

A guide to value protection – Guaranteed Fixed Term Income Plan

What is it?

Value protection

Value protection ensures that if the policyholder dies during the term protected, a lump sum benefit is payable to the beneficiaries chosen, subject to Aviva's discretion.

What are the options?

- Select value protection for the full or specified term length, beginning at the plan start date
- Protects up to 100% of the price paid for the income, less any payments (income, advisor fees & Tax Free Cash/Pension Commencement Lump Sum) already made
- Lump sum benefit available to beneficiaries
- If a policyholder dies within the plan term and they have selected a value protection death benefit, no guaranteed maturity value would be payable.
- If a value protection death benefit is selected, a policyholder is unable to surrender their plan early.

Why do some people choose a value protection period?

Protects the income

The policyholder can select a percentage of the policy purchase price that will be protected and the term of the value protection, in the event they die early.

Provides financial security for loved ones

Ensures nominated beneficiaries receive a lump sum, helping to support them financially after death.

Peace of mind

Addresses a concern that Guaranteed Fixed Term Income Plan buyers may "lose" their benefits if they die early. This reassurance can make this type of plan more appealing.

Modest cost

While value protection reduces the annual income slightly, the cost is often considered reasonable. For example, a 60-year-old might see a reduction of around £140 per year for 100% protection.



Example

Example scenario

- Purchase price: £100,000
- Plan term: 15 years
- Value Protection: 100% of income for 15 years
- Death occurs: After 5 years

Without value protection

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

With value protection

- Annual Income: £5,860
- Receive £5,860 per year for 5 years = £29,300 total.
- Upon death, the beneficiary has the option to take the remaining value of the plan as a lump sum or purchase a new product either with Aviva or another provider. £100,000 - £29,300 = £70,700
- Total Paid Out: £100,000 (Policyholder + beneficiary)



Summary

Value protection ensures that the benefits received don't "disappear" if the policyholder dies early. Instead, their loved ones receive the unused portion, giving peace of mind and financial security for their family.

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

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