



# **Pension Performance Review**<sup>®</sup>

## *Risk Profiling & Pension Priorities Questionnaire*

**Report prepared for**  
Example Client

**By** Joe Bloggs  
**Date** May 2010



**JOE BLOGGS FINANCIAL LIMITED**

**P:** Bloggs House, 1 The Street, Townsville, BL1 105  
**T:** 0207 111 111  
**F:** 0207 222 222  
**E:** [info@bloggs.co.uk](mailto:info@bloggs.co.uk)

Joe Bloggs Financial Limited is authorised and regulated by the Financial Services Authority  
Report powered by Pension Performance Review Process V.13



## Introduction

Different investors have different risk tolerances. Much of this difference stems from the time horizon for an investment. In pension terms, this will generally be the length of time until you are likely to start taking a regular income from your pension(s). That is, someone with a short investment time horizon is less able to withstand short term losses. The remainder of the difference is attributable to the individual's appetite for risk. Investment volatility can be nerve-wracking for many people and they are more comfortable when they can avoid it. Risk and return are related however, and investors need to recognise the trade-off. The following risk tolerance questionnaire is designed to measure your time horizon and tolerance for risk. The total score recommends which of our five portfolios is most appropriate for you. This will be shown in your personal Investment Policy Statement.

It is also important that we fully understand your requirements in relation to your pension(s). There are many factors that affect the suitability of particular pension products, so to ensure your pension(s) meet your requirements, we must first understand which aspects are important to you. Only by doing this, can we ensure that our advice is appropriate for your specific circumstances and requirements. Furthermore, by ranking your pension priorities, we are able to ascertain which aspects are the most important to you when these pension features conflict.

**Please answer each question clearly.**

**Please select only the most appropriate answer for each question.**



## Risk Profiling

**1.** At what age do you expect to begin taking a regular income from your pension investment(s)?

*Realistically, I expect to begin taking a regular income from my pension benefits around age:*

\_\_\_\_\_ (Age 55 – 75)

*I do not know what age I realistically expect to start drawing my pension benefits.*

(Age 65 will be used as a default for analysis)

**2.** When you are able to draw from your pension(s), you are generally entitled to take an initial tax free lump sum of 25%. Would you be more likely to take your pension as:

**a.** *A tax free lump sum (of up to 25% generally) and regular income.*

**b.** *Regular income only (not taking a tax free lump sum).*

**3.** To give us an idea as to the importance of your pension investment(s) in relation to your regular earned income, your other savings and readily realisable investments (excluding your pensions and primary residence) are:

**a.** *Nil.*

**b.** *Very small.*

**c.** *Less than 6 month's salary.*

**d.** *Around 1 year's salary.*

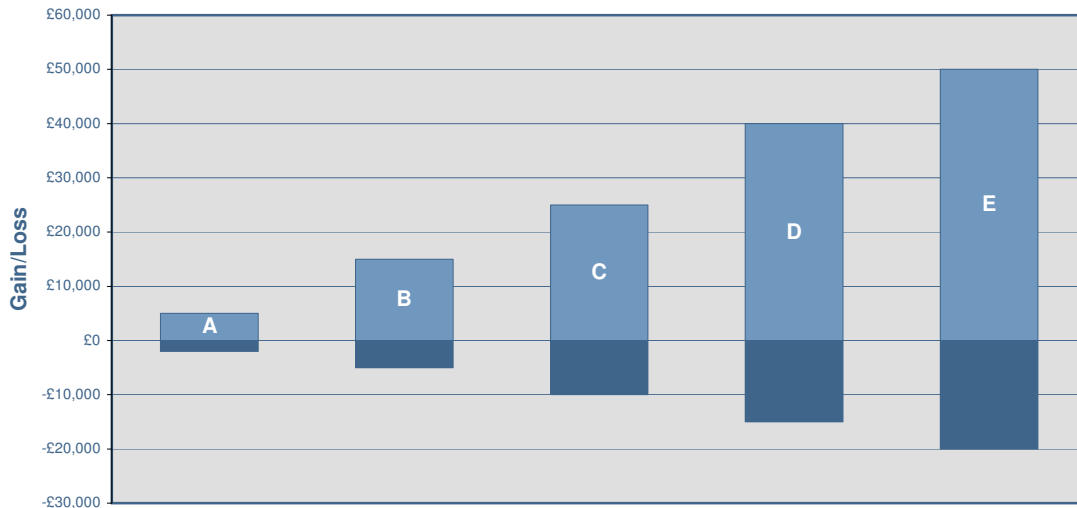
**e.** *More than 2 year's salary.*



- 4.** Which statement best describes your investment objectives for your pension(s)?
- a.** *I prefer little or no risk of loss and my main concern is safety of my pension.*
  - b.** *I can accept small, short term losses, but am concerned about the safety of my pension.*
  - c.** *I am seeking a balance between safety and the investment growth potential of my pension.*
  - d.** *I am seeking investment growth of my pension, and am prepared to accept some losses for potentially higher pension fund growth.*
  - e.** *I am willing to accept significant risk and potential losses of my pension in the pursuit of higher long term pension investment growth.*
- 
- 5.** If your total pension portfolio is worth £100,000 today, how large a drop in its value over 12 months could you tolerate before changing your holdings?
- a.** *Less than 5% - portfolio value greater than £95,000.*
  - b.** *5-10% - portfolio value between £90,000 and £95,000.*
  - c.** *10-20% - portfolio value between £80,000 and £90,000.*
  - d.** *20-25% - portfolio value between £75,000 and £80,000.*
  - e.** *25% or more – portfolio value less than £75,000.*



6. If, at the beginning of the year, you have £100,000 invested in your pension(s), the chart and table below show the performance of 5 different hypothetical investment outcomes. Each bar gives a range of possible gains and losses during year one. Which investment are you most comfortable with?



	<b>Best Case</b>	<b>Worst Case</b>
a. Portfolio A:	£105,000	£98,000
b. Portfolio B:	£115,000	£95,000
c. Portfolio C:	£125,000	£90,000
d. Portfolio D:	£140,000	£85,000
e. Portfolio E:	£150,000	£80,000

7. To give us an idea as to the importance of your pension investment(s) in relation to the other investments you hold, what percentage of your total assets (excluding your main residence) do your pensions constitute?
- a. More than 75%.
  - b. Between 50% and 75%.
  - c. Between 25% and 50%.
  - d. Less than 25%.



- 8.** Acceptance of short term ups and downs in the value of your pension(s) may lead to higher long term values. Which of the following statements best describe your attitude towards these short term ups and downs?
- a.** *Minimising the risk of a drop in the value of my pension is critical, so I am willing to accept the lower long-term returns offered by conservative investments.*
  - b.** *Taking some short-term drop in the value of my pension in an effort to achieve higher long-term returns is okay, but I would prefer that the majority of my investments be in more conservative investments.*
  - c.** *Seeking higher, long-term returns is important to me, so I am willing to accept the substantial short-term drops in the value of my pension that may result from investing in less conservative investments.*
  - d.** *Maximising long-term investment returns is my main objective, and I am willing to accept large, and sometimes dramatic, short-term drops in the value of my pension to achieve this goal.*
- 9.** Suppose that one year ago, you invested a lump sum of £20,000 in new pension policy in a particular investment fund. The fund you invested in has fallen during the period and today your new pension is worth just £16,000. You would be most likely to:
- a.** *Sell the investment fund and invest the proceeds in a much safer pension investment.*
  - b.** *Sell part of the investment fund and invest in a safer pension investment.*
  - c.** *Sit tight, expecting the investment fund to improve.*
  - d.** *Sell the investment fund and invest the proceeds in something riskier to try to recoup the losses on your pension.*
  - e.** *Invest more money into your pension within the original investment fund.*
- 10.** What is your response to the following statement: *"I have enough money available to meet foreseeable major expenses in the next 12 months"*?
- a.** *I strongly disagree. I am confident I will not have enough to meet these foreseeable expenses.*
  - b.** *I disagree. I may not have enough to meet these foreseeable expenses.*
  - c.** *I am unsure. I don't know whether I will have enough to meet these foreseeable expenses.*
  - d.** *I agree. I should have enough to meet these foreseeable expenses.*
  - e.** *I strongly agree. I am fairly confident I will have enough to meet these foreseeable expenses.*



**11.** If your total pension portfolio lost you money in a given year, in general, would you be likely to sell some of your investments and invest the proceeds more conservatively?

**a.** Yes.

**b.** No.

**12.** When you retire, there are currently several ways you can take your pension benefits. Generally there is a trade off between absolute security (by purchasing an annuity) and having greater flexibility on how much pension you wish to draw plus having the advantage of leaving any residual pension to your dependants subject to tax. Which of these factors do you consider will be most important to you when you come to draw your pension?

**a.** *The absolute security of my pension income is my primary concern.*

**b.** *The ability to have greater flexibility on the amount I can draw from my pension and having the ability to leave my residual pension to my dependants (subject to tax) are my primary concerns.*

**13.** Retirement income may be provided through a range of sources including your private pensions, the state pension, ISA's and other investments, releasing equity in your home and your savings. To give us an idea of the level of income you may require in retirement from your 'money purchase' pension(s) only (not including the state pension you may receive, any 'final salary' pension schemes you may have, or retirement income you may derive from the other sources mentioned above), please indicate this below if known. This will simply allow us to show you if you are on target to meet your required income level in retirement from your pension(s), and if not, outline ways in which this may be achieved:

*Realistically, I may require a gross income in retirement of £\_\_\_\_\_ per year.*  
(in today's terms to the nearest £1,000)

*I do not know what income I may require in retirement.*



## Pension Priorities

- 1.** To give us an indication as to the importance of your ‘money purchase’ pension(s) in funding your retirement, do you foresee using any non-pension investments to fund your retirement lifestyle such as ISAs, savings, equity release or investment products?
  - a.** *I plan on using a significant amount from my other investments to fund my retirement lifestyle.*
  - b.** *I plan on using some other investments to fund my retirement lifestyle if required.*
  - c.** *I do not plan on using any additional investments to fund my retirement lifestyle unless absolutely necessary.*
  
- 2.** It is important for us to understand whether you require any flexibility as to the time when you envisage retiring and drawing on your pension(s). You may want to have the flexibility to retire earlier or later than you have stated or may be confident that you will retire on a certain date. Which of these statements best sums up your position in this regard?
  - a.** *I wish to keep my retirement date as flexible as possible.*
  - b.** *I may require some flexibility as to the date I retire, but it is likely to be around the time I have stated.*
  - c.** *I am almost certain that I will retire and start drawing on my pension(s) at the time I have stated.*
  
- 3.** If you have pensions with more than one provider, it may be beneficial to consolidate these to a single pension provider to simplify your affairs and allow you to more easily monitor and take action on your pension(s). However, it may be preferable for you to spread your pension investments with several providers, following the adage to not “put all your eggs in one basket”. How do you feel about this issue?
  - a.** *Consolidating my pension(s) to a single provider would be highly beneficial, all other things being equal.*
  - b.** *I do not have a view on this either way, or this is not an issue as I do not have pensions with more than one provider.*
  - c.** *I do not see any value in consolidating my pensions to a single provider. I would prefer to keep my pension investments spread between different providers.*



- 4.** By having a wide range of high quality funds to invest in within a pension product, it may be possible to maintain a well balanced portfolio in line with an investor's risk profile and produce an increase in long term returns. However, this often comes at an additional cost with some providers charging higher fees for access to a wide range of funds. How importantly do you view having a wide range of funds in which to invest within your pension(s)?
- a.** *I view it as very important to have a wide range of funds to invest in within my pension(s) and am prepared to pay a slightly higher charge if required to access these funds.*
  - b.** *I view it as somewhat important to have a wide range of funds to invest in within my pension(s), but am not really prepared to pay much more in the way of additional costs to access these funds.*
  - c.** *I do not view it as that important to have a wide range of funds to invest in within my pension(s).*
- 5.** High pension charges may be detrimental to the long term investment returns of a pension acting as a drag on performance. However, it is often difficult to get other features and benefits in the cheapest pension contracts. How important do you view the cost of a pension product?
- a.** *It is important to have my pension(s) invested in one of the least expensive pension contracts, as this may help my pension grow without the drag of high charges.*
  - b.** *The amount I pay in charges on my pension(s) is an important consideration, although this should be looked at in context with the features and benefits I may sacrifice for a low cost pension contract.*
  - c.** *Although pension charges should be considered, I do not place great emphasis on this aspect of my pension(s), with other features and benefits being more important to me.*
- 6.** Some pension contracts have in built guarantees such as a guaranteed fund value at retirement or a guaranteed annuity rate that may provide you with more income in retirement than a standard annuity. Our analysis will show if your pension(s) have any guarantees, but if they do, how important might it be to you to retain these?
- a.** *I wish to maintain any guarantees on my pension(s) and regard this as one of my main priorities.*
  - b.** *All things being equal, maintaining any pension guarantees I may have would be beneficial, but this should be considered along with all other factors.*
  - c.** *Although any pension guarantees I have should be considered, in general, I may be willing to give up these guarantees if there are significant additional benefits to switching to an alternative pension provider.*



- 7.** High quality administration from your pension provider(s) can mean that you are kept better informed about your pension(s) and are able to be more pro-active in planning your retirement. It may also mean that the pension provider acts more quickly and efficiently to enact any changes you require or information you have requested. However, high quality administration may come at the cost of higher pension charges. In general, how important is high quality pension administration to you?
- a.** *I regard having my pension(s) with a company that has a reputation for high quality pension administration as very important, even if this incurs slightly higher charges.*
  - b.** *I would ideally like my pension(s) to be with a company that has a reputation for high quality pension administration, but this is not a major consideration for me.*
  - c.** *I am not really concerned about the quality of the pension administration and the service provided to me by my pension provider(s).*
- 8.** If you were to die before drawing your pension, your financial dependants (such as your spouse or children) would often receive a lump sum payment. How important do you regard maximising this payment to your dependants on your death?
- a.** *A lump sum payment to my dependants on my death is a very high priority for me and I would like to maximise this payment if at all possible.*
  - b.** *Whilst I would like to provide the largest possible lump sum to my dependants in the event of my death, this factor should not override other aspects of my pension.*
  - c.** *I do not deem lump sum death benefits as very important, or I have other financial provision in the event of my death for my dependants or I do not have any financial dependants.*
- 9.** Investing your pension with a company who has a clear and transparent charging structure means that you always know how much you are paying for the service you are getting. Many pension providers do not have a clear and transparent charging system that can make it difficult to understand their charges. How importantly do you view investing with a company with a clear charging approach?
- a.** *I really value knowing what I am paying and ensuring there are no hidden charges imposed by my pension provider(s).*
  - b.** *Ideally, I would like to have clear and transparent charges applied to my pension(s), but this is not a big concern for me.*
  - c.** *I don't really mind if my pension charges are unclear and I never really know what my pension(s) cost me. This does not really concern me.*



- 10.** In general, a quarter of your pension fund can be taken as a tax free lump sum when you get to retirement age. Some schemes offer a more generous allowance that may be beneficial and will be highlighted in our analysis if this applies to your pension(s). Taking a lump sum out of your pension(s) at retirement will mean that the annual income available from the balance of your pension fund will be reduced. How important do you feel the ability to take a large tax free lump sum at retirement is to you?
- a.** *I am likely to want to take the maximum possible lump sum when I retire and consider this to be a very important consideration in relation to my pension(s).*
  - b.** *I will probably want to take a lump sum at retirement, but this is unlikely to be a major priority for me. I consider my long term pension income as the key factor.*
  - c.** *I will probably not take a tax free lump sum at retirement so this factor is likely to be of little importance to me.*
- 11.** Some types of pension scheme may not grant you the ability to control your own investment strategy personally but be administered by your current or previous employers. How importantly do you view having control over the investment decisions taken on your pension(s) in general?
- a.** *It is important to me that I move my funds to a pension that gives me full control over the investment strategy I wish to take.*
  - b.** *I may be interested in moving my funds to a pension that gives me full control over the investment strategy, unless there are compelling reasons to remain in the existing pension scheme(s).*
  - c.** *I have no reason to question the investment performance of my pension(s) and have no requirement for personal control over my funds, or I do not believe I have a pension of this type.*



**12.** It is important for us to understand the *relative* importance of the different factors relating to your pension(s). There may be conflicting factors that advantage your pension(s) and understanding the relative importance of these advantages in relation to your specific needs is an important consideration when making our recommendations to you. In general, the prime aim of all investors is to maximise the value of their pension benefits at retirement and maintain the risk of pension investments within a tolerance acceptable to them. Please indicate which of the following *other* factors is generally most important to you in relation to your pensions by placing a '1' against your top priority, a '2' against your next priority, and so on down to an '10' for your lowest priority.

- Retaining any guarantees.** *If you have any guarantees such as 'guaranteed annuity rates' or guaranteed fund values, this may provide you with more certainty over the level of your income in retirement.*
- Consolidation of pensions.** *If your pension(s) are with a single provider, it may provide you with a clearer picture of your pension investments allowing more effective planning for your retirement and giving you a consolidated view of your pension(s).*
- Investment choice & fund flexibility.** *Investment choice and flexibility within your pension(s) may mean you can maintain your investments in line with an optimal strategy, giving you the freedom to switch between different investments and providing you with a range of investments to meet your changing needs.*
- Charging transparency.** *A clear charging structure may mean you are able to easily understand what effect charges may have on the growth of your pension(s) and there are no hidden charges or charges that may apply in future.*
- Pension administration.** *Quality pension administration means you can be provided with the correct paperwork or valuations of your pension(s) in an efficient and timely manner and your instructions are properly implemented helping you stay in control of your pension(s).*
- Low pension charges.** *Low charges may lead to a higher value of your pension(s) at retirement, all other factors being equal, although there may be a trade off between charges and the investment choice and performance.*
- Maximising lump sum death benefits.** *The death benefit is the amount payable to your beneficiaries should you die before taking pension benefits. Some policies may provide a different amount to the current fund value and may provide a higher amount in some circumstances.*
- Maximising tax free cash ('Pension Commencement Lump Sum') at retirement.** *In general, you can take a quarter of your pension fund at retirement as a tax free 'Pension Commencement Lump Sum', but in a few cases it may be possible to take a greater amount. If you are entitled to take a higher amount it may be advantageous to keep this option open.*
- Retirement age flexibility.** *Some pension contracts offer full flexibility over the age you start to draw your benefits. Some may provide guarantees at certain, specified ages making the benefits of these policies less suitable should you wish to keep your retirement age flexible.*
- Personal Control.** *If you have an occupational pension scheme that is administered by your current or previous employers, it may not grant you the ability to control your own investment strategy personally. By moving your funds to a policy that you control, you can shape the investment strategy you require.*



## Adviser Notes

FOR JOE BLOGGS FINANCIAL LIMITED USE ONLY

Additional notes on client's pension priorities and objectives from discussions:

---

---

---

---

---

---

---

---

---

---

---

---

Notes on any contradictions arising from answers given by client:

---

---

---

---

---

---

---

---

---

---

---

---

Any other relevant notes:

---

---

---

---

---

---

---

---

---

---

---

---



## Signature

### Legislation & Regulations Disclaimer

The information provided in this report is based on our current understanding of the relevant legislation and regulations and may be subject to alteration as a result of changes in legislation or practice or the individual circumstances of the investor.

### Data Protection Act 1998

Information supplied may be stored on computer and paper based records and may be used for marketing and statistical purposes by Joe Bloggs Financial Limited. Details may be passed to our regulatory authorities for the purposes of compliance.

### Declaration

I confirm that I have read and understood this report and completed it accurately.

Signature: \_\_\_\_\_  
*Example Client*

Date: \_\_\_\_\_

Location: \_\_\_\_\_  
*(brief description, eg. 'home', 'office', 'postcode', etc.)*

Report provided by Joe Bloggs Financial Limited.

Joe Bloggs Financial Limited, Bloggs House, 1 The Street, Townsville, BL1 1O5.  
Tel: 0207 111 111 Fax: 0207 222 222 Email: info@bloggs.co.uk

Joe Bloggs Financial Limited is authorised and regulated by the Financial Services Authority.

© 2010 Joe Bloggs Financial Limited. The ideas and designs set forth in this proposal are the property of Joe Bloggs Financial Limited and are not to be copied, disseminated or distributed to third parties without the written permission of Joe Bloggs Financial Limited. Original template copyright owned by The Pension Performance Review Company Limited. No unauthorised distribution or dissemination in whole or in part without the written permission of The Pension Performance Review Company Limited. The trade mark 'Pension Performance Review' is used under licence from The Pension Performance Review Company Limited.