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# Retirement blending case studies

Your clients are redefining retirement.  
Let's rethink how to fund it.

All examples are fictitious and for illustrative purposes only.



# Today's clients need retirement income solutions as individual as they are.

This guide shows you some ways of building them.

As an adviser, you'll realise that retirement has changed from what it was.

With people living longer, retirement's become less about giving up work for a few final years. And more about making the most of the freedom and opportunities that later life can bring. As well as being ready for any bumps in the road ahead.

What this means is that retirement planning is no longer a black-and-white decision between drawdown and annuities. Instead, many of your clients may require a 'blended' retirement income solution made up of several different products. One that can change over time as their needs do the same.

In this guide are six short stories showing how you can help your clients make the right choices from all the options available. We've broken retirement down into three stages, and looked at 10 sources of retirement income you can consider as part of your fact-finding conversations.



**Nearly 20 years**

How much longer an average 65-year-old could expect to live<sup>1</sup>

**65+**

The fastest-growing age group of self-employed people from 2001-2016<sup>2</sup>

Sources:

<sup>1</sup>ONS National Life Table 2017 to 2019. Contains public sector information licensed under the [Open Government Licence v3.0](#)

<sup>2</sup>ONS Trends in self-employment in the UK February 2018. Contains public sector information licensed under the [Open Government Licence v3.0](#)

# Finding the perfect income blend

Today's retirees could expect their retirement to last for 15, 20, even 30 years or more. So it's important your client's retirement income can cope with all the ups, downs and life changes that may take place during that time.

In the case studies that follow we look how a blended retirement income solution, made up of several different products, can work for different clients during the course of their retirement. Here's an overview of the products we mention. There are benefits and drawbacks to the different options featured, and advice should be based on your clients personal needs and circumstances.

Lifetime Annuity	Drawdown	Equity Release	Lifetime Care Plan
<p><b>What is it</b></p> <p>A guaranteed income for the whole of your client's life.</p>	<p><b>What is it</b></p> <p>Money is invested in assets and can be 'drawn down' as and when required.</p>	<p><b>What is it</b></p> <p>A 'lifetime mortgage' which enables your client to release some of the equity in their home. This is a long term loan secured against the home and it is repaid on death or when your client goes into long term care.</p> <p><i>In this document, by equity release, we are only referring to lifetime mortgages and not other types of equity release.</i></p>	<p><b>What is it</b></p> <p>A lump sum payment that helps cover the cost of in-home care or a care home for the rest of your client's life.</p>
<p><b>Could be useful for clients who -</b></p> <ul style="list-style-type: none"> <li>• Are risk averse and/or want guarantees</li> <li>• Are nervous or unable to manage money via drawdown</li> <li>• Want to make sure they can cover everyday spending</li> </ul>	<p><b>Could be useful for clients who -</b></p> <ul style="list-style-type: none"> <li>• Want the flexibility to drawdown larger or smaller sums when they wish</li> <li>• Are interested in keeping their money invested for the chance to earn investment returns</li> <li>• Are comfortable accepting some investment risk</li> </ul>	<p><b>Could be useful for clients who -</b></p> <ul style="list-style-type: none"> <li>• Would like to make an important one-off purchase which they can't fund using income from one of the options to the left</li> <li>• Need to top up their income</li> <li>• Have expensive requirements in later life such as one off private medical bills or ongoing care in the home</li> <li>• Want to mitigate the impact of inheritance tax</li> <li>• Want to gift money to children or grandchildren while they're around to see them enjoy it</li> </ul>	<p><b>Could be useful for clients who -</b></p> <ul style="list-style-type: none"> <li>• Need to pay for long-term care</li> <li>• Want peace of mind that the cost of their care will be covered</li> </ul>

All following examples are fictitious and for illustrative purposes only

# Easing into retirement

## Mary's story

Mary spent most of her working life as a senior nurse in a private hospital. As she moves into her 60s she wants to start winding down, easing herself into retirement.

### Phase 1: Winding down at work

Soon after her 60th birthday, Mary reduces her hours at work to two days a week and starts to **drawdown** from her pension to top up her income.

At this point she's spending at a similar rate to when she was working, as she enjoys socialising and looking after her young grandchildren, Penny and Felicity.

### Phase 2: Fully retired

When she reaches 65, Mary decides to retire fully, as she's now entitled to receive the **state pension**. And for the next five years she has an active retirement with her husband Bob, enjoying regular days out and holidays abroad.

By the age of 70, Mary finds she's becoming less active and is starting to spend less money. So her adviser reduces the amount she's drawing down to match how much she's spending, maximising how long her drawdown pot will last.

At 75, Mary's husband passes away. Mary sees her adviser, who uses her remaining pension – and a drawdown pot left by her husband – to take out an **annuity**.



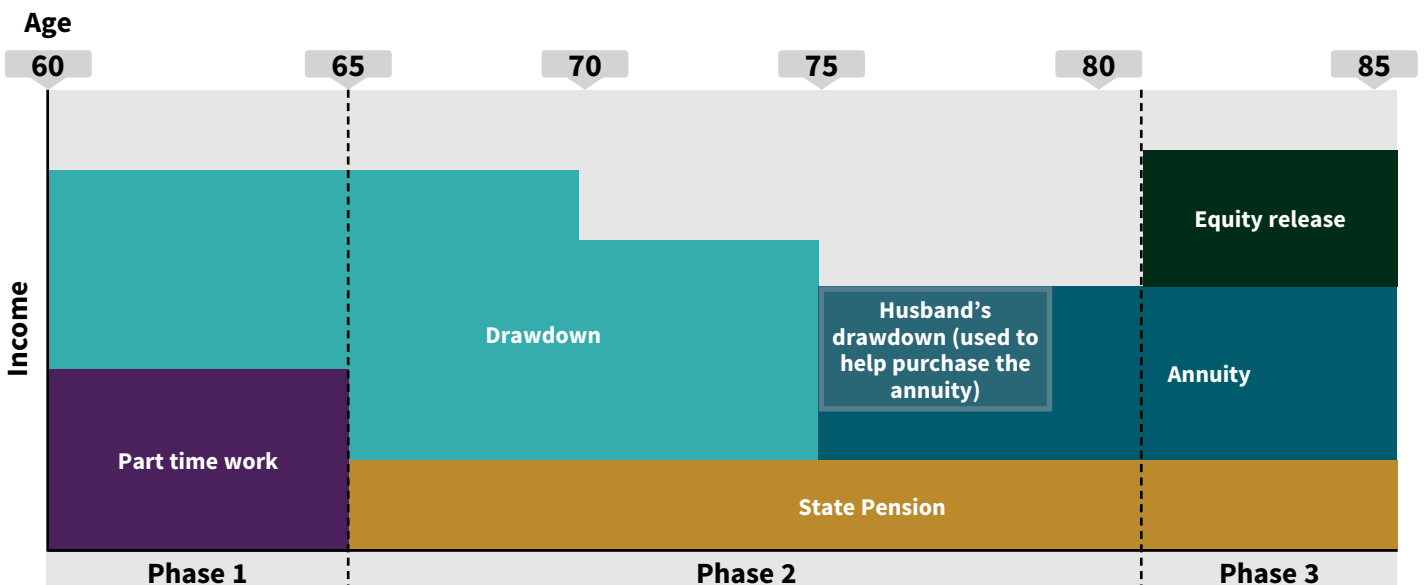
### Phase 3: In-home care

After turning 80, Mary begins to need a level of care that her family can't provide on their own. She wants to stay in the home she's lived in for so long, so her children agree it would be best for Mary to have in-home care.

Mary's adviser helps her release £20,000 from her home using **equity release** to allow this to happen. Meaning Mary can get the help she needs in the place she loves.

## Mary's retirement finances

### Income blend used



# Cashing in on a lifetime of saving

## Henry's story

Henry worked as an accountant for a well-known firm for 35 years. He's always been on top of his pension contributions and, as you'd expect, is good with numbers.

Now in his late 60s, Henry's ready to head into retirement at full throttle.

### Phase 1: A vintage retirement

Henry retires at 67 and moves to a property outside the city, where he re-ignites his childhood love for racing cars, spending time fixing them up and driving them. He goes into **drawdown** and takes his **state pension**.

Still in great health, Henry and his partner decide to go on a once-in-a-lifetime tour around the country in his vintage car, using some of his tax-free cash and **savings** to help fund this.

After the trip, Henry continues to live life to the full and carries on drawing down a regular income from his retirement pot.



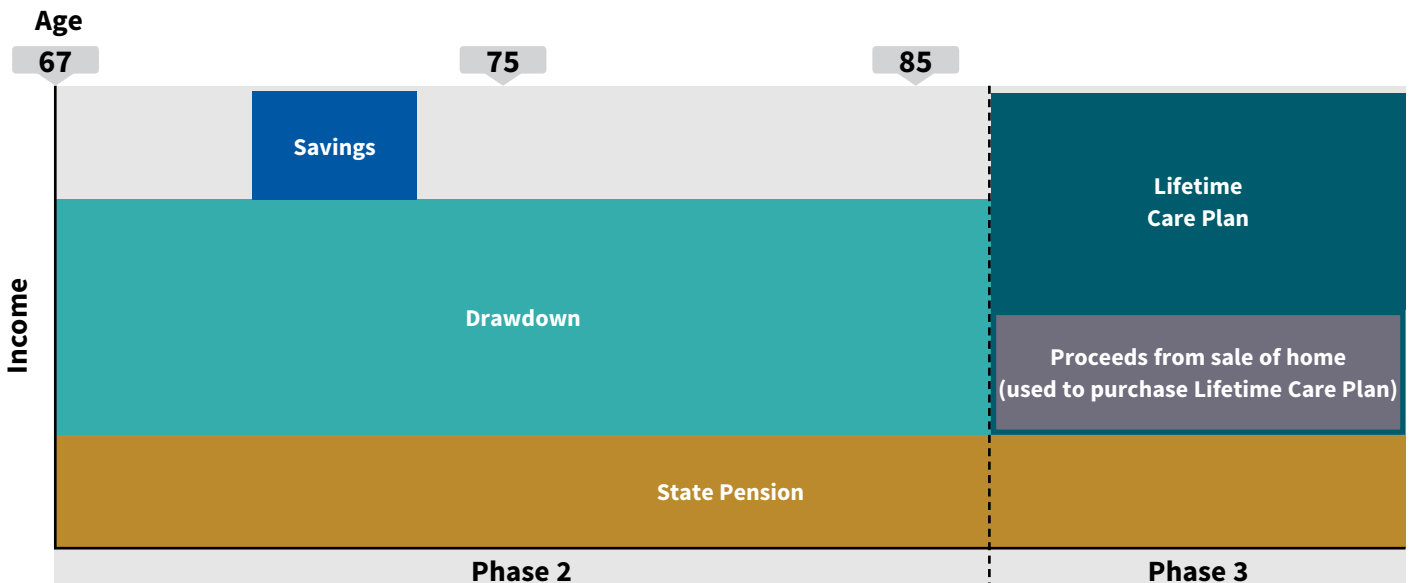
### Phase 2: Moving closer to family

When Henry's 88, his partner dies and he decides he doesn't want to live alone in his country pad.

So he sells the home and moves into an up-market retirement home closer to his family. He uses the proceeds from the sale to take out a **lifetime care plan** to help ensure he can fund the retirement home for the rest of his life.

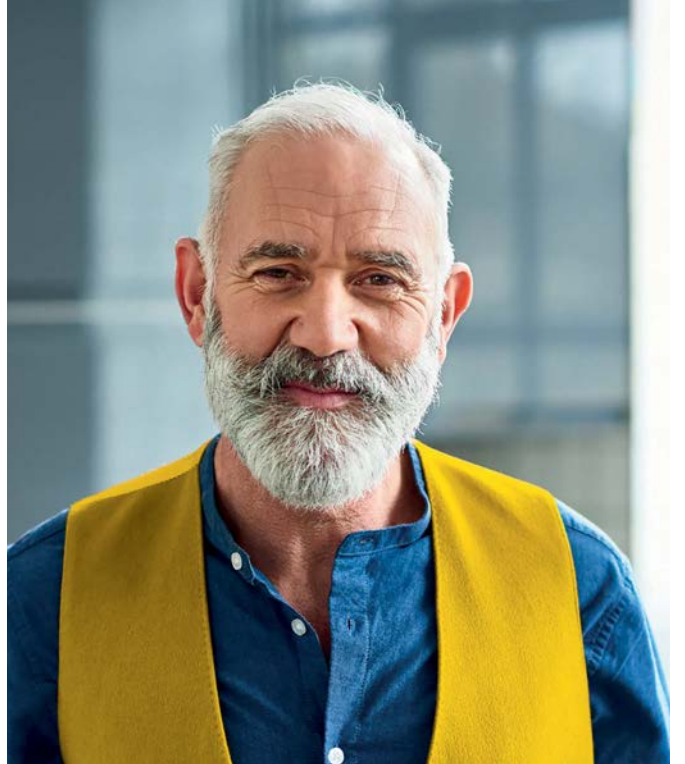
## Henry's retirement finances

### Income blend used



# Retiring with a mortgage still to pay

George's story



George spent most of his working life as an art director for a small marketing studio. By his mid-60s he hasn't quite paid off his mortgage yet, but he still has designs on an enjoyable retirement.

## Phase 1: Part-retirement

George enjoys his work at the studio, so he decides to **continue working** there until his late 60s. Doing this will enable him to pay off his mortgage, so when he finishes work completely he won't have to worry about that any longer.

When he reaches state pension age he also begins drawing his **state pension**, using it to top up his income from work.

## Phase 2: Retiring from work

At the age of 68 George has paid off his mortgage and is ready to finish work. After speaking with a financial adviser he uses an **annuity** to make sure his basic expenses are covered for the rest of his life, and keeps the rest of his pension pot in **drawdown**.

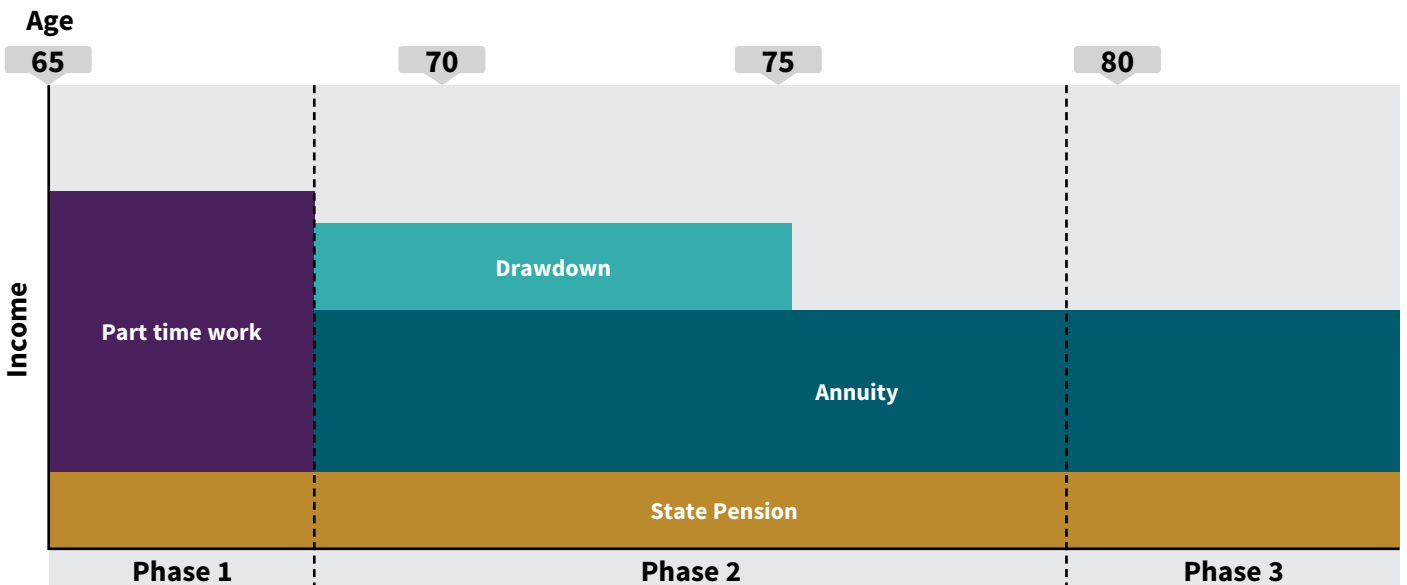
By the time he's 75 George finds he's not as active as he used to be, and his spending has dropped below the income his annuity and state pension give him.

## Phase 3: Making the most of later life

When he's 80, although George's eyesight and hearing have worsened he can still look after himself in his own home - and he enjoys watching his grandchildren grow up. The savings he's made during the past few years will pass to his family as part of his estate.

## George's retirement finances

Income blend used



# Streamlining savings

## John's story

While saving for retirement wasn't always top of his agenda, mechanic John has pensions from two different employers that he's put money into over the years.

So he has savings: they just need a bit of a tidy up.

Now that he's gearing up for retirement, he wants to ease his way in – dropping his hours initially so he can spend more time with his family and grandchildren.

### Phase 1: Reducing hours

When he reaches 60, John reduces his hours at work to three days a week so he can spend more time with his wife and grandkids.

He also has a small **property that he rents out**, so he uses both these income streams to keep his monthly salary around the level he's used to without too much of a fall.

### Phase 2: Retiring in full

At 68, John decides to retire fully. After speaking to a financial adviser, he decides to put both his pensions into **income drawdown** – and starts drawing his **state pension**, too.



He also uses some **inheritance** money that he'd received a few years ago to treat the whole family to a holiday abroad.

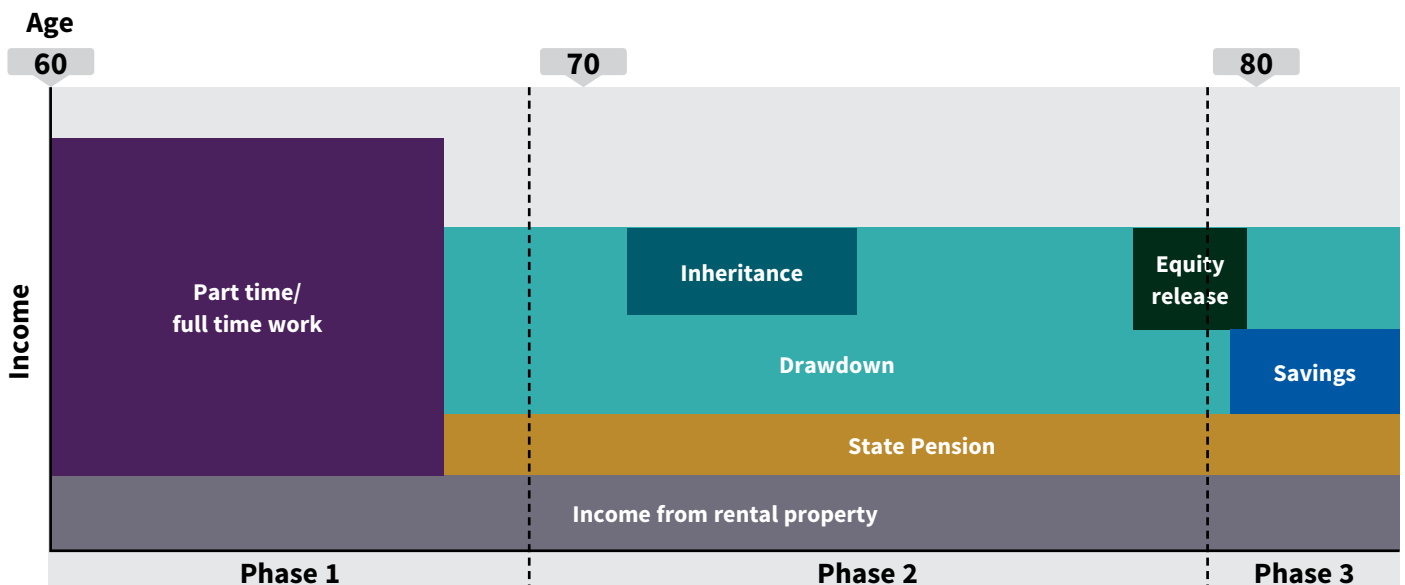
### Phase 3: Gifting to loved ones

At 78, John decides to take out **equity release** so he can gift some money to his children, and to help his grandchildren buy their own property.

Later, as he moves into his 80s, he decides to use some of his **savings** to make adjustments to the house to help make life easier as he gets older. Helping him live in the home he loves for longer.

## John's retirement finances

Income blend used



# Dealing with big life changes

## Anna's story

After running her own dancewear shop for 30 years, Anna sells up and sets about living life to the full. But an issue with her health means she needs to rethink her plans in later life.

### Phase 1: Selling up and jetting off

After working for herself for so long, Anna decides to sell her business in her late 50s.

She puts half of her pension into **drawdown**, and uses the money from the sale of the business to pay off the rest of her remaining mortgage.

Anna uses the money from her drawdown to enjoy spending time with her friends and family. Enjoying holidays and city breaks around Europe and beyond, spending nights at the theatre, eating out – doing all the things she loves but didn't have much time for before.

### Phase 2: Costs reduced

At 66, Anna has settled into retirement and isn't spending as quite much as she was to begin with. She decides to move her money into an **annuity** to cover her basic costs of living and starts to draw from her **state pension**.



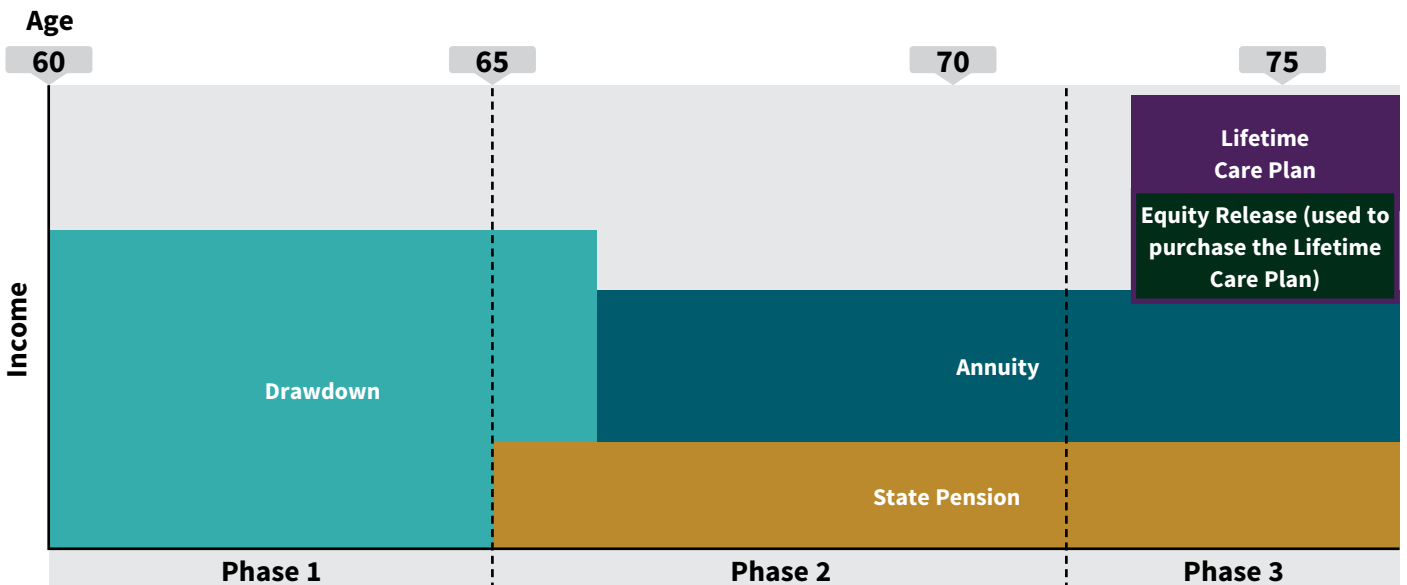
### Phase 3: Health issues

Unfortunately, Anna's health suddenly deteriorates when she's 72, meaning that she's going to need full-time care at home.

To fund this, Anna decides to **release some of the equity** she has in her property, and uses this money to take out a **Lifetime Care Plan**. This means she'll be able to maintain the level of care she needs at home for as long as she needs it.

## Anna's retirement finances

Income blend used





# Enjoying more time together

## Jack and Katie's story

**Katie, a marketing manager, and Jack, a builder, have been working long hours for years to give their three children the best possible life. Their goal for retirement is to take a step back from work to make the most of life.**

### Phase 1: Grand designs on retirement

At 55, both Katie and Jack give up work to enable them to spend more time together.

Using some of the money they've built up in savings over the years, they decide to build an extension on the house – giving them a project they can both work on to kick off their retirement in style.

### Phase 2: Drawing down funds

When they reach the age of 61, Jack and Katie decide to **drawdown** some of their pension pot to help fund their living costs. When they are able to, they both also start drawing on their **state pension** to help cover their outgoings.



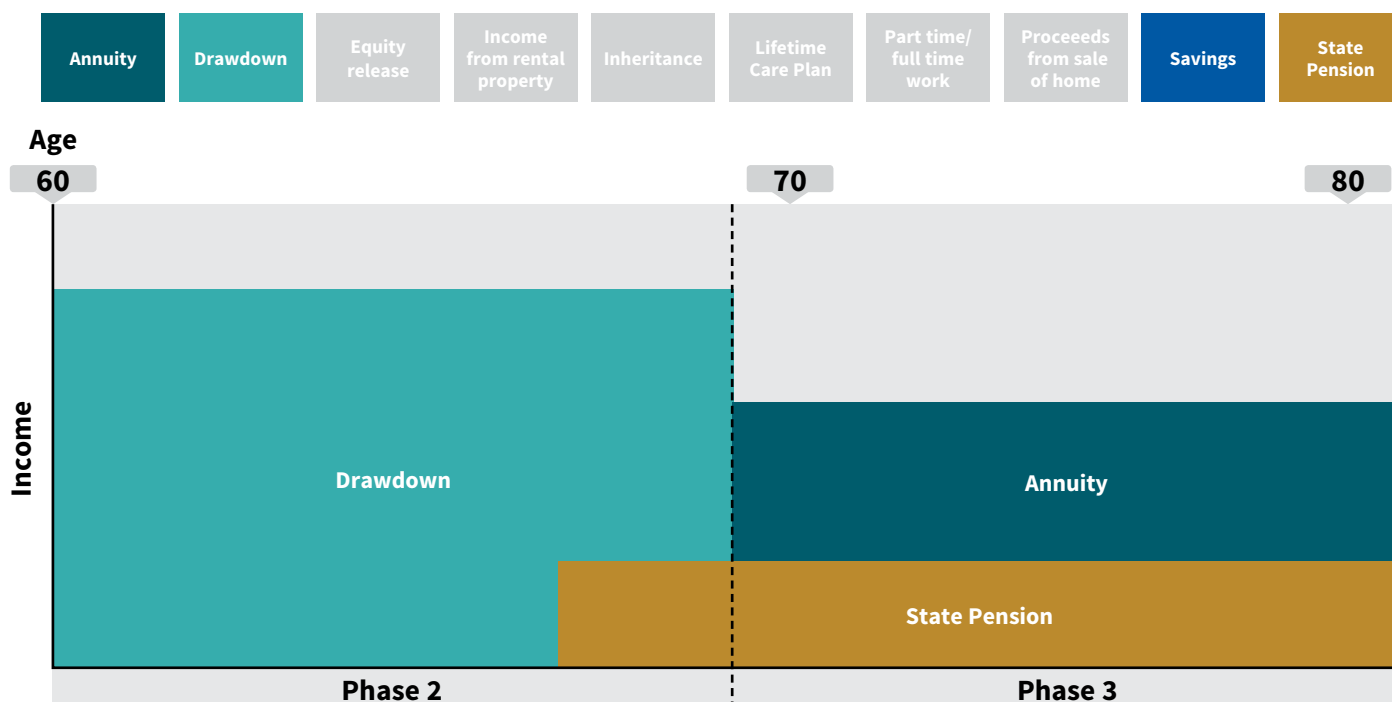
### Phase 3: Changing circumstances

At the age of 70, Jack dies unexpectedly. Katie moves her basic outgoing costs to an **annuity**.

The rest of the money left over in Jack's drawdown is then split between Katie and the three children.

## Jack and Katie's retirement finances

Income blend used



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