

Target Market Statement

Guaranteed Fixed Term Income Plan

This document is intended to be used by distributors and not provided to a customer. Aviva Life & Pensions UK Limited is the product manufacturer for these products. Full details are contained within the policy documentation.

Regulatory context & background

The FCA's Product Intervention and Product Governance Sourcebook (PROD) rules, introduced in 2018, aim to make sure that the investment and insurance solutions and products offered to clients deliver good customer outcomes. PROD also requires firms to have a clear target market and, using a combination of provider material and client information, that they can clearly define their distribution strategy. Importantly, PROD also requires firms to identify any groups of clients a product or service isn't suitable for.

Consumer Duty is a standard introduced by the Financial Conduct Authority, in the UK, intended to improve Consumer protection for financial-services firms. The

changes came into force on 31 July 2023. The Duty requires firms to act to deliver good outcomes for retail customers. Firms must act in good faith towards customers, avoid causing them foreseeable harm, and enable and support them to pursue their financial objectives. Firms should consider the diverse needs of customers - including those with characteristics of vulnerability.

For the product oversight and governance part of these regulations, we would like to share with you an outline of the product approval process we use in Aviva and our product target market statement, which clarifies who the product is intended for (and who it is not).

Aviva's product oversight & governance

Why are you telling me about this?

Under the FCA's rules, we are required to inform you we have governance processes in place to oversee the design, approval and review of our products.

What controls does Aviva have in place?

We have well established governance processes which:

- formalise approval of new product developments and changes to existing products
- identify target markets for each product
- test customer understanding
- consider needs of vulnerable customers
- monitor post-sales performance.

Fair Value

After we introduce our products to the market, we regularly review them to check whether we need to make changes to them. This includes an annual assessment of the value received by customers through our products; this is referred to as the 'Value for Money Assessment'. The Value for Money Assessment considers a range of indicators and measures which contribute to the overall value delivered to our customers. The measures include:

- **Target Market and Distribution Strategy** – Ensuring that the target market is defined at a sufficiently granular level and that the distribution approaches are appropriate
- **Costs and Charges** – Review of the costs incurred by retail customers to ensure that these are fair and appropriate taking into account the features and benefits offered through the product
- **Commission and Adviser Charging** – To ensure these are appropriate for the service received by the customer
- **Complaints** – Analysis of customer complaints to identify and resolve root causes, particularly where the product fails to deliver as expected

- **Service Delivery** – To ensure service levels are in line with those we have led customers to expect
- **Communications** – To ensure customers continue to receive communications which are clear, transparent and timely.

We base our level of oversight on the type and complexity of each insurance product, our identified target markets and the level of financial understanding.

What does this mean for me?

As product manufacturer, we'll monitor the performance of our products to make sure they meet the needs of customers in the identified target markets. Should you feel a product doesn't meet these customers' needs or is potentially unclear, you can help us by providing feedback through your usual communication channels.

Target Market Statements

Why are you telling me about this?

We identify, define, and assess our target markets at an appropriate level, based on the nature and complexity of our products. If the target market is not adequately defined, the product could be sold to customers who are unlikely to get fair value or achieve good outcomes from the product. Distributors must also understand the target market and distribution strategy and ensure that the product is distributed accordingly.

The rules require us to consider several points when designing our product range, including:

- specifying an identified target market for the product at a sufficiently granular and detailed level, considering the characteristics, risk profile, complexity, and nature of the product
- identify groups of customers for whom the product would not provide the intended value
- take account of any particular additional or different needs, characteristics and objectives that might be relevant for customers in the target market with characteristics of vulnerability
- identifying relevant risks to the target market, including risks to customers with characteristics of vulnerability
- ensure the product continues to provide fair value for a reasonably foreseeable period
- making sure that the intended distribution strategy is appropriate for the identified target market
- requiring us to take reasonable steps to make sure we distribute the insurance product in line with the target market for specified distribution channels.

What does this mean for me?

We've developed target market statements to give you, our distributor, clarity on who the product is intended for (and who it is not) and how customers can buy the product.

Using these target market statements should help you in your consideration of:

- how the distribution strategy aligns with the target market statement
- the demands and needs of the customer
- the risk appetite of the customer, for example, (but not limited to)
 - attitude towards excess where these are larger than customers may expect for the type of product
 - consideration to financial sophistication
 - affluence
 - attitude to risk
- what limitations, exclusions or alternative cover in place might inhibit a customer from getting full value from the product, for example (but not limited to)
 - an income product sold to a customer nearing retirement with sufficient savings
 - a product where the customer would not be entitled to, or has no need, for the full benefits of the product
 - where the customer may have suitable cover already in place e.g. as part of their employment package

- whether any of the customers may be outside of the target market due to eligibility or exclusions for example (but not limited to)
 - pre-existing conditions in health/protection products
 - minimum/maximum limits of cover or investment amount
 - geographical, age and/or occupational restrictions
 - incoming or outgoing payment restrictions
- that fees and charges are appropriate to the service being delivered for customers
- vulnerable customers and the target market focusing on whether they may require additional support in their decision making

Can I sell outside of the target market?

The target market is aimed at a specific customer type (detailed below). You shouldn't assume a product is appropriate simply because the customer is in scope. The product must not be sold to customers outside of the target market, other than in exceptional circumstances. During the sale, you will be closest to the customer in identifying their demands and needs and your judgement will decide what is right.

We set the distribution channels for how you can sell the product (for example, online or face to face) and we expect you to follow these. If you believe you could use an alternative distribution channel, please get in touch with us, so we can consider your proposal.

Feedback

If you have any feedback on these statements, please contact your usual Aviva representative.

Guaranteed Fixed Term Income Plan – Target Market Statement

What customer need does this product meet?

The Guaranteed Fixed Term Income Plan is designed for individuals seeking a reliable and predictable income stream and/or a guaranteed maturity value over a specified term. The product is ideal for customers requiring security and flexibility with their retirement planning.

The Guaranteed Fixed Term Income Plan allows customers to choose from one of the following:

- A regular guaranteed income over a fixed term
- A regular guaranteed income over a fixed term with a guaranteed maturity value at the end
- A guaranteed maturity value at the end of a fixed term

At the end of the fixed term period customers who selected a guaranteed maturity value can choose to receive this value as a lump sum amount which will be subject to income tax or use the amount to purchase another retirement product.

The Guaranteed Fixed Term Income Plan will provide customers with certainty in the event of their death by providing a lump sum death benefit if they die during the term. The lump sum death benefit will be payable to a beneficiary, who can withdraw the amount as a lump sum amount (subject to income tax) or use the lump sum amount to purchase a retirement product.

Who is the Guaranteed Fixed Term Income Plan designed for?

This product is designed for customers who are:

- 55 years of age or older at outset, and under 90 years of age at the end of the fixed term period
- Applying on a single life basis only
- Using uncrystallised and/or crystallised funds from an existing UK registered pension scheme in the name of the annuitant
- Have pension funds of £10,000 or greater after tax-free cash and/or applicable adviser charges

- A UK taxpayer and residing in the UK
- Wanting the security of a guaranteed income and/or guaranteed maturity value for a fixed term period, between 3 years and 25 years, with no investment risk
- Would like the option of a guaranteed maturity value to either take as a lump sum amount or to purchase another retirement income product
- Looking for a fixed income, for the term chosen, but want to defer buying a lifetime retirement product as their circumstances may change in the future.
- Aware their income will be level and if this is less than inflation, the income may not keep up with rising prices and cost of living
- Aware if they need to surrender the policy early this could impact their future income or capital available to purchase an alternative retirement income
- Aware income will stop at the end of the term, and they may need to seek alternative income arrangements
- Aware if they have not selected a guaranteed maturity value there will be no capital payable at the end of the term
- Wanting to have guaranteed death benefits in the event of death during the fixed term period
- Able to make a financial decision at the end of the term or have provisions in place for someone to make this on their behalf and aware there may be costs and charge each time a new policy is set up. This will reduce the funds available to purchase a future product and therefore the income achieved
- Aware that market changes can reduce the value of retirement products purchased at the end of the fixed term
- Aware that market conditions could impact the surrender value or any lump sum benefits available on death.

Who is the Guaranteed Fixed Term Income Plan not designed to support?

This product is not designed for customers:

- who want/need a guaranteed income for life
- who want to purchase the product using non-pension monies
- who want to combine one or more source of crystallised funds, combine different drawdown arrangements together or partially transfer from an existing drawdown arrangement
- who want to actively manage their ongoing investment choices
- who want flexible income payments
- who want/need their income to increase at a fixed rate or in line with RPI
- who are non-UK taxpayers or reside outside of the UK at the point of application
- who do not have the minimum pension savings available to invest
- who are unable to commit to an investment of at least 3 years
- who want to carry on paying money into their pension scheme
- who cannot commit to leaving their money invested for the full term however, surrender of the policy is an option should circumstances change
- Who do not have need for death benefit.

The Guaranteed Fixed Term Income Plan has a 30 day cancellation period but after this period the policy cannot be changed or transferred. There is the option to surrender the plan early and more information is available in the Terms and Conditions.

Can I sell the Guaranteed Fixed Term Income Plan without advice?

This product can be sold through an intermediary with or without advice.

Need this in a different format?

Please get in touch with your usual Aviva contact if you'd prefer this document (**AN21009**) in large print, a different colour, braille or as audio.

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