

The Retirement Plan

from the Select Portfolio

A guide for advisers

SELECT

Alico
Wealth Management

Alico is a leading international life insurer with a unique heritage of serving customers across the globe for over 85 years. The company provides consumers and businesses with products and services for life insurance, accident and health insurance, retirement planning, and wealth management solutions. Through an extensive network of over 40,000 agents, brokers and financial institutions and 11,000 employees across 54 countries, Alico services 19 million customers worldwide.

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.



This guide highlights the main features of the Retirement Plan – part of the Select Portfolio from Alico Wealth Management. It provides the information you need to know when recommending the Plan to your clients. You will also find information on Alico worldwide, together with a brief introduction to Alico Wealth Management in the UK.

Further information is available on many of the areas covered in this guide, and throughout the guide we have indicated where you can find this. All the documents referred to are available on our website at www.alicowm.co.uk or from your Regional Sales Manager.

What's in this guide?

The changing face of retirement	Page 2
One Plan, one goal - a financially secure future	Page 3
Introducing the Retirement Plan	Page 3
The Retirement Plan and your clients	Page 4
The 'Retirement Journey'	Page 4
Retirement Plan - benefits for your clients	Page 5
The Retirement Plan, your business and you	Page 6
Adviser Remuneration	Page 7
The Select Investment Range	Page 8
Charges	Page 10
Retirement Plan in practice - a case study	Page 11
Plan summary	Page 13
Protection	Page 16
For further information	Page 16

Our guiding principles

At Alico Wealth Management, we only distribute our products through financial advisers. This means that we rely on you to recommend us, so we offer the things we believe are most important to you as an adviser when choosing a provider for your clients:

- Versatility - a wide range of investment and retirement products to meet clients' needs whatever their stage of life.
- Choice - a comprehensive investment range offering low, guided and controlled risks to ensure we cater for a wide range of risk appetites.
- Simplicity - the same investment range, the same charges, the same high standards of service across all our products.
- Service - being easy to do business with at all times.
- Transparency - openness and honesty in all communications with you and your clients.
- Security - the peace of mind that comes from investing with a leading international life insurer.

The changing face of retirement

Clients' retirement needs are changing. With life expectancy increasing at more than five hours a day, every day*, people are living longer in retirement. And with certain segments of the population having significantly higher levels of pension assets than ever before, demand for robust, impartial advice in the retirement space has never been greater.

Retirement is no longer a point in time when a single financial decision has to be made. Instead, it has become an extended phase of life characterised by changing circumstances and a need to adapt to these changes.

* Rejuvenating ageing research. A report by The Academy of Medical Sciences. 29 September 2009.



One Plan, one goal - a financially secure future

For most clients, the aspiration for retirement is to create a financially secure future to allow them to enjoy the lifestyle they choose. Advisers want straightforward and flexible solutions to help their clients reach that goal.

The Retirement Plan has been developed with this in mind. It has been designed to help you meet the changing retirement needs of your clients - even the ones they don't yet know about - right from saving in a tax-efficient way, through tailoring an investment strategy, to planning and providing a flexible retirement income.

Introducing the Retirement Plan

The Retirement Plan is a comprehensive lifetime solution with two core components:

- The **Savings element**, a personal pension scheme, allows clients to save for their retirement in a tax-efficient way through a comprehensive range of investments offering different levels and types of risk and return. This investment range includes Market Funds - a range of specialist investment funds run by a number of the world's leading investment companies - and our innovative Defined Return Investments, which enable clients to have much more control over their risk exposure. This can be useful if clients are looking to cushion their retirement savings against potential investment losses as they approach retirement.
- The **Income element**, an unsecured pension arrangement, gives advisers the flexibility to adapt their clients' plans to meet their income needs throughout retirement:
 - It enables you, together with your clients, to arrange the seamless transition of assets from Savings to Income - in part or all at once - as your clients' capital and income requirements change.

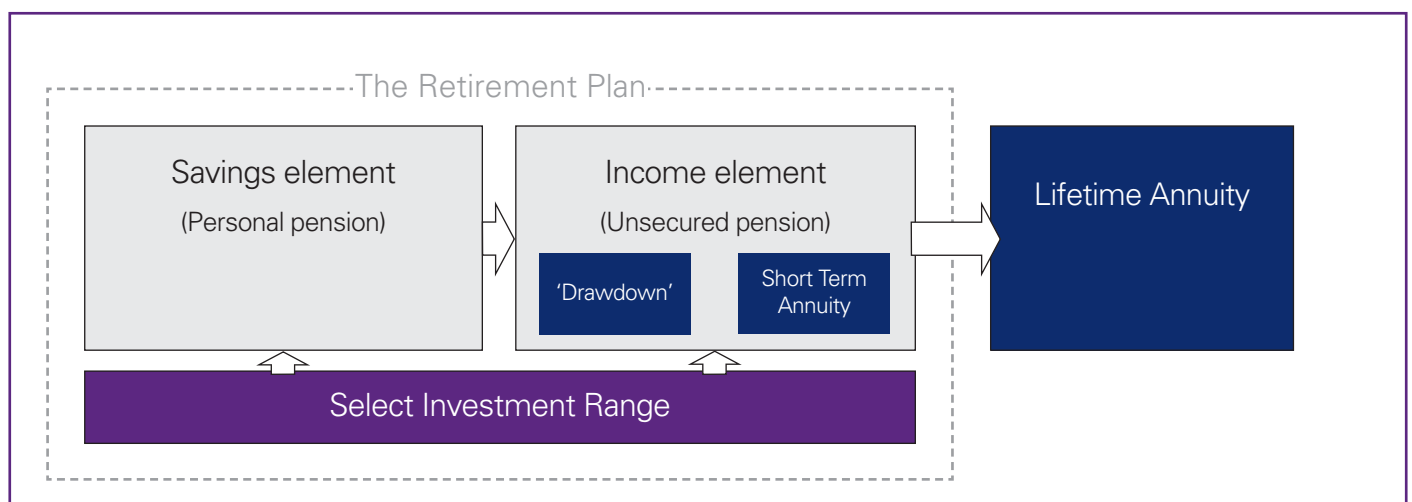
- The same range of investments is available under both elements of the Retirement Plan, allowing advisers to help clients tailor a selection of investments to fit their objectives and attitude to risk.
- It gives clients the ability to choose to take income in the form of 'Drawdown', or through a Short Term Annuity of between 1 and 5 years, or as a combination of the two (all within the limits set by HM Revenue and Customs - the 'GAD limits'⁵).

The Retirement Plan can also be used in combination with our Lifetime Annuity, which enables clients to convert their Saving and/or Income elements into a secure income for life, either in increments or all at once.

Protected rights can be held under a client's Retirement Plan, in both the Savings and Income elements.

⁵ One of the potential risks of withdrawing an income using an unsecured pension arrangement is that the income taken could be too high to be sustainable. For this reason, HM Revenue and Customs (HMRC) sets out minimum and maximum amounts that can be withdrawn. The limits are based on rates published by the Government Actuary's Department (GAD) and are commonly referred to as the GAD limits. The GAD tables can be found on HMRC's website at: www.hmrc.gov.uk/pensionschemes/gad-tables.htm.

Overview of the elements of the Retirement Plan



Key: Component options Investment options Income options

The Retirement Plan and your clients

We know that a decent lifestyle in retirement won't come along by accident. It takes realistic goal setting, careful planning and a combination of client determination and expert advice to make it happen. Planning can start 40 years or more from the point at which the client eventually stops working.

Many changes of circumstance and unexpected events will be experienced as clients travel towards their retirement. Even during retirement there will be many lifestyle and financial changes. Some, such as reduced working hours, long overdue holidays, moving house and the onset of the State Pension, can be planned for. Others, such as illness, death and regulatory change, cannot. That's why we've designed the Retirement Plan.

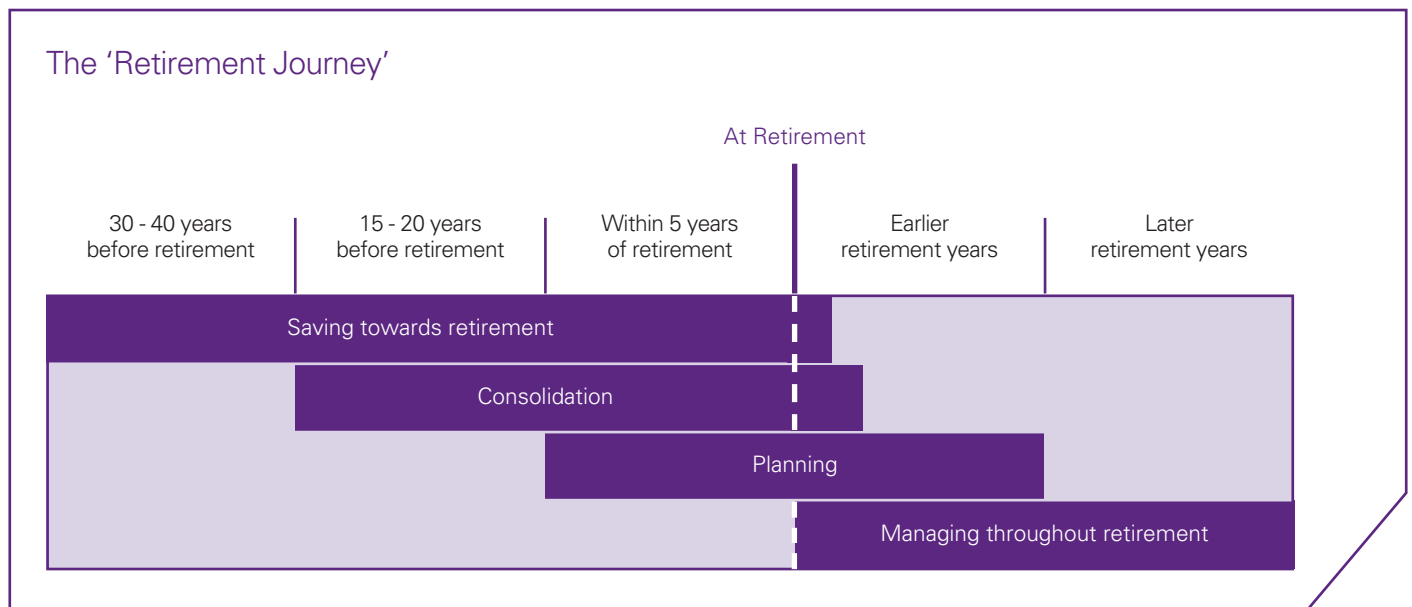
It's a Plan that can be adapted to changing needs wherever clients are on their retirement journey, be that saving towards retirement, consolidating their affairs, planning when and how to take benefits, or withdrawing income. Think of it as a Plan that you can help them develop just as their needs do.

The 'Retirement Journey'

Your clients' journey to retirement starts a long time before retirement itself, and there are a number of key phases:

- **Saving towards retirement** - the starting point. Thinking about how to spend retirement years, building up the funds needed to enjoy retirement to the full, deciding on an investment strategy.
- **Consolidating their retirement position** - the retirement review. Appraising retirement goals and saving plans, 'tuning up' their investment strategy. Considering the needs of those that matter most.
- **Planning for retirement** - the options. Understanding requirements in detail, making choices about retirement savings - for example, reducing their exposure to investment risk.
- **Managing their chosen lifestyle throughout retirement** - the living. Maximising and sustaining income, fulfilling their lifestyle choices, cushioning against unforeseen issues and events.

The Retirement Plan has been designed with each of these phases in mind, providing total saving and income flexibility to help you help your clients navigate along the whole length of their retirement journey (see diagram below).



Retirement Plan - benefits for your clients

Security and flexibility all in one place

Peace of mind from investing for a secure future with a strong company

Alico is one of the leading players in international financial services, servicing 19 million customers worldwide, and is rated A+ by Standard & Poor's as at 12 March 2010.

Extensive choice under one plan

With a number of simple investment solutions within our Select Investment Range all managed by leading investment professionals, the Retirement Plan makes it straightforward to settle on a suitable investment strategy for clients - whether cautious, adventurous or anywhere in between - and then adapt it to their needs as they evolve over time.

For information on our investment options please refer to the 'Select Investment Range' section on page 8.

Uncomplicated charges

It can be difficult for clients to understand the cost of some pension policies. We believe that charges should be as easy to understand as possible, which is why our Retirement Plan has been designed so clients know exactly what they are paying for and when they have to pay it, including the cost of your advice and services.

For further information on our charges, please refer to the 'Charges' section on page 10.

Protection when clients need it most

Unforeseen events, such as declining stock markets, can set carefully laid retirement plans back years, providing an unpleasant experience for clients and their advisers alike.

The range of guarantees available through our Defined Return Investments can provide a cushion against such an occurrence and help to keep clients' retirement plans on track.

A straightforward, simple affair

It's not uncommon for clients to accumulate a number of different pension arrangements throughout their working life. Maintaining them can be complex and laborious, investment choices can be restricted and inflexible, and making sure that all their policies are compatible with their retirement plans can therefore be difficult and expensive.

The Retirement Plan offers you the opportunity to consolidate all of your clients' arrangements into one Plan, making it simpler for you to manage their affairs, ensuring that all their pension savings are 'in tune' with their retirement aspirations and, of course, the plans you have built with them.

Total Income flexibility

Maximising your clients' post-tax income from their hard-earned pension savings can be a complicated business. With the income flexibility of the Retirement Plan we've made it simpler for you to provide your clients with exactly the shape of income they need, precisely when they need it.

By using a bespoke combination of our unique Short Term Annuity, Lifetime Annuity, and the fixed, variable, regular, and one-off income options available under our 'Drawdown' facility, you can ensure your clients' immediate and ongoing income requirements and personal tax position are catered for.

Estate planning

Looking after those that matter most is important for many clients. Managing your clients' capital and income needs along their retirement journey through the Retirement Plan can help you to maximise the value of their estate available for inheritance whilst minimising the tax payable.

For example, moving only the assets required from the Savings element to the Income element to meet your clients' immediate income needs will leave funds in the Savings element, where there should normally be no inheritance tax liability on death.

Tax rules may change and this means your client may have to pay more tax than expected. Tax treatment depends on individual circumstances and may be subject to change in the future.



The Retirement Plan, your business and you

The Retirement Plan offers advisers and advisory firms a number of key benefits when providing ongoing advice on clients' retirement planning and income needs:

Remuneration to suit different business models

- The Retirement Plan provides a straightforward charging structure that can be tailored to suit individual adviser remuneration requirements, with added flexibility to vary remuneration as the ongoing nature of advice changes.
- Advisers are able to agree with their clients a combination of Initial Remuneration, Ongoing Remuneration, and also Review Remuneration at the point of adapting a client's plan for retirement.
- Advisers can demonstrably place a value on their advice, whilst clients know exactly what advice they are paying for and how much it is costing them.

A plan for life

- The Savings and Income elements can meet clients' retirement needs wherever they are on the retirement journey, supporting advisers in maintaining lifetime client relationships without the need to change provider.
- The Plan helps to extend the client lifetime value to the adviser by providing multiple opportunities for advice as client needs change, all within one plan.
- All investments within the Retirement Plan sit on the same administration platform, allowing straightforward movement of assets from Savings to Income and ensuring the Plan can easily be adapted to changing client circumstances.

Extensive investment choice with global expertise

- **Alico Choice Funds** - a 'best of breed' panel of around 100 funds from some of the leading investment companies in the world, carefully selected in conjunction with Morningstar Associates Europe Ltd ('Morningstar'), our investment research partner.
- **Managed Portfolio Funds** - a choice of portfolios with a number of different risk profiles, offering investors a simple way to invest into a well diversified portfolio of Alico Choice Funds:
 - 5 portfolios constructed by Morningstar, and
 - 5 portfolios where the investment strategy is managed by our own in-house research team.
- **Adviser Choice Funds** - access to a selection of leading funds that are popular with advisers, complementing our Alico Choice Funds.
- **Guaranteed and Structured Investments** - providing defined returns and fixed investment periods at outset, enabling future capital and income needs to be planned for whilst hedging your clients' retirement savings against undue risk.

An alternative for existing 'Drawdown' clients

- The combination of the income flexibility offered by our 'Drawdown' facility and our unique Short Term Annuity that provides a guaranteed fixed income of up to five years, may enable advisers to offer an alternative income to existing 'Drawdown' clients either who have identified that current income levels are unsustainable or who want the potential to improve the overall value of their retirement fund.

Service and Support

- One Plan makes it easy to administer for the advisory firm with consolidated servicing and valuation of both the Savings and Income elements.
- A single UK based service centre for handling all adviser servicing. Just call us on 0800 013 2292 or e-mail retirement@alico.com.
- Local account management support from our network of Regional Sales Managers and Regional Sales Consultants.

Transfer Administration Service

- Our Transfer Administration Service can help advisers transfer their clients' existing pension arrangements (including unsecured pension transfer) to the Retirement Plan in a timely and efficient manner.
- We handle the whole process - right from verifying paperwork through to arranging the transfer of funds with the client's previous provider - to ensure we receive the transfer payment as soon as possible.
- This frees the adviser to concentrate on revenue generating activity whilst providing peace of mind for clients that the transfer payment(s) will be received without unnecessary delay.



Adviser Remuneration

The Retirement Plan has an uncomplicated charging structure which is designed to enable advisers to vary remuneration by the type of advice given, providing you with the flexibility to tailor how you levy your charges to fit your clients' requirements and your business model.

You can select a different remuneration basis each time a contribution and/or transfer is made to the Retirement Plan, which includes moving assets from Savings to Income.

In return for the advice and service you provide to your clients, you can agree to receive the following different types of remuneration under the Retirement Plan:

- **Initial Remuneration** - an initial payment (either a fixed monetary amount or a percentage of the Amount Invested) where the amount you receive is deducted from your clients' initial and additional investments in the Retirement Plan before they are allocated to their chosen investments.
- **Ongoing Remuneration** - regular payments based on the value of clients' investments for the ongoing advice and service you provide to your clients.
- **Review Remuneration** - the amount you are paid if, following a review of a client's Plan, you agree to make any switches between their underlying investments.

The Adviser Remuneration options available under the Retirement Plan enable advisers to demonstrably place a value on their advice, varying remuneration by the nature of advice given, and to be up-front with clients about what they are paying for and how much it will cost them.

Options and limits		
Remuneration type	Retirement Plan	Lifetime Annuity
Initial	Up to a maximum of 8% of the Amount Invested reducing the Amount Allocated to investments on a one-for-one basis	Up to a maximum of 2% of the Amount Invested reducing the Amount Allocated to purchase the Lifetime Annuity on a one-for-one basis
Ongoing	Up to a maximum of 1%, levied daily by deduction of units	N/A
Review	Up to a maximum of 3% at point of switching between investments, reducing the amount available for reinvestment on a one-for-one basis	N/A

The Select Investment Range

As your clients progress through life, their objectives, needs and attitude to risk will all evolve. We think it's important that you have the flexibility to adapt the risk exposure of your clients' investments as their circumstances change, avoiding the need to move to a different product/provider.

That's why we offer a comprehensive range of internal and third party investments, providing different types and levels of risk and return. This same extensive investment range is available through both elements of the Retirement Plan, enabling you to work with your clients to create the right blend of investments for them whatever their risk tolerance and wherever they are on their retirement journey.

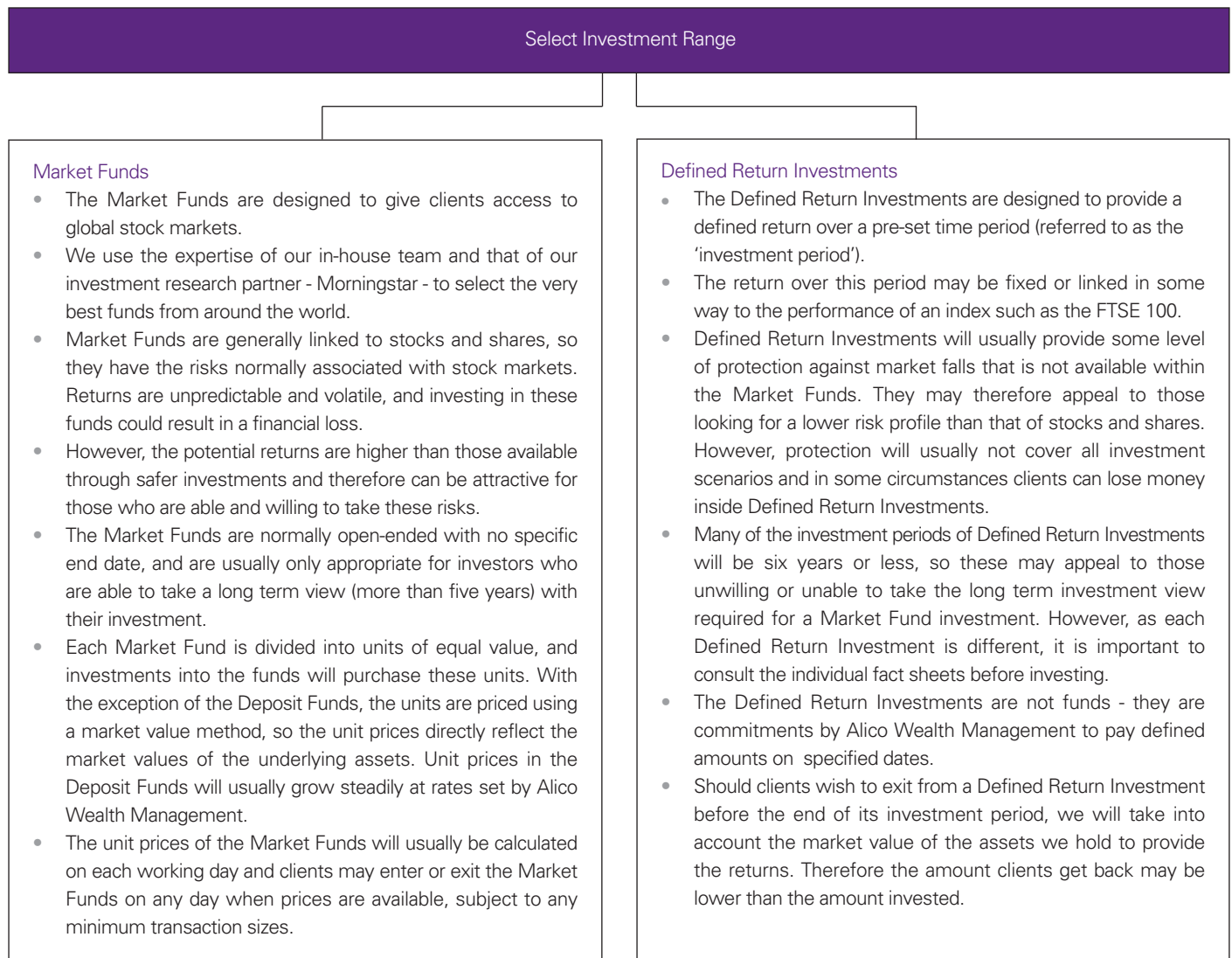
What's more, we've chosen to work with Morningstar as our investment research partner.

- Morningstar draws upon the research and data resources of its parent company, Morningstar, Inc., which employs more than 2,300 people across 24 offices worldwide. It provides local market expertise with a real global reach.
- Morningstar, Inc. has over 20 years' experience across global markets and has an enviable reputation for helping investors achieve their financial goals.
- Our partnership with Morningstar complements our in-house research capabilities and enables us to provide a comprehensive choice of investments.
- By working with Morningstar, we are also able to provide you with free access to their state-of-the-art online portfolio planning tool to develop bespoke portfolio recommendations for your clients. This can be accessed via our website at: www.alicowm.co.uk.



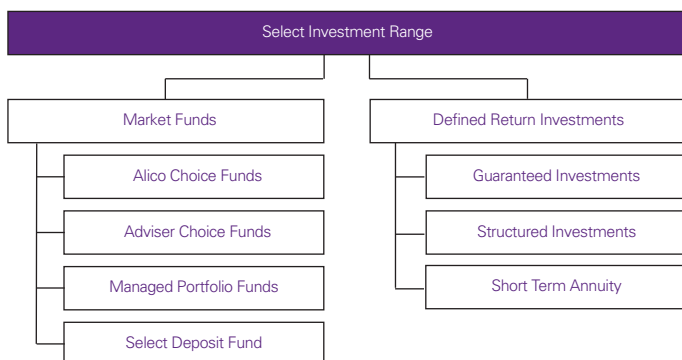
The investments available under the Retirement Plan fall into two broad groups - Market Funds and Defined Return Investments. These each have different characteristics, enabling you to combine different investments to best suit your clients' risk profiles.

Collectively these investments are known as the Select Investment Range. Clients can choose up to 15 investments from both categories for each element of the Retirement Plan, i.e. Savings and Income. The diagram below provides details of the characteristics of each of the investment types available under the Select Investment Range.



Investment categories - overview

Each of the investment types in the Select Investment Range in turn contains different categories of investment, as outlined in the table below.



These investment categories are briefly explained below.

Market Funds - Alico Choice Funds

These are a panel of around 100 funds managed by some of the leading investment companies in the market, such as Invesco, Fidelity, Jupiter and Schroders. These are carefully selected by our in-house investment research team with support from Morningstar. Our rigorous research process gives you the reassurance that the funds your clients are investing in have been identified by our team of experts as having strong potential to outperform other similar funds.

Market Funds - Adviser Choice Funds

The Adviser Choice Funds are designed to complement the Alico Choice Fund panel by making available a selection of other leading funds that are popular with advisers. These funds either operate in the same way as the Alico Choice Funds, or are specially constructed by Alico Wealth Management in conjunction with advisers. They do not meet all of the criteria required for inclusion in the Alico Choice Fund panel, but are included due to their popularity in the marketplace.

Market Funds - Managed Portfolio Funds

The Managed Portfolio Funds invest in a selection of Alico Choice Funds. These are ideal for clients and advisers who want expert guidance on which Alico Choice Funds to select and how much of each to hold. There is a choice of ten Managed Portfolio Funds: five where the investment strategy is driven by our in-house team and five that are constructed by Morningstar.

Market Funds - Select Deposit Fund

This is a fund that invests in short term bank deposits and secure financial instruments. The Select Deposit Fund is designed to have a unit price that doesn't fall (although this is not guaranteed), so can be used by clients who are worried about potential market falls. Although it can also be used as a 'cash' holding within a portfolio, it should be noted that the assets within the fund are short term in nature so in the current interest rate environment it may not be efficient to hold large proportions of clients' portfolios in this fund for long periods of time.

Defined Return Investments - Guaranteed Investments

The Guaranteed Investments offer different levels of return over a choice of fixed investment terms – as well as full capital protection – providing they are held until the end of their term. Both the returns and the capital protection are guaranteed by Alico Wealth Management.

Defined Return Investments - Structured Investments

The Structured Investments offer a variety of different returns that depend on the performance of a financial index (usually the FTSE 100) over fixed investment periods.

To generate the defined returns offered by the Structured Investments, we invest in high quality assets, usually with an investment bank. Alico Wealth Management guarantees that it will pay the promised returns even if those assets default. This removes the counterparty risk that is normally associated with structured investments, where the investor bears the risk of the underlying assets defaulting.

Details of the financial institution for each Structured Investment can be found in the individual investment fact sheet.

Defined Return Investments - Short Term Annuity

Our Short Term Annuity is designed for investors in the Income element of the Retirement Plan who want to secure a fixed income over a fixed period while leaving the remainder of their Retirement Plan untouched.

At any time we offer a range of terms under our Short Term Annuity that cover periods (in years and months) from 1 to 5 years. The rates we pay will depend on market rates of interest and sometimes how much is invested, as well as Adviser Remuneration.

A Short Term Annuity has no value at the end of the chosen term and cannot pay lump sum death benefits. Instead, income payments will continue to be paid until the end of the chosen term to either your clients' nominated beneficiaries or their estate.

The Short Term Annuity is not available for investors in the Savings element of the Retirement Plan.

For detailed information about the Select Investment Range, please refer to the Select Investment Range and Select Investment List documents. For detailed information about the individual investments, please refer to the individual investment fact sheets. These are available from your Regional Sales Manager or on our website at www.alicowm.co.uk.

Charges - uncomplicated and value for money

Both elements of the Retirement Plan – indeed all products in the Select Portfolio - have the same approach to charging.

1. Asset Charge

Firstly, there is an annual Asset Charge on each of the client's investments. For Market Funds, the Asset Charge is typically 0.75% per annum.

As part of our commitment to ensuring the quality of the Alico Choice Funds we offer performance-related rebates. At the end of each quarter (March, June, September and December), we measure the performance of each third party fund on the Alico Choice Fund panel against the most appropriate benchmark for its sector over time periods of 1, 3 and 5 years:

- If a fund with a track record of 5 or more years has bottom half performance over 2 of the 3 time periods, we'll reduce the effect of the Asset Charge by 0.25% for the following quarter by rebating a proportion of our charge back into the fund (see funds A and B in the table below).
- If a fund with a track record of less than 5 years has bottom half performance over both 1 and 3 years, we'll reduce the effect of the Asset Charge by 0.25% for the following quarter by rebating a proportion of our charge back into the fund (see funds C and D in the table below).

You can find the specific benchmark for each Alico Choice Fund by referring to the individual fund fact sheet.

Example

Fund	1 Year Performance	3 Year Performance	5 Year Performance	Qualify for 0.25% rebate?
A	Top half	Bottom half	Top half	No
B	Bottom half	Top half	Bottom half	Yes
C	Bottom half	Bottom half	N/A	Yes
D	Top half	Bottom half	N/A	No

If, at the end of the following quarter, the fund has achieved its top half performance requirements, the rebate will cease. If not, we will continue with the rebate.

Funds that are eligible for a rebate are not necessarily bad funds, and they may remain on the Alico Choice panel if we consider them to continue to have strong potential to outperform other similar funds.

If a fund is relegated from the Alico Choice panel, an alternative will be provided and any rebate that may have been applicable to the relegated fund will cease.

Any Managed Portfolio Fund containing one or more rebated Alico Choice Fund(s) will receive a proportional rebate.

Each element of the Retirement Plan has a separate management account – the Select Account – which is only used to pay the Asset Charge relating to the Market Funds as well as any Ongoing Remuneration agreed with your client. There is no risk to money held in the Select Account.

Initially 1% of the value of your client's overall investment in Market Funds in the respective element of their Plan will be placed into the Select Account. The Asset Charges are taken from the Select Account daily by deduction of units and where the balance in the Select Account falls below 0.25% of the value of investments in Market Funds, we will automatically replenish the account to 1% by transferring money from a Market Fund nominated by the client in their Application Form.

The Asset Charge that applies to each Defined Return Investment will be reflected in the rate of return offered, so will not require a Select Account holding or a deduction of units.

2. Fund Manager Charge

The fund manager will charge an Annual Management Charge (AMC) which will be taken into account in the prices of the mutual fund units, and therefore reflected in the unit prices of the Alico Choice Funds. However the fund manager will normally refund some of this charge back to Alico Wealth Management. This is because Alico Wealth Management will have negotiated a reduced AMC on behalf of its clients. Any refunds we receive will be placed into the fund. The effect of the AMC through Alico Wealth Management will therefore be much less than that of a direct holding with the fund manager.

The fund manager may also make a charge when an investment is made into the fund. This is known as an initial charge and we will also reflect this in the unit prices that we calculate.

The Select Investment List will give details of each Fund Manager Charge.

For full details of the charges outlined in this section, please refer to the Select Investment Range guide. For details of the charges relating to individual investments, please see the Select Investment List and the individual investment fact sheets. You can get these documents from your Regional Sales Manager or from our website at: www.alicowm.co.uk.

The Retirement Plan in practice - a case study

Steven Porter runs his own printing business. He has enjoyed a number of successful business years and has built up a reasonable personal pension 'pot' of £120,000 throughout this time. At age 45, Steven decides that planning his retirement is now of concern to him. He meets with his financial adviser with a view to taking action. The following illustrates Steven's retirement journey and the key stages of his adviser's planning.

Age 45

Steven has a number of pension arrangements from previous employments, all with different providers. These total £120,000. Steven's adviser recommends consolidating them all into the Retirement Plan with Alico Wealth Management to simplify matters and reduce the ongoing running costs.

Age 52

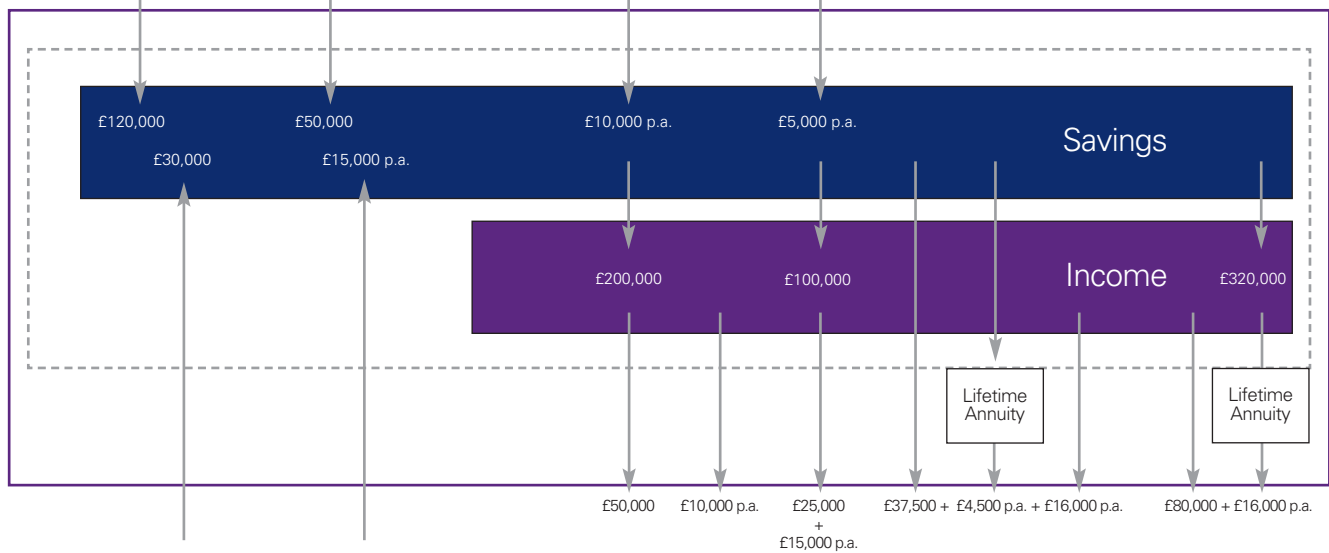
Steven has an offer that he cannot refuse for his business and sells for £300,000. He contributes £40,000 from the sale into his Retirement Plan, and with the tax relief this totals £50,000.

Age 60

The time has come for Steven to begin to slow down. He reduces the time he spends at work to do more with his wife, Carol. Steven's adviser recommends moving part of his fund from his Savings element to activate the Income element under his Retirement Plan. He continues making contributions to his Savings element of £8,000 each year (£10,000 with basic rate tax relief added) for 5 further years and takes his 25% tax-free lump sum entitlement from the £200,000 he has moved to the Income element - amounting to £50,000. He uses this to clear the remaining mortgage, buy a new car and plan a couple of luxurious holidays.

Age 65

Steven and Carol's State Pensions begin and Steven decides to reduce his working time further to two days per week with a view to retiring completely at age 67. Steven decides he requires more income from his Retirement Plan. His adviser recommends moving a further £100,000 from Savings to Income. Steven takes his 25% tax-free lump sum entitlement from the £100,000 he has moved to the Income element - amounting to £25,000 - and draws £15,000 per annum for the next 2 years. He decides to generate the income by purchasing a Short Term Annuity with a 2 year term. He reduces his contributions to his Savings element to £4,000 each year (£5,000 with basic rate tax relief added) for 2 further years.



Age 50

Steven decides to use £24,000 of the money he has built up in savings accounts to boost his pension 'pot' and with the tax relief from HMRC, his Savings element increases by £30,000. As a higher rate taxpayer, Steven claims higher rate tax relief through his tax return.

Age 53-59

The new owners keep Steven on as a full time consultant and over the next eight years he makes contributions to his pension of £12,500 every year (£15,000 with basic rate tax relief added).

Age 60-64

Steven decides to draw £10,000 per annum from the value of his Income element by purchasing a Short Term Annuity with a 5 year term, preferring to no longer pay higher rate tax, whilst leaving his Plan invested for the potential of investment growth and increased income in the future.

Age 67

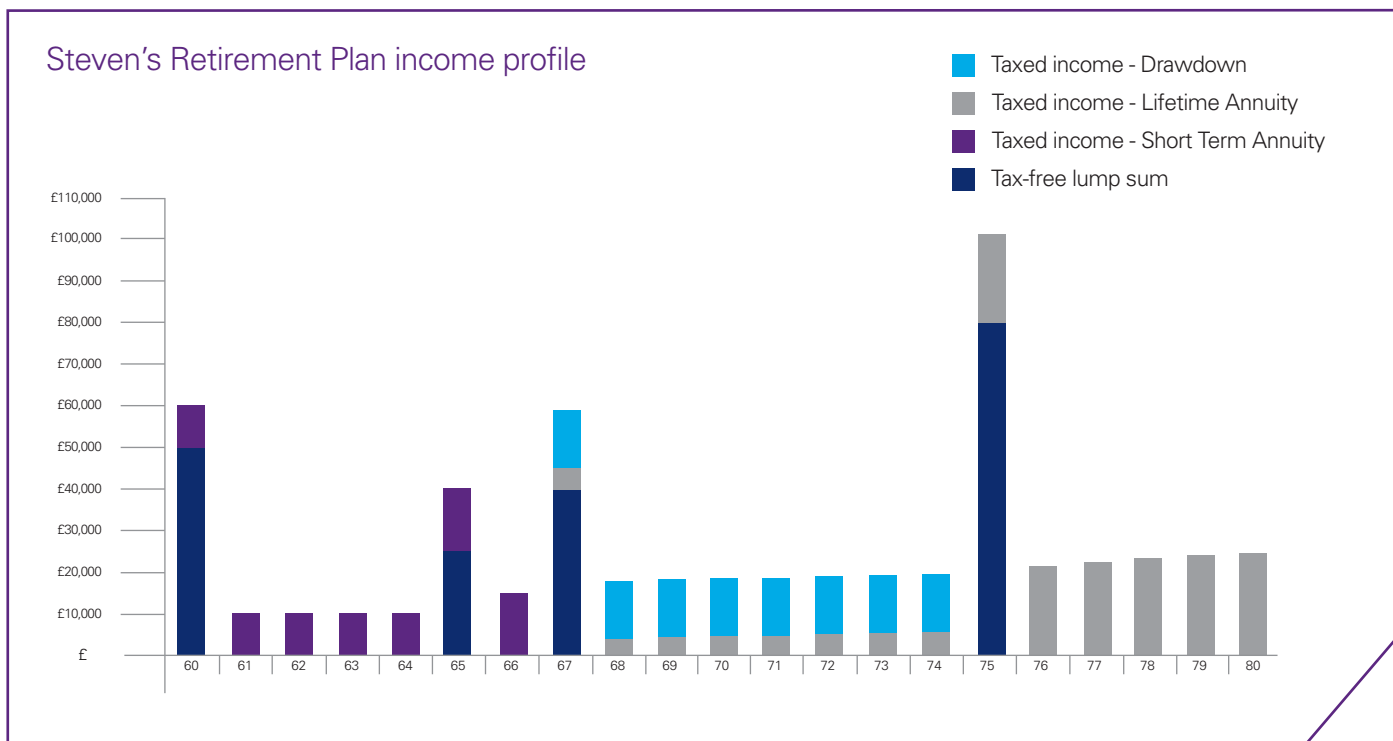
Steven calls time on his career and looks forward to fulfilling his retirement dreams. Both he and Carol are in good health and they plan to do a lot of travelling over the next few years, exploring places they've not visited before. His Retirement Plan is now worth £564,000 (£367,000 in Savings with £197,000 in Income). Generating income is now of paramount importance and he ceases contributions to his Plan. His adviser recommends transferring £150,000 of his Savings element to the Lifetime Annuity. After he takes his 25% tax-free lump sum entitlement of £37,500 this secures a lifelong income of £4,500 per annum with 3% escalation, 10 year guarantee and 50% spouse's annuity. Steven also decides to supplement this with withdrawals of £16,000 from the value of the Income element of his Plan.

Age 75

Steven transfers the remaining £320,000 of his Savings element to his Income element. He takes his 25% tax-free lump sum entitlement from the £320,000 he has moved - amounting to £80,000 and uses the whole value of his Income element (£370,000) to purchase a further Lifetime Annuity, this time securing additional lifelong income of £16,000 per annum with 3% escalation, 10 year guarantee and 100% spouse's annuity.

In summary

- Steven wanted to simplify his pension affairs by consolidating his existing pension arrangements under one plan - the Retirement Plan.
- He also wanted the flexibility to make lump sum contributions to the Plan as and when his personal financial circumstances allowed.
- Steven wanted to enjoy the flexibility afforded by his Retirement Plan, easing into his retirement as he started to work part time and leaving the value of his Plan to continue to grow after he retired.
- Steven also wanted a guaranteed income for a fixed period of time whilst providing the opportunity for his funds to benefit from the potential of investment growth.
- He took 25% of part of the value of his Savings element as a tax-free lump sum when he began retiring at age 60 and activated the Income element of his Plan, taking a relatively small income through our Short Term Annuity to replace the income lost from working part-time.
- As his need for income increased through reducing his working hours, Steven transferred further amounts from Savings to Income over time, gradually increasing his income through the combination of tax-free lump sums and taxed income using our Short Term Annuity, 'Drawdown' facility and Lifetime Annuity as he further 'phased in' his retirement.
- At age 75 he bought an income for the rest of his life through our Lifetime Annuity.



Source: Alico Wealth Management internal. Amounts assume 7% p.a. investment return and 2% p.a. effect of charges. Lifetime Annuity figures sourced using The Exchange 2 February 2010. Lifetime Annuity at age 67 - £112,500 purchase amount, conventional, 3% escalation, 10 years' guaranteed period, paid annually in advance, spouses annuity of 50% payable. Lifetime Annuity at age 75 - £370,000 purchase amount, conventional, 3% escalation, 10 years guaranteed period, paid annually in advance, spouse's annuity of 100% payable. All figures are provided for illustrative purposes only.

This case study is designed to demonstrate the flexibility of the Retirement Plan and to highlight some of its features and benefits. It is not a recommendation of suitability for individual circumstances.

Plan Summary

Product structure	Savings element Personal pension	Income element Unsecured pension	Lifetime Annuity Secured pension
Eligibility			
Min age at entry	17	55	55
Max age at entry	74	74	75 th birthday
Max age at vesting	75 th birthday	75 th birthday	N/A
Contributions	Single from member, employer, transfer in (including protected rights and Qualifying Recognised Overseas Pension Scheme).	Transfer from Retirement Plan Savings element and transfer in (including unsecured pension transfer, protected rights and Qualifying Recognised Overseas Pension Scheme).	Transfer from Retirement Plan.
Minimum investment	£25,000	Existing Retirement Plan client £5,000, otherwise £25,000.	Existing Retirement Plan client £5,000.
Maximum investment	Subject to Annual Allowance.	Subject to Lifetime Allowance.	Subject to Lifetime Allowance.
Minimum additional investment	£5,000	£5,000	Not permitted.
Minimum term	N/A	1 year for Short Term Annuity only.	N/A
Investment options	Alico Choice Funds Adviser Choice Funds Managed Portfolio Funds Select Deposit Fund Guaranteed Investments Structured Investments.	Alico Choice Funds Adviser Choice Funds Managed Portfolio Funds Select Deposit Fund Guaranteed Investments Structured Investments Short Term Annuity.	N/A
Maximum number of investments client can invest in	15	15	N/A
Switch charge	Nil	Nil	N/A
Number of free switches	Currently unlimited.	Currently unlimited.	N/A
Minimum switch amount	£500	£500	N/A
Minimum remaining fund	£500	£500	N/A
Death benefits available	<ul style="list-style-type: none"> • Lump sum/return of fund. • Dependants' secured pension. • Dependants' unsecured pension. 	<ul style="list-style-type: none"> • Lump sum/return of fund (less 35% tax). • Dependants' secured pension. • Dependants' unsecured pension. 	<ul style="list-style-type: none"> • Guarantee period of up to 10 years. • Spouse/civil partner pension annuity of up to 100%.
Protected rights	<ul style="list-style-type: none"> • Spouse/civil partner pension. • Where no spouse/civil partner a lump sum/return of fund is usually payable to the deceased's estate or nominated beneficiary. 	<ul style="list-style-type: none"> • Spouse/civil partner secured pension. • Spouse/civil partner unsecured pension. • Where no spouse/civil partner a lump sum/return of fund is usually payable to the deceased's estate (less 35% tax). 	<ul style="list-style-type: none"> • Guarantee period. • Spouse/civil partner secured pension.

Product structure	Savings element Personal pension	Income element Unsecured pension	Lifetime Annuity Secured pension
Income			
Frequency	N/A	<ul style="list-style-type: none"> Monthly, quarterly, half-yearly and yearly. One-off income is also available. 	<ul style="list-style-type: none"> Monthly, quarterly, half-yearly and yearly.
Minimum	N/A	<ul style="list-style-type: none"> £500 p.a. for regular income payments. 	<ul style="list-style-type: none"> £500 p.a.
Maximum	N/A	<ul style="list-style-type: none"> 120% of an annuity value calculated using annuity rate tables produced by GAD. 	N/A
Type	N/A	<ul style="list-style-type: none"> Fixed (Short Term Annuity). Variable ('Drawdown'). 	<ul style="list-style-type: none"> Guaranteed. Level. Escalating.
Funds	N/A	<ul style="list-style-type: none"> Individually selected Market Fund. 	N/A
Review	N/A	<ul style="list-style-type: none"> 5-yearly review 	N/A
Annuity purchase	<ul style="list-style-type: none"> Prior to age 75 an annuity can be purchased using some or all of accumulated fund at any time. At age 75 all remaining funds must be used to purchase an annuity or transferred to Alternatively Secured Pension (ASP). 	<ul style="list-style-type: none"> Prior to age 75 an annuity can be purchased using some or all of accumulated fund at any time. At age 75 all remaining funds must be used to purchase an annuity or transferred to Alternatively Secured Pension (ASP). 	N/A
Charges			
Set-up	<ul style="list-style-type: none"> No Alico Wealth Management set-up charge. If Initial Adviser Remuneration is taken the Amount Allocated to investments will be reduced on a 1:1 basis. 	<ul style="list-style-type: none"> No Alico Wealth Management set-up charge. If Initial Adviser Remuneration is taken the Amount Allocated to investments will be reduced on a 1:1 basis. 	<ul style="list-style-type: none"> No Alico Wealth Management set-up charge. If Initial Adviser Remuneration is taken the Amount Allocated to purchase the annuity will be reduced on a 1:1 basis.
Ongoing - Asset Charge	<ul style="list-style-type: none"> Typically 0.75% p.a. on each investment the client holds under their Plan. For Defined Return Investments, this charge will be taken into account in the returns offered by these investments. As part of our commitment to ensuring the quality of the Alico Choice Funds, we offer performance-related rebates. 	<ul style="list-style-type: none"> Typically 0.75% p.a. on each investment the client holds under their Plan. For Defined Return Investments, this charge will be taken into account in the returns offered by these investments. As part of our commitment to ensuring the quality of the Alico Choice Funds, we offer performance-related rebates. 	N/A

Product structure	Savings element Personal pension	Income element Unsecured pension	Lifetime Annuity Secured pension
<p>- Fund Manager Charges</p>	<p>At the end of each quarter (March, June, September and December), we measure the performance of each third party fund on the Alico Choice Fund panel against the most appropriate benchmark for its sector over time periods of 1, 3 and 5 years.</p> <p>Any Managed Portfolio Fund containing a rebated Alico Choice Fund(s) would receive a proportional rebate.</p> <ul style="list-style-type: none"> The fund manager will charge an Annual Management Charge (AMC) which will be taken into account in the prices of the mutual fund units, and therefore reflected in the unit prices of the Alico Choice Funds. However the fund manager will normally refund some of this charge back to Alico Wealth Management. This is because Alico Wealth Management will have negotiated a reduced AMC on behalf of its clients. Any refunds we receive will be placed into the fund. The effect of the AMC through Alico Wealth Management will therefore be much less than that of a direct holding with the fund manager. <p>The fund manager may also make a charge when an investment is made into the fund. This is known as an initial charge and we will also reflect this in the unit prices that we calculate.</p>	<p>At the end of each quarter (March, June, September and December), we measure the performance of each third party fund on the Alico Choice Fund panel against the most appropriate benchmark for its sector over time periods of 1, 3 and 5 years.</p> <p>Any Managed Portfolio Fund containing a rebated Alico Choice Fund(s) would receive a proportional rebate.</p> <ul style="list-style-type: none"> The fund manager will charge an Annual Management Charge (AMC) which will be taken into account in the prices of the mutual fund units, and therefore reflected in the unit prices of the Alico Choice Funds. However the fund manager will normally refund some of this charge back to Alico Wealth Management. This is because Alico Wealth Management will have negotiated a reduced AMC on behalf of its clients. Any refunds we receive will be placed into the fund. The effect of the AMC through Alico Wealth Management will therefore be much less than that of a direct holding with the fund manager. <p>The fund manager may also make a charge when an investment is made into the fund. This is known as an initial charge and we will also reflect this in the unit prices that we calculate.</p>	<p>N/A</p>

Protection

Alico (UK Branch) is authorised and regulated by the Financial Services Authority, with all associated safeguards and protections.

We classify a client investing in the Retirement Plan as a 'retail client' under Financial Services Authority rules. This means that they will receive the highest level of regulatory protection available for complaints and compensation and receive information in a straightforward way.

We are covered by the Financial Services Compensation Scheme (FSCS). If we cannot meet our obligations, the owner of the Plan may be entitled to compensation under the scheme. For this type of plan, the scheme covers 90% of any claim.

For further details on the FSCS, please visit www.fscs.org.uk or phone 0207 892 7300. Alternatively, you can contact the Financial Services Authority by visiting their website at www.fsa.gov.uk or phoning 0207 066 1000.

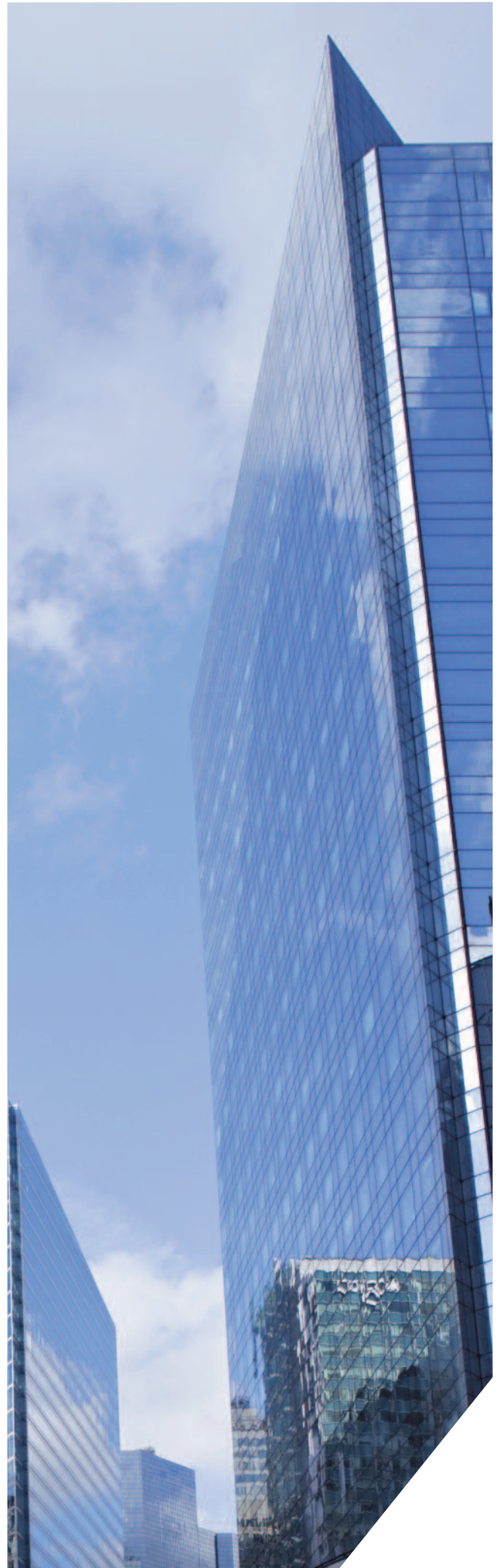
For further information

If you'd like more information about the Retirement Plan, please refer to the Key Features of the Retirement Plan (Savings and Income), Retirement Plan Policy Conditions, Select Investment Range and Select Investment List documents.

We explain how you can use our Retirement Plan to help your clients in our Retirement Plan Client Guide.

All documents are available on our website at www.alicowm.co.uk, or from your Regional Sales Manager.

Alternatively, please feel free to call us on 0800 013 2292 or e-mail retirement@alico.com.



Wealth Management

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COMP 8420 | MAR 2010

