Key features of the Protected Retirement Plan

Trustees version

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.

Key Features of the Protected Retirement Plan

Trustee version

You should read this document and the PRP Plan Conditions (Trustee version) if you're thinking of investing in a Protected Retirement Plan via your SIPP. This could be via the LV= Flexible Transitions Account or an external pension scheme. Please bear in mind that the Plan Conditions make up part of our agreement with the scheme trustees and have been written to reflect this (which means that they're written to the scheme trustees, and you are referred to as 'the member' throughout the document).

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

Its aims

- To be held as an investment within a SIPP, purchased by your pension scheme trustees on your behalf (as you're the scheme member).
- To pay an income for the plan term, a guaranteed maturity value at the end of the term, or both (depending on the options you choose).
- To help protect your pension fund by providing a continued income, a lump sum or both, if you die during the term (depending on the options you choose).

Your commitment

- To invest at least £10,000 of your pension fund within the LV= Protected Retirement Plan.
- To choose the benefits you need before the plan starts. You can't change them afterwards.

Risks

- Although we guarantee the amount payable at the maturity date, we can't guarantee what income this will provide. This depends on the economic and investment conditions at that time.
- Unless you include death benefits in your plan, your income will stop if you die before the maturity date and nothing else will be paid out. This may result in an inadequate provision of benefits for your needs.
- If you choose a level income, or an income that increases each year by less than inflation, your income may not keep up with rising prices.

Questions and Answers

We've given you answers to some very important questions about our Protected Retirement 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 a Protected Retirement Plan from LV=. **Before you decide to invest in a plan we recommend that you speak to your financial adviser. They can help you with anything you're unsure about.**

The basics

What is a Protected Retirement Plan?

It's a way of investing some of all of your pension fund for a fixed term, to provide an income, lump sum, or both, depending on the options you choose.

Full guaranteed income – You can take all the money you invest as income. This will guarantee a level of income for a fixed term (if you live to the end of the plan term). As the whole fund is taken as income, no lump sum will be paid to the scheme when your plan ends.

Full guaranteed lump sum – You can invest your pension fund for growth over a fixed term. We guarantee the amount we'll pay out at the end of the term (if you live to the end of the plan term), so you'll know exactly what you'll get back. We call this a guaranteed maturity value. No income payments will be made from the plan during the term.

Guaranteed income and guaranteed lump sum – You can take a regular income for a fixed term from your plan AND receive a lump sum when the plan ends. Both the income you'll receive and the guaranteed maturity value are guaranteed, provided you live to the end of the plan term, so you'll know from the outset exactly what you'll get back, and when.

If your plan includes a guaranteed maturity value, this will be paid to your scheme trustees, to be reinvested for your benefit.

You can add death benefits, to protect the fund if you die during the plan term. The amount paid on your death will depend on the death benefit option you add when the plan starts.

If you choose not to add any death benefits to your plan, it will end if you die during the term, and no further payments will be made.

The plan is set up as a Trustee Investment Plan, as an investment of an existing registered pension scheme.

As the Protected Retirement Plan guarantees the income and/or maturity value to be paid, you can't make changes to the plan once it starts. So you must think carefully about how to set up your plan to best suit your needs.

When can I invest some of my pension fund in a plan?

You can invest as long as you're age 40 or over when the plan starts.

How much can I invest?

You can invest £10,000 or more into a plan, with no upper limit. However, we'll consider investments over £500,000 on an individual basis.

What term can I choose?

You can choose any term between three years and 25 years. This must be in whole years and months and the plan must mature, at the latest, on your 90th birthday.

How much income can I choose?

You set the level of income you'd like each year when the plan starts. The maximum income you can choose will depend on:

- The size of the pension fund to be invested
- The chosen plan term, and
- The value of any lump sum at the end of the plan term (if you choose one)

You can choose an income that stays the same each year or increases each year by a fixed amount (0% – 8.5%). If you choose an increasing income it means that the income we pay you will increase each year on the anniversary of the start date.

We show you how much income you've chosen in your personal quote, which is guaranteed for 30 days. The actual amount of income we pay may be different from the amount shown in the quote, if, for example:

- The value of the pension fund is different from that shown on the quote, or
- if the quote guarantee period ends before we've set up your plan.

If this happens, we'll re-confirm details of income to be paid before the plan starts.

You can also choose not to receive any income at all. In this case, we won't pay out anything unless you're still alive at the maturity date.

If you die before the end of the plan and you've chosen a lump sum death benefit, we'll pay this instead.

When will you pay my income?

We can pay the income every month, every three months, every six months, or every year.

We can either pay the first income payment as soon as we receive the funds (commonly known as 'in advance'), or at the end of the first payment period (commonly known as 'in arrears').

For example

We receive your application form on 1 March. The plan will start on the date we receive the application, but we can't start paying the income until we receive the funds. We receive the funds on 30 April, but because income has been chosen to be paid monthly in arrears, we'll start paying income on 30 May.

All income payments will be paid to the SIPP. We won't pay any income from this investment to you directly.

How is the default income option calculated?

If you choose this option we'll calculate an income level which aims to provide a guaranteed maturity value that if used to purchase an annuity would provide an income of a similar level to that paid from this plan. We will calculate this using our current annuity rates and will take into account the options you have selected on your plan such as death benefits and if you wish your annuity to increase. The actual amount of income that your guaranteed maturity value will be able to purchase will depend on a number of factors and may be higher or lower that the income paid by this plan.

How much will the guaranteed maturity value be?

This depends on:

- the size of the pension fund invested in a plan
- the plan term
- your age
- how much income you choose, if any, and when you choose it to be paid, for example monthly
- the death benefit options you choose
- the investment markets

We show you how much the guaranteed maturity value might be in your personal quote, which is guaranteed for 30 days. The actual guaranteed maturity value may be different if for example, the amount you transfer is more than shown in your quote, or if your quote guarantee ends before we receive the money from your current pension scheme - if it is, we'll let you know.

Can I convert my plan if my circumstances change?

Our conversion option allows you to end your plan at any time, for any reason. The option is built in and can be used to transfer out at any time, for any reason.

All customers automatically qualify for this feature when they take out a Protected Retirement Plan with us, so there's no need to opt in and there is no extra charge.

If you choose to end the plan early, we'll pay the transfer value directly into the SIPP.

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

If you're thinking of ending the plan early, we recommend you speak to your financial adviser before you decide what to do. They may charge you a fee to do this.

The value of your plan may be significantly less than your guaranteed maturity value, or in some cases the original investment, if you cash in or transfer out in the early years, or if investment conditions have worsened since you took the plan out. For more info please read the Plan Conditions.

What happens if I die before the maturity date?

Your income will stop and we won't normally pay out any further benefits unless you chose to add a death benefit to your plan when it started.

Death benefits

What are the death benefit options?

You can add one of the following death benefits to help protect the investment if you die within the plan term.

Value protection

This allows you to protect up to 100% of the fund used to set up the plan if you die before the maturity date.

The lump sum will be the percentage of the fund you chose to protect, for example 100%, less the income already paid. If this turns out to be less than zero we won't pay anything out (or ask for any income to be paid back).

An example

Simon invests £50,000 into a Protected Retirement Plan (after tax-free cash). His plan has a five year term and includes 100% value protection. It pays an income

of £500 a month and offers a guaranteed maturity value of £35,000. Simon dies just two years after taking the plan out.

We calculate the lump sum we'll pay out as follows:

Purchase price		£50,000
Income paid during lifetime	£500 a month x 12 months	£6,000 a year
	£6,000 a year x 2 years	£12,000
Lump sum to be paid on death	£50,000 - £12,000	£38,000

So when Simon dies, we pay £38,000 as a lump sum death benefit, into the SIPP. The scheme trustees will distribute funds from the scheme to his beneficiaries, at their discretion.

Plan Protection

Plan Protection guarantees that, if you die during the plan term, the income will continue to be paid for the rest of the plan term, and any guaranteed maturity value will be paid to your SIPP when the plan ends.

For plans with no guaranteed maturity value, only income payments are protected. For plans which don't pay an income, only the guaranteed maturity value is protected.

If your scheme trustees do not want or are unable to continue with the plan, they 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.

You can add either Value Protection or Plan Protection to your plan when it starts, but you can't add both. If you choose not to add any death benefits to the plan, it will end when the scheme member dies and no further payments will be made from it into the SIPP.

Please ask your financial adviser for personal quotes to show you different death benefit combinations. These will help you to compare the different levels of starting income and guaranteed maturity value before you decide which combination best suits your needs. You can't change any of the options once your plan starts so it's important that you choose them carefully.

Taxes and charges

How is the Protected Retirement Plan taxed?

Any investment growth within the plan is free of UK income and capital gains tax. We won't deduct tax from any payments we make to the SIPP bank account. All income, lump sum and death benefit payments will be paid gross. This is because the scheme trustees are responsible for paying any tax when benefits are paid from your pension scheme.

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

What are the charges?

We take off a charge at the start of the plan to cover the set-up costs and our yearly administration costs. We take these into account before we calculate the starting income, if you choose this, and the guaranteed maturity value.

How much does the financial advice cost?

Your financial adviser will give you full details of the cost of providing advice. If you have requested that LV= pay an adviser charge or commission from the Protected Retirement Plan the amount will be shown in your personal quote.

Your right to cancel

You can cancel any time within 30 days the start of your plan. Your plan will start on the day we receive your completed application form. If you do so and we've already set up the plan we'll cancel it. We'll then pay your pension fund back to your SIPP.

To cancel you need to tell us in writing and return any money paid to you during the 30-day cancellation period. Our address is: LV= Retirement Solutions, Pease House, Tilehouse Street, Hitchin, Herts SG5 2DX

If we've already received your pension fund and set up the plan, and you cancel it within the 30 day period, we'll only refund the current value of your investment. This may be less than the amount you gave us. To calculate the value of the plan we'll use the value of the underlying assets at the date you cancel, and actuarial principles, to produce a fair value. If you've asked us to pay any adviser charges from your plan, or we've paid money to you from the plan, which you haven't returned, these amounts will also be deducted from the value before we refund to you.

Once the plan starts and the 30 day cancellation period has ended, you can't cancel your plan or cash it in, unless exercising the conversion feature detailed on page 4 of this booklet.

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= 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. If you want more information on how we handle complaints, please contact us, or visit www.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. If we ever did get into financial trouble and couldn't honour our commitments, you would be entitled to compensation from the Financial Services Compensation 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 of cover rather than to pay compensation.

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

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

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