



Canada Life

Annuity Growth Account

Key Features

This Key Features document provides a brief guide to the main features of the Canada Life Annuity Growth Account (AGA).

Before you convert your retirement fund(s) into an AGA it is important that you understand how the product works, what risks you will be exposed to, and what the decision to use the product means for you.

You should also have been supplied with a Personal Example which forms part of this Key Features document. It is important you read both and keep them for future reference.



Its aims

- The Annuity Growth Account (AGA) is a lifetime annuity designed to provide you with a guaranteed 5 year income with the potential to grow your future income by investing the remaining balance of your premium (the investment element) in one or more of Canada Life's pension funds.

To allow you to:

- choose from a range of 5-year income options both at outset and at 5 yearly intervals. In particular, you may select a level of income for the 5-year period which is between 50% and 120% (inclusive), of the equivalent lifetime annuity;
- elect to use all of your investment element to provide a lifetime income at any 5 year review, either from Canada Life or from another lifetime annuity provider; and
- provide second annuitant benefits after your death for your spouse, civil partner or financial dependant if you so wish.

Your commitment

- You make a decision to exchange the transfer value or open market option value of your registered pension scheme fund for the benefits payable under the AGA.
- At the 5th anniversary of the AGA, and each subsequent 5 year anniversary until a lifetime income is secured, you are committed to making a decision whether to use the proceeds of the AGA to secure a lifetime income or another 5-year income.
- When a 5-yearly review occurs and there are less than 5 years remaining before attaining your 85th birthday, you will be committed to apply the investment element to secure a lifetime income.

Risk factors

- The value of your pension scheme fund may fall between now and when you agree to go ahead with the AGA.
- You may not have made adequate provision against future inflation.
- The higher the level of income you take in the earlier years makes it more likely that your income will fall later on if your fund fails to grow sufficiently. You should consider this carefully when selecting your initial level of income.
- In addition to the level of income selected at outset, the income you receive in the future will also depend on the investment growth rate and future annuity rates.

- **Investment growth rate**

The annual rate of growth needed within the investment element to provide an income in 5 years time that is at least equal to the income level at outset may not be achieved. Should this happen, the level of income in 5 years time may reduce. The estimated annual growth rate needed to maintain the initial level of income is specified in the Personal Example, which accompanies this document. This is known as the Hurdle Rate.

- **Annuity rate (including the annuity interest rate)**

At the 5th anniversary of the AGA, annuity rates may be lower than at outset. If so, when you decide to secure another 5-year income or lifetime income using the value of the investment element, the conversion rate may give a smaller income than you received at outset.

- If you invest in low risk funds for the whole 5 year investment period the likelihood of achieving sufficient growth to meet the Hurdle Rate will be reduced. For example the average return in the Canlife Money Fund over the period 2002 to 2007 was approximately 3.5% p.a. If your Hurdle Rate is 6.5% p.a. and you invest in a fund that returns 3.5% p.a., the income you could purchase at the 5 year review would be around 15% lower than it is now. This assumes that the annuity rates at the end of the 5 year investment term are the same as those assumed in the Hurdle Rate calculation.

This is only an example of what could happen if you do not achieve the Hurdle Rate and demonstrates the importance of your initial choice of funds and the ongoing management of these during the 5 year investment element term.

- Past performance is not a guide to future performance. The value of units can fall as well as rise. Currency fluctuations can also affect performance. The value of the investment element of the AGA and future levels of income payable are not guaranteed.
- On a day when you switch or cash in all or part of your investment to secure an income more money may be moving out of the fund (or funds it invests) than into it. In this case some of the assets of the fund (funds) will have to be sold and we may reduce the value of your investment to reflect the costs and charges associated with selling those assets.
- If you decide to invest in any fund which invests in property you should remember that the value of property is generally a matter of the valuer's judgement.
- Your circumstances may change after you retire.
- You may not have made adequate provision for your spouse/civil partner/dependant, and the fund available on death may not be sufficient to maintain the level of their income.
- If a second annuitant's benefit has been selected because of financial dependency (i.e. the second annuitant is not the spouse or civil partner of the annuitant), the second annuitant must be financially dependant at the date of death otherwise no benefit will be payable.
- The charges may be higher than those assumed in the Personal Example, accompanying this document.
- On death, the value of the projected benefits payable may be less than the benefits in the Personal Example, which accompanies this document. Also, the value of the investment element may be reduced, or cease without value, depending on the death benefits selected.
- The initial amount of income will depend upon annuity rates when you purchase the AGA; you could find you would have done better by waiting for a change in annuity rates.
- These contracts have no cash-in value at any time.

About the AGA

- The AGA is designed to enable you to use the value of your existing accumulated pension scheme benefits, from one or more sources, to buy an annuity that has the potential to grow in future, depending on how investments perform and the rates of interest available in future.
- Depending on the source of the transfer (if you are transferring an existing benefit), you can use your whole retirement fund, or the reduced amount after taking a tax-free pension commencement lump sum (PCLS), to secure an annuity for life. Please ask your Financial Adviser for details about the PCLS.
- The fund transferred into the AGA will initially be split into two elements. The first element will be applied to secure a level 5-year income, equal in value to between 50% and 120% of an equivalent lifetime annuity. However, because the cost of an income for 5 years is considerably less than a lifetime annuity, there will be a fund left over which is invested for future growth in one or more of our range of unit-linked funds. You can switch your fund choice at any time.

How much can be paid into the AGA?

- The minimum that can be transferred in to provide an income is £35,000. If there are multiple transfers, the minimum for any one transfer is £5,000.
- Transfer values will be applied to a personal pension plan initially and, where more than one transfer value is expected, will be invested in the Canlife Money fund until all transfer values have been received. Please remember that it can take a number of weeks to receive transfer cheques from other schemes and insurance companies.
- The personal pension plan into which your funds are invested applies no charges on entry or exit, however, the plan has an annual charge of 1% which is taken from the income of the fund (Canlife Money fund).

What are the main benefits?

- The main benefits of the AGA are:
 - the potential to increase your income in the future at 5 yearly intervals;
 - flexible income (between 50% and 120% of the equivalent Canada Life lifetime annuity rate, every five years);
 - various death benefit options, including protecting your income payments for a maximum of 10 years and providing a second annuitant benefit for your spouse/civil partner/ financial dependant;
 - the ability to amend the income type to suit your circumstances at each 5 year review;
 - investment flexibility with access to a wide range of internally and externally managed funds;
 - option to select a lifetime income with Canada Life or another annuity provider at each 5 year review point;
 - bonuses may be added to the investment element on survival (both annuitants for joint incomes) to each 5 year review date.

How much will my income be?

- The amount of income at outset will depend on the size of the fund paid in, the 5-year annuity rates available at the time and the level of income selected. The Personal Example accompanying this document shows the level of income you would receive at outset, before tax is deducted.
- The level of income at each 5 year review depends on a number of factors. These include the amount invested at the start of the AGA, the investment performance of the funds selected and the actual level of annuity rates in 5 years time, which will vary from current rates available.
- The Personal Example, which accompanies this document shows you an estimate of the annual growth rate needed to be able to buy a lifetime income in 5 years time at least equal to the income level at the start of the AGA. If the actual rate of growth is greater than the growth rate shown and annuity rates are not lower than those assumed, your income will increase in 5 years time.

What happens if I die?

- At outset there are a number of options you can select to provide benefits in the event of your death. You may choose one or more of the following:
 - Build a 5-year guarantee into the 5 year income so that if you die during that period, the income will continue to be paid until the end of the term.
 - Build a second annuitant benefit into the AGA. If so, in the event of your death, 50%, 66% or 100% of your income will continue to be paid to the second annuitant. At the end of the 5-year period, the same percentage of the value of the investment element will be used by the second annuitant to either buy a lifetime income or a 5-year income of his/her own.
- If you die without having selected any of the above benefits, income payments will stop immediately and the AGA will cease without value.
- More details on the death benefits payable can be found in the Product Details, which is available separately.

Survival Bonus

- Provided that you (and where a second annuitant benefit has been selected, the second annuitant) survive until the end of the 5-year period, a Survival Bonus will be applied to the investment element in the form of additional units.
- The amount of Survival Bonus will depend on your age and whether the AGA has been arranged with or without a second annuitant benefit. The amount of Survival Bonus in your case is shown in the Personal Example, which accompanies this document.
- The Survival Bonus applies to each 5-year period.

Further information

Cancellation rights

You will have a period of 30 days in which to reflect and reconsider, before the contract starts. Please note that after you have bought your AGA it cannot be cancelled. If you decide not to proceed, you must notify us of your change of mind within the 30 day period.

Investment funds

The investment element of your AGA will purchase units in one or more of Canada Life's pension funds. Past performance is not a guide for the future. The value of units can fall as well as rise. Currency fluctuations can also affect performance. The funds invest in a range of shares, government stocks, fixed interest and commercial property in the United Kingdom and overseas. Your financial adviser will be able to give you more details of the funds available.

In the case of funds which invest in property and land, the value of property is generally a matter of a valuer's opinion rather than fact. You may not be able to switch out of your investment when you choose because the property in the fund may not always be readily saleable.

For property fund investments, Canada Life reserves the right to delay switches out for up to 6 months if this is deemed necessary to protect the interests of other policyholders. This will not affect 5 year review processing.

Tax

The income payments will be treated as earned income and will be paid after the deduction of tax through the PAYE system. The pension funds do not suffer UK tax on capital gains and income, with the exception of the dividend income on equities. The information regarding taxation is based on our understanding of current legislation that may be altered and depends on the individual financial circumstances of the investor.

Charges

The balance of the fund, after having secured the 5-year income, will be applied at the bid price to accumulator units within the investment element. The allocation percentage to the investment element is shown in the Personal Example, which accompanies this document.

Units have an annual management charge of 1%. In addition to this charge, there is an annual investment management charge which varies according to the fund selected. Details of the charges for each fund are listed separately and is available on request.

Please note that all charges are subject to regular review by Canada Life. We have taken account of these charges, on the current basis, in your Personal Example.

If you decide to switch between funds, the first twelve switches in any Account year are free of charge. Thereafter, a charge of £50 may be made per switch, by deduction of units.

Your financial adviser will be able to give you details of the remuneration they receive in respect of this investment.

Law

The law applicable to, and governing, the policy is English law.

Queries and complaints

For further information or if you wish to complain about any aspect of the service you have received, please contact Canada Life. Complaints which we cannot settle can be referred to the Financial Ombudsman Service:

The Financial Ombudsman Service

South Quay Plaza

183 Marsh Wall

London E14 9SR

Telephone: **0845 080 1800**

Email: **complaint.info@financialombudsman.org.uk**

Website: **www.financial-ombudsman.org.uk**

Making a complaint will not prejudice your right to take legal proceedings.

If you make a valid claim against Canada Life in respect of the investment or protection provisions that we arrange for you and we are unable to meet our liabilities in full, you may be entitled to redress from the Financial Services Compensation Scheme; details of the cover provided by the Scheme are given in a leaflet which is obtainable from:

The Financial Services Compensation Scheme

7th Floor, Lloyds Chambers

1 Portsoken Street

London E1 8BN

Telephone: **0207 892 7300**

Information on compensation arrangements is available from Canada Life on request.

About Canada Life

The Canada Life Assurance Company provides insurance and wealth management products and services through domestic operations in Canada and international operations in the Republic of Ireland, Isle of Man, Germany and the U.K., as well as branch and subsidiary operations in other countries. Canada Life is a subsidiary of The Great-West Life Assurance Company and a member of the Power Financial Corporation group of companies.

www.canadalife.co.uk

This leaflet is a brief guide to the key features of the product. Full details of the contractual terms are contained in the policy provisions which, together with the application form, constitutes the legally binding contract with Canada Life Limited. Registered in England no. 973271.



Canada Life

Canada Life Limited, registered in England no. 973271. Registered office: Canada Life Place, Potters Bar, Hertfordshire EN6 5BA
Telephone 0845 6060708 Facsimile 01707 646088 www.canadalife.co.uk

The Canada Life Marketing Group consists of Canada Life Limited, Canada Life Asset Management Limited and Canada Life International Limited. These companies are authorised and regulated by the Financial Services Authority (Canada Life International Limited for UK business only). Canada Life International Limited is an Isle of Man registered company authorised and regulated by the Isle of Man Government Insurance and Pensions Authority.