Protected Retirement Plan

Plan Conditions
Trustees version

Document Reference: PRP8T

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 Protected Retirement Plan 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.

Plan Conditions of the Protected Retirement Plan

Trustee Version

Welcome to LV=, and thank you for choosing to invest in our Protected Retirement Plan.

These plan conditions, together with the plan schedule, application form, and any documents we send you confirming changes to the plan, form a contract between the scheme trustees and Liverpool Victoria Friendly Society Limited.
These are important documents so please keep them in a safe place.

This contract is signed on behalf of Liverpool Victoria Friendly Society Limited. It starts on the date stated in the plan schedule.

Richard Rowney
Chief Executive

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Information for LV= Flexible Transitions Account customers

If you're investing in the Protected Retirement Plan within the Flexible Transitions Account, this contract will be between NM Pension Trustees Limited (your scheme trustees) and LV=. This is because the scheme trustees are making this investment on your behalf. These Plan Conditions have been written to reflect this, as they make up part of our legal contract with the scheme trustees. Please bear this in mind when you read through this document, and remember that you're the 'member'. Most of the responsibilities set out within this document, such as ensuring the correct tax is deducted, are scheme administrator responsibilities. Only responsibilities given to the 'member' will have a direct impact on you.

Definitions

This section explains what we mean when we use the words listed below in the plan schedule, these plan conditions, and any documents we send you to confirm any changes to the plan.

We explain them because they may have other meanings in every day use. We have highlighted these words in bold so you know when they apply (other than personal terms such as 'you' and 'we').

'**we**', '**us**', **or** '**our**' – means Liverpool Victoria Friendly Society Limited.

'**you**' – means the trustees investing in the **plan**, as shown in the plan schedule.

'**guaranteed maturity value**' – means the fund value we'll pay you at the **maturity date** if the **member** is still alive.

'**income start date**' – means the date we can start paying your income. If you have chosen to be paid in arrears the date you receive your income will actually be after your income start date. This will be shown on your Plan schedule.

'LV=' – means Liverpool Victoria Friendly Society Limited.

'**maturity date**' – means the chosen **plan** end date.

'**member**' – means the member of your scheme on whose behalf you're investing in the **plan**.

'**plan**' – means the Protected Retirement Plan that you've invested in.

'**start date**' – means the date when the **plan** starts, which we show in your plan schedule.

What is the LV= Protected Retirement Plan?

The Protected Retirement Plan is set up as a Trustee Investment Plan. This means that you invest in a **plan** on behalf of a **member**. The **plan** can provide you with a selected income for a selected term. The income can either stay the same, or increase by a selected amount each year. If the **member** survives until the **maturity date** we'll pay out a **guaranteed maturity value** if this option was selected at outset.

All income and lump sum benefits will be paid before any tax, as you're responsible for determining how the benefits will be paid and if any tax needs to be paid.

Section A – Money paid whilst the member is alive

This section tells you what benefits will be paid to you whilst the **member** is alive during the term of the **plan**, depending on what benefits have been chosen. We show you the benefits that have been chosen in your plan schedule.

A1 – Regular income paid during the plan term

If a regular income is chosen, this will be paid from the date shown in your plan schedule. This will be paid for the rest of the **plan** term, unless the **member** dies before the end of the term. In this case, no further benefit will be paid, unless the **plan** includes one of the death benefits detailed in Section B.

Your plan schedule will also confirm whether payments will be made:

- every month, or
- every three months, or
- every six months, or
- once a year.

The income will either remain level, or will increase every year by a selected amount, for example 5%. This is shown in your plan schedule.

We'll pay all regular income on the payment due date, or the working day immediately before this. Your plan schedule confirms when your income starts being paid and when the final income payment is payable, assuming the **member** survives until the **maturity date.**

If the **member** dies before the **maturity date** we'll pay the last regular income payment on the payment date that falls on or before the day the **member** dies.

A2 – Lump sum paid at the end of the plan

If the **member** survives until the **maturity date** we'll pay the **guaranteed maturity value**. We show the amount we pay you in your plan schedule.

Section B – Money paid after the member dies

B1 – Value Protection

This section only applies if the **plan** includes value protection and the **member** dies before the **maturity date**. Value protection allows you to protect up to 100% of the original pension fund used to buy the **plan** even if the **member** dies before the **maturity date**. If value protection has been included a further benefit may be paid from the **plan** after the **member** dies, depending on how much income has been paid out. If this benefit has been included in the **plan** the amount of value protection is shown in your plan schedule.

When the **member** dies we'll pay you the chosen amount of value protection lump sum, less the total of all income payments paid to you. If the amount of income already paid to you when the **member** dies is greater than or equal to the chosen value protection amount then nothing will be paid out.

For example

XYZ Trustees Limited invest £50,000 of a member's pension fund in a LV= Protected Retirement Plan with a ten year term and 100% value protection.

Unfortunately, four years after the income start date the member dies, at which point we've paid a total of £15,000 of income.

The amount of value protection payable is the full value protection amount of £50,000 less the income of £15,000, which equals £35,000.

We'll pay the lump sum of £35,000 to XYZ Trustees Limited.

B2 – Plan Protection

Plan Protection will make sure that, if the **member** dies during the **plan** term, the selected proportion of the income and **Guaranteed Maturity Value** (GMV) will continue to be paid for the rest of the **plan** term. For example, on the **member's** death we'd continue to pay 100% of any income for the **plan** term and 100% of any GMV when the **plan** ends.

The percentage of protection is fixed at 100% when the **plan** starts and cannot be changed later on. For **plans** with both income and GMV, the selected percentage will apply to both elements of the **plan** (for example, the **member** cannot protect their GMV but not their income). For nil GMV **plans** only income payments are protected. For nil income **plans** only GMV is protected.

Any income payments and/or **guaranteed maturity value** will continue to be paid to you as underlying scheme trustees. If you do not want or are unable to continue with the **plan**, you can utilise the conversion option and end the **plan** immediately, thereby swapping the remaining income and/or **Guaranteed Maturity Value** for a lump sum.

An example

Rosie invests £100,000 into a Protected Retirement Plan (after tax-free cash) via her SIPP. Her plan has a ten year term and includes plan protection. It pays an income of £11,000 a year and has no maturity value.

Rosie dies after 8 years.

The scheme trustees can choose to leave the plan to pay income to the end of the term. If they do, the additional income paid will be £22,000. As the plan had no maturity value, no additional lump sum is paid at the end of the term.

Alternatively, the scheme trustees may choose to end the plan early and accept a transfer value based on the current value of remaining income payments. This lump sum would be paid directly to the scheme trustees. We explain how we calculate the transfer value in Condition C11.

Section C – General conditions

This section explains the general conditions that apply to your **plan**.

C1 – Who owns the plan

You, as trustees, own the **plan** and will be paid all the **plan** benefits in line with these plan conditions.

C2 – Charges built into the plan

We take off a charge at the start of your **plan** to cover the set up costs, as well as a yearly administration charge. We take these into account before we calculate any income and **guaranteed maturity value**. This means we won't apply further charges to the **plan**, unless legislation or a Court Order requires us to change the **plan** in any way.

C3 – Deductions which may reduce the income paid

From time to time we may need to pay a tax, duty or other payment from the **plan** due to a law, order or regulation. If we need to do this we'll let you know as soon as possible.

C4 – Overpayments

We'll do our very best to make sure the **plan** is set up correctly and pay you the correct regular income. However, mistakes can happen.

If we make a mistake and too much money is paid out we'll change the amount we pay you and claim back any money that we've mistakenly paid out. Of course, if we do this we'll let you know as soon as possible and before we claim back any money.

Also, if we pay out any regular income after it should have stopped, for example after the **member** dies, we'll claim back any money that we've mistakenly paid out. If we do this we'll let you know as soon as possible and before we claim back any money.

Of course if we pay out too little by mistake we'll correct this as soon as possible after we find out about the mistake.

C5 – When your plan starts

Your **plan** will start on the day we receive your completed application form. However we will only be able to begin paying your income when we have received the funds. We call this your **income start date**. Your **plan start date** and **income start date** will be shown on your plan schedule.

C6 – When we can change your plan before your income start date

We show you how much income you might get in your personal quote, which is guaranteed for 30 days.

We may set up your plan on different terms from those on your original quote, if we receive everything we need to set up the plan after the 30 day quote guarantee period has ended. We'll send a final quote to the member's financial adviser confirming final details, before we set up the plan. If we do not receive a response within 3 days we'll set up the plan on the terms quoted.

C7 – When we can change your plan after your income start date

We've designed your **plan** with the aim that your chosen benefits won't change during the **plan** term.

We work out your benefits based on our current understanding of:

- the way your income is taxed and
- the factors that we're legally able to take into account.

We'll only change your benefits after the **income start date** of your **plan** for the following reasons:

- changes to legislation that affect the way its taxed
- changes to legislation that affect the factors we can legally use
- a decision by a UK court or the European Court of Justice that affect the factors that we can take account of

These are the only times when we can change your benefits.

We can't change your benefits for any of the following reasons:

- to increase our profits
- to make up for any losses we've made in the past

If we need to change your benefits we'll let you know at least 60 days before we change it.

C8 – Evidence we may ask you for

We may need to see evidence of name and age of the **member**, such as a passport, before we pay money out from the **plan** or make any changes to the **plan**. We recognise that these are valuable documents that other people may need to see at the same time. We'll look after the documents carefully, and return them quickly.

From time to time we may also ask for evidence that the **member** is still alive. If the **member** dies before the **maturity date** we'll ask for evidence of the date they died.

C9 – Cancelling the plan

After your 30 day cancellation period has ended you cannot cancel the **plan** or cash it in at any time. You can find out more about the cancellation process in the Key Features document, a copy of which is available on request any time.

C10 –Transferring the plan to another registered pension scheme

The **member** may ask you to transfer the **plan** to another registered pension scheme at any time. If they do ask, you can transfer the **plan**:

- if your scheme rules allow this, and
- another pension scheme agrees to buy the **plan** as an investment in their scheme.

If this happens we'll pay any benefits of the **plan** to the trustees of the new pension scheme, who will become the new owner of the **plan**. Notice of any transfer should be given to us at our registered address.

C11 – Converting the plan when the member's circumstances change

Converting the plan

Our conversion option gives you the flexibility to end the **plan** early. This option is automatically included when you take out a **plan** with us, at no extra charge. If you choose to end your **plan** before the **maturity date**, we'll pay the transfer value directly into the SIPP account, to be reinvested or paid out as appropriate. If you're considering exercising the conversion option, we recommend the **member** speaks to their financial adviser before you decide what to do. They may charge a fee to do this.

How is the transfer value calculated?

If your **member** asks you to convert the **plan** we'll pay the current value of the **guaranteed maturity value** and the income payments we would have paid if the **plan** had continued until the **maturity date**.

To calculate the current value we look at what the investments we bought when the **plan** was taken out can now be sold at. If the price has gone down we take the difference away from the **guaranteed maturity value** we would have paid out had the **member** waited until the **maturity date**. If the price has gone up we will add the difference to the **guaranteed maturity value** we would have paid.

You may take the transfer value as a lump sum payment which will need to be taxed as income.

We won't apply any fee or penalty to convert the **plan**.

Please note the amount we pay when converting the **plan** may be a lot less than the **guaranteed maturity value** that would have been paid if the **plan** had been kept until the **maturity date**.

C12 – Currency

Every payment into or out of your **plan** must be in the UK currency, which is currently pounds sterling.

C13 – The law that applies to your plan

The Protected Retirement Plan and its terms and conditions are governed by the laws of England and Wales. In the unlikely event of any legal disagreement, it would be settled exclusively by the courts of England and Wales. We'll always communicate in English.

C14 How to make a complaint

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= Retirement Solutions, Keynes 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. 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 outcome of your complaint, the Financial Ombudsman Service may be able to help you free of charge.

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.

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

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