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JUST.

PENSION ANNUITY

VALUE PROTECTION

LET'S GET PERSONAL

Buying an annuity is one of the best ways 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 our pension 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've 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 contacting 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 adviser 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 income tax. This depends on how old you are when you die and the total value of your pension savings.

If you die before age 75, your beneficiaries won't pay any income tax on the final lump sum up to your lump sum and death benefit allowance. Any amounts above this will be taxed as earned income of the person receiving it.

The lump sum and death benefit allowance is the limit on tax-free sums you and your beneficiaries can take from your pension. Any tax-free lump sum you take counts towards this, as well as tax-free lump sum death benefits, such as a value protection lump sum.

The standard lump sum and death benefit allowance is £1,073,100. If you have lifetime allowance protection, this allowance may be higher.

But if you die aged 75 or above, your beneficiaries value protection lump sum will be taxed as earned income of the person receiving it.

The Government has announced that value protection lump sums may also be subject to inheritance tax from 6 April 2027. This is subject to a consultation and may change.

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 an idea of how much your yearly income amount could reduce if you choose value protection.

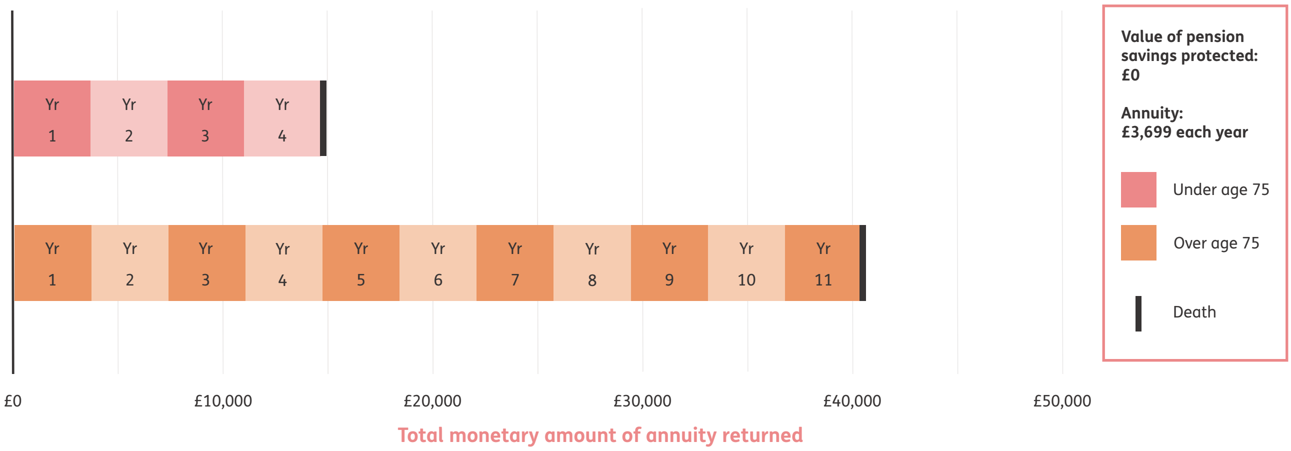
Each example is based on someone aged 65. After taking their 25% tax-free lump sum, they have £50,000 left in their pension pot. They'd like to use this money to buy an annuity that'll guarantee them an income for the rest of their life[2].

[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 a financial adviser.

[2]Illustration assumes the customer is an ex-smoker, and has been diagnosed with Type 2 Diabetes, for which they take 1 medication daily. It includes no guarantee period, is paid monthly in arrears without proportion, with no escalation, no dependant's pension, based on RH2 7RT postcode, and a facilitated adviser charge of 2% has been assumed. Rates taken from Just on 29 October 2024.

EXAMPLE ONE

0% value protection



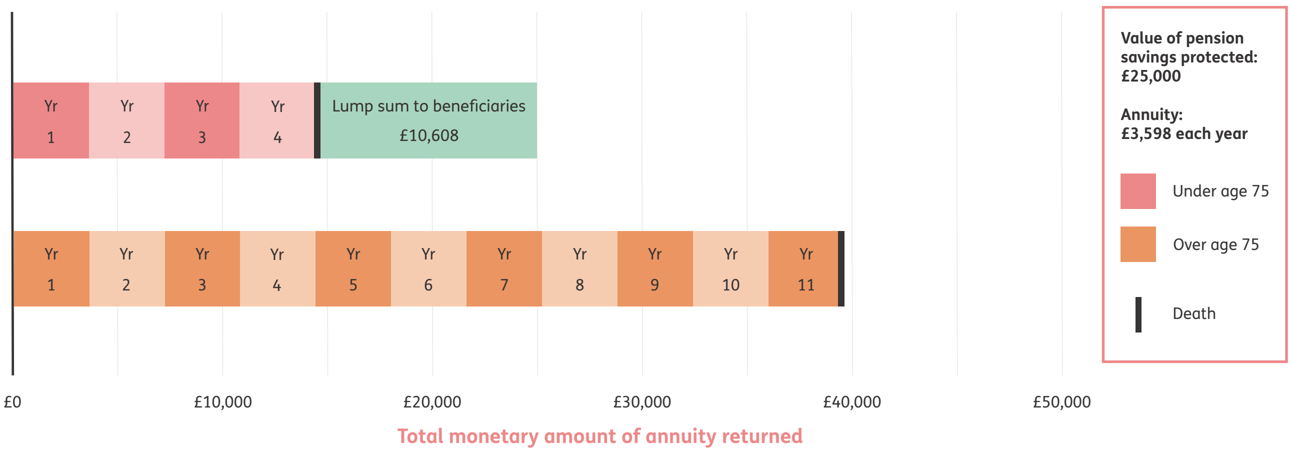
Value of pension savings protected:
£0
Income amount:
£3,699 each year

If death occurs after 4 years (aged 69): Income finishes and no lump sum is paid to beneficiaries. Total income payments: £14,796

If death occurs after 11 years (aged 76): Income finishes and no lump sum is paid to beneficiaries. Total income payments: £40,689

EXAMPLE TWO

50% value protection



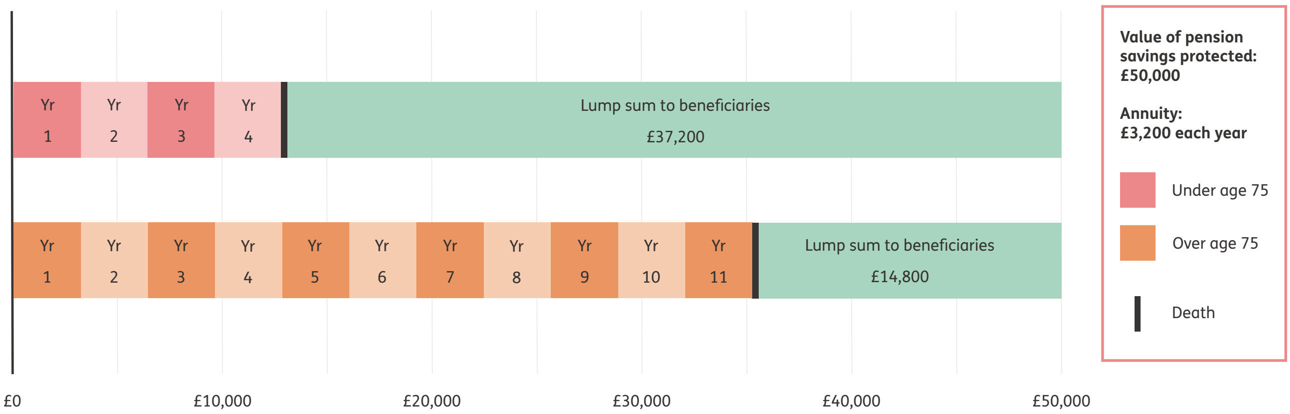
Value of pension savings protected:
£25,000
Income amount:
£3,598 each year

If death occurs after 4 years (aged 69): Total income payments: £14,392. Beneficiaries receive a lump sum of £10,608. No tax is normally due on the lump sum as death occurred prior to age 75. See our 'What about tax?' section for more details.

If death occurs after 11 years (aged 76): Total income payments: £39,578. Because this is more than the value protected (£25,000), no lump sum will be paid to beneficiaries.

EXAMPLE THREE

100% value protection



Value of pension savings protected: £50,000
Income amount: £3,200 each year

If death occurs after 4 years (aged 69): Total income payments: £12,800. Beneficiaries receive a lump sum of £37,200. No tax is normally due on the lump sum as death occurred prior to age 75. See our 'What about tax?' section for more details.

If death occurs after 11 years (aged 76): Total income payments: £35,200. Beneficiaries receive a lump sum of £14,800. Because death occurred after age 75, the 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, any remaining 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 will be restricted (see 'Could the amount of value protection be restricted?').

If you choose the 'death of last survivor' option, any remaining value protection lump sum will be paid following the death of you and your dependant and any dependant's income paid will be taken into account 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 a 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, 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.

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 you can visit wearejust.co.uk

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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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