

# ADDING TO YOUR PLAN

## ABOUT THIS DOCUMENT.

This document gives you the important information you need when making additional contributions or transferring the value of other pension plans into your Personal Pension 2000 Plan (PP2000).

You should read this document alongside the **Investment Options** fund brochure, which explains the basics of investing in funds and the important things you need to know about them.

If you need more information to help you make a decision, you should refer to the **Key Features** or **Member's Booklet**, which you would have received when your plan started.

Please ask us if you'd like a copy of these documents. All our literature is available from us on request.

Legal & General Assurance Society Limited, as the insurer, is the provider of this product. We are not giving you a personal recommendation as to whether adding to your PP2000 is right for you. If you think you need advice, you should speak to an adviser. If you don't have an adviser you can find one in your local area online at [unbiased.co.uk](http://unbiased.co.uk) or by calling **0800 023 6868**.

## WHAT IS THE PLAN?

Your PP2000 is a personal pension plan that aims to build up a pension pot in a simple, straightforward and tax-efficient way. You can take part of your pot as a tax-free cash lump sum when you access it, normally from age 55 onwards, and choose one, or a combination, of the following options:

- Buy a guaranteed income for life (a lifetime annuity).
- Take lump sum payments directly from your pension pot.

## MANAGING YOUR PLAN.

We'll send you yearly statements to help you keep an eye on your pot. You can ask us for a valuation or additional statements whenever you want.

You can also manage your plan online by registering for, or logging into, **My Account** through our website at [legalandgeneral.com/existing-customers](http://legalandgeneral.com/existing-customers). **My Account** lets you view the current value of your pension pot.

You can also switch the funds you're invested in, change the amount or regularity of your contributions, and alter the date you intend to access your pension pot.

Your plan is a long-term investment. You should review it regularly to make sure that it continues to meet your needs.

It's important to remember that:

- The value of your investments can fall as well as rise, so the value of your pension pot is not guaranteed. It is particularly important to remember this if you're close to accessing your pension pot.
- The value of your pot when you access it will depend on a number of things. These include charges and investment returns.
- The investments you choose will have specific risks that are described in the **Investment Options** fund brochure, which also includes more information on how the With Profits Fund works.
- If you have registered for protection against Lifetime Allowance charges you would have applied to HM Revenue & Customs (HMRC). Depending on the protection you have, any contribution to this plan may mean that you lose this protection. If you think this might apply to you or are unsure, please speak to your adviser.



## ADDING TO YOUR PLAN.

We can accept:

- Regular monthly or yearly contributions (collected by Direct Debit).
- Single contributions (paid by cheque).
- Transfer payments.

The minimum amounts we can accept are:

- £20 (gross) for single and monthly regular contributions,
- £200 (gross) for yearly regular contributions,
- £20 for transfer payments.

You can start or increase regular contributions at any time. You can also choose to automatically increase your regular contributions each year – this is called indexation.

If you are within five years of your selected retirement date or have gone beyond it you cannot:

- Pay single contributions or transfer values into the With Profits Fund.
- Switch your existing pot or any on-going contributions into the With Profits Fund.
- Increase regular contributions invested in the With Profits Fund, unless this is as a result of indexation already in place.

You, your employer, and any other person (called a third party), can make contributions.

You can make transfer payments into your plan from other UK Registered Pension Schemes or from Qualifying Recognised Overseas Pension Schemes. We recommend you speak to an adviser if you wish to do this.

If you're using another pension plan for income drawdown, you can't transfer that pension pot into this plan.

## TAXATION ON YOUR PLAN.

There's no limit on how much you can pay into your pension pot, however, there is a limit on the tax relief available. Your contributions before basic rate tax relief is added are net contributions. We add tax relief up to the basic rate on the contributions you make and then reclaim it from HMRC. Your contributions after basic rate tax relief is added are gross contributions.

If you have no earnings, or earn up to £3,600 in a tax year, you can contribute £2,880 net across all your pension schemes and get tax relief of £720, giving you a gross contribution of £3,600. If you earn more than £3,600 in a tax year, you can get tax relief on 100% of the earnings you contribute up to the Annual Allowance.

For example, if you pay £80 a month as your net contribution, we currently add £20, as the basic rate of tax is 20% (£80 divided by 0.8 = £100).

Your contract is for the gross contribution, so if the basic rate of tax changes, the amount you pay will change. If you pay more than 20% tax on any of your income, you can reclaim any further tax relief through your yearly tax return or by contacting HMRC.

Tax relief does not apply to:

- Transfer payments
- Employer contributions
- Any contributions on or after your 75<sup>th</sup> birthday.

When you reach age 75 your regular net contribution will increase as your contract is for the gross contribution and the tax relief will no longer be added.

## Annual Allowance

The Annual Allowance for the 2019/2020 tax year is £40,000. If the total gross contributions paid by you, your employer or a third party, into any UK Registered Pension Scheme you've taken out are over the Annual Allowance, you'll be subject to a tax charge. If you're also in a final salary pension scheme (defined benefit), your gross contributions for that scheme will be based on the increase in the value of your benefits during the tax year.

In some circumstances a reduced Annual Allowance may apply:

- A Money Purchase Annual Allowance (£4,000 gross for the 2019/2020 tax year) will apply each tax year once you take money directly out of any money purchase (defined contribution) pension pot you have, unless you:
  - only take your tax-free cash lump sum, or
  - take all of it under the small pension pot rules, or
  - continue taking Capped Income Drawdown.

Not all of these options will be available from every pension pot.

- Your Annual Allowance may also be reduced if your income (including the value of any pension contributions) is over £150,000 and your income (excluding the value of any pension contributions) is over £110,000.

The Annual Allowance will not apply in the tax year in which you die or if you access your pension pot because of serious ill health.



More information is also available at [gov.uk](https://www.gov.uk)

You should contact your adviser if:

- You expect your total gross contributions into all pension schemes to exceed the Annual Allowance in any tax year as unused allowances may be available from previous tax years;
- You have any additional questions, including whether your Annual Allowance will be reduced.

## Lifetime Allowance

There are no restrictions on the value of the total benefits payable from all your Registered Pension Schemes. However, anything over a certain level, called the Lifetime Allowance, will be subject to a tax charge of up to 55% on the excess.

For most people their Lifetime Allowance will be the standard Lifetime Allowance. The standard Lifetime Allowance for the tax year 2019/2020 is £1.055 million. Certain circumstances may mean you have a different personal Lifetime Allowance - for example, if you've registered with HMRC for protection. Depending on the type of protection you have, any contribution to a plan may mean you lose your protection.



The information in this guide is based on our understanding of current law about pensions. The law and tax rates may change in the future and the value of tax relief will depend on your individual circumstances.

## INVESTMENT OPTIONS.

If you increase your regular contributions, unless you tell us otherwise, we'll invest the new amount using your existing investment instructions. Please see the **Adding To Your Plan** section if you're invested in the With Profits Fund and are within five years of your selected retirement date.

If you're investing a single contribution or arranging a transfer payment into your plan, you'll need to tell us where you'd like it invested.

If your plan is invested in one of our lifestyle profiles, all additional contributions or transfer payments will also be invested in that profile.

If you want to switch the funds you're invested in, you can do it online at **My Account**. Please see the **Managing Your Plan** section for more information. Please note that a market value reduction may apply if you switch out of the With Profits Fund.



For more information on the range of investment funds and lifestyle profiles available to you, please read our **Investment Options** fund brochure which is available online at [legalandgeneral.com/pensionoptions](https://legalandgeneral.com/pensionoptions) or by contacting us.

## CHARGES.

The charges on your plan cover set up and management costs. These could include administration, payments to an adviser and day-to-day fund management.

We'll send you details of the charges that apply to you after we've accepted the additional contribution(s) or transfer value into your plan. Please contact us if you'd like further information.

### Plans started before 6 April 2001

#### Unit-linked funds

For any of your pension pot invested in unit-linked funds, an annual management charge (AMC) is taken into account when calculating the unit price(s) of the fund(s) you invest in. The standard charge is 1% a year.

Depending on the value of your pension pot, some of this charge might be refunded, known as a fund based addition. If this applies, units will be added to your plan monthly in arrears. You will see this as additional units in any unit statements or on **My Account**.

The rates of fund based addition can vary; the current minimum amount and the effect on your AMC is shown below.

Pension pot value band	Current maximum rate of AMC applicable to band	Minimum amount of fund based addition applicable to band	Maximum net charge applicable to band
£0 up to £25,000	1.0%	0.0%	1.0%
£25,000 up to £50,000	1.0%	0.2%	0.8%
£50,000 and over	1.0%	0.3%	0.7%

#### For example:

If your pension pot is worth £40,000 throughout the year, the maximum **AMC** based on the above rates would be £400.

This is calculated as follows:

$(£25,000 \times 1.0\%) + (£15,000 \times 1.0\%)$  which is £250 + £150 = £400.

This is taken into account when calculating the unit price(s) of the funds so you won't see any units deducted for this.

However, a **fund based addition** of £30 will be added to your pot in the form of additional units.

This is calculated as follows:

$(£25,000 \times 0.0\%) + (£15,000 \times 0.2\%)$  which is £0 + £30 = £30.

The effect of this means the **net AMC** would be £370.

#### With Profits Fund

For any of your pension pot invested in the With Profits Fund, the following are taken into account when we decide bonus rates:

a) the set up and management costs for your plan, including:

- management of the With Profits Fund,
- administration,
- any payment to your adviser, and

b) any other adjustments, for example to cover the cost of guarantees and options, and

c) payments to our shareholders.

### Plans started on or after 6 April 2001

An annual management charge (AMC) is taken across all your investments. This charge is calculated daily and taken monthly for the month just passed by cashing in units.

There are three different AMCs that could apply to your plan.

#### Basic AMC

The basic AMC applies to all plans and the current maximum rates are listed below.

If you're paying a lower rate, it's because the rates were lower at your plan start date or when we last told you about a change.

The rates used will depend on the value of your pension pot.

Pension pot value band	Current maximum rate of Basic AMC applicable to band
£0 up to £25,000	1.0%
£25,000 up to £50,000	0.9%
£50,000 and over	0.8%

#### For example:

If your pension pot is worth £40,000 throughout the year, the basic AMC based on the above rates would be £385.

This is calculated as follows:

$(£25,000 \times 1.0\%) + (£15,000 \times 0.9\%)$  which is £250 + £135 = £385.

#### Temporary AMC

A temporary AMC is an additional charge that may apply depending on when and how your plan started and the size of your pension pot.

#### A temporary AMC will not apply to your plan if:

- Your initial investment was £15,000 or more, or the value of your pension pot has reached £15,000 at the start of a plan month, or
- You have held your plan for longer than 10 years, or
- Your plan was set up using terms available before 1 August 2005.

In all other circumstances a temporary AMC of a maximum of 0.5% a year will apply to your plan. It will only apply for the first 10 years of your plan or until your pension pot first reaches £15,000 at the start of a plan month, whichever is sooner.

#### External funds AMC

You can choose investment funds managed by Legal & General or external companies. There's a charge for external funds that we'll apply to the parts of your pension pot invested in an external fund. Further details can be found in the **Investment Options** fund brochure.

#### With Profits Fund

For any of your pension pot invested in the With Profits Fund, additional adjustments may be taken into account when we decide bonus rates, for example to cover the cost of guarantees and options.

#### Additional information on charges

We would have given you information about all the charges applicable to you after you bought the plan. Please refer to your **Member's Booklet** and the **Illustration** that you received when you took out your plan for further details. You may have benefited from reduced charges through sales incentives, an adviser giving up their commission or from buying the plan directly from us.

If you bought your plan through an adviser and they are listed with us as your servicing agent, any additional contributions or transfer payments you make may mean they receive additional payment(s) even though they haven't given you advice.

If you get advice for making additional contributions or transfer payments into your plan, your adviser will tell you how much this will cost.

Our sales staff may receive bonuses in connection with any additional investments into your plan. These are accounted for in the costs of running our business. You will pay the same charges regardless of whether we pay these bonuses.

We review our charges regularly and may introduce charges or change the type and level of charges at any time. We'll let you know in writing at least 30 days before we make any such change. The **Member's Booklet**, which you received when your plan started and is available on request, gives further information about why we might make changes.

## ADDITIONAL BENEFITS.

### Payment protection

You may have a payment protection benefit, sometimes referred to as a waiver of contributions benefit. If you're unable to work, and you meet the conditions to claim, we'll make payments to your pension plan.

The cost of this benefit is either taken from your pension pot or paid for by separate contribution. Please see your benefit statement to check if it applies to you.

It's important you review whether this benefit continues to meet your needs. Remember it may be affected by changes to the contributions you pay. Please contact us if you want more information.

## CANCELLATION RIGHTS.

We'll send you a notice of your right to cancel. You will then have 30 days to change your mind about your additional investment. Full details are included in the **Key Features** you received when your plan started.

## COMPENSATION.

If Legal & General is unable to meet its obligations, you may be entitled to compensation under the Financial Services Compensation Scheme (FSCS).

This depends on the type of business and the circumstances of the claim. Currently, 100% of the value of a valid claim will be covered by the scheme. There is no upper financial limit on the claim. You can get further information from the FSCS on their website at [fscs.org.uk](http://fscs.org.uk) or by calling **0800 678 1100**.

## HOW TO COMPLAIN.

If you wish to complain about any aspect of the service you have received from Legal & General, or if you would like us to send you a copy of our internal complaint handling procedure, please contact us.

Complaints about our administration that we cannot resolve can be referred to:

 **The Pensions Ombudsman**  
11 Belgrave Road  
London  
SW1V 1RB

 020 7630 2200

 [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

Sales related complaints that we cannot resolve can be referred to:

 **The Financial Ombudsman Service**  
Exchange Tower  
London  
E14 9SR

 0800 023 4567  
0300 123 9123

 [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

Making a complaint to Legal & General, The Pensions Ombudsman or The Financial Ombudsman Service won't affect your legal rights.

## CONFLICTS OF INTEREST.

During your relationship with us a conflict of interest may arise between you and us, our employees, our associated companies or our representatives. A conflict of interest is where our duties to you as a customer may conflict with what is best for ourselves. To ensure we treat customers consistently and fairly, we have a policy on how to identify and manage these conflicts. A summary of our policy is detailed below and further details are available on request.

We:

- a) will consider the interests of all our customers and treat them fairly;
- b) will manage conflicts of interest to ensure that all customers are treated consistently and to prevent any conflicts of interest from giving rise to a material risk of damage to the interests of our customers;
- c) have in place procedures to ensure that staff identify and report any new conflicts;
- d) will keep a written record of any conflicts or potential conflicts;
- e) will disclose, if appropriate, any relevant conflict to a customer before undertaking business with that customer;
- f) will carry out an annual review to identify any new conflicts;
- g) will ensure new business developments identify any new conflicts of interest.

## SOLVENCY AND FINANCIAL CONDITION REPORT (SFCR).

We are required to publish an annual Solvency and Financial Condition Report (SFCR) describing our business and its performance, our system of governance, risk profile, valuation for solvency purposes and capital management. Our latest SFCR is available on request.

## CONTACT US.

There are several ways to contact us.



Call us on **0345 026 0003**

Call charges will vary. We may record and monitor calls.



Email us at **shp.contributions@landg.com**

If you're contacting us by email please remember not to send any personal, financial or banking information because email is not a secure method of communication.

You can write to us at:



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**If you would like a copy of this or any other item of our literature in larger print, Braille or in audio format, please contact our customer services team on the telephone number above.**



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