

## **Standard Life Guaranteed Lifetime Income plan suitability wording**

The paragraphs below are designed to help you when compiling a suitability report to support a personal recommendation to a retail client to invest in the Standard Life Guaranteed Lifetime Income plan (referred to throughout this document as ‘the Plan’).

These paragraphs explain the benefits of the Plan and are for information only. They are not intended to make up the full details of the suitability report for your client. It is your responsibility to ensure the suitability report specifies the advice given and why, reflects an understanding of the potential benefits as well as the potential risks, and that your recommendation meets your client’s demands and needs.

Please note that if you use this information, or similar text for any reason, you should satisfy yourself as to the appropriateness for your clients and ensure that it is kept up to date and meets your compliance requirements. No responsibility is accepted by Standard Life for any specific problems caused by reliance on, or use of, this general style which is used at your own risk.

For more information on the Plan, please refer to the Adviser Guide, Key Features Document, and the Target Market and Product Governance document.

### **Why Standard Life?**

Founded in 1825, Standard Life is a brand that has been trusted to look after people’s life savings and retirement needs for nearly 200 years and is part of the Phoenix Group, one of the UK’s largest long-term savings and retirement business. Phoenix Group administers £290 billion of assets on behalf of around 12 million customers across the UK and Europe<sup>1</sup>.

Standard Life is financially sound and has an AKG Overall Financial Strength rating of B+ ‘Very Strong’<sup>2</sup>. AKG Financial Analytics Ltd has specialised in the provision of financial strength assessment and ratings for over 30 years. These ratings are designed for use by financial advisers, working on behalf of customers, to assess a company’s ability to maintain the operational capability to meet the needs of its customers.

1. Correct as of 30 June 2024

2. Source: AKG Financial Strength Assessment of Phoenix Life Limited trading as Standard Life December 2024

### **What is the Plan?**

The Guaranteed Lifetime Income plan is a way of using some of your pension savings held in your Fidelity Pension Account (referred to throughout this document as Pension Account) to secure a fixed guaranteed monthly income for the rest of your life.

The Plan will provide a monthly income paid into your Fidelity Product Cash account (referred to throughout this document as Product Cash account). You can choose to withdraw some or all of it as an income, reinvest the money or keep in the Product Cash account until needed.

The income from the Plan is paid into the Product Cash account without any tax deductions – you will not be liable to pay any Income Tax until you withdraw money into your chosen bank account.

What's more, as the income payable from the Plan is fixed and guaranteed for the rest of your life, you'll be securing this part of your pension income from the downs as well as ups of the investment markets.

You can purchase additional Plans if you want to add more guaranteed lifetime income in the future (subject to product eligibility). Each new Plan will be priced based on the benefit options you choose, your personal lifestyle and health status, and the Plan rates available at the time.

For added security, you can also choose a death benefit option (also known as Value Protection). This protects 100% of the amount used to purchase the Plan. ([see death benefits section below](#))

### **Personal guaranteed income** ([select option 1 or 2](#))

The Plan pays you a guaranteed income for the rest of your life, bought with some, or all, of the proceeds from your pension plan. You may qualify for a higher income depending on your health and lifestyle. For example, conditions such as high blood pressure or diabetes could affect the amount of income you receive.

1. You have chosen to use £x,xxx of your pension savings to buy £x,xxx of income each year from the Plan.
2. You have targeted £x,xxx\* of income each year from the Plan which will cost £x,xxx of your pension savings.

### **Death benefits explained** ([select option 1 or 2](#))

*If your client does not select the death benefit option, you may not want to include the death benefit explanation in your suitability report.*

If you die early after the Plan has started, and your Income Payment Schedule shows that you have a death benefit (Value Protection), a lump sum may be payable depending upon the amount of income that has been paid from the Plan. Any lump sum death benefit due, will be paid into the Product Cash account by the FIL SIPP Trustee (UK) Limited (referred to throughout this document as Fidelity Pension Trustee).

1. **You have chosen to select no death benefits** This means that when you die the income will stop and nothing will be paid into the Product Cash account.
2. **You have chosen 100% Value Protection death benefit** This means that if you die early and you have not received the Plan's purchase price back as income, the difference between the original purchase price, minus the income paid, will be paid as a lump-sum into the Product Cash account. If you die after receiving the original purchase price back as income, then the benefit has no value, and the income will stop. Income withdrawal and lump sum payments may be liable to Income Tax.

## **Taxation**

The income from the Plan is paid into the Product Cash account without any tax deductions. If you take a withdrawal from the Product Cash account, into your chosen bank account, you will pay Income Tax in the same way as you pay tax on earned income, through the Pay As You Earn (PAYE) Income Tax system.

Any death benefit lump-sum payable when you die, will not incur any Income Tax as the death benefit is paid by the Fidelity Pension Trustee into the Product Cash account. Income Tax may be payable on any amounts withdrawn by the beneficiaries.

From April 2027, the Government have announced their intention to include unused pension savings when calculating the value of estates and could be subject to inheritance tax. The full details of how this will work are still to be confirmed.

## **Benefits of an integrated approach in retirement**

The Plan offers you peace of mind, by providing guaranteed monthly income payments which will be paid for the rest of your life, irrespective of the performance of any long-term invested portfolio.

Income is paid into the Product Cash account which means you can use the invested part of your Flexi-access Drawdown Account to benefit from potential future growth, take a regular income or make lump sum withdrawals in addition to the Plan payments.

The value of your Flexi-access Drawdown Account can be used, to purchase additional Plans in the future and increase the amount of your guaranteed lifetime income.

Taking out the Plan could lower the risk of making unsustainable withdrawals. It may also improve the prospect of being able to leave a legacy and have the type of retirement you want.

The Plan can give you peace of mind that you have a guaranteed income for life, for example to help cover your essential expenditure. You have the flexibility to take that income as and when you need it, combined with the flexibility to use other money in your Flexi-access Drawdown Account to cover expenditure on discretionary items, such as holidays or home improvements, helping you manage your money to suit your needs.

## **Ease of administration**

The ability to have the Plan included in your Pension Account has one significant benefit over having a standalone conventional pension annuity policy. Having one Flexi-access Drawdown Account, you can choose to have one income payment made into your chosen bank account and a single P60 at the end of the tax year.

If you had two separate pension arrangements for example, the Fidelity Flexi-access Drawdown Account and a conventional lifetime annuity, these would be administered separately.

## **Charges**

Standard Life charges are incorporated into the income you receive from the Plan, including the cost of any death benefit option selected.

The value of the Plan may also be used when Fidelity calculate any Pension Account charge.

## What are the risks?

### You should be aware of the following risks associated with purchasing the Plan

- The Plan is based on the options you choose at the start of the Plan and cannot be changed later
- If you have provided medical information and your doctor is unable to confirm it, the monthly income may be reduced, unless further medical information is provided
- Personal Quotes are guaranteed for 14 calendar days from the quotation date. If you don't apply within this time, rates may change and we may not be able to pay the income you were expecting
- Once the Plan has been set up it cannot be changed or cancelled after the cancellation period. If you need to transfer your Pension Account to another provider in the future that does not accept the Plan, you will need to convert (referred to as novation) it to a Standard Life Pension Annuity
- You can cancel the Plan after it has started, you must inform the Fidelity Pension Trustee within 32 calendar days of the Plan start date that you wish to cancel the Plan. You can cancel directly or through me as your financial adviser. Cancellations need to be in writing or via email to the Fidelity Pension Trustee who will arrange to formally instruct this cancellation on your behalf. A Cancellation Form is provided as part of your Welcome Pack.
- The Plan will end when you die and no further income payments will be made thereafter
- Inflation will reduce the future buying power of the income from the Plan
- The total income you receive may be less than the value used to buy the Plan (unless the death benefit option is selected)

I will work closely with you to ensure your income needs are regularly reviewed and considered to be sustainable in the short and medium term.

### 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. This is based on our current understanding which may be subject to change.

[standardlife.co.uk](http://standardlife.co.uk)

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