

# Key Features

of the Retirement Account

Important information you need to read

The Financial Services Authority is the independent financial services regulator. It requires us, Scottish Widows, to give you this important information to help you to decide whether our Retirement Account is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

These Key Features should be read with the enclosed illustration.

### Its aims

- To build up a sum of money in a tax-efficient way, that will be used to provide you with an income when you retire.

### Your commitment

- To make the payments you agree to pay.
- To regularly review the balance held in the Control Account(s) to ensure it is sufficient to meet charges.
- To tell us if you are no longer entitled to receive tax relief on your payments.

### Risks

- The value of your Account can go down as well as up.
- What you'll get back isn't guaranteed. It would be lower than illustrated if, for example:
  - you don't make all the payments
  - investment performance is lower
  - the cost of buying your pension is higher
  - the charges and expenses are higher
  - tax rules change.
- Your Account can invest in a range of investments which carry different levels of risk. Their value can go down as well as up. Please refer to 'Where will my Account be invested?' for further details.
- Some investments, such as property, can take longer to buy or sell than others. This may delay switching between investments and when benefits or any transfer payments can be taken.
- If you change your mind within 30 days of receiving your cancellation notice, the amount returned may be less than was invested.
- If you transfer from another pension plan, you could lose any guaranteed benefits and may not be able to return to it.

# Questions & Answers

## What makes up a Retirement Account?

- A Retirement Account normally has up to two parts. These are:
  - Retirement Planning
  - Retirement Income
- You can use Retirement Planning to save for your retirement and Retirement Income to provide you with a taxable income for your retirement.
- Each part has its own Control Account which is used to administer your Retirement Account. For example, certain charges and expenses are taken from the Control Account(s).
- Policies set up before 6 April 2012 may also have former Protected Rights parts for Retirement Planning, Retirement Income or both, which will also have their own Control Account.

These Key Features give you the main points about Retirement Planning. For details of Retirement Income please see the “Key Features of the Retirement Account for Retirement Income”.

## Is this a stakeholder pension?

- No. For example, our minimum payments and charges may be higher than those set by the Government for stakeholder pensions.
- Stakeholder Pension plans are widely available, and may meet your needs at least as well as this Account.

## What payments can be made into my Account?

- Monthly, yearly and single payments can be made by you, other individuals or an employer. Transfer payments from other pension plans can also be accepted.
- Minimum payments apply and can change from time to time, contact us for details.
- You can change the amount of regular payments, or make additional single payments, at any time. You can decide to automatically increase regular payments each year. If you stop or decrease your payments, it will reduce what you might get back. You can ask us for further details.
- There is no maximum limit on how much can be paid to your Account, although we can only accept payments from you that are eligible for tax relief. See ‘What about tax?’ for further details.
- If you’re eligible to join an employer’s pension scheme, you should consider whether it is suitable for you before deciding to make any payments to this Account.

## Where will my Account be invested?

- You can choose from the following range of investment options.

### Scottish Widows Pension Funds

- We offer a wide range of unit-linked investment funds. You can find details of the aims, investments and risks of each fund in our “Pension Funds Investor’s Guide”.
- The amounts invested are used to buy units in the investment funds you choose.

### Jargon buster

#### Units

For Scottish Widows Pension Funds and Fund Supermarket funds, ‘units’ are like shares of the fund. The value of each unit depends on the value of the investments held by the fund, and the number of units in it.

### Fund Supermarket

- You can choose from a range of external funds, including Unit Trusts and Open Ended Investment Companies (OEICs).
- The amounts invested are used to buy units (or shares) in the investment funds you choose.

### Discretionary Fund Management

- You can choose from a range of Discretionary Fund Managers (DFMs) selected by Scottish Widows.
- The DFM(s) will construct an investment portfolio specific to your own requirements from a range of investments we allow.

### Commercial Property

- The Retirement Account (excluding any former Protected Rights) may be invested directly in a UK commercial property acceptable to Scottish Widows.
- Up to 50% of the value of your Account may be borrowed to help finance the property purchase.
- For further details please see the “Retirement Account Commercial Property Administration Guide”.

### Share Dealing

- You can choose to invest directly in listed stocks and shares via our Share Dealing provider.
- For further details please see “The Retirement Account Share Dealing Guide”.

### Fixed Term Cash Deposit

- You can choose to invest in any Fixed Term Cash Deposits that we make available.
- For further details please see “The Retirement Account Fixed Term Cash Deposit Guide”.

### Control Account(s)

- Any other amounts invested will be held in the relevant Control Account. Please read “Your Guide to the Retirement Account” for information about the Control Account(s).
- The value of investments can go down as well as up. The actual value of certain investments, for example property, will not be known for certain until they are sold.
- Where investments are held on deposit, such as a Control Account or a Fixed Term Cash Deposit, there is a possibility that the provider(s) of those deposits may fail to meet their obligations. However we believe there is only a small risk that some or all of the value of that investment would be lost.
- You can change your investment choices, subject to our agreement. There may be conditions and a charge for doing so.

- Scottish Widows reserves the right to refuse or restrict any particular investment request.
- The investment options available may change at any time, including the range of Scottish Widows Pension Funds, Fund Supermarket funds, DFMs and the availability of any Fixed Term Cash Deposit. Minimum investment limits and other restrictions can apply.
- There may be delays in selling the value of certain types of investment, for example property. This may delay the payment of benefits, switches and transfers.
- If you choose the Discretionary Fund Management, Commercial Property or Share Dealing options, your investments will be held in a privately managed fund. We allocate and cancel units in the privately managed fund based on the value of the investments held by it. The price of each unit is fixed. If the value of the investments held by the fund rises or falls, so too will the number of units held.
- For further details of the investment options, please speak to your financial adviser, or ask us.

## What choices will I have when I retire?

- From age 55 you can start taking benefits from your Retirement Account. In certain circumstances, you may be able to take benefits earlier, for example if you're in ill health.
- You can take benefits by:
  - using some or all of the value of the Retirement Planning part(s) to buy one or more annuities, and/or;
  - by moving some or all of the value to Retirement Income.
- Each time you take benefits, you can normally choose to take up to 25% of the value taken as a tax-free cash sum, in return for a smaller income.

### Jargon buster

#### Retirement Income

Retirement Income allows you to keep the value of your Account invested and take a taxable income from it. You can vary the income you take each year within limits set by the Government. Please see the 'Key Features of the Retirement Account for Retirement Income'.

- The value available to provide benefits will depend on a number of things, for example:
  - how much is paid in
  - how long the investments are held for
  - investment performance
  - the charges and expenses.

Your illustration(s) will give you an idea of what you might get back from your Account. Remember that the effect of inflation will reduce the future buying power of what you get back.

### Jargon buster

#### Annuity

This provides an income for life, the amount of which depends on circumstances when it's bought including:

- interest rates.
- your age.
- your sex.
- how long people are expected to live.

You can choose from different types of annuities.

- Rather than take benefits from Scottish Widows, you can take them from another pension provider.

## Jargon buster

### Inflation

The effect of inflation reduces the value of money over time, as the following example illustrates:

	The future value of £1,000, assuming inflation is 3% each year
Today	£1,000
After 10 years	£744
After 20 years	£553

- For more details of all your options at retirement, please speak to your financial adviser.

## What happens if I die before I retire?

- The value of your Account will be used to provide benefits for your dependants or beneficiaries.
- We'll normally pay the value as a lump sum.
- For each Retirement Planning part only, if you die as a direct result of an accident before your Account has been running for five years, we'll normally pay either the value of the part, or 120% of the total payments to that part, whichever is higher. Please refer to the policy provisions for full details including exclusions that apply.
- Some investments may take longer to sell than others, and we may pay death benefits in stages.

## What are the charges?

- All charges and expenses will be deducted from your Retirement Account, and will reduce its value. Charges and expenses include:
  - Service charges, which we deduct for managing your Retirement Account
  - Adviser charges for any advice or other services you have received from your financial adviser
  - Investment charges and expenses
- Service charges, adviser charges and certain other charges and expenses are deducted from the relevant Control Account. If we are unable to collect them because it has an insufficient balance, this will result in a 'deferred charge'.
  - We may not automatically contact you or your adviser if this happens, so you should regularly review each Control Account.
  - A deferred charge will increase each day. You can ask us for the current rate of increase. Further details can be found in our 'Guide to charges'.
  - If a deferred charge exists, any amount(s) added to the Control Account (other than regular payments) will be used to reduce it.
  - We'll collect a deferred charge before paying any benefits or any transfer payment.
  - We may sell investments at any time to collect a deferred charge. Further details are provided in the policy provisions.
- Please refer to your illustration(s) for details of the charges we've assumed will apply. The actual charges will depend on the specific investments you choose, and may be more or less.
- We can change most of the charges we make. We can do this if our costs turn out to be unexpectedly high, compared to our charges.

Charges could increase if:

- a tax rule or law change increases our costs or decreases our income from charges;
  - our staff or overhead costs are more than we anticipate; or
  - our income from charges is less than we anticipate.
- If you choose investments managed or administered externally, the charges and expenses for these may also change. For example, a DFM could increase its charges.
  - Please speak to your financial adviser for further details on charges.

## What about tax?

- We'll add basic rate tax relief to the regular and single payments you or other individuals make to your Account. Each year, relief is available on payments which don't exceed your relevant UK earnings, or £3,600 if higher. If you're a higher or additional rate taxpayer, you can claim additional tax relief via your self-assessment tax return. Any payments made which are not eligible for tax relief will be refunded.
- Your Account won't receive tax relief on any payments made by an employer, or on transfer payments.
- Annuity payments and income paid from the value of this Account will be taxed as earned income.
- If you decide to take a cash sum when you take benefits, it's normally tax-free.
- If you die before you retire, no inheritance tax will normally be payable on the value of your Account. However, any dependants' income will be liable to income tax.

- Pension investments are generally free of UK income and capital gains tax. However, it's not possible to reclaim tax deducted at source from the dividends of UK company shares or from certain overseas investments. If you choose investments other than Scottish Widows Pension Funds other taxes may apply. For further details please speak to your financial adviser or ask us.
- Tax charges will normally apply if the Government's 'Annual Allowance' or 'Lifetime Allowance' is exceeded. Please see your financial adviser for further details.
- The value of the tax benefits of your Account depend on your individual circumstances. Your circumstances and tax rules may change in the future.

### Jargon buster

#### Relevant UK earnings

This means employment income, income derived from carrying on a trade, profession or vocation, and patent income.

## Can I transfer my Account?

- You can transfer the value of your Account to another pension plan. You can normally do so at any time, however in certain circumstances there may be a delay until the investments are sold. No charges apply, but expenses may be incurred for investments other than Scottish Widows Pension Funds.
- Your illustration gives examples of possible transfer values.

## Can I change my mind?

- You can change your mind within 30 days of receiving your cancellation notice. We'll return all payments less, for single and transfer payments, any fall in their value.
- It may not be possible to return the value of any transfer payment to your previous pension plan. You may have to take out a new plan.
- If you don't cancel, your Account will continue and we'll collect any payments you have agreed to make.

## How will I know how my Account is doing?

- We'll send you a statement each year. You should regularly review your Account to check if it remains on track for your needs.
- You can check the value of your Account at [www.scottishwidows.co.uk](http://www.scottishwidows.co.uk), or by contacting us.



## How to contact us

If you have any questions at any time, or any changes you want to make to your Account, you can phone us, send us a fax, write to us or visit our website.

Call us on 08457 166733 during the following times:

Monday to Friday 8am – 6pm

Saturday 9am – 12.30pm

We may record and monitor calls to help us to improve our service.

Fax number 0131 655 8700

Website [www.scottishwidows.co.uk](http://www.scottishwidows.co.uk)

Office address Scottish Widows  
New Business  
PO BOX 28090  
15 Dalkeith Road  
Edinburgh  
EH16 5UG

- We'll communicate with you in English.

## Other information

### How to complain

If you ever need to complain, please contact us.

If you're not satisfied with our response, you can complain to:

The Financial Ombudsman Service  
South Quay Plaza  
183 Marsh Wall  
London  
E14 9SR

0800 023 4567

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

Website [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

- Complaining to the Ombudsman won't affect your legal rights.

## Terms and Conditions

- These Key Features give a summary of the Scottish Widows Retirement Account. Further details of the benefits, charges and conditions of the Account are given in the product literature, Scheme Rules and Policy Provisions, which are available from us.
- We may change some of the terms and conditions at any time. We'll write and explain if this affects your Account.

## Law

- For legal purposes the law of England and Wales will apply.
- This information represents Scottish Widows' interpretation of the law and HM Revenue & Customs practice as at date of publication. Changes to tax rules and other laws may affect your contract terms.

## Compensation

- We're covered by the Financial Services Compensation Scheme. You may be entitled to compensation if we become insolvent and can't meet our obligations. Most insurance business is covered for 90% of the value of the claim. Information about compensation arrangements is available from the Financial Services Compensation Scheme, who can be contacted on **0800 678 1100 or 0207 741 4100** or via their website at **[www.fscs.org.uk/contact-us](http://www.fscs.org.uk/contact-us)**



**SCOTTISH WIDOWS**

*official pensions and investment provider*



As part of the Lloyds Banking Group, Scottish Widows is proud to be an Official Provider of the London 2012 Olympic and Paralympic Games.

Scottish Widows plc. Registered in Scotland No. 199549. Registered Office in the United Kingdom at 69 Morrison Street, Edinburgh EH3 8YF. Telephone: 0131 655 6000.

Scottish Widows plc is authorised and regulated by the Financial Services Authority. Our FSA Register number is 191517.

46253 04/12