



# Pension Bond

## Key Features

keyfacts<sup>®</sup>

This is an important document which you should keep along with your Personal Illustration

**Alico**<sup>®</sup>  
Wealth Management

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Alico has branch offices, subsidiaries and affiliates in emerging, developing and developed markets in Europe, Asia, the Middle East, Africa and Latin America. Alico is domiciled in Wilmington, Delaware and has regional headquarters in Tokyo, Paris, Athens, Dubai, and Santiago, Chile.

# Pension Bond

## Key Features

This key features booklet and your personal illustration provide you with the important information you need to consider before investing in a Pension Bond. You need to be comfortable with the information in these documents and we recommend that you discuss them with a financial adviser. Alternatively you can contact us; our details are at the end of this booklet.

## The Structure

The Pension Bond is a lump sum pension product that offers access to a wide range of investment funds. Its main purpose is to provide you with a medium to long term investment opportunity before and during retirement as far as your 75<sup>th</sup> birthday.

## Suitability

The Pension Bond is suitable for those:

- With a lump sum of at least £25,000 to invest\*.
- Who are prepared to invest over a medium to long term period (five years or more), and do not need access to their funds until retirement.
- Who make their investment choices with the assistance of a financial adviser.
- Who are seeking potentially higher returns than those available through bank and building society accounts and accept this will involve taking a greater risk as their money will be invested predominantly in the stockmarket.
- Who are looking to invest in the stockmarket before or after their retirement.

## Aims of the Pension Bond

- To give you the opportunity to invest a lump sum of money with the aim of increasing the value of your investment.
- To allow you to invest in a wide range of investment funds with the flexibility to switch between these funds.
- To provide you a tax free lump sum and fund an income in retirement.

## Your commitment

- You must invest a lump sum of at least £25,000.
- To forego access to your money until you retire.
- Most of your benefits will need to be taken as an income and not a lump sum.
- You will have to transfer your Pension Bond into another product prior to your 75<sup>th</sup> birthday.

## Risks

- We do not guarantee what you will get back and you may get back less than invested.
- Tax rules may change and this may mean you have to pay more tax than you expected.
- If you invest you will have 30 days to change your mind but if you do so and the value of your chosen funds has fallen you will get back less than you originally paid.
- The real value of the money you invest will be affected by inflation.
- In the event of large cash outflows from a fund, the Fund Manager will reserve the right to delay withdrawals.

\*After payment of any tax free lump sum at outset if applicable.



## Questions and Answers

### Who can buy the Pension Bond?

The Bond can be bought by an individual between 18 and 70 years old. Money can be paid by you, your employer or by transferring the money from another registered pension scheme.

### How flexible is it?

The Bond offers over 100 investment funds and currently offers free switching between them. Also you may add to or withdraw from your Bond or take regular income, subject to the following limits.

Transaction**	Minimum amount
Top up to the original investment	£5,000
Ad hoc withdrawal in retirement	£1,000
Regular income in retirement	A total of £1,000 per year
Switching	£500

\*\* At least £500 must remain invested in each of your funds at all times.

### What might I get back?

When you take money from your Bond what you will get back will be influenced by:

- How much you invested.
- The length of time you held your Bond.
- How your selected investment funds performed.
- Any previous withdrawals you made.
- The charges we took.
- Any applicable Early Encashment Charge.
- Future changes in pension legislation and tax rates.

You can choose to transfer the value of your Bond at any time to any other registered pension scheme providing it is willing to accept the money.

### What happens at retirement?

When you retire you will have the option to take a tax free lump sum. You can then take an income either by withdrawing regular amounts or by purchasing a fixed income, i.e. buying an annuity. You may do this with us or with another company.

### What happens if I die?

Should you die the full value of the Bond, less any Early Encashment Charge or tax due, will normally pass directly to the person you have nominated.

### What are the charges?

There is a choice of two product structures to give you the flexibility to choose how we take our charges:

- **Penalty Free** – aimed at those who may require access in retirement to their investment in the early years
- **Total Allocation** – aimed at those seeking to maximise the medium-long term potential of their investment.

# Pension Bond

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Product Structure	Investment Amount	Allocation Rate	Initial Charge	Early Encashment Charge
<b>Penalty Free</b>	£25,000 - £49,999	100.00%	5.00%	None
	£50,000 - £99,999	100.25%		
	£100,000 +	100.40%		
<b>Total Allocation</b>	£25,000 - £49,999	100.75%	1% at each year end for five years	Year 1: 7.50%
	£50,000 - £99,999	101.00%		Year 2: 6.00%
	£100,000 +	101.15%		Year 3: 4.50%
				Year 4: 3.00%
				Year 5: 1.50%

The Allocation Rate, as shown in **column 1**, is the percentage of your investment that is used to purchase units in your chosen investment fund(s).

The Initial Charge, as shown in **column 2**, is a charge for setting up the Bond. For the Penalty Free version, it is taken on the first day as a proportion of the allocated funds. For the Total Allocation version, it is a proportion of the Bond's value and is taken on each of the first five anniversaries.

Transfer of the full value of the Bond will attract an Early Encashment Charge as shown in **column 3**, in the first five years of the investment for the Total Allocation structure.

In addition each fund has an Annual Management Charge, which is taken into account when we set the unit prices. Details of these charges are given in the Investment Fund Guide.

If you have agreed an additional Adviser Fee with your adviser this will be deducted every three months by reducing the number of units you hold.

Charges may be varied by Alico Wealth Management at any time, subject to giving you not less than three months' notice.

### What about tax?

Personal contributions within your Annual Allowance (shown in the table below) qualify for income tax relief at the highest rate of tax you pay for those with incomes of less than £150,000 p.a.\*\*\* Alico Wealth Management will claim basic rate income tax on your behalf. Higher rate income tax should be claimed by you via your annual self assessment tax return.

Normally, your employer will be able to offset any contribution they make into your scheme against corporation tax. Contributions in excess of the lesser of your annual salary and Annual Allowance (which are shown below) will not attract tax relief.

Tax Year	Annual Allowance
2009/10	£245,000
2010/11	£255,000
2011/12	£255,000
2012/13	£255,000

Contributions made up by transfer payments do not attract tax relief. Any growth in your pension fund is free of UK income tax and capital gains tax. However, we cannot reclaim the tax paid on dividends from UK companies.

In most cases, when you become eligible to take benefits you will be able to take up to 25% of the fund as a tax free cash sum. All further withdrawals will be subject to income tax at the highest rate you pay.

Normally, if the total amount you have accumulated in all pension schemes exceeds the Lifetime Allowance (as shown below) you may be subject to a tax charge.

Tax Year	Cap Allowance
2009/10	£1,750,000
2010/11	£1,800,000
2011/12	£1,800,000
2012/13	£1,800,000

The Lifetime Allowance is normally calculated on the day you take your first withdrawal in retirement.

This is not a definitive guide. You should always bear in mind that tax treatment depends on your individual circumstances and may be subject to change in the future. You should discuss this with your financial adviser.

\*\*\* For those with incomes greater than £150,000 p.a, you should seek specific advice from your financial adviser or accountant on the tax relief position.

### Can I change my mind?

After you have invested you will receive a notice telling you of your right to change your mind and how to cancel. You'll then have 30 days to cancel your investment. If you decide to cancel, we will give you your money back. If, however, in the meantime the value of the investment has fallen, you may not get back the full amount paid.

### Where can I find further details?

Further details can be found in the Investment Fund Guide and the Policy Conditions. Alternatively you can contact us; our details are given at the end of this booklet.

### How can I keep track of my Bond?

Every six months we will send a statement of your Bond values, to you and your financial adviser. You may also request this information at any time – the contact details are below.

### How to contact us?

Your financial adviser should normally be your first point of contact and will be able to answer most questions that you have. If you want to contact us, you can do so by phone, fax or in writing as follows:

Head Office: Alico Wealth Management, 22 Addiscombe Road, Croydon, Surrey CR9 5AZ

T: 020 8666 8453

F: 020 8666 8471

W: [www.alicowm.co.uk](http://www.alicowm.co.uk)

## Other Information

### How to complain

Most problems and misunderstandings can be dealt with immediately by a member of our Pension Administration Department who will be pleased to help you.

If you have a complaint, please write to the Compliance Officer at 22 Addiscombe Road, Croydon, CR9 5AZ.

Should you require details of our complaints procedure a copy of our Customer Care Leaflet is available from our Compliance Officer.

### Law

The Pension Bond is governed by the law of England. All communication will be in the English language.

### Compensation

Your investment is protected by the Financial Services Compensation Scheme. If we are unable to meet our obligations in respect of your investment, currently, you may be eligible for compensation of up to 100% of first £2,000 of the claim and 90% of the remainder of the claim. Further details are available from the Financial Services Authority or the Financial Services Compensation Scheme.

### Contacting Alico Wealth Management

Contact your local branch or visit [www.alicowm.co.uk](http://www.alicowm.co.uk) for any queries relating to Alico Wealth Management and its products.

#### **Head Office**

#### **Alico Wealth Management**

22 Addiscombe Road

Croydon, Surrey CR9 5AZ

T: New Business: 020 8666 8453

Current values & other enquiries: 020 8666 8425

Income Payments: 020 8666 8424

Claims: 020 8666 8463

F: 020 8666 8471

W: [www.alicowm.co.uk](http://www.alicowm.co.uk)

## Wealth Management