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Accountants & Financial Advisors

KEY GUIDE

The Financial Planning Journey

Introduction

WHAT CAN FINANCIAL PLANNING DO FOR YOU?

Whether we're aware of it or not, all of us are on a financial planning journey and nearly all of us will want to make the most of our money, including putting it to good use by investing for our future selves.

As 2026 progresses, the financial pressure of recent years remains a reality for many households, with the effects of recent high inflation and increased living costs continuing to shape day-to-day budgeting and longer-term planning. Geopolitical tensions can increase market volatility and affect your plans. However, regularly reviewing our financial resilience (our ability to recover quickly from unexpected financial shocks) is an exercise we should all be doing on a regular basis, rather than something we only think about in times of change or stress. Whether we're experiencing a life change – such as getting married, entering into a civil partnership, or cohabiting, starting a family, relationship breakdown, planning for retirement or investing to provide for our children's education, financial planning can help at every stage of our life.

It's hard to plan objectively for ourselves as financial decisions are often driven by emotion. We might worry that we're not making the right choices for our family or feel nervous about making choices we're not confident about. Today, you can search for products online, but how do you know which ones will provide the right solution for you?

A financial adviser will get to know you, your circumstances and what you'd like to achieve in terms of your financial goals. Today's advisers increasingly combine personal service with digital tools such as secure client portals, cash-flow modelling software and even AI-assisted analysis – all designed to give you clearer insight into your finances and help keep plans on track, with appropriate oversight to ensure recommendations remain accurate, suitable and aligned to your needs.

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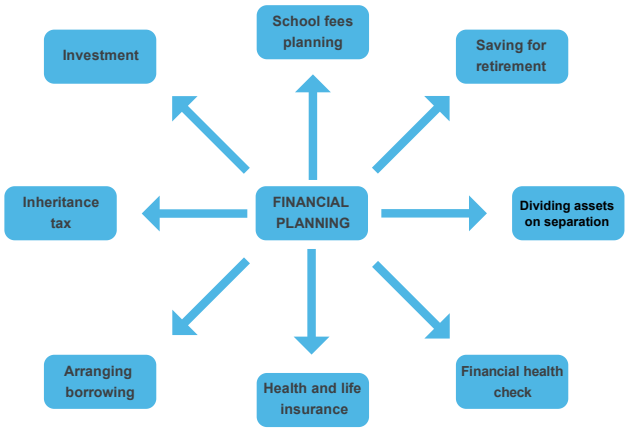
What does a financial adviser do?

This guide explains our process in general terms and explains what financial planning can achieve for you. A financial adviser can help you with the broad range of issues that you might encounter on your financial planning journey, some of which are shown in the figure below.

Key areas of financial planning



While everyone's journey is different, there are key moments in life when the need for financial planning is more acute. For example, on becoming a parent, on taking out a mortgage or on reaching the age at which you want to retire. Each person's circumstances and attitudes are unique. Whatever your reasons for needing financial advice, it is very important for your adviser to have a thorough understanding of the aims, dreams and issues affecting you and your family.

It is generally best to look at your financial affairs a whole, not just around your initial objective. Your personal circumstances now and in the short and longer term may well be affected by these decisions. For example, saving to buy a property could affect your broader financial position, potentially affecting your income and outgoings, and the size of your deposit could impact on your ability to borrow.

Buying a property could also restrict your future disposable income for meeting other objectives, such as supporting your child at university. Or, if money can be found to pay their living costs in the short to medium term, there may be a longer-term impact in other areas. Maybe you will reduce pension investment in the short term, which means you have to invest more heavily later to keep your retirement plans on track.

It can be hard to deal with one issue in isolation, because most areas of financial planning are interconnected. Focused or relatively limited advice, say on a pension or IHT liability, is possible, but a thorough financial review can help you chart your path to your goals.

Planning point

You should expect your financial adviser to ask questions about all your finances, even if you only want to look at one issue. Any financial decision will have consequences that should be planned for and understood. This is especially important in 2026/27, as changes to pension and tax rules – such as the inclusion of most unused pension funds within estates for IHT purposes from April 2027 – can have wide-reaching effects across your whole plan.

THE FINANCIAL PLANNING PROCESS

A professional financial planner will use a six-step process to help you achieve your financial goals.

1. Establish your relationship with your financial planner

2. Agree your goals and objectives

3. Your adviser gets to know your financial position

4. Your adviser creats your personal financial plan

5. You put the plan into action together

6. You monitor and review progress

That is the process in a nutshell. In some cases, one or more steps might be omitted. For instance, you might simply want a one-off consultation where the adviser does not monitor your position in the future. You can then return to the adviser for another consultation if you need it, months or even years later.

An annual review of your position remains strongly advised in 2026/27, particularly given ongoing economic uncertainty, elevated inflation and fluctuating investment markets. If you're reliant on your pensions and investments for income, regular reviews are essential. If your costs have increased faster than expected, or your investments have underperformed in real terms, your adviser can help you adapt without derailing long-term goals.

As a potential client, you should be asking yourself: do I trust this person and can I work with them? Your adviser will be acting for you, on your behalf, in your best interests. It is important to build a long-term, professional relationship where you are comfortable discussing what can be difficult subjects in difficult times so that you are happy to put you and your family's future wellbeing in their hands.

It is worth looking at each of the six steps in more detail, before we consider one particular aspect of planning – the investment process.

Planning point

It is essential for you to be confident and comfortable when dealing with your financial adviser. The rapport between you and your adviser needs to be right so you can be open with them.

1. Defining the relationship

The first step is for you to get to know the adviser well enough to decide if you want to take the relationship further. Either in the initial meeting or soon after, this will involve agreeing the broad content and scope of the service you need, together with how much it will all cost.

The rapport between you and your adviser needs to be right. Many find the process of giving personal information to an adviser a little daunting and may feel exposed. You may even worry an adviser will pass judgement or make you feel uncomfortable about the life and financial decisions that you have made.

It is important to talk to your adviser and satisfy yourself that you can trust them with this information. They are there to offer a professional service, not to pass judgement. Advisers are also expected to recognise when clients may be in vulnerable circumstances, such as ill health or going through a major life event, and to provide additional support when needed.

The arrangements all have to be set out formally in the firm's initial disclosure documentation. The form of these documents varies, but each will describe key details such as the service to be provided, the frequency of contact with you and how long the agreement will last.

credit/Graeme Scott

The cost of the service and how it is charged varies between firms and circumstances. There are generally four ways you could pay for the services you need:

- an hourly rate;
- a set fee for a particular piece of work;
- a monthly fee – typically a flat fee or percentage of the investment value to be managed depending on complexity and size;
- an ongoing fee – depending on the ongoing level of service required.

If your arrangements are complex, agreeing a fixed fee once your requirements have been determined will ensure costs don't spiral out of control. In any event, all firms are required to act in your best interests and ensure the advice and products you receive offer fair value. Your adviser will explain costs clearly and ensure the recommendations are suitable for your needs.

If you are married, in a civil partnership or cohabiting, you may decide to see a financial planner together. The death of a cohabiting partner can leave a surviving partner in financial difficulties, particularly if they do not co-own the home they have been living in and it is given to another party.

Planning point

Financial planning is especially important for cohabitees who do not benefit from the same tax breaks as married and civil partners. In addition, they are not normally entitled to anything from each other's estate on death, unless they make provision for each other in their wills.

2. Gathering the data

Many clients are initially surprised at how much detail they need to provide, but this ensures your adviser can build an accurate and personalised plan. Think about your own financial history. You could have savings, investments, property, mortgages and other loans, wills and other documents, pensions, life and health insurances and much more.

This may take time to gather, although many advisers now use secure online portals to streamline the process. Your adviser's job is to find out what you want to achieve with your money now and in the future. That means gaining a thorough understanding of your views and history on issues such as borrowing, investing, spending (now and in the future), retirement and estate planning.

You may not have thought about these issues very much and you might well be encountering some of them for the first time. Many people do not think about their long-term future – at least not in a structured way and not from a financial perspective.

There will be specific questions about the level of investment risk you are prepared and able to take. These questions will lead to discussions about how various asset classes have behaved in the past and what they might do in the future. For example, you may associate shares with risk, but not cash. Yet, although there are no guarantees, the value of shares tends to rise in the long run, meaning that they may offer protection from rising prices (inflation). When inflation is high, cash is losing value in real terms (meaning it buys less), unless the amount of interest you earn is higher than the rate of inflation. The aim is to build a portfolio of investments that you will be comfortable with, and that will provide the returns you want and need. This step can take some time and we cover the subject in greater detail below.

It is important not to rush when answering these questions, but to think about how you might feel in certain situations. Of course, it is fine to contact your adviser for guidance or to ask them questions at this point.

3. Understanding your situation

The next step is for the adviser to make sense of all this information, then come up with initial conclusions and ideas for your financial plan. Your adviser will complete exercises such as drawing up a balance sheet of your assets and liabilities, making a breakdown of your current income and expenditure, and calculating your tax liabilities on income, potential CGT and IHT.

An important aim of the analysis is to identify potential financial gaps or shortfalls in your future. These could be gaps between your income and expenditure now and in the future, shortfalls in your pension or insurance provision, or other areas where you need to take some action now to bridge the gap between your goals and your current outcomes.

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The importance of cash flow

One of the most powerful tools an adviser will use is long-term **cash flow modelling.** This planning technique is designed to project your future income and expenditure throughout the whole of your lifetime. Obviously, it includes educated guesses about your future circumstances, but it will be based on reasonable assumptions about things such as your income, and how your pension and other investments may perform. By its nature it cannot be a precise forecast, but it can clearly demonstrate financial gaps, especially whether – and when – you are likely to run out of money in retirement.

It is very important to be clear about your priorities – what might have seemed to be a high priority at the start of the process might have to be replaced by another need as the analysis continues.

Cash flow modelling can be a key planning tool for times of personal or economic crisis. For example, the financial impact of an unexpected life event, such as redundancy or long-term ill-health, can be determined and financial protection (including a rainy day fund, life and health insurances) put in place. Then, should you or your family need it, the right amount of money will reach the right hands at the right time. When inflation is rising and/or markets are especially volatile, cash flow modelling can be used to assess the sustainability of income where it is being taken directly from a pension fund or other investments. It can illustrate the long-term impact of increased withdrawals on the remaining fund as well as the impact of delaying withdrawals for a time.

Once your needs and wants have been identified, analysed and quantified, it is time for the adviser to do some specific product research into funds, tax-wrappers (such as ISAs and pensions) and insurance products.

4. Receiving your financial plan

After all this preparation, we get to the formulation of the detailed plan itself. This will contain both the broad strategy and the specific solutions your adviser recommends.

The **suitability report** is a key document setting out your objectives, financial gaps, the recommended strategies and specific solutions. The report should be as easy to read as possible, but there may be a lot to cover and some of it will inevitably have technical or unfamiliar elements.

It is a good idea to meet your adviser face-to-face where possible and spend time going over the report to make sure you understand everything and that it meets your agreed needs and aims. You should also be happy that the recommendations are suitable for you.

Planning point

Be prepared to make decisions about what is most important to you. An analysis of your finances may reveal you can't afford all of your goals just now, and that you have to prioritise which ones are most important.

Your adviser can make adjustments to the report in the light of these in-depth discussions, so the plan is not a fixed document. The most important outcome at this stage is to decide which recommendations you would like to go ahead with.

5. Putting the plan into action

Now you have a clear plan and set of actions, you can start working on implementing it together. It is vital that you understand what is needed on your part and that of the adviser, to ensure your objectives can be met.

If you are at all unclear or uncertain, it is important to ask. Clients who are not clear about why a certain action is recommended tend not to take that action, and then the overall plan fails to meet their needs. If in doubt, be sure to ask your adviser.

Financial advisers can generally execute any purchases and sales required under a plan on your behalf, as well as recommending a suitable portfolio of investments. Advisers do also sometimes work with other professionals such as lawyers and accountants, who can provide specialist legal and tax advice and help with the implementation of certain aspects of your plan.

Carrying out the agreed recommendations is usually the most straightforward aspect of the planning process, but it can be time-consuming. Pensions need setting up, funds selling and buying, insurances arranging and trusts settling.

Planning point

It is up to you whether you put your plan into action or if you ask your adviser, or another professional, to act on your behalf.

6. Monitoring and reviewing

You will probably want your adviser to keep an eye on your investments, pensions and other financial arrangements. This is especially important in times of economic change when your plans may need to flex in response to factors outside of your control, such as inflation. You and your adviser will agree the extent of monitoring and review.

For example, you could receive valuations on a quarterly basis, or perhaps more frequently, or you could attend meetings or have phone calls on a regular basis or on a more ad hoc basis. In any event, ideally you should have some form of meeting with your adviser once or twice a year; perhaps more if you're concerned about the impact of current events on your financial wellbeing.

Your review offers you a chance to catch up with what has changed – either in your own circumstances or in the financial world generally – and discuss things with your adviser. For example:

- From April 2026, some dividend tax rates have increased, which may reduce the net returns you receive from equity-based investments and may influence how portfolios are structured.
- From April 2026, limits on certain inheritance tax reliefs, such as agricultural and business property relief, have been tightened, meaning some estates may face higher tax charges than previously expected.
- From April 2027, most unused pension funds will become subject to IHT — so if you hold significant pension wealth, it's wise to revisit how your estate is structured and whether new strategies (such as life cover in trust or planned gifting) are appropriate.
- From April 2027, the annual cash ISA allowance for anyone under age 65 will be capped at £12,000, even though the overall ISA limit remains £20,000. If you are under 65 and want to maximise the amount you hold in cash ISAs, it may make sense to do so before these new rules come into force. After April 2027, any amount you wish to save above £12,000 each year will need to be placed into a Stocks & Shares ISA or another permitted ISA type if you want to use your full allowance.

Advisers are also increasingly modelling the impact of VAT being added to private school fees, helping families plan affordability and cash flow.

FOCUSING ON INVESTMENT PLANNING

The process for choosing investments is a key part of financial planning and it has its own specific requirements.

Investment aims, risk and resources

A key element of financial planning is for your adviser to understand your aims and attitudes. You might be looking for income, growth or a combination of the two. What's more, you might be looking to achieve a specific target level of capital at a future point in time.

Both you and your adviser should also be clear how much investment risk you are prepared and able to take – what is often called your **'risk profile'**. There are three main components to this risk profile:

- **Risk capacity** – how much risk you can objectively afford to take. Some people have substantial wealth, so they can wait for a long time before they need access to their investments or they may not be dependent on their investments. If you are in this position you can normally afford to take more risk than people who have less wealth, need immediate access to their savings or are highly dependent on income or capital.
- **Risk tolerance** – how much risk you are psychologically willing to take. Some people are comfortable with the value of their investments fluctuating, while others find it more difficult. Advisers often use risk profiling tools (often including structured questionnaires) to help start the conversation, followed by a more personalised discussion.
- **Risk need** – the amount of risk you need to take, based on the assumptions previously agreed, to achieve your stated aims. This amount of risk may be more or less than you are comfortable with, but it shows you clearly what risk you would need to take. If you are uncomfortable taking on that amount of risk, amendments can be made. You would need to re-think your objectives and the amount of money you are willing to invest towards them by reducing your expenditure. There are lots of options and your adviser will discuss them all with you before putting any plan into action.

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Asset allocation and fund selection
Asset allocation is by far the biggest factor for a portfolio's risk and return. How you choose to split your investments between the main asset classes – shares, cash, bonds and property – will depend on your risk profile and your aims.

Broadly speaking, the more risk deemed appropriate as set out in your plan, the higher the proportion of the portfolio should be allocated to shares.

It is then a question of choosing the right funds within the asset allocation, which could be undertaken in-house or it could be outsourced to a specialist fund manager. Firms must provide information in line with the Financial Conduct Authority Sustainability Disclosure Requirements. Your adviser can explain how these apply to your circumstances, including your sustainability preferences and how environmental, social and governance (ESG) factors such as climate change and human rights impact investments. If this is of interest to you, an adviser can help you steer clear of the effects of 'greenwashing' – where companies exaggerate their green credentials – by conducting research to find out exactly how the funds available are investing responsibly and which funds are most closely aligned to your own values. Consideration should also be given to whether the funds should be held in a particular tax wrapper such as a pension, ISA, or life assurance (investment) bond.

CAN I DO IT MYSELF?

Successful do-it-yourself financial planning is feasible, if you have the knowledge, time, patience and self-discipline.

If you decide to take on this area yourself, you will need to think about the following:

1. **How will you quantify and qualify your objectives?** Write down exactly what you are trying to achieve and over what timescale, for example retiring at age 65 on an income of £25,000 a year net of tax.

2. **Have you established how much risk you are prepared to take?** You should assign a percentage of assets you need to keep in cash and short-dated investments (for your rainy day fund and shorter-term objectives), as well as a percentage that you are prepared to put at calculated risk on equity markets.

3. **Have you identified how much you have available to invest towards this goal?** You might have a lump sum of £10,000, or a monthly investment of £100 a month.

4. **How will you assess your existing investments that you intend to use for this objective?** Is there enough money in them? Are they the right types of investments for your objective? Will you be able to access the money when you need it?

5. **Which are the best wrappers for tax efficiency?** Should you invest in pensions, ISAs or something else?

6. **Do you know when you will review your actions taken and results achieved?** You should undertake a review regularly and have the discipline to rebalance your investments back to your original split of cash and equities to ensure the risk you are taking does not drift upwards.

For ISAs investors do not pay any personal tax on income or gains, but ISAs do pay unrecoverable tax on income from stocks and shares received by the ISA managers.

Tax treatment varies according to individual circumstances and is subject to change.

The Financial Conduct Authority does not regulate tax advice, estate planning, trust and taxation advice.

The value of your investments and the income from them can go down as well as up and you may not get back the full amount you invested.

Past performance is not a reliable indicator of future results.

Investment in a registered pension fund is subject to many restrictions on access and how the funds can be used.

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HOW WE CAN HELP

There are lots of good reasons why you probably won't want to conduct your own financial planning, even if you feel that you're quite capable of doing so. It is, after all, a time-consuming process.

There is a lot to learn and keep up to date with. Tax and pension legislation are complicated and constantly changing, as are investments, investment products, financial markets and the economy. You would have to make clear-sighted, critical decisions on your own, implement and then review them.

It's not easy to make such big decisions alone. Financial advisers are equipped with the knowledge to undertake their own financial planning, but even they use colleagues to help them make rational, objective financial planning decisions for themselves.

As we've outlined in this guide, we're here to help you through the different stages of your financial planning journey so that you and your family can make the most of your finances.

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