

keyfacts®

Key features of the

Compulsory Purchase Annuity

from Standard Life



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The Financial Services Authority is the independent financial services regulator. It requires us, Standard Life, to give you this important information to help you to decide whether our Compulsory Purchase 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.

Its aims

How can a Compulsory Purchase Annuity help you?

A Compulsory Purchase Annuity provides a pension (regular income) for you for the rest of your life.

If you choose, a Compulsory Purchase Annuity can provide a pension for your husband, wife or civil partner and/or dependant(s) after you die.

Your commitment

What do you need to do?

You need to use the proceeds of a registered pension scheme to buy this plan from us. In return, we'll pay pension payments to you for the rest of your life.

Risks

What risks are involved?

- Once you've bought your Compulsory Purchase Annuity from us, you can't transfer the value to another company or cash it in.
- Your pension will be based on the options you choose. You can't change your options at a later date.
- Your pension will stop when you die, unless you've chosen for it to continue. (Please see the 'What happens to my pension when I die?' section of this document.)
- What you can buy in the future with your pension could be reduced by inflation.
- If you choose to have your pension increase and decrease in line with the Retail Prices Index (RPI) and inflation falls below zero and becomes negative, your income will go down by the same amount.

- If you cancel your Compulsory Purchase Annuity during the 30 day period after you receive your policy schedule you may get back less than the original investment.

Questions & answers

What is a Compulsory Purchase Annuity?

It's a contract that gives you a pension for the rest of your life, using the proceeds of a registered pension scheme. The Compulsory Purchase Annuity provides a pension which must satisfy the pension scheme rules or Policy Provisions.

If you're a member of a final salary scheme (this is where the benefit is calculated by using your final earnings, an accrual rate and your period of pensionable service), the contract will provide you with a scheme pension. A scheme pension entitles you to a pension for life from a registered pension scheme. The scheme trustees can choose to arrange the scheme pension by buying an annuity policy (such as a Compulsory Purchase Annuity) from an annuity provider.

If you're a member of a money purchase pension scheme (this is where the benefit depends on the payments made into the scheme), the contract will provide you with a lifetime annuity. A lifetime annuity is an annuity plan (such as a Compulsory Purchase Annuity) from an annuity provider chosen by you and will provide you with a pension for the rest of your life. A lifetime annuity can only be purchased with the proceeds of a money purchase pension scheme.

The minimum purchase price is £5,000 and the maximum is £250,000. You can normally purchase an annuity at any age between 50 (55 from 6 April 2010) and 75.

You can buy this type of pension from any annuity provider.

Compulsory Purchase Annuity

How flexible is it?

You have a number of options you can choose from before we set up your Compulsory Purchase Annuity. Please see “What choices will I have about how I get my pension?” for more details.

You can choose how often you wish to receive your pension. This can be:

- every month
- every three months
- every six months, or
- once a year.

You can choose to have your pension stay the same or:

- increase automatically each year by a fixed percentage, up to a maximum of 8.5% (or a maximum of 5% each year if you’re buying the pension with the proceeds of a final salary scheme), or
- increase and decrease in line with the Retail Prices Index (this option is not available if you’re buying the pension with the proceeds of a final salary scheme).

You can choose for your Protected Rights pension (see ‘What if I have Protected Rights?’) to remain level or increase automatically each year by a fixed percentage up to a maximum of 8.5% each year.

You can choose to guarantee to have your pension paid for up to 10 years (5 years for a Protected Rights pension). If you die within that period the pension will continue to be paid to your husband, wife or civil partner or dependant(s) until the end of the guarantee period. If you choose a guarantee period, the last guaranteed payment must be due to fall before your 90th birthday.

Once you’ve started to take your pension, you can’t cash in your Compulsory Purchase Annuity, change it to another provider or temporarily stop receiving payments.

How much will my pension be?

The amount of your pension will depend on a number of things, for example:

- the amount used to buy your pension
- your age when you buy it

- your sex
- the pension options you choose
- how often your pension is paid
- annuity rates when you take your pension.

You can choose to have a pension paid to your husband, wife or civil partner and/or dependant(s) when you die in return for a smaller pension for yourself.

We guarantee that your pension will never fall below its initial level unless you choose to have your pension increase and decrease in line with RPI – then your pension could go down if RPI goes down.

What if I have Protected Rights?

If you’ve been employed, you may have been contributing to the State Second Pension (S2P) through your National Insurance contributions.

If so, you’ll receive an earnings-related State pension in addition to your basic State pension.

Alternatively, you may have arranged for part of your National Insurance contributions to be paid into your pension plan. These contributions are a separate part of your pension fund called Protected Rights. This provides a pension which replaces some, or all, of your S2P.

You can normally take the proceeds from a Protected Rights fund at any age between 50 (55 from 6 April 2010) and 75.

If you’re married or in a civil partnership when you take the proceeds, the pension must continue on your death to your widow(er) or surviving civil partner at half the rate payable when you were alive.

Alternatively, if you are not married or in a civil partnership when you take the proceeds, you can, at that time, choose to:

- have the protected rights pension paid for your benefit only, or
- accept a smaller pension that would pay half your protected rights pension to any spouse or civil partner you may have at the time of your death.

What if I am buying a Compulsory Purchase Annuity with the proceeds of an occupational pension scheme?

If you're a member of an occupational scheme (this is a pension scheme established by your employer) and:

- at the date we receive payment of your purchase price the scheme rules have not been amended following the Finance Act 2004 to remove the need for restrictions to pension payments, or
- your retirement date is before 6 April 2006.

Standard Life will monitor your pension payments to make sure that they do not exceed HM Revenue & Customs' limits for the lifetime of the annuity. For such an annuity, Standard Life will never pay an amount greater than the HM Revenue & Customs maximum.

If the above applies, please ensure that the Appendix at the end of the Compulsory Purchase Annuity Application Form (CPA30ANN) is completed.

What choices will I have about how I get my pension?

Your pension will be paid directly into your bank or building society account.

Your pension can be paid in advance or arrears, for example:

- if your pension is paid once a year in advance from 1 January 2010 then your first pension payment will be made on 1 January 2010 and covers the period 1 January 2010 to 31 December 2010, or
- if your pension is paid once a year in arrears from 1 January 2010 then your first pension payment will be made on 1 January 2011 and covers the period 1 January 2010 to 31 December 2010.

What happens to my pension when I die?

Your pension will stop when you die unless you choose for it to continue. For example:

- you can choose a pension that will be paid to your husband, wife or civil partner and/or dependant(s) if you die before them. (If the pension set up is not for your husband, wife or civil partner then HM Revenue & Customs require us to check that the person is still financially dependent on you when you die.

If your circumstances have changed and the person is no longer financially dependent on you, the dependant's pension won't be payable.)

- you can choose for the pension to be guaranteed for a fixed period, for example 10 years. This means that if you die within the guarantee period, any remaining payments up to the end of this period will be made to your husband, wife or civil partner or dependant(s), or to your estate.

Choosing a guarantee period does not guarantee the amount of income that will be paid. If you choose for your pension to increase each year by a fixed percentage or to increase and decrease in line with RPI, the pension payable in the guarantee period will also change. The pension payable in the guarantee period is taxable. Depending on the amount of income tax payable, the amount actually received by your beneficiaries or estate may be different from the amount you would have received yourself.

What are the charges?

All our charges and expenses are deducted before your level of pension is decided. No further charges or expenses will be taken from your pension.

What about tax?

Your pension will be treated as Pay As You Earn (PAYE) income and may be taxable. HM Revenue & Customs tell us how much tax to deduct from your pension. This will depend on your individual circumstances.

If you're a taxpayer, we'll pay your pension after tax has been deducted. You'll be taxed at either the basic or the higher rate depending on your individual circumstances.

If payments continue after you die they may be subject to Inheritance Tax. Please see your financial adviser for further details.

Tax and legislation may change.

The information we have given here is based on our understanding of law and HM Revenue & Customs practice as at January 2010.

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What is the Lifetime Allowance?

The Lifetime Allowance is a limit set by HM Revenue & Customs on the total value of pension benefits you can take in your lifetime without paying a tax penalty. This allowance is £1.75 million for the tax year 2009/2010 and £1.8 million for the tax years 2010/2011 to 2015/2016.

If the value of your benefits exceeds the Lifetime Allowance, any Lifetime Allowance charge due to HM Revenue & Customs must be deducted from the proceeds of your pension scheme before this annuity is purchased.

Each year you'll receive a statement of the percentage of Lifetime Allowance used up when your benefits were taken. Normally Standard Life will send you this statement each year. However, if Standard Life do not make pension payments directly to you (for example, the payment may be made via your scheme trustees) then the scheme trustees will be responsible for sending you the annual statement.

Can I change my mind?

If you purchased this contract for yourself, you have a legal right to cancel your contract if you change your mind. You have a 30 day period to consider if you want to change your mind. The 30 day period starts from the date you receive the Policy Provisions and Policy Schedule.

During this period, if you decide you want to cancel, you should write to us at the address shown in the "How to contact us" section, instructing us to cancel the contract. Please make sure that you include your plan number in any correspondence with us.

If this contract was purchased for you by the Trustees of a money purchase occupational pension scheme (see 'What is a Compulsory Purchase Annuity?') then they have the legal right to cancel the contract if you change your mind. If you wish to cancel the contract you must ask the Trustees to do this for you. They have a 30 day period to consider this. The 30 day period starts from the date you receive the Policy Provisions and Policy Schedule.

During this period, if you decide you want to cancel, you should ask the Trustees to write to us at the address shown in the "How to contact us" section, instructing us to cancel the contract. Please make sure that they include your plan number in any correspondence with us.

If you cancel during the 30 day period, you may get back less than the amount paid in. This is because we may make a deduction to reflect any market loss we've experienced between the date we received the payment and the date we received your instruction to cancel.

If you decide to cancel, and we've already received the payment, we'll normally refund it to the original scheme. If they won't accept it back, you must arrange for another pension provider to accept the payment.

Any income that we've sent you must be returned within the 30 day cancellation period before we cancel the plan. If you fail to return all the monies to us within 30 days, you'll lose the right to cancel.

At the end of the 30 day period you'll be bound by the terms and conditions of the plan and any money received by Standard Life will not be refundable under the cancellation rule.

If the contract was purchased by the Trustees of a final salary occupational pension scheme (see 'What is a Compulsory Purchase Annuity?') there is no legal right to cancel.

How to contact us

If you've any questions then you can speak to your financial adviser or, if you want to speak to us directly, here's how you can reach us.

Phone us

0845 60 60 384

We may record/monitor calls to help improve our service. Call charges may vary.

Email us

Email: CSD_NBAnnuity@standardlife.com

(We can't guarantee that we'll receive your email or that it won't have been tampered with or intercepted along the way. You may prefer to contact us by phone or in writing.)

Write to us at

Standard Life Assurance Limited
Standard Life House
30 Lothian Road
Edinburgh
EH1 2DH
United Kingdom

Have a complaint?

We've got a leaflet that explains how we handle complaints. If you'd like a copy, just ask.

Of course, we hope you won't ever need to complain. But if you do, please write to us at the address above.

If you're not satisfied with our response, you may be able to complain to:

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

Phone: 0845 080 1800 or
switchboard: 020 7964 1000
Fax: 020 7964 1001
Email:
complaint.info@financialombudsman.org.uk
website: www.financial-ombudsman.org.uk

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

Terms and conditions

This document gives you a summary of Standard Life's Compulsory Purchase Annuity. It doesn't include all the definitions, exclusions, terms and conditions. You can find these in your Policy Provisions booklet. For a copy of this booklet, please ask your financial adviser or contact us direct using the details on this page.

We do have a right to change some of the terms and conditions. We'll write and explain to you if that ever happens.

Law

In legal disputes, the law that applies is usually the law of the country where you were resident at the time the annuity was taken out.

Language

We'll use the English language in all our documents and correspondence.

Compensation

The Financial Services Compensation Scheme (FSCS) has been set up to deal with compensation if firms are unable, or likely to be unable, to meet claims against them. For further information contact us on 0845 60 60 002 (call charges may vary).

The amount of compensation available from the FSCS depends on the type of business and the circumstances of the claim. Further information is available from the FSCS website at www.fscs.org.uk.

About Standard Life

Standard Life Assurance Limited's product range includes pensions and investments.

Standard Life Assurance Limited is on the Financial Services Authority Register. The registration number is 439567.

Pensions
Savings
Investments
Healthcare
Insurance

Speak soon.

If you'd like more information on the product in this booklet, or if there's anything more about Standard Life we can help you with, just call us on this number, or visit our website. Call charges may vary and your call may be recorded or monitored to improve our service.

0845 60 60 384

www.standardlife.co.uk

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