Guaranteed Income Drawdown

Your guide to combining the LV= Fixed Term Investment with our Smoothed Managed Funds

Customer guide

This product is only available through a qualified financial adviser.

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Contents

Why LV=?

We've been providing financial stability to our members since 1843. We pride ourselves on taking a longer-term view to prioritise what's right for our customers and members.

We serve over a million members and customers across the UK and as a protection, investment and retirement specialist, we offer a range of products, services and advice.

Financial strength

LV='s financial strength is independently recognised, but in the unlikely event that we're unable to meet our financial liabilities, investments would be covered by the Financial Services Compensation Scheme (FSCS) up to the limits applying at that time.

Capital Coverage Ratio (CCR) – 202%

(Source LV= Annual Report 2025)

We aim to ensure the long-term sustainability of the group by maintaining a robust Solvency II Capital Coverage Ratio (CCR). Our ratio of 202% is significantly above our risk-appetite target level of 140%.

Overall financial strength rating

B+ (very strong)

(Source:
AKG Consulting,
Company Profile & Financial Strength Report, September 2025)

Backed by award-winning service and support

We're proud of our position in the savings and retirement market, and can trace our retirement and income planning expertise back over 30 years.

Our strong service and support ethic, together with a reputation for providing innovative products, means our retirement products and award-winning customer service are highly regarded by industry experts, advisers and customers.

Members also gain access to a range of member benefits including LV= Doctors Services, product discounts and our mutual bonus.

To learn more about the member benefits, visit LV.com/members.

Please note LV= Doctors Services is provided by Square Health Limited. This service is not regulated by the Financial Conduct Authority or the Prudential Regulation Authority. General insurance products (car, home and pet insurance for example) are provided by LV= General Insurance Group, a subsidiary of Allianz Holdings plc. These are non-contractual benefits and can be removed or changed at any time.

Introduction

The pension landscape has changed a lot since Pension Freedoms were introduced, and so has the average retirement. People are living much longer, so you can hopefully look forward to many years in retirement. There's also more freedom and choice in how you choose to take your benefits, so understanding your income needs (and acknowledging they may change over time) is crucial to selecting the right option for you.

The freedom to access your pension funds whenever you like from age 55 may be an attractive prospect. But how can you do this without losing the security of receiving a regular, guaranteed income to pay the bills?

Plus, the option you feel is right at the point you retire may not be right for you in five- or 10-years' time. Your chosen solution also needs to be flexible.

Multi-product solutions are an increasingly popular way to achieve the perfect balance of certainty and flexibility.

Choosing our Guaranteed Income Drawdown solution allows you to combine our Fixed Term Investment and our Smoothed Managed Funds. This allows you to meet your needs for a secure income for a set time, while investing the remainder of your money in a low volatility smoothed fund so it retains the ability to grow in value.

If you can answer 'yes' to any of the following questions, Guaranteed Income Drawdown may be right for you.

- Do you like the idea of receiving a guaranteed income, but want to preserve the ability to adapt to your requirements as the years go by?
- Do you want a level of income you can select to suit your standard of living?
- Are you nervous about exposing your pension savings to fluctuations in investment performance?
- Do you want to pass on some of your wealth to your loved ones?

Please discuss your options with your financial adviser to choose the right product(s) to meet your needs in retirement.

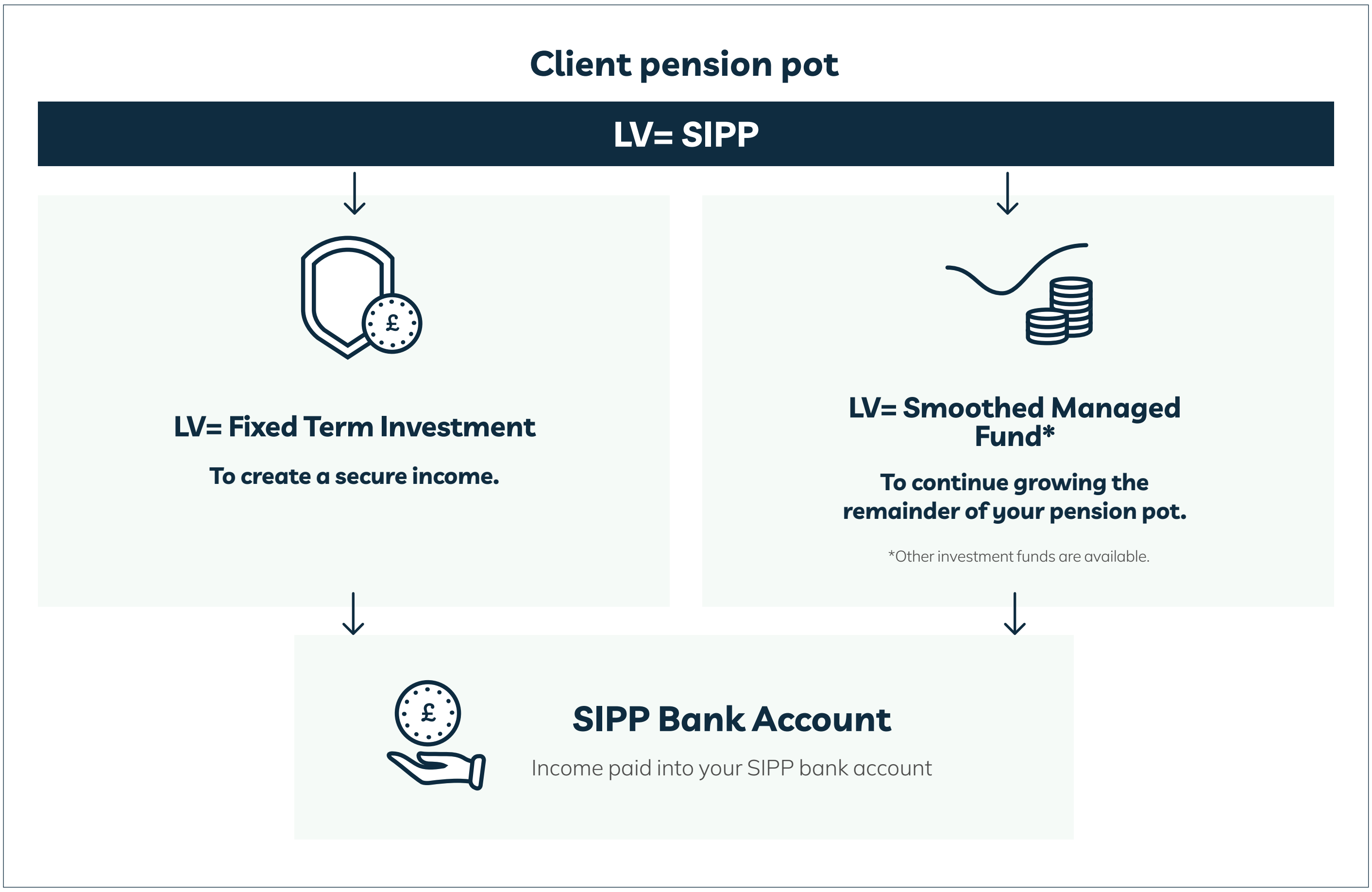
How does it work?

With Guaranteed Income Drawdown, you can combine different investments to meet your needs. Working with your adviser, you can create a blend of solutions which is tailored to your needs and your own personal retirement journey.

To access the Guaranteed Income Drawdown solution, you would open an LV= SIPP, and invest your pension savings.

Within the LV= SIPP you would invest a percentage of your pension fund in our LV= Fixed Term Investment to create a guaranteed income, and the remainder would be invested in our low volatility Smoothed Managed Funds to provide growth potential.

With the LV= SIPP, you also have access to the full range of drawdown flexibility, and access to almost 200 additional funds if required.



The LV= Fixed Term Investment offers you:

- The ability to set a guaranteed level of income for a fixed period up to 25 years (minimum term applies)
- Options to pass on the value of your fund upon death to your chosen beneficiary
- The ability to set a Guaranteed Maturity Value (GMV) to be paid into your SIPP bank account when the plan ends
- The Annual Service Charge for the LV= SIPP does not apply to the part of the plan invested in the Fixed Term Investment.

The LV= Smoothed Managed Funds offer you:

- Choice from a range of funds which aim to reduce investment volatility
- Optional 10-year guarantee available on the Smoothed Managed Cautious fund
- Guaranteed death benefit of 100.1% of the value of the fund at date of death
- Funds managed by the world's largest asset manager, BlackRock.

LV= Fixed Term Investment

- **Guaranteed income**
  You can select the level of income you wish to receive based on the value of your pension fund. You can choose how long you receive this income to fit with your changing lifestyle with terms from three to 25 years.
- **Guaranteed Maturity Value (GMV)**
  Providing your guaranteed income may not use up all of the amount you invest in this plan. We guarantee the amount we'll pay back to you at the end of the term, so you'll know exactly what you'll get back regardless of market conditions. We call this the GMV. Although we guarantee the amount payable at the maturity date, once the plan ends investment conditions may have changed and we can't guarantee what options would be available at that time.
- **The flexibility to change your mind**
  Our conversion feature allows you to end your plan early and convert to any other retirement product or take it as a taxable lump-sum. You can do this at any time, and it's automatically included, so there's no extra charge and no need to opt in. However, the value of your plan may be significantly less than the GMV if you use the conversion feature early in your plan, or if the underlying investments have fallen in value since you took the plan out.
- **Choice of death benefits**
  We offer different types of death benefits that can be used to provide the original investment minus any income or the plan can continue under the new beneficiaries. The amount paid will depend on the death benefit option you add when the plan starts.

Smoothed Managed Funds

- **Our smoothing mechanism**
  This minimises the effect of sudden market movements on your investment by 'averaging' recent performance, which means that the investment provides a smoother, more consistent return.

Although our smoothing process aims to reduce the impact of sudden market movements, it doesn't mean investments won't drop in value. it doesn't prevent losses due to a long-term falling market and you could get paid less than you paid in.

We can suspend smoothing in exceptional market conditions or if the underlying unit price is 80% or less of the averaged or 'smoothed' price.

This means your fund will be valued at the underlying price, or at our discretion, on a daily gradual averaged price. As a result you will see a drop in the value of your investment which will continue to rise and fall in line with stock market fluctuations until smoothing is reintroduced.

For more information on how our smoothing mechanism works, click here.

- **Fund choice**
  A range of independently risk-rated fund options to suit different attitudes towards investment risk.
- **Capital guarantee**
  Optional 10-year guarantee available on the Smoothed Managed Cautious fund. The guarantee applies at the end of the guarantee term so the value of the fund may be less or more than the capital guarantee if exiting mid-term.
- You can choose to buy a guarantee at the outset or upon expiry of a previous guarantee, subject to availability.

For more information about the features and benefits of the LV= Fixed Term Investment or the Smoothed Managed Funds, please see our separate guides or speak to your financial adviser.

Bringing it all to life: Phil's LV= SIPP

This is for illustrative purposes only and is not based on a real client scenario.

Phil is 62 years old and enjoys being outdoors, spending time swimming and walking with his family and friends.

He has £200,000 in his pension fund. He needs an income of £18,000 per year until he reaches full State Pension age in five years, at age 67.

Phil is concerned about the impact of stock market volatility on his hard-earned pension pot.

Phil's adviser considers our Guaranteed Income Drawdown, and recommends the following solution which provides:

- £18,000 per year for five years from his Fixed Term Investment. This would be paid into the SIPP bank account. He can take 25% of this tax free (£4,500) with the remaining 75% being taxable income (£13,500). Phil has no other income, so £12,570 of the taxable income will fall inside Phil's Personal Allowance. The remaining £930 would be subject to 20% tax - a total of £186 per year. **This would leave Phil with £17,841 after tax**.
- Phil would also have a Guaranteed Maturity Value of £24,409 to purchase another Fixed Term Investment, or alternative product, in five years time according to his circumstances.
- The remainder of his fund (£98,000) is invested in the Smoothed Managed Cautious Fund.

Correct as of 20/02/2026. State Pension figures based on 2025/2026 tax year. Any references to taxation are based on our understanding of current legislation and HMRC practice which can change. Illustration includes a 1% adviser charge.

LV= SIPP

Pension pot: £200,000

LV= Fixed Term Investment

£100,000 to buy a £18,000 guaranteed income for five years (when Phil reaches state pension age).

A £24,409 Guaranteed Maturity Value to be paid to his SIPP bank account in five years time.

Death benefits to protect the investment.

LV= Smoothed Managed Cautious Fund

LV= Smoothed Pension

£98,000 invested in the Smoothed Managed Cautious Fund.

SIPP Bank Account

Income paid into your SIPP bank account

Flexible for ad hoc income payments

It's recommended that you speak to your financial adviser who can explain the specific features and charges that are applicable to the solutions that suit your needs.

Member benefits

We are proud of our heritage as a mutual, providing our members with support and peace of mind for generations.

We invest in delivering the very best products, services, and returns possible to support our aim of making financial security and peace of mind available to everyone.

As an investor in our Fixed Term Investment and Smoothed Managed Funds, you are a member of LV=, which means a range of member benefits are available to you.

With-profits member mutual bonus

Members investing in our LV= Smoothed Pension, Bond, LV= ISA, LV= TIP, LV= Fixed Term Annuity or LV= Fixed Term Investment invest in our LV= With-Profits Fund, and are therefore eligible to participate in our mutual bonus scheme. This gives the potential for an additional mutual bonus to be added to the value of your investment once it has been in force for at least 12 months.

Product discounts

Members can get exclusive discounts on the price of general insurance cover, such as 10% off motor and home insurance, and 5% off pet insurance*.

Member Support Fund

A helping hand when life throws you a curve ball. You can reach out to us and apply for practical support or a financial boost.

Voting rights

Have your say and vote on key matters affecting the business at any LV= Annual General Meeting or Special General Meeting.

LV= Doctor Services

As a demonstration of our commitment to provide positive outcomes for our customers, we've also partnered with Square Health to bring you LV= Doctor Services. Members will benefit from free access to online medical services such as 24/7 remote GP appointments, second opinion services and prescriptions.

Care Navigator

We've partnered with MorganAsh to offer their Care Navigator service to all our members and customers, which aims to make it easier to navigate the UK's elderly care system. Get a free consultation and a free care home guide. And, if you'd like even more support, you'll receive an exclusive 10% discount on the various service options available.

* These products are provided by LV= General Insurance Group, a subsidiary company of Allianz Holdings plc.

LV= Doctor Services and Care Navigator are provided by third party companies. These services are not regulated by the Financial Conduct Authority or the Prudential Regulation Authority.

These are non-contractual benefits and can be removed or changed at any time.

To find out more about being a member, visit LV.com/members

If you'd like us to send you this document or any future correspondence in another format, such as Braille or large print, please just let us know.

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