CASE STUDY

Annuity Planning: Guaranteed Income with Flexible Pension Pot for Sandra Hawes

Background

Sandra approached Will having built up a pension fund over many years, which was already invested and being used to support her lifestyle. Although this arrangement provided flexibility, Sandra was unsure whether she was drawing on her pension in the right way for her needs. Over time, she became increasingly concerned that she was not fully exploring alternative options that might be more appropriate for her circumstances.

Sandra's pension income was closely linked to investment markets, and while this offered flexibility, she began to question whether relying on market performance for income was the right fit for her lifestyle, future objectives and overall peace of mind. Her focus was on understanding whether her existing approach continued to meet her needs both now and in the future.

The Issue

Sandra's key concern was ensuring a reliable and predictable level of income to meet her essential spending needs, while still retaining flexibility for future changes in circumstances. She wanted greater clarity around how much of her pension income was genuinely essential to maintaining her lifestyle, and whether her current approach was appropriate given her objectives and attitude to risk.

In addition, Sandra wanted to understand what other options were available to her and how these might better suit her circumstances. In particular, she was uncertain whether continuing to rely on investment markets for income aligned with her desire for greater certainty and security over her essential expenditure.

What Was Considered

Will helped Sandra identify how much of her pension income was required to support her essential lifestyle needs and future objectives. By separating essential income from discretionary spending, Sandra was able to clearly define the level of certainty that mattered most to her and which elements of her spending could remain flexible.

Will took time to explain the nature of the investments Sandra held in a clear and practical way. This helped Sandra understand how her pension arrangements fitted with her lifestyle

wingate FINANCIAL PLANNING

CASE STUDY

and her level of comfort with investment risk. With an understanding that Will can provide a detailed analysis of the full range of options available across the whole of the market, including the potential purchase of an annuity, Sandra was able to focus on outcomes rather than becoming concerned with individual products or complex pension rules.

Although Sandra was initially sceptical about the use of an annuity, working with Will allowed her to explore how an annuity could be structured in different ways to suit her needs and objectives. Importantly, Will identified that Sandra did not need to commit her entire pension fund to an annuity, which helped address her concerns about losing flexibility.

What Was Recommended

Based on this analysis, Will recommended a blended approach to Sandra's pension planning. This involved securing a guaranteed lifetime income through an annuity to meet her essential spending needs, while retaining a remaining invested pension pot to preserve flexibility, growth potential and future options.

By using annuity rates available across the whole of the market, Sandra was able to secure a higher level of guaranteed lifetime income. This approach was designed to ensure her essential income needs would be met regardless of investment market conditions, while allowing the remainder of her pension to stay invested and accessible if required.

The structure also ensured that Sandra retained the ability to pass on remaining pension assets, whether from the annuity or the invested pension pot, to her children if those funds were not needed during her lifetime.

Outcome

As a result of the changes, Sandra now benefits from certainty of income without the need to worry about stock market volatility impacting her essential spending. At the same time, she continues to benefit from flexibility through the invested portion of her pension, providing reassurance that additional funds are available should her needs change in the future.

By focusing on outcomes rather than products and working with Will to fully explore and understand all available options from across the whole of the market, Sandra now has a solution that provides the right balance of security and flexibility. This approach supports her current lifestyle while also providing confidence and options for the future.

As our clients typically demand the utmost confidentiality, some of the information in this case study has been changed.

To find out more about how we could help you please contact us

Will Worsley
Chartered Financial Planner

Direct: 01883 332260
Office: 01883 332260
will.worsley@wingatefp.com