LEARNER EDITION

The retirement recommendation: what are we missing?

Examine an incomplete retirement file. Separate attractive projections from the evidence a recommendation still needs.

Version 1.0 | DRAFT | 25 minutes estimated study

External accreditation: not recorded. The CPD Group has not approved this pack or assigned credits. Draft estimates are subject to review.

Course identity

Audience: UK financial advisers, paraplanners and advice quality reviewers

Prerequisites: Working knowledge of the UK financial advice process. This is professional development, not an entry-level qualification.

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Learning outcomes

1. Identify material gaps before forming a retirement recommendation.

2. Distinguish risk willingness, capacity for loss and modelling assumptions.

3. Frame an evidence-based review action with a clear trigger.

Learning journey

Work through 4 lessons and their decisions, then answer 5 assessment questions. Proposed pass threshold: 80%. Feedback explains each answer; learners can revisit lessons and retry. Completion also requires the learner's confirmation and their reported study duration. A reflection is a separate, personal account linked to this activity.

This edition is for study. Reading it does not record an online completion or create CPD hours. No client-identifying or confidential information should be entered into the platform.

LESSON 01 / 04

Read the gaps

A neat file can still leave the decision unsupported.

In this original fictional case, Ellis and Morgan plan to reduce work over the next two years. A draft summary says they want flexible income and to leave something to family. It includes an investment valuation and a risk questionnaire. Their regular spending, likely one-off costs, other dependable income and the timing of each income source are incomplete. No recommendation has been made.

Before comparing solutions, turn each broad objective into a question the couple can answer. What expenditure must continue? Which plans could change? Whose income starts when? What help to family is an intention rather than a firm commitment? Avoid filling gaps with an average household budget or assuming that a preference for flexibility answers the question of affordability.

FCA retirement income work highlights the particular needs of people drawing on assets. This workshop focuses on the quality of the reasoning process. It supplies no tax calculation, withdrawal rate or suitable product for the couple. The absence of these answers is deliberate: the available facts do not support them.

Your decision

Which next action most improves the basis for advice?

A. Choose the product with the broadest withdrawal options.

B. Clarify spending, income timing and the importance of each objective.

C. Use the risk score to estimate a sustainable withdrawal amount.

Consider your response before reading the feedback.

Feedback A: Product features cannot resolve missing information about the household's needs.

Feedback B: This establishes what the eventual solution must do and what remains uncertain.

Feedback C: A risk score is not an affordability calculation or an income sustainability assessment.

Take into practice: Turn each assumption into a question before it becomes a recommendation.

Primary reading: FCA: Retirement income advice thematic review TR24/1

LESSON 02 / 04

Separate the kinds of risk

Willingness to accept risk is not the same as ability to absorb a loss.

Ellis says market falls do not worry them. Morgan says an income reduction would mean cancelling a commitment they regard as essential. These statements concern different things. Explore each person's attitude, the household's financial resilience and the practical consequences of a shortfall. Do not average away a disagreement simply to produce a single convenient score.

Build a provisional picture of essential and discretionary expenditure, income sources, accessible reserves and flexibility. Mark unverified figures clearly. Discuss how the picture changes during the transition from earnings to retirement income. A temporary gap and a permanent shortfall may call for different analysis; neither can be dismissed merely because the long-term chart rises.

A useful case discussion can end with a better question rather than a recommendation. In a peer review, ask a colleague which fact would most change their conclusion. If nobody can identify a fact that would change it, examine whether the discussion has become attached to a solution too early.

Your decision

What does Ellis's willingness to tolerate a fall establish?

A. The household can afford any resulting income reduction.

B. A particular investment is suitable.

C. One relevant attitude, which still needs to be considered with financial consequences and other evidence.

Consider your response before reading the feedback.

Feedback A: Capacity depends on circumstances and consequences, not willingness alone.

Feedback B: Suitability needs a fuller assessment.

Feedback C: Keep the evidence in its proper role. A confident statement is useful information, but not the whole analysis.

Take into practice: Keep attitude, capacity and required income distinct.

Primary reading: FCA: Retirement income advice thematic review TR24/1

LESSON 03 / 04

Interrogate the picture

A projection shows the result of its assumptions.

The draft file contains a smooth rising projection. Before discussing its conclusion, inspect its inputs and what the display omits. What spending pattern was assumed? How were inflation, charges, investment returns and longevity treated? Which income figures have been verified? What happens if the couple retires earlier or faces a large unplanned expense?

Use alternative scenarios to illuminate uncertainty, not to manufacture confidence. Ask which assumptions materially change the result and whether the clients understand the practical implications. A favourable model output is not a guarantee; an adverse scenario is not a prediction. Record the rationale for selected assumptions and the limitations of the exercise.

FCA's RIAAT is a resource for understanding its approach to reviewing retirement advice and disclosure. A completed checklist cannot make unsupported inputs reliable. In this workshop, identify one piece of missing evidence, one assumption to challenge and one explanation the clients would need before relying on the model.

Your decision

A model shows no shortfall. What is the strongest next response?

A. Treat the chart as a guarantee that spending is safe.

B. Examine inputs, limitations and relevant alternative scenarios.

C. Remove adverse scenarios so the clients are not confused.

Consider your response before reading the feedback.

Feedback A: The output is conditional on the model and its inputs.

Feedback B: The useful question is how the result was reached and how robust the reasoning is to uncertainty.

Feedback C: Explain uncertainty clearly; concealing it would weaken the discussion.

Take into practice: Read the assumptions before trusting the line.

Primary reading: FCA: Retirement Income Advice Assessment Tool (RIAAT)

LESSON 04 / 04

Create a review that can act

Make the next step specific enough to change the file.

Return to Ellis and Morgan's incomplete file. Create a three-column note on paper: evidence needed, why it matters, and who will obtain it. Include one item about spending, one about income timing and one about the consequences of a shortfall. Set a realistic point at which the information will be reviewed before a recommendation proceeds.

Then outline what an eventual ongoing review would need to notice. Use the couple's circumstances to identify meaningful changes: work ending sooner, an altered spending commitment or a material change in available resources. Avoid promising that any single trigger or fixed interval is universally sufficient. Apply the actual service agreement and current requirements to the real case.

For your CPD reflection, choose one weakness you might recognise in your own process. Describe a change within your control and a way to check it on an appropriately anonymised file. The course assessment tests reasoning about this fictional case; it cannot establish competence to advise a real client or validate a recommendation.

Your decision

Which action is most useful after this workshop?

A. Add 'review regularly' to every file.

B. Adopt the fictional couple's assumptions for all retirees.

C. Test a selected file for one material evidence gap and record how it was resolved.

Consider your response before reading the feedback.

Feedback A: A general reminder leaves the task and evidence unclear.

Feedback B: Assumptions must fit the individual circumstances and be justified.

Feedback C: A defined task makes the learning observable and provides material for an honest reflection.

Take into practice: Give a review action an owner, a reason and an observable result.

Check your reasoning

1. The couple favour flexibility but have not separated essential spending from adaptable plans. What is the priority?

A. Clarify needs and their timing before selecting a solution.

B. Compare flexible products using their existing investment valuation.

C. Model the same total spending throughout retirement as a cautious starting recommendation.

2. A high tolerance for market falls demonstrates what?

A. Adequate capacity for loss.

B. One aspect of attitude to risk.

C. A sustainable income level.

3. The base projection is favourable, but the clients may retire sooner than modelled. What should the reviewer prioritise?

A. Use the base projection because it reflects the currently stated retirement date.

B. Reduce the return assumption while leaving the income dates unchanged.

C. Examine the changed timing alongside the other material assumptions and explain the consequences.

4. Which evidence would most directly clarify whether the apparent income gap is temporary?

A. The dates when earnings cease and dependable income sources begin.

B. The long-term average return of the investment portfolio.

C. The couple's preferred amount to leave to family.

5. Which follow-up best turns this learning into practice?

A. Write 'keep up to date'.

B. Review an anonymised file for an identified assumption and record the evidence supporting or correcting it.

C. Use the same assumptions for every retiree.

References & currency

Primary sources inform the material; original fictional exercises are CPDreflect's teaching approach. Inclusion of a source is not endorsement. Check applicability and subsequent changes before using a publication in practice.

FCA: Retirement income advice thematic review TR24/1

Publication date: 2024-03-20

https://www.fca.org.uk/publication/thematic-reviews/tr24-1.pdf

Historical thematic findings used for learning; read with current rules and guidance.

FCA: Retirement Income Advice Assessment Tool (RIAAT)

Publication date: 2024-03-20

https://www.fca.org.uk/firms/retirement-income-advice-assessment-tool-riaat

Primary file-review resource. This original exercise does not reproduce the tool or replace a suitability assessment.