Financial Planning Report

Prepared for:

Mrs A Client

Logos, Headers and Footers can all be applied to your front page

Prepared by:

Independent Financial Adviser

PPOL

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7/4/2015

SUITABILITY REPORT

Introduction and Basis of Advice

I am authorised as an Independent Financial Adviser and I can confirm you have been provided with a copy of our Client Agreement, our Terms of Business, the services we offer and how we can be remunerated for these services.

My recommendations that follow are based on my understanding of your current financial position and objectives. The report should be read in conjunction with the relevant illustrations, fee disclosure and Key Features documents; I do stress that if you do not understand any of the information then please contact me as a matter of urgency.

Date of Client Agreement	Date of Last Meeting
1/3/2015	7/4/2015

I would also mention that if any information has not been disclosed, it is possible that my advice may not take account of all your personal requirements and could ultimately have been different.

Summary of Current Position & Objectives

Please find below a summary of your current position:

Name	Mr A Client	Mrs A Client
Date of Birth	1/1/1970	1/1/1972
Marital Status	Married	Married
Number of Financial Dependants	2	2
Occupation	Managing Director	Florist
Employment Status	Employed	Self Employed
Tax Status	Higher Rate Tax Payer	Basic Rate Tax Payer
Monthly Net Income (£)	3150	1000
Monthly Expenditure(£)	2500	Joint
Total Assets (£)	480000	Joint
Total Liabilities (£)	240000	Joint
Smoker	No	No
State of Health	Good	Good

It was a pleasure to meet you at our offices and I hope you found our discussions to be helpful and informative. Anne, you confirmed you have been disappointed by the performance of your Friends Life pension and asked me to undertake a review of this pension and its investment strategy.

I can confirm although we discussed other areas of your financial affairs it was agreed you required me to focus on your pension investment only at this time.

You have specifically requested that I focus my advice on the following:

- A review of your Friends Life pension to ensure its performance has been satisfactory, it is invested in a competitively charged vehicle, continues to meet your needs and objectives and reflects your risk profile

Investment Knowledge & Experience

We discussed your knowledge and experience of financial products and investments.

- You confirmed to me you have a good understanding of investing and have experience of investing across a broad range of investments

Attitude to Risk

We discussed at some length your attitude to risk and in particular the relationship between risk and reward. The agreed risk profile is as follows.

You have completed the xx Sample xx Risk Profiling Questionnaire. The questionnaire has been designed to assess your knowledge, experience, attitude towards investment risk and capacity for loss.

Mrs A Client's risk profile is summarised as follows:

Investment Attitude to Risk: **Medium Risk**

This category is for the investor requiring long term growth or high levels of income without offering any guarantees to capital. Values may fall as well as rise and the investor may not get back the amount invested. Investment in equities will predominantly be in the UK in well established larger companies across a broad diversification of industries. Investment in corporate bonds will be in non investment grade yielding higher levels of income but subject to risk of default and therefore capital loss. Commercial property is included in this band.

Capacity for Loss: **Moderate**

Your sensitivity to volatility is realistic and you recognise that markets fluctuate and that some short term volatility must be accepted in order to achieve your investment objectives. You have sufficient assets outside of your portfolio and an investment time horizon far enough in the future to withstand small to medium losses without any detrimental effect to your living standards. Your capacity to loss threshold would be no more than 20%.

If you feel that this does not accurately reflect your attitude to risk please contact me as a matter of urgency.

A full summary of my company’s attitude to risk definitions can be found in the appendix of this report.

As many Pension Reviews as you like can be introduced to your report. They should be present so as to set out inclusion or otherwise of any specific guarantees or other valuable feature / benefits.

Review of Existing Pension Arrangements

Further information concerning the following pensions can be found in the Appendix of this report.

Friends Life Personal Pension Plan - FL32623P - Mrs A Client

Gross Employee Contribution	Fund Value	Transfer Value	Retirement Age
£150 Monthly	£38,900	£38,900	65

Investment Strategy - Funds

Fund	Description	Objective	Sector	Fund Rating	Initial Charge	Annual Management Charge	Ongoing Charges Figure	Allocation
ABC fund	xxxxxxxx	Growth	Absolute Return Bond	A	0.0%	1.25%	1.37%	50%
DEF fund	xxxxxxxx	Growth	Global Equity	A	0.0%	1.45%	1.65%	50%
Aggregate:					**0%**	**1.35%**	**1.51%**	**100%**

Charges aggregation is automatically calculated for you which saves time and will assist in later charging comparisons.

Policy Benefits & Features

Tax Free Cash Entitlement – This pension does not include any protected or enhanced pension commencement lump sum entitlement in excess of 25%.

Pension Contribution Insurance Benefit – This pension does not include any protection of its regular premiums should you suffer any long term illness or injury.

Stakeholder Friendly Guarantee – This pension is not 'stakeholder friendly' in so much as there is no upper limit applicable to its on-going management fees.

Guaranteed Annuity Rate - This pension does not incorporate a guaranteed annuity rate.

I have recommended that you **switch** your existing pension benefits to an alternative arrangement for the following reasons:

- There would be no financial penalty incurred on switching out of your current pension
- The fund performance and range of investment opportunities available under this pension are restrictive. As such I have disregarded the option of an internal fund switch
- It is possible to transfer your fund to an alternative pension plan with a more competitive charging structure. A summary of the charges of your existing plan and the proposed alternative can be found later in this report
- The existing investment strategy has consistently performed below the sector average
- The existing fund range offered by the ceding provider does not allow the opportunity to invest in a Model Portfolio environment

The FCA has on many occasions stated that an Investment Proposition used for your client must meet their personal circumstances and objectives. By including this optional section you can demonstrate suitability.

Investment Proposition Recommendation

Our investment proposition is designed to explain clearly the processes undertaken by my firm in managing and administering your investments.

Investment Mandate

The extent of your own involvement in the on-going investment management decisions of your investment portfolio(s) can vary considerably. These activities can be made entirely by you without advice (known as Execution Only service), or require your prior agreement (known as an Advisory service) or will be executed without your prior agreement (known as a Discretionary service).

I can confirm I am recommending that you utilise a **Blended Advisory and Discretionary** mandate service.

A Blended Advisory and Discretionary mandate is where you remain involved in the entire decision making process but at the same time utilise the expertise of a Discretionary managed service without relinquishing control.

My reasons for the recommendation are as follows:

- After discussing your financial objectives and the service expected of my company it was our belief that a blended approach would best suit your immediate and future requirements

Investment Research

Undertaking research is a time consuming and specialist skill, new fund launches are constantly brought to the market and all require in-depth analysis. There will always be a steady movement of fund managers from one investment house to another. There are many ways of assessing the performance, but understanding what process was used to achieve that performance ensures we can provide the best advice we can.

My firm's investment proposition utilises the following research techniques and criteria:

- The investment research function has been outsourced to the investment strategy provider who has significant experience in this area.

Investment Strategy

An investment strategy solution should be primarily designed to meet your investment objectives but also consider your temperament, stage of life, family situation, tax status, investment time horizon and most importantly attitude towards risk. Unsurprisingly with all these criteria to consider there are numerous investment solutions and strategies that my firm can recommend. It is therefore important that I define the strategy that is being recommended for you and monitor it to ensure it remains appropriate to any changes in your circumstances.

I am therefore recommending the following investment strategy or strategies to fulfil your objectives:

- **Multi-Asset Risk Rated Fund** – This investment solution increases the diversification of an overall portfolio by distributing investments throughout several asset classes in order to meet a particular level of risk. The investment approach itself reduces risk (volatility) compared to holding one class of assets. For example, a multi-asset class investor might hold bonds, stocks, cash and real property, whereas a single-class investor might only hold stocks. One asset class might outperform during a particular period of time, but historically no asset class will outperform during every period.

Asset Allocation

Asset Allocation is based on long-established and well-proven mathematical principles, it involves achieving the correct balance of assets in your portfolio. The universe of investment funds available for you to invest into are categorised under different asset classes depending on their particular focus. Different types of assets have different performance characteristics, so it is very important to allocate the right mixture of funds to your portfolio so that, over time, the peaks and troughs of their performance balance each other out meeting your particular risk and reward expectations.

To achieve the correct balance for your investments I have decided to outsource the process to a specialist third party as follows:

Automatically within the recommended investment strategy

- The provider of the recommended investment strategy is a recognised specialist within investment market diversification and has significant experience in the field of asset allocation. They have strict processes and controls and use them to generate effective strategic and tactical asset allocation decisions to match portfolio objectives, risk tolerance and time horizons. They comprehensively fulfil a wide range of 'risk mandates' and 'investment mandates' and will automatically rebalance so as to comply with each mandate.

My reasons for the recommendation are as follows:

- They use a quantitative analysis team to generate projections as to how a wide range of asset classes are expected to behave over the long-term with respect to returns, volatility and co-variance and will continually review the performance of the models and will provide you and us with a regular update report, explaining any changes.

I do stress that even with the strict controls governing the process recommended we will not be able to guarantee that the volatility range of a particular asset allocation may be breached occasionally. There is always the possibility of exceptional market conditions, due to unanticipated external events.

Investment Style

There are two differing styles of investment management that can be considered prior to populating a portfolio, these are 'Active' or 'Passive' and each on their own can be an important determinant of medium to long term returns. The styles can also be combined where a blend of each investment style is preferred.

I am recommending the following investment style:

- An Active Management style - where the fund manager uses their skill to select stocks they think will outperform the average benchmark in a particular sector.

Pension Switching Recommendations

A summary of the options available to you can be found in the Appendix of this report.

I have recommended that you switch the pensions highlighted in the earlier review section into an alternative **Personal Pension** for the following reasons:

- While invested your fund will benefit from tax advantaged growth
- You will continue to receive tax relief on your contributions
- You are comfortable paying slightly more than stakeholder charges to gain access to a broader and more sophisticated range of investment opportunities
- The personal pension marketplace is very diverse with many providers offering greater flexibility and improved investment choices compared to Stakeholder Pensions and they do this at a lessor cost compared with Self Invested Personal Pensions

Legal & General - Personal Pension Plan - Mrs A Client

Transfer Lump Sum	Gross Employee Contribution	Chosen Retirement Age
£38,900	£150 Monthly	65

Personal contributions will receive basic rate tax relief at source. Any higher or additional rate tax relief to which you are entitled can be reclaimed directly from HM Revenue & Customs via your Tax Return.

You have confirmed you are happy to maintain your current premium levels but do not wish to increase by the recommended monthly premium shortfall shown in the Retirement Income Shortfall calculator set out later in this report.

Pension Contribution Insurance - This is designed to help safeguard the pension contributions in the event of being unable to work through illness or injury for a prolonged period of time. You chose **NOT** to include this option due to the following:

- You did not feel this feature was necessary

Indexation - The contributions will increase each year so helping to mitigate against the effects of inflation. You chose **NOT** to include this option due to the following:

- We agreed to review the level of your contributions on a regular basis

I am recommending the above for the following reasons:

- Legal & General have been awarded an 'AA-' (Stable) rating by Standard & Poors, a leading independent ratings agency.
- The recommended provider has been selected in accordance with the investment proposition previously detailed. I can confirm the company is financially strong, has provided an excellent service to our clients and provides access to the investment strategy agreed
- The charging structure of the recommended plan is competitive when compared to similar plans in the market place

Plan Charges

The effect of on-going charges can be demonstrated by comparing the potential benefits you could receive from your existing pension and the proposed alternative. A switch would involve a transfer of your pension fund less any transfer penalties and where appropriate the redirection of your regular contributions to the proposed alternative.

The projected fund values assume benefits will be taken at age 65 as per your stated objective. Please note these figures are for illustrative purposes only and cannot be guaranteed. The comparison is based solely on charges and assumes the highlighted annual investment return.

Company	Policy Number	Existing Pension			Proposed Pension			Critical Yield %
		2%	5%	8%	2%	5%	8%	
Friends Life	EXISTING	50,000	65,000	82,000	51,000	67,000	85,000	X.X

Critical Yield

The Critical Yield is the estimated investment return after charges that must be achieved in order to achieve retirement benefits at least as good those offered by your existing scheme.

A detailed charges comparison can quickly and simply be generated by selecting the option to do so within the wizard. All previously entered charges of the ceding scheme will pull through if requested

Charges Comparison

	Existing	Proposed	Difference
Entry Charges			
Adviser Charge		2% of transfer value = £778 initially	
AC Paid By		Provider	
Regular Premium Charge	5% bid offer spread	0.0% bid offer spread	- 5%
Ongoing Charges			
Adviser Charge		0.50% p.a. = £5 p.a. per £1000 of fund	+ 0.50% p.a.
AC Paid By		Provider	
Investment Management Fee	1.51% p.a.	1.41% p.a.	- 0.10% p.a.
Event Based Charges			
Fund Switch Fee	£25 per switch	£0.00 per switch	- £25 per switch

Investment Strategy - Portfolio

Portfolio	Description	Objective	Initial Charge	Annual Management Charge	Ongoing Charges Figure	Allocation
Model Portfolio B	Multi Asset Risk Rated Portfolio	Capital Growth	0.00	1.29	1.41	100%

I have recommended the above for the following reasons:

- The portfolios selected reflect your attitude towards risk, the investment objectives discussed and reflect the investment proposition previously agreed

To confirm suitability of a switch, a comparison of the ceding scheme investment strategy versus the proposed scheme investment strategy can easily be created. This can expand to include a benchmark if required.

Performance Comparison

	5 years	3 years	1 year	6 months	1 month
Existing:	25.9%	38.2%	3.7%	- 1.4%	0.3%
Proposed:	49%	59.6%	12.2%	2.8%	2.2%
Difference:	+ 13.1%	+ 21.4%	+ 8.5%	+ 4.2%	+ 1.9%

Data source: *FE Analytics March 2015*

Income Requirements in Retirement

The accompanying illustration provides an indication of the income you could receive from the recommended pension plan. It is important that we review your pension provision on a regular basis as your current level of funding may prove insufficient. You should also remember that if you elect to take part of your pension fund as a tax free cash payment, this will reduce the income you receive. The illustration does not include your State Pension entitlement. It is possible to obtain a personal forecast of the State Pension you can expect to receive by contacting The Pension Service.

Expression of Wish

I would recommend that you complete an Expression of Wish Form. This will ensure the proceeds of your pension, subject to the trustee's discretion, are paid to your chosen beneficiary on your death.

Further Information and Risk Warnings

Further information regarding the recommended investment can be found in the Key Features Document provided and the Appendix of this report. A summary of the risk warnings associated with my recommendations can also be found in the Appendix of this report.

Alternative Solutions Considered But Discounted

I confirm due consideration was given to a range of alternative solutions but subsequently discounted for the following reasons:

Stakeholder Pension

- The stakeholder cap of 1.5% p.a. for the first 10 years exceeds the proposed plan's charging structure.
- It is not possible to access the recommended investment strategy
- The investment opportunities available are more restrictive then the recommended pension plan

SIPPs

- The charges associated with a SIPP are generally greater than other pension type plans
- You have no requirement for the additional features provided

Workplace Pension

- You are self-employed and have no appetite to join a workplace pension.

Important Information

Cost of Services

A summary of how my company can be remunerated for the advice received and the provision of my services is detailed in the disclosure documentation provided.

Our Service Proposition

My company offers a number of service propositions which govern the type of service and the regularity of contact and reviews you will experience. The ongoing servicing of your plans is recommended but not compulsory and if taken up can be cancelled at any time. The associated costs of our propositions and when they commence are set out in our disclosure documentation already provided and these costs may go up or down in line with the fluctuating value of the underlying assets. I confirm that you have elected for the following service:

- A focused and limited advice transaction service instigated by client request.

Charges Summary

A summary of charges will appear in one place as per the FCA's directives

Existing Personal Pension

Entry Charges	Ongoing Charges	Event Based Charges
Regular Premium Charge	Investment Management Fee	Fund Switch Fee
5% bid offer spread	1.51% p.a.	£25 per switch

Personal Pension Legal & General - Mrs A Client

Entry Charges		Ongoing Charges		
Adviser Charge	AC Paid By	Adviser Charge	AC Paid By	Investment Management Fee
2% of transfer value = £778 initially	Provider	0.5% p.a. = £5 p.a. per £1000 of fund	Provider	1.41% p.a.

Entry Charges: One off charges taken before or on investment.

- Adviser Charge: A fee paid to the adviser for advice and services.

- AC Paid By Provider: The Adviser Charge will be facilitated by the product provider but taken from your funds.

- Regular Premium Charge: A fee taken from each new premium for the term.

Ongoing Charges: Regular charges, typically taken over a year.

- Adviser Charge: A fee paid to the adviser for ongoing advice and services.

- AC Paid By Provider: The Adviser Charge will be facilitated by the product provider but taken from your funds.

- Investment Management Fee: Or Annual Management Charge (AMC). A fee levied by the investment firm paid out of the fund for the costs of investment management and fund administration.

Event Based Charges: Ad hoc charges related to specific events.

- Fund Switch Fee: A charge to sell one fund to buy another.

Affordability & Emergency Fund

You should keep some money immediately accessible to cover any unforeseen emergency expenditure that may arise. I would normally recommend that you retain an emergency fund equal to three month's expenditure within an immediate access deposit account as a bare minimum. I confirm you are happy with the level of your emergency reserve. I would also like to take this opportunity to confirm that the above recommendations are affordable to you.

Financial Services Compensation Scheme ('FSCS')

The FSCS was set up under the Financial Services and Markets Act 2000 and exists to protect clients of FCA authorised firms and covers deposits, insurance and investments. The scheme can pay compensation to clients who have lost money as a result of their dealings with FCA authorised firms that are unable to pay claims against them.

For pensions the compensation limit is 90% of the investment with no upper limit.

Aspects of Your Financial Affairs Not Addressed But Deemed Important

I practice a comprehensive approach to financial planning. To this end, I would like to draw your attention to the following. If on further consideration you wish to discuss any of the below in more detail please do not hesitate to contact me.

Wills and Lasting Power of Attorney

- I understand you have made a Will. I do stress the importance of keeping your Will up to date, thereby ensuring your estate passes in accordance with your wishes.
- I understand that you already have a Lasting Power of Attorney (LPA) in place

Confirmation

I have identified your objectives and I hope you agree that the recommendations made correspond to your current needs and future requirements. If you have any queries concerning the content of this report, or should you feel the recommendations are in any way an inaccurate reflection of your circumstances and future objectives please contact me immediately.

Report written by

Signature ___________________________ Date ____/____/____

We the undersigned have received this report. We acknowledge this is a fair reflection of our conversation and confirm we have received all supporting literature including Key Features Documents, fund fact sheets and illustrations.

Accepted by **Mr A Client and Mrs A Client**

Signature ___________________________ Date ____/____/____

Signature ___________________________ Date ____/____/____

APPENDIX

The latest 'Risk Warnings', 'Notes on Financial Products' and where applicable 'Technical Notes' will automatically pull through to the Appendix section of the report

A simple to use calculator can optionally be completed for pension planning (including switching). The assumptions can be set by you.

Retirement Income Illustration

The purpose of this report is to provide a summary of your overall retirement provision. The information presented is for illustrative and discussion purposes only. The report will in effect calculate the value of your available funds at your selected retirement age and calculate any shortfall regards your estimated target income. As the analysis is 'In Today's Terms' the estimations shown could be significantly different to those actually achieved at retirement.

At Retirement

	Mr A Client	Mrs A Client
Current Ages		43
Retirement Ages		65
Annuity Rate	4.5% pa	
Personal Allowance	£10600	
Basic Rate Tax Band	£31785	

Target Income

The target monthly income is £1000

Existing Pensions

Type	Provider	Projected Monthly Income
Personal	Friends Life	£240
State	DWP	£500
Total		£740

Investments for Retirement Income

Type	Provider	Value	Net Growth % pa
ISA	Hargreaves Lansdown	£12000	2.5
Regular Savings		£0.00 per month	

Summary at Retirement

Monthly Pension Income	£740		
Monthly Annuity Income	£224		
Total Monthly Income	£964	After Tax	£948
Target Monthly Income			£1,000
Monthly Shortfall			£52

Assumptions

The above is subject to the following:

Basic Assumptions

- All figures are in today's money and are not adjusted for inflation
- The figures detailed are for illustration purposes only and are not guaranteed

- The annuity rate reflects the typical rate currently being offered to someone at that age at retirement

Spending Assumptions

- The spending figures shown are based on your current spending habits today and cannot predict what you will actually spend at retirement

Pension Assumptions

- The state pension assumptions reflect what is being paid today and maybe very different at retirement

Investment Assumptions

- The net growth rate is used so as to value the investments at retirement in today's pounds

Attitude to Risk

My company classifies **Investment Attitude to Risk** as follows:

Low Risk

This category is appropriate where the investor requires high security. The investments are cash deposit or similar ranging from the immediate access to a term deposit which may be subject to penalty if not held to the full term. Emergency fund/cash reserve would typically be included in this category.

Low / Medium Risk

This category is for investments where there may be some fluctuation including loss in value over short and medium term. Where there is exposure to equities, this is usually limited to around 60%. Any investment in corporate bonds will primarily be large capitalised companies of investment grade status.

Medium Risk

This category is for the investor requiring long term growth or high levels of income without offering any guarantees to capital. Values may fall as well as rise and the investor may not get back the amount invested. Investment in equities will predominantly be in the UK in well established larger companies across a broad diversification of industries. Investment in corporate bonds will be in non investment grade yielding higher levels of income but subject to risk of default and therefore capital loss. Commercial property is included in this band.

Medium / High Risk

This category is for the investor requiring long-term growth which is inevitably balanced by the risk of short/medium term losses. Investment is almost exclusively in equities across a broad range of sectors and will include exposure to smaller UK companies as well as overseas companies largely in Europe and the USA where there is the additional currency risk.

High Risk

This category is for the adventurous investor who already has a diversified portfolio and wishes to expose a relatively small portion to high risk investment. Capital could be subject to partial or total loss. Investments will include direct investment, Specialist Sector and Emerging Market funds as well as the Far East which are all prone to high volatility and potential loss. It will also include more obscure products, many of which are tax driven which are only suitable for the sophisticated investor.

My company classifies **Capacity for Loss** as follows:

None

Your sensitivity to volatility is realistic and you recognise that markets fluctuate, however your investment time horizon and financial circumstances dictate that no short-term volatility can be accepted within your investment portfolio as any falls in value would detrimentally affect your standard of living. Your capacity to loss threshold would be 0%.

Low

Your sensitivity to volatility is realistic and you recognise that markets fluctuate, however your investment time horizon and financial circumstances dictate that only minor short-term volatility can be accepted within your portfolio before your standard of living becomes adversely affected. Your capacity to loss threshold would be no more than 10%.

Moderate

Your sensitivity to volatility is realistic and you recognise that markets fluctuate and that some short term volatility must be accepted in order to achieve your investment objectives. You have sufficient assets outside of your portfolio and an investment time horizon far enough in the future to withstand small to medium losses without any detrimental effect to your living standards. Your capacity to loss threshold would be no more than 20%.

High

Your sensitivity to volatility is realistic and you recognise that markets fluctuate and that volatility must be accepted in order to achieve your investment objectives. You have a high net worth, with available savings, a reliable income, other accessible assets, low debt and a sufficient investment time horizon to manage medium to large losses in your portfolio without a detrimental effect to your living standards. Your capacity to loss threshold would be no more than 30%.

Unlimited

Your sensitivity to volatility is realistic and you recognise that markets fluctuate and that volatility must be accepted in order to achieve your investment objectives. Large losses in your portfolio would have a low impact on your future lifestyle as you are financially independent of the monies set aside. Your capacity to loss threshold has no limit.

Risk Warnings – Personal Pension Plan

In addition to the risks shown below, I recommend you read carefully the section entitled “risk factors” in the Key Features Document provided.

- For a full explanation of the charges and how they affect your plan, please refer to your personalised illustration and Key Features Documents.
- The figures on any quotations provided are for illustration purposes only and are not guaranteed.
- The value of the investment is determined by the value of the units, the price of which can fall as well as rise. What you get back is not guaranteed. The value of your investment may be eroded by the effect of inflation over time.
- The recommendations are based on current taxation, law and practice and the current legal and administrational framework and are based on my current interpretation and understanding of those, all of which may be subject to change.
- Past performance is no guarantee of future returns.
- When you retire, your pension may be lower than illustrated if:
    - You stop or reduce any regular contributions.
    - Investment performance is lower than illustrated.
    - The cost of converting your pension fund into an income for life is more than illustrated.
    - You start taking your pension earlier than your chosen pension age.
    - Tax rules change.
    - Charges increase above those illustrated.
- It is important to periodically review the value of your investments against expectations - particularly as you approach your chosen retirement age.
- Please bear in mind that the outlook for market sectors can change, as a result your asset allocation could become unbalanced.
- Fund or funds may have a higher risk rating than your overall stated attitude to risk. If this is the case, then the overall risk rating applied to the combined funds being recommended is designed to meet your stated risk profile.
- Where a property fund has been recommended you should be aware property and land can be difficult to sell – so you may not be able to cash-in this investment when you want to.
- Where a corporate bonds has been recommended you should be aware in adverse market conditions the fund may be difficult to sell.
- Where a fund invests in overseas markets, changes in currency exchange rates mean that the value of the investment can go up or down.

Risk Warnings – Pension Switching

In addition to the risks shown below, I recommend you read carefully the section entitled "risk factors" in the Key Features Document provided.

- For a full explanation of the charges and how they affect your plan please refer to your personalised illustration and Key Features Documents.
- The figures on any quotations provided are for illustration purposes only and are not guaranteed.
- The value of the investment is determined by the value of the units, the price of which can fall as well as rise. What you get back is not guaranteed. The value of your investment may be eroded by the effect of inflation over time.
- The recommendations are based on current taxation, law and practice and the current legal and administrational framework and are based on my current interpretation and understanding of those, all of which may be subject to change.
- The recommendations are based on our analysis of your current pension plans for which we rely on information provided by your current pension providers and as such cannot be held responsible for any inaccuracies contained in the information supplied.
- Past performance is no guarantee of future returns.
- When you retire, your pension may be lower than illustrated if:
    - You stop or reduce your contributions.
    - Investment performance is lower than illustrated.
    - The cost of converting your pension fund into an income for life is more than illustrated.
    - You start taking your pension earlier than your chosen pension age.
    - Charges increase above those illustrated.
- It is important to periodically review the value of your investments against expectations - particularly as you approach your chosen retirement age.
- A transfer of benefits does not guarantee a greater pension fund at retirement and there is no guarantee that the new provider's funds will outperform those of your existing provider.
- There may be a possible change of fund value whilst the transfer remains pending.
- When undertaking a pension transfer there may be a period where your funds are not invested and your fund could materially suffer as a result of movements in the market.
- The Cancellation Rights of the company from which the funds have been transferred are not obliged to take them back. In such an instance a new contract would have to be set up involving additional costs for which you would be responsible.
- Where a transfer penalty and / or an initial charge has been incurred, the death benefits will be less until the investment performance recovers the reductions in value.
- Please bear in mind that the outlook for market sectors can change, as a result your asset allocation could become unbalanced.
- Fund or funds may have a higher risk rating than your overall stated attitude to risk. If this is the case, then the overall risk rating applied to the combined funds being recommended is designed to meet your stated risk profile.
- Where a property fund has been recommended you should be aware property and land can be difficult to sell – so you may not be able to cash-in this investment when you want to.
- Where a corporate bonds has been recommended you should be aware in adverse market conditions the fund may be difficult to sell.
- Where a fund invests in overseas markets, changes in currency exchange rates mean that the value of the investment can go up or down.

Technical Notes – Pension Switching

There are a number of options available in respect to your existing pension arrangements. A summary of the advantages and disadvantages associated with each option can be found below.

1. Do nothing

Advantages:

- The easiest option administratively as it will not require any further action
- No new set up charges will be incurred

Disadvantages:

- May retain a less flexible product when compared to those available in the current market place
- May retain a more expensive product when compared to alternatives in the market place
- The current funds may not meet your investment expectations

2. Switch funds within your existing pension plan

Advantages:

- Administratively easier than transferring to a new pension plan
- Incur less charges than a transfer to a new pension plan
- Switch in to a new investment strategy

Disadvantages:

- May not be very competitive charged when compared to the available market place
- Where multiple pensions are being reviewed consolidation and economies of scale would not be achieved
- The range of investment opportunities maybe limited when compared to other plans

3. Make your existing plan paid-up and redirect future contributions into a new pension

Advantages:

- The existing pension fund will not incur a transfer penalty
- Future contributions can be invested in a more appropriate pension plan
- The new plan could be more competitively charged and offer a greater range of features

Disadvantages:

- A charge will be incurred for setting up the new policy
- The existing fund could remain invested in a less advantageous environment
- Greater administration due to having multiple plans

4. Switch to a new pension plan

Advantages:

- Offers a wider range of investment opportunities
- Offers a greater range of features
- Achieve a more competitively priced plan
- Achieve enhanced flexibility
- Potentially achieve a greater fund at retirement

Disadvantages:

- Administratively this is more involved than an internal fund switch
- Charges may be greater for ongoing charges and cost of advice

5. Switch to a workplace pension scheme

Advantages:

- Will assist in the consolidation of your pension arrangements
- It will be a qualifying scheme for auto-enrolment and as such offer a low charging structure
- The scheme is likely to offer target retirement date funds that can self-manage the underlying investment strategy

Disadvantages:

- The range of investment opportunities available are limited
- Reduced diversification - you may not wish to put "all your eggs in one basket"
- You may not get to choose where your pension savings are invested if this is decided by the scheme trustees

Technical Notes – Pensions

A current summary of the main UK registered pension's legislation can be found below.

State Pension Age

- The State Pension Age is 65, it is proposed to be further increased to age 66 by 2020, age 67 between 2026 and 2028, age 68 by the mid 2030s and age 69 by the late 2040s

Contributions

- There is no restriction on the number of pension schemes one can contribute into
- Individual contributions are unlimited. However, there are limits on the amount of tax relief restricted to the higher of £3,600 or 100% of salary subject to the annual allowance
- Employer contributions count towards the annual allowance
- No tax relief will be granted on contributions paid after age 75
- The annual allowance for contributions in 2015/16 is £40,000, any excess will be subject to a tax charge at the members marginal rates. It is possible however to offset contributions against unused allowances from the previous three years
- The Money Purchase Annual Allowance (MPAA) is £10,000 and this lower allowance is triggered when pension benefits are accessed through flexi-access drawdown, short term annuity, uncrystallised pension fund lump sum or payment of a scheme pension under a money purchase arrangement with less than 12 members

Retirement Ages

- The normal minimum pension age is 55
- Benefits can be taken earlier if a protected pension age applies or permanent ill health

Tax-Free Lump Sums

- Are generally 25% of the fund values from a registered scheme
- It was possible to protect funds in excess of 25% (before April 2006 only)

Death Benefits

Death before age 75 - Any beneficiary can inherit the pension funds and there is no tax charge whether taken as an income or lump sum.

Death at or after age 75 - Any beneficiary can inherit the pension funds. If taken as an income then this is taxable at the beneficiary's marginal rate. If taken as a lump sum then it is taxed at a rate of 45% for 2015/16 only, thereafter the marginal rate applies.

Trivial Commutation Lump Sum – Is permissible where the scheme pension value does not exceed £30,000. Payable to a beneficiary where a term ends after the member's death.

The Lifetime Allowance

Is the limit of pension benefits that can be drawn before tax is applied. Excess benefits are subject to a tax charge of 25% if income or 55% if taken as a lump sum.

- The lifetime allowance is currently £1.25 million

Pension Protection

- Enhanced, Primary, Fixed or Individual are forms of pension protection and were introduced between 2006 and 2014 in order to ring fence benefits from the lifetime allowance

Retirement Benefits - Post 5th April 2015

Unrestricted retirement benefits can be taken from a defined contribution or money purchase pension scheme at any time from age 55.

Drawdown Pension – Income can be taken direct from the pension fund as follows:

- *Flexi-Access Drawdown* – Allows any income amount chosen
- *Short Term Annuity* – An amount can be used to buy an income for a term of up to 5 years

Uncrystallised Pension Fund Lump Sum – Allows a single or a series of lump sums to be withdrawn.

Lifetime Annuity – Allows a guaranteed income for life that can increase or decrease.

Scheme Pension – This offers a secure lifetime income payable to the member of the scheme.

Small Pot Lump Sums – Where a pension fund is less than £10,000 (up to a maximum of three pots), the entire fund(s) can be withdrawn as a lump sum (25% tax free rule applies)

Trivial Commutation Lump Sum – Where a Defined Benefit pension is worth £30,000 or less the value can be surrendered as a lump sum (25% of which is tax free).

Auto-Enrolment

All employers are required by law to automatically enrol certain members of their workforce (known as eligible workers) into a qualifying workplace pension scheme and contribute to it. A minimum contribution is set based on a band of the gross annual earnings and will include the employee’s and employer's contribution and the tax relief added together. These duties took effect for the largest employers from 2012 with all other sized employers being phased in until 2018.

Notes on Financial Products

Personal Pension Plan

Personal pensions aim to build up a sum of money in a tax efficient way which can subsequently be used to provide an income or lump sum(s) during retirement.

Modern personal pensions are generally extremely flexible in that they will accept regular, monthly, annual or one off contributions from individuals and from employers and the level of regular contributions can be changed at any time subject to the provider's minimums. Contributions will qualify for tax relief at your highest rate of income tax and are paid net of basic rate tax at 20%. The pension provider collects the basic tax relief from HM Revenue & Customs up to the maximum limits set by them. Any higher or additional rate relief entitlement can be reclaimed through your annual tax return.

Growth in the value of the pension fund is free from capital gains tax and certain types of dividends paid to the plan are free from income tax. Under normal circumstances, no inheritance tax liability will arise from pension death benefits provided a named beneficiary exists at the date of death.