Standard Life
Part of Phoenix Group

# Introducing the Standard Life Guaranteed Lifetime Income plan

## A guide for financial advisers

Helping you deliver suitable retirement solutions for your clients

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The **Standard Life Guaranteed Lifetime Income plan** has been designed as part of our commitment to supporting you with products and propositions that meet the ever-growing demands of retirement planning – helping you to deliver the retirement solutions your clients need throughout their retirement.

## What you need to know

We've designed this guide for financial advisers using the Fidelity Adviser Solutions platform (referred to as the 'Fidelity platform' throughout this guide) for clients who are in or at retirement.

We've also produced a **Standard Life Guaranteed Lifetime Income plan Customer Guide, Key Features Document, Product Detail Guide** and **Target Market Document** for you to use with your clients.

You can find copies at: **fidelityadvisersolutions.co.uk/guaranteed-lifetime-income**

# Guaranteed lifetime income for your clients to enjoy in retirement

## An innovative way of providing essential income in retirement

**We know you're looking for a range of solutions to help your clients plan for the retirement they want.**

Retirement planning for both advisers and clients has become increasingly challenging.

With average life expectancy increasing over time, so too has the importance for retirees to ensure they have sufficient income to cover their needs throughout retirement.

It is also important to think about the Financial Conduct Authority (FCA) Thematic Review of Retirement Income Advice and how including a guaranteed income within a client's retirement plan could help to meet some of the FCA key focus areas. You should also think about capacity for loss and the different income needs of your clients, for example essential versus lifestyle spending over different timeframes.

### Designed to deliver the security of guaranteed income for life

Offering a guaranteed income as part of an overall retirement solution could help your clients feel more comfortable with their retirement planning, by providing access to a regular income stream to help cover essential day-to-day spending for as long as they live.

### Introducing the Plan

The **Standard Life Guaranteed Lifetime Income plan** (referred to as 'the Plan' throughout this guide), is designed with the needs of Fidelity Adviser Solutions' pension customers in mind. Your clients will either have a Fidelity Adviser Solutions Pension Account (referred to throughout this guide as 'Pension Account') or as their financial adviser you may be considering recommending one for them.

It could help your clients enjoy the peace of mind that comes from having access to a guaranteed lifetime income paid throughout retirement, alongside other money invested in their Flexi-access Drawdown Account.

The Plan provides income security in the form of a guaranteed income, whilst enabling clients to have the flexibility offered from their Flexi-access Drawdown Account. This can help you create an income stream that is tailored to your client. It can also help manage some of the key risks in retirement planning such as longevity and sequencing covered later in this guide.

Your clients can also choose a death benefit option (also known as Value Protection). This protects 100% of the purchase price of the Plan and allows your client's nominated beneficiaries to receive a lump sum of the purchase price of the Plan, less any income already paid out. Once the income received from the Plan is at least as much or more than the purchase price, the death benefit option will no longer pay a lump sum. This is explained in more detail on page 10.

At Standard Life we strive to ensure our Plans offer value for money. As part of this commitment, we promise to automatically give your clients the best income rate we have available at the time of application should our rates improve due to market changes after you've obtained a quote.

# Which of your clients could benefit from the Plan?

### The Plan may be the right choice if your clients:

- Would like access to a regular, guaranteed retirement income for life
- Want to keep some of their pension savings invested so they can potentially benefit from future growth
- Want to receive a guaranteed lifetime income into their Fidelity Product Cash account (referred to throughout this guide as 'Product Cash account') to manage all their income in one place
- Would like the option to potentially provide a lump sum death benefit for their loved ones when they die (via Value Protection where applicable)
- Would like to avoid part of their retirement savings being impacted by the investment markets
- Live in the UK and are typically aged between 55 (rising to 57 from 6 April 2028) and 85 years old
- Typically, have pension savings of between £100,000 and £1,000,000
- Have, or are about to appoint, a financial adviser to manage their retirement income from their existing or a new Pension Account

### The Plan may not be the right fit if your clients:

- Don't have a need or desire for a guaranteed lifetime income
- Would prefer a standalone guaranteed income not held within the Pension Account
- Would like to keep all of their pension savings invested so they can potentially benefit from any future investment growth
- Have a very short life expectancy or are terminally ill i.e. a medical professional has diagnosed an illness or condition which cannot be cured and is likely to very shortly lead to a person's death
- Are looking for a short-term income solution rather than one that lasts a lifetime
- Want to use all of their pension savings for a guaranteed income
- Don't have or want to use a financial adviser
- Would like an income with a guaranteed link to inflation
- Want to provide a guaranteed income to a spouse or dependant

For more details, please see our **Guaranteed Lifetime Income plan Target Market Document, Key Features Document and Product Detail Guide.**

# How the Plan benefits and supports you as an adviser

The Plan is available within the **Pension Account** on the **Fidelity platform**, making it easier and simpler for you to manage your client's overall retirement income in one place.

Essentially it makes it easy for you to adopt the Plan into your preferred operating model and integrate it into your centralised retirement proposition. This may enable you to enhance your retirement processes, and help you to protect the integrity of your advice today and into the future.

## Simple to set up

Our streamlined quote-and-apply system accessed via the Fidelity platform offers you a comprehensive whole-of-market income comparison against standalone conventional annuities.

You will also have access to an easy-to-use indicative quote tool, delivering estimates of what income your client might receive, via the Fidelity Adviser Solutions website. It allows you to quickly generate an indicative quote based on a purchase price or a specific target income for your clients all within minutes.

## Greater certainty for your clients

Offering the Plan as part of your retirement proposition may help you create greater certainty for your clients – giving them extra confidence in meeting their personal, financial and lifestyle goals – and potentially enjoying a retirement without the risk of running out of money.

And the Plan provides a solution that could help manage some of the key risks your client could face such as longevity, sequencing and market risk, with a 'safety first' approach to help deliver good retirement outcomes for your clients.

## Longevity risk

We understand the potential conundrum you have when considering how long a retirement plan needs to last.

Given that longevity will always be an unknown factor in retirement planning, it is important to consider how best to reduce this risk. One option is to include an element of guaranteed lifetime income within a clients Flexi-access Drawdown Account to help ensure they don't run out of income.

## Sequencing risk

Another risk to consider in retirement is the sequence of investment returns. If a client in drawdown starts taking income as the markets fall, their pension portfolio may never recover, leaving them in a vulnerable position if they have no other pension savings to draw on.

Including an element of guaranteed lifetime income within your clients Flexi-access Drawdown Account, means that you won't have to increase the amount of invested assets that need to be sold to maintain essential income. This may help you manage sequencing risk and provide an efficient means of retirement income generation. Ultimately, this could help your clients protect their retirement income strategy against market downturns and leave flexible Drawdown Investment Funds invested.

## Market risk

Whilst being in income drawdown enables client exposure to growth opportunities on the investment markets, it also comes with the prospect of losses. That means that there is inherent risk that the capital value underpinning the retirement income strategy could be eroded, which can reduce the levels of income that may be withdrawn sustainably.

As well as including the Plan in the initial retirement strategy to mitigate market risk, you can also purchase additional Plans in the future (subject to product eligibility). This allows your clients to have access to an increased guaranteed income stream which is not subject to financial market returns.

Addressing these risks could help prevent any potential foreseeable harm to clients, which must be considered as part of Consumer Duty.

# How the Plan works

## The Plan offers a simple way of providing access to a regular, guaranteed lifetime income for your clients, which can be blended with other Drawdown Investment Funds within their Flexi-access Drawdown Account to enhance their overall retirement solution.

The Plan is held within a Fidelity Adviser Solutions Pension Account on the Fidelity platform. This allows the income to be paid into the Fidelity Product Cash account (referred to throughout this guide as 'Product Cash account') and for the client to receive the additional flexibility that this offers.

You can recommend clients buy more Plans if their personal circumstances change, if they need more income in the future or opt for a greater level of income security (subject to product eligibility). Having this flexibility allows your clients to take advantage of any potential improved Plan rates in the future for example, as they get older or experience changing health.

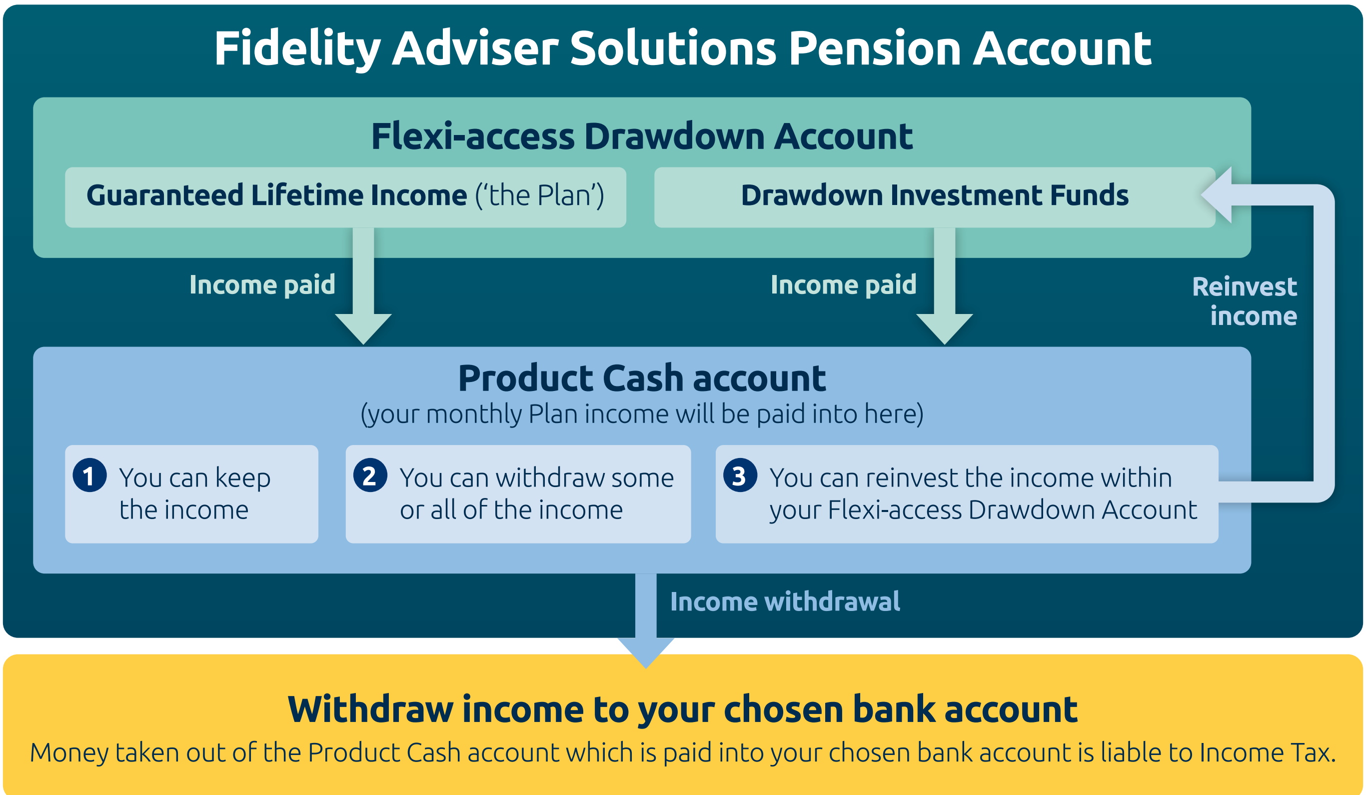
Each Plan can be purchased for your clients with a minimum sum of £10,000 and up to a maximum of £500,000. The total amount of Guaranteed Lifetime Income your clients can invest in multiple Plans within Flexi-access Drawdown is £1,000,000.

### Tax efficiency and flexibility

The Plan is designed to support you in managing a tax efficient withdrawal strategy for your client. As the income from the Plan is paid into your client's Product Cash account, the income isn't liable to any Income Tax until it is paid into your client's chosen bank account.

This provides the flexibility to withdraw as much or as little of the income paid under the Plan as they need. Any money your client doesn't take as income can remain in the Product Cash account, where they can decide to hold it for withdrawal later or reinvest it within their Flexi-access Drawdown Account for potential future growth.

**The diagram below illustrates how the Plan works.**



The Plan can also prove a useful tool through the early stages of decumulation too. For instance, if your clients are working less at the beginning of their retirement, they could use some of their Plan income to supplement any existing income they are receiving.

## Income payments

The income your clients receive will be based on their own personal circumstances which we will collect during the application process. It is important these questions are answered as fully and accurately as possible to ensure your clients receive the best rate we can offer. Please note that the answers given may be checked at a later date for audit and review purposes. In addition, the Plan cannot be changed or cancelled after the first 32 calendar days from the start date.

The income will be paid to FIL SIPP Trustee (UK) Limited as trustee of the Pension Account, on the 15th of each month or the working day prior if the 15th is not a working day. It will be paid with no Income Tax deducted. It will only be liable to Income Tax once your client withdraws money from the Product Cash account into their chosen bank account.

It is also important to note, that income from the Plan is a level income and will not increase. If more guaranteed income is required at a later date, your client can simply take out additional Plans (subject to product eligibility). The income from each Plan will stop once the client dies.

## Pension statements and charges

Fidelity Adviser Solutions, as the pension provider, will supply regular pension statements, normally quarterly. These will include details of the income your clients have received, the money invested in their Flexi-access Drawdown Account and their Product Cash account balance.

Standard Life charges are incorporated into the income your clients receive from the Plan, including the cost of any death benefit selected. The Plan does not facilitate the payment of any adviser remuneration. However, if agreed between you and your client, a remuneration charge may be facilitated from the Pension Account. The value of the Plan may also be used when Fidelity calculate any Pension Account charge.

## Pension transfers

If your client needs to transfer their Pension Account to another provider that does not accept the Plan, we will convert (referred to as novation) it to a Standard Life Pension Annuity. If this is the case, the annuity will pay the same income and other benefits as the Plan. However, this will be paid directly to your client's chosen bank account rather than within their Product Cash account. This means that the income will be subject to the rate of Income Tax confirmed to us by HMRC.

This also means they will no longer be able to hold the Plan within their Flexi-access Drawdown Account and will lose the platform features that come with the Plan. You can find out more about this in the **Guaranteed Lifetime Income plan Key Features Document** and **Product Detail Guide**.

# A death benefit option for your client and their loved ones

## The Plan is based on a single life and an income payment is made for as long as your client is alive. Clients can choose to include an optional death benefit (also known as Value Protection) when the Plan is set up.

The death benefit option is designed to guarantee your client will get back the equivalent to the purchase price of the Plan, in the event of their death.

The lump sum payable will be the amount your client originally used to purchase the Plan less the total amount of income paid from the Plan into the Product Cash account. This means that no lump sum would be payable if the Plan has paid more in income than the amount used to purchase it.

For example, if a customer purchases a Plan for £100,000, and dies having only received £30,000 in income, the remaining £70,000 will be paid into the Product Cash account as a death benefit and can be made available alongside their other remaining Drawdown Investment Funds for their chosen beneficiaries.

Any lump sum payable will only take into account the income payments made by the Plan, irrespective of whether the Plan income was paid out to your client, left in their Product Cash account or reinvested in their Drawdown Investment Funds. Any lump sum will be paid into the Product Cash account. The Flexi-access Drawdown Account with any death benefit payment and the remaining Drawdown Investment Funds, may be used by your client's chosen beneficiaries to make a lump sum withdrawal or taken as an income from the Product Cash account (subject to scheme rules). Income withdrawal and lump sum payments may be liable to Income Tax.

If a death benefit option is chosen, it will reduce the amount of income your clients will receive for a given purchase price.

## Let's look at a couple of examples to illustrate how the death benefit option works.

Jackie is aged 60 and in good health. She purchased the Plan with a death benefit option using £50,000 from her Pension Account. She receives a gross income of £3,000 a year into her Product Cash account, which is paid monthly. You can see below how much would be paid out as lump sum death benefit from the Plan depending on when she dies.

**In this example, it would take over 16 years of regular guaranteed lifetime income payments to Jackie before the amount payable on death reduced to zero. This is due to Jackie receiving more income than the purchase price of the Plan so there would be no lump sum death benefit left to pay to Jackie's beneficiaries.**

| Age | Year | Total income taken by end of year | Lump sum death benefit | Total income and death benefit |
|---|---|---|---|---|
| 61 | 1 | £3,000 | £47,000 | £50,000 |
| 66 | 6 | £18,000 | £32,000 | £50,000 |
| 71 | 11 | £33,000 | £17,000 | £50,000 |
| 76 | 16 | £48,000 | £2,000 | £50,000 |
| 77 | 17 | £51,000 | £0 | £51,000 |

Katie is aged 65 and currently smokes. She purchased the Plan with a death benefit option for £100,000 from her Pension Account. Due to Katie's health and lifestyle she receives a gross income of £7,500 a year which is paid monthly. You can see below that her £100,000 purchase price is protected in the same way as Jackie above, but her total income is higher so the lump sum payable on her death reduces more quickly.

**As described in the table below, once the total income paid equals the Plan purchase price, the death benefit will then be zero. Katie's Plan income will continue to be paid every month until she dies, but there will no longer be any death benefit payable.**

| Age | Year | Total income taken by end of year | Lump sum death benefit | Total income and death benefit |
|---|---|---|---|---|
| 66 | 1 | £7,500 | £92,500 | £100,000 |
| 71 | 6 | £45,000 | £55,000 | £100,000 |
| 76 | 11 | £82,500 | £17,500 | £100,000 |
| 78 | 13 | £97,500 | £2,500 | £100,000 |
| 79 | 14 | £105,000 | £0 | £105,000 |

**The above examples are for illustrative purposes only and do not represent actual income. Please obtain a quote to see the income your clients could receive.**

# Key factors that may affect the income from your client's Plan

## Age

### How old your client is impacts the amount of income they will receive

The younger your client is, the longer the income is likely to have to be paid for. This normally means the Plan income received by a younger person will be less than if bought by an older person for the same amount of money.

**Example**

Anne and Phil are both fit and healthy. Anne is 60 and Phil is 65. Both have £100,000 to buy the Plan. Anne may be able to get a gross income of £6,400 a year but Phil who is older may get £7,200 a year - £800 more a year.

## Health

### Your client's health and lifestyle will also affect the amount of income they receive

You can maximise your client's potential retirement income by letting us know about any medical conditions or other lifestyle factors they have. These can include areas such as smoking or high cholesterol to more serious or life-threatening conditions such as cancer.

**Example**

Ella and Ariana are both aged 65. Ariana is fit and healthy, but Ella has Type 2 diabetes.

Both have £100,000 each to buy the Guaranteed Lifetime Income plan. Ariana may be able to get £7,200 a year whilst Ella may get £7,800 a year - £600 more a year.

## Pension Savings

### The amount of pension savings your client has will also affect the amount of income they could receive

The larger your client's pension savings, the more money they could use to purchase a Plan. Typically, the larger the purchase price the larger the income they could receive.

**Example**

Katherine and Clarissa are both aged 70 with the same health status and same total pension savings of £300,000. After speaking to their financial advisers, Katherine decides to use £100,000 of her pension savings and Clarissa uses £150,000 to purchase a Guaranteed Lifetime Income plan. They both purchase the Plan on the same basis.

The £100,000 pension savings may provide Katherine with an income of £8,000 each year, and Clarissa's £150,000 purchase price may give her an income of £12,000 each year - £4,000 more a year.

**The above scenarios are for illustrative purposes only and do not represent actual income. Please obtain a quote to see the income your clients could receive.**

# About Standard Life and Fidelity International

**The Plan is available via the Fidelity Adviser Solutions Pension Account.**

Standard Life is responsible for the creation, administration and the performance of the Plan.

**Fidelity Adviser Solutions have been appointed to provide access to the Plan via their Pension Account. The Plan will be held within the Flexi-access Drawdown Account and will pay monthly income into the Product Cash account.**

The Fidelity Adviser Solutions platform gives financial advisers access to a range of products and services to support their customers. This includes ISAs and pensions.

Standard Life

Part of Phoenix Group

Standard Life has been trusted to look after the life savings and retirement needs of your clients for nearly 200 years. With some of the strongest financial credit ratings in the pension and investment industry, you can be confident your clients' money will be with a company that's in it for the long run. Standard Life is part of Phoenix Group, a company which looks after over 12 million customers across the UK and Europe and has £289 billion assets under management[1].

[1]Correct as of 30 June 2024.

Fidelity INTERNATIONAL

Fidelity Adviser Solutions is a long-established adviser services business that offers a comprehensive range of investment and retirement products, wrappers, tools and services to financial advisers and their clients.

In addition to an extensive product range, the company helps advice firms run their businesses through the provision of superior technology solutions and cutting-edge tooling. These not only improve efficiency but enhance the client experience. Advised clients have full access to their accounts through a secure portal and highly-rated App.

In recognition of the quality of the platform's overall proposition, it has received numerous accolades and awards over recent years.

# Important information

Laws and tax rules may change in the future. Your client's circumstances and where they live in the UK will also have an impact on tax treatment.

A pension plan is a long-term investment. Its value can go down as well as up and could be worth less than what was paid in.