

# Compulsory Purchase Annuity

## Key Features

This leaflet sets out the main points about our Compulsory Purchase Annuity. The quotation shows the benefits available to you. Please read both carefully and keep them with your plan documents if you go ahead.

### Its aims

- To let you convert the pension fund you have built up into a guaranteed pension income for the rest of your life.
- If you choose, to provide a pension for your husband, wife, civil partner or dependants when you die.

### Your commitment

- To use the pension fund you've built up to buy a pension on terms agreed now to last the rest of your life.

### Risk factors

- The pension you get will depend on the value of your pension fund and on interest rates when you buy it.
- If you change your mind within 30 days of receiving our notice setting out your cancellation rights, you will have to repay any money we've already paid to you.
- If you don't change your mind and continue with the pension, you won't be able to change it in the future even if your circumstances change.
- If you die, your pension will stop unless you choose to include a guarantee period so we pay your pension for that period even if you die.
- You cannot buy a pension from us linked to the Retail Prices Index. This means inflation could reduce what you could buy with your pension in the future. However, you can buy a pension that increases, which may give some protection against the effects of inflation.



**FRIENDS PROVIDENT**

## Questions and answers

### What is the Friends Provident Compulsory Purchase Annuity?

- It's a plan that you buy with the pension fund you've built up, after taking any tax-free cash sum if appropriate, to give you a pension which is your income for life.
- You don't have to buy this plan from Friends Provident. Under the terms of the open market option you can buy it from any company.

### How flexible is it?

- The plan isn't flexible. Once you buy your pension you can't then change it.
- Before buying your pension, you have choices about:
  - when you buy it
  - the payment basis, for example level or increasing
  - how we pay it.
- You could choose to delay buying your pension. If your pension fund is in a company pension plan it may be more difficult to do this. Please speak to your financial adviser.
- After buying your pension, you can't cash it in, change it or delay it.

### What will my pension be?

- The amount of your pension will depend on:
  - the size of your pension fund available to buy benefits
  - which company you buy your pension from
  - annuity interest rates at the time you buy your pension
  - your age
  - the pension basis you want, for example level or increasing
  - whether you want to provide a pension for your husband, wife, civil partner or dependent children when you die
  - whether any part of your pension fund is 'protected rights'. *Please see the protected rights section on page 3 for more information.*

### Your quotation

- Please see your quotation for an idea of the pension you might receive.
- If you choose a different basis to the quotation the pension will alter. If we don't show the pension basis you would like, please ask for another quotation before you decide.
- If the final value of your pension fund is higher or lower than the amount shown in your quotation, the level of your pension and any cash sum will be higher or lower.
- The pension you can buy can go up and down as annuity interest rates go up and down. If you buy your pension before the date shown in your quotation, we guarantee the annuity interest rate we use won't go down. If annuity interest rates go up, we'll use the higher rate.
- Once you buy your pension, we guarantee to pay it until you die.

### Level or increasing

- We can pay the same pension for the rest of your life.
- Or you can take a smaller pension to start with, which then increases by a fixed percentage each year during your lifetime.

### Guarantee period

- We'll pay your pension until you die, but you can choose at the start to have a guaranteed minimum payment period built in. This can be 5 years or 10 years.

### Pensions for your husband, wife, civil partner or children

- You can choose to take a smaller pension and include a pension for your husband, wife, civil partner or dependants when you die.

### Open market option

- Instead of buying the pension from us, you can have your pension fund moved, without penalty, to another company who will then be responsible for paying any benefits. We call this the 'open market option'.

### Protected rights

- You will have a 'protected rights' fund if you belong to a money-purchase occupational scheme or personal pension plan and left the State Earnings-Related Pension Scheme (SERPS) or the State Second Pension.
- If your pension fund includes a protected rights fund and you are married or in a civil partnership when you buy your pension, this part of your fund will have to allow for a pension of one-half your own pension for your husband, wife or civil partner if you die.

### What choices will I have about how I get my pension?

- We'll pay your pension straight into your bank or building society account.
- You can choose to have your pension paid:
  - monthly starting now or after one month
  - quarterly starting now or after three months
  - half-yearly starting now or after six months, or
  - yearly starting after one year.

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

- Your pension will stop when you die unless you choose at the start to have a guaranteed minimum payment period built in. If you die within this period, we'll pay the pension for the rest of this period.
- If you choose a pension for your husband, wife, civil partner or dependent child, we'll start paying it if they're alive when you die.

### What are the charges?

- We allow for our costs and commissions in setting the level of pension.

### What about tax?


- Your pension will be taxed as earned income. You will be liable to tax at your highest rate. We'll take off income tax from your pension payments unless told otherwise by your Tax Office. If you're a higher rate taxpayer, you must account to your Tax Office for any extra tax liability.
- If you receive age-related allowance it could be reduced.
- Tax rules may change.

### Can I change my mind?

- You have a right to change your mind. With our quotation you will receive a notice setting out your cancellation rights.
- You will have a total period of 30 days from when you receive the notice in which to change your mind. If you cancel, you will have to repay any money we've already paid to you.
- We must wait at least 14 days from when you receive the notice before setting your pension up. Once the 14 days are up, you will have a further 16 days in which to change your mind, making a total period of 30 days.
- Assuming you've sent your application to us, the easiest way to cancel is to complete the 'Cancellation Form' we send you with our quotation and return it to us. Or you can write to us at Friends Provident, PO Box 1550, Salisbury SP1 2TW but please remember to include your full name and address and state that you wish to cancel your Compulsory Purchase Annuity.
- If you don't cancel within the 30 days, your pension will continue as set out in these key features and the terms and conditions and you won't be able to change it in the future, even if your circumstances change.

## How to contact us

- Remember your financial adviser will normally be your first point of contact.
- If you have any questions, you can phone us, send a fax or e-mail, or write to us.

 Call us on **0870 607 1352** at the following times:  
Monday to Friday between 8am and 8pm  
Saturday between 9am and 1pm.

We may record calls to improve our service.

 Fax us on **0870 531 4151**

 e-mail us at  
**customer.services@friendsprovident.co.uk**

 Write to us at **Friends Provident, PO Box 1550,  
Salisbury SP1 2TW**

- Please let us know of any changes, for example if you change your address or bank account.

## Other information

### How to complain

- Please write to our Customer Relations Manager at Friends Provident, PO Box 1550, Salisbury SP1 2TW. If you're not satisfied with our response you can contact:

**Financial Ombudsman Service (FOS),  
South Quay Plaza, 183 Marsh Wall,  
London E14 9SR  
Telephone 0845 080 1800  
Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)**

- Making a complaint won't affect your legal rights.

## Terms and conditions

- This leaflet sets out the main points about the Compulsory Purchase Annuity. It doesn't include all the definitions, exclusions, terms and conditions.
- If you would like a copy of the full terms and conditions, please ask your financial adviser or contact us direct.
- We have the right to change some of the terms and conditions. We'll write and explain if this happens.

## Law

- The law of England and Wales will apply unless your plan documents show otherwise.

## Language

- Our plan documents and terms and conditions are in English and all our other communications with you will be in English.

## Compensation

- If a financial adviser recommends this plan, you have a legal right to compensation if the Financial Ombudsman Service decides it wasn't suitable for your needs at the time.
- You may qualify for compensation from the Financial Services Compensation Scheme if we become unable to pay claims against us because of financial difficulties. It'll depend on the nature of the business and the circumstances of the claim. The scheme covers most insurance contracts for 100% of the first £2,000 and 90% of the rest of the claim. You can get further information from the Financial Services Authority or from the Financial Services Compensation Scheme.

## About Friends Provident

- Friends Provident Pension Limited's main business is providing pension products. It's entered on the FSA Register, number 110414.

Friends Provident Pensions Limited

Registered and Head Office: Pixham End, Dorking, Surrey RH4 1QA  
Incorporated company limited by shares and registered in England number 475201  
Authorised and regulated by the Financial Services Authority

[www.friendsprovident.com](http://www.friendsprovident.com) Telephone 0870 608 3678

FRIENDS® and 'the power of FRIENDS®' are registered trade marks of Friends Provident in the UK and other countries



**FRIENDS PROVIDENT**