

SECURE LIFETIME INCOME

TECHNICAL SUMMARY



Since pension freedoms were introduced, there's been a need for an innovative, value for money way to create blended retirement income solutions.

Our Secure Lifetime Income (SLI) plan is designed to meet that need. It does this by providing a guaranteed income for life solution which is available where you do business – on platform.

SLI is a Trustee Investment Plan. It is held within a trust-based, UK-registered pension scheme, such as a Self-Invested Personal Pension (SIPP).

SLI is purchased for the benefit of your client, the 'life assured' - upon whose life the income is calculated.

SLI is an advised product and only authorised advisers can recommend it to their clients.

Typical client	
Retirement pot value	Typically, a client has a retirement pot value of between £100k and £500k.
Retirement assets held	Your client will already have a platform-based SIPP that you help them manage. Or they'll be moving their pension assets onto a platform-based SIPP to take retirement benefits.
Age/Trigger	Typical clients are over 55 and in flexi-access drawdown. They're looking for more income security – or the opportunity to de-risk their portfolio.
Client need	Your client wants the flexibility of flexi-access drawdown but they are uncomfortable with having all of their income from their SIPP at risk. They want a foundation of guaranteed secure lifetime income to cover their regular spending.

Technical product structure	
Trustee Investment Plan	SLI 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 the SLI plan suitable to hold as an asset of the scheme.
Ownership	The Trustees of the SIPP own the SLI plan on behalf of your client.

Requirements for buying SLI

Platform requirements	The platform must offer SLI as an investment choice.
Minimum premium required	£10,000
Funds	Funds used to buy SLI must be designated into flexi-access drawdown.
Minimum age at entry	55
Maximum age at entry	90

Secure income

Guaranteed income	SLI will pay your client a guaranteed monthly income within their SIPP cash account for the rest of their life. This is guaranteed by Just Retirement Limited, which is authorised by the Financial Conduct Authority.
Income payment frequency and date	We pay income on the first day of each month, starting from the initial payment date. If your client buys their SLI early in a month (that is before the published cut-off date) then the initial payment date will be the first of the following month. Otherwise it will be the first of the month after that.
Who is the income for	It is paid within your client's SIPP cash account and they can withdraw the income or re-invest it depending on their requirements.
Escalation	Your client will receive a level income for the rest of their life.
Underwriting	There's a simple, streamlined underwriting process on your platform to secure a personalised income rate for your client.
Quote guarantee period	Quotes are guaranteed for a minimum of 14 days. Provided an application is received within this time, the quote guarantee period is then extended to 45 days.
FSCS	We're 100% covered by the Financial Services Compensation Scheme (FSCS).

Death benefit

Death benefit	SLI offers a guaranteed death benefit which starts at 75% of the SLI purchase price. The death benefit then reduces by twice the amount of monthly income due, until it reaches zero. The death benefit then no longer applies.
Value and expiry	We work out the value and expiry date of the death benefit at outset and these can be found in your client's Personal Quotation .
Payment	If the death benefit is applicable, it will be paid as a lump sum, via the trustees, within your client's SIPP cash account. The lump sum will be distributed to your client's beneficiaries in line with the rules of the scheme (SIPP).

Cash-in value

Cash-in value	The cash-in value of your client's SLI plan is initially equal to the death benefit. It will never exceed the death benefit value, which starts at 75% of the price your client pays for their SLI. The death benefit then reduces by twice the amount of monthly income due until it runs down to zero, and as a result the cash-in value is no more than that.
Impact of market conditions	The amount of the cash-in value also depends on market conditions at the time and may be less than the death benefit. You can find more information about this in your client's Personal Quotation . There's also more information about this in the Technical Guide to the Cash-in Value for Advisers . Because the cash-in value can rise and fall as market conditions change, we calculate it daily and its value is available to your platform to display alongside your client's other assets.
Taking the cash-in value	If your client takes their cash-in value, they give up all their future benefits under their SLI plan. Once they've taken their cash-in value, their contract with us will be terminated. Taking the cash-in value is therefore an action that should only be taken on the basis of your client receiving advice from you as their adviser.

Transfers out

Transferring out	You can transfer your client's SLI to another SIPP provider via a reregistration, providing the receiving scheme can hold an SLI plan.
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Product charges

SLI charge	All our costs for providing SLI are included in the product and allowed for when we calculate your client's guaranteed income. We will not apply any further ongoing charges, either on death or cash-in.
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Platform / SIPP charges

Platform charge	A platform or SIPP charge is likely to apply to the SLI (for example, to the cash-in value) 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.
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Adviser charges

Adviser charge	Adviser charges are facilitated by the platform. Your platform will be able to confirm what options are available to you.
Ongoing adviser charge	Ongoing adviser charges are facilitated by the SIPP. The SLI is an asset of the SIPP and the cash-in value may be included in the calculation of any ongoing adviser charge. Your platform will be able to confirm what options they offer.

The Technical Value	
Technical value requirements	<p>Benefit Crystallisation Event (BCE 5A)</p> <p>A Benefit Crystallisation Event (BCE) requires the crystallised value of funds to be measured against the Lifetime Allowance at age 75. Specifically, BCE 5A requires a valuation to assess whether any growth has been achieved within the client's drawdown arrangement since the original crystallisation event.</p> <p>For this reason SLI will have a 'Technical Value' which represents the expected present day value of future payments under the contract.</p> <p>Pension Sharing Orders</p> <p>A technical value will also be used in the event of a pension sharing order being issued by a court. The technical value in this situation will be used to calculate the cash equivalent transfer value (CETV) of the SLI plan. The relevant percentage of this value will be allocated to your client's SIPP to enable the scheme administrator to comply with the order.</p>
How is the technical value calculated?	<p>The Technical Valuation is determined using the following criteria:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
Other Information	<p>The technical value is likely to reduce over time as we expect to make fewer income payments in the future. That means if the SLI income is drawn down from the SIPP then the overall value of the SLI asset will reduce, which may be an important consideration for the age 75 BCE test.</p>

To find out more about SLI you can read our [Secure Lifetime Income Adviser Guide](#) and the [Product Terms and Conditions](#).

FOR MORE INFORMATION

Call: **01737 827915**

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

Email: FI.Direct@wearejust.co.uk

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

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