

Protected Retirement Plan

Death Benefits Guide Customer Version



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Please note this guide is for the standalone version of our Protected Retirement Plan. There are different death benefits, using different terminology, that apply to our trustee version of the plan.

Overview

The LV= Protected Retirement Plan (PRP) can be set up in two ways:

- 1 As an investment by the Trustees of a Self Invested Personal Pension (SIPP), or
- 2 directly by an individual (a 'customer').

This document details death and survivor benefits available if the policy is set up directly by an individual ("Customer Version"). Your client can select from a range of death benefit options to protect their investment as well as providing death benefits for a:

- Surviving spouse, or
- Civil partner or
- Beneficiary

Who is named in the policy schedule at outset.

When setting up the plan, it's important to consider adding one or more death benefit options.

The plan will stop on the member's death with nothing further payable, unless a death benefit option is included at outset.

Details of the available death benefits, together with information showing how and when they become payable, are explained in this guide.

The guide should be read in conjunction with the Key Features and Plan Conditions documents.

Please note:

All references to taxation contained within this guide are based on our understanding of current legislation and HM Revenue & Customs practice, which can change.

Death benefit options available

At the outset of the plan it's possible to choose from one or more of the following options:

- No death benefit
- Guarantee period
- Value protection
- Beneficiary's income option. This is a drawdown pension for a beneficiary named in the policy schedule.

Death benefits are paid according to the death benefit rules relating to drawdown pension funds.

Please note:

The trustees version of our Protected Retirement Plan has different death benefits, where Plan Protection replaces the beneficiary's income and guaranteed period options covered in this guide. For details of Plan Protection, please refer to the Trustees version of the Death Benefits guide.

Options at a glance

The following table provides more detail of the death benefit options available that can be chosen at outset:

- Beneficiary's income
- Value protection
- Guarantee period

Beneficiary's income	Value protection	Guarantee period
<p>When setting up the plan, your client can select to provide their beneficiary with a drawdown pension if they die before the plan's maturity date.</p> <p>The beneficiary must be named in the policy schedule and aged 40 or over when the plan is set up.</p> <p>In this guide we refer to plans with a beneficiary's income selected as "joint life", and those without as "single life".</p>	<p>Value Protection provides the option to protect up to 100% of the original investment in the PRP on death of the member before the plan's maturity date.</p>	<p>This provides the option to protect the income from the plan for a set period of time (1-10 years or to the end of the PRP term).</p>

If your client chooses to provide a beneficiary's income it's possible for them to choose both:

- Beneficiary's income and a guarantee period, or
- Beneficiary's income and value protection.

It's not possible to have both a guarantee period and value protection on the same plan.

For any death benefits paid as income, if the member was aged under 75 at date of death the income will be tax free. If they were aged 75 or over, the beneficiary will pay income tax at their marginal rate, where applicable. For any lump sum death benefit, if the member was aged under 75 at date of death the income will be tax free. If they were aged 75 or over, the lump sum payable will be taxed at the beneficiary's income tax rate.

Death of a member

The following flowcharts show what would become payable and when depending on which death benefits have been included in a Protected Retirement Plan.

Flowchart 1:

No death benefit selected

PRP set up
No death benefit selected at outset



Member dies before maturity date



No death benefits payable under the plan

Please note:

Although no death benefits have been selected, any “excess income” (see “Definitions” section of the “PRP Plan Conditions – Capped Drawdown”) will be paid in the same way as value protection – see Flowchart 4.

Flowchart 2:

Value protection only selected (“single life”)

PRP set up with value protection
(selected proportion (up to 100%) of
initial investment less amount of gross
income withdrawn) selected at outset



Member dies before maturity date



LV= have discretion as to who
they’ll pay the value to and it can
be paid as a lump sum

Instead of receiving a lump sum,
the proceeds can potentially
be used to secure:

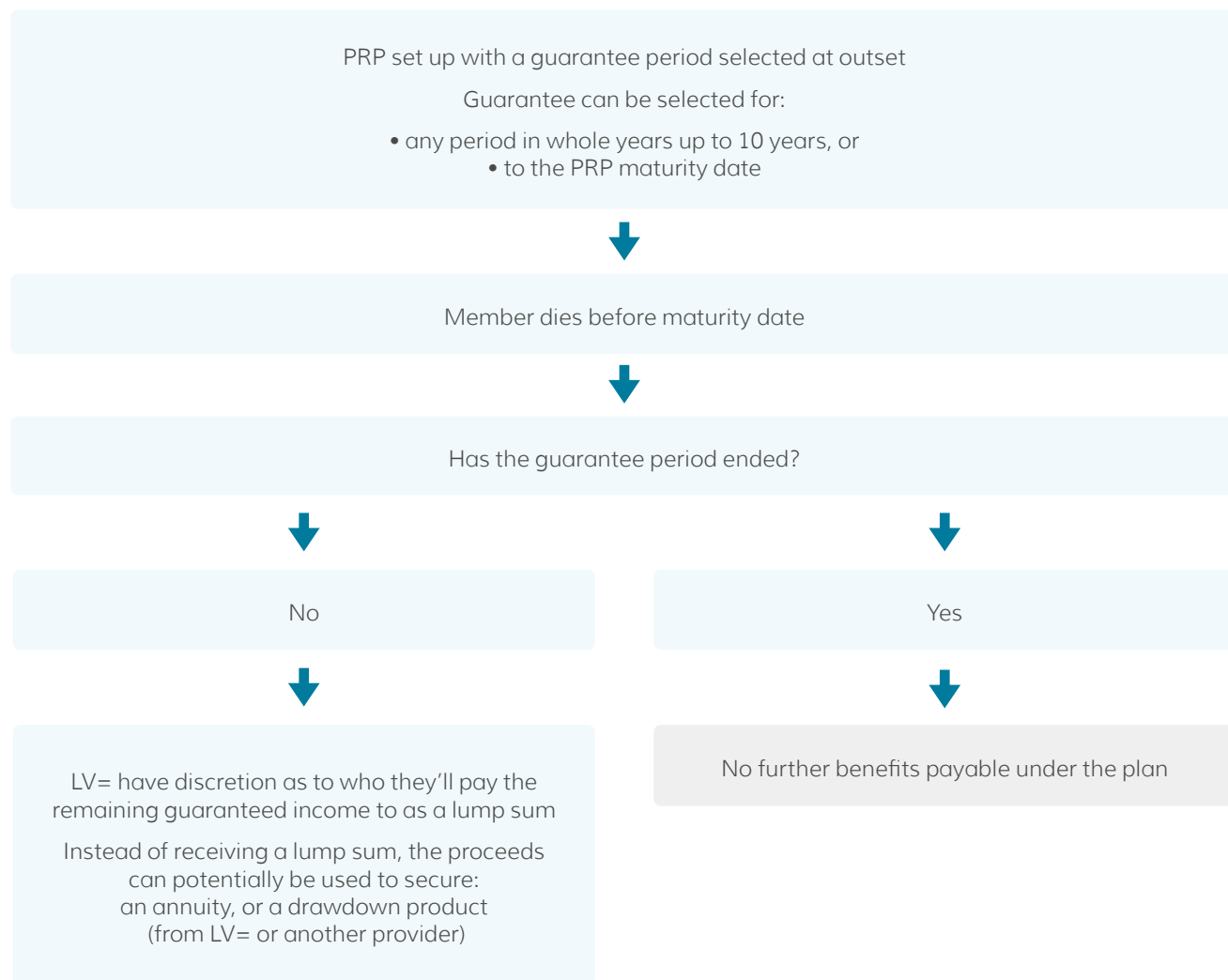
an annuity, or a drawdown product
(from LV= or another provider)

Please note:

Any “excess income” (see “Definitions” section of the “PRP Plan Conditions – Capped Drawdown”) in respect of the member will form part of the death benefits.

Flowchart 3:

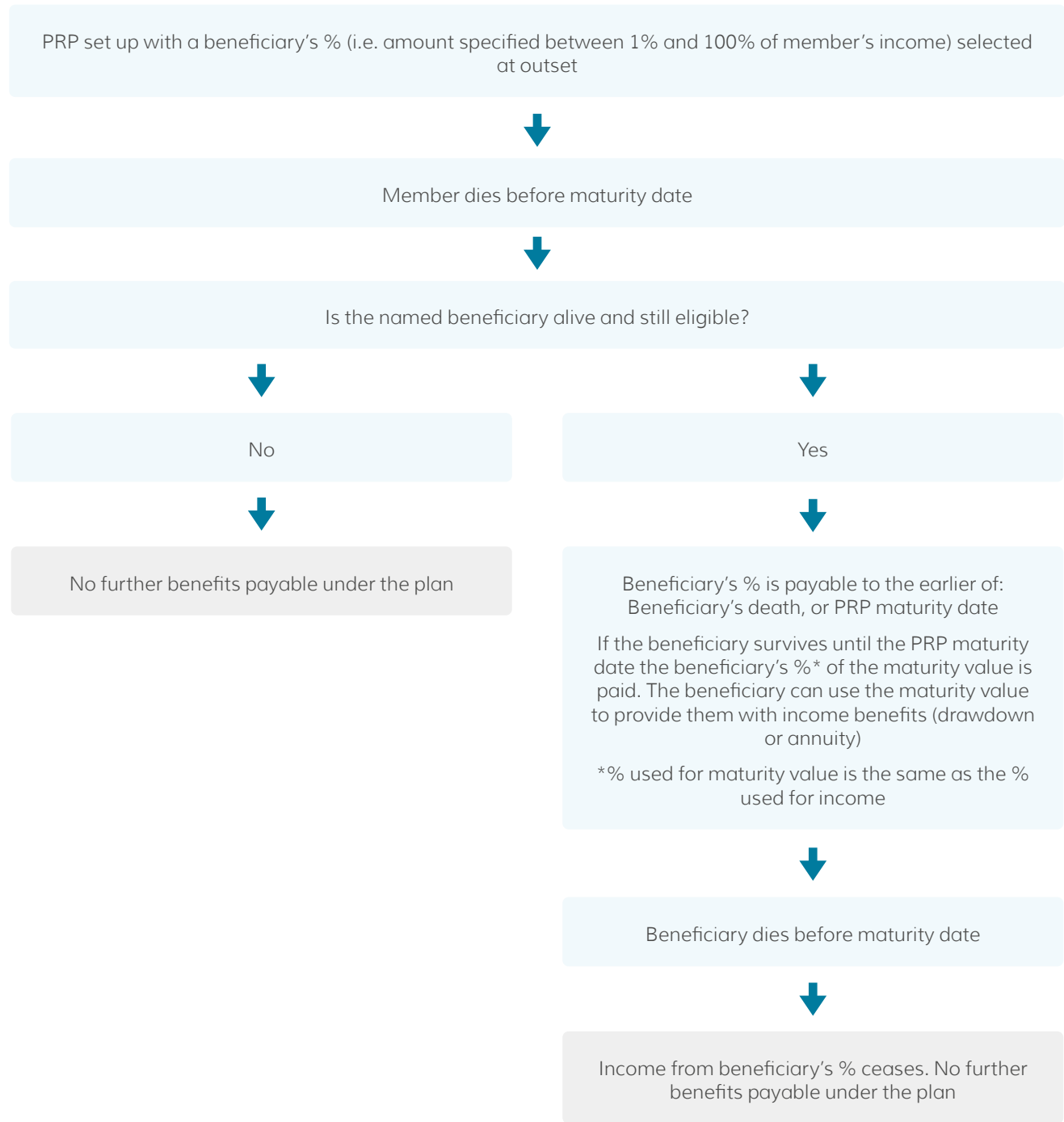
Guarantee period only selected ("single life")



Please note:

Any "excess income" (see "Definitions" section of the "PRP Plan Conditions – Capped Drawdown") in respect of the member will form part of the death benefits.

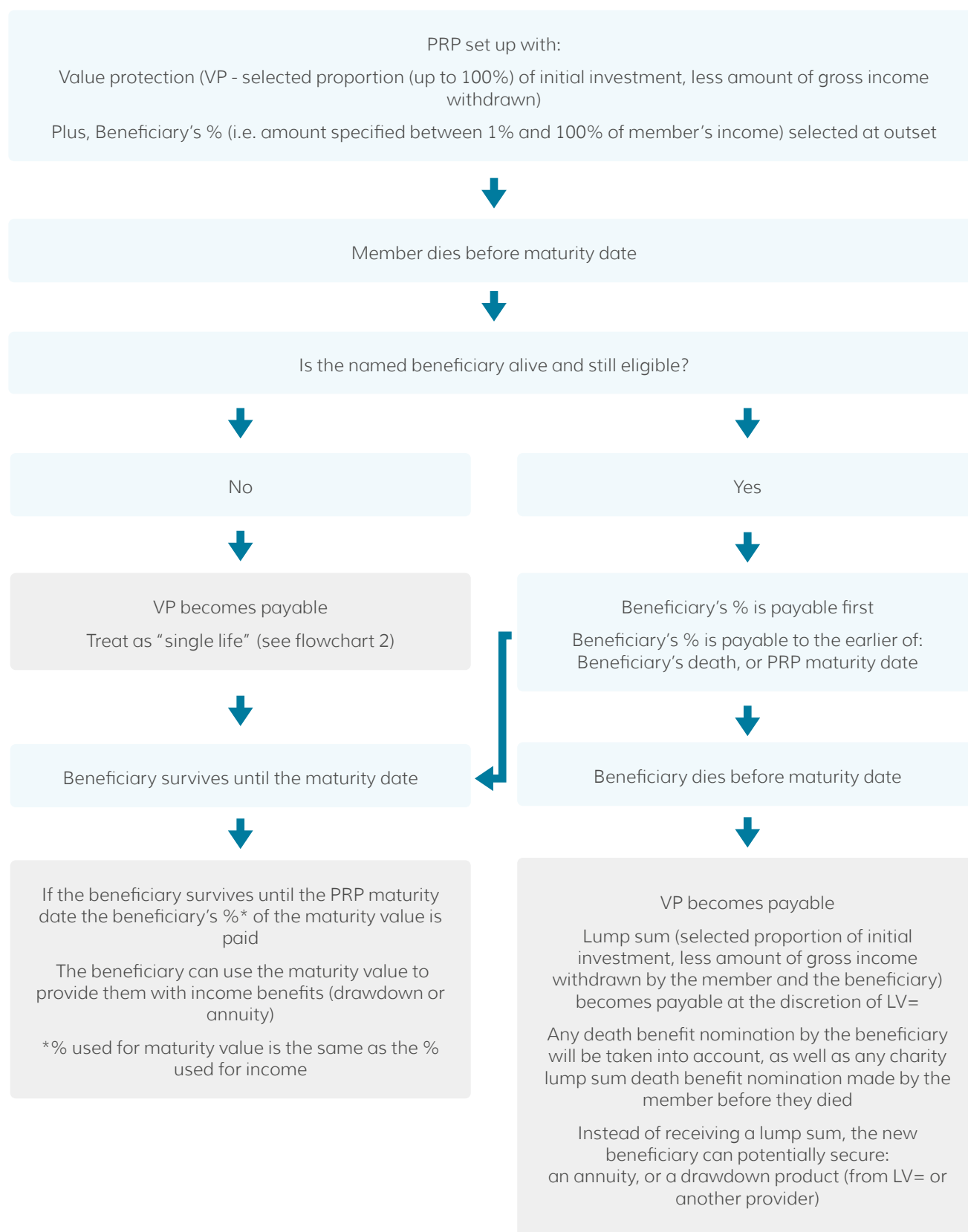
Flowchart 4:
Beneficiary's income only selected ("joint life")



Please note:
 Any "excess income" (see "Definitions" section of the "PRP Plan Conditions – Capped Drawdown") in respect of the member will form part of the death benefits.

Flowchart 5:

Value protection and beneficiary's income selected ("joint life")

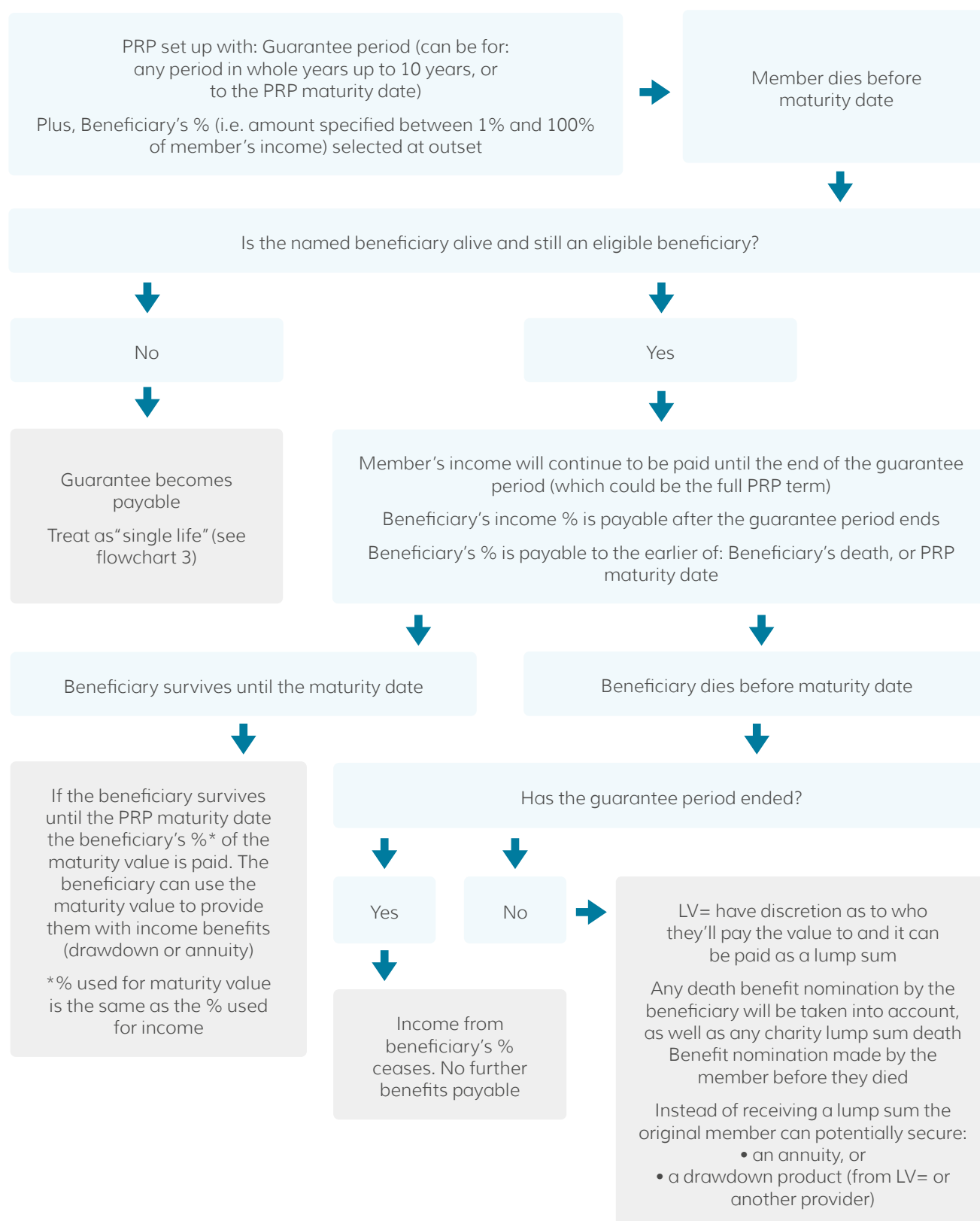


Please note:

Any "excess income" (see "Definitions" section of the "PRP Plan Conditions – Capped Drawdown") in respect of the member will form part of the death benefits.

Flowchart 6:

Guarantee period and beneficiary's income selected ("joint life")



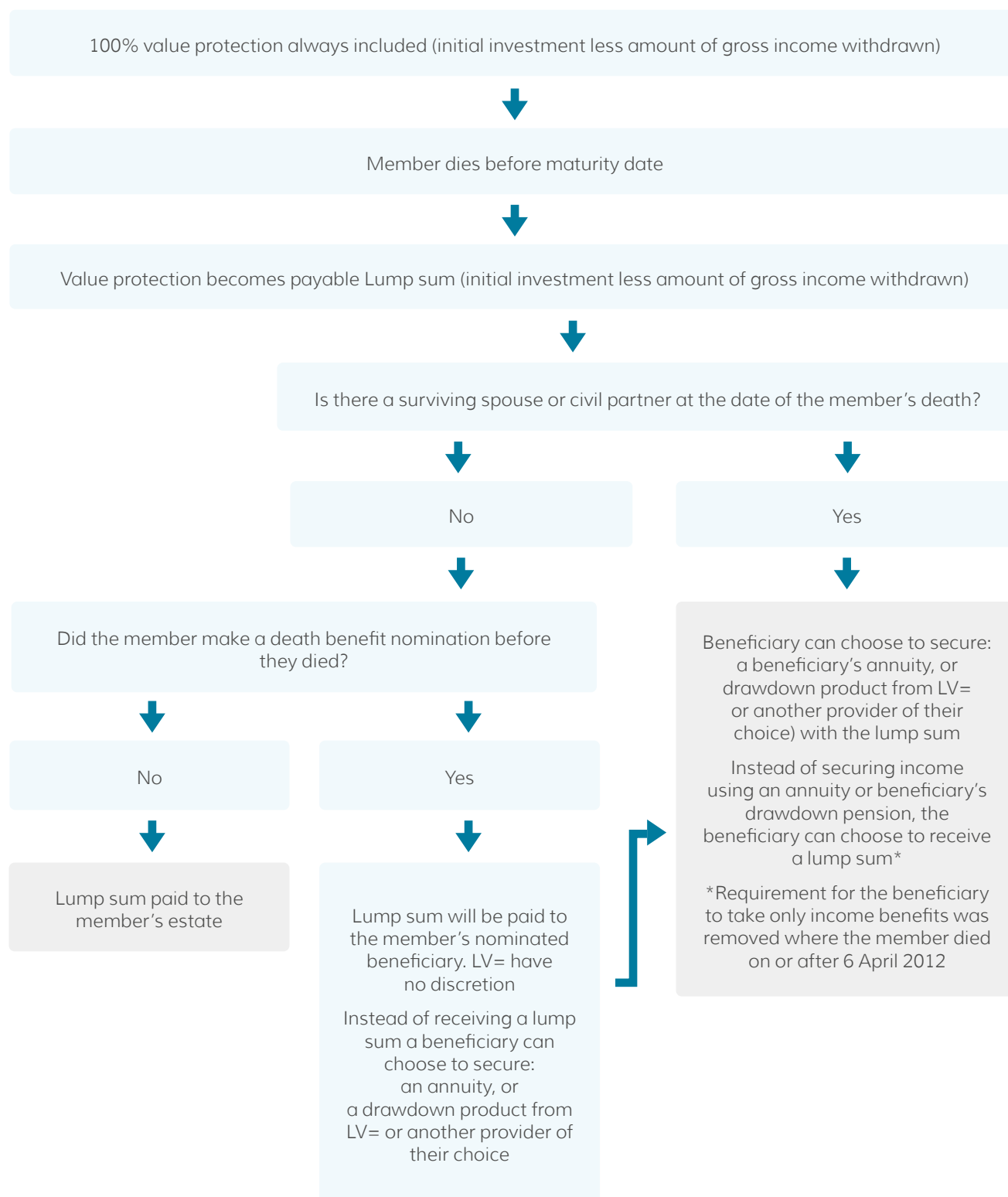
Please note:

Any "excess income" (see "Definitions" section of the "PRP Plan Conditions – Capped Drawdown") in respect of the member will form part of the death benefits.

Flowchart 7:

Value protection only applied as standard ("single life")

(after 5 April 2012 – former protected rights funds put into payment before 6 April 2012)



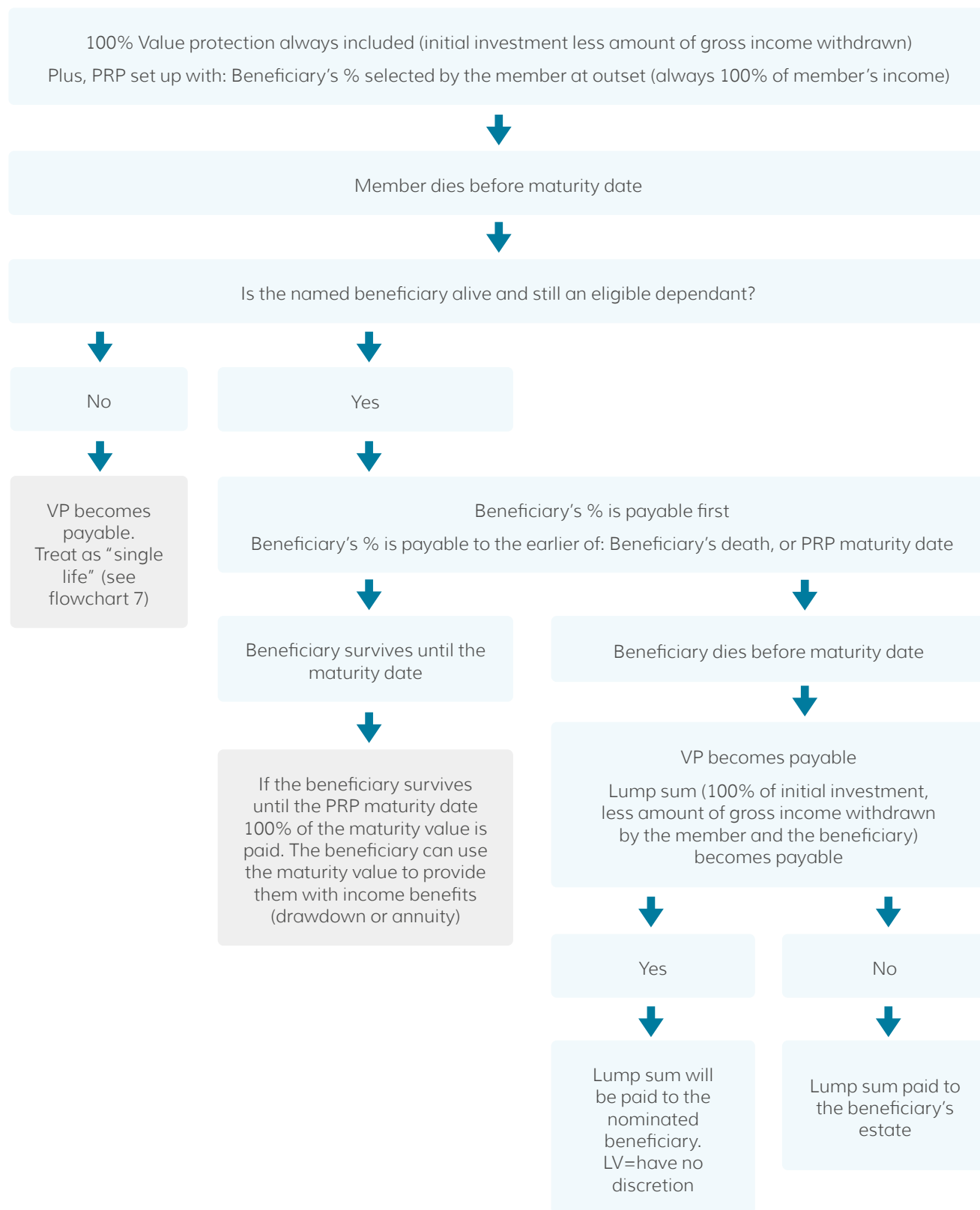
Please note:

Any "excess income" (see "Definitions" section of the "PRP Plan Conditions – Capped Drawdown") in respect of the member will form part of the death benefits.

Flowchart 8:

Value protection and beneficiary's income selected ("joint life")

(after 5 April 2012 – former protected rights funds put into payment before 6 April 2012)



Please note:

Any "excess income" (see "Definitions" section of the "PRP Plan Conditions – Capped Drawdown") in respect of the member will form part of the death benefits.

For more information, call the LV= Retirement Desk



0800 032 8298

For Textphone dial 18001 first.

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