

Let's explore!



Helping you find your way through
your benefit options

Version 1.3
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Thinking of retiring soon?

You have the option of receiving an income from your company pension scheme. But did you know that you also have various other benefit options to consider?

Aon's online modeller can help you to understand your options so you can decide what to do. It will take you through each of your choices step by step, and show the estimated retirement income you could get from each option. The figures are approximate - they have been produced to support you in your retirement planning and are for educational purposes only. The modeller will also guide you towards the next steps on the road to drawing your benefits.

It's up to you how you explore the modeller. You can build up an understanding of your options in steps or drill down into the detail of each option one by one.

Note that the tool is not a replacement for advice and should be used as reference material only. If, having explored the modeller, you're interested in taking one of the options outside the scheme, you'll usually need to take advice from an appropriately qualified financial adviser before you are allowed to transfer out (see page 19). Alternatively, if you want to draw your standard pension benefits you'll need to get in touch with the administration team.

This guide explains how you can use the modeller and gives some further background information.

Login to get started.



<https://retirementoptionsmodel.aon.com>



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Step one: log in

Go to <https://retirementoptionsmodel.aon.com> and enter your username and password.

(You will have received details of these separately.)

Please ensure that you enter your username and password correctly – it is case sensitive. (For password troubleshooting, see page 19.)

On entering the site you will be asked to answer some security questions and reset your password. These security questions enable you to use the 'Forgot your password' link if you forget your password in the future.

AON

Let's explore your benefit options

When you retire you have the option to receive an income from your standard pension. In addition, due to the pension freedom rules that the government introduced in April 2015, you also have various other options to consider. This tool will help you understand which option might be right for you. This tool is not a replacement for financial advice. If you're interested in one of the other options, you'll usually need to take advice from a financial advisor. Login to get started.

Username
|

Password

Login

[Forgot your password?](#)

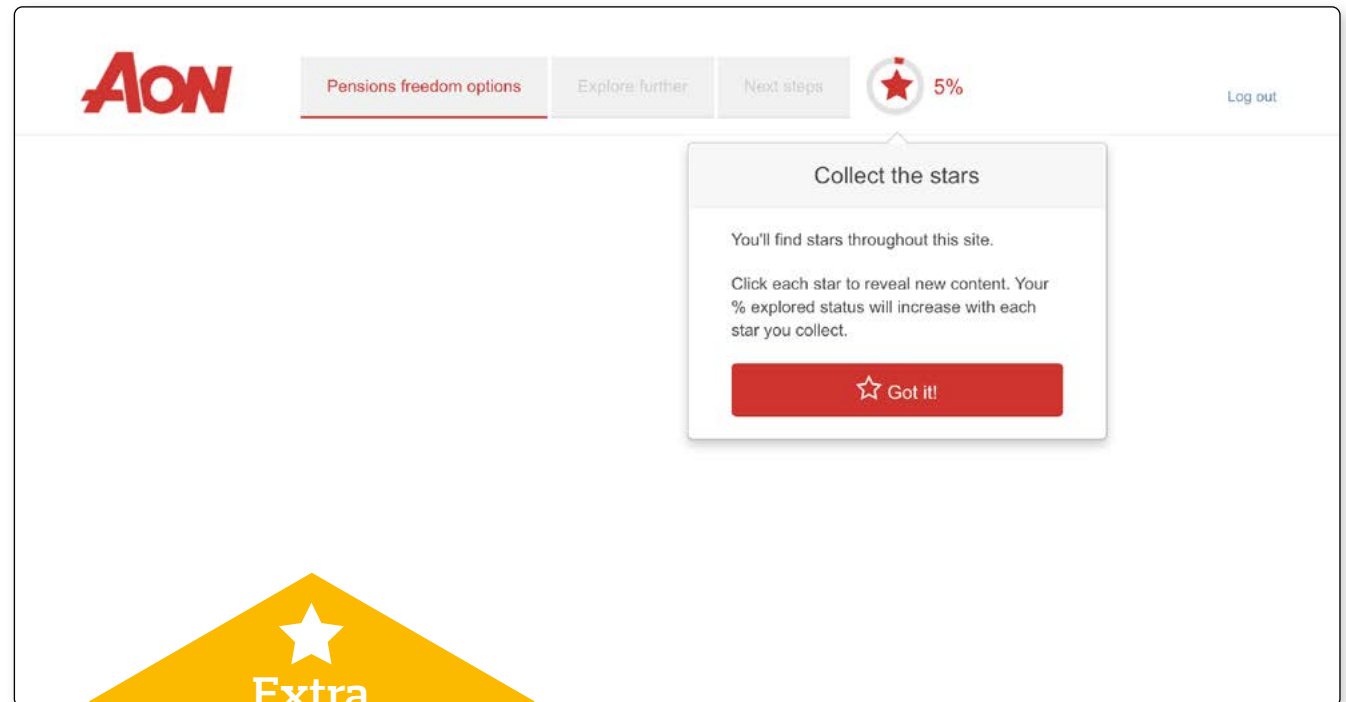
If you are having difficulty logging in contact your administrator who provided you with the information on how to log on.

Keeping track: collect the stars

Once you've logged in, you'll see the ★ pop-up window. As you explore the modeller, you'll find stars. Click on these to reveal new content.

Collect them all to fully explore your options. The dial at the top of the page will allow you to keep track of your progress.

Once you've explored all your benefit options, take the quiz at the end to check your understanding.



Extra stars!

You'll find stars as you make your way through this guide too. These give you more information on some of the terms and phrases used in the modeller.

Checking your route: a look at your options

This page summarises your options and lists some of the reasons why they might be right for you.

Your options fall into four ‘buckets’ – your **standard pension** option and **three pension freedom options** which are available if you transfer out.

● Standard pension

Staying in the scheme and taking your standard pension for life, including a dependant’s pension if you die before them. There may also be other associated benefits such as yearly increases to the amount of pension.

● Annuity

Transferring out of the scheme to buy an annuity. This would also give you a guaranteed income for life but with more flexibility to, potentially, change the features to better suit your circumstances.

● Flexible income

Transferring out of the scheme to invest your transfer value and withdraw an income until the money runs out (or, for example, until you decide to buy an annuity at a later point in retirement).

● Cash

Transferring out of the scheme and taking the full transfer value as a cash lump sum. You can then spend, save or invest the money however you like, although you would pay income tax on the amount you take in excess of 25% of the value.

The screenshot shows the AON website interface. At the top left is the AON logo. To its right are navigation buttons: 'Benefit options' (highlighted in red), 'Explore further', and 'Next steps'. Further right is a circular progress indicator showing '52 %' with a red star. On the top right, it says 'Signed in as Ann Test' and 'Get help' with a link.

The main heading reads 'You have 4 benefit options to consider'. Below this are four columns, each representing a benefit option:

- Standard pension:** Unless you decide to swap your standard pension for a transfer value, you will be paid an income in retirement in the usual way. **Why keep this option?**
 - Guaranteed income for life
 - Income typically increases every year in a prescribed way
 - Any dependant will usually receive an income should you die first
- Annuity:** You can take a transfer value and use it to buy an annuity. An annuity will also provide you with a regular income, but you will have more flexibility over the terms. **Why choose this option?**
 - Guaranteed income for life
 - You may be able to get more income initially by removing future annual increases
 - You may be able to get more income by choosing not to have an income paid to any dependant when you die
 - You may be able to get more income if you smoke or are in poor health
- Flexible income:** You can invest your transfer value then withdraw income as and when you choose until the money runs out. **Why choose this option?**
 - You can alter how much income you want to take each year
 - You can invest your retirement savings however you want
 - Any money remaining could be inherited by your loved ones
- Cash:** You can take your transfer value as a cash lump sum and then spend, save or invest it as you like. **Why choose this option?**
 - You get immediate access to the money to do with as you wish
 - Any money that you don't spend could be inherited by your loved ones

★ Transfer value

This is the total expected cost of providing your scheme benefits at a particular date (including the value of any additional features such as pension increases and dependants’ pensions).

Finding your way: the money you could get

You're now ready to see how much each option might give you in retirement. At this point, the modeller assumes you'll take the maximum tax-free lump sum under each option (broadly 25% of the value of your benefits). You can see the impact of not taking a lump sum in the 'Explore further' screens.

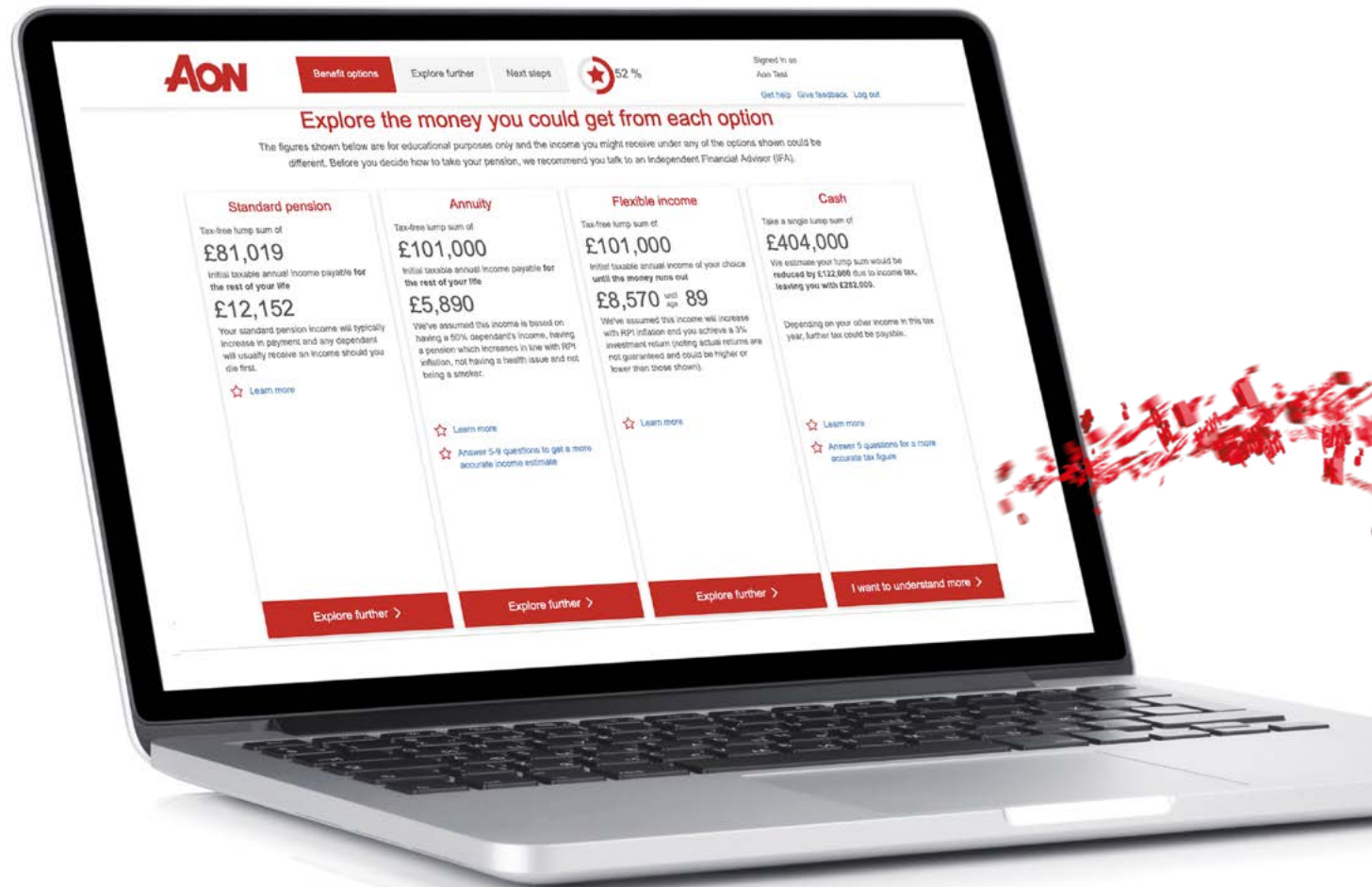
Standard pension

This is the pension you would receive from the scheme.

The modeller shows:

- the maximum tax-free lump sum you can take, and
- the initial yearly amount of residual pension you would get, which would be taxed as income.

Click [☆ Learn more](#) for further detail on the benefits you have within the scheme.



Which way now? [Back to the top](#) or [Explore further >](#) or on to [Annuity](#)

Annuity

If you take a transfer value to buy an annuity, the modeller shows:

- the maximum tax-free lump sum you can take from your transfer value, and
- the estimated yearly amount of residual pension you could get through buying an annuity, which would be taxed as income.

The modeller specifies the assumptions that are used for your initial comparison figures, including how the annuity will increase in payment, and whether there is any dependant's pension.

Choose [☆ Learn more](#) for further detail about annuities – what they are, some of the pros and cons, and more.

Then answer the questions to get a more accurate quote tailored to your own specific circumstances and preferences. If your answers are expected to affect the outcome, the figures will update automatically. You'll be able to change the settings when you explore further, and also look at the impact choosing different features could have on the level of income you might receive.

★ Types of annuity

There are different types of annuity to suit different circumstances – these are some of the terms you might come across when you start looking at buying an annuity:

- **Single life**

Pays you a regular income for the rest of your life.

- **Joint life**

Pays you a regular income for the rest of your life and a dependant's income after your death.

- **Enhanced**

Pays a higher fixed regular income for your lifetime in certain circumstances, such as if you are a smoker or in poor health. Also see extra ★ to the right.

- **Level**

Pays a fixed income, i.e. an income which does not increase each year.

- **Increasing**

Pays an income that increases each year, generally either at a fixed rate or in line with inflation.

★ Enhanced annuities

An enhanced annuity pays a higher income than a 'standard' annuity. You might qualify for an enhanced annuity if you have a shorter life expectancy due to a lifestyle choice or a particular health condition. Some of the main conditions that might qualify you for an enhanced annuity are:

- **Smoking**
- **Diabetes**
- **High blood pressure**
- **Heart disease**
- **Cancer**
- **Obesity**
- **Severe asthma**
- **High cholesterol**

In certain circumstances, an enhanced annuity could pay out up to 50% a year more than a 'non-enhanced' annuity. So it could be worthwhile finding out if you qualify.

Take a break
What's your online star collection total?

Which way now?

[Back to the top](#)

or

[Explore further >](#)

or on to

[Flexible Income](#)

Answer 5-9 questions to get a more accurate annuity income estimate

5-9 questions

The annuity we've shown so far is based on having a 50% dependant's income, having a pension which increases in line with RPI inflation, not having a health issue, and not being a smoker.

Your answers to the following questions will be used to provide a more accurate income estimate that is tailored to your specific circumstances or preferences. A financial advisor will be able to provide you with an accurate quote.

[Start the questionnaire >](#)

Flexible income

If you take a transfer value with the aim of managing your income within a drawdown arrangement, the modeller shows:

- the maximum tax-free lump sum you can take from your transfer value, and
- the estimated yearly amount of residual taxable income you could get, and
- the estimated age at which the money could run out.

To generate your figures, the modeller will specify:

- the level of increases assumed, and
- an assumed investment return of 3% a year.

★ Income tax payable by beneficiaries under drawdown

If you take the flexible income option and you die before age 75, any remaining funds can usually be passed to a nominated beneficiary tax-free. If you die after age 75, any remaining funds passed to your beneficiaries would be subject to income tax. A financial adviser will be able to provide you with further information.

★ Are you considering flexible income?

The flexible income option does not guarantee you an income for life. You will need to have a good idea how you plan to take money from your drawdown fund as otherwise it could run out before you die.

You will also need to decide how to invest your remaining pension savings. This gives you the opportunity to balance the potential for investment growth (to help offset some of the money you take out) with the need for security (to protect the value of your remaining fund).

You will need to be comfortable making investment decisions, keeping a close eye on the way your fund is developing, and making any changes that might be appropriate. You will also need to be comfortable taking appropriate financial advice as and when necessary.

As with all investments, it is important to be aware that performance cannot be guaranteed. The value of your fund could go down as well as up and you may get back less money than you invested.

Choose ☆ [Learn more](#) for further detail about the flexible income option – what it is, some of the pros and cons, and more.



Which way now?

[Back to the top](#)

or

[Explore further >](#)

or on to

[Cash](#)

Cash

Taking it all as a cash lump sum.

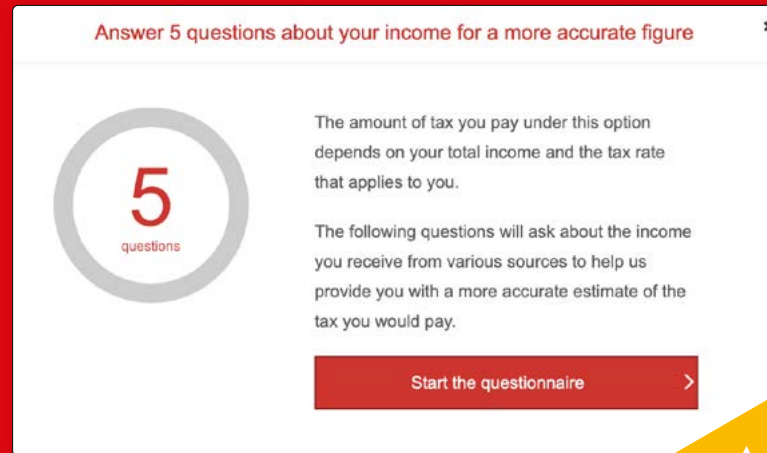
This option shows:

- the full amount of your transfer value, and
- the estimated amount of tax you would pay on 75% of its value (assuming no other taxable income and allowing for the maximum 25% tax-free entitlement), and
- the estimated amount of cash you would receive after tax.

Choose ☆ [Learn more](#) for further detail about your cash option.

Then [answer the questions for a more accurate tax figure](#). If your answers affect the amount of tax you could pay, the figures will update automatically.

There are no adjustable settings for the cash option. You take the cash and spend, save or invest it as you please.



A screenshot of a web interface titled "Answer 5 questions about your income for a more accurate figure". On the left, there is a large grey circle containing the number "5" with the word "questions" written below it. To the right of the circle, there is text explaining that the tax amount depends on total income and tax rate, and that the following questions will help provide a more accurate estimate. At the bottom right, there is a red button labeled "Start the questionnaire" with a right-pointing chevron.

★ Remember

While the first 25% of each cash sum is usually tax-free, you will pay income tax on the remainder.

★ Tempted by the cash option?

If you are thinking about taking more than 25% of your pension savings as a cash sum, check that you have sufficient savings elsewhere with which to provide the kind of ongoing retirement income you want.

Which way now?

[Back to the top](#)

or

[Explore further >](#)

or on to

[I want to understand more >](#)

More to explore: making adjustments

With an idea of the income each option could give you, now is the time to [Explore further >](#)

At this stage, for all options except the cash option, you'll see a chart showing your potential future income.

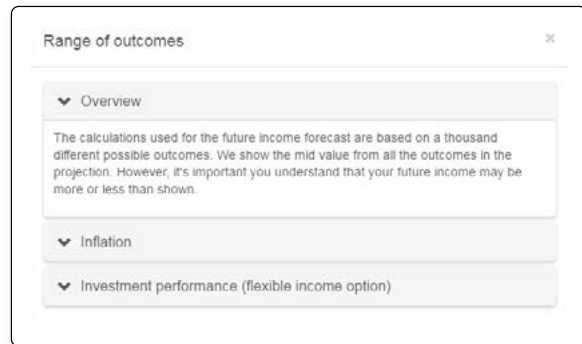
Modifying your future income

By altering the settings, you'll see the chart and corresponding figures change – so you can see quickly how your choices could affect your future income.

You'll also see four more stars to collect here:

Range of outcomes

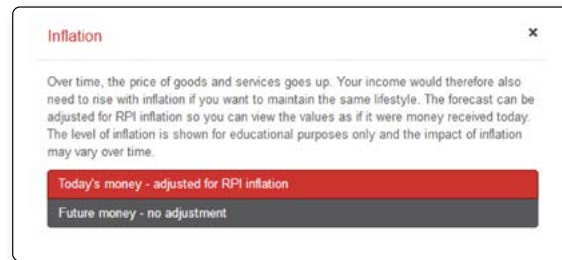
This explains how future unknowns will affect the level of your future income. It explains more about the effect of inflation and investment performance.



Inflation

This allows you to choose whether the chart shows the value of the future payments in:

- Today's terms, i.e. with the amounts reduced by the estimated impact of future inflation; or in
- Future terms, i.e. the potential absolute value of the payments allowing for estimated future inflation.

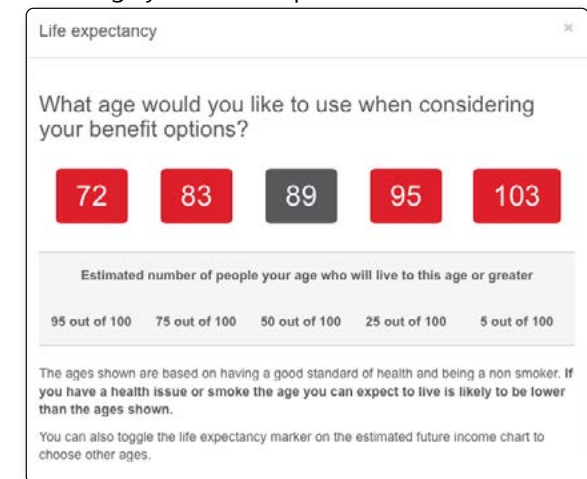


State Pension

This is covered on page 18 of this guide.

Life expectancy

The default setting is based on the estimated life expectancy of someone your age in the general population. You can change this using the slider on the chart to explore the impact of different life expectancies on your expected income. For example, if you are in good health and members of your close family have lived into their nineties or older, you might choose to base your planning on a higher life expectancy. On the other hand, if you smoke or are in poor health, your life expectancy may be lower. The pop-up gives you additional information on the life expectancies of the general population. This should give you a better idea of the age you could expect to live to.



Which way now?

[< Back to your benefit options](#)

OR [★ Range of outcomes](#) [★ Inflation](#) [★ Life expectancy](#) [★ State pension](#) OR

[I want to understand more - next steps >](#)

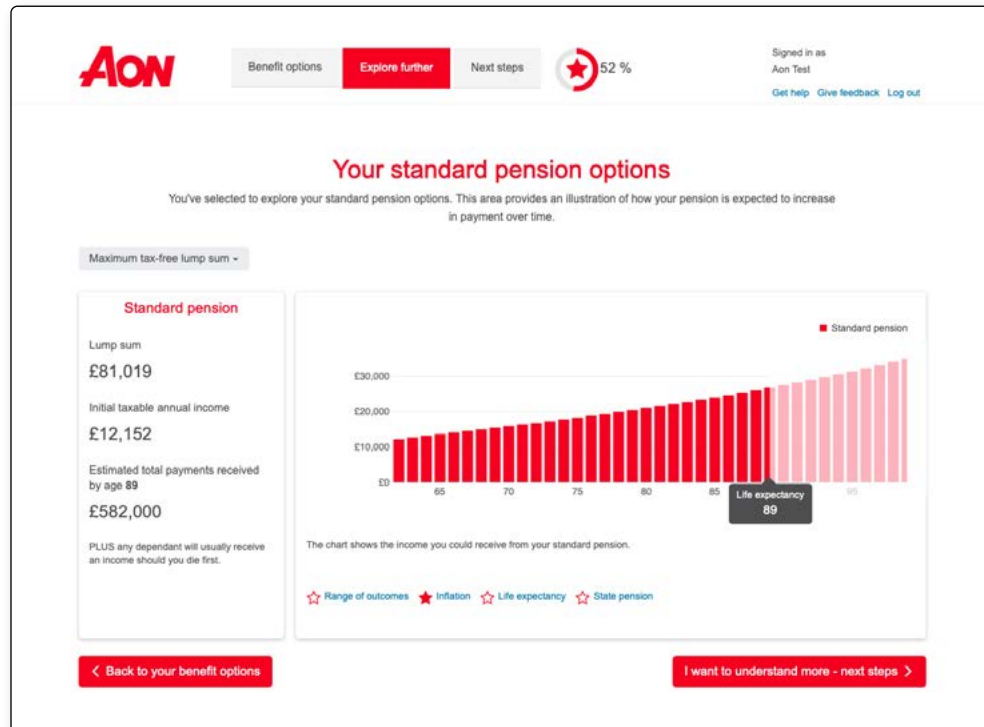
Standard pension

When you [Explore further >](#) with your standard pension, you'll see:

- the maximum tax-free lump sum you can take, and
- the initial yearly amount of residual pension you would get, and
- the total amount of income you could receive based on the selected life expectancy.

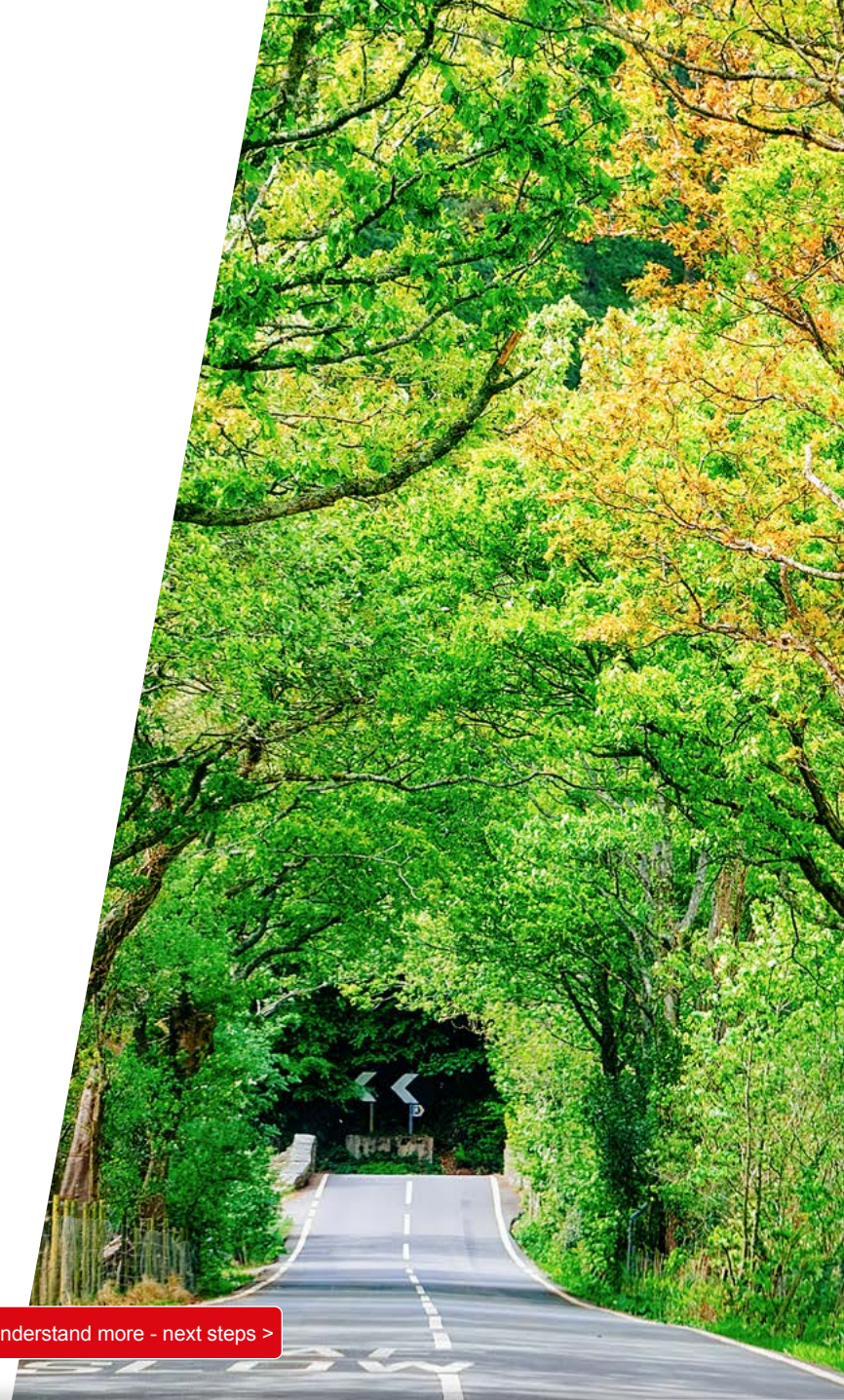
You can change the features of your standard pension using the [Tax-free lump sum](#) drop-down menu if you wish. You can also [Learn more](#) by clicking on the links below the chart.

Your future income chart will update in real time according to your selections. Hover over the chart for an instant check on the pension amount you could get in any particular year.



Which way now?

[< Back to your benefit options](#) OR [★ Range of outcomes](#) [★ Inflation](#) [★ Life expectancy](#) [★ State pension](#) OR [I want to understand more - next steps >](#)



Annuity

When you [Explore further >](#) with your annuity options, you'll see the income your standard pension would give you based on your current selections, alongside the potential income an annuity could give you.

These are broken down into:

- the maximum tax-free lump sum you can take, and
- the estimated yearly amount of residual pension, and
- the total amount of income you could receive based on the selected life expectancy.

You can change various settings from the drop-down menus and by answering the questions for a more accurate income estimate. You can also [☆ Learn more](#) using the stars beneath the chart:

- Range of outcomes
- Inflation
- Life expectancy
- State pension

As with the standard pension option, your future income chart will update in real time according to your selections.

★ Dependant's income

You can model the impact on the annuity income you could receive based on the level of dependant's pension you select.

You can select no dependant's pension, a 50% dependant's pension or a 2/3rds dependant's pension.

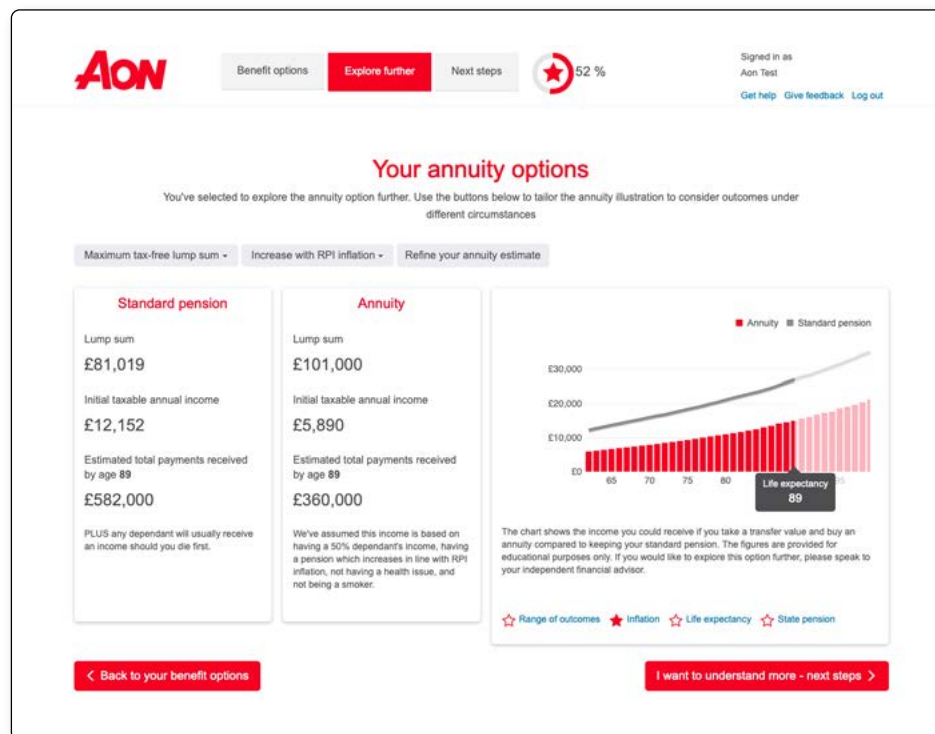
The default level of dependant's pension is specified on the comparison screen.

★ Increase in payment

You can model the impact of how you would like your annuity income to be increased each year.

You can select no increase, increase with inflation, a fixed 3% increase or a fixed 5% increase.

The default level of increase is specified on the comparison screen.



Which way now?

[< Back to your benefit options](#) OR [★ Range of outcomes](#) [★ Inflation](#) [★ Life expectancy](#) [★ State pension](#) OR [I want to understand more - next steps >](#)

Flexible income

When you [Explore further >](#) under the flexible income option, you'll see the income your standard pension would give you based on your current selections, alongside the potential flexible income you could get.

As with the annuity option, these are broken down into:

- the maximum tax-free lump sum you can take, and
- the estimated yearly amount of residual pension/income, and
- the total amount of income you could receive based on the selected life expectancy.

You can change various settings from the drop-down menus if you wish. You can also [☆ Learn more](#) about each:

- Tax-free lump sum
- Targets
- Increases in payment
- Investment approach

Your future income chart will update in real time according to your selections.

The screenshot shows the Aon website interface for comparing pension options. At the top, there's a navigation bar with 'Benefit options', 'Explore further' (highlighted), and 'Next steps'. A user is signed in as 'Aon Test' with a 52% progress indicator. The main heading is 'Your flexible income options'. Below this, a note states: 'You've selected to explore the flexible income option further. Use the buttons below to tailor the illustration to consider outcomes under different circumstances. The figures are provided for educational purposes only. If you would like to explore this option further, please speak to your independent financial advisor.'

Four filter buttons are visible: 'Maximum tax-free lump sum -', 'Target life expectancy -', 'Increase with RPI inflation -', and 'What if investment returns were 3% pa? -'. The comparison is split into two columns: 'Standard pension' and 'Flexible income'. A bar chart on the right compares the two options over time, with a callout indicating 'Life expectancy 89'.

Standard pension	Flexible income
Lump sum £81,019	Lump sum £101,000
Initial taxable annual income £12,152	Initial taxable annual income £8,570
Estimated total payments received by age 89 £582,000	Estimated total payments received by age 89 £498,000

Additional notes: 'PLUS any dependant will usually receive an income should you die first.' and 'This assumes you draw an income that increases with RPI inflation. Any dependant can inherit any money left in your pension pot should you die first.'

Key messages: 'The flexible income could last until age 89', 'There are a range of possible outcomes as the size of the pension pot depends on how the investments perform.', and 'When taking a flexible income, you decide how your money is invested and how much you take each year as income. Therefore, if you run out of money before you die, you should ensure you have other ways of paying for your essential expenses.'

Navigation: '< Back to your benefit options' and 'I want to understand more - next steps >'.

★ Flexible income

Under the flexible income option, you are free to draw as little or as much as you want from the fund each year. For simplicity, we have assumed that you will want to take a similar amount each year. However, you will need to bear in mind that the fund could run out and you will be responsible for managing both the amount you draw each year and how it's invested.

Which way now?

[< Back to your benefit options](#)

or

[★ Range of outcomes](#) [★ Inflation](#) [★ Life expectancy](#) [★ State pension](#) or

[I want to understand more - next steps >](#)

★ Assumed investment returns

You can change the assumed level of investment returns from the drop-down menu. The assumed returns are per year. As always with investing, returns are not guaranteed and you will need to bear in mind that the value of your fund could go down as well as up.

What if investment returns were 3% pa? -

Use the options below to explore the possible impact of different investment returns once your money is invested

- What if investment returns were 1% pa?
- What if investment returns were 3% pa?
- What if investment returns were 5% pa?

[Learn more about this option](#)

★ Targets under flexible income option

You can choose how much income you take each year. The modeller enables you to get an idea of how much you could draw each year based on targeting your fund running out at your selected life expectancy or a specific age. Alternatively, you can select the amount you would like to draw down each year in order to get an idea of when the fund might run out.

You can change your assumed life expectancy using the slider below the chart.

You can target a specific amount or age by moving the sliders on the chart.

■ Flexible income ■ Standard pension

£30,000
£20,000
£10,000
£0

65 70 75 80 85

Life expectancy 89

The flexible income could last until age 89

- ! There are a range of possible outcomes as the size of the pension pot depends on how the investments perform.
- ! When taking a flexible income, you decide how your money is invested and how much you take each year as income. Therefore, if you run out of money before you die, you should ensure you have other ways of paying for your essential expenses.

☆ Range of outcomes ★ Inflation ☆ Life expectancy ☆ State pension

[I want to understand more - next steps >](#)

Which way now?

[< Back to your benefit options](#)

OR

★ [Range of outcomes](#) ★ [Inflation](#) ★ [Life expectancy](#) ★ [State pension](#) OR

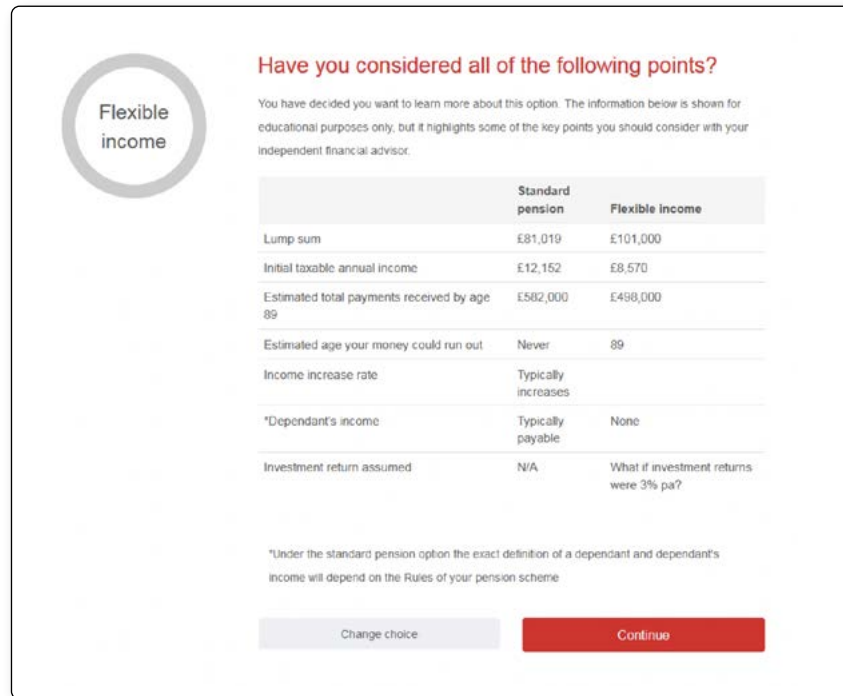
[I want to understand more - next steps >](#)

Next steps: choosing your path

Congratulations! You've explored your options and hopefully collected all the stars. If you're not at 100%, you may wish to go back to find out what you missed.

Once you've selected your preferred retirement option, you'll be asked if you have considered all of the points covered in the screenshot below.

You'll see a summary of your chosen option.



Flexible income

Have you considered all of the following points?

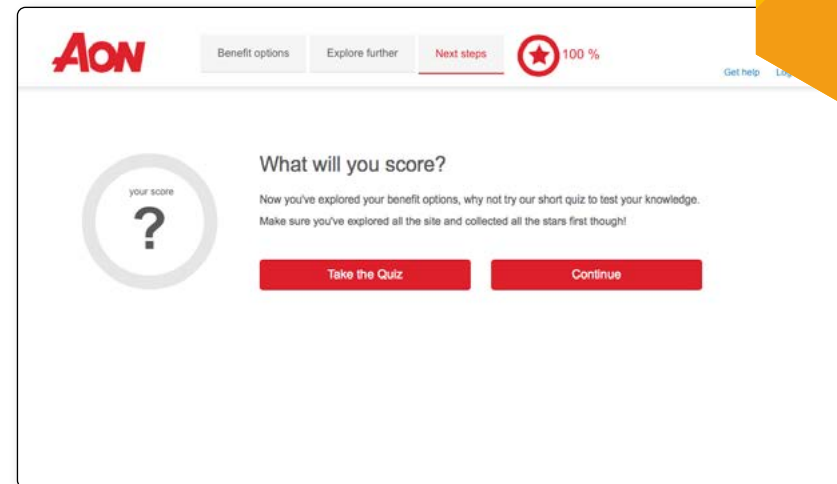
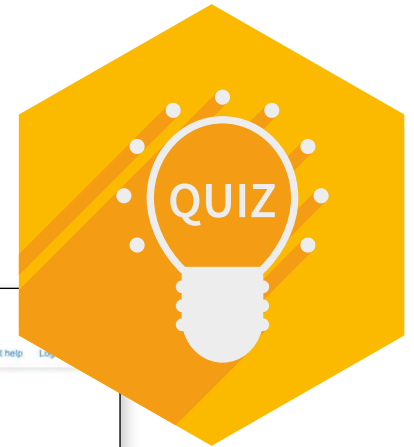
You have decided you want to learn more about this option. The information below is shown for educational purposes only, but it highlights some of the key points you should consider with your independent financial advisor.

	Standard pension	Flexible income
Lump sum	£81,019	£101,000
Initial taxable annual income	£12,152	£8,570
Estimated total payments received by age 89	£582,000	£498,000
Estimated age your money could run out	Never	89
Income increase rate	Typically increases	
*Dependant's income	Typically payable	None
Investment return assumed	N/A	What if investment returns were 3% pa?

*Under the standard pension option the exact definition of a dependant and dependant's income will depend on the Rules of your pension scheme

[Change choice](#) [Continue](#)

Continue will take you to the quiz to test your understanding of your benefit options. How will you get on?



AON Benefit options Explore further **Next steps** 100% [Get help](#) [Log out](#)

What will you score?

Now you've explored your benefit options, why not try our short quiz to test your knowledge. Make sure you've explored all the site and collected all the stars first though!

[Take the Quiz](#) [Continue](#)

If you don't score highly, consider going back to re-explore your options. The more you understand, the more likely you can make the right decision for your circumstances.

Once you've taken the quiz, you'll be asked 'what next?'

However you decide to proceed, the modeller will guide you through the next steps.

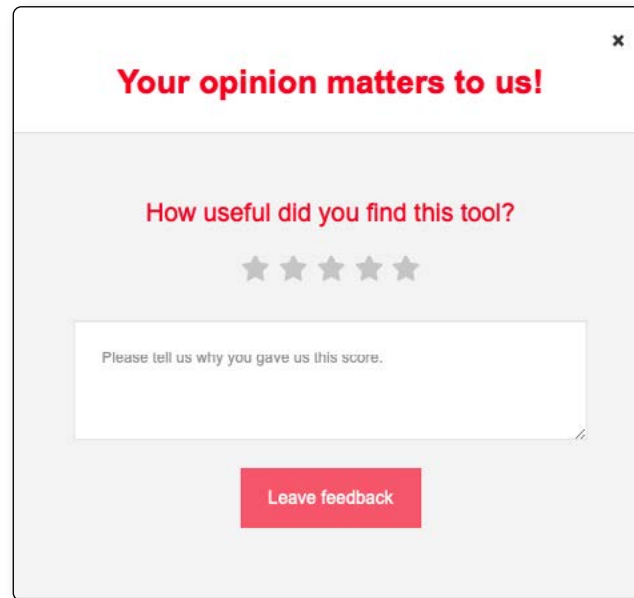
Provide feedback

Once you have finished exploring your options and taken the quiz you can score the modeller and provide any feedback you have.

You can rate the modeller from 1 to 5 stars and enter any comments in the box.

Did you find it useful? Easy to use? Can you suggest any improvements?

Your opinion matters so please take a moment to share your views.



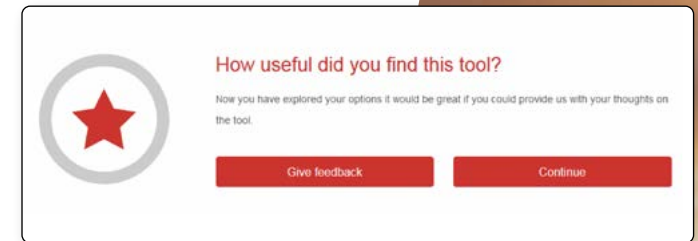
Your opinion matters to us!

How useful did you find this tool?

★ ★ ★ ★ ★

Please tell us why you gave us this score.

Leave feedback



How useful did you find this tool?

Now you have explored your options it would be great if you could provide us with your thoughts on the tool.

Give feedback Continue

Finding a financial adviser

Note that if you want to choose one of the options outside the scheme and the value of your benefits is in excess of £30,000 (and you are not transferring to another defined benefit pension scheme), then you will need to take financial advice before you are allowed to transfer.

You can find your own financial adviser by searching the Money Advice Service directory.

Before you appoint anyone, you should check that the adviser is suitably qualified and authorised.

You can do this online

www.fsa.gov.uk/register/home.do or by phoning the Financial Conduct Authority helpline, **0800 111 6768**.

Remember that most financial advisers will charge for the advice they give. We recommend that you find out exactly what they will charge you before you arrange an appointment (for example whether they charge a fixed fee or take commission).

Contact

If you have any questions about your benefits in the scheme, please contact your scheme administrators. You can find contact details via the 'Get help' link at the top of each page.

Please remember that your scheme administrators cannot give you advice. If you need advice, you will need to talk to a financial adviser.

Password troubleshooting

Please enter your username and password correctly – it is case sensitive.

If you enter the password incorrectly on three consecutive occasions your account will be locked out for 30 minutes. After this time, please try again.

If you enter it incorrectly a further three times, again your account will be locked out for 30 minutes. Please try again.

If you again enter it incorrectly another three times, your account will be locked. You will need to contact your administrator and ask them to reset your account and provide you with the password details. Their contact details will have been provided in your pack.

The information provided includes a high-level summary of some of the different tax implications that apply to the various benefit options under current law, but may not be tailored to your exact personal circumstances. Additionally, these rules may change in the future. It is ultimately your responsibility to make sure you understand what this might mean for you. The Company, the Trustee and the administrators of your scheme cannot give you tax, legal or financial advice and cannot advise you on the tax consequences of any retirement decisions you make. If you need advice in this area, please contact an independent financial adviser.

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About Aon

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