



Cash flow Training

4 – In Retirement Case Study

Cash flow Case Study – In Retirement

Creed is in retirement and withdrawing from his pension.

He wants to understand what choices he has with his retirement income and how long his money may last in retirement.

Task: Set up a new client

Set up a new client for your client Creed.

You should enter their Surname as “YourNameCS4” to prevent confusion in case you can see other adviser’s clients.

Creed DOB	01/11/1954
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There are lots of ways to collect information about this client which will be covered in the webinar, but for now we will enter data directly into cash flow.

Enter Data


Task: Create a new cash flow plan

From the client dashboard we can create a new cash flow plan.


Creed Bratton

Date of birth: 01 Nov 1954


Edit




Client profiling




Client review



Cash flow




Recommendation




Client Details

Arrangements | Incomes & Expenditure | Risk | Sustainabilit...




Client Access

Profiling | Objectives | Circumstances | Fact find




Give Creed mobile access to this plan

Tram is the brand-new digital engagement app from Dynamic Planner that helps your clients stay on track by hosting their financial plan in the palm of their hand, delivering personalised client relationship efficiencies and supporting your business distribution goals.



You can accept the default settings and create your cash flow plan.




Create new cash flow plan

Plan name *

Cash flow plan for Creed Bratton - May 2024


Adviser *

Steph Willcox

Plan end date * 


October 2054

Confirm




Recent cash flow activity

You have no recent activities




About cash flow



DYNAMIC PLANNER

Explore the impact of savings, investments and intended spending on client goals. Find answers and generate detailed reports.



You will land on the Summary page. We can add some data in here.

Task: Add Creed's pension

To add Creed's Pension we can

- Click "Add an arrangement"
- Pick "Personal pension plan" from the "Product type" drop down
- Pick "7IM Platform" as the provider


Then we need to add a valuation for this pension.

- Click "Create valuation"
- Enter "£500,000" in the summary valuation amount

Because we haven't added a fund or portfolio in here, we also need to pick how this pension will be forecasted. In the "Growth assumption" section pick "Risk profile 5" in the drop down menu.

For now we will not enter any withdrawals.

Task: Check your set up and save the pension

 New Arrangement ✕

Arrangement details

Product type *

Personal pension plan

Provider name *

7IM Platform

Product *

Other

Product name

Creed's Pension

Account / Policy number

Owner *

Creed

Contributions

Amount	Starting	Ending
<div>Add Contribution</div>		

Valuation details

Enter the arrangement's current valuation.

Select a valuation

01/05/2024 - £0.00 (fund/summary valuation)

Add Fund

OR

Enter a summary valuation amount

500,000.00

Growth assumptions

Benchmark risk profile for growth assumptions

Risk profile 5

Assumed charges % (optional)

0.00

Task: Add Creed's current account


To add Creed's current account we can

- Click "Add a fund/ savings account"
- Pick "Current account" from the "Product type" drop down
- Pick "Abbey" as the provider

Then we need to add a valuation for this current account.

- Click "Create valuation"
- Pick "Direct value" in the "valuation type" drop down
- Enter "£5,000" in the investment value amount

Task: Check your set up and save the current account

 New Fund / Savings Account ✕

Fund account
Use this to record where your client simply holds a single fund (e.g. direct with the fund manager), or to record holdings in bank accounts / savings accounts.

Quick search

Fund type *

Current account

Fund manager/Company *

Abbey

Fund *

Current Account

Account / Policy number

Owner *

Creed

Valuation at start of review
Enter the valuation of the fund as close to the start of the review period as possible.

Select the valuation for the start of the review

01/05/2024 - £0.00

Valuation type *

Direct value

Investment value *

5,000.00

Asset allocation
This section shows the asset allocation for the fund, and the quality of the data available. You can override the provided asset allocation.

Cash (Deposits)	100.00%
Total	100.00%

Override

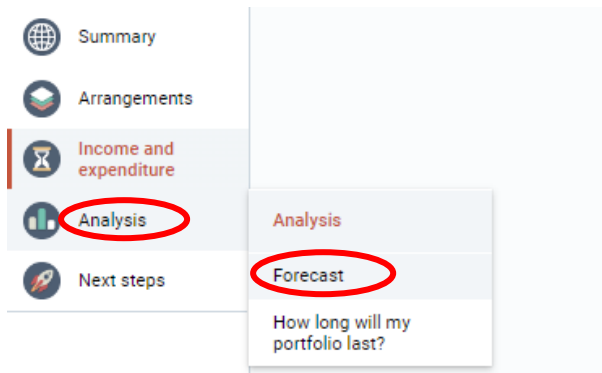
Growth assumptions

Benchmark risk profile for growth assumptions

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Task: Look at Creed's cash flow plan

We've set up a basic cash flow plan for Ryan so we can now see what his life looks like.

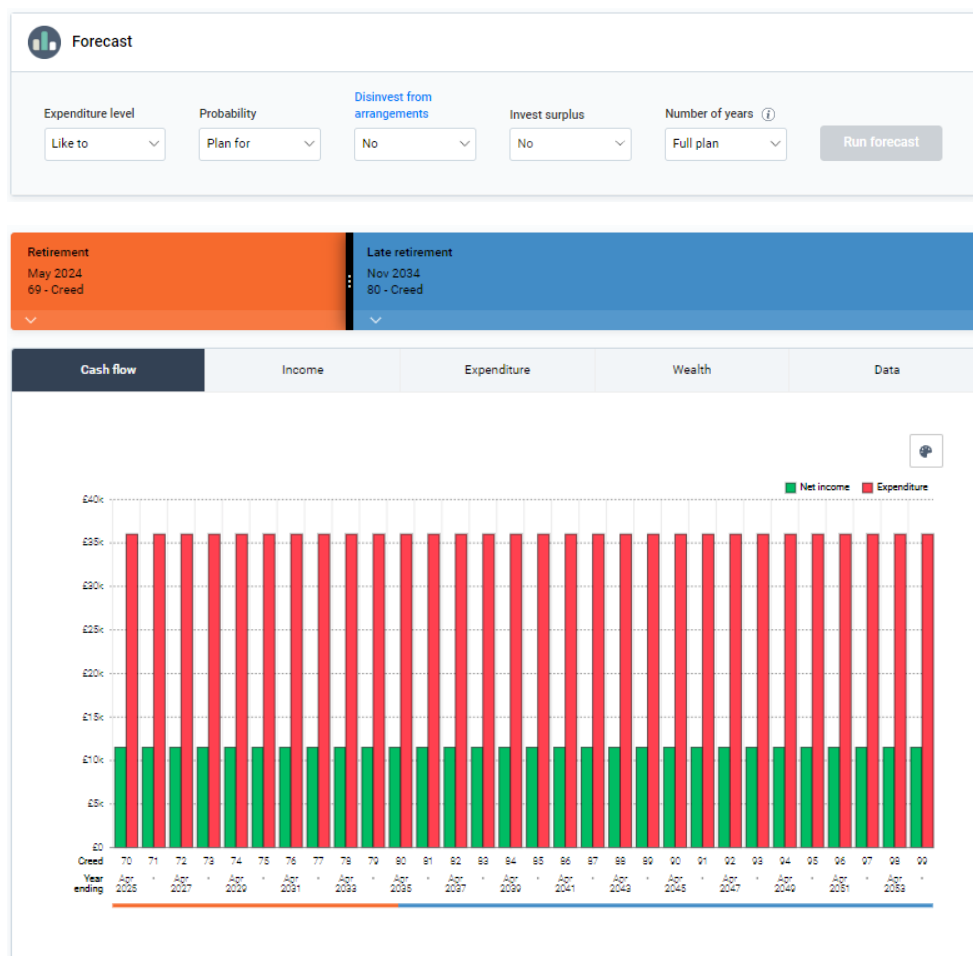


Using the left-hand navigation you can click “Analysis” and then “Forecast” to see the charting

Note: If you'd like a different way of displaying how long your client's portfolio will last you can pick this output here too


Task: Check your plan

Using the default setting at the top of your chart, you should have a cash flow plan that looks like this.



Task: Use automatic withdrawals to fill the shortfall in Ryan's Retirement

Setting “Disinvest from arrangements” to “Yes” will withdraw from Creed’s investments in the priority order specified (you can see and adjust this order by clicking on the blue “Disinvest from arrangements” words) to cover any shortfall in the plan. A shortfall is shown where the green income bar is not as high as the red expenditure.

 Forecast

Expenditure level
Like to

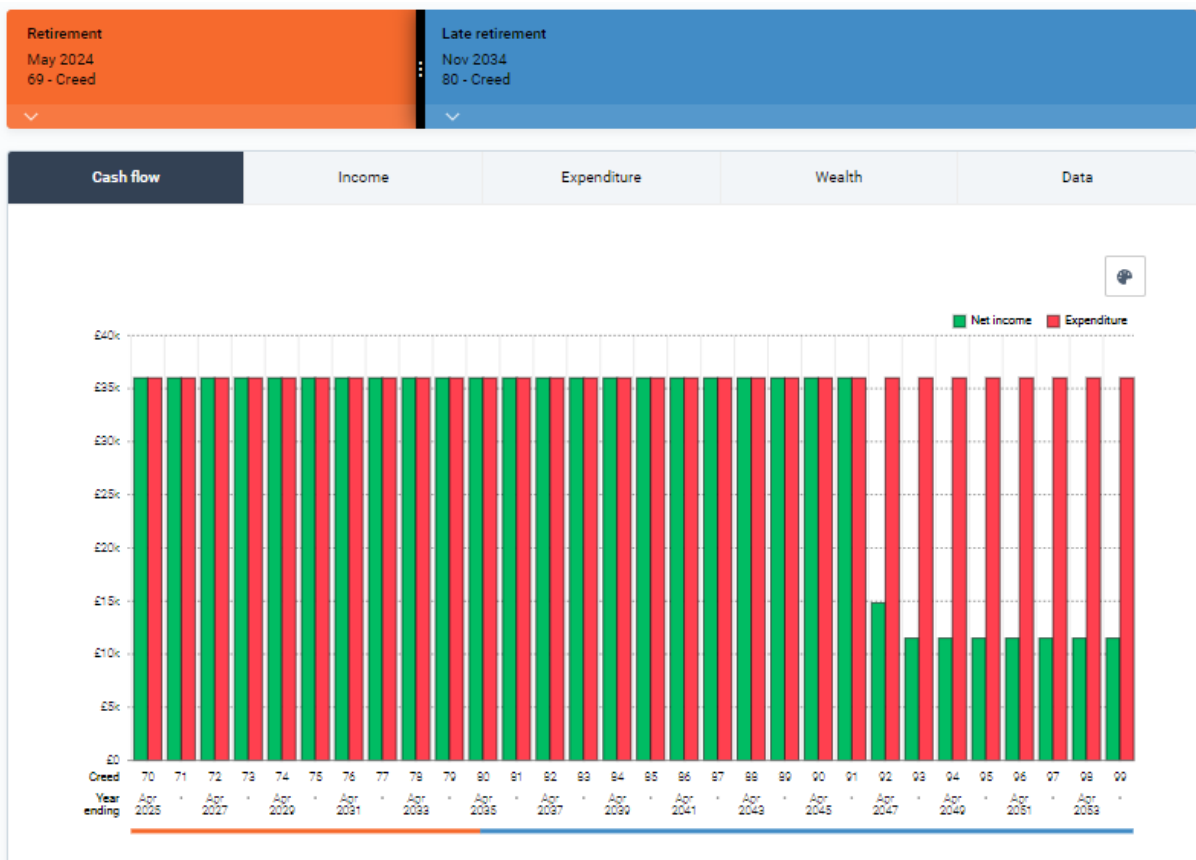
Probability
Plan for

Disinvest from arrangements
Yes

Invest surplus
No

Number of years ⓘ
Full plan

Run forecast



Task: Set up a retirement strategy manually

Instead of using automatic disinvestments, we can set up crystallisation events, PCLS, drawdown strategies and annuity purchases manually.

These controls are all available within the pension arrangement.


Navigate to the arrangements page, and then select the pension. Retirement income strategies can be set using the sections shown below. You can also watch the video here to understand how these sections work.

The screenshot shows the 'Pension withdrawals' section. At the top, there is a link 'Learn how to model common retirement income strategies' circled in red. Below this, the 'Amount already crystallised %' is set to 0.00. The 'Uncrystallised pot (£500,000.00)' section contains a table with columns 'Amount', 'Starting', and 'Ending'. Below the table is a dropdown menu 'Select your option' and an 'Add' button. The 'Crystallised pot (£0.00)' section also contains a similar table and a dropdown menu 'Select your option' with an 'Add' button.

You can set up your own strategy here, or you can follow the strategy below.

- Fully crystallise the pension now, and take 25% tax free cash. We can choose to have the tax-free cash go into the wallet or the current account.

This screenshot is identical to the previous one, but the dropdown menu 'Select your option' in the 'Uncrystallised pot' section is open. It shows three options: 'Select your option' (highlighted in green), 'UFPLS', and 'Crystallisation & PCLS' (highlighted in blue).


Crystallisation event

Crystallisation details

Value of pension funds to crystallise *

Fully crystallise (100%)

Pension commencement lump sum


PCLS value *

Maximum 25%

PCLS destination account *

Select an arrangement

Select an arrangement *


Current Account (Abbey)

PRODUCT TYPE	ACCOUNT / POLICY NUMBER
Current account	

Crystallisation start

Enter start date as *

Specific date

Start date *

May

2024

Cancel

Save & add another

Save

The tax-free cash will show as an income spike on your cash flow chart

If you pick “Wallet” then this income will create a surplus, unless you have chosen to “Invest surplus” this will be assumed to be spent outside of the plan in line with the treatment of surplus elsewhere.

If you pick any arrangement, then this income will be contributed to the arrangement you specified. This will not be used to meet shortfalls unless you have also set up withdrawals or are using automatic disinvestments.

We can then set up some withdrawals from this pension.

Pension withdrawals

Learn how to model common retirement income strategies

Amount already crystallised %
0.00

Uncrystallised pot (£500,000.00)

Amount	Starting	Ending	
Crystallisation & PCLS Fully crystallise (100%)	May 2024		
Select your option			<div>Add</div>

Crystallised pot (£0.00)

Amount	Starting	Ending	
Select your option			<div>Add</div>
Select your option			
Flexi-access drawdown			
Lifetime annuity			

Using flexi-access drawdown set up monthly withdrawals of £2,600, increasing with price inflation.

Flexi-access drawdown

Income details

Enter gross income as *

An amount

2,600.00

Annual amount: £31,200

Frequency *
Monthly

Income increase *

Price inflation

Crystallisation

Drawdown will occur on the dates you specify using available crystallised funds from the crystallisation events already saved.

Withdrawal starting

Enter start date as *

Specific date

Start date *
May 2024

Withdrawal ending

Enter end date as *

Rest of life

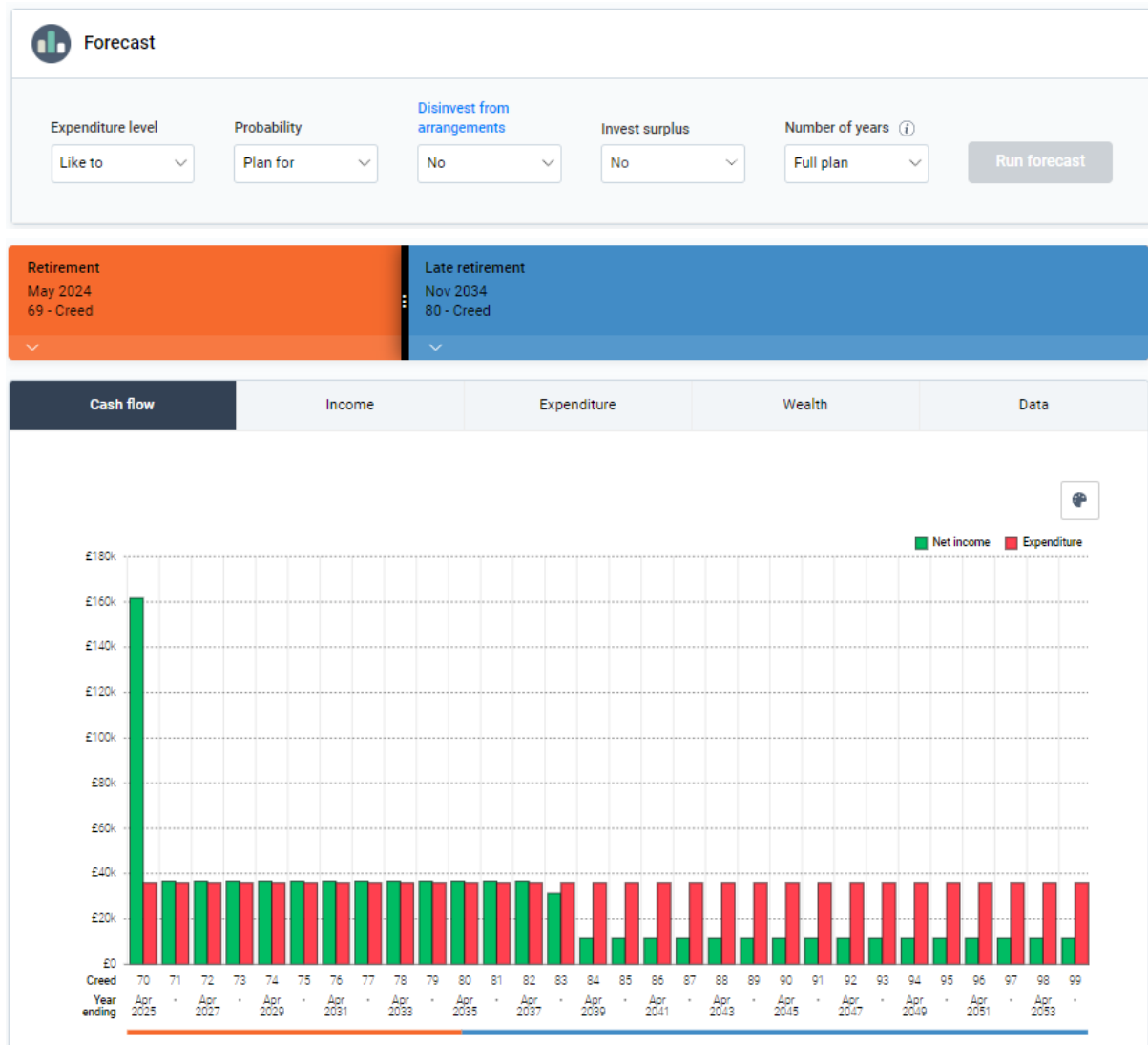
Cancel

Save & add another

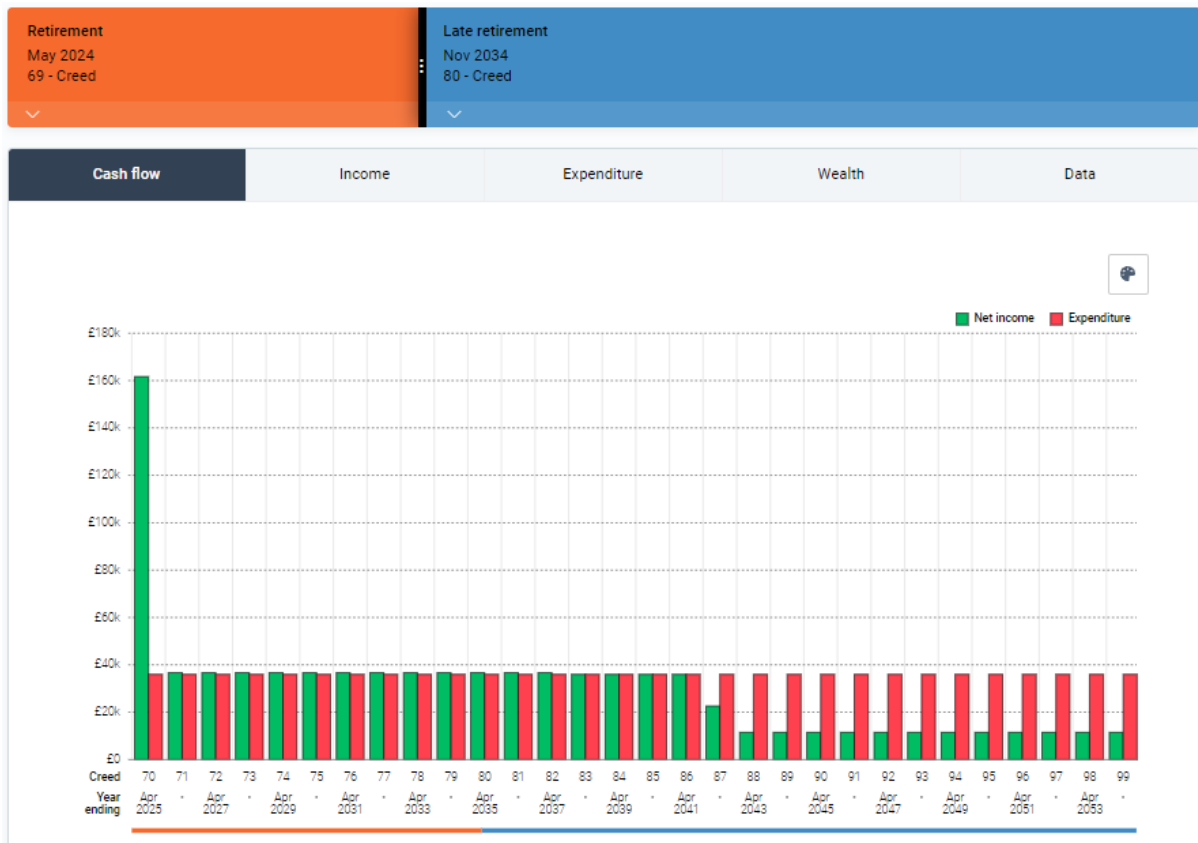
Save

Task: Check your plan

We should turn off automatic disinvestment to see what our retirement strategy currently looks like.



We have not made any withdrawals from our current account, so if you turn automatic disinvestments back on you will see how long Creed's full portfolio is expected to last.



Thank you for completing the case study

You can continue to play with this case to utilise different retirement strategies.

You might want to:

- Add withdrawals from the current account too
- Remove your crystallisation and flexi-drawdown options and instead use UFPLS. The gross income you specify can be reduced to meet the expenditure as 25% of each withdrawal is now tax-free.
- Add an annuity