

Pension Contracts

A look at
Standard Life's
remuneration

This document is for the use of qualified financial advisers only
and it should not be relied on by anyone else.

Standard Life's Pension Contracts

Executive Pension Solutions

Director's Premier Small Self Administered Scheme (SSAS)

A retirement plan designed to give company directors greater control over their financial future. It offers the opportunity to invest in a wider range of investments.

Executive Pension Plan (EPP) (Stanplan A and Own Trust)

The EPP is a flexible, money purchase contract providing key employees with additional retirement and death-in-service benefits.

Group Pension Solutions

Group Additional Voluntary Contributions Plan (GAVC)

A flexible, money purchase retirement benefits plan which is set up by an employer to allow employees to supplement the benefits that their occupational pension scheme provides.

Group Flexible Retirement Plan (GFRP)

A flexible, money purchase contract that is available to individual employed and self-employed people to provide retirement benefits.

Group Personal Pension Flex (GPPFlex)

A flexible, money purchase contract that is available to individual employed and self-employed people to provide retirement benefits.

Group Plan Contracted-In Money Purchase (CIMP)

A flexible, money purchase contract which allows employers to provide their employees with the benefits of an occupational pension scheme, but still allows flexibility for each member.

Group Self Invested Personal Pension (GSIPP)

A flexible pension contract available to individual employed and self-employed people, offering both choice and control of their retirement planning. Please note that PR rebates cannot be accepted under this contract.

Group Stakeholder Pension Plan (GSPP)

This is a Stakeholder Pension Plan set up through an employer. Stakeholder pensions are a flexible, low-cost way to save for retirement.

Retirement Account Plan (RAP)

The RAP is an investment vehicle suitable for pension scheme trustees who wish to invest scheme monies with Standard Life on an 'earmarked' basis providing pension scheme members with their own individual funds.

Individual Pension Solutions

Personal Pension Flex (PPFlex)

A flexible, money purchase contract that is available to individual employed and self-employed people, to provide retirement benefits.

Stakeholder Pension Plan (SPP)

Stakeholder pensions are a flexible, low-cost way to save for retirement. The planholder doesn't have to be employed to take one out and can make payments for other members of their family, including children and grandchildren.

Self Invested Personal Pension Plan (SIPP)

SIPP is a flexible pension contract, offering the customer both choice and control of their retirement planning. Please note that PR rebates cannot be accepted under this contract.

Individual Buy-Out Plan (IBOP)

Designed to allow employees who have left service or opted out of their employer's occupational pension scheme the opportunity of transferring their pension benefits to a money purchase arrangement.

Retirement Income Solutions

Immediate Vesting Personal Pension Plan (IVPPP)

Your client can consolidate their Group or Personal Pension Plans to provide one source of guaranteed income in retirement and take a tax free lump sum. Alternatively, they can make a lump sum payment and benefit from tax relief, while immediately taking the benefits.

Immediate Vesting Personal Pension Select (IVPP Select)

This product is designed for your client to make a single lump sum payment of £3,600 gross (the earnings threshold for this year which may change in the future) to provide an immediate pension. The plan will then provide a tax-free lump sum of £900 and a regular income for your client paid once a year.

Compulsory Purchase Annuity (CPA)

A conventional annuity which provides a guaranteed level of income when planholders retire, with additional options to tailor the income to meet their needs.

Purchased Life Annuity (PLA)

A way of converting a single lump sum payment into a tax efficient, guaranteed, regular income.

Glossary of Terms

Accelerated Fund Based Commission (AFBC) – Accelerated Fund Based Commission (AFBC) is currently calculated using the following steps:

For Individual Pensions:

1. Project the fund to year 10 (or term to NRD, if less) assuming 5% pa investment growth, 0% payment escalation and 1% pa fund management charge. (The calculation also allows for creation of units as a result of concessions and repriced terms.)
2. Calculate the FBC payable in year 10 (or NRD, if less).
3. Multiply the FBC payable in year 10 (or at NRD, if less) by the % accelerated and a z factor that depends on the term.

For Group Pensions:

1. Project the fund to year 10 (or term to NRD, if less) assuming 7% pa investment growth, 4% payment escalation and 1% pa fund management charge. (The calculation also allows for creation of units as a result of concessions and repriced terms.)
2. Calculate the FBC payable in year 10 (or NRD, if less).
3. Multiply the FBC payable in year 10 (or at NRD, if less) by the % accelerated and a z factor of 5.

The payment generated by the above steps is paid to the intermediary and establishes a debt, which is repaid by the FBC earned on a monthly basis. Once the debt is repaid, FBC will be paid to the intermediary.

Accelerated Fund Based Commission DEBT (Individual and Group Pensions) (AFBC Debt) – The AFBC calculation outlined above establishes a debt that is paid off by the FBC earned by the policy. Once the debt is repaid, FBC is paid to the intermediary. The repayment of the debt is contingent on the growth of the fund and premium escalation. Therefore the timing of the start of FBC payments is not fixed.

Cancellation of Units (CoU) – Reduction of units from a contract on a monthly basis in payment for the level of service provided by the adviser (who takes commission over and above his entitlement).

Clawback (Clawback) – Your remuneration is dependent on policy conditions and terms being met. Where these conditions are not met, for example if the business submitted to us does not meet the expectation you set as to payment term, level or frequency we may take back all or part of the commission that has been paid. This also applies to AFBC and loyalty commission.

Commission (Commission) – Payment made to an intermediary for business placed with Standard Life.

Commission Give Up (Give Up) – A mechanism by which some or all of the commission entitlement under a contract is sacrificed in return for an improvement in terms.

Commission Shape (Commission Mix) – The type of commission structure that is available.

Contributions Reducing to Zero (CRTZ/PUP/Payment Holiday) – When no further regular payments are expected into a contract. In this situation clawback will be triggered.

Creation of Units (CoU) – Addition of extra units to a contract on a monthly basis in return for the adviser having given up commission.

Fund Based Commission (FBC) – Paid as a percentage of the overall fund. Payment is made on a monthly basis.

Fund Based Renewal Commission (FBRC) – Paid as a percentage of the overall fund. Payment is made on a monthly basis.

Fund Management Charge (FMC) – This is also referred to as the Annual Management Charge. It is a charge that is taken into account when we set the daily pricing of units.

Funds Reducing to Zero (FRTZ) – When the funds within a contract (excl NICO) have reduced to zero. In this situation AFBC or RPIC clawback will be triggered.

Intermediary Uplift (Uplift) – This is a reward to the intermediaries for the level and quality of business they give Standard Life. Rates differ between various contracts. This figure is applied to the standard commission terms.

Level Commission (Level) – Commission paid per payment received. There is no initial period and the commission is paid for the continuing term of the policy as long as payments are made. This is paid on receipt of the payment.

Loyalty Commission (Loyalty) – When we pay Single Payment Initial commission, part of this is a loyalty commission payment. If the business leaves us within 3 years, we will take back the full 100% of this loyalty commission.

National Average Earnings (NAE) – Relates to contractual increases/indexation payments. Meaning that annual payments will increase in line with the value declared by the Government.

National Insurance Contributions Office (NICO) – The Government office that makes Protected Rights payments into policyholders' contracts to compensate for contracting-out of the State Second Pension.

Normal Retirement Age (NRA) – The age that a planholder has initially chosen as the intended age of retirement. This reference is usually used when referring to terms of contracts.

Normal Retirement Date (NRD) – The date that a planholder has initially chosen as the intended date of retirement.

Regular Premium Initial Commission (Group Pensions) (RPIC) – RPIC is calculated on a scheme by scheme basis. The payment is made to the intermediary as an initial amount and no further payments are made.

Scheme Commission Basis (Scheme Shape) – The intermediary must opt for a scheme to be either an up-front, FBC, Level or Mixed commission scheme at new business stage.

State Pension Age (SPA) – This is the age a planholder would normally receive their pension from the State.

Single Payment Initial Commission (SP Commission) – This is the same as level commission, however it is only paid once.

Trail Commission (Trail) – Trail Commission is paid on individual business that has originally benefited from AFBC. This begins to be paid after the AFBC debt has been paid off for individual business.

Z factor – The multiple applied to the 'n' year commission figure under AFBC to produce the up front advance.

GROUP OCCUPATIONAL PRODUCTS*	Payment Type	Fees	Single Payment Initial ¹	Fund Based	Mix of Single Payment Initial and Fund Based	Additional FBC	Regular Payment Initial (RPIC)	Single Initial Commission	Mix of Level and Fund Based	Mix of RPIC and Level	Additional RPIC	Additional Level	Give up ²
GAVC	Single/Transfer	X	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	✓
	Regular	X	n/a	✓	n/a	✓	✓	✓	✓	✓	✓	✓	✓
CIMP	Single/Transfer	X	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	✓
	Regular	X	n/a	✓	n/a	✓	✓	✓	✓	✓	✓	✓	✓
RAP	Single/Transfer	X	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	✓
	Regular	X	n/a	✓	n/a	✓	✓	✓	✓	✓	✓	✓	✓
GROUP PENSION PRODUCTS*	Payment Type	Fees	Single Payment Initial ¹	Fund Based	Mix of Single Payment Initial and Fund Based	Additional FBC	Regular Payment Initial (RPIC)	Single Initial Commission	Mix of Level and Fund Based	Mix of RPIC and Level	Additional RPIC	Additional Level	Give up ²
GFRP	Single/Transfer	✓	n/a	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓
	Regular	✓	n/a	✓	n/a	n/a	✓	✓	✓	✓	n/a	n/a	n/a
GPPFlex	Single/Transfer	X	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	✓
	Regular	n/a	n/a	✓	n/a	✓	✓	✓	✓	✓	n/a	n/a	✓
Group Stakeholder	Single/Transfer	X	✓	✓	✓	X	n/a	n/a	n/a	n/a	n/a	n/a	✓
	Regular	X	✓	✓	n/a	✓	✓	✓	✓	✓	X	X	✓

RETIREMENT INCOME	Payment Type	Single Initial Commission
CPA/IVPPP/IVPP Select	Single/Transfer	✓
PLA	Single	✓

* Commission on Group Schemes is dependent on pre-determined scheme basis

n/a = not applicable

1 Single Payment Initial Commission is term related – minimum term is 3 years

2 Give Up is only available when commission is payable

INDIVIDUAL PENSION PRODUCTS	Payment Type	Fees	Single Payment Initial ¹	Fund Based	Mix of Single Payment Initial and Fund Based	Additional FBC	Accelerated Fund Based (AFBC) ²	Level	Mix of Level and Fund Based	Mix of AFBC and Level	Additional AFBC ²	Additional Level	Give up ⁶
PPFlex	Single/Transfer	X	X	✓	X	✓	n/a	n/a	n/a	n/a	n/a	n/a	✓
	Regular	X	n/a	✓	n/a	✓	✓ ³	X	X	X	✓	X	✓
Stakeholder	Single/Transfer	X	X	✓	X	X	n/a	n/a	n/a	n/a	n/a	n/a	✓
	Regular	X	n/a	✓	n/a	X	✓ ³	X	X	X	X	X	✓
IBOP	Single/Transfer	X	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Regular	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EXECUTIVE PENSIONS	Payment Type	Fees	Single Payment Initial ¹	Fund Based	Mix of Single Payment Initial and Fund Based	Additional FBC	Accelerated Fund Based (AFBC) ²	Level	Mix of Level and Fund Based	Mix of AFBC and Level	Additional AFBC ²	Additional Level	Give up ⁵
EPP	Single/Transfer	X	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	✓
	Regular	X	n/a	✓	n/a	✓	X	X	X	X	X	X	✓
SSAS	Single/Transfer	✓ ⁴	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	✓
	Regular	✓ ⁴	n/a	✓	n/a	n/a	X	X	X	X	X	X	✓
SELF INVESTED PERSONAL PENSIONS	Payment Type	Fees	Initial Commission ⁶	Fund Based Renewal Commission (FBRC)	Mix of Single Payment Initial and FBRC	Regular Payment Initial (RPC)	Level	Mix of Level and FBRC	Mix of RPC and Level	Give up	Mix of RPC, Level and FBRC		
SIPP	Single/Transfer	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Regular	✓	n/a	✓	n/a	✓	✓	✓	✓	n/a	✓	n/a	✓
CSIPP	Single/Transfer	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Regular	✓	n/a	✓	n/a	✓	✓	✓	✓	n/a	✓	n/a	✓

PENSION CONTRIBUTION INSURANCE	Level	Initial Renewal	Give up
PCI	✓	✓	✓

PROTECTED RIGHTS (PR)	Payment Type	Level	FBC	Mix of Level and FBC	Give up
PR Rebate Contributions	Regular	✓	✓	✓	✓

n/a = not applicable

- 1 Single Payment Initial Commission is term related – minimum term is 3 years
- 2 AFBC is restricted dependent on payment method
- 3 AFBC is term related for individual business
- 4 Fee option is only available to new SSAS schemes established on/after 15/3/04 on a 'NIL' or FBRC commission basis
- 5 Give Up is only available when commission is payable
- 6 Both Funded Initial Commission and Initial Commission are available under (G)SIPP
- 7 Protected Rights Level Commission is not term related

CLAWBACK	Payment Type	Clawback Terms
Group (including new members to existing schemes) RPIC Commission	Single/Transfer Regular – Contribution reducing to zero Regular – Fund reducing to zero	Loyalty Commission If any SP/TV does not remain with Standard Life for a period of at least 3 years, we will clawback 100% of the Loyalty Commission paid. 100% of commission paid in first year 100% of commission paid in first year 75% of commission paid in second year 50% of commission paid in third year
GFRP and GSIPP (RPIC and FIC)	Single/Transfer Regular	If a customer transfers out and the fund is insufficient to meet the unlevied charges, we will clawback the balance. If, at any time, the charge is greater than the fund, future charges will not be made and clawback will be triggered. The amount clawed back will be the initial commission payment less the charges collected to date. This may happen, for instance, if a plan is made paid up. If a customer transfers out and the fund is insufficient to meet the unlevied charges, we will clawback the balance.
Repayment of RPIC Commission	Regular	If the payment re-starts then the amount clawed back will be repaid.
Individual (excluding SIPP) AFBC Commission	Single/Transfer Regular – Payment reducing to zero Regular – Fund reducing to zero	Loyalty Commission If any SP/TV does not remain with Standard Life for a period of at least 3 years, we will clawback 100% of the Loyalty Commission paid. 100% within first year of each commission payment 50% within second year of each commission payment 100% within first year of each commission payment 75% within second year of each commission payment 50% within third year of each commission payment
Repayment of AFBC Commission	Regular	If the payment re-starts, commission will be re-calculated using the AFBC calculation and all or part of the commission paid back.

The above Clawback Terms are not comprehensive and we reserve the right to reclaim all or part of commission paid at our discretion.

Tax and legislation may change. The information we've given is based on our understanding of law and HM Revenue & Customs practice when we published this document.