

For adviser use only, not for use with customers

Pension Annuity - Jersey

Target Market Statement

Regulatory context & background

The Jersey Pension Annuity is provided by Aviva Life & Pensions (UK) Ltd (UKLAP), a UK authorised and regulated insurer, is subject to the law of England and is designed to receive monies from certain Revenue Jersey approved Pension Schemes or Personal Pension Schemes. UKLAP also holds a permit from the Jersey Regulator, the Jersey Financial Services Commission, to provide insurance business into Jersey.

As such, the Financial Conduct Authority's (FCA's) Product Intervention and Product Governance Sourcebook (PROD) rules apply. These rules aim to make sure that the investment and insurance solutions and products offered to clients deliver good customer outcomes.

PROD also requires firms to have a clear target market and, using a combination of provider material and client information, that they can clearly define their distribution strategy. Importantly, PROD also requires firms to identify any groups of clients a product or service isn't suitable for.

Consumer Duty is a standard introduced by the FCA, in the UK which also applies. The Duty requires firms to act to deliver good outcomes for retail customers. Firms must act in good faith towards customers, avoid causing them foreseeable harm, and enable and support them to pursue their financial objectives. Firms should consider the diverse needs of their customers – including those with characteristics of vulnerability.

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.

Fair Value

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 Margin Levels** – 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.

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?

We identify, define, and assess our target markets at an appropriate level, based on the nature and complexity of our products.

If the target market is not adequately defined, the product could be sold to customers who are unlikely to get fair value or achieve good outcomes from the product. Distributors must also understand the target market and distribution strategy and ensure that the product is distributed accordingly.

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

- Specifying an identified target market for the product at a sufficiently granular and detailed level, considering the characteristics, risk profile, complexity, and nature of the product
- Identify groups of customers for whom the product would not provide the intended value.
- Take account of any particular additional or different needs, characteristics and objectives that might be relevant for customers in the Target Market with characteristics of vulnerability.
- identifying relevant risks to the target market, including risks to customers with characteristics of vulnerability
- ensure the product continues to provide fair value for a reasonably foreseeable period (including following renewal)

- 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.
- the risk appetite of the customer, for example, (but not limited to)
 - Attitude towards excess where these are larger than customers may expect for the type of product.
 - Consideration to financial sophistication.
 - Affluence.
 - Attitude to risk.
- what limitations, exclusions or alternative cover in place might inhibit a customer from getting full value from the product, for example (but not limited to),
 - An income product sold to a customer nearing retirement with sufficient savings.
 - A product where the customer would not be entitled to, or has no need, for the full benefits of the product.
 - Where the customer may have suitable cover already in place, e.g., as part of their employment package
- whether any of the customers may be outside of the target market due to eligibility or exclusions for example (but not limited to),
 - Pre-existing conditions in health / protection products.
 - Minimum / maximum limits of cover or investment amount.
 - Geographical, age and/or occupational restrictions.
 - Incoming or outgoing payment restrictions.
- 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 specific customer type (detailed below). You shouldn't assume a product is appropriate simply because the customer is in scope. The product must not be sold to customers outside of the target market, other than in exceptional circumstances. 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 contact your usual Aviva representative.

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What customer need does this product meet?

A Jersey Pension Annuity meets the need for financial certainty and stability in retirement by providing customers with a guaranteed income for life.

This product helps those individuals who prefer a predictable income over the uncertainty of investment-based products. It allows them to manage the risk of outliving their pension savings, by having a predictable income.

With options for level or increased payments, it supports customers in maintaining their standard of living throughout retirement.

This product also addresses the customer need for peace of mind and long-term planning. Features such as a guarantee period and the ability to continue payments to a nominated dependant offer reassurance that loved ones will be supported financially after the customer's death.

Who is the Jersey Pension Annuity designed for?

The Jersey Pension Annuity is designed for individuals who want a secure, guaranteed income throughout retirement and meet the eligibility criteria below.

Eligibility criteria:

- Using monies from a Pension Scheme or Personal Pension Plan which is approved under Articles:
 - 131, 131B, 131CA and 131D under The Income Tax (Jersey) Law 1961.
 - Article 131A are Occupational Schemes for non-Jersey residents where the Trustees are required to provide an income at retirement through a pension annuity, which is taxed appropriately (i.e. tax free for non-Jersey residents)
- Resident of the UK or Jersey
- Who are aged between 50 and 75
- Who is an existing Aviva customer with a pot size of £5k or greater after-tax free cash
- Who is an external customer with a pot size of £10k or greater after-tax free cash
- Where an enhanced annuity is required, medical information may be required to be provided by a doctor.

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, increases at a fixed rate or in line with UK Retail Price Index (UK RPI) (only applies if the customer has a pension that increases in line with the UK RPI up to a fixed amount and the retirement fund comes from a final salary scheme; or a pension which increases in line with the UK RPI)
- Who may have pre-existing medical or health conditions
- Who want to be able to provide a guaranteed income for a dependant once they die.

Who is the Jersey Pension Annuity not designed to support?

This product is not designed for:

- Customers who do not reside in the UK or Jersey
- Customers who want a flexible income
- Who want flexibility in their retirement product
- Who want investment returns
- Who may want to change the level of regular income as their circumstances change over time
- Who want to retain access to their capital
- Want to carry on paying money into their ceding pension scheme
- May not be suitable for customers who have a short life expectancy of 12 months or less
- Who want to have an element of capital protection
- Customers who have monies from a pension approved under Articles 131C, 131E, 131F or 131G under The Income Tax (Jersey) Law 1961.

The Jersey Pension Annuity has a 30 day cancellation period but after this period the policy cannot be changed, transferred, or cashed in even if a customer's circumstances change.

How can I sell the Jersey Pension Annuity?

This product can be purchased with or without advice via an IFA.

Need this in a different format?

Please get in touch with your usual Aviva contact if you'd prefer this document (**AN15120**) in large font, braille, audio, or in a different colour.

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