



SCOTTISH WIDOWS ENHANCED ANNUITY

HOW COULD YOU MAKE MORE OF
YOUR RETIREMENT INCOME?

SCOTTISH WIDOWS

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HOW COULD YOU MAKE MORE OF YOUR RETIREMENT INCOME?

YOU HAVE A NUMBER OF OPTIONS TO CONSIDER WHEN YOU WANT TO START TAKING YOUR PENSION BENEFITS.

ONE OF YOUR OPTIONS IS TO TAKE AN ANNUITY WITH THE MONEY YOU HAVE SAVED IN YOUR PENSION POT. THIS WILL PROVIDE YOU WITH A GUARANTEED INCOME FOR LIFE AND IF YOU HAVE ANY HEALTH OR LIFESTYLE FACTORS SUCH AS SMOKING OR BEING OVERWEIGHT, YOU COULD GET A HIGHER INCOME.

USEFUL DEFINITIONS:



Annuity

This option will give you a guaranteed income for life



Pension Pot

This is another name for the money you have saved in your pension

CAN YOU GET MORE INCOME FROM YOUR ANNUITY?

With some financial products, for example life assurance, you could end up paying more if you have a medical condition or lifestyle factor that could reduce your life expectancy.

However, the amount of income you can get from an annuity may be higher if you have a medical condition or lifestyle factor such as smoking or being overweight – this is called an **enhanced annuity**. An enhanced annuity could provide you with a higher income than a standard annuity. There are a number of other factors that affect the level of income you might receive, including your age and the size of your pension pot. Some providers also take into account where you live.

To make this easier for you, we will search on the open market (but only if you give us consent to do this on your behalf), and let you know if a higher comparable income is available from another pension provider when we provide you with our guaranteed quote. You should review this information before making your final decision.

ARE YOU ELIGIBLE FOR A SCOTTISH WIDOWS ENHANCED ANNUITY?

If you can answer 'Yes' to any of the following questions, you may be eligible for Scottish Widows Enhanced Annuity and you may be able to get a higher rate of income for the rest of your life:

- Do you regularly smoke cigarettes?
- Are you overweight?
- Do you have high blood pressure and/or high cholesterol and take medication?
- Do you suffer from diabetes?
- Do you suffer from chronic asthma or any other respiratory conditions?
- Do you suffer from multiple sclerosis?
- Do you suffer from any neurological conditions?
- Do you suffer from or have you ever suffered a serious illness such as cancer, stroke, heart attack or angina?
- Have you recently undergone major surgery?

Other conditions could be considered too so remember to mention to us every medical condition and anything about your lifestyle that may affect your life expectancy as it may have an impact as to whether you are entitled to a higher level of income.

The more detail you can provide, the greater the chance of identifying a lifestyle factor or medical condition which might provide you with a higher income in retirement.

A full definition of the medical conditions and lifestyle factors covered under the Scottish Widows Enhanced Annuity can be found at:

www.scottishwidows.co.uk/pensions/annuities/in_detail.html

An example of the benefits of a Scottish Widows Enhanced Annuity

To give you an idea of what a Scottish Widows Enhanced Annuity could provide, here is an example:

A male smoker aged 65, with a pension pot of £29,059
(after taking tax-free cash) was quoted a retirement income of:

£1,535

gross a year
from an
enhanced
annuity

£1,380

gross a year
from a
standard
annuity

This example shows an increase of £155 gross income per year by taking an enhanced annuity.

Based on SW annuity rates as at 09/01/2018, on the basis of a single life, level pension with no guarantee, and paid in arrears. Annuity rates are subject to change.

In this example the gross yearly income will not change once the annuity is set up and will be paid for the rest of their life. Your income will be taxable as PAYE. Other companies' annuity rates may differ significantly. They may offer a higher or lower income depending on your circumstances.

Tax treatment depends on your individual circumstances. Your circumstances and tax rules may change in the future.

YOUR INCOME CHOICES UNDER A SCOTTISH WIDOWS ENHANCED ANNUITY

- You can choose an annuity which has a guaranteed period of five or ten years. If you die during the guaranteed period selected, your pension will continue to be paid until the end of that period.
- You can choose to have a dependant's income paid to your surviving husband, wife, registered civil partner or other dependant after you die. Please note, we can currently only provide annuities to a spouse, civil partner or dependant who is under 75 at the time of purchase. Other providers may allow you to purchase annuities for other beneficiaries.
- You can choose an annuity that increases at a fixed percentage or varies in line with inflation. This will help protect your income against the effects of inflation, although it's important to note that your starting income will be lower compared to one where your payments do not increase.
- You'll also need to decide if you want your income to be paid monthly, quarterly, half-yearly or annually and whether you want it paid at the beginning (in advance) or the end (in arrears) of each chosen period.

When we call you to talk through your options, we will provide you with more information about these income choices. Some options may mean your income is lower.

Once you've chosen an annuity, you won't be able to cash it in or cancel it, or change the basis of your income, even if your circumstances change. The total amount paid out may be less than the amount originally used to purchase the annuity. Your income will be taxable as PAYE.

Tax treatment depends on your individual circumstances. Your circumstances and tax rules may change in the future.

HOW DO YOU FIND OUT MORE?

We will be calling you to talk through your options. Based on the decisions you make we can provide you with quotes tailored to your personal circumstances to give you an idea of the income you could receive if you choose to buy an annuity with your pension pot and if you are eligible for an enhanced annuity.

INFORMATION WE WILL NEED FROM YOU WHEN WE CALL YOU

To help us provide you with a personalised quote here is a list of information you may be asked for during the call.

Please have the following details ready for both you and your spouse/civil partner/dependant – if you are thinking about including a dependant's income we may be able to offer an enhancement for them too:

- Full name(s)
- Contact details (e.g. address, phone number)
- Date(s) of Birth
- National insurance number(s)
- Occupation
- Height, weight and waist measurements
- If you are a smoker – how much you smoke per day
- Exact diagnosis of any medical conditions
- Date(s) of diagnosis
- Name of consultant(s), cardiologist(s) and doctors(s)
- Name(s) of hospital(s)
- Date of any medical procedures
- Name(s) of medication and dosage
- Type(s) of treatment
- Readings from any test results (e.g. blood pressure, cholesterol levels).

We will need your answers to these questions to take the process forward. We may need to ask additional questions depending on your circumstances.

CHECKING YOUR MEDICAL DETAILS ONCE YOUR SCOTTISH WIDOWS ENHANCED ANNUITY IS SET UP

We won't ask you to undergo a medical examination when you apply for the annuity. However we may, within six months of the annuity being set up, check the health and lifestyle information you supplied throughout the application process. To do this we may ask your doctor to complete a report.

Depending on the results from the above we may need to gather further evidence. For example, if you state that you smoke, we may ask you to undergo a simple test to confirm your smoker status.

If your answers to the personal, medical and lifestyle questions are inaccurate or incomplete we may reduce your income or at worst cancel your policy.

SHOPPING AROUND TO GET THE BEST DEAL FOR YOU

Choosing the right policy to provide an income for the rest of your life is a big decision. You don't have to buy your annuity from the same company your pension is with as you are free to shop around and find the best policy and provider for you.

Different annuity providers may offer varying features and benefits as well as income levels compared to your current provider. They may also consider different medical conditions and lifestyle factors as well as your occupation or where you live, so we recommend that you take time to shop around before you make your final decision.

It is also worth noting that some providers can offer an enhanced income for a spouse, civil partner or dependant even if you are in good health. This is not something we can offer but it is worthwhile checking this when shopping around.

Please read the enclosed leaflet on shopping around for more information.

Please note that your current pension policy may contain benefits such as a guaranteed annuity rate which may be of considerable value. If you decide to purchase an annuity with another provider or look to buy an enhanced annuity then you will lose this benefit. As these guarantees and benefits are potentially very valuable, before giving them up, we do recommend you take financial advice. Please note that you may be charged for this advice.

As we mentioned earlier, if you give us your consent, we will search on the open market and let you know if a higher comparable income is available elsewhere when we provide you with our guaranteed quote. You should review this information before making your final decision.

Please note

- Once an annuity is set up, you can't cash in your policy or change the basis of your income, even if your circumstances change.
- If you choose an income that doesn't increase, or increases at a rate lower than future Retail Prices Index (RPI), inflation could reduce what you can buy with it.
- If you choose an income that is linked to RPI, it will vary in line with prices, and if RPI is negative, it could go down.
- If you transfer from another policy, any guaranteed benefits associated with it would be lost on transfer.
- When you die, your income will normally stop. The total amount paid out may be less than the amount that was originally used to purchase the annuity.

For further details of the risks and options please see the Key Features of the Scottish Widows Enhanced Annuity (reference 53138).



NEED MORE INFORMATION



Call us: Please contact us on

0345 835 6644

to find out more about the Scottish Widows Enhanced Annuity and all the other options available. We may record and monitor calls to improve our service. Call charges will vary.



Go Online: to explore all of the options available to you, www.scottishwidows.co.uk/options is a great place to start. By using a range of case studies and interactive tools, you can begin with the retirement basics, consider what you might need to live on and how long your pension will last.

To find out more about the Scottish Widows Enhanced Annuity go to www.scottishwidows.co.uk/pensions/annuities/in_detail.html

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