

The Retirement Plan

from the Select Portfolio

A guide for clients

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. The Select Portfolio is a collection of retirement and investment products available only through recommendation from a financial adviser.

This guide aims to provide you with the information you need to know when considering whether or not the Retirement Plan is suitable for your needs, including the comprehensive investment range underpinning it. 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 from your financial adviser or on our website at www.alicowm.co.uk.

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Our guiding principles

All products within the Select Portfolio are only available through financial advisers. This means that we rely on their recommendation, so we offer the things we believe are most important to you as their client when choosing a home for your money:

- Versatility - a wide range of investment and retirement products to meet your needs whatever your stage of life.
- Choice - a comprehensive investment range offering a suitable solution for a wide range of risk appetites.
- Service - being easy to do business with at all times.
- Transparency - openness and honesty in all communications with you.
- Security - the peace of mind that comes from investing with a leading international life insurer.



Retirement has changed.

Retirement planning needs to adapt.

Attitudes to retirement have changed, and retirement is now viewed by many as the beginning of an exciting new phase of life, a vision that we share at Alico Wealth Management.

Whatever your retirement aspirations, it's important that you have a careful plan which you can adapt as your circumstances change.

That's why we've developed the Retirement Plan. It's a new type of **pension plan**, designed to help you work with your financial adviser to plan your retirement, with the flexibility to tailor the Plan for the many lifestyle and financial changes you'll experience throughout your life, even the ones that you don't yet know about. This is what we at Alico Wealth Management like to think of as the 'Retirement Journey'.

A **pension plan** is a type of long-term savings plan that allows for the tax-free build-up of a 'pot of money' for later use as an income in retirement (tax deducted from dividends paid by investments you hold within a pension plan cannot be reclaimed). The Government provides an incentive to people saving for their retirement in the form of tax relief on the payments that they make from personal funds to a pension plan. This tax relief is given at the basic rate of tax, currently 20%, to all those saving in a pension plan (including non-tax payers). Higher rate taxpayers are able to claim the difference between basic rate tax and higher rate tax - also currently 20% - via their Self Assessment tax return.

One Plan for all your retirement needs

The Retirement Plan has two elements:

- **Savings** - enabling you to save towards your retirement in a tax-efficient manner through investing into a wide range of investments that offer different levels and types of risk and return, and
- **Income** - for when you want to take income from your retirement savings from the age of 55.

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

So, whether you're looking to build up savings for your retirement, protect the savings that you've built up or take income from them, you'll find that the Retirement Plan provides the flexibility you need.

Our **Lifetime Annuity** is a contract that you can make with us. In return for some or all of your Retirement Plan, we will guarantee to pay you an income for the rest of your life. For further information please refer to your financial adviser and the Key Features of the Lifetime Annuity.

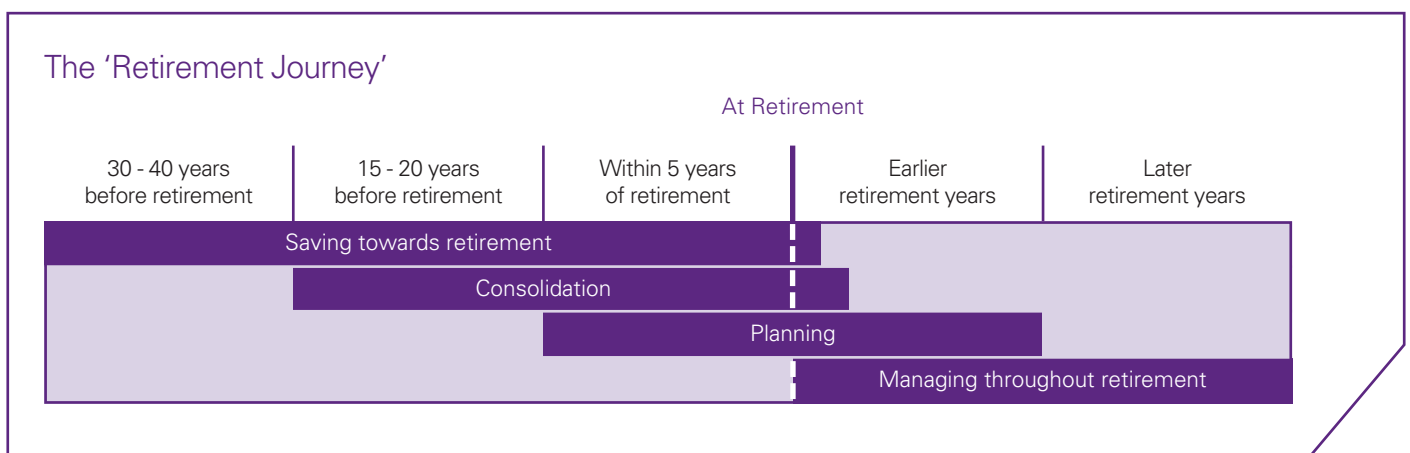


Our view on retirement planning - the 'Retirement Journey'

The 'Retirement Journey' starts a long time before retirement itself, and there are a number of key phases:

- **Saving towards retirement** - the starting point. Thinking about how you want to spend your retirement years, building up the funds needed to enjoy retirement to the full, deciding on an investment strategy.
- **Consolidating your retirement position** - the retirement review. Appraising your retirement goals and saving plans, 'tuning up' your investment strategy. Considering the needs of those that matter most to you.
- **Planning for your retirement** - the options. Understanding your requirements in detail, making choices about your retirement savings - for example reducing your risk of investment losses.
- **Managing your lifestyle throughout retirement** - the living. Maximising and sustaining your income, fulfilling your chosen lifestyle, 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 navigate along the whole length of your Retirement Journey.



Introducing the Retirement Plan

Savings

The Savings element of the Retirement Plan allows you to build up the funds you need for retirement in a tax-efficient way. If you have pension arrangements through different schemes you can consolidate all of your retirement savings into your Plan, giving you total control over all of your retirement funds, in one flexible place.

The Retirement Plan also makes it simple for you to move your funds into investments that best suit your objectives and attitude to risk, and to adapt your chosen investments as your needs change over time. You can choose from the extensive investment options available through our Select Investment Range. For information on the Select Investment Range please refer to the 'Your Investment options' section on page 8.

Income

The Income element of your Retirement Plan offers the same range of investments as the Savings element but, unlike the Savings element, allows you to choose the amount you withdraw each year from the value of your Plan to meet your income needs in retirement, subject to the limits allowed by the Government. Your withdrawals can be in the form of a tax-free lump sum, taxable income or both (collectively known as your 'retirement benefits'). You can, however, choose to defer the taxable income to a time that suits you, for example if your personal tax rate reduces from the higher rate to the basic rate.

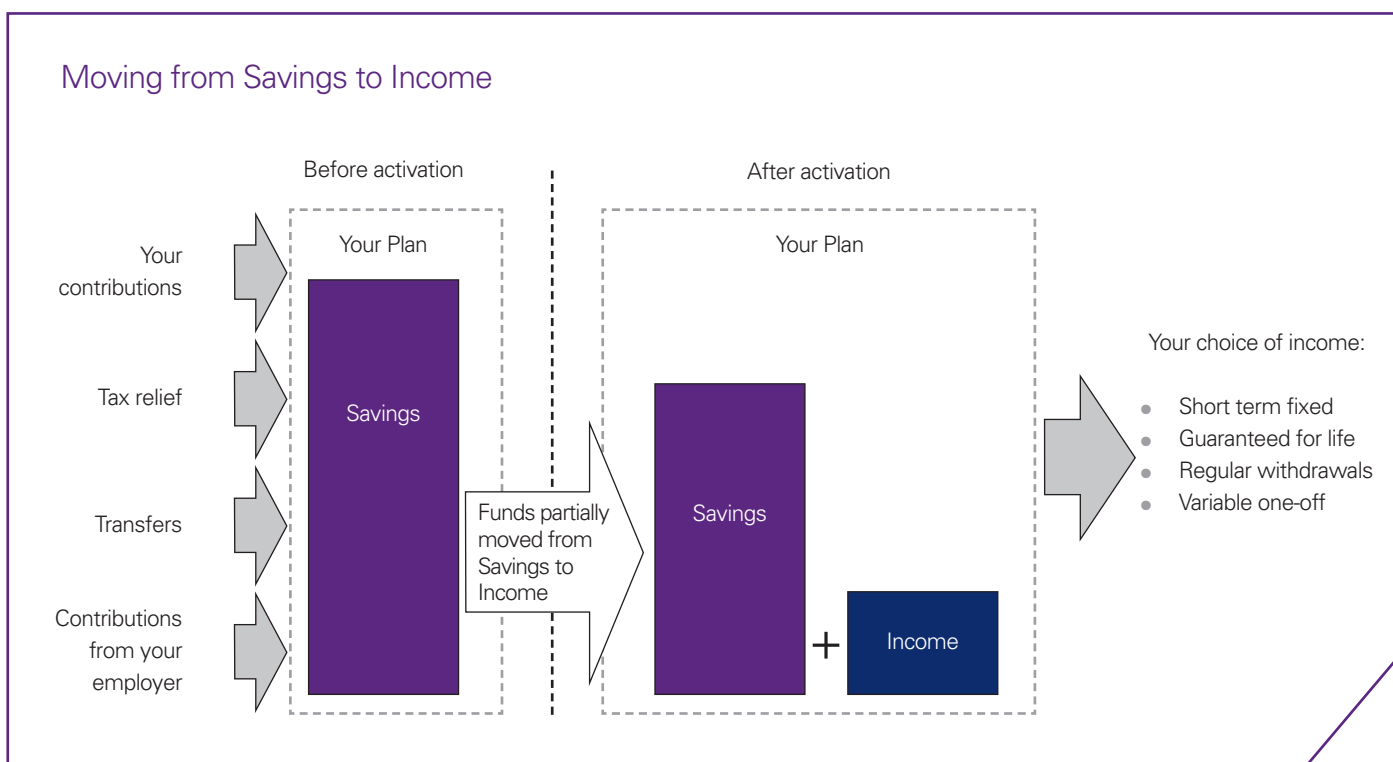
Moving from Savings to Income

At any point from age 55 up until age 75, you can choose to transfer to the Income element of your Plan by moving funds from Savings to Income. This is what we at Alico Wealth Management call 'activation'. You can choose to activate the Income element of your Plan by moving funds from Savings to Income either all at once, or in instalments over a period of time, providing the flexibility for you to time your withdrawals from the Plan to when it best suits you.

Each time you move funds from Savings to Income, you can normally withdraw up to 25% of the value of the amount you move as a tax-free lump sum, with the remainder being used to provide you with a taxable income when and how you need it. Transferring funds from Savings to the Income element of your Plan in instalments and using the combination of a tax-free lump sum and taxable income as a withdrawal can be more tax-efficient than activating your Income element on all of your retirement savings at once. For example, you may in the future decide to retire gradually and reduce the hours you work each week for a number of years before retiring completely. In this scenario, using a tax-free lump sum and taxable income withdrawals from the Income element of your Plan to supplement your earnings from your work each year may help to reduce your personal liability to income tax or indeed help you avoid paying higher rate tax.

Also, you can hold the same comprehensive range of investments in Income as you can in Savings, allowing you to continue to adapt your investment strategy around your retirement needs, all within one Plan. You can, additionally at the same time, continue to make tax-efficient contributions and/or transfer an existing pension plan held with another pension company to your Savings.

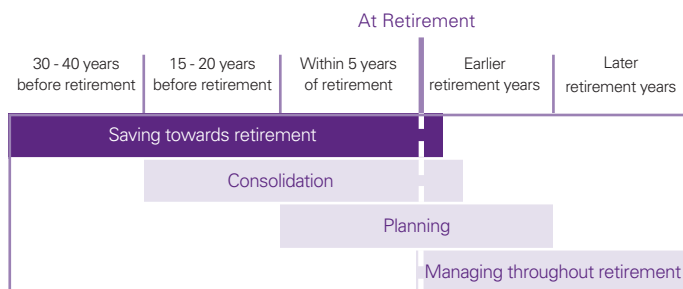
If you'd like to find out more about the potential benefits of transferring from the Savings element to the Income element of the Retirement Plan in instalments, please speak to your financial adviser.



The Retirement Plan and you

The Retirement Plan has been designed to meet your needs in each of the key phases of the Retirement Journey. (Please note that this section contains a number of technical notes which can be found in the box on page 7.)

Saving towards retirement



You can pay lump sums (known as ‘contributions’) into your Retirement Plan at any time up to age 75, subject to a minimum of £25,000 for an initial contribution and £5,000 for all further contributions. If you are employed, your employer can also contribute.

Contributions that you make from personal funds to your Retirement Plan are tax-efficient due to the tax relief that they attract. Personal contributions are paid net of basic rate tax, which is currently 20%.

We will automatically add an amount equal to the basic rate of income tax to your contributions, allowing you to benefit from the tax relief being invested immediately. We recover this amount from HMRC at a later date. To calculate the total that would be contributed to your Plan once tax relief is added, you simply divide your personal contribution by 0.8. For instance, if you invest £20,000 into the Retirement Plan, we will top this up with the tax relief of £5,000 to make a total of £25,000 (£20,000/0.8).

If you’re a higher rate taxpayer, you can additionally claim higher rate tax relief via your tax return - up to a further £5,000 in this example. A £25,000 contribution into your Retirement Plan could therefore cost you as little as £15,000. The table below illustrates further examples of how tax relief on personal contributions works.

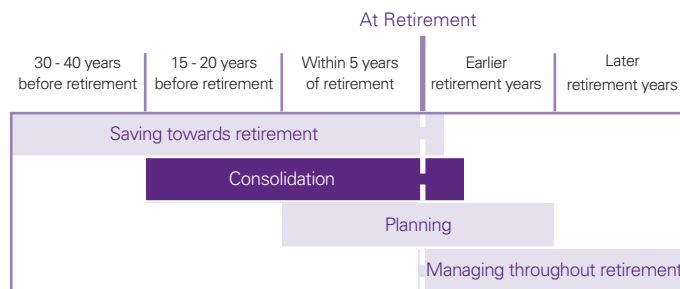
Contributions are subject to an Annual Allowance set by the Government¹. Please speak to your financial adviser for further details.

Once invested in your Plan your contributions will grow free of any UK capital gains tax and income tax (although tax deducted from dividends paid by investments you hold within your Plan cannot be reclaimed).

Examples of how the tax relief works

| You pay | Basic rate tax relief | Amount Invested into your Retirement Plan | Higher rate tax relief ² | Effective cost for higher rate taxpayer ² |
|---------|-----------------------|---|-------------------------------------|--|
| £20,000 | £5,000 | £25,000 | £5,000 | £15,000 |
| £24,000 | £6,000 | £30,000 | £6,000 | £18,000 |
| £40,000 | £10,000 | £50,000 | £10,000 | £30,000 |
| £80,000 | £20,000 | £100,000 | £20,000 | £60,000 |

Consolidating your retirement position



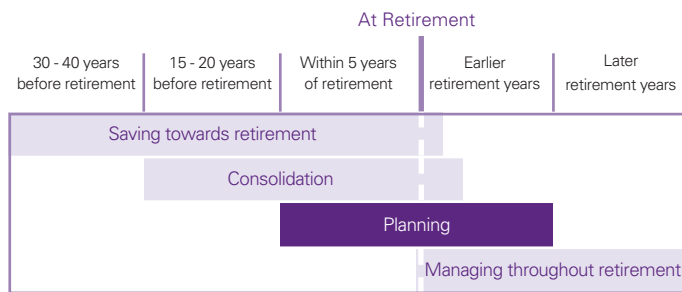
You can choose to transfer funds - including **protected rights** - into your Retirement Plan from any other existing pension schemes that you may have. These are known as ‘transfer contributions’ and do not attract tax relief.

Having all your pension savings in one place under the Retirement Plan may make managing your pension affairs more straightforward and less costly whilst offering you greater investment choice.

When consolidating your position, it can also be a good time for you to consider the needs of those that matter most to you. Should you die before you begin taking retirement benefits from your Plan, your funds will normally be passed to your spouse or other elected beneficiary free of inheritance tax³.

Part of the State pension which people who have been employed during their working life can receive is related to their earnings and is known as the additional State Pension. An individual’s entitlement to the additional State Pension may come from the State Earnings Related Pension Scheme (SERPS) and/or the State Second Pension (S2P) which superseded SERPS from 6 April 2002. If you have previously ‘contracted out’ of the SERPS and/or the S2P via a pension plan you will hold what are known as **‘protected rights’** funds within your retirement savings. Protected rights are a substitute for the S2P and/or SERPS that you would have received had you not contracted out and are subject to specific rules set by the Government.

Planning your retirement



When you set your Plan up you can choose your retirement age - the age when you want to start receiving your retirement benefits from the Plan - anytime between the ages of 55 and 75.

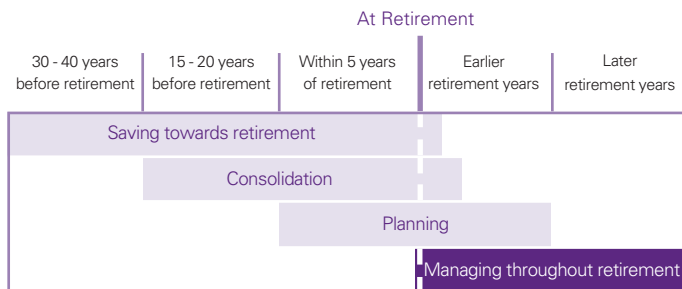
Of course, with the Retirement Plan, you don't have to retire and begin receiving your retirement benefits at the age you select when you apply - you can decide to retire earlier, later or indeed choose to retire in phases. The choice is yours as long as you're between the ages set by the Government of 55 and 75^{4,5}.

You can start withdrawing an income from the Income element of the Plan at any time after you've reached 55 years of age, subject to the limits allowed by the Government⁶. You simply choose how and when you need your income.

Thinking about how to withdraw this income from your hard-earned pension savings can be a difficult decision.

With the Retirement Plan we've made the breadth of choices more comprehensive by offering a number of different income options all in one place, including fixed income for the short term, guaranteed income for your lifetime, and income that you can adjust as your needs change.

Managing throughout retirement



When you want to take benefits from your Retirement Plan, you can do so by moving part or all of the value of your Plan from Savings and activating your Income element⁷. At this point, you can take 25% of the value of the amount that you move as a tax-free lump sum, with the remainder then being used to provide you with a taxable income when and how you need it⁸.

You can choose to take your income in one or a combination of the following ways:

- fixed income for a fixed period in the form of our **Short Term Annuity**
- variable one-off amounts or regular withdrawals from your funds, whilst leaving the funds invested to provide the potential to benefit from any investment growth, known as '**Drawdown**'
- guaranteed income for life by using part or all of the value of your Plan to buy one or a number of our Lifetime Annuities.

Our **Short Term Annuity** is a contract that you can make with us. In return for part of the value of the investments held under your Income element, we will pay you a fixed income for any period that you choose (in years and months) between 12 months and 5 years. 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 your chosen term to either your nominated beneficiaries or your estate.

'**Drawdown**' is the name given to the facility under a pension plan that allows you to continue to keep your retirement savings invested and take an income each year rather than buy an annuity. 'Drawdown' must cease before your 75th birthday.

You can also choose to defer taking income to a time that suits you, for example if your personal tax rate reduces from the higher rate to the basic rate.

Throughout your retirement, you can make changes to the way you receive your income from your Income element at any time. Income paid from the Short Term Annuity will have to be paid for the chosen fixed period.

Please note, though, that under current legislation, by age 75 you must have used all of your Retirement Plan to either buy a Lifetime Annuity or transfer to an **alternatively secured pension** with another pension company (as we do not currently offer an alternatively secured pension arrangement).

An **alternatively secured pension** is a form of drawdown. Instead of buying an annuity at age 75, an individual can continue to invest their pension savings and draw an income from their fund within certain limits set by the Government.

Should you die whilst in receipt of retirement benefits from the Income element of your Plan the value remaining in your Income element will normally be passed as a lump sum to your spouse, civil partner or other elected beneficiary after a tax charge - currently 35% - has been applied⁹.

Alternatively, they could use the value of the Income element to buy a lifetime annuity or indeed they might be able to take an income from the Income element.

When you take benefits from the Plan, the value of your pension savings will be tested against a limit set by the Government known as the Lifetime Allowance. Similarly, when a lump sum is paid from the Plan on death, the value of the lump sum will be tested against the Lifetime Allowance⁹. Please speak to your financial adviser for further details.

In practice the Lifetime Allowance is high enough to not affect most people but please speak to your financial adviser for further details.

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

Further information on the additional State Pension and retirement planning in general is available from your financial adviser or at www.moneymadeclar.fsa.gov.uk.

Technical notes

- ¹ Personal contributions and those made by anyone else on your behalf, for example your employer, to all your registered pension schemes each year are subject to the prevailing Annual Allowance set by the Government. Tax relief is limited to 100% of an individual's relevant UK earnings or £3,600, whichever is greater and is based on the value of contributions paid to all registered pension schemes in a tax year. Please speak to your financial adviser for further details.
- ² You must have an income of less than £130,000 and pay sufficient tax at the higher rate to claim the full higher rate tax relief.
- ³ Government rules require that, upon death, the value of any protected rights must be used to buy a compulsory income for your spouse or registered civil partner. If you have no spouse or registered civil partner the value of any protected rights within your Plan will be paid as a lump sum to your estate.
- ⁴ Money invested in the Retirement Plan must be used to provide income and optional tax-free lump sum benefits when you retire or death benefits upon your death.
- ⁵ In certain circumstances, you may be able to retire earlier, for example if you are in ill health.
- ⁶ HMRC sets out minimum and maximum income amounts that can be withdrawn from pension plans such as the Retirement Plan based on rates published by the Government Actuary's Department (GAD). We will calculate the maximum income that you can withdraw from the Income element of your Retirement Plan at least every five years to ensure that your income withdrawals remain within the limits allowed by HMRC.
- ⁷ If you hold both protected rights and non-protected rights funds under the Income element of your Retirement Plan and take retirement benefits from your protected rights funds using our Drawdown facility or Short Term Annuity, the Department of Work and Pensions (DWP) require that the protected rights funds are not depleted at a greater rate than the non-protected rights funds, i.e. the benefits taken from each part must be proportional. This is known as the 'proportionality' rule.
- ⁸ Rather than withdraw benefits from your Retirement Plan, at any point up to age 75, you can buy a lifetime annuity from another pension company or indeed us. This is part of the 'Open Market Option'. Your financial adviser can provide details of how you can do this.
- ⁹ There is a limit on the value of pension savings that you can accumulate in your lifetime, before you may have to pay a tax charge.

This limit is known as the Lifetime Allowance and is set at £1.8m for the tax year 2010/2011. Each time you transfer to the Income element or indeed if you purchase a lifetime annuity with part or all of your Retirement Plan, the total value of your pension savings will be tested against the Lifetime Allowance. The Lifetime Allowance also limits the lump sum death benefit payable from pension arrangements before a tax charge may apply. The total value of lump sum death benefits payable at the date of your death will be tested against the Lifetime Allowance.

Retirement Plan - benefits at a glance Security and flexibility all in one place

A secure future with a strong company

Alico is one of the leading companies in international financial services, serving 19 million customers worldwide, and is rated A+ by Standard & Poor's as at 12 March 2010, placing us in good company with some of the largest and well-known insurance companies in the UK.

Extensive choice under one Plan

With a wide investment range to choose from, the Retirement Plan makes it easy to decide on a suitable investment strategy - whether cautious, adventurous or anywhere in between - and then adapt it to your needs as they evolve over time.

Uncomplicated charges

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

Protection when you need it

To enjoy your retirement years the way you want to, you'll have to build up the right level of savings to provide your income in retirement. This can be a difficult task, particularly when unforeseen events such as declining stockmarkets can set your plans back. The range of guarantees available through our Defined Return Investments under the Retirement Plan can provide a cushion against such an occurrence, and help to keep your retirement plans firmly on track.

For a description of our Defined Return Investments, please refer to the 'Your investment options' section on page 8.

A straightforward, simple affair

It's not uncommon for people 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 they are all compatible with your retirement plans can therefore be difficult.

The Retirement Plan offers you the opportunity to consolidate all of your arrangements into one Plan, making it simpler to manage your affairs and make sure that all your pension savings are 'in tune' with your retirement aspirations.

Total Income flexibility

Maximising post-tax income from hard-earned pension savings can be a complicated business. With the income flexibility of the Retirement Plan we've made it possible for you to get exactly the income you need, precisely when you need it.

The short term fixed, variable, regular, one-off, and lifetime guaranteed income options available through the Retirement Plan allow immediate and ongoing income requirements and personal tax positions to be catered for.

Managing your estate

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

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

Your investment options - the Select Investment Range

Freedom of choice to suit you

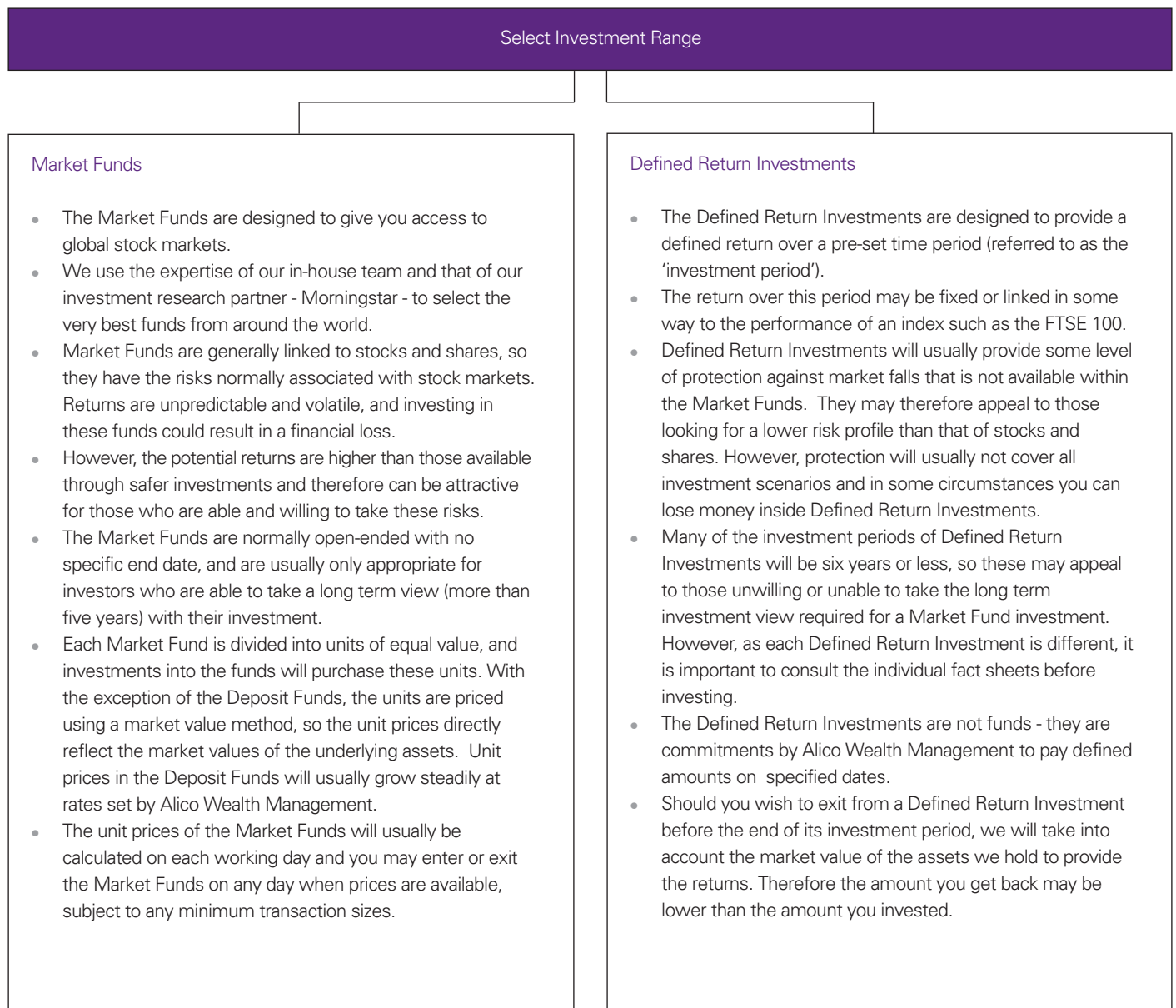
When you invest in a Retirement Plan, you have the opportunity to choose from a wide range of investments offering different levels and types of risk and return. These investments fall into two broad groups - Market Funds and Defined Return Investments - and collectively are known as the Select Investment Range.

We've chosen to work with Morningstar Associates Europe Ltd ('Morningstar') as our investment research partner. Morningstar draws upon the research and data resources of Morningstar, Inc., which employs more than 2,300 people across 24 offices worldwide, providing 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. When added to our in-house expertise, this enables us to provide you with a comprehensive choice of investments.



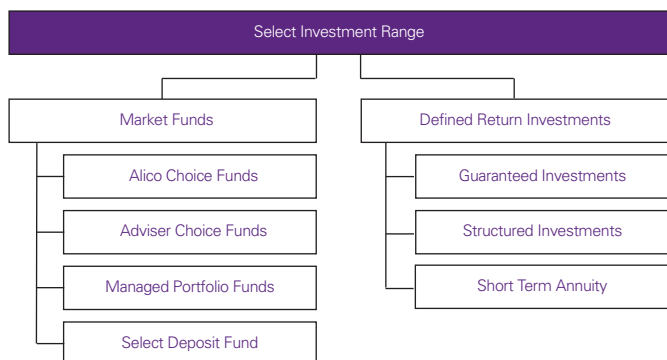
This same extensive investment range is available through both elements of the Retirement Plan and you can choose up to 15 investments from both categories regardless of whether you are invested in Savings or Income or, indeed, both.

The diagram below provides details of the characteristics of each of the investment types available under the Retirement Plan.



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 you 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 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 other secure **money market investments**. It is designed to be a very low risk fund for the cash element of your investment portfolio.

A **money market investment** is a short-term (typically less than one year), highly liquid investment - provided by the Government or a very strong company - that is traded on money markets.

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 you hold them 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.

A **Counterparty** is a third party company that provides the assets behind structured investments. **Counterparty risk**, otherwise known as default risk, is the risk that a company does not pay out on an investment when it is supposed to.

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 Plan untouched. At any time we offer a range of terms under our Short Term Annuity that cover periods 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. The Short Term Annuity is not available for investors in the Savings element of the Retirement Plan.

Your financial adviser can provide you with more details on each of the investments available in the Select Investment Range and whether they are suitable for you.

Charges - uncomplicated and value for money

We believe that charges should be as easy to understand as possible, which is why we've designed the Retirement Plan so that you know exactly what you are paying for and when you have to pay it.

When you make your first contribution we will set up your chosen element of the Retirement Plan and establish a **Select Account** as an investment within the Plan. We will allocate to the Select Account 1% of your **Amount Allocated** you have identified to be invested in Market Funds for that element.

Each element of the Retirement Plan can have up to two separate parts - **non-protected rights** and protected rights - but will have only one Select Account. If you invest in both the Savings and Income element of the Retirement Plan, it is therefore possible that your Plan could have four separate parts and hold two Select Account investments.

Your **Select Account** will only be used to pay charges due on the Market Funds, as well as any Ongoing Remuneration payments you have agreed with your financial adviser (please see 'Adviser Remuneration' on page 11). There is no risk to the money you have in the Select Account. When the balance of your Select Account holding falls below 0.25% of the value of your Market Funds, we will automatically replenish your account to 1% by transferring from a Market Fund you have nominated in your Application Form.

The **Amount Allocated** is your contribution less any Initial Adviser Remuneration (see page 11 for details).

Non-protected rights funds are built up by your personal contributions, the tax relief on your personal contributions, any contributions made on your behalf by your employer, and transfer contributions (excluding, of course, protected rights transfers).

Asset Charge

When you invest in the Retirement Plan, there is an annual Asset Charge on each of your investments. For Market Funds, the Asset Charge is typically 0.75% per annum. The charge is taken from your Select Account holding by deduction of units on a daily basis.

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 opposite).

- 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.

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.

Fund Manager Charges

Most Market Funds will be managed by a fund manager, usually outside Alico, who will charge an Annual Management Charge (AMC) which is reflected in the values of the assets within the fund. The effect of these AMCs inside the Market Funds will usually be lower than the AMC you would pay if you invested in the fund directly, as we can use our purchasing power to negotiate discounts from the fund managers, and we always reflect these discounts in the charges that are passed on to you.

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.

Adviser Remuneration

All products in the Select Portfolio are designed to give you and your financial adviser a number of options when it comes to **Adviser Remuneration**.

Adviser Remuneration is the amount you agree for your financial adviser to receive in return for the advice and service they have given you. **Initial Adviser Remuneration** is the amount you agree your adviser may receive from each of your initial and additional investments. This is deducted from your Amount Invested before it is allocated to your chosen investments. This is taken from your Select Account holding on a daily basis by deduction of units. **Ongoing Adviser Remuneration** may be paid to your adviser for the ongoing advice and service they give you. **Adviser Review Remuneration** may be paid to your adviser if - following a review of your Retirement Plan - they make any switches between your underlying investments. This is deducted from the amount reinvested.

For full details of the charges outlined in this section, please speak to your financial adviser, refer to your personalised Illustration and read the Select Investment Range guide and Select Investment List document. You can get these documents from our website at www.alicowm.co.uk.



Why choose Alico Wealth Management?

When you invest in a product from the Select Portfolio, you can be sure that you have chosen a product provided by a strong company with a secure future.

Alico Wealth Management is the retirement and investments division of the UK branch of Alico - a leading international life insurer with a unique heritage of serving customers across the globe for over 85 years. Since its establishment in 1921, Alico has developed an exceptional industry profile and enjoyed an enviable record of success.

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 serves 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, and Santiago, Chile.

Alico's Financial Strength Ratings*

| Agency | Rating |
|--------------------------|------------------------|
| Standard & Poor's | A+ (Outlook: Negative) |
| Moody's Investor Service | A1 (Outlook: Stable) |
| Fitch Ratings | A+ (Outlook: Positive) |
| A.M. Best Company | A (Outlook: Negative) |

* Ratings reflect financial strength ratings specific to American Life Insurance Company and are current as of 12 March 2010.

Protection

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

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

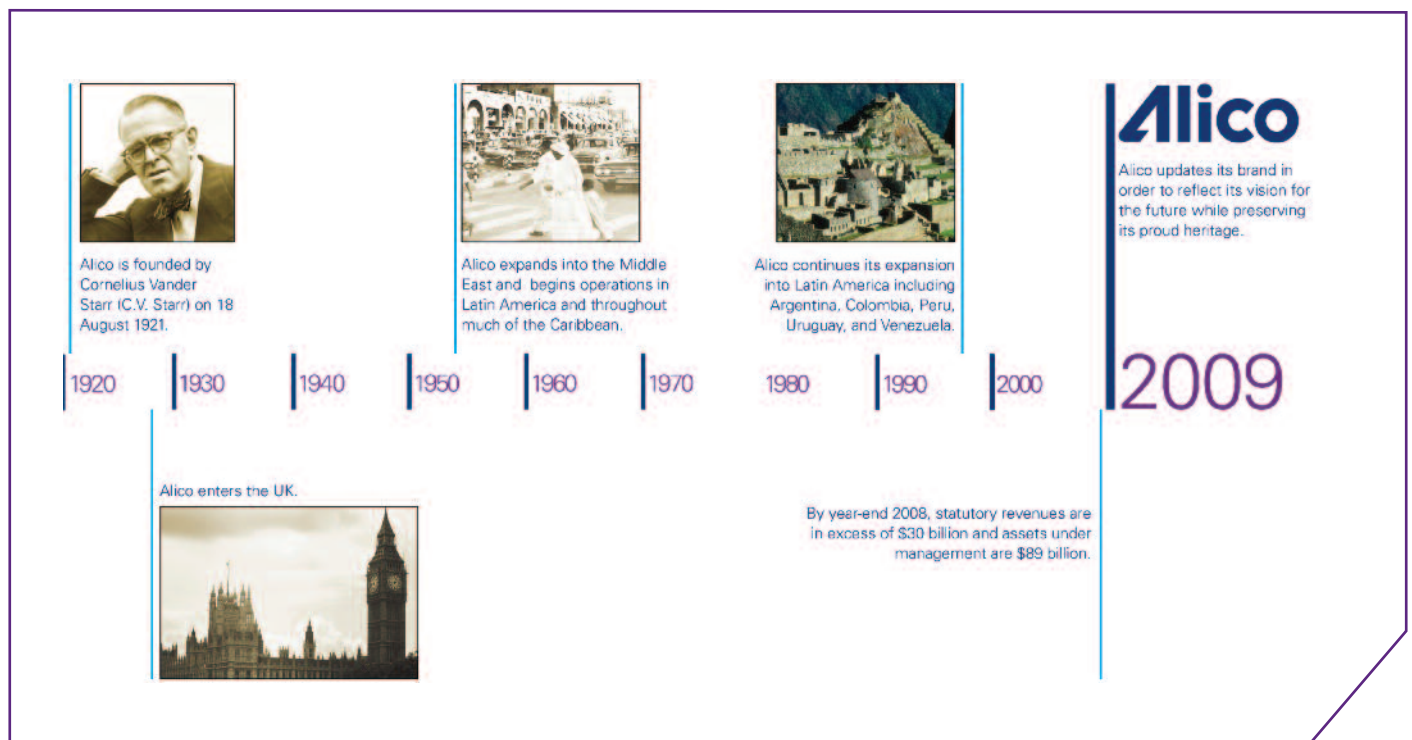
We are covered by the Financial Services Compensation Scheme (FSCS). If we cannot meet our obligations, the owner of the product may be entitled to compensation under the scheme. For the products available through the Select Portfolio, the scheme covers 90% of any claim.

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

This brochure provides a brief guide to the Retirement Plan. If you'd like more information about the Retirement Plan, please speak to your financial adviser and see the Key Features of the Retirement Plan (Savings and Income), Retirement Plan Policy Conditions, Select Investment Range and Select Investment List documents.

All documents are available from your financial adviser or on our website at www.alicowm.co.uk. Alternatively, please feel free to call us on 0800 013 2292 or e-mail retirement@alico.com.



Wealth Management

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