

# Mr A Client



## Our Vision

- We will strive to become a prominent, credible and responsive advisory body with unparalleled value

## Our Mission

- To serve our Clients with relevant, sound efficient and professional financial advice and premier client care
- We will achieve this through the development of our staff, investing in technology and partnerships with service based financial institutions and resources

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**LA'MACHRI**

Financial Services CC  
Finansiële Dienste BK  
FSB No 33432

# **Financial Needs Analysis**

(FIRST ANALYSIS)

for

Prepared by **Miempie Langdon** on behalf of **La'Machri Financial Services**

Prepared on **2009/04/15**

# Assumptions

## **Inflation Rate (8.00%)**

Rate at which the clients income provision increases, Rate at which the clients annual salary increases, The rate at which future growth on investments are converted to current values.

## **Income Need Increase (8.00%)**

Rate at which the clients income need increases.

## **Illustrative Rate / Investment Growth Rate (10.00%)**

Rate at which an investment for retirement purposes grows, It shows whether a high or a low maturity value was used in the policy schedule

## **Annuity Rate (10.00%)**

Return rate for an income investment

## **Premium Increase Rate (10.00%)**

Rate at which monthly investments for retirement purposes will increase annually

# Needs

## **Death**

Debt	R 1,950,000.00
Estate Costs	R 718,449.40
Income: FAMILY (25 Years)	R 25,000.00 monthly
Capital: BUSINESS INTEREST POLICIES	R 4,000,000.00

## **Permanent Disability**

Debt	R 1,950,000.00
Income: FAMILY (25 Years)	R 25,000.00 monthly

## **Physical Impairment**

Debt	R 1,950,000.00
Income: FAMILY (1 Years)	R 20,000.00 monthly

## **Retirement at 65**

Income: FAMILY (25 Years)	R 20,000.00 monthly
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## **Severe illness / Temporary disability**

Income: FAMILY (1 Years)	R 20,000.00 monthly
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# **Pension**

Not Applicable

# **Own Provision**

## **Death**

Capital: Policies	R 10,450,578.13
Capital: RA's	
Income: RA's	R 0.00 monthly

## **Permanent Disability**

Capital: Policies	R 6,000,000.00
Income Protectors	monthly
Capital: RA's	
Income: RA's	R 0.00 monthly

## **Physical Impairment**

Capital: Policies	R 0.00
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## **Severe illness / Temporary disability**

Capital: Policies	R 0.00
Income Protectors	monthly

## **Retirement at 65**

Capital: Policies	R 2,975,697.95
Capital: RA's	
Income: RA's	monthly
Income : BUSINESS INTEREST	R 10,000.00 monthly

## Total Provision

<b>Death</b>		
Capital	R 10,450,578.13	
Income	R 0.00	monthly
<b>Permanent Disability</b>		
Capital	R 6,000,000.00	
Income	R 0.00	monthly
<b>Physical Impairment</b>		
Capital	R 0.00	
Income	R 0.00	monthly
<b>Severe illness / Temporary disability</b>		
Capital	R 0.00	
Income	R 0.00	monthly
<b>Retirement at 65</b>		
Capital	R 2,975,697.95	
Income	R 10,000.00	monthly

## Client's Assets & Liabilities

Description	Base Amount	Asset	Liability
Stand	R 200,000.00	R 500,000.00	R 480,000.00
Primary House	R 950,000.00	R 1,500,000.00	R 1,000,000.00
Vehicle(s)		R 350,000.00	R 320,000.00
Business interest	R 500,000.00	R 3,500,000.00	R 150,000.00
		<b>R 5,850,000.00</b>	<b>R 1,950,000.00</b>

## Capital Gains Tax at death

Description	Base Amount	Asset	Profit
Stand	R 200,000.00	R 500,000.00	R 300,000.00
Business interest	R 500,000.00	R 3,500,000.00	R 3,000,000.00
Profit on primary house			R 300,000.00
Abatement			R 1,500,000.00
			<b>R 0.00</b>
Profit on other assets			R 3,000,000.00
Abatement			R 120,000.00
			<b>R 2,880,000.00</b>
Client's marginal tax rate			35.00%
Taxable profit			R 2,880,000.00
<b>Capital Gains Tax at death</b>			<b>R 252,000.00</b>

## Estate

Married: Out Of Community Of Property (with accrual)

### Calculation of the accrual

	Client	Spouse
Starting values on assets	R 100,000.00	R 50,000.00
Current value of assets	R 5,850,000.00	R 0.00
Current value of liabilities	R 1,950,000.00	R 0.00
Excluded assets	R 0.00	R 0.00
<b>Current value of assets</b>	<b>R 3,900,000.00</b>	<b>R 0.00</b>
Starting values on assets @ CPI growth	R 161,350.22	R 80,675.11
The accrual	R 3,738,649.78	R 0.00
Accrual to be shared	R 3,738,649.78	
Spouse's portion of the Accrual	R 1,869,324.89	

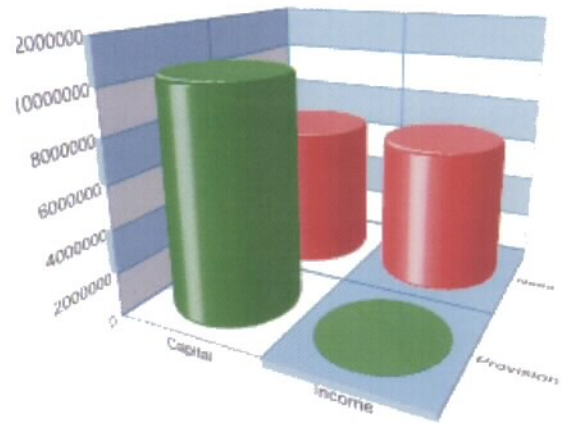
Assets		R 5,850,000.00
Policies		R 10,450,578.13
Pension & RA's		R 0.00
<b>Estate Value</b>		<b>R 16,300,578.13</b>

Executor's Fee	R 175,849.40	
Master's Fee	R 600.00	
Funeral expenses	R 20,000.00	
Liabilities	R 1,950,000.00	
Less Policies with spouse as beneficiary (Article 4q)	R 6,024,000.00	
Less Pension & RA's	R 0.00	
Capital Gains Tax at death	R 252,000.00	
The accrual	R 1,869,324.89	
	<b>R 10,291,774.29</b>	

<b>Net Estate Value</b>		<b>R 6,008,803.84</b>
Assets bequeathed to third parties	R 850,000.00	
Policies bequeathed to third parties	R 4,000,000.00	
Residue bequeathed to surviving spouse (Article 4q)		R 1,158,803.84
		<b>R 4,850,000.00</b>
Abatement (article 4A)	R 3,500,000.00	
<b>Taxable estate</b>		<b>R 1,350,000.00</b>
<b>Estate Duty @ 20%</b>		<b>R 270,000.00</b>

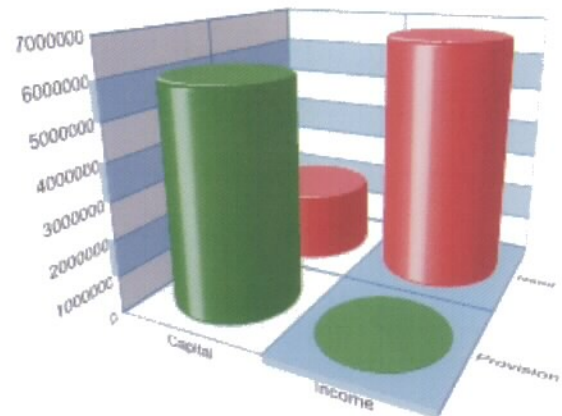
## In event of death

Preserve Capital	Yes
<b>Need</b>	
Debt	R 1,950,000.00
Additional Capital	R 4,000,000.00
Estate Costs	R 718,449.40
Capital Needed for Income	R 6,687,826.53
<b>Total</b>	<b>R 13,356,275.93</b>
<b>Provision</b>	
Capital	R 10,450,578.13
Capital Provided by Income	R 0.00
<b>Total</b>	<b>R 10,450,578.13</b>
Deficit (-21.76 %)	R-2,905,697.80



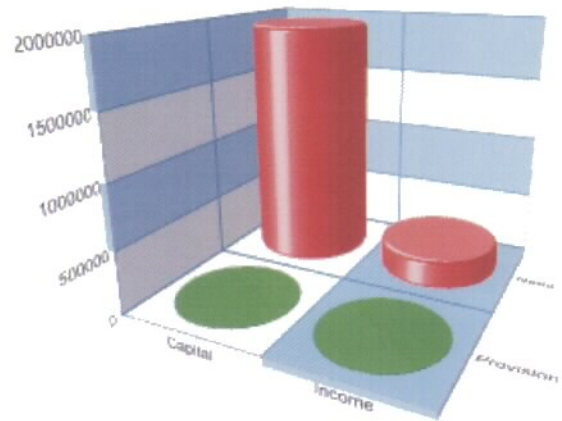
## In event of permanent disability

Preserve Capital	Yes
<b>Need</b>	
Debt	R 1,950,000.00
Additional Capital	R 0.00
Capital Needed for Income	R 6,687,826.53
<b>Total</b>	<b>R 8,637,826.53</b>
<b>Provision</b>	
Capital	R 6,000,000.00
Capital Provided by Income	R 0.00
<b>Total</b>	<b>R 6,000,000.00</b>
Deficit (-30.54 %)	R-2,637,826.53



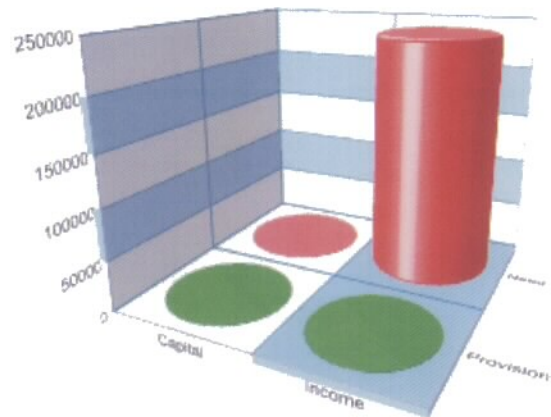
## In event of physical impairment

Preserve Capital	No
<b>Need</b>	
Debt	R 1,950,000.00
Additional Capital	R 0.00
Capital Needed for Income	R 240,000.00
<b>Total</b>	<b>R 2,190,000.00</b>
<b>Provision</b>	
Capital	R 0.00
Capital Provided by Income	R 0.00
<b>Total</b>	<b>R 0.00</b>
Deficit (-100.00 %)	R-2,190,000.00



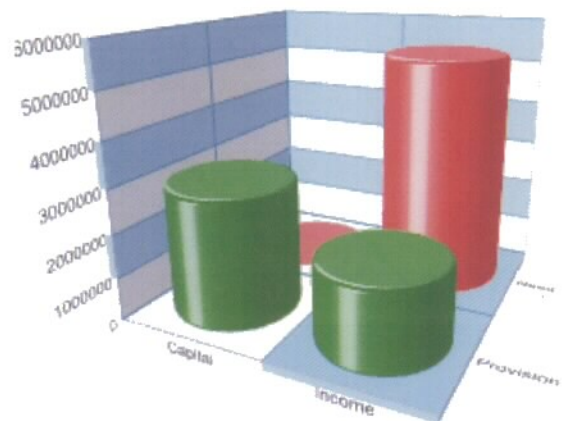
## In event of severe illness/Temporary disability

Preserve Capital	No
<b>Need</b>	
Additional Capital	R 0.00
Capital Needed for Temporary Disability Income	R 240,000.00
<b>Provision</b>	
Severe illness Capital	R 0.00
Capital Provided by Temporary Disability Income	R 0.00
Severe illness Excess (0.00 %)	R 0.00
Temporary Disability Deficit (-100.00 %)	R-240,000.00



## In event of retirement

Preserve Capital	Yes
<b>Need</b>	
Additional Capital	R 0.00
Capital Needed for Income	R 5,350,261.22
<b>Total</b>	<b>R 5,350,261.22</b>
<b>Provision</b>	
Capital	R 2,975,697.95
Capital Provided by Income	R 1,881,748.89
<b>Total</b>	<b>R 4,857,446.84</b>
Deficit (-9.21 %)	R-492,814.38
Future Value	R-4,959,022.03
Premium to cover deficit	R-695.64



## Total FNA

