

# Your statement explained

## Flexible Income Annuity



### Annual Statement

#### Retirement Advantage Flexible Income Annuity

Annuitant Name: Mrs A Example  
Policy Number: AP000000  
Policy Commencement Date: 01/05/2014  
Statement Date: 01/05/2016

#### Your income

Your annual income is currently: £4,840.00  
Minimum Income Guarantee: £2,900.00

#### Policy summary

Fund Value at 01/05/2015	£102,000.00
Annuity income taken	-£4,840.00
Lifetime Bonus*	£220.00
Our Charges	-£780.00
Charges consist of:	
Annual Policy Charge	-£780.00
Annual Management Charge Refund	£0.00

<b>Total</b>	£96,600.00
Investment return on your policy**	-£250.00
Adviser Charges	-£730.00
Fund Value at 01/05/2016	£95,620.00

\*Lifetime bonus may be added to the value of your investments. The level of lifetime bonus rates added could alter if we change our assumptions about Flexible Income Annuity policyholders' life expectancy (how long policyholders are expected to live). We review our assumptions at the end of each year, with any change applying in the following year (as per the policy terms and conditions).

\*\*The investment return on your fund holding takes into account any additional monies received since your last income review, the timing of income withdrawals, lifetime bonus and charges and what the unit price was at the time of those events.  
If this amount is negative, it's because the value of the units you hold has gone down.

The investment performance and the addition of bonus is not guaranteed and in future may be higher or lower than the figures shown.

If you die before the end of the Guarantee Period, we will pay your beneficiaries £5,800.00 per year until the end of the Guarantee Period.

Whilst we have taken every care in producing this statement, if any errors are subsequently found, we will correct them as soon as possible.

The fund value at the last time you had a statement from us, usually a year ago. If you've had an income review in the last 12 months, it will be the fund value at this time.

The income you have taken out since the last statement. In this example it's a full year's worth of income. If you've had an income change within the last year, it would show less than a year of income.

Lifetime bonus which has been added to the policy. If you have chosen any death benefits (such as a guarantee period, value protection) the bonus will be lower.

When you bought the policy, the Key Features illustration explained how these were calculated as a percentage of your fund. The charges cover our administration costs and the cost of providing the minimum income guarantee.

There are different annual management charges depending on the fund(s) you choose for investment. If you have invested in a fund where we have negotiated a reduction on the standard fund management charge, we make an extra allocation of units each month. The monetary impact of this is shown here.

The investment return on the policy is how much your policy has changed in value because of any change in the price of units you hold. If this amount is negative then the value of your policy has gone down.

If you agreed an ongoing fee for your financial advice, this relates to the fee you agreed to pay.

### Is my fund on track?

The level of income available to you in future is based on the performance of your chosen funds and any bonus that may have been allocated since your last income review. Putting it another way, in order to maintain your current level of income for the rest of your life, your fund needs to achieve a certain level of investment performance, known as the 'Required Fund Performance'.

Your Required Fund Performance takes into account the charges applicable for the investment funds you have chosen and any ongoing fees you have agreed with your adviser. Therefore, if you have switched investment funds, agreed ongoing adviser fees or you have more than one fund and the percentage held in each fund has changed since your last review, the Required Fund Performance may have changed.

Subject to any change in investment funds and the fee arrangement with your adviser, you were told that the Required Fund Performance for your chosen level of income was 4% per annum when you took out your policy (or at your last income review if you have had one). Using this assumption, your fund value would need to be £95,800 in order to support your current level of income for the rest of your life, based on our current view of life expectancy.

We calculate this value based on how much is needed to pay your chosen income level for your remaining lifetime, assuming it earns the Required Fund Performance, which means we expect it to go down as you get older. Putting it another way, your fund is expected to go down because it's being gradually paid back to you over your lifetime.

However, your actual fund value, which is based on actual investment performance to date, is £95,620 (as shown on the previous page).

This means that the actual investment performance of your fund, which is the investment return on your fund holding so far (taking into account the unit price at the time of income withdrawals, lifetime bonus and charges), has been approximately the same as your Required Fund Performance. You are therefore approximately on track to support your current level of income, however this is not guaranteed as future fund performance could be higher or lower.

If you think you would like to change your income now, please contact us, and if you need advice as to your best course of action please contact your financial adviser. If we don't hear from you, your income will remain the same until your next income review at which point we'll write to you with the options available to you at that time.

### What happens now?

You do not have to do anything and your income will remain unchanged unless we hear from you. We will write to you every year to give you an update on the value of your policy. Every three years we will calculate a new level of income based on the actual performance of your funds, any bonus applied and the amount of income you have taken.

If you want to change the level of income before the next three year review, please contact us and we will let you know the range of income available.

### Unclear about anything?

We recommend that you speak to your financial adviser to discuss any potential changes. If you are unclear about any of the terms we have used in this statement, please refer to your Policy Terms and Conditions document or your Key Features document.

You can also contact our Customer Centre on **0800 032 7690** or email [customers@retirementadvantage.com](mailto:customers@retirementadvantage.com).

Your future income from the policy depends on how the investments in the fund you have chosen perform. This section tells you whether your policy is on track to pay your current income in future, or whether it's above or below target.

This is the required fund performance needed to maintain your current income level, as calculated at your last income review. (It may have changed as described in this paragraph if fund proportions have changed, or the amount of any adviser fees paid change as a proportion of the total fund.)

This is the current fund value required to maintain your current level of income if funds grew at your chosen required fund performance figure in future. It also takes account of our current view of life expectancies (which may change). Please note that if you transfer out of the Flexible Income Annuity the value you will be offered may be lower than the fund value shown (see policy terms and conditions for details). This policy does not have a cash-in value.

In this example, the policy is on track (because the actual fund of £95,620 is close to what is needed to support income, ie £95,800 referred to above).

### What happens if the performance is below target?

If the actual fund is lower than what is required then we will tell you what the fund performance would need to increase to overall to get your fund back on track. If the fund does not achieve this then your income will need to reduce at some point. At your next income review your income will change to reflect the actual fund performance and our latest life expectancy assumptions. So if you're not on track your income will fall. However, you may choose to change your income to any amount between the minimum and maximum at review or indeed at any other time.

### What happens if the performance is ahead of target?

If the actual fund is higher than required then your policy should be able to maintain your current level of income and may provide a higher level of income in the future assuming the target investment return is maintained. However, this is not guaranteed as future fund performance could be higher or lower.

## Get in touch

If you have any questions or would like more information, please get in touch with our Customer Services team.

Call us on **0800 032 7690**

Email us at [customers@retirementadvantage.com](mailto:customers@retirementadvantage.com)

Visit our website [www.retirementadvantage.com](http://www.retirementadvantage.com)

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