# Fixed Term Retirement Plan

## Case study – A solution with low exposure to risk

### Simon, 72, retired

**Simon would like:**

- Peace of mind that his income will be unaffected by rises and falls in the financial market
- To make the next three years of mortgage payments and become mortgage free
- A lump sum payment in the future but doesn't need any income from the plan
- To ensure that in the event of his death, his son will receive a payment

Simon has been retired for eight years and is recently widowed with one son. He is worried about current market volatility and the impact it may have on his investments during his retirement. He still has three years of payments to make on his mortgage and wants to ensure that he can live comfortably, knowing his investments have a low exposure to risk. He has a pension pot of £85,000, is receiving his State Pension, has £90,000 invested in stocks and shares and £18,000 in a savings account.

**Suggested action** - Simon could use his £85,000 pension pot to take out a **Fixed Term Retirement Plan** for **three years** with a **guaranteed minimum payment period** for the full term of the plan.

**Please note this example is not real, it is for illustration purposes only.**

Using Simon's £85,000 pension pot, his financial adviser recommends a Fixed Term Retirement Plan, as it could provide him with the security he is looking for:

Take 25% tax-free cash

**£21,250**

Place

**£63,750**

in Fixed Term Retirement Plan for three years and select the guaranteed minimum payment option for the full term of the plan

Does not take an income

**£0**

**£63,974**

guaranteed maturity at the end of the term



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## Benefits for Simon

- Simon can use his tax free cash and State Pension to cover his remaining mortgage repayments.
- Simon will be reassured by knowing that his money is in a low risk plan.
- He can take out a Fixed Term Retirement Plan for the minimum term of three years, which will also coincide with the end of his mortgage repayments, giving him the flexibility he wants to reassess his portfolio again and align them to his personal needs.
- By taking the guaranteed minimum payment period for the full term of the plan, Simon can be reassured that in the event of his death, his son will be paid the maturity value at the end of the plan.
- Simon will have added peace of mind as he won't need to worry about investment performance and the impact this could have on his funds.

## Risks

**Simon's financial adviser also tells him about the risks involved with the product:**

- Once the term of Simon's plan comes to an end and he is paid the maturity value, set at outset, he will receive no more payments from us.
- The plan does not pay an income for life.

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