Flexible Pension Plan

Key Features

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

The Financial Conduct Authority is a financial services regulator. It requires us, Standard Life, to give you this important information to help you decide whether our Flexible 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.

Helping you decide

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

We will always be happy to answer any of your questions or give you more information but we can’t give you financial advice. Our contact details can be found on page 11.

You can ask your financial adviser or go online at www.standardlife.co.uk for any documents mentioned.

1. Its aims

► To provide a tax-efficient way to save for your retirement
► To give you control over your investments
► To give you choice over how and when you take your benefits
► To allow you to take a regular income from your fund, while still remaining invested
► To provide you with a pension, and a tax-free lump sum
► To provide benefits for your dependant(s) on your death
► The new retirement income options available from age 55 (57 from 2028) introduced from 6 April 2015 are not available under this product. You can access these new options by transferring to another product that allows this.

2. Your commitment

► To make payments to your pension plan, within the limits set by HM Revenue & Customs (HMRC) and our product limits
► To tell us if you stop being entitled to receive tax relief on your payments
► To wait until you’re at least age 55 before taking your benefits
► To take your tax-free lump sum and income within the limits set by HMRC
► To regularly review your plan to check it’s meeting your needs now and for the future
► To buy an annuity before age 75, or to transfer to another product which allows income drawdown after age 75

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

If you’re making a further payment to your plan and you cancel within 30 days you may get back less than you paid in. Please see ‘Can I change my mind?’ on page 09.

If you’re transferring benefits from another pension scheme, there is no guarantee that what you’ll get back from this plan will be higher. You may get back less. You may also be giving up certain rights in the other pension scheme that you’ll not have with this plan.
Investment

Investments available under your plan can vary in their level of risk. As with any investment the value of your fund can go up or down and may be worth less than what was paid in.

Some investments (such as property) may take longer to sell. You'll need to take this into account when you're reviewing your investments or planning to take your benefits. The valuation of property is generally a matter of a valuer's opinion rather than fact.

There are specific risks and information relating to investing in investment-linked pension funds that you need to be aware of. Please see ‘Your investment options guide’ (GEN475) for details.

You'll probably be one of many investors in each fund you're invested in. Sometimes, in exceptional circumstances, we may wait before we carry out your request to transfer or switch out of a fund. This is to maintain fairness between those remaining in and those leaving the fund.

This delay could be for up to a month. But for some funds, the delay could be longer:

- It may be for up to 6 months if it's a fund that invests in property, because property and land can take longer to sell
- If our fund invests in an external fund, the delay could be longer if the rules of the external fund allow this

If we have to delay a transfer or switch, we'll use the fund prices on the day the transaction takes place – these prices could be very different from the prices on the day you made the request.

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.

Some funds invest in overseas assets. This means that exchange rates and the political and economic situation in other countries can significantly affect the value of these funds. Your investment may be worth less than you paid in.

External fund managers are responsible for the management of their funds. Standard Life is not responsible for the investment performance or availability of these funds.

Taking an income (income drawdown)

Taking an income is usually only suitable if you have a pension plan worth at least £100,000, or have other assets or income to live on. However, regardless of the size of your plan, you still need to decide if this is the right choice for you.

How your investments perform can have an impact on the amount of income you can take. Your maximum income will normally be recalculated at least every three years and will be based on a number of factors including the value of your investments. See ‘How to take the benefits’ on page 06 for details of how the limit is calculated.

Taking an income will reduce the value of your plan, especially if investment returns are poor and a high level of income is being taken. In extreme circumstances the value of your plan could reduce to zero.

If you are already taking an income and start a new phase of income drawdown, your maximum income limit must be recalculated. The new limit could be significantly higher or lower than the previous maximum.

Buying a pension (annuity)

Your pension may be lower than shown in your personal illustration. This could happen for a number of reasons, for example if:

- investment performance 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
- tax rules and legislation change
- plan charges increase above those illustrated
- payments into the plan are lower than illustrated
- you buy your pension at a different age from the age you asked us to use in your illustration
- you decide to take a level of income which is higher than we have illustrated
4. Questions and answers

What is a Flexible Pension Plan (FPP)?
An FPP is a personal pension plan that allows you to invest in a pension fund tax-efficiently.

It provides you with the opportunity to delay buying a pension with some, or all, of your fund and gives you the option to take an income direct from the fund. This allows you to take advantage of continuing investment performance and avoids locking you into one particular pension rate.

For more information, please speak to your financial adviser.

How does it work?
You can make regular, single or transfer payments into your FPP.

If your plan was in drawdown before 6 April 2015, the FPP allows you to withdraw a regular income from your plan until you decide to buy a pension. A pension provides you with an income for life.

Each time you want to take benefits from your plan you need to apply a ‘pension date’ to part of your plan. That part of the plan then becomes ‘post pension date’. Any part of your plan that you haven’t applied a pension date to remains ‘pre pension date’. Your plan is split into ‘accounts’ and you can apply different pension dates to different accounts or even different parts of an account.

At the pension date of an account, you have a range of options including taking a tax-free lump sum, withdrawing an income and buying a pension. Please see ‘What choices might I have when I retire?’ on page 06.

The level of pension you receive will depend on your age, annuity rates and the options you choose. The amount of income you can take from the fund will depend on the Government Actuary’s Department’s (GAD) tables.

You can only take the tax-free lump sum from a post pension date account at its pension date. You can normally take up to a quarter of the value of an account as a tax-free lump sum.

How flexible is it?
Payments
You (or a third party) can make single or regular payments, or a combination of both, as long as they meet our FPP minimum payment levels, and do not exceed the limits described in the ‘Am I eligible?’ section on page 04.

You can make regular, single or transfer payments to your plan at any time up until your 75th birthday, as long as they meet the FPP minimum payment levels. You can’t make any payments to your plan on or after your 75th birthday.

You can change the amount of regular payments at any time, subject to our minimum payment amount.

You may also choose to have your payments increased automatically each year in line with national average earnings or by a percentage amount between 1% and 10%.

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

We will accept regular and single payments by direct debit (and by cheque for yearly and single payments).

Investment
You can choose from a range of Standard Life pension funds (plus external fund links). For further information, please speak to your financial adviser.

You can change investments at any time.

Portability
- You can transfer your plan to another pension provider or registered pension scheme or to an employer’s occupational pension scheme
- If you transfer your post pension date accounts, the receiving scheme must continue to apply the same income year and, until your income is recalculated, the same maximum income to those funds unless you convert to flexible drawdown when you transfer
- If you wish to access the full flexibility available from pensions freedoms, you must transfer to another product that supports flexible drawdown
Taking benefits
The date you choose to take the benefits from an account is the ‘pension date’ of that account. Different accounts can have different pension dates.

When you start to take benefits from an account, you can choose how much tax-free lump sum you wish to take (normally up to 25%).

If you decide to take an income from your plan you can withdraw it every month, every three months, every four months, every six months or yearly and you can change from one frequency to another. If you decide to buy a pension you cannot change how often your pension is paid.

The Government set maximum limits which are calculated from the Government Actuary’s Department’s (GAD) tables. The amount of income varies according to your age and the returns from Government securities.

You can choose how much income you wish to withdraw and you can take an extra income at any time, provided that you do not exceed the maximum limit. It will be liable to your normal rate of income tax. Where you have chosen to withdraw an income, the initial maximum limit will be shown in your illustration.

The maximum income is recalculated each time a pension date is applied to a new part of your plan and at the regular review date. Regular reviews are normally carried out every three years before age 75. If you transfer in funds that are in drawdown, we must apply the same income year to that transfer payment which applied under the transferring scheme and apply the same maximum income until the income is recalculated. If you started to drawdown from your Standard Life FPP before 6 April 2006, these pre 6 April 2006 drawdown funds will have their own review date and the maximum income from them will not be recalculated each time a pension date is applied to a new part of your plan. The maximum income is also recalculated when an annuity is bought with part of the fund, and on divorce or dissolution of a civil partnership.

The new maximum income could be higher or lower than the previous maximum.

We recommend that you speak to your adviser if you feel action is required.

If you want to take an income from age 75 instead of buying a pension, you must transfer to a product that offers income drawdown after age 75. Please speak to your financial adviser for more information.

Am I eligible?
You’re eligible if you’re under age 75 and resident in the UK.

In each tax year before your 75th birthday, if you’re 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).

These limits are set by HMRC and apply to the total payments made by you and any third party to all your pension plans. These limits do not apply to payments made by your employer or to transfer payments. A tax year runs from 6 April in one year to 5 April in the next year.

If your payments exceed the annual allowance then a tax charge may apply (please see page 08).

You’re a ‘relevant UK individual’ if:

- you’re 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 spouse or civil partner has, earnings from overseas Crown employment subject to UK tax

Relevant UK earnings means:

- if you’re 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’re 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.
Is this a Stakeholder pension?
No. This plan is not a Stakeholder pension because our minimum payment is higher and charges can be higher than the Government Stakeholder standards.

Stakeholder pensions may meet your needs at least as well as this FPP. Your financial adviser will be able to advise which contract is better for you.

Who will administer my pension plan?
Your pension plan will be administered by Standard Life Assurance Limited.

Should I seek advice?
As there are several options available under this plan Standard Life believes that it is essential that you seek financial advice.

4.1 How much can be paid into my plan each year?
Once the plan has been set up you can choose how much you want to pay in any year. If you do make a payment, then it must meet our minimum and must not exceed HMRC levels.

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

If I transfer from a defined benefits scheme into the FPP, what will I be giving up?
Your benefits in your previous scheme are linked to your salary when you left and the number of years you had been with that employer. This is known as a 'defined benefits scheme'.

Once the transfer has been made, you will no longer have any of the benefits or guarantees that were in the previous scheme. The level of pension from the FPP depends on the investment performance and annuity rates when you buy your pension – it isn’t guaranteed.

The benefits you might give up include:

- a pension that is guaranteed and linked to your salary
- increases from now until your retirement date to your future pension
- increases to your pension during retirement
- the option to take your pension fund with you from one job to another without penalty. (This is likely if the previous pension was a public sector scheme)
- employer payments to your previous scheme
- life cover that you may have had in place in your previous scheme

If I transfer from a defined benefits scheme, what should I consider when deciding to transfer?
You need to think about whether:

- the FPP will be able to provide you with enough value to make you willing to sacrifice the benefits you’re giving up
- you need to provide for your dependants
- your new benefits match the benefits you’re giving up
- the existing benefits in your previous scheme are totally secure
- you value being able to withdraw income
- there are any early retirement or health considerations

We recommend that you speak to your financial adviser about whether transferring is the best option for you.

4.2 Where can the payments be invested?
We offer a wide range of investment-linked pension funds to choose from. We also offer a range of externally managed funds to increase this choice.

Investment-linked fund are made up of ‘units’:

- Your payments are used to buy units in the funds you choose
- The price of one unit in each fund depends on the value of the underlying investments
- The value of your investment is based on the total number of units you have in each fund. If the unit prices rise or fall, so will the value of your investment
The price of units depends on the value of the underlying assets after charges. As with any investment, the value of your fund can go up or down, and may be worth less than you paid in.

You can switch funds to change the mix of your investments if you’d like. You can’t be invested in more than 12 funds at one time.

In some situations we may delay carrying out a fund switch request.

Please see GEN475 or speak to your financial adviser for more information on funds available for your plan.

4.3 What might I get when I want to retire?

Your final plan value will depend on:

► how much you paid in
► how long the payments were invested for
► the investment performance over the time you had the plan
► if you withdrew any income, how much and how often
► if you took any tax-free lump sum or a pension from the plan
► our charges

The amount of pension you get will depend on a number of factors, 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 each year, or including a pension for a dependant when you die)
► your final plan value

What choices might I have when I retire?

You can start taking a pension at any time from age 55, including while you’re still working.

You can take the pension in stages if you want. Normally you can only take a pension before age 55 if you meet the ill health condition for taking your pension early.

How to take the benefits

At the pension date of an account, you can:

► take a tax-free lump sum and take an income from the fund, without buying a pension, or
► take a tax-free lump sum and buy a pension, or
► take no lump sum and take an income from the fund, without buying a pension, or
► take no lump sum and buy a pension

The last day for taking a tax-free lump sum from this plan is the day before your 75th birthday.

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, or
► alter in line with investment returns on the assets being used to back the pension

You can choose an income from £0 up to the maximum limit.

When you buy your pension, you can:

► guarantee your pension payments for between one and 10 years. This means your pension will not stop if you die during this period, but will continue to be paid for the rest of the guarantee period
► choose how often you want your pension to be paid, for example, every month, every three months, every four months, every six months or yearly
► choose a pension for one or more dependants, payable on your death
► choose which company you wish to buy your pension from
Flexible Drawdown

If you want flexible drawdown you must transfer to a product that offers flexible drawdown. FPP can only administer capped drawdown.

Dripfeed Drawdown

You can take a specific amount of regular income, which includes a taxable income and tax-free lump sum. This is known as ‘Dripfeed Drawdown’. We’ll apply a pension date to part of your plan at every payment date to provide the tax-free lump sum. This will normally continue at each payment date until you buy a pension or ask us to pay your income in another way, or until you have applied a pension date to all your accounts or until your 75th birthday. Dripfeed Drawdown can be used to reduce the tax you pay on your income from the plan.

If you’re using Dripfeed Drawdown, you can only change the payment date and/or the frequency on the regular review date. Regular reviews are normally carried out every three years before age 75.

If you’re using Dripfeed Drawdown and you exceed the Lifetime Allowance, you can no longer use this feature.

Phasing your retirement

You can start taking an income from different parts of your plan at different times. This is known as ‘phased retirement’. However, you can only use this option before age 75.

You can use phased retirement before age 75 to:

- ease back gradually on work by starting to replace earned income with pension income
- provide more flexible death benefits, because accounts that you haven’t used to buy pensions can be used to provide an income, a pension or a lump sum for dependants

If you were under age 55 at April 2010 and you had already started to take your benefits, you will not be able to take any additional benefits from a different part of your plan until you reach age 55.

You can buy a pension from different parts of your plan at different times before age 75.

Full Drawdown

You can start taking a pension income from your whole plan at the one time, this is known as ‘Full Drawdown’.

From age 75

If you don’t want to buy a pension before your 75th birthday, you must transfer to a product that offers income drawdown after age 75 such as the Standard Life SIPP. Please speak to your financial adviser for more information.

4.4 What about tax?

We give a short explanation about tax below. For more information, please read ‘Information about tax relief, limits and your pension’ (GEN658). You can find this at www.standardlife.co.uk/taxandpensions, or phone us for a paper copy.

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 HMRC 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 exchange salary in return 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 exchanged.

HMRC 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).

There are circumstances where you may have a personal Annual Allowance that’s different. Please speak to your financial adviser for more details.

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.

The funds you invest in are not liable for UK Capital Gains Tax.
Tax treatment when taking your benefits

You can normally take up to 25% of your plan as a tax-free lump sum when you convert the plan into a pension.

HMRC has a Lifetime Allowance on the total funds in pension plans that can be used to provide benefits for you. If any part of the lump sum exceeds your remaining Lifetime Allowance, that part may be taxed.

There are circumstances where you may have a personal Lifetime Allowance that’s different, speak to your financial adviser for more details.

If you die before retirement a lump sum may be payable. Normally there is no tax to pay on any lump sum. However, if any part of the lump sum exceeds your Lifetime Allowance, that part will normally be taxed.

Laws and tax rules may change in the future. The information here is based on our understanding in April 2016. Your personal circumstances also have an impact on tax treatment.

4.5 What are the charges?

We regularly review our charges to determine whether we need to increase them to reflect changes in our overall costs, or assumptions. Any increases will be fair and reasonable.

Fund Management Charge

Standard Life takes a Fund Management Charge which is for the management of our investment linked pension funds and for our administration costs. The charge varies depending on the funds you choose to invest in and is taken from the funds each day before we calculate the unit price. The current yearly rate of this charge is shown on your personal illustration. For further information relating to all fund charges, please see GEN475.

Standard Life may delay a cancellation of units, a fund switch or a transfer where the transaction relates to a fund managed by an external manager.

Your personal illustration shows our charges and the effect they have on reducing the value of your investments over the term of your plan.

4.6 Other important questions

What happens to my FPP if I die?
We will pay out your pension pot, including any life cover, to your beneficiaries inheritance tax-free.

► if you die before age 75, this will normally be tax-free
► If you die after age 75, this will normally be taxed as income

Please let us know who you would like to receive the death benefit by completing an Instruction for payment of death benefits form (PPP36).

We will decide who to pay death benefits to. We’ll take your wishes into account but won’t be bound by them.

Annuity death benefits

If you die after you have purchased an annuity, the death benefits payable from the annuity depend on the choices you make when you buy the annuity.

For further information about dependant’s benefits or death benefits available, please speak to your financial adviser.
What other benefits can I choose?
This key features document explains all the benefits available under this contract.

Can I transfer my plan?
You can transfer your plan to another pension provider or registered pension scheme or to an employer’s occupational pension scheme.

Can I cash in my plan?
You cannot cash in your plan at any time.

Can I change my mind?
You have a legal right to cancel your payment 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 your plan documents. During this period, if you decide you want to cancel, you should call us or write to us at the address shown in the ‘How to contact us’ section on page 11. Please make sure that you include your plan number in any correspondence with us.

If you 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.

For regular payments, it is only the first 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 payment.

If we are returning a transfer payment, you must speak to the transferring scheme to get their agreement to accept the money back. We will then return the transfer payment. If the value of your investment falls before we receive your instruction to cancel, we may deduct an equivalent amount from the refund. The transferring scheme may charge you for taking the payment back. If they will not accept it back, and you wish to proceed with the cancellation, then you must arrange for another pension provider to accept the payment.

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.

When you first decide to take income from your plan, you'll have a right to 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 your income withdrawal documents. If you decide you want to cancel your income withdrawal you should write to us at the address shown in the ‘How to contact us’ section on page 11. Please make sure that you include your plan number in any correspondence with us.

Within 30 days of us receiving your request to cancel, you'll need to return any tax-free lump sum and income we’ve already paid you. If you fail to return all the monies to us within 30 days you will lose the right to cancel.

You won’t have a right to cancel any later decisions you make about taking your income from your plan, apart from the amount and/or frequency of income you take.

How will I know how my FPP is doing?
We will send you a yearly statement to show how your plan is doing.

You can check your plan details on our website – www.standardlife.co.uk

You can also get an up-to-date valuation at any time by going online. If you are withdrawing an income, we will normally send you a Review Pack every three years. This pack will include up-to-date information about your plan and any changes to the maximum income limit. Your financial adviser will be able to explain more about this.
5. Other information

How to complain
We have a leaflet that summarises our complaints handling procedures. If you’d like a copy, please ask us.

If you ever need to complain, first write to us at the address shown in ‘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
Exchange Tower
Harbour Exchange Square
London
E14 9SR

Phone: 0800 023 4567 (call charges will vary)
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.

Plan terms and conditions
For a full summary of Standard Life’s Flexible Pension Plan you should read the Policy Provisions booklet for all the definitions, exclusions, terms and conditions.

We have the right to change some of the Policy Provisions conditions. We’ll write to you and explain if this happens.

Law
The law of Scotland will decide any legal dispute.

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

Compensation
The Financial Services Compensation Scheme (FSCS), established under the Financial Services and Markets Act 2000, 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 plan is classed as 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 100% 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 or call the FSCS on 0800 678 1100. Please note only compensation queries should be directed to the FSCS.

If you have any further questions, you can speak to your financial adviser or contact us directly.

You can also find more information at www.standardlife.co.uk/investor-protection

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 adviser will normally be your first point of contact.

If you have any questions or would like to make any changes to your plan, connect with us today.

www.standardlife.co.uk

0345 0845 000

Calls may be monitored and/or recorded to protect both you and us and to help with our training. Call charges will vary. Please have your plan number ready when calling.

SIPP Customer Centre
Standard Life
Dundas House
20 Brandon Street
Edinburgh
EH3 5PP

You can also fax us on:

0131 245 3221

7. About Standard Life

Standard Life Assurance Limited’s product range includes pensions and investments.

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