

Retirement Planning Report

Prepared for:
Example Client

Prepared on:
11 October 2024

Prepared by:
Verve

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About this report

We recognise that when providing financial advice there can be unfamiliar terms and products, jargon, and some complicated rules to explain.

To help ensure the advice we present to you is presented in the simplest way possible, the following document will provide you with the essential detail about what I am recommending, why I am recommending it and what the costs to you are.

I have made available a supporting document called the retirement planning small print report and this serves as something that will provide you with more detail on my recommendations, should you wish to read it.

You should know that this report is designed to provide you with enough information alone. This means the small print only acts as further reading and not something you need to read to understand what I am recommending.

SUMMARY OF ADVICE

↳ Withdrawals

Crystallise £2,793.33 of your Parmenion pension each month over the next 6 months as a way to generate income.

25% of each payment will be paid tax-free while the other 75% will represent taxable income.

The taxable income amount, £2,095 each month, will fall within your personal allowance and be tax-free and result in a net payment of £2,095.

Combined with the tax-free element, you will receive £2,793.33 net each month.

↳ Investment Strategy

Continue to invest your pension in the Distribution Technology Passive Risk 5 Managed Portfolio Service (MPS).

Please note:

There are risks involved with any investment and these are detailed in this report. You should be aware the value of your investments can fall as well as rise and you may get back less than you invest.



OBJECTIVES & RISK ASSESSMENT

Objectives

We have documented your current situation and objectives in detail in our fact find and meeting notes. These documents are available to you to review on request. We have summarised below your primary objectives.

You do not have any taxable income this tax year and are conscious that you can potentially make use of this unused allowance where it is appropriate to do so. You do not have a specific need for income at this stage, as you are currently living off cash received by your wife following her retirement.

You will be putting your own final salary into payment in the next 12 months and looking to both yours and your wife's state pensions in the next 4/5 years.

While you have no specific income need, you are looking to spend more now that you are both fully retired. The plan is visit your adult children with one in London and one in Australia (and getting married in the next year). You know you have the opportunity to travel and spend more time away and are keen to do so.

You are keen to continue engaging with professional advice to ensure your financial plans remain on track, particularly as you look to spend a bit more over the next year or so.

Risk Assessment

We have discussed risk with you in detail across our discussions. You can find details of my assessment of your willingness and need to take risk and ability to tolerate risk in the retirement planning small print report that is available alongside this report.

Based on your need for risk, capacity to withstand loss, attitude to risk and your knowledge/experience of investing, we have determined that you can afford to invest under your Low Medium risk profile.

Existing plans

We have reviewed your existing plans and in particular, the existing structure and features of these plans. This information can be found within the retirement planning small print report. A summary of the values is provided below:

Parmenion SIPP		Quilter CRA	
FUND VALUE	TRANSFER VALUE	FUND VALUE	TRANSFER VALUE
£220,801	£220,801	£655,951	£655,951
As at 04/10/2024		As at 04/10/2024	
Total Value: £876,752			

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ADVANTAGES AND DISADVANTAGES

The following sections detail the advantages of my recommendation and some disadvantages you should be aware of.



Why this recommendation is suitable for you:

- You will be able to take a regular withdrawal from the Parmenion SIPP, with the amount able to be changed at any point in the future. The initial amount of £2,793.33 per month for the next 6 months allows you to make full use of your personal allowance while giving you the funds to pay for travel plans and other expenses so you can fulfil plans you were not able to do before you retired.
- The taxable element of the withdrawals above will fall within your Personal Allowance, the amount you can receive before income tax is paid, and you will not therefore pay any tax on this income.
- Taking withdrawals in this way will prove more tax efficient as you can withdraw £16,760 a year without paying any tax.
- Using drawdown allows you to only take from the fund what you need and when you need it. This allows you to take an income in the most tax efficient way possible in this tax year and then reassess and change your income if needed to meet your needs in future tax years.
- Under annuity purchase, in comparison, you have to decide the features of your benefits with the income paid to you based on this and your age/health at the time. Any future changes to your health or circumstances will not be reflected by the annuity.
- You would also have to set the death benefit structure at the outset under an annuity. You would not be able to change this once the annuity starts.
- The recommended investment strategy remains suitable:



Please be aware of the following possible disadvantages:

- There are no guarantees of returns.
- With drawdown there is no guarantee of maintaining income throughout your lifetime.
- There are no guarantees annuity rates will improve in the future. By not purchasing an annuity now you may not be able to get as much value from purchasing one at a later date.
- The recommended withdrawals may not be sustainable particularly if investment returns are poor while investments are being sold to fund withdrawals.
- You will be subject to the Money Purchase Annual Allowance (MPAA) reducing your annual allowance to £10,000.

CHARGES



Initial charges

There are no initial charges in relation to my advice or the implementation of this.



Total ongoing charges

Based on the value of your plan, which considers the 6 months of withdrawals, the total annual charges would be as follows:

Parmenion SIPP	£204,041	%	£
Fund Ongoing Charges Figure (OCF)		0.10%	£204.04
Fund Transactional Charge		0.06%	£122.42
Parmenion Discretionary Fund Manager (DFM) Charge		0.12%	£244.85
Parmenion Platform Charge (Custody Charge)		0.30%	£612.12
SIPP Charge (Fixed)		0.04%	£86.40
Ongoing Adviser Charge		0.50%	£1,020.21
Total Ongoing Charges		1.12%	£2,290.04

The charges in monetary terms (excluding the fixed SIPP Charge) are estimates based on the value of the plan. In reality, the underlying fund will fluctuate daily and this makes it impossible to predict the actual costs that will be incurred over a year. Regular withdrawals will also affect the value of your plan at each point charges are taken. You will find in your personalised illustration information on how the charges can affect the value of your pension over time. The Reduction in Yield (RIY) figure will provide you with this detail.



Ongoing advice service

Our ongoing service level charge is 0.50% and this will fluctuate depending on the value of your holdings. The following shows the initial plan value, and potential alternative values, to demonstrate the impact this would have on our annual fee:



Potential decrease

Value £190,000

Adviser Fee £950



Current value

Value £204,041

Adviser Fee £1,020



Potential increase

Value £220,000

Adviser Fee £1,100

You have retired which involves changes to your personal circumstances and your financial position. You are at the point where you will need to consider accessing your pension to support your needs in the short-term and then throughout your lifetime. Working together with an ongoing service will allow us to:

- Monitor your income needs now and as you become accustomed to living in retirement.
- Review your assets with you each year to ensure you can afford the retirement you want.
- Make you aware of potential compromises that might need to happen to keep you on track.
- Consider any later life planning with you.

For the above reasons, I recommend continuing to use our ongoing service. You do not have to engage on an ongoing basis with us and can also serve notice at any time to discontinue our relationship. Full details can be found in your client agreement.

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RISKS & FURTHER INFORMATION

As much as I can base my advice on my understanding of your objectives and overall situation, only you will fully appreciate your thoughts and feelings towards both. You must therefore carefully consider all the aspects of the recommendations, together with the potential drawbacks.

Please note the following risks:

- Your pension fund could be completely used up within your lifetime by using drawdown.
- Investment returns may be less than those shown in your illustration.
- Annuity rates may be worse in the future.
- Income payments from a drawdown pension may not be sustainable.
- Tax rules can and do change, and you may pay some or more tax on future withdrawals.

You may also find further risks listed in the following:

- The disadvantages section of this report.
- The risks listed in your personal illustration and your Key Features Document (KFD).
- The risks listed in our client agreement.



Estate planning

It is essential that when you die, your estate is passed to people of your choosing and in the amounts you wish for them to receive. To have this happen, you would need a valid Will in place on death.

- You have confirmed you currently have a valid will in place.
- You should ensure that you remain aware of what this says, as it is important to make revisions whenever life or financial changes occur.
- Aside from making sure the right people benefit in line with your wishes, there can be tax planning advantages from will writing.

We would also recommend you consider the benefits of a Lasting Power of Attorney (LPA) to provide someone trusted with the ability to manage your finance and/or health affairs in the event you lose the capacity to do it yourself. Please contact me for more information if this is something you wish to discuss.



Cancellation notice

As part of the documents you receive from the new provider, you will find details of your cancellation rights. For flexi-access drawdown, you have the right to cancel when you move into drawdown for the first time. You do not have the right to cancel if you are moving further funds into drawdown.

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CONCLUSION

Our aim is to make this report and the supporting documents easy to read and understand. If you have any questions about the advice, or you need anything clarified, please let me know.

I trust that this letter will make clear why I believe the advice is appropriate for you. Should you wish to proceed with my recommendations, please sign a copy of the declaration below and return it to me.

SIGNED:		Adviser Independent Financial Adviser Verve Group
DATE:		

Your understanding and acknowledgement

I have noted the contents of this report and agree that it gives an accurate summary of my requirements and objectives.

I confirm that I wish to proceed with the recommendations and understand the costs, tax implications and associated investment risks.

I understand that the contents of this document are based on current rules and legislation which may change in the future.

SIGNED:		Example Client
DATE:		