LV= Smoothed Managed Funds Trustee Investment Plan

Product Profile

In this document we outline the relevant product information about the LV= Smoothed Managed Funds Trustee Investment Plan ('LV= TIP') required for distributors. We set out the product's target market, distribution strategy, main features, limits, suitability, risks, options and costs.

It is a summary; for full details please refer to the LV= Smoothed Managed Funds Trustee Investment Plan Conditions.

Target market

The '**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 smoothing mechanism and, subject to availability, a capital guarantee. The smoothing 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, 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. The LV= TIP has no fixed term but we would expect an investment term of at least five years and ideally 10 years or more.

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.

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. Our Budget Income Protection is aimed at those clients looking for a lower premium, but whose protection needs can still be met with a limited benefit payment period.

Distribution

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.

Main features

- Choice of with-profi ts risk-rated investment fund options.
- A unique smoothing 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).

Risks

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

Limits and basis

- The plan is a Trustee Investment Plan, which is an investment of an existing registered pension scheme.
- The investment must be funded from a UK registered pension scheme.
- Minimum investment is £20,000. Maximum investment held by a single designated scheme member is £1,000,000 (net of any initial adviser charge). This applies to multiple investments across all Smoothed Managed Funds products (pension, TIP, bond and ISA, including Flexible Guarantee investments).
- Additional investments of at least £10,000 can be made in respect of a designated scheme member, and will be set up as a separate policy.
- There is no fixed term, but we would expect an investment term of at least five years and ideally 10 years or more.
- The investment allocation rate is 100%.
- From day 2, the investment is smoothed by gradually averaging the daily underlying price over the number of days it's been invested. After 26 weeks (roughly six months), the investment is then valued by smoothing the value of the assets over the previous 26 weeks.

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- A 10 working day wait period will apply to all fund switch requests.
- A wait period of up to 10 working days may be applied for withdrawals and transfers out.
- Regular withdrawals can be made monthly, quarterly, half-yearly and yearly. There is no minimum withdrawal amount.
- The minimum amount for an ad-hoc withdrawal is £250. Ad-hoc withdrawals are not permitted if the fund falls below £500, except in full surrender of the plan.
- All payments from the LV= TIP other than any adviser charges must be made to the Trustees of the underlying registered pension scheme, and not the named designated member of the scheme.
- 100% of funds will be payable to the Trustees of the underlying registered pension scheme on the death of a designated scheme member. During the first 26 weeks of investment we will always use the appropriate gradual averaged price from day 2. After 26 weeks of investment we will always use the average price of units to calculate the plan value on death if it is higher than the underlying price.

Eligibility

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).

LV= TIP

is suitable for scheme trustees who:	is not 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 five years, and ideally 10 years or more, within a guaranteed/smoothed environment. ✔ 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 'smoothing' 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.	✘ 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.

Options and additional benefits

Optional Capital Guarantee: Subject to availability, your client can buy a capital guarantee when they take out their LV= TIP, on subsequent top ups (subject to product minimums) or as a replacement, when an existing guarantee ends at its expected term. A guarantee can only be added at the point of application and cannot be added at a later date.

If your client has a guarantee in place and they request a fund switch, the guarantee will cease on receipt of the switching request and a new guarantee will not be offered. When your client buys a guarantee, we promise that, at the end of the selected guarantee term, the plan will be worth at least the amount it was when they bought it, less any money paid out during the guarantee term (including withdrawals and adviser charges). Naturally, if the the plan is worth more than the guaranteed amount at the end of the guarantee term they get the extra as well.

Any guarantee available will be at a term of 10 years.

There is an additional charge for the Guarantee. For more information about the guarantee, please refer to the LV= TIP Key Features Document.

Costs and charges

Initial charge: nil.

Annual management charge: The annual management charge is based on the value of the LV= TIP (including any mutual bonus) at the time each charge is taken. Any charges applied will be taken monthly as 1/12 of the annual charge by cancelling units.

Early Encashment Charge: nil.

Administration charges: Fund switch charge: Free of charge for the first three per LV= TIP plan year. Thereafter a fee of £25 will apply for each additional fund switch).

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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47299-2025 09/25

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