

KEY FEATURES

OF THE GROUP STAKEHOLDER PENSION PLAN

Important information you need to read

THE FINANCIAL CONDUCT AUTHORITY IS A FINANCIAL SERVICES REGULATOR. IT REQUIRES US, SCOTTISH WIDOWS, TO GIVE YOU THIS IMPORTANT INFORMATION TO HELP YOU TO DECIDE WHETHER OUR GROUP 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 EXAMPLE ILLUSTRATION.

ITS AIMS

- To build up a sum of money in a tax-efficient way, to help support you financially in retirement.

YOUR COMMITMENT

- To make the agreed payments. See “What payments can be made to my plan?”
- To tell us if you’re no longer entitled to receive tax relief on your payments.

RISKS

- The value of your plan can go down as well as up and could fall below the amount(s) paid in.
- What you’ll get back isn’t guaranteed. The illustration shows, in today’s prices, the final fund values and the amounts that might be payable at your chosen retirement date. These would be lower than illustrated if, for example:
 - we don’t receive all the payments.
 - investment performance is lower.
 - you take any pension encashments.
 - the cost of buying your pension is higher.
 - you start taking your pension earlier than your selected retirement date.
 - the charges are higher.
 - inflation is higher than we’ve assumed.
 - tax rules change.
- If you take pension encashments, this will reduce the value of your plan. It may leave you with insufficient funds when you are older. High levels of pension encashments may not be sustainable and could reduce the value to zero.

- 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 the ‘Pensions Investment Approaches Guide’ and the ‘Pension Funds Investor’s Guide’ booklets. You should read these guides before making any investment decisions.
- In certain circumstances, there may be a delay if you ask to transfer the value of your plan, take a pension encashment or switch between investment funds.
- 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.

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Pension Encashment

Partial Pension Encashment – where part of the value of the plan is taken as a cash lump sum withdrawal.

Full Pension Encashment – where the full value of the plan is taken as a cash lump sum withdrawal.

25% of each encashment will be tax free and the remainder taxable.

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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 2.5% each year
Today	£1,000
After 10 years	£781
After 20 years	£610

QUESTIONS & ANSWERS

WHAT PAYMENTS CAN BE MADE TO MY PLAN?

- Monthly and single payments can be made by you and your employer, provided you're a UK resident or a UK taxpayer. Other individuals can also make payments on your behalf and we may also be able to accept transfer payments from other pension plans. Further details are included within your Member Joining Guide.
- While you are a member of your employer's scheme:
 - You may be required to pay a minimum monthly payment. This minimum may increase from time to time.
 - Your employer may also make monthly payments.
 - Monthly payments are made by payroll deduction. Please contact your employer for further details.
- If you leave your employer's scheme:
 - Any payments from your employer will stop.
 - You can continue to make your own payments, subject to our minimum amounts in force at the time. Please contact Scottish Widows for further details.
- Single and transfer payments are made by cheque. If you want to make additional payments other than by payroll deduction, please ask us for a Direct Debit form.
- There is no maximum limit on how much can be paid to your plan, but we can only accept payments directly from you that are eligible for tax relief. See "What about tax?" for further details.

WHERE ARE THE PAYMENTS INVESTED?

- Payments are used to buy units in the investment option 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 units and therefore the plan, can fall as well as rise.
- We offer a range of Pension Investment Approaches which use a number of different funds with varying aims and investment risks. Payments will be invested in various funds over the duration of your plan. For more details see our 'Pension Investment Approaches Guide'.

- We also offer a wide range of unit-linked investment funds for you to choose from. You can find details of the aims, investments and risks of each fund in the 'Pension Funds Investor's Guide'.
- If you don't choose an investment option we will automatically invest your plan in the Balanced Pension Approach – Targeting Flexible Access. You can alter this later if you wish, free of charge. Details of this Balanced Pension Approach can be found in our 'Pension Investment Approaches Guide'.
- If your employer has chosen how your plan is to be invested, you will be given details of this. After the first monthly payment has been made, you can switch in and out of the funds to change the mix of investments, though there may be a delay in certain circumstances. Your plan can be invested in up to 10 funds at any one time. Conditions and a charge for doing this may apply. Please contact us for further details.
- We may change the selection of funds that we make available in the future and restrictions may apply.

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Units

'Units' are like shares of the fund. For unit-linked funds, the value of each unit depends on the value of the investments held by the fund, and the number of units in it.

HOW CAN I TAKE MY BENEFITS?

- You can normally start taking benefits from age 55. In certain circumstances, you may be able to take benefits earlier, for example, if you're in ill health. The age from which you can start taking benefits from your pension may change.
- You could choose one or more of the following options:
 - Take one or more pension encashments, (subject to restrictions which apply) and/or
 - Buy one or more annuities, and/or
 - Transfer some or all of the funds to another policy, which, for instance, may allow income drawdown. This type of plan allows you to keep the value of your pension fund invested, but take a taxable income.
- The value available to provide benefits will depend on a number of things, for example:
 - how much is paid in
 - how long the investments are held for
 - any pension encashments already taken
 - investment performance
 - the charges and expenses.
- 25% of any pension encashments will be tax-free. For further details on tax, please see "What about tax?".
- Each time you buy an annuity you can normally choose to take up to 25% of the value taken as a tax-free cash sum. This will reduce the income from the annuity. Your illustration(s) will give you an indication, in today's terms, of how much income you might receive if you choose to buy an annuity with your pension fund.
- Rather than take an annuity or drawdown income from Scottish Widows, you can take these from another pension provider.

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Annuity

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

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

You can choose from different types of annuities.

- For more details of all your options at retirement, please speak to a financial adviser or go to our Retirement Planning website www.scottishwidows.co.uk/retirement-planning/index.html

WHAT HAPPENS TO THE PLAN IF I DIE BEFORE I HAVE TAKEN ALL MY BENEFITS?

- 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.
- The example illustration provided shows our standard charges, and how they could affect what you might get back. The actual charges applying to your plan may be different to those assumed in the example illustration.
- If you've invested in fund(s) managed by other fund managers, they have the power to change any charges that they make at any time and without notice.
- We can change, at any time, most of the charges we make but only to the extent, if any, allowed for Stakeholder pensions.
- We can increase most of the charges we make if:
 - a tax rule or law change significantly increases our costs or significantly decreases our income from charges;
 - there are exceptional circumstances which we could not reasonably have foreseen resulting in either our costs being significantly more, or our income from charges being significantly less, than we anticipated.

We will give you three months' notice if we increase our charges.

WHAT ABOUT TAX?

- We'll add basic rate tax relief to the regular and single payments you make. If you are a Scottish taxpayer, the relief you will be entitled to will be at the Scottish rate of income tax, which may be different from the rest of the UK in the future.
- 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.
- If you take a pension encashment or flexibly access your benefits, tax relief will only be available on contributions up to the Money Purchase Annual Allowance. This is £4,000 for the 2017/2018 tax year. If you pay in more than this to any money purchase pensions you will be subject to an annual allowance charge.

- If you take a pension encashment you will receive 25% tax free with the remaining 75% subject to income tax. There may be a significant delay in receiving any tax which you reclaim from HMRC.
- Annuity payments and any income drawdown paid from proceeds of this plan will be subject to income tax.
- If you choose to buy an annuity and decide to take a cash sum at that time, the cash sum is normally tax-free.
- If you die before you are 75, we will pay a lump sum or income to any dependants or beneficiaries. This will normally be tax-free.
- Although the value of pension funds are not generally subject to Inheritance Tax, in certain circumstances the value of death benefits may be subject to tax charges. As this is a complex area you should contact your adviser or tax office for further guidance.
- Pension investments are generally free of UK income and capital gains tax. If you choose investments other than Scottish Widows Pension Funds other taxes may apply. For further details please speak to your financial adviser or ask us.
- Tax charges will normally apply if the Government's 'Money Purchase Annual Allowance', 'Tapered Annual Allowance', 'Annual Allowance' or 'Lifetime Allowance' is exceeded. Please seek financial advice.
- The value of the tax benefits of your plan depend on your individual circumstances. Your circumstances and tax rules may change in the future.
- If your country of residence is not the UK, the laws and rules of the country in which you reside could affect the plan, including the benefits you can receive. You should speak with legal and/or tax professionals in your country of residence for full details.

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Relevant UK earnings

This includes 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.

CAN I CHANGE MY MIND?

- You can change your mind and cancel your plan within 30 days of receiving notification that your policy has commenced. If you have been automatically enrolled, however, and want to opt out, you can complete our opt out form.

If I do 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 started, 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.
- If you cancel then any payments made on your behalf by your employer will be returned to your employer.

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 started, 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 six, or get an up-to-date valuation of the plan by contacting us.

HOW TO CONTACT US

If you have any questions at any time, or any changes you want to make to your plan, you can phone us, send us a fax, write to us or visit our website.

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

Monday to Friday 8.00am – 6.00pm

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

Fax number **0131 662 4053**

Website **www.scottishwidows.co.uk**

Office address Scottish Widows Limited
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
Exchange Tower, London E14 9SR

Tel **0800 023 4567**

Email **complaint.info@financial-ombudsman.org.uk**

Website **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 Group 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 & Customs practice as at date of publication. Changes to tax rules and other laws may affect your contract terms.

SOLVENCY II RETURNS

Our Solvency and Financial Condition Report (SFCR) and associated solvency reporting templates can be found via our website at: www.scottishwidows.co.uk/about_us/financial_information/solvency-2-returns.html

The SFCR is produced annually to help you understand the management and performance of our business, and the strength of our solvency position. For the Scottish Widows Insurance Group, including its three main insurance companies, the report covers key aspects of our:

- business and performance
- system of governance
- risk profile
- valuation for solvency purposes
- capital management.

FINANCIAL SERVICES COMPENSATION SCHEME (FSCS)

- Your plan with Scottish Widows is fully covered by the Financial Services Compensation Scheme. 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



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