



**PORTFOLIO PLUS PENSION (COFUNDS)  
(WITH SELF INVESTMENT AND INCOME DRAWDOWN) (CP)**

# TERMS SHEET.

This is an **important document**. Please keep it safe for future reference.

# TERMS SHEET.

**Your Portfolio Plus Pension was set up with the facility to invest in a range of over 300 insured funds, that are described in the Portfolio Plus Funds Guide For Insured Funds, and with the option to allow self investment and income drawdown. Details of the insured funds charges were contained in the Portfolio Plus Pension (investing in insured funds) Terms Sheet provided to you when the plan started.**

As you have exercised the option to allow self investment and income drawdown the Terms Sheet originally issued to you is replaced by this Terms Sheet.

Your **Portfolio Plus Pensions Member's Booklet** together with this Terms Sheet now form the terms and conditions of your contract.

## **1. THE LEGAL & GENERAL AND COFUNDS RELATIONSHIP**

Legal & General is the trustee and administrator of the scheme. If you wish to invest in Collective Investments available from Cofunds Limited (Cofunds), by signing the 'Portfolio Plus Pension (with self investment and income drawdown) Application Form' you agree to Legal & General passing all or part of any additional contribution/payment or existing pension fund to Cofunds to invest on your behalf.

Cofunds are the owners and operators of the Cofunds Investment Platform and are the custodians of any Collective Investments available from Cofunds that you have selected to be held within the plan. As part of exercising the self investment and income drawdown option you must read the Cofunds Terms and Conditions and sign the Application Form stating that you agree to the terms in this agreement.

The Cofunds Terms and Conditions gives Cofunds the authority to:

- manage aspects of the administration of your plan
- accept instructions from your adviser.

Cofunds will only administer any Collective Investments available from Cofunds based on instructions from you or your adviser.

Whilst Cofunds are the custodians for any Collective Investments available from Cofunds that you have selected, those assets are the property of Legal & General as trustee of the plan. Details of the Collective Investments available from Cofunds can be found in the 'Cofunds Collective Funds List' (which is available on their website [www.cofunds.co.uk](http://www.cofunds.co.uk)). A copy is available from your adviser on request.

## 2. INSURED FUNDS CHARGES

Insured funds charges shown in this document have not changed, from those originally notified to you, as a result of you exercising the option to allow self investment and income drawdown.

### ALLOCATION RATE

Your allocation rate is the percentage of your contribution/payment that we use to buy units. If your allocation rate is less than 100% then a charge applies.

**Example:** If your gross contribution is £200 and your allocation rate is 97%, £194 (97% of £200 = £194) will be used to buy units. So the charge is £6.

### ANNUAL MANAGEMENT CHARGE (AMC)

The table shows the minimum and maximum AMC rates that apply to the different bands of the total value of your insured fund(s). The AMC rates that apply to your plan are shown in your **Illustration(s)**. The AMC applies irrespective of your chosen fund(s).

Insured fund(s) value band	Minimum and maximum AMC rates that apply to the band
Less than £30,000	0.5% to 1.5% a year
£30,000 and over	0.1% to 1.1% a year

Based on an example AMC rate of 1.0% up to £30,000 and 0.6% for £30,000 and over, if the total value of your insured fund(s) was £40,000 at the start of a plan month the overall AMC rate would be calculated as follows:

$$\frac{(1.0\% \text{ of } £30,000) + (0.6\% \text{ of } £10,000)}{£40,000} = \frac{£300 + £60}{£40,000} = \frac{£360}{£40,000} = 0.9\%$$

The AMC and additional AMC (see below) amounts are worked out daily (based on the daily total value of your insured fund(s) and the overall AMC rate calculated at the beginning of each plan month as shown above) and taken monthly for the month just passed by cashing in units in the insured fund(s).

### ADDITIONAL ANNUAL MANAGEMENT CHARGE (AMC) (THIS MAY BE REFERRED TO AS TEMPORARY AMC IN YOUR ILLUSTRATION(S))

If the total value of your insured fund(s) is initially less than £15,000, an additional AMC of 0.5% each year will apply until the accumulated value of your insured fund(s) first reaches £15,000 at the start of a plan month. If the total value of your insured fund(s) does not reach, or has not previously reached, £15,000 at the start of a plan month, this charge will continue to apply. This charge applies irrespective of your chosen fund(s).

### FUND MANAGEMENT CHARGE\*

A charge is taken from each fund throughout the lifetime of the plan. The amount of the charge varies by fund and is set out in the **Portfolio Plus Funds Guide for Insured Funds**.

For funds managed by Legal & General, the charge is taken by making a deduction from the value of each fund each calendar month. For funds managed by an external fund manager, the charge is taken by making a deduction from the value of each fund each working day. The unit price for all funds is therefore adjusted to reflect the charge.

### ADDITIONAL FUND EXPENSES\*

Funds managed by Legal & General may also bear additional expenses, such as the costs of buying and selling assets, that are not included in the fund management charge. The amount of these expenses is variable but an appropriate allowance for them is made when calculating the projected benefits shown in **Illustrations**. If and when they become due, Legal & General makes the appropriate deduction when calculating the unit price of the fund.

### SWITCHING CHARGES

All fund switches are currently free of charge and there is no restriction on the number of switches in a year.

\***Note:** The latest published fund management charges and additional fund expenses can be found on our website: [www.legalandgeneral.com/pensions-retirement](http://www.legalandgeneral.com/pensions-retirement). From the 'Pension unit fund prices' drop down menu, select 'Portfolio plus pension unit prices'.

### 3. SELF INVESTMENT CHARGES

In addition to Collective Investments available from Cofunds there is a wide range of permitted investments, which are listed in section 8 on page 11. You may wish to speak to your financial adviser before any self investment is made. You should make sure that you are aware of any risks associated with any self invested asset that you choose to invest in. You should also ensure that the self invested asset is appropriate for the required need, for example, the asset may need to be sold easily and quickly if you are planning to take your benefits in the near future.

Legal & General will not accept any responsibility for losses, damages, costs and/or legal charges that may be incurred as a result of buying a self invested asset on your behalf.

Legal & General may decline to purchase certain self invested assets.

When buying or selling assets we will take all reasonable steps to obtain the best possible result for you, taking into consideration things such as price, speed, size and nature of order and timings. An explanation of our best execution policy is available on request. If you provide any specific instructions for buying or selling assets we will follow these instructions but this may not obtain the best possible result for you.

The combined value of your investments in insured funds and/or Collective Investments available from Cofunds must be at least £25,000, and be maintained at this minimum level, in order for any other form of self investment to be held (unless we agree otherwise).

The charges below are in addition to any charges applicable to the individual investments you select.

#### INSTALLATION CHARGE

There is currently no installation charge for investing in Collective Investments available from Cofunds.

For any self investment other than Collective Investments available from Cofunds, there is a one off installation charge which is currently £295 plus VAT.

If you only hold Collective Investments available from Cofunds and subsequently make an investment into other self invested assets, the installation charge of £295 plus VAT will apply.

Within your plan you may have more than one arrangement containing self invested assets but this installation charge will only apply once.

#### ANNUAL CHARGE

An annual charge applies to self investment. The amount depends on your chosen investment(s).

The date you initially self invest determines when the charge is taken. The first annual charge is deducted from your Member's SIPP bank account when you first self invest. Please see the Member's SIPP bank account section on page 10. Thereafter, we will take the annual charge on each anniversary of that set up date. The period between the dates when the charges are taken is known as the 'SIPP year'.

Within your plan you may have more than one arrangement containing self invested assets but only one annual charge will apply, based on the original SIPP year.

#### THE ANNUAL CHARGE CURRENTLY APPLICABLE IS AS FOLLOWS:

Type of self investment	Value at the start of the SIPP year of Collective Investments purchased through Cofunds	Annual charge
Collective Investments available from Cofunds	Less than £150,000	£200 plus VAT
	£150,000 up to £274,999	£100 plus VAT
	£275,000 and over	Nil
Option A – allows a wider range of self investment	N/A	£200 plus VAT
Option B – allows investment in any self invested asset permitted under the plan	N/A	£375 plus VAT

A list of the investments available to you through Option A and Option B is provided in section 8 on page 11.

If you invest in more than one category of self investment, the annual charge will be the highest applicable to your chosen investments. For example, if you have Option B investments in addition to Collective Investments available from Cofunds, a single annual charge of £375 plus VAT will apply.

If you move into an investment option where a higher annual charge applies, an additional charge will be made when you make the change, based on the difference in the charges and the number of months remaining until the end of the SIPP year. For example, if your SIPP year starts on 1 January and you move from Option A to Option B on 1 July, an additional charge of £87.50 plus VAT will be taken at the time of this change (£375 plus VAT Option B charge less £200 plus VAT Option A charge for six months).

Movement to an option with a lower annual charge (for example, from Option B to Option A) does not result in a reduction in the charge until the start of the next SIPP year. This is due to the costs incurred in the valuation of the self invested assets. If all self investment ceases, no annual charge will be deducted at the start of the next SIPP year.

### ADMINISTRATION CHARGES

Administration charges apply to the buying and selling of self invested assets.

They apply to each transaction, including those arranged by an investment manager on your behalf. Transactions involving Collective Investments available from Cofunds will not be subject to an administration charge.

### ADMINISTRATION CHARGES WILL APPLY AS SHOWN IN THE FOLLOWING TABLE:

Purchase or sale of UK securities, investment and unit trusts, Open Ended Investment Companies (OEICs), UK Real Estate Investment Trusts (REITs) and Permanent Interest Bearing Shares (PIBS)	£20 plus VAT
Capital actions (including scrip issues)	£20 plus VAT
Insurance company funds	£35 plus VAT
In-specie transfers of OEICs, unit trusts, stocks, shares and PIBS Other assets on request	£20 plus VAT
<b>Establishing</b>	
An external Trustee Investment Plan or Insurance company funds policy	£50 plus VAT
An external bank account	£50 plus VAT
A building society account	£50 plus VAT
Appointment of a NEW investment manager	£110 plus VAT

Please note that deals involving the buying and selling of assets are treated as two separate transactions.

The administration charges shown relate to the principal investments. Please contact us for details of charges in respect of other investments.

The buying and selling charges for overseas securities are often higher, please ask your adviser for further details.

### CORPORATE ACTION AND VOTING RIGHTS

You may choose to exercise voting rights in respect of certain investments, for example UK securities, held on your behalf by Legal & General. You can exercise voting rights free of charge provided you vote no more than 12 times in any calendar year. If you exercise your voting rights more frequently than this, we may make a charge to cover our administration costs. When you reach the limit we'll let you know and give you details of how much we'll charge you for additional voting rights.

### **SWITCHING CHARGES**

No switch charge will currently apply for investments being switched between Collective Investments available from Cofunds.

### **ADDITIONAL VALUATION CHARGE**

You will receive one free valuation of self invested assets in each SIPP year. This will be automatically sent to you. Any additional valuations will be subject to our hourly rate of £94 plus VAT.

### **VALUING ASSETS**

Legislation requires that investments are valued at market value. This means that for bonds, gilts, investment trusts, equities and other shares or other securities quoted in The Stock Exchange Daily Official List (SEDOL) they are valued on a market value price (incorporating quarter-up) basis. This may be different to the valuation basis normally used by an investment manager. The market value price (incorporating quarter-up) is calculated using the lower of:

- The lower of the two prices (buying and selling) from the last business day plus one quarter of the difference between those two figures (the quarter-up rule), or
- The average of the highest and lowest prices for normal bargains on that last business day.

If assets are not quoted in SEDOL (for example, they may be held on a foreign exchange) this basis does not apply and the value is determined by the “reasonableness” test (the price which those assets might reasonably be expected to fetch). For collective funds and shares and securities not quoted in SEDOL we use bid prices as a reasonable basis for market value.

Foreign investments or cash are translated to Sterling as at the date of valuation using the exchange rate provided by Interactive Data.

### **STOCKBROKER AND CUSTODIAN CHARGES**

For the majority of self invested assets, the custodian of those assets will be the third party they are purchased through and not Legal & General. For investments other than Collective Investments available from Cofunds, our nominated stockbroker is Stocktrade.

The Stocktrade custodian charge is £40 plus VAT each year, paid annually. For each Stocktrade transaction a dealing commission of 0.3% of the transaction value will be charged. This is subject to a minimum charge of £15 and a maximum charge of £75.

### **PROPERTY INVESTMENT (PERMITTED IN THE UNITED KINGDOM ONLY)**

Property investment and management services are provided by Countrywide Property Management.

We will consider any commercial property in the United Kingdom. Each property will be considered on a case-by-case basis to assess whether it is an allowable investment.

The most common types of commercial property acquisition for the Portfolio Plus Pension include:

- Shops
- Offices
- Industrial units
- Warehouses
- Factories

Commercial properties that include residential accommodation may only be allowable if they fulfil certain conditions. However most residential properties are not allowable, as they would incur significant tax charges.

If you have any queries about a specific property, please contact us.

**THE FOLLOWING CHARGES APPLY TO PROPERTY INVESTED IN THE PORTFOLIO PLUS PENSION:**

1. Property acquisition (minimum value £100,000 excluding VAT)	£400 plus VAT £150 plus VAT on completion (if the property does not complete the £400 plus VAT charge will not be refunded)
2. Arranging a mortgage	£125 plus VAT
3. Ongoing administration	£150 plus VAT each quarter year AND the quarterly charges set out in 4 below, as applicable
4. Joint purchases (over and above one) VAT registered properties Properties with rent arrears	£10 plus VAT each quarter year for each Member £25 plus VAT each quarter year £60 plus VAT each quarter year
5. Additional property/property unit charge	An additional annual charge of £150 plus VAT a year
6. Development or refurbishment	0.5% of the final cost plus VAT (minimum £850 plus VAT)
7. New lease or renewal of lease	£265 plus VAT
8. Rent review	£265 plus VAT (Member tenant); £470 plus VAT (third-party tenant)
9. Deed of variation	£470 plus VAT
10. Sale or transfer	£470 plus VAT
<b>These charges may be made to the tenant:</b>	
11. Assignment	£470 plus VAT
12. Sublet (whole or part)	£470 plus VAT
13. Licence to alter/change of use	£470 plus VAT

We will make additional charges at the rate of £94 plus VAT for each hour or part-hour for work outside of our normal duties. You will be informed of any such charges before any work is carried out.

An inspected valuation, completed by a surveyor, will be required for all property acquisitions, sales and in-specie transfers. An in-specie transfer is a transfer of an asset, other than cash, from another pension scheme to this one.

We don't have a list of recommended discretionary fund managers that we can give you, however we do require that any discretionary fund managers we use have met our specific requirements and have accepted our terms and conditions.

**FURTHER SERVICES**

Countrywide Property Management offers further services which are charged for on an individual basis. A surveyor service is included in this and may be used to undertake inspected valuations. Please contact us for further information in respect of this service.

**SOLICITORS' CHARGES (ENGLAND AND WALES)<sup>1</sup>**

The following solicitors' charges will apply to property purchases in England and Wales and are dependent on the purchase price of the property.

<b>Acquisition:</b>	
Property value up to £300,000	£1,750 plus VAT and disbursements
£300,001 to £400,000	£2,500 plus VAT and disbursements
£400,001 to £750,000	£4,000 plus VAT and disbursements
£750,001 to £1 million	£5,000 plus VAT and disbursements
Over £1 million	to be quoted separately

These charges are inclusive of borrowing and a lease to Member tenants. A lease to a third party may be charged at a higher rate, by separate agreement.

In-specie transfers	£1,750 plus VAT and disbursements
Sale/transfer out	0.5% of the sale price/transfer value plus VAT (min £1,000 plus VAT) and disbursements

<sup>1</sup>For details of the solicitors' charges applicable in Scotland, please contact us.

**4. INCOME DRAWDOWN CONDITIONS AND CHARGES****INCOME DRAWDOWN CONDITIONS**

Income drawdown can be taken from self invested assets and/or up to a maximum of 10 insured funds.

**IN ADDITION:**

Minimum undesignated pension fund value to start income drawdown	£100,000
Minimum pension fund value that can be designated for income drawdown	£1,000
Minimum remaining undesignated pension fund value immediately following a pension fund designation for partial or phased income drawdown	£10,000

**INCOME DRAWDOWN CHARGES****THESE CHARGES APPLY PER ARRANGEMENT USED FOR INCOME DRAWDOWN**

Income drawdown charges depend on how the designated pension fund is invested and where the income is taken from.

Depending on how the pension fund is designated for income drawdown it is possible that more than one installation charge and annual charge will apply. For example, the value of certain pension benefits may have to be held in a separate arrangement(s) to comply with HM Revenue & Customs requirements and charges will apply to each arrangement. If you require further information on this please speak to your adviser.

**ARRANGEMENT(S) CONTAINING INSURED FUNDS ONLY**

Setting up income drawdown (full, partial or phased) from an arrangement, defined as taking a cash lump sum (if allowable) and/or starting to take regular income or transferring in pension funds that are already designated for income drawdown <sup>1</sup>	Nil
Annual charge	Nil

**ARRANGEMENT(S) CONTAINING SELF INVESTED ASSETS ONLY OR BOTH SELF INVESTED ASSETS AND INSURED FUNDS**

Setting up income drawdown (full, partial or phased) from an arrangement, defined as taking a cash lump sum (if allowable) and/or starting to take regular income or transferring in pension funds that are already designated for income drawdown <sup>1</sup>	£130 plus VAT
Annual charge, due on each anniversary of setting up income drawdown	
<ul style="list-style-type: none"> <li>• if no income payments made during the preceding 12 months</li> </ul>	Nil
<ul style="list-style-type: none"> <li>• if income payments made from any self invested assets during the preceding 12 months</li> </ul>	£130 plus VAT
<ul style="list-style-type: none"> <li>• if income payments made from insured funds only during the preceding 12 months.</li> </ul>	Nil

**ALL ARRANGEMENTS**

Payments by BACS credit to a Member's bank account	Nil
Payments by cheque/CHAPS	£35 plus VAT each payment
One-off (ad hoc) additional income payments	£50 plus VAT
Alterations to income amount or frequency	£50 plus VAT
Designation of an additional sum for income drawdown (from an existing arrangement being used for income drawdown), other than at a relevant anniversary date	£50 plus VAT
All other alterations not specifically identified	£50 plus VAT

<sup>1</sup>Note: Transferring in the value of pension benefits that are already designated for income drawdown into a new arrangement.

The anniversary of setting up income drawdown in respect of that pension fund designation will normally be based on when income drawdown was first set up within the ceding pension scheme.

The amount of the first annual charge will be proportionate based on the length of time between the receipt date of the transfer value and the date the first annual charge is due. For example, if income payments have been made from self invested assets, the transfer payment was received on 1 January and the first annual charge is due on 1 July, then the first annual charge will be £65 plus VAT (£130 plus VAT annual charge for six months). The next annual charge will be as outlined above.

## 5. MEMBER'S SIPP BANK ACCOUNT

When you first self invest or take income drawdown, we set up a bank account for your benefit with the Bank of Scotland. This is known as the 'Member's SIPP bank account'. This account is used to:

- pay any charges,
- hold cash to facilitate buying and selling of self invested assets,
- facilitate income drawdown payments.

The account pays interest monthly. Your SIPP bank account will receive the higher of the Bank of Scotland's base rate minus 1%, or zero.

Any interest paid over this will be shared between Cofunds and Legal & General. Details of the interest received are available on request from your adviser.

## 6. SALE OF INVESTMENTS WHERE THERE IS INSUFFICIENT MONEY IN YOUR MEMBER'S SIPP BANK ACCOUNT

If there is not enough money in your Member's SIPP bank account to cover any charges due, and/or income drawdown payments, you will be asked to provide instructions. If it is not possible to obtain instructions within 30 days, we reserve the right to sell sufficient investments to raise the outstanding amount. For income drawdown and any charges due which relate to income drawdown then the investments sold will be those designated for income drawdown.

Investments will normally be sold in the following order:

- a) Insured funds
- b) Collective Investments available from Cofunds

**The following note applies where self invested assets, other than Collective Investments available from Cofunds, are held:**

**When selling investments in a) or b) this will be subject to maintaining a minimum combined value of £25,000 in insured funds and/or Collective Investments available from Cofunds.**

- c) Other self invested assets, excluding commercial property
- d) Commercial property

Assets will be sold within each class in accordance with our liquidity policy. An explanation of our liquidity policy is available on request.

## 7. NOTES

- There may be other charges not listed in this document, such as charges in respect of property or other investments not listed here. In particular, overseas investments often involve comparatively high expenses and hence may incur additional charges.
- All self investment and income drawdown charges are subject to VAT at the rate applicable when the charge becomes due.
- Further information about insured funds charges and how they operate can be found in your **Portfolio Plus Pensions Member's Booklet**.
- Legal & General reserves the right to introduce charges or change the type and level of charges. Further information can be found in your **Portfolio Plus Pensions Member's Booklet**.
- The latest published fund management charges and additional fund expenses can be found on our website: **[www.legalandgeneral.com/pensions-retirement](http://www.legalandgeneral.com/pensions-retirement)**

## 8. SELF INVESTMENT (OTHER THAN IN COLLECTIVE INVESTMENTS AVAILABLE THROUGH COFUNDS)

List of permitted self investments	Option A	Option B
Stocks and shares traded on a recognised UK or overseas stock exchange	✓	✓
Shares quoted on the Alternative Investment Market (AIM)	✓	✓
Authorised unit trusts	✓	✓
Tax exempt unauthorised unit trusts (excluding those holding residential property)	✓	✓
Investment trusts	✓	✓
Open Ended Investment Companies (OEICs)	✓	✓
Insurance company funds, for example, Trustee Investment Plans (TIPs) (only one TIP is allowed under Option A, any number of TIPs are allowed under Option B)	✓	✓
Fixed interest securities	✓	✓
UK gilts	✓	✓
UK Real Estate Investment Trusts (UK REITs)	✓	✓
Debenture stocks		✓
Warrants		✓
Permanent Interest Bearing Shares (PIBS)		✓
Convertible securities		✓
Listed hedge funds		✓
Commodity futures (subject to terms and conditions)		✓
Venture Capital Trusts (VCTs)		✓
Deposit accounts		✓
Undertaking for Collective Investment in Transferable Securities (UCITS)		✓
Rents		✓
Depository interests		✓
Traded Endowment Policies (TEPs)		✓
Individual Pension Accounts (IPAs)		✓
Commercial property and land		✓



[www.legalandgeneral.com](http://www.legalandgeneral.com)

**Legal & General (Portfolio Management Services) Limited**  
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