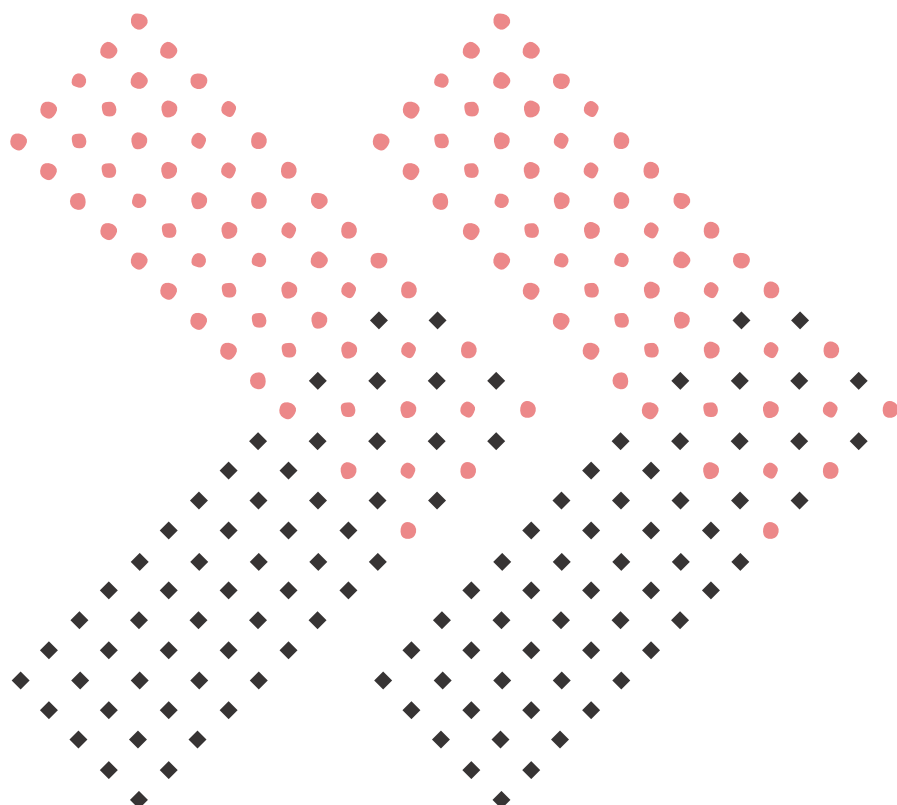


**SECURE LIFETIME INCOME**

# Technical guide

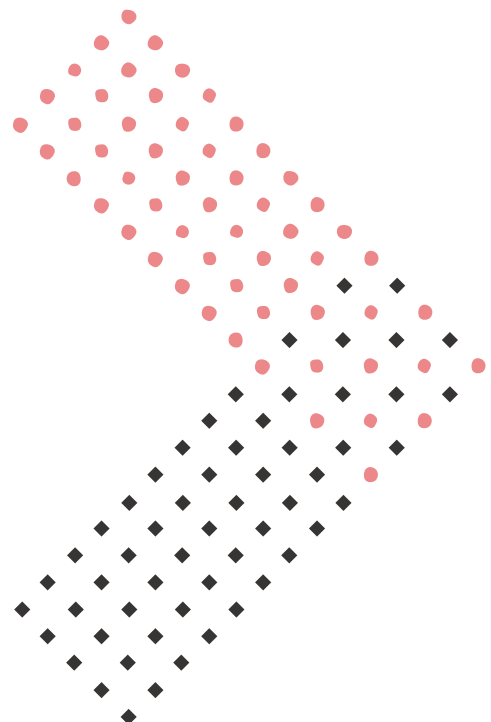
The purpose of this guide is to help regulated financial advice and planning businesses meet their regulatory due diligence responsibilities when adopting Secure Lifetime Income within their retirement income proposition.



# Contents

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# Introduction

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**As a retirement specialist, we've designed Secure Lifetime Income for clients in retirement who need to draw income from their invested portfolio. Secure Lifetime Income gives financial planners more options to help improve client outcomes as part of a holistic, tax-efficient retirement income strategy incorporating flexi-access drawdown.**

Secure Lifetime Income is a guaranteed income producing asset, that is held alongside the drawdown portfolio, within the Self Invested Personal Pension (SIPP). It's designed for today's financial planning environment, where technology seamlessly links planning software, asset managers, practice management systems, clients and numerous third parties.

If you're responsible for your firm's regulated retirement advice policy and standards, or a financial planner advising retail clients, this technical guide provides information to help you incorporate Secure Lifetime Income into your retirement income advice proposition.

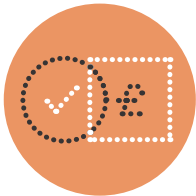


The purpose of this guide is to assist regulated financial advice and planning businesses in meeting their regulatory due diligence responsibilities when adopting Secure Lifetime Income as part of their retirement income advice proposition to appropriate client segments.

# Plan benefits at a glance

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Investment strategies which include an allocation of our Secure Lifetime Income guaranteed income producing asset could enable higher long-term portfolio values and/or higher levels of income to be drawn, as well as improving sustainability.



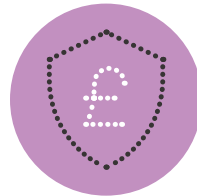
## **Secure Lifetime Income complements your client's existing investment strategies**

An alternative low risk asset that can be used when configuring drawdown portfolios to help enhance client outcomes.



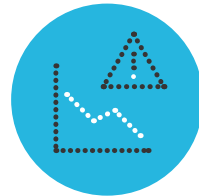
## **Business efficiency**

A fully digital solution helping to keep your set-up and ongoing costs to a minimum.



## **Alternative option to traditional defensive assets**

A solution that doesn't require you to compromise long term growth to mitigate sequence and longevity risk.



## **Personalisation**

Offers new opportunities to enhance client outcomes by tailoring solutions to individual client objectives.

# Why Just?

**Just Group is a leading and established provider of retirement income products and services to individuals and corporate clients. The Group is publicly quoted on the London Stock Exchange and listed on the FTSE 250.**

## Our financial strength

We know that generating great customer outcomes is the priority for financial planners.

When Secure Lifetime Income is purchased on behalf of your client we provide a guaranteed monthly income which is paid into their SIPP. We provide the guaranteed income regardless of the performance of the capital markets. This ensures a proportion of your client's income is protected against sequence risk and longevity risk.

When choosing our retirement income solutions, they fall under the UK insurance regime, which includes the close financial regulation of our business by the Prudential Regulation Authority (PRA) who are part of the Bank of England.

All insurers are required by the PRA to hold solvency capital to ensure companies such as Just can meet our liabilities to plan holders with 99.5% certainty, which is equivalent to a one in 200-year extreme event.

Secure Lifetime Income is protected by the Financial Services Compensation Scheme (FSCS). Secure Lifetime Income holders can claim 100% compensation in the unlikely event we are unable to meet our obligations. To find out more, visit the [Financial Services Compensation Scheme](#).

## Solvency II capital coverage ratio

Our Solvency II capital coverage ratio was 204% at 31 December 2024\*.

## FTSE 250 listed

Just Group are a FTSE 250 listed company, so our shares are publicly traded. Please see the [London Stock Exchange](#) for more information.

## Rated by Fitch

Fitch Ratings, the global ratings and research agency, has affirmed the Insurer Financial Strength (IFS) Rating of Just Retirement Limited, our principle insurance subsidiary, at 'A+' (Strong, outlook stable) at October 2024.

The ratings continue to reflect Fitch's assessment of Just's 'very strong' capitalisation and leverage, as well as its 'strong' company profile, financial performance and earnings and investment and asset risk. These indicate that Fitch had a low expectation of ceased or interrupted payments and believe that we had a strong capacity to meet plan holder and contract obligations.

\* Solvency capital coverage ratio as at 31 December 2024 (estimated on a proforma basis) include a recalculation of transitional measures on technical provisions ("TMTP") as at the respective dates.

## ESG and our investment portfolio

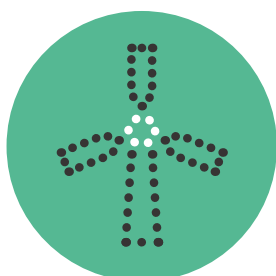
Our investment portfolio consolidates the premiums from defined benefit and individual retirement income plan holders. We consider environmental, social and governance factors in our investment analysis and decisions. This helps to ensure we continue to invest in assets that are environmentally and socially sustainable, aiming to generate long-term financial returns to meet the obligations of the policies we issue.

We were the first UK insurer to issue a Green bond and the first UK insurer to become a signatory to the United Nations Principles for Responsible Investment as an asset owner. We're a constituent of the FTSE4Good Index Series.

Signatory of:



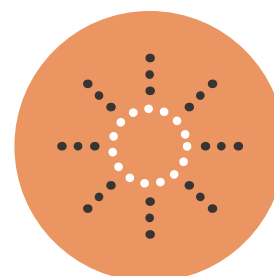
### Some notable ESG investments



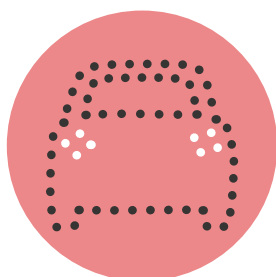
**£335m**  
wind farms



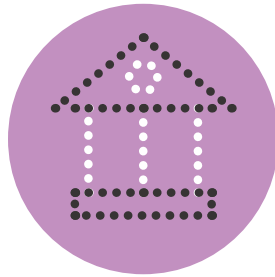
**£1,528m**  
affordable and  
social housing



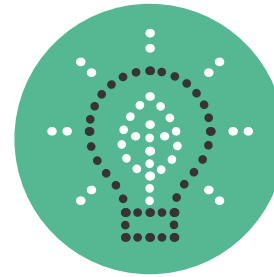
**£363m**  
solar energy



**£95m**  
clean  
transportation



**£271m**  
access to essential  
services/local authority



**£731m**  
Green, social and  
sustainability bonds

Values are IFRS valuations at 31 December 2024.

## Our approach to asset and liability management

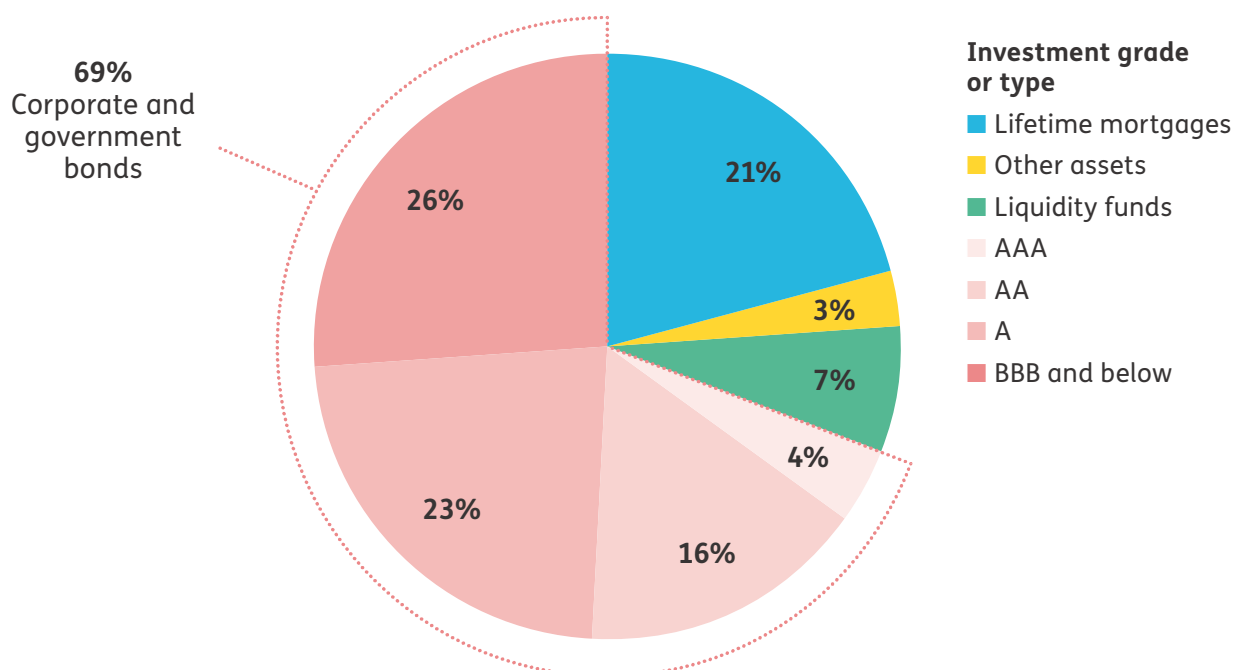
Our investment team are responsible for asset sourcing and investment management. They ensure that cash flows from our asset portfolio are secure, sustainable and sufficient to meet the payment obligations arising from the Group's wholesale and retail retirement income policies.

We match the longer duration liabilities with lifetime mortgage loans, infrastructure and other investments

and the shorter duration liabilities with bonds and UK sovereign debt. This is a cashflow driven investment strategy.

The investments we hold are regulated by the Prudential Regulation Authority and are invested to ensure the matching of assets to liabilities whilst risks are managed.

## Breakdown of our £27bn investment portfolio by rating, as at 31 December 2024



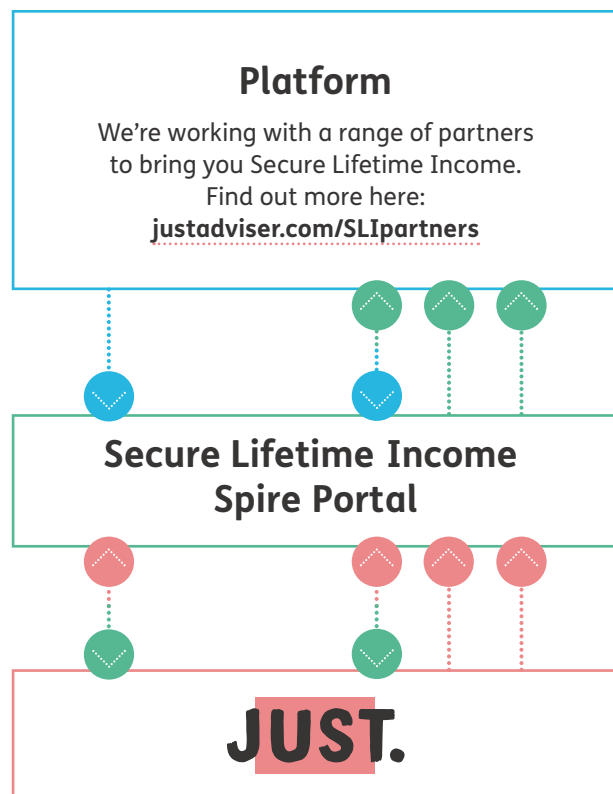
# Our relationship with Spire Platform Solutions



Just has partnered with Spire Platform Solutions (SPS) to provide the functionality to interact with SIPP platforms.

SPS develops and implements innovative financial services products and technology solutions to improve outcomes for clients and firms.

The SPS portal enables users of investment platforms to easily access products that are only offered by insurance companies. SPS's experience and in-depth understanding of both sectors of the market ensures their highly configurable technology 'translates' each party's requirements into a language that the other immediately understands to deliver a seamless end-to-end journey.



Secure APIs enable SSO, digital trading, real time valuations, and cash reconciliations which seek to replicate existing processes.

The existing APIs that Spire operate with Just remain unchanged as new platforms integrate with Spire.



# Proposition overview and who it's for

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**Secure Lifetime Income is a guaranteed income asset purchased by the trustee of a platform-based SIPP on behalf of its clients.**

Secure Lifetime Income is designed to complement existing drawdown investment strategies. It can be used as an alternative low risk asset when configuring drawdown portfolios, which can help to improve client outcomes.

Secure Lifetime Income is available to clients aged 55 to 90 who have flexi-access drawdown funds within a platform based SIPP.

The core market is those aged 55 to 75, with retirement funds of between £100,000 and £1,000,000. It's for clients that need to take income from their drawdown portfolio to meet their expenditure in later life as part of a holistic, tax-efficient retirement income strategy.

Clients may be looking to generate more retirement income from their drawdown portfolio than their attitude to risk and capacity for loss can support, seeking to improve legacy provision, or create a more sustainable retirement income plan.

We anticipate a slightly older mix than seen for traditional annuities as clients use Secure Lifetime Income alongside their drawdown portfolio to support their longer term income and legacy needs once in receipt of state pension.

## Who Secure Lifetime Income is not intended for

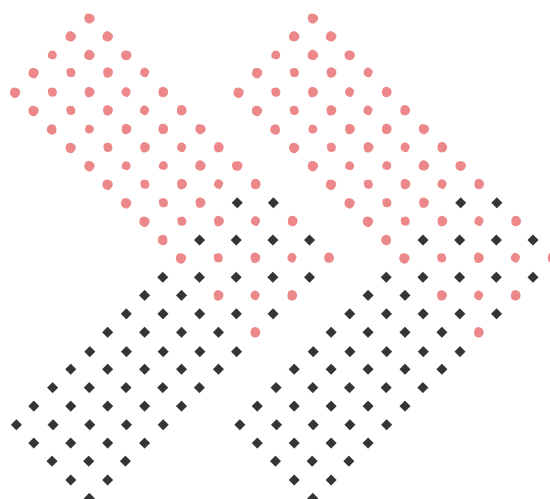
Secure Lifetime Income is not suitable for those looking to use all of their pension to purchase a traditional pension annuity. It's designed to be a complementary part of an investment portfolio rather than a sole retirement income solution. A 100% allocation to Secure Lifetime Income on a platform would also incur platform and wrapper charges.

It's also not intended for individuals who:

- don't need income now or in the future
- don't currently have crystallised assets within their personal pension plan
- are only seeking a short-term income solution, or
- don't require any flexibility in how their income is delivered, now or in the future.

## Where is Secure Lifetime Income available?

Secure Lifetime Income is available in SIPPs on platforms that have adopted the proposition, currently 7IM and Wealthtime.



# How Secure Lifetime Income works

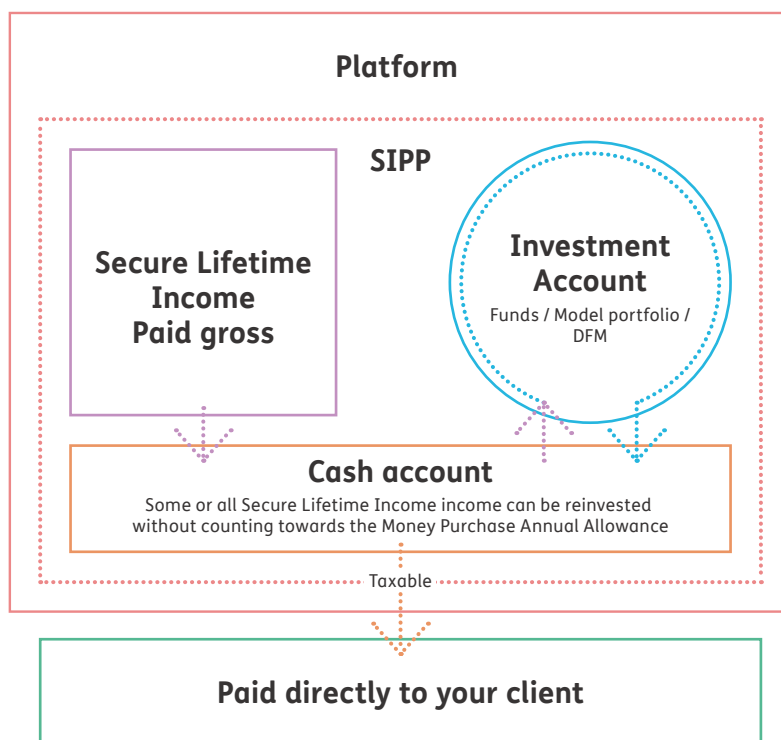
## Eligibility

- Aged between 55 – 90.
- UK resident at the time of application for the plan.
- Platform based SIPP assets between £100,000 – £1,000,000.

## Structure

- Secure Lifetime Income is a Trustee Investment Plan within a trust-based, UK-registered pension scheme which provides your client with a guaranteed income for life.

- This structure makes Secure Lifetime Income suitable to hold as an asset of the scheme.
- Secure Lifetime Income is 100% covered by the Financial Services Compensation Scheme (FSCS).
- We'll pay monthly income payments into your client's SIPP cash account, where you and your client can choose to:
  - withdraw some or all of the income.
  - retain the income in the cash account.
  - invest some or all of the income in other assets held in the SIPP.
- Income tax only becomes payable if the income is withdrawn from the SIPP.



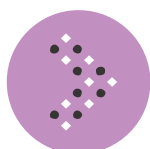
# Overview of the client journey

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## Accessing Secure Lifetime Income

- To access Secure Lifetime Income log on to the SIPP platform, select the relevant client account and open the Secure Lifetime Income portal where personal, health, lifestyle and financial details can be entered.
  - Secure Lifetime Income is accessed via a streamlined online journey which collects information interactively.
- 



## Obtaining a quote

- Once the information has been entered, you can request a quote by entering the annual income required or the purchase price to invest.
  - The plan income or purchase price is guaranteed for 35 calendar days from, and including, the date the quote is calculated. Once we receive an application this is extended to 45 days.
  - To accept a quote, an online application needs to be completed and there must be sufficient money in the client's SIPP cash account to fund the purchase price.
  - Once a quote is accepted, the SIPP platform will typically ring fence the purchase price to avoid it being used for any other purpose.
  - If a quote is not accepted during the 35 day period, it'll expire and a new quotation will be required.
- 



## Application

- Secure Lifetime Income offers a simple digital application process.
  - The purchase price will be paid to Just by the SIPP platform.
-

# Plan features



## Income

- Secure Lifetime income will pay your client a guaranteed monthly income into their SIPP cash account for the rest of their life.
- We'll pay income on the first day of each month, starting from the initial payment date.
- Your client's initial payment date will be the first of the following month if Secure Lifetime Income is purchased before the published cut-off date, otherwise it will be the first of the month after that.
- Additional income may be secured by purchasing more Secure Lifetime Income in the future, subject to the terms and conditions at the time.



## Death benefit feature

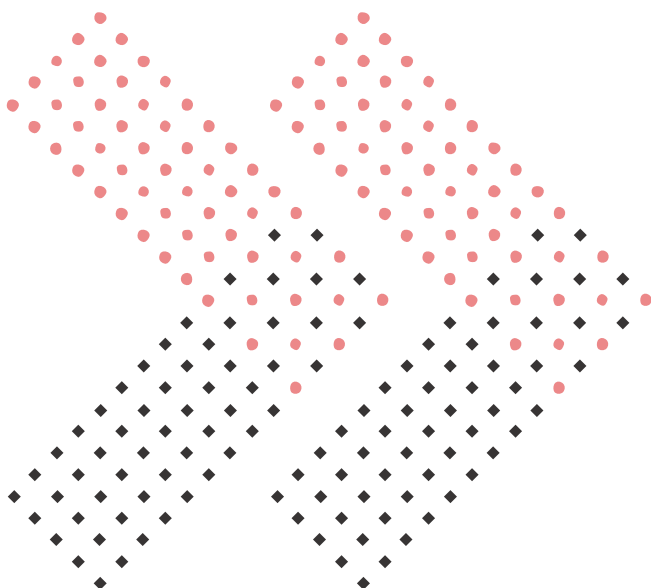
- Secure Lifetime Income comes with an optional 100% value protection death benefit. This feature makes Secure Lifetime Income available in two distinct configurations:
  - **With death benefit:** Secure Lifetime Income pays a lump sum in the event of death within a specified period from the plan's start date. The amount is equal to what was paid to purchase the plan, minus any income received.
  - **Without death benefit:** the plan generates a higher income rate but doesn't pay any benefit upon death.

### Secure Lifetime Income with death benefit

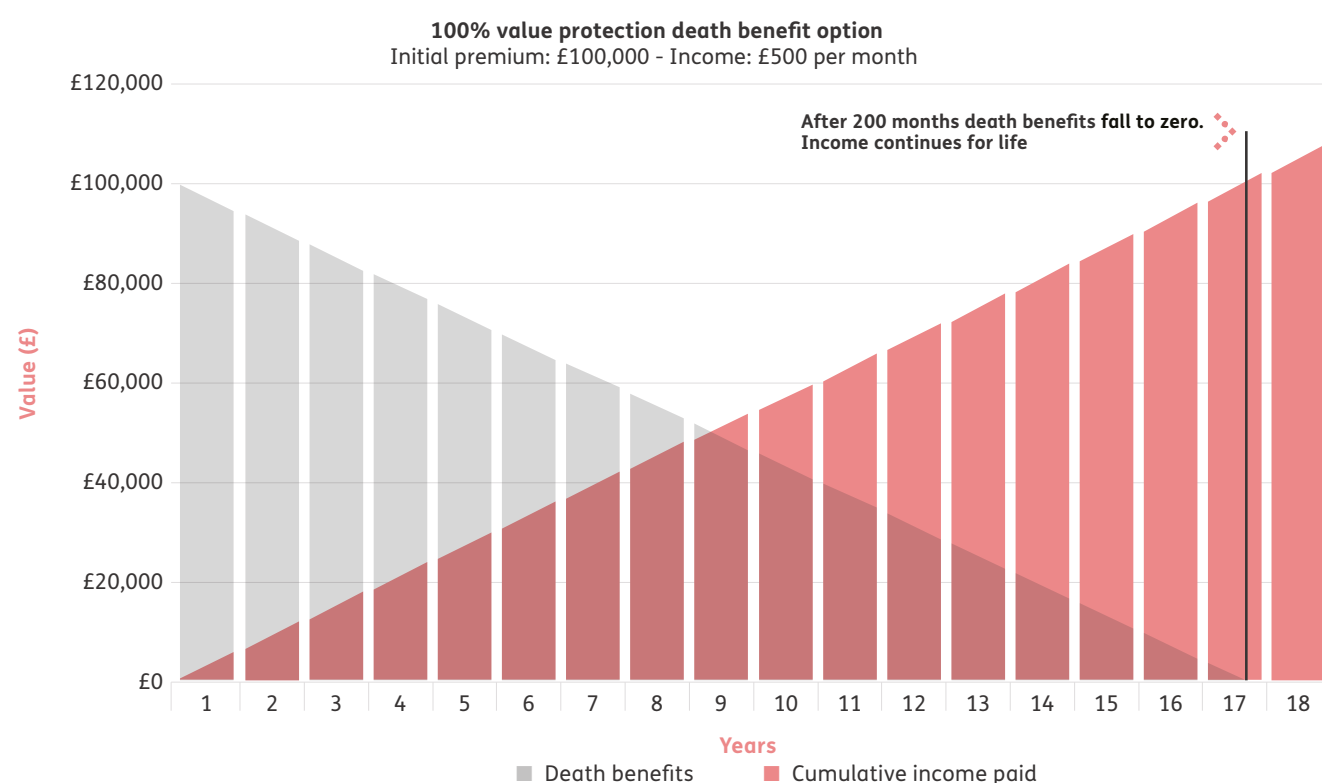
- If selected, the death benefit is paid as a lump sum into the client's SIPP upon death. The death benefit amount changes over time, starting at 100% of the purchase price and reducing by any income paid to the client's SIPP until it reaches zero.
- If the death benefit is applicable, it'll be paid as a lump sum via the trustees into your client's SIPP cash account.
- The lump sum will be distributed to your client's beneficiaries in line with the SIPP's scheme rules.

### Secure Lifetime Income without death benefit

- Setting up the plan without death benefit would result in an increase in the income rate provided by Secure Lifetime Income. The estate will not receive any benefit in the event of death. This option is most suitable for individuals who prioritise higher income over legacy, or are comfortable accepting some mortality risk on their SIPP estate in exchange for more income.
- The increase in income rate when opting for this configuration depends on the client's specific circumstances and on market conditions at the time of purchase.



## What is the value of the death benefit?



The initial death benefit is set at the purchase price (for example, £100,000). Each income payment made into the client's SIPP (in this example, £500 per month) reduces this amount. Once the total income paid equals the original purchase price, the plan will cease to provide any death benefit.

All values shown in the chart are for illustration purposes only, demonstrating how the death benefit value may change over time.

# Representing Secure Lifetime Income on platform

- Secure Lifetime Income's valuation, as represented on the platform, is the purchase price minus any income paid to the client. The plan will be represented on the platform by a unit holding and a unit price.
- The unit holding has two 'unit classes' attached to it.
- One unit class pays the guaranteed income, these units are known as the 'income units'. The other unit class reflects Secure Lifetime Income valuation. These units are referred to as the 'value units'.
- Secure Lifetime Income's platform valuation is not a cash-in value as the plan doesn't offer a surrender option.

## Customer agreed remuneration

- All adviser charges are facilitated by the platform.
- The Secure Lifetime Income is an asset of the SIPP and its ongoing valuation may be included in the calculation of any adviser charge.
- Your platform will be able to confirm what options they offer.

## SIPP charges

- A platform or SIPP charge may apply to Secure Lifetime Income as it would to any other SIPP asset.
- Charges may also be applied to income reinvested in the SIPP.
- The platform will confirm the details of any charges.

## Our charges

- All our costs for providing Secure Lifetime Income are included in the product and taken into account when we calculate your client's guaranteed income.
- No additional charges will be applied. This includes further ongoing charges or termination fees, even when the lump-sum death benefit is paid out.

## Income units

- The income units are present to pay the income from Just to the SIPP Trustees and have no ongoing value.
- The units are created with an income distribution of £1.00 per month, which pays out monthly on the first day of the month, starting on the first payment date.
- The client's SIPP receives the number of income units equal to their guaranteed income, for example, if the client is due an income of £520.12 per month, they will receive 520.12 units.
- On notification of death, the income units are cancelled for no value.

## Value units

- The value units reflect the purchase price minus any income paid and indicate Secure Lifetime Income platform valuation.
- The client's SIPP receives a number of value units equal to the premium. If the client decides to invest £100,000 in a Secure Lifetime Income plan the amount of value units at the beginning of the plan would hold 100,000 value units priced at £1.00 per unit.
- The number of value units held would decrease proportionally to any income paid.
- The adjustment to the number of value units described above is performed by cancelling or crediting units from the plan, with no associated cash transaction. It's not a sale or purchase with associated cash flow.
- Secure Lifetime Income platform valuation is represented for portfolio valuation purposes and can't be encashed.



## Standard asset

- Secure Lifetime Income offers expeditious asset transfer so that it complies with the readily realisable requirement to be considered a 'standard asset' in terms of SIPP Capital Adequacy.



## Transfers and assignments

- Secure Lifetime Income can be transferred in specie between SIPPs that offer Secure Lifetime Income.



## Technical value

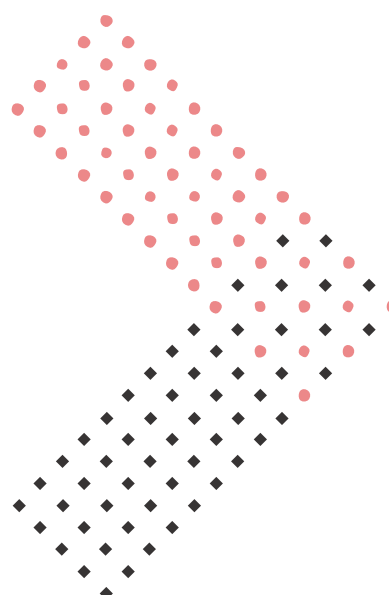
- In the event of a pension sharing order being issued by the court, we will provide a 'technical value' of the Secure Lifetime Income plan to calculate the cash equivalent transfer value (CETV). The relevant percentage of this value will be allocated to your client's SIPP to enable the scheme administrator to comply with the order.
- The technical value represents the expected present-day value of future payments under the contract and is different from the death benefit, as income may still continue after the death benefit has reduced to zero.



## How the technical value is calculated

The technical valuation is determined using the following criteria:

- We calculate what Just expect to pay out in income payments and death benefits at each future time point based on the probability that the client is alive at that point and including an appropriate allowance for expenses.
- These expected payments are discounted using interest rates (our best estimate yield curves) that are reflective of the return on the investments that back the contracts. This discounting process gives us the present value of each expected future payment that we think we would make.
- These discounted payments are then added together to get the expected present value of the whole contract which is the technical valuation.
- The mortality we use to determine the probability of making the payments will differ for each client because it is dependent on each individual's health and medical status.



# Our approach to modelling retirement income outcomes

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**Throughout our Secure Lifetime Income literature we use our own modelling to provide examples of the client outcomes that could be achieved by including a proportion of Secure Lifetime Income into a holistic retirement income plan.**

We use a stochastic investment model that works by calculating a simulation set of 10,000 future outcomes for each asset class in annual steps. Our model is currently based around a yield curve at the calibration date, adjusted by adding an excess return and volatility, for each asset class, as well as a covariance between asset classes.

Historical data was used to calibrate the statistical parameters within the model (excess returns, volatilities and covariance). This work was conducted independently by Milliman Financial Strategies Ltd., in order to satisfy both of the following criteria:



Reasonable expectation of behaving in the same way as the referenced asset class.



Length of historical data likely to include a number of market cycles.

The yield curve was derived from the Bank of England's gilt spot curve. Adding the historical excess return to this sets the expected return by asset class. The historical volatility of each asset class and covariance between the asset classes creates the statistical variation in the future investment outcomes.

Once the statistical model was calibrated, Milliman created 10,000 future investment outcomes, which were then compared to the historical observations to ensure they exhibited the correct average return and volatility by asset class, and covariance between the asset classes.

The core reason behind building the model this way is to create a model which reflects the current interest rate curve and historic relationships between asset classes, but which takes no particular theoretical view about how future returns 'should' evolve.

The Secure Lifetime Income rates used within the model are based on a Secure Lifetime Income purchase price of £50,000. Other purchase amounts are handled by scaling.

It's important to note that the investment simulation engine was not tuned to give any particular message.





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## Our partners

We're working with a range of partners to bring you Secure Lifetime Income.

Find out more here: [justadviser.com/SLIpartners](https://justadviser.com/SLIpartners)

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## For more information


Call: **0345 302 2287**

Lines are open Monday to Friday, 9.00am to 5.00pm

Email: [SLIenquiries@wearejust.co.uk](mailto:SLIenquiries@wearejust.co.uk)

Or visit our website for further information: [justadviser.com](https://justadviser.com)

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Rated Excellent on  Trustpilot



January 2025

**FT** ADVISER

