

Key Features of the Pension Annuity

Pension Annuity

Key Features

The Financial Services Authority is the independent financial services regulator. It requires us, Aviva, to give you this important information to help you to decide whether our Pension Annuity is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

This Key Features document gives you the main points of the Pension Annuity plan. Your illustration shows the pension you may get. Please read them so you understand what you're buying and keep them with your plan documents.

Its aims

- To pay you a guaranteed income for the rest of your life.
- To pay an income to a dependant when you die, if you choose.

Your commitment

- To use your pension fund to buy a Pension Annuity from us on fixed terms, to last the rest of your life.
- To make a once and for all decision about the income you want.

Risks

- You can't change or cash in your Pension Annuity, even if your personal circumstances change.
- Your dependant won't have any income from this plan after you die, if you haven't arranged for your Pension Annuity to continue.
- There's no protection against inflation unless you choose a Pension Annuity that increases each year.
- If you die in the early years, the total income you've received may be less than the pension fund used to buy the Pension Annuity.
- Remember inflation will reduce what your money can buy in the future.

Questions and answers

What is the Pension Annuity?

- It's a plan that provides you with an income for the rest of your life. You buy it with your pension fund.
- You can normally buy a Pension Annuity if you are at least age 50 (55 from 2010) and not older than 74 if you are buying a Pension Annuity (Transfer) or 90 if you are buying a Pension Annuity (Open Market Option).
- You may be able to take a tax-free cash sum of up to 25% of your pension fund when you buy your Pension Annuity. This will reduce the amount available to provide a pension income in retirement. Your financial adviser will be able to give you more details.
- The minimum fund to buy your Pension Annuity is £10,000 (after taking any tax-free cash sum).
- It can provide a dependant with an income when you die.

How flexible is it?

- Before your plan is set up, you can choose its basis and how it's paid.
- You can find details of the choices you can make when setting up the plan, under the headings:
 - 'What will my income be?'
 - 'What choices will I have about how I get my Pension Annuity?'
- You can't change or cash in your plan, or defer payments made to you from your Pension Annuity.

What will my income be?

- The amount of income you get from your Pension Annuity will depend on a number of things when you set up your plan, including:
 - your age and sex
 - your postcode
 - your marital status
 - whether you smoke
 - interest rates at the time
 - the choices you make about your income (see below).

It is your responsibility to provide us with accurate information about your smoker status. We may request your permission to approach your doctor or ask you to carry out a medical test to confirm that the information you have provided is correct. If it is discovered that information provided by you is inaccurate, or if a medical test or permission to consult your doctor is refused, this may result in a reduction of the income payments made to you and/or recovery of any payments already made.

- You can choose to take a smaller income at the start, so that an income is paid to a dependant if you die before them.
 - You can choose to take a smaller income that is guaranteed to be paid for up to 10 years. This is called the 'guaranteed period'. If you die within that time, we'll pay the remaining income to your estate.
- You can choose for the remaining income to be paid as:
- continued income, or
 - a lump sum (this only applies if you die before the age of 75).
- You can choose to take a smaller income at the start, which will increase each year. If an income from your Pension Annuity is to be paid to a dependant after you die, this will increase in the same way.

Your Pension Annuity can increase:

- at a fixed rate each year, or
- in line with inflation over the past year as measured by the Retail Prices Index (RPI). We'll use the RPI figure published the month before the increase is due. Your pension won't go down.

The Government has special rules for increases to pensions from 'defined benefit' schemes that are earned after 5 April 1997. Your illustration will show the details. An example of a defined benefit scheme is a pension linked to your earnings.

- If you are taking a Pension Annuity using the pension fund belonging to your husband, wife, civil partner or person you were dependent on following their death
 - a pension for your dependants is not available
 - a guaranteed period of pension is not available.
- You can choose combinations of these options. You can ask for illustrations with different options so that you can see the difference they would make to your income.
- While you're alive we won't reduce or stop the payments we make to you based on the options you've chosen.

What is the contracted-out part of my pension?

- If you have been employed, you or your employer may have arranged for the State Earnings Related Pension Scheme (SERPS)/State Second Pension (S2P) part of your National Insurance payments to be paid into your pension scheme. If so, they are paid into a separate part of your pension and are called 'protected rights'. We call the other part of your pension 'non-protected rights'.
- Protected rights provide a substitute for your SERPS/S2P pension and may be more or less than you might have got from SERPS/S2P.
- If you have protected rights, then the income you may get from these is included in your illustration.
- If you buy this Pension Annuity as a result of a divorce settlement, the protected rights part of the fund is called 'safeguarded rights' but works in a similar way. Non-protected rights are called 'non-safeguarded rights'.
- Contracting out works differently for a defined benefits scheme. The contracted-out part you earned before 6 April 1997 is included in your illustration as a 'Guaranteed Minimum Pension'.
- The Government has special rules about the type of pension you can buy with contracted-out funds. Your financial adviser will be able to give you more details.

What choices will I have about how I get my Pension Annuity?

- You can choose how often you'll receive your Pension Annuity income. This can be monthly, quarterly, half-yearly or yearly. You can choose whether the income is paid at the beginning or end of the period.
- For monthly payments you can choose the day of the month that we make payments. This can be any day up to the 28th of the month.
- These choices will affect the amount of income you'll get.
- Your income will be paid directly into your UK bank or building society account.

What happens to my Pension Annuity when I die?

- Your Pension Annuity will end when you die unless:
 - you have chosen a Pension Annuity with a guaranteed period. If you die within that time, we'll pay the remaining income from your Pension Annuity to your estate.
 - an income is to be paid to a dependant and they are still alive.

What are the charges?

- We use the fund to pay our charges for setting up and running your plan. We do this by taking these charges into account when we work out the price of the income.
- The illustration shows how much income the fund will buy. No further charges will be taken from your income.
- The cost of advice is covered within the pricing of the annuity and will be shown on your illustration.
- If we have to re-quote due to over-disclosure of information then we will charge £40 per re-quote.

What about tax?

- Your Pension Annuity payments will be treated as earned income and taxed according to your personal circumstances.
- Your Pension Annuity payments will normally be made after the tax payable has been deducted.
- Any income paid to your or your dependant's estate from your Pension Annuity may be subject to inheritance tax.
- The Government has put a limit on the total value of all retirement benefits (excluding State Pensions) that you can normally take without paying a tax penalty. The limit is called the 'lifetime allowance' and the tax is called a 'lifetime allowance charge'. You should already be aware if you are likely to be affected. Your financial adviser will be able to give you more details.
- Your illustration will show whether your plan is a 'lifetime annuity' or a 'scheme pension'.
 - A lifetime annuity is a pension that must be bought from an insurance company you've chosen.
 - A scheme pension will be paid by your pension scheme or an insurance company chosen by the scheme.
 - A defined benefits scheme can only provide a scheme pension. For other types of pension schemes, you must be given the opportunity to choose a lifetime annuity.

The Government has different rules for lifetime annuities and scheme pensions, including how the two types are valued for lifetime allowance purposes.

- If you die in the guaranteed period, and a lump sum is payable, then:
 - the lump sum may be taxed, currently at 35%, or
 - the lump sum may count towards your lifetime allowance.Your illustration will show which applies.
- Please note we've included only a general tax summary and individual circumstances may differ.
- Tax rules can change.
- Your financial adviser can give you more details about your tax position.

Can I change my mind?

- You can change your mind within 30 days from the date you sign the declaration on the application form. If we don't hear from you within those 30 days, your plan will continue.
- In order to cancel the plan, you must:
 - 1 Return the enclosed cancellation form which you can find at the back of your illustration. It will contain the address to which you should send your cancellation notice.
 - 2 Return within the 30-day period, all of the tax-free cash sum and any instalments we may have already paid, by cheque made payable to Aviva. Please post this to the address given on the cancellation form. The return of the tax-free cash will only apply if you have selected a Pension Annuity (Transfer).
 - 3 Gain agreement from the transferring pension scheme that they are willing to accept the pension funds back. If the pension scheme will not accept this, it is your responsibility to gain agreement from another insurance company to receive the funds.
- If you cancel during the 30-day period, we will refund any payments we have received.

How to contact us

- Remember your financial adviser will normally be your first point of contact. They'll have provided you with information that contains their contact details.
- If you've any questions at any time, you can phone, e-mail, or write to us.



Call us on **0845 300 0009**

Monday to Friday 8.00 am – 8.00 pm

Saturday 8.30 am – 1.00 pm

Outside of these hours you can use the same number and leave a message on our answer-phone.

We may monitor calls to improve our service.



E-mail

annuity@aviva.co.uk



Office address

Aviva

Annuity Contact Centre

PO Box 520

Norwich

NR1 3WG

Other information

How to complain

- If you ever need to complain, first write to us at the address given. If you are not satisfied with our response, you can write to:

Investment Division

Financial Ombudsman Service

South Quay Plaza

183 Marsh Wall

London

E14 9SR

Telephone: 0845 080 1800

Website: www.financial-ombudsman.org.uk

This won't affect your legal rights.

Terms and Conditions

- This Key Features document gives a summary of Aviva's Pension Annuity. It doesn't include all the terms and conditions. These are in the 'Plan Document'. If you would like a copy, please ask your financial adviser or contact us direct.
- We'll write and tell you of any changes that affect your plan.

Law

- The law and courts of England will apply in legal disputes and your contract will be written in English. We'll always speak and write to you in English.
- We are regulated by the Financial Services Authority (FSA) whose contact details are:
The Financial Services Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS

Potential Conflicts of Interest

- Occasions can arise where Aviva plc group Companies, or their appointed officers, will have some form of interest in business which is being transacted.
- If this happens, or the Aviva Group becomes aware that its interests, or those of its officers, conflict with your interests, we will take all reasonable steps to manage that conflict of interest, in whatever manner is considered appropriate in the circumstance. This will be done in a way which ensures all customers are treated fairly and in accordance with proper standards of business.

Client Classification

- The FSA has defined three categories of customer. You have been treated as a 'retail client', which means that you will be provided with the highest level of protection provided by the FSA rules and guidance.

Compensation

- Qualified advisers will recommend that you buy products suitable for your needs. You've legal rights to compensation if, at any time, it's decided that you've bought a plan that wasn't suitable for your needs at that time.
- The Financial Services Compensation Scheme covers your plan. It'll cover you if Aviva becomes insolvent and is unable to meet its obligations under this plan. You'll normally be covered for 100% of the first £2,000 plus 90% of the remainder of the claim.