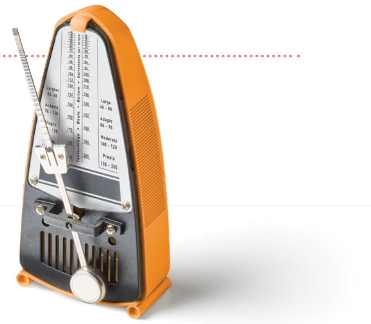
PENSION ANNUITY

VALUE PROTECTION



Buying an annuity is the best way to use your pension savings to secure yourself a guaranteed income for life. Maybe you're worried you won't live long enough to get back what you pay for it? Well, there is a way to protect your pension savings and leave any unused money to your loved ones as a lump sum.

When you buy a guaranteed income for life solution – also known as an annuity – you can choose an option known as 'value protection'. This lets you protect up to 100% of your pot[1] (after any tax-free lump sum and taxable lump sum is paid).

When you die, the protected amount less any payments already made is paid to your beneficiaries as a lump sum. If you have already received more than the protected amount in income, no lump sum will be paid.

Who can my pension savings be left to?

When you start your plan, we'll ask you to nominate who you'd like us to pay any lump sum to. This could be one person – or more than one – and you can pick anyone you like. You can change your nominated beneficiaries at any time by writing to us.

We'll do our best to meet your wishes, but we can use our discretion to pay the lump sum to someone else. We might do this if your circumstances have changed since you nominated your beneficiaries. Your financial intermediary can explain this in more detail.

How will value protection affect my income?

Adding value protection will reduce the income you receive from your plan.

Buying a guaranteed income for life is a one-off decision. So you'll need to make a decision before you start your plan, whether the benefits of adding value protection outweigh how much it will reduce your income.

What about tax?

The final lump sum amount (that could be left to your beneficiaries) may be subject to tax. This depends on how old you are when you die.

If you die before age 75, your beneficiaries won't pay any tax on the final lump sum.

But if you die after age 75, your beneficiaries will be taxed at their 'marginal tax rate'. This means that whatever your beneficiaries get will be added to any other income they receive. They'll then be taxed based on that total. So the more they earn, the more tax they're likely to pay.

Tax treatment depends on individual circumstances, and may be subject to change in the future.

Examples

The examples on the following pages show how value protection works. They also give you an idea of how much your yearly income amount could be reduced by if you choose value protection.

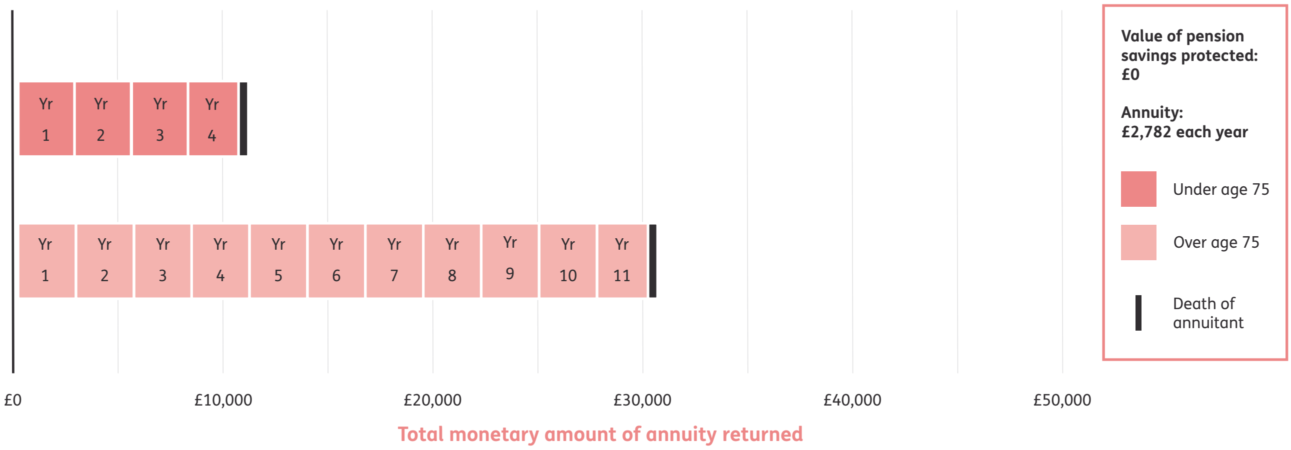
Each example is based on someone aged 65. After taking their 25% tax-free lump sum, they have £50,000 left in their pension pot. They'd like to use this money to buy an annuity that'll guarantee them an income for the rest of their life[2].

[1]In some rare cases, we may limit the amount of value protection we offer. If you have any questions about this, the best thing to do is speak to your financial intermediary.

[2]Illustration assumes the customer was diagnosed with Type 2 diabetes four and a half years ago, has supplied blood-sugar level readings, drinks 23 units of alcohol, and takes one medication daily. It includes no guarantee period, is paid monthly in arrears, with level escalation, no dependant's pension, based on RH2 7RT postcode, where a facilitated adviser charge of 2% has been assumed. Rates taken from Just on 08.11.2017.

EXAMPLE ONE

0% value protection



Value of pension savings protected:
£0
Income amount:
£2,782 each year

If they die after 4 years (aged 69): Income finishes and no lump sum is paid to their beneficiaries. Total income payments: £11,128.

If they die after 11 years (aged 76): Income finishes and no lump sum is paid to their beneficiaries. Total income payments: £30,602.

EXAMPLE TWO

50% value protection

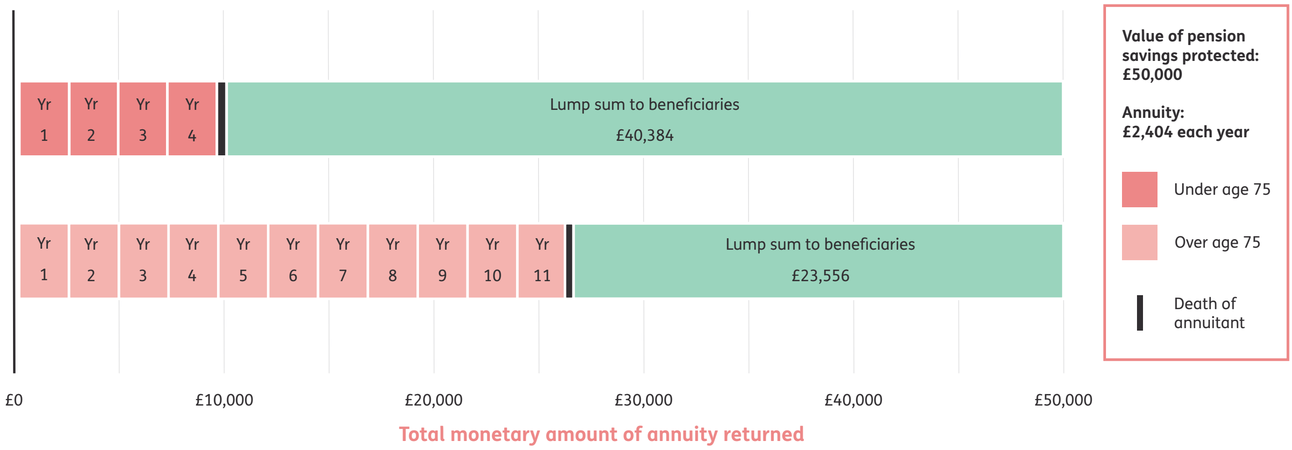
Value of pension savings protected:
£25,000
Income amount:
£2,724 each year

If they die after 4 years (aged 69): They'll have received total income payments of £10,896. Their beneficiaries will receive a lump sum of £14,104. No tax is due because they're under age 75 when they die.

If they die after 11 years (aged 76): They'll have received total income payments of £29,964. Because this is more than the value protected (£25,000), no lump sum will be paid to their beneficiaries.

EXAMPLE THREE

100% value protection



Value of pension savings protected: £50,000
Income amount:
£2,404 each year

If they die after 4 years (aged 69): They'll have received total income payments of £9,616. Their beneficiaries will receive a lump sum of £40,384. No tax is due because they're under age 75 when they die.

If they die after 11 years (aged 76): They'll have received total income payments of £26,444. Their beneficiaries will receive a lump sum of £23,556. Because they're over age 75 when they die, their beneficiaries will be taxed at their 'marginal tax rate'. See our 'What about tax?' section for more details.

Value protection and dependant's income

If you select dependant's income as well as value protection, there are two different ways in which the value protection lump sum can be paid:

If you choose the 'death of annuitant' option, the value protection lump sum will be paid on your death. The dependant's income will continue to be paid after the lump sum is paid. Please note that on this basis the amount of value protection may be restricted (see 'Could the amount of value protection be restricted?').

If you choose the 'death of last survivor' option, the lump sum will be paid following the death of you and your dependant and any dependant's income paid will be included when the lump sum is calculated.

As with all financial decisions this big, the best thing to do if you want to understand all of these options is to ask your financial adviser. They will be able to illustrate the options for you in more detail. Then you can decide which approach best suits your personal circumstances.

Could the amount of value protection be restricted?

Yes, it can 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, you will only be able to include value protection on the part of your fund not protected by the dependant's income. Just also reserve the right to limit the amount of value protection for the most severe medical conditions.

If you have any questions about this, or need further explanation, the best thing to do is to speak to a financial adviser. They will be able to explain in more detail.

Other options

We do offer other options to help you provide for your loved ones or protect your pension savings. For more information, read our Pension Annuity customer guide, available at wearejust.co.uk.

JUST.

FOR MORE INFORMATION

Call: **01737 233297**
Lines are open Monday to Friday, 8.30am to 5.30pm

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

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

Please contact us if you would like this document in an alternative format.

Financial Adviser SERVICE AWARDS 2016

5386.22 11/2017