

Protected Retirement Plan

Conversion feature explained

Whatever the reason, we won't restrict your client's access to their pension pot. So if their circumstances change, they have the security of knowing they can access their fund at any time. They can either reinvest in any other retirement product, or take it as taxable cash. There's no underwriting on transfer, and no penalties for using the conversion feature.

Why use the conversion feature?

- Income requirements change
- They need a cash lump sum
- Family circumstances have altered

How does it work?

We pay the current value of the client's guaranteed maturity value (GMV), plus any unpaid income payments.

The current value is calculated using the value of the underlying investments at the date they convert the plan.

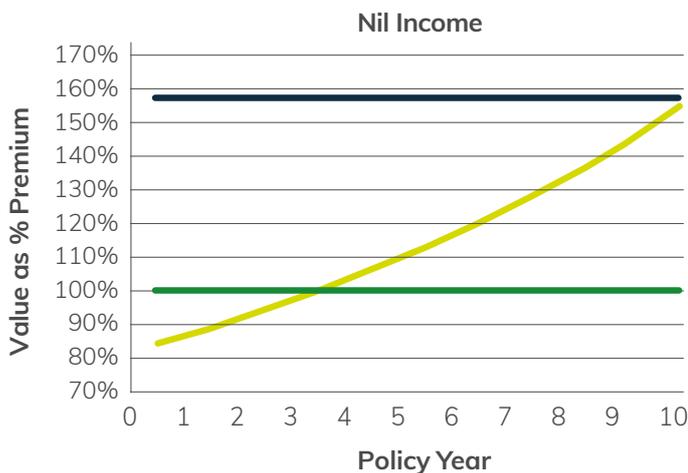
Investment conditions at the time of the conversion are taken into account. The benefits that are guaranteed reflect the investment returns that were bought into for the originally selected terms. At conversion, we then have to sell those investments at market value if the client decides to transfer out.

The value of the plan may be less than the GMV or the original investment amount, particularly if used in the early years.

The conversion feature in action

The graph below illustrates the potential expected conversion value at yearly intervals. It demonstrates that early surrenders tend to have a lower value than the initial premium paid, but approaches the maturity value (less income received) over time.

This illustration is based on a 10-year policy term of a single life aged 65 at outset, taking nil income, and with 100% value protection cover. The conversion values shown in the graph assume stable market conditions throughout the term.



■ Maturity value ■ Conversion value ■ Premium

The graph above is for illustration purposes only.

Actual conversion values will vary depending on a number of factors including the initial term of policy, level of income selected, and the market conditions at the point of surrender.

Numeric examples*

| Example | #1 | #2 | #3 | #4 |
|---|----------|----------|----------|----------|
| Net Premium (net of tax free and adviser fees) | £100,000 | £100,000 | £100,000 | £100,000 |
| Annual income | £0 | £22,150 | £4,500 | £4,900 |
| Maturity value | £126,200 | £0 | £100,300 | £95,600 |
| Length of contract | 5 years | 5 years | 6 years | 10 years |
| Converted after | 1 year | 2 years | 3 years | 5 years |
| Gross income paid up to surrender | £0 | £44,350 | £13,550 | £24,400 |
| Conversion value | £97,100 | £60,050 | £94,250 | £89,250 |
| Total returned (gross income paid + conversion value) | £97,100 | £104,400 | £107,800 | £113,650 |
| Percentage of original fund value | 97.1% | 104.4% | 107.8% | 113.7% |

* Based on a policy purchased in 2023. All premiums are shown net of tax free cash and adviser fees. Each policy has 100% value protection. These figures are for illustrative purposes only.

Get in touch

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For textphone dial 18001. Calls will be monitored and/or recorded for training and audit purposes.

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