Canada Life Roadshow 2024

Exploring your horizons

Case study: Martin & Liz

canada life™

Case study – Martin and Liz

The situation

Martin (46), William and Jenny's son, is married to Liz (45).

Liz is employed full time as a finance manager for an accountancy practice, earning £74,000 per annum. Martin is the head of the maths department at his local senior comprehensive school, earning £63,000.

They have two children, Stephen and Annie. Stephen, aged 18, is finishing his A levels and going to university in September to study law. Annie, aged 19, is already at university, studying medicine.

Current assets and values

Asset	Joint	Martin	Liz
Primary Residence (mortgage outstanding £300,000, 15-year term)	£740,000		
Cash	£22,000 emergency/ holiday fund £100,000 gift from Jenny		
ISA		£74,000	£94,000
Pension		DB Teachers' Scheme	£587,000
Total	**£862,000***	**£74,000**	**£681,000**

*£740,000 - £300,000 outstanding mortgage = £440,000

Case study – Martin and Liz

Aims

Martin and Liz want to continue to save for their futures in a tax-efficient way, reduce their mortgage amount and term, and support their children in university.

Important information

- Martin and Liz are higher-rate taxpayers.
- Martin is a member of the final salary Teachers' Pension Scheme (TPS) and has been for the past 21 years.
- Liz is a member of her employer's pension scheme, where she contributes 8%pa via salary sacrifice, and her employer contributes 10%.
- They want to keep some money in cash for emergencies and holidays.
- Martin and Liz have received a £100,000 gift from Jenny. The gift is to help them with their mortgage and the university fees for their children (as Stephen is now also attending).
- They want to invest for capital growth for the benefit of the beneficiaries (their children) and have a medium attitude to risk.
- Martin and Liz want to reduce their mortgage amount/term, and once paid off, put excess payments into pension and savings for their future.
- The ISA allowance for both Martin and Liz has not been used in 2023/24.
- Martin and Liz have Mirror wills leaving their leaving their estate to their children equally.
- Financial consideration for university funding support: while Annie and Stephen have applied for, and will receive, a loan to cover their course fees each year (£9,250pa), their maintenance payments are not the maximum due to Martin and Liz's earning. So, this is reduced to approx. £6,000 each.
- Martin and Liz want to pay for the residential costs for both children so the maintenance payments can go to their children to help with living expenses.
- Residential fees for each are approx. £8,000pa.
- Martin and Liz are the settlement trustees of the Wealth Preservation Account (WPA) William has set up. They have received a letter of wishes from William that while he will want to take benefits from the trust, he would like the money in the trust to help pay for the educational needs of his grandchildren until they are full-time employed.

10060027 – 0124R/B – Promotion approved 16/01/24