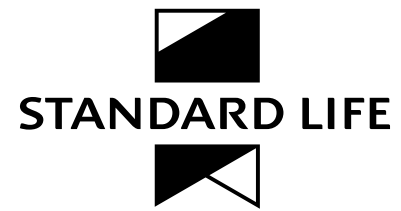


# Personal Pension Flex from Standard Life



## SUITABILITY

For adviser use only (not to be relied on by anyone else)

Before giving advice to your clients, you will have carefully considered their financial needs, their attitude to risk and their own individual circumstances, as all these factors will influence the recommendations that you make to them.

This document contains some factual information you may find of use when drafting your suitability letters. The headings and layout are only examples and should not be taken as a guide for how your suitability letter should look or what it should include.

You are solely responsible for making sure that the content of your letter is current, appropriate, tailored for each client and meets regulatory requirements. We are not providing advice where you use any of this wording to contact your clients.

No responsibility is accepted by Standard Life for your reliance on, or use of, this information which is supplied at your own risk.

### What benefits does the Personal Pension Flex offer to your client?

You could suggest the following points:

#### 1) Tax advantages

- your client's payments qualify for Income Tax relief, normally at their highest rate
- their investment will grow free of UK Capital Gains Tax
- it is possible to take up to 25% of the proceeds as a tax-free lump sum
- any dependants would not normally have to pay Inheritance Tax on a lump sum received if your client dies before taking the proceeds of their Personal Pension Flex. However, if any part of the lump sum exceeds their Lifetime Allowance, that part will be taxed at 55%.

We'll claim the tax relief for your client at the basic-rate from HM Revenue & Customs and invest it in their plan. If they're a higher-rate taxpayer, they can claim the extra tax relief through their tax return.

For the 2008/09 tax year the annual allowance for payments made by your client, their employer and any third party is £235,000. Your client will pay a tax charge on any payments that exceed this limit.

The Lifetime Allowance for the tax year 2008/09 is £1.65 million. Any funds over this allowance will be liable to a tax charge of 55% for a lump sum, or 25% if taken as a pension.

Tax and legislation may change. The value of tax relief depends on your client's financial circumstances and may change in the future. The information given is based on Standard Life's understanding of law and HM Revenue & Customs practice when we published this document.

## **2) Peace of mind**

If your client dies before taking the proceeds of their Personal Pension Flex, the fund that the pension payments have built up will be paid as a lump sum.

### ***Pension Contribution Insurance***

You may also have suggested that your client applies for Pension Contribution Insurance. Pension Contribution Insurance is designed to pay a regular guaranteed amount to help safeguard pension payments if your client is unable to work through illness or injury for a prolonged period. This is an invaluable benefit as, if they became seriously ill or disabled and were unable to work, they may find it difficult to keep making regular payments to their plan. Your client's pension would suffer as a result.

In the event of a successful claim, Standard Life normally pay the benefit directly to your client's pension plan as a payment on their behalf until they are fit to return to work. The benefit will continue until they reach their Selected Pension Age, age 65, take the proceeds of their pension fund or die, whichever is the earliest.

Standard Life's Pension Contribution Insurance has the following features:

- your client can choose the level of cover required up to a maximum of £3,600 per year
- it is competitively costed
- both your client and their employer's payments can be covered.

## **3) Payment flexibility**

Should your client's circumstances change, the Personal Pension Flex has the flexibility to allow them to stop, decrease or increase their pension payments without penalty. Stopping or reducing payments will, of course, reduce the employee's final pension. Payments can recommence in the future again without penalty.

If your client is no longer able or eligible to make payments, their Personal Pension Flex will be made 'paid-up'. We will continue to take charges each year even if the plan is 'paid up' so this could mean that our charges will reduce the plan value by the time your client retires.

## **4) Fair deal for all**

Pension plans are long term investments and Standard Life aims to provide a competitive return for pensions held with us until retirement. However, no-one can be sure what will happen to them or their families in the future – change of job, redundancy, illness, marriage, divorce – who knows? As a result, people can and do have to transfer pensions or make them paid-up. The Personal Pension Flex provides a fair deal for all throughout the term should your client have to take a transfer value or stop making payments.

## **5) Indexation**

Your client can choose to have their payments automatically increase by between 1% and 10% a year, or in line with the National Average Earnings Index.

## **6) Contracting-out of S2P**

A Personal Pension Flex provides an option to contract-out of the State Second Pension (S2P).

## **7) Investment choice and flexibility**

Your client can choose to invest in Standard Life funds or funds managed by external fund managers.

Please refer to the leaflet 'Your pension investment choices' (GPEN4) for details of the funds available.

## **Investment flexibility**

The Personal Pension Flex gives your client the flexibility to switch payments in and out of various funds to change the mix of investments. Your client can invest in up to 12 funds at any one time. The maximum number of different funds that can be invested in during the term of the plan is 20.

You or your client can request fund switches by calling us. Standard Life normally switch units between funds on the working day after we receive instructions but we reserve the right to defer switches involving the investment-linked funds for up to a month or, for a switch out of the Pension Property One Fund, for up to six months. We will not normally make a charge for switching, but we reserve the right to do so.

## **8) Lifestyle Profiles**

Standard Life's **Lifestyle Profile** is an automated investment switch facility which allows your client to pre-select an investment strategy which will move their funds into lower risk investments as retirement approaches.

The appropriate profile will depend on your client's attitude to risk with the higher the risk taken the greater the potential for reward.

Please refer to the leaflet 'Lifestyle Profile: Retail Pension (One) Fund' (GPEN41) for details of the profiles available.

## **9) Taking the proceeds**

### ***When can the proceeds be taken?***

Your client can choose when to take the proceeds of their Personal Pension Flex at any time between the ages of 55 – 75 (age 50 until 6 April 2010).

### ***How can they be taken?***

There are two main ways in which the proceeds of a Personal Pension Flex can be taken:

- as a pension, providing a regular income for the rest of your client's life, or
- as a tax-free lump sum plus a reduced pension.

Whichever is chosen, part of the proceeds can be used to provide a pension for your client's dependants. This means that, in the event of your client's death their husband, wife, civil partner or dependant(s) will receive a pension according to the instructions Standard Life received at the time of their retirement.

### ***A choice of pensions***

The Standard Life Personal Pension Flex gives a choice of three different ways to take the pension benefits:

- as a level pension of the same amount each year, or
- as a pension that increases at the rate of inflation each year, or
- as a pension that increases each year at a fixed rate of your client's choice up to a maximum of 8.5%.

## **10) Why Standard Life?**

### **Experience**

We have been successfully looking after our customers for more than 180 years, and currently over 7 million people worldwide rely on us for their financial needs.

Like most people, your client will want to know that their financial future is in good hands. We place a great deal of importance on getting your client's money to work hard for them; that's why we believe they can have confidence in us.

### **Service**

Standard Life is a company which believes in providing good service to all its customers. This means that we are committed to providing a good quality of service locally, and to dealing with queries or documentation with the minimum of fuss or delay.

## How others see Standard Life

The Standard Life group has achieved:

### Money Marketing Awards

- Voted Company of the Year – 1999, 2000, 2001, 2002, 2003, 2004 2005, 2007 and 2008
- Voted Best Pension Provider – 2004, 2005 2006, 2007 and 2008

### Financial Adviser Life and Pensions Awards

- SIPP and/or SSAS Provider of the Year – 2006 and 2007
- Best Income Drawdown Provider – 2007
- Best Alternatively Secured Pension Provider – 2007

### Financial Adviser Service Awards

- Voted 5 Star Life and Pensions Provider – 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006 and 2007
- Special Outstanding Achievement Award in recognition of winning the 5-Star award for 12 years in a row – 2007

### Moneyfacts Investment, Life & Pensions Awards

- Best SIPP Provider 2006
- 'Service beyond the call of duty' 2006

### Pensions Management Administration and Service Awards

- People's choice award for the company with the best technology, administration and service in our industry – 2007

### Online Finance Awards

- Best online Life & Pensions Provider – 2007

## Internet

[www.adviserzone.com](http://www.adviserzone.com) is Standard Life's dedicated website for advisers. Once registered you can obtain quotes for Personal Pension Flex and many of our other products. Literature and further technical information is also available from this site.