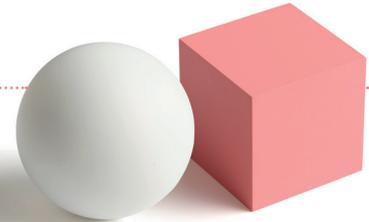


## INCOME DRAWDOWN REVIEWS

# 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.

**Key questions to consider with your client include:**

- Is their current income still sustainable?
- Is the 'probability of success' (i.e. likelihood of the fund lasting through retirement) achievable and in accordance with the client's capacity for loss?
- Have your client's essential and discretionary spending requirements changed? If so, has the evidence differing capacity for loss risk on each element been reassessed?
- Has the need to allow for inflation on a client's essential spending requirements been met?

Further detail overleaf >

## 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
  5. markets/funds overview.

## FOR MORE INFORMATION

Call: **0345 302 2287**

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