keyfacts®

Key Features of the Stakeholder Pension

For plans started on or after 1 February 2008

AVIVA

Key Features of the Stakeholder Pension

The Financial Services Authority is the independent financial services regulator. It requires us, Aviva, to give you this important information to help you to decide whether our Stakeholder Pension 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.

Before you apply for a Stakeholder Pension, we want you to be aware of what it is, how it works and what the risks are. This Key Features document, together with your personal illustration, gives you the main points about this plan.

Its aims

- It aims to build up a pension fund in a tax-efficient way, which you can use to buy an income when you retire.

Your commitment

- You can start your Stakeholder Pension plan with as little as £20 and stop, start or change your payments as often as you like.
- When you decide to retire, you must use your pension fund to provide you with an income in retirement.
- You need to keep us updated with any changes that might affect your eligibility for this plan. Please see the eligibility section on page 7 of the guide "Stakeholder Pension - The simple way to start a pension" for more details.
- As you're investing for the long term, you won't usually be able to take benefits from the plan before the age of 55.

Risks

- As you're investing for the long-term, you won't be able to access your pension fund until you retire.
- You should remember that the value of your fund can go down as well as up and it may be worth less than has been paid in.
- What you get back is not guaranteed. It will depend on investment performance and the cost of converting the pension fund into an income when you retire.
- Your personal illustration will give you an example of what you might get back. However, the income you receive when you retire may be lower than that shown on the illustration. This could happen if:
  - you stop or reduce your payments
  - investment performance is lower than illustrated
  - the cost of converting your fund into an income for life is more than illustrated
  - you start taking income earlier than your chosen retirement age
  - tax rules change
  - charges increase above those illustrated.
- We have a wide range of funds with different aims and levels of risk. The 'Pension Fund Guide' booklet tells you what these are.
- If you invest in the Stakeholder With-Profit Fund, when taking out money, we may reduce the value of the amount taken. You can find more information about this in 'Where is my money invested?' on page 6.
- In certain circumstances, we may need to delay making payments, transfers and switching out of funds. This could, for example, be as a result of adverse market conditions or where it would lead to the unfair treatment of other policyholders. The delay may be up to one month for most funds, or up to six months if we can't easily convert the fund you're invested in to cash. This includes:
  - the Property Fund, or
  - a fund that's fully or partly invested in the form of land or buildings.

  When we cancel the units after a delay, we will use the unit price that applies at the end of the deferred period.
- You can change your mind after taking out this plan. However, if you make a single payment and cancel the plan within 30 days, you may get back less than you've paid in.
- You should also be aware that tax law and practice could change in the future and affect your pension plan.

Questions and answers

Q: What is a Stakeholder Pension?

A: It's a personal pension plan for anyone under 75, who wants to invest for retirement in a tax-efficient way. It's a Stakeholder plan, which means it meets the minimum government standards on how much you can pay, the charges, and terms and conditions. It could be suitable for people who are employed, self-employed or not employed.

Q: How much can be paid into my plan each year?

A: There are minimum and maximum payment levels. We may change these from time to time. The current minimum payment to start a plan is £20. After that, the minimum additional payment at any time is £20.

For this plan, we accept regular payments by direct debit and single payments by direct debit or cheque.

There's no limit on how much you can invest, but you only get tax relief on payments up to the HM Revenue & Customs limits. The tax relief limits are £3600 gross or 100% of your annual earnings if greater. Aviva won't accept payments from you that don't qualify for tax relief.

There's a payment limit each year, which is called the annual allowance. If your total payments exceed the annual allowance, the excess will normally be subject to a tax charge. For the 2012/2013 tax year, the annual allowance is £50,000, it is not expected to be reviewed until the 2016/17 tax year.

When you decide to take your benefits, the total benefit amount is reviewed against your lifetime allowance. If your total benefits exceed your lifetime allowance when you take them, you will be taxed on the amounts over that limit. The standard lifetime allowance for the 2012/13 tax year is £1.5m, and it is expected to remain at this level until at least the 2015/16 tax year.

Q: Can I vary my payments?

A: Yes. You can make one-off payments into your plan or increase your regular monthly or yearly payments. You can arrange for your payments to increase automatically each year.

You can reduce or stop your payments and restart them at a later date. If you choose to do this, please bear in mind that it will reduce the size of your pension fund.

We still take charges if you reduce or stop your payments. This means it's possible that our charges will reduce the value of your fund further. Please contact us for more information about this possibility.

Spotlight on...

Lifetime allowance

A lifetime allowance is a limit on the amount of pension savings you can take from all your pension schemes. A lifetime allowance tax charge may apply to benefits taken above this amount.

Q: What happens if I contracted-out of the State Second Pension before 6 April 2012?

Cessation of contracting out from 2012

From 6 April 2012 the Government stopped contracting-out for personal pensions. This means that money from your future National Insurance payments will go into the State Second Pension instead of this plan. The money from your National Insurance payments that went into your plan before 6 April 2012 will stay in your plan and you'll be able to use it in the same way as the rest of your fund.

Q: Can I transfer another pension fund into this one?

A: Yes, we do accept transfers from other pension schemes. If you are interested in doing this, please speak to your financial adviser. Our Key Features booklet for transfers is also available on request.

Spotlight on...

State Second Pension

This is an additional State Pension paid on top of your basic State Pension if you've paid sufficient National Insurance contributions. It used to be known as the State Earnings Related Pension Scheme or SERPS.

Q: What are the tax benefits to investing with this plan?

A: Not only does your pension fund grow free of UK Income and Capital Gains Tax, you'll also get Income Tax relief on your payments (up to a maximum limit). The tax relief is at the basic rate of tax and you'll receive this even if you're not a tax payer. However, you'll have to pay Corporation Tax on dividends from UK shares within your fund (s).

For example, as the basic rate of tax is currently 20%, for every £80 you pay into your plan, it will increase to £100. The basic rate could change in the future.

You pay		Tax relief		Pension fund payment
£80	+	£20	=	£100

We claim the basic rate tax relief for you and automatically add it to your fund. If you pay tax at more than the basic rate you can claim your extra tax relief through your self-assessment tax return. Payments in excess of the annual allowance will normally be subject to a tax charge. If you don't have any relevant UK earnings, the maximum amount you can pay, including relief, is £3600. We'll only accept regular and one-off payments from you that qualify for tax relief.

You don't get tax relief on the value of other pension plans that you transfer into your Aviva plan.

This information about tax is based on our understanding of current law and tax practice. Future changes in law and taxation, or your own personal circumstances, could affect your pension and how much tax you have to pay.

Your financial adviser can give you more details about your tax position.

Q: Where is my money invested?

A: We have a wide range of funds with different aims and levels of risk. The 'Pension Fund Guide' booklet tells you what these are. We invest your payments in the funds you choose from our range. If you don't make a choice, we'll automatically invest all payments using the Balanced Managed Lifestyle Strategy, and as you get closer to retirement, we will switch your investments to try and protect the purchasing power of your pension fund.

Each fund is divided into units of equal value. We use your money to buy units in your chosen fund. The value of the units will rise or fall depending on the investment performance of the funds. The value of the fund may be less than the amount paid in.

Each of our funds is managed by a professional fund manager. Your financial adviser can help you choose which funds best suit your needs. We also have a number of booklets, 'Pension Fund Guide', and the 'A guide to your with-profits investment and how we manage the fund', all giving more information on the funds.

If you take money out of the Stakeholder With-Profit Fund and investment performance has been low, we may apply a market value reduction (MVR). This includes when we move the money as part of Phased Switching. This means we'll adjust the value of your investment in line with market performance, i.e. we may pay less than the quoted value of the amount taken. This ensures you only take your fair share and protects other investors.

Q: Can I change my investment funds?

A: You don't have to stick with the funds you initially choose for the life of your plan. If your circumstances change, you can move your money to a more suitable fund. There's no charge for doing this, however we reserve the right to limit the number of switches you can make each year.

Q: What happens if I don't choose an investment fund?

A: We'll automatically invest all your payments using the Balanced Managed Lifestyle Strategy. The Balanced Managed Lifestyle Strategy goes through two stages. We invest all your payments into the Aviva Mixed Investment (40-85% Shares). The Aviva Mixed Investment (40-85% Shares) aims to provide a good return through a combination of capital growth and investment income. It invests in a wide range of assets to spread and manage risk by using any other appropriate Aviva funds. The value of the fund may go down as well as up, which means the value of the fund may be less than the amount paid in. As you get closer to retirement, we will automatically switch your investments to try and protect the purchasing power of your pension fund. As the Balanced Managed Lifestyle Strategy is automatic and your money is moved on set dates, it may not be moved at a time that would give you the best return on your investment.

For full details refer to the 'Balanced Managed Lifestyle Strategy' leaflet.

Q: Will I have to pay any charges?

A: Yes. There's an annual fund charge for managing your pension plan. The amount depends on the type of fund you choose and the level of advice you take. The maximum we charge is 1% of the fund value each year.

We take the charges from your pension fund so they will reduce the value of your plan.

Occasionally, we may have to increase our charges if the cost of managing your plan increases due to changes in taxation, regulation, the law and the cost of fund management. We'll always tell you if the charges are changing.

We also have the right to increase our charges to respond in a proportionate manner to changes in the costs which we reasonably incur in carrying out the administration of the policy.

Q: Are there any charge discounts?

A: We will give you a discount on charges when your pension fund grows beyond a certain amount.

Spotlight on...

Unit

Unit-linked funds are broken down in a number of equal portions called units. The unit value is simply the fund value divided by the number of units.

Q: How much will my charges be?

A: Your personal illustration shows our charges and the effect they have on your fund.

Q: How much will advice cost?

A: Your adviser will give you details about the cost. The amount will depend on your payments and length of time to your chosen retirement age. It will be paid for out of the charges. Alternatively, your adviser may charge a fee for the advice provided.

Q: Can I transfer this plan?

A: Yes, you can transfer your plan to another provider before you retire. If you want to do this, you should be aware that the amount you transfer depends on the investment performance of the funds in which you have invested. This may be less than the total payments made into this plan.

Q: What might I get when I retire?

A: Your personal illustration will give you an idea of what you might get back. However, what you actually get back will depend on several factors:

- how much you have invested over the years
- how long you have invested
- the investment performance of the funds you choose
- our charges
- the cost of converting your fund into an income for life.

Q: When can I start taking my benefits?

A: You can start taking your benefits from the age of 55. You convert your pension fund into income by buying an annuity or taking out an income drawdown contract.

There may be certain circumstances where you may be able to retire earlier and take an income before your 55th birthday. An example of this would be if you can't continue working because of ill health.

Q: What choices will I have when I retire?

A: When you retire you can use your Aviva Stakeholder pension fund to buy an annuity to provide you with an income during your retirement. You can:

- use all of your fund to buy an annuity; or
- normally take up to 25% of your pension fund as a tax-free cash sum and use the remaining fund to buy a smaller annuity.

You don't have to use the whole fund at once. You may be able to buy an annuity in stages if you want to retire gradually.

The government has changed some of the pension rules so you no longer have to use your pension fund to buy a retirement income or take a tax-free cash lump sum before you're 75. However, under this plan you still have to use your pension fund before you're 75.

If you decide to wait until after you're 75 to use your pension fund, you will have to take your money out of this plan and put it into a different one which lets you use your pension fund after you're 75. You will need to do this before your 75th birthday.

Spotlight on...

Annuity

An annuity provides you with an income for life. You buy an annuity with the money you have built up in your pension fund. There are different types available, so you can choose the one that best suits your circumstances. You can't generally change or cash in your annuity once you've bought it, so you must consider your choice very carefully.

You can buy an annuity from any pension provider. This is known as the open market option. You may pay Income Tax on the income from your annuity, depending on your personal circumstances.

There may be other options available when you are ready to take your pension benefits. Please speak to your financial adviser to find out more.

You may have to pay Income Tax on the income you get from your annuity, but this will depend on your total income.

Don't forget that you can buy your annuity from any pension provider.

Q: What happens to my plan if I die before I retire?

A: If you die before you start taking an income from your pension we can normally pay the value of your fund as a cash lump sum. Alternatively, we can provide an annuity for your husband, wife, civil partner or dependants.

If you've arranged your pension under a trust, we'll pay any cash sum to the trustees.

Q: Can I change my mind?

A: You can change your mind within 30 days from the later of:

- the day we tell you that the contract is up and running
- the day you receive the contract

Your plan will continue if we don't receive your cancellation notice within the 30 days.

We'll send you a cancellation notice with your contract. It will include the address to which you should send your cancellation notice. Alternatively, you can write to us at the address in the 'How to contact us' section.

If you decide that you don't want this pension plan, we'll give you your money back. However, if you have made a single payment and the fund value has fallen, you'll get back your payment minus any fall in investment value in this period.

If you cancel a transfer payment, the pension scheme you're transferring from may not take your transfer back. In these circumstances, you'll need to find an alternative provider.

Q: How will I know how my plan is doing?

A: We'll send you a statement each year showing the payments to your pension plan and the current fund value. You can also check the current price of our investment funds by:

visiting

http://www.aviva.co.uk/funds/pension-funds.html

Further information

How to contact us

Your adviser will normally be your first point of contact. They'll have provided you with information that contains their contact details.

If you have any questions at any time, you can phone, email or write to us.

Call us on **08000 68 68 00**

Monday to Friday 08:30am – 5:30pm

Saturday 08:30am – 2pm

We may monitor calls to improve our service.

E-mail

helpdesk@aviva.co.uk

Office address

Aviva, PO Box 520, Surrey Street, Norwich, NR1 1WG

Further information

Terms and conditions

This Key Features document gives a summary of this pension plan. You should also see the full terms and conditions. You may already have a copy or you can get a copy from your adviser or from us by contacting us direct.

Law

The law of England will apply in legal disputes and your contract will be written in English. We'll always write and speak to you in English.

We are regulated by the Financial Services Authority (FSA) whose contact details are:

The Financial Services Authority

25 The North Colonnade
Canary Wharf
London
E14 5HS

Potential conflicts of interest

There may be times when Aviva plc group companies or our appointed officers have some form of interest in the business being transacted.

If this happens or we become aware that our interests, or those of our officers, conflict with your interests, we'll take all reasonable steps to manage that conflict of interest. We'll do this in a way that treats all customers fairly and in line with proper standards of business.

Client classification

The FSA has defined three categories of customer. You've been treated as a retail client, which means that you'll be provided with the highest level of protection provided by the FSA rules and guidance.

How to complain

- If you ever need to complain, you can contact us at:

  Aviva
  Customer Relations
  PO Box 3182
  Norwich
  NR1 3XE

  Telephone number: 08000 686 800
  Email: Helpdesk@aviva.co.uk

- If you're not satisfied with our response, you can write to:

  Financial Ombudsman Service
  South Quay Plaza
  183 Marsh Wall
  London
  E14 9SR

  Telephone number: 0845 080 1800
  Email: complaint.info@financial-ombudsman.org.uk

This won't affect your legal rights.

Compensation

If you bought this pension plan on advice from a qualified adviser, you have legal rights to compensation if at any time it's decided that you've bought a plan that wasn't suitable for your needs at that time.

The Financial Services Compensation Scheme covers your plan. If Aviva becomes insolvent and we are unable to meet our obligations under this plan, the scheme may cover you for 90% of the total amount of your claim.
For further information, see www.fscs.org.uk or telephone 020 7892 7300.

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Just call **08000 686 800** or email **helpdesk@aviva.co.uk** and tell us:

- the format you want
- your name and address
- the name or code of the document. The code is usually in the bottom left hand corner on the back of most documents.

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