

The Lifetime Annuity at a glance

Summary

The main aim of our Lifetime Annuity is to pay a regular income for life. Depending on the options and features customers choose, our Pension Annuity can also pay a level income or an income that increases each year, and customers can also arrange for benefits to be payable to their dependants (or to their estate) at death.

Additionally, the product has enhanced rates which aim to give customers who have (or their dependants have) certain lifestyle health risks (e.g. smoking, high blood pressure) and/or more serious health conditions, a higher income than that available from a standard pension annuity.

Investment Limits

Minimum investment	£5,000 – by transferring the value of an existing personal pension plan(s) and after tax-free cash and payment of any adviser charge.
Maximum investment	Any – any investment above £1m must have acceptance confirmed.
Age Limits	Minimum – 55 (early for special occupation and ill health). Maximum – 75 for Immediate Vesting. No max otherwise.
Term	For life.
Income	The income amount is set at outset and depends on: <ul style="list-style-type: none"> • The investment amount • The income options chosen • The health and life expectancy of the individual
Income can be paid	<ul style="list-style-type: none"> • Monthly, quarterly, half yearly and yearly • In advance or in arrears
The income can escalate in payment	<ul style="list-style-type: none"> • Fixed from 0.1% to 10% • Indexation – in line with the Retail Prices Index or the Limited Price Index (RPI capped at 5%)

Death Benefits Option

Guaranteed Payment Period	Allows the income payments to continue to be paid to your client's beneficiary(ies) or to their estate until the end of the guaranteed payment period. The guaranteed payment period can be up to a maximum of 30 years.
Joint life	<ul style="list-style-type: none"> • A percentage of the income payments continue to be paid to a spouse, civil partner or financial dependant • Percentage between 1-100% • Paid to the selected individual until their death
Value protection	<ul style="list-style-type: none"> • A percentage of the initial amount used to buy the annuity • Percentage between 1-100% • Option to choose death of 1st or 2nd life (available for advised sales only)
Proportion	Available on annuities payable in arrears.
Overlap	Available when both guaranteed payment period and joint life are chosen.

No death benefits	When no death benefits are selected, no further income payments will be paid following the death of your client. Choosing no death benefits will increase the amount of the income payments.
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Agent remuneration

Adviser charge	The amount to be paid can be stated as a percentage or pounds amount of: <ul style="list-style-type: none"> • The tax-free cash sum • The amount after the tax-free cash has been taken off • A combination of both
Commission	Commission is only available where a personal recommendation has not been given. Please see our 'Commission Schedule' for further details – this is available on the Adviser Centre.

Target clients and potentially suitable clients

Policy Holder Attribute	Target Market	Potential Eligibility
Age/stage of life	55+ Customers most commonly in the age range of 55-70.	Any age that qualifies as an early retirement age due to health or a protected retirement age.
Gender	Equally suitable for males and females.	As per opposite.
Financial expertise	Low. May have built up a pension fund over a long period with minimal monitoring or ongoing changes. Would understand the basics of holding a current account and a savings account. Must be able to understand the terms of the Pension Annuity.	Must be able to understand the terms of the Pension Annuity.
Length of investment	Must be looking for an income that will last for the rest of their life. Must not be looking for a fixed term plan.	Must be looking for an income that will last for the rest of their life. Must not be looking for a fixed term plan.
Likely attitude to/capacity for risk	Does not want the value of their investment to fluctuate. Wants set returns to be able to budget in advance. Must be aware of inflation risk on fixed level of income. Clients must know that a pension annuity is non-transferrable and that no amends to features can be made unless cancelled within the cooling off period.	Does not want the value of their investment to fluctuate. Wants set returns to be able to budget in advance. Must be aware of inflation risk on fixed level of income. Clients must know that a pension annuity is non-transferrable and that no amends to features can be made unless cancelled within the cooling off period.
Health	All health statuses. Those with ill health may be able to benefit from an enhanced rate.	All health statuses. Those with ill health may be able to benefit from an enhanced rate.
Tax status	All tax statuses.	All tax statuses.

Other financial products held	Current account Savings account Cash ISA	None, although likely to have a bank account. Also may be suitable to hold as part of a wider portfolio of investments.
Income/wealth	Majority likely to have pension pots in the range typically £10k-£250k. (Those with higher pot sizes/wealth and a higher risk appetite are likely to find drawdown appealing). Likely that the sum has been built up over a long period in a pension fund.	Majority likely to have pension pots in the range typically £10k-£250k. (Those with higher pot sizes/wealth and a higher risk appetite are likely to find drawdown appealing). Likely that the sum has been built up over a long period in a pension fund.
Investment/protection aims	Guaranteed income.	Guaranteed income.
FRESCO segments	Road to Retirement Asset Rich Greys	Road to Retirement Asset Rich Greys Plus sub-segments within the following: <ul style="list-style-type: none"> • Low Income Elderly • Mid-life Social Renters • Older Working Families • High Income Professionals The client segments we used are the ones used by the FRESCO segmentation tool. This describes people in terms of their product holdings and demographics as well as attitudes to financial services. If you would like more information about FRESCO segments please go to caci.co.uk

Unsuitable customers

Policy Holder Attribute	Description of why product may be unsuitable for some customers
Age/Stage of life	Under age 55 (apart from where the client has a protected lower retirement age or they are retiring on the grounds of ill health).
Gender	N/A
Financial expertise	Clients who do not understand the product.
Length of investment	Clients who are not looking for a guaranteed lifetime income.
Likely attitude to/capacity for risk	Clients looking for higher returns through taking higher risks. Clients who want to flexibly access their pension pot.
Health	N/A
Tax Status	Nil rate tax payers if they can withdraw their pension fund within their personal allowance and are looking to spend over the short term.
Other financial products held	N/A
Income/Wealth	Clients that do not have at least £5,000 to invest.

Investment aims

Clients looking for potential capital growth levels that are more likely to be achieved through investment risk.

Clients needing instant access to cash.

Clients in need of an emergency cash fund.

FRESCO segments

Segments where the client is unlikely to be of an age at which they can access their pension pot:

- Still at home
- Starting out
- Rising metropolitans
- Poorer parents
- Working singles and couples
- Home owning families

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