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AVIVA

A guide to the guarantee period in annuities

What is it?

Guarantee period

A guarantee period is a guarantee that the annuity income offered will continue to be paid, even if the policyholder dies. Any remaining payments due within the guarantee period will normally be paid as set out in a will and form part of the estate.

What are the options?

- 1 year guarantee period as standard
- Choose from a minimum of 5 years up to a 30 year guarantee
- Aviva typically offers 1 year guarantee period as standard however it may not be the case if the annuity was purchased for the policyholder by the trustees of a Defined benefit scheme.

Example

Example scenario

- Pension pot: £100,000
- Annuity type: Single life annuity
- Annual income: £6,000
- Guarantee period: 15 years
- Death occurs: After 5 years

What happens without a guarantee period

- Receive £6,000 per year for 5 years = £30,000 total
- Upon death, payments stop
- Total Paid Out: £30,000

What happens with a 15-year guarantee period

- Receive £6,000 per year for 5 years = £30,000 total
- Upon death, beneficiaries continue to receive the annuity income for the remaining 10 years
- 10 years × £6,000 = £60,000
- Total paid out: £90,000 (policyholder + beneficiaries).

Summary

A guarantee period ensures that the annuity pays out for a minimum number of years, even if the policyholder dies early. It's a way to protect a pension investment and provide financial support to loved ones.

Feature availability may vary by product. Please use the corresponding product literature for details.

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