Client Advice Process

Callaway Sykes
Associates Ltd
STRATEGIC WEALTH MANAGEMENT

1. Pay off debts in order of highest interest first

- Store Cards (usually highest interest rate)
- Credit Cards
- Personal Loans
- Mortgage (not necessarily a priority as long as you have a plan in place to pay off the mortgage at maturity).

Deal with your debts efficiently by paying off high interest debts first and avoiding penalties on the way:

a) List the debts in order of the highest interest rates first (if unsure check with the lender or card issuer)
b) List the minimum monthly payment required and the "due by" date next to each loan or credit card
c) Work out how much you can afford to pay off your debts in total each month – "monthly debt budget"
d) Pay the minimum required to all cards (ensuring they are paid in plenty of time for the "due by" date)
e) Residual funds from the "monthly debt budget" should be paid off the debt with the highest interest
f) Work your way down the list until all debts are cleared

Make sure that you continue to make minimum monthly payments on all debts so that you do not suffer any additional charges, interest or penalties. You should also check any early redemption penalties before making additional payments, especially on loans. Contact your lender or card issuer if you are not sure of the terms & conditions. Your personal credit rating could be affected if repayments are not maintained which is likely to have a negative impact should you apply for credit, loans or mortgages in the future.

Investigate your entitlement to State benefits, allowances or credits – Contact the Citizens Advice Bureau.

2. Put aside a Cash Reserve

A "Cash Reserve" should be set aside for emergencies and / or "rainy days".

This money could be used for emergencies such as urgent household repairs – new boiler/heating, repaired or replaced roof, repair smashed windows or emergency plumbing. Any expensive items / events that may not be covered by insurance or large cost items – such as a new car. Also unforeseen personal expenses such as private healthcare, dentistry or extra cash to cover salary (redundancy/loss of job) for a certain period of time.

The amount of cash reserve required or desired will vary from person to person however, as a guide, a minimum of 3 months net household expenditure should be considered. A larger amount could be more appropriate depending upon individual circumstances. There are several internet search engines including Money Supermarket, Motley Fool and Money Extra, to name some, that can be used for current competitive interest rates. Instant access is the priority for emergency funds – as opposed to "best" interest rates. Be careful to read the terms and conditions.

3. Protect yourself, your family and your lifestyle

Steps 3, 4 & 5 are where our advice may be required. Depending upon your personal circumstances this step could be a higher or lower priority than either Step 1 or 2 above, or Step 4 & 5 below. For instance someone with a young family may consider protecting their family as a higher priority than paying off debt, or a single person may prioritise building wealth above protecting themselves. Protection can take many forms, for example; life assurance, mortgage protection, income protection health insurance (paying a "salary" if ill off work) and medical insurances.

4. Start to build wealth & protect your assets

Consider tax efficient savings structures first such as Individual Savings Accounts (ISAs) and Pensions where applicable or suitable, and then move on to flexible savings platforms, collective investments and bonds.

Our advisers will discuss your current situation with you, your needs and objectives, the appropriateness of various contracts and your attitude to risk where necessary. It should become evident which contracts may be suitable for you, together with the most suitable way of building your wealth and protecting your assets.

5. Maintain and preserve your wealth

The final step once you have built wealth is to preserve it. You may wish to discuss generating an efficient income in retirement, preserving assets, making it last into retirement and / or efficiently distributing it to your family.