Key Features of the
New Generation Group AVC

Reference EPEN4/B 09.17

The Financial Conduct Authority is a financial services regulator. It requires us, Aviva Life & Pensions UK Limited, to give you (the trustees) this important information to help you decide whether our New Generation Group AVC 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.

Please read this document with the enclosed illustration. Where relevant information is contained in other documents these will be signposted at the appropriate point. You need to be comfortable that you understand the benefits and risks of this plan before deciding whether to invest. The purpose of this document is to help you to make an informed decision. However, we recommend that you seek professional advice before you make any decisions about this plan.

This document is aimed at trustees.

- You will read references to 'us' or 'we'. This means Aviva Life & Pensions UK Limited, the provider of your plan.

What is the New Generation Group AVC?

- The New Generation Group AVC plan is a money purchase arrangement which enables members to pay additional voluntary contributions (AVCs) into the pension scheme. It is an individual pension account designed to help build up each member's personal fund to provide pension benefits in addition to those normally payable from the employer's occupational pension scheme.
- Although this is in addition to the employer's occupational scheme, it must still be run by the trustees in line with the scheme rules. It is established under trust and the trustees are responsible for complying with the law on pension schemes like this.

How does the New Generation Group AVC work?

- It's a plan to help you save for your retirement.
- Under the plan each member has their own account into which contributions are made.
- It is a unit-linked plan. We divide each fund into units and contributions buy units. The price of the unit depends on the value of the investment fund. If a member has been given access to and decides to invest in the Aviva Life & Pensions UK Limited FP With-Profits Sub-Fund, the unit price depends on the rate of regular bonus we declare.
- We work out the value of the plan based on the total number of units held in each fund. As the unit price goes up and down, so will the account value. If a member has been given access to and decides to invest in the Aviva Life & Pensions UK Limited FP With-Profits Sub-Fund, the value of the plan depends on the investment profits and losses the fund makes and on the decisions we take about their distribution.

Who should consider this plan?

- Trustees looking for an insurance-based investment plan for additional employee contributions to an occupational pension scheme.

Helping you decide

- This document gives you a summary of information about the Group AVC.
- **If you would like further information about the New Generation Group AVC, please see the Terms and Conditions.**

Its aims

- To provide benefits on a member's death to their dependants and beneficiaries.
- To provide additional pension benefits subject to the rules of the main scheme, from a member account that is earmarked by the trustees.

Commitments

- Members make regular AVCs to their account within the plan.
- Members must leave their pension fund invested until they decide to take their benefits, subject to the rules of the scheme. They cannot normally take these benefits before age 55.
- The employer and trustees keep us up to date with changes in the scheme's membership.
- The employer, trustees and member must abide by the scheme rules.
- Members should be willing to invest over the long term and understand the risks shown in the 'Risks' section.

Risks

- We can't guarantee what each account will be worth in the future. The value of each account can go down as well as up. The trustees and/or members could get back less than the amount paid in.
- If a lump sum payment is made into a member's account and the plan or account is cancelled, all of the money will not be repaid if the investment value has fallen.
- Tax rules may change. The tax information provided here is based on our interpretation of current legislation, which is subject to change and individual circumstances.
- The investment funds available carry different levels of risk and invest in different types of investments, including stocks and shares. The value of some funds will go up and down more than others. **Please see the investment/fund literature for more information.**
- Some of the funds that the trustees have selected for the members to either choose themselves (if the scheme allows) or the trustees have specifically selected that the member can invest in, may carry additional risks because of the types of asset they hold. For instance, the value of funds that invest overseas may fall and rise due to changes in exchange rates, funds that invest in emerging markets may not be regulated as strictly and it may be harder to sell these assets, there may be a delay in accessing their money if they invest in property etc. There are other risks which could affect the performance of the funds that they invest in. **Please see the investment/fund literature for more information.**

- If a member has been given access to and decides to invest in the Aviva Life & Pensions UK Limited FP With-Profits Sub-Fund, there are different risks that may affect the value of their account. **Please read our 'With-Profits Summary' for more information about the risks involved.**
- Inflation will reduce the spending power of the member's pension benefits.

Questions and answers

1 Can the Trustees cancel the plan?

- Yes. You can cancel the plan.
- Once the plan has been set up, you will have 30 days from receiving the plan documents to let us know if you wish to cancel. To exercise your right to cancel you should notify us by writing to **Aviva, PO Box 1550, Salisbury SP1 2TW.**
- If you cancel the plan, we'll refund in full all regular contributions. If you have invested a single contribution on behalf of a member, we'll refund the lower of the amount of the single contribution or the value of the investment at the date we receive your cancellation instruction.
- If you don't cancel the plan within the 30 days, the plan will continue as set out in these Key Features and the Terms and Conditions.

Can a member cancel their membership after joining the plan?

- No. If a member changes their mind, they do not have a legal right to cancel their account under the plan.

2 What contributions can be made to a member's account?

- Members can pay in any amount from £20 a month.
- Contributions can be either:
  - a fixed amount, or
  - a fixed percentage of a member's earnings so their contributions increase automatically in line with their earnings.
- The employer deducts each member's contributions from their earnings and sends them directly to us.
- The employer may allow a member to pay in lump sums (of £1,000 or more) through payroll whenever they wish.
- **Please see the Terms and Conditions for more details about contributions into the account.**

Can contributions stop or vary in amount?

- Yes, a member can stop or vary contributions at any time. However, please note that as long as the account stays invested, charges will be taken from it. In particular, if the account has not been in force for long or its value is small, the ongoing charges may significantly reduce the future value of the fund.
- If a member leaves the scheme, contributions to their account must stop.

Can contributions be restarted?

- Yes, contributions into the account can be restarted again at any time, provided the member is still eligible to do so under the main scheme rules.

Can a member transfer other pension plans into the New Generation Group AVC?

- If a member has Group AVCs with another pension company, they can transfer their value into their account if the trustees agree. There may be a charge for doing this and they should seek professional advice from a financial adviser. There is no guarantee that doing this will increase a member's total benefits.
- It isn't possible to transfer any pension credit from a divorce or dissolution of a civil partnership into a member's account.

Are there any risks specific to making a transfer payment?

- Once a transfer payment has been made, the member won't have any rights to benefits under their previous pension arrangement.
- Any pension fund a member may have with another registered pension scheme may offer valuable guarantees and protections, which this plan cannot match. For example, tax-free cash sum rights may be protected at a higher level than could be provided under this plan.
- Members could be charged for transferring their benefits.
- The benefits a member receives from this plan could be less than those they would have received from their previous scheme. In particular, a member who is close to retirement has less potential to achieve sufficient growth for this plan to provide greater benefits.
- Many occupational pension schemes which are contracted out of the State Second Pension and/or were contracted out of the State Earnings Related Pension Scheme have to provide a guaranteed pension which replaces these state benefits. The replacement benefits under that pension are not guaranteed.
- If a member transfers into this plan from a defined benefit pension scheme or other pension scheme that offers guaranteed benefits, their replacement benefits will not be guaranteed.
- While a transfer is taking place, a member's money will not be invested. This means that while the value won't be affected by downturns in the market, it also won't benefit from any upturns.
- Members should speak to a financial adviser to find out the risks and potential benefits of transferring. They may be charged for this advise.

3 Where are contributions invested?

- Members can, subject to your agreement, choose the investment funds they would like to use from the range shown in the investment literature. These funds will be used to invest all contributions made to the plan.
- The trustees, or members if permitted by the trustees, can change the choice of investment funds at any time. This is usually free of charge.
- A lifestyle investment programme is also available. This is designed to switch existing investments and any future contributions gradually into lower risk funds as a member gets closer to their selected retirement date. **Please see the investment/fund literature for more details.**
- Members may be able to select a lifetime investment programme, if available. This is designed to manage a member's investments for the life of their account. **Please see the investment/fund literature for more details.**

Can the trustees switch between investment funds?

- Yes. We currently don't charge you for switching to new funds. We will tell you if this changes.
- In some circumstances we may delay the 'cashing in' or 'switching' of units for up to one month, or for funds invested in property, for up to six months while the property is sold. We may extend these periods:
  - to match any period of delay, postponement, closure or suspension imposed by the fund managers
  - if, due to exceptional circumstances, we believe it is in the best interests of all investors in the fund.

  We won't do this on a member's selected retirement date or on death.
- **For more information please see the Terms and Conditions.**

Can a member switch between investment funds?

- Yes, if you give your authority, a member can switch their investment between the available funds subject to the same conditions described above.

4 What are the charges on the plan?

What charges do you take?

- We take an annual management charge (AMC) out of each account value over the lifetime of the account. We take the AMC to cover the costs of setting up the plan, ongoing administration and fund management.
- For certain investment funds additional expenses are payable. These are charged to cover expenses such as fees to auditors, trustees and valuers. These expenses will change over time and are taken into account before the fund is priced. **For the latest charges please ask us, using the contact details on page 7.**
- The illustration shows the effect charges and expenses will have on reducing the value of each account based on the funds, contribution level and other information shown. If a member would like an illustration for investment in other funds, please ask us.
- Some investment funds have higher charges than others. **Please see the investment/fund literature for details of the AMC for each fund.**

Do you pay remuneration to an adviser?

- We may pay remuneration to a financial adviser for arranging this plan.
- If we do, we'll write to you to confirm the amount when the plan starts.
- You do not have to pay any extra.

5 What benefits are available?

This section explains what benefits are available at each member's selected retirement date. However, we will contact you approximately six months before this date to let you know the options available to them in greater detail.

When can a member take their pension benefits?

- We set up each member's account to provide benefits from their selected retirement date. This will be set by the scheme rules or a member may be able to choose another date with your agreement.
- Subject to scheme rules, each member can start taking their benefits from their 55th birthday. They may also be able to start taking their benefits even if they are still working.
- If a member has a protected pension age, or retires early because of ill health, they will normally be able to take their benefits before their 55th birthday.
- The latest age at which members can take their benefits under this plan is currently 75. Legislation allows them to delay taking their benefits until after age 75, with no upper age limit. If they wish to do this, they will need to transfer their account to another pension plan before their 75th birthday.

How much will a member get?

- When a member is ready to take their pension benefits, the amount they get will be the account value and this will depend on several factors, including the amount of contributions paid, the cost of any transfer of benefits, the performance of investments and the charges incurred. The amount of a member's pension income at retirement will depend on the age at which benefits are taken and any cost of converting the pension fund into an annuity, should you select this option.
- We will send statements to members each year to show how their account is performing and the amount they may receive when they retire.

- Members can also ask us for an up-to-date statement at any time.

How can a member take their pension benefits?

- Members will have a fund that they can use to provide pension benefits. There are currently several options available and when a member takes their pension benefits they should speak to their financial adviser for help in determining which options are most suitable for them. This is important as 'shopping around' could help members obtain a higher income. The options are set out below. Members can choose more than one option.

Annuity

- Members can convert all or part of their pension fund into an annuity. An annuity is a product that will give members an income and can be purchased with any provider in the market (known as Open Market Option).
- Members can normally take up to 25% of their pension fund as a tax-free cash sum.
- The amount of the annuity payable will depend upon a number of factors, such as the type of annuity purchased, whether the member takes a tax-free cash sum, the provider selected and the member's health.
- We have enclosed an illustration of the annuity benefits members might get when they retire.

Lump sum

- Members will have the option to take their pension fund as a lump sum. Under this option, 25% of the lump sum will be paid to them tax free, with the balance subject to tax at their marginal rate of income tax.

Transfer

- Members can transfer their pension fund to another registered pension scheme. Other registered pension schemes may allow additional options.

Drawdown pension

- Members may be able to request a drawdown product depending on the size of their pension fund.
- Members can normally take up to 25% of their pension fund as a tax-free cash sum, with any subsequent withdrawals taxed as income.
- This option allows members to take income directly from their pension fund while leaving the remaining fund invested.

Information available to you

Your retirement choices are some of the most important decisions you'll ever need to make. We recommend you get guidance or advice to help you decide what to do with your pension savings.

- Pension Wise is a government service offering free and impartial guidance. This tailored guidance is available online, over the phone or face to face. Go to **www.pensionwise.gov.uk** or call **0800 138 3944**.
- You can access free impartial guidance from independent organisations, such as the Pensions Advisory Service (TPAS) and Citizens Advice.
- The Money Advice Service publishes a consumer factsheet, 'Your pension – it's time to choose', which is available on its website **www.moneyadviceservice.org.uk.**
- A financial adviser will be able to make personal recommendations for you based on your own circumstances and financial objectives. If you don't have a financial adviser, go to **www.unbiased.co.uk**, or we can put you in touch with one.

6 What else do I need to know?

What will happen if a member leaves their current employer?

- If a member leaves their current employer's scheme, their account will stay invested in the plan and all contributions will stop.
- If a member is eligible to take benefits the options outlined in section 5 will be available.
- A member may be entitled to a refund of contributions or paid-up pension benefits in line with the main scheme rules.
- There is currently no charge in these circumstances.
- If a member is allowed to invest in the Aviva Life & Pensions UK Limited FP With-Profits Sub-Fund, in some circumstances we may apply a market value reduction which reduces the value of their account and consequently the short service refund or transfer value paid out. **Please see the Terms and Conditions of the plan for more information.**

Can a member transfer the value of their New Generation Group AVC to another pension scheme?

- If the trustees allow it, a member can transfer the value of their plan to another registered pension scheme or to a qualifying recognised overseas pension scheme at no cost before they start taking their benefits. Any applicable legislative requirements would need to be met before a transfer can proceed.
- As a trustee, you can ask us to provide a member with a transfer value quotation. This will give them examples of how much they could transfer to another scheme depending on when they transfer.
- If a member does transfer to another plan, they cannot continue to have contributions made into their account.

What happens to a member's account if they die before taking their pension benefits?

- If a member dies before they convert their account into pension income, we'll pay the full value of their account to the trustees.
- Alternatively, we will pay it directly to a beneficiary if requested to do so by the trustees.
- Members can nominate who they would like the trustees to consider making the payment to by completing a nomination form. The trustees may take the nomination into consideration, but are not bound by it.
- **Please see the plan's Terms and Conditions for more details.**

7 What about tax?

This is a registered pension scheme and must follow HM Revenue and Customs (HMRC) rules on contributions and benefits. If these are not followed, you and/or members could end up paying more tax than planned. The following information is based on our interpretation of current tax legislation. The tax treatment depends on each member's individual circumstances and may be subject to change in the future.

How will contributions into a member's account be affected by tax?

- The employer will deduct each member's contributions from their earnings before income tax is taken under PAYE. The value of any tax relief depends on the member's circumstances.
- Each tax year a member can get income tax relief on their contributions to all registered pension schemes as long as their total gross contributions are not more than the greater of their UK taxable earnings or £3,600 (2017/18).

Annual Allowance

- HM Revenue & Customs (HMRC) puts a limit on the total amount that can be paid into all of a member's pension arrangements each year before a tax charge is payable. For the 2017/18 tax year this annual allowance is up to £40,000. Anything paid in above this may incur a tax charge.
- If a member flexibly accesses their pension savings, their annual allowance in respect of money purchase pension arrangements is reduced for the current and future tax years. For the 2017/18 tax year this reduced annual allowance, known as the money purchase annual allowance (MPAA), is £4,000. The provider of the arrangement the member has accessed will notify them if this applies.

What are the tax implications while a member's money is invested?

- A member will not incur a personal tax liability on any fund growth as long as it remains invested.
- Any growth in the value of the investment funds members choose is free of capital gains tax. However, these funds cannot claim tax relief in respect of dividends paid to shareholders in UK companies, or any tax deducted from payments made from overseas investments.
- Any investments a fund holds in overseas assets will be subject to the tax rules applicable to that country.

How will a member's pension income be taxed?

- Members can normally take a tax-free cash sum of up to 25% of their account value.
- Members may take the remainder as a taxable cash sum or pension. If they take all or part of their pension fund as a cash sum, they will get a smaller pension or no pension at all.
- Their pension income, after any cash sum has been taken, will be taxed as pension income through PAYE.

Lifetime allowance

- HMRC puts a limit, called the lifetime allowance, on the total amount that can be taken from pension schemes before a tax charge is payable. The standard lifetime allowance is £1 million for the tax year 2017/18. A member's lifetime allowance reduces each time they take benefits.
- If, when you take benefits, or at age 75 if earlier, the value of benefits being taken exceeds your remaining lifetime allowance, then the excess will be subject to a tax charge, known as the lifetime allowance charge.
- A member's personal lifetime allowance may be higher than the standard lifetime allowance if they have been granted one or more types of protection by HMRC. Members can find out more about the lifetime allowance on the HMRC website at **www.gov.uk/tax-on-your-private-pension** . If a member thinks they might be affected then we strongly recommend that they seek individual tax advice. For more information about tax, please speak to a financial adviser.

What about tax when a member dies?

- The payment of a lump sum will not normally incur any tax liability, although tax charges may apply if, when a member dies, the value of all lump sums paid from their pension scheme(s) is more than the lifetime allowance (see above).
- In some circumstances, the value of a member's benefits may also form part of their estate for inheritance tax purposes.

Other information

How to contact us

- If you have any questions, you can:

Call us on **0345 602 9221** at the following times:
Monday to Friday between 8.30am and 5.30pm.
We may record calls to improve our service.
Calls may be charged and these charges will vary.
If in doubt, please speak to your network provider.

Email us at
ngp.questions@aviva.com

Write to us at
Aviva, PO Box 1550, Salisbury SP1 2TW, United Kingdom

How to complain

- If you wish to complain about the sale of the plan, you should contact the secretary to the trustees for the complaint to be handled under their internal dispute resolution procedure.
- If you wish to complain about the administration of the scheme or Aviva literature, please contact our **please contact our Customer Relations Manager using details in the 'How to contact us' section above.**
- To see our procedures for dealing with complaints, **please ask for our 'We Listen' leaflet.**
- If you are not satisfied with our response, you can contact the Financial Ombudsman Service using the details below:

Financial Ombudsman Service (FOS)
Exchange Tower
Harbour Exchange Square
London E14 9SR

0800 023 4567 or 0300 123 9123

www.financial-ombudsman.org.uk

complaint.info@financial-ombudsman.org.uk

- Making a complaint won't affect your legal rights.
- If a member wishes to complain they should contact you for the complaint to be handled under the main scheme's internal dispute resolution procedure.

Compensation

This plan is covered by the Financial Services Compensation Scheme (FSCS). This means that if we are unable to pay claims/benefits because of financial difficulties, you would be able to make a claim. You are covered for 100% of the claim, without any upper limit. If your investments through us are held by an external fund manager, then you would not be eligible to make a claim for compensation under the FSCS in the limited circumstances where the external fund manager is unable to pay claims/benefits because of financial difficulties. For further information, please see **www.fscs.org.uk** or telephone **0800 678 1100** or **020 7741 4100**.

Client categorisation

We categorise each investment customer as a 'retail client'. This gives you the highest level of protection available under the Financial Conduct Authority (FCA)'s Conduct of Business Rules. If you would otherwise be categorised under FCA Rules as a 'professional client' or an 'eligible counterparty', then you may not have access to the Financial Services Compensation Scheme or Financial Ombudsman Service. Please contact your financial adviser if you require further details.

Terms and Conditions

- This document sets out the main points about the New Generation Group AVC. It doesn't include all the definitions, exclusions, terms and conditions.
- If you would like a copy of the full Terms and Conditions, please ask us.
- We have the right to change some of the Terms and Conditions. We'll write and explain if this happens.
- Tax information is based on our current understanding of tax legislation.

Law and language

This plan is governed by the law of England and Wales and will apply unless your plan documents or Terms and Conditions show otherwise. Your plan documents, Terms and Conditions and all other communications will be in English.

Financial advisers

Where you have received information or advice from a financial adviser they will provide you with information regarding their identity, the capacity in which they are acting and their address for future communications.

Financial Services registered details

Aviva Life & Pensions UK Limited is a company limited by shares. It is authorised by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is entered on the Financial Services register, number 110414.
http://register.fca.org.uk

This document is available in other formats.

If you would like a braille, large print or audio version of this document, please contact us.

Aviva Life & Pensions UK Limited.

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Telephone 0345 602 9189 – calls may be recorded.

www.aviva.co.uk

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