

 Case study

# How Secure Lifetime Income helps



**Name:** Cynthia

**Age:** 70

**Status:** Married with no children

**Portfolio Value:** £400,000

**Risk Profile:** 5 (moderate)

## SIPP portfolio objectives

**Primary:** Cynthia wants to secure a sustainable income in retirement that allows her to maintain her lifestyle without the fear of running out of money later in life.

**Secondary:** Cynthia wants to maintain flexibility in how she manages her income, ensuring she has options to adapt as her needs evolve without relying entirely on market performance.

Cynthia, a 70-year-old retired administrator, always believed she had planned well for retirement. At age 65, she had a pension pot of £400,000 and began drawing £16,000 per year, escalating at 2% per annum. Her initial projections suggested that her strategy was ambitious but sustainable. She felt confident in her plan. However, five years later, she had less money than expected.

At her annual financial review, Cynthia was shocked to learn that her pension pot had fallen to £300,000 — a significant drop. A combination of market downturns, rising living costs, and increased withdrawals had left her in a difficult position.

“I don’t want to be forced into cutting my spending just to make my money last, but I also don’t want to end up running out of money when I’m vulnerable later in life.”



## Now, Cynthia faces a choice:

1. Maintain her current withdrawal level and risk running out of money in later years.
2. Cut her spending to reduce withdrawals and extend the longevity of her portfolio.
3. Blend Secure Lifetime Income into her portfolio, allowing her to maintain her annual income sustainably.

## How secure lifetime income helps

Cynthia's adviser introduced **Secure Lifetime Income** as a way to preserve her spending power while improving her financial security. By using approximately £220,000 to purchase **Secure Lifetime Income** while keeping £80,000 invested, she could:

- Secure a guaranteed income that covers her £16,000 annual withdrawals, helping to remove pressure from her remaining investments.
- Reduce the need for large portfolio withdrawals, allowing her other assets to remain invested and potentially recover over time.
- Avoid drastic lifestyle cutbacks, helping to give her financial stability and peace of mind.

Now, Cynthia feels more in control. With **Secure Lifetime Income** providing a stable income baseline, she no longer feels forced to reduce her spending. She's also feeling confident that her portfolio is more likely to last throughout her lifetime.

## Adviser talking points

- "Cynthia, maintaining your current withdrawals increases the risk of depleting your savings later in life. By blending a portion of your assets into a guaranteed income stream, we can help you sustain your lifestyle without unnecessary financial stress."
- "By incorporating **Secure Lifetime Income**, you don't have to make drastic spending cuts. You can keep your income stable while helping to ensure your pension pot lasts longer."
- "Secure Lifetime Income allows you to lower your withdrawal rate from your investments, helping to preserve your savings for longer and reducing your reliance on market fluctuations. If your circumstances change, you have the flexibility to adjust how much you withdraw from your SIPP."

## Validation

Retirement planning isn't just about how much you've saved. It's about ensuring your money works for you efficiently, sustaining your lifestyle while minimising financial risks. Cynthia's case shows how integrating **Secure Lifetime Income** could help prevent the risks of market volatility and premature depletion, creating a more sustainable retirement plan. The following data illustrates the impact of **Secure Lifetime Income** on Cynthia's financial security.

Cynthia's financial review was a wake-up call. She'd followed her plan, but despite careful withdrawals, her savings had declined more than expected. The thought of cutting her income felt restrictive, but ignoring the problem wasn't an option either. Her adviser laid out the numbers. She had three clear choices, each with different consequences for her future.



## Case study

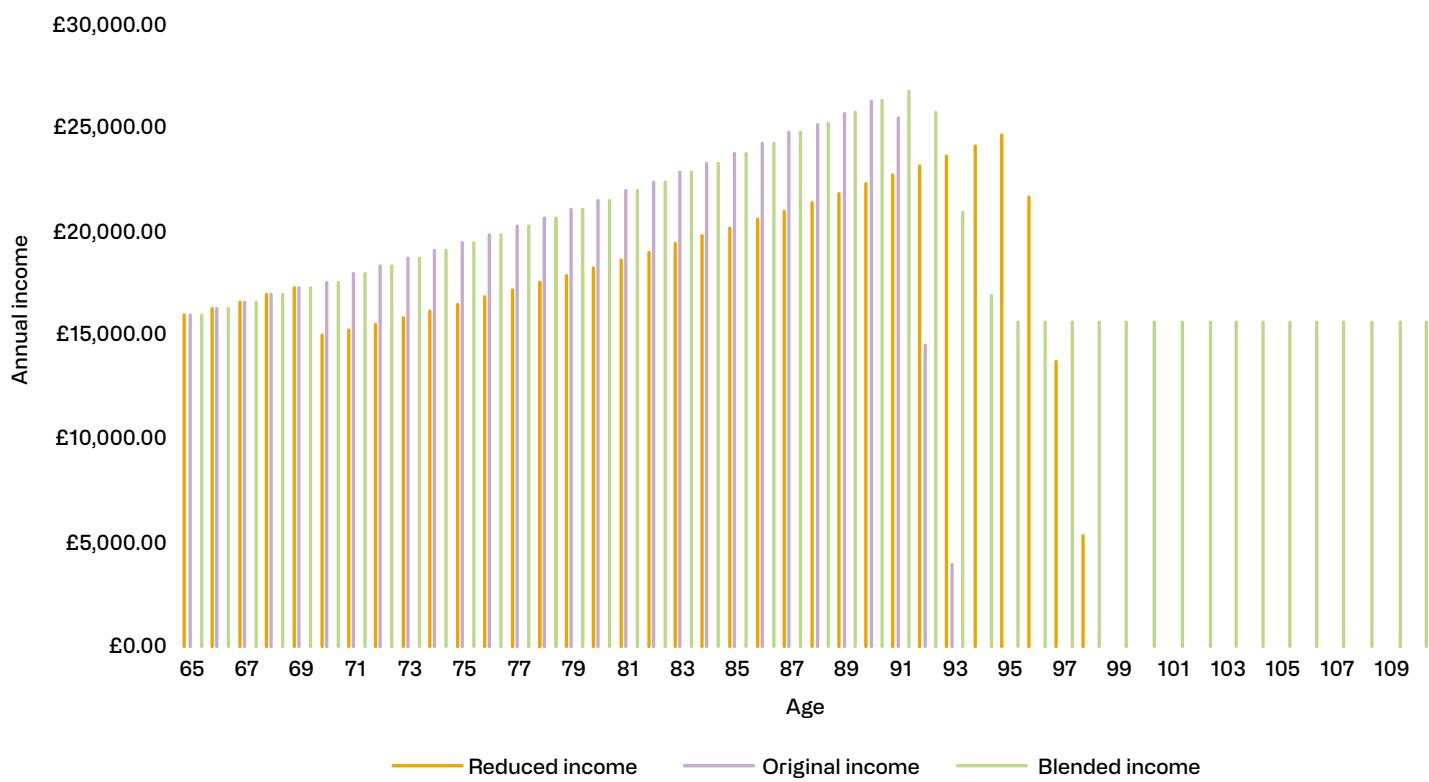
### Cynthia's retirement situation

	Age 65 – Original plan How Cynthia started retirement	Age 70 – Current outlook Where Cynthia is now (Year five annual review)	Age 70 onwards (Without Secure Lifetime Income) Cut back and compromise	Age 70 onwards – (blend with Secure Lifetime Income)* Secure and sustain
Pension pot	<ul style="list-style-type: none"> <li>Investment portfolio: £400,000</li> <li>Secure Lifetime Income: -</li> </ul>	<ul style="list-style-type: none"> <li>Investment portfolio: £300,000</li> <li>Secure Lifetime Income: -</li> </ul>	<ul style="list-style-type: none"> <li>Investment portfolio: £300,000</li> <li>Secure Lifetime Income: -</li> </ul>	<ul style="list-style-type: none"> <li>Investment portfolio: £80,000</li> <li>Secure Lifetime Income: £220,000</li> </ul>
Income per annum (2% escalation)	<ul style="list-style-type: none"> <li>Investment portfolio: £16,000</li> <li>Secure Lifetime Income: -</li> </ul>	<ul style="list-style-type: none"> <li>Investment portfolio: £17,665</li> <li>Secure Lifetime Income: -</li> </ul>	<ul style="list-style-type: none"> <li>Investment portfolio: £15,000</li> <li>Secure Lifetime Income: -</li> </ul>	<ul style="list-style-type: none"> <li>Investment portfolio: £1,665</li> <li>Secure Lifetime Income: £16,000</li> </ul>
Withdrawal rate	<ul style="list-style-type: none"> <li>Investment portfolio: 4%</li> <li>Secure Lifetime Income: -</li> </ul>	<ul style="list-style-type: none"> <li>Investment portfolio: 5.9%</li> <li>Secure Lifetime Income: -</li> </ul>	<ul style="list-style-type: none"> <li>Investment portfolio: 4.7%</li> <li>Secure Lifetime Income: -</li> </ul>	<ul style="list-style-type: none"> <li>Investment portfolio: 2.1%</li> <li>Secure Lifetime Income: 7.3%</li> </ul>
Income sustainability	Income sustained until age 104, reducing from age 100.	Income sustained until age 94, reducing from age 92.	Income sustained until age 98, reducing from age 96.	Income sustained for life, reducing to £15,720 from age 94 onwards.

\* The allocation to Secure Lifetime Income should be adapted to meet the client's needs.



## Cynthia's retirement income options



For Cynthia, this isn't just about percentages and projections. It's about keeping her independence and not having to second-guess every expense. By integrating Secure Lifetime Income, she could maintain the lifestyle she envisioned while knowing her portfolio has the resilience to help support her long-term future. Instead of worrying about 'what if', she can focus on 'what's next'.



## Key benefits of the new blended solution for Cynthia

Cynthia's retirement plan is now more secure. By allocating part of her pension to Secure Lifetime Income, she can maintain her current lifestyle without the fear of running out of money in later life, even if markets remain volatile.

Secure Lifetime Income provides Cynthia with a reliable income stream that covers her essential needs. This allows her to reduce reliance on her drawdown pot, lowering the risk of premature depletion and giving her confidence to keep spending without unnecessary cutbacks.

By integrating Secure Lifetime Income, Cynthia gains income certainty today and protection for tomorrow. Her adviser has helped her strike a balance between flexibility and security, supporting a more sustainable plan with less stress and more freedom.

### Is Secure Lifetime Income right for your client?

Contact us [www.wealthtime.com/advisers/contact](http://www.wealthtime.com/advisers/contact) to explore how this could work for you and your clients.

#### Notes

Scenario numbers are illustrative only, and correct as at 24 March 2025, to show how Secure Lifetime Income can be included alongside equities and bond assets in a drawdown SIPP portfolio.

Projections shown are hypothetical and based on assumptions, not indicative of future performance and shouldn't be the sole basis for investment decisions. Investment returns can fluctuate.

Example based on a 65 and 70-year-old female, in good health, non-smoker, with a total portfolio value of £400,000 at age 65 and £300,000 at age 70. The traditional drawdown SIPP portfolio scenario assumes a 60% equity / 40% fixed income asset allocation. The new blended drawdown SIPP portfolio scenario includes a £220,000 Secure Lifetime Income purchase, resulting in a blended model of 74% Secure Lifetime Income / 22% equities / 5% fixed income, total fees of 1.75%. This structure is designed to generate an initial income of £16,000 per year, increasing by 2% annually, (£17,665 by age 70). The blended portfolio is risk optimised taking advantage of the lower volatility of the Secure Lifetime Income allocation. The State Pension figures used are for the 2024/2025 tax year, escalating at 2% per annum.

Figures are generated using Just's internal modeller, with capital market assumptions provided by Milliman.

For adviser use only. Tax rules are subject to change, and tax advantages depend on individual circumstances. This case study is intended for regulated financial advisers and investment professionals only. Wealthtime does not provide financial advice. This information is not intended as financial advice and should not be interpreted as such. If you require this document in an alternative format please contact us. Wealthtime is a trading name of Novia Financial plc. Novia Financial plc is a private limited company registered in England and Wales. No. 06467886. Registered office: Royal Mead, Railway Place, Bath, BA1 1SR. Novia Financial plc is authorised and regulated by the Financial Conduct Authority. FCA Number 481600.