

RETIREMENT PORTFOLIO SERVICE

Retirement investing made easy

CLIENT GUIDE

Only available through professional intermediaries.
Ask your financial adviser for more information.

Built on strong foundations

AJ Bell Investcentre is an online investment platform that provides a cost-effective, easy-to-access home for your investments. We are part of AJ Bell – which is a member of the London Stock Exchange, and one of the UK's largest investment platforms.

This investment platform is only available through your financial adviser, but we never forget whose money is being invested and how hard you have worked for it. That's why you can login to www.investcentre.co.uk any time to keep track of your investments.

Since 2015, the income and benefit options from your pension for people moving into retirement are now much more extensive.

For those of you in, or approaching, retirement, we understand your concerns with ensuring that your pension pot adequately supports your income in retirement. That's why we have designed a solution to help, leaving you free to invest in the life you want to live.

Why use the AJ Bell Investcentre Retirement Portfolio Service?

- ▶ It's available exclusively through your adviser and AJ Bell Investcentre.
- ▶ It offers a simple, transparent, low-cost way to invest for income in retirement.
- ▶ We focus on lowering costs wherever possible.
- ▶ The service is managed by an experienced investment team with a long-term approach.



The value of your investments can go down as well as up and you may get back less than you originally invested and some investments need to be held for the long term.

Introducing the Retirement Portfolio Service

Combining four retirement income strategies in a single solution, the Retirement Portfolio Service (RPS) from AJ Bell Investcentre provides a simple, transparent, low-cost way to invest for income as you move into and through retirement.

Strategy 1 – ‘The 4% rule’

Ultimately, how much you take from your pension pot is a decision between you and your adviser, but backtesting shows that if a pension pot was invested in the RPS, at outset, and no more than 4% of the initial amount* is removed from the portfolio in any given year, there hasn't been a series of returns from markets over the last century that results in the monies running out over a 30-year retirement life. That includes two World Wars and periods of high inflation as seen in the 1970s. This is commonly referred to as ‘the 4% rule’.

*increased in line with inflation. Figures refer to simulated past performance and past performance is not a reliable indicator of future performance. Simulated past performance is calculated gross of fees.

As such, the RPS is created with a view to delivering that level of income over that length of time.

The service, however, doesn't tie you to that withdrawal rate and has the flexibility to allow you to take income to suit your needs but, inevitably, taking more than this amount on a regular basis will shorten the expected lifespan of your overall investment pot.

Strategy 2 – ‘Bucketing’ the portfolio

Designed to help you see the balance of your portfolio in action, the RPS splits your investment into three separate ‘buckets’ to be used over different time periods.

Bucket 1 – cash reserve

The cash reserve bucket covers your immediate income needs for the next couple of years and provides you with peace of mind that the money you need in the short term is safe from the day-to-day fluctuations in value that come with any investment strategy.

Bucket 2 – medium term

Built largely of lower-risk investments such as government and corporate bonds, the medium-term bucket is designed to generate a consistent level of income and to hold its capital value over the medium term.

Bucket 3 – long term

Using more risky assets like shares and property, the longer-term funds should grow in value as well as generating an income that also grows over the long term.

Strategy 3 – Natural income

The 'natural income' strategy works by choosing investments that produce income, which tops up the cash reserve over time. This reduces the need to nibble away at the capital and means that your immediate cash needs are covered on an ongoing basis, allowing you to keep calm when the value of the investments inevitably move up and down.

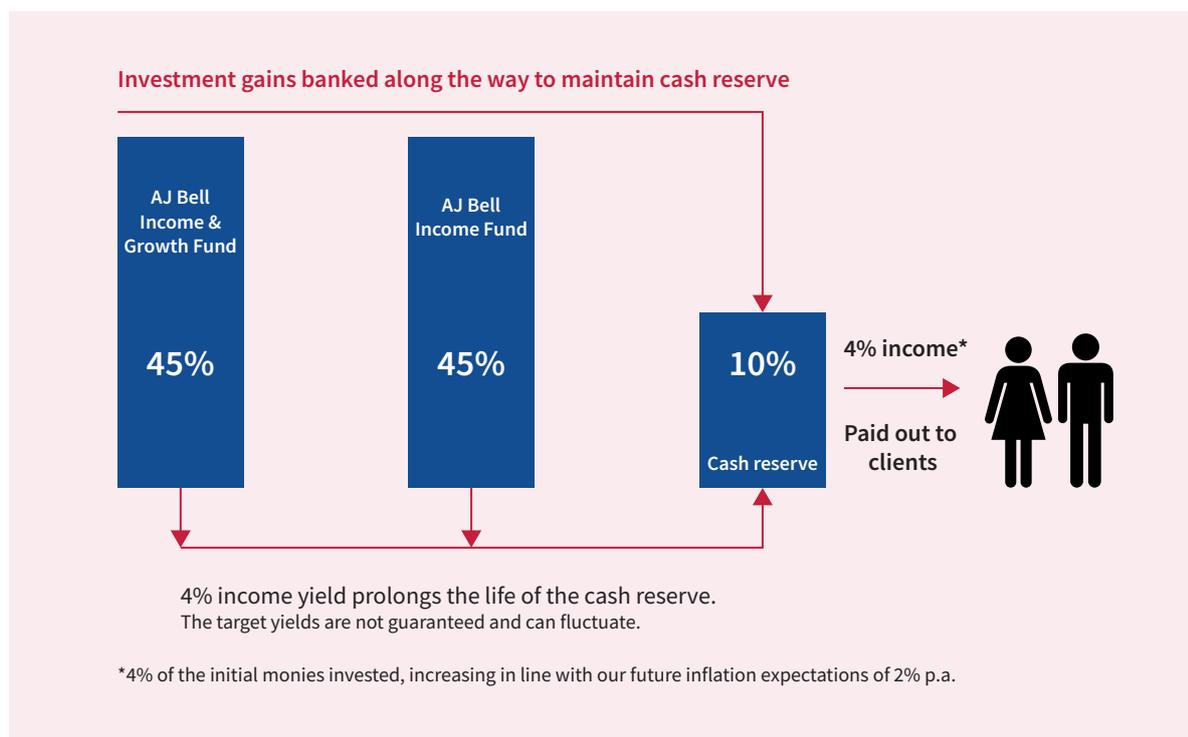
Strategy 4 – 'Smart Rebalancing'

As an investor, time is your greatest friend. Generally, the longer you can invest for, the more confidence you can have in how your investments will perform. But this comes with a downside.

Since investment values are typically linked to the performance of the economy – which is cyclical – the value of investments can fall as well as rise. At times, those falls can be severe.

And so, whilst long-term investing increases the confidence you can have in the long-term performance of your investments, it also increases the likelihood that you will have to endure a period or two of potentially significant losses.

With this in mind, the RPS looks to smooth the journey with a mechanism of banking profits along the way. By topping up the cash reserve in good times, it reduces the risk of having to sell investments after the inevitable periods in which their value will have fallen.





Managed by an experienced investment team

Our portfolio managers are highly respected figures in the world of investments, with decades of experience behind them. And because they understand the importance of transparency, you can expect any information from them to be in plain English rather than industry jargon. In line with AJ Bell's guiding principles, the team's focus is on giving you what you need – not what you don't.

By carefully assessing the risks associated with each asset class and geographical location, the team is able to adjust the portfolio to avoid assets that appear overvalued, in favour of those in which the potential rewards are more attractive.



This brochure provides general information about the AJ Bell Investcentre Retirement Portfolio Service. It should not be read or construed as investment advice. It is your adviser's responsibility to assess your circumstances and make a personal recommendation that is suitable for your needs.

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