

Phased drawdown

Nucleus platform user guide

Edition 13
Date of publication 09/2026

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.

Please note that the screen images may not reflect changes to the Lifetime Allowance

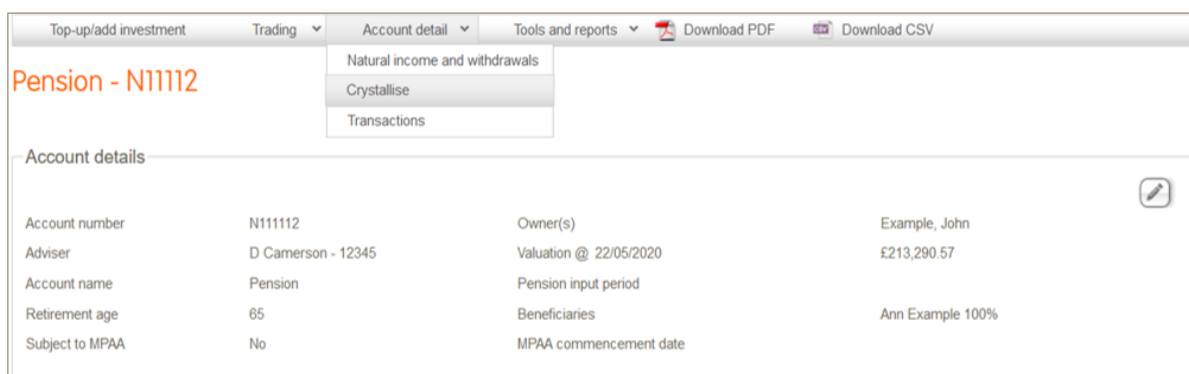
Guide

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

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

Top-up/add investment Account detail ▾ Tools & reports ▾ Download PDF ▾ Download CSV ▾					
Wrap summary					
Name	Example, John				
Client reference					
Adviser					
Type	Name	Account ID	Joint owner(s)	Valuation	% of portfolio
Pension	Pension			£100,000.00	100.00
Memo assets				£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?

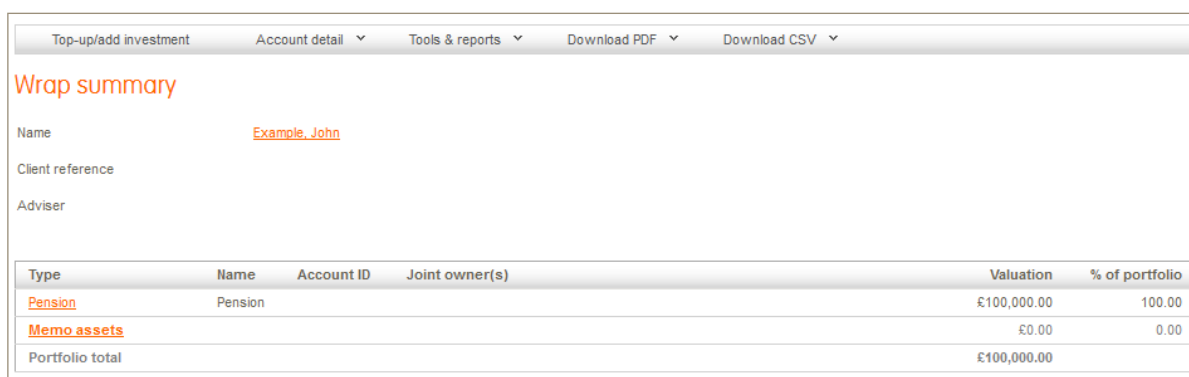
New client to Nucleus

For a new customer 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
Pension	Pension			£100,000.00	100.00
Memo assets				£0.00	0.00
Portfolio total				£100,000.00	

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.

Application for John Example

Select account

New accounts

Select the account type you wish to open: Pension Add

Account holder	Give the account a name	Contribution type	Other account holder(s)	Annual advice fee	
John Example	Pension	☐ Payments ☐ Re-register ☒ Transfer ☒ Immediate drawdown		0 %	X Remove

Top up

Select the account you wish to top up: Pension - N341901 Add

Is the client subject to the Money purchase annual allowance? No

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 Lump Sum Allowance (LSA). The LSA section will auto-complete for you as you enter the rest of the drawdown details on the application. Note that the LSA is based on pensions with Nucleus. If a client holds pensions elsewhere, we can't factor this into our LSA amount percentage.

Crystallise

Pension - N111112

Client number	100000001	Client	Example, John
Account number	N111112	Account type	Pension
Drawdown type	Flexi-access	Designate funds to existing account	<New> v
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

Amount

Drawdown amount

1,000.00

Drawdown %

0.38

Please select a PCLS option if required

PCLS option

Percentage

PCLS amount

250.00

PCLS %

25.00

Please select a phased option if required

This will repeat the crystallisation on a regular basis

Frequency

None

None

Monthly

Quarterly

Annual

Half Yearly

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

Full

Drawdown amount

15,051.70

Drawdown %

100.00

Please select a PCLS option if required

PCLS option

Percentage

PCLS amount

3,762.92

PCLS %

25.00

Please select a phased option if required

This will repeat the crystallisation on a regular basis

Frequency

Monthly

First payment date

28/03/2021

Final payment date

28/08/2021

or

☐ No end date

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	0 %
Initial fee	0 %

Please note: When processing a partial drawdown, if the annual advice fee is set up as a flat fee (shown as a £ amount) on the client's Pension account, the same fee will automatically be copied to the Drawdown account. This will result in the client being charged the fee twice. You can amend the fee at this stage. If the fee also needs to be amended on the Pension account, please raise a Jira.

- Where the annual advice fee is set as a percentage, the fee is calculated daily based on the value of the investment and paid monthly.
- Where the fee is specified as a fixed monetary amount (£), the annual fee is accrued on a daily basis and paid monthly. As the calculation is based on the actual number of days in each month, the monthly fee payments will vary throughout the year.



Please note: When a phased instruction is set up to go into a new drawdown account, where an ongoing advice fee is set up on the client's Pension account, this fee will automatically be copied to the new Drawdown account. If necessary, you can amend the fee on this screen. If the fee also needs to be amended on the Pension account, please arrange for a signed client fee authority form to be submitted.

Income payment details

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	2,994.90
Frequency	Quarterly
Amount	500.00
First payment date	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 *

Test

Designate funds to existing account

Sort code

090000

Account number

12345678

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.



Please ensure you print or save a copy of the crystallisation summary. Once you leave this page you won't be able to retrieve it.



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.

The screenshot shows a 'Phased drawdown' form with a 'Pension -' sub-header. Below the sub-header, it says 'Valuation @ 24/02/2020 £100,000.00'. The main form contains a table with the following data:

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

At the top right of the form are 'Cancel' and 'Save' buttons.

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.

The screenshot shows a 'Cancelling instruction' pop-up dialog. It has a title bar 'Phased drawdown' with a close button. The main text reads: 'Cancelling instruction'. Below this is a yellow warning box with a triangle icon and the text: '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.' At the bottom right are 'Back' and 'Save' buttons.

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.

Cancellation

After we have accepted your application, we will send you a notice of your right to cancel if it is the first time you have entered drawdown. You'll then have 30 days to change your mind.

The cancellation period applies to the income element of the first drawdown request only. During this time, you can choose to cancel and return the pension income. However, please note the right to cancel does not apply to the tax-free lump sum portion of the drawdown request, as this cannot be returned.



If you receive a Pension Commencement Lump Sum (PCLS) payment and then cancel your drawdown instruction, you may face significant tax charges.

In HMRC's view, tax legislation prohibits the return of any tax-free lump sum that has been paid in connection with a designation to drawdown. Therefore, if you cancel your drawdown instruction after receiving the lump sum, the lump sum payment will no longer be considered authorised.

As a result, it will be treated as an unauthorised payment under tax legislation and your pension may be subject to a tax charge up to 70% of the amount received. We strongly suggest you speak to your adviser before instructing any payment of benefits from your pension.

Phased drawdown

Cancel

Save

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 Cancelled Suspended

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.

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.



Any assets held in the pension that are ticked to be excluded from rebalancing, once they are crystallised and the funds moved into drawdown, the exclude from rebalancing flag will not copy over to the drawdown account. Any exclusions to asset rebalancing will need to be set on the drawdown account.

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 requested 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.

For literature in alternative formats, such as Braille, large print, audio or E-text, please call us on 0131 226 9535, or via the Relay UK service on 18001 0131 226 9535.

 0131 226 9535  client.relations@nucleusfinancial.com  nucleusfinancial.com

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