

**keyfacts**®

# Guaranteed Annuity

## Key Features

This is an important document and you should read it before deciding whether to buy your pension annuity from us



# Purpose of this document

This key features booklet gives you a summary of our Guaranteed Annuity plan. It will help you decide whether to buy your pension annuity from us.

Please read this key features booklet with:

- your personal illustration – which shows the amount of income you may get from us (based on the information provided)
- the policy terms and conditions booklet.

The Financial Conduct Authority is the independent financial services regulator. It requires us, Retirement Advantage, to give you this important information to help you decide whether our Guaranteed Annuity 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.

# Your Retirement Advantage Guaranteed Annuity

## Its aims

- To use your pension fund to pay you a regular guaranteed income for the rest of your life.
- To pay an income appropriate to your individual demographic, lifestyle and medical situation.
- To pay a higher income than a standard annuity, if you have a medical condition or are a smoker.
- To give you the option to provide an income for another person (a second annuitant), for the rest of their life if you die before them.
- To let you choose your annuity from a range of options (**see the Questions and answers section for more information**).

## Your commitment

- To buy your Guaranteed Annuity with money from your pension fund. The details are shown in your personal illustration.
- Once you have bought your annuity, it's yours for life. Even if your personal situation changes in the future, you can't:
  - change your annuity options
  - switch to a different provider
  - cash in your annuity and get your pension fund back, or
  - use your annuity as security for any form of borrowing.

## The risks

- Over time, inflation will reduce your annuity income's buying power, unless you choose an option where your annuity increases (an escalating option).
- This annuity will stop paying out when you die, unless you choose to include death benefits when you take out the annuity.
- Tax rules may change in future and this could affect the amount of income you receive.
- Your personal circumstances may change after your income starts.
- You may not have made enough provision for your loved ones.

# What is the Guaranteed Annuity from Retirement Advantage?

It's an insurance policy that guarantees to pay you a regular income for the rest of your life. You buy it with your pension fund after you take any tax-free cash.

## Is the Retirement Advantage Guaranteed Annuity right for me?

It could be right for you if you want to use your pension fund to buy a guaranteed income for the rest of your life. Our rate will be tailored to your individual situation.

Ask your intermediary if you are unsure.

## Will I qualify for a Guaranteed Annuity?

To buy a Retirement Advantage Guaranteed Annuity, you must:

- be over 55 (and no older than 80)
- have at least £5,000 in pension fund(s) after any tax-free cash and any adviser charges have been taken, and
- have a UK residential address at the policy start date.



# Questions and answers

## Q1

### What is a Guaranteed Annuity?

It is an annuity that pays you a guaranteed lifetime income appropriate to your individual demographic, lifestyle and medical situation.

How much more income you receive will depend on the nature and seriousness of your current health conditions, your medical history, lifestyle, demographic, and other factors (see Q8).

## Q2

### How do I buy the Retirement Advantage Guaranteed Annuity?

You can buy it with the funds you have saved through a pension scheme and you can do this in one of two ways:

- Using the open market option.
- Using the pension annuity transfer.

The difference is explained in Q3 and Q4.

## Q3

### What is the open market option?

The open market option allows you to buy your annuity from a provider of your choice – not necessarily the company where you've saved your pension funds.

Under the open market option, your current pension scheme provider will usually pay you any tax-free cash that is due before they send the balance to us.

You can use the open market option only with your entitlement under one pension scheme. This is an HMRC rule.

## Q4

### What is a pension annuity transfer?

If you choose this option, your pension fund is transferred to Retirement Advantage before any tax-free cash is paid.

We pay you the amount of tax-free cash you've asked for (within HM Revenue & Customs limits) and use the balance to buy your annuity.

You can use this option, for example, where you have more than one pension arrangement, with one or more providers.

You can transfer up to five pension funds to the Retirement Advantage Immediate Vesting Personal Pension, where we hold them until the annuity starts.

Once we have received all the pension funds from the different providers and any other supporting information we require, your annuity will start.

## Q5

### How do I qualify for the Retirement Advantage Guaranteed Annuity?

You must be at least 55 and no older than 80. You may have to provide us with some information about your health, lifestyle and demographic as part of the application or we can call you to collect the relevant information.

We can then provide you with your individually tailored quote.

## Q6

### What are my income options?

#### Level-income option

With this option your income payments will always be the same — they'll never go up. You'll start off on a higher income than an escalating annuity could offer but you'll have no protection against inflation.

#### Escalating-income option

By choosing escalation your starting income will be lower than a level income option, but your payments will go up each year. You have a choice of:

- fixed increases from 0.1% - 10%. You choose a set percentage increase that applies every policy anniversary, or
- increases linked to inflation by the Retail Prices Index (RPI) or Limited Price Indexation.

RPI is the index of the average change in the prices of the goods and services in the UK. You can choose to have the increase capped at 5%, referred to as 'Limited Price Indexation'.

You can choose how often your income is paid:

- The choices are monthly, quarterly, half yearly or yearly. There is a minimum payment of £50. If your payment would be less than £50, we will pay it at the next frequency.

You can choose when we pay your income:

- In advance — we'll pay you at the start of your chosen period.
- In arrears — we'll pay you at the end of your chosen period.

## Q7

### Can I change my income?

No — once your annuity has started, you won't be able to make any changes to your income, payment frequency or benefits.

## Q8

### How is my income amount decided?

The amount of income you'll receive depends on:

- the size of your pension fund used to buy the annuity
- your personal circumstances (for example where you live, your lifestyle or medical history), and
- annuity rates - we use a rate to calculate the annuity on your personal illustration, which we guarantee for a certain period of time.

If your fund value is lower than £500,000\* and we receive a fully completed application, fund(s) from your existing pension provider(s) and supporting information within the guarantee period, this is the same rate we use to pay you income. If your policy has a fund value above £500,000 we will also need a Doctor's report within the guarantee period.

If we do not receive all we need within the guarantee period, we will recalculate your income based on current annuity rates, which may be higher or lower. If the income calculated is significantly lower we will ask your financial adviser for confirmation that the policy is still to proceed.

\*Please note that for policies less than £500,000 we reserve the right to apply for a Doctor's report although this will not hold up the commencement of the policy. If we discover that any of the medical information we were given was incorrect we may have to change the amount and/or terms of your annuity.

# Questions and answers

## Q9

### How will I receive my annuity payments?

We will make your payments to a UK bank or building society account in your name, either single or joint, by electronic transfer.

We will deduct tax from your income payments based on the personal tax code advised by HMRC before making payment to your nominated bank account. We will use the emergency code basis if your personal tax code is not available.

## Q10

### What happens when I die?

The annuity will stop unless you have chosen benefits that continue on your death.

## Q11

### How can I make sure my chosen beneficiaries receive my annuity when I die?

There are three ways you can protect your annuity, as described below.

### 1 The joint-life option

You can choose to take your annuity with a joint-life option. This means that on your death, we'll pay up to 100% of your income (depending on the percentage you choose) to the second annuitant you specified at the time you bought your Guaranteed Annuity. We pay it for the rest of his or her life.

The income payable to your dependant on your death may be taxable at a rate set by HMRC for such payments. If you die before age 75 any income payments made to your dependant will be tax-free. If you die from age 75 onwards any income payments made to your dependant will be taxed at their marginal rate of income tax.

### 2 The guarantee period option

This option allows you to ensure that we pay your income for a guaranteed length of time, even if you die before the guarantee period ends. You can choose to have a guarantee period of between one and thirty years.

If you die before the guarantee period ends, we'll continue to pay your annuity until the end of the guarantee period. So, for example, if you choose to guarantee your annuity income for ten years but die three years after the date its payment starts, we will continue the annuity payments for the remaining seven years.

We will have discretion to decide who will receive payment of the annuity payments for the rest of the guarantee period. However, although the final decision is ours, you may tell us your wishes by nominating one or more people to receive payment.

The income payable to beneficiary(s) on your death may be taxable at a rate set by HMRC for such payments. If you die before age 75 the income payments will be made to beneficiary(s) tax-free until the end of the guarantee period. If you die from age 75 onwards the income payments made to beneficiary(s) will be taxed at their marginal rate of income tax.

### 3 Value protection

If you have not chosen a guarantee period, this option allows you to protect up to 100% of the purchase price of your annuity when you die.



We would pay a lump sum on your death, which would be based on:

- the chosen percentage of your purchase price, less
- any annuity payments we have made to you (before we deducted tax under PAYE).

The lump sum may be taxable at a rate set by HMRC for such payments. If you die before age 75 the value protection payment will be made tax-free to your beneficiary.

If a lump sum payment is made and you die after age 75 the payment will normally be taxed at the beneficiary's marginal rate of income tax.

We will have discretion to decide who will receive payment of the lump sum. However, although the final decision is ours, you may tell us your wishes by nominating one or more people to receive payment.

## Q12

### What are our charges?

There are no separate charges for your annuity, so you've nothing extra to pay. All our charges are built into the rate of income shown on your personal illustration. These charges are for the cost of setting up your annuity and ongoing administration.

If we are paying commission to your intermediary, we include it in our charges.

## Q13

### What are adviser charges?

Adviser charges refer to charges where you've received financial advice, not just received information (this is known as being 'advised').

If your intermediary is giving you financial advice about the annuity, we can pay for it through an initial charge. This charge will be separate from our charges and agreed between you and your intermediary.

If we receive instructions from you to pay an initial intermediary charge, we will do so from the fund(s) we receive from the transferring scheme(s) before setting up your annuity. This will reduce the amount available to buy your annuity.

## Q14

### What is an implementation fee?

Implementation fees refer to charges where you've not received financial advice, but are paying your adviser a fee for setting up the policy (this is known as being 'non-advised'). So if your intermediary is not giving you financial advice and has not chosen a commission-paying product, we can pay an implementation fee. This fee will be separate from our charges and agreed between you and your intermediary. If we receive instructions from you to pay an implementation fee, we will do so from the fund we receive from the transferring scheme(s) before setting up your annuity. This will reduce the amount available to buy your annuity.

# Questions and answers

## Q15

### What is commission?

If your intermediary has not given you advice, you may have a commission-paying product.

This means your intermediary will receive a commission payment from us for arranging this annuity. The amount of commission will be shown on your illustration.

## Q16

### How do I apply?

Your intermediary will help you choose options that meet your needs. They can also help you complete the application form, and give us any other information we need.

Once we have accepted your application we will deal directly with your existing pension scheme(s) and your intermediary to finalise the arrangements.

Once all our requirements have been met (see Q8), the annuity will begin and we will send you a Policy Document and Schedule.

## Q17

### What if I change my mind?

You have the right to cancel within 30 days of your contract being set up.

### Open market option

If you are using your open market option to move a pension fund with another provider to Retirement Advantage, we will send you a Policy Document and Schedule and a notice of your right to cancel once your annuity with us begins. You have 30 days to cancel from the day you receive this.

### Immediate vesting personal pension

If you are combining more than one pension fund into a Retirement Advantage pension before converting to an annuity (known as an immediate vesting personal pension or IVPP), you have 30 days to cancel from the day we tell you we have received the first pot of money from your existing pension provider(s).

We will write to you and provide a notice about your right to cancel. You need only return this cancellation notice if you wish to cancel your annuity with us.

### In both cases

If you decide to cancel your policy, you must return the cancellation notice within 30 days. You must also return any money received, including any tax-free cash payments.

On cancellation, we will try to return your pension fund (less any adviser charge or implementation fee paid to your intermediary) to your original pension provider.

Please bear in mind that the original pension provider may refuse to accept the repayment on the terms that previously applied to you, or may not even accept the repayment at all.

Cancellation notices should be returned to:

Retirement Advantage  
Customer Centre  
PO Box 4993  
Worthing  
BN99 4AE

If your original scheme will not accept the repayment, you must, along with a financial adviser (if appropriate), find another provider who will accept the transfer of the pension fund. If we do not receive new instructions, or are unable to act on them, we will set up a Guaranteed Annuity as originally instructed.

## Q18

### **What if I die while my money is still in the immediate vesting personal pension?**

If any money is due but we have not received it from the transferring scheme, we will ask the scheme to keep the money and pay benefits as if you were still a member of that scheme.

If we have received money and are holding it in the immediate vesting personal pension, we will set up the Guaranteed Annuity as originally requested. If your application specified dependants' benefits, we will pay them accordingly (see Q11). If you did not specify dependants' benefits, no benefits will be payable.

# Further information

## What to do if you're unhappy

We hope you will be delighted with our service. But if we fall short, we want to know.

Please contact our Customer Centre using the details shown in the 'Contact us' section on page 13.

If you are not satisfied with the outcome, you can contact the

## Financial Ombudsman Service

### Address

Financial Ombudsman Service  
Exchange Tower  
London E14 9SR

**Tel** 0800 023 4567

**Web** [www.financialombudsman.org.uk](http://www.financialombudsman.org.uk)

These are free services. Using them will not affect your legal rights or your right to take legal action.

## Terms and conditions

This Key Features document gives you a summary of the plan.

Full terms and conditions are set out in the Policy Document. For a copy, please contact our Customer Centre or ask your intermediary.

If we need to make any changes to the terms and conditions of your Guaranteed Annuity we'll write to you.

## Law

Your annuity policy is subject to the law of England, which will be used to resolve any dispute.

## Language

All information and communications about this plan will be in English.

## Your client category

Our regulator, the Financial Conduct Authority, ask us to classify our clients based on their familiarity with financial services.

You are a 'retail client', which means you get the highest level of protection by getting the clearest explanation of what you're buying and more detail about the risks.

## Conflict of interest

Retirement Advantage has built a reputation for conducting business in an honest manner. That's why we have a policy to deal with any conflicts of interest. You can request a copy by calling 0800 032 7690.

## The legal contract

The Guaranteed Annuity is a contract of insurance between you and us, formed by:

- your signed application
- the Policy Terms and Conditions, and
- the Policy Schedule.

## Proof

Before we pay any money to you (or any other person entitled to receive benefits from us) we must have proof of entitlement. This may include proof of your identity, address and age, and/or evidence that you are still alive. We may use electronic means (this may include credit reference agencies) to obtain this proof. If we do not have enough proof of identity and entitlement, we may be unable to make payment.

## Compensation

We're covered by the Financial Services Compensation Scheme. The FSCS can pay compensation to our customers if Retirement Advantage is unable to meet its liabilities.

For details of the compensation levels that may apply to annuities (which are classified as long-term insurance business) please contact:

## The Financial Services Compensation Scheme

### Address

10th Floor, Beaufort House  
15 St Botolph Street  
London EC3A 7QU

**Tel** 0800 678 1100 or 0207 741 4100

**Email** [enquiries@fscs.org.uk](mailto:enquiries@fscs.org.uk)

**Web** [www.fscs.org.uk](http://www.fscs.org.uk)

# About us

Previously known as MGM Advantage and Stonehaven, we are a well-established company that can trace its roots back to 1852. In 2015 we changed our name to **Retirement Advantage** – merging our retirement income and equity release divisions, to help us provide those who are in, at or approaching retirement with a range of simple, secure and flexible products to suit their needs.

Every year thousands of retirees rely on us for their income. And with more than £1.8 billion of funds under our management, and a heritage dating back over 150 years. You can trust us to keep your money safe and secure.

As a company that specialises in retirement, we believe that we know the needs of our customers better. Our award-winning expertise has allowed us to create products that can help you live well in retirement, using the money in your pension and/or the value of your property. You can find out more about us on our website at:  
[www.retirementadvantage.com](http://www.retirementadvantage.com)

Retirement Advantage is a trading name of MGM Advantage Life Limited.

MGM Advantage Life Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, registration number 598800.

You can check these details at:

- [www.fca.org.uk/register](http://www.fca.org.uk/register); or
- by calling 0800 111 6768 or 0300 500 8082.

# Contact us

## How to contact us

Here are our contact details in case you have any questions or want to tell us about any changes to your personal details:

### Address

Retirement Advantage  
Customer Centre  
PO Box 4993  
Worthing  
BN99 4AE

### Web

[www.retirementadvantage.com](http://www.retirementadvantage.com)

## Email

[customers@retirementadvantage.com](mailto:customers@retirementadvantage.com)

## Phone

0800 032 7690  
8am to 6pm Monday to Friday

All calls may be monitored or recorded to help with staff training and quality control.

All our documents are available in Braille, large-print and audio formats on request, or you can simply download them from our website.



The information in this document is based on our understanding as at April 2016, of current taxation, legislation and HM Revenue & Customs practice. All of these are liable to change without notice. The impact of taxation (and any tax reliefs) depends on individual circumstances.



We're a founder member of Options, a new industry-wide service provided by Origo. This service has reduced the time it takes to transfer money between pension companies so that we can start your annuity payments as quickly as possible. The service is similar to the BACS service run by the banks where money is electronically transferred between companies.