

**keyfacts**®

# INVESTMENTS

## **Key features of the Stakeholder Pension Plan**

**Provided by Halifax Life Limited (Halifax Life)**

## This key features document explains the main points of your Stakeholder Pension Plan.

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

### Its aims

- To build up a sum of money in a tax-efficient way, which will allow you to buy an income for life when you take your benefits.
- To allow you to contract-out of the State Second Pension.

### Your commitment

- To make monthly, yearly or single payments to the plan until you choose to take benefits.
- To allow the plan to build up until you start taking a pension to provide you with a lifetime income.

### Risks

- The value of an investment can go up and down as a result of market movements. The final fund value may be less than the amount you originally invested.
- Your pension may be less than illustrated because:
  - you stop paying into your plan or take a payment break
  - investment performance is lower than illustrated
  - Interest rates are lower than illustrated
  - you start taking your pension earlier than your selected retirement age
  - tax rules change
  - charges increase above those illustrated.
- If you make a single payment and do not make any further payments, it is unlikely that the benefits provided will be enough for your needs.
- If you have invested a lump sum and you use your right to cancel your plan within the first 30 days, and the value of your investment has fallen by the time we receive your instructions, the amount you get back will be less than the amount you've paid in.
- The value of an investment can go up and down as a result of market movements. The final fund value may be less than the amount you originally invested.
- If your funds invest overseas, they may be more likely to be affected by large changes in value because of changes in exchange rates.

- When you decide to take your benefits, we have the right to delay making payments as there may be some delays in cashing in investments within your plan. With most funds, this delay can be up to one month. However, we can delay for up to six months if taking money from the property fund. The value of property investments is generally a matter of a valuer's opinion rather than fact.

## Questions and answers

### What is a Stakeholder Pension Plan?

- A savings plan to help people save for their retirement in a tax-efficient way.
- The Government has set minimum standards that companies must meet for a stakeholder pension. These are to do with payment levels, costs, access to your funds and terms and conditions.
- The following table shows some of the main stakeholder pension requirements - and how our plan meets those standards.

Stakeholder pension plan requirement	Our stakeholder pension plan
The yearly charge must be no more than 1.5% for the first ten years the product is held and thereafter only 1%.	The current yearly charge is 1.45% for the first ten years reducing to 1% thereafter. The yearly charge reduces to 0.5% for larger payments.
There must be no extra charges when transferring to another provider.	The amount available to transfer will be the value of the funds.
The minimum payment must be no more than £20.	There is no minimum payment level.
There must be a Statement of Investment Principles (SIP).	Our Statement of Investment Principles is available on request.
There must be a default investment option.	The default is the Lifestyle option.

### How flexible is it?

- You can make one-off payments or change your regular payments at any time.
- You can stop paying, or take a break and restart at a later date, to fit in with any changes to personal circumstances, although this is likely to reduce the amount of pension you can expect to receive when you take your benefits.
- At the start, you choose a pension age which we use to provide an illustration of benefits. But you can take your benefits on a different date if you want.

### What might I get when I want to take my pension benefits?

- The size of your pension fund will depend on:
  - the amount you choose to pay in
  - how long the investment runs
  - the performance of the funds you have invested in
  - the charges we take.
- The amount of income your pension fund will buy depends on the annuity rates that apply at the time and how you decide to take your pension benefits. (An annuity is a lifetime income that you buy with the money in your pension fund, and annuity rates vary with changes in financial markets, particularly interest rates). Once you have bought your annuity, you can't subsequently change your mind.

### Can I contract out of the State Second Pension?

- You can use your Stakeholder Pension Plan to contract out of the State Second Pension but we do not provide advice. See separate key features document. If you want to consider contracting-out of the State Second Pension, we strongly recommend you seek independent advice.

### What choices will I have when I take my pension benefits?

- Currently, you can start to take your benefits (including contracted-out benefits) at any age between 50 and 75, even if you are still working. From 6 April 2010 onwards, it will only be possible to take benefits from age 55.
- You may take benefits earlier if you suffer ill health.
- You may take a full taxable pension or a reduced taxable pension along with a tax-free lump sum, known as a 'pension commencement lump sum', of up to one quarter of your fund value or a quarter of the available lifetime allowance (including any contracted-out benefits).
- You can choose to buy a taxable pension from ourselves or any other authorised pension company. You don't have to use all of your fund at once, you can buy a pension in stages.
- We will write to you closer to your selected retirement age and give you more details about your options and the type of pension you can choose. You do not have to decide now.

- If you have not given us instructions regarding the taking of your pension benefits by age 75, then you will lose your entitlement to any tax-free cash from your fund and your options may be restricted.

### How much can be paid into my plan each year?

- In any tax year we will only accept payments up to the higher of 100% of your earnings in that year or £3,600 (including basic rate tax relief).
- The Treasury sets an annual allowance on the amount that can be paid into all your registered pension schemes, without incurring a tax charge. It applies to all contributions you pay (or are paid on your behalf) to all registered pension schemes you're a member of (except for transfers, contracted-out payments and pension credits following a divorce or dissolution of a civil partnership). The annual allowance set for tax year 2009/2010 is £245,000 and for tax year 2010/2011 is £255,000. The annual allowance is subject to change by the Treasury for subsequent tax years. If you are a member of a defined benefit scheme such as a final salary scheme the value of the increase in your pension entitlement during the year will be counted against your annual allowance rather than contributions made.
- If you take all the benefits from any particular scheme the contributions to that scheme (or the increase in value if it is a defined benefit scheme) are ignored when calculating the annual allowance for the tax year in which you take those benefits.
- If you are employed, your employer may also pay into your plan.
- Payments can be made by direct debit, debit card, cheque or standing order.
- Anyone can make payments into your plan for you – as long as you are eligible to make payments and you are aware that the payments are being made.
- You can transfer money from other pension plans but this does not guarantee you will get a better pension.
- If you have chosen to opt out of the State Second Pension, the Government will transfer part of your National Insurance contributions into your plan. See separate key features 'Contracting-out of the State Second Pension Plan'.

### What about tax?

The information below is based on current tax legislation which may change in the future.

#### Payments

- In any tax year, we will only accept payments up to the higher of 100% of your earnings in that year or £3,600 (including basic rate tax relief). Payments in excess of the annual allowance will be subject to a tax charge of 40%.
- You are entitled to tax relief on any payments you make at the highest rate(s) of income tax you pay.
- Whatever your tax position, you receive basic rate tax relief on your payments, which we automatically reclaim on your behalf from HM Revenue & Customs (HMRC).
- Although we don't get any tax relief back from HMRC for up to 10 weeks, we allocate it to your plan at the same time as you make your payment. However, we can't guarantee this won't change in the future.
- If you're a higher rate taxpayer, you may claim relief at the difference between the basic and the higher rate through your tax return.
- We claim tax relief on your behalf. If payments are made by someone else, that person will not be entitled to any income tax relief.

#### Investments

- The investments held in a stakeholder pension plan grow free of UK income tax and capital gains tax. Dividends received into the fund from UK shares may have been subject to corporation tax. This cannot be reclaimed.

#### Benefits

- When you take your pension benefits, you can choose to take up to a quarter of your fund or a quarter of the available lifetime allowance, if lower, (including any contracted-out benefits) as a cash sum. This sum is currently tax-free.
- The pension you buy or have paid to your husband, wife, civil partner or other dependant if you die, is considered to be earned income and may be taxed.
- If you die before you take your pension benefits lump sum benefits are normally free of inheritance, income and capital gains taxes.

- The Treasury sets an overall limit on the value of the benefits you can take. This is known as the lifetime allowance. Each time you take any benefits, the value taken is measured against the lifetime allowance. If the value of the benefits taken exceeds the remaining balance of your lifetime allowance, the excess will be subject to a tax charge of 55% if taken as cash or 25% if taken as income. Any income will also be taxed as earned income. The lifetime allowance is £1.75 million for tax year 2009/2010 and £1.8 million for tax year 2010/2011.

### Where are the payments invested?

- All your payments are invested - we do not take an initial charge.
- You can choose from a wide range of funds. The funds invest a range of stocks and shares, government stocks and commercial property in the UK and abroad. See our booklet 'A Guide to investing with the Halifax' for full details of our range of funds.
- When you invest in our unit-linked funds:
  - each of the funds is made up of units
  - we use your investment to buy units in the fund(s) you choose
  - the price of one unit in each fund depends on the value of the investments
  - we work out the value of your plan based on the total number of units in each fund. If the unit prices rise or fall, so will your plan value
  - we normally value units at 12 noon each working day. Dealing is on a forward pricing basis. This means that we deal with instructions to buy or sell units at the prices at the first valuation point after we receive your instructions.
- If you don't want to make a choice, we will invest your payments using the Lifestyle option.
- You can switch payments in and out of the various funds to change the mix of investments. We presently do not charge for this.
- If we get your switch request at our administration unit before 5pm on any working day, the switch will be based on the unit price at the next working day's valuation. If we get your request after 5pm, the switch will not be based on the next working day's valuation, but will be based on the valuation on the working day after that.

### The Lifestyle option

#### Under the Lifestyle option:

- If you are more than five years away from your selected retirement age, we invest 38% of each payment in the Gilt and Fixed Interest Fund, 26% in the Pelican Fund, 25% in the High Income Fund and 11% in the International Growth Fund.
- When you are five years away from your selected retirement age, your accumulated investments in the three equity funds are switched in monthly amounts into the Gilt and Fixed Interest Fund.
- This transfer takes place over four years, so that by the time you are one year from your selected retirement age, all your investment is held in the Gilt and Fixed Interest Fund.
- All payments you make once the switch starts are automatically paid straight into the Gilt and Fixed Interest Fund.
- If you start the Lifestyle option within five years of your selected retirement age, all your payments are invested straight into the Gilt and Fixed Interest Fund.
- There are no extra charges for using the Lifestyle option.

#### What are the charges?

- We charge for managing your plan and investments. We recover these charges by making deductions from your plan from the start date until you choose to take all your pension benefits. We take these charges from your fund value.
- The illustration shows the effect of the charges on your plan. We may vary the charges in the future. Further details and a copy of the Plan Conditions are available on request. See 'How to contact us'.
- Current charges are listed below. They are not guaranteed and may change in the future. However, the charges will not be more than the maximum allowed by stakeholder regulations.
- There is no initial charge deducted from your payments.
- There is a yearly management charge of 1.45% of the value of your funds. After ten years the yearly annual management charge is reduced to 1%.

- The yearly management charge may be reduced, depending on the total payments to your plan. The current charges are shown in the table below.

Total payments to your plan	Currently yearly management charge as a percentage of the fund
Up to £29,999	1.45% for the first ten years reducing to 1.0% thereafter
£30,000 to £99,999	0.9%
£100,000 to £249,999	0.75%
Over £250,000	0.5%

- When calculating charges, your total payments also include any amounts you transfer into your plan from other pension plans.
- The normal charge is already included in the unit-linked fund prices. So at the end of each calendar year, or when you close your pension (if that's earlier), we'll work out the actual yearly management charge you should have paid in that year, based on the amount paid in since your plan started. We then add extra units to your plan, which has the same effect as reducing the management charges.
- The reduction in the yearly management charge is not guaranteed and may change in the future.
- We may increase the yearly management charge to reflect changes in our costs of selling and administering plans and managing funds. We may also increase this charge for any other valid reason. A valid reason would include changes to the tax rules, regulation or the law. We will tell you of any increase to this charge at the earliest opportunity.
- As well as the yearly management charge, your fund may also have to bear the costs (if any) of buying, managing and selling investments as well as certain other charges, including any fees levied by the Financial Services Authority.

### What other benefits can I choose?

The plan does not provide any other benefits.

### What happens to the plan if I die before I take my pension benefits?

- If you die before taking your pension benefits the full value of your fund can be paid to your beneficiaries as a lump sum unless your fund includes any payments from contracted-out benefits and you leave a husband, wife or civil

partner, in which case some, or all, of your fund may have to be used to provide a lifetime income for your husband, wife or civil partner.

- Any benefits paid out as a lump sum will be tested against your remaining lifetime allowance and any excess over this amount will be subject to a tax charge of 55%.
- We normally pay out benefits taking into account your circumstances and your wishes regarding who you have nominated to receive benefits, but we are not obliged to follow them.
- You may change your nomination(s) at any time, but unless otherwise informed, we will assume that you wish any subsequent transfers and additional payments to be treated in accordance with your current nominations.

### Can I transfer my plan?

- You can transfer the fund from your Stakeholder Pension Plan to any other pension plan, as long as that plan is allowed to receive a transfer from a stakeholder pension plan. The amount you would get on any transfer is not guaranteed.
- We do not make a charge for transferring your fund to another pension company.

### Can I change my mind?

- You have a right to cancel your plan. So when your plan starts, we will send you a notice of your right to cancel.
- Your right to cancel begins when you get the notice and ends 30 days afterwards. If you want to cancel, you must sign and return the notice to us. We will return in full, any regular payments already made to the plan.
- If you have invested a lump sum and the value of your investment falls before we receive your cancellation notice, you will only get back the reduced amount. However, you will not have to pay any of the charges listed above.
- If you have chosen to make regular payments we will return, in full, any payments you have made.

### How will I know how my Stakeholder Pension Plan is doing?

- We will send you a statement each year showing the number of units you bought with each investment and the total value of your plan.

- If you are over 18, you can register with Halifax Online Banking, which allows you to view the number of units you have, the funds they are in, their value at a stated time and date and the total value of your plan.
- You can ask for a fund value at any time, by writing to or telephoning us. See 'How to contact us'.
- Alternatively, you can contact your adviser, if you have received advice.
- Details of the latest unit prices are also published in the Financial Times and may be available on the internet **www.ft.com**.

## How to contact us

If you have received any advice, please ask your adviser if there is anything you do not understand or if you wish to make additional investments, fund switches, stop your payments or transfer the value of your plan.

You can contact our administration unit at:

Halifax Financial Services  
PO Box 10  
Walton Street  
Aylesbury  
Bucks HP21 7GD

Telephone **0870 901 0137\***.

The lines are open from 8am to 6pm Monday to Friday and 9am to 1pm on Saturday. We may record your call for quality and training purposes.

\*Daytime calls Monday to Friday from BT landlines to 0870 numbers will cost no more than 6p a minute plus an 8p connection fee. The price of calls through other phone companies and from mobile phones will be different. The call price we have quoted was correct in May 2009.

## Other information

This plan can be sold with and without advice. If you did not receive advice on this product, you made your own decision as to its suitability for you, based on the information given.

## How to complain

We want you to be entirely happy with the high quality service we aim to provide. However, if you're not completely satisfied with any part of our service, please let us know. You can make your complaint direct to The Compliance Officer, Halifax Life Limited, Trinity Road, Halifax HX1 2RG.

If your complaint isn't dealt with to your satisfaction you can complain to the:

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

Telephone **0845 080 1800**.

Making a complaint to the Financial Ombudsman Service will not affect your right to take legal action.

## Conflict of interest policy

If we face a conflict of interest with customers, or have a material interest that could conflict with customers' interests, we have internal procedures in place to ensure fair treatment for our customers.

## Terms and conditions

This booklet is a summary of the key features of any Stakeholder Pension Plan started after 24 July 2005. You will find full details of the plan in the plan conditions which are evidence of the contract between you and us. We can change the plan conditions, but we would advise you in writing before we did this. You can get a copy of the plan conditions by writing to us. See 'How to contact us'.

## Law

It is agreed that the plan is governed by the laws of England and Wales. It is agreed that any dispute will be dealt with by the English courts. The plan conditions for the Stakeholder Pension Plan and further communications will be supplied in English.

## Compensation

If you have received advice from an adviser, they will have recommended products that are suitable for you. You have a legal right to compensation if we or a relevant authority decide that you've bought a Stakeholder Pension Plan that wasn't suitable for your needs.

We are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the FSCS if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. The Stakeholder Pension Plan is classified as 'long-term insurance'. The FSCS may arrange to transfer your policy to another insurer, provide a new policy or, if these actions are not possible, provide compensation. The first £2,000 of a claim is protected in full. Above this amount, the FSCS covers 90% of the value of the balance of the claim.

Further information about compensation scheme arrangements is available from the FSCS at 7th Floor Lloyds Chambers, Portsoken Street, London E1 8BN. Telephone: **(020) 7892 7300**. Website: **www.fscs.org.uk**.

Halifax Life, Register Number 171881, is entered on the Financial Services Authority's Register.

All information and charges are correct at the date of printing (May 2009) but may change in the future. Halifax Life Limited is incorporated in England.

Its Head Office address is:

1 Lovell Park Road  
Leeds LS1 1NS  
United Kingdom.

- Halifax Life Limited is the stakeholder pension provider. Copies of the deed and rules establishing the scheme and the plan booklet are available on request.
- The stakeholder pension plan has been registered with The Pensions Regulator.

- Halifax Life Limited has been authorised as a Stakeholder Pension Scheme Manager by our regulator, the Financial Services Authority.

## The Pensions Advisory Service (TPAS)

TPAS is an independent voluntary organisation with local advisers who are expert in pension matters. It is there to help members and beneficiaries of personal and occupational schemes if they are having difficulties which have not been resolved with the trustees or administrators of their scheme. TPAS can be contacted through your local Citizens Advice Bureau or direct at:

11 Belgrave Road  
London SW1V 1RB.

## The Pensions Ombudsman

The Pensions Ombudsman is an independent organisation for members of personal and occupational schemes. It can adjudicate between a member and the scheme trustees or managers where there is a complaint about injustice caused by maladministration or a dispute of fact of law, if TPAS has not been able to assist. The Pensions Ombudsman can be contacted at:

11 Belgrave Road  
London SW1V 1RB.

We are committed to meeting the needs of all our customers. If you have a hearing or speech impairment, you can use TYPETALK whenever you contact us, or contact us using Textphone on 0845 732 3436 (lines open 9am - 5pm, 7 days a week). For visually impaired customers, we can provide documents in large print, Braille or on audio cassette. Please speak to a member of staff.