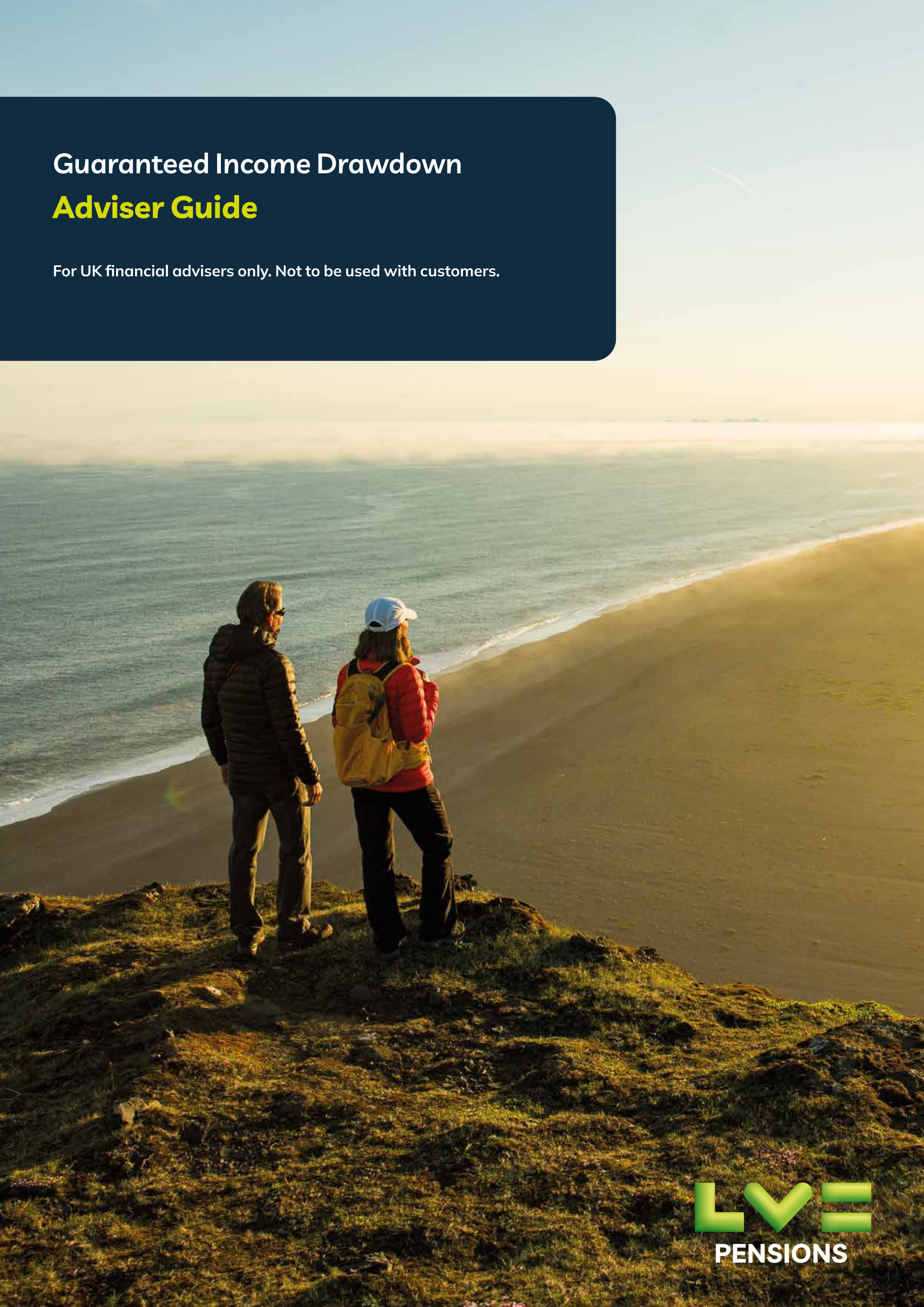
Guaranteed Income Drawdown

Adviser Guide

For UK financial advisers only. Not to be used with customers.



LV= PENSIONS

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Why LV=?

Since 1843, we've been helping people live financially confident lives

We're a leading UK life and pensions mutual insurer with a proud history. Everything we do is to help our members and customers plan for a financially secure future, protect their income while they are working and maximise it when they stop.

Over a million members and customers trust us to look after their futures, families and finances and we put them at the heart of LV=.

As an investment, protection, retirement and in-house advice specialist, we offer a range of products, services and advice including investments, life insurance, income protection, and retirement income solutions such as equity release, fixed term annuities and drawdown products.

Working with us

Being a well-respected provider isn't just about the right product – it's also about offering the right support.

We're committed to the intermediary market and want to be there to offer you the support, training and development and technical guidance you would expect from an established provider.

Together with our comprehensive range of Personal and Business Protection, and Savings and Retirement products, our dedicated team aim to help you protect your client and look after their future.

Service and support

We strive to put our members and customers first. 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.

LV= SIPP Drawdown (off platform)
LV= Pension Portfolio Drawdown (platform)

defaqto ★★★★★ SIPP 2026 EXPERT RATED

defaqto ★★★★★ Drawdown 2026 EXPERT RATED

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.

B+ (very strong)
(Source: AKG Consulting, Company Profile & Financial Strength Report, September 2025).

AKG B+ FINANCIAL STRENGTH RATED
PROVIDER SECTOR VERY STRONG
LIVERPOOL VICTORIA FINANCIAL SERVICES LTD

Capital Coverage Ratio (CCR)

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%.

(Source LV= Annual Report 2025)

202%

The challenges of decumulation

At LV=, our aim is to help you give clients approaching — or already in — retirement greater peace of mind, and we know a key concern for many clients is running out of money in retirement.

Clients in decumulation need sustainable income and returns to manage longevity risk

Volatility drag – a 10% loss on a £400,000 investment in year 1 will take 11.1% growth in year 2 to return to £400,000. This is not taking account of withdrawals.

Sequencing risk – poor investment performance in the early years of retirement can quickly reduce the value of a pension fund.

Withdrawals – withdrawals when a portfolio is suffering losses, will simply lock in those losses.

What does all of this add up to?

'Pound cost ravaging' – many clients have to worry about taking a lower income or risk running out of money altogether.

Since Pension Freedoms were introduced, flexible drawdown has become popular, offering clients more ways to access their pension savings. While this added flexibility is positive, it can also increase risk if clients aren't fully informed or properly advised.

So, how can you offer clients peace of mind, while still giving them the advantages of drawdown?

Introducing Guaranteed Income Drawdown

Guaranteed Income Drawdown is a solution that brings together

✔ The security of the LV= Fixed Term Investment (Protected Retirement Plan) for guaranteed income, maturity value or both...

✔ With the opportunity for continued investment through around 200 available funds (including the Smoothed Managed Funds)...

✔ Within a SIPP such as the LV= SIPP.

Client pension pot

LV= SIPP

LV= Fixed Term Investment

To create a secure income.

LV= Smoothed Managed Fund

Optional investment in LV= Core funds or LV= Smoothed Managed Funds for continued growth.

SIPP bank account

Income paid into your SIPP bank account.

By investing the remaining pot in our Smoothed Managed Funds, you could provide clients with a diversification of portfolio, reduced exposure to volatility and steady long-term growth.

Important

Please remember that while our smoothing process helps to reduce the impact of short-term market volatility, it won't prevent an investment dropping in value in a longer market downturn.

The product provides access to death benefits and is 100% protected by the FSCS.

Who is it suitable for?

Guaranteed Income Drawdown is suitable for many clients - whether they are approaching decumulation or have already retired.

Typical clients are

- **'Conservative' in nature** – saved diligently throughout their working life, like to plan for financial decisions with very little credit outstanding.
- **Approaching or in retirement** – and looking to bridge their income to state pension age or beyond.
- **Eligible for a full state pension**.
- **Considering how to leave money to their beneficiaries**.
- **Looking for continued growth** to support their future goals and may benefit from a smoother journey.

What are the benefits?

Secure income

Moving from a monthly salary to retirement income can be a worrying thought, and more so if your income is reliant on stock market performance. The LV= Fixed Term investment is designed for peace of mind, and offers your clients:

- A choice of terms to suit them - from three to 25 years
- A choice of guaranteed income, a Guaranteed Maturity Value or a combination of the two.
- A conversion feature so, should your clients circumstances change, they can convert the plan value to taxable cash or another retirement product.
- Ability to stop income from the SIPP bank account at any time, so your client doesn't need to crysatlise more funds than they need.
- Access to a selection of member benefits, and eligibility for our mutual bonus (clients must be invested for 12 months to qualify).

Continued investment growth

Your client has the option to continue investing alongside the Fixed Term Investment and, within our SIPP, can choose from around 200 funds including our Smoothed Managed Funds. This combination offers:

- Continued growth opportunities to set your client up for the next stage of their retirement
- The opportunity to access smoothed investment growth with one of our five risk-rated smoothed funds.

Death benefit options

Your client can choose to add one of the following options to their plan:

Value protection

- Provided lump sum (initial investment less income paid).
- Beneficiary could use to buy income in their own right.

Plan protection

- Protect 100% of the income if the member dies before the plan ends.

Added value benefits

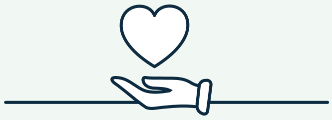
Guaranteed Income Drawdown clients are eligible for a range of member benefits including

LV= Doctor Services

From remote GP 24/7 access and a second opinion service, right through to support for mental health, it's a convenient and confidential option.

Care Navigator

Your client can access specialist support to help navigate the complex UK elderly care system. Your client will be supported by experienced nurses and given advice about the most suitable care options.



Mutual bonus scheme

Our aim is for eligible members to share in the success of our business – we've been doing this since 2011 through the LV= mutual bonus. The mutual bonus is our way of rewarding eligible with-profits members for their support of the development and growth of our business. Clients must be invested for 12 months to be eligible.

Terms apply, please visit lvadviser.com/supporting-your-client for more detail.

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.

FAQs

How secure is the LV= Fixed Term Investment?

The benefits under the LV= Fixed Term Investment are fully guaranteed by LV= as a long-term insurance contract, the FSCS provide 100% coverage in the event of a claim (if LV= became insolvent).

What do LV= invest in to secure returns/ terms within the LV= Fixed Term Investment?

LV= invests in fixed interest securities denominated in UK Sterling (GBP) with a credit rating that is at least investment grade. LV= matches the benefits payable under the plan to assets of a similar duration and guarantees the benefits payable on the annuity if held until maturity, with the customer not incurring direct investment risk during their plan.

The only time the customer would have any exposure to the performance of these underlying assets is if they were to use the conversion feature during the term. This is because the conversion value we would offer would partly depend on the value of the underlying assets we hold at that time.

What is the risk of LV= defaulting on their liabilities?

The customer does not have direct exposure to any external investments we make in order to back the returns. We are currently rated ‘B+’ (Very Strong) by AKG. Details of our financial strength can be found at **LV.com/about-us/company-information/returns/financial-strength-ratings**

If LV= were to default on their liabilities what is the potential impact on an IFA’s clients?

This is covered at the end of the LV= Fixed Term Annuity Key Features Document and LV= Fixed Term Investment Trustees Key Features Document which confirms that '...if we did get into financial trouble and could not honour our commitments, your client would be entitled to compensation from the Financial Services Compensation Scheme (FSCS). The compensation they could get depends on the type of product they have. For this type of plan, the scheme covers 100% of the claim. The scheme's first responsibility is to seek continuity rather than to pay compensation.'

If Plan or Value Protection death benefit is selected, what would the FSCS cover, i.e. original investment and/ or GMV?

As there isn’t a good example of a FSCS claim in similar circumstances, it is difficult to say exactly how the FSCS would deal with a claim. However, the FSCS’s first responsibility is to seek continuity rather than pay compensation. We would therefore expect that the FSCS would look to transfer the policy to another provider in the first instance.

This would mean that initially the insolvency practitioner and FSCS would seek to secure continuity of the long-term business, either by transferring policies to a different insurer or arranging for a different insurer to issue substitute policies. FSCS could provide financial assistance to the insolvent firm to enable it to continue to carry on its protected contracts, to the level of protection provided by the Scheme, if this was the most cost-effective option.

If the FSCS had to be applied, how would the LV= Fixed Term Investment and Pension fund elements be considered as they’re part of the same plan?

For long term insurance contracts, including LV= Fixed Term Investment, LV= Core Funds or LV= Smoothed Pension funds, the scheme covers 100% of the claim.

Please note that this level of cover only applies if LV= were to become insolvent and would relate to the value of the long-term insurance contract. The level of protection does not apply to the performance of individual pension funds or value, for example, should an external fund manager become insolvent.

Important

If the government makes changes to pension rules or the way the plan is taxed this may affect how much your client gets back from their investment, the way they take benefits, the age at which they take benefits and any tax relief on contributions.

If the client chooses to take income directly from their pension fund (known as drawdown pension), any withdrawals will reduce the potential for future growth. If they withdraw more in income the continuing growth achieved in the plan, the plan value will fall, which means that they may not be able to maintain the level of income they need. If they don’t regularly review the level of income that is being drawn out of the plan there is a risk that the fund will run out.

Smoothing can be suspended at our discretion if either the underlying price is 80% of less of the averaged or ‘smoothed’ price, or in exceptional circumstances. The fund will typically be valued on the underlying price, or at our discretion, the fund may be valued on a daily gradual averaged price until smoothing is reintroduced (except ISA which would be valued on the underlying price).

Contact us

If you have any questions about our Guaranteed Income Drawdown solution, speak to your usual LV= contact, or

0800 032 8298

advisersupportteam@LV.com

lvadviser.com/guaranteed-income-drawdown

Lines are open 9am – 5pm Monday to Friday. Calls will be monitored and/or recorded for training and audit purposes.

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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