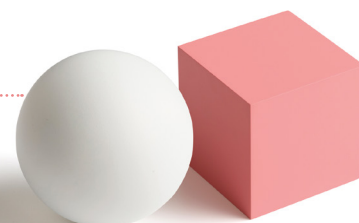


# DRAWDOWN REVIEW PROCESS



**When it comes to reviewing the plan for someone in drawdown, there are many things to consider. The question of how suitable the current strategy is in meeting the client's ongoing requirements and future goals needs to be regularly monitored.**

There are many things that may change along the retirement journey – from both a client and investment perspective. The plan should continue to meet the right consumer outcomes based on all the information on file. But it's not just about the hard data - it's also about understanding the characteristics of the client, their need for flexibility and a range of retirement goals.

There are many things to think about, including:

- What process have you agreed and documented within your business?
- What are the key areas of focus for reviewing clients in drawdown?
- What might trigger a client to take an income from their fund or change the existing income?
- Is the income sustainable long-term?
- How can you make sure they've considered all possible ways of taking income?
- How will a client's health affect their decision?

We're here to help, if you need it. That's why we've created a review process that could be used with existing drawdown clients. And it can be tailored to fit you, your business and, most importantly, your client. The process, detailed on the next page, highlights some key factors that indicate a review might be necessary. It's also designed to help you check if your clients' requirements have changed. That way, you can help them consider all their retirement income options – when the time's right.

## Send out your annual review letter

## Set out some core areas to consider, e.g.:

- Has their tax-free lump sum run out?
- Do they need to start taking an income or amend the current amount?
- What's their personal minimum income requirement (PMIR)?
- Do they need an income that's guaranteed for life?
- When was their last health check and what medical and lifestyle conditions do they have?
- 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?
- Are they currently saving into any pension schemes?

## Investment

- Is their portfolio construction still suitable to meet current/new objectives?
- What's been the impact of economic conditions/market volatility?
- Does the client understand how the investment portfolio has been aligned to their attitude to risk?
- Have any costs or charges been considered and understood by the client?

## Personal

- Have the client's overall objectives or priorities changed?
- Are further lump sums needed?
- Has the client retired, started to receive the state pension or become entitled to other benefits?
- What is the client's capacity for loss/attitude to risk?
- Do you have full and up-to-date details of their lifestyle and medical conditions?
- What's their PMIR?
- Do they need an 'emergency fund'?
- Has the client's cognitive abilities deteriorated?
- Does the client have a Power of Attorney in place?
- Have they experienced any changes relating to consumer vulnerability (health, life events, resilience, capability)?

## Tools that can support you in discussions with your clients

Longevity tool	Retirement budget planner	Pension taxation calculator	Drawdown risk calculator	Pensions deferral calculator	Quick income builder	Critical yield calculator
Third party cashflow tools and modelling software						

## Options you may want to discuss:

- Changes to strategy and portfolio and how this aligns with your client's risk attitude.
- Changes to objectives.
- Is it clear the client's PMIR is being met?
- Are the client's objectives realistic?
- 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?

## Next steps:

- Reconfirm your charging/remuneration structure.
- Summarise and document any changes and actions.
- Agree your next annual review date.
- Identify any other trigger points that could make you set up an ad hoc review. These include:
  1. changes in investment performance;
  2. changes in markets;
  3. regulatory changes; and
  4. updates to state benefits.
- Identify and confirm any other trigger points that could make your client contact you for an ad hoc review. These include:
  1. changes in health or lifestyle;
  2. changes in requirements;
  3. changes in circumstance; and
  4. a need for long-term care.

## FOR MORE INFORMATION

Call: 0345 302 2287

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

Please note your call may be monitored and recorded and call charges may apply.

Email: [support@wearejust.co.uk](mailto:support@wearejust.co.uk) Or visit: [justadviser.com](https://www.justadviser.com)

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