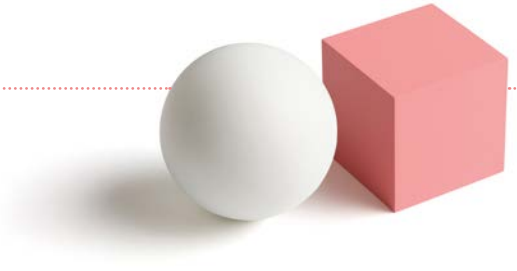


INCOME DRAWDOWN REVIEWS

HOW WELL-DOCUMENTED AND ROBUST IS YOUR PROCESS?



Pension legislation is still being reformed and refined. And there's an ever increasing scrutiny on advice and how it's delivered. So, now could be a good time to revisit your income drawdown review process.

Many advisers use a drawdown review process that may or may not be documented. When did you last review your process? And is it well-defined?

Key issues to consider include:

- What process have you agreed and documented within your business?
- How do you cover the client's objectives, personal circumstances and investment considerations?
- How often do you undertake your reviews?

- How will a client's health affect the review and outcomes?
- How do you decide if the time has come to consider a partial, phased or full exit from a drawdown plan?

This is where we can help. We've created a review process that could be used with income drawdown clients. You can tailor it to fit your specific needs – as well as those of your business and, most importantly, your client.

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Pre-review

- Has your client's tax-free cash run out?
- What's their personal minimum income requirement (PMIR)?
- Do they need an income that's guaranteed for life?
- Are they suffering from any health or lifestyle conditions?
- Do they have any concerns about outliving their retirement savings?
- Would they like to remain invested in drawdown – with the associated risks – or would they now prefer the security of a guaranteed income?
- Are there any other changes to their funds?

Investment

- Does your client need to change the amount of income being taken?
- Does their portfolio still meet their objectives and can it adapt to market volatility?
- Do they understand how their investment portfolio has been aligned to their attitude to risk?
- Are they aware of the growth rate required to sustain their income?

Personal

- Have your client's overall objectives or priorities changed?
- Are further lump sums required?
- Have they retired, or started to receive the state pension?
- What's their capacity for loss/attitude to risk?
- Do you have full and up-to-date details of their health and medical conditions?
- Do they need an 'emergency fund'?
- Has the client's cognitive abilities deteriorated?
- Does the client have a Power of Attorney in place?
- Is the client a Power of Attorney for someone else?

Tools that can support you in discussions with your clients

Longevity tool	Retirement budget planner	Pension taxation calculator	Drawdown risk calculator	Annuity deferral calculator	Quick income builder	Critical yield calculator
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Discuss these options:

- Changes to strategy and portfolio and how this aligns to risk attitude.
- Changes to objectives.
- Are the client's objectives realistic?
- Is it clear the client's PMIR is being met?
- If the PMIR isn't secure, how will the client cope if their income were to drop below PMIR?
- Have all alternatives been discussed and documented?

Future reviews:

- Report and summarise actions
- Future state benefits
- Long term care requirements
- Set review dates for:
 1. ongoing income requirements;
 2. health changes;
 3. changes in circumstances;
 4. changes in objectives; and
 5. markets/funds overview.

FOR MORE INFORMATION

Call: **0345 302 2287**

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Or visit our website for further information: justadviser.com

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