

# Phased drawdown

Nucleus platform user guide

Edition 07

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# Introduction


This document provides a guide on how to request phased drawdown for the following scenarios:

- From a new and existing Nucleus Pension account
- Amendments to an existing phased drawdown instruction.

# Guide

## Where do you instruct phased drawdown on an existing Pension account?

First select the Pension account from the 'wrap summary' screen.



The screenshot shows a web interface for a 'Wrap summary' screen. At the top, there are navigation links: 'Top-up/add investment', 'Account detail', 'Tools & reports', 'Download PDF', and 'Download CSV'. Below these, the title 'Wrap summary' is displayed. The main content area contains the following fields:

- Name: [Example, John](#)
- Client reference
- Adviser

Below the fields is a table with the following data:

| Type                        | Name    | Account ID | Joint owner(s) | Valuation   | % of portfolio |
|-----------------------------|---------|------------|----------------|-------------|----------------|
| <a href="#">Pension</a>     | Pension |            |                | £100,000.00 | 100.00         |
| <a href="#">Memo assets</a> |         |            |                | £0.00       | 0.00           |
| Portfolio total             |         |            |                | £100,000.00 |                |

At the pension summary screen, select 'crystallise' from the 'account detail' drop down menu. This will take you to the crystallisation screen where a new instruction can be keyed. We'll cover how to key this later in the guide.

**Pension - N11112**

Account details

|                 |                    |                        |                  |
|-----------------|--------------------|------------------------|------------------|
| Account number  | N11112             | Owner(s)               | Example, John    |
| Adviser         | D Camerson - 12345 | Valuation @ 22/05/2020 | £213,290.57      |
| Account name    | Pension            | Pension input period   |                  |
| Retirement age  | 65                 | Beneficiaries          | Ann Example 100% |
| Subject to MPAA | No                 | MPAA commencement date |                  |

## Where do you instruct phased drawdown as part of a new business application?

### New client to Nucleus

For a new client to Nucleus, please refer to the [new clients and new business user guide \(0061\)](#) which is available from the library.

Once you've created your new client on the platform, follow the steps below.

### Existing Nucleus client

At the wrap summary page for the client, select 'top-up/add investment'.

**Wrap summary**

Name: [Example, John](#)

Client reference

Adviser

| Type                        | Name    | Account ID | Joint owner(s) | Valuation   | % of portfolio |
|-----------------------------|---------|------------|----------------|-------------|----------------|
| <a href="#">Pension</a>     | Pension |            |                | £100,000.00 | 100.00         |
| <a href="#">Memo assets</a> |         |            |                | £0.00       | 0.00           |
| Portfolio total             |         |            |                | £100,000.00 |                |

## Keying a Phased drawdown instruction

You may now add a 'new account' or top-up an existing account. From the drop down menu for new accounts, select the appropriate account type then click 'add'. Remember, as the client is going into immediate drawdown please select a pension account and tick the immediate drawdown box as well as the contribution type.

The screenshot shows a web form titled "Application for John Example" with a sub-section "Select account". It is divided into two main parts: "New accounts" and "Top up".

**New accounts:** A dropdown menu is set to "Pension" with an "Add" button. Below is a table with the following columns: "Account holder", "Give the account a name", "Contribution type", "Other account holder(s)", and "Annual advice fee".

| Account holder | Give the account a name | Contribution type   | Other account holder(s) | Annual advice fee |                                       |
|----------------|-------------------------|---|-------------------------|-------------------|---------------------------------------|
| John Example   | Pension                 | <input type="checkbox"/> Payments<br><input type="checkbox"/> Re-register<br><input checked="" type="checkbox"/> Transfer<br><input checked="" type="checkbox"/> Immediate drawdown |                         | 0 %               | <input type="button" value="Remove"/> |

**Top up:** A dropdown menu is set to "Pension - N341901" with an "Add" button. Below is a question: "Is the client subject to the Money purchase annual allowance?" with a dropdown menu set to "No".

Information icons and "Next" buttons are present in the top right and bottom right corners of the form area.

As you've ticked the immediate drawdown box, you will be taken to the immediate drawdown page during the new business journey.

## How do you submit the phased drawdown application?

The phased drawdown instruction is entered on the crystallise page (when accessed via an existing pension) or immediate drawdown page (when accessed via a new business journey).

For the purposes of this guide you will see screenshots from the crystallise screen. The same fields are replicated on the immediate drawdown screen when you carry out a new business application.



It's not possible to add multiple, active phased drawdown instructions to the same pension. If there's an active phased drawdown instruction in place on a pension the immediate drawdown and crystallise screens will not allow you to key another phased drawdown instruction.

## Crystallise

The first section of the page contains the client and account details and includes the lifetime allowance (LTA). The LTA section will auto-complete for you as you enter the rest of the drawdown details on the application. Note that the LTA is based on pensions with Nucleus. If a client holds pensions elsewhere, we can't factor this into our LTA percentage.

The screenshot shows a form titled "Crystallise" for "Pension - N111112". It contains the following fields:

|                |              |                                     |               |
|----------------|--------------|-------------------------------------|---------------|
| Client number  | 100000001    | Client                              | Example, John |
| Account number | N111112      | Account type                        | Pension       |
| Drawdown type  | Flexi-access | Designate funds to existing account | <New>         |
| LTA %          | 0.00         |                                     |               |
| LTA % total    |              |                                     |               |

The 'drawdown type' from the drop down list must be set to 'flexi-access' to submit a phased drawdown instruction. You'll not be able to submit a phased drawdown instruction for capped drawdown.

If the client holds an existing drawdown account you will be able to designate funds into that account. This dropdown will default to 'new' which will create a new drawdown account for the phased drawdown funds to be designated to.

## Drawdown details

For phased drawdown, you must enter an amount or percentage under 'drawdown options' that is less than the current value of the pension account. This is the amount that will be transferred from the pension account to the drawdown account with each phased drawdown iteration. You must also select the pension commencement lump sum (PCLS) option, which will be either an amount or a percentage. If choosing % for PCLS, it will automatically be populated at 25% however this can be overridden to a lower figure if required.



It's possible to submit a single drawdown request on a pension that has an active phased drawdown instruction. The single drawdown instruction should be submitted as normal on the account and the signed client instruction sent to Nucleus via Jira to be processed.

Please note, you will not be able to do this during the eleven working days while the phased drawdown instruction is processing. For more details, please see page nine.

## Phased drawdown options

Drawdown details

Please select a drawdown option

Drawdown options:

Drawdown amount:

Drawdown %:

Please select a phased option if required

This will repeat the crystallisation on a regular basis

Frequency:

Please select a PCLS option if required

PCLS option:

PCLS amount:

PCLS %:

Under the phased options, the frequency dropdown will default to 'none'. Leaving this option as 'none' will result in a single drawdown instruction being submitted. To submit a phased drawdown instruction, you must select a frequency of monthly, quarterly, half-yearly or annual from the dropdown list.

Drawdown details

Please select a drawdown option

Drawdown options:

Drawdown amount:

Drawdown %:

Please select a phased option if required

This will repeat the crystallisation on a regular basis

Frequency:

First payment date:

Final payment date:  or  No end date

Please select a PCLS option if required

PCLS option:

PCLS amount:

PCLS %:

## Keying a Phased drawdown instruction

Once you've selected a frequency, you must input a start date for the phased drawdown instruction and either an end date or tick the 'no end date' box. The start date must be 11 working days in the future and the end date must correspond with the first payment date and the frequency. For example, a frequency of monthly and a start date of 6 January would require an end date of the 6th of any month. However, a frequency of quarterly and a start date of 6 January would require an end date of 6 April, July, October or January.



If we're unable to process phased drawdown before the 11 working day cut-off for the first payment date, for example due to the paperwork arriving late, we'll move the payment date to the first available date to ensure the client receives their requested PCLS as soon as possible.

Please note, this new payment date will persist for future phased iterations and any change would have to be made via the maintenance screen. A jira will not be raised to inform you of this.

## Adviser payment details

Please remember that any initial fee submitted with a phased drawdown instruction will be deducted with each phased drawdown iteration. If you have submitted a 1% initial fee on a monthly phased drawdown instruction, the 1% fee will be deducted each month once drawdown has been processed and the PCLS figure paid to the client.

| Adviser payment details |  |
|-------------------------|--|
| Annual advice fee       | <input type="text" value="0"/> % <input type="button" value="v"/>    |
| Initial fee             | <input type="text" value="0.00"/> % <input type="button" value="v"/> |

## Income payment details



If an up-front fee is required, please request this using our ad-hoc fee process.

Income payment details are submitted independently of the phased drawdown instruction. This means you have the flexibility to request any amount of income up to the maximum income amount and the frequency and payment date for income does not have to match the phased drawdown instruction.

| Income payment details |   |
|------------------------|---|
| Max income             | <input type="text" value="2,994.90"/>                                     |
| Frequency              | <input type="button" value="Quarterly"/> <input type="button" value="v"/> |
| Amount                 | <input type="text" value="500.00"/>                                       |
| First payment date     | <input type="text" value="01/02/2020"/>                                   |

Please note, you must manage the pension income as you would any other income instruction on the platform via the maintenance tab.



Pension income will be activated by us after the first phase of drawdown has been processed. The first income payment may not be made on the date you've chosen if there's insufficient time to make the payment after income is activated. In this situation, income is paid at the earliest possible date, with future income payments being made on the same day of the month. A jira will not be raised to inform you of this.

## Bank account details

You'll be able to pay PCLS into any bank account held by the client or choose to designate the money into an existing, active General account.

Bank account details

Bank account details for PCLS

Account name Designate funds to existing account

Sort code

Account number

Roll number

The PCLS payment instruction will be in place for all phased drawdown iterations.

## Phased drawdown submission

Once you've entered the phased drawdown details and submitted the phased drawdown instruction, via crystallise or new business, you will see a summary of the phased drawdown details alongside the rest of the application summary.

| Phased drawdown details |            |                    |            |
|-------------------------|------------|--------------------|------------|
| Frequency               | Monthly    | First payment date | 06/03/2020 |
| Final payment date      | 06/04/2021 |                    |            |

This information will also appear on the pdf version of the summaries, which the client can sign instead of signing the pension drawdown form (0028), which can be found in the library. Paperwork should then be sent to us by post or jira to allow us to activate the instruction.



If you've an existing manual phased instruction in place, please speak to your client relations manager to discuss how this can be migrated.

## How do you amend the details of an ongoing phased drawdown instruction?

### Where can you view phased drawdown details?

At the wrap summary screen, select 'maintenance' from the 'account detail' dropdown menu.

On the maintenance screen you'll see a summary of the most recent phased drawdown instruction on the pension account.

Phased drawdown

Pension -

Valuation @ 24/02/2020 £100,000.00

| Payee        | Frequency | Amount    | PCLS amount | Next payment | Final payment | Bank account      | Status |
|--------------|-----------|-----------|-------------|--------------|---------------|-------------------|--------|
| John Example | Monthly   | £4,000.00 | £1,000.00   | 06/03/2020   | 06/04/2021    | 09-00-00 12345678 | Active |

## How can you amend the phased drawdown instruction?

Click the edit icon at the top right of the phased drawdown panel to amend the details of the phased drawdown instruction.

Phased drawdown

Cancel Save

Pension -

Valuation @ 24/02/2020 £100,000.00

| Payee        | Frequency | Amount    | PCLS amount | Next payment | Final payment | Bank account      | Status |
|--------------|-----------|-----------|-------------|--------------|---------------|-------------------|--------|
| John Example | Monthly   | 4000.00 £ | 25.00 %     | 06/03/2020   | 06/04/2021    | 09-00-00 12345678 | Active |

You'll now be able to edit the frequency, drawdown amount, PCLS amount payment dates and status for the phased drawdown instruction. The next payment date must always be at least eleven working days in the future and please remember that the final payment date must correspond with the frequency and first payment date you have entered. If no final payment date is required, please leave this field blank.

See below for timings of cancelling, suspending and editing an instruction. Note that it cannot be amended when the current crystallisation is within 11 days.

With an active phased drawdown, if the payment date is edited to select the earliest date available, the phased drawdown crystallisation will be processed immediately. The payment date displayed in maintenance will then instantly change to the next scheduled payment date. If you then update the payment date again to the earliest date, it will lead to a duplicate phased drawdown crystallisation being completed.

If you need any support in making changes with the phased drawdown, please contact the Client Solutions team.



Please raise a Jira request if you wish to edit an initial fee instruction or bank account for PCLS payment.

## How can I cancel the phased drawdown instruction?

When editing a phased drawdown instruction, you're able to select the cancel option from the 'status' dropdown box. If you cancel a phased drawdown instruction you'll not be able to reinstate the instruction from maintenance and any future phased drawdown instruction will need to be submitted via the crystallise screen on the pension account.

Phased drawdown

Cancelling instruction

**!** You are cancelling this Phased drawdown instruction and will not be able to reinstate it. Any future Phased drawdown instruction would need to be submitted via Take income on the Pension account.

Back Save

When cancelling the instruction, you will see this pop-up to confirm you will not be able to reinstate the instruction from the maintenance page.



## How can i suspend the phased drawdown instruction?

When editing a phased drawdown instruction, you're able to select the suspend option from the 'status' dropdown box. If you suspend a phased drawdown instruction you're able to reinstate the instruction from maintenance at any given time, except within 11 days of the next payment date. Where a payment has been suspended for a period of time and the next payment date has elapsed, make sure the next payment date is set to a future date post 11 days, before setting the status to pending. Setting the 'status' to pending will resume the phased drawdown instruction for the next payment date selected.

## When is it possible to amend a phased drawdown instruction?

It will only be possible to amend a phased drawdown instruction when it's at a status of pending. If the instruction is at any of the following statuses it won't be possible to make any changes to it.

Phased drawdown

Pension - N423411

Valuation @ 07/07/2023 £29,970,190.09

| Payee         | Frequency | Amount    | PCLS amount | Next payment | Final payment | Bank account      | Status    |
|---------------|-----------|-----------|-------------|--------------|---------------|-------------------|-----------|
| Benjiman Glen | Monthly   | £1,500.00 | £0.00       | 13/07/2023   |               | 09-00-00 85964789 | Suspended |
| Benjiman Glen | Monthly   | £1,000.00 | £100.00     | 13/07/2023   |               | 09-00-00 85964789 | Pending   |

Buttons: Cancel, Save

Please note that the suspended 'status' can only be selected if the phased drawdown instruction is a pending 'status'.

- Processing – the phased drawdown instruction is processing and cannot be amended.
- Suspended – you have chosen to suspend the phased drawdown instruction.
- Completed – the phased drawdown instruction is complete after reaching the final payment date or due to the pension fund exhausting.
- Cancelled – you have chosen to cancel the ongoing phased drawdown instruction.

## How much is transferred from the pension to the drawdown account?

When processing phased drawdown, we attempt to take the required drawdown amount entirely from the available cash on the pension. If there's not enough cash in the pension to cover the whole amount to be crystallised, the entire cash balance is taken (leaving behind 0.17% of the account's value) and the remaining amount needed is transferred on a proportional basis from the assets held. For example, if a fund takes up 4% of the pension account valuation, then 4% of the value required for the drawdown request is transferred from this fund.

Once the funds have moved over to drawdown, if sells are required because there was not enough cash to move over from the pension to cover PCLS and or/income, then sells are placed on a pro-rata basis. Several assets (such as most equities) are excluded from being sold down as part of drawdown disinvestment and this exclusion will be extended to sells required for a phased drawdown instruction. If the drawdown account contains a mix of excluded and non-excluded assets, any sells required will be placed on the non-excluded assets on a pro-rata basis.

## When will sell trades be created on the pension account?



If the client is not taking their maximum taxable income, any cash left over will remain in available cash on the drawdown account and must be managed by the adviser firm.

The sell trades will be created 11 working days before the requested payment date. This is to ensure there's enough time to allow trades to settle before we process drawdown and make the PCLS payment two working days before the requested payment date. You'll not be able to make any changes to the phased drawdown instruction, or submit a request for single drawdown, during this 11 day period.

## What will happen at the final payment date?

At the final payment date, we'll process the last phased drawdown iteration and pay out the associated PCLS amount to the client. The status of the phased drawdown instruction will move to 'completed' and no further drawdown processing will occur.



Please remember, the sell trades will take place on the drawdown account and will only be instructed on a pro-rata basis across the assets held on the account. You'll not be able to elect to sell down from specific funds for phased drawdown.

## What will happen if the client has insufficient funds for their next phased iteration?

If the pension account value is less than the request phased drawdown amount, the account will enter exhaustion processing. We'll ensure that the value of the pension account, less 0.17% of the account value which is held for fees and charges, is moved from the pension to the drawdown account and the associated PCLS amount is paid to the client.

The status of the phased drawdown instruction will move to 'completed' and no further drawdown processing will occur. The pension account will be left open and can be used for future transfers in if required.

## Will the client receive a pension crystallisation letter with each phase?

A pension crystallisation letter will be generated with each phased drawdown iteration. However, this letter will not be posted to your client and will be viewable online only, under the client's correspondence screen. We're currently unable to issue emails to alert clients when a new letter is made available online.

## Further support

You'll now be able to complete and make changes to a phased drawdown instruction on the platform. If you need any further help you can find a video guide in the tutorials section of the platform support tab, or you can contact your regional client relations manager who'll be delighted to help.



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