

Why are annual reviews important?

By Marcus Woolley DipFA



The History

At some point in time, whether consciously or not, you've taken the decision to start investing for the future, either by way of a workplace pension scheme to which you have enrolled, and/or taking the decision to make regular or single contributions into some form of personal pension plan.

What a great decision that is.

At that point, or maybe along the journey, I as a Financial Adviser have assessed your needs and objectives, and made a recommendation to you with regard to your future requirements. This process has included gathering your personal information, asking you to complete a questionnaire in order to establish your attitude to risk and capacity for loss, as well as comparing different pension plans, amongst other matters all of which lead to the start of a relationship with your financial plans and future.

The Annual Review

But it doesn't, and shouldn't, stop there. If you have wisely selected one of our service offerings whereby you pay for our ongoing services, then not only do we have a regulatory obligation and responsibility to take any further instructions you may need, then outside of this it is imperative that we conduct as a minimum an annual review of your arrangements.

After all, if it's important enough for you to be spending some of your hard earned money, then wouldn't you want to know how your investment is getting on?

So this is why I place so much importance and relevance in ensuring that we conduct this exercise, taking out the regulatory aspect, for you alone.

The Process

The first time you'll be aware that your review is due is when I contact you by some form, be it email, message or a good old fashioned phone conversation, just to let you know the review is due. This will be followed up by another email from a tool that we use which asks you to complete a number of questions, in order to re-establish your risk profile. Although this may not change from year to year, over time it may, or due to personal circumstances since the last time it may alter slightly. But to ensure you remain in the right investment to fit your requirements, this is a vital and necessary exercise. Once completed, I prepare paperwork my end, and we agree on a way to conduct your review.

The Review

The best part of this is meeting up with you again. Finding out what's been going on in your life(ves) and having a bit of a laugh. I consider myself very fortunate to have met and know each and every one of you, and over time many of you have become more than just client's, you've become friend's, thank you.

But we also need to not lose sight of the importance for us meeting, and that's to see how your investments have performed, not only over the past year, but since commencement of our relationship.

The plan value is the headline. Ultimately, this is what it's all about, the value built up within your investment plan. It's also nice to see how it's performed over the years, and although percentages are good to acknowledge, it's the amounts which are important.

At this point, it's also worth noting that reviews are great when plan values are on the rise, but as has been the case over some of the past year's, it's even more important to front out tough conversations when there has been a downfall over a year. This is when it's important to maintain the initial objective and recommendation, as over time this will equal itself out, as many of you will have experienced. And I keep telling you!

We do also however go over other details, such as how your plan is invested, any tactical changes made to your plan, beneficiaries confirmed as well as charges applied to the plan. We also like to provide an indication of how much your plan may be worth at your chosen retirement date, performance dependent.

The Conclusion

So there it is. Hopefully this is a useful insight to the process and an understanding as to why I am so insistent that this process is carried out each year.

Thanks for reading.

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