

## PENSION ADVICE

Our pension advice process is outlined below. Each of the steps can be explained in more detail if required.

### FACTFIND:

- Completion of an initial information gathering questionnaire to understand your current personal situation, existing assets and liabilities, income and outgoings.
- Establish basic particulars about your existing State, Private and Company pension arrangements.
- Obtain detailed plan information from your existing Private and Company pension providers.
- Obtain a forecast of your current and projected State Pension benefits.
- Establish your retirement objectives, timescale, tax free lump sum and income needs.
- Understand your wishes regarding potential beneficiaries.

### ATTITUDE TO RISK:

- Completion of risk profiling questionnaires to assist us in assessing your attitude towards investment risk and the amount of risk you are prepared to take for the amount of return you require.
- Establish your risk profile using technology solutions and an assessment of your capacity for loss.
- Confirm and agree with you the resulting risk profile.

### ASSET ALLOCATION / PORTFOLIO CONSTRUCTION:\*

- Broadly speaking assets can be broken down into:
  - Equities or Shares, Overseas and UK, larger 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 Deposit Accounts and National Savings.
- We use 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. taking account of any ethical or emotional bias.
- Confirm average weighted risk profile of proposed model portfolio matches your risk profile, or adjust to suit.

### REVIEW EXISTING 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 retained or consolidated.
- Incorporate your retained funds into the model portfolio.
- Establish which gaps, elements or categories need 'filling'.
- Determine whether there are any inappropriate or poorly performing funds which require changing 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 appropriate funds and managers. We research funds using a number of risk metrics, including:
  - Performance.
  - Volatility.
  - Alpha ratio.
  - Beta ratio.
  - Sortino ratio.
  - Information ratio.
- These risk metrics are applied on a sector by sector basis to identify funds that have a consistent performance track record for the right reasons – not just a 'flash in the pan'.
- Our fund research is ongoing, with six monthly formal reviews and ad-hoc reviews where there is a significant change to any individual fund.

## 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:
  - Lifetime Allowance and transitional protections.
  - Annual Allowance and Carry Forward of unused allowances from previous tax years.
  - Tapered Annual Allowance applicable to higher earners.
  - Personal Allowance and Child Benefit 'abatement'.
  - Salary Sacrifice, Salary Exchange and SMART pensions.
  - Tax free Pension Commencement Lump Sum calculations.
  - Tax efficient purchase of assets including commercial property.
  - Utilisation of pension products and non-pension tax wrappers.
  - Extracting income tax efficiently.
- Liaising with other professional advisers.

## CLIENT REPORT:

- Summarise your 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.
- Illustrate the 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 and rebalancing investment funds as appropriate.
- Regularly update records with current valuations, electronically or 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.
- Re-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 the ever evolving 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.**

*Clairville York Limited – Version 3.0. Updated November 2018*

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