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PORTFOLIO PLUS PENSION  
(INVESTING IN INSURED FUNDS)

# 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 wide range of insured funds that are described in the **Portfolio Plus Funds Guide For Insured Funds**. This **Terms Sheet** details the charges that could apply to your plan. Further details of charges can also be found in your **Illustration(s)**.

This **Terms Sheet** together with the **Portfolio Plus Pensions Member's Booklet** (that was provided after you started your plan) form the terms and conditions of your contract.

Your plan also has the option to allow self-investment and further details are available on request from us. If you do exercise this option you will be provided with a replacement **Terms Sheet** that details the charges that apply to your plan at that time.

At the start of your plan the self-investment section of the **Portfolio Plus Pensions Member's Booklet** will not, therefore, operate.

## 1. INSURED FUNDS CHARGES

### Annual management charge (AMC)

The table shows the 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	AMC RATE THAT APPLIES TO THE BAND
Less than £30,000	0.5% a year
£30,000 and over	0.1% a year

### EXAMPLE:

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:

$$\frac{(0.5\% \text{ of } £30,000) + (0.1\% \text{ of } £10,000)}{£40,000} = \frac{£150 + £10}{£40,000} = \frac{£160}{£40,000} = 0.4\%$$

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 holding and administering 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.

## 2. UNCRYSTALLISED FUNDS PENSION LUMP SUM (UFPLS)

A UFPLS can be taken on an ad hoc basis subject to the following:

Minimum withdrawal	£5,000, or whole of the pension pot if less
Minimum remaining pension pot	£5,000
Maximum number of withdrawals each calendar year	2

There are no additional charges for these payments.



### 3. INCOME DRAWDOWN CONDITIONS AND CHARGES

The plan offers income drawdown from age 55, which provides you with the flexibility of taking a cash lump sum and/or an income. You can use, known as 'crystallising', the whole of your pension pot (full income drawdown) or a portion of it (partial income drawdown) to take your benefits.

Please note that if you later exercise the self-investment option, additional conditions and charges may apply. These are detailed in the **Portfolio Plus Pension (with self investment) Terms Sheet** that will be given to you at the time you exercise the option, or is available on request from your adviser or from us.

#### Income drawdown conditions

If you're starting income drawdown and/or transferring in a pension pot already used for income drawdown, this will be set up as Flexi-Access Drawdown. If you're already taking Capped Income Drawdown within your existing Portfolio Plus Pension, you can continue.

For Capped Income Drawdown there are no minimum withdrawal limits but you cannot take more than the maximum allowed in any income year.

The income year runs for a period of 12 months starting from the date you first take income drawdown, including when you only take your tax-free cash lump sum and nil income.

Income drawdown payments can be taken from up to a maximum of 10 insured funds.

#### In addition:

Minimum pension pot to start taking income drawdown (if you haven't previously used your pot for income drawdown)	£50,000
Minimum transfer in value of a pension pot already fully used for income drawdown if: <ul style="list-style-type: none"> <li>• your existing Portfolio Plus Pension is not being used for income drawdown</li> <li>• your existing Portfolio Plus Pension is being used for income drawdown</li> </ul>	The greater of £25,000, or £37,500 less 75% of the existing Portfolio Plus Pension pot  £25,000
Minimum amount that can be crystallised for income drawdown	£1,000
Minimum remaining uncrystallised pension pot, immediately following a partial income drawdown designation	£5,000
Minimum regular withdrawal (Flexi-Access Drawdown only)	£100 monthly £300 quarterly £600 half-yearly £1,200 yearly
Minimum pension pot remaining to stop or start regular withdrawals, or take ad hoc withdrawals (Flexi-Access Drawdown only)	£5,000 <sup>1</sup>
Minimum ad hoc withdrawal (Flexi-Access Drawdown only)	£1,200 each
Maximum number of ad hoc withdrawals each income year	2

<sup>1</sup> If you're taking regular withdrawals these can continue once the value of your pension pot drop belows this amount. However, if you wish to stop or start regular withdrawals, or take an ad hoc withdrawal, and the value of your pension pot is below £5,000 you will need to cash in the whole pot.

**Income drawdown charges**

**The following charges apply to each arrangement used for income drawdown.**

Income drawdown charges depend on how the pension pot used for income drawdown is invested and where the income is taken from.

Depending on how the pension pot is used for income drawdown it is possible that more than one set up 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.

Setting up full or partial income drawdown from an arrangement, including taking a tax-free cash lump sum, regular and/or ad hoc income withdrawals and transferring in a pension pot already used for income drawdown	£50 plus VAT
Annual charge	Nil
Payments by BACS credit to a Member's bank account	Nil
Payments by cheque/CHAPS	£35 plus VAT each payment
Alterations to income amount or frequency including additional ad hoc income payments	£50 plus VAT
An additional sum to be used for income drawdown (from an existing arrangement being used for income drawdown), other than at your income drawdown anniversary	£50 plus VAT
All other alterations not specifically identified	£50 plus VAT

## 4. MEMBER'S SIPP BANK ACCOUNT

When you first take income drawdown or a UFPLS, 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,
- -facilitate income drawdown and UFPLS payments.

Interest is payable by the Bank of Scotland on all money held on deposit in Members' SIPP bank accounts at a rate known as the 'Reference Rate'. This rate was 0.25% at 1 April 2019. As with most bank accounts the rate of interest received can go up or down.

Legal & General will receive the first 1% of interest paid on balances held, to help meet the cost of running the scheme. Anything over 1% will be paid to the Member's SIPP bank account.

Therefore, Members receive an interest rate of 1% less than the Reference Rate. Where the Reference Rate is 1% or less, no interest will be paid to the Member's account.

You can see how this works in these two examples:

**A balance held in a Member's SIPP bank account of £1,000 for the last 12 months, where the Reference Rate is 0.5%:**

- Bank of Scotland pays a total interest payment of £5 (0.5%).
- Legal & General receives all the interest payment of £5 to help meet the cost of running the scheme.
- The Member's SIPP bank account receives no interest because the Reference Rate is less than 1%.

**A balance held in a Member's SIPP bank account of £1,000 for the last 12 months, where the Reference Rate is 1.5%:**

- Bank of Scotland pays a total interest payment of £15 (1.5%).
- Legal & General receives the first £10 (1%) to help meet the cost of running the scheme.
- The remaining £5 (0.5%) is paid to the Member's SIPP bank account.

## 5. 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 or UFPLS 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 that relate to income drawdown, then the investments sold will be those used for income drawdown.

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

## 6. NOTES

- -All 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 [legalandgeneral.com/retirement](http://legalandgeneral.com/retirement).







[legalandgeneral.com](https://legalandgeneral.com)

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

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**Registered office:** One Coleman Street, London EC2R 5AA

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