keyfacts®

Key Features of the

Flexible Transitions Account

The Financial Conduct Authority is a financial services regulator. It requires us, LV=, to give you this **important information** to help you to decide whether our Flexible Transitions Account is right for you.

Important
You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

In this Key Features document we try to help you by giving you the key features of the Flexible Transitions Account.

This is an important document and you should read it along with your personal illustration. It doesn't contain the full terms and conditions, which you will find in the Flexible Transitions Account Terms and Conditions. The Flexible Transitions Account is provided by Liverpool Victoria Financial Services Limited. NM Pensions Trustees Limited hold the assets on behalf of the member and LV=.

This document includes the following information:

- the aims of the plan
- your commitments if you take out the plan
- the risks associated with the plan
- questions and answers that explain how the plan works.

The Flexible Transitions Account is a self invested personal pension with a range of investment options.

It allows you to build up money tax efficiently in your choice of investment to provide you with an income in later life.

From age 55 (57 from 6 April 2028), you can take cash lump sums and income payments out of the plan. There is also a range of options for your beneficiaries if you die. These are all described in more detail within this Key Features Document.

Please read the LV= Smoothed Managed Funds Pension Series 1 Plan Conditions and Your guide to how we manage our unitised with-profits Smoothed Managed Funds business if you would like to invest in the Smoothed Managed Funds.

This investment option is referred to as LV= Smoothed Pension throughout this document.

Its aims

- To build up a sum of money, to give you tax-free cash and/or a retirement income from age 55 (57 from 6 April 2028).
- To give you flexibility over how and when you access your fund.
- To offer you a range of investment options and the ability to switch between them if your investment objectives change.

Your commitment

- To make regular or single contributions into your plan, and/or to transfer an existing pension into your plan.
- To wait until age 55 (57 from 6 April 2028) before taking any retirement benefits.
- To tell us if your circumstances change, for example, if you no longer have UK earnings or are no longer resident in the UK.
- To review your plan regularly to check if it is on track to provide you with the retirement income you want.
- If you are taking an income from your plan, to make sure that you aren't taking income at a level that would mean that your fund runs out sooner than you need it to last.

Risks

- If you reduce your contributions, or take your benefits earlier than you originally planned, then your income may be less than shown in your personal illustration.
- Many of the investment choices available to you, such as stocks and shares, will rise and fall in value. This means that the value may fall to less than the amount that you've invested. If investments grow at a rate lower than that shown in your personal illustration, then your income will be less than shown in your personal illustration.
- If you choose to use your fund to buy an annuity (where you use your fund to buy an income for life), your income will depend on annuity rates at that time. If these rates are lower than current rates, your income will be less than shown in your personal illustration.
- If you choose to take income directly from your pension fund (known as drawdown pension), any withdrawals will reduce the potential for future growth. If you withdraw more in income than the continuing growth achieved in your plan, the plan value will fall, which means that you may not be able to maintain the level of income you need. If you don't regularly review the level of income that you are drawing out of your plan, there is a risk that your fund will run out.
- Rising prices (inflation) will reduce the buying power of your pension fund in the future.
- This plan can't be 'cashed in', or any benefits taken from it at any time before age 55 (57 from 6 April 2028).

- The Flexible Transitions Account allows you to make changes and add benefits to your plan, according to our terms and conditions. It's important to note that in the future we may change the terms or availability of a product or benefit and taking out a plan now won't guarantee terms or availability of any option or benefit in the future.
- If the Government makes changes to pension rules or the way your plan is taxed this may affect how much you get back from your investment, the way you can take your benefits, the age at which you can take benefits and the tax relief you get on your contributions.

Questions & Answers

Who is this plan suitable for?

your retirement, consolidate existing pension plans into one place, or if you want to use it to provide an income for yourself in the form of pension drawdown. We have a range of investment choices available, to cater for those who want to keep things simple and for those who want to take advantage of a wider range of investment options.

The plan is available for UK residents under age 85, other than anyone classed as a United States (U.S.) Person for the purpose of the Foreign Account Tax Compliance Act (FATCA).

If you are unsure whether this pension plan is suitable for you then we strongly recommend that you speak to a financial adviser.

Why Transitions?

One definition of transition is the passage from one place to another. And this really sums up how this plan works.

Firstly you can use it to save up a fund for your retirement, by paying in contributions or transfers. And then when you're ready to start taking your benefits, you can take an income and a lump sum directly from this plan. We hope that this will make your 'transition' from working life to retirement as smooth as possible.

What makes this plan Flexible?

Firstly, you can switch your investments between the options available whenever you choose. You can also choose how much involvement you want to have in any investment decisions and how much you would prefer to leave these decisions to a professional adviser.

You can also change the amount of your regular contributions whenever you like, pay in additional single contributions, or transfer other pensions into your plan at any time.

And when you come to take your benefits you can choose when you want this to start and what type of benefits to take. If you decide to take an income from your plan, you can do this at a level that suits you and vary the level of income you take, if you want to. These days many people choose to retire gradually, by reducing their hours or taking a part time job, to ease into retirement. This ability to vary your income can be invaluable in these circumstances. Or if you would prefer to use the amount built up in your plan to buy a guaranteed income for life, you can do this too. You can even take the whole lot as a lump sum (subject to tax) if you wish.

Pension law means that there are restrictions on the amount and type of benefits that you can take, on how much you can pay in and on what ages you can take benefits. We have explained each of these limits in this Key Features document.

How will I know how my plan is doing?

We'll send you a statement each year showing the current value of each of the investments in your plan. We strongly recommend that you review your plan regularly so that you can review your investment choices and contribution levels.

This will help you to keep track of whether your plan is on course to provide you with the level of income that you need when you retire.

Is this plan a Stakeholder Pension?

No. Stakeholder Pensions are low cost pensions that must meet various criteria.

The most important of these is that their charges should be no more than 1.5% of the fund value each year for the first ten years, and 1% thereafter. Stakeholder schemes are widely available and might equally meet your needs.

However, this pension plan is designed to give you greater investment choice, including certain types of investment which generally involve higher charges than a Stakeholder Pension.

Investment Options

Where will my pension plan be invested?

The Flexible Transitions Account can be used as a personal pension plan or a self-invested personal pension (SIPP).

This means that you can choose from a wide range of investment options.

The LV= Smoothed Pension Plan Conditions and Your guide to how we manage our unitised with-profits Smoothed Managed Funds business should be read by those wanting to invest into the Smoothed Managed Funds.

Because we're an insurance company, there's a legal requirement that some of your pension fund is invested in LV= pension funds and/or LV= Smoothed Pension, and/or the Protected Retirement Plan. Within the LV= Core Fund range, we've set the minimum investment amount at £3,000 for the LV= pension funds, £5,000 for the LV= Smoothed Managed Funds (known as LV= Smoothed Pension) and £10,000 for the Protected Retirement Plan. You'll still have full flexibility with the rest of your investments. Any regular contributions you make will go into LV= Core Funds until the minimum investment amount has been met.

LV= Core Funds

LV= Core Funds are a range of insured funds, managed by specialist fund managers. Alongside these are our LV= Smoothed Pension and the Protected Retirement Plan.

There's no maximum that you're allowed to invested within the LV= pension funds and the Protected Retirement Plan.

More information on the LV= Smoothed Pension can be found below.

We've chosen some of the UK's most respected fund managers to offer these funds, which include:

- Multi Asset Funds (which invest in a combination of stocks and shares, property, fixed interest investments and cash).
- Funds that invest by geographic area (for example, European funds and North American funds).
- Funds that invest by industry or asset type (for example, property or fixed interest investments).

LV= Smoothed Pension

LV= Smoothed Managed Funds are accessed when you choose to invest in the LV= Smoothed Pension. You can choose one of a range of fund options for any investment you make. Each of these invests in a mix of assets including stocks and shares, commercial property, fixed interest investments (both government and corporate bonds) and some cash. There is the option to limit the investment risk by adding a guarantee, subject to availability (the latest options are available on request). The maximum investment across all LV= Smoothed Pension is £1,000,000, (less the total of any current investments across the Smoothed Managed Funds Product range).

There is more information about these funds starting on page 7.

The Aegon platform

A platform is an online 'fund supermarket' to enable you to invest in a wide range of funds and diversify between fund managers. The Aegon platform offers a choice of over 1,500 funds from around 90 fund managers. There is no minimum or maximum investment amount.

The Funds Supermarket platform

This is a platform which works in a similar way to the Aegon Platform. The Funds Supermarket option enables you to invest in funds available through the Fidelity FundsNetworkTM. The Funds Supermarket offers a choice of over 1,000 funds from around 60 fund managers to choose from. There is no minimum or maximum investment amount.

Selected Partner Funds

You may wish to use the services of one or more of our Selected Partner Funds, including our panel of Discretionary Fund Managers from the carefully selected panel available. If you choose this option, you'll agree with your chosen Managers how they will manage your pension fund for you. They will then make investments on your behalf within your Flexible Transitions Account. The minimum investment amounts required for this option vary between the different Managers, but are typically between £100,000 and £200,000. If you are interested in this option, further information is available from your financial adviser.

Extended Fund Options

The Extended Fund Options allow you to invest directly in a range of other investments, including quoted stocks and shares, unit trusts and commercial property. Usually this will involve appointing an Investment Manager to carry out your instructions for you. You can self-invest without appointing an Investment Manager, but only into a restricted list of investments. If you're interested in this option, a full list of allowable investments – either with or without an Investment Manager – is available from your financial adviser. Minimum investment amounts will depend on the types of investments you wish to buy.

Cash Account

We'll set up a Transitions Bank Account for your plan.

This will be used to:

- receive any contributions
- pay any fees and charges
- pay your income, if you use your plan for drawdown pension
- allow cash investments within the plan.

We'll add interest to the cleared balances of your Transitions Bank Account, at 1% below the Bank of England base rate until further notice. The interest will accrue daily and be credited quarterly. This will mean that for any period where the Bank of England base rate is 1% or less no interest will be added to your Transitions Bank Account.

If we receive a higher rate than this, the difference will accrue to LV=.

How will my pension fund investments be taxed?

Any growth in your fund will be tax free, apart from tax taken from dividends (which cannot be recovered). This means that your fund will grow quicker than it would if tax was payable on investment growth.

The way that pension funds are taxed could change in the future. This could reduce the potential growth from your investment, or mean that you need to pay more into the plan to achieve the level of pension income that you need.

Contributions

How much can I pay into my plan?

The minimum single contribution is £30,000. Once your plan has started we can accept additional single contributions of £1,000 or more.

The minimum regular contribution is £250 a month or £3,000 a year. If at the start of your plan you pay in a single contribution or transfer, the minimum regular contribution alongside this is £25 a month or £300 a year.

Each of these figures is the gross amount (before tax relief). Please see the example that follows.

Your personal contributions will be paid net of basic rate tax (which is currently 20%).

For example

If you wish to make contributions of £500 each month into your plan, you would only actually pay £400 a month. This is because 20% of the £500 (£100) is tax relief, which we will claim back from the Government for you and add to your plan.

If you are a higher rate tax payer, you can reclaim the difference between the basic and higher rate tax bands through your tax return. This will be at your highest marginal rate, so for example, if you are a 40% taxpayer, you'll be able to reclaim an additional 20%.

You will receive this tax relief on the personal contributions you make into all of your pension plans up to the greater of your UK earnings or £3,600 gross each year. This means that if you earn, say £20,000 a year, you could pay in up to £20,000 a year; but if you earn less than £3,600, you can still pay in up to £3,600 and get tax relief on those contributions. As in the previous example, you would only actually pay £2,880 and we would claim back £720 for you.

We will only accept personal contributions that qualify for tax relief, so you can't pay more than your earnings (or £3,600) into your plan.

The tax relief on pension contributions could change in the future. This could mean that you need to pay more into the plan to achieve the level of pension income that you need.

What about the annual allowance?

By law, there is a maximum total amount that you can pay in to all pension plans in your name each tax year that will be eligible for tax relief.

This maximum is called the Annual Allowance and is £60,000 from the 2023/24 tax year onwards. This amount includes contributions made by you and by anyone else into your plan, for example, your employer. If total contributions exceed this limit in any year, then a tax charge will be payable on the excess, at your marginal rate.

Since 6 April 2016 the annual allowance has been tapered (reduced) for higher earners. From 6 April 2023, if you have 'Threshold income' above £260,000, your annual allowance will be reduced by £1 for every £2 of 'Adjusted income' you have between £260,000 and £360,000. This means the annual allowance can be reduced by up to £50,000 – from £60,000 to a minimum of £10,000.

A full definition of 'Threshold Income', 'Adjusted Income' and further information around the Tapered Annual Allowance can be found at **www.gov.uk/hmrc-internalmanuals/ pensions-tax-manual/ ptm057100**. You should speak to your financial adviser if you're unsure what level of Annual Allowance applies to you.

It's possible to carry forward any unused Annual Allowance from the previous three tax years, you can carry forward up to £40,000 if you were a member of a registered pension scheme in previous years. If you want to pay in a large contribution and have unused allowance from previous years, please speak to your financial adviser.

If you've taken certain types of pension benefits, you'll have a reduced Money Purchase Annual Allowance (MPAA) of £10,000. Your overall annual allowance will still be £60,000, but your annual allowance for all money purchase plans (such as this one) will be £10,000.

You'll have this lower Annual Allowance if you've:

- Taken an Uncrystallised Funds Pension Lump Sum (UFPLS).
- Taken any income payment using Flexi-access Drawdown, or taken a lump sum, over and above your entitlement to a tax free lump sum.
- Taken Capped Drawdown income above the maximum income limit at any time after 5 April 2015.
- Had Flexible Drawdown funds that were converted to Flexi-access Drawdown on 6 April 2015.

This isn't a full list. You should speak to your financial adviser if you're unsure what level of Annual Allowance applies to you. If the £10,000 limit applies to you, you won't be able to carry forward any unused Annual Allowance from previous years.

How can I make contributions into my plan?

You can pay regular contributions monthly or yearly by direct debit. You can pay single contributions at any time by cheque.

However, neither you, nor your employer, will be able to make contributions after you reach the age of 75.

What happens if I want to take a break in paying contributions or stop altogether?

If you stop paying into your plan (either temporarily or permanently) before the retirement date you chose when you started your plan, your fund will remain invested.

You can re-start your contributions at any time but the value of your fund when you come to take your benefits will be less than if you'd carried on contributing. If you're thinking about stopping your payments at any time in the future, you can ask your financial adviser for an illustration showing the possible reduction in your benefits.

Can I still pay contributions into my plan if I move abroad and stop paying UK tax?

Yes, you'll be able to pay up to £3,600 gross (before tax relief) each year for a further five tax years. After this you won't be able to pay into your plan unless you return to the UK or become a UK tax payer.

Transfers

Can I transfer funds into this plan from other pension providers?

Yes, you can transfer your existing pension plans into this one. Any transfer must come from another UK Registered Pension Scheme or a Qualifying Recognised Overseas Pension Scheme. If you are considering transferring your pension from another scheme, you should ensure that you have fully considered the differences between the two. For example, this plan may have higher charges or greater investment risks than your existing pension. And if you transfer, you may get back less than if you'd stayed in your existing scheme. If you're unsure whether this plan is suitable for you to transfer your existing pension to, you should contact your financial adviser.

The minimum transfer value that we can accept when you start your plan is £30,000. Once your plan has started we can accept additional transfers of £1,000 or more. There is no maximum transfer value. Any transfer payments will be made by cheque or direct transfer.

If you transfer an existing pension into this plan and you know that you are in serious ill health when you do so, should you die within two years of the transfer this amount could become liable to inheritance tax.

Can I transfer my plan out to another provider?

Yes, you can transfer the value of your plan to another pension scheme at any time.

Please note that if you decide to do this:

- You won't receive a refund of any charges paid to us.
- Your investments will be sold and may not be worth as much as they were bought for.
- We may make a transaction charge for the sale of each investment.
- You'll need to make arrangements for the plan proceeds to be transferred to another provider and to instruct us to make this transaction and we'll make a charge for this transaction.

If you know that you are in serious ill health when you transfer, should you die within two years the amount transferred could become liable to inheritance tax.

Retirement Benefits

How long must my plan run before I can start to take benefits?

There is no minimum time limit for your plan to run before you can take your benefits. However, a minimum of five years is normally recommended for regular savers. If you want to take income from this plan, we can set this up immediately after we receive a single contribution, or a transfer from another pension plan.

What age can I take benefits from this plan?

You can start to take benefits at any time from age 55 (57 from 6 April 2028). You may be able to take your benefits earlier than this if you are in ill health – you can contact us for details if you feel this might apply to you at any time in the future.

What benefit options do I have?

You can take part of your fund as a tax free cash lump sum and use the remainder to provide either drawdown pension, or to buy an annuity, or both. Or you could take an additional cash lump sum, which would be taxed at your marginal rate. You can use any combination of these options if you wish and you don't have to take all of your benefits at the same time. You might decide to 'phase' your retirement, for example, if you decide to retire gradually by working part-time.

How much tax-free cash can I take from my plan?

You can normally take a maximum tax-free lump sum of 25% of your fund as long as you have sufficient remaining lump sum allowance. Of course this will reduce the amount of income you receive, because a smaller fund will be left to pay you an income. You can take your tax-free lump sum and decide what to do with the rest of your fund at a later date and you don't have to take all of your tax free lump sum in one go.

When you take tax free cash from this, or any other pension plan, your maximum tax free cash will be limited to your available lump sum allowance. For most people this is a maximum of £268,275. It is possible to have a higher personal lump sum allowance if you have Enhanced, Primary, Fixed or Individual Protection or have another enhancement factor. If this is the case it's important that you let your financial adviser know before you apply for this plan.

What is drawdown pension?

Drawdown pension means taking income directly from your pension fund and leaving the rest of your fund invested. Income taken using drawdown pension will be chargeable to income tax.

Our minimum plan value for drawdown pension is £30,000 after any tax-free lump sum has been taken.

If you start to take drawdown pension it will be set up as Flexi-access Drawdown. We also accept transfers in of existing Flexi-Access Drawdown plans. There are no limits to the amount of income that you're allowed to take and you can change the amount and frequency of payments if you want to. Once you start to take income in this way, you will only be able to pay up to a maximum of £10,000 in pension contributions in future tax years.

If you're transferring an existing capped drawdown pension into your plan, there is a maximum amount of inome that you're allowed to take. This limit is calculated using rates compiled by the Government Actuary's Department, based on your age.

The maximum limit must be recalculated every three years up to age 75 and every year after age 75 and the income reduced if necessary. The date that your maximum income will need to be recalculated will be the same as it would have been under your previous plan.

If you are in capped drawdown but want to take more than the maximum allowed, you can switch to Flexi-access Drawdown at any time.

If you're taking drawdown pension, you're free to stop taking withdrawals and use your remaining fund to buy an annuity, or take it as a taxable lump sum, at any time.

What is an annuity?

An annuity is an income, normally taken in retirement, which you can buy using a lump sum such as a pension fund. It's paid to you for the rest of your life and can continue to be paid to a beneficiary after your death. It can be for a fixed amount or can increase each year, for example in line with inflation.

The income you receive from your annuity can vary depending on your circumstances, for example:

- Your marital status.
- Whether you have dependants you wish to provide for when you're no longer here.
- Whether you choose an annuity with fixed, increasing or decreasing income.
- Your state of health, and
- Your lifestyle choices.

Income received from an annuity will be taxed as income.

Annuities provide certainty and security, compared to the flexible but unknown future benefits of drawdown pension.

You can use your fund to buy an annuity on the open market from another provider. You should discuss the benefits and risks of buying an annuity with your financial adviser before making any decisions.

Is there a limit to how much I can save into my pension?

There is no limit on the total amount of pension savings you can build up in your lifetime.

As explained, there is a limit on the amount that can be taken tax-free.

Death Benefits

What happens to my plan if I die?

If you are under age 75 when you die, the value of your plan can be paid to your beneficiaries as a tax free lump sum, as long as the value is less than your available lump sum and death benefit allowance when you die. Any excess may be subject to a tax charge. When a lump sum death benefit is paid from your pension plan, the maximum tax free lump sum that can be paid to your beneficiaries will be limited to your available Lump Sum and Death Benefit Allowance. For most people, this will be a maximum of £1,073,100,

Any death benefit lump sum that arises from drawdown benefits started before 6 April 2024 do not count towards the 'Lump Sum and Death Benefit Allowance'.

Alternatively, it may be possible for your fund to be paid as an income to your spouse, civil partner or other beneficiary as drawdown pension, or by purchasing an annuity. This income would be tax free, as long as it starts to be paid within two years of the date of death.

If you are age 75 or over, your fund can be paid out as a lump sum at the beneficiary's marginal rate of income tax. Alternatively, the fund could be used to provide your beneficiary with continuing drawdown pension, or an annuity. This income would be taxable at your beneficiary's marginal rate of income tax.

We ask you to complete a Death Benefit Nomination form when you apply for your plan. This allows you to nominate who you would like to receive benefits if you die. We'll take this into account when we pay death benefits, but by law, so that we can pay these free of inheritance tax, we must have discretion as to who we pay them to. If your wishes change, you can complete a new form at any time.

What happens if I die after I've taken an annuity?

If you die after you have purchased an annuity, the benefits payable will depend on the type of annuity you selected.

Charges

What are the charges?

The charges for your plan will depend on the size of your fund and the investment choices that you make. The charges are made to pay for the costs of buying and selling investments, for administering your plan and to pay the fees of any professional advisers that you choose to use.

Details of the charges that will apply when you first take out your plan are shown in your personal illustration.

But because this plan allows you the flexibility to switch between investments, you should remember that when doing this, different charges may then apply. Details of these charges will always be available to you before you make any investment decisions.

The following shows an example investment portfolio todemonstrate how the charges might work.

Case Study 1

John has transferred a previous pension into his Flexible Transitions Account and has also made both single and regular contributions. His plan is currently valued at £275,000.

John has £200,000 invested with a Discretionary Manager, £50,000 in the Funds Supermarket and £25,000 in LV= Core Funds. An Annual Service Charge will be applied to John's plan, calculated as a percentage of the overall value (£275,000). This is calculated as follows:

0.3% on £275,000

Total Annual Service Charge £825

Investment Management Charges will be charged by the fund managers of each of the Funds Supermarket Funds and LV= Core Funds that he is invested in.

John is invested in a wide range of funds, with a range of different management charges. The Investment Management Charge for John's chosen funds averages out at 0.70%, so this gives:

0.70% x 75,000 (£50,000 + £25,000) = £525

John's Discretionary Manager charges 0.8% a year, so:

0.80% x £200,000 = £1,600

The total charges that John pays on his plan are therefore:

£875 + £525 + £1,600 = £2,950

Whilst this may seem a lot, as a percentage of his total plan value, this is:

£2,950 / £275,000 = 1.07% a year

Case Study 2

A minimum charge may be applied to your plan (depending on the amount invested). If it is applied,
it will be shown in your personal illustration.

Example:

Caroline has transferred her pension into the Flexible Transitions Account which is currently valued at £50,000. The funds are wholly invested in LV= Core Funds and are subject to the Minimum Charge. This is calculated as follows:

£200 p/a divided by 4 = £50

This means Caroline's Annual Service Charge is £200. As it is paid quarterly, this amount is divided by 4.

Please remember that this is only an example and all charges that apply to your plan are stated in your personal illustration. An adviser charge may apply in addition to the charges shown in the example. If so, this will be shown in your personal illustration. Please also remember that the charges shown in your illustration are based on your contributions and investment choices when you first start your plan. These may change over time and therefore so will the charges. Full details of the charges for each investment option will always be available on request.

If you self invest the providers of the investments you choose will provide you with full details of their charges.

How much will any advice cost?

Your financial adviser will give you details about the cost of providing advice. If any adviser charges are payable for arranging this plan, these will be detailed on your illustration. Adviser charges may be paid out of your plan, or you may agree to pay your adviser a fee directly.

LV= Smoothed Pension

Where's my money invested?

Each of these invests in a mix of assets including stocks and shares, commercial property, fixed interest investments (both government and corporate bonds) and some cash.

With this Key Features you should have also been provided with a booklet called 'Your guide to how we manage our unit-linked Smoothed Managed Funds business'. In this you'll find useful information to help you understand how we manage your investment in our with-profits fund. We strongly recommend you take a few minutes to read it.

Can I change my fund option?

Yes, you can change your fund option at any time. We'll normally make the change 10 business days after we receive your instruction. We provide more details in the Smoothed Pension Plan Conditions under Condition A8. We'll usually do this for free, but if you change your fund option regularly, we'll apply a charge for this. We explain this in more detail in '**LV= Smoothed Pension Administration Charges**' on page 8.

You can only invest money into one fund option for each investment. However, each investment you hold can, if chosen, invest in a different fund option. Therefore, if you choose to switch your fund option for one investment you don't, unless you choose to, also have to switch any other investments you hold into the new fund option.

When you change your fund option for an investment, any guarantee you have will be cancelled. Bear in mind, you won't automatically be able to add a new guarantee.

We strongly recommend that you speak to your financial adviser before you switch fund option.

What is averaged pricing?

From day 2, your investment is smoothed by gradually averaging the daily underlying price over the number of days it's been invested. After 26 weeks, your investment is then valued by averaging the value of the assets over the previous 26 weeks. Sometimes we won't use this averaging, which can lead to a change to the value of your investment (this is explained in Condition A4 of the Plan Conditions, along with an example).

One effect of averaging means that if the markets are rising when you cash in all or part of your investment, you may get back less than if you were invested directly in the assets. But if markets are falling, you may get back more.

What is the guarantee?

The guarantee is exactly that – a guarantee that your fund will be worth at least the initial guaranteed amount less any money taken out of your fund as a withdrawal, including any on-going and ad-hoc adviser charges.

Guarantees are only available on initial and subsequent investments or on expiry of a previous guarantee, subject to the availability of the guarantee at the time of purchase or expiry.

If you choose to have a guarantee, you must select this option at outset, and it will apply on the whole lump sum invested at that time.

Of course, we can't offer this guarantee for free – you have to buy one. We explain this in more detail in 'What are the charges?' on page 8.

How does the guarantee work?

You may have the option to buy a guarantee when investing into the investment, depending on whether a guarantee is available on the fund option you have chosen. Please speak to your financial adviser, or contact us, for more information on the current guarantee terms available.

By choosing the guarantee option, we guarantee that the value of the guaranteed investment at the end of the guarantee term will be at least the same as the value of your investment on the date you added it. So, if the value has increased, you'll get this higher value, but if the value would have decreased, you're protected. Of course, any money you've taken out of your investment during the guarantee term will be taken into account and deducted from the initial guaranteed amount.

For example

Adrian invested £100,000 on 1 March 2021 and added a ten year guarantee on the Smoothed Managed Cautious Fund. This means that if no withdrawals are made the value of his investment on 1 July 2031 is guaranteed to be at least £100,000.

If Adrian pays the Flexible Transitions Account annual service charge from this investment, this would reduce the guaranteed amount. So if the charge was 0.25% a year, in the first year £250 will be withdrawn to cover this charge. This will reduce the guaranteed amount by £250. The guaranteed amount will be reduced similarly in future years to cover the annual service charge.

At the end of the guarantee term, if the value of your investment is less than the guaranteed amount we'll add units to your investment, to increase the value to the guaranteed amount (less any withdrawals taken since the guarantee was added).

At the end of the guarantee term, if the value of your guaranteed investment is less than the initial guaranteed amount we'll add units to your investment, to increase the value to the initial guaranteed amount (less any withdrawals since the guarantee was added). So you don't need to cash in your guaranteed investment at the time of guarantee expiry to benefit from this guarantee.

You can find out the current guarantee options and charges by calling us on **0800 032 2990** or looking on our website at **LV.com/investments**

If you cancel a guarantee you won't be able to buy a new guarantee at a later date on that Plan. However, you'll be able to add a guarantee, at outset, to any additional Top Up Plan in future, subject to the availability of the guarantee at the time of purchase and our product minimums and maximums.

We explain this in more detail in '**How much can the Scheme invest?'** on page 2.

We strongly recommend that you speak to your financial adviser before you cancel a guarantee.

Before any guarantee term ends, we'll write to you to confirm the date it will end and let you know if replacement guarantees are available at that time, should you wish to add a new one.

To find out more about how our guarantee works and how to replace a guarantee when your current guarantee term comes to an end, please refer to Conditions A5 and A7 of the Plan Conditions.

What are the charges?

Please refer to Section C of the Plan Conditions. This will help you understand what charges you pay when you invest in our LV= Smoothed Pension. We take our charges by cancelling units away from the investment.

Annual Management Charge

Please refer to Section C in the Plan Conditions. This will help you understand what charges you pay when you invest in our LV= Smoothed Pension. We take our charges by taking units away from the investment. The charges will be applied by cancelling units on the monthly anniversary of the investment.

The charges for the investment will depend on the fund option that you chose to invest in and on a guarantee, if you have chosen to add one. Details of the charges that will apply when you first take out the investment are shown in your personal example.

Guarantee Charge

If you add a guarantee, we'll make an additional monthly charge for the term of the guarantee from the investment that the guarantee applies to. This is in addition to the Annual Management Charge. The current guarantee charge for the guarantee term is shown in your personal example.

To find out the latest available guarantee terms and the charges that would apply if you were to replace an existing guarantee at the end of the guarantee term, you can call us on **0800 032 2990** or look on our website at **LV.com/investments**

Once you've added a guarantee, the guarantee charge taken is fixed for the term of the guarantee, and based on the current value of the guaranteed amount each month (this is the initial guaranteed amount minus any withdrawals taken from a guaranteed investment since the guarantee started).

Our charge for each new guarantee added may be higher or lower than a previous guarantee. If you cancel the guarantee, or the guaranteed amount falls to zero due to withdrawals made, the guarantee charge will stop. If you have a guarantee, any withdrawals you make from your investment will reduce the guaranteed amount.

Administration Charges

Changing your fund option

You can change your fund option up to three times every 12 months for free. If you make more than three changes in any 12 month period, we'll charge £25 for each extra change.

What happens to my fund if I die or become terminally ill?

The value of your fund will be moved to your Transitions Bank Account.

Upon death or diagnosis of a terminal illness we'll pay out 100.1% of the value of your fund.

By 'terminal illness' we mean an incurable illness where, in the opinion of an attending consultant and our Chief Medical Officer, the person insured would not be expected to live for more than 12 months.

How do I make a death or terminal illness claim?

Please contact us if you want to make a death or terminal illness claim. You can do this in writing, or by phone.

You can call us on **0800 032 2990**. We'll ask the person making the claim to complete a claim form, which we'll send to them at the time. We'll also ask them to send any documentation that we need along with the completed claim form.

Further Information

Can I change my mind?

When you apply to us, you'll have the right to cancel your plan. But it's important to note that your cancellation rights will be different depending on whether you're paying contributions or transferring to us; and also on the types of investments you choose.

Please bear in mind that if you do cancel, you may not get back the full amount you paid in. This is because your investments may have gone down in value by the time we receive your cancellation form. You'll also have already paid any costs of buying these investments and there may be costs for selling them. The amount you get back if you cancel doesn't include a refund of these costs. Also, if you've instructed us to pay any adviser charges out of your plan, this amount will be deducted from the amount we refund to you.

If you're transferring a fund to us from another scheme

If you want to cancel before the transfer is completed you'll need to let us know within 30 days of receiving your first illustration from us. You can do this by completing a cancellation form and returning it to us. If you're making more than one transfer, you can cancel all or any of these.

If any money has already been transferred to us, we'll return it to the transferring scheme. However, the scheme you're transferring from doesn't have to accept the money back. If they don't accept the money back, you'll have to find another scheme to accept the money instead. If when you cancel we've already paid you any money (for example as tax free cash) you'll have to pay this back before we either pay the money back to your original scheme or transfer it to another scheme. We offer cancellation rights on transfers 'pre-sale' so that we can hopefully avoid these complications.

If you're paying regular or single contributions into your plan

We'll let you know when we've received your applicationand remind you that you have 30 days to change your mindand cancel your plan. We'll tell you when these 30 days begin and end and let you know what you need to do if you want to cancel. Please read through, as we explain how this works depending on where you've chosen to invest your money.

For the part of your plan that will be invested in the LV= Core Funds, LV= Smoothed Pension, or LV= Protected Retirement Plan

You'll have 30 days to change your mind and cancel this part of your plan, once it's been set up. We'll tell you when these 30 days begin and end and let you know what you need to do if you want to cancel.

If you want to use your plan to invest in anything other than LV= Core Funds

So that you don't have to wait 30 days before investing, there's a declaration on the application form for you to waive your right to cancel and start investing straight away.

Complaints

If you have a complaint about any part of the service you receive from us, it's important that we know about it, so we can help put things right. You can let us know by calling us on **0800 783 7533** (for textphone, dial 18001 first). Or, you can write to us at: LV= Savings & Retirement, Pease House, Tilehouse Street, Hitchin, Herts. SG5 2DX. Your complaint will be dealt with promptly and fairly and in line with the Financial Conduct Authority's requirements, and if you want more information on how we handle complaints, please contact us, or visit **www.LV.com/complaints**.

We hope that we will be able to resolve any complaint that you have. If you're unhappy with the resolution of your complaint, the Financial Ombudsman Service may be able to help you free of charge, but you'll need to contact them within six months of receiving our final response letter.

Their website is **www.financial-ombudsman.org.uk** which includes more information about the service, including details of the various ways they can be contacted. If you make a complaint it won't affect your right to take legal action.

Compensation

We've been in business since 1843, and take great care to manage our affairs sensibly. We're required to publish a report each year about our solvency called a Solvency and Financial Condition Report. Solvency is a company's ability to meet its long term financial commitments and this report will help you understand more about our solvency and how we manage our capital and risks. If you'd like a copy you can visit **www.LV.com/sfcr**, or you can write to: Group Company Secretary, County Gates, Bournemouth, BH1 2NF.

If we ever did get into financial trouble and couldn't honour our commitments, you'd be entitled to compensation from the Financial Services Compensation Scheme. The scheme's first responsibility is to seek continuity rather than to pay compensation.

For long term insurance contracts, including LV= Protected Retirement Plans, and insurance contracts that invest in LV= Core Funds or LV= Smoothed Pension, the scheme covers 100% of the claim. Please note that this level of cover only applies if LV= were to become insolvent, and would relate to the value of the long term insurance contract. The level of protection does not apply to the performance of individual pension funds or value, for example, should an external fund manager become insolvent.

For money on deposit with a financial institution such as a bank or building society authorised by the Prudential Regulation Authority, the first £85,000 would be covered. This £85,000 is the overall limit that applies to all monies held with that institution (whether inside or outside your Flexible Transitions Account). Any money held within your Transitions Bank Account will be held with one or more account providers that we may reasonably decide. This may include accounts that aren't covered by the Financial Services Compensation Scheme but these will be covered by a similar scheme run by another country. Full details of the account providers we are using and any compensation limits which may apply will be provided at **www.LV.com/LVbanks**.

For other investment business covered by the scheme, the first £85,000 would be covered.

For more information go to **www.fscs.org.uk** or call **0800 678 1100** or **0207 741 4100**.

Tax

How much tax you pay depends on your personal circumstances. Any references we make to taxation are based on our understanding of current legislation and HM Revenue & Customs practice, which can change.

Retail Clients

We're required by our regulator, the Financial Conduct Authority, to categorise our customers to determine the level of protection they'll receive. If you invest in the plan described in this Key Features document we'll treat you as a retail client.

This gives you the highest level of protection available under the Financial Conduct Authority rules.

Law

The plan is governed by the law of England as applied by the courts for that part of the UK where you live. We'll always communicate in English.

If you'd like us to send you this document or any future correspondence in another format, such as Braille or large print, please just let us know.

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