Paraplanners' Assembly

Retirement Income Planning - Foundation

Who should attend?	Paraplanners who want to strengthen their understanding of retirement income options and, particularly, build their confidence around annuity recommendations
How it works	An interactive scenario-based discussion where you'll work through client situations and explore different approaches. This isn't about memorizing rules - it's about understanding the practical application of retirement planning principles and the trade-offs involved in different strategies.
What you'll gain	This session focuses on the fundamental building blocks of retirement planning. You'll explore the essential framework of categorising client's expenditure and how tax free cash, drawdown and annuities can provide a suitable outcome. variations.
Technical lead	Andy Powell - Standard Life
Paraplanner leads	Maddy Gooding, Ellie Bailey

Client scenario - John & Susan

Personal details

- John is 67 soon and Susan is already 67
- Married with two children (mid-30s & financial independent)
- Both in good health
- Susan has retired
- John is retiring in 3 months

Income & spending

- John's salary is currently £63,000 pa (£47,000 net)
- They are currently spending £48,000 pa
- The shortfall started when Susan retired; they previously had a regular surplus that went into their savings
- They are covering the shortfall with savings but not are comfortable with this
- Susan has a DB pension of £8,000 pa that started when she retired
- They both have State Pensions of £12,000 pa

Balance sheet

	John	Susan	Joint	Total
Property	-	-	£900,000	£900,000
Cash	£25,000	£25,000	£100,000	£150,000
ISAs	£125,000	£125,000	-	£250,000
Pensions	£700,000	-	-	£700,000
Total	**£850,000**	**£150,000**	**£1,000,000**	**£2,000,000**

- John's pension is uncrystallised
- It's a workplace pension held in a lifestyle strategy (currently cash and bonds)
- Mortgage has been repaid from an inheritance
- Their ISAs are in Vanguard LifeStrategy 40%

Retirement goals

- Maintain a comfortable lifestyle in retirement fulfilling their goal of travelling more.
- They expect to spend slightly more than they do now - £50,000 pa
    - Essential - £35,000 pa
    - Lifestyle - £10,000 pa (mainly travelling for the next 10-15 years)
    - Luxury/nice to have - £5,000 pa
- Ensure their income is sustainable and tax efficient
- They have been used to receiving a known income each month and are comfortable with this certainty
- They would like some flexibility with their income to allow for one off capital spending if needed
- They both have medium risk profiles but like keeping a healthy emergency fund of £100,000 'just in case'
- They intend to leave their house to the children and would like to leave a larger legacy if possible although not at the expense of their own lifestyles