

Consumer Duty – Product Information for the LV= Protected Retirement Plan (PRP) - Customer version

Including target market, fair value, and customer vulnerability statements

Product Type

A single contribution capped drawdown or flexi-access drawdown investment held by the trustees of the LV Personal Pension Scheme.

Product Description

The LV= Protected Retirement Plan is a Fixed Term Annuity, which provides a guaranteed income and/or a Guaranteed Maturity Value for a fixed term. All benefits, including the term, income and Guaranteed Maturity Value are calculated and agreed at the outset of the plan.

The Customer version of the LV= Protected Retirement Plan (PRP) is set up as a Trustee Investment Plan for a pension fund in drawdown. This means that the customer transfers their pension fund to the LV Personal Pension Scheme, and must immediately designate the fund to drawdown (if not already in drawdown). The scheme administrator will then instruct the trustees to invest the fund in a LV= Protected Retirement Plan.

Where selected, income can be paid on a level basis or increasing at a fixed percentage each year. The frequency of income payments can be chosen to be monthly, three-monthly, six-monthly or yearly.

The plan will always run to the end of the agreed term unless the member dies or exercises the conversion feature.

If the member dies before the maturity date, the income will stop and unless death benefits are included in the plan, nothing else will be paid out. The optional death benefits that can be bought at the outset of the plan are Beneficiary's income, a Guarantee Period or Value Protection. It is also possible to combine a Beneficiary's income with either a Guarantee Period or Value Protection. For more detail, refer to the Plan Conditions.

The conversion feature is included with all new contracts at no extra cost. It allows the member to end the existing plan and receive a lump sum (the conversion value) at any time during the plan term. The conversion value is not guaranteed and could be significantly lower than the Guaranteed Maturity Value in the early years or if investment conditions have worsened. For more details, refer to the Plan Conditions.

Product Objective

To enable the planholder to receive a guaranteed income and/or maturity value payable over a set term agreed at outset.

Product Holding Time

Fixed terms of between 3 and 25 years are available, with a maximum age at maturity of 90 years.

Product Features

- Can provide a guaranteed income over a fixed term
- Available on a guaranteed maturity basis, full drawdown, or mix of both
- Level or increasing income
- Choice of income payment frequency
- Conversion facility
- Option to add death benefits.

More detailed information, which includes the product investment limits and basis, as well as a description of costs and charges, can be found in our Product Profile document.

Eligibility Criteria

To apply clients must be:

- Transferring funds held in a UK registered pension scheme (or QROPS)
- Investing at least £10,000 (there is no maximum although investments over £500,000 will be reviewed on an individual basis)
- Aged 55 or older (or at least 40 for those qualifying for early ill-health retirement or holding a protected retirement age).
- No older than 90 years at maturity

Distribution strategy

We believe this product should generally be sold on an advised basis, whether this be face to face or over the phone.

We will only accept transfers from Defined Benefit pension schemes where a positive recommendation is given by a Pension Transfer Specialist with relevant FCA permissions and not on an insistent client basis.

We will accept business through non-advised intermediaries, following completion of a full due diligence process.

Target market

The LV= Protected Retirement Plan is a Fixed Term Annuity primarily suitable for:

- Providing a secure guaranteed income for a fixed term.
- Providing a guaranteed return at the end of a fixed period.
- Protecting the initial investment, or income and/ or growth, if the scheme member dies during the plan term.

We believe the main group of individuals that the plan is likely to appeal to as part of their planning for retirement are:

- 55+ year olds with a built up fund in a registered pension scheme.

The product is also available on a trustee basis.

We believe that the Plan:

Is suitable for those who

- Wish to benefit from a guaranteed rate of investment return
- Want to use their pension fund to provide a guaranteed level of income for a chosen number of years (up to 25 years)
- Want to use some of their pension fund to secure income for a fixed term as part of a blended solution, with remaining pension funds to be invested for growth



- Want to defer buying a lifetime annuity as they feel their circumstances may change in the future, for example because they're in good health now, but feel their health may deteriorate in future, making them eligible for an enhanced lifetime annuity (with a better rate than that available from a standard annuity)
- Want to guarantee their pension fund at the end of a chosen number of years
- May want to pay to guarantee a regular income and/ or lump sum will be paid out if they die during the plan term
- Are willing and able to accept the risk that the income they receive after the end of the plan term may not be as high as they anticipated or could have received by purchasing a lifetime annuity at outset. This may happen if, for example, annuity rates fall over the term of the plan
- May wish to drawdown the whole of their pension fund using Flexi-Access Drawdown
- May be looking to avoid / mitigate against investment risk associated with stock market related investments.

Is unsuitable for those who

- Want to guarantee a fixed income for life
- Want to purchase a Lifetime Annuity
- Are targeting significant growth with their pension fund & are willing / able to accept a degree of investment risk.
- May wish to drawdown the whole of their pension fund in one go, or within the first 3 years.

Providing Fair Value

We conduct an annual review of the product following principles set out in our fair value framework. These principles are designed to ensure that the price the customer pays is reasonable compared to the overall benefits. They take account of the charges paid by your client, the distribution channel through which the product is sold and a review of product performance and service.

Our key fair value assessments areas reviewed annually are:

Assessment Area - Features

Assessment Criteria

- Needs of target market
- Competitor comparison
- Product terms

What this means

- We assess that the benefits and limitations of the plan and the service we deliver to you and your client, continues to meet the needs, characteristics and objectives of our target market, including vulnerable customers.
- We regularly compare product features with those of our competitors to ensure we offer flexibility to your clients throughout the lifetime of their Plan.
- We assess the relationship between the overall price the customer pays and the quality of the product and service provided.

Assessment Area - Services

Assessment Criteria

- Quality of service delivered
- Customer satisfaction
- Intermediary feedback

What this means

- We assess the quality of service we provide to you and your clients using a variety of tools (including complaints MI) and take action where needed to ensure good outcomes for our customers, including vulnerable customers.
- Our servicing processes are assessed to identify where we can make efficiencies and streamline processes making us easy to do business with.
- Ensuring our servicing teams are appropriately trained and able to recognise and support vulnerable customers through training policy, practices and established processes.
- Customer satisfaction is monitored monthly, with post-sales suitability surveys completed on new business annually. Adviser feedback is also collected. Feedback used as appropriate to deliver communication that is engaging and easy to understand.

Assessment Area - Pricing

Assessment Criteria

- Overall costs/pricing
- Profit margins
- Competitor Comparison

What this means

- Our pricing is monitored regularly to ensure we remain competitive and in line with our Fair Value Framework. These principles include assessments that a) profits are not excessive for the product b) the rate of return a customer might expect to receive is realistic, providing value for money and c) the overall price compared to the quality of the product and service provided.
- Our charging structure is clear and transparent with no hidden costs. Plan literature clearly explains how charges are taken with appropriate illustrations. The rate of return given for the client is given after LV=s costs & charges for setting up and administering the Plan have been taken into account.

Assessment Area - Distribution

Assessment Criteria

- Impact of distribution strategy on value delivered to the customer

What this means

- Our distribution strategy remains appropriate for our target market with no areas identified that would negatively impact your clients, including clients who may be vulnerable.
- We consider the charges we facilitate to ensure they are not set at a level that would mean the product is unlikely to achieve its objectives and provide fair value.

Our assessment confirms:

- The Plan remains consistent with the needs of the identified target market.
- The Plan provides fair value to customers, including vulnerable customers.
- The intended distribution strategy remains appropriate.

There may be additional factors that influence the fair value of the product within the distribution chain, these include any other fees charged to the client not by LV=.

Customer Vulnerability

At LV= we consider the needs of all our customers, including those with vulnerabilities, across all aspects of product development and throughout the life of a customer's policy in line with the FCA Vulnerable Customer Guidance.

A vulnerable customer is someone who, due to their personal circumstance, is especially susceptible to detriment, particularly where a firm is not acting with appropriate levels of care.

The main drivers of customer vulnerability are:

Vulnerability Characteristic	Why
Health	A customer may find themselves with a condition or illness that affects their ability to complete day-to-day tasks, both mentally and physically. When we suffer from ill health, it can greatly reduce our capabilities. For customers who have long-term health conditions, are living with pain, are battling addiction or undergoing treatment, everyday tasks become a greater challenge.
Life Events	Throughout a person's life, they will experience different life events. Some may result in things becoming more difficult or complicated. Examples of life events that may put a customer in a position of vulnerability include bereavement, redundancy or a relationship breakdown. Other events include taking on care responsibilities or being a victim of crime or involvement in an accident.
Resilience	A customer may have a low ability to withstand financial or emotional shocks. Such shocks can occur from ill health or challenging life events. For example, someone on a low income, with little savings, may be less resilient to the financial shock of a life event. Without support, their situation can quickly worsen, leading to debt and stress.
Capability	A customer may have low knowledge of financial matters, low confidence in managing and making decisions about their investment or have little digital skills. This could make accessing the product features difficult, as they may be unfamiliar with how to get information or find it difficult to understand.

Capacity in financial difficulty	What is the customer's ability to absorb falls in the value of their investment. If any loss of capital would have a materially detrimental effect on their standard of living or investment composure, this should be taken into account when assessing the risk that they are able to take when investing in the bond.
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Customer vulnerabilities are expected to change over the life time of our products due to the long-term nature of them but also over the shorter term in relation to life events that can create unexpected vulnerabilities.

How we strive to achieve good outcomes for our vulnerable customers

To help achieve good outcomes for all our customers, including those with vulnerabilities we:

- Have a customer focussed culture giving you and our customers confidence that we treat each individual fairly as a priority, and that all LV= colleagues will act with integrity and have the competence to do so.
- Focus on how we can support all customers with a vulnerability through training, policy, sharing knowledge and experience.
- Have a dedicated support structure that our customer facing teams can draw on in order to support vulnerable customers in conversations for example, Vulnerable Customer Champions across the business and an appropriate internal forum to identify areas of continuous improvement.
- Provide customer communications that is accessible, clear, fair and not misleading. We aim to keep customers informed throughout their relationship with us, making it easy for all to engage with us, to help them make informed decisions.
- Understand the needs of our target and existing customer base and design fair, transparent and accessible propositions, which we regularly review so that customers can be confident they will perform as expected and deliver value.
- Monitor the quality of the service we deliver on an ongoing basis (including complaints data) and are accountable for any action taken if there is any impact on customer outcomes.
- Help you support your clients who are more vulnerable with the aid of our Vulnerable Customer Guide for Advisers.

If this document is not accessible for you, you can contact us and ask for an alternative format. It will help us if you tell us what assistive technology you use.

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