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SCOTTISH WIDOWS ADDS NEW FUNCTIONALITY TO RETIREMENT ACCOUNT

- New Retirement Income (drawdown) function added to Retirement Account
- Retirement Planning (accumulation) and Retirement Income (drawdown) within a single plan that offers the full range of options in managing the transition into retirement
- A seamless designation process that allows assets to be moved into Retirement Income without being sold & repurchased

Scottish Widows, today, announces the launch of Retirement Income – part of its flagship pension product, Retirement Account. This enhancement will enable customers to draw down an income from their Retirement Account. The new functionality is hosted on the same platform as the Retirement Planning (accumulation) element of the Retirement Account – making it easy for the customer’s adviser to manage their client’s money.

The Retirement Account now has a number of advantages that makes it stand out from SIPP’s and other pension products available. It:

- Has total transparency with unbundled charging structure;
- Allows access to over 1000 funds – with no charging bias to in-house;
- Has no initial charge on any funds, including those accessed through the Retirement Account’s Fund Supermarket;
- Has access to discretionary fund management and commercial property;
- All positive balances held in the Control (cash) Account – including potentially significant levels of cash ready to be withdrawn as future income – attract the full Bank of England base rate;
- Allows self-investment of Protected Rights, allowing greater investment flexibility; and,
- Now allows drawdown from the same platform allowing for seamless transition into the Retirement Income phase.

Iain McGowan, head of retirement income and planning at Scottish Widows comments:

“Scottish Widows is offering an alternative to the traditional SIPP route through the Retirement Account – with its clear and transparent charging structure, access to Protected Rights and bank base rate on cash. Adding the drawdown capability of Retirement Income means that the Scottish Widows’ Retirement Account now provides the complete retirement planning solution within a single plan.”

The administration platform and online servicing that supports the Retirement Account offers flexibility and easy access to the client’s funds, making the adviser’s management of their clients’ policies more straightforward. Hosting both the Retirement Planning and Retirement Income elements on one platform supports highly flexible retirement solutions. For example, customers can move just the right amount of money into Retirement Income (at no cost), whilst maximising death benefits, which are greater within the Retirement Planning element. The platform also allows ongoing contributions from clients who have already started to access some of their Retirement Income. As such, it gives access to the full range of options that can currently be used in providing for retirement.

Each Retirement Account comes with its own Control Account – which acts as clearing and transactional accounts for all money that passes in and out of the Retirement Account. Positive balances held within the Control Account receive Bank of England base rate. This is particularly attractive for clients in Retirement Income, where funds that need to be readily available are usually held in cash.

Iain McGowan, head of retirement income and planning at Scottish Widows continues:

“With the addition of Retirement Income to the Retirement Account, we’re confident that we have a proposition that supports the full range of retirement planning options and so suits most consumers’ current and future needs. As the Retirement Account is one policy with one consolidated valuation, no matter how many parts are active, your client can save for retirement in the Retirement Planning element, then move either wholly into Retirement Income (drawdown), or phase their retirement.

“Because the policy sits on one platform, IFAs and their clients can benefit from a simple designation process from Retirement Planning to Retirement Income. Assets are ‘reallocated’, not sold and repurchased – meaning ‘out of market’ risk and unnecessary charges are eliminated.”

For more information, financial advisers can visit www.scottishwidows.co.uk/ra or contact their Scottish Widows account manager.

ENDS

Notes for editors

- A pension plan is a way of saving for retirement which receives favourable tax treatment, although tax rules can change. Your pension cannot normally be accessed until you reach age 50, from 6th April 2010, the minimum age at which you can normally start taking your pension will increase from age 50 to 55. The tax treatment depends on the individual circumstances of each client and may be subject to change in future.
- This news release is intended for information only and should not be used to make financial or investment decisions. Full consumer product information can be found at www.scottishwidows.co.uk.

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Scottish Widows was founded in 1815 as Scotland's first mutual life office. Becoming part of the Lloyds TSB Group in 2000, Scottish Widows has become one of the most recognised brands in the life, pensions and investment industry in the UK. The product range includes ordinary long term insurance, such as life assurance, pensions, annuities and permanent health insurance, and savings and investment products. Using a multi-sales network of Financial Advisers, Direct Sales, Direct Marketing, the Internet and via the branch network of Lloyds TSB, Scottish Widows currently employs about 4,000 people.

Scottish Widows news releases appear on our website at
www.scottishwidows.co.uk/mediacentre

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