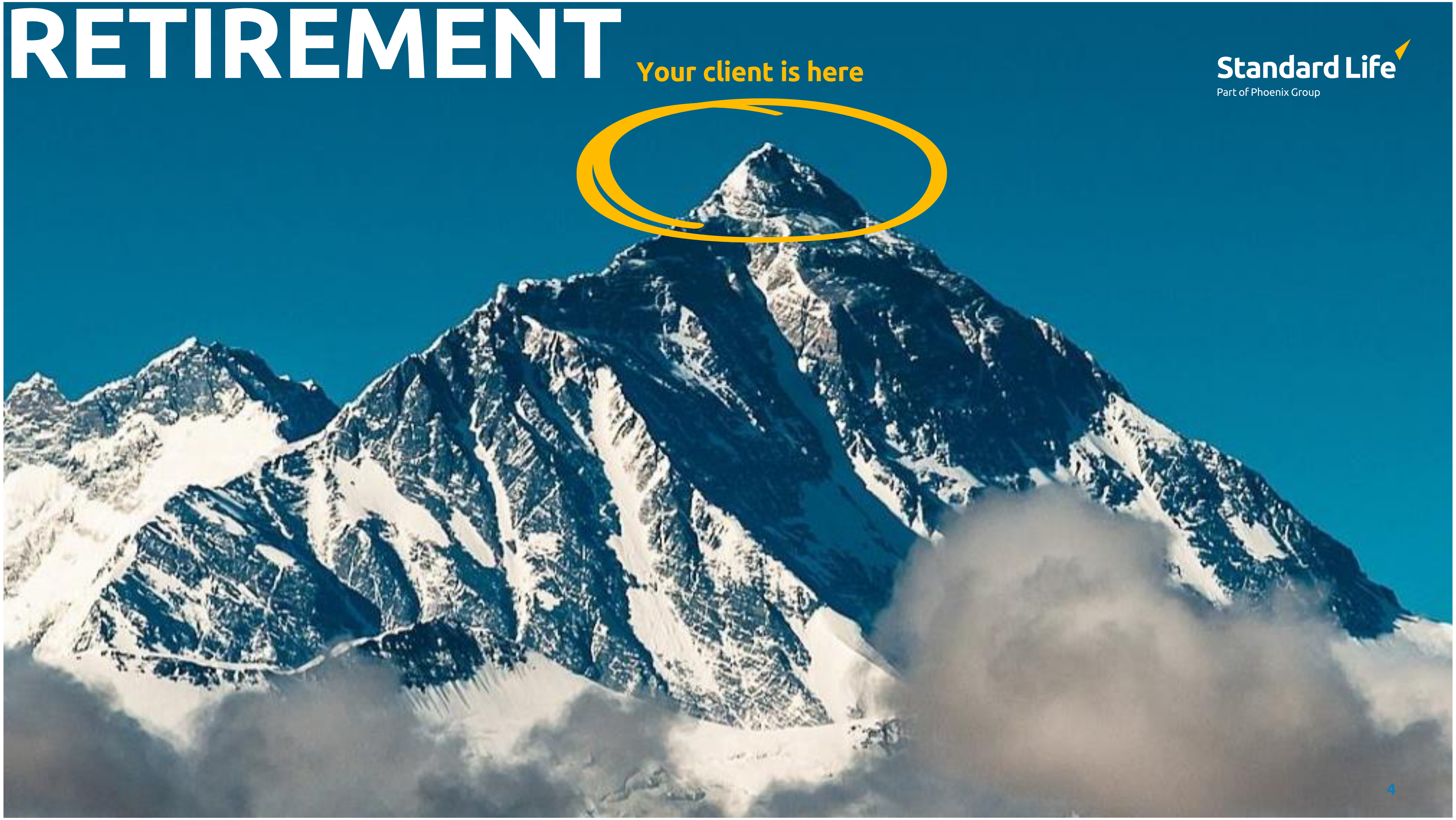
RETIREMENT
Your client is here
Standard Life
Part of Phoenix Group

The Retirement Risk Zone

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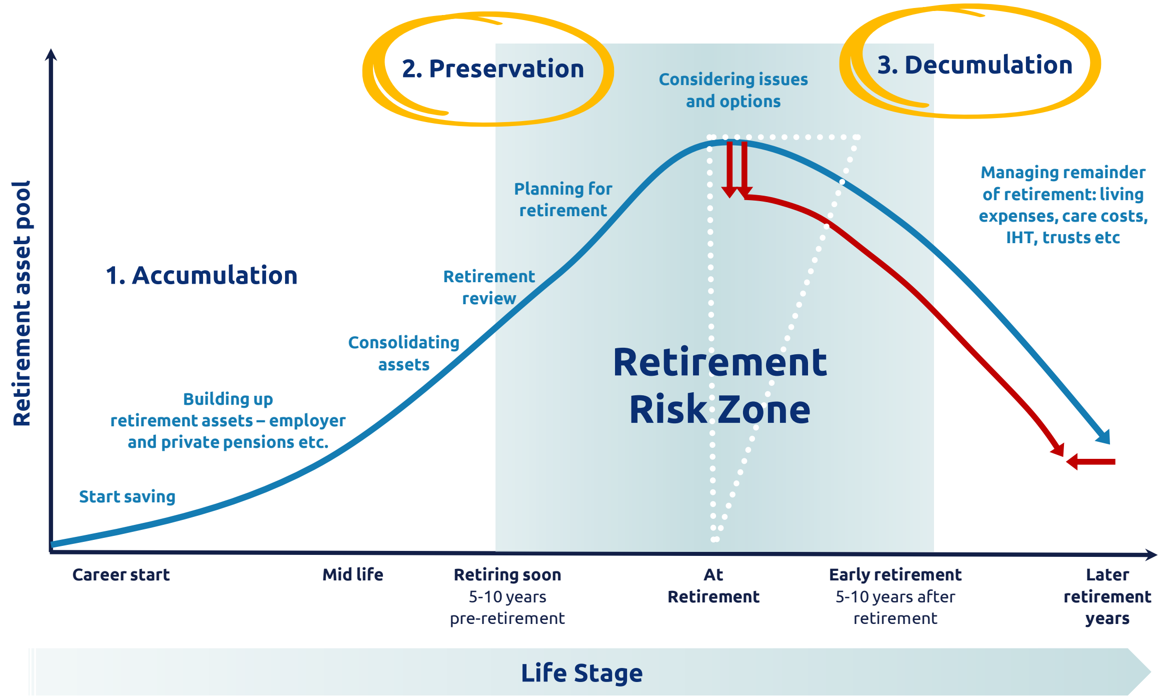
What is it? How can you help your clients plan for it?

The Retirement Risk Zone is a critical period five to 10 years before and after retirement. During this timeframe, retirement savings are more vulnerable. Any major losses experienced at this stage could have a profound effect on someone's retirement lifestyle.



We become less willing to take risk as we age

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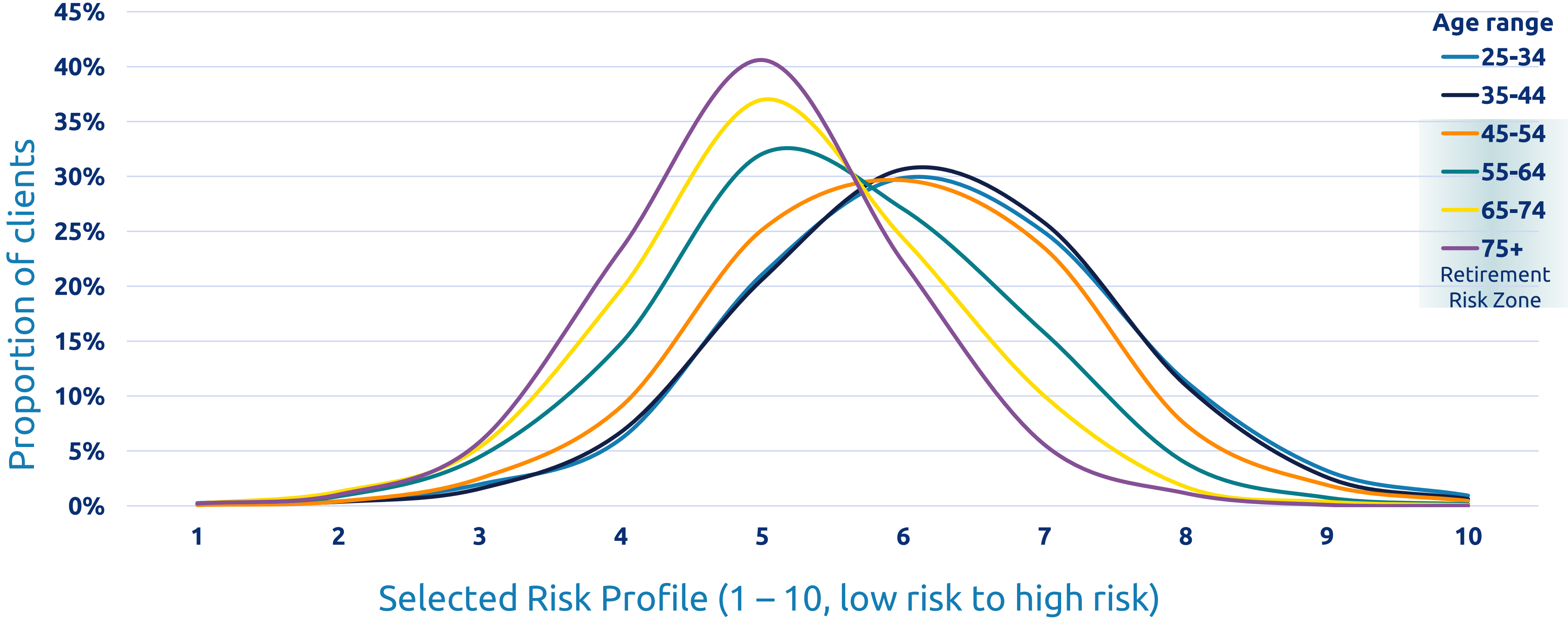

Source: Dynamic Planner, October 2024. ATR summary data from 24,580 clients completing the Dynamic Planner 15-question Risk Profiling questionnaire between Jan and Sept 2023

Financial Personality

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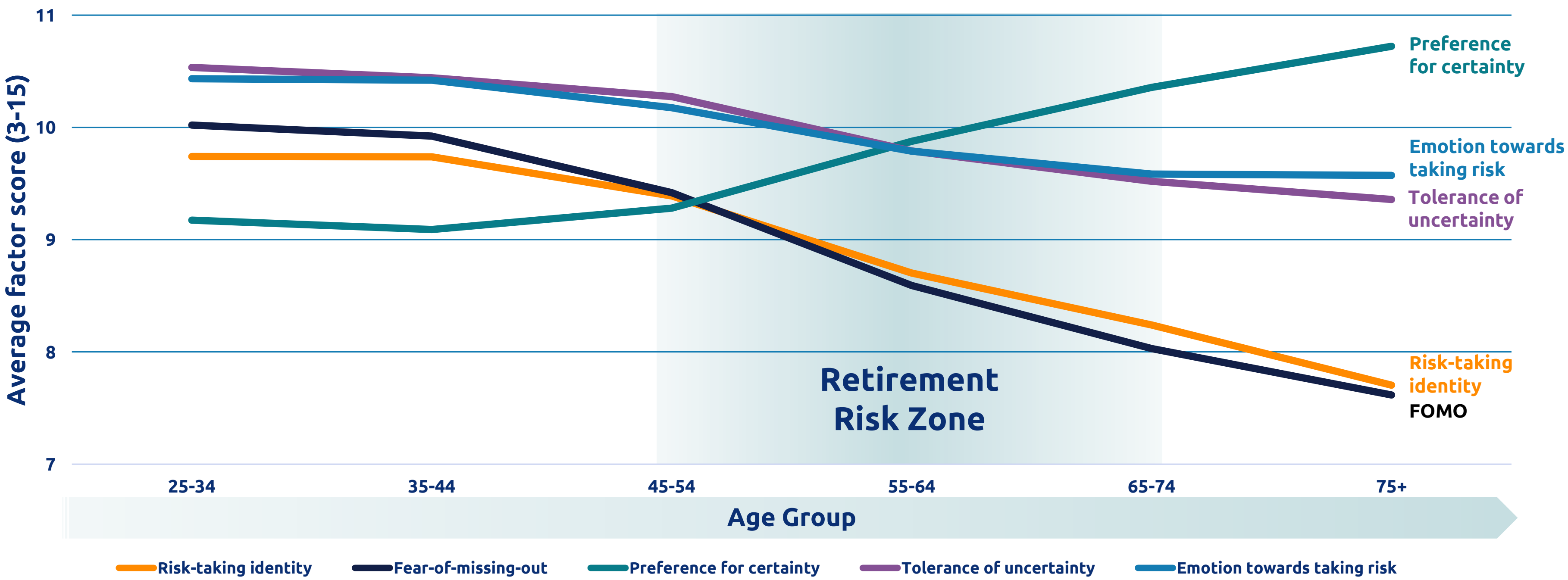
Insight into changes in clients' financial personality and preferences



Source: Introduction to Financial Personality, Dynamic Planner, October 2024. Dataset is from 24,580 clients completing the Dynamic Planner 15-question Risk Profiling questionnaire between Jan and Sept 2023

Creating a predictable income that can be relied upon can be challenging

Is there longevity to the plan?

Volatility drag + **Sequence of returns** + **Withdrawals** = **'Pound cost ravaging'**

Volatility drag

Take £100,000 investment: a 15% loss in year 1 will take 18% growth in year 2 to return to £100,000 (ignoring withdrawals).

Sequence of returns

The order of returns can have a significant effect on outcomes – poor performance in the early years are unlikely to be offset by good returns later.

Withdrawals

During decumulation is where the real danger can lie – withdrawals when a portfolio is suffering losses, will simply lock in losses.

'Pound cost ravaging'

Clients may have to worry about taking a lower income or even face the prospect of returning to work. Or alternatively, risk running out of money.

Example projections for illustrative purposes only