

# What is the £10k illustration screen?

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The minimum, maximum and mean values along with the asset allocation 'doughnut' and growth projection graph are displayed in the '10k Illustration Screen' also known as the ATR results screen.

This screen is designed to illustrate the potential loss figure to facilitate a conversation between adviser and client in relation to the resultant ATR and capacity for loss to ensure that they are aligned with the calculations.

The minimum, maximum and mean values are calculated assuming a lump sum investment of £10,000 over the term of the goal using the asset allocation associated with a client's ATR and term. These values are calculated on a balanced and nominal basis.

The FCA guidance states that, in addition to percentages, figures should be displayed in monetary terms to improve clarity which is why the £10,000 value is used. Furthermore, using this value prevents growth calculations from being skewed if a regular contribution is included. For instance, if the client's specific goal criteria were to be used with a regular premium, it is possible that each year's minimum value would be positive. This is because each year a greater loss than the regular contribution would have to be made to return a negative value.

Modeller illustrates using nominal and balanceable projections. The reason for using nominal projections is so that the concept of capacity for loss is explained excluding the effects of inflation. This should be a separate discussion with the client about the absolute loss they could accept. Using balanceable projections ensures that projections are based on the asset allocation associated with the client's ATR level and therefore not based upon potential asset allocation drift.

The 10k Illustration Screen also includes the client comfort percentage input. This is designed to facilitate a discussion with the client in relation to how sure they want to be to achieve their goal and the percentage probability they would be happy with.

This is the ideal certainty the client wants for the goal, it should be compared to the target % on the results to see if the target % is within the client's ideals. You can then

adjust the parameters (using the workspace) to manage the client's expectations.

This value is used in the final report as a compliance measure to document the clients' level of comfort, however, it is also a useful feature to help manage expectations in relation to goal achievement and contribution amounts.

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