



Pension Performance Review[®]

Risk Profiling & Pension Priorities Questionnaire

REPORT PREPARED FOR:

Example Client

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REPORT PRESENTED BY:

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Introduction

This questionnaire is important as it will give us a clearer understanding of your investment risk profile and the priorities you have in relation to your pension(s).

Risk Profiling

There is a trade-off in investing between risks and rewards. The more risk an investor is prepared to accept, the greater the long term rewards will often be. It is therefore important that we attempt to maximise your investment return, but also to ensure you are not exposed to a level of investment risk that is unacceptable to you. To help determine the level of investment risk you are prepared to accept, we have devised this questionnaire. Our risk assessment process considers three factors to determine the most suitable risk profile for your needs. These factors are outlined below:

Investment Horizon

The investment horizon is simply the time a given investment is likely to remain invested for. When pension planning, this is generally the length of time until you expect to retire and draw an income from your pension. This is usually done by purchasing an annuity with your pension fund at retirement that will pay an income to you until you die. Under current legislation it is possible to keep your pension invested throughout retirement and draw an income directly from it, but the decision about which route to opt for will often not be known until the time of retirement.

The investment horizon is an important factor in the risk profiling process as it impacts on the capacity for the investor to withstand shorter term losses. Investments fall and rise over time. Over shorter investment periods, the potential for a fall to significantly impact the overall return is far greater than for a longer term investment where there may be many rises and falls over the term of the investment. Investors with longer investment terms are therefore somewhat insulated from these shorter term trends as they have the time for their investments to recover from any falls. This means, all things being equal, investors with longer investment horizons can take a higher degree of risk than those with shorter terms.



Intrinsic Risk Level

Some people are naturally more cautious than others. Many investors value certainty, security and preservation over the capacity to achieve higher returns. Some are more willing to accept higher risks to get the highest rewards. There is a trade-off between these two factors – risk and reward. There is a spectrum of investment risk profiles on which we all sit. An investor's appetite for risk is often unrelated to the investment horizon for any given investment, but instead is more of a fundamental feeling of how they see the trade-off between risks and rewards.

Capacity for Loss

Almost every investment has the potential to fall in value. It is a fundamental principle of investing that the investor should be willing to accept any potential losses in the hope of achieving the returns they require. The maximum capacity for loss an investor can withstand is important to understand and every investor should be provided with an investment portfolio that is unlikely to fall by more than this. If the capacity for loss is less than the investor's inherent risk profile then it is this that must determine the maximum risk an investor is willing to take.

It is only through the careful consideration of these three factors and how they interrelate that we are able to propose a suitable risk profile to you.

Pension Priorities

It is 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.



About This Questionnaire

Please complete this questionnaire as accurately as possible as it is an important part of our investment process. Throughout this questionnaire it is important that you **answer each question clearly** and **only select the most appropriate answer for each question**. If you do not understand any question, the terminology used or which answer is most appropriate, please advise us so we can provide you with further information to ensure your answers are as accurate as possible.

Once complete, we will analyse the answers you have given. This will then lead us to propose a personal risk profile on a scale of 1 to 5 that will determine which of our portfolios is most suitable for you needs at this time. This will be shown in your personal 'Investment Policy Statement' that will be provided to you in due course.

This process should be seen as that starting point of a broader risk assessment process. We will discuss the results shown in the Investment Policy Statement with you once complete to ensure you are comfortable with your classification and that you fully understand the implications of the risk profile we have assigned to you. Following our discussions, it is possible to further amend your risk categorisation to ensure you are in the most suitable portfolio available.

The pension priority answers you have given in this questionnaire will be used to make the most informed decisions when assessing your current pensions(s). These will be shown in the 'Pension Performance Report' when our full analysis of your pensions is complete.

This questionnaire will be reissued to you periodically and your results updated to ensure your investments are maintained in line with the risk you are prepared to accept as your needs change over time.



Risk Profiling

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

- Realistically, I expect to begin taking an income from my pension around age:* _____
(Age 55 onwards)
- I do not know what age I realistically expect to begin taking an income from my pension.*
(Age 65 will be used as a default for analysis)

2. Which statement best describes your investment objectives for your pension(s)?

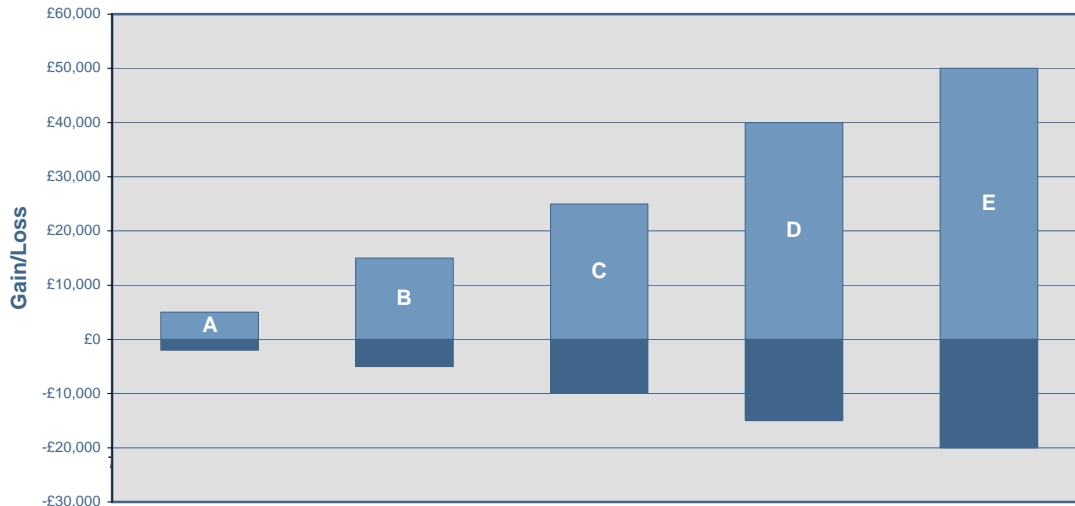
- a.** *I prefer little or no risk of loss as my main concern is the security of my pension.*
- b.** *I can accept small, short term losses, but am more concerned about the security of my pension.*
- c.** *I can accept some moderate losses in the pursuit of longer term growth.*
- d.** *I am prepared to accept some fairly significant short term losses to achieve stronger long term growth.*
- e.** *I am willing to accept significant risk and potential losses in the pursuit of high long term growth.*

3. If you were advised that your pension investments were insufficient to meet your retirement income goals, what action would you be most likely to take?

- a.** *Amend your goals but take no more investment risk with your pension.*
- b.** *Take slightly more investment risk with your pension to try to improve your returns.*
- c.** *Take far more investment risk with your pension to try to significantly improve your returns.*



4. The chart below shows the best and worst case return over 1 year of five hypothetical portfolios in which £100,000 was invested. Which portfolio would you be most likely to opt for?



	Best Case	Worst Case
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

5. Accepting short term losses within your pension(s) may lead to higher long term returns but this is not something that all investors are prepared to tolerate. How do you feel about this?

- a. Minimising the risk of short term losses is critical, so I am willing to accept the lower long term returns offered by cautious investments.
- b. Accepting some short term losses in an effort to achieve higher long term returns is okay, but I would prefer that the majority of my investments be in more cautious investments.
- c. Seeking higher, long term returns is important to me, so I am willing to accept substantial short term losses that may result from investing in less cautious investments.
- d. Maximising long term investment returns is my main objective, and I am willing to accept large, and sometimes dramatic, short term losses to achieve this goal.



- 6.** The term 'risk' is widely used when talking about investments. When it comes to your pension(s), which of the following words do you most associate with the word 'risk'?
- a.** *I associate this with 'loss'. I may lose some or all of the value of my pension(s).*
 - b.** *I associate this with 'uncertainty'. The return I may get from my pension(s) is largely unknown.*
 - c.** *I associate this with 'chance'. There is a chance my pension(s) could do well, but also a chance they may not.*
 - d.** *I associate this with 'potential'. My pension(s) have the potential to provide what I require if things work out.*
 - e.** *I associate this with 'opportunity'. There may be a great opportunity for my pension(s) to grow by taking risks.*
- 7.** In many cases, choosing an investment that is likely to provide the highest long term return means accepting that in some years, the investment will fall in value. Which statement best describes your feelings when choosing a long term investment?
- a.** *I prefer investments that do not fluctuate very much in value and won't lose value in any more than 1 year in every 10. I am willing to accept low long term returns to accomplish this.*
 - b.** *I prefer investments that do not fluctuate significantly in value and won't fall in value in more than 1 year in every 7. I am willing to accept lower long term returns to accomplish this.*
 - c.** *I don't mind investments that have some fluctuation in value but won't fall in value in more than 1 year in every 5. I am willing to accept only moderate long term returns to accomplish this.*
 - d.** *I don't really have a problem with investments that can fluctuate in value and am prepared for my investments to fall in value in around 1 year in every 4 in the hope of accomplishing good long term returns.*
 - e.** *I have no problem with investments that can fluctuate significantly in value and am prepared for my investments to fall in value in around 1 year in every 3 in the hope of accomplishing the best long term returns possible.*
- 8.** Would people who know you well describe you as a cautious person?
- a.** *Yes. Almost everyone that knows me well would describe me as a naturally cautious person. They would say I don't really like taking risks in life.*
 - b.** *Yes. On balance, the majority of people that know me well would describe me as a naturally cautious person. They would say I generally don't like to take too many risks in life.*
 - c.** *No. On balance, most people that know me well would not describe me as a cautious person. They would be more likely to say I was someone who sometimes took risks in life.*
 - d.** *No. Hardly any people that know me well would describe me as a cautious person. They would be more likely to say I was someone who often took risks in life.*
-



- 9.** If your total pension portfolio is worth £100,000 today, how large a drop in its value over 12 months could you tolerate before considering changing your holdings?
- a.** *If the value dropped at all - if my portfolio was worth less than the initial £100,000 after 12 months.*
 - b.** *If the value dropped by more than 5% - if my portfolio was worth less than £95,000 after 12 months.*
 - c.** *If the value dropped by more than 10% - if my portfolio was worth less than £90,000 after 12 months.*
 - d.** *If the value dropped by more than 20% - if my portfolio was worth less than £80,000 after 12 months.*
 - e.** *I would be unlikely to consider changing my holdings, but may contemplate this if the value dropped by more than 30% - if my portfolio was worth less than £70,000 after 12 months.*
- 10.** Your retirement income may be provided through a range of sources including private pensions, the state pension, ISA's and other investments, releasing equity from your home and your other savings. How significant do you think your 'money purchase' pensions will be in terms of your total income in retirement?
- a.** *Extremely important – these are likely to make up 80%-100% of my total pension income and I will almost exclusively depend on these to fund my retirement lifestyle.*
 - b.** *Very important – these are likely to make up 60%-80% of my total pension income and I will largely depend on these to fund my retirement lifestyle.*
 - c.** *Fairly important – these are likely to make up 40%-60% of my total pension income and I will depend on income from these pensions along with from income from other sources to fund my retirement lifestyle.*
 - d.** *Somewhat important – these are likely to make up only 20%-40% of my total pension income and I will depend largely on income from other source to fund my retirement lifestyle.*
 - e.** *Not very important – these are likely to make up just 0%-20% of my total pension income as I will almost exclusively depend on income from other sources to fund my retirement lifestyle.*



- 11.** It is the aim of all investments to increase in value over time. Sometimes, this aim fails and investments end up worth less than the initial value invested. In an extreme example, if the underlying value of your pension fell by 5% between now and retirement, how would you feel about this?
- a.** *Devastated. I simply could not tolerate this eventuality and am not prepared to take the risk that this could happen.*
 - b.** *Extremely Unhappy. I would be angry should this eventuality arise and would like the risk that this could happen mitigated as far as possible.*
 - c.** *Disappointed. However, I may be able to mitigate some of the failure of my pension by using other sources of income and should be able to cope should this occur.*
 - d.** *Frustrated. However, I would be able to mitigate much of the failure of my pension by using other sources of income so that my retirement lifestyle would not be too adversely affected.*
- 12.** Imagine that one year ago, you invested £20,000 in an investment fund. It has fallen in value by 20% and so is now worth just £16,000. You would most likely:
- 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, and see if the performance of investment fund improves.*
 - d.** *Sell the investment fund and invest the proceeds in something riskier to try to recoup the losses.*
 - e.** *See this fall as an opportunity and invest more money within the original investment fund.*
- 13.** Many investors find it difficult and concerning when their investments fluctuate in value on a day-to-day basis. How do you feel about this?
- a.** *It makes me uneasy and very concerned and I sometimes start to regret the investments I have made.*
 - b.** *It can sometimes make me question that the investments I have are the right ones for me.*
 - c.** *I am not overly concerned and don't tend to worry too much about these short term falls in value.*
 - d.** *I rarely or never feel uncomfortable or concerned with my investments when this happens as I know it is the long term position that is important.*



14. When you retire, there are different ways you can draw an income from your pensions. Generally there is a trade-off between absolute security (by purchasing an annuity) and greater flexibility on the amount you wish to draw (by using 'drawdown'). Which of these factors do you consider will be most important?

- 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 some of my residual pension to my dependants are my primary concerns.*

15. Retirement income may be provided through a range of sources including your private pensions, the state pension, ISA's and other investments, releasing equity from your home and your savings. What level of income do you think you may require in retirement from your 'money purchase' pension(s)?

- 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.*

16. Which of these statements best describes your level of investment experience and knowledge?

- a.** *I have little or no experience of investments and do not understand many of the basics of successful investing.*
- b.** *I know a little about investing and believe my investment experience and knowledge is fairly typical of someone in my position.*
- c.** *I am a fairly experienced investor and understand many of the basic principles of successful investing.*
- d.** *I am a very experienced investor, invest regularly and understand the core principle of investing.*
- e.** *I am unsure what level of investment expertise I have relative to other people in my position.*



Pension Priorities

- 1.** Apart from your 'money purchase' pension(s), do you foresee using any other 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.** Do you think you may require any flexibility as to the age that you retire and start drawing on your pension(s)?
 - a.** *Yes, 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, do you think it would be beneficial to consolidate these to a single pension provider to simplify your affairs?
 - a.** *Consolidating my pensions 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.** How importantly do you view having a wide range of funds in which to invest within your pension(s)?
 - a.** *Very important. I am prepared to pay a slightly higher charge if required to access a wide range of funds.*
 - b.** *Somewhat important but am not really prepared to pay much more in the way of additional costs to access a wide range of funds.*
 - c.** *I do not view it as important to have a wide range of funds to invest in within my pension(s).*
-



- 5.** How important do you view the level of charges you pay for your pension(s)?
- 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, with other features and benefits like potential fund performance being of greater importance to me.*
- 6.** Some pension contracts have in built guarantees such as a guaranteed fund value at retirement or a guaranteed annuity rate. 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.** How important do you view the quality of administration and level of service you receive from your pension providers(s)?
- a.** *I regard having my pension(s) with a company that has a reputation for high quality pension administration and service 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 and service, 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 die before drawing your pension, your financial dependants (such as your spouse or children) may get a lump sum payment. How important to you is maximising this payment?
- 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.** How important do you consider the transparency of the charging structure offered by your pension provider(s) to be?
- 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, 25% of your pension fund can be taken as a tax free lump sum when you retire, however some schemes offer a more generous allowance. 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 do you feel about this?
- 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. Please indicate which three factors are most important to you in relation to your pensions by placing a '1' against your top priority, a '2' against your second highest priority and a '3' against your third highest priority.

- Retaining any guarantees.** *Having guarantees on your pension may provide you with more certainty over the level of your income you will receive in retirement.*
- Consolidation of pensions.** *Having your pension with a single provider may make things simpler and easier to understand meaning you can make better, more informed decisions about your pension.*
- Investment choice & fund flexibility.** *Having a range of quality funds in which to invest may lead to a larger retirement fund and will give the flexibility you need to meet your changing investment needs.*
- Charging transparency.** *A clear charging structure means you are able to easily understand what effect charges have on your pension(s) and you can be sure there are no hidden charges.*
- Pension administration.** *Having quality pension administration and service means you get the information you need in a timely and efficient way and your pension runs smoothly.*
- Low pension charges.** *All things being equal, lower charges will mean your retirement fund is higher at retirement, but cheaper pension contracts may not provide the features and benefits you require.*
- Maximising lump sum death benefits.** *Having a large lump sum benefit payable to your dependants should you die before retirement may mean your beneficiaries are more financially secure.*
- Maximising tax free cash lump sum at retirement.** *Having the largest possible lump sum when you retire means you could have funds available to meet whatever needs you have at the time.*
- Retirement age flexibility.** *Having the flexibility to retire and draw benefits at a time that suits you means you retain the flexibility over your retirement date and lifestyle.*
- Personal Control.** *By having your pension funds in a policy that you control, you can shape the investment strategy you require, rather than having this decided by your employer.*



Pension Performance Review[®]

PREPARED FOR: EXAMPLE CLIENT DATE: NOVEMBER 2011
PRESENTED BY: JOE BLOGGS OF JOE BLOGGS FINANCIAL LIMITED

Adviser Notes

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Additional notes on client's risk profile and capacity for loss from discussions:

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

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 purpose of compliance.

Declaration

I confirm that I have received 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.

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