

Key Features of the Smoothed Managed Funds Trustee Investment Plan

The Financial Conduct Authority is a financial services regulator. It requires us, LV=, to give you this **important information** to help you to decide whether our Smoothed Managed Funds Trustee Investment Plan is right for you.

Important

You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

You should read this document, the Smoothed Managed Funds Trustee Investment Plan Conditions, and 'Your Guide to how we manage our unitised with-profits Smoothed Managed Funds business' if you're thinking of investing in a Plan via your non-LV SIPP or SSAS.

Once you've read these key features, the Plan Conditions and the Fund Guide, and you're happy with the illustration and ready to apply, please arrange for the application form to be completed and returned via your financial adviser.

Its Aims

- To enable you, the Trustees of the Scheme, to invest funds under your control, and as part of the Scheme's overall investment strategy, in one of a range of unit linked Smoothed Managed pension funds available from LV=.
- To hold the Plan as an investment within a SIPP or SSAS, purchased by you as the Scheme Trustees on behalf of a single Designated Member of your Scheme.
- To help grow the investment under your Scheme over the medium to long term in a tax efficient way which matches the Designated Member's investment objectives and attitude to investment risk.

Your Commitment

- To invest, on behalf of a single Designated Member of your Scheme, who is no older than age 84 (85 next birthday), at least £20,000 (or at least £10,000 if the Plan is a Top Up investment) of their pension scheme fund in an LV= Smoothed Managed Funds Trustee Investment Plan.
- To view the investment as a medium to long term one, of at least five years.
- To tell LV= about any changes to your Scheme that may affect this Plan.

Risks

- As the Plan is invested in stock market related investments, the value of the Plan may go down as well as up and the Designated Member may get back less than the amount invested. The investment growth may be less than shown in the illustration.
- If you exercise your cancellation rights (detailed further in these Key Features) you may not get back the full amount paid in.
- If the Government changes the tax treatment of pension funds this may reduce the potential growth from your investment.
- Inflation, and any money you withdraw from the Plan, will erode the buying power of your investments in the future.
- Levels of risk and potential investment performance differ depending on the fund you choose. Please read the 'Your guide to how we manage our unitised with-profits Smoothed Managed Funds business' for more information.
- There may be a delay in the buying, switching or selling of any investment. We explain this in Condition D1 of the Plan Conditions.
- If you buy a guarantee on the fund and decide to cash in, fully transfer out or switch fund option, before or after the end of the guarantee term, you will lose the benefit of the guarantee.

Questions & Answers

We've given you answers to some very important questions about our Smoothed Managed Funds Trustee Investment Plan. These are set out in the following sections and will help you decide if you want to invest part of your pension fund in the Plan. **Before you decide to invest in a Plan we recommend that you speak to your Scheme's financial adviser. They can help you with anything you're unsure about.**

What is a Trustee Investment Plan?

A Trustee Investment Plan is an investment made by the trustees of a registered pension scheme.

The Smoothed Managed Funds Trustee Investment Plan is only available to the trustees of a UK pension scheme registered with HM Revenue and Customs, where the scheme rules allow investments of this type.

How does the Smoothed Managed Funds Trustee Investment Plan work?

The LV= Smoothed Managed Funds Trustee Investment Plan is a single contribution investment policy for Trustees of UK registered pension schemes, set up on behalf of a named 'Designated Member' of their scheme. It offers access to LV's Smoothed Managed Funds. Regular and ad-hoc withdrawals can be made from the Plan.

The Plan offers a smoothing mechanism which aims to reduce the impact of shorter term market volatility. A capital guarantee may be available at initial or subsequent investment or on expiry of a previous guarantee.

The Plan provides access to a range of risk-rated funds that invest in a mixture of different assets and offer the potential for smoothed investment growth. You can only invest in one fund option at a time per LV= Smoothed Managed Trustee Investment Plan. Multiple LV= Smoothed Managed Trustee Investment Plans are allowed, subject to a maximum investment amount across all Smoothed Managed Funds held by the Designated Member.

The Plan also provides the flexibility to allow regular and ad-hoc withdrawals, as well as permitting transfers out in specie. The Plan has no fixed term but the product has been designed based on an investment term of at least five years and ideally 10 years or more.

Is the Smoothed Managed Funds Trustee Investment Plan right for the scheme?

The Plan can only be established by the trustees of a SIPP or SSAS for the benefit of a single Designated Member, whose current age is no older than 84. It can't be taken out as a non-earmarked scheme investment.

How much can the Scheme Invest?

The standard investment limits for the LV= Smoothed Managed Funds Trustee Investment Plan, on behalf of a single Designated Member of your scheme, are:

- **New Plan:** Minimum initial investment (net of any initial adviser charge) is £20,000 per plan.
- **Additional top up Plans:** Minimum investment (net of any initial adviser charge) is £10,000 per plan.
- The maximum investment (net of any initial adviser charge) is normally £1,000,000, less the total of any current investments in LV= Smoothed Managed Funds Trustee Investment Plans, plus any investments in the LV= ISA, premiums into the Flexible Guarantee Bond (all series), and Smoothed Managed Funds Pension Series 1 funds.

In order to take out a new Plan or an additional Top Up Plan the Designated Member must be no older than age 84 attained (85 next birthday). No further investments are permitted from age 85 years.

Can the Scheme add additional money to a Smoothed Managed Funds Trustee Investment Plan?

Yes, but only by taking out an additional Top Up Plan (subject to the minimum above). It's not possible to add additional money to an existing plan.

Where is the money invested?

The money from your Scheme is invested in one of our five fund options. Each of these invests in a mix of assets including stocks and shares, fixed interest investments (both government and corporate bonds), commercial property, and some cash.

It's then the job of our asset management team to achieve the best possible returns for you on behalf of the Designated Member of your Scheme.

To help you understand the difference between the five fund options and to decide which is right for you, and your Designated Member, we've explained them in more detail in the 'How we manage your LV= Smoothed Managed Funds Trustee Investment Plan funds guide'. Please remember that, no matter which fund option you choose, your investment can go down as well as up. The higher the amount invested in stocks and shares, the more frequently this will happen and the more significant the changes in the underlying value will be. As explained below the impact will be smoothed by our use of averaged pricing – see '**What is averaged pricing?**' These are stock market investments, which mean that you aren't certain to make a profit.

Your financial adviser will help you, and the Designated Member, to choose the most suitable fund option for your circumstances and needs.

How much money will be invested?

100% of the money you pay to us will be invested into your Plan, after any initial adviser charge that you ask us to pay to your Scheme's financial adviser on your behalf.

What is averaged pricing?

From day 2, your investment is smoothed by gradually averaging the daily underlying price over the number of days it's been invested. After 26 weeks (roughly six months), your investment is then valued by averaging the value of the assets over the previous 26 weeks. Sometimes we won't use this averaging, which can lead to a change to the value of your investment (this is explained in Condition A4 of the Plan Conditions, along with an example).

One effect of averaging means that if the markets are rising when you cash in all or part of your Plan, you may get back less than if you were invested directly in the assets. But if markets are falling, you may get back more.

Can we change the fund option?

Yes, you can change your fund option at any time. We'll normally make the change 10 working days after we receive your instruction. We provide more details in Conditions A8 of the Plan Conditions. We'll usually do this for free, but if you change your fund option regularly, we'll apply a charge for this.

We explain this in more detail in '**What are the charges?**' on page 4. You can only invest money into one fund option for each Smoothed Funds Trustee Investment Plan. However, each Smoothed Funds Trustee Investment Plan you hold for a Designated Member can, if chosen, invest in a different fund option. Therefore, if you choose to switch your fund option for one Plan you don't, unless you choose to, also have to switch any other Plans you hold for the Designated Member into the new fund option.

When you change your fund option for a Plan, any guarantees you have will be cancelled. Bear in mind, you won't automatically be able to add a new guarantee.

We strongly recommend that you speak to your Scheme's financial adviser before you switch fund option.

What is the guarantee?

The guarantee is exactly that – a guarantee that your guaranteed Plan will, at the end of the guarantee term, be worth at least the initial guaranteed amount less any money taken out of your guaranteed Plan as a withdrawal, including any on-going and ad-hoc adviser charges.

Guarantees are only available on initial and subsequent Top Up investments or on expiry of a previous guarantee, subject to the availability of the guarantee at the time of purchase or expiry.

If you choose to have a guarantee, you must select this option at outset, and it will apply on the whole lump sum invested at that time. Therefore, if you invest in Top Up Plans you may have both non-guaranteed and guaranteed Plans on behalf of a Designated Member.

For example

The Trustees of the ABC Pension Scheme invested £10,000 on 8 July 2020 into the Cautious Fund and decide not to take out a guarantee on this investment at outset. This investment is a non-guaranteed Plan.

On 6 May 2021 the Trustees decide to invest a further amount of £10,000 into a Top Up Plan and, this time, add a guarantee at outset. This investment is a separate guaranteed Plan.

Of course, we can't offer this guarantee for free – you have to buy one. We explain this in more detail in '**What are the charges?**' on page 4.

How does the guarantee work?

You may have the option to buy a guarantee when investing into the Plan, depending on whether a guarantee is available on the fund option you have chosen. Please speak to your Scheme's financial adviser, or contact us, for more information on the current guarantee terms available.

By choosing the guarantee option, we guarantee that the value of the guaranteed Plan at the end of the guarantee term will be at least the same as the value of your investment on the date you added it. So, if the value has increased, you'll get this higher value, but if the value would have decreased, you're protected. Of course, any money you've taken out of your plan during the guarantee term (including any money that's been paid out to your Scheme's financial adviser as on-going and ad-hoc adviser charges) will be taken into account and deducted from the initial amount of the guarantee.

For example

The Trustees of the XYZ Pension Scheme invested £20,000 on 8 July 2020 and added a ten year guarantee on the Cautious Fund. During the next 10 years, £5,000 is withdrawn by the Trustees and £1050 to pay ongoing or ad-hoc adviser charges. The value plan on 8 July 2030 is guaranteed to be at least £13,950. (£20,000 - £5,000 - £1,050)

If the Trustees cash in this guaranteed plan on 8 July 2030, they'll get at least £13,950 back plus any increase in this investment.

If the trustees don't cash in this guaranteed plan on 8 July 2030, we will add units to the plan to bring the value back up to £13,950. If the Trustees hadn't added a guarantee, and the value of this plan on 8 July 2030 is less than £13,950, they'll make a loss if they cash it in then.

At the end of the guarantee term, if the value of your guaranteed Plan is less than the initial guaranteed amount we'll add units to your Plan, to increase the value to the initial guaranteed amount (less any withdrawals and adviser charges since the guarantee was added). So you don't need to cash in your guaranteed Plan at the time of guarantee expiry to benefit from this guarantee.

You can find out the current guarantee options and charges by calling us on **0800 681 6292** or looking on our website at [LV.com/TIP](https://www.lv.com/TIP).

If you cancel a guarantee you won't be able to buy a new guarantee at a later date on that Plan. However, you'll be able to add a guarantee, at outset, to any additional Top Up Plan in future, subject to the availability of the guarantee at the time of purchase and our product minimums and maximums.

We explain this in more detail in '**How much can the Scheme invest?**' on page 2.

We strongly recommend that you speak to your Scheme's financial adviser before you cancel a guarantee.

Before any guarantee term ends, we'll write to you to confirm the date it will end and let you know if replacement guarantees are available at that time, should you wish to add a new one.

To find out more about how our guarantee works and how to replace a guarantee when your current guarantee term comes to an end, please refer to Conditions A5 and A7 of the Plan Conditions.

Can money be withdrawn from the Plan?

Our LV= Smoothed Managed Funds Trustee Investment Plan is designed for investments of at least five years and ideally 10 years or more. Withdrawals will reduce the value of your Plan. Our LV= Smoothed Managed Funds Trustee Investment Plan is designed as a medium to long term investment.

If you want to take regular or ad-hoc withdrawals, you can do so at any time and there is no charge for doing this. You can find out more information about taking money out of your Plan in Condition A11 of the Plan Conditions.

Regular withdrawals – can be taken from the Plan and can be stopped, started or varied at any time. There is no limit on the amount of regular withdrawals.

Ad-hoc withdrawals – You can take lump sums from your Plan whenever you like, as long as the fund value doesn't fall below £500, and the amount withdrawn is not less than £250.

We'll usually pay any withdrawals to you as quickly as we can. In some circumstances, we may wait longer; normally this will be up to 10 working days before we take the moneys from the Plan. See Condition A11 of the Plan Conditions for more details. If a waiting period is applied, we'll use the price on the date we cancel the units.

We'll only apply a waiting period if we feel it is in the best interests of all of our remaining members and if required to protect our funds. It will take a few days more to pay the money out to you.

Can the Plan be transferred to another Pension Scheme?

Yes, if the Designated Member of your Scheme joins another UK registered pension scheme, and that scheme accepts the Plan as a permitted investment, it is possible for the Plan to be assigned to the new pension scheme by way of an in-specie transfer.

We do not charge for registering in-specie transfers. However, we may make a charge if you ask us to provide an example Trust Deed in order to facilitate an assignment by way of an in-specie transfer.

Can the Plan be cashed in?

You can cash in your Plan at any time. As with ad-hoc withdrawals, we may in some circumstances wait up to 10 working days before we complete the transaction, and it will take a few more days to pay the money out to you. It's also important to note that if you cash in an entire Plan and the last Plan in the name of a Designated Member of your Scheme, you cannot reinvest in another LV= Smoothed Managed Funds Trust Investment Plan, on behalf of the same Designated Member, within 12 months. We've explained this in more detail in Condition A11 of the Plan Conditions.

What are the charges?

Please refer to Condition C1 of the Plan Conditions. This will help you understand what charges you pay when you invest in our LV= Smoothed Managed Funds Trust Investment Plan. We take our charges by taking units away from the Plan. The charges will be applied by cancelling units on the monthly anniversary of the Plan.

The charges for the Plan will depend on the fund option that you chose to invest in and on a guarantee, if you have chosen to add one. Details of the charges that will apply when you first take out the Plan are shown in your personal illustration.

Annual Management Charge

We'll apply an Annual Management Charge to pay for the costs of administering the Plan. This will be taken monthly. The charge for the Plan will be based on the total value of the Plan each time the charge is taken. Details are shown in your personal example.

Guarantee Charge

If you add a guarantee, we'll make an additional monthly charge for the term of the guarantee from the plan that the guarantee applies to. This is in addition to the Annual Management Charge. The current guarantee charge for the guarantee term is shown in your personal example.

To find out the latest available guarantee terms and the charges that would apply if you were to replace an existing guarantee at the end of the guarantee term, you can call us on **0800 681 6292** or look on our website at [LV.com/TIP](https://www.lv.com/TIP).

Once you've added a guarantee, the guarantee charge taken is fixed for the term of the guarantee, and based on the current value of the guaranteed amount each month (this is the initial guaranteed amount minus any withdrawals taken including on-going and ad-hoc adviser charges taken from a guaranteed Plan since the guarantee started).

Our charge for each new guarantee added may be higher or lower than a previous guarantee. If you cancel the guarantee, or the guaranteed amount falls to zero due to withdrawals made, the guarantee charge will stop.

If you have a guarantee, any withdrawals you make (including on-going and ad-hoc adviser charges) will reduce the guaranteed amount.

For example

The Trustees of a SSAS invest £20,000 in the Cautious Fund (after any initial adviser charge has been paid). They select a 10 year guarantee at outset and withdraw £50 a month to pay for an ongoing adviser charge, starting the date the guarantee is added. We calculate the guarantee charge every month with the first charge payable when the investment is set up. The table below shows how this works in the first 6 months of the investment.

	Initial guaranteed amount	Total withdrawals taken since guarantee added	Guaranteed amount used to calculate guarantee charge	Value of guarantee charge taken (0.083%)*
Month 1	£20,000	£0	£20,000	£16.60
Month 2	£20,000	£50	£19,950	£16.56
Month 3	£20,000	£100	£19,900	£16.52
Month 4	£20,000	£150	£19,850	£16.48
Month 5	£20,000	£200	£19,800	£16.43
Month 6	£20,000	£250	£19,750	£16.39

*This is the monthly equivalent of a yearly guarantee charge of 1.0%.

Administration Charges

You can change the fund option up to three times in any Plan year for free. If you make more than three changes during this period, we'll charge £25 for each extra change.

What might the Scheme get back?

The value of the Plan when you cash it in will depend on:

- how much was invested
- how well our investments have performed
- our charges
- any money you've withdrawn from the LV= Smoothed Managed Funds Trust Investment Plan and any money that's been paid out to the Scheme's financial adviser as on-going and ad-hoc adviser charges
- any guarantee you've added

Your personal example gives you an idea of what you, on behalf of the Designated Member of your Scheme, might get back.

What happens if the Designated Member dies?

If you send us evidence of the death of the Designated Member the value of the Plan, which after 26 weeks of investment will always be based on the average price of units, will be paid to your Scheme.

We'll pay 100% of the value of the Plan, and any Top Up Plans, held on behalf of the Designated Member.

We won't make any payment to the Designated Member's beneficiaries or estate, or to anyone other than you, as Trustees of the Scheme.

What about tax?

Under current law, any investment growth within the Plan is free of UK taxes on income (except dividend income from UK equities) and capital gains. Current tax reliefs and privileges could be changed in future, as could the range of benefits available under registered pension schemes.

LV= won't deduct tax from any of the payments we make to your Scheme. All regular and ad-hoc withdrawals paid to the Scheme, even in respect of the death of the Designated Member, are paid gross. All tax and reporting requirements will take place under your Scheme, once you receive the payment from LV=. When the Designated Member comes to take their pension benefits from your Scheme, the tax treatment will depend on their personal circumstances.

These references to taxation are based on our understanding of current legislation and HM Revenue & Customs practice, which can change.

How much will the advice cost?

If you need advice about whether this Plan is suitable for your needs, and the needs of the Designated Member, please contact your Scheme's financial adviser who will give you details about the cost of providing advice. If you ask us to, we can pay any adviser charges to the Scheme's financial adviser on your behalf, or you may agree to pay your financial adviser directly. If you ask us to pay them on your behalf, any initial adviser charge will be paid before money is invested into the Plan. Any on-going or ad-hoc adviser charges will be paid out of the Plan and treated as withdrawals.

How will we know how the Plan is performing?

We will, if your Scheme is able to accept it, provide automated valuation information by an electronic data feed every day.

In addition, you can check the unit price **by calling your financial adviser or looking on our website at LV.com/TIP**.

The Scheme's financial adviser will also have the ability to access an on-line valuation of the plan in real time.

Your right to cancel

You can cancel any time within 30 days of receiving your plan documents. If you do so, and we've already set up the plan, we'll cancel it. We'll then pay your investment back to your Scheme.

To cancel you can tell us in writing and return any money paid to you during the 30-day cancellation period.

Alternatively you can email us at SMFTIPadmin@LV.com or call us on **0800 681 6292**.

Our address is:

LV= Savings & Retirement
PO Box 342
Wymondham
NR18 8HS

If we've already received your investment and set up the plan, and you cancel it within the 30 day period, we'll refund the original amount you invested, less any amounts withdrawn. That is, any adviser charges paid, and/or money paid to you from the plan which you haven't returned, will be deducted from the amount we refund to you. What you receive may therefore be less than the amount you originally invested.

Further information

Client categorisation

We're required by our regulator, the Financial Conduct Authority, to categorise our customers to determine the level of protection they'll receive. If you take out the plan described in this key features document, we'll treat you as a retail client.

This gives you the highest level of protection available under the Financial Conduct Authority rules.

If you know a lot about investments, maybe because you work in the industry, you can be treated as a professional client or eligible counterparty under the regulations. This won't affect the way we deal with you. But, it may affect your ability to refer complaints to the Financial Ombudsman Service or to make a claim under the Financial Services Compensation Scheme.

Law

The plan is governed by the law of England as applied by the courts for the part of the UK where you administer your pension scheme. We'll always communicate in English.

We reserve the right to make adjustments to your plan, or the benefits payable, if there are any changes to the law which affect either:

- this plan
- our freedom to invest
- the ability to vary investments
- the taxation rules that apply to companies carrying out pension or life assurance business
- We will only make adjustments if we believe that any of these changes has meant that it has become impossible or impractical for us to either:
- provide all of the options and benefits previously available under this plan
- continue with any stated or established practice used in operating or valuing any fund

In these circumstances, we will make any such changes that we feel are appropriate, so that as far as is possible, the intended purpose of this plan is still met.

Where any reference is made in this plan to any legislation, this will be deemed to include any later amendment to that legislation.

Queries and complaints

If you have a complaint about any part of our service it's important that we know about it so we can help put things right. You can let us know by calling us on **0800 783 7533** (for textphone, dial 18001 first). Or you can write to us at:

LV= Savings & Retirement
County Gates
Bournemouth
BH1 2NF

Your complaint will be dealt with promptly and fairly and in line with the Financial Conduct Authority's requirements. If you want more information on how we handle complaints, please contact us, or visit LV.com/complaints.

We hope that we'll be able to resolve any complaint that you have. If you aren't happy with the outcome, you can refer your complaint to the Financial Ombudsman Service. If you make a complaint it won't affect your right to take legal action.

Compensation

We've been in business since 1843, and take great care to manage our affairs sensibly.

We're required to publish a report each year about our solvency called a Solvency and Financial Condition Report.

Solvency is a company's ability to meet its long term financial commitments and this report will help you understand more about our solvency and how we manage our capital and risks. If you'd like a copy you can visit LV.com/sfcr, or you can write to:

**Group Company Secretary
County Gates
Bournemouth
BH1 2NF**

If we ever did get into financial trouble and could not honour our commitments, you may be entitled to compensation from the Financial Services Compensation Scheme. If you are eligible to claim under the scheme, the compensation you could get depends on the type of product you have. For this type of plan, the scheme covers 100% of the claim. The scheme's first responsibility is to seek continuity rather than to pay compensation.

For more information go to fscs.org.uk or call **0800 678 1100** or **0207 741 4100**.

How do we use your personal information?



Find out how we use your personal information and what rights you have by visiting LV.com/dataprotection. This page includes who we are, how long we hold your information, what we do with it and who we share it with. Please tell us if you want us to send you a copy, or have any questions.

If you'd like us to send you this document or any future correspondence in another format, such as Braille or large print, please just let us know.

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