflation. This will help ensure that your wealth can provide sustainable income in the future.

**Agreed Action Points**

* To review your existing investments in light of your objectives, and to ensure that they remain suitable given your circumstances and risk profile.
* You kindly completed a new risk questionnaire last year, which we received on 18 May 2024. As this remains current, and you have confirmed that neither your risk appetite nor your objectives have changed despite recent market conditions, there is no need to update it at this time.

1. Additional Notes *(not to be included in Client Report)*

The maintenance which Client E receives from her ex will cease from November 2027, when she turns 60.

Client E also has a very small DB scheme with Leo Burnett. This promises a pension of a few hundred a year, so a couple of tens of pounds a month. It is likely that Client E will draw this as a trivial commutation lump sum (as we do not expect the rights to exceed £30,000), but she doesn’t currently need the funds an scheme NRD is not until age 60. Until then, these rights should keep pace with inflation (subject to a cap) and should hopefully increase in value if we see yields falls over the coming 2-3 years. We’ll have to revisit this with Client E in 2027.

1. Vulnerability Considerations *(complete form and Enable as necessary)*

None. Is divorced and that was a potential vulnerability, and a temporary one at that. That was some time ago and we do not consider Client E either vulnerable or potentially vulnerable.

She is not vulnerable on account of her concerns over her job. She has no reason to believe that she will imminently be made redundant. Just that she works for a small, luxury boutique clothing/lifestyle brand and that the current environment has not been particularly kind to boutique small-retail businesses. A recession later this year (which the press are currently reporting as a possibility) could impact them and she is merely being realistic and watchful.

1. Risk Profile *(to cover off any change)*

There are no material changes to Client E’s overall risk profile. She completed a new risk questionnaire in May 24, where she scored 4/10, compared to a previous score of 5/10.

A few of Client E’s responses have moved from “disagree” to “strongly disagree”—notably in relation to thrill-seeking in investing, and to statements such as: *“I expect high investment growth and am willing to accept the consequent possibility of large losses.”* However, we do not believe these adjustments materially change her true underlying risk tolerance or investment outlook.

One answer that may have disproportionately influenced the overall score is Question 12: *“I would be happy risking losses to get potentially greater long-term returns.”* Here, Client E shifted from “neither agree nor disagree” to “strongly disagree.” Despite this, she continues to understand and accept that some degree of investment risk is necessary in order to generate long-term returns that comfortably exceed inflation. This understanding has been central to our prior discussions—particularly around the inclusion of LCM 100 in her pension—and was reaffirmed during our conversations on 30 April 2024 and again on 8 April 2025.

We consider this particular answer to be anomalous and not fully reflective of Client E’s actual understanding of the relationship between risk and return.

We agreed that Client E’s natural risk tolerance remains at around 5/10. However, she has both the need and, for the time being, the financial capacity to target higher returns where appropriate—particularly within her pension. As such, we are comfortable positioning her as 5/10 overall, and 7/10 specifically for her pension. Two-thirds of her pension is currently invested in LCM 100, representing long-term funds we expect to remain invested for well beyond five years. The remaining one-third is held in LCM 60, reflecting capital we expect may be used for tax-free cash and/or to generate taxable income if needed before Client E’s State Pension entitlement commences.

1. IHT Considerations

None. Client E does not own property and only her cash and her ISA fall within her estate for IHT purposes. These come in at well below £325,000.

From April 2027 the pension is expected to enter the scope of IHT. However, that isn’t yet certain and, in any event, Client E does not feel that she has surplus wealth to be giving away – certainly cannot make use of the gifts out of excess income exemption. Has no budget available for life cover, and does not have the risk appetite, nor financial capacity, to set funds aside in high-risk relievable investments.

1. If client in Decumulation *(complete/update Retirement Income form and Income/Expenditure. If any changes needed submit report request, otherwise confirm no changes needed)*
2. Annuity Discussion *(if relevant, required if in decumulation)*

None yet. We expect Client E to need to draw some income from 2027 – though perhaps her first year can be funded by commuting the Leo Burnett scheme for a lump sum. We will review nearer that time, but we are not yet having discussions about providing a regular income from Client E’s investments.

1. Cashflow Planning *(confirm if needed or that it was offered but declined in meeting. Include details of scenarios required as per* [*cashflow notes*](https://lockhartcapitalmanagement.sharepoint.com/:w:/s/ClientManagement/ETUn7EEL1ctNs045QlgPoLsBs0XJ7nUqDPgXAA-Ow96xDQ?e=vYaQLY)*)*
2. Action Points *(bullet point any as agreed)*
3. Conclusion *(written to client to include in the Client Report)*