AF5 October 2021 Fact Find notes (amended 30/9)

These notes aim to cover all the key points arising from the October Fact find. I have aimed to be as accurate as possible but the odd error may have crept through. So please don't rely on this as your only guide, read other sources and carry out your own research.

Possible Immediate objectives

- To review their retirement plans as they approach 65
- To ensure they have sufficient income in retirement to maintain their standard of living
- To use the proposed £120,000 gift to fund the grandchildren's higher education in the most appropriate way
- To ensure that their savings and investments are appropriate and tax efficient

Longer term

- To mitigate IHT and ensure that their estates are passed on to Anna and their grandchildren

Overview of the fact find

- Jim and Sandra Harris are both 63. They have a daughter, Anna, and three grandchildren aged 7,11 & 13.
- They are still working but thinking about retirement in September 2023. They both have the option of working part time after their normal retirement date.
- They are in a good financial situation. Current salaries £62,000 and £43,000 for Jim and Sandra respectively.
- Jim has a deferred DB pension which would be £15,200 at 65. It also provides a 50% spouse's pension.
- In addition he has a GPP with a current value of £720,000. Sandra also has a GPP with a value of £280,000.
- They also have substantial assets and no liabilities. They have £330,000 is cash assets, £250,000 of which has come from the sale of their Spanish holiday home.
- Jim has £170K in a S/S ISA and £130,000 in unit trusts
- Sandra has £155,000 in S/S ISA and £145,000 in unit trusts
- They also have £50,000 and £30,000 in Premium Bonds that they are happy to keep.
- There will be more money available when they downsize
- Their only other firm plan is to gift £120,000 to fund university fees and costs for their grandchildren.

Retirement planning overview

- Jim's preserved DB pension is likely to be the foundation of their retirement income. In addition their joint State Pensions are expected to be £21,700.
- They say they do not plan to reduce their spending in retirement.
- Their essential spending is about £23,700 so will be more than covered by the DB and State Pensions.
- Their non pension savings (ex cash) produce £10,925 gross.
- They will need to use their MP arrangements and other assets to make up the shortfall.
- As an overall strategy it will probably be better to use their non-pension assets ahead of their pension assets since the latter will not be treated as part of their estate.

State the factors that you would take into consideration when advising them on their need to fund their retirement income.

- They plan to retire in two years time in 2023
- They may continue working part time after retirement.
- Their State pensions will be payable in 2024 when they are 66
- This will provide a joint income of £21,700
- Jim has a deferred DB pension of £15,200 from 65.
- This provides a total secured income of £36,900 which is indexed linked
- This will probably cover their essential spending
- Jim's combined pension rights are £1,024,000 (20 x £15,200 + £720,000) which is close to the Lifetime Allowance This is £49,100 short of the LTA, therefore should be cautious in making further contributions. Current total input is £8,820. Reasonable investment growth could take him above the LTA
- Sandra could contribute to the maximum AA and use carry forward but her individual contribution is limited to £43,000
- They have ISA's that can provide a tax free income.
- They have substantial assets.
- They have MP pension funds that can be used to provide additional income.
- They will have more cash when they downsize
- Their expenditure is unlikely to change once they retire.
- Jim's DB pension offers a 50% spouse's pension
- They are in good health

Technical note LTA and Jim's DB pension.

If he took the maximum PCLS which on a CF of 14 would be £68,645 and a reduced pension of £10,297 the revised valuation would be as follows:

20 x £10,297 = £205,940 + £68,645 = £274,585

The fact that he is over the LTA isn't itself an immediate problem. A charge will only be made once he has crystallised sufficient amounts to reach that year's LTA

That may not be for many years, although there would be a test when he gets to 75 in 12 years time. So unless he plans on crystallising everything at once it's not an immediate problem and there is always the possibility that the rules can change.

What additional information would you require to give them advice on their retirement planning needs.

- What is the commutation factor on his DB pension.
- What is the actual escalation offered by the scheme/does it include pre 97 accrual?
- Are they looking to take a capital sum from this or their MP pensions
- Funding level of the DB scheme
- Is there is a guaranteed period
- Financial strength of the sponsoring employer.
- Does it offer an enhancement for late retirement?
- What is the actuarial reduction for early retirement?
- Importance of passing capital on death.
- What will be their income if they work part time?
- How long will they continue to work?
- Willingness/affordability of Sandra making additional contributions
- Will they be allowed to remain in the scheme and make further contributions if they work part time?
- What other funds does their GPP offer?
- Willingness to supplement their income by selling assets
- Will the employer allow them to take Flexible Benefits with their GPP?/any charges for transfer
- Importance of guaranteed income versus flexible income.
- Views on future inflation
- Charges on other funds
- What income would Sandra need if Jim died first/would 50% of his DB pension be sufficient/How much if Jim dies before 65?

Explain the benefits and risks of Jim retaining his DB scheme.

Benefits

- It provides a guaranteed lifetime income
- It will increase in payment possibly by CPI capped at 5% for benefits accrued before April 2005 and capped at 2.5% post 2005
- All the risk is taken by the employer.
- There is no post retirement admin
- It provides a 50% of Jim's pension to Sandra if he dies before her.

Drawbacks

- The pension cannot be paid to anyone other than Sandra.
- Income cannot be varied
- There is no capital other than the initial PCLS
- The PCLS could be higher if he transferred to a PP
- Sandra's pension will be taxable
- It will be poor value if he and Sandra dies shortly after retirement
- If the sponsoring employer goes into liquidation then the scheme may have to apply to enter the PPF

Explain to Jim what would happen if his pension entered the PPF

- If he is over 65 the pension will not reduce
- but indexation will be CPI capped at 2.5% and only on post 97 benefits.
- As he was in the scheme from 1981 to 2001 most of his pension will not increase
- His spouse's pension will be 50% of his PPF pension.
- If the employer fails before Jim reaches scheme pension age he will lose 10% of his pension

What should they do now?

With two years to go before their planned retirement date it may be too early to make a final decision. However this should be discussed since it will affect the appropriateness of their GPP funds.

Their options would be:

- Leave the benefits uncrystallised and use other assets. This exposes them to investment risk.

- Buy a lifetime annuity. This would give a guaranteed income for life. They could build different options into this (dependent's pension, escalation, guarantees) but rates are currently poor and once purchased it cannot be renegotiated,
- Designate it as a Flexi Access Drawdown fund. They could then take what they like when they like. They are exposed to investment risk and there is no guarantee that the money will last until their deaths. Any remaining amount on their deaths can be passed on to Anna and even the grandchildren.
- Uncrystallised Fund Pension Lump Sum (UFPLS). This is taking ad hoc withdrawals from an uncrystallised fund. 25% of each withdrawal is tax free and 75% is taxable. It can result in a high initial tax charge as HMRC will consider the withdrawal to be the first of a series of regular monthly payments. This will be refunded but it is a cumbersome process.
- Both taking a UFPLS or a withdrawal from a FAD will trigger the Money Purchase Annual Allowance and restrict future input to £4,000 per year. Note designating the fund as a FAD does not trigger the MPAA, it is taking an income from it.

These are not either/or options and they can take a blended approach using all three.

Assuming that Jim takes his DB pension followed by their State pensions the following year, using FAD or remaining uncrystallised will probably be the best option as.

- Essential spending is covered by Jim's DB pension and their State pensions
- They have substantial non pension assets
- They have a high capacity for loss
- They could use the PCLS from crystallising the fund to give them a tax free "income"
- It gives them the possibility of passing capital on to the next generation.

Technical note. Risks of drawdown

Longevity risk. Risk of living too long, fund being exhausted.
Sequencing risk. The risk of poor returns being made in the early years which increases the risk of fund exhaustion
Volatility drag. If the fund falls by x%, you need a return greater than x% to recover the loss.
Inflation risk. The risk that you cannot sustain the real value of withdrawals
Investment risk: The risk that investment growth may be lower than anticipated

In terms of the appropriateness of the current GPP investments:

- If they did want to buy an annuity then they should be derisking the fund moving to mainly bonds.
- If they wish to take benefits flexibly their funds should start to be made up of a typical drawdown fund which is a mixture of cash, equities and bonds.
- At present only equities for Jim and equities and property for Sandra

- Equities are either UK or Europe, no American or Asia exposure

If drawdown is used then the adviser must establish how to achieve a sustainable income. The starting point should be to have do cash flow modelling. **See October 18 6 (a)**

Besides using a cash flow model the risk of exhausting the fund can be reduced by:

- Taking a safe withdrawal rate
- Regular reviews
- Having a cash buffer
- Bucketing
- Taking a flexible approach: cutting back in times of bad performance, increasing withdrawals in good times.

For more detailed information on this follow this link and click on part 5 to see my AF7 notes on sustainable income

http://www.audley-training.co.uk/pension-transfers/

Explain how a REIT operates

- A REIT (Real Estate Investment Company) is a company listed on the stock market therefore closed ended.
- This gives a high degree of liquidity
- Rental income flows through as Property Income Distribution (PID). The company does not pay tax on this and as it is held in a pension fund, Sandra would not have to pay tax.
- Non PID income is taxed as dividends

Currently property investment has been underperforming with retail and offices badly hit by lockdown, On the other hand warehousing and logistics have done well.

Recommend and Justify how their GPP could be used to provide a tax efficient income to bridge the gap between them retiring at 65 and getting their state pension at 66

- They should crystallise 4 x their State pensions, £46,000 for Jim and £40,800 for Sandra.
- They can take 25% as a PCLS which is tax free and is equivalent to their expected state pensions
- The remaining 75% would be designated as a FAD

Pension odds and ends

- They've nominated each other for their GPP. It might be worth nominating Anna to receive 1% of the fund. This would make it easier if they were both to die within a short period of each other.
- Their State pension will include an element of SERPS/S2P. 50% of this element could be inherited.
- They can defer their state pensions. For a 9 week deferral it would increase by 1%. The lump sum option isn't available.

Previously in AF5:

- June 21 Q5 (b) process in calculating shortfall
- Oct 20 Q1(b) Fact finding
- July 20 Q1 (a) (b) Fact finding and income sustainability
- Oct 19 Q 1 (Fact find) Q2 (Investment)
- April 19 Q1 (Fact find)
- October 18 Q4 (a) (b) cash flow model sustainable income
- April 17 Q1 (a)
- April 17 Q5 Cash flow modelling

Investments

Overview

- They seem to be in a good position. Jim has £353,000 of assets, Sandra £335,000 and joint cash assets of £330,000.
- Probably too much in cash but £250,000 of this is from the sale of their Spanish holiday home and they are seeking to invest this.
- One benefit of using NS&I for this is that it has no provider risk.
- They don't have a great deal of diversification, no Bond funds and for Sandra all UK based. Jim has European and Asia but no information on the split.
- They have ISA and have used this year's allowance but still have £130,000 and £145,000 of unit trusts outside an ISA wrapper.
- They are reinvesting income from their ISA funds but seem to be taking an income from the non ISA unit trusts
- As they are approaching retirement they are probably moving to a decumulation strategy.

What additional information would you need to establish to give advice on the suitability and tax efficiency of their existing investments.

- Other than the £120,000 you have earmarked as a gift, do you have any other specific objectives for any of your savings?
- What do you require as an emergency fund?
- What is the split of Jim's ISA funds between Europe and Asia?
- Which countries do the Asia funds invest in?
- Are you seeking to increase the income from your holdings?/Do you have a target income
- Are you willing to sell any assets to supplement your income in retirement?
- What was the acquisition value of your ISA and Unit trusts?
- What is the performance?
- Who is the manager of the ISA and unit trusts?
- What do you do with the income from the unit trusts?
- How were these investments built up? From a income or inheritances/windfalls
- Reason for choosing them/Did you receive advice?
- Willingness to transfer assets between you?
- Have you used your CGT allowance?
- Have you any losses to be carried forward?
- Which index does the American tracker fund use?
- Are they on a platform?
- Has a benchmark been set?
- Charges/transfer penalties
- Does Sandra wish to maximise Premium Bonds
- Possible timescale to downsize?

Comment on the suitability of their existing investments

- They are suitable for their attitude to risk.
- Cash on deposit is probably too high
- The level of Premium Bonds that they own will probably give a steady stream of prizes.
- Individual funds may be in excess of the FSCS compensation limit.
- No Bond funds/lack of diversification
- Both are using their Dividend Allowance but Jim is paying tax at 32.5% on the excess compared 7.5% on Sandra

How can this be improved?

We don't normally get a Recommend and Justify question on portfolio planning or restructuring as there is no single right answer. This particularly applies to the £250,000 sitting in the NSI although £120,000 seems to be earmarked.

There are a some restraints to their overall plans:

- Any substantial pension contributions made by Jim increase the likelihood of taking him over the LTA
- Sandra doesn't have this problem but her personal input is going to be restricted to her NRE of £43,000. Current input is £4,730 (this includes her employer contribution) Her contribution is £2,150 so she could contribute a further £40,850. This would give a total input of £47,730 but she could use carry forward to avoid an AA charge.
- They have used their ISA allowance for the current year.

As a general strategy the following would seem appropriate.

- Use a platform to hold all their current and future non-cash savings.
- This would give them 24/7 access to their portfolio
- Access to performance figures
- Easier to switch between funds
- Facilitates "Bed and ISA"
- Although their GPP could not be held on the platform whilst they are still working this could be transferred to it once they have left and the platform will make it easier to mange the drawdown.
- Otherwise the general principles should be:
- Keep an emergency fund of 3 to 6 months net pay (this could be reduced once they are retired and have secured income)
- A spread of asset classes between bonds equities and property
- A spread in terms of geographical locations
- Spread between different sectors
- A "core and satellite" approach with a selection of tracker funds as the core and actively managed funds to get the alpha (plus market returns)
- A mixture of income and growth funds.
- Jim's non ISA holdings to be limited to give £2,000 dividend income.
- They should use the ISA allowances each year.

Technical notes in Investment strategy.

Not signalled in the fact find but as well to know

Investment strategies

Four main strategies.

- Buy and hold
- Core and satellite
- Momentum v Contrarian

- Value or growth

Buy and Hold. Investments are purchased with the intention that they are not touched for many years.

Its main benefits are:

- Low cost/low admin
- Dividend stream should increase return over long term.

If the portfolio is mainly fund based:

- The manager may be changed and performance may deteriorate.
- The investment style/strategy may change exposing clients to a different level of risk.

Growth or Value Investing

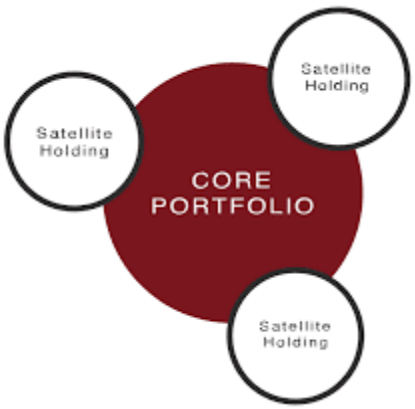
Individual stocks can be classed as growth or value stocks. Investors whether individual or fund managers can adopt a growth or value strategy.

The classic **growth company** aims to go from a small up and coming business to becoming leaders in their respective field. In their early stages these companies focus on building their revenues rather than profits and only later move to maximising profits. They often build up a dominant market position, acquiring rivals on the way.

They tend to have high valuation as measured by price/earnings ratio but they have a higher growth in revenue than their rivals.

A **value** stock trades at relatively cheap valuations relative to its earnings and long-term growth potential. They tend to have steady predictable business models that generate modest growth in revenue and profits.

Core and satellite



Here a core holding is held in passive funds to deliver market returns. This might be split into a range of funds tracking the main indices (e.g.UK, US, Japan)
These will deliver market returns but around this there are specialist funds or possibly directly held shares that aim to give a higher than market return

Contrarian investing.

- Looks for undervalued stocks
- Deliberately goes against current trends.
- High-risk strategy and investors will probably need to be patient and not expect a quick return.

Momentum investing

- Follows on from a growth investing
- Investors buy stocks such as Tesla and Amazon whose share price is soaring.
- Underlying financial data is ignored together with the share valuation.
- All that matters is that the share price seems to be going in one direction.
- The danger is that they are buying at the peak and could lose substantial amounts if the price plunges.
- The share price tends to be very volatile so investors need to be prepared to accept rapid movement up and down and be prepared to hold their position.

Previously in AF5

- October 20 Q 1(a) issues on investing lump sum from a house sale
- October 20 Q6 (b) Rationale for transferring from a cash ISA to an equity ISA
- October 19 Q4 (a) Use of a platform, Q8 (premium bonds)
- July 20 Q5(b) R& J tax efficient
- April 19 Q3(a) suitability of Corporate Bonds, Q3b (performance assessment)
- October 18 Q6 (a) suitability of investments
- October 17 Q1 (fact find assessment)
- April 17 Q 2 (good general review paper)

Proposed Gift of £120,000

What additional information would you require to give advice on the proposed gift for the grandchildren

- Estimated cost of fees/what do you want to pay for?
- Do you plan on making the same gift to each grandchild?
- Length of course
- What if one of them didn't want to go to university?
- Is £120,000 sufficient?
- Their wish for control.
- Do you want to be involved in administrating the gift?
- Possibility of future grandchildren

- Investment risk for this objective

Options

- The first choice is whether to make a direct gift to Anna or to put this into a trust.
- A gift to Anna would be a PET, to trust a CLT.
- The benefit of putting in into a trust is that they retain control. (can't guarantee that Anna would use the money for what they want!)
- They could of course wait until the grandchildren got to university. This would be a PET and as they would be older there is more risk of not surviving 7 years.

Probably the best option would be to set up a discretionary trust and invest the gift into an insurance (investment) bond. The question might be phrased as to that is your recommendation, what is the justification?

- If the gift is made jointly they would each have made a gift of £60,000. (and technically to two separate trusts)
- This would be a CLT but would be no immediate charge as it is below the NRB.
- As they are 63 there is a high probability of surviving seven years.
- Unlikely to be a periodic or exit charge as the trust value is below the NRB
- They can be trustees so will have complete control over the fund.
- The children will not have a right to anything from the trust and they need not even be aware of it.
- Using an investment bond meets the requirement to have diversified assets
- Lower risk funds could be used for the eldest as it will be only five years until he reaches 18.
- There is no tax liability on Jim and Sandra until there is a chargeable event.
- This can be easily avoided so they will not have to complete any tax returns.
- If they wish to make an interim gift, for example to fund a school trip, they can use the 5% withdrawal facility, again not a CE.
- When they want to give money to a grandchild they can assign segments to the child.
- This is not a CE so no tax liability occurs.
- When the child encashes this the gain will be assessed on their own situation
- As they are unlikely to have any other income they will have no tax to pay.

- They could also use an offshore bond. As no UK tax within the bond it should result in higher growth.
- HMRC will seek to tax the beneficiary but they could use their PA, 0% starting rate and their PSA (gains on non-qualifying life policies are classed as savings income even though they are the last type of income to be taxed)

October 19 Q 6(a) covers a similar situation

- A further alternative would before them to contribute to the elder children's Child Trust Fund
- The youngest wouldn't have a CTF but if the parents hadn't opened a JISA they would have to do so as grandparents cannot open a JISA
- The gift could be exempt under the Gifts out of Normal Expenditure rule otherwise it would be a PET
- The downside is that it becomes the child's absolute property at 18 so Jim and Sandra would have no control.

Inheritance Tax

- Their current situation is that they have total assets of £1,753,000
- Assuming £1m total NRB/RNRB £753,000 @ 40% = £301,200.
- RNRB would be available provided the house is left to Anna, her husband or the grandchildren
- Note that the estate is £250,000 short of the £2m mark when tapering takes place
- They are using the annual exemption of £3,000 to make lifetime gifts to Anna.
- The gift of £120,000 will reduce their estate even further.
- Their strategy should be to sell non-pension assets in preference to pension assets as this will reduce their estate as an uncrystallised and FAD funds are exempt from IHT.
- Non ISA funds should be used first, using their CGT allowance of £12,300 each. Next would be the ISA's. Try to keep as long as possible to keep the tax free income and to allow the survivor to inherit the wrapper as an **Additional Personal Subscription**. Finally pension assets.
- They could also make further gifts into the trust.
- With a current estate of £1,753,000 they would have to dispose of £753,000 to avoid IHT. This is theoretically possible but bearing in mind that their house has a value of £650,000 they might feel that being left with non pension assets of £350,000 is insufficient.
- If they are concerned about having to pay IHT they could take out a reviewable Whole of Life second death policy for the approximate IHT bill written in trust for Anna
- They could also make charitable legacies and provided this was 10% of the taxable estate plus the legacy then the rate would reduce to 36%

A **Discounted Gift Trust** could also be used

- They will need income over and above Jim's DB pension and their State pensions.
- By making a gift into a DGT they can secure a regular income for 20 years from the discounted element.

- The discount, which is likely to be large in view of their age and health, is outside their estate immediately.
- The discount would be invested in an IB and using the 5% withdrawal facility provide them with an income
- The remainder would be classed as a CLT but even with the proposed £120K gift is unlikely to go over the NRB
- Growth in the Trust is outside the deceased's estate

Example of a DGT

Monica is 68 and a widow. She places £500,000 into a DGT. After underwriting the retained amount is established as £371,319 so the gift for IHT purposes is £128,681 (£500,000 less £371,319). There is no immediate charge assuming she has made no CLTs in the previous seven years.

The trustees invest the £500,000 into an Insurance Bond and Monica can take 5% of this each year (£25,000) without incurring a tax charge.

Fifteen years later Sandra dies and the fund value is £357,000 which can benefit the beneficiaries after her death under the terms of the trust.

You might find q 5 (a) in Practice test 1 on the CII AF5 page (link on my website)

For more detailed information on DGT this link might be useful

https://www.pruadviser.co.uk/pdf/IHTB10039.pdf?icid=pdf

- They might also want to consider investments that qualify for Business Relief.
- These include EIS, SEIS and VCT or AIM shares
- These may be too high a risk for their ATR but they have a high CFL so it might be appropriate for a small part of their portfolio.

Their Wills

- The issue of their current wills is that they cannot be binding on the survivor.
- If Jim dies first then Sandra can write a new will.
- If she were to start a new relationship or marry she could leave everything to her new husband and Anna may not receive anything.
- They could write a mutual will that would bind the survivor to leave the estate to Anna.
- Alternatively, they could leave all or the bulk of their assets to a trust.

- One option would be to set up an **Immediate Post Death Interest (IPDI)** trust.
- This would set up a trust with the survivor as the Life Tenant and Anna as the Remainderman.
- The survivor could have the income from the assets but not the capital.

- As the house is owned on a tenants-in-common basis (and assuming it is the same if they downsize) 50% of the property would go into the trust with the life tenant being allowed to live there rent free. If it was owned on a Joint Tenancy basis it would revert automatically to the survivor and Anna's right to receive this would not be guaranteed,
- On the Life Tenant's death the capital and house would revert to Anna.
- As the survivor is the spouse of the deceased, it is an exempt transfer and so on the life tenant's death the unused NRB can be claimed.
- It also allows the survivor's estate to claim the unused RNRB.
- The drawback is that the trust property would be included in the life tenant's estate and liability split proportionately between the executors and trustees.

- The alternative would be to use a **Discretionary Will Trust.**
- This gives more flexibility since the trustees, guided by a letter of intent, can make capital gifts to the surviving spouse or make loans that would be repayable on their death therefore reducing their estate.
- The trust property would not be part of any beneficiaries' estate although there could be periodic and exit charges
- The drawback is that the legacy would use up some of the deceased's NRB thereby there will be less to transfer on second death.
- Neither can the survivor use the first death's RNRB as no one has a right to the property

Remaining issues

- They should each set up a **Lasting Power of Attorney**
- This allows them to appoint each other as their attorney with Anna as the replacement attorney,
- This enables the attorney to take financial decisions on behalf of the donor.
- If no LPA was set up then the one with mental capacity would have to apply to be appointed a deputy which is more expensive and restrictive.

For more detailed information on LPA follow the link below and select part 8

http://www.audley-training.co.uk/trusts-2/

Death in Service benefits

- They have nominated each other.
- This is not binding on the trustees but is likely to be followed,
- This puts the money in the survivor's estate and could be a concern if they died shortly afterwards.
- Alternatively they could nominate a **Spousal By Pass Trust**

- Anna can be a trustee
- And a potential beneficiary
- Trustees will retain control
- Fund remains outside the deceased's and survivor's estate
- Which will reduce the IHT on second death
- The survivor can take income and or capital
- They can give the survivor a loan which must be repaid on death
- Thereby reducing her estate for IHT
- Anna and the grandchildren can receive benefits

If the Death in Service benefits form part of their pension schemes, should either of them die before retirement this will use up part of their LTA as it would be a Benefit Crystallisation event.

However if it is a stand alone policy which is likely as both their schemes are Group Personal Pensions, payment of the death benefit it would have no impact on the LTA.

Therefore we could add another question for their retirement planning needs

- Are the DIS benefits part of the GPP or are they a separate policy?

In addition we could have another question around Jim's preserved DB pension.

- What pension would Sandra get if Jim dies before taking the pension.

If the DIS was part of a pension arrangement in practice it wouldn't have any adverse effect

- The DIS of £186,000 would use up 17.33% of this and there would have £887,000 left
- However the payment of a spouse's pension to Sandra from the DB scheme would not be a BCE so only the uncrystallised MP funds would come into play. These amount to £720,000 so these are now below his remaining LTA

Review Question

Standard generic template

- Any changes in personal situation
- Any changes in financial situation
- Any changes in objectives
- Change in ATR/CFL
- Review investment performance, rebalance
- Use available allowances (ISA Pension CGT)
- Change in taxation or legislation
- Review current economic situation
- New products available

In this case in 12 months time they are going to be a year nearer their planned retirement date, Therefore these specific points could be added:

- Will you definitely retire in 12 months' time?
- Have you decided whether you will work part-time and if so what will be the salary?
- What is the value of your pension funds?
- What is the income shortfall if you fully retire?
- Their views on how benefits can be taken
- Have you gone further with your plans to downsize