

# Key Features of the **With Profits Pension Annuity**

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**The Financial Conduct Authority is a financial services regulator. It requires us, Aviva, to give you this important information to help you to decide whether our With Profits Pension Annuity 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.**

**This Key Features document gives you the main points of the With Profits Pension Annuity plan. Your illustration shows the pension you may get. Please read them so you understand what you're buying and keep them with your plan documents.**

## Its aims

- To pay you a guaranteed minimum income for the rest of your life.
- To pay an income to a dependant when you die, if you choose.
- To reflect our investment performance in your future income.

## Your commitment

- To use your pension fund to buy a With Profits Pension Annuity from us to last the rest of your life.
- The minimum fund to buy your With Profits Pension Annuity is £20,000, after tax-free cash is taken and any adviser charge is paid.

## Risks

- Your income may change each year. It will depend on the anticipated bonus rate you choose and the actual bonuses we add each year. Your income can go down as well as up.
- The higher the anticipated bonus rate you choose, the greater the risk that your income will go down. Your income could fall, possibly below your starting level but not below a minimum guaranteed amount.
- What you get back above the minimum is not guaranteed. It may be lower than illustrated if:
  - our investment performance is lower than illustrated
  - our charges increase
  - With Profits Pension Annuity planholders generally live longer than we expected at the start of their plan.
- You can't cash in your With Profits Pension Annuity, even if your personal circumstances change, but you can convert to a conventional annuity at any point after the first plan anniversary.
- If you die in the early years, the total income you've received may be less than the original payment made to buy the With Profits Pension Annuity.
- Your dependant won't have any income from this plan after you die if you haven't arranged for your With Profits Pension Annuity to continue, unless you've selected a Joint Life or guaranteed period option.
- Remember, inflation will reduce what your money can buy in the future.

## Questions and answers

### What is the With Profits Pension Annuity?

- It's a plan that provides you with an income for the rest of your life. You buy it with your pension fund.
- You can normally buy a With Profits Pension Annuity if you are at least age 55 and not older than 90.
- You may be able to take a tax-free cash sum of up to 25% of your pension fund when you buy your With Profits Pension Annuity. If you take the 25% cash lump sum the remainder of your pension fund will buy a smaller annuity. Your financial adviser will be able to give you more details.
- The minimum fund to buy your With Profits Pension Annuity is £20,000 after any tax-free cash is taken and any adviser charge is paid.
- It can provide a dependant with an income when you die, if you choose this option.
- We invest your pension fund in our With-Profit Fund. Your income may change each year depending upon the bonuses we add. Please note that future bonuses are not guaranteed and cannot be predicted.
- You choose an anticipated bonus rate within a range of 0 to 5% in 0.25% steps. This will set your initial income. The higher the rate you choose, the higher the initial income but this increases the risk that your income may go down in the future.

### How flexible is it?

- Before your plan is set up, you can choose its basis and how it's paid.
- You can find details of the choices you can make when setting up the plan, under the headings:
  - What will my income be?
  - What choices will I have about how I get my With Profits Pension Annuity Income?
- At any time after the first year, you can:
  - change the anticipated bonus rate within our limits at the time. We'll recalculate your income.
  - convert your plan to a conventional annuity so that your future payments are known. We'll recalculate your income.
  - You can't make other changes or cash in your plan.

### What will my income be?

- The amount of income you get from your With Profits Pension Annuity will depend on a number of things, including:
  - your age
  - the choices you make about your income – see below
  - the anticipated bonus rate (ABR) you choose
  - our With-Profit Fund investment performance
  - our charges.
- Your income may change each year – up or down. The new income will depend on your chosen anticipated bonus rate and the actual bonuses we add.
- The lower the anticipated bonus rate, the greater the potential that your income will increase in the future.
- We guarantee that your income will never fall below a minimum amount. This is the income you could have bought at the start of the plan based upon an anticipated bonus rate of 0%.
- The regular bonus is declared annually usually on 31 December. Once added it can't be reduced or removed. We pay the benefits on your next plan anniversary after 1 February depending on your choice of payment method, i.e. if monthly it's spread out across 12 payments.
- The regular bonus will never be less than 0%. In the unlikely event we declare a 0% regular bonus the maximum amount your income can fall is by your chosen ABR %. This wouldn't take into account the effect of any additional bonuses that we may apply.
- Additional bonuses are just that – additional and not guaranteed. The amount of the additional bonus is determined by the year the annuity is taken out, the amount invested and fund performance over the period of investment.
- Your illustration gives an idea of the income you might get.
- You can choose to take a smaller income at the start of the plan, so that an income is paid to a dependant if you die before them.
- This annuity has a one year guarantee as standard. However, you can choose to take a smaller income that is guaranteed to be paid for up to ten years even if you die during that time. This is called the guaranteed period.
- You can choose combinations of these options. You can ask for illustrations with different options so that you can see the difference they would make to your income.

- If you are taking a With Profits Pension Annuity using the pension fund belonging to your husband, wife, civil partner or person you were dependent on following their death:
  - a pension for your dependants is not available
  - a guaranteed period of pension is not available
- While you're alive, we won't stop the payments made to you based on the options you've chosen.

### How will my fund be invested?

- We invest your pension fund in the Aviva Life & Pensions UK Ltd With-Profits Sub-Fund.
- The With-Profit Fund is invested in a mix of assets, consisting of:
  - company shares (stock market investments)
  - property
  - government bonds (loans to the government)
  - deposits
- You can find more details about how the With-Profit Fund works in the 'A guide to your with-profits investment and how we manage our With-Profit Fund – For customers investing through a With Profits Pension Annuity' booklet. A copy of this can be found on [www.aviva.co.uk/ppfm](http://www.aviva.co.uk/ppfm).

### What choices will I have about how I get my With Profits Pension Annuity income?

- You can choose how often you'll receive your With Profits Pension Annuity income. This can be monthly or yearly.
- You can choose whether the payment is made at the beginning or end of the frequency period. This is known as in advance or in arrears.
- These choices will affect the amount of income you'll get.
- Your income will be paid directly into your UK bank or building society account.

### What happens to my With Profits Pension Annuity when I die?

- Your With Profits Pension Annuity will end when you die unless:
  - you die within the first 90 days of your policy start date, and any dependant named on the policy dies before you, in which case Value Protection will apply and a lump sum will be payable to your estate.
  - you die after 90 days but within your guarantee period. Payments will continue until the end of the guarantee period, these will be paid to your estate or dependant on the policy.
  - an income is to be paid to a dependant and they are still alive

Please see your terms and conditions or contact your financial adviser for further information and exclusions which may apply to the above.

### What is Value Protection?

- If you die within 90 days of your plan start date, and any dependant named on the policy dies before you, we will make a payment to your estate. This will be equivalent to the value of your annuity, minus any payments already made. This payment will include any guaranteed period payments.

### What is a guaranteed period?

- Aviva offers a minimum one year guarantee period as standard, however you can choose a longer guarantee period of up to 10 years. If you die after 90 days but within your guarantee period, we will continue to make your annuity payments to your estate or dependants until the end of that period.

## What are the charges?

### Product and investment charges

- We take any charges into account when we work out the initial income you receive and when we decide the bonuses to add to your With Profits Pension Annuity each year.
- Your illustration shows our charges and the effect they may have on your income over time.
- If commission is being paid to your adviser, this is covered within the pricing of the annuity and will be shown on your illustration.
- If we need to rewrite the terms of your With Profits Pension Annuity due to any of your information being incorrect or incomplete, then we will charge you £40 each time.

### Adviser charges

- If you have asked us to pay an adviser charge from your pension fund, this will be shown on your illustration.

## What about tax?

- Your With Profits Pension Annuity payments will be treated as earned income and taxed according to your personal circumstances.
- We will normally make your With Profits Pension Annuity payments after we have deducted the tax payable.
- Any income paid to your or your dependant's estate from your With Profits Pension Annuity may be subject to inheritance tax.
- The Government has put a limit on the total value of all retirement benefits (excluding State pensions) that you can normally take without paying a tax penalty. The limit is called the lifetime allowance and the tax is called a lifetime allowance charge. You should already be aware if you are likely to be affected. Your financial adviser will be able to give you more details.
- Please note, we've included only a general tax summary and individual circumstances may differ.
- Tax rules can change.
- Your financial adviser can give you more details about your tax position.

## Can I change my mind?

- You have the option to cancel your With Profits Pension Annuity:
  - At any point before your annuity plan starts, or
  - Up to 30 days from the date that you receive our confirmation that your annuity plan has started.
- If you choose to take a tax-free cash sum and decide to cancel your annuity:
  - before the tax-free cash sum is paid, we can return the funds to the transferring pension scheme if you gain their agreement that they are willing to accept the pension funds back, or
  - after we or another provider have paid the tax-free cash sum, it cannot be returned and you must use the remaining pension fund to buy another product that provides you with an income in retirement, either from us or another provider. If you do not do this within 6 months of the tax-free cash sum being paid, it will no longer be tax-free and will become subject to tax charges.
- If you want to cancel your application for a With Profits Pension Annuity before the plan has started all you have to do is tell us.
- In order to cancel the annuity plan after it has started, you must:
  - Sign and return the cancellation form within the 30 day period, which you can find at the back of your illustration.
  - Return any income payments we may have already paid, by cheque made payable to Aviva. Please post this to the address on page 6 under the How to contact us section.
  - Gain agreement from an insurance company to receive the funds so that they can provide you with an income in retirement.
- Where you have asked us to pay an adviser charge and this has already been paid it will not be refunded.
- If the cancellation form is not returned the annuity plan will continue.

## How will I know how my plan is doing?

- We'll send you a yearly statement.

## How to contact us

- Remember your financial adviser will normally be your first point of contact. They'll have provided you with information that contains their contact details.
- If you've any questions at any time, you can phone, e-mail, or write to us.



Call us on 0800 206 2021

Lines are open Monday to Friday 8.00am-6.00pm.

We may monitor calls to improve our service.



E-mail  
existingannuity@aviva.com



Office address

Aviva  
Annuity Contact Centre  
PO Box 520  
Norwich  
NR1 3WG

## Other information

### How to complain

- If you ever need to complain, you can contact us at:  
Aviva Customer Relations  
PO Box 520  
Norwich  
NR1 3WG  
  
Telephone number: 0800 068 6800  
Email: [contactus@aviva.com](mailto:contactus@aviva.com)  
  
Lines are open Monday to Friday 8.00am-8.00pm,  
Saturday 8.30am-5.00pm and Sunday 10.00am-4.00pm.
- If you are not satisfied with our response, you may be able to take your complaint to the Financial Ombudsman Service.

The Financial Ombudsman Service can look at most complaints and is free to use. You do not have to accept their decision and will still have the right to take legal action.

Their contact details are:

The Financial Ombudsman Service  
Exchange Tower  
London  
E14 9SR

Telephone: 0800 023 4567

Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

### Terms and conditions

- This Key Features document gives a summary of Aviva's With Profits Pension Annuity. It doesn't include all the terms and conditions.
- You can find further details of the benefits and options available in the terms and conditions document. If you would like a copy, please ask your financial adviser or contact us direct.

### Law

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

- We're regulated by the Financial Conduct Authority:

The Financial Conduct Authority  
12 Endeavour Square  
London  
E20 1JN

We're also regulated by the Prudential Regulation Authority:

The Prudential Regulation Authority  
20 Moorgate  
London  
EC2R 6DA

### Potential conflicts of interest

- Occasions can arise where Aviva plc Group Companies, or their appointed officers, will have some form of interest in business which is being transacted.
- If this happens, or the Aviva Group becomes aware that its interests, or those of its officers, conflict with your interests, we will take all reasonable steps to manage that conflict of interest, in whatever manner is considered appropriate in the circumstance. This will be done in a way which ensures all customers are treated fairly and in accordance with proper standards of business.

Further details of our conflicts of interest policy are available on request.

Where, despite all efforts to manage a conflict of interest, the conflict of interest cannot be prevented, we will disclose it to you before you commit to taking out this product.

## **Client classification**

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

## **Aviva staff remuneration**

- Aviva staff are salaried and they receive an annual bonus based upon the overall performance of the Aviva Group. Some members of our distribution team may also receive additional bonus, a proportion of which relates to their sales performance.

## **Solvency Financial Condition Report**

- Every year we publish a Solvency and Financial Condition report which provides information about our performance, governance, risk profile, solvency and capital management. This report is available for you to read on our website at [www.aviva.com/investor-relations/institutional-investors/regulatory-returns](http://www.aviva.com/investor-relations/institutional-investors/regulatory-returns).

## **Compensation**

- Qualified advisers will recommend that you buy products suitable for your needs. 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 will normally cover you for 100% of the total amount of your claim. For further information, see [www.fscs.org.uk](http://www.fscs.org.uk) or telephone 0800 678 1100.

## Braille, large font, audio material

You can order our literature in Braille, large font or audio.

Just call **0800 068 6800** or email **contactus@aviva.com** 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.

Lines are open Monday to Friday 8.00am-8.00pm, Saturday 8.30am-5.00pm and Sunday 10.00am-4.00pm.