

Fixed Term Income Plan

Draft paragraphs for a suitability report

Important note to professional advisers:

These sample paragraphs are for your information and consideration only. It is your responsibility to make sure that any letters sent to your clients are made by you as the adviser and meet the requirements of your regulatory authority and that any recommendations made are appropriate for your client. No liability is accepted by Canada Life Limited in connection with your use of any of these suggestions.

Introduction

Further to our initial meeting on [date], our subsequent conversations and the meeting at our office, I/we want to confirm details of our discussions and the reasons for arranging your retirement product.

I/We provided you with copies of the initial disclosure document and explained the contents.

Recommendation

After discussing and having consideration of your;

- Personal and financial circumstances;
- Needs and priorities as identified through our fact finding process;
- Attitude to risk and capacity for loss both in general terms and to the specific area of need and recommendation.

I/we recommended that you invest in the Fixed Term Income Plan (FTIP).

I/We have explained to you that this is a fixed term contract and that you will not be able to cancel or surrender the product during the agreed term (other than within the 30 day cancellation period – please see the Key Features Document) and that you must remain invested until maturity.

I/We recommend that you select the following options:

- A [fixed/escalating] income of [£xxx/XX%].
- A term of [xx] years
- A Guaranteed Maturity Value of [£XXX]
- Frequency of payments will be [monthly/quarterly/half-yearly/yearly] in advance.

I/We discussed the other retirement options open to you, including lifetime annuities, flexi-access drawdown and taking withdrawals directly from your pension, in the form of Uncrystallised Funds Pension Lump Sums.

You have told me that what's important to you at this point in time when considering the most suitable retirement plan is to access your tax-free cash and;

1. Secure a guaranteed income for [xx] years
2. Obtain a guaranteed lump sum at the end of [xx] years
3. Secure a guaranteed income and a guaranteed lump sum at the end of [xx] years

We have agreed on option 1 because you want to withdraw your funds in a tax efficient manner over x years

We have agreed on option 2 because you do not want your pension fund to be subject to investment risk

We have agreed on option 3 because you require a guaranteed level of income over x years with a guaranteed lump sum at the end of x years which is not subject to investment risk.

The FTIP offers certain advantages over other retirement income products because it can provide guarantees in the form of income and/or as a lump sum for a fixed term.

The other factors I/we took into account included:

Death benefits

The FTIP provides a guaranteed death benefit which is the original purchase price, less any income paid to you before tax, up to the date of your death and less any adviser charges.

Your savings can be passed on to your spouse/civil partner, dependant or beneficiary as a death benefit in the form of a lump sum or as income, in the form of a beneficiary's flexi-access drawdown.

If this is paid as a lump sum, it will be tax-free should your death occur before age 75.

Should your death occur at or after age 75, then any lump sum would be taxed at your beneficiary's/(ies) marginal rate of tax.

It is possible for any death benefit to be used to set up a beneficiary's flexi-access drawdown arrangement, where any withdrawals can be taken tax-free should your death occur before age 75.

If death occurs at age 75 or over, then any withdrawals will be taxed at your beneficiary's marginal rate of income tax.

Your beneficiary/ies will have the option to pass on any remaining savings to a successor on their subsequent death. This can either be in the form of a lump sum or a beneficiary's drawdown.

Canada Life will retain discretion over the type of death benefit to pay (beneficiary's flexi-access drawdown or lump sum) and in the case of a lump sum, who should receive it, although they will normally look to follow your wishes. This means the death benefit should fall outside your estate for inheritance tax purposes.

Money Purchase Annual Allowance (MPAA)

Taking any income from the FTIP, in addition to your tax-free cash, will trigger the Money Purchase Annual Allowance (MPAA). This reduces the amount that can be paid into a defined contribution (money purchase) pension scheme to £10,000 each tax year.

Charges

Canada Life makes charges at the start of the plan to cover the set-up costs and administration. They take these into account before they calculate the starting policy income (if you choose one) and the Guaranteed Maturity Value.

Attitude to risk

In looking for a suitable retirement income product for you, we have considered your attitude to risk.

You have confirmed and we have agreed your attitude to risk and capacity for loss can be described as follows:

[Summary of attitude to risk and capacity for loss]

You should take note that

The FTIP does not pay an income for life and where a Guaranteed Maturity Value (GMV) is paid at the end of the term this may not be enough to provide you with the same level of income as you were receiving from your FTIP or that available today from a guaranteed lifetime income as a lifetime annuity.

Withdrawing all your pension benefits may affect your eligibility to certain means tested benefits.

Taking income from an FTIP may result in your tax position changing, for example from a basic rate to a higher rate of tax.

Annuity rates may be lower in the future resulting in a lower income should you choose to purchase a lifetime annuity at a later date.

Why Canada Life?

Founded in 1847, Canada Life was Canada's first domestic life assurance company. Canada Life is owned by Great-West Lifeco Inc.

The Great-West Lifeco Inc Group of companies serve the financial security needs of individuals and organisations in Canada, the United States and Europe, providing retirement savings and income plans, as well as comprehensive protection contracts for individuals and families.

As at February 2023, Great-West Lifeco Inc. have £1.53tn of assets under administration.

Adviser charges

As discussed, for reviewing and analysing your personal and financial objectives and arranging this retirement income product, **I/we** will be charging an initial adviser charge of **[£XXXX/X%]**

As part of the application process, you have asked Canada Life to deduct this amount before any funds are allocated to your FTIP.

What happens next?

You have already received a Key Features Document and Personal Example also known as the Key Facts document for the proposed FTIP. These contain full details of the features, benefits, charges and risks.

I/We agree after consideration that the FTIP is the most suitable product for your financial needs and that having completed due diligence analysis, Canada Life Limited is an appropriate provider.

It is important to let **me/us** know of any changes to your personal circumstances, for example, if there are any changes to your address, employment status or family or financial situation. Please contact **[name/me]** in order that your report can be revised and any changes in circumstances identified.

Please sign and return the attached copy of this letter in the prepaid envelope enclosed to confirm that you have read the letter and accept the contents.

Thank you for your application



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ID6992 - 523R/B - Promotion approved 10/05/23