

How do I include inflation in an Illustration?

Last Modified on 13/02/2024 3:35 pm GMT

Inflation can be viewed under the Results + Inflation or the Results + Costs & Inflation tabs:

Forecast based on investment scenario - No Inflation

Forecast based on investment scenario - With Inflation

Asset Allocation

Asset Allocation

Asset class weightings for the portfolio as a percentage

Asset class weightings for the portfolio as a percentage

Additional Information

The costs included in this calculation for platforms, products and portfolios are automatically retrieved from information supplied and verified by providers and asset managers and collated and updated by the Synaptic research team. Synaptic recognises which share class is appropriate (unless specified by the user).

Showing the impact of costs on the final investment value is a regulatory requirement. Full breakdown of costs, including platform, product, portfolio and fund, as required by MIFID II is detailed in the report, in the prescribed 'ex-ante' format.

Include analysis of the impact of inflation on your client's financial plans.

COBS 13 and 14 state the need to represent growth on 'real' basis, that is to say with the effects of inflation accounted for.

The stochastic methodology is comprehensive and includes every viable value for inflation across the term, with results reflecting all viable investment outcomes and sequences.

About

This illustration has been generated using the Moody's Wealth Scenario Generator to determine the probable outcome of the investment given the parameters provided.

SYNAPTIC SOFTWARE MOODY'S ANALYTICS

To apply Inflation to the research, click into the Advanced Options tab of an illustration.

You can either enable the impact of inflation to change the details of the original Illustration, or leave inflation disabled in the Illustration Settings and use the Alternative Outcomes to compare with inflation.

Result Result + Costs Result + Inflation Result + Costs & Inflation Suitability Compliance Details Report Content Advanced Options

Illustration Settings

Investment Details

* Term of Investment in Years
10

* Initial Amount £
£200,000

Frequency of Contribution
Monthly

* Regular Amount £
£200

Indexation Rate for Contribution
None

Indexation Rate %
0.00%

Rebalance Annually Active

Allow for the Impact of Inflation Inactive

Capacity for Loss Statement
My Client can afford to lose **12.32%** in any one year, as a worst case scenario this could equate to **£49,509.15** loss in the final year of the **10 Year** term proposed

Chart Efficient Frontier Portfolio Probability

Target

V Values

Years

Forecast Mean Return Forecast Min. Return Forecast Max. Return Net Money In

Compare Alternate Outcomes

Quick Toggles
 With Inflation No Fees

Advanced Options
 What If Drawdown Solve

Term Matrix
Explore the impact of term and risk using the target illustration as the reference.

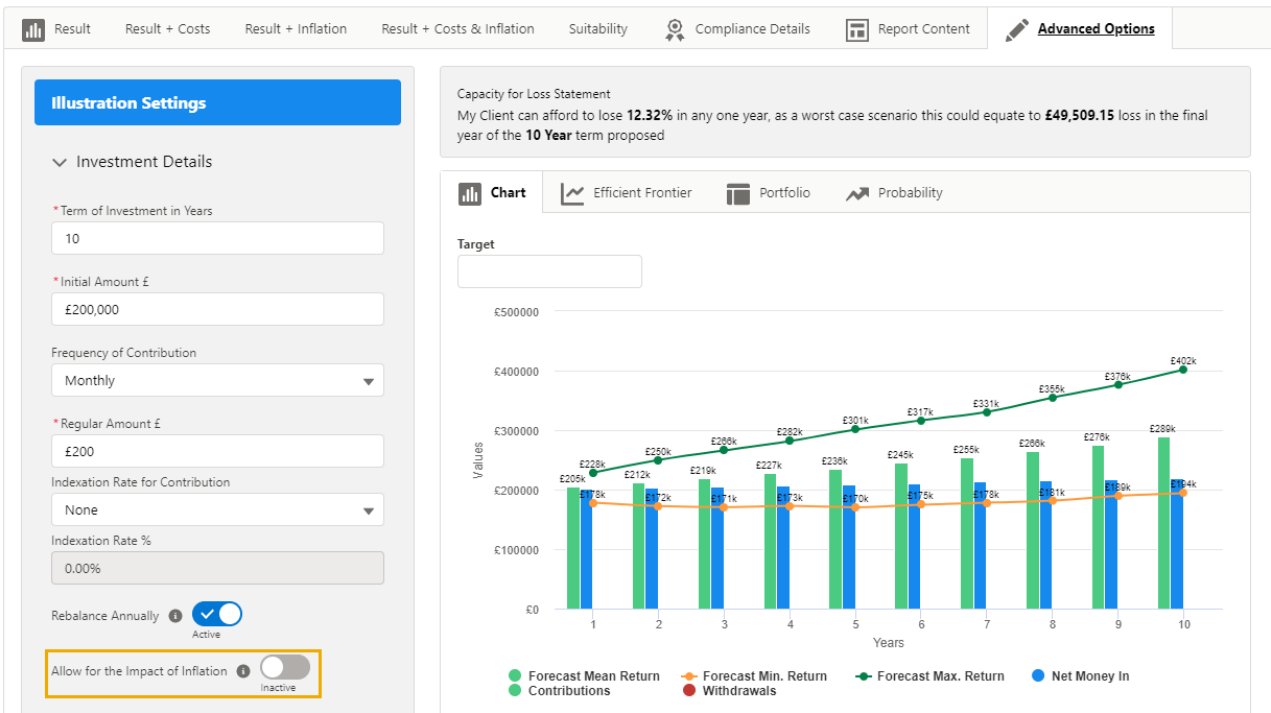
Select an alternative Term
None

Select an alternative Risk Category
None

Sustainable Drawdown
Annuity Basis for Income Disabled

* Retirement Age (Default 65)
65

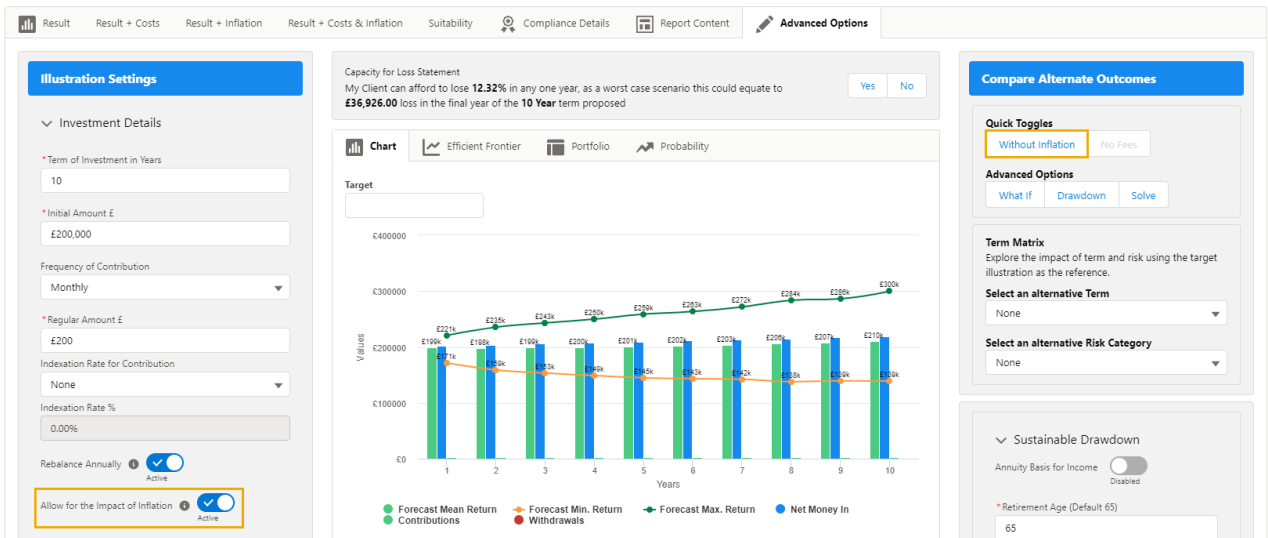
Enabling 'Allow for the Impact of Inflation' within the Illustration Settings, will include inflation in the Illustration.



You will need to click 'Update' for the changes to take effect.

Use the option on this page to modify the parameters for the illustration and toggle the values you want to review on the graph

This will change the Quick Toggle within 'Alternative Outcome' area to add 'Without Inflation' as an alternative Outcome.



If you would prefer to leave your Illustration without Inflation and would like to see how adding Inflation to the charts compare, leave Inflation disabled in the Illustration settings and click 'With Inflation' in the Alternative Outcome area:

Compare Alternate Outcomes

Quick Toggles

With Inflation

No Fees

Advanced Options

What If

Drawdown

Solve

Term Matrix

Explore the impact of term and risk using the target illustration as the reference.

Select an alternative Term

None

Select an alternative Risk Category

None

Result
Result + Costs
Result + Inflation
Result + Costs & Inflation
Suitability
Compliance Details
Report Content
Advanced Options

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Investment Details

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Chart
Efficient Frontier
Portfolio
Probability

Target

Year	Forecast Mean Return	Forecast Min. Return	Forecast Max. Return	With Inflation Mean Return	With Inflation Min. Return	With Inflation Max. Return
1	£220k	£170k	£260k	£205k	£150k	£245k
2	£230k	£175k	£270k	£210k	£155k	£250k
3	£240k	£180k	£280k	£215k	£160k	£255k
4	£250k	£185k	£290k	£220k	£165k	£260k
5	£260k	£190k	£300k	£225k	£170k	£265k
6	£270k	£195k	£310k	£230k	£175k	£270k
7	£280k	£200k	£320k	£235k	£180k	£275k
8	£290k	£205k	£330k	£240k	£185k	£280k
9	£300k	£210k	£340k	£245k	£190k	£285k
10	£310k	£215k	£350k	£250k	£195k	£290k

Compare Alternate Outcomes

Quick Toggles

With Inflation

No Fees

Advanced Options

What If

Drawdown

Solve

Term Matrix

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Select an alternative Term

None

Select an alternative Risk Category

None

Sustainable Drawdown

Annuity Basis for Income Disabled

* Retirement Age (Default 65)

65