



BARNETT  
WADDINGHAM  
beyond the expected

# Investing for drawdown

This document is applicable to both BW SIPP and Flexible SIPP products

When you move funds into drawdown or transfer an existing drawdown fund to a different provider, you should consider how you plan to use your drawdown fund and what that might mean for how your SIPP is invested. Key points to think about are:

- How much income you need to take from your drawdown fund
- How long you need your drawdown fund to last – does it need to provide you with an income for the rest of your life, or do you have other pensions or investments you can rely on in the future
- How much risk you are willing to take with your pension investments

How long your drawdown fund can provide you with an income depends on how your investments perform, the charges for your SIPP and how much income you take. If the income you take and charges are more than your investment growth then the value of your SIPP will fall over time until your drawdown fund is exhausted. The more that income and charges exceed growth, the sooner your drawdown fund could be exhausted.

Making a change to your investments could mean your drawdown fund lasts longer. However, different investments carry different risks. Increasing exposure to stocks and shares may offer more potential for investment growth than cash or gilts/bonds, but they also have a higher risk that the value of your investments could fall as well as rise. When making any investment decision you should always think about how much risk you're willing to take with your investments and whether you would be able to cope with any losses if the value of your investments fell.

## What are my options?

There are three options for you to choose from.

### Use investment pathways

Investment Pathways offer you four options to choose from based on how you plan to use your drawdown fund over the next five years.

A single investment will be available for each pathway, chosen by the pension provider as broadly suitable based on how the drawdown fund is likely to be used.

### Pick new investments without using investment pathways

If you're confident in making your own investment decisions for your SIPP, you can pick a new investment strategy without using investment pathways.

### Keep your current investments

If your current investments will continue to meet your objectives, you don't have to make any changes.

If you're transferring existing drawdown funds this option may not be possible if your current investments aren't available from both your new and current pension provider.

## Investment Pathways

Investment Pathways are a simple way to help you choose how to invest your SIPP.

There are four options based on different ways you could choose to use your drawdown fund. You just need to choose the investment pathway option that most closely describes how you currently plan to use your drawdown fund.

- Option 1: I have no plans to touch my money in the next 5 years
- Option 2: I plan to use my money to set up a guaranteed income (annuity) within the next 5 years
- Option 3: I plan to start taking my money as a long-term income within the next 5 years
- Option 4: I plan to take out all my money within the next 5 years

For each investment pathway option, a single investment will apply. The pathway investment is not based on your personal circumstances and the returns are not guaranteed. The investment is selected to be broadly appropriate based on how a drawdown fund is likely to be used.

## Pathway Investments

We don't offer pathway investments, but they are available from other drawdown providers. If you've chosen a pathway, you'll need to transfer to a provider who does offer pathway investments.

As with all major financial decisions, you can benefit from shopping around as other providers may offer products that are better suited to your needs.

The MoneyHelper website provides information on your options and how to shop around. They also provide a drawdown comparison tool to help you find a drawdown provider who offers pathway investments.

## Where can I get more help

We can't advise you on how best to invest your SIPP. If you don't intend to use pathways and aren't sure how to invest, we recommend you take advice from your FCA regulated financial adviser. If you don't already have an FCA regulated financial adviser, you can find one in your area at [www.thepfs.org/yourmoney/find-an-adviser](http://www.thepfs.org/yourmoney/find-an-adviser).

You can also get free and impartial guidance on your retirement options from Pension Wise, a service from MoneyHelper. Pension Wise can't provide you with advice on how best to invest your SIPP, but they can help you to understand your retirement options.

If you would like to discuss anything relating to the Barnett Waddingham Self Invested Personal Pension please contact us as follows:

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