keyfacts®

Flexible Transitions Account

Key features of the Flexible Transitions Account

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

LV=

Flexible Transitions Account

In this Key Features document we try to help you by giving you the key features of the Flexible Transitions Account. This is an important document and you should read it along with your personal illustration. It doesn't contain the full terms and conditions, which you will find in the Flexible Transitions Account Terms and Conditions. The Flexible Transitions Account is provided by Liverpool Victoria Friendly Society Limited. NM Pensions Trustees Limited hold the assets on behalf of the member and LV=.

This document includes the following information:

- the aims of the plan
- your commitments if you take out the plan
- the risks associated with the plan
- questions and answers that explain how the plan works

The Flexible Transitions Account is a personal pension plan which offers a wide range of investment options, including a self invested personal pension (SIPP) option. It allows you to build up money tax efficiently in your choice of investment to provide you with an income in later life. From age 55, you can take cash lump sums and income payments out of the plan. There is also a range of options for your beneficiaries if you die. These are all described in more detail within this Key Features Document.

Its aims

- To build up a sum of money, to give you tax-free cash and/or a retirement income from age 55.
- To give you flexibility over how and when you access your fund.
- To offer you a range of investment options and the ability to switch between them if your investment objectives change.

Your commitment

- To make regular or single contributions into your plan, and/or to transfer an existing pension into your plan.
- To wait until age 55 before taking any retirement benefits.
- To tell us if your circumstances change, for example, if you no longer have UK earnings or are no longer resident in the UK.
- To review your plan regularly to check if it is on track to provide you with the retirement income you want.
- If you are taking an income from your plan, to make sure that you aren't taking income at a level that would mean that your fund runs out sooner than you need it to last.

Risks

- If you reduce your contributions, or take your benefits earlier than you originally planned, then your income may be less than shown in your personal illustration.
- Many of the investment choices available to you, such as stocks and shares, will rise and fall in value. This means that the value may fall to less than the amount that you've invested. If investments grow at a rate lower than that shown in your personal illustration, then your income will be less than shown in your personal illustration.
- If you choose to use your fund to buy an annuity (where you use your fund to buy an income for life), your income will depend on annuity rates at that time. If these rates are lower than current rates, your income will be less than shown in your personal illustration.
- If you choose to take income directly from your pension fund (known as drawdown pension), any withdrawals will reduce the potential for future growth. If you withdraw more in income than the continuing growth achieved in your plan, the plan value will fall, which means that you may not be able to maintain the level of income you need. If you don't regularly review the level of income that you are drawing out of your plan, there is a risk that your fund will run out.
- Rising prices (inflation) will reduce the buying power of your pension fund in the future.
- This plan can't be 'cashed in', or any benefits taken from it at any time before age 55.
- The Flexible Transitions Account allows you to make changes and add benefits to your plan, according to our terms and conditions. It's important to note that in the future we may change the terms or availability of a product or benefit and taking out a plan now won't guarantee terms or availability of any option or benefit in the future.
- If the Government makes changes to pension rules or the way your plan is taxed this may affect how much you get back from your investment, the way you can take your benefits, the age at which you can take benefits and the tax relief you get on your contributions.

Questions and Answers

Who is this plan suitable for?

This plan might be suitable for you if you want to save for your retirement, consolidate existing pension plans into one place, or if you want to use it to provide an income for yourself in the form of pension drawdown. We have a range of investment choices available, to cater for those who want to keep things simple and for those who want to take advantage of a wider range of investment options.

The plan is available for UK residents under age 85. If you want to pay contributions, you must be under age 75.

If you are unsure whether this pension plan is suitable for you then we strongly recommend that you speak to a financial adviser.

Why Transitions?

One definition of transition is the passage from one place to another. And this really sums up how this plan works. Firstly you can use it to save up a fund for your retirement, by paying in contributions or transfers. And then when you're ready to start taking your benefits, you can take an income and a lump sum directly from this plan. We hope that this will make your 'transition' from working life to retirement as smooth as possible.

What makes this plan Flexible?

Firstly, you can switch your investments between the options available whenever you choose. You can also choose how much involvement you want to have in any investment decisions and how much you would prefer to leave these decisions to a professional adviser.

You can also change the amount of your regular contributions whenever you like, pay in additional single contributions, or transfer other pensions into your plan at any time.

And when you come to take your benefits you can choose when you want this to start and what type of benefits to take. If you decide to take an income from your plan, you can do this at a level that suits you and vary the level of income you take, if you want to. These days many people choose to retire gradually, by reducing their hours or taking a part time job, to ease into retirement. This ability to vary your income can be invaluable in these circumstances. Or if you would prefer to use the amount built up in your plan to buy a guaranteed income for life, you can do this too. You can even take the whole lot as a lump sum (subject to tax) if you wish.

Pension law means that there are restrictions on the amount and type of benefits that you can take, on how much you can pay in and on what ages you can take benefits. We have explained each of these limits in this Key Features document.

How will I know how my plan is doing?

We'll send you a statement each year showing the current value of each of the investments in your plan. We strongly recommend that you review your plan regularly so that you can review your investment choices and contribution levels.

This will help you to keep track of whether your plan is on course to provide you with the level of income that you need when you retire.

Is this plan a Stakeholder Pension?

No. Stakeholder Pensions are low cost pensions that must meet various criteria.

The most important of these is that their charges should be no more than 1.5% of the fund value each year for the first ten years, and 1% thereafter. Stakeholder schemes are widely available and might equally meet your needs. However, this pension plan is designed to give you greater investment choice, including certain types of investment which generally involve higher charges than a Stakeholder Pension.

Investment Options

Where will my pension plan be invested?

The Flexible Transitions Account can be used as a personal pension plan or a self-invested personal pension (SIPP). This means that you can choose from a wide range of investment options.

Because we're a friendly society, there's a legal requirement that some of your pension fund is invested in LV= Pension Funds and/or LV= Flexible Guarantee Funds Series 2. We've set the minimum investment amount at £3,000 for LV= Pension Funds and £5,000 for the LV= Flexible Guarantee Funds Series 2. You'll still have full flexibility with the rest of your investments. Any regular contributions you make will go into LV= Pension Funds until the minimum investment amount has been met.

LV= Pension Funds

LV= Pension Funds are a range of insured funds, managed by specialist fund managers. There's no maximum amount that you're allowed to invest in these funds. You can invest in up to 20 funds at any one time and you can switch funds at any time.

We've chosen some of the UK's most respected fund managers to offer these funds, which include:

- Multi Asset Funds (which invest in a combination of stocks and shares, property, fixed interest investments and cash)
- Funds that invest by geographic area (for example, European funds and North American funds)
- Funds that invest by industry or asset type (for example, property or fixed interest investments)

LV= Flexible Guarantee Funds Series 2

LV= Flexible Guarantee Funds Series 2 are a range of three with-profits funds. You can choose one of three fund options for any investment you make. Each of these invests in a mix of assets including stocks and shares, commercial property, fixed interest investments (both government and corporate bonds) and some cash. There is the option to limit the investment risk by adding a guarantee. The maximum investment across all Flexible Guarantee Funds Series 2 is £1,000,000, (less any amount already invested with LV= in a Flexible Guarantee Fund or Flexible Guarantee Fund Series 2).

There is more information about these funds starting on page 9.

The Aegon platform

A platform is an online 'fund supermarket' to enable you to invest in a wide range of funds and diversify between fund managers. The Aegon platform offers a choice of over 1,500 funds from around 90 fund managers. There is no minimum or maximum investment amount.

The Funds Supermarket platform

This is a platform which works in a similar way to the Aegon Platform. The Funds Supermarket option enables you to invest in funds available through the Fidelity FundsNetworkTM. The Funds Supermarket offers a choice of over 1,000 funds from around 60 fund managers to choose from. There is no minimum or maximum investment amount.

Discretionary Management

You may wish to use the services of one or more Discretionary Managers, from the carefully selected panel available. If you choose this option, you'll agree with your chosen Managers how they will manage your pension fund for you. They will then make investments on your behalf within your Flexible Transitions Account. The minimum investment amounts required for this option vary between the different Managers, but are typically £125,000 or above. If you are interested in this option, further information is available from your financial adviser.

Self-Investment

This allows you to invest directly in a range of other investments, including quoted stocks and shares, unit trusts and commercial property. Usually this will involve appointing an Investment Manager to carry out your instructions for you. You can self-invest without appointing an Investment Manager, but only into a restricted list of investments. If you're interested in this option, a full list of allowable investments – either with or without an Investment Manager – is available from your financial adviser. Minimum investment amounts will depend on the types of investments you wish to buy.

Cash Account

We'll set up a Transitions Bank Account for your plan. This will be used to:

- receive any contributions
- pay any fees and charges
- pay your income, if you use your plan for drawdown pension
- allow cash investments within the plan.

We'll add interest to the cleared balances of your Transitions Bank Account, at 1% below the Bank of England base rate until further notice. The interest will accrue daily and be credited quarterly. This will mean that for any period where the Bank of England base rate is 1% or less no interest will be added to your Transitions Bank Account. If we receive a higher rate than this, the difference will accrue to LV=.

How will my pension fund investments be taxed?

Any growth in your fund will be tax free, apart from tax taken from dividends (which cannot be recovered). This means that your fund will grow quicker than it would if tax was payable on investment growth.

The way that pension funds are taxed could change in the future. This could reduce the potential growth from your investment, or mean that you need to pay more into the plan to achieve the level of pension income that you need.

Contributions

How much can I pay into my plan?

The minimum single contribution is £10,000. Once your plan has started we can accept additional single contributions of £1,000 or more.

The minimum regular contribution is £250 a month or £3,000 a year. If at the start of your plan you pay in a single contribution or transfer, the minimum regular contribution alongside this is £25 a month or £300 a year.

Each of these figures is the gross amount (before tax relief). Please see the example that follows.

Your personal contributions will be paid net of basic rate tax (which is currently 20%)

For example

If you wish to make contributions of £500 each month into your plan, you would only actually pay £400 a month. This is because 20% of the £500 (£100) is tax relief, which we will claim back from the Government for you and add to your plan.

If you are a higher rate tax payer, you can reclaim the difference between the basic and higher rate tax bands through your tax return. This will be at your highest marginal rate, so for example, if you are a 40% taxpayer, you'll be able to reclaim an additional 20%.

You will receive this tax relief on the personal contributions you make into all of your pension plans up to the greater of your UK earnings or £3,600 gross each year. This means that if you earn, say £20,000 a year, you could pay in up to £20,000 a year; but if you earn less than £3,600, you can still pay in up to £3,600 and get tax relief on those contributions. As in the previous example, you would only actually pay £2,880 and we would claim back £720 for you.

We will only accept personal contributions that qualify for tax relief, so you can't pay more than your earnings (or £3,600) into your plan.

The tax relief on pension contributions could change in the future. This could mean that you need to pay more into the plan to achieve the level of pension income that you need.

What about the annual allowance?

By law, there is a maximum total amount that you can pay in to all pension plans in your name each tax year that will be eligible for tax relief. This maximum is called the Annual Allowance and is £40,000 from the 2016/17 tax year onwards. This amount includes contributions made by you and by anyone else into your plan, for example, your employer. If total contributions exceed this limit in any year, then a tax charge will be payable on the excess, at your marginal rate.

Since 6 April 2016 the annual allowance has been tapered (reduced) for higher earners. If you have '*Threshold income*' above £110,000, your annual allowance will be reduced by £1 for every £2 of '*Adjusted income*' you have between £150,000 and £210,000. This means the annual allowance can be reduced by up to £30,000 - from £40,000 to a minimum of £10,000.

A full definition of 'Threshold Income', 'Adjusted Income' and further information around the Tapered Annual Allowance can be found at www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm057100. You should speak to your financial adviser if you're unsure what level of Annual Allowance applies to you.

It's possible to carry forward any unused Annual Allowance from the previous three tax years, if you've contributed as much as you are allowed to in the current tax year and you were a member of a registered pension scheme in the previous years. For carry forward purposes the Annual Allowance for tax years before 2014/15 is £50,000. If you want to pay in a large contribution and have unused allowance from previous years, please speak to your financial adviser.

If you've taken certain types of pension benefits, you'll have a reduced Money Purchase Annual Allowance (MPAA) of £4,000. Your overall annual allowance will still be £40,000, but your annual allowance for all money purchase plans (such as this one) will be £4,000.

You'll have this lower Annual Allowance if you've:

- taken an Uncrystallised Funds Pension Lump Sum (UFPLS)
- taken any income payment using Flexi-access Drawdown, or taken a lump sum, over and above your entitlement to a tax free lump sum
- taken Capped Drawdown income above the maximum income limit at any time after 5 April 2015
- had Flexible Drawdown funds that were converted to Flexi-access Drawdown on 6 April 2015.

This isn't a full list. You should speak to your financial adviser if you're unsure what level of Annual Allowance applies to you. If the £4,000 limit applies to you, you won't be able to carry forward any unused Annual Allowance from previous years.

How can I make contributions into my plan?

You can pay regular contributions monthly or yearly by direct debit. You can pay single contributions at any time by cheque.

What happens if I want to take a break in paying contributions or stop altogether?

If you stop paying into your plan (either temporarily or permanently) before the retirement date you chose when you started your plan, your fund will remain invested. You can re-start your contributions at any time but the value of your fund when you come to take your benefits will be less than if you'd carried on contributing. If you're thinking about stopping your payments at any time in the future, you can ask your financial adviser for an illustration showing the possible reduction in your benefits.

Can I still pay contributions into my plan if I move abroad and stop paying UK tax?

Yes, you'll be able to pay up to £3,600 gross (before tax relief) each year for a further five tax years. After this you won't be able to pay into your plan unless you return to the UK or become a UK tax payer.

Transfers

Can I transfer funds into this plan from other pension providers?

Yes, you can transfer your existing pension plans into this one. Any transfer must come from another UK Registered Pension Scheme or a Qualifying Recognised Overseas Pension Scheme. If you are considering transferring your pension from another scheme, you should ensure that you have fully considered the differences between the two. For example, this plan may have higher charges or greater investment risks than your existing pension. And if you transfer, you may get back less than if you'd stayed in your existing scheme. If you're unsure whether this plan is suitable for you to transfer your existing pension to, you should contact your financial adviser.

The minimum transfer value that we can accept when you start your plan is £10,000. Once your plan has started we can accept additional transfers of £1,000 or more. There is no maximum transfer value. Any transfer payments will be made by cheque or direct transfer.

If you transfer an existing pension into this plan and you know that you are in serious ill health when you do so, should you die within two years of the transfer this amount could become liable to inheritance tax.

Can I transfer my plan out to another provider?

Yes, you can transfer the value of your plan to another pension scheme at any time.

Please note that if you decide to do this:

- you won't receive a refund of any charges paid to us
- your investments will be sold and may not be worth as much as they were bought for
- we may make a transaction charge for the sale of each investment
- you'll need to make arrangements for the plan proceeds to be transferred to another provider and to instruct us to make this transaction and we'll make a charge for this transaction.

If you know that you are in serious ill health when you transfer, should you die within two years the amount transferred could become liable to inheritance tax.

Retirement Benefits

How long must my plan run before I can start to take benefits?

There is no minimum time limit for your plan to run before you can take your benefits. However, a minimum of five years is normally recommended for regular savers. If you want to take income from this plan, we can set this up immediately after we receive a single contribution, or a transfer from another pension plan.

What age can I take benefits from this plan?

You can start to take benefits at any time from age 55. You may be able to take your benefits earlier than this if you are in ill health – you can contact us for details if you feel this might apply to you at any time in the future.

What benefit options do I have?

You can take part of your fund as a tax free cash lump sum and use the remainder to provide either drawdown pension, or to buy an annuity, or both. Or you could take an additional cash lump sum, which would be taxed at your marginal rate. You can use any combination of these options if you wish and you don't have to take all of your benefits at the same time. You might decide to 'phase' your retirement, for example, if you decide to retire gradually by working part-time.

How much tax-free cash can I take from my plan?

You can normally take a maximum tax-free lump sum of 25% of your fund. Of course this will reduce the amount of income you receive, because a smaller fund will be left to pay you an income. You can take your tax-free lump sum and decide what to do with the rest of your fund at a later date and you don't have to take all of your tax free lump sum in one go.

What is drawdown pension?

Drawdown pension means taking income directly from your pension fund and leaving the rest of your fund invested. Income taken using drawdown pension will be chargeable to income tax.

Our minimum plan value for drawdown pension is £22,500 after any tax-free lump sum has been taken.

If you start to take drawdown pension it will be set up as Flexi-access Drawdown. We also accept transfers in of existing Flexi-Access Drawdown plans. There are no limits to the amount of income that you're allowed to take and you can change the amount and frequency of payments if you want to. Once you start to take income in this way, you will only be able to pay up to a maximum of £4,000 in pension contributions in future tax years.

If you're transferring an existing capped drawdown pension into your plan, there is a maximum amount of income that you're allowed to take. This limit is calculated using rates compiled by the Government Actuary's Department, based on your age.

The maximum limit must be recalculated every three years up to age 75 and every year after age 75 and the income reduced if necessary. The date that your maximum income will need to be recalculated will be the same as it would have been under your previous plan.

If you are in capped drawdown but want to take more than the maximum allowed, you can switch to Flexi-access Drawdown at any time.

If you're taking drawdown pension, you're free to stop taking withdrawals and use your remaining fund to buy an annuity, or take it as a taxable lump sum, at any time.

What is an annuity?

An annuity is an income, normally taken in retirement, which you can buy using a lump sum such as a pension fund. It's paid to you for the rest of your life and can continue to be paid to a beneficiary after your death. It can be for a fixed amount or can increase each year, for example in line with inflation.

The income you receive from your annuity can vary depending on your circumstances, for example:

- Your marital status
- Whether you have dependants you wish to provide for when you're no longer here
- Whether you choose an annuity with fixed, increasing or decreasing income
- Your state of health, and
- Your lifestyle choices.

Income received from an annuity will be taxed as income.

Annuities provide certainty and security, compared to the flexible but unknown future benefits of drawdown pension.

You can use your fund to buy an annuity on the open market from another provider. You should discuss the benefits and risks of buying an annuity with your financial adviser before making any decisions.

Is there a limit to how much I can save into my pension?

There is a limit on the total amount of pension savings you can build up in your lifetime, before you'll have to pay a tax charge. The technical term for this is the Lifetime Allowance. It will affect very few people, because the standard limit is currently £1,030,000 for the 2018/19 tax year.

If, when you come to take your benefits, the value of all of your pension funds is greater than this, then a tax charge will be payable on the excess above the limit. This will be at the rate of 55% on any cash lump sum and 25% on any pension income. The charge is lower if taken as an income because you'll also pay income tax on your pension.

It is possible to have a higher personal Lifetime Allowance limit if you have Enhanced, Primary or Fixed Protection or have a Lifetime Allowance enhancement factor. If this is the case it's important that you let your financial adviser know before you apply for this plan.

If you had total pension savings of £1 million or more on 5 April 2016 (including any pensions from which you have already taken benefits) you can apply for Individual Protection 2016 (IP2016). There is currently no time limit to do this. This will protect you from a tax charge by giving you a lifetime allowance equal to the value of your pension savings at 5 April 2016, up to a maximum of £1.25 million. If the standard lifetime allowance is greater than your individual protection amount when you come to take your benefits, your lifetime allowance will revert to the standard lifetime allowance. You won't need to stop making pension contributions, but of course if your pension savings grow to more than your individual protection amount, then there would be a tax charge to be paid on the difference.

Death Benefits

What happens to my plan if I die before taking any benefits?

If you are under age 75 when you die, the value of your plan can be paid to your beneficiaries as a tax free lump sum, as long as the value is less than your available Lifetime Allowance when you die. Any excess may be subject to a tax charge. The lifetime allowance is explained on page 7.

Alternatively, it may be possible for your fund to be paid as an income to your spouse, civil partner or other beneficiary as drawdown pension, or by purchasing an annuity. This income would be tax free, as long as it starts to be paid within two years of the date of death.

If you are age 75 or over, your fund can be paid out as a lump sum at the beneficiary's marginal rate of income tax. Alternatively, the fund could be used to provide your beneficiary with continuing drawdown pension, or an annuity. This income would be taxable at your beneficiary's marginal rate of income tax.

We ask you to complete a Death Benefit Nomination form when you apply for your plan. This allows you to nominate who you would like to receive benefits if you die. We'll take this into account when we pay death benefits, but by law, so that we can pay these free of inheritance tax, we must have discretion as to who we pay them to. If your wishes change, you can complete a new form at any time.

What happens if I die whilst taking drawdown pension?

If you die whilst taking drawdown pension, your fund can either be used to provide a beneficiary with continuing drawdown pension or an annuity or it can be paid out as a lump sum. If you are under age 75 when you die, these benefits will be paid tax free. If you are age 75 or over, benefits would be taxable. If paid out as a lump sum this would be at the beneficiary's marginal rate of income tax. If paid out as an income, either as drawdown or annuity, payments will be subject to tax at your beneficiary's marginal rate of income tax.

What happens if I die after I've taken an annuity?

If you die after you have purchased an annuity, the benefits payable will depend on the type of annuity you selected.

Charges

What are the charges?

The charges for your plan will depend on the size of your fund and the investment choices that you make. The charges are made to pay for the costs of buying and selling investments, for administering your plan and to pay the fees of any professional advisers that you choose to use.

Details of the charges that will apply when you first take out your plan are shown in your personal illustration. But because this plan allows you the flexibility to switch between investments, you should remember that when doing this, different charges may then apply. Details of these charges will always be available to you before you make any investment decisions.

The following shows an example investment portfolio to demonstrate how the charges might work.

Example

John has transferred a previous pension into his Flexible Transitions Account and has also made both single and regular contributions. His plan is currently valued at £275,000.

John has £200,000 invested with a Discretionary Manager, £50,000 in the Funds Supermarket and £25,000 in LV= Pension Funds. An Annual Service Charge will be applied to John's plan, calculated as a percentage of the overall value (£275,000). This is calculated as follows:

0.55% on the first £75,000 = £412.50

0.35% on the next £200,000 = £700

Total Annual Service Charge £1,112.50

Investment Management Charges will be charged by the fund managers of each of the Funds Supermarket Funds and LV= Pension Funds that he is invested in. John is invested in a wide range of funds, with a range of different management charges. The Investment Management Charge for John's chosen funds averages out at 0.70%, so this gives:

0.70% x 75,000 (£50,000 + £25,000) = £525

John's Discretionary Manager charges 0.8% a year, so:

0.80% x £200,000 = £1,600

The total charges that John pays on his plan are therefore:

£1,112.50 + £525 + £1,600 = £3,237.50 a year

Whilst this may seem a lot, as a percentage of his total plan value, this is:

£3,237.50 / £275,000 = 1.18% a year

Please remember that this is only an example and all charges that apply to your plan are stated in your personal illustration. An adviser charge may apply in addition to the charges shown in the example. If so, this will be shown in your personal illustration. Please also remember that the charges shown in your illustration are based on your contributions and investment choices when you first start your plan. These may change over time and therefore so will the charges. Full details of the charges for each investment option will always be available on request.

If you self invest the providers of the investments you choose will provide you with full details of their charges.

How much will any advice cost?

Your financial adviser will give you details about the cost of providing advice. If any adviser charges are payable for arranging this plan, these will be detailed on your illustration. Adviser charges may be paid out of your plan, or you may agree to pay your adviser a fee directly.

LV= Flexible Guarantee Funds Series 2 – additional information

Where's my money invested?

Your money is invested in our with-profits fund. You can choose one of three fund options. Each of these invests in a mix of assets including stocks and shares, commercial property, fixed interest investments (both government and corporate bonds) and some cash.

With this Key Features you should have also been provided with a booklet called 'Your guide to how we manage our with-profits fund'. In this you'll find useful information to help you understand how we manage your investment in our with-profits fund. We strongly recommend you take a few minutes to read it.

Can I change my fund option?

Yes. You can change your fund option at any time. We'll make the change 10 business days after we receive your instruction. 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 'Administration Charges' on page 11.

You can only invest in one fund option at a time. So if you do change your fund option, you have to move the total amount.

When you change your fund option, any guarantee you have will be cancelled. So you might want to add a new guarantee when you do this. If you do this, you should note that the cost of the guarantee and the choice of guarantee terms is different for each fund option.

What is averaged pricing?

If you've been invested in your fund option for 26 weeks or more, we protect your investment from short term ups and downs by averaging the value of the assets over the previous 26 weeks. Sometimes we won't use this averaging, which can lead to a sudden drop in the value of your investment (this is explained in section 5.3 of the Flexible Transitions Account Terms & 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 investment, you may get back less than if you were invested directly in the assets. But if markets are falling, you may get back more.

What is the guarantee?

The guarantee is exactly that – a guarantee that your fund will be worth at least a minimum amount at the end of the guarantee term.

The guarantee is available on each fund option but the choice of guarantee terms can be different for each fund option.

How does the guarantee work?

By choosing the guarantee option, we guarantee that the value of your fund at the end of the guarantee term will be at least the same as the value of your fund 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 are protected. Of course, any withdrawals made during this guarantee term (including any money used for pension drawdown or to pay the annual service charge for your pension) will be taken into account and deducted from the guaranteed amount.

For example:

Adrian invested £100,000 on 1 July 2014. At the same time, he decided to add a guarantee and chose a guarantee term of ten years. This means that if no withdrawals are made the value of his fund on 1 July 2024 is guaranteed to be at least £100,000. If Adrian pays the Flexible Transitions Account annual service charge from this investment, this would reduce the guaranteed amount. So if the charge was 0.25% a year, in the first year £250 will be withdrawn to cover this charge. This will reduce the guaranteed amount by £250. The guaranteed amount will be reduced similarly in future years to cover the annual service charge.

At the end of the guarantee term, if the value of your fund is less than the guaranteed amount we'll add units to your fund, to increase the value to the guaranteed amount (less any withdrawals taken since the guarantee was added).

Any mutual bonus added to your fund won't be included in the amount guaranteed. This means that if the value of your fund is less than the guaranteed amount we would add units to increase the value to the guaranteed amount and any mutual bonus will be on top of this.

You can add a guarantee to your fund when you first invest, or at any time afterwards.

You can also replace a guarantee with a new one at any time. You may want to do this to 'lock in' any growth. You can replace your guarantee with a new one at any time, but if you do this more than once each year we'll apply an administration charge.

You can only have one guarantee at any time, so if you add a new one, the other one will be cancelled. You benefit from locking in the growth to date, but a new guarantee term will start from the date of the guarantee replacement and run for the term chosen.

Any guarantee will only apply at the end of the chosen guarantee term. So, if you cash in your fund before or after this, you may get back less than the guaranteed amount. This may be less than you invested.

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

What are the charges?

We take our charges by cancelling units away from your investment.

Monthly Management Charge

The monthly management charge depends on the value of your fund, including any mutual bonus, at the time each charge is taken. The monthly management charge percentage rates for your fund are shown in your personal illustration. The charge is taken separately from the value of your fund, excluding any mutual bonus, and from the value of any mutual bonus.

For example:

Tim's fund is valued at £24,000. There is also a £1,500 mutual bonus that applies to his fund. Monthly management charges are as follows:

Fund value (including mutual bonus)	Monthly Management Charge (equivalent yearly charge shown in brackets)
Below £25,000	0.100% (1.20%)
£25,000 – £49,999.99	0.090% (1.075%)

As Tim's fund value including mutual bonus is £25,500, the monthly management charge that will be applied is 0.090%.

This charge is taken separately from the fund value excluding mutual bonus and from the value of the mutual bonus, as follows:

£24,000 x 0.090% = £21.60

£1,500 x 0.090% = £1.35

Guarantee Charge

If you add a guarantee, we'll make an additional monthly charge for the term of the guarantee. This is added to the monthly management charge. The current charge for your chosen fund option and guarantee term is shown in your personal illustration.

Once you've added a guarantee, the guarantee charge you pay is fixed for the term of the guarantee, based on the current value of your fund each month. Our charge for each new guarantee you add may be higher or lower than this. If you cancel your guarantee the guarantee charge will stop.

LV= Flexible Guarantee Funds Administration Charges

- Changing your fund option

You can change your fund option up to three times every 12 months for free. If you make more than three changes in any 12 month period, we'll charge £25 for each extra change.

- Adding a new guarantee

If you replace your guarantee more than once in any 12 month period, we'll charge £25 each time. This is in addition to the guarantee charge. If you're adding a new guarantee because you're changing your fund option, we won't charge you £25 twice.

What happens to my fund if I die or become terminally ill?

The value of your fund will be moved to your Transitions Bank Account.

Upon death we'll pay out 101% of the value of your fund.

Once we've worked out the value of your fund, we'll add any mutual bonus.

By 'terminal illness' we mean an incurable illness where, in the opinion of an attending consultant and our Chief Medical Officer, the person insured would not be expected to live for more than 12 months.

Further Information

Can I change my mind?

When you apply to us, you'll have the right to cancel your plan. But it's important to note that your cancellation rights will be different depending on whether you're paying contributions or transferring to us; and also on the types of investments you choose.

Please bear in mind that if you do cancel, you may not get back the full amount you paid in. This is because your investments may have gone down in value by the time we receive your cancellation form. You'll also have already paid any costs of buying these investments and there may be costs for selling them. The amount you get back if you cancel doesn't include a refund of these costs. Also, if you've instructed us to pay any adviser charges out of your plan, this amount will be deducted from the amount we refund to you.

If you're transferring a fund to us from another scheme

If you want to cancel before the transfer is completed you'll need to let us know within 30 days of receiving your first illustration from us. You can do this by completing a cancellation form and returning it to us. If you're making more than one transfer, you can cancel all or any of these.

If any money has already been transferred to us, we'll return it to the transferring scheme. However, the scheme you're transferring from doesn't have to accept the money back. If they don't accept the money back, you'll have to find another scheme to accept the money instead. If when you cancel we've already paid you any money (for example as tax free cash) you'll have to pay this back before we either pay the money back to your original scheme or transfer it to another scheme. We offer cancellation rights on transfers 'pre-sale' so that we can hopefully avoid these complications.

If you're paying regular or single contributions into your plan

We'll let you know when we've received your application and remind you that you have 30 days to change your mind and cancel your plan. We'll tell you when these 30 days begin and end and let you know what you need to do if you want to cancel. Please read through, as we explain how this works depending on where you've chosen to invest your money.

For the part of your plan that will be invested in LV= Pension Funds or LV= Flexible Guarantee Funds

You'll have 30 days to change your mind and cancel this part of your plan, once it's been set up. We'll tell you when these 30 days begin and end and let you know what you need to do if you want to cancel.

If you want to use your plan to invest in anything other than LV= Pension Funds or LV= Flexible Guarantee Funds

So that you don't have to wait 30 days before investing, there's a declaration on the application form for you to waive your right to cancel and start investing straight away.

Complaints

If you have a complaint about any part of the service you receive from us, 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=, Retirement Solutions, Pease House, Tilehouse Street, Hitchin, Herts. SG5 2DX. Your complaint will be dealt with promptly and fairly and in line with the Financial Conduct Authority's requirements, and if you want more information on how we handle complaints, please contact us, or visit www.LV.com/complaints.

We hope that we will be able to resolve any complaint that you have. If you're unhappy with the resolution of your complaint, the Financial Ombudsman Service may be able to help you free of charge, but you'll need to contact them within six months of receiving our final response letter. Their website is www.financial-ombudsman.org.uk which includes more information about the service, including details of the various ways they can be contacted. 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. The report will be available from the end of June 2017 onwards. If you'd like a copy you can visit www.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 couldn't honour our commitments, you'd be entitled to compensation from the Financial Services Compensation Scheme. The scheme's first responsibility is to seek continuity rather than to pay compensation.

For long term insurance products, including investments in LV= Pension Funds, LV= Flexible Guarantee Funds and LV= Protected Retirement Plans, the scheme covers 100% of the claim.

For money on deposit with a financial institution such as a bank or building society authorised by the Prudential Regulation Authority, the first £85,000 would be covered. This £85,000 is the overall limit that applies to all monies held with that institution (whether inside or outside your Flexible Transitions Account). Any money held within your Transitions Bank Account will be held with one or more account providers that we may reasonably decide. This may include accounts that aren't covered by the Financial Services Compensation Scheme but these will be covered by a similar scheme run by another country. Full details of the account providers we are using and any compensation limits which may apply will be provided at www.LV.com/lvbanks.

For other investment business covered by the scheme, the first £50,000 would be covered.

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

Tax

How much tax you pay depends on your personal circumstances. Any references we make to taxation are based on our understanding of current legislation and HM Revenue & Customs practice, which can change.

Retail Clients

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 invest in 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.

Law

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

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

Liverpool Victoria Friendly Society Limited, Pease House, Tilehouse Street, Hitchin, SG5 2DX.

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