YOUR GUIDE TO INVESTING IN DRAWDOWN

HARGREAVES LANSDOWN

IMPORTANT INFORMATION

We've written this guide to give you useful information about drawdown and investing, but it's not personal advice.

The earliest age you can normally take your pension is 55 (rising to 57 in 2028), and what you do with it is an important decision.

Taking income from flexible drawdown could significantly reduce how much can be paid into your pension without a tax charge. To find out more go to **www.hl.co.uk/annual-allowance**. We strongly recommend you understand your options and check what you plan to do is right for your circumstances. Take advice or seek guidance if you're unsure.

The government provides a free and impartial service to help you understand your retirement options. Go to **www.hl.co.uk/pension-wise** to find out more.

In this guide where we mention an annuity, we mean a secure lifetime annuity. It's possible to buy other types of annuities where income isn't guaranteed for life.

The information in this guide is correct as at 22 March 2024 all figures apply to the 2024/25 tax year. Pension and tax rules can change, and benefits depend on your circumstances.

We're Hargreaves Lansdown Asset Management Limited, and we're authorised and regulated by the Financial Conduct Authority (FCA register number 115248, **www.fca.org.uk/register**). Do not reproduce this guide without our permission.

WHAT IS DRAWDOWN?

A flexible way to access your pension

Drawdown is a way of taking money from your pension as and when you want to, while keeping it invested. You choose where to invest and how much income to take. You're in control.

It's these flexibilities that make drawdown such a popular option, but it doesn't come without risk. On the one hand, if your investments steadily increase in value, you might be able to enjoy a rising income and have money to pass on to your loved ones. But if markets fall, your investments perform poorly, or you withdraw too much too soon, you could get back less than you invest.

It's important to fully understand the risks of investing before you move your pension into drawdown. You need to be comfortable with them, and have enough secure income to fall back on if things don't go to plan.

HOW DOES IT WORK?
You don't have to move your whole pension into drawdown if you don't want to, you can move a bit in at a time, or mix and match income options to suit your needs. Usually up to 25% of the amount you move into drawdown can be paid to you as a tax-free lump sum, and any further income you withdraw will be taxable.

You can pick your own investments (which could include funds, shares, bonds and cash), use ready-made portfolios, or pay an adviser to choose investments for you. All investments, and the income they produce can go down as well as up in value, so it's important to regularly review them and how much income you're taking – even if you're paying for advice.

To help you decide where and how you might invest, this guide explains the links between certain goals, income strategies and investment choices, and the impact they can have on each other.

SORT YOUR SECURE INCOME FIRST
Knowing you have enough secure income coming in, to at least cover your essential spending, could give you peace of mind. It's important you factor this in to your plans before moving into drawdown, or you could risk running out of money.

For most people the State Pension will play an important role for secure income. You can claim this pension from the government when you reach State Pension age, and it'll pay you a guaranteed income for the rest of your life. The amount you'll receive will depend on a number of factors. You can also choose to defer it for as long as you want and, because of this, receive an increase.

To find out more visit **www.hl.co.uk/state-pension**

If the State Pension won't be enough (which is likely) you might consider exchanging some of your pension for an annuity which can provide a guaranteed income for life. You can choose specific features to match your needs. For example, if it's important your spouse or partner continues to receive an income after you pass away, you can build this in. You can even choose for your income to rise in line with inflation. Once set up, an annuity can't usually be changed or cancelled, so it's important to consider the options carefully.

To find out more and get quotes visit **www.hl.co.uk/annuities**

UNDERSTANDING THE RISKS AND BENEFITS

The cost of flexibility

It's important you understand the risks as well as the potential benefits of drawdown. This will help you decide if it's the right option for you, and choose the right strategy for your needs.

THE IMPACT OF STOCK MARKET FALLS

Financial markets experience years of above average growth, and years of decline.

While you're building a pension, drastic falls in the value of your investments can be dealt with relatively comfortably. You're likely to have many years for your portfolio to recover. And, if you feel the investments have good long-term potential, you could even choose to keep buying more at a lower price.

In later life, once you've built up your wealth, the situation's different. If your investments suffer drastic falls and you find yourself selling investments to fund your drawdown income, you'll rapidly run down your pension value.

Whether you're in a growth or decline period can make a huge difference to how long your drawdown pension will last. A bad start could really set you back. Take a look at the examples on page 5 to see the effects.

THE KEY BENEFITS

- **Take the income you want when you want**, in line with your changing circumstances.
- **Beat inflation** with returns from your investments. You could maintain your buying power as prices rise.
- **Pass on your money tax efficiently** by nominating your loved ones as your beneficiaries. Anything left when you die can be paid to them as a lump sum or as income.

THE KEY RISKS

- **You could run out of money** if you withdraw too much, your investments don't perform as you'd hoped or you live longer than expected.
- **Income isn't secure**, it could fall or even stop completely.
- **It's possible you'll get back less than you originally invested**, as all investments can fall as well as rise in value.

SAFETY IN CASH?

We feel it's important to consider holding some cash in or outside of your pension, to act as an income buffer. If the market or the income from your investments fall, you'll have a cash source to draw an income from.

If you plan to be in drawdown for fewer than five years, we believe you should generally stay clear of investments, as you run a higher risk of getting back less than you invest. Keeping everything as cash means you won't suffer from any market falls, and it's unlikely inflation will have enough time to significantly affect your buying power.

If you plan to use drawdown for longer, you might choose to invest your money in the hope of greater returns. You don't have to invest, but remember, when interest rates are lower than inflation, the buying power of the cash in your pension will fall. For example, if inflation is 5% higher than your interest rate, it could halve your buying power in just 15 years.

HOW A BAD START CAN SET YOU BACK

We've created these examples to help illustrate the compound effects of withdrawals during market downturns.

SUMMARY
If you receive poor returns in the first few years, your fund could become depleted and unable to recover. This could leave you short of income later in retirement.

- Both investors start with a drawdown pot of £100,000 and withdraw £5,000 a year.
- The investment returns each year are different, but over the 10-year period the average is exactly the same (4% a year).
- Investor A experiences good years first, while investor B experiences bad years first.
- As a result, investor B has nearly £20,000 less in their account at the end of the 10 year period. And they have a much higher chance of running out of money as a result.

Unfortunately, it's impossible to know if we're approaching a period of growth or decline. But it's important you understand the possible impacts.

INVESTOR A

Year	Investment return (%)	Value of pension
1	10	£105,000
2	9	£109,450
3	8	£113,206
4	8	£117,262
5	7	£120,471
6	6	£122,699
7	5	£123,834
8	-1	£117,596
9	-2	£110,244
10	-10	£94,219

INVESTOR B

Year	Investment return (%)	Value of pension
1	-10	£85,000
2	-2	£78,300
3	-1	£72,517
4	5	£71,143
5	6	£70,411
6	7	£70,340
7	8	£70,967
8	8	£71,645
9	9	£73,093
10	10	£75,402

CHOOSING AN INCOME

Three main strategies

Before choosing where to invest, it's important to think about your strategy for taking an income and your goals for the future. The strategy you choose is likely to depend on factors like:

- How much income you need
- How long you need your pension to last
- If you want to pass your pension on to loved ones
- Your investment performance

If you need an income from your drawdown pension which needs to last your whole retirement (maybe 30 years or longer), you may need to be very cautious with your withdrawals. The same is true if your priority is to have money left over to pass on to loved ones.

If your investments perform poorly, you may want to lower your withdrawals so your portfolio has an opportunity to recover.

TAKE NO INCOME

You might just take your tax-free cash for now and put off making other withdrawals until a later date. This could be a tax efficient way of topping up your income if you're winding down your hours at work. You could even use it to pay off debt, like your mortgage, if you want to reduce your outgoings.

Pensions are extremely tax efficient and usually free from inheritance tax, so you might decide to use up your other sources of income first (like your ISA savings) before dipping into your pension for income.

You might be interested in funds which aim to grow over the long term. See page 11.

MAIN BENEFITS:

- Leaving your pension to hopefully grow can mean you'll increase your pension value and available income over time.
- Your loved ones could have more to inherit.

MAIN RISKS:

- There's no guarantee your investments will grow, they could fall.
- If you leave your plan in cash, rising prices may lower your buying power.
- If your plan is to buy an annuity at a later date, annuity rates may be lower than they are now.

TAKE THE INCOME YOUR INVESTMENTS PRODUCE

If you need an income from your drawdown pension, you're less likely to run out of money if you stick with this strategy.

Also known as taking the **natural yield**, this means you only take the income earned from your investments (which could include the interest paid from bonds and dividends awarded from shares, as well as the funds that invest in them). You don't sell investments to fund your income.

To help you get inspired, take a look at our favourite income funds on page 12.

MAIN BENEFIT:

- Improves the chances of a growing pension over time that will continue to provide an income (which could be very important if you want your income to last for a long time and/or you want to pass money on to loved ones).

MAIN RISKS:

- The income your investments give will go up and down, it could reduce or even stop.
- You may be taking less income than possible, by not selling your investments, so potentially giving yourself a poorer standard of living.

TAKE A PLANNED INCOME

If you need an income but you don't think the natural yield will be enough, you might consider selling your investments to fund your withdrawals (also known as **drawing from capital**).

The amount you sell and withdraw is up to you. But it's likely to depend on how much income you need, how long you need your plan to last, how much you want to pass on to loved ones and the performance of your investments.

We've included some of our favourite defensive funds on page 13, though remember all investments can fall in value, so you could still make a loss.

MAIN BENEFITS:

- Your income and the value of your investments could still increase over time, if you're cautious about how much you withdraw.
- You could receive more income than you would have by just taking the natural yield.

MAIN RISKS:

- There's a much higher chance of running out of money.
- You might need to significantly reduce your withdrawals after a market downturn.
- Continuing to sell your investments after they've fallen in value will damage your portfolio's ability to recover.
- Selling too much could run down your fund value and leave you short of income in the future.

DON'T FORGET ABOUT TAX

After taking any tax-free cash, your withdrawals will be taxed as income. The income you take will be added to any other income you receive each tax year, so taking large withdrawals could push you into a higher tax bracket. Remember, tax rules can change and benefits depend on your circumstances.

Try our calculator to see how much tax you could pay by going to **www.hl.co.uk/pension-income-tax**

YOUR INVESTMENT OPTIONS

How to build a portfolio

How comfortable you are making investment decisions, and how you feel about taking risks will probably determine how you choose to build your investment portfolio. We believe that, because of the diversity they can offer, funds are a good place to start.

If you're not sure about an investment decision, you should take personal advice.

Investment Pathways

If you've thought about your drawdown goals, but are unsure how to achieve them, you may want to consider investment pathways.

There are four pathways to choose from, and each matches a potential retirement goal with an investment option. For more information on investment pathways, see page 14.

CHOOSE READY-MADE INVESTING

Our portfolio funds can be used as all-in-one investments. Pick one from the different risk levels and you're good to go. You'll just need to check in every now and then to make sure it still meets your needs and circumstances.

Once you've chosen a portfolio fund, you can relax in the knowledge that our experts will manage the investment from there. They'll look to maximise returns according to the level of risk chosen.

Whichever level of risk you choose, it's important to remember that the funds can go down as well as up in value.

To find out more about ready-made investing visit **www.hl.co.uk/funds/leave-it-to-an-expert**

Our charges are confirmed at **www.hl.co.uk/drawdown-charges**

MAKE SURE YOU STAY ON TRACK

Over time your circumstances and goals are likely to change. To make sure your drawdown plan continues to help you achieve your goals, you need to review it regularly. This includes checking you're happy with your investment performance and income withdrawals, and making changes when necessary.

REVIEWING YOUR INCOME STRATEGY

One of the main benefits of drawdown is that it's flexible. You can start, stop or change the amount of income you take at any time. It's important you keep reviewing your income strategy to make sure it's still suitable for your goals, and that any income you're taking is sustainable.

REVIEWING YOUR INVESTMENTS

If your income strategy changes, you may also need to make changes to your investment choices so they complement this new strategy. Even if your strategy doesn't change, it's important to review your investments regularly to make sure your portfolio stays diversified and that your investments are performing as you'd hoped.

CHANGING CIRCUMSTANCES

You don't have to stay in drawdown for life if you don't want, or can't afford to. If you decide you need more secure income you can always use some, or all, of your drawdown plan to buy an annuity (which provides a guaranteed income for life, with no worries that it could fall).

You may also wish to set up a lasting power of attorney to ensure your finances are taken care of if you become unable to manage your plan. More information about how to do this can be found at **www.gov.uk/power-of-attorney**

PICK YOUR OWN INVESTMENTS

If you'd like to choose your own investments, it's important to remember that diversity is key.

Different types of investments and sectors perform well at different times, and so do different stock markets around the world. While investment risk can't be eliminated altogether, making sure that your portfolio has a good variety of investments across a range of assets, regions and sectors can help shelter you when some areas don't perform as well as others.

Fund managers also use a variety of strategies and favour different asset classes (even if their funds have similar objectives). At different times, in different market conditions, some managers will outperform others. To help spread risk, you could consider choosing a number of fund managers so you're not relying on a single approach or asset class to be successful.

Funds

A fund is an investment that pools together the money from many individuals. Fund managers then use this pool of money to invest in a range of assets such as shares, bonds or property depending on the investment objective of the fund. This offers an easy and convenient way to diversify your portfolio across a number of investments, and access to the skills of a professional.

Shares

Buying a share means buying a (usually very small) stake in a specific business, with the potential benefit of receiving dividends. A dividend is a payment by the company to shareholders, and usually represents a share of the profits. Successful companies can raise their dividend payments over time, as profits increase. They can also lower or stop them altogether. Being a shareholder might also give you certain rights and benefits; for example the right to vote on company matters at the Annual General Meeting. Historically shares have generally been more volatile than other investments.

Bonds

When you buy a bond you are, in effect, lending a company or government money. In return you receive interest and the issuer promises to pay back the loan on a specified date. These include corporate bonds and government bonds (gilts).

Remember the value of all investments, and any income they produce, can fall as well as rise. There's potential for growth, but it's also possible to get back less than you invest.

HELP GETTING STARTED

If you want help getting started, the Wealth Shortlist is our analysts' selection of funds they believe have the potential to outperform their peers over the long term.

The Wealth Shortlist includes funds across a range of sectors, and risk levels that won't be right for everyone – it isn't personal advice. A change to the list isn't a recommendation to buy or sell. You'll need to consider your own goals, attitude to risk and wider portfolio before making any investment decisions. Funds can fall as well as rise in value and you could get back less than you invest.

To see our full list visit **www.hl.co.uk/funds/help-choosing-funds/wealth-shortlist**

PICKING INVESTMENTS

To match your income strategy and goals

INVESTING FOR LONG-TERM GROWTH

If you don't need an income yet, a common approach is to choose investments that aim for long-term growth. Often this includes funds that invest in a wide range of companies, either in the UK or across the globe. It might also include higher-risk smaller companies with the potential to grow into market leaders.

On page 11, we've included a selection of funds from our Wealth Shortlist which all aim for long-term growth.

INVESTING FOR INCOME

If you want an income, and you're happy to just take the natural yield, a sensible tactic could be to seek out investments which focus on generating income. Some fund managers specifically choose underlying investments which they think will pay high dividends or income, though this isn't guaranteed. If they're successful, this could help increase the amount of income you're able to withdraw using this strategy.

On page 12, we've included some funds from our Wealth Shortlist which all aim to pay an income.

DEFENDING AGAINST MARKET FALLS

If you're planning on taking a set income, and selling your investments to fund withdrawals, you'll need to be particularly wary of market falls. A sharp fall in value could spell disaster if you keep selling investments to fund your withdrawals. Ultimately it could result in your pension running out while you still need it. Some fund managers use specific techniques to try and minimise the impact of falling markets, which could help defend against big losses in value. While these funds try to protect value, it can mean they don't grow as quickly when markets are performing well.

On page 13 we've included some funds from our Wealth Shortlist which aim to defend against drastic falls.

The funds on the next three pages are ideas for you to consider but they aren't personal advice. They're just a handful of the many investments available. Make sure any investment you choose is suitable for your circumstances and goals. Seek advice if you aren't sure.

Before you invest in a fund you should read its Key Investor Information and check you're happy with the charges. This can be found for each of these funds by going to **www.hl.co.uk/drawdown-investment-ideas**

INVESTING FOR LONG-TERM GROWTH

Here are three funds which aim for growth in the long-term. As with all investments, their value can fall as well as rise so you could get back less than you originally invest. There's no guarantee that any investment will give you the long-term growth you hope to receive.

Find out more about these funds at **www.hl.co.uk/drawdown-investment-ideas**

RATHBONE GLOBAL OPPORTUNITIES

- Invests in mostly large and medium-sized companies with the potential for growth and dominance in developed markets, such as the US, UK and Europe. The fund also has the flexibility to invest in smaller companies and emerging markets, both of which are higher risk.

JPM EMERGING MARKETS

- Invests mainly in large and medium-sized companies from higher risk emerging markets such as China, India and Taiwan. While it is diversified across many countries and sectors, it may have more ups and downs compared to similar funds that invest in developed markets.

LIONTRUST UK GROWTH

- This fund invests mainly in larger UK household names such as Shell, Astrazeneca and BP. The managers' focus is on generating share price growth. The fund can use derivatives and has the potential to invest in smaller companies, both of which add risk. Please note that this fund currently invests in Hargreaves Lansdown shares.

INVESTING FOR INCOME

Here are some funds that aim to pay a high yield.

The value of all investments, as well as the income they produce, can fall as well as rise. You could still get back less than you invest and there's no guarantee the yield they aim for will be achieved. All of these funds take their charges from capital, which means that whilst they aim to pay a high income, capital growth can be reduced.

Find out more about these funds at **www.hl.co.uk/drawdown-investment-ideas**

ARTEMIS HIGH INCOME

- The fund invests flexibly across the fixed-interest markets, from government bonds to higher-risk high yield bonds. It also invests in some UK company shares, which could boost long-term income and growth. Investments in high yield bonds are higher risk and can add volatility to returns.

POLAR CAPITAL EUROPEAN EX-UK INCOME

- The fund invests in larger European companies that are undervalued but have the potential to bounce back. It has a focus on income and aims to generate an income at least 10% higher than its benchmark. This is a concentrated fund which can use derivatives, and invest in high-yield bonds, all of these factors add risk.

JANUS HENDERSON UK RESPONSIBLE INCOME

- This fund invests in companies from the UK with the aim of providing a good level of income as well as some growth. It's different to most other funds in the IA UK Equity Income sector as it specifically avoids companies some may find unethical, such as tobacco and oil & gas companies. It can invest in smaller companies, which adds risk.

DEFENSIVE INVESTMENTS

Here are three funds that aim to defend against big losses of value during market falls.

The value of these funds can still fall. As always there are no guarantees and you could get back less than you invest.

Find out more about these funds at **www.hl.co.uk/drawdown-investment-ideas**

PYRFORD GLOBAL TOTAL RETURN

- A sensible investment approach. This fund invests in a combination of shares, government bonds and cash with the aim of achieving long-term growth with less volatility than the stock market. The fund also has the flexibility to feature investment in higher risk emerging markets. Please note this fund is an offshore fund so investors are not normally protected by the UK Financial Services Compensation Scheme.

TROY TROJAN

- Aims to help shelter investors' money during the tough times and grow it over the long term. This fund contains the shares of quality companies, and the manager increases exposure to bonds, gold and cash when he thinks the stock market has less potential to grow and the outlook is less certain. The fund holds a small number of investments including smaller companies, both these factors increase risk.

INVESCO TACTICAL BOND

- The team can invest in all types of bonds, with very few constraints placed on them. The performance of the fund hinges on the managers ability to interpret the bigger economic picture. They aim to shelter the fund when they see tough times ahead; and seek strong returns as more opportunities become available. While the main focus is on sheltering the fund, they can invest in high yield bonds and use derivatives, both of which add risk.

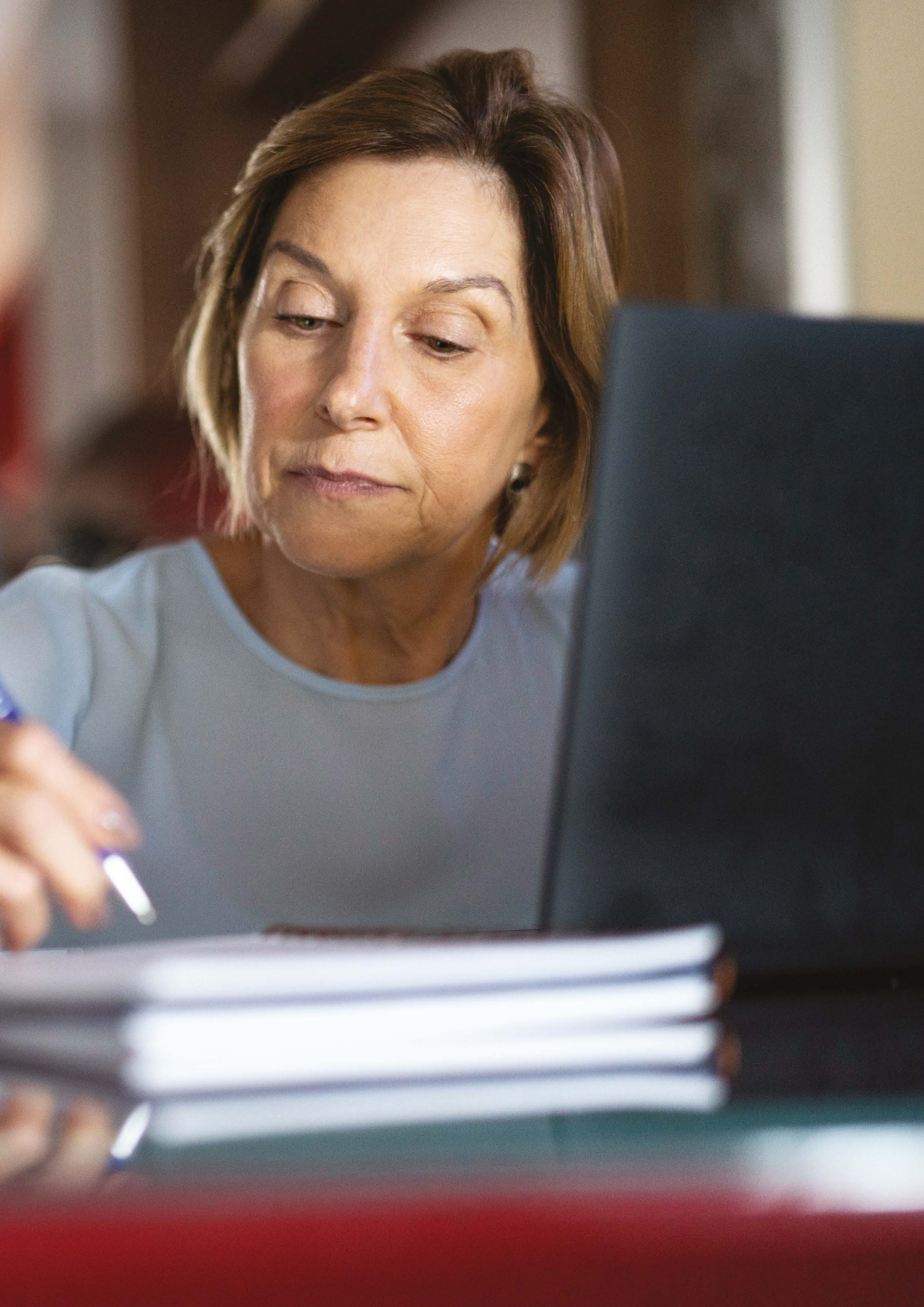
INVESTMENT PATHWAYS

Investment pathways are for people who have thought about their pension drawdown goals but may be unsure how to achieve them.

Each pathway matches potential goals with an investment option for the next five years, and beyond in some cases. You're not locked in for any amount of time – you can leave the pathway if you want to, but you should be clear on how doing so might affect your money.

While they're tailored to specific goals, investment pathways don't take your circumstances into account, or how much risk you're comfortable with. You should choose the one which best matches your plans.

Be aware that investment pathways are not personal advice, so if you're not sure of the best course of action for your circumstances seek advice.



INVESTMENT PATHWAYS

HOW IT WORKS

Choose the pathway that best matches your drawdown goals and, if you're happy with the expected performance and associated risks, invest in the matched fund or option.

The four pathway objectives are:

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

We've chosen investment options we think will help meet each goal. For the three matched funds, we considered everything from where your money goes to how much its value is likely to change, and the funds' sustainability credentials.

But, as the pathways aren't personal advice, it's really important you check your chosen pathway matches your own goals before you invest. If you're not sure of the suitability of an option for your circumstances, seek advice.

Our Independent Governance Committee (IGC) works to protect your interests as a drawdown pathway investor and assess whether you're receiving value for money. Find out more by visiting **www.hl.co.uk/workplace/independent-governance-committee**

Before you invest in a fund you should read its Key Investor Information and check you're happy with the charges. You can find this information at **www.hl.co.uk/investment-pathways**

INVESTMENT PATHWAYS – AT A GLANCE

- They're matched to funds or options most likely to achieve a specific goal
- Choose them based on what you want to achieve in the coming few years
- They don't consider your circumstances, attitude to or capacity for risk

PATHWAY 1

I have no plans to touch my money in the next five years

Investment: BlackRock MyMap 4

Description

This pathway is designed to grow your money for the next five years and beyond.

It's diversified and typically invests around half its value in bonds (loans to companies and governments) and company shares. The fund can also hold other types of investment, such as gold or other commodities, or property. Holding a broad spread of investments helps to spread the risks. It's likely to be lower risk compared to a fund which focuses more on investing in company shares, for example a pension default fund or a global fund.

It tries to limit the ups and downs of investing. The fund aims to invest in a way which reduces the likelihood of seeing large fluctuations in returns over 5-year periods. This might mean the fund offers some shelter when stock markets falls, but it also means gains are less likely to keep up with the shares in better times. The fund gives the potential to grow your money over the long term without taking as much risk as the wider stock market. The fund offers access to a diverse investment portfolio in one place at a very competitive annual charge.

Risks

- Your money is invested – you could get back less than you started with.
- The fund may use derivatives to reduce the impact of currency returns. This approach can add risk where it's used

Volatility

How much its value might change

- Aims to limit the variation in investment returns over time.
- Can still go up and down, possibly by as much or more than the stock market.

Diversification

Where and how it invests

Over 80% invested in other funds, which largely invest in:

- Shares
- Corporate and government bonds
- Commodities

A maximum of 20% is uninvested and held as cash.

PATHWAY 2

I plan to use my money to set up a guaranteed income (annuity) within the next 5 years

Investment: Fidelity Pre-Retirement Bond Fund

Description

The fund aims to invest in bonds that will move in line with changing annuity rates. This means you should be able to get the same level of income from your annuity in the coming years as you can today.

If you don't expect to buy an annuity within the next 5 years, you should consider whether a fund designed to offer long-term growth or income is better suited to your goals.

Choosing this pathway does not give you an annuity – when you're ready, you'll need to sell this fund and buy an annuity. You shouldn't plan to be invested in this fund for longer than five years without buying an annuity.

Remember – you need to buy an annuity when you're ready. This pathway does not provide an annuity.

Risks

- Your money is invested – you could get back less than you started with.
- Other factors, which are not considered within the fund, can change annuity rates.
- The fund may use derivatives to reduce the impact of currency returns. This approach can add risk where it's used.

Volatility

How much its value might change

- Will move in line with changing annuity rates, which can go up or down.

Diversification

Where and how it invests
Invests in:

- Investment-grade bonds
- Government bonds, primarily issued by the UK
- May invest smaller amounts in other, more risky types of bond
- Cash

PATHWAY 3

I plan to start taking my money as a long-term income within the next 5 years

Investment: Baillie Gifford Sustainable Income Fund

Description

This pathway aims to provide a resilient income from your investments for the next five years and beyond.

The fund achieves diversification by spreading its investments into three broadly equal buckets: company shares, bonds and real assets (such as infrastructure and property). Diversifying the sources of income improves its resilience over time. Investments for the fund are selected based on their sustainability characteristics, with a strong focus on avoiding investment in companies which are not aligned to the green economy, and identifying companies with sustainable business models.

The fund aims to deliver a resilient income, which keeps up with inflation over five-year periods. The fund pays out the 'natural yield' – income produced by the investments – on a monthly basis, so investors can expect a smooth monthly income. The focus is on preserving the monetary value of the income rather than a percentage 'yield', although we expect the income to be around 4% in percentage terms. The income is not guaranteed. The fund also aims to grow its capital value in line with inflation too, but this is also not guaranteed.

You could run out of money if you sell parts of your drawdown pot to boost your income. If you do plan on taking more than the natural yield, and drawdown is your main source of money in retirement, you should take financial advice.

Remember – you need to set up your income instruction separately. You can do this in your online account after we've processed your application.

Risks

- Your money is invested – you could get back less than you started with.
- Natural yield may not offer enough of an income for your needs – you could run out of money if you take more.
- The more you take outside of the natural yield, the more likely you are to run out of income/money later in retirement.
- Income isn't guaranteed. The fund can invest in emerging markets and use derivatives, which add risk.
- The fund takes its charges from capital, which can increase the income on offer but reduce the potential for capital growth.

Volatility

How much its value might change

- The fund's value will go up and down, typically by between half and two-thirds as much as the broader stock market although there are no guarantees.

Diversification

Where and how it invests

Invests in:

- Shares
- Bonds
- Property (indirectly through shares or funds).
- Infrastructure (indirectly through shares or funds).

PATHWAY 4

I plan to take out all my money within the next 5 years

Investment: Uninvested (cash – no fund)

Description

This pathway gives you easy access to your money over the next five years.

Your money stays as cash – it is not invested in any way – so while it's easier to take out, it won't grow apart from any interest added. To see the current levels visit **www.hl.co.uk/charges-and-interest-rates**.

Its value could also be affected by inflation. Because of this, you should have a clear idea of when you'll use your money and not leave it uninvested if you won't need to use it in the next five years.

Any cash you have in your drawdown account will automatically be classed as part of this pathway if you choose it. This includes money you already have and money raised from selling investments.

You'll be able to see this in your online account.

Remember – cash in your drawdown account will automatically be classed as part of this pathway.

Risks

- Inflation can affect its 'real value'.
- The longer you leave it, the bigger the impact inflation will have.

Volatility

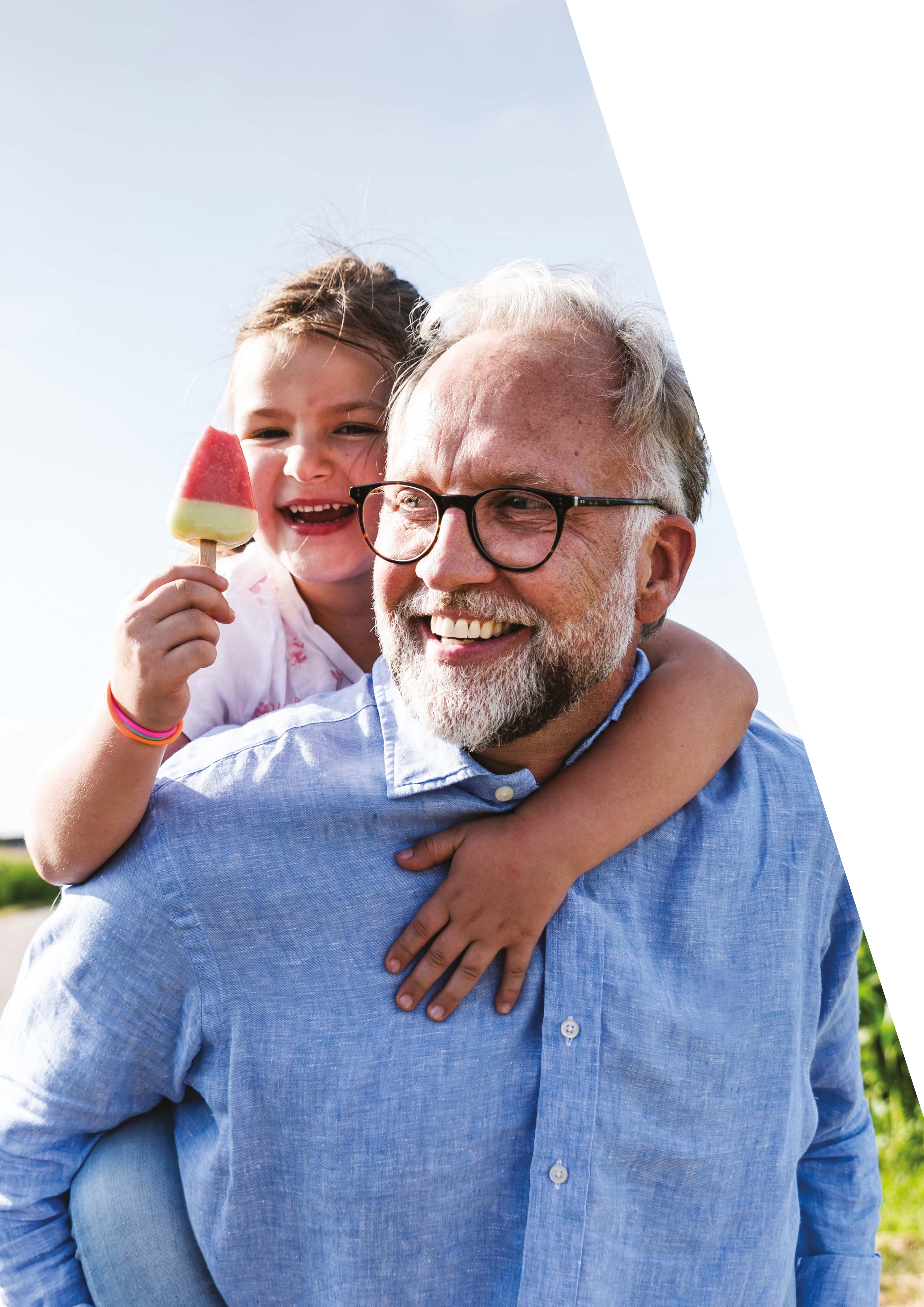
How much its value might change

- Its monetary value will not change apart from any interest added.
- Its real value will change as a result of inflation.

Diversification

Where and how it invests

- Uninvested (cash)



GUIDANCE AND ADVICE

Check that what you plan to do is right for you

What you do with your pension, and where you choose to invest, are important decisions.

The choices you make now could affect your future income and lifestyle. And if your partner or loved ones rely on your income, what you decide to do could impact them too.

To avoid making any expensive mistakes, we strongly recommend you seek out guidance or, if your circumstances are complicated, personal advice.

FREE GUIDANCE

Getting some guidance on how pensions work, what you can do with them and what kind of pension you have, can all help you make more informed decisions that are right for your circumstances.

The government's Pension Wise service offers free, impartial guidance to help you make sense of your options. It's not personal advice, but you'll find lots of useful information on their website and can even book a face-to-face, or telephone, consultation with one of their pension specialists.

To find out more visit **www.pensionwise.gov.uk**

It's also important to shop around for drawdown and compare investment pathways from other providers. The MoneyHelper investment pathways comparison tool available on **www.moneyhelper.org.uk/pathways** could help.

Find out more at **www.moneyhelper.org.uk**

PAYING FOR PERSONAL ADVICE

Your financial situation might be complex. You may need more help working out the best solutions for your finances, or you might just want reassurance that what you plan to do is right for your circumstances.

There are many forms of advice, and the costs often depend on the level of advice you choose. You might decide you'd like a professional to look at your finances just as a one-off, you might want personal recommendations for investing, or even on-going financial reviews. Whatever level of support you need, make sure you're clear on what you're paying for before you go ahead.

To find out more about our advisory service visit **www.hl.co.uk/advice**

REASONS TO CHOOSE HARGREAVES LANSDOWN

- **Our friendly and knowledgeable team** is ready to answer your questions no matter how big or small.
- **24-hour online access.** Monitor your account around the clock and place investment instructions with a click, or the swipe of a finger on our mobile apps.
- **No time restrictions.** You can stay in drawdown indefinitely, or buy a secure income at any time. Unlike some other providers, we won't force you out at any age.
- **Help choosing investments.** Get research on a wide range of investments, including popular shares and funds.
- **Advice if you need it.** You can manage the account yourself, take personal advice or pick and mix the level of help and advice you need.


AVALLE

HOW WE CAN HELP

We're Hargreaves Lansdown – a financially secure FTSE-listed company, trusted by over 1.8 million clients. We take account security seriously and have over 40 years, experience in empowering people to save and invest for a brighter future.

Our clients like the wide investment choice, and how easy it is to manage their pension online and with our app. Our Helpdesk is here to help.

EXPLORE MORE
You can continue your research by using our drawdown calculator to see how long your pension could last:
www.hl.co.uk/drawdown-calculator

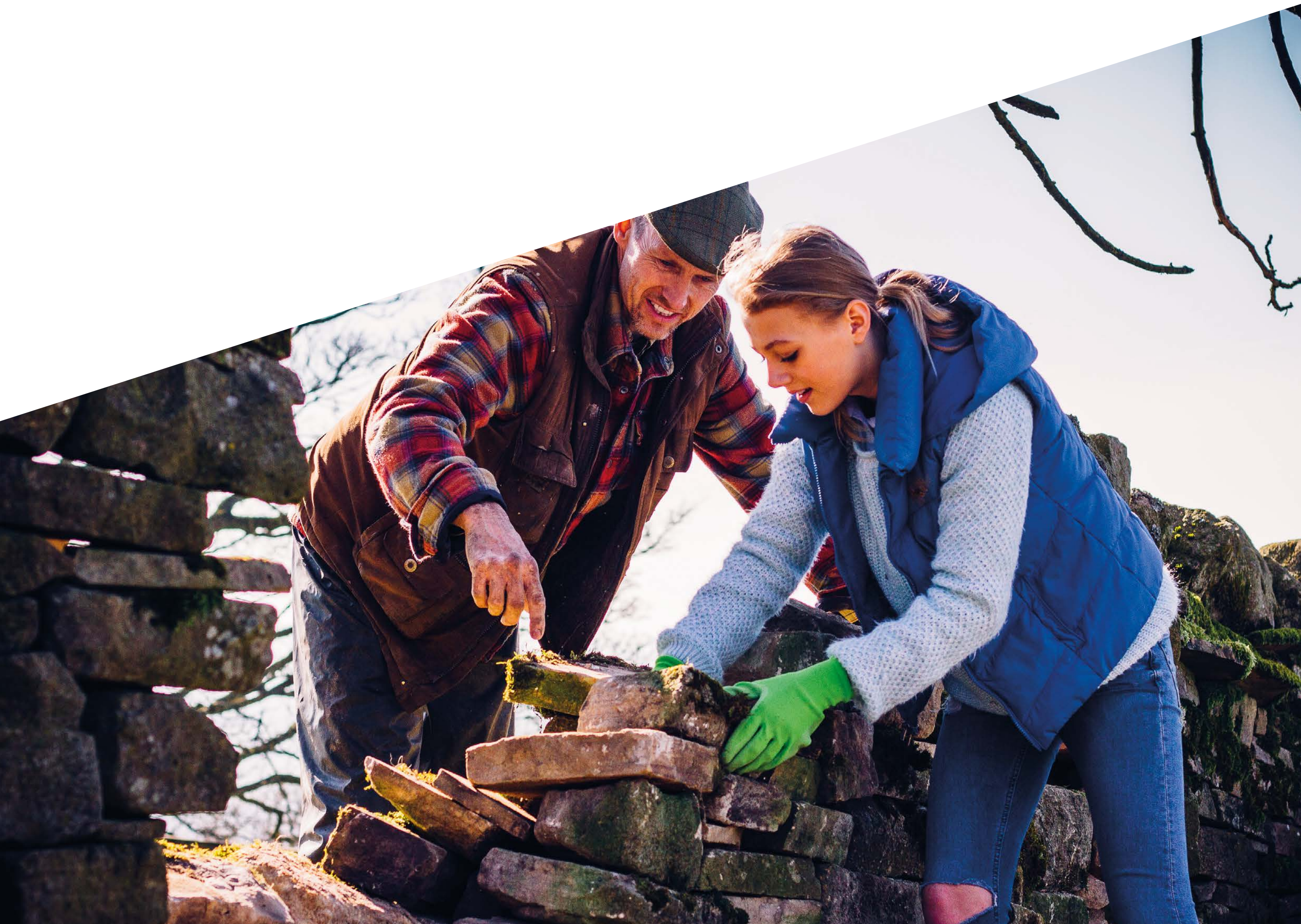
Learn more about drawdown:
www.hl.co.uk/drawdown

Learn more about annuities, and get quotes: **www.hl.co.uk/annuities**

GET IN TOUCH
Call us on **0117 980 9926**
Monday to Friday 8am-5pm
and Saturday 9:30am-12:30pm.

Email us:
sipp@hl.co.uk

Write to us:
Hargreaves Lansdown
One College Square South
Anchor Road
Bristol
BS1 5HL



Hargreaves Lansdown
One College Square South
Anchor Road Bristol BS1 5HL

0117 980 9926
sipp@hl.co.uk
www.hl.co.uk

0324

Issued by Hargreaves Lansdown Asset Management.
Authorised and regulated by the Financial Conduct Authority.