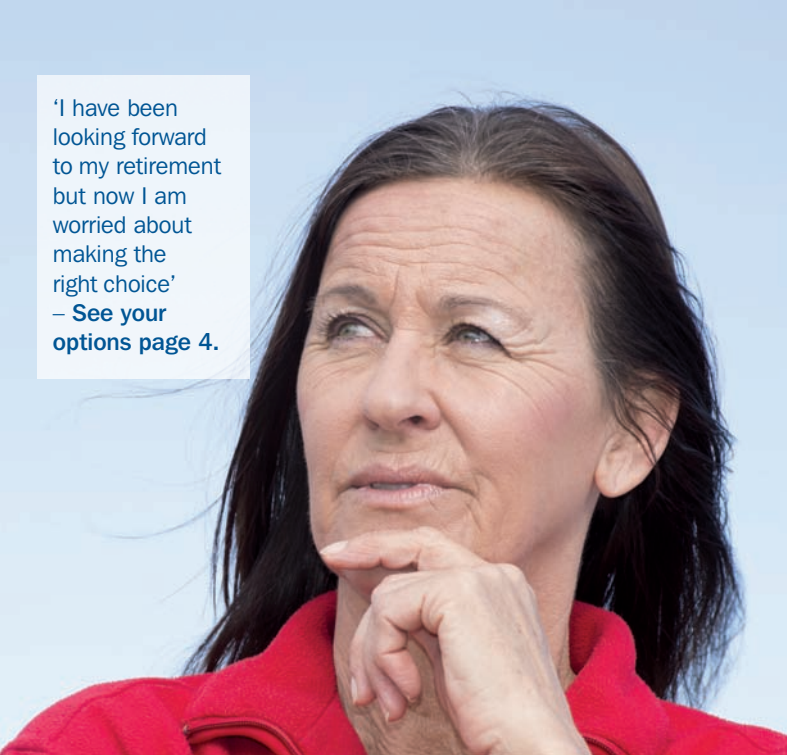




Canada Life™



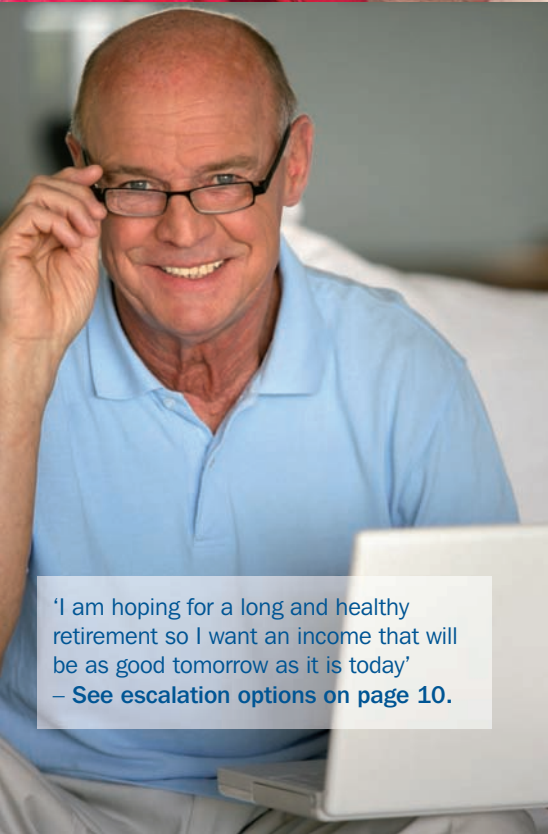
A guide to your retirement options



'I have been looking forward to my retirement but now I am worried about making the right choice'
– See your options page 4.



'Cathy has stood by me through the good times and bad, staying at home to raise our boys. I want to make sure she has enough to live on if I die'
– See joint income and guarantee periods page 8.



'I am hoping for a long and healthy retirement so I want an income that will be as good tomorrow as it is today'
– See escalation options on page 10.



'I have been paying in to my pension my whole working life. I want to protect it for the benefit of my loved ones should I die early'
– See page 14.

Introduction

A financially secure retirement is something we all strive for but good planning is essential if this is to be achieved.

Having saved into your pension over many years it is very important that you now consider all your options before investing your accrued savings for retirement income.

Along with getting married, buying your first home or the birth of your children, retirement is one of the biggest life events you are likely to experience. What you do now will affect the rest of your life. What's more, once a decision has been made to purchase a lifetime annuity, it cannot be altered. It is vital therefore that you understand all your options and the implications they have for your retirement income, so that you can make an informed decision that is right for you.

This straight forward guide will help you understand what's involved, outline your options and answer the most common questions so that you can proceed with confidence. Whilst every effort has been made to provide all the information you might need, you should consider seeking professional advice to make sure you choose the retirement option that is right for you.

Choosing an annuity is a once only decision so it is important to know the facts. Speak to your professional adviser.



Thinking about retirement – what are your income options?

When you retire, you do not have to buy a lifetime annuity. Whilst it is the most popular way of taking an income, there are alternatives that may better suit your needs. Below are some of the main alternatives but for more information on each, please speak to a professional adviser.

Income drawdown

This type of arrangement allows you to keep your pension fund invested and draw an income between specified limits. Remaining invested gives your fund the potential to grow and in turn provides an income that can increase during your retirement. Because the income is reliant on investment growth it is not secure and can fall, even run out. This type of arrangement needs regular reviews to monitor the investment and is usually more costly than a Lifetime Annuity so you will normally need a larger pension pot (normally at least £100,000) to make this option a worthwhile alternative.

Fixed-term annuities

These annuities work in a similar way to drawdown, allowing the fund to remain invested. They provide a fixed income for a specified term (no less than five years) along with a guaranteed fund value at the end of the term. Because they offer both a guaranteed income and a residual fund they are considered less of a risk than a conventional drawdown plan although they carry more risk and higher charges than a lifetime annuity.

With-Profit Annuities (WPA)

These annuities invest in a with profits fund. Future income is dependent on the performance of this fund and income can go up or down year-on-year. **You can opt on each anniversary to fix a lifetime income with the host provider.** These annuities are only suitable if you do not have to rely on income above that offered as a minimum guaranteed amount.

Investment-linked annuities

These are similar to WPAs but they can be invested in a wider range of pension funds and are more flexible than a conventional lifetime or WPA. For example, some providers allow the remaining fund to be transferred to another provider so if your health changes for the worse you can take advantage of shopping around for the best enhanced annuity on the open market. They do not however, offer a guaranteed minimum pension like a WPA.



Alternatives at a glance



Feature	Lifetime Annuity	Fixed Term Annuity	With-Profit Annuities	Investment-linked	Income Drawdown
Pension Commencement Lump Sum (up to 25% tax free)	Yes	Yes	Yes	Yes	Yes
Guaranteed income or fund value at the end of the fixed term	Yes. For life	Only for term	Some offer a minimum income guarantee	No	No
Spouse / partner's income	Yes	Yes	Yes	Yes	Yes
Death Benefits	Yes	Yes	Yes	Yes	Yes
Guaranteed escalation of benefits	Yes	No	No	No	No
Can rates be enhanced based on health or lifestyle	Yes	No	Yes	Yes	No

What is a lifetime annuity?

‘I want the security of knowing what my income will be for the rest of my lifetime, regardless of what happens to the economy’

A lifetime annuity provides a guaranteed income for life paid by a life insurance company in exchange for your accumulated pension fund. If you have a health condition or a certain lifestyle (for example, you smoke), you may qualify for an enhanced annuity which will pay you a higher guaranteed income (see page 12).

The level of income you receive is also dependent on the options you chose, for example if you want the income to continue for the benefit of your spouse/civil partner. Pension lifetime annuities are normally permanent and cannot be changed, so choosing the right option is essential.

You need to consider the effects of inflation, and we look at this in more detail on page 10.



Your Open Market Option

You do not have to purchase an annuity from the pension company that holds your pension fund.

When you approach retirement you can exercise your 'Open Market Option' to search for the best annuity product that is right for you. It may be that your current pension provider does offer you the best rate, but it pays to check that you are getting the best deal.

In order to find the best annuity, you should speak to a professional adviser. If you do not have an adviser, you can obtain details of one in your area by visiting www.unbiased.co.uk



Did you know: Average life expectancy for 65 year olds in the UK is now 83 for males and 86 for females.

– Source: Office of National Statistics, Sept 2013

Lifetime annuities – your options at a glance

The following pages outline some of the options that require very careful consideration before selecting the final shape of your annuity.

By choosing to include these important options the starting level of income will be lower. This is something you should always discuss with your loved ones and your professional adviser before reaching any decision.

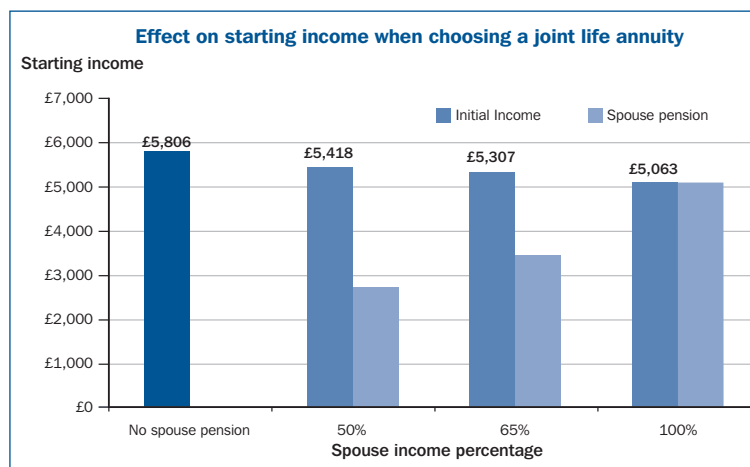


Option 1. Joint life – you can choose a single life income or a joint life income which will pay an income for your spouse, civil partner or dependant after your death. That income can be a percentage of your income or the full amount.

Chart 1 demonstrates the reduction of starting income if a joint income is required. The greater the second income, the more significant the reduction in starting income.

Like all the other options explained in this document, these are designed to allow you to tailor your retirement income so it will meet your own individual needs, both for the immediate future and for the longer term.

Chart 1



Source: Money Advice Service September 2013. Based on male non-smoker aged 65 and female spouse non-smoker aged 62 with £100,000 pension pot and level income with no guarantee.

Provide the security of a guaranteed income for up to ten years

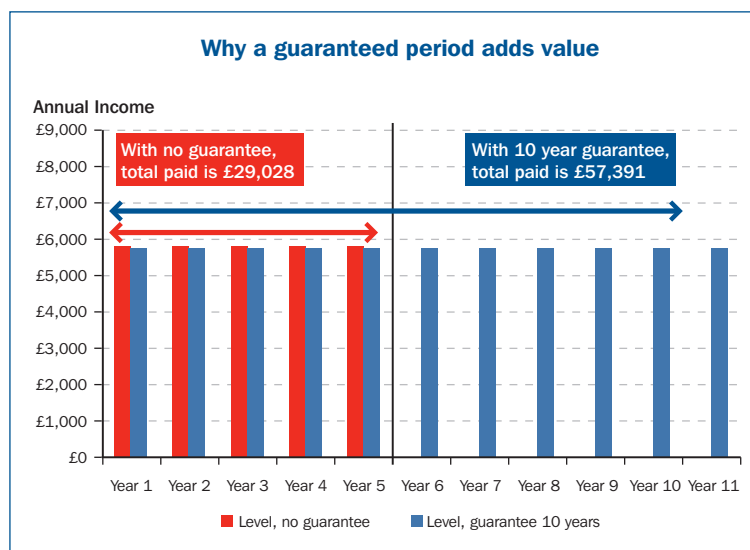
Option 2. Guarantee periods –

Canada Life Annuities allow you to guarantee your income for anything up to 10 years. If you die during the guarantee period, we will continue to pay your income until the end of the term providing peace of mind to those you leave behind.

Chart 2 illustrates the benefit of buying a guarantee period. In this example the annuitant dies after five years having received income of £29,028. With a 10 year guarantee, the amount paid out would be £57,391, with payments after the date of death normally going to the nominated beneficiary.

The difference in annual income each year in this example was £5,805 pa for no guarantee compared to £5,739pa with a 10 year guarantee.

Chart 2



Source: Money Advice Service September 2013. Based on Male age 65 with £100,000 pension pot choosing a level income. Please note that the income paid after the death of the annuitant will go into the annuitant's estate and will be subject to any inheritance tax payable at the time.

You may want to consider the 10 year guaranteed income instead of or in addition to a joint pension. Speak to your adviser to see the best option for you.

Why you need to consider the impact of inflation

If you choose to opt for a level income, which is the highest starting income you can choose, over time, its buying power will be eroded by the effects of inflation.

Option 3. Escalation of benefits – it is quite possible that you could spend more than 30 years in retirement. This can be especially relevant if you have immediate family with long life expectancies. You may therefore need to ensure that your income keeps pace with inflation over the longer term. You can choose to have your income escalate each year – either by a fixed percentage, in line with the retail prices index as well as a range of other options.

Chart 3

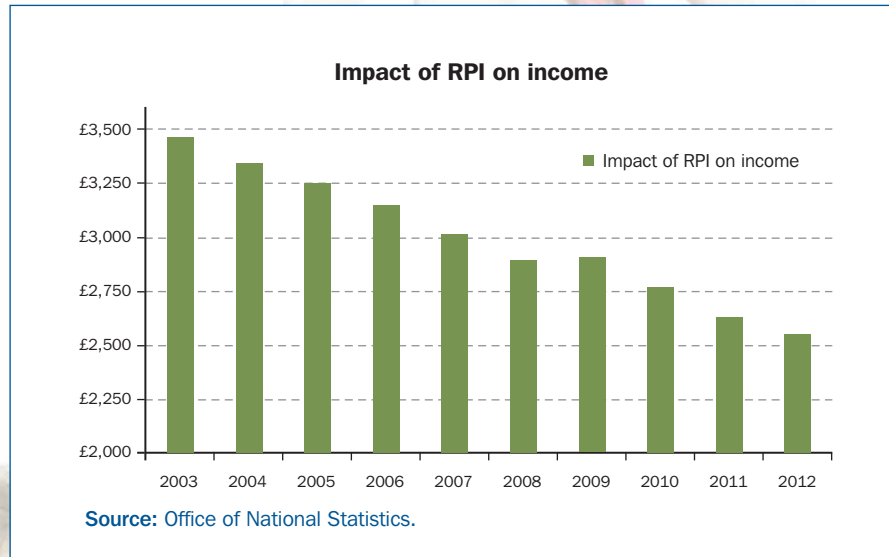


Chart 3 demonstrates how inflation would have eroded the buying power of an annuity of £3,450 taken out in January 2003.

Over ten years to the end of 2012, the real value would have reduced to £2,546, a loss of more than 25%.



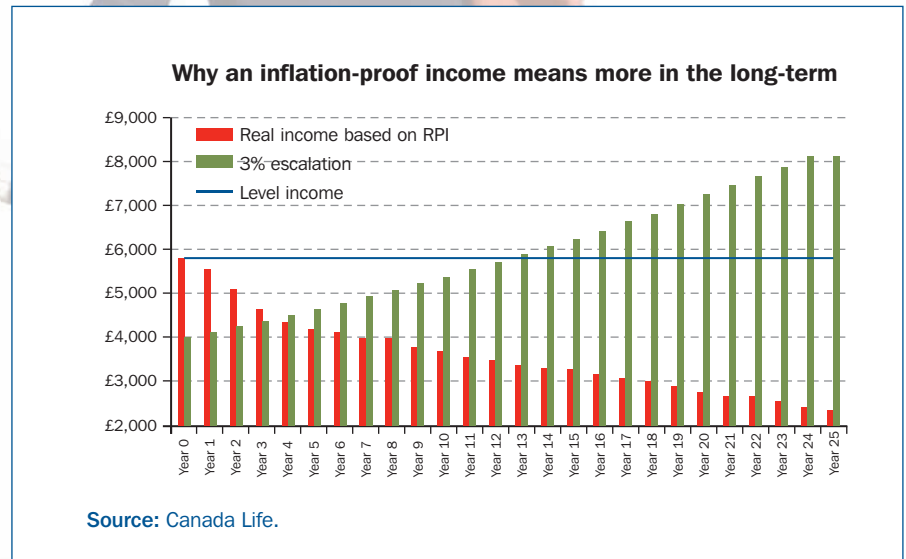
When choosing an annuity it is always tempting to pick the one that pays the highest initial income. However, if you are in good health it is possible that you will be relying on the annuity for more than 20 or 30 years.

In the example, the real value of a level annuity has fallen below the level being paid by an equivalent annuity with 3% escalation. By year 13, the actual income is also higher.

If you choose to have an escalating income, your initial retirement income will be lower than the equivalent level annuity payable, however, it will grow in value over the years as demonstrated in chart 4.

Chart 4 demonstrates how a level income will see its buying power eroded over time, while an income with 3% escalation will continue to grow and keep pace with inflation.

Chart 4



Source: Canada Life.

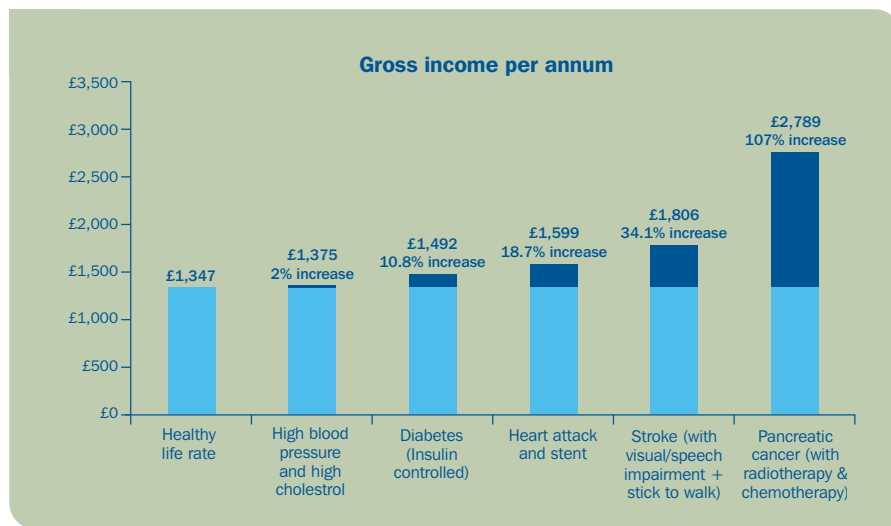
Enhanced annuities

If you are a smoker, overweight, have high blood pressure, suffering or have suffered a condition that requires medical support, you may qualify for an enhanced annuity.

Any health condition that could reduce your life expectancy could mean a higher annuity rate, sometimes by a significant margin.

You may be in good health today but statistics from the Office for National Statistics suggest that on average, we can expect to experience health issues from age 63 for men and 65 for women. If your immediate family (parents and siblings) have suffered any conditions, this can also be a good indicator of the likelihood that you may suffer a condition later in life that qualifies you for an enhancement.

Chart 5



Source: Canada Life Annuity Quotations Team. Correct as at July 2013.

By disclosing as much medical information as you can, you will help us to offer the very best rate. An indication of how much extra income you can expect is shown in Chart 5.

How do you qualify for an enhanced rate?

If you or your partner have suffered or are living with a condition or lifestyle that may restrict your life expectancy, then you might qualify for an enhancement.

Examples of qualifying conditions:

- You have had any heart surgery in the last 5 years
- You have been a regular cigarette smoker (10+ per day) in the last 10 years
- You have been diagnosed with high Blood Pressure
- You have been diagnosed with cancer in the last 5 years
- You have had a stroke in the last 10 years resulting with ongoing disability
- You are diabetic

Please bear in mind that the list above is not exhaustive. You may suffer from a condition that is not mentioned above that will qualify you for an enhancement.

In all circumstances, you should provide us with as much relevant information as possible to allow us to assess whether you qualify. Enhanced annuity providers have worked together to produce a standard medical questionnaire for you to complete. Your adviser should be able to provide a copy for you but it is also available on www.commonquotation.co.uk

Please note that we sometimes verify the accuracy of information provided by you, your GP or any other source. This can include arranging a visit from a professional nurse.

Providing for your dependants



Annuity Protection

Annuity protection pays a lump sum if you die before reaching age 75 (for joint life cases the age of death of the second life does not matter).

The maximum lump sum that we are able to pay is the purchase price, less the total of the income paid or to be paid under any guarantee period selected, less a tax charge of 55% in accordance with HM Revenue & Customs rules. The amount of protection available can range from 0.1% to 100% of the lifetime annuity purchase price. This enables you to protect all or part of the purchase price.

The benefit must be selected when you purchase your Lifetime Annuity or Scheme Pension on a standard or enhanced basis – it cannot be added later. This death benefit will be paid at the discretion of Canada Life, and excludes second annuitant benefits and any payments representing Guaranteed Minimum Pension payable to any surviving spouse or civil partner (if it is a scheme pension).

This procedure has two main benefits:

- the death benefit should not form part of your estate for IHT purposes, and
- the benefit can be paid quicker than if it were paid to your estate.

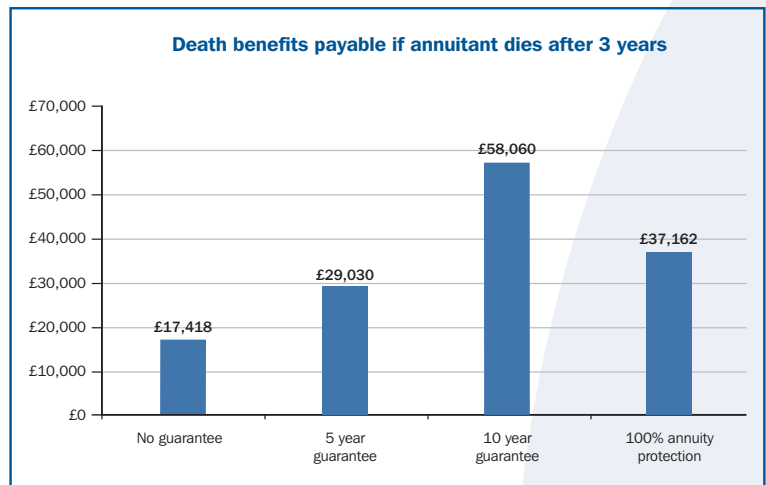
Protecting your hard earned pension pot may be important to you particularly if you are in ill health. We are one of very few providers to

offer this feature across our range of annuities.

You should consider this option carefully with your adviser. It may be an attractive option for you if you have a lower life expectancy.

Chart 6 below highlights the benefits payable on a £100,000 annuity pot where the annual income is £5,806 and the annuitant dies after three years.

Chart 6



Source: Canada Life, September 2013.

Other things you should know

How are the payments I receive from my annuity taxed?

All pension income is treated as though it is earned income and taxed accordingly. When you start receiving your annuity income it is likely that HM Revenue and Customs will not have had chance to notify us of your tax code so we must apply an emergency coding. When they do we will automatically alter our records so that the correct amount of tax is applied before paying you the net amount.

What happens to annuity payments if I die?

If you have chosen a guarantee period and you die within this period, the payments we make will normally go to your nominated beneficiary. The payments will then be subject to your beneficiary's highest rate of income tax.

Unless you have specified a guarantee period, spouse pension or value protection, when you die, all payments will cease.

About Canada Life

Canada Life Limited, a wholly owned subsidiary of Great-West Lifeco, began operations in the United Kingdom in 1903 and looks after the retirement, investment and protection needs of individuals and companies alike. As well as providing stability and security through its individual contracts, Canada Life Limited has grown to become the leading provider of competitively priced group insurance solutions.

We specialise in offering investment, estate planning, retirement and protection solutions for onshore and offshore markets. You have the reassurance of knowing that as part of the Great-West Lifeco group we are a constituent of the Financial Times Global 500 world's largest companies. We have combined assets under management of over £372bn (as at 30 June 2013), and we receive consistently strong ratings from the major ratings agencies.

We are a leading provider of competitive annuity products and are regularly recognised for our award winning service. We provide around 350,000 annuities to clients in the UK worth in the region of £14bn as of 31 December 2012.

For more information about Canada Life or Great West Lifeco, please visit www.canadalife.co.uk



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