Stakeholder Pension Plan

Key features

This is an important document.
Please read it and keep for future reference.

Standard Life

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The Financial Services Authority is the independent financial services regulator. It requires us, Standard Life, to give you this important information to help you to decide whether our Stakeholder Pension Plan is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

This key features document is for a UK pension plan and is for use by UK residents only.

Helping you decide

This key features document will give you information on the main features, benefits and risks of the Stakeholder Pension Plan.

An illustration is also enclosed. It will show you the benefits you may get in the future.

Your key features document and illustration should be read together.

Our Customer Centre will always be happy to answer any of your questions or give you more information but they can't give you financial advice. Our contact details can be found on page 10.

Contents

1. Its aims

To offer you a way of saving for your retirement.

To build up a sum of money in a tax-efficient way, that will buy you a pension when you retire.

2. Your commitment

To remain invested in the plan until you choose to take your benefits, and then use it to buy your pension. You cannot cash in this plan at any time, although you can transfer it to another pension provider or registered pension scheme at any time before you start taking a pension.

To make at least one payment into your plan.

To tell us if you stop being eligible to receive tax relief on your payments.

To regularly review your plan, and the level of payments being made, to make sure you're on track to meet your retirement goals.

3. Risks

This section is designed to tell you about the key product risks that you need to be aware of at different stages of the plan.

At the start of the plan

If you change your mind and want to cancel the plan you may get back less than you paid in. Please see 'Can I change my mind?' on page 9.

If you're transferring benefits from another pension scheme, there is no guarantee that what you'll get back from the Standard Life Stakeholder Pension Plan will be higher. You may get back less. You may also be giving up certain rights in your other pension scheme that you'll not have with the Standard Life Stakeholder Pension Plan.

Investment

Your plan may invest in different types of investments, including investments based on stocks and shares, which carry different levels of risk. The value of your plan can fall as well as rise and you may get back less than you pay in.

There are also risks involved in relying on the performance of investments within a single asset class, rather than spreading your investments over a variety of asset classes.

If you do not specify an investment choice, we will invest all payments in the registered default lifestyle profile, which is the Standard Life Stakeholder Balanced Managed II Lifestyle profile. Please be aware that this fund may not fit your individual needs.

There are other investment risks you need to be aware of. These include:

- For with profits investments, we apply smoothing to even out the ups and downs of investment performance, which means that your benefits could be lower or higher than they otherwise would have been. We may reduce or remove smoothing in certain circumstances.
- For funds investing in overseas assets, the sterling value of these assets may rise and fall as a result of changes in the exchange rate. Overseas assets can be subject to additional risk from the economic and political situation in other countries.
- In order to maintain fairness between customers remaining in and those leaving a fund, we may, in exceptional circumstances, delay transferring or switching all or part of your funds. The delay could be for up to one month, or up to six months for those funds which invest directly or indirectly in buildings or land, because property can be difficult to sell. The delay could be much longer if a fund is linked to the fund of an external fund manager and that fund allows a longer delay. If we delay transferring or switching, we will use the unit prices that apply on the day on which the transfer or switch actually takes place. The prices on that day could be very different from the prices on the day that you made your request.

For further information about the investments available on your Stakeholder Pension Plan and the risks involved, please refer to 'Your pension investment choices' (SPP5).

Buying a pension (annuity)

What you get back when you retire isn't guaranteed. Your pension may be lower than shown in your personal illustration. This could happen for a number of reasons, for example if:

- you stop paying into this pension plan, or take a payment break
- payments into the plan are lower than illustrated

- the performance of the fund(s) you have chosen is lower than illustrated
- the cost of buying an annuity when you retire is higher than illustrated, for example due to interest rates being lower and/or people living longer
- tax rules and legislation change
- plan charges increase above those illustrated
- you buy your pension at a different age from the age used in your illustration
- for with profits investments, your plan value is less than it otherwise would be because of smoothing

4. Questions & answers

What is a Stakeholder Pension Plan?

It's a pension plan that lets you save for your retirement in a tax-efficient way.

Stakeholder pensions were introduced by the Government to encourage people to save for their retirement. They have been available since 6 April 2001.

How flexible is it?

You can make single or regular payments, or a combination of both, at any time.

You can change the amount of your regular payments at any time, subject to the minimum payment amount. Please see 'How much can be paid into my plan each year?' opposite.

Regular payments are usually monthly or annually, but you can choose any frequency that suits you.

Payments are usually payable by direct debit, debit card such as Switch/Delta etc, telegraphic transfer, cheque or standing order.

You can stop paying or take a payment break and restart later if your circumstances change. This will reduce your future pension.

You can make a transfer payment from another pension scheme at any time. There is no guarantee that what you'll get back from the Standard Life Stakeholder Pension Plan will be higher. You may get back less. You may also be giving up certain rights in your other pension scheme that you'll not have with the Standard Life Stakeholder Pension Plan.

Single and regular payments can be made by your employer or a third party.

Your payments can be made by your employer via salary deduction. Changes to your payments made this way are subject to your employer's agreement.

If you leave your current employer, you will remain invested in the plan and you can continue making payments into it. However, any payments made by your employer will stop.

You can transfer your plan to another pension plan (either with Standard Life or another provider) or registered pension scheme at any time before you start taking your pension.

Am I eligible?

If you're under 75 and a UK resident, you can normally join this plan.

4.1 How much can be paid into my plan each year?

If you're employed, both you and your employer can pay into your plan. Payments can also be made by a third party.

The minimum payment is £20. Regular payments are usually payable by direct debit.

You can also choose to make one-off payments, which are usually by cheque.

In each tax year, if you are a 'relevant UK individual' you can pay:

- up to £3,600 (including basic-rate tax relief) regardless of your earnings, or
- up to 100% of your relevant UK earnings for that year (including basic-rate tax relief). If your payments exceed the Annual Allowance then a tax charge may apply. See 'What about tax?' on page 7.

These limits are set by HM Revenue & Customs and apply to the total payments made by you and any third party to all your pension arrangements. These limits do not apply to payments made by your employer. A tax year runs from 6 April in one year to 5 April in the next year.

You are a 'relevant UK individual' if:

- you are resident in the UK for tax purposes, or
- you have relevant UK earnings, or
- you were a UK resident sometime in the previous five tax years and when you joined, or
- you have, or your husband, wife or civil partner has, earnings from overseas Crown employment subject to UK tax

Relevant UK earnings means:

- If you are employed, the income you receive from your employer in a tax year (including any bonuses, commission or benefits in kind that you receive), or
- If you are self-employed the income you receive in a tax year from carrying out your trade, profession or vocation, or from patent rights

This income must be taxable in the UK.

If you already have a pension plan, you may be able to transfer its value into this plan. There's no guarantee that doing so will increase your total pension. Transfer payments have different rules. If you're considering making a transfer, please ask your financial adviser or contact us for our separate Key Features Document (SPP17b). We strongly recommend you speak to a financial adviser before transferring. There may be a cost for this.

4.2 Where are the payments invested?

We offer Lifestyle profiles, a range of investment-linked pension funds and a with profits fund for you to choose from.

We invest 100% of each payment. Each fund is made up of 'units' and we use your payments to buy units in the fund(s) you choose.

Lifestyle profiles are designed for customers investing for retirement. The funds used will depend on the profile chosen. The funds you are invested in at any point will also depend on the length of time until your selected retirement date. When you have a longer time to your selected retirement date (typically more than 10 years), the profiles will aim to provide growth by investing in funds that offer growth potential over the longer term. However, you should be aware that the value of your funds can go down as well as up and investment growth is not guaranteed.

If you invest in a Lifestyle profile and you wish to combine this with another investment option, you can only combine it with investment in with profits. You cannot combine it with any other investment fund or Lifestyle profile.

As you get closer to retirement the emphasis moves away from growth to preparing your pension fund for your pension benefits at your selected retirement date. This will happen through automatic switching of your funds.

If you are starting a Stakeholder Pension Plan and you do not specify an investment choice, we will invest all payments in the default Lifestyle profile, which is the Standard Life Stakeholder Balanced Managed II Lifestyle profile.

For more information on how this works, please ask your financial adviser or contact us for our Lifestyle profiles leaflet (GSPP41). For information on the funds within the Lifestyle profiles, please ask for a copy of 'Your pension investment choices' (SPP5).

If you are already making regular payments into this Stakeholder Pension Plan and you do not specify an investment choice, payments will be invested in line with your current investment instructions.

You can switch your payments in and out of various funds to change the mix of investments. We may delay switching in some circumstances. You can only invest in 12 of our funds at any one time.

If you choose our investment-linked funds, the price to buy or sell one unit in each fund depends on the value of the investments that make up the fund. Your plan value is based on the total number of units you have in each fund. If the unit prices rise or fall, so will your plan value.

If you choose to invest in with profits then:

- if your plan started before we demutualised on 10 July 2006, you are invested in the Stakeholder With Profits Fund
- if your plan started after we demutualised, you are invested in the Stakeholder With Profits 2006 Fund

Your policy schedule will tell you which fund applies to your plan.

If you are invested in the Stakeholder With Profits 2006 Fund, you will not be entitled to any distribution from assets that existed before we demutualised.

The assets backing with profits are a mix of investments such as equities (company shares), property, bonds (which are loans to governments or companies) and money market instruments (including cash). The asset mix can change over time. We publish quarterly information on the asset mixes for with profits investments on our website, **www.standardlife.co.uk/withprofits**

If you choose to invest in the with profits fund, the price to buy one unit depends on the value of the assets backing that fund. The price to sell one unit depends on the value of the assets backing that fund after allowing for any smoothing. The value of the assets can go up or down and so the unit price, and therefore the unit value, can also go up or down. In certain circumstances we can reduce or remove smoothing to maintain a fair level of future payouts to remaining investors.

For more information about our funds, please ask your financial adviser or contact us for a copy of our leaflet 'Your pension investment choices' (SPP5). For more information about smoothing and investing in with profits, please read the enclosed 'Understanding With Profits' booklet. Version UWP2 applies if your plan started before we demutualised on 10 July 2006. Version UWP2A applies if your plan started after we demutualised.

4.3 What might I get when I want to retire?

Your final plan value will depend on:

- how much is paid in
- how long the payments are invested for
- the performance of the fund(s) you have chosen
- our charges (please see 'What are the charges and discounts?' on page 8)

In addition, for with profits investments your final plan value will depend on any discretionary adjustments, up or down, for smoothing.

For more information about smoothing and investing in with profits, please read the enclosed 'Understanding With Profits' booklet. Version UWP2 applies if your plan started before we demutualised on 10 July 2006. Version UWP2A applies if your plan started after we demutualised.

Your plan will be used to buy a pension, which is an income for the rest of your life, from us, another pension provider or registered pension scheme. The amount of pension will depend on a number of factors at the time, for example:

- annuity rates
- your age and state of health
- life expectancy rates
- the options you choose when buying your pension (for example, choosing a pension that increases in payment each year, or including a pension for a dependant when you die).

What choices might I have when I retire?

You can use all of your plan value to buy a pension, which will be taxable. Or you can normally take up to a quarter of the plan value as a tax-free lump sum, and a smaller, taxable pension.

You can choose to have your pension stay the same or change automatically each year:

- it can increase by a fixed percentage, up to a maximum of 8.5% a year, or
- it can increase and decrease in line with the Retail Prices Index

You can choose a smaller pension for yourself so that you also provide a pension for your husband, wife, civil partner or other dependant(s) after you die.

You can start taking a pension at any time between the ages of 55 and 75, including while you're still working.

- You must normally start taking it by age 75
- You can take the pension in stages if you want to
- You can normally start taking a pension before age 55 only on grounds of ill health

You can buy your taxable pension from any pension provider or registered pension scheme.

4.4 What about tax?

Tax relief on payments to your plan

You'll get tax relief on payments normally at your highest Income Tax rate.

We'll claim the tax relief for you at the basic rate from HM Revenue & Customs and invest it in your plan. If you're a higher or additional-rate taxpayer, you'll need to claim the extra tax relief through your tax return.

If you sacrifice salary in exchange for a payment from your employer to your plan, you don't get tax relief on that payment. But you do save tax on the salary you have sacrificed.

Please see "Information about tax relief, limits and your pension" (GEN658) for more information.

HM Revenue & Customs has an Annual Allowance for the total payments that you, your employer and any third party can make to all your pension plans (excluding transfer payments).

You may have to pay a tax charge on any payments that exceed this limit. If the total payments to all your plans are less than the limit in one tax year, you may be able to carry forward the unused allowance for up to three tax years.

For more details, please refer to 'Information about tax relief, limits and your pension' (GEN658), or speak to your financial adviser.

The funds you invest in are not liable for UK Capital Gains Tax.

Tax treatment when taking your benefits

You can normally take some of your fund as a tax-free lump sum when you convert the plan into a pension.

HM Revenue & Customs has a Lifetime Allowance on the total funds in pension plans that can be used to provide benefits to you.

Please refer to 'Information about tax relief, limits and your pension' (GEN658), or speak to your financial adviser for more details.

There are circumstances where you can apply for a personal Lifetime Allowance that's higher; speak to your financial adviser for more details.

Your pension will be taxed in the same way as your earned income.

Your dependants won't normally have to pay tax on any lump sum they get if you die before you retire. However, if any part of the lump sum exceeds your Lifetime Allowance, that part will be liable to a tax charge. Please refer to 'Information about tax relief, limits and your pension' (GEN658).

Tax and legislation may change. The value of tax relief will depend on your financial circumstances and may change in the future. The information we've given is based on our understanding of law and HM Revenue & Customs practice as at April 2012.

4.5 What are the charges & discounts?

We charge for managing your plan and investments. We take the charges from the fund value.

There is an annual charge of 1% of the value of the funds you accumulate. This is taken as a daily fund management charge. If your fund is valued at £500 throughout the year, this means we deduct £5 that year. If your fund is valued at £7,500 throughout the year, we will deduct £75 that year.

If your fund exceeds £25,000 we reduce the effect of the yearly charge by adding extra units to your fund each month to the value of 0.1% of your fund each year. If your fund exceeds £50,000, we add extra units each month to the value of 0.2% of your fund each year. These figures are current values and could change in the future.

We'll continue to take charges each year even if you stop making payments. This could mean that if you stop making payments and don't restart them, our charges could reduce your plan value by the time you retire.

If you've asked for a personal illustration, it will show our charges and their effect on the value of your Stakeholder Pension Plan over the time you have the plan.

Charges are regularly reviewed and may be increased to reflect increases in overall costs and/or changes in the assumptions made. Any increases in charges will not increase Standard Life's profit margins above reasonable levels.

However, as the Government has set a maximum charge that can apply to Stakeholder pensions (currently 1.5% each year for the first 10 years and 1% each year after that), the charges on your plan cannot exceed these limits. These Government limits could change in the future.

4.6 Other important questions

What happens to the plan if I die before I retire?

We'll normally pay the fund as a lump sum. However, if any of the lump sum exceeds the Lifetime Allowance, described in 'What about tax?' on page 7, that part will be liable to a tax charge. Please refer to 'Information about tax relief, limits and your pension' (GEN658).

If you've set up your plan under trust, we'll pay the lump sum to the people you've named as trustees. If it is not under trust, we'll decide who to pay the lump sum to. We'll take into account your circumstances when you die and anyone you've said you want to receive the money.

What other benefits can I choose?

You can choose to protect your payments against sickness and disability in the future. To do this you'll need to buy a separate Pension Contribution Insurance plan. If you're considering this cover, please ask your financial adviser or contact us for details.

Can I transfer my plan?

You can transfer your plan to another pension provider or registered pension scheme at any time before you start taking a pension. We make no transfer charge. However, if you have invested in with profits, we may reduce or remove smoothing in certain circumstances.

For more information about smoothing and investing in with profits, please read the enclosed 'Understanding With Profits' booklet. Version UWP2 applies if your plan started before we demutualised on 10 July 2006. Version UWP2A applies if your plan started after we demutualised.

Can I change my mind?

You have a legal right to cancel your contract if you change your mind. You have a 30 day period to consider if you want to change your mind. This 30 day period starts from the date you receive the plan documents. During this period, if you decide you want to cancel, you should write to us at the address shown in the 'How to contact us' section on page 10, instructing us to cancel the contract. Please make sure that you include your plan number in any correspondence with us.

If you start the plan with a single payment and cancel during the 30 day period, you may get back less than you paid in. This is because we may make a deduction to reflect any market loss we have experienced between the date we received your payment and the date we received your instruction to cancel.

If you decide to cancel, and we have already received payment, we will refund the payment to the person who made it.

Please note, for regular payments, it is only the initial payment that you choose to make that will have cancellation rights. If you decide to increase the level of payment in the future, you will not have the right to cancel that increase.

At the end of the 30 day period you will be bound by the terms and conditions of the plan and any money received by Standard Life will not be refundable under the cancellation rule.

How will I know how my Stakeholder Pension Plan is doing?

We will register you for our online service and send you a user id and password so that you can check your plan details on our website – **www.standardlife.co.uk**

We will send you a yearly statement to show how your plan is doing.

You can also get an up-to-date valuation at any time by calling our customer helpline.

5. Other information

How to complain

We have a leaflet that summarises our complaint handling procedures. If you'd like a copy, please ask us.

If you ever need to complain, first write to us at the address on 'How to contact us' on page 11. If you aren't satisfied with our response, you may be able to complain to:

The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London
E14 9SR

Phone: **0845 080 1800**
Switchboard: 020 7964 1000
Fax: 020 7964 1001

Email: complaint.info@financial-ombudsman.org.uk
Website: **www.financial-ombudsman.org.uk**

Complaining to the Ombudsman won't affect your legal rights.

Terms and conditions

This document gives a summary of Standard Life's Stakeholder Pension Plan. It doesn't include all the definitions, exclusions, terms and conditions, which are given in the Policy Provisions Booklet.

For a copy of this booklet, please ask your financial adviser or contact us direct.

We have the right to change some of the terms and conditions. We'll write to you and explain if this happens.

Law

The law of Scotland will decide any legal disputes.

Language

The English language will be used in all documents and future correspondence.

Compensation

The Financial Services Compensation Scheme (FSCS) has been set up to provide protection to consumers if authorised financial services firms are unable, or likely to be unable, to meet claims against them.

Your contract is a long-term contract of insurance. You will be eligible for compensation under the FSCS if Standard Life Assurance Limited (SLAL) becomes unable to meet its claims and the cover is normally 90% of the value of your claim.

If you choose one of our funds that invests in a mutual fund run by another firm (including Standard Life Investments Limited), you are not eligible for any compensation under the FSCS if that firm is unable to meet its claims. SLAL is not eligible to make a claim on your behalf so the price of a unit in our fund will depend on the amount that we recover from the firm.

If you choose one of our funds that invests in a fund run by another insurer, you are not eligible for any compensation under the FSCS if that insurer is unable to meet its claims. SLAL is not eligible to make a claim on your behalf.

For further information on the compensation available under the FSCS, please check their website www.fscs.org.uk

If you have any questions about whether your contract is covered or not, you can speak to your financial adviser or contact us directly.

6. How to contact us

Remember, your financial adviser will normally be your first point of contact.

If you have any questions or would like to make any changes to your plan, you can phone us. We may record/monitor calls to help improve our service.

0800 634 7476 (call charges may vary).

Please have your plan number ready when calling.

You may prefer to contact us by fax, email or in writing.

0131 245 3224

individual_ppp@standardlife.com

(We can't guarantee that we'll receive any email sent, or that it hasn't been tampered with or intercepted during transmission.)

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7. About Standard Life

Standard Life's product range includes pensions and investments.

Standard Life Assurance Limited is on the Financial Services Authority Register. The registration number is 439567.

Find out more

If you'd like further information on this or any of our other products, or if there's anything more about Standard Life we can help you with, just call us on this number, or visit our website.

Call us on 0800 634 7476

(Mon–Fri, 9am to 5pm). Call charges may vary and calls may be recorded and/or monitored to help improve customer service.

www.standardlife.co.uk

Products provided by subsidiaries of Standard Life plc or other specified providers.

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