

# Guided Retirement

Member Brochure

# Creating the retirement you want



# Guided Retirement

## Helping you put the right pieces in place

**Guided Retirement is a new way to help you plan for the whole of your retirement.**

As we go through retirement, our needs can change. What you need at the beginning of retirement might be different from what you need later on. Guided Retirement recognises this and has been designed to help you navigate your savings journey in retirement. You might start your retirement still doing some work, but want to supplement income from this by taking money from your pension through **income drawdown**. This could be to help with home improvements or travel. Later on, maybe you'd appreciate a little more security - with the steady, guaranteed income that an **annuity** can provide.

Guided Retirement helps give your plans a clear structure, by splitting your pension into three different pots. The money in each is invested for you, like any other income drawdown pension, but each pot is aligned to a different option when it comes to taking out your cash.

As your money is invested it can go down as well as up in value and you could get back less than invested.

### What's income drawdown?

This is a way to take money directly from your pension pot, to give yourself an income. The money you haven't yet taken out stays invested, so it could fall as well as rise in value.

### What's an annuity?

Put simply, it's a financial product you buy with a lump sum from your pension money, to provide a guaranteed, regular income for the rest of your life.





# How Guided Retirement could help you

- Helps you plan an income throughout your retirement.
- Gives you financial flexibility during the early part of your retirement and, in later years, the security of a guaranteed income, by purchasing an annuity.
- Provides you with clear information and online tools to help you decide when to use the money from each of three separate pots.
- Makes it easier to keep track of your money through your online account.

See how Guided Retirement works



To visit our webpage, **scan the QR code.**

## The option to take 25% of your pension tax-free

From the age of 55 (rising to 57 for most people from 6 April 2028) each time you move money into income drawdown you can normally choose to take up to 25% as a tax-free lump sum.

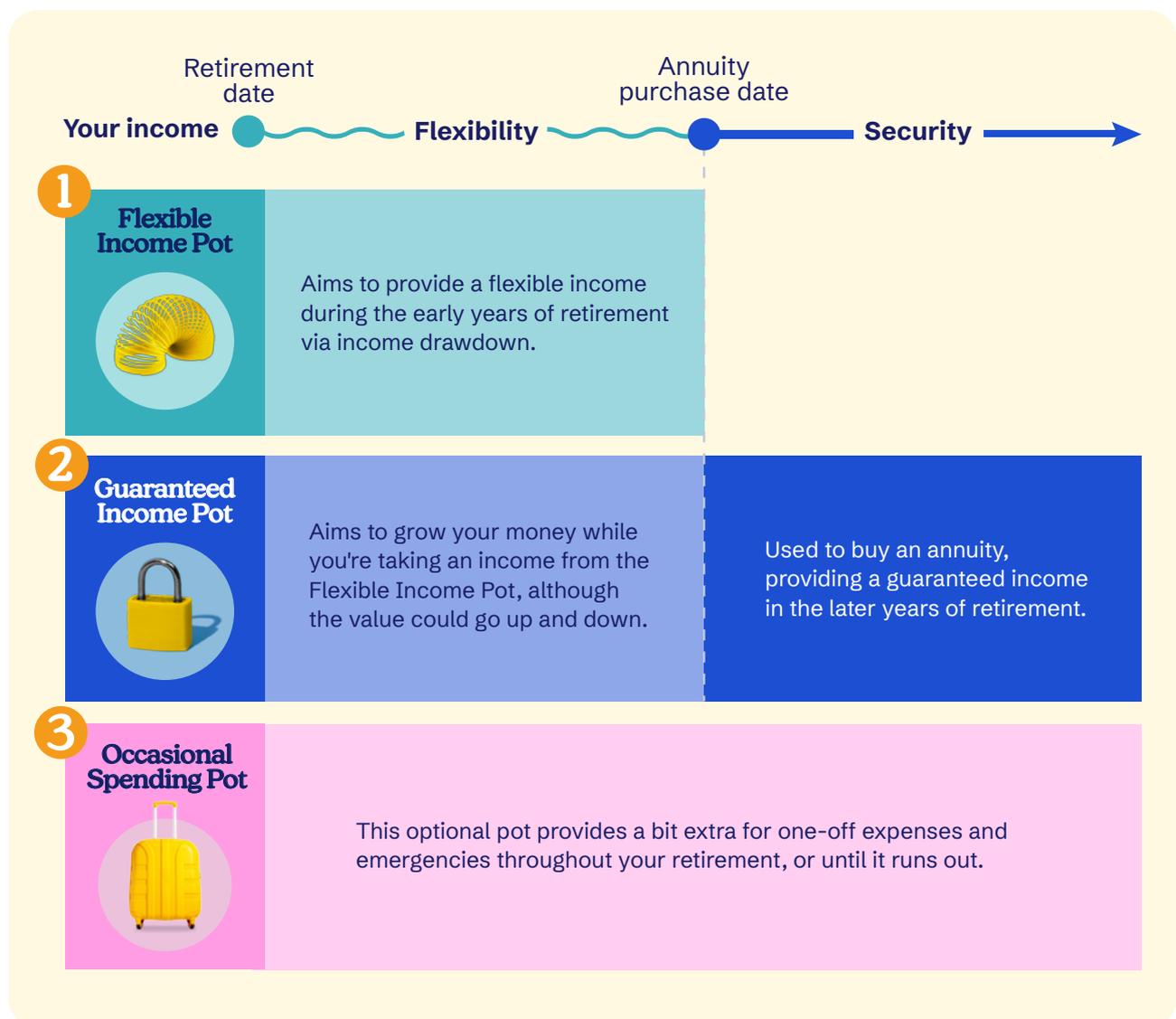
You can move all your money into drawdown or move it as and when you need to. After you've taken your tax-free lump sum the rest of the money remains invested in your drawdown account.

You can then take money from your drawdown account whenever you want, but you'll be liable for income tax on the amount you withdraw just like any other income.

# Guided Retirement in a nutshell

Guided Retirement is designed to help you create the retirement you want by putting together the right pieces when you retire. The money in each pot remains invested up until it either runs out or is used to buy an annuity. Here's how each of the three pots could play their part as time goes by:

## This is how it works:



# What do we mean by Guided?

We support you with clear, straightforward information and online tools that help you get an idea how different choices might turn out, before you make them. And we stay in touch with you throughout.

- We'll make sure you know all about the tools we have available to help you decide what to do and when.
- And you'll always be able to see a suggested regular withdrawal amount on your online account. So you'll have some reassurance that your money is on track to last as long as you need it to.
- We'll also support you if you don't have online access – with information and the option to speak to us if anything needs talking through.

## Guidance and advice

Guided Retirement isn't the same as taking personal, professional advice from a regulated financial adviser. While you won't get a personalised financial recommendation, it's designed to help you make better informed decisions about your retirement. If you're thinking of accessing your pension savings, a good place to begin is Pension Wise, from MoneyHelper, the government-backed free guidance service. You can visit:

 [moneyhelper.org.uk/en/pensions-and-retirement/pension-wise](https://moneyhelper.org.uk/en/pensions-and-retirement/pension-wise)

They won't tell what you should do, but they'll help you understand your options.

For tailored advice you should speak to your financial adviser. If you don't have an adviser, you can find an up-to-date list of regulated advisers at:

 [moneyhelper.org.uk/retirement-adviser-directory](https://moneyhelper.org.uk/retirement-adviser-directory)

Advisers may charge for their advice. If so, there are often a number of ways to pay.

### Retirement Preparation Review

When you have a pension with Aviva, you're entitled to a free 20-minute no-obligation conversation with one of our experts to discuss your individual retirement plan. They'll try to help you get the most out of your finances. Please note that this is a non-contractual benefit and can be withdrawn at any time. Visit:

 [aviva.co.uk/retirement-review](https://aviva.co.uk/retirement-review)

# The Guided Retirement Modeller tool

This online tool gives you an idea of how you could split your money between the different pots during your Guided Retirement journey. When you first use the Modeller, it will provide some example pot allocations, based on the following assumptions:

- you are retiring today
- you intend to buy an annuity at age 80
- you want a consistent income over both phases of retirement
- you want to put 10% of your money into the Occasional Spending Pot.

The Modeller will estimate the income you could receive during each phase of retirement. **Please be aware that there is no guarantee the example pot allocations will be suitable for you. You should review the income estimates carefully before proceeding.**

You can adjust the following elements in the Modeller to see how that could affect your estimated income:

- The age at which you use the money in your Guaranteed Income Pot to buy an annuity.
- The amounts invested in each pot.

If you don't wish to use the Occasional Spending Pot, you can reallocate this money elsewhere. You can also choose to include or exclude the state pension in the Modeller's calculations, depending on your circumstances.

Don't worry, the Modeller doesn't actually make changes. It just lets you do a 'dry run' to see how changing things could work out. When you're satisfied with the output, you can give us a call and tell us what you want to do.

Remember, retirement needs can change, so you can revisit the Modeller and make changes to your account at any time.

**If you're unsure how the tool works, you can get in touch with our dedicated Retirement Call Centre. Their details can be found on our Guided Retirement webpage:**

 [aviva.co.uk/guided-retirement](https://www.aviva.co.uk/guided-retirement)



## **Keeping on top of your pension with your online account**

Your online account is the best place to stay informed about your pension and your options for funding retirement. You can log in to access information about Guided Retirement, as well as use the Guided Retirement Modeller tool.

### **Not registered for your online account yet?**

Getting started is quick and easy. Just follow the instructions provided in the accompanying documents to set up your online account.

Once registered, you'll be able to keep track of your pension.

# Guided Retirement in action

When you're ready to get started, the Guided Retirement Modeller tool shows you how your money could be divided into each pot, based on the assumptions outlined on page 6. Remember, this is just a starting point - you'll be able to change the way it's divided using the tool.

## Here are a couple of examples to show how it might look:

### Example 1



#### Meet Anna.

She's 66 and has a pension pot of **£100,000**.

Anna has recently retired from her job as a store manager. She's looking forward to spending more time with family and friends and volunteering at her local charity shop. Anna doesn't expect her income needs to change a great deal over the course of her retirement. Firstly, Anna chooses to take a 25% tax free lump sum of **£25,000**. This is something people can usually choose to do from the age of 55 (for most people this will go up to 57 on 6 April 2028).

That leaves **£75,000** to divide between the three pots in her Guided Retirement account. Anna uses the Guided Retirement Modeller tool to see how she could do this. It provides the following pot splits:

**1** Flexible  
Income Pot  
**61%** (£45,750)

To draw an income from, until she reaches the age that she's chosen to purchase an annuity.

**2** Guaranteed  
Income Pot  
**29%** (£21,750)

Set aside to buy an annuity in the later years of retirement to provide a guaranteed income for the rest of her life.

**3** Occasional  
Spending Pot  
**10%** (£7,500)

To provide a little extra for one-off expenses - whether they're treats, like trips away, or paying bills for things like a faulty boiler.

Anna is happy with the estimated income she'll receive based on the pot splits the Guided Retirement Modeller has suggested and decides that she wants to go ahead and start Guided Retirement.

**Reminder:** After you have taken your tax free lump sum any other income will be taxable. Tax benefits are subject to change and depend on individual circumstances.

## Example 2



### Meet Rohan.

He's 60 and has just retired with pension savings of **£250,000**.

Firstly, he chooses to take a 25% tax free lump sum of £62,500. That leaves £187,500 to divide between the three pots in his Guided Retirement account. Rohan uses the Guided Retirement Modeller tool, which provides the following pot splits:

**1** Flexible  
Income Pot

**68%** (£127,500)

**2** Guaranteed  
Income Pot

**22%** (£41,250)

**3** Occasional  
Spending Pot

**10%** (£18,750)

Rohan reviews the outputs from the Modeller tool and decides to make some changes. Rohan won't receive the state pension until he turns 67, so he puts more money in his Flexible Income Pot to make sure he has enough income until then. He loves to travel and plans to do more of this in the early years of his retirement, so he adds extra for that, too. He expects he'll slow down a bit as he gets older and won't need as much in the later years.

Finally, Rohan is confident his income and other savings will be sufficient to cover any unexpected expenses, so he decides he doesn't need the Occasional Spending Pot. After trying a few different scenarios, Rohan reallocates his money as follows:

**1** Flexible  
Income Pot

**80%** (£150,000)

**2** Guaranteed  
Income Pot

**20%** (£37,500)

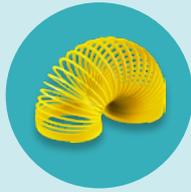
Rohan carefully reviews the new pot splits and income estimations and decides he's happy to proceed. He knows that he can revisit the pot splits, at any time, if his plans change.



## How the **three pots** work for you

Before you split the money in your pension between the three pots, in most cases you have the option to take up to 25% of your pension as a tax-free lump sum. You can then split the remaining money in your pension between the three pots. Just be aware that if you take 25% as a tax-free lump sum, it'll reduce the amount of money in your pension and any potential investment growth.

All the pots remain invested. Their value can go down as well as up and you could get back less than invested.



## Flexible Income Pot

### The 'regular income' pot.

This pot is designed to be used for taking income from your pension money in regular amounts. The aim is to take money from this pot, right up until the age you decide to switch to a guaranteed income. It's a straightforward option that's sometimes just called 'income drawdown'.

You start by choosing how much you want to put in this pot, and the age that you'd like to start receiving a guaranteed income, by buying an annuity (don't worry, you can change this later if you choose). We'll then calculate a suggested regular withdrawal amount for you, which you'll always be able to see on your online account.

This will be updated in real time, in line with how much you've spent and how your investments are performing. You don't have to stick with this suggestion, but it's a helpful way to reassure yourself that you're not spending too much.

We'll also send you an Annual Income Review letter and point you to our Guided Retirement Modeller, to help keep you on track during the early years of retirement.

We can't guarantee you won't run out of money before you buy your annuity, particularly if you choose to take a higher level of income than your suggested regular withdrawal amount.



# Guaranteed Income Pot

## The ‘annuity’ pot.

Life changes and so do your financial needs. As you get older you might find you want the reassurance of a secure, regular fixed income for the rest of your life.

An annuity is a financial product that can help you do this. You can use the money in your Guaranteed Income Pot (plus more from the other two pots, if you choose) to buy an annuity. In return, your annuity will provide a guaranteed income for life. This will begin as soon as your purchase is complete. The amount you receive will depend on interest rates at the time you buy the annuity, as well as factors such as your age, your health and any additional features you choose. These could include guarantees or choosing an income that increases over time. It’s important to declare any medical conditions, as it could enhance the income you receive. When you’re ready to do this, you should shop around to see if you can get a better annuity rate with another provider.

If you buy an annuity later in life, there’s a risk that the annuity rates may change, or that you’ll be less able to make a decision that’s right for you at the time. And remember that once an annuity has been set up, it can’t be changed or cashed in and the income you receive is taxable.

### Keeping your money working

The money in this pot will be invested based on the date you’ve told us that you’re planning to buy an annuity. Initially, it’s invested in a fund which aims to provide growth, before being gradually moved to a fund which prepares you for buying an annuity.

As you get closer to your selected annuity purchase age, we’ll get in touch to remind you that it’s time to buy an annuity. And you can log in to your online account at any time, to view the date you’ve selected and help stay on track.

### Choosing the age you buy an annuity

Once you’re in Guided Retirement, you can choose the age at which you intend to buy an annuity; this will be between your state pension age and 80. Generally, you get a higher level of yearly income the older you are.

Don’t worry if, at some point, you want to change the age you take out an annuity to a younger or older age. Just be aware it may affect the amount of regular income you could receive.

### Changing your mind about buying an annuity

If you prefer not to buy an annuity, you don’t have to. But do bear in mind that if you choose not to purchase an annuity at your selected annuity purchase age, there is a chance your investments may no longer be appropriate for you.



## Occasional Spending Pot

### The ‘one-off expenses’ pot.

We all know that sometimes we might need a bit of extra cash to cover unexpected expenses or special treats. That’s what the Occasional Spending Pot is for.

Generally, this is the smallest pot and the money in it is for you to spend throughout your retirement, or until it runs out. Your money is still invested but we place it in lower-risk investments which aim to help it grow above inflation.

You may feel you don’t need this pot as you might have savings elsewhere. So, if you prefer, you can split all the money in your pension between the Flexible Income Pot and the Guaranteed Income Pot.



# Your questions answered

## How much do I need for Guided Retirement?

You'll need a minimum pension pot of £20,000. If you're unsure of the value of your pension pot, log in to your online account to see its current value.

If your pension pot is less than £20,000, but you also have pensions with other providers, you could consider bringing those pots together. Before you transfer any pension to us, check to see if the pensions you want to transfer have special features, including guarantees or protections, as they could be lost when transferring. And make sure you compare charges, investment choices and retirement options, to help you make your decision.

Our free Find and Combine service can uncover lost or older pensions and present you with information about each one. You can then use that information to help you decide if combining into one is right for you. For more information on the service visit our dedicated page:

[aviva.co.uk/retirement/pensions/workplace-find-and-combine/](https://www.aviva.co.uk/retirement/pensions/workplace-find-and-combine/)

If you already have the information on your old pensions, you can find out more about consolidating them into one place here:

[aviva.co.uk/retirement/workplace-consolidation-1/](https://www.aviva.co.uk/retirement/workplace-consolidation-1/)

## Can I move my money from one pot to another?

Yes, you can, just be aware that if you move money from one pot to another, it may reduce the amount of income you receive. For example, if you move money from your Guaranteed Income Pot into your Flexible Income Pot this will reduce the amount you have available to buy your annuity, meaning the annuity payments you'll receive will be less. If you find that you haven't needed to spend the money in your Occasional Spending Pot then you can add it to your Guaranteed Income Pot which would increase the amount you have available to buy an annuity.

## How do I decide how to split money between different pots?

Our **Guided Retirement Modeller tool** will give you an example of how you could split your money when you're first starting out. It will also give you an idea of how any changes you make could affect the income you'll receive.

## How will I know what to do when?

We'll send you regular communications and reminders so you're never on your own. This will include information to help you make decisions.

## How can I actually make the changes I decide on?

You can do this by getting in touch with our dedicated Retirement Call Centre. Their details can be found on our Guided Retirement webpage:

[aviva.co.uk/guided-retirement](https://www.aviva.co.uk/guided-retirement)

## How does inflation affect my income?

When costs are rising over time your income may not stretch as far as it used to.

## **Can I leave Guided Retirement?**

You can leave Guided Retirement at any time. You can change to another drawdown product or buy an annuity, either from Aviva or another provider. Alternatively, you can take your money as a taxable lump sum if you wish. To leave Guided Retirement you can call our dedicated Retirement Call Centre. Their details can be found on our Guided Retirement webpage:

 [aviva.co.uk/guided-retirement](https://aviva.co.uk/guided-retirement)

## **Can't I just mix cash, drawdown, and annuity options anyway?**

Yes, you can. But Guided Retirement provides information and tools that help you to make informed decisions about how and when to take those options. Just remember, Guided Retirement provides guidance, however it doesn't offer financial advice.

## **What if I die before using all of my pots?**

If the worst should happen, then the money in your pots could go to your loved ones (known as beneficiaries). For that to happen you need to tell us who those loved ones are. If you haven't already done so, please add your beneficiaries online through your online account.

If you've already bought an annuity, then your beneficiaries or estate may be entitled to payment depending on how the annuity works. Like all annuities, there's a point when the policy stops paying out after the death of the policyholder. This depends on the features of the annuity you've bought.

## **What does it cost?**

There are no costs to pay to move into Guided Retirement. As you do now, you'll pay administration and investment charges, and these may be higher or lower as the investments move into the Guided Retirement funds. If you want to compare the investment charges, you can log in to your online account. You can also find more information in our Guided Retirement Investment Brochure.

## **When can I apply for Guided Retirement?**

You can take out Guided Retirement when you choose to retire. From the age of 55, you should have received an Aviva Retirement Options Pack. It explains the options you have when it comes to taking the money you have saved in your pension pot. Currently you can take your pension from age 55 (for most people this will change to 57 from 6 April 2028). Guided Retirement is one of these options that Aviva has designed to support you in retirement.

## Ready to choose Guided Retirement?

Are you thinking about retiring, or are ready to talk to us about choosing Guided Retirement to access your Aviva Pension? Alternatively, you may be ready to apply right away.

Either way, just:

- **Log into your online account** or
- Visit: [aviva.co.uk/guided-retirement](https://aviva.co.uk/guided-retirement)

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