

For financial intermediary use only. Not for use with customers.

 Please contact us if you'd like this document in an alternative format.

GUARANTEED INCOME PRODUCING ASSET

Stronger blend. Better retirement portfolios.

Retirement portfolios >
higher values | higher income



JUST.



Professional roasters blend coffees to create the distinctive, repeatable, flavour profiles discerning coffee drinkers enjoy. Similarly, clients value their adviser's expertise in blending solutions to deliver good outcomes for them too.

The careful construction of an investment portfolio from the many options available to achieve the best blend is a continuous challenge.

There's a guaranteed income producing asset available. So now you could create an even stronger blend and deliver better outcomes to your clients who are approaching or in-retirement.



Retirement portfolios > higher values | higher income

Important note: The projections shown are hypothetical and provided by Milliman using median returns. They're based on assumptions, not indicative of future performance and should not be the sole basis for investment decisions.

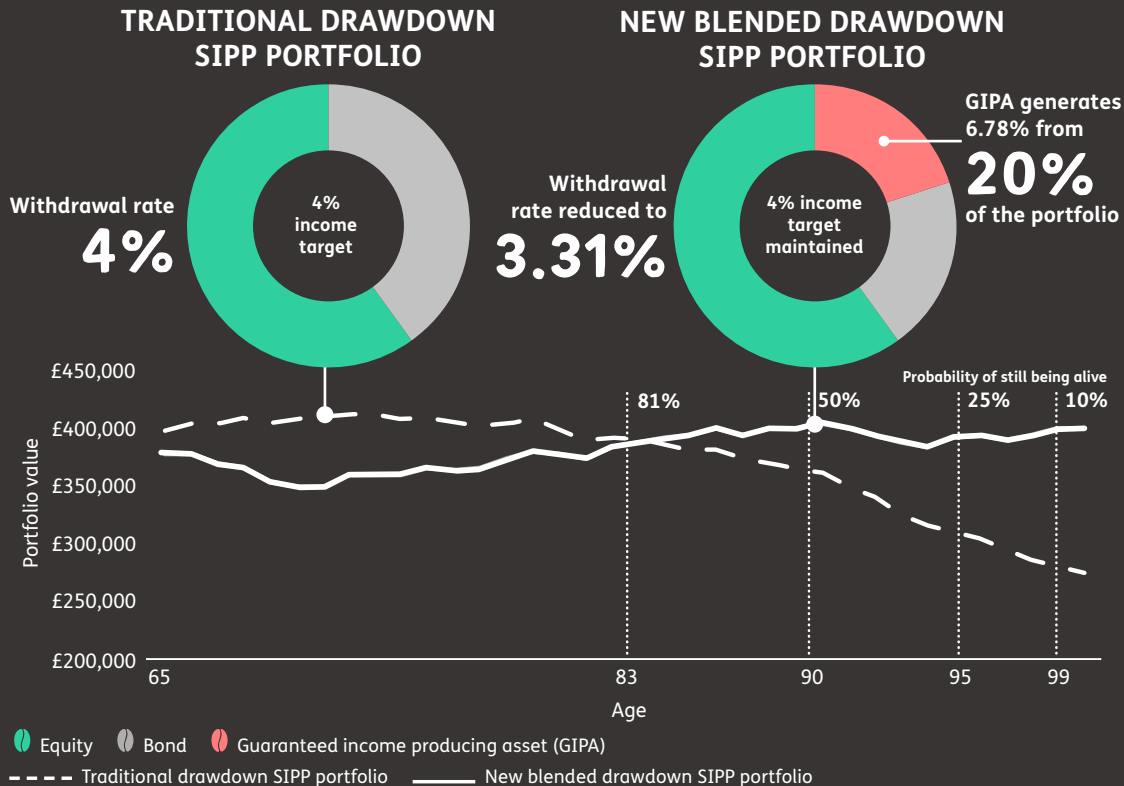
Investment returns can fluctuate.



The example illustrations to the right and on the following pages provide an overview of how including a guaranteed income producing asset (GIPA) could improve the performance of a drawdown SIPP portfolio.

Enhancing a traditional 60:40 drawdown SIPP portfolio

In this first example, half the bond allocation of a traditional 60:40 equity/ bond portfolio is replaced with a guaranteed income producing asset which generates an annual income of 6.78%. This enables the withdrawal rate on the other assets to be reduced to 3.31% per annum, whilst maintaining the 4% income target, and achieving a higher long-term portfolio value.



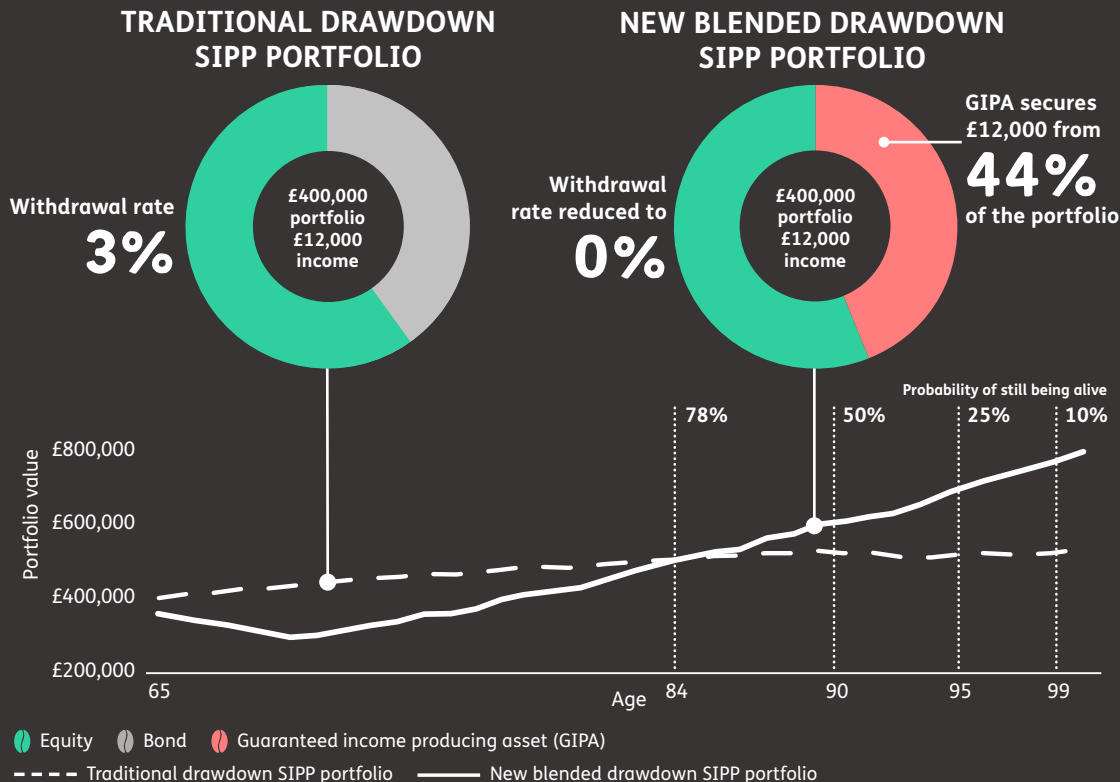
Example based on 65 year old, male, in good health, non-smoker, with a £400,000 total portfolio value. Traditional drawdown SIPP portfolio scenario is based on 30% UK equities / 30% overseas equities / 10% Gilt / 30% UK corporate bond allocation. New blended drawdown SIPP portfolio scenario is based on £80,000 Secure Lifetime Income purchase, this equates to a blended model of 30% UK equity / 30% overseas equities / 20% UK corporate bond / 20% Secure Lifetime Income asset allocation, total fees of 1.75%.

Shielding income from portfolio volatility

This example considers a scenario where the primary objective is to meet income requirements following a defined benefit transfer.

In the solution, 44% of the traditional drawdown SIPP portfolio is replaced with a guaranteed income producing asset which generates the £12,000 income requirement. This enables the withdrawal rate on the remainder of the portfolio to be reduced to 0%.

The solution shields target income from portfolio volatility and enables higher long-term total portfolio value to be achieved.



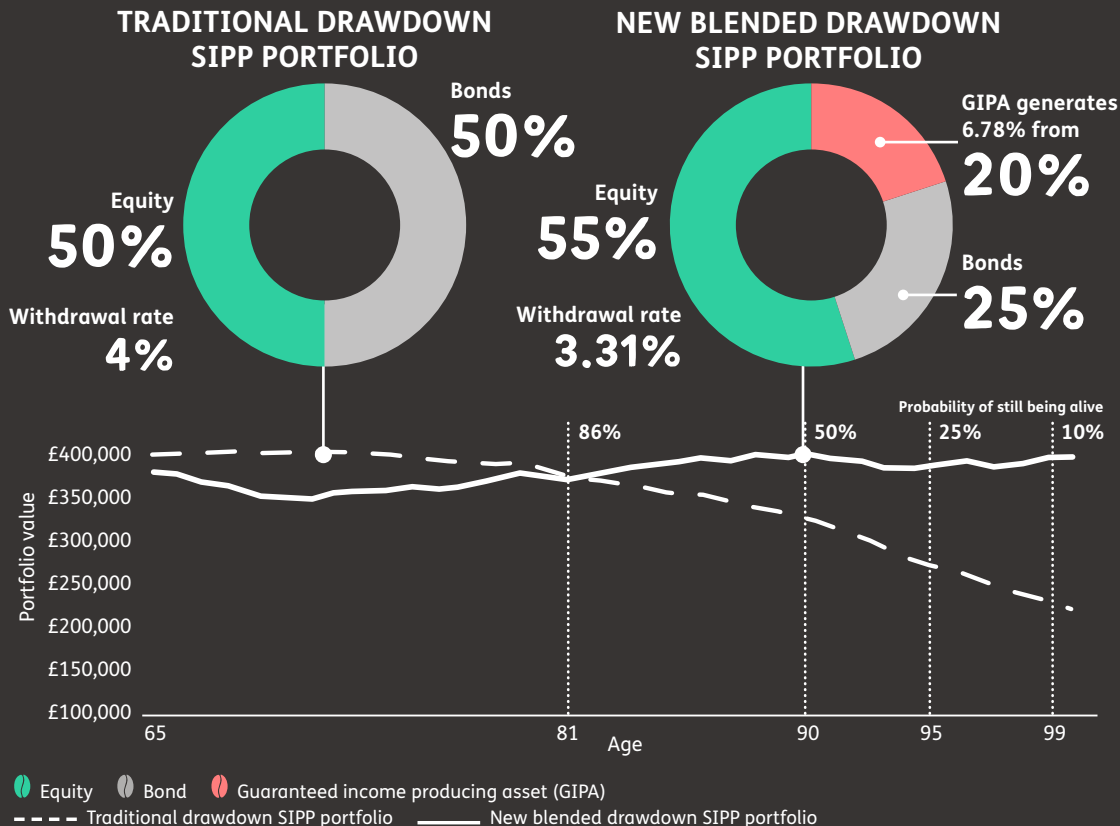
Example based on 65 year old, male, in good health, non-smoker, with a £400,000 total portfolio value. Traditional drawdown SIPP portfolio scenario is based on 30% UK equities / 30% overseas equities / 10% Gilt / 30% UK corporate bond allocation. New blended drawdown SIPP portfolio scenario is based on £177,003 Secure Lifetime Income purchase, this equates to a blended model of 26% UK equities / 30% overseas equities / 44% Secure Lifetime Income asset allocation, total fees of 1.75%.

Enhancing portfolio growth with increased equity allocation and stable risk

This example shows in more detail the construction of a more efficient portfolio. In this new blended drawdown SIPP scenario, the guaranteed income producing asset element is uncorrelated to other assets and helps to dampen portfolio volatility.

Taking this approach enables a more adventurous equity allocation, whilst ensuring the overall level of risk being taken is comparable to the traditional drawdown SIPP scenario.

Example based on 65 year old, male, in good health, non-smoker, with a £400,000 total portfolio value, taking an £16,000, non escalating income per annum. Traditional drawdown SIPP portfolio scenario is based on 25% UK equities / 25% overseas equities / 20% Gilt / 30% UK corporate bond allocation. New blended drawdown SIPP portfolio scenario is based on a blended model of 28% UK equities / 27% overseas equities / 25% corporate bond / 20% Secure Lifetime Income asset allocation, total fees of 1.75%.



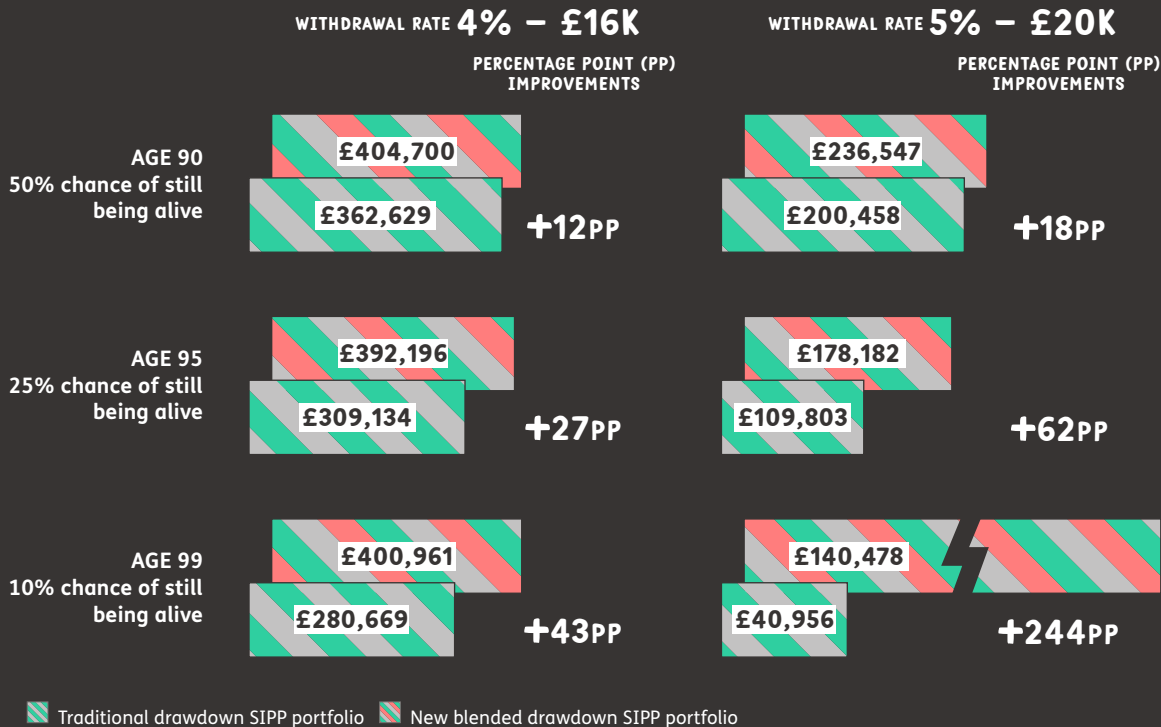
Creating better client outcomes

The example bars on the right and the next page illustrate the impact of allocating 20% of the initial portfolio value to purchase a guaranteed income producing asset at age 65, whilst maintaining flexibility on the remaining 80% of assets in the portfolio.

The new blended drawdown SIPP approach generates significantly higher projected long-term portfolio values, whilst also improving the probability of successfully achieving the target outcome of the portfolio.

Dependent on client objectives, alternatively, or in combination with achieving higher long-term portfolio values, more income could be taken than with the traditional drawdown SIPP portfolio approach.

Median projected future portfolio value of £400,000 invested

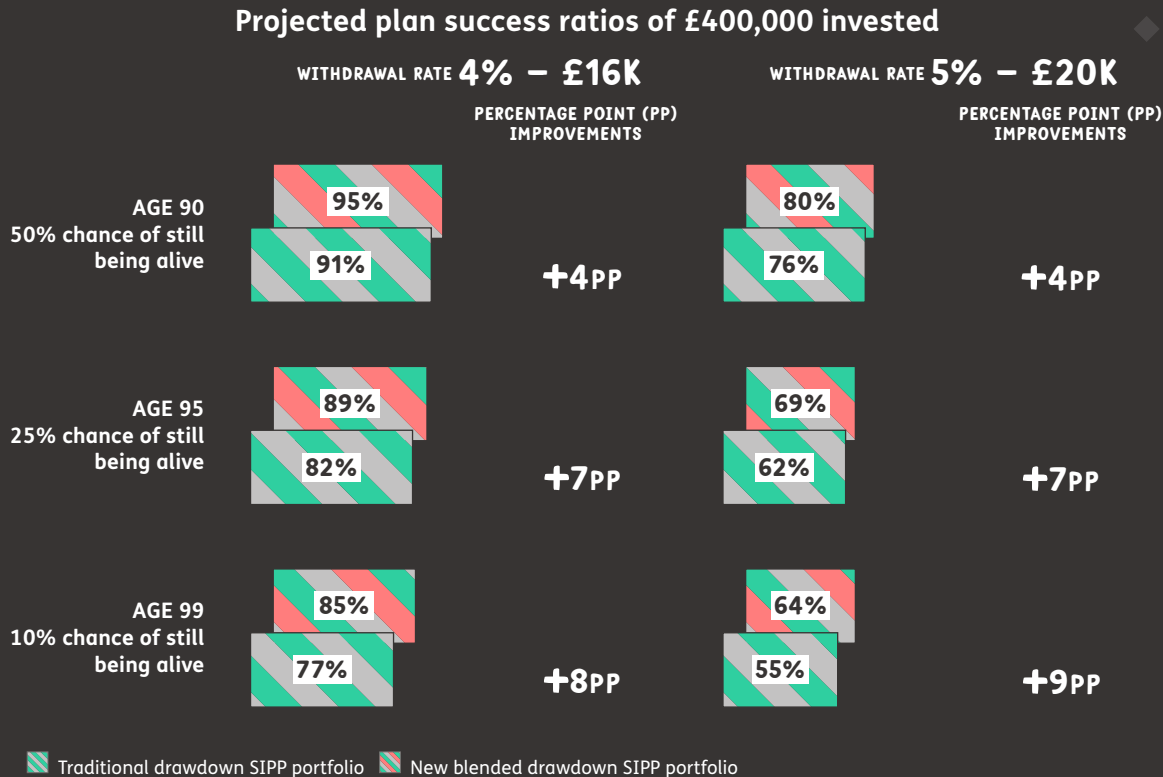


Example based on 65 year old, male, in good health, non-smoker, with a £400,000 total portfolio value. Traditional drawdown SIPP portfolio scenario is based on 30% UK equities / 30% overseas equities / 10% Gilt / 30% UK corporate bond allocation. New blended drawdown SIPP portfolio scenario is based on £80,000 Secure Lifetime Income purchase, this equates to a blended model of 30% UK equities / 30% overseas equities / 20% UK corporate bond / 20% Secure Lifetime Income asset allocation, total fees of 1.75%.

Scroll down to continue on the next page

Creating better client outcomes (continued)

The example bars on the right shows the same scenario as the previous page. This time illustrating the percentage point improvements of the probability of the new blended portfolio maintaining annual target income over the traditional portfolio, at ages when the client has a reasonable chance of still being alive.



Example based on 65 year old, male, in good health, non-smoker, with a £400,000 total portfolio value. Traditional drawdown SIPP portfolio scenario is based on 30% UK equities / 30% overseas equities / 10% Gilt / 30% UK corporate bond allocation. New blended drawdown SIPP portfolio scenario is based on £80,000 Secure Lifetime Income purchase, this equates to a blended model of 30% UK equities / 30% overseas equities / 20% UK corporate bond / 20% Secure Lifetime Income asset allocation, total fees of 1.75%.

Retirement income is our specialty

Just's guaranteed income solutions include:

- Secure Lifetime Income, the ground-breaking solution which enables advisers to offer their clients a guaranteed income producing asset within a SIPP on platform.
- Pension Annuity which provides guaranteed income for life solutions off platform.

Taste buds tickled?

We think you'll be surprised how powerful a guaranteed income producing asset is. We've got independent professionals to stress test portfolios including and excluding this asset. We'd love to show you the results so you can see how you may be able to deliver better outcomes for your clients.

Please get in touch with your usual Just contact, or, go to justadviser.com/justblends to book a consultation.

For more information

Call: 01737 233 297 Email: support@wearejust.co.uk
Or visit: justadviser.com

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

Calls may be monitored and recorded, and call charges may apply.

Follow us on Twitter



Important information

The value of investments may go up and down and less may be received back than originally invested. Tax rules are subject to change and taxation will vary depending on individual circumstances. Any reference to specific products or services are included for information purposes only and do not constitute a recommendation.

The guaranteed income producing asset is provided by Secure Lifetime Income.

Scenario numbers are illustrative only, and correct as at 7 June 2024 to show how a guaranteed income producing asset can be included alongside equities and bond assets in a drawdown SIPP portfolio.

Projections shown are hypothetical and provided by Milliman using median returns. They're based on assumptions, not indicative of future performance and should not be the sole basis for investment decisions. Investment returns can fluctuate.



FT ADVISER

