Key features of the Pension Annuity (including the Enhanced Pension Annuity)

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The Financial Conduct Authority is a financial services regulator. It requires us, Aviva, to give you this important information to help you to decide whether our Pension Annuity (including the Enhanced Pension Annuity) 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.

This Key Features document gives you the main points of the Pension Annuity (including the Enhanced Pension Annuity) plan. Your illustration shows the income you may get. Please read the Key Features together with your illustration so you understand what you're buying. You should then keep them with your other plan documents.

You should seek guidance or financial advice to help you understand your options and decide what's best for you. Guidance is available from Pension Wise from MoneyHelper, and you can find more details on page 6. If you don't have a financial adviser, you can find one at **unbiased.co.uk**. An adviser may charge for their services.

Its aims

- To pay you a guaranteed income for the rest of your life.
- To pay an income to a dependant when you die, if you choose.

Your commitment

- To use your pension pot to buy a Pension Annuity or Enhanced Pension Annuity from us on fixed terms, to last the rest of your life.
- To make a once and for all decision about the income you want.
- To ensure you answer any medical, personal or lifestyle questions fully, truthfully and accurately to the best of your knowledge. If you fail to do so, your income may be reduced to our standard rates. Any overpayments already made may be recovered.
- To tell us if any of the medical details or other information you give us changes between the time you sign the application form and the start of your plan.

Risks

- You can't change or cash in your Pension Annuity or Enhanced Pension Annuity, even if your personal circumstances change.
- Your dependant won't have any income from this plan after you die if you haven't arranged for your Pension Annuity or Enhanced Pension Annuity to continue.
- Inflation will reduce what your money can buy in the future. There's no protection against inflation unless you choose a Pension Annuity or Enhanced Pension Annuity that increases each year. If you choose a fixed rate of increase this could still mean that inflation increases at a higher rate than your income.
- If you die in the early years of your plan, the total income you've received may be less than the pension pot used to buy the Pension Annuity or Enhanced Pension Annuity. Value protection and setting a guarantee period can protect against this.
- If you've provided us with medical information, to support your application for an Enhanced Pension Annuity, and your doctor is unable to support this information, your annuity income may be reduced to standard rates, unless further medical evidence is provided.
- Annuity rates may change after you've submitted your application. This means the income quoted could change between us providing you with an illustration and you taking out your annuity. If this happens and the income you would receive has reduced, we'll contact you.
- The value of your pension fund can fluctuate so the amount you can use to buy your annuity can change as well.

Questions and answers

What is the Pension Annuity (including the Enhanced Pension Annuity)?

It's a plan that provides you with an income for the rest of your life. You buy it with your pension pot.

You must have a pension pot of £10,000 or more, after any tax-free lump sum is taken, to buy this annuity.

You can normally buy a Pension Annuity or Enhanced Pension Annuity if you are at least the minimum pension age, and not older than 90. The minimum pension age is currently age 55. From 6 April 2028 this will be age 57 unless you have a protected pension age. To find out more visit **aviva.co.uk/nmpa**.

You may be able to take a tax-free lump sum of up to 25% of your pension pot when you buy your Pension Annuity or Enhanced Pension Annuity. Your financial adviser, if you have one, will be able to give you more details.

It can provide a dependant with an income when you die, should you choose this option.

How flexible is it?

Before your plan is set up, you can choose its basis and how it's paid.

You can find details of the choices you can make when setting up the plan, under the headings:

- What will my income be?
- What choices will I have about how I get my Pension Annuity (including the Enhanced Pension Annuity)?

Once the plan is set up, you can't change or cash in your plan, or defer payments made to you from your Pension Annuity or Enhanced Pension Annuity. Setting the plan up also fixes the benefits it provides (if any) to another person after your death. There is no opportunity to change this at a later date.

What will my income be?

The amount of income you get from your Pension Annuity or Enhanced Pension Annuity will depend on a number of things when you set up your plan, including:

- your age
- your postcode
- your marital status
- whether you smoke
- your health/lifestyle for an Enhanced Pension Annuity
- the size of your pension pot
- interest rates at the time
- whether you take a tax-free lump sum
- the adviser you choose
- any choices you make about your income.

It's important to shop around for the best deal for you. It's possible that you could get a higher income from another provider.

What income options do I have?

You can choose combinations of the below options. You can ask for illustrations with different options to see the difference they would make to your income.

- Payments to your dependant;
  - You can choose to take a smaller income at the start, so that an income is paid to a dependant if you die before them.
  - If an income is to be paid to a dependant after you die, the income you receive will take into account their health, as well as your own.
- Guarantee payment periods;
  - This annuity has a one year guarantee as standard (unless the trustees of the registered pension scheme are the planholder or you have extended the value protection period). However, you can choose to take a smaller income that is guaranteed for longer.
  - You can choose at the outset for any income remaining after your death in the guarantee period, to be paid as a continued income, or a lump sum (if you die before the age of 75).

For more information about this option, please see the 'What is a guarantee period?' section of this document.

- Value protection;
  - This annuity has value protection as standard for 90 days from the start of the plan. However you can choose to take a smaller income where value protection is extended beyond 90 days.
  - You can choose at the outset whether you wish to extend the value protection for the remainder of your life or for a specified term from the plan start date.

For more information about this option, please see the 'What is value protection?' section of this document.

- Payment Increases
  - You can choose to take a smaller income at the start, which will normally increase each year. If an income from your Pension Annuity or Enhanced Pension Annuity is to be paid to a dependant after you die, this will normally increase in the same way.
  - Increases to your Pension Annuity or Enhanced Pension Annuity can be:
    - at a fixed rate each year, or
    - in line with the Retail Prices Index (RPI), or
    - in line with the RPI up to a fixed amount. We'll use the RPI figure published the month before the increase is due.
  - If the RPI is negative (deflation), your income will remain level. It will start to increase again once the RPI has risen above the point it was at when your income became level. For more information, please refer to the terms and conditions.
  - The government has special rules for increases to pensions from defined benefit schemes that are earned after 5 April 1997. Your illustration will show the details. An example of a defined benefit scheme is a pension linked to your length of service and earnings.

You don't have to take any options and can choose to take an income that stays the same and stops when you die.

While you're alive we won't reduce or stop your payments based on the options you choose, except where we are unable to verify any medical information.

Can I get a higher income?

If you (or your dependant, if appropriate) have or have previously suffered from cancer, a heart attack, a stroke, have diabetes or any other serious medical condition that could shorten your life expectancy, you may qualify for a higher income. Not all forms of these conditions will qualify.

Will I have to attend a medical examination?

You will not be required to attend a medical examination. However, we may ask you (or your dependant, if appropriate) to complete a health questionnaire. We may also ask your doctor for a medical report.

It's your responsibility to provide us with accurate information about your health and lifestyle.

We may request your permission to approach your doctor or ask you to carry out a medical test to confirm that the information you've provided is correct. If it's discovered that information provided by you is inaccurate, or if a medical test or permission to consult your doctor is refused, this may result in a reduction of the income payments made to you and/or recovery of any payments already made.

What has happened to my contracted out benefits?

If you were contracted out through a defined benefit scheme, any contracted out part you earned before 6 April 1997 may be included in your illustration as a "Guaranteed Minimum Pension".

What choices will I have about how I get my Pension Annuity (including the Enhanced Pension Annuity)?

You can choose how often you'll receive your Pension Annuity or Enhanced Pension Annuity income. This can be monthly, quarterly, half-yearly or yearly. You can choose whether the income is paid at the beginning or end of the period.

These choices will affect the amount of income you'll get.

For monthly payments, you can choose the day of the month that we make payments. This can be any day up to the 28th of the month.

Your income will be paid directly into your UK bank or building society account. We can pay to overseas accounts in most countries, subject to current exchange rates and a charge per payment, currently £2.74.

What happens to my Pension Annuity (including the Enhanced Pension Annuity) when I die?

Your Pension Annuity or Enhanced Pension Annuity will end when you die unless:

- an income is to be paid to a dependant and they are still alive.
- you have no dependents payable on your plan and you die within the first 90 days of your plan start date. In which case value protection will apply and a lump sum will be paid to one or more beneficiaries, chosen at Aviva's discretion.
- you have a dependant payable on your plan and you both die within 90 days of your plan start date. In which case a value protection lump sum will be paid to one or more beneficiaries, chosen at Aviva's discretion.
- you have chosen to extend your value protection period and you, and your dependant if you have one, die within this specified term. In which case any remaining value will be paid as a lump sum to one or more beneficiaries, chosen at Aviva's discretion.
- you die after 90 days but within your guarantee period. Annuity payments will be paid to your estate or dependant on the policy until the end of the guarantee period.

Please see your terms and conditions or, if you have a financial adviser, contact them for further information and exclusions which may apply to the above.

What is value protection?

Aviva offers value protection as standard for 90 days from your plan start date. If you die within this period, it pays a lump sum if there are no annuity payments continuing to a dependant. The lump sum will be equivalent to the price paid for your annuity, less any payments already made. This lump sum will replace any guaranteed period payments.

You have the option to extend your value protection beyond the standard 90 day period by choosing this option on your illustration, this is known as optional value protection. You can choose to protect up to 100% of the price paid for your annuity, less any payments already made. This can be either for the rest of your life or for a specified term beginning at your plan start date.

Optional value protection will pay a lump sum when you die, if there are no annuity payments continuing to a dependant. If you choose to extend your value protection beyond the standard 90 day period then the standard one year guarantee period will no longer apply.

For both the 90 day value protection, and optional value protection, a lump sum will be paid to one or more beneficiaries, chosen at our discretion. We take account of your wishes when choosing who to pay and you can tell us at any time, while your plan is active, who you would like us to pay.

This lump sum will usually fall outside the estate for inheritance tax purposes.

What is a guarantee period?

A guarantee period is a period when the income you set up for yourself will continue to be paid even if you die. Any remaining payments due within the guarantee period will normally be paid as set out in your will and form part of your estate.

This annuity usually has a one year guarantee period as standard. However, this may not be the case if your annuity was purchased for you by the trustees of a defined benefit pension scheme.

You can choose a longer guarantee period of up to 30 years, or 10 years if your annuity was purchased by the trustees of a defined benefit pension scheme.

If you die after 90 days but within your guarantee period, we will continue to make annuity payments to your estate or dependants until the end of that period.

If you choose optional value protection, the standard one year guarantee period will no longer apply.

What are the charges?

Product and investment charges

All the charges for setting up and running your plan are taken into account when we work out your annuity income, bought with your pension pot.

The illustration shows how much income the pension pot will buy. We don't take any charges from your income.

If commission is being paid to your adviser, this is covered within the pricing of the annuity and will be shown on your illustration.

If we need to rewrite the terms of your plan due to any information being incorrect or incomplete, then we will charge you £40 each time.

Adviser Charges

If you have asked us to pay an adviser charge from your pension pot, this will be shown on your illustration.

What about tax?

Your Pension Annuity or Enhanced Pension Annuity payments will be treated as earned income and taxed according to your personal circumstances. We will tax it under the Pay As You Earn regulations (PAYE), as we're required to do.

Your Pension Annuity or Enhanced Pension Annuity payments will normally be made after the tax payable has been deducted.

If you've selected an income to be paid to your dependant when you die, this may be subject to income tax. If you die before your 75th birthday and your annuity is defined by HMRC as a Lifetime Annuity, your dependant's income will be free of income tax. Otherwise, their income will be subject to income tax according to their personal circumstances.

The lump sum value of any remaining guaranteed instalments paid to your or your dependant's estate from your Pension Annuity or Enhanced Pension Annuity may be subject to inheritance tax.

If you die and value protection benefit is payable to one or more beneficiaries chosen at Aviva's discretion, this will normally be free of inheritance tax.

The government has put a limit on the total value of all retirement benefits (excluding state pensions) that you can normally take without paying a tax penalty. The limit is called the lifetime allowance and the tax is called a lifetime allowance charge. Please go to **gov.uk** for further information. You should already be aware if this is likely to affect the level of annuity you will receive. Please contact your financial adviser, if you have one, and they will be able to give you more details.

If you die in the guaranteed period before age 75, then:

- if the lump sum is payable and your annuity is defined by HMRC as a Lifetime Annuity, it will be paid free of income tax, or
- if your benefits are provided under a defined benefits arrangement, the lump sum will be paid free of income tax, or may count towards your lifetime allowance, dependent upon the option chosen at the outset or
- if payments continue they will be paid free of income tax.

If you die in the guaranteed period on or after age 75:

- payments will continue and will be taxed at the recipient's marginal rate.

Your illustration will show which applies.

If you choose to continue value protection beyond 90 days and a lump sum is payable on death, then:

- if you die before age 75 the lump sum will be paid free of income tax, or
- if you die aged 75 or over, the lump sum will be taxed at the recipient's marginal rate.
- if you've a dependant on your plan, the tax treatment of the lump sum will be determined by the age at which you die but the lump sum won't be payable until you have both died, and will take any dependant's benefits paid into account.

We've included only a general tax summary in this document; tax treatment depends on your individual circumstances.

We've based this information on our current interpretation of tax rules. These rules may be subject to change in the future.

Please contact your financial adviser, if you have one, and they can give you more details about your tax position.

Can I change my mind?

- You have the option to cancel your Pension Annuity (including the Enhanced Pension Annuity):
  - at any point before your annuity plan starts, or
  - up to 30 days from the date that you receive our confirmation that your annuity plan has started.

If you choose to take a tax-free lump sum and decide to cancel your annuity:

- before the tax-free lump sum is paid, we can return the funds to the transferring pension scheme if you gain their agreement that they're willing to accept the pension funds back, or
- after we or another provider have paid the tax-free lump sum, it cannot be returned and you must use the remaining pension pot to buy another product that provides you with an income in retirement, either from us or another provider. If you don't do this within six months of the tax-free lump sum being paid, it will no longer be tax free and will become subject to tax charges.

If you want to cancel your application for a Pension Annuity (including the Enhanced Pension Annuity) before the plan has started all you have to do is tell us.

In order to cancel the annuity plan after it has started, you must:

- Sign and return the cancellation form within the 30 day period, which you can find at the back of your illustration.
- Return any income payments we may have already paid, by cheque made payable to Aviva. Please post this to the address under the How to contact us section.
- Gain agreement from an insurance company to receive the funds so that they can provide you with an income in retirement within six months of the payment of your tax-free lump sum, if you've received one.

Where you've asked us to pay an adviser charge and this has already been paid it will not be refunded.

If the cancellation form isn't returned, or you don't advise us of an alternative annuity provider within six months of any tax-free lump sum payment, the annuity plan will continue.

How to contact us

Remember your financial adviser, if you have one, will normally be your first point of contact. They'll have provided you with information that contains their contact details.

If you've any questions at any time, you can phone, e-mail, or write to us.

Call us on **0800 068 6800**

Monday to Friday	**8.00am to 8.00pm**
Saturday	**8.30am to 5.00pm**
Sunday	**10.00am to 4.00pm**

Outside of these hours you can use the same number and leave a message on our answerphone.

We may monitor calls to improve our service.

Email **contactus@aviva.com**

Office address
Aviva
PO Box 520
Norwich
NR1 3WG

Other information

How to complain

If you've taken a product out with Aviva and are unhappy with the product or the service you received, you can contact us using the details in the 'How to contact us' section.

We aim to resolve your complaint quickly. If we can resolve your complaint within three working days following the day we receive it, we will write and confirm this to you, along with your rights to refer your complaint to the Financial Ombudsman Service (FOS).

If your complaint is not resolved within three working days of receiving your complaint:

- Your complaint will be acknowledged promptly.
- A dedicated complaint expert will be assigned to review your complaint.
- A thorough and impartial investigation will be carried out.
- You will be kept updated of the progress.
- Everything will be done to resolve things as quickly as possible.
- A written response will be sent to you within eight weeks of receiving your complaint, this will inform you of the results of the investigation or explain why this isn't possible.

Where we cannot resolve your concerns, or have been unable to resolve them within eight weeks, you may be able to ask the FOS to carry out an independent review. Whilst firms are bound by their decision, you are not. Contacting the FOS will not affect your legal rights. You can contact them on **0800 023 4567** or visit their website at **financial-ombudsman.org.uk**, where you will find further information.

Terms and conditions

This Key Features document gives a summary of Aviva's Pension Annuity (including the Enhanced Pension Annuity). It doesn't include all the terms and conditions; if you would like a copy of these, please ask your financial adviser, if you have one, or contact us direct.

Law

The plan is governed by the law of England. Your contract will be in English and we'll always speak to you in English.

We're regulated by the Financial Conduct Authority:

The Financial Conduct Authority,
12 Endeavour Square,
London
E20 1JN.

We're also regulated by the Prudential Regulation Authority:

The Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA

Potential conflicts of interest

Occasions can arise where Aviva plc Group Companies, or their appointed officers, will have some form of interest in business which is being transacted.

If this happens, or the Aviva Group becomes aware that its interests, or those of its officers, conflict with your interests, we will take all reasonable steps to manage that conflict of interest, in whatever manner is considered appropriate in the circumstance. This will be done in a way which ensures all customers are treated fairly and in accordance with proper standards of business.

Further details of our conflicts of interest policy are available on request.

Where, despite all efforts to manage a conflict of interest, the conflict of interest cannot be prevented, we will disclose it to you before you commit to taking out this product.

Client classification

The Financial Conduct Authority has defined three categories of customer. You've been classed as a 'retail client', which means that you'll be provided with the highest level of protection provided by the Financial Conduct Authority rules and guidance.

Aviva staff remuneration

Aviva staff are salaried and they receive an annual bonus based upon the overall performance of the Aviva Group.

Some members of our distribution team may also receive additional bonus, a proportion of which relates to their sales performance.

Compensation

If you have received advice:

Qualified advisers will recommend that you buy products suitable for your needs. You've legal rights to compensation if, at any time, it's decided that you've bought a plan that wasn't suitable for your needs at that time.

Your plan is covered by the Financial Services Compensation Scheme. If we become insolvent and we can't meet our obligations under this plan, the scheme may cover you for up to 100% of any successful claim you make.

To find more information about the FSCS, including how to contact them via email and webchat:

Website: **fscs.org.uk**
Phone: **0800 678 1100** or **0207 741 4100**

Solvency Financial Condition Report

Every year we publish a Solvency and Financial Condition report which provides information about our performance, governance, risk profile, solvency and capital management. This report is available for you to read on our website at aviva.com/investors/regulatory-returns/

Pension Wise

Pension Wise from MoneyHelper is a free, government-backed service, offering clear, impartial and specialist guidance on your retirement options. If you're aged 50 or over, this service is available to you.

Visit **moneyhelper.org.uk/pensionwise** or call **0800 138 3944** for full details of the service.

Need this in a different format?

Please get in touch if you'd prefer this key features (**AN15036**) in large print, braille, or as audio.

How to contact us

0800 068 6800

contactus@aviva.com

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