Group Personal and Stakeholder Pension Plans

Member guide

Welcome to Aviva

This guide will show you the benefits of joining a Group Personal or Stakeholder Pension with Aviva and will answer some of the important questions you may have.

As well as reading this guide you should also read your Key Features document, personal illustration and Your Plan Details.

What are the advantages of joining the plan?

We all want the best for our future retirement plans. That's why it's important to invest for your own future.

You should start thinking now about how much money you will need in later life. Many people leave planning for their future prosperity until it's too late. Don't fall into this trap.

Your employer has decided to help you plan for retirement by setting up a Group Personal or Stakeholder Pension Plan with Aviva.

Flexible and portable

You can decide to take the benefits from your plan at any time between the minimum pension age and 75. 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**.

Under this plan, you have to use your pension pot on or before your 75th birthday.

If you want to wait until later than that you'll have to take your money out of this plan before your 75th birthday and put it into a different one which lets you use your pension pot after you're 75.

It's always difficult to predict future job patterns, but you will be assured to know that you can keep your plan with Aviva even if you change jobs in the future; it's truly portable.

Tax efficiency

Your payments to the plan will receive basic rate tax relief, which will also be added to your plan. If you pay tax at more than the basic rate, you will be able to claim any further tax relief on your annual self-assessment tax return. Membership of this plan is therefore very tax efficient. You won't normally pay any tax or National Insurance on payments made by your employer.

Your pension fund will grow free of UK income and capital gains tax. Some investment returns may be received with tax credits, or after tax deductions, which cannot be reclaimed.

The laws relating to tax may change in the future.

Why Aviva?

Value-for-money

It's important to know that as much of your money as possible works for you from day one and continues to work as hard as possible right up to when you choose to take your retirement benefits.

Aviva is committed to providing simple, flexible and value-for-money pensions.

What to look for in a pension provider

You need to feel sure that the company you invest with is financially sound. This will mean it can offer a range of investment funds with the potential to provide good returns, giving your pension fund the best opportunity to grow without exposing it to unnecessary risk. However, the value of your pension fund can go down as well as up and may be worth less than the amount paid in.

By choosing Aviva you will also benefit from being with one of the UK's leading insurers.

Please bear in mind that the size and strength of the company can decrease or increase over time.

We're committed to providing a high level of customer service and expertise to our customers.

Each year we will send you a statement showing how much you and/or your employer have paid into your plan and its current value. We recommend that you review your payments and the investments in your plan regularly, to make sure your plan is still on track to meet your retirement needs.

Who can join the plan?

Your employer can set eligibility conditions, such as length of service, and will tell you if you're eligible to join.

You will also need to be resident in the UK. You're likely to be classed as 'resident' if you live in the UK all or most of the time.

You may be eligible to take out the plan if either you or your spouse/civil partner is a Crown Servant

So we can make sure your payments continue to be eligible for tax relief, you should tell us if:

- you stop being resident in the UK, or
- you stop having earnings subject to UK income tax, or
- you or your spouse/civil partner is a Crown Servant

You should also tell us if you move abroad or start working abroad as this may affect what you can pay. We'll tell you more about this at the time.

What if I have an existing pension?

If you have been employed by more than one company during your working lifetime, it's likely that at some point you will have built up benefits from one or even several company pension schemes.

On the other hand, you may already have taken out a private pension of your own. You can carry on paying into this as well as joining this plan.

In most cases, you will be able to transfer pension benefits that you have built up in other pension arrangements to your Aviva pension.

Not all pension schemes work in the same way. Transferring a pension may not be the right choice for everyone and there's no guarantee you'll be any better off. It can be a complex decision and before deciding you'll need to compare the charges and funds in the schemes, and any valuable guarantees or benefits which could be lost. Your capital could fall or rise in value and you could get back less than transferred. We recommend you seek advice before transferring. In some cases you may be required to obtain advice before proceeding, for which a fee will be charged

Your employer may have lined up a financial adviser that you can speak to. Alternatively, you can visit **unbiased.co.uk** to find an adviser in your area. An adviser may charge a fee for this service.

You can, of course, join the plan now and transfer money into it from other schemes later on.

What is paid into the plan?

Your employer can make payments to the plan. They may require you to pay a minimum amount into your plan in order to benefit from any employer payments. You can pay more than the minimum set by your employer.

Your Plan Conditions details the minimum amounts which can be paid into your Pension.

Your employer may deduct your payments from your earnings and pass them to Aviva.

This plan is only able to accept your payments if they get tax relief.

Regular and one-off payments

You can make payments into your plan regularly, either every month or every year. If your employer does not deduct your payments and pass them to Aviva, you will need to set up a direct debit from your bank or building society account.

You can also make one-off payments at any time. This could include money you transfer from another pension scheme.

Increasing or reducing the amount

You are free to increase or reduce the amount you regularly invest, without penalty. If you need to take time out of work, for example to study or raise a family, you can simply stop your payments into your plan and start them again when you return to work, although this will affect the amount you get back. If you stop or reduce contributions charges will continue to be taken. Please contact us for further information and to request an illustration, if you are considering changing contribution levels.

Is there a way of increasing payments in line with my income?

As the cost of living rises, the real value of your payments each year will decrease. You can help maintain the real value of your payments by increasing them each year.

Your plan may allow for your payments to be expressed as a percentage of your salary or may allow automatic payment increases called indexation.

If indexation is included, payments will increase each year in line with the Average Weekly Earnings index or by a fixed amount. Relatively small increases could make a big difference to the size of your future pension fund. You will be notified in advance of the amount of any increase.

Indexation may be stopped at any time but it may not be possible to re-start at a later date.

What are the tax rules?

Tax relief

HM Revenue and Customs (HMRC) allows tax relief on your personal payments to all your plans up to £2,880 a year (which becomes £3,600 with tax relief), or 100% of your UK taxable earnings if greater.

Annual allowance

HMRC puts a limit on the total amount that can be paid into all your pension arrangements each year before a tax charge is payable (the annual allowance). In addition, if you have a high income, or have flexibly accessed your pension savings, your annual allowance may be reduced.

The current amount you can pay can be found on the HMRC website at: **gov.uk/tax-on-your-private-pension/annual-allowance**. Anything paid in above this amount may incur a tax charge.

If you think you might be affected then we strongly recommend that you receive individual tax advice. For more information about tax please refer to a financial adviser.

Lifetime allowance

The lifetime allowance is a limit on the total amount of pension fund you can build up in all your pension plans for retirement benefits before extra tax applies. It is set by the Government. The current standard lifetime allowance can be found on the HMRC website at: **gov.uk/tax-on-your-private-pension/lifetime-allowance**. We strongly recommend you take financial advice if your pension funds are close to or more than this amount. The vast majority of pension scheme members will not be affected by this limit.

As well as the amount you're currently building up in pension plans, the Lifetime Allowance will also take into account the value of retirement benefits already being paid to you as income and most paid as lump sums.

If you already have pension funds that exceed the lifetime allowance, any form of lifetime allowance protection, or if you think you may exceed the lifetime allowance in the future, you should seek financial advice before joining this plan.

How do I get tax relief?

You pay your payments less an amount equal to the basic rate of income tax. Aviva will claim this back from HMRC on your behalf and add it to your plan, together with the amount you have paid. This is often referred to as making payments net of basic rate tax.

For example, if you pay £80 into a Group Personal or Stakeholder pension plan, HMRC will add £20 to this, so the total invested is £100. This is known as basic rate tax relief and you will get this, even if you don't pay tax.

If you pay tax at more than the basic rate, payments to your plan will only be increased by basic rate tax relief, but you will be able to claim any further tax relief on your annual self-assessment tax return.

Taxation

Any statement about tax liability is based on our understanding of current law and tax practice. Future changes in law and tax practice could affect how much your plan is worth and your tax liability. Your plan could also be affected by changes in your personal financial circumstances.

How is my money invested?

A range of unit-linked pension funds is available for you to invest in. Please visit our Fund Centre **aviva.co.uk/retirement/fund-centre/pension-funds** for details of the funds which are available to your plan.

If your plan is a Stakeholder plan you do not have to choose a fund unless you wish to do so. If you do not choose a fund and your employer has not made an investment choice for you, the money paid into your plan will be invested into the Aviva Stakeholder Mixed Investments Universal Lifestyle approach.

This means that we will invest all your payments into the Aviva Mixed Investment (40–85% Shares) fund. During the five years before your retirement, we will gradually move your investment from the Aviva Mixed Investment (40–85% Shares) fund into the Aviva My Future Focus Consolidation fund. New payments will continue to be invested into the Aviva Mixed Investment (40–85% shares) fund. This means that as you approach retirement we automatically move your investment into different funds. If the term to retirement at outset is 5 years or less then all payments will be invested into the Aviva My Future Focus Consolidation fund with no monthly switching. We do this with the aim of preparing your pension pot for flexible access at your chosen retirement age.

There is no guarantee that using this investment approach will benefit the pension pot you have for retirement. The value of your pension pot can go down as well as up, and is not guaranteed – you might get back less than the amount paid in.

Will I have to pay any charges?

You'll have to pay an annual fund charge for the cost of running your pension plan, which is taken as a percentage of your investment. You might also have to pay additional fund charges for the investment funds you pick yourself.

For details of any extra charges you'll have to pay for investing in certain funds, visit **fundcentre.aviva.co.uk**

When can I take my retirement benefits?

When you start your plan, you choose the age from which you wish to take your benefits and this is known as your selected or chosen retirement age, but you don't have to take your benefits at this time – you can take them at any time from the minimum pension age up until your 75th birthday, even if you're still working. 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**.

Some benefits can be paid earlier if you are unable to work again due to illness or disability.

You can delay taking retirement benefits, but you will need to take your benefits from your plan on or before your 75th birthday.

What choices will I have when I take my retirement benefits?

You can choose to take your retirement benefits in the following ways. Whichever option you choose you can normally take up to 25% of the pension pot as a tax free sum.

- take your pension pot as a cash lump sum. The first 25% will be paid free of income tax, but you will pay tax at your marginal rate on the rest of your pension pot.
- take your money as and when you need it (although this will mean transferring your money to a different type of pension plan)
- use your pension pot to buy an income for life. The income you get will depend on the size of your pension pot and the cost of converting it.

You may have to pay income tax on the retirement benefits you take from your pension plan. Income payments and lump sum payments are both treated as income, and therefore the tax you pay will depend on your other income in the tax year, your main place of residence as advised to us by HMRC and your other individual circumstances. Tax rules can change.

Don't forget that you can shop around and buy your retirement benefits from any other provider.

We'll give you details of your choices nearer your chosen retirement date and tell you how much of your lifetime allowance your plan has used. If you take benefits above the lifetime allowance there may be a tax charge. We'll tell you more about this if it applies to you.

Serious ill health

If you become seriously ill and a doctor tells you that you're likely to live for less than a year, you may be able to take all of your fund as a lump sum. The lump sum could be paid tax-free by your plan provided it is not greater than your available lifetime allowance at that time.

Further detail on serious ill health lump sums is provided by HMRC in the Registered Pension Scheme Manual (RPSM) at **gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm063400**

Please see the section 'What are the tax rules?' on page 3 for more information about the lifetime allowance.

What happens to the plan if I die before I take my retirement benefits?

If you die before you take your retirement benefits, we can pay out the value of your pension pot to your beneficiary as a lump sum. Alternatively, your pension pot can be used to provide an income for your beneficiaries.

To help us pay out a lump sum quicker you can name who you would like to receive it. If you wish to change the people named, Aviva must receive written confirmation from you. Your wishes are not binding, but we will bear them in mind when making payment.

If you wish, you may be able to set up your own individual trust instead, so that we pay the money to trustees appointed by you as a lump sum. We can provide you with a trust form or you can use your own. We will need to see the original or a certified copy of the completed trust. We recommend that you see a solicitor before setting up a trust.

If you've arranged your plan under a suitable trust we'll pay any cash sum to the trustees.

Lump sums and funds used to provide income benefits on your death will count towards your lifetime allowance.

What if I change jobs?

If you leave your employer's service, your plan becomes your individual personal pension plan with Aviva. You will be free to carry on making payments into your plan if you wish to do so.

Even if you join a new employer's scheme you can carry on paying into this plan, for example, to top up the benefits provided by your new scheme.

What about State Pensions?

The State will provide you with a State Pension if you have paid enough National Insurance contributions. Starting your pension will not affect your entitlement to a State Pension.

The actual amount of State Pension and when you will receive it will depend on the National Insurance contributions you have paid. You can find more information about the state pension at **gov.uk/new-state-pension**

What next?

You should have received a Key Features document and an illustration which gives you an estimate of possible benefits based on your payments.

Application form

To join the plan you must complete an application form. Contact your employer who will be able to provide you with this form. Please make sure you complete all of the sections that apply to you. You will need to provide details such as your National Insurance number, tax office name and reference number.

Beneficiaries

On the application form, you can name the person or people that you wish to receive the lump sum death benefits, however this is not binding on Aviva. Alternatively, if you want to set up your own trust, we can provide you with an information pack including a trust form for you to complete. You will need to decide who you would like to act as trustees.

Collection of payments

If your employer does not deduct your payments and pass them to Aviva, please make sure you complete the direct debit instruction on the application form.

The Pensions Ombudsman

If you or your beneficiaries have any queries or complaints you should contact Aviva first:

Aviva Service Centre
PO Box 1550
Salisbury
SP1 2TW

Phone: **0345 845 0000**

The Pensions Ombudsman may be able to assist you and your beneficiaries in connection with any difficulties you have failed to resolve with us. The service is free of charge. The address is:

10 South Colonnade
Canary Wharf
London
E14 4PU

Phone: **0800 917 4487**

Email: **enquiries@pensions-ombudsman.org.uk**
pensions-ombudsman.org.uk

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How to contact us

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