

Stakeholder Pensions

Whatever your
future plans,
plan now





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About Scottish Widows

Deciding which provider to buy your Stakeholder Pension Plan from can be difficult. We want you to be confident that you have made a good choice if you choose Scottish Widows.

Here are just a few reasons you may want to consider us...

- You can reassure yourself with the knowledge that Scottish Widows has been looking after the financial well-being of people like you for more than 190 years.
- Scottish Widows is currently one of the leading financial services providers in the UK. Scottish Widows Investment Partnership (SWIP) manage funds worth £92.5 billion. (as at 31 March 2008).
- Scottish Widows and our parent company Lloyds TSB have, at May 2008, more than 18 million customers which equates to about 1 in 4 of the total UK population. To put this into perspective, if you go out for a meal with three friends then the chances are that one of you will already have a product with us.
- Customers are at the heart of our organisation and we are committed to providing you with a level of service that you would expect to receive. We have been voted the 'Best Individual Pensions Provider' award at the Financial Adviser awards April 2008.

Face the facts

Have you thought about what you would like to do when you retire?

- Do you want to travel to places you've always wanted to visit but never had the time?
- Do you want to indulge yourself and buy that car you always dreamed of owning?
- Perhaps, you simply want to be able to spoil your grandchildren?

Whatever it is you intend to do when you retire, do you know how you are going to fund it?

Why should I think about a pension now?

You could spend up to a third of your life in retirement. If you think this sounds great then take some time to think how you'll maintain your current lifestyle without the income you get from your job. As well as not receiving your pay you'll probably have more free time when you retire than you currently have.

Won't my State pension be enough?

The Department for Work and Pensions provides the Basic State Pension. For someone with full National Insurance contributions this is currently less than £100 a week. This might be enough to cover necessities, such as your weekly food shopping and household bills. But what about any unexpected costs? If your washing machine breaks down and needs replaced? Your car MOT is due? The list can go on and on.

You may also be entitled to additional benefits from the State Second Pension (S2P), however the Government is strongly encouraging everyone to save for their own retirement to reduce the burden on the State. Please contact your financial adviser for more information on State pensions or log on to **www.dwp.gov.uk/lifeevent/penret**

If you want to help make your retirement a time to enjoy then start preparing today.



A pension for you and your future

What is a Stakeholder Pension?

A Stakeholder Pension is a flexible, tax efficient, savings plan that allows you to save for your retirement.

Can I choose when I want to take my benefits?

Yes, currently you can decide to take your benefits any time between 50 and 75. From 6 April 2010, the minimum age at which you can normally start taking your pension will increase from 50 to 55.

How can I be sure a Stakeholder Pension is right for me?

A Stakeholder Pension has the potential to meet the needs of many different people. You can vary the amounts you pay in by increasing/decreasing your contributions. You can even stop, restart or transfer to another pension plan without penalty. Not all pension plans are as flexible as Stakeholder plans. If you have any doubts about the suitability of a Stakeholder Pension, please speak to your financial adviser.



Making payments

How much can I pay into my plan?

How much you decide to pay into your Stakeholder Pension Plan depends on a number of factors, such as:

- How much you earn;
- How much you can afford; and
- The level of pension you would like when you retire.

You can make regular payments into your plan on a monthly or yearly basis, or make one-off (known as single) payments.

Any payments you make are normally highly tax-efficient. For more details see the 'What about Tax?' section in this booklet, as well as the Key Features of the Scottish Widows Stakeholder Pension Plan.

The minimum payment is £20. This is lower than you'll find with most pension plans.

Let's look at inflation

Regularly increasing your payments to your plan will help you protect your pension fund from the effects of inflation. This is important because the costs of everyday items will be much higher in the future.

Why you shouldn't delay

You might think that rather than paying into a Stakeholder Pension Plan right now, you'll wait a few years. If that's the case then you might want to think about the following:

- To build up a pension fund of £250,000 by the time you are age 55 you would need to pay £185 a month (gross) from the age of 20.
- If you waited until you were age 30 the amount you would need to pay more than doubles to £374 a month (gross).

These figures are for illustration purposes only and aren't guaranteed.

These example figures are based on an investment growth rate of 7% a year and annual fund charges of 1% each year.

As you can see from this, the sooner you start to take control of your retirement planning the better.

Your questions answered

A plan for life with flexibility

Can I increase my payments once the plan has started?

Yes, you can increase the amount you pay into your plan at any time. The flexibility means that you can even stop making payments to your plan at any time.

For example, you may wish to do this if you take a career break or have a family. You should always discuss this decision with your Financial Adviser as this will mean that you will have less money available when you retire.

What if I change jobs?

Should you change jobs or become self-employed you can take your plan with you and may be able to continue making payments. This will depend upon your individual circumstances. This could be valuable as your payments to your pension plan will not be interrupted, helping to provide a larger fund on retirement.

How will the payments be invested?

We offer you a range of investment funds to choose from. Details of the available funds can be found in our Fund Performance it's all about choice. If you don't want to choose a fund or are unsure which one to choose, our default option may suit your needs. Initially your contributions will be invested in our Consensus fund. From five years to your selected pension date, your investment will be automatically switched approximately 75 % into our Pension Protector Fund, and 25 % into our Cash Fund. All future payments into your plan from the date five years before your selected pension date will also buy units in the Pension Protector and Cash Funds.

The value of the investment is not guaranteed and may go up and down depending on investment performance (and currency exchange rates where a fund invests overseas).

What are the charges?

Stakeholder Pensions must satisfy a number of minimum government standards to ensure that they offer value for money and flexibility. One of these standards is a maximum annual management charge of 1.5% for the first 10 years, reducing to 1% from then onwards for new members. At Scottish Widows, our current maximum annual management charge is 1% throughout the term of your contract.

What about tax?

Normally, any payments that you make into a Stakeholder Pension plan are highly tax efficient. However any transfer or employer payments do not receive tax relief.

Based on current tax rules,

- if you are a basic rate tax payer and make a net payment of £80 to your Stakeholder Pension plan, the Revenue will normally make an additional payment of £20 to your plan.
- This means a gross payment of £100 is paid into your pension plan.
- If you are a higher rate tax payer, you can claim the difference between basic and higher rate tax relief in your self-assessment tax return.

An Annual Allowance and a Lifetime Allowance apply to your pensions savings. Details of these allowances are provided in the Key Features document which you should refer to for more information.

The above information is based on current tax rules which may be subject to change.

Tax treatment depends on individual circumstances and may be subject to change in the future.

Your retirement benefits

What are the benefits when I retire?

At your selected pension date you have a number of options to choose from when taking your benefits:

- You can use your fund to provide a taxable pension, giving you a regular income for life, or
- You can normally take up to 25% of your fund as a tax-free cash lump sum, using the balance of your fund to provide a reduced taxable pension for life, or
- You can give up part of your pension in order to provide a taxable pension for your husband, wife, registered civil partner or other dependant after you die, or
- You can delay buying your pension but still take a taxable income by moving to 'Income Drawdown'.

For more information please see Key Feature. You can also choose whether you want your pension to remain level throughout your life or to increase automatically each year.

What happens if I die before I retire?

The full value of your pension fund will normally be used to provide a cash lump sum for your dependants unless part of it has to be used to buy a pension for your husband, wife or registered civil partner. This could happen if you have a separate fund because you've contracted out of the State Second Pension.

If you die before you retire, normally no inheritance tax is payable on the value of your plan. However, if your plan is used to provide a lump sum death benefit, any amount in excess of the Lifetime Allowance will be subject to a tax charge. There's normally no such charge if the excess is used to provide a pension for your husband, wife, registered civil partner or dependants, although these pensions are treated as earned income and could be taxed in payment.

Accidental death benefits

However, if you die as a direct result of an accident before your plan has been running for 5 years, we may pay either the value of your plan, or 120% of the total payments into your plan whichever is higher. Please refer to your Policy Provisions to see if your plan has this benefit, and for full details of any exclusions that may apply.

Your next steps

Firstly, we recommend you consult your employer (if applicable) about the availability of joining a company pension scheme before making a decision.

If you decide you want to start saving for the future with a Scottish Widows Stakeholder Pension plan, please complete and return our application form.

No advice has been given and if you have any queries as to whether this product is suitable for you, please contact your Financial Adviser.

Where can I get further information before deciding?

We hope this guide helps you to make a decision about planning your retirement. You should also read our Key Features document. Further information on Stakeholder Pensions can be found on the website: www.thepensionservice.gov.uk



How will I be kept informed?

When your plan is set up you will receive your policy documents followed by a personalised illustration based on your chosen payments, investment choice and selected pension date.

Once a year we'll send you an up-to-date pension benefits statement which shows the value of your plan.

Complaints

Scottish Widows sets up and administers the Scottish Widows Stakeholder Pension Scheme.

If you have any complaint or dispute of fact or law in relation to the Scheme, please contact us. See the Key Features document for details of how to contact us.

If we are unable to satisfactorily resolve your complaint or dispute, The Pensions Advisory Service (TPAS) is available to assist members and beneficiaries of the scheme. TPAS may be contacted at

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

Telephone 0845 601 2923

www.pensionsadvisoryservice.org.uk

If TPAS is unable to deal with your complaint, you can refer your case to the Pensions Ombudsman Service. You can contact the Pensions Ombudsman at

Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB

Telephone 0207 834 9144

www.pensions-ombudsman.org.uk

The Pensions Regulator can also intervene in the running of a pension scheme. They can be contacted at

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
East Sussex
BN1 4DW

Telephone 0870 606 3636

www.pensionsregulator.gov.uk

For details of the Financial Ombudsman Service, please refer to the Key Features document.

Important notes

Full terms and conditions are available on request from Scottish Widows.

This guide represents Scottish Widows' interpretation of the law and HM Revenue and Customs practice at date of publication.

SCOTTISH WIDOWS
preparation is everything
official pensions and investment provider



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Scottish Widows plc is authorised and regulated by the Financial Services Authority. Our FSA Register number is 191517.

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