

# Comparing secure and flexible retirement income for a household

Prepared October 2026 | General information, not personal advice

**Retirement income choices should distinguish essential bills from spending that can vary. Compare pension promises, annuity contract terms and invested withdrawals using consistent survivor, inflation and tax assumptions. A combination may be considered where suitable. No single product comparison establishes what a couple needs throughout retirement or after a death.**

## Important risks

Where money is invested, its value and income can fall as well as rise and you may get back less than you invest. No return or retirement outcome is guaranteed.

**Tax treatment depends on individual circumstances and may change in the future. A general example does not establish your relief, allowance or tax liability.**

General information only, not personalised financial, tax or legal advice. Suitability and available relief depend on your circumstances. Obtain appropriate advice before acting on a product, transfer or legal arrangement.

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## Before you begin

Create a household income map before comparing products. Some income may continue for life under scheme or contract terms, while other income depends on investments or capital withdrawals. Health and survivor needs can materially change the comparison. Keep emergency and possible care needs visible because capital committed to an annuity may not remain available. A higher first-year income figure is not automatically the more resilient long-term arrangement.

## Terms in plain English

### **Annuity**

An insurance contract paying income on agreed terms. Survivor benefits, increases and access to capital depend on the contract chosen.

### **Drawdown**

Taking pension withdrawals while money remains invested. Investment losses and withdrawals can reduce or exhaust the fund.

## **Should I buy an annuity or keep my pension in drawdown?**

Use comparable annuity quotations that specify the same survivor and escalation features.

Disclose relevant health information when obtaining quotes. For drawdown, account for charges and the possibility of reducing withdrawals after losses. Buying an annuity may remove access to the capital used, so retain a separate plan for emergencies and large future costs.

Decision boundary: A level annuity can lose purchasing power; drawdown does not promise lifetime income. Ask the adviser: Which income must be dependable, and what guarantees or flexibility am I giving up?

Sources: M04, M03, M02

## **How should a couple plan when they retire at different times?**

Create separate timelines for wages, scheme pensions and State Pension forecasts. Identify which household bills remain unchanged when one salary stops. Consider how investments and withdrawals would be managed while one partner still works. Also model the household after either partner dies, because expenses do not necessarily halve and some pension income may reduce.

Decision boundary: A plan that works only while both partners are alive may leave a survivor exposed. Ask the adviser: What changes when the first of us retires, and what income remains for either survivor?

Sources: M02, M11, G06

## **How should possible care costs fit into my retirement plan?**

Start with a care-needs assessment rather than an assumed future bill. Ask the relevant authority about financial assessment and available support, including any health-related funding route where appropriate. Map who could manage finances if capacity changed. Treat gifting or restructuring assets as a legal and care-funding issue, not a simple way to avoid assessment.

Decision boundary: Care costs are uncertain, and deliberate asset deprivation can affect a funding assessment. Ask the adviser: Which assessment applies, what support is available, and how would

we fund an extended need?

Sources: M14, G17

## **Can investments provide the regular income I need?**

Identify whether the required amount is monthly spending, a temporary bridge or lifelong income. Examine total return and capital risk rather than yield alone. Income distributions may change, and a withdrawal can include selling capital. Compare investment-based income with available secure pension income without presenting either as universally preferable.

Decision boundary: Income can fall, capital can be depleted, and higher yield may reflect higher risk. Ask the adviser: How would we meet essential bills if distributions fell or the capital value dropped?

Sources: F02, F03, G10, G23

## **What happens to my pension when I die?**

Create a separate death-benefit schedule for each pension. Defined benefit survivor pensions and unused defined contribution funds are different arrangements. Record nominations, any annuity survivor options and whom to contact. Tax treatment is time-sensitive, including announced or enacted changes that take effect later. Do not base estate planning on a blanket claim that pensions always fall outside Inheritance Tax.

Decision boundary: A will, nomination and scheme rules may operate differently; future tax changes can alter outcomes. Ask the adviser: What would this scheme pay on death, to whom, and under which currently applicable rules?

Sources: M11, G14, G04

## **Your preparation checklist**

- Compare annuity quotes using equivalent features.
- Model the income remaining for each survivor.
- Show which payments increase and under what conditions.
- Identify resources for irregular and possible care costs.

## **Next steps**

The final discussion should explain the security and flexibility being exchanged, not simply name a product. Obtain specialist advice if scheme rights, health, tax or future care requirements complicate the decision. This guide cannot predict lifespan, future care needs or investment results.

General information only, not personalised financial, tax or legal advice. Suitability and available relief depend on your circumstances. Obtain appropriate advice before acting on a product, transfer or legal arrangement.

## Sources and further reading

### **M04: MoneyHelper / Money and Pensions Service - How to find the best deal when taking your pension**

<https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/shopping-around-for-pension-income-products-at-retirement>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

### **M03: MoneyHelper / Money and Pensions Service - Take money from your pension when you need it: pension drawdown explained**

<https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/what-is-flexible-retirement-income-pension-drawdown>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

### **M02: MoneyHelper / Money and Pensions Service - What can I do with my pension pot?**

<https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise/pension-pot-options>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

### **M11: MoneyHelper / Money and Pensions Service - How to get your finances in order before you die**

<https://www.moneyhelper.org.uk/en/family-and-care/death-and-bereavement/putting-your-financial-affairs-in-order-if-you-get-ill-or-die-making-a-will-and-more>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

### **G06: GOV.UK - Check your State Pension forecast**

<https://www.gov.uk/check-state-pension>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

### **M14: MoneyHelper / Money and Pensions Service - Beginner's guide to paying for long-term care**

<https://www.moneyhelper.org.uk/en/family-and-care/long-term-care/means-tests-for-help-with-care-costs-how-they-work>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

### **G17: GOV.UK - Make, register or end a lasting power of attorney**

<https://www.gov.uk/power-of-attorney>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

### **F02: Financial Conduct Authority - Investment risk and return**

<https://www.fca.org.uk/investsmart/risk-returns>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

### **F03: Financial Conduct Authority - Diversification limitations**

<https://www.fca.org.uk/investsmart/diversification>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

### **G10: HMRC / GOV.UK - Individual Savings Accounts (ISAs)**

<https://www.gov.uk/individual-savings-accounts>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

### **G23: HMRC / GOV.UK - Tax when you get a pension**

<https://www.gov.uk/tax-on-pension>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

### **G14: HMRC / GOV.UK - How Inheritance Tax works: thresholds, rules and allowances**

<https://www.gov.uk/inheritance-tax>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

### **G04: GOV.UK - Personal pensions**

<https://www.gov.uk/personal-pensions-your-rights/how-you-can-take-pension>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

## **Related planning information**

<https://castlestonebridge.co.uk/retirement-income-planning>

## **Discuss your questions**

For a discussion of your circumstances, contact Castle Stonebridge on 01246 308249 or visit <https://castlestonebridge.co.uk>. Any personal recommendation requires an individual assessment.