

# Personal Pension

## Commission and Charge Options for Financial Advisers

Commission available on or after 6 June 2011

This fact sheet describes the range of commission options offered by Aviva for the Personal Pension.

This document is split into two sections. The first section outlines the Charge for Advice options offered by the Aviva Personal Pension. The second section outlines the standard commission options. Aviva Personal Pension policies must be on either the Charge for Advice option or the standard commission option. The two commission options can not be combined within the same policy.

### Charge for Advice Options

These are options where the cost of the commission is charged separately within the policy to other charges. The Annual Fund Charge (AFC) for all Charge for Advice options is 0.7% a year.

#### 1. Funded Commission Payments

Funded commission payments are available on regular premiums only.

Commission is paid as an up front amount. The amount paid is recovered through a charge, taken monthly, from the customer's policy over a period agreed with your customer.

The maximum amount of funded commission is 50% of the first year's regular payments. Any monetary amount of funded commission, within this maximum, can be taken.

Charges for funded commission are paid over an agreed period of up to 36 months. They are taken by cancelling units.

The monthly charge for funded commission is the amount of funded commission taken divided by the number of months the charge is to be taken over. Therefore, for the same amount of funded commission, the shorter the charge period, the larger the monthly charge will be.

Upon withdrawal, any outstanding funded commission will be taken from the customer's transfer value. If the transfer value upon withdrawal does not cover the amount of outstanding commission, the remaining outstanding funded commission is subject to clawback.

*Funded Commission Example:*

- A new customer makes a regular payment of £200 per month.
- The adviser and the customer agree a charge for the advice of £900 (the maximum in this example would be £1,200) and agree that the customer will pay for this advice over a period of three years.
- Aviva pays the adviser £900 at the start of the policy.
- The customer is then charged £25 per month (£900/36 months) for the first three years of the contract.

*Alternatively, the customer agrees the charge of advice for the £900 funded commission should be made for 18 months. The customer is then charged £50 per month (£900/18 months) for the first 1.5 years of the policy.*

## 2. Advice Charge Payments

Advice charge payments are available on regular, single and transfer payments (both Protected and Non-protected rights transfers).

With advice charge payments, commission is paid to the adviser when the charge is taken from the customer's policy. The value of the commission paid is the same as the value of the charge taken (i.e. on a 1 : 1 basis).

The maximum advice charge payments that can be taken are 5% of each regular payment or 7% of a single / transfer payment.

For regular payments, the advice charge payments can be made for the duration of the policy, or for a specified time period. The payment start date can also be deferred when the policy is set up.

There is no clawback liability on advice charge payments.

*Advice Charge Payments Example:*

- A new customer makes a regular payment of £300 per month and has a transfer value of £50,000.
- The customer and adviser agree on a 3% Charge for Advice on the single payment and a 5% Charge for Advice on the regular payments for the first five years.
- The adviser receives £1,500 directly from the fund on day one for advice on the single payment, and receives £15 per month directly from the fund for advice on the regular payments. The charges are taken by cancelling units.

## 3. Fund Value Advice Charge Payments

Fund value advice charge payments are available on regular, single, transfer payments (both Protected and Non-protected rights transfers) and NICO payments.

Fund value advice charge payments let customers pay a fixed percentage of their fund value for advice.

The maximum fund value advice charge payment that can be paid is 2.00% a year. Steps of 0.01% up to this maximum are available.

Different rates can be chosen for each payment type. Each single and transfer payment can have a different rate. All regular payments must have the same rate. All NICO payments must have the same rate.

Payments can be made monthly, quarterly, half yearly or yearly. The same frequency must be used for all payments on a policy.

Payments can be made for the duration of the policy, or for a specified time period. The start date of these payments can also be deferred when the policy is set up.

There is no clawback liability on fund value advice charge payments.

*Fund Value Advice Charge Payment Example:*

- A new customer has a transfer value of £50,000.
- The customer and adviser agree on a 3% Charge for Advice on the transfer payment with a fund value advice charge payment of 0.5% pa which is deferred for one year and is to be paid monthly.
- The adviser receives £1,500 directly from the fund on day one, and then from the start of the second year receives 0.5% pa of the fund value directly from the fund via monthly payments.

The Charge for Advice options outlined above can be used in isolation or in any combination together.

## Standard Commission Options

### Regular Payments

There is a wide variety of options available to allow you to select a level of commission which is appropriate to the level of advice provided to your clients.

Commission Type	Basic Description	Annual Fund Charge (AFC)
1. Initial	24% LAUTRO + uplift	1.15%
	21.36% LAUTRO + uplift	1.10%
	18.72% LAUTRO + uplift	1.05%
	16.08% LAUTRO + uplift	1.00%
	13.44% LAUTRO + uplift	0.95%
	10.8% LAUTRO + uplift	0.90%
	8.16% LAUTRO + uplift	0.85%
	5.52% LAUTRO + uplift	0.80%
	2.88% LAUTRO + uplift	0.75%
2. Nil Commission	Nil	0.70%
3. Initial + x% FBC (x% between 0% and 2% in 0.1% steps)	24% LAUTRO + uplift	x% + 1.15%
	21.36% LAUTRO + uplift	x% + 1.10%
	18.72% LAUTRO + uplift	x% + 1.05%
	16.08% LAUTRO + uplift	x% + 1.00%
	13.44% LAUTRO + uplift	x% + 0.95%
	10.8% LAUTRO + uplift	x% + 0.90%
	8.16% LAUTRO + uplift	x% + 0.85%
	5.52% LAUTRO + uplift	x% + 0.80%
	2.88% LAUTRO + uplift	x% + 0.75%

## Regular payment continued

Commission Type	Basic Description	Annual Fund Charge (AFC)
4. FBC Only	0.1% FBC Only	0.80%
	0.2% FBC Only	0.90%
	0.3% FBC Only	1.00%
	0.4% FBC Only	1.10%
	0.5% FBC Only	1.20%
	0.6% FBC Only	1.30%
	0.7% FBC Only	1.40%
	0.8% FBC Only	1.50%
	0.9% FBC Only	1.60%
	1.0% FBC Only	1.70%
	1.1% FBC Only	1.80%
	1.2% FBC Only	1.90%
	1.3% FBC Only	2.00%
	1.4% FBC Only	2.10%
	1.5% FBC Only	2.20%
	1.6% FBC Only	2.30%
	1.7% FBC Only	2.40%
	1.8% FBC Only	2.50%
	1.9% FBC Only	2.60%
	2.0% FBC Only	2.70%
5. Level	0.24% premium payment	0.75%
	0.46% premium payment	0.80%
	0.68% premium payment	0.85%
	0.90% premium payment	0.90%
	1.12% premium payment	0.95%
	1.34% premium payment	1.00%
	1.56% premium payment	1.05%
	1.78% premium payment	1.10%
	2.00% premium payment	1.15%

\* For commission option 3, you must choose x% FBC required (x% should be between 0% & 2% in 0.1 steps).

## Notes - regular payments

1. A term factor of 65% will be applied to initial commission for regular payments.
2. If the term to the selected retirement date is less than 5 years, only single payments are allowed. For increments to regular payments, the selected commission option must have the same AFC as the original commission option.
3. If increments to regular payments are made less than 4 years to the selected retirement date, Fund Based Commission is the only option available.

## Regular payment commission table

To assist you in agreeing remuneration structures with your clients, the following table provides monetary examples:

Term to Retirement	Initial Commission Only. Inclusive of 65% term factor (no uplift)	Initial Commission Only. Inclusive of 65% term factor (150% uplift)
10 years	£90	£135
15 years	£132	£198
20 years	£172	£258
25 years	£191	£287
30 years	£191	£287
Figures are inclusive of 65% term factor		

The fund values shown are based on a regular payment of £200 gross per month.

## Single and Transfer Payments

Commission Type	Basic Description	Annual Fund Charge (AFC)
1. Percentage Payment	4% + uplift	1.15%
	3.56% + uplift	1.10%
	3.12% + uplift	1.05%
	2.68% + uplift	1.00%
	2.24% + uplift	0.95%
	1.8% + uplift	0.90%
	1.36% + uplift	0.85%
	0.92% + uplift	0.80%
	0.48% + uplift	0.75%
2. Nil Commission	Nil	0.70%
3. Percentage Payment + x% FBC (x% between 0% and 2% in 0.1% steps)	4% + uplift	x% + 1.15%
	3.56% + uplift	x% + 1.10%
	3.12% + uplift	x% + 1.05%
	2.68% + uplift	x% + 1.00%
	2.24% + uplift	x% + 0.95%
	1.8% + uplift	x% + 0.90%
	1.36% + uplift	x% + 0.85%
	0.92% + uplift	x% + 0.80%
	0.48% + uplift	x% + 0.75%
4. FBC Only	0.1% FBC Only	0.80%
	0.2% FBC Only	0.90%
	0.3% FBC Only	1.00%
	0.4% FBC Only	1.10%
	0.5% FBC Only	1.20%
	0.6% FBC Only	1.30%
	0.7% FBC Only	1.40%
	0.8% FBC Only	1.50%
	0.9% FBC Only	1.60%
	1.0% FBC Only	1.70%
	1.1% FBC Only	1.80%
	1.2% FBC Only	1.90%
	1.3% FBC Only	2.00%
	1.4% FBC Only	2.10%
	1.5% FBC Only	2.20%
	1.6% FBC Only	2.30%
	1.7% FBC Only	2.40%
	1.8% FBC Only	2.50%
	1.9% FBC Only	2.60%
2.0% FBC Only	2.70%	

## Notes - single and transfer payments

- For commission on single/transfer payments, the Percentage Payment values shown are subject to the following factors according to the age of the applicant at the time of payment.

Age	less than 47	48-52	53-56	57-58	59 and above
	0.84	0.84	0.67	0.60	0.38

Example: for a customer aged 40, the full single payment commission will be  $4.00\% \times 0.84 = 3.36\% + \text{Uplift}$ .

- Each single and each transfer payment may have a different commission/charge option.

## Single payment commission table

To assist you in agreeing remuneration structures with your clients, the following table provides monetary examples:

Age (years)	less than 47		48-52		53-56		57-58		59 and above	
Commission Rate	3.36%		3.36%		2.68%		2.40%		1.52%	
	Commission payable (no uplift)	<b>with 150% uplift</b>	Commission payable (no uplift)	<b>with 150% uplift</b>	Commission payable (no uplift)	<b>with 150% uplift</b>	Commission payable (no uplift)	<b>with 150% uplift</b>	Commission payable (no uplift)	<b>with 150% uplift</b>
	£672	<b>£1008</b>	£672	<b>£1008</b>	£536	<b>£804</b>	£480	<b>£720</b>	£304	<b>£456</b>

Based on a single payment of £20,000 and full single payment commission.

### General note

Some funds have an additional charge.

Please refer to the 'Pension Fund Guide' and 'Pension Fund Charges' booklets for details.

Where fund based commission applies to regular payments, it must apply to all regular payments. It must also be of the same rate.

All fund based commission must be payable at the same frequency across the plan, defaulted to quarterly in arrears.

Where it is used in conjunction with initial commission, fund based commission will be earned from the start of the increment, rather than the first anniversary.

- Percentage payment commission is subject to clawback for withdrawals from single payment or transfer funds where the payment has been made on or after 1 February 2008:

Year of exit	1	2	3	4	5	6
Clawback	100%	80%	60%	40%	20%	0%

## Large fund discount

For larger funds, a large fund discount will be applied to the plan, which reduces the annual fund charge. This applies to both the explicit Charge for Advice options and the standard commission options. The amount of discount depends on the fund value.

Total fund value at time of charge	Yearly refund, given monthly
less than £20,000	0.00%
£20,000 - £49,999	0.25%
£50,000 or above	0.30%