

Multi-manager planner of the year

BACKGROUND

Amy Kent, single, aged 45 is a Barrister specialising in family law. She has lived in Woking for the past two years with her adopted daughter, Ella (12) but moved home to be in walking distance of Ella's school. She kept her previous home as an investment as the mortgage had been cleared years ago with the proceeds of her parents' estate. Amy doesn't intend ever getting married, and has written her Will leaving everything to Ella with the exception of £50,000 in charity donations.

The house is valued at £420,000. She recently received a cheque for £200,000 from a combined first event life and critical illness plan. Amy used these monies to clear the mortgage and take Ella on holiday. She has no other protection policies.

Ella has been at a private school for one year. This currently costs £12,000 pa ie. £4,000 per term. The fees fall due again in September.

Amy's net relevant earnings have been affected by illness and were only £50,000 for the last year. She would have previously earned a lot more. An old colleague has offered her a part time position as an employed Barrister three days a week, nine months a year on a salary of £35,000 (no benefits other than access only to stakeholder pension), which she is seriously considering. Amy will spend the other three months working with a charity organisation based in India (women empowerment).

She has the following assets:

- 8,500 units in Gartmore UK Focus purchased in July 2000 at a cost of £10,000.
- 32,000 units in Jupiter Worldwide Portfolio Trust purchased in December 2001 at a cost of £20,000.
- 7,200 units in Artemis Special Situations fund purchased in May 2002 at a cost of £27,000.
- Former home – sale now agreed for £300,000 (no CGT liability)
- £30,000 in a savings account earning 0.75% pa
- £10,000 in Premium Bonds

Personal pension plan started in 1989 – current fund value is £370,000 and is invested 20% US equities, 20% European equities, 25% UK equities, 15% Far East and Asia and 20% fixed interest. She pays contributions on an ad hoc basis. Her last contribution was £20,000 gross in October 2008.

She estimates that her annual expenditure is now £39,000, inclusive of school fees but exclusive of her pension contributions. Amy has an aggressive attitude to risk and is willing to invest up to 65% of her assets into equities. She is aware that she hasn't made the best use of her tax allowances and would like somebody to actively manage her portfolio on her behalf as she doesn't wish to be involved with ongoing investment decisions. As Amy intends travelling regularly to remote places she won't have the time or inclination to monitor her investments.

PROBLEM

Amy was diagnosed with stage 1b ovarian cancer late last year. She has had surgery and chemotherapy and is now in remission, but the news has unsettled her and she is keen to reduce the stress in her life. She wants to know if it would be feasible to take the part time job and use her investments to supplement her income. She would like to retire at 55 if it is possible to maintain her current standard of living.

She is hoping that Ella will go on to university and doesn't want her studies to be affected by money worries. She would like to provide her with the equivalent of £6,000 pa, in today's money, to cover four years at university.

ADVICE

Amy seeks your advice as to how she could invest her assets to meet her objectives. You should also, in bullet format if necessary, address any other areas you deem to be important bearing in mind her attitude to risk.

£500
First prize

£200
Runner up

Your answers should be no more than 2,500 words. Please ensure that you state the number of words used for each case study entry.

Full rules see p3

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