


[Stability]

**Fixed Term
Income Plan**

Client Guide

A photograph of a person's legs from the knees down, standing on a wooden pier or dock. The person is barefoot. The pier is over water, and the background is a soft, hazy sunset or sunrise sky. The overall tone is warm and serene.

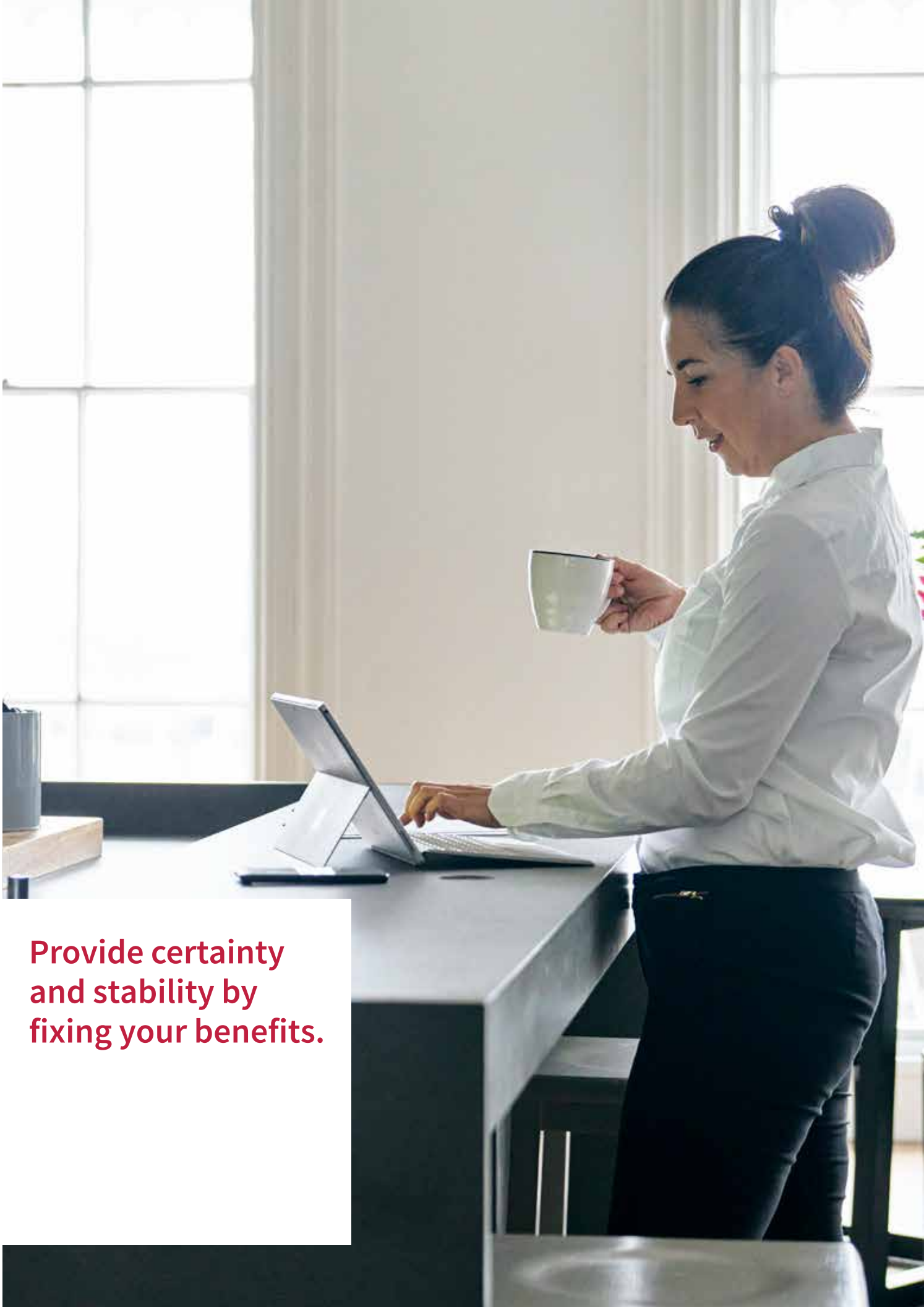
Start your fund

A solid red L-shaped graphic element, consisting of a vertical bar on the left and a horizontal bar on the bottom, positioned to the right of the text box.

If you want to know what the future holds, enjoy fixed benefits; an income for the term, a guaranteed return or a combination of the two.



Ability for your pension and benefits



**Provide certainty
and stability by
fixing your benefits.**

Why Canada Life?

Canada Life has been providing retirement solutions for our customers for a long time. We've actually been in the UK since 1903, looking after the retirement, investment and protection needs of customers. We're here to help you get ready for your retirement with confidence, by making things clear and straightforward.

Visit www.canadalife.co.uk to find out more.

What you can expect from Canada Life

Great service, support and financial strength

At Canada Life we believe in being here to support you through retirement, so we make it our mission to make the process of dealing with us as easy and as smooth as possible. To show our commitment to service excellence, we have introduced a Service Charter.

We're also proud of our heritage and our financial strength. We've been around for a long time. In fact, we were founded in 1847 in Canada, making us the oldest Canadian life assurance company.

Canada Life is part of Great-West Lifeco Inc., one of the largest Canadian life and health insurance companies. We have £807bn of assets under management as at 31 December 2018.

Great-West Lifeco serves several million people worldwide, providing a wide range of retirement savings and income plans, as well as comprehensive protection contracts for individuals and families.

GREAT-WEST LIFECO **£807bn****
ASSETS UNDER ADMINISTRATION

30 Million+
Customer Relationships*



260,000+
Adviser Relationships*



23,300
Employees Worldwide*



* 1 January 2018. ** 31 December 2018.

Financial Strength

5-STAR
AKG RATING

Service Charter

Our award-winning service is built on our unique service charters.

Heritage

Canada Life has been operating in the UK since 1903.

Your options in retirement

The Fixed Term Income Plan (FTIP) allows you to either take a guaranteed income and/or receive a Guaranteed Maturity Value (GMV) at the end of the term.

The Fixed Term Income Plan (FTIP) lets you access all your tax-free cash at the start and there is an option for secure income and/or GMV over a period of one to 20 years. A professional adviser can help you choose the most suitable option for your circumstances.



How does it work?

When setting up your plan, you have a number of options, you can choose:

- how much income you want to receive
- an income which is fixed or escalating
- the length of the term you want the income to be paid (from 1-20 years)
- to have a GMV paid at the end of your chosen term
- to take no income and just have a GMV at the end of the plan term

At the end of your chosen term you can:

- Withdraw the GMV as a cash lump sum
- Purchase another FTIP
- Transfer your lump sum to a flexi-access drawdown plan, for example the Flexible Drawdown Plan
- Purchase a guaranteed income for life, for example the Lifetime Annuity

The FTIP does not pay an income for life and where a GMV is paid at the end of the term this may not be enough to provide you with the same level of income had you chosen to purchase a lifetime annuity from the start.



How is the FTIP taxed?

You will normally be able to take up to 25% of your fund tax-free at outset before you take out the plan (if the monies are not coming from an existing drawdown plan).

During the term of the plan:

- Any income taken will be subject to income tax at your marginal rate as long as we receive a tax code from HM Revenue and Customs or if you provide a valid P45 document. Otherwise we apply an emergency code to calculate your tax.

At the end of the term of the plan:

- Any lump sum payable at the maturity date will be subject to income tax at your highest marginal rate.
- If the monies are transferred into another FTIP or flexi-access drawdown plan then any income taken will be subject to your marginal rates of income tax.

Any income paid to you, or cash lump sum you take at the FTIP maturity date, will be added to any other income you receive (for example, salary or pension) and this could push you into paying basic rate tax (20%), even if you currently don't pay any income tax, higher rate (40%) or even top-rate (45%) income tax.



Death benefits

Should you die during the plan term, your beneficiary(ies) will receive the following:

If your death occurs before your 75th birthday

- A lump sum equal to your initial investment, less any payments made up to the date of your death, including any adviser charges, would be returned free of tax to your nominated beneficiary.

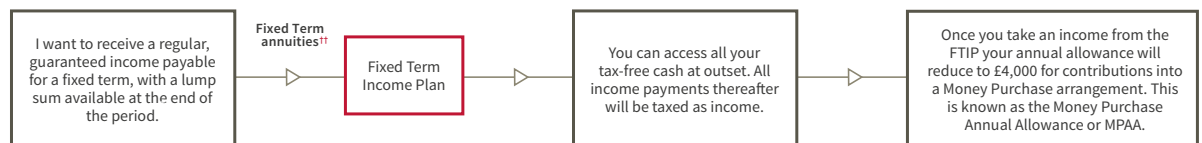
If your death occurs on/after your 75th birthday

- A lump sum equal to your initial investment, less any payments made up to the date of your death, including any adviser charges, would be returned, subject to income tax at your nominated beneficiary's marginal rate.

In both cases, your beneficiary(ies) may have the option to either take the lump sum or to transfer it to a beneficiary's flexi-access 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.

The FTIP cannot accept partial transfers from crystallised funds. You should speak to a professional adviser to ensure that the FTIP is suitable for you.



† This is one possible option. For illustrative purpose only. †† See Glossary of Terms on Page 10.



Case Study

Meet Monica

Monica is aged 61 and has a hairdressing business. She has decided to reduce her working days from five to three days. Monica has been careful with her money and doesn't like taking unnecessary risks which is why she has been prudent and saved into a pension plan during her working life. As a result she has accrued pension savings valued at around £80,000.

Monica's objectives

Monica would like to reduce her outgoings while at the same time replace some of her lost income as a result of deciding to semi-retire.

She will not get her state pension until she is almost 66 and so requires additional yearly income of around £4,000 for the next five years, assuming she can also pay off her outstanding mortgage of £20,000. She is in good health and will decide on her longer term retirement plans when she fully retires at age 66.

Monica speaks to her professional adviser who explains the different options open to her. Because she is a cautious person he suggests she takes the benefits from her pension plan and pays off her outstanding mortgage (assuming no penalties are imposed). Monica can take £20,000 tax-free from her pension and pay off her mortgage, which in turn will reduce her outgoings.

With the £60,000 balance he recommends Monica purchases a Canada Life Fixed Term Income Plan paying a yearly income of £4,000 with the balance of her savings invested to provide a guaranteed maturity value of £45,000* at the end of the term. Her adviser makes it clear to Monica that the income is fixed for the term and her savings are guaranteed to pay out the £45,000* lump sum reassuring her that she will not be taking any investment risk.

Monica can then use this lump sum to invest in another fixed term income plan or buy a guaranteed lifetime income if this is more suitable at that time.

This gives Monica:

- A fixed term income without committing her savings to buying a lifetime annuity
- The ability to access all her tax-free cash at the start
- The certainty of a fixed income for a set term

Footnote

* Figures quoted in this example are for illustrative purposes only.

Discover our full range of retirement solutions

You can find out more about Canada Life and your retirement options at www.canadalife.co.uk
You can also talk to your professional adviser or contact Canada Life directly to request a personalised illustration. Your professional adviser can give you help and guidance.

Pension Wise

Before you make any decisions, why not take advantage of the government's 'Free Guidance Guarantee'. You can access free guidance face-to-face from the Citizens Advice Bureau and online or over the phone from the Pension Advisory Service. Find out more from www.gov.co.uk/pensionwise

Some changes you should be aware of

In the 2014 March Budget, the Chancellor announced radical changes to pension regulations with the freedom to choose how to receive retirement income from your pension savings plans.

It is important to understand these changes when considering your options.

- Any withdrawals taken in excess of the Pension Commencement Lump Sum (PCLS) will be subject to tax at your marginal rate. PCLS is the amount HM Revenue and Customs allows you to take tax-free – normally 25% of your uncrystallised pension savings.
- There are a number of events that can trigger a reduction in how much you or your employer can contribute to a defined contribution pension plan. This is currently set at a maximum of £4,000 per tax year and is known as the Money Purchase Annual Allowance (MPAA).

Retirement Income Planning – maximise your pension and invest for your future

Lifetime Annuities & Scheme Pensions

Guaranteed annuities for personal pension and occupational pension scheme members. We also provide enhanced rates based on some medical conditions.

Trustee Investment Plan

A single and/or regular premium trustee investment for either small self-administered schemes, self-invested personal pensions (SIPP) or final salary occupational pension schemes.

Fixed Term Income Plan

Provides any combination of a guaranteed income payable for a fixed term and a guaranteed lump sum payable at the end of the fixed term.

The Retirement Account

Combines Pension Savings, Pension Drawdown and a Guaranteed Annuity all held within a single account and will suit clients looking to make the most of Pension Freedoms in retirement.



Glossary of Terms

Annual allowance

The maximum amount of tax relievable pension savings you can make, including any third party on your behalf, such as your employer, within a tax year.

Beneficiary

An individual chosen by you to receive a benefit on your death.

Expression of wish form

(also known as a nomination of beneficiary form)

An indication by you to let us know how and to whom you would like any death benefit to be paid.

Fixed Term Annuity

These products can provide an income for a fixed number of years and can also have a lump sum paid at the end of the term. They do not pay an income for life.

Flexi-access drawdown (FAD)

These products can provide complete flexibility and access to your pension savings.

Guaranteed Maturity Value (GMV)

This refers to the amount that Canada Life will pay you on the maturity date of the Fixed Term Income Plan, where this option has been selected.

Lifetime allowance

This is the overall limit on how much tax-privileged pension savings a member can draw without facing a lifetime allowance charge.

Lifetime annuity

These products provide an income for your lifetime. They can also be set up to provide an income for a chosen beneficiary for a guaranteed period, for their lifetime or a combination of the two.

Money Purchase Annual Allowance (MPAA)

A reduced annual allowance (set at £4,000 since 6 April 2017) which applies to defined contribution schemes, where benefits have been flexibly accessed since 6 April 2015.

Pension Commencement Lump Sum (PCLS)

The official term used to describe tax-free lump sum (see tax-free cash).

Tax-free cash

A sum of money, normally 25% of your pension fund, that is available completely free of tax.

Uncrystallised Fund

Funds that have not yet been drawn upon to provide pension benefits.

Uncrystallised Fund Pension Lump Sum (UFPLS)

This is a way of drawing monies directly from your pension, where up to 25% of each payment will be tax-free and the remaining 75% will be taxable at your marginal rates of tax.

Getting in Touch

Your professional adviser will be able to answer any questions you may have about saving for your retirement, and your retirement options with Canada Life.

You can also contact us in the following ways:

Call us

0345 606 0708

Lines are open Monday to Friday from 9am to 5pm



By email

customer.services@canadalife.co.uk



By post

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EN6 5BA







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