



# [ Stability ]

**Fixed Term  
Income Plan**

**Client Guide**

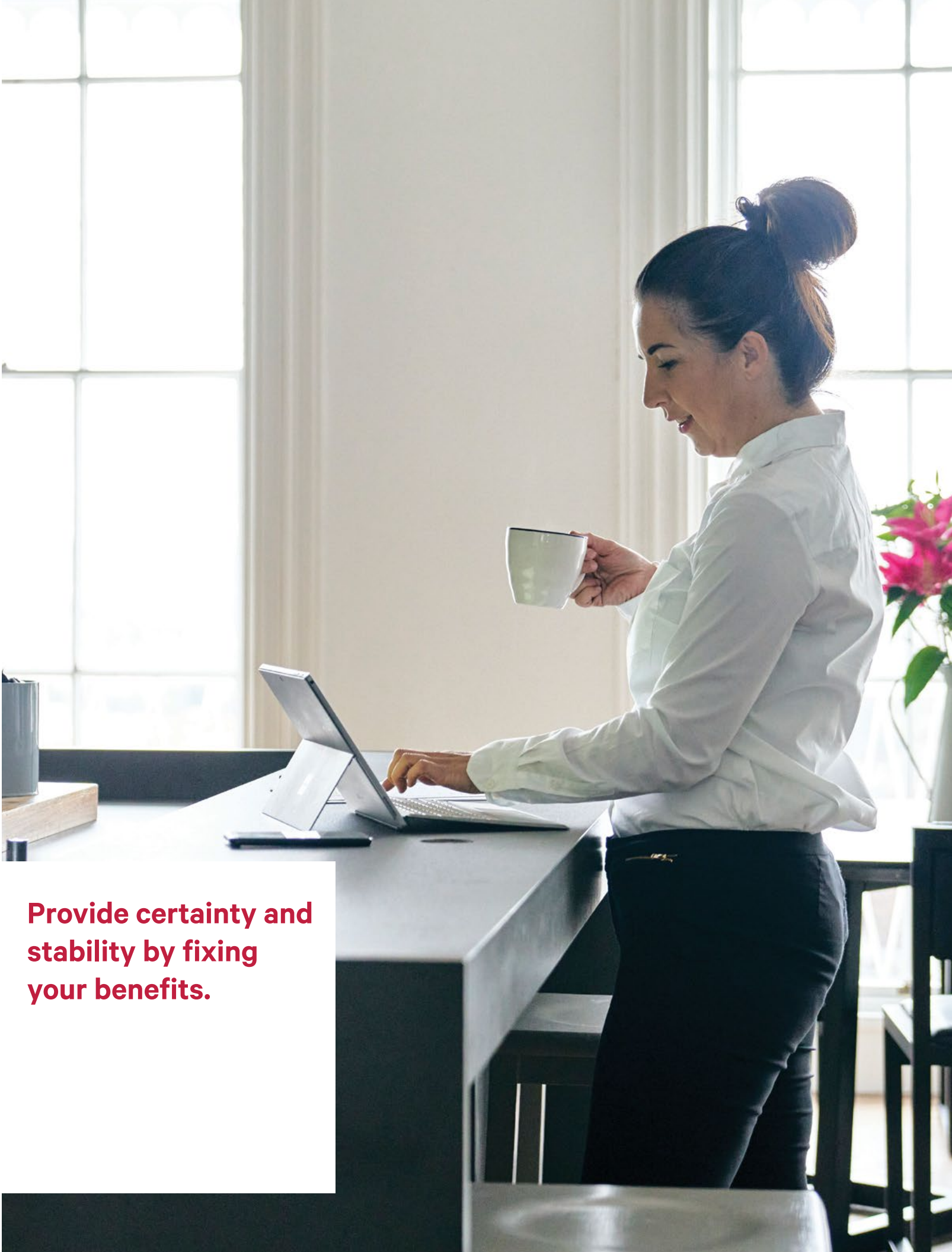




# Stability for your pension fund benefits

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.





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

## Why Canada Life?

Canada Life are building better futures through our wealth, insurance and asset management solutions. Present in the UK since 1903, our simple, secure and flexible pension plans and annuity solutions can help you make the most of your retirement. Whether you're looking to combine your pensions, make regular or one-off contributions, build up retirement savings or take retirement benefits, we can tailor our solutions to your needs.

Find out more at [www.canadalife.co.uk](http://www.canadalife.co.uk)

### 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.

Our culture is incredibly important to us. We're proud of our heritage, our values and people and of 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.

We are a part of Great-West Lifeco Inc., one of the largest Canadian life and health insurance companies. We have £1.53tn of assets under management as at February 2023.

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.

In an ever-changing world, we need to be ready to adapt and meet the changing needs of our customers and people. We embrace the fact that we're part of a challenging and constantly evolving market, and are always looking to make the most of opportunities and challenges that lie ahead.

**GREAT-WEST  
LIFECO**

**£1.53<sup>tn\*\*</sup>**  
ASSETS UNDER ADMINISTRATION

**33 MILLION+**  
Customer Relationships\*\*



**450,000+**  
Pension annuities in force\*



\* December 2022. \*\* February 2023.



# Some key definitions

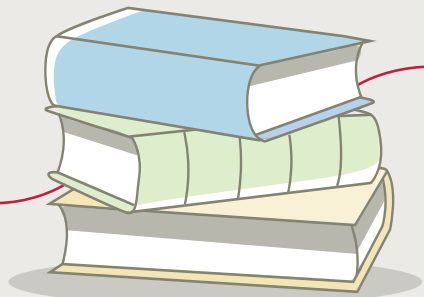
The language used to describe Fixed Term Income Plans can involve a lot of jargon. We've listed some of the most important definitions here for your reference as you read through the guide.

# Planning for retirement

Planning for your retirement can be confusing as there are a wide range of choices available to you. Where do you keep your savings, what happens to them and how do you access them when you need them?

The following guide explores our Fixed Term Income Plan, demonstrating how you can generate a retirement income whilst retaining control of your money. Our plans are flexible and can be tailored to your choices, giving you a personalised solution that can meet your needs, both now and in the future.

- + Beneficiary or beneficiaries**  
The individual(s) you choose to receive a benefit when you die.
- + Drawdown**  
The withdrawal of benefits from a UK Registered Pension Scheme.
- + Guarantee Maturity Value**  
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 at the outset of the plan.
- + Lifetime Annuity**  
A product that uses your pension savings to provide an income for your lifetime. They can also be used to provide an income for a chosen beneficiary/beneficiaries for a guaranteed period, for their lifetime or a combination of the two (see beneficiary).
- + Tax-free cash**  
A sum of money, normally 25% of your pension fund, that is available completely free of tax. The official term used is the Pension Commencement Lump Sum (PCLS).






## Introducing our Fixed Term Income Plan


Our Fixed Term Income Plan uses the money saved in your pension plans to give you a guaranteed return, either in the form of a regular income or capital lump sum, over a term of between 1-20 years. At the end of the term, you'll receive a **Guaranteed Maturity Value** (which is set at the start of the policy) which you can use in a number of ways.

A Fixed Term Income Plan could be one of several products suitable to help you build the right mix of retirement income solutions for you and your circumstances. When purchased alongside an additional retirement product, a Fixed Term Income Plan can work to ensure that your essential outgoings are covered whilst the flexible characteristics of, for example, drawdown, can provide supplementary discretionary income.


**Key benefits**




Access your tax-free cash




Fixed, regular income between 1-20 years



Receive a Guaranteed Maturity Value at the end



Lump sum death benefit for beneficiaries



Reassess your retirement needs at the end of the term







### How does it work?

**When setting up a Fixed Term Income Plan that will work for you, there are several options. You can choose:**

- The length of term you want the income to be paid for, from 1-20 years
- A level or escalating income to help keep pace with inflation
- The frequency of income payments - monthly, quarterly, half-yearly or annually
- To have a Guaranteed Maturity Value paid at the end of your chosen term, with the option to take no regular income should this suit your needs
- To provide a lump sum death benefit to your spouse/civil partner, dependant or beneficiary if you die before the maturity date

Our Fixed Term Income Plan provides you with the flexibility to use your Guaranteed Maturity Value, if chosen, to purchase another retirement income product when your chosen fixed term expires.

### Eligibility

You must:

- Be at least 55 years old
- Live in the UK
- Have at least £10,000 of pension savings held in a UK registered pension scheme after taking tax-free cash

### This product will not be right for you if:

- You have less than £10,000 to invest (after taking tax-free cash)
- You want flexible access to your pension savings, you want to withdraw all of your funds immediately in one go or you can't commit to leaving your money invested for the chosen term
- You want your income to be guaranteed for life



## Case study



### About Bob

Bob is nearly 65 and is planning to retire soon. His pension fund, after tax-free cash, is £300,000. He wants to take all of his tax-free cash and move his money into a Flexi-Access Drawdown. However, he has concerns, that his drawdown fund may be too low to sustain an adequate income in his later years.

### What are Bob's objectives?

Bob does not want a lifetime annuity at this stage and would rather reassess his options later in his retirement in case his circumstances change. He is happy to invest £200,000 of his fund in drawdown to provide flexible income and the potential for growth. Bob's key priority with the remaining £100,000 is to guarantee a lump sum.

### What does Bob get?

Bob's adviser recommends investing the remaining £100,000 in a Fixed Term Income Plan for 20 years. He doesn't receive an income from this plan and is guaranteed that the value will be £279,189 in 20 years' time. Additionally, Bob is advised to invest £200,000 from his pension into a drawdown plan intended to invest for growth and provide an income.

At the end of the term, he'll be able to reassess his options once again. These options include:

- reinvesting the money in another Fixed Term Income Plan, where he could continue to receive income or a capital return
- purchase an annuity to provide him with a higher lifetime income
- invest his Guaranteed Maturity Value into his drawdown plan or
- he can take the money out as a taxable lump sum withdrawal (this would be subject to his highest rate of income tax).

### Key points



Bob's drawdown will provide his income



His plan will have a Guaranteed Maturity Value of £279,189



If Bob dies within the 20-year term, his beneficiaries will receive the original purchase monies less any income or adviser charge taken. This may be subject to tax

The fixed income and Guaranteed Maturity Value figures shown are for illustration only.





## Guaranteed income - what is it and why is it beneficial to you?

**Guaranteed income provided by a Fixed Term Income Plan can provide you with the peace of mind that your essential expenditures, such as food and household bills, will be covered, allowing you to make plans for the future knowing how much income you'll have.**

Our Fixed Term Income Plan isn't subject to any investment risk, so the income you are quoted is the income that you will receive for the duration of the term. Additionally, the capital return is also guaranteed - so you know what lump sum payment you will receive at the end of the term - and, with the option to increase your income by a fixed percentage each year, you can prepare for rising prices.

Our Fixed Term Income Plan may be right for you if you can afford to tie your money up for your chosen term, as you will not be able to cancel the plan after it is set up. Once you've set up your policy you can't revise or cancel it, so we recommend that you seek professional advice before you apply.

## Death benefits

**If you die before the end of the term, we'll provide a guaranteed death benefit. In this circumstance, your beneficiary/beneficiaries 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/beneficiaries.

### **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 income tax rate.

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

We 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.





## How is a Fixed Term Income Plan taxed?

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

**During the term of your plan:**

- The income paid will be treated as earnings and will normally be taxed under the Pay As You Earn (PAYE) system. The amount of tax you pay will depend on your total income from all of your sources and on your personal allowance.

**At the end of the term of your 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 Fixed term Income Plan 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 a Fixed term Income Plan 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.



## Case study

**About Beverley**

Beverley is retiring at 60 and has a pension pot of £133,333. She was recently told she has a heart condition that she needs to monitor in case it gets worse.

**What are Beverley's objectives?**

Beverley wants to withdraw £33,333 tax-free cash now. She's happy to keep her retirement options open until her state pension starts. However, Beverley also thinks she'll need an annual income of £5,000 and the certainty of a Guaranteed Maturity Value (GMV) at the end of the term.

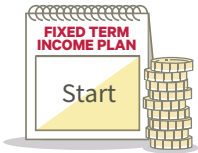
**What does Beverley get?**

Beverley's financial adviser recommends a Fixed Term Income Plan, giving her a fixed income of £5,000 per year for the next five years. At the end of the term, she'll have a Guaranteed Maturity Value of £97,201. At this point she has the flexibility to reassess her options. Beverley's adviser has suggested that a key benefit of the Fixed Term Income Plan is that it allows her to defer making a lifetime decision when she is not ready. In addition, there is a strong chance that she will qualify for an enhanced Lifetime Annuity at the end of the term, because of her medical condition, that will mean she can qualify for a larger income.

### Key points



Beverly will receive a guaranteed income of £5,000 per year to top up her pension



She receives £33,333 of tax-free cash at the start of her Fixed Term Income Plan



At the end of her Fixed Term Income Plan, she will have a Guaranteed Maturity Value of £97,201

The fixed income and Guaranteed Maturity Value figures shown are for illustration only.



# Some important things to note...

**You have the right to change your mind within 30 days of the set up of your Fixed Term Income Plan. However, after that time you can't change it or cash it in, even if your circumstances change. Your income will stop if you die before the end of the term. The death benefit payable will be the original investment amount less the income paid to you up to the date of your death.**

Whilst we guarantee the income you have chosen from outset this is not payable for life, only the term selected. We cannot predict what income the Guaranteed Maturity Value (if selected) would provide, if used to purchase another retirement income, such as a lifetime annuity, at the end of the plan.

Inflation will reduce the spending power of your income, especially if you have chosen a level payment.

As with all financial products you should never feel rushed into making a decision, and your retirement choices will have a big impact on your future. We recommend speaking to a professional adviser who can assist you, weighing up the options available to you. Together you can take a good look at your immediate goals and long-term expectations in retirement.

Any references to taxation as based on our current understanding of HMRC rules and regulations which are subject to change.



# Discover our full range of retirement options

## Achieving the right retirement mix

A Fixed Term Investment Plan may be just one of the products suitable to help you build the right mix of retirement income for you and your circumstances. Find out more about Canada Life and your full range of retirement options at [www.canadalife.co.uk](http://www.canadalife.co.uk) or by contacting a professional adviser.

### Retirement income planning

Have you also considered these options?

#### 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.

#### The Retirement Account

A flexible personal pension plan that can be adapted to suit changing needs. Whether you're working, close to retirement or already retired, you can choose to combine pension savings, pension drawdown and a guaranteed annuity all within a single account.

You can find out more about Canada Life and your full range of retirement options at [www.canadalife.co.uk](http://www.canadalife.co.uk).



# The importance of financial advice

Your retirement choices will have a big impact on your future. We recommend speaking to a professional adviser who can assist you to weigh up the options available to you. Together, you can take a good look at your immediate goals and long-term expectations in retirement. As with all financial products, you should never feel rushed into making a decision. If you need to find an independent financial adviser, visit [www.unbiased.co.uk](http://www.unbiased.co.uk).

## MoneyHelper

MoneyHelper is there to make your money and pension choices clearer. There to cut through the jargon and complexity, explain what you need to do and how you can do it. There to put you in control with impartial guidance that's backed by government and to recommend further, trusted support if you need it. For clear money help that's on your side and free to use, just search for MoneyHelper: [moneyhelper.org.uk](http://moneyhelper.org.uk) or call on 0800 011 3797.



## Pension Wise

Pension Wise is a government service from MoneyHelper that offers free, impartial guidance about your defined contribution pension options. An appointment is available for people aged 50 or over online, by phone or face to face, with Pension Wise is free and will help you understand what your overall financial situation will be when you retire. It'll talk you through your options to help you make the right decision. You'll also find out about the other factors you need to consider when deciding on your options before retirement. You should access Pension Wise and consider taking independent advice to help you decide which option is most suitable to you.

To book an appointment please visit [moneyhelper.org.uk/en/pensions-and-retirement/pension-wise](http://moneyhelper.org.uk/en/pensions-and-retirement/pension-wise) or call 0800 138 3944.

# 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



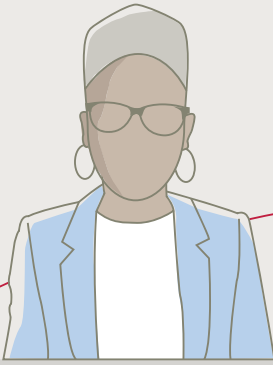
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It is recommended that appropriate independent advice is taken before making a decision. The websites detailed above include information to help find an authorised adviser.







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MAR00597 – 423R/B – Approved on 11 April 2023