

Financial planning tool user guide



Pensions | Financial planning tool



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When you're helping your clients plan for retirement, you'll need to help them understand how much income they'll need and how long it's likely to last.

You'll also need to help them understand how their spending needs may change when they retire, so they can budget effectively.

For example, they're likely to spend more income when they first retire. And once they've been retired for a while, their spending habits will settle.

It might not be until later retirement when they start to think about other costs, such as private care home costs.

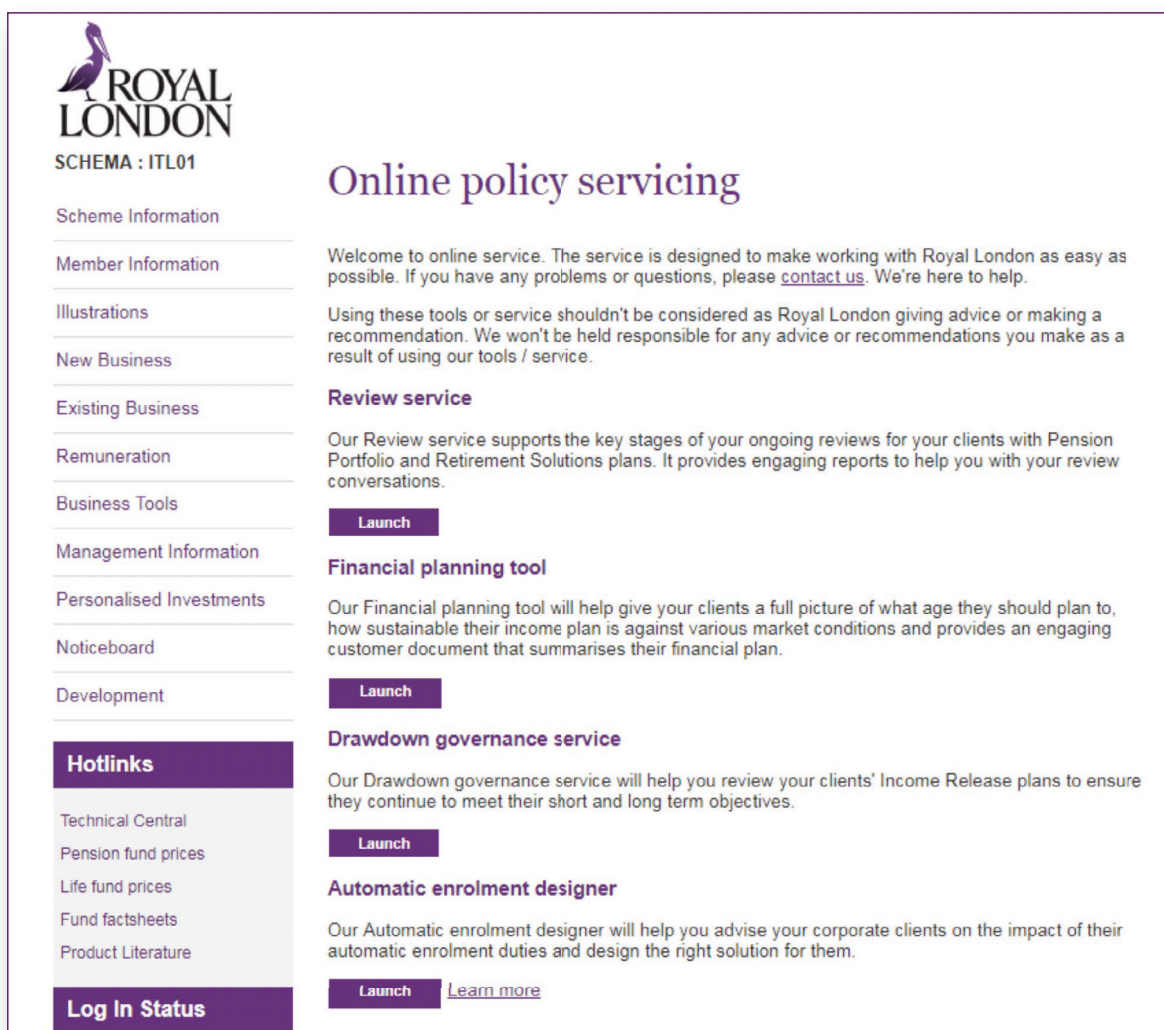
This guide tells you how to create a financial plan that gives your clients a full picture of their different sources of income and how their spending needs could change over time.

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Getting started

To access the financial planning tool, log in to our online service at adviser.royallondon.com and select the tool from the list. You'll then be asked to re-select the UNIPASS button or re-enter your details before you can start using the tool.



The screenshot displays the Royal London online policy servicing interface. On the left is a navigation menu with the Royal London logo and the text 'SCHEMA : ITL01'. The menu includes links for Scheme Information, Member Information, Illustrations, New Business, Existing Business, Remuneration, Business Tools, Management Information, Personalised Investments, Noticeboard, and Development. Below these is a 'Hotlinks' section with links to Technical Central, Pension fund prices, Life fund prices, Fund factsheets, and Product Literature. At the bottom of the menu is a 'Log In Status' button. The main content area is titled 'Online policy servicing' and contains four sections: a welcome message with a 'contact us' link, a 'Review service' section with a description and a 'Launch' button, a 'Financial planning tool' section with a description and a 'Launch' button, and a 'Drawdown governance service' section with a description and a 'Launch' button. Below these is an 'Automatic enrolment designer' section with a description, a 'Launch' button, and a 'Learn more' link.

ROYAL LONDON
SCHEMA : ITL01

Scheme Information
Member Information
Illustrations
New Business
Existing Business
Remuneration
Business Tools
Management Information
Personalised Investments
Noticeboard
Development

Hotlinks
Technical Central
Pension fund prices
Life fund prices
Fund factsheets
Product Literature

Log In Status

Online policy servicing

Welcome to online service. The service is designed to make working with Royal London as easy as possible. If you have any problems or questions, please [contact us](#). We're here to help.

Using these tools or service shouldn't be considered as Royal London giving advice or making a recommendation. We won't be held responsible for any advice or recommendations you make as a result of using our tools / service.

Review service

Our Review service supports the key stages of your ongoing reviews for your clients with Pension Portfolio and Retirement Solutions plans. It provides engaging reports to help you with your review conversations.

[Launch](#)

Financial planning tool

Our Financial planning tool will help give your clients a full picture of what age they should plan to, how sustainable their income plan is against various market conditions and provides an engaging customer document that summarises their financial plan.

[Launch](#)

Drawdown governance service

Our Drawdown governance service will help you review your clients' Income Release plans to ensure they continue to meet their short and long term objectives.

[Launch](#)

Automatic enrolment designer

Our Automatic enrolment designer will help you advise your corporate clients on the impact of their automatic enrolment duties and design the right solution for them.

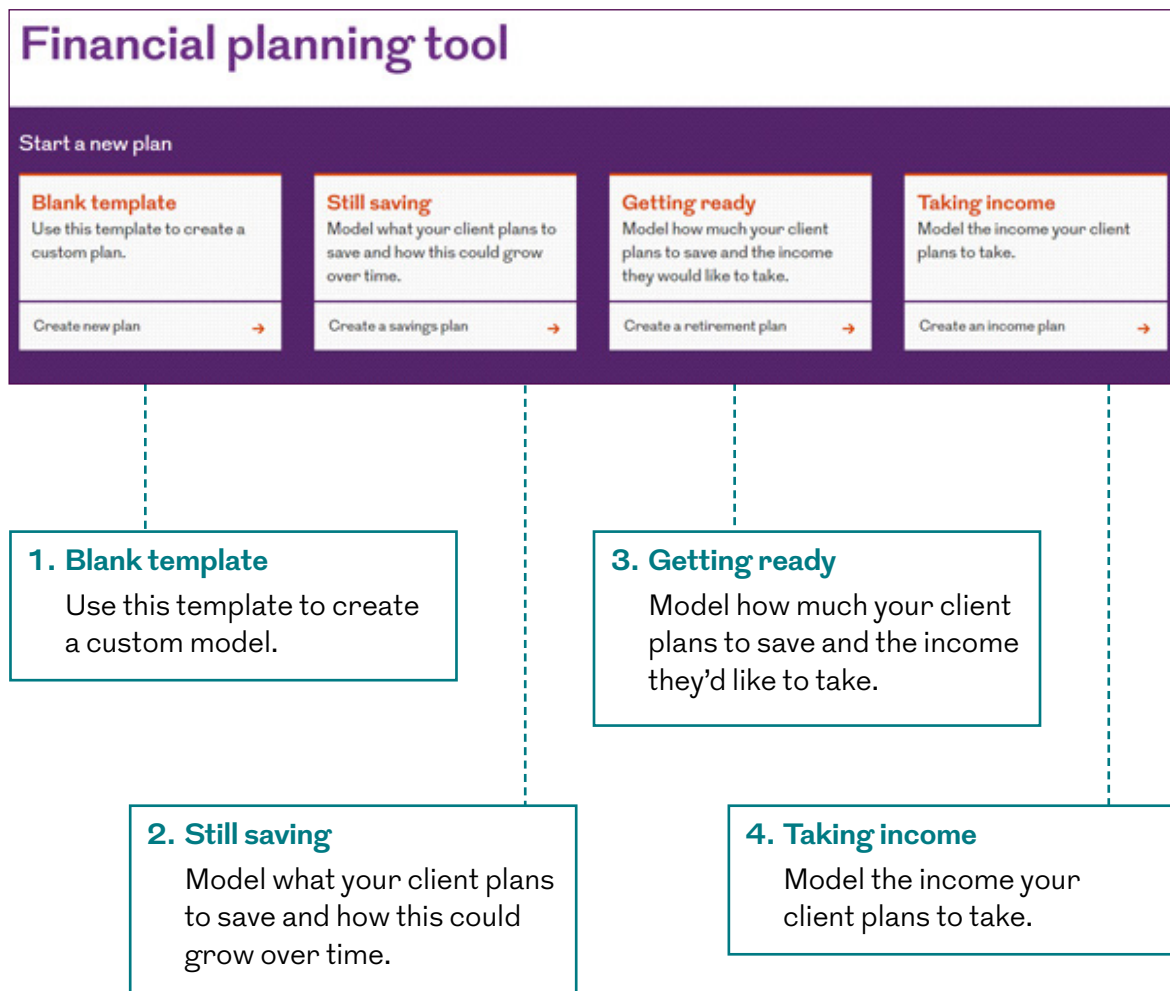
[Launch](#) [Learn more](#)

All screenshots used in this guide are for illustrative purposes only.

Step 1: Create your model

We know that no two clients are the same. That's why our financial planning tool gives you the flexibility to create a model that represents your client's individual needs and circumstances.

There are four templates to choose from. We'll default some of the information for you, so there's minimal input needed. You can also use our blank model template if you want to start from scratch.



You can easily access any models you've created from the **Recent models** tab. Here you'll also be able to see the status of your client's model. If the model's showing as 'out of date', simply click on the **Update** link to refresh it.

Models and reports

To search for a Royal London client, simply enter their name.

Recent models (94)

Report history (32)

Last updated	Client name	Model name	Status	Type	Action
04/10/2019	Garfield Reid	Reid_04/10/2019	Up to date	Blank template	Open
07/10/2019	Tax Model One	One_07/10/2019	Up to date	Getting ready	Open
07/10/2019	Tax Model One	One_07/10/2019	Up to date	Getting ready	Open
07/10/2019	Tax model One	One_07/10/2019	Up to date	Getting ready	Open
07/10/2019	Tax Model One	One_07/10/2019	Up to date	Getting ready	Open
04/10/2019	Mill Rebecca	Rebecca_04/10/2019	Up to date	Taking income	Open
04/10/2019	Sebastian Wynn	Wynn_04/10/2019	Up to date	Still saving	Open
04/10/2019	Venelin Dzhanikov	Dz_04/10/2019	Up to date	Taking income	Open
04/10/2019	David Bob	Bob_04/10/2019	Up to date	Blank template	Open
04/10/2019	Todd Redmond	Redmond_04/10/2019	Up to date	Blank template	Open

Showing 10 out of 94 models

Show more

You can view or remove any of the reports you've previously created by selecting them in the **Report history** tab.

Models and reports

To search for a Royal London client, simply enter their name.

Recent models (94)

Report history (32)

Model name	Client name	Date created	Status	Actions		
SimComplete	Sohan Singh	30/07/2019	Out of date	Update	Download	Delete
SimComplete	Sohan Singh	02/07/2019	Out of date	Update	Download	Delete
SimComplete	Sohan Singh	02/06/2019	Out of date	Update	Download	Delete
SimComplete	Sohan Singh	02/05/2019	Out of date	Update	Download	Delete
triggers_Reload	Sohan Singh	15/01/2019	Up to date	Open	Download	Delete
SimNew	Colin O'Neil	13/07/2018	Out of date	Update	Download	Delete
SimNew	Harman Kaur	13/07/2018	Out of date	Update	Download	Delete
SimFailed	Jade Cooper	11/07/2018	Out of date	Update	Download	Delete
SimNew	Harman Kaur	02/07/2018	Out of date	Update	Download	Delete
SimInvalidatedAndInProgress	Sohan Singh	01/07/2018	Out of date	Update	Download	Delete

Showing 10 out of 32 reports

Show more

Tools → Planning → Client details

Client details

First name

Surname

Date of birth
 Day Month Year

Sex

Region

Current yearly earnings
 £

Personal allowance
 £ [Unlock](#)

[Create model](#)

Client details

To create a new model for your client, select a blank template from the model homepage. You'll then need to enter your client's date of birth, sex, yearly earnings, their personal allowance and where in the UK they live.

Tools → Planning → Model dashboard → Model details

Model details

Model name

Current savings value [?](#)
 £

Target remaining fund
 £

Model start age [?](#)

Model end age [?](#)

[Update](#)

Model details

Next, give your model a name then enter the current value of your client's pension savings, the model start age and end age and whether or not they'd like to have any savings left at the end of the model, then select the **Update** button.

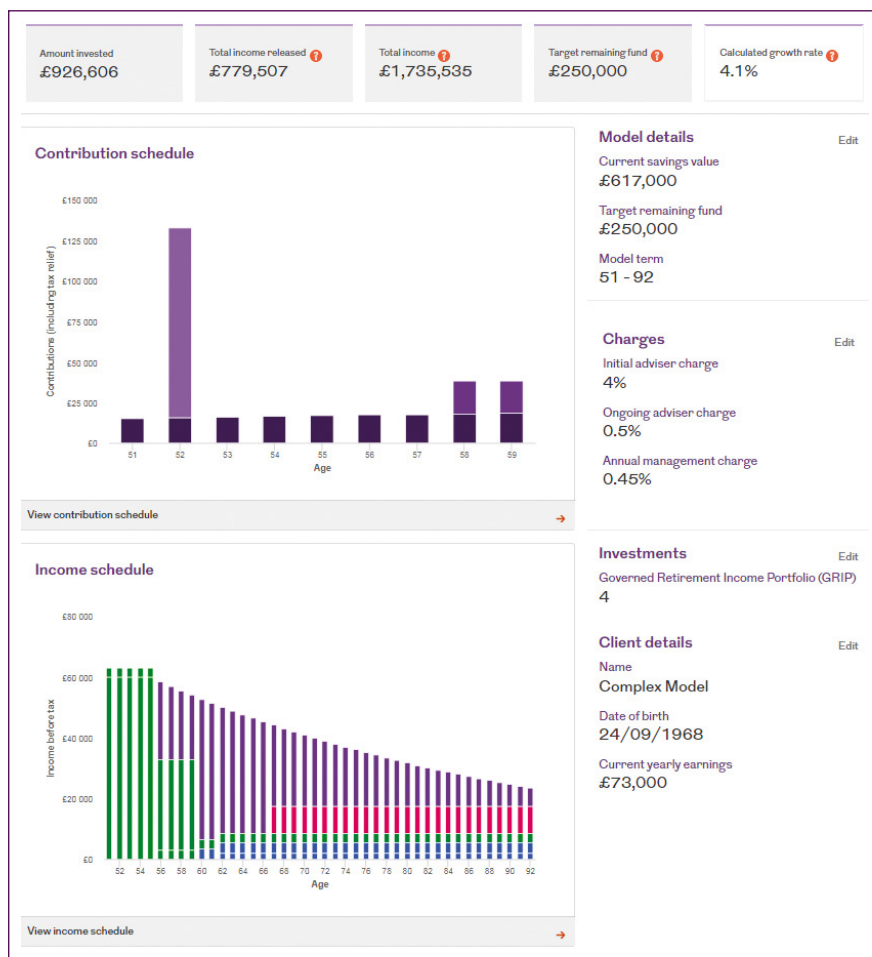
This information will pull through to the model dashboard automatically so you can start to build up a picture of your client's needs and circumstances.

Model dashboard

You can now start customising the model by selecting each of the tabs on the dashboard. You can enter each tab by clicking **Edit**. You can edit the tabs in any order and you can change as much or as little as you need.

The summaries along the top of the model dashboard include:

- The total amount your client wants to invest. This includes the current value of their savings and any future contributions they plan to make.
- Total income released, which is how much drawdown and tax-free cash your client would like to take for the duration of the model.
- The total amount of income your client would like to take over the duration of the model from all sources.
- The target remaining fund your client would like to have left by the end of the model.
- The calculated growth rate which determines the amount of investment growth needed each year to allow your client to meet both their target income and target remaining fund.



Tools → Planning → Model dashboard → Charges

Charges

Adviser
Initial charge
0 %

Giving a charge of £0.00

Ongoing charge
0 %

Product
Annual management charge
0 %

The charge for setting up and managing your plan is known as annual management charge. This is taken from the pension savings you've built up.

Update

Charges

You can use the charges tab to enter an initial charge, an ongoing charge and the product charge (annual management charge (AMC)).

You can enter a zero in each of these sections if needed.

To save your inputs in this tab, click the **Update** button and the information will be updated on the model dashboard.

Investments

In the investments tab, you can select the appropriate investment portfolio for your client. This includes all of our Governed Portfolios (GPs) and Governed Retirement Income Portfolios (GRIPs).

Once you've selected an investment portfolio for your client, you can view the asset allocation and fund factsheets by clicking on the drop-down menus below your selection.

To save your inputs in this tab, click the **Save** button and the information will be updated on the model dashboard.

Investments

Investment options

Governed Portfolios (GPs) Governed Retirement Income Portfolios (GRIPs)

Governed Portfolios explained

Select your investment

GP Defensive	GP Conservative	GP Moderate	GP Growth	GP Enhanced	GP Dynamic	GP Total Equity
--------------	-----------------	-------------	-----------	-------------	------------	-----------------

Low Risk Level High

✓ Governed Portfolio Growth asset allocation

✓ Governed Portfolio Growth fund factsheets

Save

Income schedule

The income schedule gives you a full picture of all the sources of income your client has available.

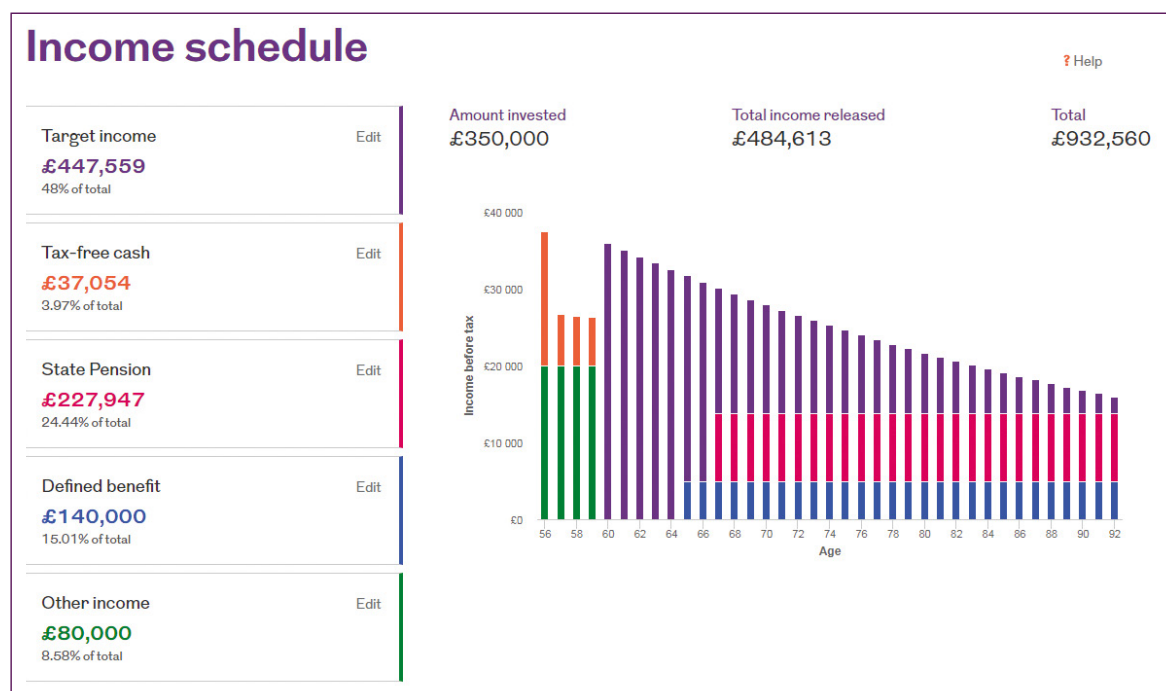
You can enter the information for each source by selecting the tab on the left.

We'll default some information for you to save you time. You can also enter your client's target income and tax-free cash year by year – so you can customise the income based on your client's needs and circumstances.

The total income taken from each source over the duration of the model is also displayed.

The information you've entered in the income schedule panels will be shown in the income schedule chart. The chart is colour coded, so you can see which panel each line of the chart relates to. The values in the chart are shown before tax and in real terms (today's money).

You can get an idea of how much tax your client's likely to pay each year by selecting the **Tax bands** switch at the top of the income schedule.



Pension
Cancel

Schedule ⓘ

Standard Custom

Yearly income

% of earnings ▼

Percentage of earnings

0.00 %

Giving an amount of
£0

Income increase ⓘ

Yes No

2.5 %

Drawdown start age

60

Drawdown end age

92

Include one off PCLS? ⓘ

Yes No

Percentage of fund

25 %

Save

Pension

The first panel in the income schedule is the pension panel. This is where you can enter the target income your client would like in the future. The financial planning tool will calculate how much income your client will need to take from their drawdown fund to achieve their target, after accounting for all their other sources of income.

You can enter the amount as a percentage of your client's earnings, a fixed monetary amount or as a percentage of their pension savings – whichever is most relevant.

You can also add escalation to the income amount. For example, if your client would like to flexibly access more of their savings when they're younger and less as they get older, you can enter a negative escalation.

You can also use the drawdown start age and end age to agree the date your client would like to start using drawdown.

There's also the option to include one-off tax-free cash. You can use this to enter how much your client would like to take as a tax-free cash lump sum.

You can save the information by clicking the **Save** button, or exit without making any changes by clicking the **Cancel** button.

Pension
Cancel

Schedule ⓘ

Standard Custom

Reset Clear

Age	Drawdown	Tax-free cash
60	£ 15,000	£ 5,000
61	£ 15,000	£ 5,000
62	£ 15,000	£ 5,000
63	£ 15,000	£ 5,000
64	£ 15,000	£ 5,000
65	£ 15,000	£ 5,000
66	£ 15,000	£ 5,000
67	£ 15,000	£ 5,000
68	£ 15,000	£ 5,000
69	£ 15,000	£

ⓘ Take £5000 more.

Save

Custom income and tax-free cash

You can customise your client's income and tax-free cash by selecting the **Custom schedule** switch. This allows you to customise the amount of income and tax-free cash your client would like to take every year until the end of the model.

You can reset the values at any time by clicking **Reset** or remove the values by clicking on **Clear**.

Your client doesn't need to take their full 25% tax-free cash entitlement in one go. Instead, you can enter the yearly amount they'd like to take. There's guidance given here on how much can be taken each year.

To save your inputs in this tab, click the **Save** button and the information will be updated on the model dashboard. If you click **Cancel** before saving, you'll lose any information you've entered.

State Pension

Cancel

Start age

67

Start date

01/01/2038

Include State Pension?

Yes

No

How many years of National Insurance contributions?

35

Monthly State Pension entitlement

£712.18

Yearly State Pension entitlement

£8,546.20

Save

State Pension

You can choose whether or not to include the State Pension as a source of income in the State Pension panel.

The financial planning tool will automatically pull through the correct start age and date for the State Pension, based on your client's date of birth and sex.

Simply use the **Yes/No** buttons to include or remove the State Pension in your model.

If your client isn't receiving their State Pension yet, you can enter how many years of National Insurance contributions your client has. The financial planning tool will then show you their monthly and yearly entitlement.

If your client's already receiving their State Pension, you can enter the weekly amount they receive.

To save your inputs in this tab, click the **Save** button and the information will be updated on the model dashboard. If you click **Cancel** before saving, you'll lose any information you've entered.

Defined benefit

Cancel

Include defined benefit?

Yes

No

John Lewis

Age 65 | £6,000.00

Edit

Delete

Royal London

Age 67 | £10,000.00

Edit

Delete

RBS

Age 70 | £8,000.00

Edit

Delete

Save

Defined benefit

You can add up to three defined benefit pensions in the defined benefit panel.

To add a defined benefit pension, simply select 'Yes' then enter the name, start age and amount. You can use the **Edit/Delete** buttons on each panel to change the details or remove the information you've entered.

Defined benefit

Cancel

Include defined benefit?

Yes

No

Payment start age

65

Yearly amount

£ 0

Monthly amount £0.00

Scheme name

Create

Adding a defined benefit pension

When adding a defined benefit pension, you can choose the start age, the yearly amount in today's money and scheme name.

If you click the **Cancel** button without saving, you'll lose any information you've entered.

If you click **Create**, you'll be taken to the main panel where you'll see the defined benefit pension you've just added and you can add more by selecting the **Add another** button.

Once you've added your client's defined benefit pensions, up to a maximum of three, you can save your inputs by clicking the **Save** button and the information will be updated on the main dashboard.

Other income

Cancel

Include other income?

Yes

No

Salary

Age 50 - 68 | £15,000.00

Edit

Delete

Rent

Age 50 - 68 | £5,000.00

Edit

Delete

+ Add another

Save

Other income

If your client has any other sources of income, you can add them in the other income panel. You can include a maximum of three other sources of income.

To add other sources of income, simply select 'Yes' then enter the name, start age, end age and amount in today's money. You can use the **Edit/Delete** buttons on each panel to change the details or remove the information you've entered.

Other income

Cancel

Include other income?

Yes

No

Start age

End age

Yearly amount

£ 0

Monthly amount £0.00

Income source name

Create

Adding other income

When adding other sources of income, you can choose the start age, end age, yearly amount and source name.

If you click the **Cancel** button without saving, you'll lose any information you've entered.

If you click **Create**, you'll be taken to the main panel where you'll see the other sources of income you've just added and you can add more by selecting the **Add another** button.

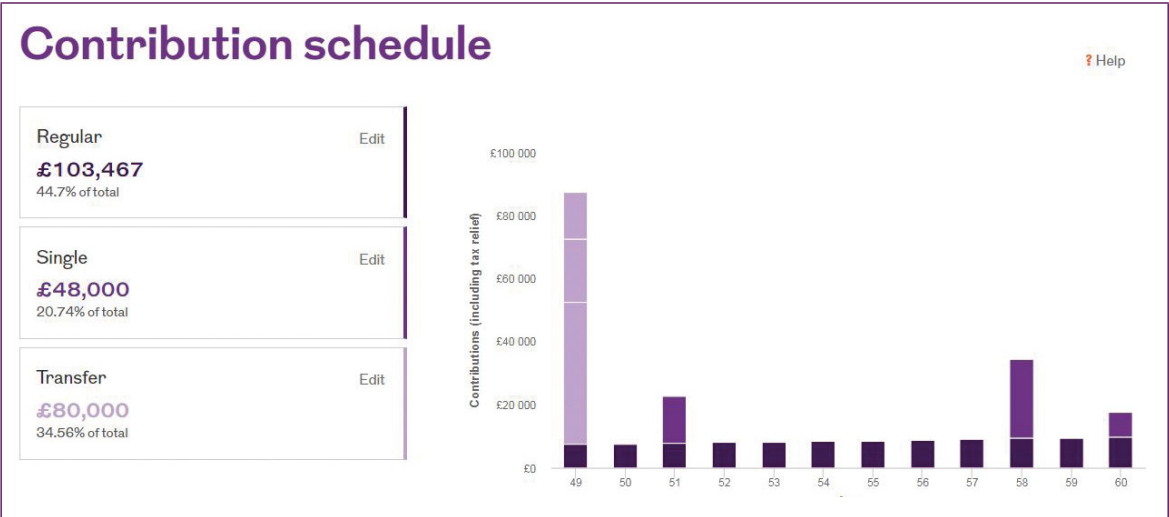
Once you've added your client's other sources of income, up to a maximum of three, you can save your inputs by clicking the **Save** button and the information will be updated on the main dashboard.

Contribution schedule

If your client's still saving for their future, you can enter the details of the different contributions being made.

The contribution schedule lets you include all the contributions that will be made to your client's pension, giving them a full picture of their long term savings.

You can enter the information for each source by selecting the tab on the left. We'll default some information for you to save you time.



Regular

Cancel

Include regular contribution?

Contribution amount

Escalation

Contribution start age

Contribution end age

Regular contributions

You can add regular contributions by selecting the regular contributions panel.

Use the **Yes/No** buttons to select whether or not to include details of a regular contribution in the model.

You can enter this as a percentage of your client's current earnings or as a fixed monetary amount.

You can also add escalation by selecting 'Yes' and entering the escalation figure you want to apply, then enter a contribution start and end age.

To save your inputs in this tab, click the **Save** button and the information will be updated on the main dashboard. If you click **Cancel** before saving, you'll lose any information you've entered.

Single

Cancel

Include single contributions?

Inheritance

Edit

Delete

Age 48

£8,000.00

+ Add another

Single contributions

You can add up to three single contributions by selecting the single contributions panel.

To add a single contribution, simply select 'Yes' then enter the reference name, start age and amount. You can use the **Edit/Delete** buttons on each panel to change details or remove the single contribution.

To save your inputs in this tab, click the **Save** button and the information will be updated on the main dashboard. If you click **Cancel** before saving, you'll lose any information you've entered.

Single

Cancel

Payment age

48

Amount

£ 0

Monthly amount £0.00

Reference name

Create

Cancel this pot

Adding a single contribution

When adding a single contribution, you can choose the age, the amount to be paid in and a reference name.

If you click the **Cancel** button without saving, you'll lose any information you've entered.

If you click **Create**, you'll be taken to the main panel where you'll see the single contribution you've just added and you can add more by selecting the **Add another** button.

Once you've added your client's single contributions, up to a maximum of three, you can save your inputs by clicking the **Save** button and the information will be updated on the main dashboard.

Transfer

Cancel

Include transfers?

Yes

No

Standard Life

Age 48 | £65,000.00

Edit

Delete

+ Add another

Save

Transfer payments

You can add up to three transfer payments by selecting the transfer payments panel.

To add a transfer payment, simply select 'Yes' then enter the reference name, start age and amount. You can use the **Edit/Delete** buttons on each panel to change the details or remove the transfer payment.

To save your inputs in this tab, click the **Save** button and the information will be updated on the main dashboard. If you click **Cancel** before saving, you'll lose any information you've entered.

Transfer

Cancel

Payment age

48

Amount

£ 0

Monthly amount £0.00

Reference name

Create

Cancel this pot

Adding a transfer payment

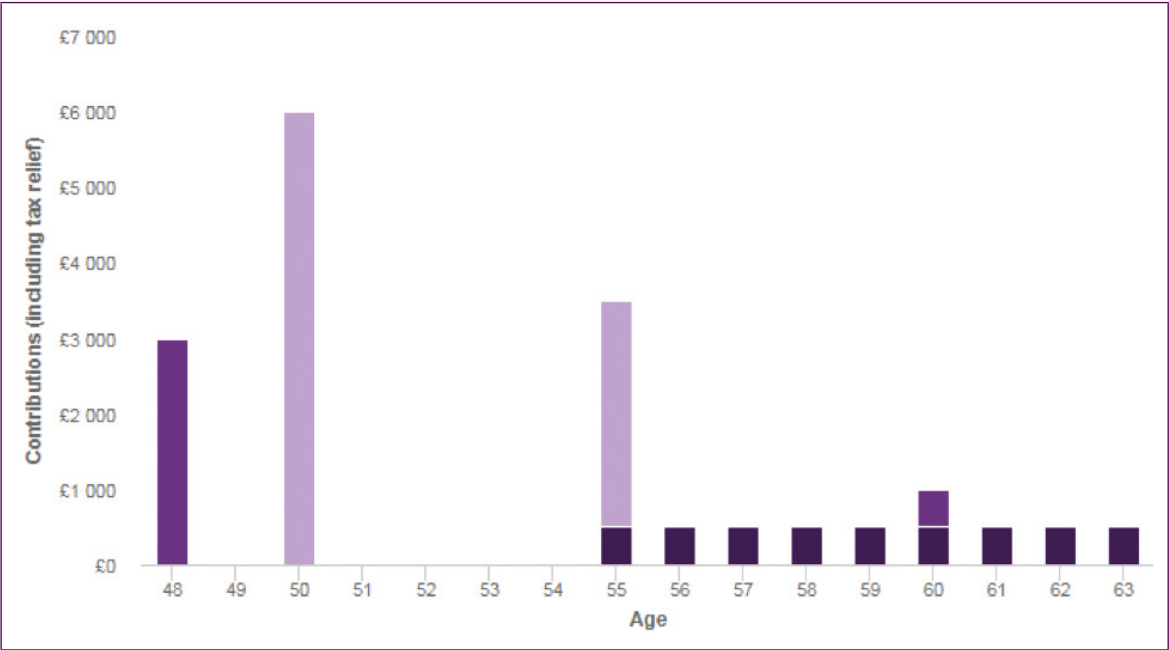
When adding a transfer payment, you can choose the age you want it to be shown in the chart, the amount to be paid in and a reference name.

If you click **Cancel** before saving your information, you'll lose any information you've entered.

If you click **Create**, you'll be taken to the main panel where you'll see the transfer payment you've just added and you can add more by selecting the **Add another** button.

Once you've added your client's transfer payments, up to a maximum of three, you can save your inputs by clicking the **Save** button and the information will be updated on the main dashboard.

Contribution schedule chart



The information you’ve entered in the contribution schedule panels will be shown in the contribution schedule chart.

The chart is colour coded, so you can see which panel each line of the chart relates to.

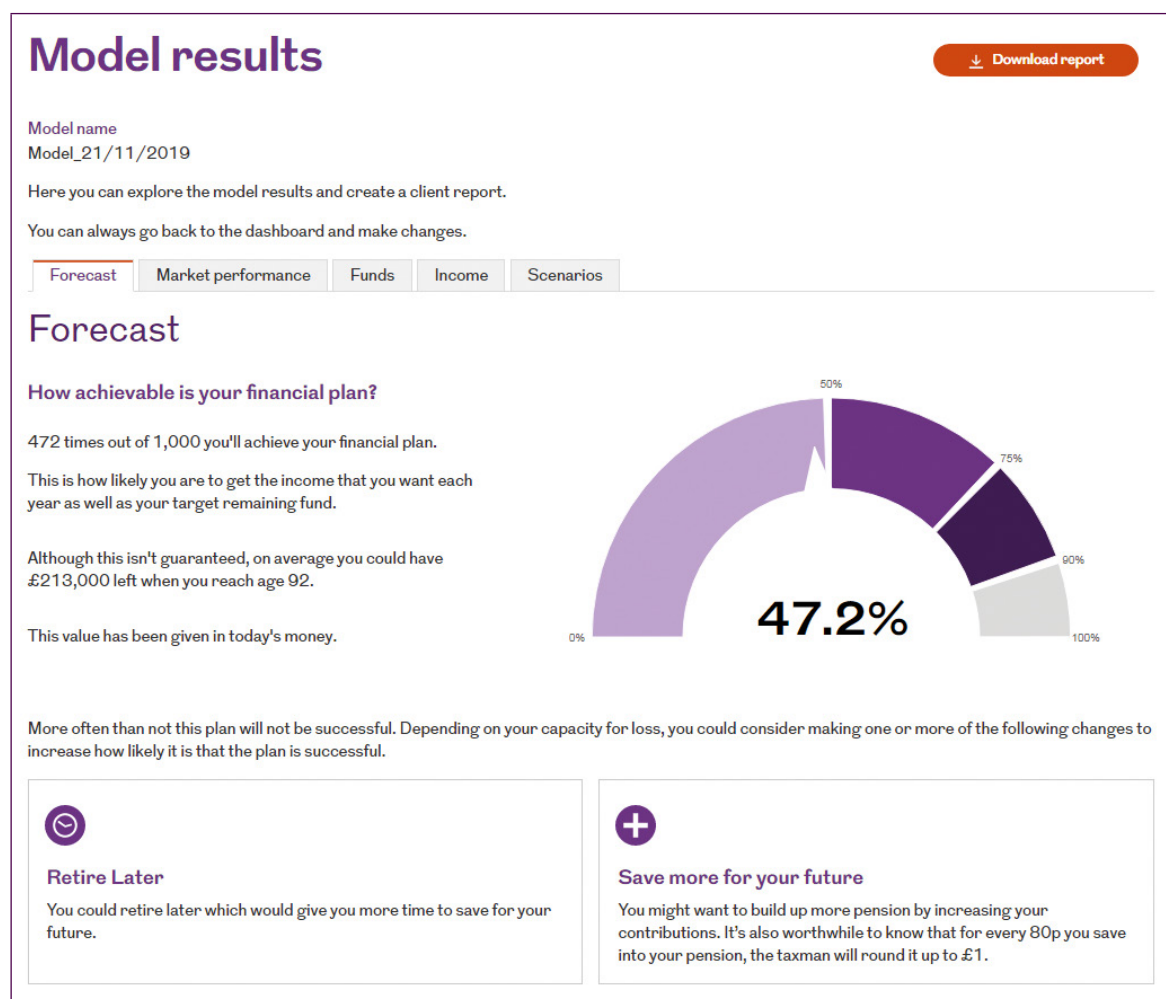
The values in the chart are shown in real terms (today’s money).

Step 2: Review results

The next stage is to review the model results to understand how likely it is that your client will achieve their financial plan.

The results are split over five tabs:

- Forecast
- Market performance
- Funds
- Income
- Scenarios

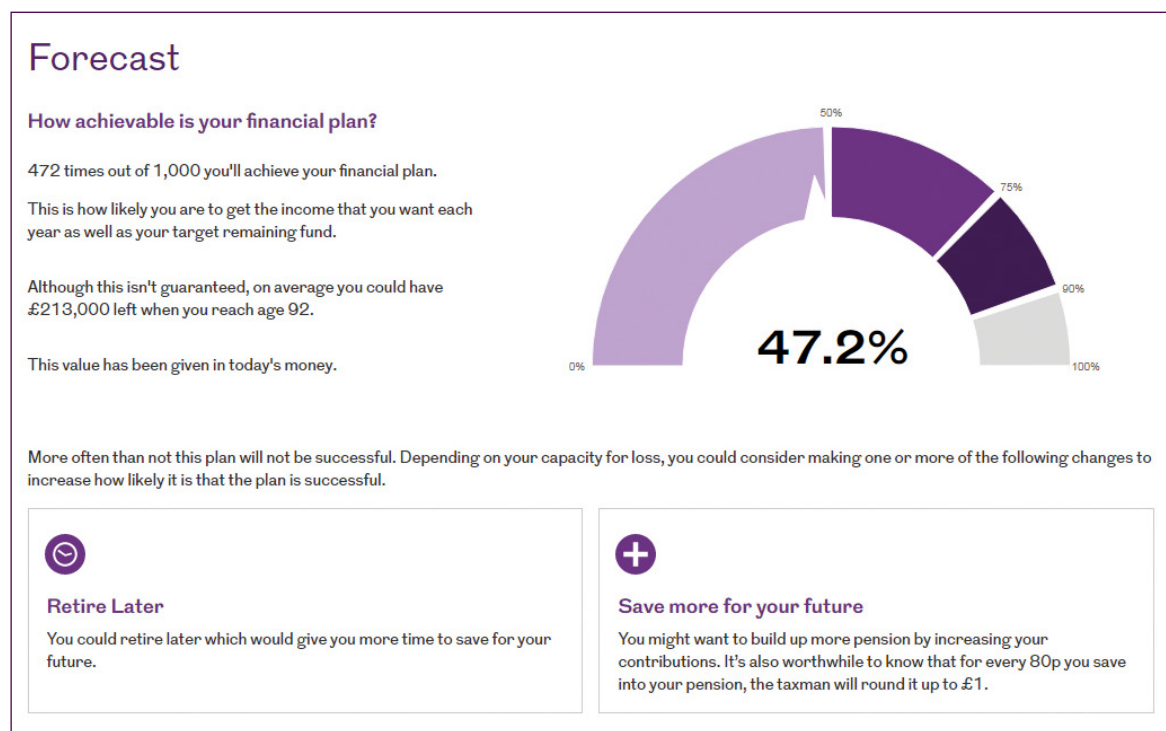


Forecast

The gauge lets you see at a glance how likely it is that your client will achieve their financial plan. You can use this as a checkpoint before you go any further.

If you need to make changes to your client's model, you can easily go back to the dashboard to rekey some of the information.

The financial planning tool will also give you an indication of how much money on average your client could have left, as well as some things to consider to help them improve their forecast.



Market performance

The market performance tab will show you how your client's plan could perform under different market conditions – poor, average and strong. These are the 25th, 50th and 75th percentiles of the data produced by the stress testing analysis.

The tables break this down further by showing you what this means for your client in today's money and in actual money.

You'll also see the likelihood of your client's plan performing better or worse than the results in the table.

Market performance

How could investment performance affect the plan?

Is the financial plan achievable in different market conditions?

Poor market

No

Average market

No

Strong market

Yes

Actual money

	Poor	Average	Strong
Savings left	£0	£462,400	£1,309,600
Annuitised value	£0	£97,200	£283,700
Total income	£2,108,000	£2,508,300	£3,042,800
Income shortfall	£47,500	£0	£0
Total tax paid	£380,200	£434,700	£503,600

In today's money

	Poor	Average	Strong
Target remaining fund	£250,000	£250,000	£250,000
Savings left	£0	£213,000	£615,900
Annuitised value	£0	£45,300	£134,800
Total income	£1,701,600	£1,735,500	£1,735,500
Income shortfall	£34,000	£0	£0
Total tax paid	£327,300	£334,100	£334,100

Likelihood of markets performing better than this

Poor market

75%

Average market

50%

Strong market

25%

Likelihood of markets performing worse than this

Poor market

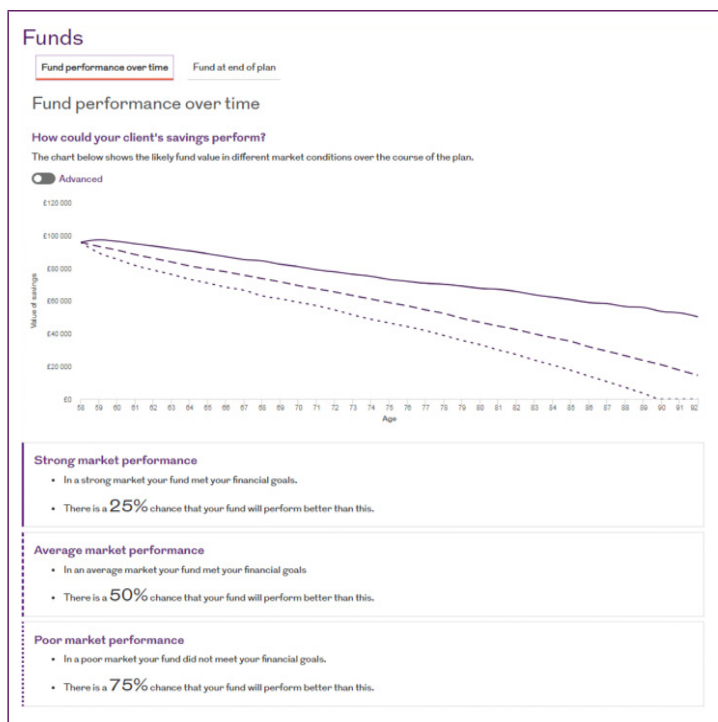
25%

Average market

50%

Strong market

75%

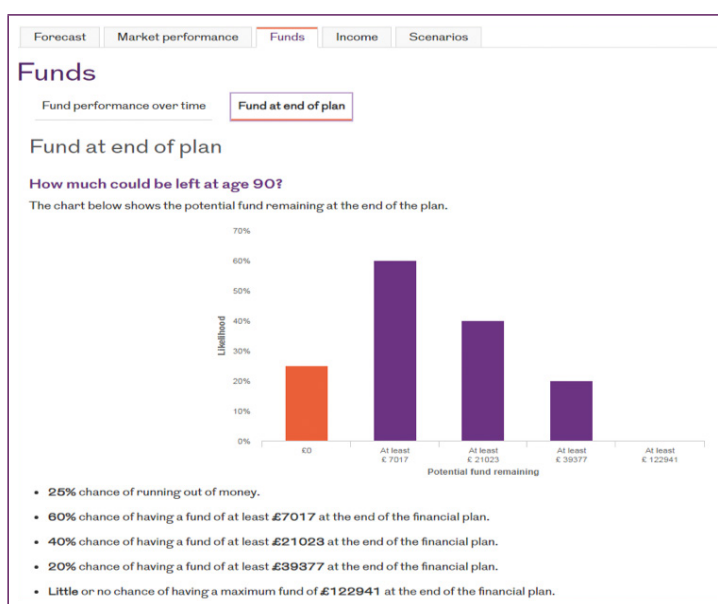


Funds

Fund performance over time

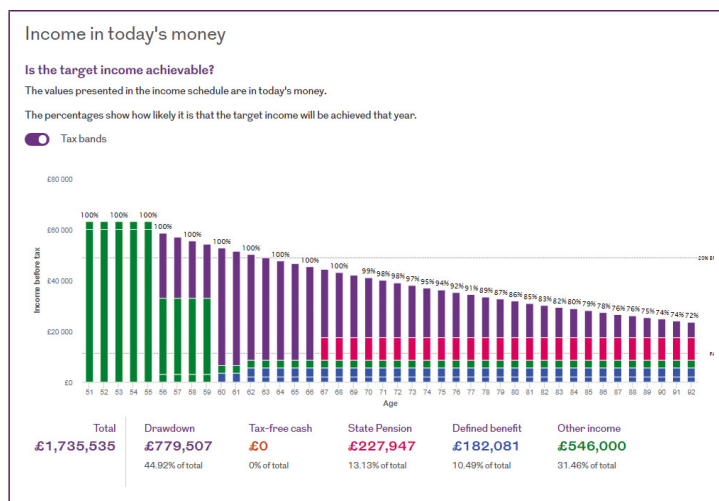
The fund tab shows how your client's savings could perform over the duration of the model under different market conditions – poor, average and strong.

It also shows you how long your client's money is likely to last under these different market conditions.



Fund at end of plan

Each bar in the chart shows the percentage likelihood of your client having a certain level of savings remaining at the end of their plan.



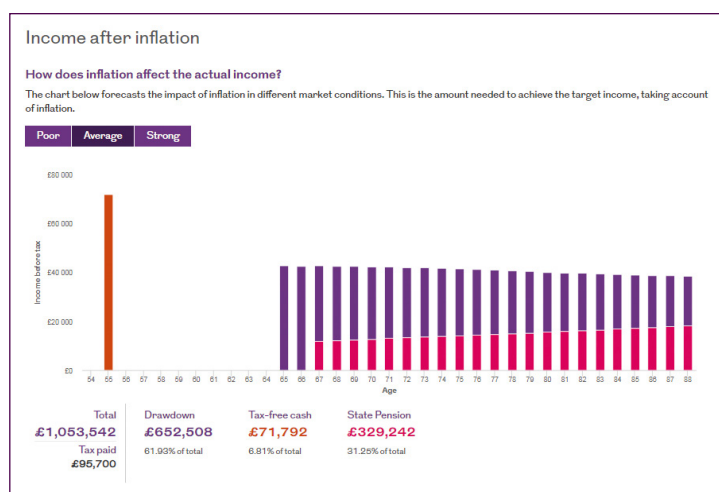
Income

Income in today's money

The chart on this tab shows how likely it is that your client's savings will be able to provide their target income.

The purpose of this chart is to help you show your client how the sustainability of their savings will change as time goes on.

The percentage in the last column is the forecast summary that appeared on the first results tab.



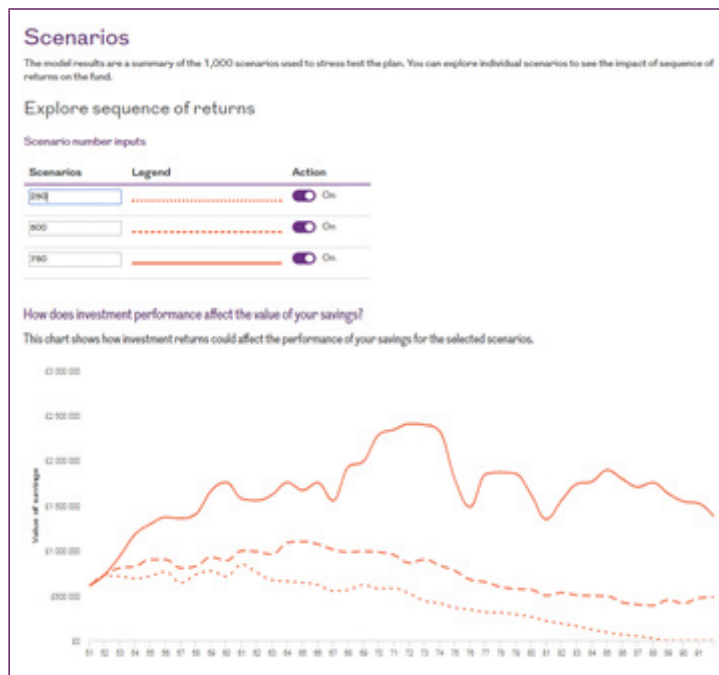
Income after inflation

The chart on this tab shows the impact of inflation on your client's income under different market conditions – poor, average and strong.

The purpose of this chart is to bring to life the impact of inflation which can be significant over the long term.

For poor, average and strong, we've converted the income schedule you keyed (in real terms) into an income schedule that allows for inflation (in nominal terms).

The income after inflation schedule is particularly useful for phasing tax-free cash, which can be used to determine a tax-efficient income strategy.



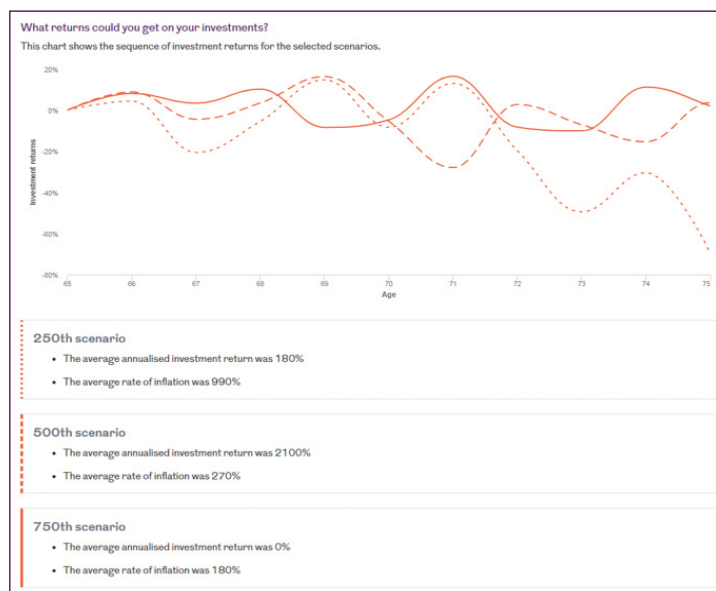
Scenarios

How does investment performance affect the value of your savings?

The chart on this tab shows how the financial plan is stress tested by looking at 1,000 different ways the economy could perform.

You can choose up to three out of 1,000 scenarios generated by the model.

The first chart on this page shows how investments could affect the performance of your client's funds over the duration of the model.



What returns could you get on your investments?

The second chart on this page shows how investments could perform in different scenarios over the duration of the model.

Step 3: Create client report

Once you're happy with the results, the final stage is to create a financial plan for your client, so you can demonstrate the work you've done and the expertise you're providing.



You can use our financial planning tool to create a financial plan for your clients. The report is pre-filled automatically using the information you entered into the tool.

The financial plan is designed to help your clients achieve their financial goals. It's clear and easy to read and contains important information about your clients' savings.

Benefits for you and your clients

- **Client understanding**

Help your clients understand the risks of investing in the stock market and how much they need to save to achieve their retirement goals.

- **Easy to use**

You only need to provide a few pieces of information to use the financial planning tool, you can save and compare several models and we'll default some of the information for you, saving you time and effort.

- **Professional client report**

You can create client reports to help you demonstrate the work you've done and the expertise you're providing.

- **Sophisticated economic model**

Our financial planning tool is powered by a sophisticated economic model, provided by Moody's Analytics, who are known experts in this field.

- **No extra charge**

We won't charge you to use our tool, so you can provide a cost-effective planning service for your clients.

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