

Target Market Statement

Immediate Life Annuity

This document is intended to be used by distributors and not provided to a customer. Aviva Life & Pensions UK Limited is the product manufacturer for these products. Full details are contained within the policy documentation.

Introduction and context

The Insurance Distribution Directive (IDD) is an EU directive which introduced a minimum harmonisation standard for regulation of insurance from October 2018. The effects of IDD are wide-ranging, affecting sales journey, conduct and product oversight and governance through to conflicts of interest, complaints, training, and remuneration disclosure.

In October 2021, and July 2022, the FCA further strengthened the requirements in relation to product oversight and governance following their market study into 'Pricing Practices' (PS21-05) and the introductions of the Consumer Duty regulations (PS22-09).

For the product oversight and governance part of these regulations, we would like to share with you an outline of the product approval process we use in Aviva and our product target market statement, which clarifies who the product is intended for (and who it is not).

Aviva's product oversight & governance

Why are you telling me about this?

Under the FCA's rules, we are required to inform you we have governance processes in place to oversee the design, approval and review of our products.

What controls does Aviva have in place?

We have well established governance processes which:

- formalise approval of new product developments and changes to existing products
- identify target markets for each product
- test customer understanding
- consider needs of vulnerable customers
- monitor post-sales performance.

After we introduce our products to the market, we regularly review them to check whether we need to make changes to them. This includes an annual assessment of the value received by customers through our products; this is referred to as the 'Value for Money Assessment'. The Value for Money Assessment considers a range of indicators and measures which contribute to the overall value delivered to our customers. The measures include:

- **Target Market and Distribution Strategy** – Ensuring that the target market is defined at a sufficiently granular level and that the distribution approaches are appropriate
- **Costs and Charges** – Review of the costs incurred by retail customers to ensure that these are fair and appropriate taking into account the features and benefits offered through the product
- **Commission and Adviser Charging** – To ensure these are appropriate for the service received by the customer
- **Complaints** – Analysis of customer complaints to identify and resolve root causes, particularly where the product fails to deliver as expected
- **Service Delivery** – To ensure service levels are in line with those we have led customers to expect
- **Communications** – To ensure customers continue to receive communications which are clear, transparent and timely.

We base our level of oversight on the type and complexity of each insurance product, our identified target markets and the level of financial understanding.

Aviva's product oversight & governance (Continued)

What does this mean for me?

As product manufacturer, we'll monitor the performance of our products to make sure they meet the needs of customers in the identified target markets. Should you feel a product doesn't meet these customers' needs or is potentially unclear, you can help us by providing feedback through your usual communication channels.

Target Market Statements

Why are you telling me about this?

The rules require us to consider several points when designing our product range, including;

- specifying an identified target market for a typical group of potential customers
- identifying relevant risks to the target market
- making sure that the intended distribution strategy is appropriate for the identified target market
- requiring us to take reasonable steps to make sure we distribute the insurance product in line with the target market for specified distribution channels.

What does this mean for me?

We've developed target market statements to give you, our distributor, clarity on who the product is intended for (and who it is not) and how customers can buy the product.

Using these target market statements should help you in your consideration of:

- how the distribution strategy aligns with the target market statement
- the demands and needs of the customer
- whether any of the customers may be outside of the target market due to eligibility or exclusions
- what limitations, exclusions or alternative insurance cover in place might inhibit a customer from getting full value from the product
- that fees and charges are appropriate to the service being delivered for customers
- vulnerable customers and the target market focusing on whether they may require additional support in their decision-making.

Can I sell outside of the target market?

The target market is aimed at a broad range of customer types. You shouldn't assume a product is appropriate simply because the customer is in scope. Equally, a customer may benefit from buying the product even if they are out of scope. During the sale, you will be closest to the customer in identifying their demands and needs and your judgement will decide what is right.

We set the distribution channels for how you can sell the product (for example, online or face to face) and we expect you to follow these. If you believe you could use an alternative distribution channel, please get in touch with us, so we can consider your proposal.

Feedback

If you have any feedback on these statements, please get in touch with your usual Aviva contact.

Immediate Life Annuity – Target Market Statement

What customer need does this product meet?

The Immediate Life annuity provides customers between the age of 55 and under 95 a way to invest a lump sum in exchange for a guaranteed regular income for life. The income can be level, increase at a fixed rate or increase in line with RPI.

The Immediate Life Annuity has a guarantee and value protection period that can be extended ensuring that in the event of death any remaining payments will be paid as set out in the customers will. Additionally, it can provide a customer's dependant with a guaranteed income in the event of their death.

Who is the Immediate Life Annuity designed for?

This product is designed for customers who are at least age 55 but are not older than age 95 and meet the eligibility criteria. Are a UK resident and require a regular income that is guaranteed for life. This product can also be funded by wills, trusts and settlements.

Eligibility criteria:

- Age 55+
- Not older than 95 minus 1 day
- Resident of the UK
- Plan can be purchased using non-pension monies
- Who either have a pot size of:
 - £7.5k or greater after any applicable adviser charging or;
 - £100k or greater after any applicable adviser charging if purchased via a will or trust

It is suitable for customers:

- Who are looking for a guaranteed income for life
- Who want the security of a regular income with no investment risk
- Who want the security of a guaranteed income that is level or increases at a fixed rate
- Who want to be able to provide a guaranteed income for a dependant once they die
- Who want to have an element of capital protection

Who is the Immediate Life Annuity not designed to support?

This product is not designed for:

- Customers who want to retain access to their capital
- Customers who want flexibility in their retirement product
- Customer who may want to change the level of regular income as their circumstances change over time
- Where the Immediate Life Annuity would be funded by a third-party company [except via a trust or settlement]
- Where the Immediate Life Annuity would be funded by a pension fund
- May not be suitable for customers who have a short life expectancy of 12 months or less

Once the product has been taken out it cannot be changed, cashed in nor have payments deferred, even if a customer's circumstances change.

Can I sell the Immediate Life Annuity without advice?

This product can only be sold with advice.

How can I sell the Immediate Life Annuity?

This product must be intermediated and can therefore only be sold with advice.

Need this in a different format?

Please get in touch with your usual Aviva contact if you'd prefer this document (**AN02015**) in large font, braille or as audio.

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