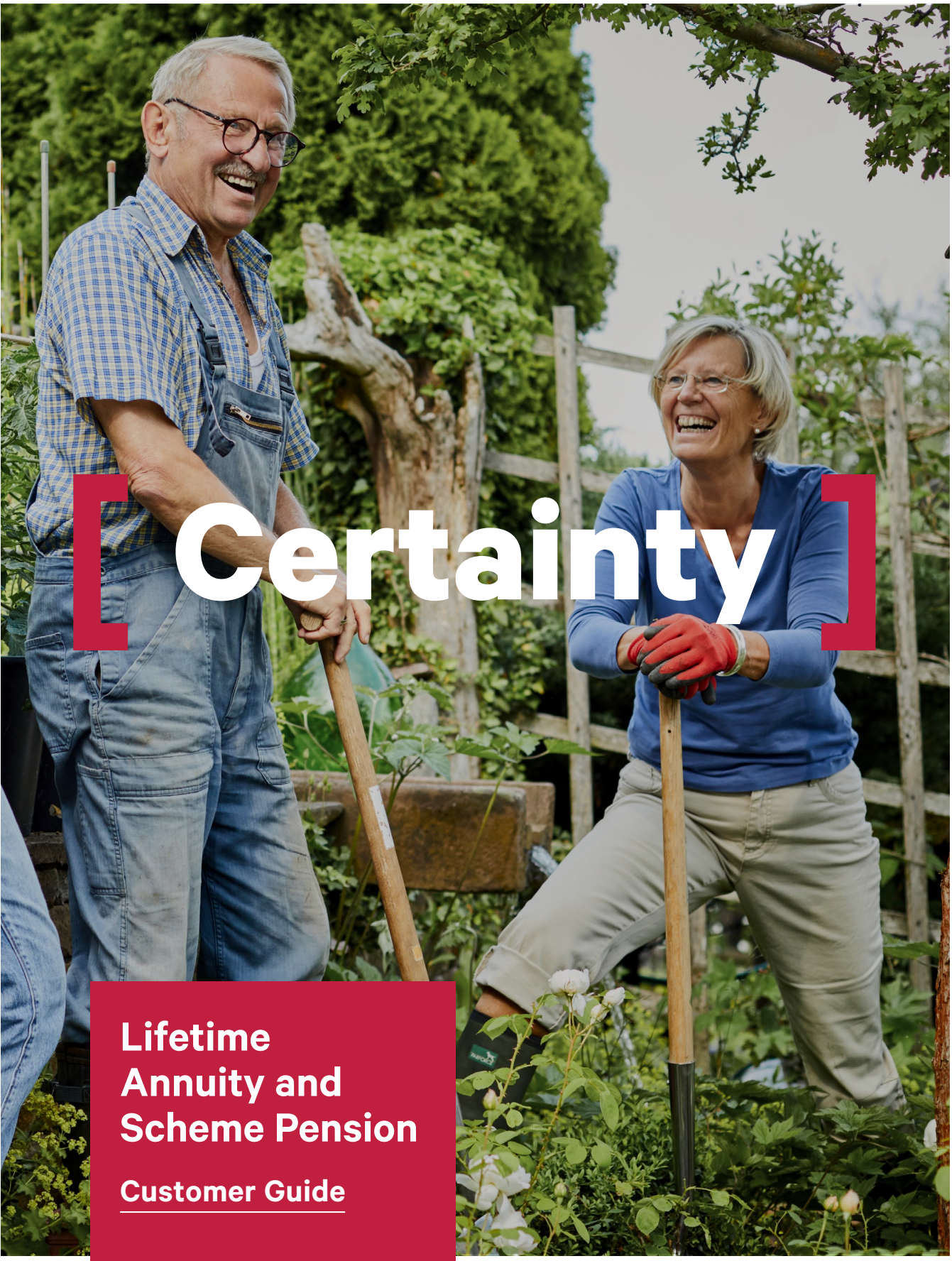
Individual Annuities



Certainty

Lifetime Annuity and Scheme Pension

Customer Guide

canada life™

Providing certainty for life

Our annuities provide you with certainty by allowing you to exchange some, or all, of your pension fund for a guaranteed regular income for life. When you set up your annuity you can choose from a range of options to suit your circumstances - you can even arrange for us to continue paying an income after your death.

Prepare for retirement with a guaranteed income for life.

Why Canada Life?

At Canada Life, we aim to build 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 options 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.

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 smooth and easy as possible.

Our culture is incredibly important to us. We're proud of our heritage, our values, our people and of our financial strength. We've been around for a long time. In fact, we were founded in 1847, 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 £1.53tn of assets under management as of 31 December 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.

GREAT-WEST LIFECO

£1.53tn*
ASSETS UNDER MANAGEMENT

3.6 MILLION
UK customers*

450,000
Pension annuities in force**

1,500+
UK employees***

*31 December 2023. **31 December 2022. ***May 2023

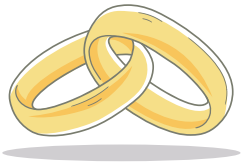
Introducing our Lifetime Annuity

Our Lifetime Annuity uses the money saved in your pension to give you the financial security of a guaranteed, regular income for life.

What does it offer?

It's a 'peace of mind' solution that ensures you have a guaranteed income that will last your lifetime

It's a solution that can keep pace with inflation, so it won't erode over time



Depending on your preferences, it can also give the comfort of knowing your spouse or partner can continue to receive an income after your death

Key benefits

- Receive a guaranteed income for life
- Option for your income to increase over time
- Choose from a range of death benefits
- Access your tax-free cash

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 and make sure you have fully considered your options.

Who is it for?

Our Lifetime Annuity may be right for you if:

- You want to know you have an income in retirement that will last your whole life and never go down
- You don't want to take the risk that you will draw too much from your pension savings and they may run out too quickly
- You want to use some of your pension savings to ensure you have a sufficient regular income to meet your known expenses while you can invest the rest

An annuity allows you to make plans for the future by knowing you'll have a secure, guaranteed income.

How does it work?

You have a number of options when you set up an annuity. You can:

- Access your tax-free cash
- Choose either a single or joint life income plan where up to 100% of your income will continue to be paid to your spouse after you die
- Select from level or increasing income options, giving you the choice of a fixed amount, or one that rises over time
- Choose to receive income payments monthly, quarterly, half-yearly or annually
- Add a 'guarantee period' of up to 30 years that means we will continue to pay your income if you die during that timeframe
- Nominate a beneficiary (aged 35 or over) to receive your income following your death. Or alternatively, choose Annuity Protection to ensure a lump sum goes to your chosen beneficiary. Multiple beneficiaries can also be chosen

Some key definitions

The language used to describe annuities 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.

+ **Drawdown**
  The withdrawal of benefits from a UK registered pension scheme.

+ **Lifetime Annuity**
  A product that uses your pension savings to provide an income for your lifetime. It can also be used to provide an income for a chosen beneficiary for a guaranteed period, for their lifetime, or a combination of the two.

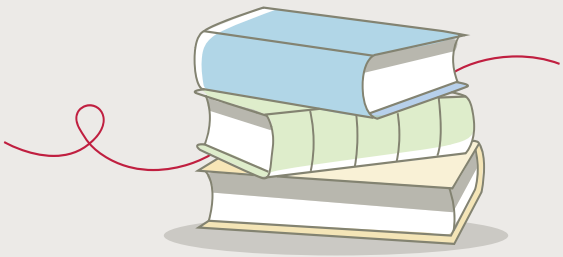
+ **Enhanced Lifetime Annuity**
  A Lifetime Annuity with a higher level of income based on your health and medical history.

+ **Beneficiary or beneficiaries**
  The individual(s) you choose to receive a benefit when you die.

+ **Annuity Protection**
  An optional element of your Lifetime Annuity that allows your beneficiary to inherit a lump sum when you die.

+ **Guaranteed payment period**
  A pre-set period where your income will continue to be paid to a beneficiary after your death.

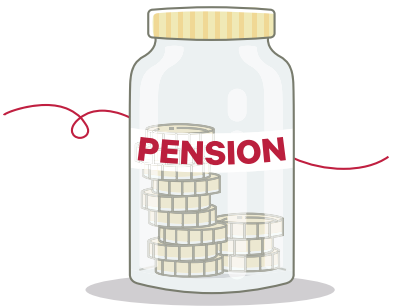
+ **Tax-free cash**
  A sum of money, normally 25% of your pension fund, that is available completely free of tax. The official term used is the Pension Commencement Lump Sum (PCLS).



Case study: a guaranteed lifetime income

About Jack

Jack is 65 and about to retire. He isn't a risk taker and has always been apprehensive about investing in stocks and shares. Despite this, Jack has built up £160,000 in his personal pension pot. He wants the peace of mind of knowing that his pension will allow him to pay the bills.



What are Jack's objectives?

Jack wants to take £40,000 tax-free cash immediately and then will use his remaining fund of £120,000 to provide a guaranteed lifetime income that keeps pace with inflation. He also wants to provide for his wife and children when he dies.

What does Jack get?

His adviser arranges a Lifetime Annuity that gives Jack an annual income of £5,000, which increases by 3% each year to keep track with inflation. This combined with his state pension is enough income to cover Jack's essential outgoings. For extra peace of mind, he chooses a twenty-year guarantee period that will continue to make payments to his family if he dies before his 85th birthday. Jack also gets his tax-free cash for discretionary spending.

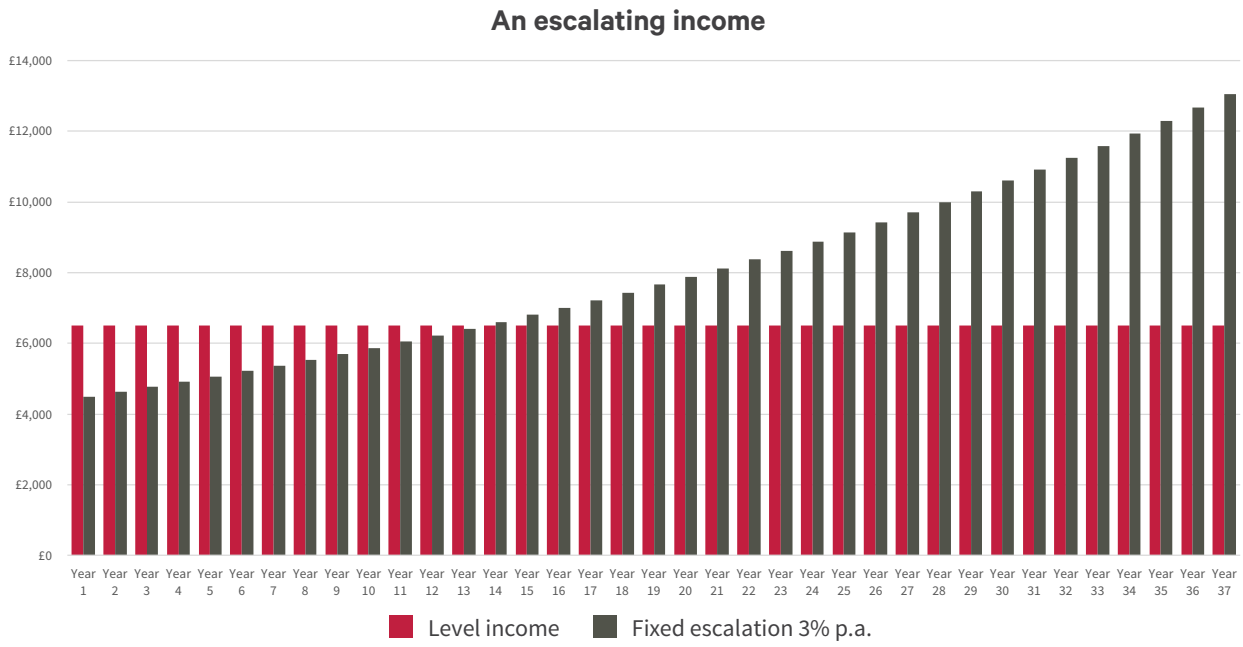
Please note, illustrative figures have been used in this example.

An income that can grow over time

When you set up your Lifetime Annuity, you can choose to opt for regular increases in your income over time.

We offer a number of options to choose from, such as fixed increases that you choose at the start of your plan, or incomes linked to inflation that allow your income to maintain its buying power in the long run.

If you choose an escalating rate, your starting income is likely to be lower than if you choose no escalation. This may suit you if your income growing in the longer term is more important to you than starting with a higher income immediately. You can see an example of how that might look in the chart below.



Please note: the figures used are for illustration purposes only and aren't based on actual rates.

Enhanced Annuity

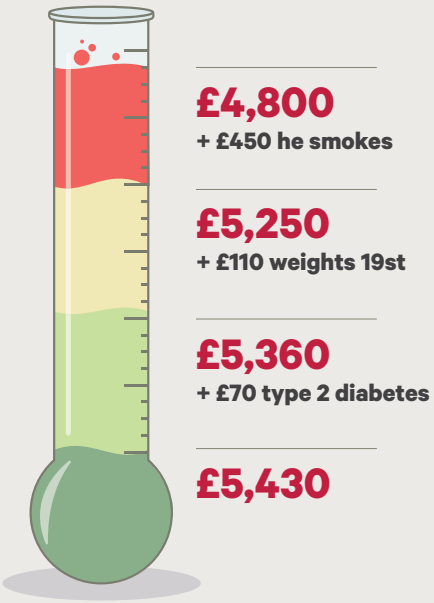
When we calculate the income that we can pay you, we take a number of factors into consideration, including your age, lifestyle and health. If you have, or have had, any medical conditions in the past, it's worth telling us because this might mean we can pay you a higher income with an Enhanced Annuity.

Example scenario

It's important that you disclose any relevant medical or lifestyle information to us so we can ensure your annuity is set up to give you the best possible income. Let's look at Richard's scenario:

- Richard is 65 and has a pension pot of £100,000
- If Richard didn't tell us any details about his lifestyle or health, we'd offer a standard Lifetime Annuity that would provide £4,800 per year
- By telling us he smokes, Richard gets £450 more, totalling £5,250 per year
- By also telling us he is 19 stone, Richard gets a further £110, totalling £5,360 per year
- By also telling us he has type 2 diabetes on treatment, Richard gets £70 more, totalling £5,430 per year

Please note, illustrative figures have been used in this example.



Case study: enhanced retirement income

About Bev

Bev is aged 60, divorced with one daughter and has just given up work. She has a moderate heart condition so she's looking forward to taking things easier.

What are Bev's objectives?

Bev's number one objective is to get the maximum income she can from her £50,000 pension pot. She can't afford to take any risks with her money and needs a regular and guaranteed lifetime income. Bev would also like her pension to benefit her daughter when she passes away.

What does Bev get?

Bev's adviser arranges a Lifetime Annuity. She completes a medical questionnaire when she applies and discloses her current health issues. As a result, Bev receives an Enhanced Annuity, offering a higher guaranteed income than someone who is healthy. She also opts for Annuity Protection so her daughter would receive a tax-free lump sum if she dies prior to age 75. The pay-out would equal the initial £50,000, minus the income payments received up to the date of her death.

Single or joint life options

If you're married or in a civil partnership, you may want to ensure that your loved one continues to receive an income after your death.

This is because it's likely that their regular expenses may not change too much – they will still have utility bills and council tax to pay, for example. Any person, such as a spouse, civil partner or dependant can be included as a second annuitant on a joint lifetime annuity.

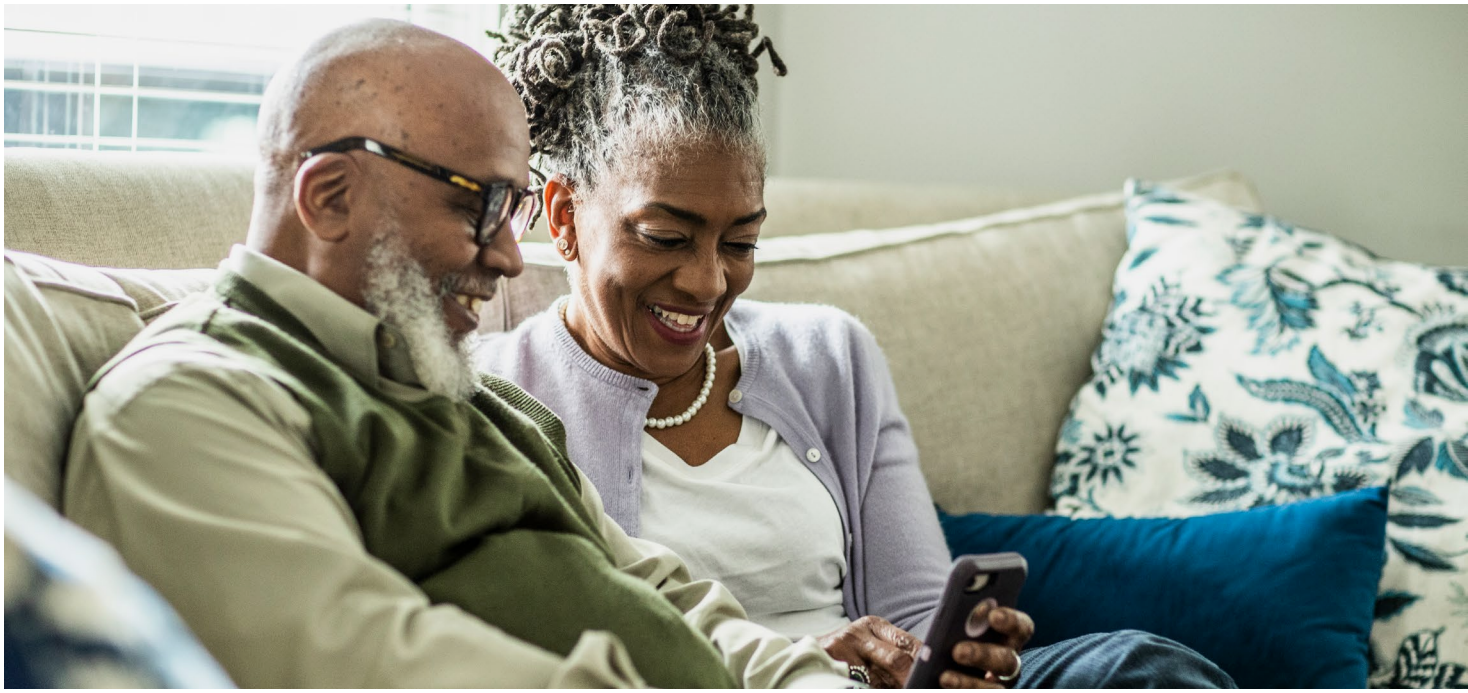
The cost of providing this extra income usually means that your income will be slightly lower than for a single life plan because we're committing to providing an income over the lifetimes of two people rather than one. The table below provides an example.

Policy basis	Guaranteed payments	Second annuitant's pension	Income per year
Single life	No guarantee period	N/A	£6,752.76
Single life	30-year guarantee period	N/A	£5,844.48
Joint life	First annuitant pension to cease on death	50% of first annuitant's pension at date of death	£6,343.08
Joint life	First annuitant pension to cease on death	100% of first annuitant's pension at date of death	£6,343.08

Please note, quotes are based on a 68-year-old male first annuitant with no health conditions and a level annuity purchase price of £100,000. The second annuitant is a 65-year-old female.

Please note, illustrative figures have been used in this example.

If you're married or have a dependent and you're opting for a single life policy, you may wish to ensure that you select a guarantee period on your income. This will safeguard the continuation of your payments upon death.



Death benefits and guaranteed periods

Choice of death benefits

It's something we don't like to think about but nevertheless, what happens to your annuity after your death could be the difference between providing a valuable lump sum or income for those you leave behind, or leaving them without.

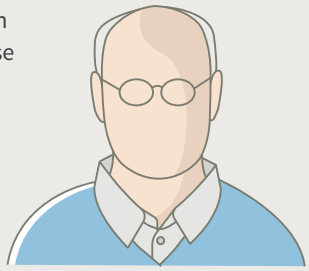
Annuity Protection

Taking out Annuity Protection ensures that Canada Life will pay your loved ones a lump sum of cash in the event of your death. You can choose how much this lump sum would be up to 100% of your original premium, less whatever income you have received at the time of your death.

If you die before age 75, the benefit would be returned tax-free to your nominated beneficiary or spouse.

Example scenario

Dan purchases an annuity for £100,000 which pays him an income of £5,000 each year. At the end of year three, he passes away. At the outset of his policy, he chose 100% Annuity Protection. This means his wife Shelia, his beneficiary, is entitled to the full amount of his original premium of £100,000, less the £15,000 he had already received as income.



This provides Shelia with a cash lump sum totalling £85,000. Because Dan was 67 at the time of his death, the benefit is paid completely free of any income tax.

Please note, illustrative figures have been used in this example.

Guaranteed payment periods

Your income can be guaranteed for a period of time from one month to 30 years. If you die within this guaranteed period, your income will continue to be paid until the end of the period. You can choose to add this option on either a single life or a joint life policy and it's a great way to ensure that your income continues to be paid to your chosen beneficiary.

For joint life policies, you can choose when the joint life income is set to start, for example, immediately after your death, or when the guaranteed term expires.

Discover our full range of retirement options

Achieving the right retirement mix

An annuity may be just one of the products suitable to help you build the right mix of retirement income for you and your circumstances. Purchased alongside an additional retirement product, the annuity can work to ensure that your essential outgoings are covered whilst the flexible characteristics of drawdown (for example), can provide extra discretionary income.

Retirement income planning

Have you also considered these options?

Fixed Term Income Plan

Get a regular, guaranteed income or receive a lump sum with our Fixed Term Income Plan, available in terms of between 1 and 20 years.

You can find out more about Canada Life and your full range of retirement options at **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.

Pension guidance

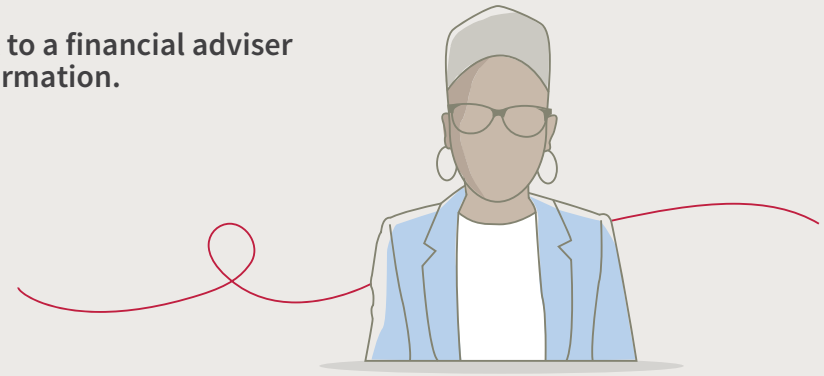
Before you make any decisions, you could take advantage of Pension Wise, the government's free guidance service. You can also access guidance from the Citizen's Advice Bureau in person, or online and over the phone from the Pension Advisory Service.

Find out more **here**.

Lifetime annuities and taxation

The annuity income is taxed at your marginal rate once we receive a tax code from HM Revenue and Customs or you provide a valid P45 certificate. Otherwise, a temporary tax code will be applied. So, any annuity income paid to you from your annuity will be added to any other income you receive (for example, salary/state pension) and even if you currently pay no income tax this could push you into paying basic rate (20%), higher rate (40%) or even top rate (45%) income tax bracket.

Please speak to a financial adviser for more information.



Getting in touch

Your financial 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

By email
customer.services@canadalife.co.uk

By post
Canada Life Limited
Canada Life Place
Potters Bar, Herts
EN6 5BA

canada life™

MAR01124-324R – Promotion approved 03/04/24