

Pension Annuities

Your right to think over your options and change your mind

(including glossary of terms, declaration form, cancellation form and policy conditions)

Important You have a total period of 30 days from when you receive this notice in which to think over your options and, if you wish, to change your mind. If you decide to cancel your policy, you will have to repay any money we have already paid to you. Please read carefully and return the completed declaration form with your application.

This leaflet explains your options and tells you what you need to do if you change your mind. It also includes a glossary of terms and sets out the policy conditions that will apply if you go ahead, depending on whether the pension annuity is an occupational pension annuity or a personal pension annuity, with or without protected rights. We explain 'protected rights' on the next page.

Understanding the plan you are considering and your options

What is a pension annuity?

A pension annuity lets you convert the pension fund you have built up into a pension income for the rest of your life.

The pension income your pension fund will buy you will depend on the pension income options you choose, your age and the annuity rates offered which will vary from company to company.

The key features leaflet enclosed separately with this pack sets out the main points about our pension annuity plan - we call it a Compulsory Purchase Annuity.

The separate quotation shows the pension income that may be available to you and the cost of any advice that your adviser may give you.

What is the Open Market Option?

It is a facility that allows you to approach any other company for a pension annuity quotation. You may see this shortened to OMO in some documentation.

This is because no one company can always quote the best pension annuity rates in all circumstances.

Your pension fund may buy you a higher pension income with some companies than with others, depending partly on the pension income options you choose.

If you buy your pension income with a different company, the company that currently holds your pension fund will transfer it to the new company who will use it to provide your pension income.

If you want other pension income options to consider, what do you do?

You should contact your adviser, Friends Provident or any other company you choose for alternative pension annuity quotations.

Friends Provident will send a new notice with each new quotation and the 30 day period in which you can change your mind will start again from the day you receive the new notice and quotation.

If you send for a quotation from another company, they too will send you a notice giving you up to 30 days to change your mind.

Please bear in mind that if your current pension fund policy is invested in with-profits, a market value reduction may apply if you delay buying your pension income beyond the retirement date stated in that policy.

Your right to change your mind

You have a total period of 30 days from when you received the notice in which to change your mind. However, if you cancel after we have set up your policy, you will have to repay any money we have already paid to you.

We must wait at least 14 days from when you received this notice before setting your pension up. Once the 14 days are up, you'll have a further 16 days in which to change your mind, making a total period of 30 days.



FRIENDS PROVIDENT

If you want to go ahead, what should you do?

If your pension fund is with Friends Provident, fill in the 'acceptance form' we've sent you with your quotation. Please be sure to add the date you received this notice. You should then return the completed 'acceptance form' to us.

If your pension fund is with another company, fill in the 'declaration form' on the next page of this booklet. Please be sure to add the date you received this notice. Then attach the 'declaration form' to your completed annuity application form and send them, with evidence of your age, to Friends Provident, PO Box 1550, Milford, Salisbury SP1 2TW. You should contact your financial adviser and ask them to arrange for the transfer of funds coming from the other company.

If you wish to cancel within the 30 days, what should you do?

If you change your mind before sending your acceptance or application to us and wish to cancel, then you need do nothing more.

If you change your mind after sending your acceptance or application to us, you should complete the 'Cancellation form' in this booklet and return it to us. If you cancel, you will have to repay any money we have already paid to you. You should also contact your financial adviser and ask them to stop the transfer of funds coming from other companies if not already completed.

If you don't cancel within the 30 days, your pension will continue as set out in the key features and the terms and conditions. You will not be able to change it in the future, even if your circumstances change.

Glossary of terms

This section helps explain the meaning of some terms that you are unlikely to be familiar with.

GMP

Guaranteed Minimum Pension. If your occupational pension scheme was contracted-out of the state earnings-related pension scheme (SERPS) then you left SERPS and your scheme provided you with a minimum pension instead. This is to try and make sure you did not lose out by leaving SERPS.

Pre 1988 GMP – Your guaranteed minimum pension secured by service before 6 April 1988.

Post 1988 GMP – Your guaranteed minimum pension secured by service between 5 April 1988 and 5 April 1997. No GMP can be earned after 5 April 1997.

SERPS has now been replaced by the State Second Pension (S2P).

Protected rights

If you belong to a money purchase occupational pension scheme or a personal pension plan which is contracted-out of S2P (or was contracted-out of SERPS) this means that you have left S2P or SERPS, and your scheme/plan must provide a protected rights fund. This fund is built up by the National Insurance contributions which you and your employer would have paid to S2P or SERPS. These are known as protected rights contributions.

Pre/Post 1997 – relates to contributions before the 6 April 1997 and after 5 April 1997.

Escalation

This is the amount that your pension increases by each year. It is usually nil% (level), 3% or 5%. We pay the increases once a year on the policy anniversary at a compound rate.

For the part of your pension bought with contributions from final salary schemes made between 6 April 1997 and 5 April 2005, we offer Limited Price Indexation (LPI) increases. This is an increase of 5% a year or the Retail Prices Index (RPI) if this is less.

Pensions bought with contributions from money purchase schemes do not need to be increased, but we offer LPI increases for this type of contribution made from 6 April 1997.

We do not offer LPI increases on pensions bought with any other contributions, or increases at 2.5% a year or RPI if this is less.

Guaranteed period

Usually nil, five or 10 years. This is how long your pension is guaranteed to be paid for from the start of the policy. If you die within the guarantee period, we will pay the remaining amount in instalments to your legal representatives or, if you have chosen a spouse's/civil partner's/dependant's annuity, to that spouse/civil partner/dependant.

With/without proportion

We only offer 'without proportion' pensions. This means that if you die part way between pension payments, we will only pay a pension up to the last due date.

Any/specific husband, wife or civil partner

If you choose a pension for your husband, wife or civil partner then part of your pension continues to be paid to your husband, wife or civil partner when you die. If you choose for your pension to be paid to a **specific** husband, wife or civil partner, it is paid to the person you were married to or in a civil partnership with when your pension started. If you choose for your pension to be paid to **any** husband, wife or civil partner, it is paid to the person you are married to or in a civil partnership with when you die.

Note – If you have a protected rights fund and you are married or in a civil partnership when you buy your pension, your protected rights pension must provide for a husband's, wife's or civil partner's pension of 50% of your own.

With/without overlap

'With overlap' means your husband's, wife's or civil partner's pension starts immediately when you die. 'Without overlap' means your husband's, wife's or civil partner's pension starts at the end of the guaranteed period or when you die, whichever is later. We do not provide for overlap with a ten year guarantee.

If your pension fund is with another company, please complete this declaration and attach it to your annuity application form. Without it, we will be unable to set up your pension annuity. Please return both the declaration and your application in the envelope provided.

Declaration form

To: The Service Centre Manager, Friends Provident.

I confirm that I received a notice entitled 'Your right to think over your options and change your mind', issued by Friends Provident, on the date shown below.

Date notice received

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I understand that I have a total period of 30 days from the date shown above in which to change my mind, and that the pension will not be set up until 14 days after that date. If I cancel, I agree to repay to you any money you have already paid to me.

Signature

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Date of signature

--	--	--

Name

--

Address

Date of Birth

--	--	--

FOR OFFICE USE ONLY:

Member Number

--

Scheme Number

--

CST Number

--

Policy Reference

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To be returned only if you have already agreed a particular pension annuity and you wish to cancel it within 30 days of receiving this notice. Please use the envelope provided.

Cancellation form

To: The Service Centre Manager, Friends Provident.

I have decided not to go ahead with this pension annuity.

I understand that if the original pension plan was invested in with-profits, a market value reduction may apply if I delay buying my pension income beyond the retirement date specified in that plan.

If you have received any money from the company with whom I had the original pension plan (other than Friends Provident), please return it.

I agree to repay to you any money you have already paid to me.

Signed	<input type="text"/>	Date	<input type="text"/>
Name	<input type="text"/>	Date of Birth	<input type="text"/>
Address	<input type="text"/>	Postcode	<input type="text"/>
	<input type="text"/>		<input type="text"/>
	<input type="text"/>		<input type="text"/>
	<input type="text"/>		<input type="text"/>

IMPORTANT: If this form is used and the monies are coming from an occupational scheme, it should also be signed by the trustees of that occupational scheme.

Signed	<input type="text"/>	Date	<input type="text"/>
Name	<input type="text"/>	Position	<input type="text"/>
On behalf of	<input type="text"/>		
Address	<input type="text"/>	Postcode	<input type="text"/>
	<input type="text"/>		<input type="text"/>
	<input type="text"/>		<input type="text"/>
	<input type="text"/>		<input type="text"/>

FOR OFFICE USE ONLY:

Member Number	<input type="text"/>	Scheme Number	<input type="text"/>
CST Number	<input type="text"/>	Policy Reference	<input type="text"/>

These are the conditions that apply to occupational pension annuities

When we set up your plan, we will send you a policy schedule specifying the annuity or annuities that will be payable and a further copy of the conditions.

1. In consideration of the payment to Friends Provident Pensions Limited (hereinafter called "the Company") of the single premium specified in the schedule hereto, the Company undertakes to pay the annuity mentioned in the said schedule to the person(s) to whom the same is expressed to be payable upon evidence satisfactory to the Company being furnished from time to time of the Annuitant(s) mentioned in the said schedule being alive.
2. The funds of the Company shall alone be liable to answer and make good all claims and demands in respect of this policy.
3. This policy shall be read and construed in accordance with the Governing Law stated in the said schedule. All monies payable to or by the Company shall be payable at the Paying Office stated in the said schedule in the currency of the country in which the Paying Office is situated. The payment or acceptance of payment by the Company at any other place will not be deemed to waive this condition as regards any subsequent payments.
4. This policy is subject to the proposal and to the conditions specified in the said Schedule.

This annuity shall be wholly non-commutable and non-assignable by the Annuitant.

These are the conditions that apply to personal pension annuities WITHOUT protected rights

When we set up your plan, we will send you a policy schedule specifying the annuity or annuities that will be payable and a further copy of the conditions.

1 Purchase of Annuity

On receipt of the Single Premium by Friends Provident, the Single Premium or the balance of the Single Premium after the exercise of the option in Condition 3 shall be applied to purchase the Annuity as set out in the Policy Schedule. The Annuity shall be subject to the terms of this Policy and the overriding provisions of the Rules of the personal pension scheme. 'The Plan' means the Friends Provident Pensions Limited Personal Pension Scheme or the Friends Provident Pensions Limited Stakeholder Pension Scheme, unless the annuity is payable as the result of the exercise of an open market option under another personal pension scheme, in which case 'the Scheme' means the scheme under which that option has been exercised.

2 Payment of Annuity

The Annuity shall be payable as described in the Policy Schedule during the life of the Annuitant. The date an instalment of the Annuity becomes payable shall in these Conditions be referred to as the Due Date. Where the Annuity is stated to increase at a given percentage per annum the amount of the Annuity shall increase on each annual anniversary of the first instalment. Where payment is expressed to be by monthly, quarterly or half yearly instalments the increase shall be apportioned equally between the instalments. The last instalment of the Annuity shall be paid on the Due Date immediately preceding the death of the Annuitant except where sub-clauses (a), (b) or (c) below apply.

If the Policy Schedule refers to a Proportion Percentage then the amount of any instalments of Annuity paid in accordance with sub-clauses (b) or (c) below shall be determined by applying the Proportion Percentage shown in the Policy Schedule to the amount of the Annuity that would have been paid had the Annuitant been so living.

(a) Guarantee

Where the Policy Schedule refers to a Guarantee Expiry Date then on the death of the Annuitant before the Guarantee Expiry Date the Annuity will continue, from the Due Date immediately after the death of the Annuitant. The last instalment of the Annuity shall then be paid on the Guarantee Expiry Date. Any Annuity payments to be made as a result of the guarantee option shall be paid where either sub-clause (b) or (c) below apply to the person to whom payments would be made under those options and otherwise to the Annuitant's legal personal representatives subject to Condition 4.

(b) Specified Dependant

Where the Policy Schedule refers to a Specified Dependant then on the later of the death of the Annuitant and the Guarantee Expiry Date (if any) the Annuity will continue from the next Due Date provided that the Specified Dependant is so living and that if the Specified Dependant is a child or adopted child of the Annuitant (in this condition referred to as a Dependent Child) the Dependent Child is under age 18 or age 21 if in receipt of full time educational or vocational training. Any payments will be made for the benefit of the Specified Dependant. The last instalment of the Annuity shall be paid on the Due Date immediately preceding the death of the Specified Dependant except that in the case of a Dependent Child the final payment shall be made on the Due Date immediately preceding the attainment of age 18 or if later the earlier of the attainment of age 21 and cessation of full time educational or vocational training.

(c) Surviving Husband, Wife or Civil Partner Annuity

Where the Policy Schedule refers to the application of a surviving husband, wife or civil partner Annuity then on the later of the death of the Annuitant and the Guarantee Expiry Date (if any) the Annuity will continue from the next Due Date if there is a surviving husband, wife or civil partner. Any payments shall be made to the surviving husband, wife or civil partner. The last instalment shall then be made on the Due Date immediately preceding the death of the surviving husband, wife or civil partner.

3 Option to Take Lump Sum

Where the Policy Schedule refers to a cash sum, the Annuitant has exercised the option of receiving a cash sum from the single premium under the Friends Provident Pensions Limited Personal Pension Scheme Rules. No cash sum is payable from the single premium where the annuity is payable as a result of the exercise of an open market option under another personal pension scheme.

4 HM Revenue & Customs Approval

The Annuity secured by this contract shall not be surrendered or assigned except as provided by Part 4 of the Finance Act 2004.

5 General

(a) The annuity secured and these Conditions shall be part of this Policy and of the contract between the Grantee and Friends Provident.

(b) The Policy shall be subject to and construed in accordance with the laws of England and Wales. All amounts payable under the Policy, either to or by Friends Provident, shall be payable in pounds sterling at the Head Office of Friends Provident.

(c) If the age of any person entitled to benefit under the Policy is found at any time to have been mis-stated, the benefit payable under the Policy may be adjusted to such amount as Friends Provident considers would have been the correct amount available under the Policy had the correct age been given at the outset.

(d) Any instructions, notifications or requests to be given to Friends Provident are to be given in writing in a form acceptable to Friends Provident by delivering them or sending them to Friends Provident at its Head Office together with any documents, information or consents which Friends Provident may require.

(e) Where the context allows it, words in the singular shall include the plural the masculine gender the feminine and vice versa.

(f) Where any reference is made in these Conditions to an item contained in the Policy Schedule it includes any amendments made or due to be made in accordance with these Conditions whether by reissue of the Policy Schedule or endorsement of the Policy.

(g) The benefit under this Policy will be paid upon evidence satisfactory to Friends Provident being forwarded from time to time of the person being entitled to the said benefit under the terms of these Conditions.

(h) A reference to any enactment shall be deemed to include a reference to any statutory amendment or re-enactment thereof and any regulations made thereunder for the time being in force.

These are the conditions that apply to personal pension annuities WITH protected rights

When we set up your plan, we will send you a policy schedule specifying the annuity or annuities that will be payable and a further copy of the conditions.

1 Purchase of Annuity

The Single Premium shall, on receipt by Friends Provident, be applied to purchase the Annuity as set out in the Policy Schedule. The Annuity shall be subject to the terms of this Policy and the overriding provisions of the Rules of the Friends Provident Pensions Limited Personal Pension Scheme or the Friends Provident Limited Stakeholder Pension Scheme (the Scheme).

2 Payment of Annuity

The Annuity shall be payable as described in the Policy Schedule during the life of the Annuitant and shall increase on each annual anniversary of the first instalment. The date an instalment of the Annuity becomes payable shall in these Conditions be referred to as the Due Date. Where payment is expressed to be by monthly, quarterly or half yearly instalments the amount of the increase shall be apportioned equally between the instalments. The last instalment of the Annuity shall be paid on the Due Date immediately preceding the death of the Annuitant except where (a), (b) or (c) below apply.

If the Policy Schedule refers to a Proportion Percentage then the amount of any instalments of Annuity paid in accordance with options (b) or (c) below shall be determined by applying the Proportion Percentage shown in the Policy Schedule to the amount of the Annuity that would have been paid had the Annuitant been so living.

(a) Surviving Husband, Wife or Civil Partner

Where the Policy Schedule states that a surviving husband's, wife's, civil partner's or Dependent Child's Annuity applies then on the death of the Annuitant the Annuity will continue, commencing on the next Due Date if there is a surviving husband, wife or civil partner. The amount of continuing Annuity shall be half the amount that would have been payable to the Annuitant had he been so living.

Any payments shall be made to the surviving husband, wife or civil partner. The last instalment shall then be made on the Due Date immediately preceding the death of the surviving husband, wife or civil partner.

(b) Dependent Child

Where the Policy Schedule states that a surviving husband's, wife's, civil partner's or Dependent Child's Annuity applies, then where there is no surviving husband, wife or civil partner on the death of the Annuitant or on the death of the surviving husband, wife or civil partner in receipt of the continued Annuity as specified in (a) above, the Annuity will continue on the death of the Annuitant or if (a) above applies on the death of the surviving husband, wife or civil partner commencing on the next Due Date if there is a Dependent Child so living under age 18. The amount of the Annuity payable under this option shall equal that payable under (a) above.

A Dependent Child is a child for whom the Annuitant was entitled to child benefit before he died (or would have been if the child had been in Great Britain).

Any payments shall be made for the benefit of the Dependent Child.

The last instalment of the Annuity shall then be made on the Due Date immediately preceding the earlier of the death of the last surviving Dependent Child or the attainment of age 18 by the youngest such child.

(c) Guarantee

Where the Policy Schedule refers to a Guarantee Expiry Date then on the death of the Annuitant before the Guarantee Expiry Date.

(i) if the Annuity is continuing to be paid in accordance with (a) or (b) above the Annuity will be paid as described in those conditions except that the provisions relating to the reduction of the Annuity shall not take effect until the next Due Date after the Guarantee Expiry Date.

Notwithstanding the happening of an event giving rise to the ultimate cessation of the Annuity under the previous provisions of this Condition before the Guarantee Expiry Date the Annuity shall continue, commencing on the Due Date immediately after such event. The Annuity shall then continue to be paid to the legal personal representatives of the last person entitled to the Annuity subject to Condition 3. The last instalment shall then be paid on the Guarantee Expiry Date.

(ii) if the Annuity is not otherwise continuing in accordance with (a) or (b) above the Annuity will nevertheless continue commencing on the Due Date immediately after the death of the Annuitant and shall be paid to the Annuitant's legal personal representatives subject to Condition 3. The last instalment of the Annuity shall then be paid on the Guarantee Expiry date.

3 HM Revenue & Customs Approval

The Annuity secured by this contract shall not be surrendered or assigned except as provided by Part 4 of the Finance Act 2004.

4 General

(a) The Policy Schedule and these Conditions shall be part of this Policy and of the contract between the Grantee and Friends Provident.

(b) The Policy shall be subject to and construed in accordance with the laws of England and Wales. All amounts payable under the Policy, either to or by Friends Provident, shall be payable in pounds sterling at the Head Office of Friends Provident.

(c) If the age of any person entitled to benefit under the Policy is found at any time to have been mis-stated, the benefit payable under the Policy may be adjusted to such amount as Friends Provident considers would have been the correct amount available under the Policy had the correct age been given at the outset.

(d) Any instructions, notifications or requests to be given to Friends Provident are to be given in writing in a form acceptable to Friends Provident by delivering them or sending them to Friends Provident at its Head Office together with any documents, information or consents which Friends Provident may require.

(e) Where the context allows it, words in the singular shall include the plural the masculine gender the feminine and vice versa.

(f) Where any reference is made in these Conditions to an item contained in the Policy Schedule it includes any amendments made or due to be made in accordance with these Conditions whether by reissue of the Policy Schedule or endorsement of the Policy.

(g) The benefit under this Policy will be paid upon evidence satisfactory to Friends Provident being forwarded from time to time of the person being entitled to the said benefit under the terms of these Conditions.

(h) A reference to any enactment shall be deemed to include a reference to any statutory amendment or re-enactment thereof and any regulations made thereunder for the time being in force.

Friends Provident Pensions Limited

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XG2 3.07 (PDF)



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