

# Key Features

of the Stakeholder Pension Plan

Important information you need to read

The Financial Services Authority is the independent financial services regulator. It requires us, Scottish Widows, to give you this important information to help you to decide whether our Stakeholder Pension Plan 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. These Key Features should be read with the enclosed illustration.

### Its aims

- To build up a sum of money, in a tax-efficient way, that will be used to provide you with an income when you retire.

### Your commitment

- To make the payments you agree to pay.
- To tell us if you are no longer entitled to receive tax relief on your payments.

### Risks

- The value of your plan can go down as well as up.
- What you'll get back isn't guaranteed. It would be lower than illustrated if, for example:
  - you don't make all the payments;
  - investment performance is lower;
  - the cost of buying your pension is higher;
  - the charges are higher;
  - tax rules change.
- Your plan can invest in a range of investment funds that carry different types and levels of risk. For details of the specific risks that apply to each investment fund, please see our "Stakeholder Funds Guide" booklet. You should read this guide before making any investment decisions.
- In certain circumstances, there may be a delay if you ask to transfer the value of your plan or switch between investment funds.
- If you have little or no other retirement provision, the pension from this plan might reduce any benefit you receive from the Pension Credit. The exact effect will depend on the rules in place when you retire.
- If you change your mind within 30 days of receiving your cancellation rights and the value of your plan has fallen, the amount returned may be less than was invested.
- If you transfer from another pension plan, you could lose any guaranteed benefits and may not be able to return to it.
- The level of income you receive from your plan will depend upon a number of factors including the value of the plan when you decide to take your pension, which isn't guaranteed and can go down as well as up.

# Questions & Answers

## What payments can be made to my plan?

- Monthly, yearly and single payments can be made by you, an employer and other individuals. Transfer payments from other pension plans can also be accepted.
- Minimum payments apply and can change from time to time, but only to the extent, if any, allowed for stakeholder pension plans. Please contact us for details.
- You can change the amount of regular payments, or make additional single payments, at any time. You can decide to automatically increase regular payments each year. If you stop or decrease your payments, it will reduce what you might get back. You can ask us for further details.
- There is no maximum limit on how much can be paid to your plan, although we can only accept payments from you that are eligible for tax relief. See 'What about tax?' for further details.
- If you're eligible to join an employer's pension scheme, you should consider whether it is more suitable for you before deciding to make any payments to this plan.

## Where are the payments invested?

- Payments are used to buy units in the investment funds you choose. We work out the value of your plan based on the total number of units you have in each fund. The value of your plan can fall as well as rise.
- We offer a wide range of unit-linked investment funds. You can find details of the aims, investments and risks of each fund in our "Stakeholder Funds Guide" booklet.
- You can invest in up to 10 funds at any one time. You can switch in and out of the funds to change the mix of investments, though there may be a delay in certain circumstances. Conditions may apply.
- It's possible to set up regular switching in advance, and to automatically change where any future payments are invested.
- We may change the selection of funds that we make available and restrictions can apply.

### Jargon buster Units

'Units' are like shares of the fund.

The price of each unit depends on the value of the investments held by the fund, and the number of units in it.

- If you do not choose an investment fund(s), all payments will be invested in our default investment option. If this option applies to your plan, all payments will initially be invested in our Consensus Fund.
- Unless you instruct us otherwise we will gradually switch your investment over the five years before your chosen retirement date. We do this with the aim that your plan will be invested approximately 75% in our Pension Protector Fund and 25% in our Cash Fund at your chosen retirement date. Any payments into your plan from 5 years before your chosen retirement date will also buy units in these funds.
- The process of switching your investment between funds and changing where future payments are invested is referred to, by us, as 'lifestyle switching'. It aims to provide some protection against adverse stockmarket movements close to retirement. 'Lifestyle switching' does not guarantee the value of your plan, which can still move up or down.
- Lifestyle switching reduces your investment risk but also reduces the growth potential of your plan. It is important to note that any illustration you receive will be based on your original investment split continuing until retirement – that is, future movements to lower risk assets as you approach retirement will not have been taken into account in the projected figures shown.

## What choices will I have when I retire?

- The value of your plan will be used to provide a taxable income, either from us or another pension provider. It can be provided by either buying an annuity, or by transferring to an 'income drawdown' plan.

### Jargon Buster

#### Annuity

This provides an income for life, the amount of which depends on circumstances when it's bought including:

- interest rates.
- your age.
- your sex.
- how long people are expected to live.

You can choose from different types of annuities.

- You can take up to 25% of the plan value as cash, currently tax-free, in return for a smaller income.
- You can normally start taking your income from age 55. In certain circumstances, you may be able to start earlier, for example if you're in ill health.
- You can normally choose to take your income in stages, either by buying annuities over a period of time, or by gradually transferring to an income drawdown plan. You must use the value of your plan to provide an income or transfer to another pension arrangement any time before age 75.

### Jargon Buster

#### Income drawdown

This type of plan allows you to keep the value of your pension fund invested, but take an income from it each year within limits set by the Government.

- Your illustration will give you an idea of what you might get back from your plan. Remember that the effect of inflation will reduce the future buying power of what you get back.

### Jargon Buster

#### Inflation

The effect of inflation reduces the value of money over time, as the following example illustrates:

	The future value of £1,000, assuming inflation is 3% each year
Today	£1,000
After 10 years	£744
After 20 years	£553

## What happens to the plan if I die before I retire?

- The value of your plan will be used to provide benefits to your dependants or beneficiaries.
- We'll normally pay the value as a lump sum.
- If you've arranged your plan under trust, we'll pay any lump sum to the trustees. If it's not arranged under trust, we'll decide who to pay the lump sum to.
- If you die as a direct result of an accident before your plan has been running for five years, we'll normally pay either the value of your plan, or 120% of the total payments into your plan, whichever is higher. Please refer to your Policy Provisions to see if your plan has this benefit, and for full details, including the exclusions that apply.

## What are the charges?

- We charge for managing and investing your plan. We take our charges regularly out of the value of your plan.
- Your illustration shows our current charges and how they could affect what you might get back.
- We can change, at any time, most of the charges we make, but only to the extent, if any, allowed for stakeholder pension plans. We can do this if our costs turn out to be unexpectedly high, compared to our charges.

Charges could increase if:

- a tax rule or law change increases our costs or decreases our income from charges;
- our staff or overhead costs are more than we anticipate; or
- our income from charges is less than we anticipate.

## What about tax?

- We'll add basic rate tax relief to the regular and single payments you make. Each year, relief is available on payments which don't exceed your relevant UK earnings, or £3,600 if higher. If you're a higher or additional rate taxpayer, you can claim additional tax relief via your self-assessment tax return. Any payments you make which are not eligible for tax relief will be refunded.
- Your plan won't receive tax relief on any payments made by an employer, or on transfer payments.
- The income you buy from the proceeds of this plan will be taxed in payment. If you decide to take a cash sum when you retire, it's normally tax-free. See 'What choices will I have when I retire?' for further details.
- If you die before you retire, no inheritance tax will normally be payable on the value of your plan. However, any dependants' income will be liable to income tax.
- Our pension investment funds are generally free of UK income and capital gains tax. However, we can't reclaim tax deducted at source from the dividends of UK company shares.
- Tax charges will normally apply if the Government's 'Annual Allowance' or 'Lifetime Allowance' is exceeded. Please see the enclosed illustration for further details.
- The value of tax benefits of your plan depend on your individual circumstances. Your circumstances and tax rules may change in the future. Please speak to your financial adviser for further details.

## Jargon buster

### Relevant UK earnings

This means employment income, income derived from carrying on a trade, profession or vocation, and patent income.

## Can I transfer my plan?

- You can transfer the value of your plan to another pension plan. You can normally do so at any time, however in certain circumstances there may be a delay. No charges apply.
- Your illustration gives examples of possible transfer values.

## Can I change my mind?

- Yes, you can change your mind and cancel your plan within 30 days of receiving notification that your policy has commenced.

## If I want to cancel, what should I do?

- To cancel your policy you should contact us either in writing or by telephone. See 'How to contact us' for all our contact details. We'll need your personal details together with the policy number of your plan. If you decide to cancel in writing, your letter should be clearly headed 'Cancellation Notice'.

### Will I lose anything by cancelling?

- If you tell us you want to cancel the plan within 30 days of receiving notification that your plan has commenced, we'll return any payments you've made. For single and transfer payments, we may deduct any fall in the value of these payments. For transfer payments, it may not be possible to return the value of the payment received to your previous pension plan and you may have to take out a new plan.

### What are the consequences of keeping my plan?

- If you don't cancel your plan within 30 days of receiving notification that your plan has commenced, your plan will continue and we'll collect the payments you've agreed to make.

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

- We'll send you a statement each year. You should regularly review your plan to check if it remains on track for your needs.
- You can check the unit prices of our unit-linked funds on our website as detailed on page 6, or get an up-to-date valuation of the plan by contacting us.



## How to contact us

If you've any questions or any changes you want to make to your plan, please contact us.

☎ Call us on 0131 655 6000 during the following times:

Monday to Friday 8am – 6pm

Saturday 9am – 12.30pm

We may record and monitor calls to help us to improve our service.

Fax number: 0131 662 4053

Website: [www.scottishwidows.co.uk](http://www.scottishwidows.co.uk)

Office address: Scottish Widows plc  
15 Dalkeith Road  
Edinburgh  
EH16 5BU

- We'll communicate with you in English.

## Other information

### How to complain

If you ever need to complain, please contact us. If you're not satisfied with our response, you can complain to:

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

Tel: 0800 023 4567

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

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

- Complaining to the Ombudsman won't affect your legal rights.

### Terms and conditions

- These Key Features give a summary of the Scottish Widows Stakeholder Pension Plan. Further details of the benefits, charges and conditions are given in product literature, Scheme Rules and Policy Provisions, which are available from us.
- We have the right to change some of the terms and conditions at any time. We'll write and explain if this affects your plan.

### Law

- For legal purposes the law of England and Wales will apply.
- This information represents Scottish Widows' interpretation of the law and HM Revenue and Customs' practices as at date of publication. Changes to tax rules and other laws may affect your contract terms.

### Compensation

- We're covered by the Financial Services Compensation Scheme. You may be entitled to compensation if we become insolvent and can't meet our obligations. Most insurance business is covered for 90% of the value of the claim. More information about compensation arrangements is available from the Financial Services Compensation Scheme, who can be contacted on 0800 678 1100 or 0207 741 4100 or via their website at [www.fscs.org.uk](http://www.fscs.org.uk)



As part of the Lloyds Banking Group, Scottish Widows is proud to be an Official Provider of the London 2012 Olympic and Paralympic Games.

Scottish Widows plc. Registered in Scotland No. 199549. Registered Office in the United Kingdom at 69 Morrison Street, Edinburgh EH3 8YF. Telephone: 0131 655 6000.

Scottish Widows plc is authorised and regulated by the Financial Services Authority. Our FSA Register number is 191517.

16622 04/12