Pension Portfolio

Aviva Direct

Pension Portfolio

Pension Portfolio from Aviva could be the perfect home for your pension. In fact, it could be the only pension you'll ever need.

Whether you're starting a pension or you want to combine a number of existing pensions in one place, Pension Portfolio offers you an attractive home for your money.

Starting a pension

When you think of your retirement, what image do you have in your head? Are you living comfortably or eking out your pension?

Nobody wants to go through retirement penny pinching and worrying about how to pay the next bill.

It's likely that you'll qualify for some level of state pension, but how much and when you'll get it isn't all that straightforward. The state pension has been a hot topic in recent years with successive governments pushing the state pension age ever higher.

To give yourself the best chance of a comfortable retirement, you should really think about starting your own pension as soon as you can.

Bring your pensions together in one place

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

Holding all your pensions together within Pension Portfolio could reduce your administration costs.

If you choose to move your pension(s), your existing pension provider will transfer the money across to us.

That means there can be a period of time when your pension fund isn't invested. We will do everything we can to make sure you're not disinvested any longer than necessary.

Three reasons to invest in a pension

1. Tax relief on your pension payments means extra money in your pension fund.
2. Your pension fund grows free of income and capital gains tax.
3. You can normally take up to 25% as a tax-free cash sum when you retire.

Three reasons to bring your pensions together

1. **Simpler to manage**
   It's easier to keep track and review your pension if you only have one provider to think about.
2. **Cheaper to administer**
   You could potentially cut your costs by paying one low annual management charge to one provider instead of multiple charges to different providers.
3. **Easier to take an income when you retire**
   It'll be easier to convert your pension fund to an income if you're only dealing with one provider instead of several.

What is Pension Portfolio?

In a nutshell, it's a self-invested personal pension (SIPP), with access to a range of funds you can invest in for your retirement.

Pension Portfolio gives you:

- the flexibility to deal with changes over your lifetime
- a transparent and accessible pension
- a simplified pension you can manage yourself.

Talk to your current pension provider before you move any pensions

You should never move a pension without talking to your pension provider first.

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 speaking with your current pension provider 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.

Keep this brochure safe

You'll find lots of information in this guide about Pension Portfolio. You might want to download it and keep it in a safe place so you can refer back to it in the future.

You should also read the key features document (LF01058), which outlines the aims and risks and the terms and conditions (LF01004) of Pension Portfolio.

Five reasons to invest in a pension

At Aviva, we understand that not everyone gets as excited about pensions as we do, but it's important that you're aware of the features of a pension and how they benefit you.

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 or your UK earnings each tax year (2014/15).

For example, if you pay £160 into your pension plan, the government adds £40, taking the total amount to £200. This is basic 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 the fund manager can't reclaim.

3 Up to 25% tax-free cash lump sum

If you're aged 55 on 6 April 2015, you'll be able to take up to 25% tax-free cash lump sum from that date. If you want access to a tax-free cash lump sum before that date, you should not invest in this product and should speak with a financial adviser.

4 Maximise your tax position

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

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.

> 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 consult HMRC for up-to-date information relating to your personal circumstances. Visit their website at **www.hmrc.gov.uk.**

Be as involved as you want to

Some people like to be really hands on with their pension; others like to keep it at arms 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 review the up-to-date fund information at aviva.co.uk/fundchoice before making your fund choices.

Money in…

Pensions are much more flexible now and Pension Portfolio is no exception. You control what you put in (subject to minimum amounts) and when.

Lump sums

You can make 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.

…money out

Once you retire, it's all about turning the money you've built up in Pension Portfolio into a taxable income to help you through the rest of your life.

From 6 April 2015, the government's new pension rules take effect. If you're over 55, you'll have an increased number of options about what you can do with your pension fund.

Annuity

Traditionally, this has been the most common way of turning a pension into an income.

You exchange your pension fund for an annuity, which gives you a 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 usually can't change it later. Shopping around is known as the open market option.

Income withdrawal

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

The 2014 budget made income withdrawal more widely available to those saving for their retirement.

If you're aged 55 or over on 6 April 2015, you'll be able to take money directly from your pension, as and when you want, without having to buy an annuity.

We expect the government's new, simpler rules to take effect from 6 April 2015. After that, you should be able to access your money as and when you want if you're over 55. However, until then, we won't let you take retirement benefits from Pension Portfolio.

How does it work?

You can choose to take income from your pension fund from age 55 and from 6 April 2015 you'll be able to take as much as you want from it.

You can take up to 25% of your pension fund tax free. However, you'll have to pay income tax on the remaining money as you receive it.

It may be tempting to take your pension as cash, but you should carefully consider the tax implications. If you take it all in one go, you'll pay income tax at your highest rate on 75% of your pension fund. Please bear in mind tax rules can change. The amount of income tax you pay will depend on your circumstances at the time you take them.

If the worst happens…

If you die before you take money from your pension, your money doesn't go to waste. We'll pay it out as a lump sum to someone you name as a beneficiary or your estate if you don't name anyone. Pension funds are not liable for inheritance tax, so your beneficiary won't have to worry about paying any inheritance tax on that money. For more information about what happens to your pension fund when you die, please read page 6 of the Pension Portfolio key features document.

Investment options

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

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

Investment choices

We offer a range of funds, which means we can cater for the investment choices of most investors.

Amongst the funds we offer are five multi-asset funds, managed by Aviva Investors. We've carefully selected these funds to meet different needs, including the level of risk you may be prepared to take with your investments.

To find out more about understanding risk when investing, please go to aviva.co.uk/howdoyoufeelaboutrisk.

We offer an extremely low risk investment option with our cash account within Pension Portfolio. This pays 0.40% gross interest.

Charges

You'll pay us a charge of 0.40% a year on the value of the investments you hold in your Pension Portfolio.

This means you'll pay us a charge of approximately £0.33 for every £1,000 of your fund value every month.

You will also pay fund management charges, which vary depending on which fund(s) you choose. You can find the fund management charge for each fund in its fund factsheet.

What you can expect from Aviva

	Customer services
Online valuations	✔
Online product information	✔
Online correspondence	✔
Half-yearly statements	✔
Fund switching	✔
	Investment options
Multi-asset funds	5 funds to appeal to different risk appetites
Insured fund range	120 insured funds
	Charges
Annual management charge	0.40% a year
Fund charge Depending on the funds you choose, these charges include the fund management charge and the fund management expenses charge. You can find full details about the charges by visiting our fund centre.	0.1% - 1.75%
	Pension Portfolio limits
Minimum age	18
Minimum regular contributions	£100 (including tax relief)
Maximum regular contributions	No maximum, but tax relief for contributions (only available up to HMRC limits)
Minimum single contribution or transfer	£5,000 (including tax relief) (£1,000 if making regular payments)
Maximum single contribution or transfer	No maximum, but tax relief for contributions (only available up to HMRC limits)
Minimum additional lump sum	£1,000
Maximum additional lump sum	No maximum, but tax relief for contributions (only available up to HMRC limits)
Minimum fund switch amount	No minimum
Minimum account balance	£250
Minimum balance for each fund	£50

Why Aviva?

When you're investing your money, you're generally 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.

- We have 31.4 million 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 services providers, a position that reassures all our current and potential customers of our strength.
- Our size and efficiency allows us even greater opportunities to provide an extensive range of value-for-money, good quality products.
- 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.

Protecting your money

Aviva is regulated by the Financial Conduct Authority, one of the independent financial services regulators.

We are also covered by the Financial Services Compensation Scheme. 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.

Apply now

Having read this brochure, if you think Pension Portfolio could be just the pension you're looking for, go online at **aviva.co.uk/pensions-and-retirement/** and click on Pension Portfolio.

From here, you'll be able to find pages for the funds you can invest in. Take a look at the funds and the accompanying information about understanding risk. Please make sure you read the fund fact sheets for the funds you're interested in as each fund carries a different level of risk. You should choose to invest in funds that match your attitude to risk and investment goals. You should review all the information we've given you before you decide which funds you want to invest in.

To start the application process rolling, fill in your details online and we'll send you some important information to read and several forms to complete.

Before you apply

Understand if it's right for you

- Read up on Pension Portfolio to make sure it's the right choice for you.
- Thinking about combining pensions?
  Make sure you understand which pensions you can combine. Check you won't lose valuable benefits by combining your pension plans.

Make your choices

- Choose your pension funds. Explore our fund range to see which funds you want to invest your pension in.
- Decide how much and how to invest:
  - regular investments
  - lump sum investment
  - pension transfers.

Prepare to apply

- Get an idea of the value of your pension plans. You can get this from your latest pension statements or by calling your provider.

Apply now

Applying for Pension Portfolio

Fill in your details for a personal illustration

- The illustration will help you decide whether you want to go ahead. It will give you an idea of how much your pension could be worth when you want to retire. You can ask for more than one illustration.
- We'll ask you to tell us things like:
  - the funds you want to invest in
  - how much you want to invest
  - your personal details.
- If you intend to combine your existing pensions in Pension Portfolio, we'll also ask you how much your pension plans are worth.

Read the illustration and documents we send you

- We'll email your personal illustration to you plus these documents:
  - initial disclosure document
  - key features
  - terms and conditions
  - fund factsheets for the funds you've chosen
  - the forms you need to complete to apply.
- Please make sure you read through these documents carefully. They'll give you a better understanding of Pension Portfolio and help you decide if it's right for you.

Sign and return the forms

- You should complete and sign each form and return it to us.
- And that's all you need to do. We'll sort everything else out.

What happens next?

We'll set the ball rolling as soon as we receive your completed and signed forms.

We'll send you a welcome pack in the post. In your pack, you'll find a cancellation letter telling you what to do should you change your mind within the cancellation period.

Transferring your pensions

We'll also contact your existing pension providers to set the transfer process in motion. We'll get in touch with them as soon as possible. However, it could take up to eight weeks for your provider to transfer the value of your existing pension to us. Each provider takes a different length of time to carry out transfers, so we can't give you a more exact timescale.

We'll get in touch with you to let you know when we've received and invested your pension transfer.

Managing your account online

In your pack, you'll also find your online account login details. Once you've got those, visit our existing customer page. From there, you can log in to your online account and check the value of your investment and see how each individual fund is performing. You can also see the charges you've paid and any previous correspondence with us.

Telephone service

Once your Pension Portfolio is up and running, please call us if you want to:

- move your money to another fund or funds
- change the level of your payments into your Pension Portfolio
- change your personal details.

☎ 0800 046 6167, Monday – Friday 08.30 am – 5.30 pm

Need help applying?

If you need any help or have a query about anything mentioned above, please give us a call.

☎ 0800 046 6167, Monday – Friday 08.30 am – 5.30 pm

Our staff can only give you factual information, not financial advice.

Not sure if it is right for you?

If you're in any doubt whether Pension Portfolio is right for you, you should talk to your financial adviser.

Contact your financial adviser

If you have your own financial adviser, we recommend you talk to them. They will be able to look at your individual situation and help you decide whether combining pensions is right for you.

Call us

If you'd like us to refer you to an adviser, please call us. This adviser is not tied to Aviva and you could get up to one hour free initial consultation. If you want any further advice or services after that, you may have to pay charges. Call us on 0800 046 6167 Monday – Friday 08.30 am – 5.30 pm

Find a financial adviser

If you don't have an adviser, visit **www.unbiased.co.uk** to find an adviser in your area. An adviser will probably charge you for using their expert services.

☎ **0800 046 6167**

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