PROCESS DOCUMENT

Pension Advice Process

Our pension advice process is outlined below in the following steps, each of which can be explained in more detail if required.

- **FACTFIND**
    - Establishing basic details of your existing State, private and company pension arrangements and keying these onto our computer systems
    - Obtain full details from your existing private and company pension providers
    - Obtain a forecast of your likely State Pension benefits
    - Establishing your retirement objectives, timescale, tax free lump sum and income needs
- **ATTITUDE TO RISK ***
    - Completion of risk profiling questionnaires to assist us in assessing your attitude towards investment risk; the amount of risk you are prepared to take for the amount of return you require
    - Establish your risk profile using technology solutions
    - Confirm the resulting risk profile
- **ASSET ALLOCATION / PORTFOLIO CONSTRUCTION ***
    - Broadly speaking assets can be broken down into:
        - Equities or shares, overseas and UK, bigger and smaller companies
        - Property – bricks and mortar, UK and overseas
        - Fixed interest such as Government bonds (GILTS) and Corporate bonds
        - Cash – including bank & building society deposits and National Savings
    - Using computerised tools to generate model asset allocation portfolios based on risk profiles, past returns and efficient frontier models
    - Efficient frontier models aim to find the optimal set of asset mixes calculated to generate the highest rate of investment return for a given level of risk
    - Reviewing industry asset allocation models to generate a consensus asset mix adjusted to suit your requirements and constraints, e.g. ethical or emotional bias
    - Confirm average weighted risk profile of proposed model portfolio matches your risk profile, or adjust to suit
- **REVIEW EXISITING PENSION ARRANGEMENTS**
    - Analyse your existing State, private and company pension arrangements taking account of charges, investment options and features
    - Consider whether existing arrangements should be consolidated
    - Incorporate your retained funds into the model portfolio
    - Establish which gaps, elements or categories need ‘filling’
    - Determine changes required to inappropriate or poorly performing funds for others that better suit your appropriate asset mix
- **FUND RESEARCH ***
    - Having determined the composition of your model portfolio at a generic level, we then select suitable funds and managers
    - We research funds on a number of risk metrics, including:
        - Performance
        - Volatility
        - Alpha ratio
        - Beta ratio
        - Sortino ratio
        - Information ratio
    - These risk metrics are used to establish which funds have and possibly will perform consistently well and for the right reasons – not just a ‘*flash in the pan’*.
    - Our fund research is ongoing, with six monthly formal reviews

PROCESS DOCUMENT

- **TAXATION & LEGISLATION**
    - We aim to maximise the advantages of pension provision both, pre and post retirement. Our recommendations take account of the current taxation system and legislation, including:
        - Contribution allowances and limits, de minimus, annual and lifetime
        - Contribution Input Periods
        - Salary sacrifice
        - Tax free cash lump sum calculations
        - Tax efficient purchase of assets including commercial property
        - Utilisation of pension products and non-pension tax wrappers
    - Liaising with other professional advisers

- **CLIENT REPORT**
    - Summarise existing pension provision and make appropriate recommendations
    - Present recommendations for ongoing retirement provision including investment funds
    - Confirm overall average weighted risk rating of proposed portfolio is aligned to your risk profile
    - Show effects of adopting our recommendations
    - Explain why we have made the recommendations
    - Confirm our charges
    - Agree course of action and financial plan

- **ADMINISTRATION**
    - Arrange new pension provision and/or amend existing pension arrangements
    - Switching investment funds as appropriate
    - Regularly update records with current valuations, both electronically and manually as appropriate

- **REVIEWS, where agreed**
    - Update our records of your current financial and personal details
    - Provide updated portfolio valuations
    - Re-assess your pension funding position against targets and objectives
    - Consider pension provision in the light of other non-pension retirement income provision
    - Review underlying investments as some will have grown more than others changing the overall portfolio balance. This in turn alters the portfolio's risk profile which may need realigning to the agreed model
    - Discuss effects of and reasons for any recommended changes
    - Carry out any agreed changes to your pension arrangements
    - Reviews are typically annual, or more frequently by agreement

- **CONTINUOUS CORE ACTIVITIES**
    - Answering your ad-hoc calls and queries
    - Ongoing assessment of investment funds
    - Maintaining a Clairville York 'best buys' list of funds and pension products
    - Understanding and keeping abreast of complicated legislation and taxation issues surrounding pensions
    - Maintain an awareness of other relevant industry, Government, regulatory, economic and legislative issues

* Detailed Process Documents available on these subjects.

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