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Pension Portfolio



Pension Portfolio from Aviva

Pension Portfolio from Aviva could be the perfect home for your pension. In fact, it could be the only pension you'll ever need. It allows you to take full advantage of the pension freedoms.

Pension Portfolio has three levels **Core**, **Choice** and **Flex**; which are designed to meet your changing needs as you invest towards your retirement.

We believe that Pension Portfolio has something to offer you no matter what level of involvement you want to have with your pension.

What is Pension Portfolio?

In a nutshell, it's a self-invested personal pension (SIPP), with access to over 3,000 funds, stocks and shares, structured products, investment trusts and commercial property.

We've listened to both financial advisers and customers to build a pension that gives you what you need:

- the flexibility to deal with changing lifestyles
- a transparent and accessible pension
- a range of investment and income options.

Get the right level for you

Pension Portfolio has three different levels: **Core**, **Choice** and **Flex**. The investment choices you make with your adviser will determine which level you are in.

We offer a high level of service and attractive features for all the levels in Pension Portfolio. Each level has its own investment options and charges, which means that you only pay for the investment choices you are using.

A benefit of Pension Portfolio is that you can move between the levels at any time without having to transfer to another type of pension.

You should remember the value of your pension pot may go down as well as up and you may not get back what you have put in.

Talk to an adviser

If you're reading this brochure, your adviser has probably suggested you consider the Aviva Pension Portfolio as a home for your pension.

You've already made a good decision by working with an adviser to sort out your pension arrangements. Having an adviser who is familiar with your circumstances is really important, especially as retirement options change over time.

We strongly recommend that you talk to your adviser if you're thinking of making changes to your investments or pensions. Not only will they be able to help you pick suitable funds, they will also be able to tell you how that affects the charges you pay.

Keep this brochure safe

There's lots of information in this guide about Pension Portfolio, so please keep this safe so you can refer back to it in the future.

You should also read the Key Features (LF01012) which outlines the aims and risks and Terms and Conditions (LF01004) of Pension Portfolio.



Five reasons to invest in a pension

The government is keen to encourage people to invest for retirement through pensions, so it currently offers these tax incentives:

1 Tax relief on your pension payments

Quite simply, a pension is a tax-efficient way of investing for your future. You get full tax relief on the money you put in a pension up to certain limits, currently the lower of:

- £40,000 (this may reduce to £10,000 for money purchase arrangements if you take advantage of flexi-access drawdown) for the tax year 2016/17 or
- your UK earnings each tax year.

For example, if you pay £160 into your pension plan, the government adds £40, taking the total amount to £200. This is basic rate tax relief and you'll get this even if you don't pay tax. You can claim higher rate or additional rate relief through your tax return.

2 Free from income and capital gains tax

Your pension grows free from UK income and capital gains tax. There may be some tax credits and deductions on investment returns that cannot be reclaimed by the fund manager.

3 Up to 25% tax-free cash lump sum

You can normally take up to 25% of your pension pot as a tax-free cash lump sum, to help maximise the tax advantages.

4 Maximise your tax position

You'll pay tax on the income from your pension, just as you pay tax on your salary. However, with the help of your adviser, you can manage your income so you pay the least amount possible each year.

You may also be able to improve your inheritance tax position.

5 No National Insurance on pension payments from a company

Any contributions to your pension from a business - even one where you are a controlling director - are a legitimate business expense, so they don't give rise to any National Insurance liabilities.

We'll take care of the pension administration for you. We'll also make sure that all your returns and the reports to HM Revenue & Customs (HMRC) are all up to date, even when you're following a sophisticated investment strategy.

The price to pay for this tax efficiency is access. You can't touch the money in your pension until you reach the age of 55 in most cases.

The tax benefits of any investment will depend on your personal circumstances and changing tax laws. You should always consult your adviser for up-to-date information relating to your personal circumstances.

Be as involved as you want to

Some people like to be really hands on with their pension; others like to keep it at arm's length.

If you're the hands on type, you can go online and see instant valuations, letters we've sent you and information about your pension. If that's not your thing, we'll write to you twice a year to tell you how your pension's doing.

If you want to make any changes to your pension, for example changing your investment choices, you need to speak to your adviser, who will be able to discuss the impact of any changes you are considering and carry out any changes you agree.

Money in...

Pension Portfolio offers you the flexibility you need. You control what you put in (subject to minimum amounts) and when.

Lump sums

You can pay a single payment into your pension at any time (tax relief may be available on this payment, up to the HMRC limits set out in page 3).

Regular payments

Start, change, stop, start again - you can change your payments as often as you need to without penalties or additional charges, including regular employer payments.

Payment from others

Pension Portfolio accepts payments from an employer or your own business (including bonus sacrifice).

Transfers

You can transfer pensions in at any time, but always check whether you're giving up valuable benefits elsewhere.

Protected rights

Contracting out is no longer possible, but you can transfer in any accumulated protected rights funds. Again, you should check to make sure you're not giving up valuable benefits by doing so.

...money out

Once you retire, it's all about using the money you've built up in Pension Portfolio to help you enjoy your retirement to the full - without running out of money.

You can take up to 25% of your pension as a tax-free cash lump sum straight away. You then have a number of options (including a mixture of these):

Annuity

There's the option of buying an annuity, which gives you a guaranteed, taxable income for the rest of your life. You don't have to buy an annuity from your pension provider.

In fact, you can and should shop around for the best rates, just as you would with any other big purchase, as once you've bought an annuity, you can't change it. This is known as the open market option.

Income drawdown

This is a way of taking money directly from your pension without buying an annuity.

What is income drawdown?

Income drawdown is a way of taking an income from the money you've built up in your pension pot. You can choose to use some or all of your pension pot to provide your income.

Moving your money out of your pension pot is commonly known as crystallising funds. If you move all of your funds into drawdown at once, this is known as single drawdown. If you move your funds in phases over a period of time, this is known as phased drawdown.

How does it work?

Lump sum(s)

You can take part or all of your pension pot as cash 'lump sum' on or after age 55. However, it's important to remember your pension pot has to see you through the whole of your retirement. The last thing you want to do is run out of money so it's important you talk to your financial adviser about what's best for you.

You can choose to take income or a lump sum from your pension pot from age 55. Each time you crystallise some of your pension pot into income drawdown, you can usually choose to take 25% of that amount as a tax-free lump sum.

Flexi-access drawdown allows you to take any amount out of your pension pot whenever you choose, to provide an income or a lump sum whenever you need it.

Capped drawdown is no longer available for new customers. But if you were in capped drawdown before 6 April 2015 then you can still stay in it as long as you don't exceed government limits. If you go over these limits you'll automatically move into flexi-access drawdown which will reduce your money purchase annual allowance from £40,000 to £10,000 for money purchase

arrangements. Your financial adviser will be able to tell you if you're affected.

Alternatively, you can choose to delay taking an income and simply take your tax-free cash lump sum. As your income provider, we must review the amount of yearly income you take at least every three years (annually once you reach age 75).

What income drawdown choices will I have at retirement?

You can take benefits by choosing single drawdown or phased drawdown.

Single drawdown – you take 25% of your pension pot up front as tax-free cash. You invest the remaining 75% and we use it to pay your chosen income, on which you'll pay income tax.

You can take phased drawdown in different ways:

Efficient income withdrawal – We automatically calculate the amount you need to crystallise for each payment to take your income in a more tax-efficient way. It uses a combination of taxable and tax-free cash.

Taxable income – You crystallise the minimum amount needed to pay your chosen income amount. We pay your 25% tax-free cash as separate lump sums each time you crystallise some of your funds.

Non-taxable income – You use your tax-free cash to generate your chosen income amount. You invest the remaining 75% of your crystallised funds for when you need it.

Income drawdown – what you need to know.

If you decide that income drawdown is right for you there are a few things you need to know:

- Your investments need to grow to compensate for the income you withdraw. If that doesn't happen, the income you take will reduce your pension pot. This is especially true if you choose to take a high level of income.
- If you withdraw high levels of income, you'll have less money to provide for dependants or buy an annuity in the future, should you want to.

Phased drawdown only

- If your tax position is not exactly as described, the way our efficient income withdrawal option crystallises funds may not be as efficient as possible in all cases.
- As our efficient income withdrawal option pays income through tax-free cash and taxable income, the amount of income you receive can vary over time. This is because we may pay more taxable income in some months than in others.
- If your tax position is not exactly as described, the income you get through our efficient income withdrawal option may not match exactly what is shown on your illustration. This is because we assume your tax rate applies to all of your taxable income when we crystallise funds.
- It's important to let your adviser know if your tax position changes, so we can adjust your plan. If this doesn't happen, your income payments may vary from what they were originally.
- If crystallisations are not as efficient as possible, your beneficiaries won't get the maximum death benefit from your pension when you die.
- There is a chance you may pay too much tax. If this happens, you will need to complete a tax return to reclaim the overpayment.

It is important that you speak to your financial adviser when choosing your retirement option to make sure it is right for you.

Pension Wise – your right to guidance

Pension Wise is a free and impartial service set up by the government for people retiring with defined contribution pensions (also known as money purchase schemes). It will help you understand what your choices are and how they work.

You'll be able to get help on the Pension Wise website, over the phone or face to face about:

- what you can do with your pension pot
- the different pension types and how they work
- what's tax-free and what's not.

You can find out more about this service at www.gov.uk/pensionwise

If the worst happens...

If you die before you're 75, we'll pay the full value of your pension pot to your nominated beneficiaries as a lump sum or to their pension pot. There won't be any tax to pay if your beneficiaries take the benefits within two years of your death. If you're 75 or over when you die, then your beneficiaries will pay tax on any benefits at their marginal rate.

All your pensions in one place

Over your working life, you could have built up several pension pots with different companies. Pension Portfolio makes it easy to bring all your pensions together in one place.

We use the latest technology to reduce both administration and costs for you and your adviser.

If you choose to move your pension, it's important that your pension pot is uninvested for the shortest time possible. That's why we use in specie transfers whenever possible. This means we transfer the asset your pension is invested in rather than cashing in the asset, moving the money and buying another similar asset. We don't charge for this, but some providers may charge to transfer pensions to us.

Three good reasons to put your pensions in one place

1. It's simpler

Easier to keep track of and less paperwork to worry about.

2. Discounts on charges

Most pensions give discounts on charges as a pot grows and Pension Portfolio is no different. You may be paying more in charges if you have a number of small pension pots.

3. Easier to get it right for you

It's easier for your adviser to put in place an investment strategy that matches your attitude to investment risk. And it's easier for you to follow that strategy.

Talk to your adviser before you move any pensions

You should never move a pension without talking to your financial adviser. Older pensions sometimes have built-in benefits and guarantees that make them valuable. In those circumstances no-one, including us, would want you to lose those benefits by transferring away. Often, these pensions can be challenging to interpret, so we always recommend taking financial advice before transferring them.

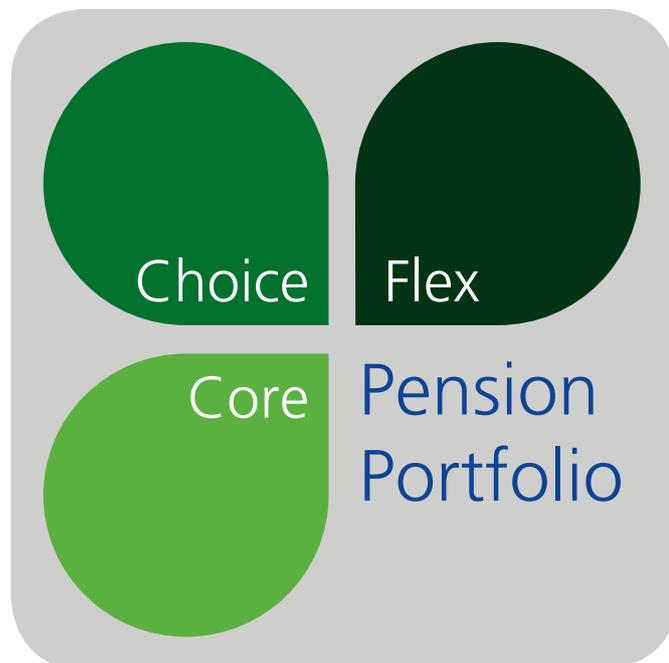
You can, of course, leave at any time by transferring your Pension Portfolio to another provider. And unlike some pensions you won't have to pay a charge to us if you decide to do this.



The different levels of Pension Portfolio from Aviva

We know you'll want to be in control of your pension. After all, it's your money.

With Pension Portfolio, you and your adviser have total control. So let's get into the detail of Pension Portfolio and how it works. As you can see from the graphic, Pension Portfolio contains three levels – **Core**, **Choice** and **Flex**.



Core

Core offers access to over 100 insured funds. These are investment funds managed by Aviva and other leading fund managers, which are selected and governed by Aviva. Core is likely to be suitable for first-time pension customers or those who just don't want the complexity of a full investment range.

Choice

This still keeps things simple but adds in a much wider range of investment funds. In addition to the Core level funds, Choice offers customers access to over 3,000 collective investment funds, with more being added all the time. Choice is more likely to be suitable if you are an active investor.

Flex

Flex is for customers wanting a more complex investment strategy. In addition to the investment range of Choice, we also offer access to diverse investment options, including stocks and shares, commercial property and structured products. Each specialist investment has its own associated charges meaning you can see exactly what you are paying for. Flex is likely to be suitable for active investors with more complex investment choices.

Moving between levels

The levels of Pension Portfolio mean that you will only ever pay for what you use.

If you choose to invest in funds that are all offered in the Core level, you'll pay the Core level charges. You won't ever end up paying for a range of funds and services that you don't use.

However, as you go through life, your financial position may change. As you begin to earn more or you get closer to your retirement, you may want to change how you invest your pension pot.

With Pension Portfolio, you can move between the levels as often as you want. It's a very flexible pension, which aims to meet your long term needs.

As each level carries different charges, it's important that you talk to your adviser before you make any firm decisions about changing your investments.

Pension Portfolio - the basics

Many features of Pension Portfolio are common to all three levels.

	Core	Choice	Flex
Setup It couldn't be easier. You don't even need to use a paper application – your adviser can do it all online.	✓	✓	✓
Online access We'll send you a login name and password. You can check how your pension is doing any time and see a detailed transaction history of investments and charges.	✓	✓	✓
Fund switching If you're taking a portfolio approach your adviser can switch funds for free and at any time to suit your investment needs.	✓	✓	✓
Cash account This is where we'll put any distributions you get from fund managers. We'll also use it to take charges from us and your adviser.	✓	✓	✓
Adding money You can change your regular payments, add lump sums or transfer other pensions in at any time.	✓	✓	✓
Taking income You can have access to income drawdown or buy an annuity from Aviva or another provider with part of, or your entire fund. You can also choose to take up to 25% of the value of your pension pot as tax-free cash.	✓	✓	✓

Charges

Pension Portfolio has charges to cover the costs of administering your pension investments.

The Aviva charge is an annual charge across all levels. In the **Flex** level, there are additional charges depending on the investment choices you make. We've outlined the charges for each level separately.

- You may also agree a charge with your adviser for the service they give to you.
- Each fund has its own management charges which are set by the fund manager.
- We'll give you an illustration that clearly shows the effects of these charges over time.

Breaking down the levels

The investments you choose and how they perform will be one of the three biggest factors in how well your pension serves you in your retirement. The other two are charges and how much you put in.

You should remember the value of your pension pot may go down as well as up and you may not get back what you paid in.

Core

With over 100 low-cost insured funds, the **Core** level covers all the basic investment areas that you may need.

Keeping the number of funds low also keeps the cost to you as low as possible. That means more of your money is invested.

We don't charge you for switching funds. Your adviser will be able to give you more information on the funds available in the **Core** level.

Not enough fund choice?

If you feel there are not enough investment funds for you to choose from in the **Core** level, **Choice** may be more suitable for your needs.

Charges

The table below shows the charges that could apply if you are in the Core level. The amount you pay depends on the size of your overall investment and the type of investment. This doesn't include any charge you may agree with your adviser for their advice.

Aviva charge	Core charge
Portfolio value	
Up to £29,999	0.35%
£30,000 - £249,999	0.30%
£250,000 - £399,999	0.20%
£400,000 and above	0.10%
Insured fund charge	
- depends on fund selection	0.1% - 1.75%

Any investments you have in our Investment or ISA Portfolios are included in your Pension Portfolio charges calculation. You may receive a discount on your Pension Portfolio charges, depending on the amount you have invested.

Choice

When we say **Choice**, we mean it, with over 3,000 funds to choose from.

The extensive range of funds offered through the Choice level means we can cater for the fund preferences of the vast majority of customers.

The range extends from low-cost passive funds to well-known actively managed funds from over 110 fund managers.

Charges

For a full list of funds and charges, speak to your financial adviser or give us a call.

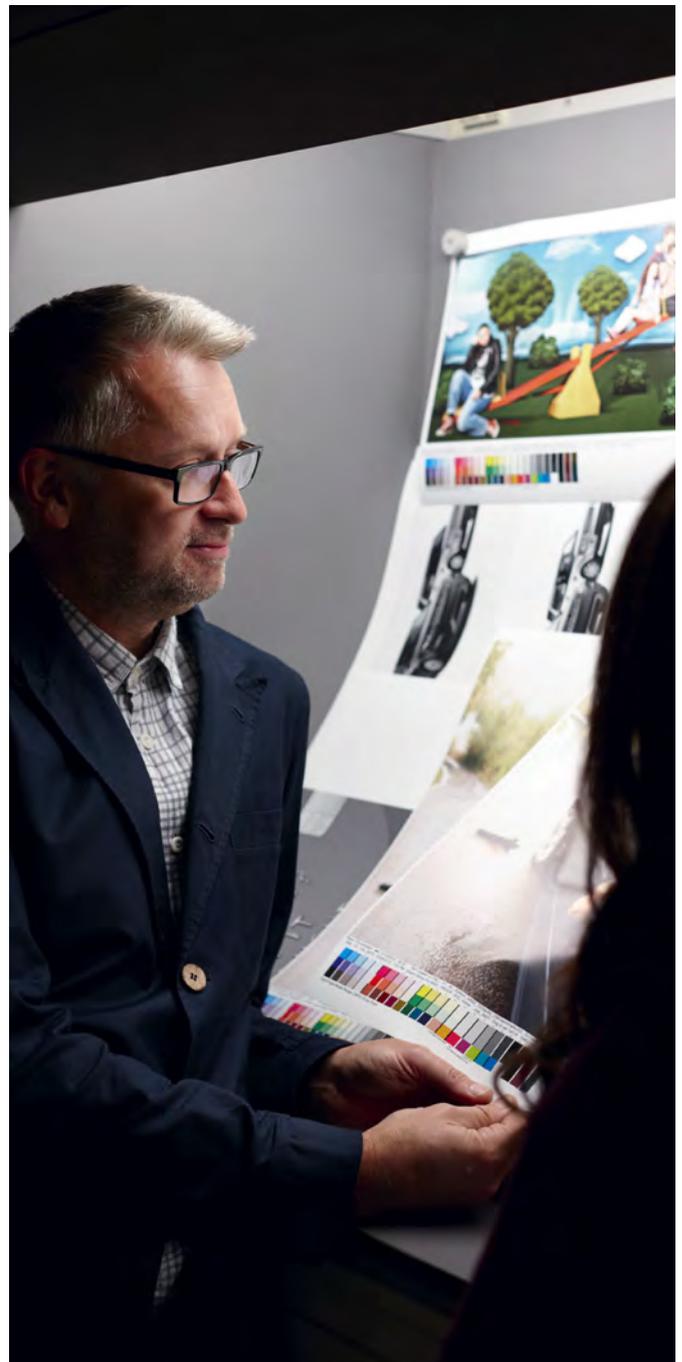
The table below shows the charges that could apply if you are in the Choice level. The amount you pay depends on the size of your overall investment and the type of investment. This doesn't include any charge you may agree with your adviser for their advice.

Aviva charge	Choice charge
Portfolio value	
Up to £29,999	0.40%
£30,000 - £249,999	0.35%
£250,000 - £399,999	0.25%
£400,000 and above	0.15%
Investment fund charge	0.1% - 3.5%
- depends on fund selection	

Any investments you have in our Investment or ISA Portfolios are included in your Pension Portfolio charges calculation. You may receive a discount on your Pension Portfolio charges, depending on the amount you have invested.

Not right for you?

If your investment strategy means you need to access other investment options, such as commercial property or stocks and shares, the **Flex** level may suit you better.



At **Flex** level, it's likely that your Pension Portfolio is just one element of your wider financial affairs.

With **Flex**, you get all the funds from the Core and Choice levels and a lot more besides.

Your investment options

The **Flex** level offers you access to a number of other types of investments that you can use to help build a portfolio that matches your needs.

Stocks and shares and exchange-traded instruments

Stocks and shares and exchange-traded instruments can help you take advantage of more specialist investment opportunities. You have access to these investments through our link with Charles Stanley stockbrokers. Your adviser will be able to explain these specialist investments and discuss their suitability with you. Your adviser simply places your orders with us and we handle the rest with Charles Stanley.

Commercial property

Commercial property can help you integrate your business and your pension. We outsource the management of this part of Pension Portfolio to Suffolk Life.

While holding commercial property can be tax efficient, it is not without its challenges. For example, commercial property is not easily tradeable which may delay any sale and the value of property is generally a matter of a valuer's opinion. If you're thinking about investing in commercial property, seeing your adviser is a must.

Structured products

Structured products involve investing or depositing money for a fixed period of time in order to achieve a return. This can be linked to the performance of a stock market index or other assets and this may help manage stock market volatility over time.

If you want to invest in an asset we don't offer, the best thing to do is to speak to your adviser.

Speak to your adviser before you invest

Your adviser will help you choose your investments by assessing your attitude to risk and this will determine which level of the Pension Portfolio you are in. Remember, the value of your pension pot can go down as well as up and you may get back less than you paid in.

Charges

You start paying extra charges in **Flex** level as these investments cost more to administer.

The table below shows the charges that could apply if you are in the **Flex** level. The amount you pay depends on the size of your overall investment and the type of investment. This doesn't include any charge you may agree with your adviser for their advice.

Aviva charge	Flex charge
Portfolio value	
Up to £29,999	0.40%
£30,000 - £249,999	0.35%
£250,000 - £399,999	0.25%
£400,000 and above	0.15%
Investment fund charge - depends on fund selection	0.1% - 3.5%
Equity trading costs	
Up to £15,000	£25
£15,001 - £30,000	£35
Above £30,000	£50
Commercial property	
Initial set-up fee	£375
Annual administration charge	0.12% of the net value, taken monthly. Our nominated holder of commercial property will also take charges. Their charges are outlined in their literature, which you can get by contacting your adviser.

Any investments you have in our Investment or ISA Portfolios are included in your Pension Portfolio charges calculation. You may receive a discount on your Pension Portfolio charges, depending on the amount you have invested.



Summary of the levels

	Core	Choice	Flex
	Customer services		
Online valuations	Yes	Yes	Yes
Online product Information	Yes	Yes	Yes
Online customer correspondence	Yes	Yes	Yes
Six monthly statements	Yes	Yes	Yes
	Investment options		
Insured fund range	Yes	Yes	Yes
Full Pension Portfolio fund range	No	Yes	Yes
Equity trading	No	No	Yes
Exchange traded funds (ETF)	No	No	Yes
Structured products	No	No	Yes
Commercial property	No	No	Yes
Investment trusts	No	No	Yes
	Charges		
Portfolio value			
Up to £29,999	0.35%	0.40%	0.40%
£30,000 - £249,999	0.30%	0.35%	0.35%
£250,000 - £399,999	0.20%	0.25%	0.25%
£400,000 and above	0.10%	0.15%	0.15%
Equity trading costs			
Up to £15,000			£25
£15,001 - £30,000	n/a	n/a	£35
Above £30,000			£50
Commercial property			
Initial set-up fee			£375
Annual administration charge	n/a	n/a	0.12% of the net value, taken monthly. Our nominated holder of commercial property will also take charges. Their charges are outlined in their literature, which you can get by contacting your adviser.
Fund charge			
Depending on the funds chosen, these charges include the fund management charge and the fund management expense charge. Full details of fund managers' charges can be provided by your adviser.	0.1% - 1.75%	0.1% - 3.5%	0.1% - 3.5%
Adviser charge	Adviser charges are agreed between you and your adviser		

Core

Choice

Flex

	Pension Portfolio limits
Minimum age	18
Minimum regular contributions	£100 a month (including tax relief)
Maximum regular contributions	No maximum (tax relief for contributions is only available up to specific HMRC limits)
Minimum initial contribution or transfer	£5,000 (including tax relief) (£1,000 if regular payments are being made)
Maximum initial contribution or transfer	No maximum (tax relief for contributions is only available up to specific HMRC limits)
Minimum additional lump sum	£1,000
Maximum additional lump sum	No maximum (tax relief for contributions is only available up to specific HMRC limits)
Minimum fund switch account	No minimum
Minimum account balance	£250
Minimum balance per fund	£50

Flexi-access drawdown

Minimum age	55
Minimum investment amount	N/A
Minimum initial amount you must move to your post-retirement account for single drawdown	N/A
Minimum amount you must keep in your pre-retirement account	N/A
Maximum income amount you can take in a single payment	N/A
Ad hoc withdrawal	Yes, ad hoc withdrawals are available - speak to your financial adviser. They're only available on a gross basis.
Payment frequency	Monthly, quarterly, half-yearly or yearly

You can find more detail in your key features document (LF01012).

Why Aviva?

When you're investing your money, you're looking for a company that can offer you the potential for great returns. You also want to choose a company that you can trust to look after your money, especially if you're investing for the long term.

At Aviva, we focus on:

- actively looking after the money you invest with us
- keeping up our financial strength
- creating value for customers and shareholders
- providing the security and stability we know is important to you.

Some facts and figures about Aviva

We want to give you the best possible home for your money. With that in mind, we do everything we can to make sure we deliver all you would expect from us and more.

- As of April 2015 we had 34 million¹ customers around the world.
- We're a global company that recognises and understands the need to treat all our customers as individuals.
- We're one of the UK's largest insurance service providers, a position that reassures all our current and potential customers of our strength.
- We want to give you both prosperity and peace of mind. That's why we focus on developing financial products that are easy to understand and fit with your life and your needs.

¹ Following the merger with Friends Life Group Limited on 13 April 2015, before removal of duplication of Aviva and Friends Life customers.

Protecting your money

We are also covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if we become insolvent and are unable to meet our obligations. This depends on the type of business and the circumstances of the claim. For more information, please see your Key Features document.

Working with your adviser

We strongly recommend that you work closely with a financial adviser to both set up and keep on top of your pension.

From our side, we're very used to working with financial advisers. We spend a great deal of time and energy making sure we equip them with the tools and technology to help run your pension investments as efficiently as possible.

Your adviser will give you a personalised illustration based on your investment choices and how much you want to invest. The illustration will also tell you which level you fall into.

You should carefully look through the illustration, the Key Features document and the Terms and Conditions, and decide if you want to appoint Aviva as your pension provider. If you do, your adviser can set up your Pension Portfolio online and will ask you to sign a client declaration to confirm the details and any agreed adviser charges.

Interested in Pension Portfolio?

If Pension Portfolio sounds like it could be for you, you should talk to your financial adviser.

It's important that you take professional advice before making any final decision about what you want to do with your pension pot. An adviser will be able to look at your personal circumstances and suggest the best option for you. An adviser will also be able to help you decide on suitable investment funds.



