

7 essential questions for your Centralised Retirement Proposition

The FCA's recent thematic review on retirement income underscores the importance for advisers to have a defined, differentiated, and robust Centralised Retirement Proposition (CRP) to meet the specific needs and risks of clients entering retirement. With this comes the need for greater due diligence to ensure you are meeting your regulatory obligations and can demonstrate that the solutions you offer your clients can deliver good outcomes.

In this guide, we outline seven essential questions you need to consider to help you build an effective CRP that can deliver for your clients throughout retirement.

1. Do you have a named & consistent approach to retirement income?

The regulator requires advisers to adopt a specific approach for clients entering or in retirement – one which addresses their unique needs and risks.

It's no longer enough to simply adapt an accumulation strategy to include regular retirement income withdrawals. Instead, a focused decumulation strategy is necessary.

Having a named and consistent approach to retirement income is critical for demonstrating that your chosen solution can meet your client's needs, now and in the future.

Brooks Macdonald offers a range of solutions designed to meet the changing needs of clients preparing for or in retirement, supported by rigorous due diligence and independent endorsements. From our bespoke services to platform-based investment solutions, our offering can align with your clients' specific needs and regulatory requirements.

2. Within that named approach, how do they manage the risks associated with retirement?

Retirees face inherent risks that can jeopardise their financial stability in later life, including:

- Longevity risk: The risk of outliving one's savings.
- Sequencing risk: The impact of withdrawing funds during market downturns.
- Inflation risk: The erosion of purchasing power over time.

You must demonstrate that your CRP considers these risks that emerge as your clients enter retirement.

Within Brooks Macdonald's income solutions, we can offer a specific approach that is most appropriate for you and your clients, and which actively guards against challenges including longevity, sequencing risk and the impact of inflation. These options include our Bespoke Portfolio Service, for example, where we can segregate assets to meet your client's specific income needs, or managed through your own platform with an investment solution designed to help you to meet your client's objectives.

3. Is there demonstrable evidence that the approach works?

Due diligence, evidence and data is critical to validating that your chosen strategy is supporting your clients to meet their retirement income objectives.

At Brooks Macdonald, we provide demonstrable evidence across our income solutions. With our bespoke portfolios, we actively talk through the risks, profile our strategies against ARC's private client indices, and set out clearly why we take a specific approach. Across our solutions, we also provide information about historical performance, giving you greater peace of mind that we can help you meet your clients' retirement goals.

4. Can you show price & value to meet Consumer Duty requirements?

Under the FCA's Consumer Duty, there has been a greater focus on demonstrating how you are delivering fair value for your clients. This isn't solely about showing that the price your clients pay represents good value but actively demonstrating that a product or service is meeting their needs. As an adviser, you also want to use a solution that fits best with your own business model and the way you work.

Brooks Macdonald offers a range of income solutions, allowing advisers to select the most appropriate option based on service level, personalisation, cost, and client requirements.

Our comprehensive reporting, including detailed value assessments, clear investment goals, tax efficiency, capital gains management, and our commitment to outperformance, can all help you demonstrate fair value to the regulator and your clients.

5. What is the governance and oversight of the approach?

The FCA has identified strong governance and oversight as critical to ensuring the ongoing suitability of investment solutions and meeting due diligence requirements. This means your CRP should include adequate measures for ongoing monitoring and review to ensure investment solutions continue to work for your clients.

Our decumulation service is run centrally, so whether you're in Edinburgh or Exeter, you'll benefit from the same consistent approach to retirement income planning. We use an innovative two-pot structure, with a bespoke short-term pot designed to cover the first seven years of income, alongside a long-term pot invested for growth.

This long-term pot is also underpinned by our Centralised Investment Proposition (CIP), the foundation of our investment approach at Brooks Macdonald, providing a consistent, rigorous approach that ensures every investment decision aligns with our house view.

6. Is this approach accessible to all clients?

If you're planning to engage a third party provider as part of your CRP, you must choose an approach which can cater to a wide spectrum of clients, regardless of investment value, location, or product wrapper requirements.

Brooks Macdonald's product range is designed to support a wide variety of client needs:

- Our Bespoke Income Service is tailored for clients seeking personalised retirement income solutions.
- The Managed Portfolio Service (MPS) provides cost-effective discretionary portfolio management with risk-adjusted strategies.
- Our SVS Cornelian Funds offer accessible, unconstrained multi-asset solutions suitable for a broad client base.

This framework enables scalable and adaptable income solutions, ensuring suitability across diverse client needs.

All of Brooks Macdonald's retirement income solutions are also underpinned by our CIP, which delivers consistency in our investment approach across managers and geographies, reducing your due diligence workload with a disciplined and structured investment process.

7. Is there independent, external validation endorsing the approach?

Independent validation is crucial for building the credibility of any investment solution. Not only does it strengthen your due diligence process, but experience has shown that advisers often rely on independent validation to back up their approach, giving clients confidence in the recommended solutions.

Ratings, risk profiles, awards, and other endorsements offer a qualitative layer of input. At Brooks Macdonald, our solutions are backed by robust external endorsements, helping you demonstrate suitability for your clients:

Bespoke Income Service



Managed Portfolio Service (MPS)



SVS Cornelian Funds

