

## CALCULATOR GUIDE

# QUICK INCOME BUILDER



Many clients may not know what their retirement income options are. So when it comes to your initial discussion with them, you may find yourself evaluating and mapping out most – if not all – of their choices. Our quick income builder can help you streamline that initial review stage.

### Our quick income builder:

- This tool can help you quickly demonstrate to a client the impact of different income options. This'll save you time and help the client reach informed decisions.
- You can enter a client's income from a variety of sources and visually demonstrate how their total income might be shaped as a result. This can be tailored to their personal needs and circumstances.
- It's quick and flexible, letting you account for both tax-free and taxable lump sums. It can also help you build in a guaranteed or non-guaranteed income – or a combination of incomes.
- You can set the growth rates yourself – or use the default assumptions – to show your client how these variations might affect their income.

- If your client's in 'average health' they're probably neither in perfect health for their age nor suffering from any serious ongoing illness. They might, for example, be a little overweight and/or their blood pressure may be higher than their doctor would like it to be. Or perhaps they suffer from high cholesterol and are taking controlling medication for this.
- A client in 'poor health' probably has a more serious medical condition or risk factor, for example, they have had a cancer, or their diabetes is difficult to control or they have recently had a stroke or a heart attack.

### What information do you need?

You'll need to know:

- your client's age;
- the total value of their pension savings; and
- broadly, what they're looking to generate from their pension fund over the course of their retirement.

You'll also need to know what sort of health they're in:

- If they're in 'good health' they might have had this confirmed by their doctor. Typically, they'll be a non-smoker who's neither overweight nor underweight and hasn't been prescribed medication to control particular conditions.

### Quick income builder

Our quick income builder enables you to see the different levels of income your pension savings could deliver using combinations of cash withdrawals, guaranteed income for life (annuity) and non-guaranteed income (drawdown).

All figures generated are illustrative and based on your inputs, and the assumptions shown below. Actual income available will depend on your specific personal circumstances.

**Personal details**

Please enter the age at which you plan to retire, your own assessment of your current health and your total pension savings.

Age:  Health:  Good  Average  Poor

Total value of pension savings:

**Gross income**

Your income will appear here at step 4

£ Gross Income (per year)

Age

**Annual income for initial period only**

See the info button for more information

£0

**Assumptions**

Non-guaranteed income (drawdown):

We have assumed a 1% growth rate for selected number of years between one and five, 3% when you choose over 5 years, and a 4% growth for taking drawdown income throughout your retirement (after any charges have been deducted). You have the option to edit our assumptions, in step 4, to generate an indicative income you are comfortable with.

Guaranteed income for life (annuity)

This guaranteed annual income has been calculated using the data input to calculate an indicative annuity rate on a level basis, assuming a 5 year guarantee, paid monthly using the latest rates based on an RH2 7RT postcode obtained on 22/11/2016.

## What does the calculator show you?

When you've filled everything in, you'll be presented with a gross income chart. This shows a breakdown between non-guaranteed and guaranteed income selected. It'll also show:

- an initial indicative annual income;
- any initial lump sum; and
- any fund the client's set aside for emergencies.

You can download the results as a PDF and/or print them off for your file, or as a copy for your client.

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Step 1 Personal details ✓ Step 2 Initial lump sum ✓ Step 3 Funds set aside ✓ Step 4 Indicative income ✓ Step 5 Your next steps

**Your next steps**

The graph on the right shows you how your retirement income could be made up. It's just one element to consider when planning for your retirement and it is important to consider many aspects together when thinking about your retirement and retirement income.

**Please take time to also consider:**

- your household costs and how they may change through retirement. This can help you understand when you may need more money.
- how long you might live in retirement. It is key to understand how long you may need to plan for, which can help ensure you don't find yourself running out of money in old age.
- the impact on how much tax you will have to pay for your different choices.

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**Previous** **PDF/Print**

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**Guaranteed income for life (annuity)**  
The guaranteed annual income has been calculated using the data input to calculate an indicative annuity rate on a level basis, assuming a 5 year guarantee, paid monthly using the latest rates based on an RPI-2 TRT postcode obtained on 22/11/2016.

## What next?

Your client might have more questions after you've looked at the different income shapes and levels using the quick income builder. For example, if they selected a non-guaranteed option with a specific annual income, the chart will show the age their underlying fund will run out. This might prompt questions about longevity.

Alternatively, a client considering cashing in over 25% of their pot when building their income might be concerned about tax. We have more tools and calculators that can help. Find them at [justadviser.com/tools/](https://justadviser.com/tools/)

How long could your client live? The outcome may surprise you (and them) – and may impact on their decision about how much to withdraw from their fund in one lump sum. Use our Longevity tool on [justadviser.com/tools/](https://justadviser.com/tools/) to see how long they might need to make their income last.

If your client's thinking about making a taxable withdrawal, help them understand the full implications with our pension taxation calculator. This free and easy-to-use tool shows the likely tax owed on any withdrawal\*. You can find it at [justadviser.com/tools/](https://justadviser.com/tools/)

\*Our calculator is based on UK tax rates excluding Scotland.

## FOR MORE INFORMATION

Call: **0345 302 2287**

Lines are open Monday to Friday, 8.30am to 5.30pm

Email: [support@wearejust.co.uk](mailto:support@wearejust.co.uk)

Or visit our website for further information: [justadviser.com](https://justadviser.com)

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