Guaranteed Retirement Plan

Canada Life™

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Key Features

This document shows the main points about your Guaranteed Retirement Plan. Please read it with your Personal Example and keep it with the documents relating to your Guaranteed Retirement Plan.

The Financial Services Authority is the independent financial services regulator. It requires us, Canada Life Limited, to give you this important information to help you to decide whether the Guaranteed Retirement 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.

Guaranteed Retirement Plan

The Guaranteed Retirement Plan (GRP) is designed for individuals looking to invest a lump sum of money in return for a guaranteed amount of income which is paid from a selected date in the future (selected benefit date) and is payable for life.

The term 'guaranteed' relates to income payable which is fixed and not dependent on investment returns.

Its aim

- To provide a guaranteed income payable for life from a selected benefit date in the future.

Your commitment

- To pay a single premium into the Policy. The payment can also be made by an employer or you can arrange for a transfer from an existing pension arrangement. The minimum premium is £5,000.
- To specify the date in the future from when you wish to receive your income. This date must be chosen at the outset and must be between 5 and 20 years from the date the Policy starts.

Risk factors

- The Policy is designed to be held until your selected benefit date; therefore if you decide to transfer out of the Policy earlier, the transfer value may be less than the premium paid in.
- If you decide to transfer away, and you are in poor health, your transfer value will be reduced if the cost of providing the same level of guaranteed income on the open market and with other providers is lower.
- If you take your benefits before your selected benefit date the guaranteed income will be recalculated.
- If you choose to exchange part of your guaranteed income for a PCLS then your guaranteed income will be adjusted.
- Once your income payments have started, the GRP cannot be transferred.
- Your income payments will stop when you die. (Please see 'What happens when I die?' section on page 6 of this document for further information.)
- If you die soon after the selected benefit date, you will have received less money than you have paid in.
- Inflation will reduce the real value of the income you have secured between the date of purchase and your selected benefit date. It will also reduce the spending power of the income while it is being paid, as the income will not increase.
- Income tax rates may change in the future. If you are a taxpayer and income tax rates go up the income paid to you after tax will be smaller.

Questions and Answers

Can I have a Guaranteed Retirement Plan?

- Yes, anyone aged over 45 and under 70 who is a UK resident is eligible to have a GRP.
- Your selected benefit date must be between 5 and 20 years from the date the Policy starts and cannot be after your 75th birthday.
- The minimum premium is £5,000. Premiums can be made by an individual, an employer and/or as a transfer from another registered pension scheme.
- Premiums of up to £1 million will be accepted. Anything above this amount will be subject to individual consideration.
- Your premiums must be paid to us by cheque, telegraphic transfer or BACS payment.

Can I top up my Guaranteed Retirement Plan?

Yes, there are two ways you can do this as set out below.

- If you want your additional guaranteed income to be paid from the same selected benefit date as your existing Policy, you can simply top it up. The minimum top up premium is £5,000 and must be added at least one year before the selected benefit date under your existing Policy.
- If you want to take your additional guaranteed income at a different selected benefit date, you can take out a new Policy subject to the conditions for a new Policy being met.
- If any top up premiums/transfer amounts take the overall premiums to over £1 million they will be subject to individual consideration by Canada Life.

How much income will I receive?

- Your Personal Example will detail the amount of guaranteed income that you will receive from your selected benefit date.
- If you choose to take your benefits earlier or later than your selected benefit date then your guaranteed income will be adjusted.

When I reach my selected benefit date, what options are available to me?

Guaranteed income

- Take a single life level income paid monthly in advance from your Policy.

Pension Commencement Lump Sum

- You will have the option to exchange part of your income for a PCLS. The amount you are entitled to receive will be based on your GRP income and annuity rates at the time.
  Your Personal Example will provide a guide to the amount of the PCLS that you might get but this is not guaranteed.

Transfer

- You will have the option to transfer your benefits to a Canada Life Lifetime Annuity (LTA).
- The purpose of transferring to our LTA is to provide alternative benefit options, such as:
  - ➢ **Spouse/civil partner/dependant income (spouse's income)**. You can choose to purchase a joint life annuity providing an income for your spouse, civil partner or dependant after your death. This can be up to 50% of the amount paid to you.
    - – A higher income of up to 100% of the amount paid to you can be provided but we reserve the right to underwrite your health.
  - ➢ **Guarantee period**. A guarantee period of up to five years will be available. This means that should you die within the guarantee period, your income will continue to be paid until the guarantee period ends.
    - – A guarantee period of up to ten years can be selected but we reserve the right to underwrite your health.
  - ➢ **Escalation**. You can choose for your income to increase, either by a fixed percentage every year or in line with inflation.
  - ➢ **Income frequency**. You can choose to have your income paid quarterly, half yearly or annually instead of monthly.
  - ➢ **PCLS.** This can be up to 25% of the transfer value.
- The transfer value will be calculated as described in the 'Can I transfer the Policy to another provider' section below. The LTA income purchased with this transfer value will be equivalent to the income secured under the GRP.
- The value of the guaranteed income (which is single life, level, monthly paid in advance with no guarantee period) will be preserved; however the cost to provide a spouses income, a guarantee period or any other change in benefit will be based on the LTA rates in force at the time of the transfer.

Can I transfer the Policy to another provider?

- You should be aware that the main purpose of the GRP is to provide you with a guaranteed income in retirement. It has been designed with that purpose in mind, not to provide the best possible transfer value before retirement.
- However you do have the option to transfer your plan to another pension provider at any time before you start to receive your income. Once the income is being paid the plan can no longer be transferred.
- If you choose to take a transfer value, the value we will pay will be at least 90% of the cost at that date to provide your guaranteed income at your selected benefit date. The cost will be based on Canada Life's annuity rates and your health at the date of transfer and we reserve the right to underwrite your health.
- This means that if the cost of buying the same income has gone down by the time you take your transfer value, your transfer value could be substantially less than the premium you paid. This could happen if annuity rates go up.
- This also means that if you are in poor health when you request a transfer value, and so the cost of replacing the income is lower, then again the transfer value could be substantially less than the premium you paid.

What happens if I need to take benefits before my selected benefit date?

- You can have your income paid before your selected benefit date but the guaranteed income shown on your Policy will be reduced. Your income will be recalculated based on annuity rates at that time. Under current legislation, benefits cannot usually commence until you reach the age of 55 unless you suffer from ill health.

Can I take my benefits later than the selected benefit date?

- Yes, provided this is before you reach your 75th birthday. Your income will be recalculated. The income will be no less than the amount stated in your Policy unless you have taken a PCLS.

What happens when I die?

- If you die before your income payments start the value of the death benefit will be the return of total premiums paid into the Policy.
- At the time of purchasing the Policy you will be asked to provide details of a person or persons to receive benefits from your Policy after your death by completing an Expression of Wishes form.
- The death benefits are paid at the discretion of the trustees of the scheme. They will take your Expression of Wishes into account although they are not legally bound to. You can update your Expression of Wishes at any time by contacting us and we will send you a new form to complete.
- If you die when you are receiving your income payments, there will be no further payments made.

What are the charges?

- Any charge is reflected in the terms of the guaranteed income paid to you. This takes into account our expenses for administration, and where applicable, any commission we pay to your adviser. Canada Life will not impose any further charges in relation to the Policy unless you transfer the Policy to another provider.

What about tax?

- Your personal premiums into the Policy will be made as if basic rate income tax had already been deducted. We will claim the current basic rate of income tax credit on your behalf and add it to your Policy.
- If you are a higher rate income tax payer, you may be able to claim any additional tax relief through your Self Assessment tax return.
- You can contribute up to £3,600 gross or 100% of your UK relevant earnings, whichever is greater, across all your pension savings. Please note the minimum premium for GRP is £5,000.
- Employer premiums will be paid gross with the appropriate tax relief being claimed by your employer's business.
- If premiums to all your registered pension schemes exceed the Annual Allowance, the excess will be subject to a tax charge at your highest marginal rate.
- When you take your benefits, the income you receive will be taxed as earned income under the Pay As You Earn tax system (PAYE).

- An individual has a single Lifetime Allowance on the total value of tax privileged benefits they can take from registered pension schemes. The value of any benefits paid out in excess of this allowance is subject to a tax charge.
- Your professional adviser will be able to provide further information on the Annual Allowance and Lifetime Allowance.
- We have based the information about tax on current law; the law may change and depends on your own financial circumstances.

Is this a stakeholder pension?

- This is not a stakeholder pension. The government has set minimum standards which companies must adhere to for stakeholder pensions with regards to contribution levels and the charges levied.
- A stakeholder pension is available and may meet your needs as well as the GRP. You should speak to your professional adviser for advice as to whether a stakeholder pension is suitable for you.

What if I change my mind?

- You have the right to change your mind and cancel the agreement under the Financial Services Cancellation Rules within 30 days of receipt of the document entitled 'Cancellation Form' from Canada Life.
- If you decide to cancel, any fall in the value of your retirement benefit resulting from a change in annuity rates will be deducted from the refund of your premium.
- Should you change your mind before you take benefits then a transfer value will be offered. (See 'Can I transfer the Policy to another provider?' section on page 5 for further information).
- There is no option to cancel once you are receiving your income payments.

Scheme details

- The Canada Life Guaranteed Retirement Plan is a personal pension. The legislation governing the Policy is contained in Part 4 of Finance Act 2004 and HMRC have confirmed that it is a defined benefit arrangement. The name of the scheme will be The Canada Life Guaranteed Retirement Scheme written under a master trust with Canada Life Pension Managers & Trustees Ltd as trustees. Canada Life Limited is the scheme administrator.

How to contact us

- You should contact your professional adviser in the first instance.
- If you have any questions or you want to change your Policy you can contact us in the following ways:

Phone: **0845 6060708** (lines are open Monday to Friday 9am – 5pm)

E-mail: **customer.services@canadalife.co.uk**

Head office address:
Annuity New Business Team
Canada Life Limited
Canada Life Place
Potters Bar
Herts
EN6 5BA

Website: **www.canadalife.co.uk**

Further information

How to complain

If you need to complain about any part of the service we have provided, please write to us at the address on page 8.

If you are not happy with our response you can contact:

The Pensions Advisory Service
11 Belgrave Road
London SW1V 1RB

Phone:	**0845 601 2923**
Email:	**enquiries@pensionsadvisoryservice.org.uk**
Website:	**www.pensionsadvisoryservice.org.uk**

Who may refer you to:

The Pensions Ombudsman
11 Belgrave Road
London SW1V 1RB

Phone:	**020 7834 9144**
Email:	**enquiries@pensions-ombudsman.org.uk**
Website:	**www.pensions-ombudsman.org.uk**

Any sales related complaints that cannot be resolved by us should be referred to:

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

Phone:	**0800 023 4567** or **0300 123 9 123**
Email:	**complaint-info@financial-ombudsman.org.uk**
Website:	**www.financial-ombudsman.org.uk**

Making a complaint will not affect your right to take legal action against us.

Compensation

If you have a valid claim against us and we are not able to meet our responsibilities in full, you may be entitled to compensation from the Financial Services Compensation Scheme. They have a leaflet which gives details of the cover they provide. You can get a copy of this leaflet by writing to:

The Financial Services Compensation Scheme
7th Floor, Lloyds Chambers
Portsoken Street
London E1 8BN

Phone: **0800 678 1100** or **0207 741 4100**
Email: **enquiries@fcsc.org.uk**
Website: **www.fscs.org.uk**

Please contact us if you would like any information on compensation arrangements.

Law

The laws of England and Wales govern the GRP.

Terms and conditions

This document is a brief guide to the key features of the GRP. Full details of the contractual terms are contained in the Policy provisions that, together with the application form(s), the Personal Example(s), the Schedule(s) and any endorsements, constitute the legally binding contract between you and us.

Glossary of terms

- **Annual Allowance**
  This is the limit on the total amount of savings that can be put into all registered pensions schemes by or in respect of you in a 12 month period before tax charges apply. This is currently £50,000 for tax year 2011/12.
- **Annuity rate**
  The rate used to calculate your income. This is built up from a combination of long term gilt yields and mortality assumptions (life expectancy).
- **Basic rate/higher rate income tax**
  These are the bands at which income is taxed.
- **Canada Life Limited/Canada Life/our/us/we**
  All of these refer to the company that provides the Guaranteed Retirement Plan.
- **Commission**
  Your professional adviser can charge you for arranging the Guaranteed Retirement Plan. You can agree sufficient commission to be paid from your Policy to cover this fee.
- **Guaranteed Income**
  The amount of income that will be paid each year by the Plan, starting from the Selected Benefit Date and continuing until your death. The amount of Guaranteed Income applying to your Guaranteed Retirement Plan will be shown on your Personal Example. The term ‘guaranteed’ relates to income payable which is fixed and not dependent on investment returns.
- **HM Revenue & Customs (HMRC)**
  This is the government department responsible for the collection of your taxes if you are a UK resident.
- **Income tax**
  This is tax on all forms of income.
- **Inflation**
  Inflation is a rate increase which affects the overall price level of goods and services over a set period of time.
- **Lifetime allowance**
  This is the limit on the total value of pension benefits that you can build up during your lifetime before tax charges apply. The Standard Lifetime Allowance for the tax year 2011/12 is £1.8 million reducing to £1.5 million in tax year 2012/13.
- **Long term gilt yields**
  The government issue bonds known as gilts to raise money. The term of these bonds will vary but long term gilts are an asset that annuity providers purchase to provide you with a fixed income for life. The investment return is known as the ‘long term gilt yield’ and it is a factor used to determine our annuity rates.
- **Open Market Option**
  An Open Market Option (OMO) is not available but you can request a transfer value.
- **Pay As You Earn (PAYE)**
  A system used to collect tax as earned income.

- **PCLS**
  This is the Pension Commencement Lump Sum and is a one off tax-free payment from a pension fund at retirement.
- **Personal Example**
  Your personalised quotation includes important information about your Guaranteed Retirement Plan such as the amount of PCLS that you might receive.
- **Policy**
  The Guaranteed Retirement Plan which may be made up of one or more segments.
- **Selected Benefit Date**
  The date that the Guaranteed Income becomes payable under the Policy.
- **Transfer**
  To move your monies to another registered pension scheme.

Canada Life

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