SCOTTISH WIDOWS
preparation is everything

keyfacts®

Key Features

of the Scottish Widows Personal Pension Plan

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 Personal Pension Plan 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 give you the main points about our Personal Pension Plan. They include an illustration showing what you might get in the future. Please read the Key Features and illustration carefully and keep them with your other Personal Pension Plan documents.

Its aims

- To build up a sum of money, in a tax-efficient way, which will provide you with a pension when you retire.

Your commitment

- To make monthly or yearly payments into your plan until your chosen retirement date. Or to make at least one single payment. You may choose any combination of these types of payment and may also be able to make a transfer payment from another pension plan.
- To let the plan build up, until you choose to start taking a pension.
- To tell us if you are no longer entitled to receive tax relief on your payments into this plan. You must tell us by 5 April in the tax year you cease to be entitled or within 30 days, if later. See 'What about tax?' for further details.

Risks

- What you'll get at your chosen retirement date isn't guaranteed.
- When you're ready to retire, your pension may be lower than illustrated. This could happen if, for example:
  - you don't make all the payments;
  - investment performance is lower than illustrated;
  - interest rates when you retire are lower than illustrated;
  - the cost of buying pension income is higher than illustrated;
  - you start taking your pension earlier than your chosen retirement date;
  - our charges are higher than those illustrated;
  - your plan receives less tax relief than we have illustrated;
  - tax rules change.

- Your plan may invest in a range of investment funds, which carry different levels of risk:
  - If you invest in a unit-linked investment fund, the value of the plan can fall as well as rise depending on investment performance (and currency exchange rates where a fund invests overseas). This type of investment does not offer any guarantees. You can find more details in our "Life and Pensions Investor's Guide" booklet.
  - If you invest in the unitised with-profits fund, the value of the plan can fall as well as rise. This can happen, for example, if we apply a Market Value Reduction. However, this fund offers guarantees at the retirement date shown in your plan documents. You can find out more details in the booklet for your plan called "Your guide to with-profits".
- If you have little or no other retirement provision, the pension from this plan might reduce any benefit you receive from the Pension Credit. The exact effect will depend on the rules in place when you retire.
- If you have applied or intend to apply to HM Revenue and Customs for enhanced protection for any existing pension benefits, any payments you or an employer make to this plan will normally result in the loss of that protection.
- If you transfer from another pension plan, you may not be able to return to it, even if you decide to cancel. Before you transfer, you should consider if your existing pension plan includes any guaranteed benefits. You would give these up by transferring.
- If you start the plan with a single or transfer payment and cancel within 30 days, we may give back less than was paid in.

Questions & Answers

What is a Scottish Widows Personal Pension?

- It's a plan to help save for your retirement in a tax-efficient way.
- Before making a decision about taking out a Personal Pension, you should consult your employer about the availability of joining a company pension scheme. If a company pension scheme is available, you should speak to your financial adviser to help you decide which option is better for you.

Is this a Stakeholder Pension?

- No, this plan isn't designed to be a stakeholder pension plan. The Government has set minimum standards that companies must meet for stakeholder pensions. These are to do with payment levels, costs and terms and conditions. This plan isn't a stakeholder pension because our minimum payment and charges may be higher than the Government's standards. Also, we include a with-profits fund of a type that is not covered in the Government's standards.
- A stakeholder plan may meet your needs at least as well as this plan. Stakeholder plans are widely available.

How flexible is it?

- You can change your regular payments any time.
- You can increase your regular payments automatically once a year:
  - at a fixed rate;
  - or in line with the Retail Prices Index (RPI);
  - or in line with the National Average Earnings Index (NAEI).
- You can make single payments at any time to top up your plan.
- You can stop, restart, increase or decrease your payments at any time, for any reason, without charge. Stopping or decreasing your payments will reduce your future pension. You can request an illustration from us showing how this might affect your future pension.

What might I get when I want to retire?

- Your final plan value will depend on a number of things, for example:
  - how much is paid in;
  - how long the payments are invested;
  - how well our investments perform;
  - how much we charge.
- Your plan will be used to buy a pension from us or another pension provider. The amount of pension will depend on circumstances at the time, for example:
  - interest rates;
  - your age, sex and state of health;
  - how long people are expected to live;
  - the type of pension you choose.
- The enclosed illustration gives you an idea of what you might get.

What choices will I have when I retire?

- You can convert all of your plan value into a pension, which will be taxable. Or, you can normally take up to 25% of the plan value as cash, currently tax-free, in return for a smaller taxable pension.
- Currently you can start taking all or part of your pension at any time between ages 50 and 75, even if you're still working. From 6 April 2010 the earliest age at which you can start taking your pension will increase from 50 to 55. You can start earlier only if you're in ill health, or if your type of work has a lower retirement age approved by HM Revenue and Customs. You must choose a type of pension by age 75.
- You can choose a type of pension that suits you. For example, the pension can be:
  - for a fixed amount until you die;
  - one that increases each year;
  - one that varies with investment returns.
- If you choose an increasing pension, the initial amount of pension will be lower.
- You can give up some of your pension to provide a pension for your husband, wife, registered civil partner or other dependant after you die.
- You can delay buying your pension (not beyond age 75) but still start to take an income, by moving to 'Income Drawdown'. For more information, please contact us.
- You can buy your taxable pension from any authorised pension provider.

How much can be paid into my plan each year?

- If you're employed, both you and your employer can pay into your plan.
- The lowest total payments are:
  - £100 for monthly payments;
  - £1,200 for yearly payments;
  - £2,000 for single payments.
- If you're making monthly or yearly payments, there's no lowest amount of single payment, if you pay it at the start of your plan.
- These limits can change.
- Monthly payments are made by direct debit. Yearly payment can be made by direct debit or cheque. Single payments are made by cheque.
- There is no maximum limit on the payments you can make to your plan in each tax year. However, limits do apply to the amount of tax relief you can receive. Also, if total payments to all your pension plans exceed the Annual Allowance in any year, you will normally have to pay a tax charge. See 'What about tax?' for further details.
- If you're using this plan to 'contract out' of the State Second Pension (S2P), the Government will refund part of your National Insurance payments to us. We add these payments to your plan. These payments are subject to specific rules. Please ask us for a separate Key Features document, if you are thinking of contracting out.
- If you have another pension plan, you may be able to transfer its value into this plan. There's no guarantee this will increase your total pension.

What about tax?

- The payments you make to this plan can be eligible for tax relief. We will claim basic rate tax relief on your behalf, and invest it in your plan. If you are a higher rate taxpayer, you can claim additional tax relief via your self assessment tax return.
- The amount of tax relief you can receive is subject to an upper limit set by the Government. In each tax year, relief is only available on payments which do not exceed the higher of 100% of your UK taxable earnings, and £3,600 gross. If your payments to this plan, and any other pension plans you have, when added to the basic rate tax relief received, exceed this limit, the excess will not be eligible for tax relief.
- For the 2007/2008 tax year, the value of this tax advantage means that, for every £100 invested in your plan, you pay only £78. A higher-rate taxpayer can claim additional tax relief via his or her self-assessment tax return. Tax rules can change and from 6 April 2008 you will need to contribute £80 to get £100 invested in your plan.
- Each tax year, payments to this, and any other pension plans you have, are subject to an Annual Allowance set by the Government. You will normally have to pay a tax charge on any payments that exceed the Annual Allowance, including those made by an employer on your behalf. Benefits built up under a salary related scheme during a year will also count towards the Annual Allowance.
- The current Annual Allowance is shown in the enclosed illustration. The Annual Allowance will not apply to the payments made to a plan, in the year in which the benefits are taken.
- A Lifetime Allowance, set by the Government, will apply to the total value of pension benefits you can receive from all your pension plans. A tax charge must normally be deducted from any benefits that exceed the Lifetime Allowance, before they can be paid. The current Allowance level is shown on the enclosed illustration. For more information, speak to your financial adviser.
- Your pension will be treated as earned income, and will be taxable. If you decide to take cash when you retire, it's normally tax-free. See 'What choices will I have when I retire?' for further details.
- If you die before you retire, normally no inheritance tax is payable on the value of your plan. However, if your plan is used to provide a lump sum death benefit, any amount in excess of the Lifetime Allowance will be subject to a tax charge. There's normally no such charge if your plan is used to provide a pension for your husband, wife, registered civil partner or dependants, although these pensions are treated as earned income and could be taxed in payment.
- Our pension investment funds are generally free of UK income and capital gains tax. However, we can't reclaim tax deducted at source from the dividends of UK company shares.
- You will not receive any tax relief on any payments made by an employer, or on pension transfer payments into this plan.
- Tax treatment depends on the individual circumstances of each client and may be subject to change in the future.
- Tax rules can change.

Where are the payments invested?

- We currently invest the full pension payments. We use them to buy units in the investment funds you choose. For further details, and details of our charges, please see the enclosed illustration.
- We offer a broad range of investment funds for you to choose from. Some funds are managed by us and some are managed by external fund managers. You can invest in up to 10 funds at any one time but there may be restrictions on the amount you can invest in some funds. You can find more details in our "Life and Pensions Investor's Guide" booklet or by contacting us. If you invest in the with-profits fund, additional information can be found in the booklet for your plan called "Your guide to with-profits".
- You can switch in and out of funds to change the mix of investments, though there may be conditions and a charge for doing this.
- It's possible to set up regular switching in advance and to automatically change where any future payments are invested. Please contact us for more details.

- The process of switching your investment between funds and changing where future payments are invested is referred to, by us, as 'lifestyle switching'. It aims to provide some protection against adverse stockmarket movements close to retirement. 'Lifestyle switching' does not guarantee the value of your plan, which can still move up or down.
- You can also cancel any lifestyle switching or automatic switching in place.
- If you choose our unit-linked funds:
  - each of our funds is made up of 'units', which are like shares of the fund;
  - we use your payments to buy units in the chosen funds;
  - the price of one unit in a fund depends on the value of the investments and the number of units in it;
  - we work out the value of your plan based on the total number of units you have in each fund;
  - if the unit prices rise or fall, so will the value of the plan.
- If you choose our unitised with-profits fund:
  - it's made up of units;
  - unlike other funds, the value of units in this fund isn't directly related to the value of the fund itself, but depends instead on bonuses and reductions that we decide;
  - the value of your plan can fall as well as rise. This can happen, for example, if we apply a Market Value Reduction. However, this fund offers guarantees at the retirement date shown in your plan documents. You can find out more details in the booklet for your plan called "Your guide to with-profits".
- We may change the selection of funds that we make available.

What are the charges?

- We charge for managing and investing your plan. We take our charges regularly out of the value of your plan.
- Your illustration shows our current charges and how they might affect the value of your plan.
- We have the power to change, at any time, most of the charges we make. We may use this power if our costs turn out to be unexpectedly high, compared to our charges. Charges could increase if, for example:
  - tax rules change;
  - our staff or overhead costs are more than we anticipate; or
  - our income from charges is less than we anticipate.

How much will the advice cost?

- Your financial adviser will give you details about the cost, if any. The amount will usually depend on the size of the payments and the length of the policy term. It will be paid for out of the charges.

What other benefits can I choose?

- You can choose to contract out of the State Second Pension (S2P). For more details, see the "Key Features of the Scottish Widows Personal Pension Plan – Contracting Out".

What happens to the plan if I die before I retire?

- We'll pay the value of your plan.
- However, if you die as a direct result of an accident before your plan has been running for 5 years, we may pay either the value of your plan, or 120% of the total payments into your plan, whichever is higher. Please refer to your Policy Provisions to see if your plan has this benefit, and for full details of any exclusions that may apply.

- We'll normally pay this amount as a lump sum, unless part of it has to be used to buy a pension for your husband, wife or registered civil partner. This could happen if you have a separate fund because you've contracted out of the State Second Pension (S2P).
- If you've arranged your plan under trust, we'll pay the lump sum to the trustees. If it's not arranged under trust, we'll decide who to pay the lump sum to. We take into account your circumstances when you die and anyone you've previously stated you wanted the money to go to. See 'What about tax?' for more details.

Can I transfer my plan?

- You can transfer the value of your plan to another pension arrangement at any time before you start taking a pension. No charges apply.
- 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. If you decide that you don't want the plan, we'll return all payments less, for single and transfer payments, any fall in their value.
- If you do change your mind 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 Personal Pension Plan, it will continue.

How will I know how my plan is doing?

- We'll send you a statement each year.
- You can check the unit prices of our funds, or get an up-to-date valuation of your plan by contacting us using the details shown.

How to contact us

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

Telephone number 0131 655 6000 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 662 4053
Website	**www.scottishwidows.co.uk**
Office address	Scottish Widows plc 15 Dalkeith Road Edinburgh EH16 5BU

- We will communicate with you in English.

Other information

How to complain

If you ever need to complain, first contact us using the details shown earlier. 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

Tel:	0845 080 1800
Email:	enquiries@financial-ombudsman.org.uk
Website:	**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 Personal Pension Plan. They don't include all the definitions, exclusions, terms and conditions. Further details of the benefits, charges and conditions of the plan are given in the Scheme Rules and Policy Provisions, which are available on request from Scottish Widows.
- We have the right to change some of the terms and conditions at any time. We'll write and explain if this affects your plan.

Law

- For legal purposes the Law of England and Wales will apply.
- This information represents Scottish Widows' interpretation of the law and HM Revenue and Customs' practices as at date of publication. The contract terms, and tax benefits described, assume that there is no change in tax or other laws affecting Scottish Widows or its investments.

Money Laundering Regulations

- Under these regulations, there's a requirement to prove the identity of people who wish to effect a life, pension or investment contract. You may therefore be asked to supply documents as evidence of your identity and your address. Please read the application form for further details.

Compensation

- We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations (for example, if Scottish Widows were to become insolvent or unable to meet the claims against it). Most insurance contracts are covered for 100% of the first £2,000 and 90% of the remainder of the claim. Further information about compensation arrangements is available from the Financial Services Compensation Scheme, who can be contacted on 020 7892 7300 or via their website at **www.fscs.org.uk**

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