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Financial Needs Analysis

Private and Confidential

for

Mr John Lee

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IMPORTANT NOTES

Your **Verve Technology** adviser is licensed by the Monetary Authority of Singapore (MAS) to act as a Financial Adviser's Representative (FAR) , and is employed by **Verve Technology**, a company licensed by the Monetary Authority of Singapore (MAS) to act as a Financial Adviser (FA).

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 Verve Technology 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

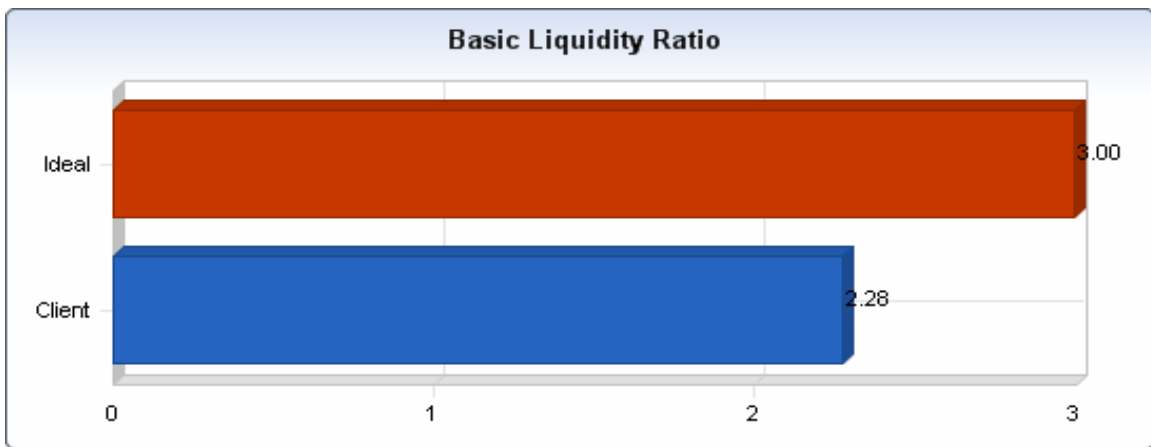
Financial ratios are numerical yardsticks used to give a snapshot of your current financial situation. The ratios help you to assess the strengths and weaknesses of your present financial health. The financial ratios are categorized into these 7 main areas:



1. Basic Liquidity Ratio

Ideal is 3 or more

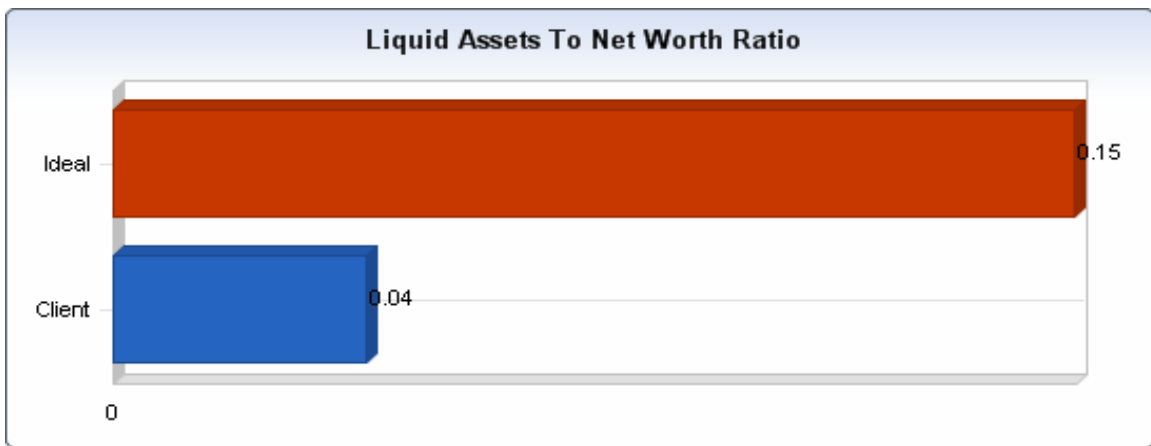
This ratio shows, in the unfortunate event that you lose all sources of income, how long (number of months) you can continue to meet all your expenses with your cash assets. It is recommended that you have liquid assets to cover at least 3 months of your monthly expenses.



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.



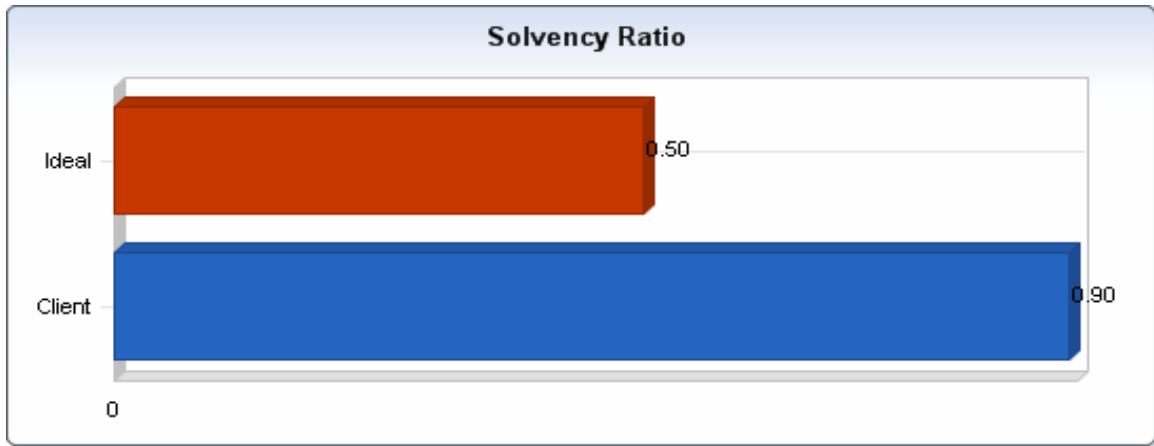
Financial Ratio Analysis



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.



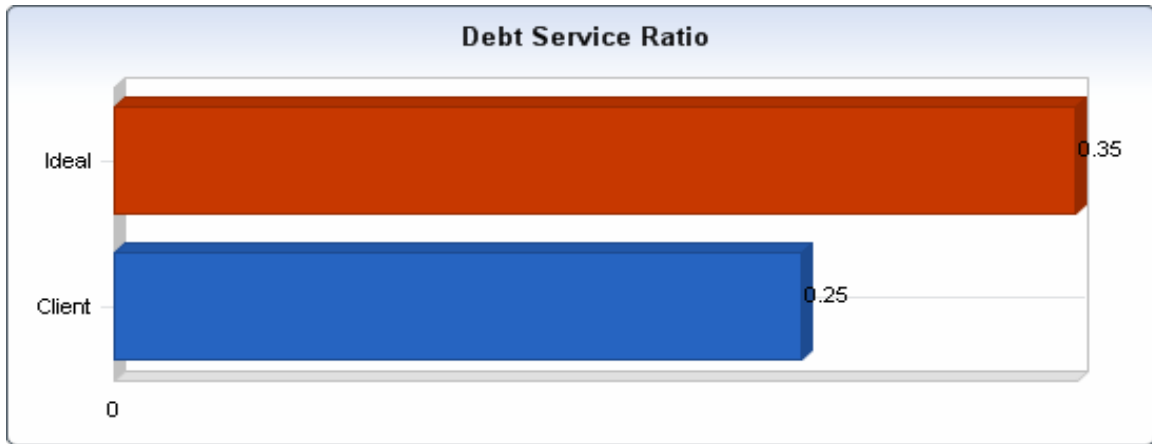
Financial Ratio Analysis



5. Debt Service Ratio

Ideal is less than 0.35

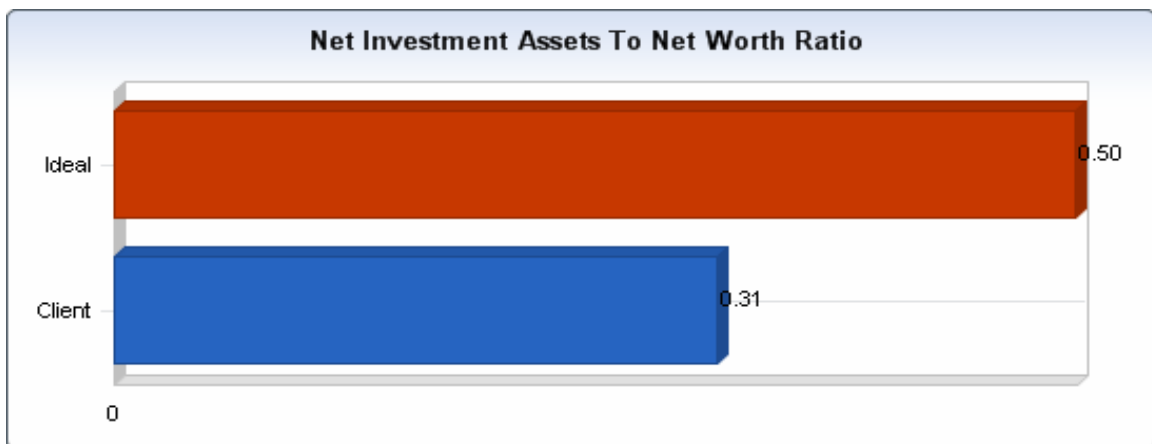
This ratio measures your ability to service your debt commitments. It is recommended to be below 0.35.



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.



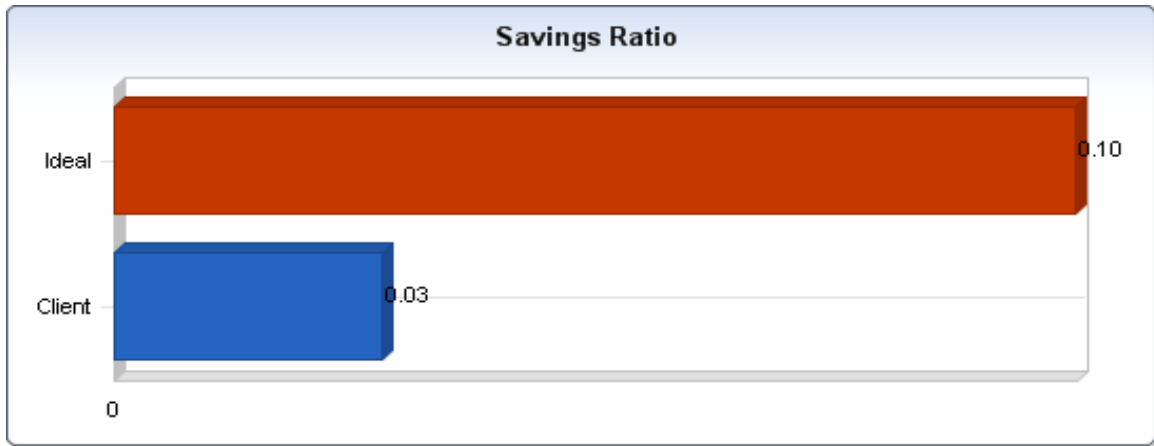
Financial Ratio Analysis



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.

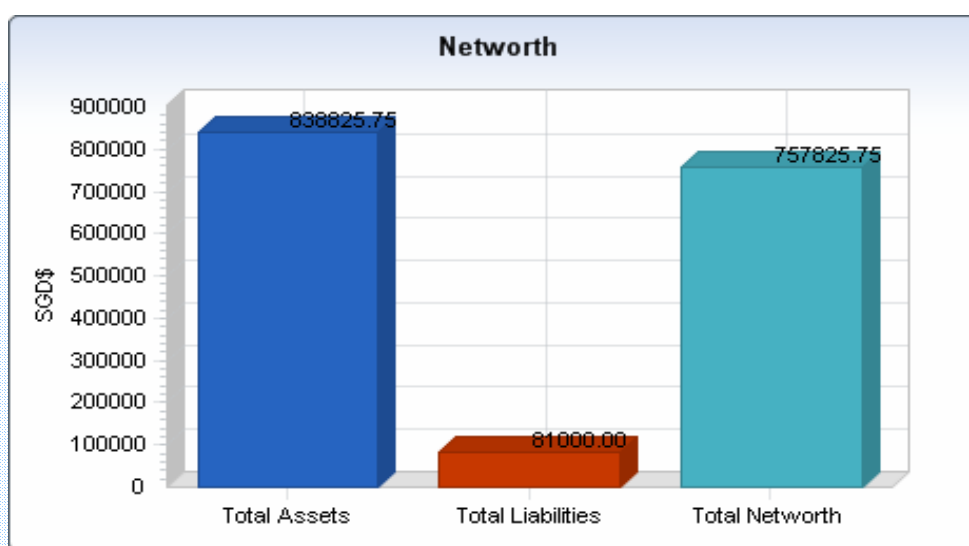


Current Financial Health

Analysis

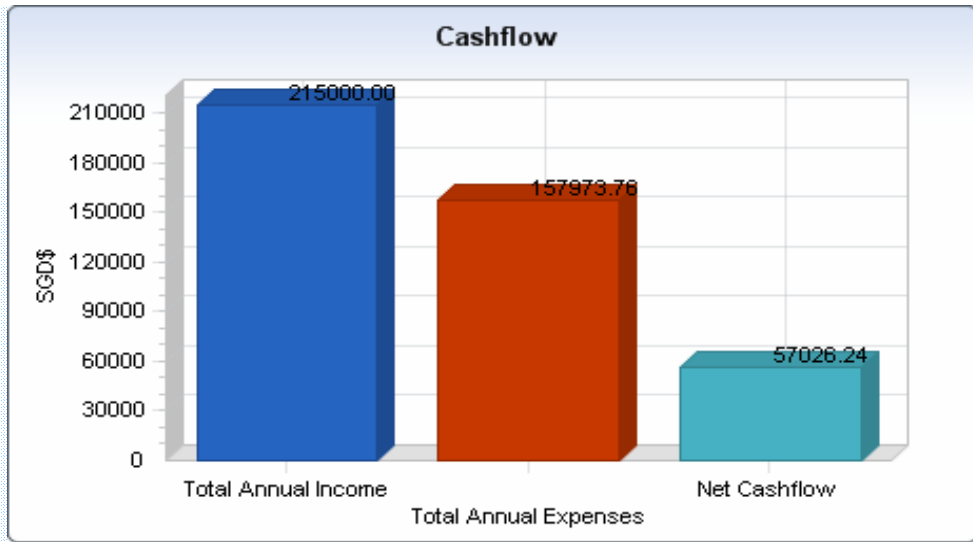
Net Worth is calculated by subtracting the total value of your current liabilities from the total value of your current assets. It is desirable to have a high positive Net Worth because it means that you owned more assets than you owe. Based on the information that you have provided, your **current Net Worth is SGD\$ 757,825.75**.

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\$ 57,026.24 in 2007**.



<u>Net Worth</u>	<i>Client</i>
Liquid Assets-	51,000.00
Investment and CPF Assets-	237,825.75
Personal Assets-	550,000.00
Liabilities-	81,000.00
Network-	<u><u>757,825.75</u></u>

Current Financial Health



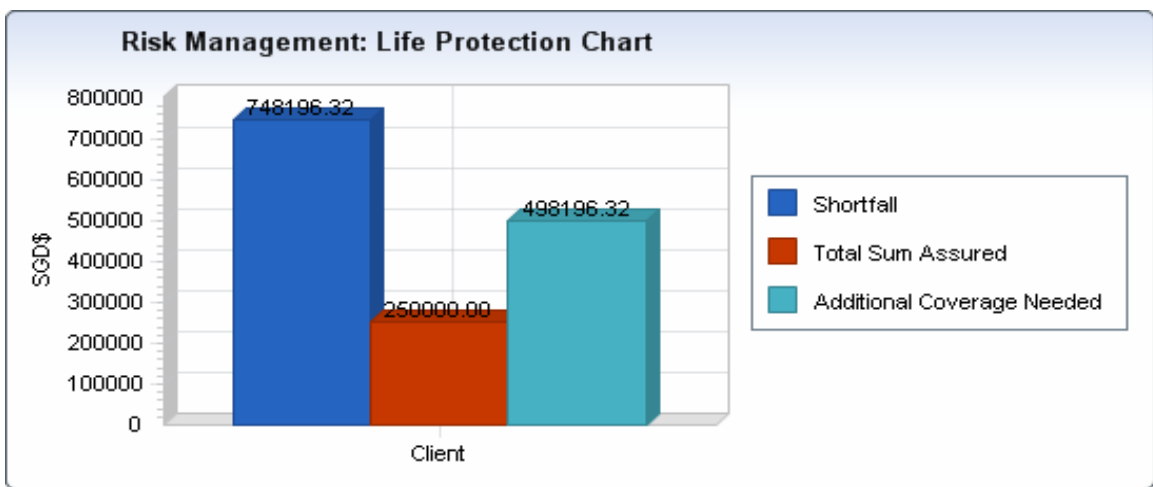
<u>Cash Flow</u>	<i>Client</i>
Income-	215,000.00
Personal-	47,320.00
Transport-	35,400.00
Household-	11,400.00
Loan Repayment/Insurance-	15,853.76
Children/Parents-	14,400.00
Taxes-	3,600.00
Investment/Savings-	30,000.00
Others-	0.00
Surplus-	<u><u>57,026.24</u></u>

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 insufficient capital and life insurance to meet your family ongoing financial needs. You need an additional coverage of SGD\$ 498,196.32 .



Recommendation

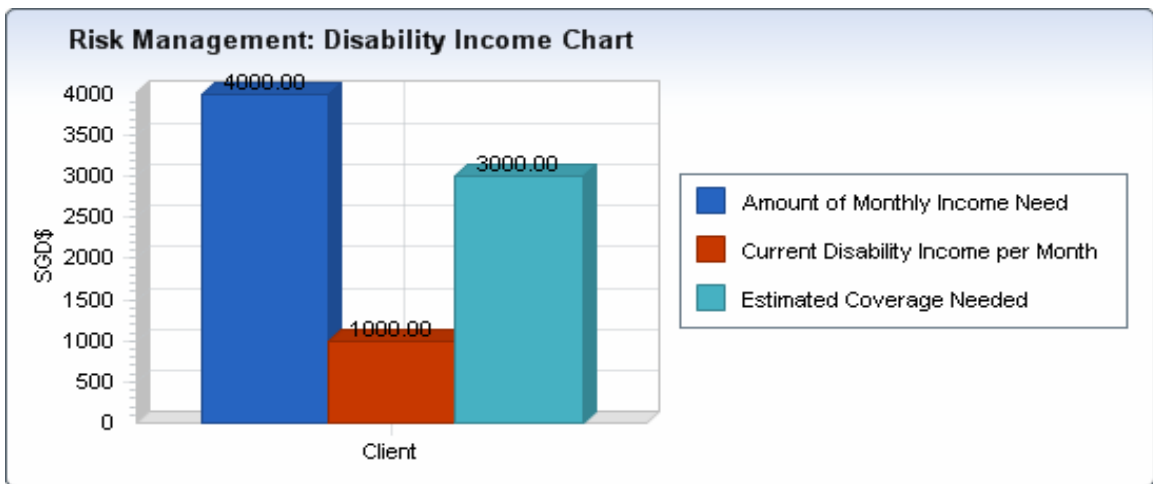
Additional coverage to be covered by term insurance

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\$ 1,000.00, hence it is insufficient. You will need an additional monthly coverage of SGD\$ 3,000.00 .



Recommendation

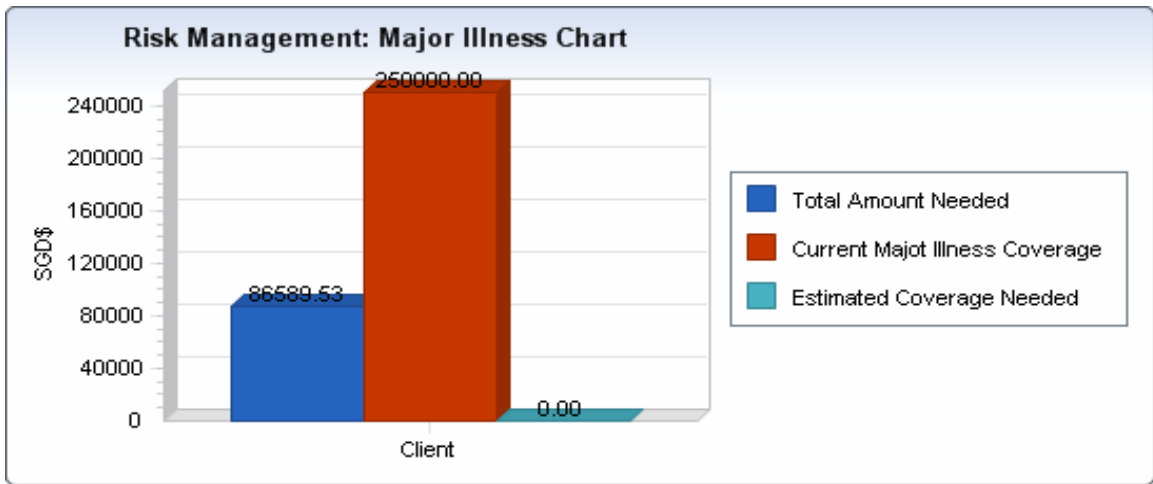
Require additional 3k to protect.

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\$ 20,000.00 for a period of 5 years. This will work out to be a total of SGD\$ 100,000.00. Your current major illness coverage is SGD\$ 250,000.00, which is sufficient.



Hospital & Surgical	Client	
	Company	Personal
Type of Hospital	Private	Private
Type of Ward	A	A
Deductible	Yes	Yes
Co Insurance		
Portability	Yes	Yes
Guaranteed Renewability	Yes	Yes

Recommendation

No additional coverage required

Retirement

Analysis

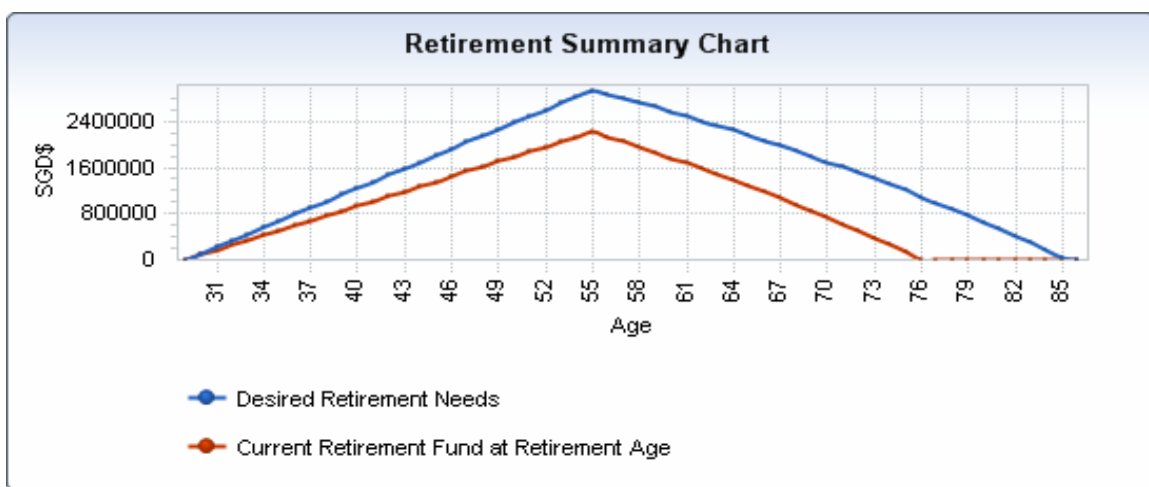
Retirement planning ensures that you build a sizeable retirement nest egg that can allow you to live comfortably without working in your later years.

You intend to retire in the year **2033** at age **55** with monthly income of **SGD\$ 5,000.00** in today's dollars. This will work out to be a retirement nest egg of **SGD\$ 2,945,885.01**.

Based on the information you provided, at the time of your retirement, your CPF asset is projected to be **SGD\$ 888,594.09** excluding your Medisave. Your investment will be worth **SGD\$ 1,329,270.64**. 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\$ 728,020.29**. Your current capital will only last you to age **76**.

To meet your retirement needs, you need an additional monthly savings of **SGD\$ 698.40** to be invested with an annual return of at least **8%**.



Notes

Start a RSP now

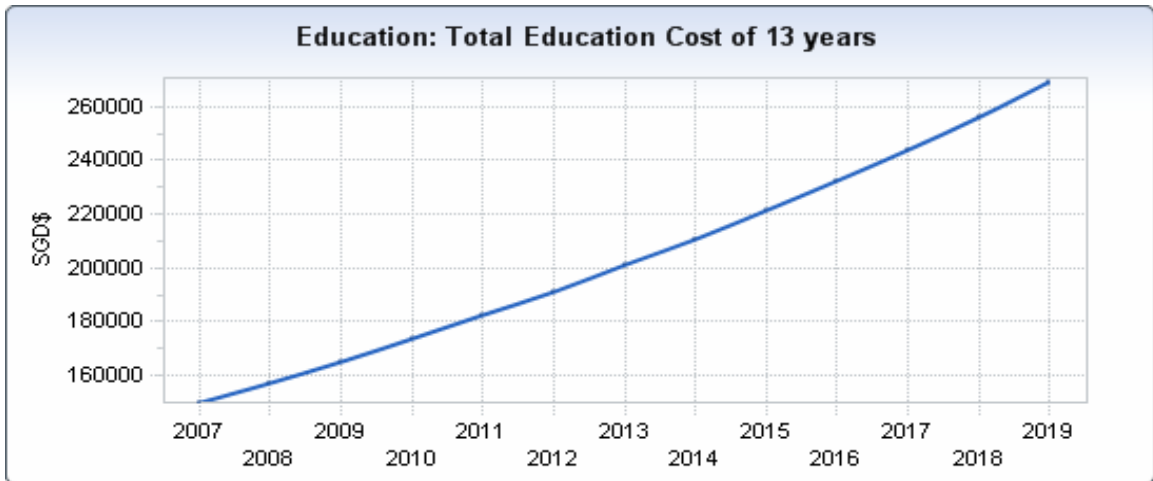
Education

Study In UK

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\$ 269,378.45** in **13** years time. To accumulate this fund, you need to invest an amount of **SGD\$ 1,120.04** monthly at an annual return of at least **8%**.



Notes

London in 13 years time may not be such a good place to study. Shall review annually and look at alternative options.

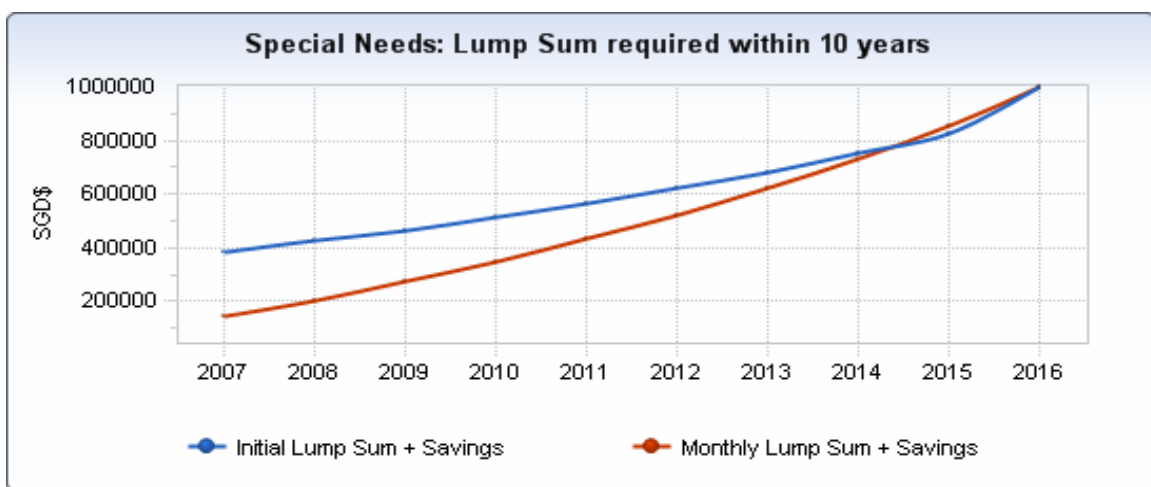
Special Needs

Get a Ferrari

Analysis

You have indicated that you need a lump sum of **SGD\$ 1,000,000.00** in **10** years time. You currently have savings of **SGD\$ 100,000.00**.

Based on our analysis, if you invest your current savings with an annual return of at least **10%**, 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\$ 285,543.29** or invest **SGD\$ 3,615.54** monthly, with at least an annual return of **10%**.



Notes

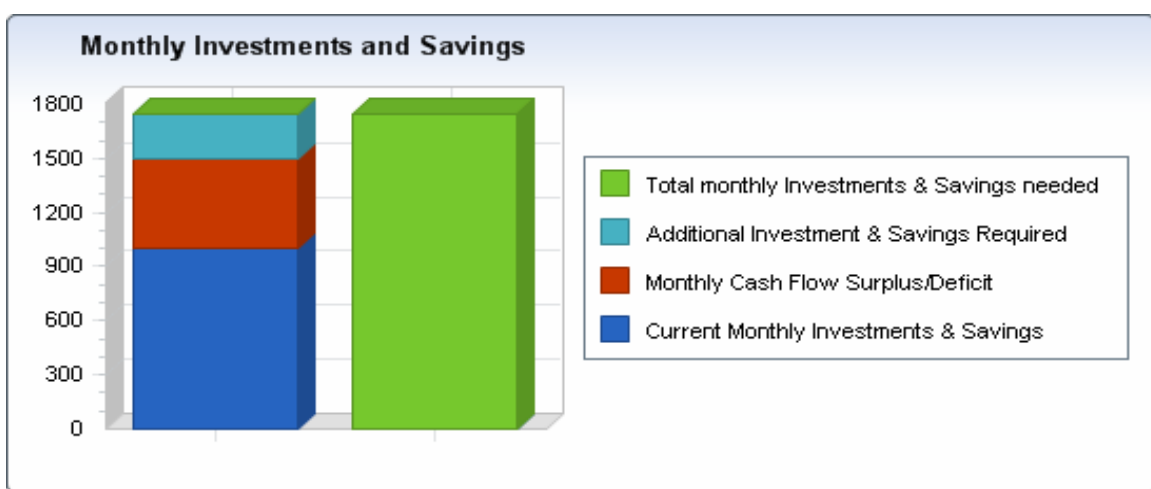
It's good to dream but one has to be realistic

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\$ 2,500.00** monthly of your Cash Flow to investments and savings. You have an annual Cash Flow surplus of **SGD\$ 4,752.19**. To meet your goals, you need a total additional monthly investments and savings of **SGD\$ 5,433.98**.

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%	698.4
2. Education Study In UK at annualized 8%	1120.04
3. Special Needs Get a Ferrari at annualized 10%	3615.54
Total monthly investments and savings needed	5,433.98
Current Monthly Investments and Savings	2,500.00
Monthly Cash Flow Surplus	4,752.19
Additional Investment and Savings Required	1,818.21

Financial Needs Summary

Notes

Conclusion
