PORTFOLIO PLUS PENSION

SELF-INVESTMENT AND INCOME DRAWDOWN.

This is an **important document** that you should read and keep in a safe place for future reference.

ABOUT THIS DOCUMENT.

This guide gives you important information about the Portfolio Plus Pension when you exercise the option for self-investment and income drawdown. Throughout this guide we refer to this as 'exercising your option'. We refer to the Portfolio Plus Pension as the 'plan'.

As you're exercising your option, you should read this guide along with:

- the **Portfolio Plus Pension (investing in insured funds) Key Features**, which we gave you when your plan started;
- the **Portfolio Plus Pension Terms Sheet**, which replaces your current Terms Sheet;
- your **Illustration(s)**; and
- **A Guide to Income Drawdown**, if applicable.

If you're considering making changes to your plan, your investment choices, or transferring it to another pension provider, you may want to speak to your adviser.

You can find more details about the plan in your **Member's Booklet**, which we sent you after your plan started. Please ask us if you'd like a copy of the current version.

This icon i appears to highlight certain information or where more detailed information is available elsewhere. Please ask us if you'd like to see any other documents we mention before exercising your option.

i We refer to your 'adviser' in this and other documents. This is a person who is authorised by the Financial Conduct Authority to transact investment business and is normally the person who gave you this document. If you don't have an adviser you can find one in your local area online at **unbiased.co.uk** or by calling **0800 023 6868**.

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 03450 260003. Call charges will vary. We may record and monitor calls.

WHAT IS THE PLAN?

The plan is a personal pension that allows you to access your pension pot, normally from age 55. It has the option to self-invest, take income drawdown or both. The plan allows you to invest in an extensive range of:

- insured funds;
- collective investments available from Aegon; and
- certain other permitted self-invested assets, for example, shares, fixed interest securities and commercial property.

For more details on your investment options, please see page 6.

The plan:

- Aims to build up your pension pot in a tax-efficient way.
- Gives you the option of taking part of your pension pot as a tax-free cash lump sum when you access it.
- Allows you to take a regular income and/or ad hoc lump sum payments directly from your pension pot.
- Lets you use your pension pot to buy a pension income payable for the rest of your life - this is called 'buying an annuity'.

Exercising your option:

- To exercise your option the total value of your insured funds must be £25,000 or more. To find out the minimum amount you need to start income drawdown, please see the **Portfolio Plus Pension Terms Sheet**.
- Once you've exercised your option, you can invest in collective investments available from Aegon. You may also choose other permitted self-invested assets, but to do this you must have and maintain at least £25,000 in insured funds and/or collective investments available from Aegon.

Important information:

- 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, or if you've used it for income drawdown.
- The value of your pension 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:
  - For insured funds, the risks are described in the **Portfolio Plus Funds Guide for Insured Funds**.
  - For self-invested assets, the associated risks may vary depending on the assets chosen. Please ask your adviser for details. You should also read the **Key Features** document, **Simplified Prospectus**, **Key Investor Information Document (KIID)** or similar other documents that may be issued by the provider of any self-invested assets chosen by you or your adviser. If you invest in complex investments, such as derivatives and hedge funds, you should make sure you accept the risks.
- 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.
- If you choose to take a high level of income directly from your pension pot, its capital value could be eroded and the level of income may not be sustainable, particularly if investment returns are poor.
- If you buy an annuity, the amount of income you can buy will depend on the size of your pension pot and the annuity rates available at the time. Annuity rates can change significantly over short periods of time, both up and down. Generally speaking, the older you are when you buy an annuity, the more income you get for your money. However, annuity rates may worsen in the future and this could result in your pension pot providing you with a lower level of income than you expected.

QUESTIONS AND ANSWERS.

WHAT WILL THE PLAN PROVIDE FOR ME?

The accompanying **Illustration(s)** shows what kind of pension pot you could build up, allowing for charges over the period, and shows how much pension income it could provide for you.

If you're starting income drawdown the accompanying **Illustration(s)** is based on the amount of income that you've requested and shows what your pension pot could be at the date we assume you'll buy an annuity.

We'll send you yearly statements showing the value of your plan. You can ask for an additional statement at any time.

WHAT CAN I PAY INTO MY PLAN?

We can accept regular contributions, single contributions and transfer payments from other pension schemes up to age 99.

The minimums for each of these are:

- Regular contributions – £200 (gross) a month, or £2,400 (gross) a year, by Direct Debit into insured funds
- Single contributions – £1,000 (gross) by cheque
- Transfer payments – £1,000 from pension pots you're not currently using for income drawdown

There are different minimums for income drawdown. Please see the **Portfolio Plus Pension Terms Sheet** for more information.

Transfer payments into your plan must be from other UK Registered Pension Schemes or from Qualifying Recognised Overseas Pension Schemes. We recommend you speak to an adviser if you want to make a transfer. It's not possible to transfer the value of pension benefits from an arrangement that is partially used for income drawdown.

It's not possible to pay regular contributions directly into self-invested assets. We'll place cheques representing contributions for self-investment in the Member's SIPP bank account until we get your investment instructions. Please see the **Portfolio Plus Pension Terms Sheet** for more information about the Member's SIPP bank account.

Your employer may also contribute to your plan. Please ask your adviser for details.

WHAT IS THE TAX POSITION?

CONTRIBUTIONS

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 75th 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 (MPAA) (£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.

  Taking a Flexi-Access Drawdown income payment will trigger the MPAA.
- 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.

i More information is also available at **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.

INVESTMENTS

Any growth in your pension pot is free of UK income tax and capital gains tax. However, we cannot reclaim the tax paid on dividends from UK companies.

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. Using your pension pot for income drawdown may give rise to a Lifetime Allowance tax charge.

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.

If your pension pot has been subject to a Lifetime Allowance tax charge, you will receive a notification from us providing details of the tax charge that has been deducted.

DEATH

If you die before age 75, any death benefits will normally be paid tax free. If you're aged 75 or over when you die, any death benefits will be taxed in the same way as earned income.

In some circumstances there could be an additional inheritance tax liability.

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

WHAT ARE MY INVESTMENT OPTIONS?

You can continue to invest in a wide range of insured funds managed by a number of investment management groups. In addition, by exercising your option you will also be able to hold collective investments available from Aegon and other self-invested assets.

WHAT IS SELF-INVESTMENT?

Self-investment gives you greater control over where your pension pot is invested. Under self-investment you make the investment decisions yourself. It requires you to have a good understanding of each investment you choose as well as the costs and risks involved.

There are specific charges associated with self-investment and in certain circumstances these may be high in comparison to the amount of any transaction. Self-investment is not appropriate for everyone. We recommend that you speak to your adviser before using this option.

A list of the permitted investments is given in the **Portfolio Plus Pension Terms Sheet**. Details are available from your adviser.

WHAT ARE THE CHARGES?

Details of charges and the effect of them are shown in your **Illustration(s)**.

Charges cover the various costs and expenses to set up and manage your plan, such as:

- administration;
- payments to your adviser; and
- the investment management costs and expenses of investing in and holding assets.

If you bought your plan through Cofunds, there will be an annual charge for any assets held on the Aegon Platform. Please see the **Aegon Platform terms and conditions and supplement** for Legal & General Portfolio Plus Pension, which are available from your adviser.

Please see the **Portfolio Plus Pension Terms Sheet** for details of charges for:

- Insured funds
- Self-investment
- Income drawdown

We review our charges regularly and may introduce charges or change the type and level of charges at any time. We will let you know at least 30 days before we make any such change. Your **Member's Booklet** gives more information about why we might make changes.

HOW CAN I ACCESS MY PENSION POT?

This plan allows you to:

- Take up to 25% of your pension pot as a tax-free cash lump sum leaving the rest of your pot invested.
- Take all your pension pot as a cash sum. The first 25% will be tax free and the remaining 75% will be taxed in the same way as earned income.
- Take part of your pension pot as a cash sum and leave the rest invested. Each time you take a cash sum, the first 25% will be tax free and the other 75% will be taxed in the same way as earned income.
- Take up to 25% of your pension pot as a tax-free cash lump sum and use the remaining pot to take regular and/or ad hoc income payments directly from your pension pot (known as Flexi-Access Drawdown).
- Take up to 25% of your pension pot as a tax-free cash lump sum and use the remaining pot to buy an annuity with us or someone else. You might see buying it from someone else described as the 'Open Market Option'.

Alternatively you can transfer your whole pension pot to another suitable pension product and then access it. Different providers and products may offer other options.

It might be a long time until you'll need to think about accessing your pension pot. By then, other options might be available, and the options described above might have changed. We'll write to you as your selected retirement date approaches with details of the choices you have.

CAN I CHANGE MY MIND?

After we have accepted your self-investment and income drawdown option application we will send you a notice of your right to cancel. You will then have 30 days to change your mind about exercising this option.

You can cancel everything you've elected to do on the **Portfolio Plus Pension (with self investment and income drawdown) Application Form** and your plan will remain as the Portfolio Plus Pension (investing in insured funds). We'll refund any contribution you've made as part of exercising your option. If there's been a fall in the value of any contributions made as part of exercising your option during the period before we receive your instructions to cancel, your refund may reflect any investment loss.

If you decide to cancel your option you should complete the cancellation notice and return it to the address shown on it. If you don't take this opportunity and you want to do so at a later stage, you cannot get any money back until you access your pension pot. Currently, the earliest you can normally access your pot is age 55.

If you sold units in your insured funds and bought self-invested assets, your cancellation will result in the selling of those self-invested assets and buying the insured funds you were previously invested in. The resulting value of your investments in insured funds may be equal to or lower than the value before exercising your option.

If you decide to cancel a transfer payment, we'll make every effort to return the money paid to the previous provider. If they accept the payment and there's been a fall in the value during the period before we receive your instructions to cancel, the refund will reflect any investment loss. They are not obliged to accept the return of the transfer value and if we're told they will not, it will remain invested as you have chosen.

You may transfer to another provider but the amount we transfer will be the total value of your plan at that time.

If you've elected to take income drawdown:

- You must return any tax-free cash lump sum, income or both that we've already paid you within 30 days of us receiving your request to cancel. If, for any reason, you fail to do so, you will lose the right to cancel and your income drawdown will continue.
- We will acknowledge receipt of the returned payments and place them in the insured funds they were taken from, or if placed in your Member's SIPP bank account, you'll need to tell us where and how you'd like to reinvest them.
- If you've made a transfer payment of a pot already being used for income drawdown we'll make every effort to return it to the previous provider. If they will not accept it back, the investment, including income drawdown will continue with us. If returned, the payment may reflect any reduction in investment values.

OTHER INFORMATION.

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, for insured funds within your pension, 100% of the value of a valid claim will be covered by the Scheme. There is no upper financial limit on the claim.

For self-invested assets, different compensation levels may apply and some self-invested assets may not be covered by the Scheme.

You can get further information from the FSCS on their website at **fscs.org.uk** by searching for Self-Invested Personal Pensions (SIPPs) under Can we help? or telephone them on **0800 678 1100**.

HOW CAN I CONTACT YOU?

Call us on **03450 260003**

Lines are open 9am to 5pm, Monday to Friday.

We may record and monitor calls.

Call charges will vary.

Email us at sipp.servicecentre@landg.com

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

You can write to us at:

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