Consumer Duty – Product Information for the LV= Smoothed Managed Funds Trustee Investment Plan

Including target market, fair value, and customer vulnerability statements

Product Type

A single contribution investment policy held by the trustees of a UK registered pension scheme on behalf of an individual scheme member of a Self-Invested Personal Pension (SIPP), or as an earmarked investment for an individual member of a Small Self-Administered Scheme (SSAS).

Product Description

The LV= Smoothed Managed Funds Trustee Investment Plan ('LV= TIP') is a single contribution investment policy for Trustees of UK registered pension schemes, set up on behalf of a named 'designated member' of their scheme. It offers access to LV's unique Smoothed Managed Funds.

The Plan offers a unique averaging mechanism and, subject to availability, a capital guarantee. The averaging mechanism aims to reduce the impact of short-term market volatility. A capital guarantee may also be available at initial, or subsequent 'Top-Up' investment into the SIPP or SSAS, or on expiry of a previous guarantee.

We offer a range of risk-rated unitised with-profits funds that invest in a mixture of different assets and offer the potential for smoothed investment growth. Your client can only invest in one fund option at a time in each LV= TIP. Multiple LV= TIPs are allowed, subject to a maximum investment amount across all Smoothed Managed Funds held by a designated scheme member.

The Plan also provides the flexibility to allow regular and ad-hoc withdrawals, as well as permitting transfers out in specie.

Product Objective

To enable the planholder to make lump sum investments in LV's Smoothed Managed Funds, providing them with the potential for capital growth while still allowing them to make ad-hoc withdrawals from their investment into their SIPP or SSAS scheme bank account.

Product Holding Time

The LV= TIP has no fixed term but we would expect an investment term of at least 5 years and ideally 10 years or more.

Product Features

- Choice of with-profits risk-rated investment fund options.
- A unique averaging mechanism to reduce the impact of short-term market volatility.
- A unitised investment with the option to take regular or ad-hoc withdrawals.
- Optional capital guarantee at outset (subject to availability).

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, applicants must be:

- Trustees of a UK registered pension scheme, on behalf of a single named designated scheme member.
- Investing funds held within a Self-Invested Personal Pension (SIPP) or a Small Self-Administered Scheme (SSAS).
- Applying on behalf of a designated scheme member who is no older than age 84 (85 next birthday).

Note: The LV= TIP is not available to be taken out as an investment of LV= pension schemes (LV= Smoothed Managed Funds Pension Series 1 funds are available on a similar basis).

Distribution strategy

To ensure your client receives a product that is right for them we believe the LV= TIP should be sold on an advised basis, whether this be face to face or over the phone. It's important to regularly review your client's circumstances and needs to make sure their investment is appropriate.

We don't accept applications from direct customers.

Our pricing is consistent across all our channels of distribution. Firms that sell the Plan must have current terms of business agreement in place with LV=. These can range from restricted (tied, multi-tied and whole of market) and independent advisers.

Target market

We believe the LV= TIP would be suitable as an investment of a Self-Invested Personal Pension (SIPP) or a Small Self-Administered Scheme (SSAS), as part of an individual member's investment portfolio to:

- Provide a lower volatility investment experience, aiming for or better investment return than would be received from cash deposits.
- Give access to an investment that has no set investment term subject to availability and in exchange for an extra monthly charge, the ability to purchase a capital guarantee option at a term of 10 years.
- Provide an income withdrawal facility, both on a regular and ad-hoc basis payable directly to the Scheme Trustees' bank account.
- Avoid the need to sell or release funds in less accessible scheme assets (for example property), or hold large cash balances within the scheme that can be eroded by the effects of inflation, to meet the immediate cost of member benefits or scheme costs and charges.

Our funds are independently risk-rated by multiple agencies helping you to match the right fund option to your client's risk appetite.

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The Plan is only suitable where the pension fund being used to buy a plan directly relates to an individual member of a pension scheme. This means that the Plan isn't suitable as an investment of a Defined Benefit pension scheme where the pension fund is a collective investment of the scheme.

We believe that the Plan is:

suitable for scheme trustees who

- Are able to invest in a range of permitted investments under their scheme that includes Trustee Investment Plans.
- Want to invest some or all of a single designated scheme member's SIPP or SSAS pension fund as a lump sum for at least 5 years, and ideally 10 years or more, within a guaranteed/smoothed environment. And understand that although they won't suffer from the full effects of any downfalls in the market, they won't benefit from the full upside of any market rises as well.
- Want to invest in funds which provide a balance to higher risk or illiquid assets in the scheme, but have growth potential while aiming to avoid sharp rises and falls by 'averaging' the investment return.
- Want the option, if available, to add a guarantee to their investment at outset in exchange for an extra monthly charge.
- Want the ability to take regular or ad-hoc withdrawals which will be paid directly to the scheme Trustees' bank account in order to cover scheme payments and costs.
- Require access to funds that are not available through platforms.
- Understand the risks associated with stock market related investments and are willing to accept them in exchange for potential growth in their investment.

unsuitable for scheme trustees who

- Are trustees of defined benefit schemes, DC occupational pension schemes that are not SSASs, or non-UK pension schemes.
- Want to set up the Plan as a general trustee investment, rather than for a single designated scheme member.
- Don't wish to invest for the long term, and don't understand the risks associated with stock market related investments.
- Don't wish to buy a guarantee and at the same time don't wish to put the invested capital at risk.
- Don't understand that withdrawals from an investment with a guarantee will have the effect of reducing the guaranteed amount. A portion of any guarantee in place will be lost following continued withdrawals.
- Don't understand the potential impacts of large and/or frequent withdrawals on their investment.
- Wish to invest less than £20,000 as an initial investment, or less than £10,000 as a top up payment.
- Wish to make regular monthly investments.

This is a stock market investment so your client isn't certain to make a profit and may get back less than they invested.

The averaging mechanism (smoothing) can be suspended at our discretion. This may be in exceptional conditions or if the underlying price was 80% or less of the averaged price. If smoothing was suspended the funds will typically be valued using the underlying price or, at our discretion, a gradual averaged price.

If your client buys a guarantee on the Cautious Fund, and decides to cash in, fully transfer out or switch fund option, before or after the end of the guarantee term, they will lose the benefit of the guarantee.

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 the benefits and limitations of the Plan to ensure it 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.
- We conduct customer surveys and assess results as part of on-going product governance. As part of this, we gather feedback from customers about their use and experience with their plan to ensure it continues to meet customer needs and provide good outcomes.

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.
- Adviser feedback is collected and used as appropriate to deliver communication that is engaging and easy to understand.
- Ensuring our servicing teams are appropriately trained and able to recognise and support vulnerable customers through training policy, practices and established processes.

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. The principles underpinning our assessments include 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) we take account of the overall cost compared to the price and 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 clearly setting out the charges your client will pay at outset from the investment. No discretionary charges are applied.

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 that 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.

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 are 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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