

## Categorise and evaluate data: the RRTLLU framework

The following framework provides a useful way to categorise the different types of information you gathered into categories that will help structure and inform your clients' plans.

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<b>Return</b>	<p>Determine income, capital appreciation and total return required to meet client goals</p> <p>Educate clients to set and achieve realistic expectations, including the importance of saving more and the requirement to rationalise and prioritise goals.</p>
<b>Risk</b>	<p>Determine clients' ability (financial) and willingness (psychological) to take risk. Understand how clients view risk, including risk of loss, risk of not meeting critical financial goals, maximum threshold for portfolio volatility etc.</p> <p>This is where a standard risk profile questionnaire comes into the process.</p>
<b>Time</b>	<p>Determine the investment time horizon for each goal or goals. This may be a single-phase goal such as retirement; or multi-stage goals such as an emergency fund, first home, children's education, accumulation for retirement, retirement draw down. This may imply dividing the portfolio in to different pots, each with their own horizon and risk/return profile.</p>
<b>Tax</b>	<p>This includes the location (such as in a pension or tax wrapper) and the types of investment assets and accounts. It includes a consideration of capital gains thresholds and income tax band.</p>
<b>Liquidity</b>	<p>Define the amount of assets or portion of portfolio that must be liquid at all times, as agreed with the client and driven by things like short-term investment goals, emergency fund requirements and risk tolerance.</p>
<b>Legal</b>	<p>Determine any legal considerations. This includes an understanding of the relevant regulatory requirements that govern the adviser-client relationship and the nature of the services you provide</p>
<b>Unique</b>	<p>Take into account any out-of-the-ordinary circumstances that apply. These include divorce, terminal illness, job loss, dependants with special needs.</p>

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