Stakeholder Pension

The simple way to start a pension plan

Introduction

Any decision you make about investing for your future retirement needs careful consideration as this is the money you'll likely rely on during your retirement. In this guide, we've tried to give you as much information as we can in a clear and easy-to-read format. If you have a question that we haven't answered, please talk to your financial adviser or contact us for more information. If you don't have a financial adviser, one can be found at **unbiased.co.uk**. They may charge for their advice.

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Pensions – the basics

What is a pension plan?

A pension plan is a long-term investment that helps you prepare for your retirement. It aims to build up a pension pot for your retirement, with benefits normally available from the normal minimum pension age, which is currently 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**. The great thing about pensions is that because the government want you to put money away for your retirement, HM Revenue & Customs (HMRC) will also add money into your pension pot (known as tax relief).

How does it work?

With a stakeholder pension like Aviva's, you pay money into your pension plan either regularly (such as every month), or make one-off payments. HMRC then pays the basic rate income tax that you paid on that money into your pension plan. For every £80 you put into your pension plan, HMRC will add a further £20, to make this up to £100 in your pension plan. This is known as basic rate tax relief. You can claim back even more through your self assessment form if you pay tax above the basic rate.

Tax benefits are subject to change, interpretation and depend on the individual's circumstances.

We then take this money and invest it for you in funds that you choose. You can invest in a range of funds which offer you access to a variety of assets such as stocks & shares and property. You should also remember that the value of your pension pot can go down as well as up and may be worth less than the amount paid in.

You can choose between a range of high to lower risk funds, depending on your attitude to risk. For example, you may have a greater opportunity of making more money from the high risk funds, but, equally, a greater chance of losing money. While with a lower risk fund you may be less likely to lose your money, returns are likely to be smaller and could possibly struggle to keep up with inflation.

When you reach your chosen retirement age, or the normal minimum pension age* (if that is earlier), you'll have a number of different options about how you can use your pension pot, including taking an income, lump sum or a combination of both of these.

*The normal 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**.

The rest of this guide explains our Stakeholder Pension in more detail and how it may work for you.

Why choose the Aviva Stakeholder Pension?

It's never too early to start a pension plan

We'd all like to retire early, perhaps travel, do up the house, spend more time with family and friends – but what are you doing to help prepare for it?

Your first question might be 'Why might I need a pension plan?'. A state pension alone isn't likely to provide the same level of income that you receive during your working life. And if you don't have any other pension provisions set aside, it could be worth putting additional plans in place for the retirement you're aiming for - such as taking out a pension policy.

Your second question may well be 'Why do I need to start thinking about a pension plan now?'. There's a simple answer to that too: the sooner you start, the larger your pension pot is likely to be when you retire.

When it comes to investing for your retirement, you're sure to want choice and value – not to mention as many tax advantages as possible. And that's exactly what you'll get with a Stakeholder Pension.

So, what is Aviva's Stakeholder Pension?

Aviva's Stakeholder Pension is a flexible, tax-efficient investment plan that allows you to invest for retirement. Aviva's Stakeholder Pension meets the minimum HMRC standards on charges, how much you can pay into it and terms and conditions. It's a personal pension plan for anyone under 75, who wants to invest for retirement in a tax-efficient way. It could be suitable for anyone who is employed, whose employer doesn't have a company pension or an auto-enrolment scheme. It could be suitable for someone not eligible to join such a scheme. It could also be suitable for someone who is self-employed or unemployed.

How much could my plan be worth when I retire?

Calculate your possible retirement pot with our pension calculator. Visit:

aviva.co.uk/retirement/tools-and-calculators/my-retirement-planner

Manage your pension plan the easy way with MyAviva

MyAviva is an online platform which gives you control over your pension plan. It lets you access and manage your pension plan whenever you want.

With MyAviva, you can:

- find the answers to many questions you may have about pensions
- view your current plan values and your current and past payments
- see your estimated final pension pot and use the tools to see the retirement income it could provide
- check and make a request to change the funds you invest in
- see how any investment choices affect the benefits you could have when you retire
- check your personal details

MyAviva is designed to make managing your pension plan simple and convenient. You can take control of your pension plan in a way that you never could before.

To find out more about MyAviva please visit **aviva.co.uk/help-and-support/managing-your-policy/**

What are the benefits?

Our Stakeholder Pension – the benefits at a glance

Low cost

- Maximum charge of 1% of your pension pot value each year

Flexible

- You can stop, start or change your payments as often as you like with no penalty
- Choose from over 40 funds
- Free fund switching

Tax efficient

- HMRC will give you tax relief on your payments
- You can normally take up to 25% of your pension pot tax-free from the normal minimum pension age (currently age 55, rising to 57 from 6 April 2028)
- You can now invest towards your child's retirement with Aviva's Stakeholder Pension

Is the Aviva Stakeholder Pension right for me?

Below are some of the suitability and eligibility criteria that will help you decide whether the Aviva Stakeholder Pension is right for you:

- ✓ **You're aged under 75. Under this plan, Aviva requires you to take your benefits by age 75.**
- ✓ **You're a permanent UK resident.**

  Or

  A Crown Servant or the spouse or civil partner of a Crown Servant.
- ✓ **You aren't working but can afford to pay into a pension plan.**
- ✓ **You're working and your employer doesn't offer a company pension or an auto-enrolment scheme or you're not eligible to join it.**

If you're looking for a wider investment choice, our Personal Pension may be a better option for you. For further information, please talk to your financial adviser. Alternatively, you can visit **unbiased.co.uk** to find an independent adviser in your area. An adviser will charge a fee for this service.

Spotlight on...

Pension Plan choice

Everyone's circumstances are different. Make sure that you check that this pension plan meets your needs. Your financial adviser will be able to help you decide.

Making payments

How much will this pension plan cost me?

You can start our Stakeholder Pension from as little as £20. However, if you're looking forward to a particular standard of living in retirement, you should carefully consider how much you're willing to invest.

The maximum amount you can pay into all your pension plans, including this plan, and on which you can receive tax relief, is 100% of your annual earnings or £3,600 (£2,880 net of basic rate tax relief), whichever is greater. There's also a payment limit each year, which is called the annual allowance. If total payments to all your pension plans are more than the annual allowance, you'll normally have to pay tax on the excess. The current annual allowance is £60,000.

Aviva only accept payments that qualify for tax relief.

If you have an income (including the value of any pension contributions) of over £260,000 and an income (excluding pension contributions) in excess of £200,000, your annual allowance may be reduced.

Taking certain types of retirement benefits may trigger the money purchase annual allowance (MPAA). You'll still have an annual allowance of £60,000 in total, but no more than £10,000 can be paid into your defined contribution (money purchase) pensions and £50,000 for other pension savings. The provider paying your retirement benefits will tell you if this applies to you.

You can choose to make regular payments (e.g. monthly or yearly) or single one-off payments, as and when you wish.

Your employer may have an auto-enrolment scheme or a company pension scheme which you should consider joining if you haven't already done so. If there are no schemes for you to join, it's possible for your employer to pay into this plan. If your employer agrees to pay into this plan you won't pay income tax or national insurance on any payments they make.

Transfers from another pension plan

If you have other pension plans too, it's normally possible to transfer them into the Stakeholder Pension – keeping things simpler and more manageable for you. This can be a complex decision so before you decide, gather together all the documents you have for your existing pension plans. Remember, you can always talk to your current provider if you're unsure of anything. Take a look at the features of your current pension plan and compare them with the Aviva plan. For example, fund range and charges may vary.

You may lose valuable benefits such as:

- Pensions that allow you to take more than a 25% tax-free lump sum.
- Pensions which pay a loyalty bonus
- Built-in or enhanced life insurance benefits or waiver of contributions
- Enhanced death benefits
- Pensions that let you retire earlier than the normal minimum pension age

Transferring pensions isn't right for everyone and you need to consider the charges, fund ranges, any valuable benefits that could be lost and any tax implications.

If your current pension plan is invested in a unitised with-profits fund, a market value reduction (MVR) may be applied if you transfer out of your current plan into the Aviva plan. This would mean that the transfer value may be less than the quoted value of your investment. You should contact your current provider to find out if an MVR would apply on transfer.

There's no guarantee that you'll be any better off by transferring. If you're at all unsure whether this is right for you then you should speak to a financial adviser before going ahead. Remember that the value of your pension can go up as well as down and you may get back less than has been paid in.

We don't charge to accept a pension transfer, but there may be a charge from your existing pension provider if you leave them.

While the transfer is taking place you may be disinvested for a period of time i.e. out of the market for the time it takes to complete the transfer. This means that you won't benefit from any rise in the value of investments during that time.

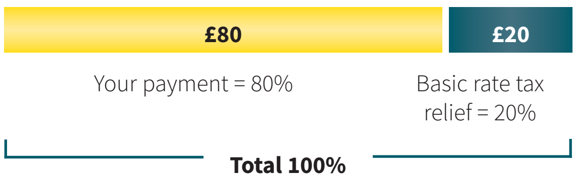
If you change your mind and choose to cancel the transfer within 30 days and the fund has fallen in value, you may get back less than the amount we received. The amount we pay back has to go into another pension scheme and the original scheme may refuse to accept it. If this happens, you'll need to transfer it to a different pension scheme of your choosing.

In some circumstances, the scheme you're transferring from may require you to take financial advice before proceeding, for which a fee will be charged.

What tax advantages do I get?

With our Stakeholder Pension you can benefit from basic rate tax relief on your payments, based on the limits on page 8, even if you're not a tax payer. It's this tax relief which makes pension plans one of the most tax-efficient ways to invest for retirement.

Tax relief means HMRC tops up your personal pension payments. For example, if basic rate income tax is 20% and you pay £80 a month, tax relief would add £20 a month. This means that for every £80 you pay, £100 goes into your plan.



Put another way, if you want a single payment of £10,000 to be made to your plan, you pay just £8,000, with basic rate tax relief topping this up with an additional £2,000.

We'll automatically add the basic rate tax relief to your payments, then we claim it back from HMRC. That way, if you're a basic rate tax payer, there's nothing extra for you to do.

If you pay tax above the basic rate, you'll normally reclaim your extra entitlement through your tax return. If you're a higher or an additional rate tax payer please speak to your financial adviser.

As well as getting tax relief on your payments, your pension fund will grow free of UK income and capital gains tax. Some investment returns may be received by the fund with tax credits, or after tax deductions, which can't be reclaimed. Plus, when you're ready to take your retirement benefits, you'll normally be able to take up to a quarter of your pension pot tax-free.

You should remember that the law relating to tax can change in the future and that your tax position will depend on your personal circumstances and main place of residence.

No payment tie-ins if your circumstances change

We've made paying into our Stakeholder Pension as flexible as possible. If your circumstances change, you can increase or reduce (down to the minimum of £20) your regular payments without a penalty, and if you need to take a break from your payments (for example, to study or look after your children), you can do that too. Simply start them again when you're ready.

If you do decide to take a break from your payments or reduce the amount you're paying into your pension pot, you'll need to remember that we'll still apply charges, as we'll still be managing your funds. Also, any payment breaks reduce the potential value of your pension pot. If you're considering stopping or changing your contributions, please contact us for an illustration of the effect on the plan.

Safeguard your pension against rising costs

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 choosing automatic yearly increases. This is called indexation.

If you choose indexation, your payments will increase in line with the Average Weekly Earnings Index. The minimum increase is 3% and the maximum 15%.

These relatively small increases could make a big difference to the size of your future pension pot. We'll tell you in advance of the amount of any increase.

Making your fund choice

Where will my money be invested?

Our Stakeholder Pension offers over 40 investment funds to help you invest for retirement. This means you can select funds that match your retirement goals and attitude to risk, while having the freedom to choose new ones if your needs change. Choosing the right funds for you from a range of over 40 may sound a little daunting but you can ask your financial adviser for help. Alternatively, you can visit **unbiased.co.uk** to find an independent adviser in your area. An adviser may charge a fee for this service. For the latest fund details, such as risk ratings, please visit our Fund Centre at **aviva.co.uk/retirement/fund-centre**

You don't have to select an investment fund unless you wish to do so. If you haven't chosen a fund, the money paid into your plan will be invested into the Aviva Stakeholder Mixed Investments Universal Lifestyle approach which has been selected as our Default Investment.

This means all payments will be paid into the Aviva Pension Mixed Investment fund (which is made up of between 40%-85% shares). Five years before your chosen retirement age, your pension pot will gradually be moved into the Aviva My Future Focus Consolidation fund.

If you start your plan with a term of 5 years or less, your pension pot will be invested into the Aviva My Future Focus Consolidation fund from the start.

The Stakeholder Mixed Investments Universal Lifestyle approach is designed to prepare your pension pot for flexible access at your chosen retirement age, including:

- taking your money as and when you need it, either as cash sums or as flexible income (known as drawdown)
- withdrawing all the money in your pension pot
- buying an income for your lifetime (known as an annuity)
- leaving your money where it is and making your choices later.

You can find more details about how you can take your pension benefits at **www.aviva.co.uk/retirement/using-your-pension-money/**

It is designed for customers who do not want to actively manage their own pension investments and would prefer to leave the investment decisions to someone else.

This approach may not be the most suitable. If you prefer to manage your own investments and tailor them to your specific needs, you can explore our full range of investments.

For full details please visit our **Fund Centre**.

A wide and varied fund choice

With help from your financial adviser, you can create a varied range of pension investments. This means you can spread your money in a way that suits your needs.

The types of funds available are:

- Cash/Money Market
- Mixed asset
- Corporate Bonds
- Gilts (UK Government bonds)
- Global Bonds
- Property
- Equities
- Specialist/Other

And you'll also have the opportunity to invest in our range of socially responsible investment funds, which actively invest in companies providing solutions to social and environmental problems.

Balancing risk and reward

The way you choose your investments depends very much on how you feel about risk. All funds have their ups and downs. The bigger the ups and downs, the greater the chance of larger gains or losses. You'll need to remember that the value of an investment can go up or down and could end up being worth less than the amount paid in.

If you're not due to retire for quite a while, you might be happier to accept more risk in the hope of seeing better returns over the long term. On the other hand, if you're near to retirement, you may want to keep risk to a minimum. Whatever stage you're at, you should be able to find a fund choice for you with our Stakeholder Pension.

To make choosing your investments easier, we give each of our funds a risk rating from the lowest to the highest risk – please visit our Fund Centre at **aviva.co.uk/retirement/fund-centre**, where you'll find details about the funds. We'll also write to you every year to let you know how your investments are performing.

Spotlight on...

Fund performance

The value of your investments may go down as well as up and may be worth less than the amount paid in.

Free fund switches

We recognise that things change over time, especially if you're quite far away from retirement when you start your plan. You might want to make changes to your investments, to suit your future plans, your changing attitude to risk or as a reaction to fund performance.

Our plan gives you the flexibility to switch funds when you wish – and there's no charge for moving money between funds. You'll also need to bear in mind that some funds have higher charges than others (we cover charges on page 12).

In certain circumstances, we may need to delay switching your funds. This could be as a result of adverse market conditions or where it would lead to the unfair treatment of other policyholders. The delay may be up to one month for most funds or up to six months if the fund you're invested in can't easily be converted to cash. This includes:

- a Property Fund, or
- a fund that's fully or partially invested in land or buildings.

After such a delay in switching, the unit price used will be the price applicable at the end of the delay.

If your request is sent by Fax or Courier or email, and is received after 5pm on any working day, or involves switching into or out of a fund which is subject to additional switching restrictions, then we may use unit prices up to three working days later when actioning your request. The switch confirmation letter we send you will confirm the effective date of the switch.

When the time's right, we can help you manage your pension pot

Most people want to reduce the level of volatility their pension plan is exposed to as they're nearing retirement. That's why our plan offers an Aviva Phased Switching Universal approach option.

This simply means that, with your agreement, we'll gradually switch funds in the five year run-up to your retirement. You won't need to do a thing.

During the five years before your chosen retirement date, your pot will be gradually moved into the Aviva My Future Focus Consolidation fund, which invests predominantly in less risky assets, such as gilts (UK Government bonds). As monthly switching of your existing units will take place on set dates, this means that it may not necessarily happen at an advantageous time.

You'll only be able to take advantage of phased switching if you have five years or more until you retire when you start your plan.

Charges

We want to make it simple and easy for you to understand what you're paying for. You won't find any complex charging structures or hidden extras in our plan. You also won't have to pay any charges for setting up your investment or for switching money between funds. There's just one charge – our annual fund charge and, for our Stakeholder Pension, the charges are capped at 1%.

Q **How much will my charge be?**

A Your adviser will provide you with a personalised illustration. This will show you the effect of the annual fund charge. If you don't have an adviser, please contact us to provide you with a personalised illustration.

After you've set up your pension plan, you'll be sent a statement each year that shows what you pay in charges.

Are there any charge discounts?

We'll give you a discount on charges when your pension pot grows beyond a certain amount. The table below shows how the charge discount increases as your pension pot grows.

Pension Pot value	Charge discount
Up to £49,999.99	0%
£50,000 – £99,999.99	0.05%
£100,000 and over	0.1%

What choices will I have at retirement?

These days retiring isn't as clear cut as it used to be. You might want to work part-time before retiring completely or you might want to work past the usual State Pension age.

At the start of your plan, you'll be asked to choose a retirement age. However, you can start to take benefits any time between the normal minimum pension age and 75. (The normal 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 might receive them earlier if you find you can't work because of illness or disability. You should remember that you can't access the money held in your pension pot except in the ways described in this guide.

You can choose to take your retirement benefits in one or a combination of the following ways:

- ✓ **Use the whole value of the pension pot to buy an annuity. An annuity pays you a guaranteed, taxable income for the rest of your life.**
- ✓ **Take a tax-free lump sum from the pension pot and then use what's left to buy an annuity which pays a smaller, taxable income. Normally you can take up to a 25% of your pension pot as a tax-free lump sum.**
- ✓ **Take your pension pot as a cash lump sum. The first 25% will be paid tax-free but you'll pay tax at your marginal rate on the rest of your pension pot.**
- ✓ **Take your money as and when you need it. Normally you can take up to a 25% of your pension pot as a tax-free lump sum. The rest is taxable.**

You don't have to take your retirement benefits with Aviva – of course we hope you stay with us but you're free to shop around and choose another company. Shopping around is important as, depending on your personal circumstances, it will help you find the best deal for your retirement. There may be other options available when you're ready to take your retirement benefits, please speak to your financial adviser to find out more.

Stakeholder Pension for children

Creating a pension plan for your child gives the money much more time to grow, giving your child a head start on building a good pension pot for their retirement. They won't be able to access the pension pot until the normal minimum pension age (currently age 55 rising to 57 from 6 April 2028) so there's no danger of them plundering it for a car or a trip round the world when they hit 18. If you've ever wished that you'd started your pension plan earlier, you'll appreciate just how important it could be for your child to start one as soon as possible.

You can currently invest up to £2,880, net of tax, each year on behalf of your child. Your child will get basic rate tax relief on this payment, bringing the total amount invested up to the maximum of £3,600 a year. You may be able to invest a higher amount for children who have a source of income.

What happens next?

It's never too soon to start investing for the future. We hope this guide has given you an understanding of how our Stakeholder Pension could help you.

Whilst there's no legislative requirement for you to have a financial adviser to apply for a stakeholder pension, Aviva recommends that you have one.

If you decide that our Stakeholder Pension is right for you, here are the next steps in applying.

1. Make sure you've read all the supporting literature

If you have a financial adviser, they should provide you with:

- A Key Features document. This explains the aims of the pension plan, your commitment, the risks, and answers the most common questions.
- A personal illustration. This gives an estimate of what the pension pot value could be at your chosen retirement age and the income it could provide in retirement. It also shows you the effect of the charges on your plan.

If you don't have a financial adviser, please call us on 08000 686 800 to provide these documents.

2. Fill in the application form

Filling in the application should just take a few minutes. We'll do the rest after we receive it.

If you have any queries about your application, call us on 08000 686 800.

Remember, if you need advice you'll need to speak to your financial adviser. Alternatively, you can visit **unbiased.co.uk** to find an adviser in your area. An adviser will charge a fee for this service.

We'll keep you updated

We'll write to you as soon as we've set up your Stakeholder Pension welcoming you to Aviva.

Every year, we'll send you a statement telling you what your plan is worth and an estimate of what the pension value could be at your chosen retirement age and the possible income it could provide.

MyAviva

MyAviva gives you online control over your pension plan. It lets you access and manage your pension plan whenever you want. It's designed to make managing your pension plan simple and convenient. You can take control of your pension plan in a way that you never could before.

To find out more and register for MyAviva, please go to **direct.aviva.co.uk/MyAccount/login**

For more information

Call **0800 068 6800**

Monday to Friday 8.00 to 18:00.

Visit **aviva.co.uk**

for useful tools, calculators and information about investing for your retirement and information on all of our products.

Need this in a different format?

Please get in touch if you'd prefer this brochure **(SP01001)** in large print, braille, or as audio.

How to contact us

0800 068 6800

contactus@aviva.com

aviva.co.uk

Our opening hours are Monday to Friday 8am to 6pm.

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