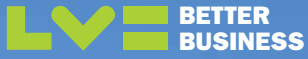


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PROTECTED RETIREMENT PLAN

Death benefits



Death benefits explained

Our Protected Retirement Plan offers a range of death & survivor benefits enabling your client to protect their investment as well as providing for their surviving spouse, civil partner or financial dependant.

It's important for your client to consider one or more options within their plan, as the plan will stop on their death with nothing further being payable, unless these options have been included.

Details of the available benefits, together with information showing how and when they become payable, are explained in this guide.

Your client can't change the basis of their plan or cash it in at any time.

Our ranges of death benefits that your client can choose at the outset of the plan are as follows:

- dependant's income for a spouse, civil partner or someone who is financially dependent on them
- guarantee period
- Value Protection

Dependant's income

Your client can choose to provide their spouse, civil partner, or financial dependant with an income if they die before the maturity date. We'll pay their surviving dependant an income, equal to the chosen percentage of your client's income (subject to Government Actuarial Department limits), until either the end of the plan or until they die – whichever happens first. If the dependant survives until the maturity date, we'll also pay out a maturity value.

Non protected rights

Your client can choose up to 100% of their income to be paid to their surviving spouse, civil partner or dependant.

Protected rights

If your client is married or in a civil partnership when the plan starts, they must choose a dependant's income of 100% of their income. The income (subject to Government Actuarial Department limits), will be paid to the survivor for the rest of the plan term, or until their death if earlier. If they're not married or not in a civil partnership when the plan starts they can't choose a dependant's income.

We may have to reduce your client's income or their dependant's income because of applying the GAD maximum limit. If we do, we will normally pay the difference between the current income and the new income, plus interest, when the plan ends.



Value Protection

Value Protection allows your client to protect up 100% of their original investment after taking any tax-free cash if they die before the maturity date.

Value Protection (100%) will be automatically included for protected rights.

If your client doesn't survive the term of the policy, an amount equal to the protected percentage, less the income already paid to your client and any dependant, will be payable. However, if we pay a dependant's income any Value Protection lump sum is only payable if they also die before the maturity date.

For non protected rights or protected rights where there is no surviving spouse or civil partner, the amount can be taken as a lump sum less tax (currently 35%). For protected rights where there is a surviving spouse or civil partner, this amount must be used to buy an annuity or continue in unsecured pension.

Guarantee period

This allows your client to protect their income for a set period of time.

For plans with no dependant's income, the remaining income less tax (currently 35%) will be paid as a lump sum if the client dies within the guarantee period.

For plans that contain a dependant's income benefit, and if the dependant is still alive when the client dies, the income will continue to be paid at the full amount until the end of the guarantee period. At the end of the guarantee period, if the dependant is still alive, the dependant's income will be paid.

If the dependant dies within the guaranteed period, the remaining income less tax (currently 35%), will be paid as a lump sum. Please note that guarantee periods are not available for protected rights.

Client income only

Scenario	Lump sum benefit payable on death	Income payable	Guaranteed maturity value payable at end of term
Client dies with no death benefits selected	£Nil	Income stops	£Nil
Guarantee period is selected	If the client dies within the guarantee period, the balance of income due for the remainder of the guarantee period is payable as a lump sum, less tax (currently 35%) using our discretion	Income stops	£Nil
Value Protection is selected	If the client dies within the terms of the plan the purchase amount minus total gross income paid is payable as a lump sum less tax (currently at 35%) using our discretion. Or it can be used by a surviving spouse, civil partner or dependant to buy an annuity or continue in drawdown	Income stops	£Nil

Client and dependant's income with no Value Protection or Guarantee period selected

Scenario	Lump sum benefit payable on death	Income payable	Guaranteed maturity value payable at end of term
Client dies first during plan term and spouse/civil partner/dependant survives	£Nil	Continues to spouse/civil partner/dependant at selected percentage agreed at outset until the end of term subject to their GAD maximum limit	Paid at the end of term at the percentage selected at outset for the spouse, civil partner or dependant to use to purchase an annuity or continue on drawdown
Spouse/civil partner/dependant dies first during the plan term and the client survives	£Nil	Continues to client at the original rate until the end of the term	Paid at end of the term for the client to use to purchase an annuity or continue in drawdown
Both die during the plan term	£Nil	Income stops on second death	£Nil

Client and dependant's income with a guarantee period

The following table explains how the benefits will become payable for non protected rights:

Scenario	Lump sum benefit on death	Income payable	Guaranteed maturity value
Client dies first during the guarantee period and the spouse, civil partner or dependant survives	£Nil	Continues to spouse, civil partner or dependant at the original rate to the end of guarantee period. After this period the income drops to the selected percentage agreed at outset until end of term subject to surviving spouse, civil partner or dependant's GAD maximum limit	Paid at end of term at the percentage selected at outset for the spouse, civil partner or dependant to use to purchase an annuity or continue in drawdown
Spouse/civil partner/ dependant dies first during plan term and client survives	£Nil	Continues to the client at the original rate until the end of the term	Paid at end of term for the client to use to purchase an annuity or continue in drawdown
Both die during the plan term	If both die during the guarantee period, the income due for the remainder of the period is paid as a lump sum less tax (currently at 35%) using our discretion	Income stops on second death	£Nil

Client and dependant's income with a Value Protection

Scenario	Lump sum benefit payable on death	Income payable	Guaranteed maturity value payable at end of term
Client dies first during plan term and spouse/civil partner/ dependant survives	£Nil	Continues to spouse/civil partner/dependant at selected percentage agreed at outset until the end of term subject to their GAD maximum limit	Paid at the end of term at the percentage selected at outset for the spouse, civil partner or dependant to use to purchase an annuity or continue on drawdown
Spouse/civil partner/ dependant dies first during plan term and client survives	£Nil	Continues to client at the original rate until the end of the term	Paid at end of the term for the client to use to purchase an annuity or continue in drawdown
Both die during the plan term	Purchase amount minus total gross income already paid to both the client and the spouse, civil partner or dependant is payable as a lump sum less tax (currently at 35% using our discretion)	Income stops on second death	£Nil

Client income only

This table explains how the benefits will become payable for protected rights. Protected rights benefits will always be set up with 100% Value Protection:

Scenario	Lump sum benefit payable on death	Income payable	Guaranteed maturity value payable at end of term
Value Protection is selected	Purchase amount minus total gross income already paid is payable as a lump sum to the clients nominated beneficiary, less 35% tax. If the client is married or in a civil partnership at the time of death the amount must be used by the spouse or civil partner to buy either an annuity or a drawdown contract	Income stops	£Nil

Client and dependant's income with Value Protection

Scenario	Lump sum benefit payable on death	Income payable	Guaranteed maturity value payable at end of term
Client dies first during plan term and spouse/civil partner/dependant survives	£Nil	Continues to spouse/civil partner/dependant at selected percentage agreed at outset until the end of term subject to their GAD maximum limit	Paid at the end of term at the percentage selected at outset for the spouse, civil partner or dependant to use to purchase an annuity or continue in drawdown
Spouse/civil partner/dependant dies first during plan term and client survives	£Nil	Continues to client at the original rate until the end of the term	Paid at end of the term for the client to use to purchase an annuity or continue in drawdown
Both die during the plan term	Purchase amount minus total gross income already paid to both the client and the spouse, civil partner or dependant is payable as a lump sum to the client's nominated beneficiary, less 35% tax. If the client dies second and is married or in a civil partnership at the time of the death the amount must be used by either the spouse or civil partner to buy either an annuity or a drawdown contract	Income stops on second death	£Nil

Set out below are a couple of examples showing what benefits will become payable for some potential scenarios.



Example 1

Mr White buys an LV= Protected Retirement Plan for a period of ten years with a non protected rights pension fund of £70,000. He chooses to receive a yearly income of £5,000 and no dependant's income.

The table below shows the benefits that would be payable if he chose 100% Value Protection, a five year income guarantee or no death benefits, assuming that he dies after a period of three years.

Option	Premium	Annual income	Income received	Total benefit due	Tax payable @ 35%	Benefit payable after tax
100% Value Protection	£70,000	£5,000	£15,000	£70,000 - £15,000 =£55,000	£19,250	£35,750
Five year income guarantee	£70,000	£5,000	£15,000	£5,000 x 2 =£10,000	£3,500	£6,500
No death benefit	£70,000	£5,000	£15,000	£Nil	Not applicable	£Nil



Example 2

Mr Green buys an LV= Protected Retirement Plan with a non protected rights pension fund of £100,000 for a term of five years. He chooses to take a yearly income of £7,000. The plan is due to pay a guaranteed maturity value of £75,000 at the end of the term.

Mr Green is married and the table below shows what benefits would become payable to his wife if he died after two years, if he chose 50% dependant's income, 100% Value Protection, or no death benefits.

Option	Premium	Total income paid to Mr Green	Yearly income paid to Mrs Green	Guaranteed maturity value due to Mrs Green at end of term	Total lump sum due at time of death before tax
50% dependant's Income	£100,000	£14,000	£3,500	£37,500	£Nil
100% Value Protection	£100,000	£14,000	£Nil	£Nil	£86,000
No death benefit	£100,000	£14,000	£Nil	£Nil	£Nil

If the government changes the tax treatment of this plan the income paid to your client may fall.

Want to know more? Please get in touch

If you would like more information about our Protected Retirement Plan and the breathing space that it can offer your clients, please contact your local LV= sales office:

North: 0800 678 1682

South East: 0800 678 1681

South West: 0800 678 1680

Or call our central quotes team on 0800 169 1111, or email them at annuity.quotes@lv.com

Opening times 8.30am – 5.30pm
Monday to Friday. For textphone dial 18001 first. We may record and/or monitor your calls for training and audit purposes.

You can access and download a full range of Protected Retirement Plan documents and guides at www.LV.com/adviser

You can get this and other documents from us in Braille, large print or on audio tape by contacting us.