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JUST.

## PENSION ANNUITY

# COST OF BENEFITS

LET'S GET PERSONAL

**You can tailor your pension annuity to suit your needs by adding benefits. Whatever benefit(s) you choose, your income is guaranteed for as long as you live. The table below shows how various options might affect your income.**

| Value Protection % (death of first life) | Guarantee Period (years) | Escalation % per year | Dependant's income % | Initial income (£1,000 £2,000 £3,000) |
|---|---|---|---|---|
| 0 | 0 | 0 | 0 | £3,793 |
| 0 | 5 | 0 | 0 | £3,754 |
| 50 | 0 | 0 | 0 | £3,694 |
| 0 | 10 | 0 | 0 | £3,636 |
| 0 | 15[2] | 0 | 0 | £3,515 |
| 0 | 20 | 0 | 0 | £3,373 |
| 0 | 5 | 0 | 50 | £3,339 |
| 100 | 0 | 0 | 0 | £3,323 |
| 0 | 10 | 0 | 50 | £3,288 |
| 0 | 30 | 0 | 0 | £3,003 |
| 0 | 0 | 3 | 0 | £2,830 |
| 0 | 10 | 3 | 0 | £2,725 |
| 0 | 0 | RPI[1] | 0 | £2,456 |
| 0 | 10 | RPI[1] | 0 | £2,368 |
| 0 | 10 | 3 | 50 | £2,353 |
| 0 | 10 | RPI[1] | 50 | £2,012 |

**Table is for illustrative purposes only.**

Comparisons are based on an individual aged 65 with a £50,000 pension fund after taking a 25% tax-free cash lump sum. They are an ex-smoker, and have been diagnosed with Type 2 Diabetes, for which they take 1 medication daily. Where there is a dependant's income we have assumed the spouse is 62 and is healthy.

The above figures are based on an annuity being payable monthly in arrears without proportion, no overlap where applicable, based on RH2 7RT postcode, and a facilitated adviser charge of 2% has been assumed. Just annuity rates, 2 November 2023.

[1] Retail Prices Index (RPI) zero floor assumed. The RPI is a measure of the level of price increases in the UK. Under this 'zero floor' option, your guaranteed income for life payments won't decrease if the RPI falls below zero.

[2] A guarantee period of 15 years is the lowest guarantee period that will repay the purchase price of £50,000.

**Buying an annuity is a decision you can't change. That's why you must be sure about the choices you make before you commit.**

### Escalation

Increases in the cost of living can take their toll on your income. Even if inflation is low, with many people now living longer after retirement, the real value of income can be seriously reduced.

An income which increases by a fixed percentage each year, or follows the Retail Prices Index (RPI), can help you maintain a comfortable standard of living. With escalation, the initial income will be significantly lower than without.

### Dependant's income

This option guarantees that if you die first your income will continue to be paid to your dependant. This can be either at the same level as your income or at a given percentage of your income, for the rest of their life.

Your dependant can be your spouse, civil partner or someone else as long as they are at least 40 years old. In some cases, your dependant may need to prove that they are financially dependent on you. Your dependant is selected at outset and can't be changed.[3]

### Guarantee period

You can choose to have your payments guaranteed for a period of up to 30 years from the policy start date. If you die during the guarantee period, payments can be made to your beneficiaries[4], for the rest of the guarantee period.

If you don't choose to guarantee payments, they'll stop when you die (unless a dependant's income or value protection have been included). This will happen even if you die not long after your plan starts.

You can't add a guarantee period to your plan if you're choosing to add value protection. The longer the guarantee period you choose, the lower the level of income you get.

### Overlap

If you've added a guarantee period and a dependant's income to your plan, both benefits can be paid at the same time (with overlap). Or, if you like, the dependant's income can start after the end of the guarantee period (without overlap).

### Value protection

With value protection, you can protect all or part of the amount you used to buy your annuity. When you die, we'll then pay your protected amount (minus any payments already made) as a lump sum to your beneficiaries[3]. If the total income received by you over time has exceeded the original amount you protected, then there would be nothing left to return to your beneficiaries as a lump sum.

If you have included a dependant's income, the lump sum is paid either on:

- the death of the last survivor (after all income payments have been made), or
- at the time of your death (with the dependant's income also being paid in full).

The amount of value protection can be restricted, but it will depend on the different options that you choose. If you select dependant's income as well as value protection on a 'death of annuitant' basis, then the amount of value protection that is available for you to select will be reduced by the percentage of the dependant's income chosen.

For example, if a dependant's income of 50% is selected then the maximum level of value protection that may be selected on a 'death of annuitant' basis is 50%. Just also reserve the right to limit the amount of value protection for the most severe medical conditions.

This information is only a guide and doesn't cover all the options available. Once you've started getting payments from your plan, you won't be able to change the options you've chosen. That's why it's vital you understand the impact of the choices you make. For more information call us on 01737 233297, or speak to a financial adviser. Lines are open Monday to Friday, 8.30am to 5.30pm.

[3]The only time the dependant can be changed is where we have to apply an "Any Spouse" basis (for Contracted Out benefits).

[4]You can name anybody you choose as your beneficiary, or beneficiaries. However, you should note that, while we will pay due regard to your wishes, we retain ultimate discretion as to who will receive these benefits when you die.

## FOR MORE INFORMATION

Call: **01737 233 297**
Lines are open Monday to Friday, 8.30am to 5.30pm
Please note your call may be monitored and recorded and call charges may apply.

Email: **support@wearejust.co.uk**

Or visit our website for further information: **wearejust.co.uk**

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