

# Key Features of the Just Retirement Fixed Term Annuity



This brochure outlines the key features of the Just Retirement Fixed Term Annuity.

**The Financial Services Authority is the independent financial services regulator. It requires us, Just Retirement, to give you this important information to help you decide whether our Fixed Term Annuity is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.**

If you have any questions, please discuss them with your financial intermediary.

You will receive a personal quotation showing the benefits available to you and a separate notice of your right to cancel. Please read all of these documents carefully.

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### Key Features of the Just Retirement Fixed Term Annuity

The Just Retirement Fixed Term Annuity (“the Plan”) is an arrangement provided under Capped Drawdown rules. This is where an income is taken from the pension fund instead of using it to buy a lifetime annuity. You can choose your level of income within limits set by the Government; your income level is then set for the duration of the term and reviewed periodically to ensure it remains within the Government limits applying at the date of review.

A Guaranteed Maturity Amount is calculated at the start of the Plan. If you live until the end of the term this Guaranteed Maturity Amount can be used to purchase a lifetime annuity, another Just Retirement Fixed Term Annuity, or any retirement income product available under legislation at that time.

#### Its aims

- To provide an income, if required, for the selected term, within Government limits.
- To pay you a tax free lump sum (also referred to as a Pension Commencement Lump Sum), if you are eligible to receive this payment and it has been selected.
- To give you an alternative to purchasing a lifetime annuity.
- To provide you with an option, if Plan Protection is selected and if you qualify for a Just Retirement enhanced lifetime annuity from us or any provider of your choice (based on its terms at the time), to convert your Fixed Term Annuity into an enhanced lifetime annuity at any point during the term.
- To receive transfers from existing UK registered pension schemes.
- To give you a choice in selecting the length of the Plan.
- To provide a Guaranteed Maturity Amount if you live until the end of the term.
- To enable you to transfer your Guaranteed Maturity Amount into another retirement income product at the end of the term.
- To avoid investment performance risk during the selected term.
- To give you the opportunity to select the income and lump sum benefits to be paid if you die before the end of the term.

#### Your commitment

- To transfer your pension fund of at least £10,000 (after taking any Pension Commencement Lump Sum), to the Just Retirement Fixed Term Annuity.
- If you wish to take a Pension Commencement Lump Sum and are entitled to, then you must select this on your application form, otherwise the option will be lost forever.
- To be certain about the decisions you make regarding the structure of the Plan as the benefits selected cannot be changed once the Plan has commenced.
- To ensure your representatives on your death are aware of the need to inform us if you die during the term.

#### Risk Factors

##### Future Income

- Whilst the maturity amount is guaranteed, annuity rates could be higher or lower in the future. This means that the amount of income that you will be able to secure after the maturity date may be higher or lower compared to the lifetime annuity income you could purchase today.
- The higher the level of income you select at the start of the Plan, the lower the Guaranteed Maturity Amount will be.
- Your selected level of income may be restricted during the term to ensure that it remains within limits set by the Government (as adjusted by the Government during the term).
- Your situation may change after your income payments have started, but you cannot change the level of income selected.

## Death Benefits

- If death benefits have not been selected for your dependant and/or beneficiaries on your death, or those you had selected are no longer applicable, nothing further will be paid from the Plan.
- If Plan Protection is not selected, the option to convert into an enhanced lifetime annuity during the term will not be available.
- Your situation may change after the Plan has commenced but you cannot change the death benefit options selected.

## Inflation

- Over the years inflation may reduce the real value of your income payments. You can choose to have escalation which means that your income payments would increase at a fixed rate between 0% and 8.5% each year. However the rate of inflation may be higher than this.

## Rate Changes

- Fixed Term Annuity rates can go up and down depending on market conditions. If your pension funds arrive after the guarantee expiry date shown on your personal quotation, the purchase rates on the date of receipt will apply and your income and/or Guaranteed Maturity Amount could be lower than those shown in your personal quotation.

## Cancellation and changes

- You will have 30 days after you have received notice of your right to cancel (included with your personal quotation) to change your mind. After that you cannot cancel the Plan.
- The Plan has no surrender value at any time.

## Questions and answers

### Are there any age limits?

You will be able to transfer UK registered pension monies into the Plan if you are aged 55 (50 if you are transferring from an existing pension drawdown arrangement).

The Plan must finish on or before your 90th birthday (or, if they are older, your dependant's 90th birthday where a Dependant's Benefit is selected).

### How much can I transfer?

The minimum that you can transfer into this Plan is £10,000 (after any Pension Commencement Lump Sum entitlement has been taken). The normal maximum transfer is £1,000,000. Transfers in excess of this amount will be considered on an individual basis. However, the amount of pension funds that can be used to purchase a Just Retirement enhanced lifetime annuity through the conversion feature may be limited to this amount or less.

### Does the Plan accept an Open Market Option (OMO)?

A Just Retirement Fixed Term Annuity provides income via a Capped Drawdown Pension arrangement. As such it must be purchased with a transfer payment from a previous pension arrangement rather than through an Open Market Option (OMO). The OMO is specifically used only when purchasing a lifetime annuity.

### What length of term can I choose?

You can choose any term from three to fifteen years. This must be in whole years and months and must finish on or before your 90th birthday (or, if they are older, your dependant's 90th birthday where a Dependant's Benefit is selected).

### How much income will I receive?

Your personal quotation will show the level of income you will receive, if chosen, from the Fixed Term Annuity as well as the maximum limit permitted by the Government. If the transferred pension funds received are different from the amount specified in the personal quotation and/or application form, we reserve the right to adjust the benefits under the Plan.

You must select your income amount at outset. Income payments can either be level (staying the same throughout the term) or increasing (at a fixed rate every year). If you have selected to increase your payments each year this will occur on the anniversary of the first income payment date which is shown on your Plan Schedule.

### When will I receive my income payments?

You may select monthly, quarterly, half yearly or yearly income payments.

You can either have your first income payment paid on the Plan start date (in advance) or at the end of the first income payment period (in arrears).

Income payments are always paid on the first of the month, unless this happens to be on a weekend or bank holiday. If your first income payment date happens to fall over a weekend or bank holiday then that income payment will be paid on the next working day after the payment due date. All future payments due, which fall either on a weekend or bank holiday, will be made on the working day prior to the payment due date.

### Can my income change during the term?

The Just Retirement Fixed Term Annuity will ensure that the income paid to you during the term will not reduce due to the performance of the investment markets.

The Fixed Term Annuity is a Capped Drawdown Pension arrangement, which means that the Government applies limits on the amount of income that we can pay.

The maximum income level is reviewed periodically and may reduce. If, following a review, the Government limit then applicable to the Plan falls below the income amount you have selected, we will have to reduce the amount we pay you. If this does occur then the difference between the income amount you have selected and the amount that we are able to pay to you in accordance with Government

limits, will be converted into an additional amount payable if (and only if) the Guaranteed Maturity Amount becomes payable. The additional amount is treated in the same way as the Guaranteed Maturity Amount. The level of interest used in calculating the additional amount will be no less than a rate consistent with the prevailing gilt yields at the time.

If a subsequent review increases the Government limits to a level that enables us to increase your income, we will do this up to your original selected income level or the new Government limits (whichever is lower).

### What are the periodic income reviews?

The maximum income available under a Just Retirement Fixed Term Annuity is set when you first take benefits from your pension. This is then reviewed regularly and may increase or decrease. The regularity of the reviews is determined by the Government, which currently states that those under 75 have reviews every three years and those over 75 have reviews annually. In addition, if you have selected a Dependant's Benefit, a review will occur following your death and the Government limit applicable to your dependant at that time will be used.

### If selected, when will I receive my Pension Commencement Lump Sum?

Once your pension transfer has been received we will pay your Pension Commencement Lump Sum to you straightaway, provided that you are eligible to receive such a lump sum and there are no outstanding administrative requirements.

### How much will the Guaranteed Maturity Amount be?

The Guaranteed Maturity Amount is stated on your personal quotation and will depend on:

- the size of the pension fund used to purchase the Plan;
- the length of the term;
- the amount, frequency and timing of income you choose;
- the death benefit options you choose;
- your age;
- the market conditions and annuity rates at the time we issue your personal quotation.

If your pension funds arrive after the guarantee expiry date shown on your personal quotation, then the income and/or the Guaranteed Maturity Amount could be lower than those shown in your personal quotation.

### **What happens if I die before the maturity date?**

A benefit will only be payable after your death if a death benefit has been selected. Selection of your death benefits should be considered very carefully to ensure you make adequate provision for your dependants (where applicable).

### **The Plan offers three optional death benefits which are summarised below:**

#### **1 Plan Protection**

If Plan Protection is selected and you die during the term and you have not selected Dependant's Benefit we will pay out a lump sum. The lump sum amount will be calculated by taking away any income (before tax) already paid to you from the original transferred fund (excluding Pension Commencement Lump Sum) and is subject to tax.

The lump sum is payable to the person(s) nominated on your expression of wish form. However, Just Retirement will retain ultimate discretion as to who will receive these benefits when you die. If your beneficiary is a dependant, as defined by HMRC, then they may use the lump sum available to transfer into another pension plan (currently this does not incur a tax charge under HMRC rules).

If you have selected Plan Protection and Dependant's Benefit we will only pay a lump sum if both you and your dependant die before the maturity date.

#### **2 Guarantee Period**

You may want to guarantee your income payments. Guarantee Periods can range from 1 – 10 years (whole years only) and may not be more than your selected term length.

If you die during the Guarantee Period we will pay the remaining income for the balance of the Guarantee Period as a lump sum (less tax) to your beneficiaries, unless a Dependant's Benefit has been selected.

If a Dependant's Benefit has been selected we will pay the remaining income under the Guarantee Period as continued income, which may be limited by reference to the maximum income available to your dependant based on Government limits applicable at the time. This process is described in the Dependant's Benefit section below.

If income is being paid under the Guarantee Period to your dependant and they then die before the Guarantee Period expires, we will pay any remaining income for the balance of the Guarantee Period as a lump sum (less tax) to your dependant's beneficiaries.

A Guarantee Period cannot be chosen if Plan Protection has been selected.

#### **3 Dependant's Benefit**

You can choose to provide a proportion of your income to your dependant if you die before the end of the term. Up to 100% of the income that was paid to you may be selected. If you die then the Dependant's Benefit will start from your death or at the end of any Guarantee Period selected, whichever occurs last.

On your death we are required to calculate the maximum income available to your dependant based on Government limits applicable at that time. These limits may mean that the income payable to your dependant is restricted (see the question 'What are the periodic income reviews?' on page 4).

The same selected percentage of Dependant's Benefit is used to determine the value of the Guaranteed Maturity Amount paid, if your dependant survives until the end of the term. For example if you chose a Dependant's Benefit of half of your income, then we will pay half of the Guaranteed Maturity Amount to them, if you die during the term but they survive to the end of the term.

A Dependant's Benefit may be selected in addition to either a Guarantee Period or a Plan Protection death benefit.

### **What are my options at the end of the term?**

The maturity amount can be used to purchase a retirement income product as permitted by legislation at that time. This could be a lifetime annuity, another Fixed Term Annuity or any retirement income product available under HMRC legislation at that time.

**We will write to you before the end of the term to remind you of your options. If at the maturity date we have not received any instruction or all the necessary information to carry out your instruction, funds will be held in the Plan. In the period between the maturity date and the time we are able to carry out your instructions, no interest is payable on the funds held.**

### **What happens if I fall ill?**

If you fall ill at any point during the term of the Plan and you wish to make a final decision about the amount and type of retirement benefit you want, then providing that you have selected Plan Protection as a death benefit, a financial intermediary may apply on your behalf for a Just Retirement enhanced lifetime annuity.

We will require a completed Just Retirement medical questionnaire to enable us to assess your health details. If you qualify for our enhanced lifetime annuity, subject to our terms and conditions at the time, we will provide you with a Just Retirement enhanced lifetime annuity quote. You may then determine if it is in your best interest to convert to our enhanced lifetime annuity. At the same time, should you qualify, we will provide you with an Open Market Option (OMO) value. The OMO value will enable your financial intermediary to compare our enhanced lifetime annuity quotation with other providers to ensure you are getting the best terms for your situation.

If the value of your Just Retirement Fixed Term Annuity is in excess of £1,000,000 at that time, the value you can convert to a Just Retirement enhanced lifetime annuity may be restricted to £1,000,000. Any remainder will stay in the Just Retirement Fixed Term Annuity Plan and your benefits will be adjusted accordingly or alternatively you may use the remainder to purchase an annuity through the OMO.

If you inform us that you do not wish to exercise the enhanced annuity conversion feature or we do not hear from you by the expiry date shown on the personal quotation then your Fixed Term Annuity will continue until the end of the term. Your financial intermediary can apply again in the future to determine your eligibility to exercise the enhanced annuity conversion feature.

If you move abroad then you may not meet the requirements to convert to a Just Retirement enhanced lifetime annuity.

### **Can I change my mind and cancel the Fixed Term Annuity application?**

You have until 30 days after you have received notice of your right to cancel (included with your first personal quotation) from Just Retirement to change your mind. If you change your mind after sending in your application form, you should let us know immediately by using the withdrawal request included in the notice of your right to cancel.

This should be marked for the attention of The Administration Manager and sent to the address shown on the back of this Key Features Document.

Once the 30 day period has expired and the Fixed Term Annuity is set up, the decision will be final. You will then not be able to change your mind.

If you do choose to cancel the Plan then we will return your funds to the scheme from which the transfer originated. If income payments and/or Pension Commencement Lump Sum have been made to you, they will have to be returned before we return funds to your original scheme. If the scheme refuses to accept the funds back then you will need to nominate an alternative provider.

### **What are the charges?**

The charges to set up and administer the Plan will be calculated at the start of the Plan and will be reflected in the income, if selected, and the Guaranteed Maturity Amount shown in your personal quotation.

Your personal quotation will inform you of the cost of any associated advice or services from your financial intermediary. This will have been discussed with you by your financial intermediary before asking you to sign the application form.

## Further Information

### Tax

Your retirement income will be taxed according to instructions from your local tax office. Income of this type is taxed under the Pay As You Earn (PAYE) system. Any lump sum paid to your beneficiaries as a result of a death on the Plan will be subject to a lump sum death benefit tax, which is currently 55%.

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

### Residency

You must be a UK Resident to apply for the Plan and should you move abroad during the term you may not meet our requirements to convert to a Just Retirement enhanced lifetime annuity.

### Law

The law applicable to the conditions of the contract shall be English Law. The contract will be written in English.

### Full details of the contractual conditions of this Plan will be supplied separately.

### Client Categorisation

There are various categories of client set out under financial regulations. Just Retirement will treat you as a 'retail client' which gives you the greatest level of protection, and ensures you get full information about any products you buy.

### Queries

For further information about the Just Retirement Fixed Term Annuity please telephone, fax or email us as follows:

Tel: **0845 302 2287**

Fax: **0845 301 2287**

(Lines are open Monday – Friday 8:30am to 5:30pm local call rates apply)

E-mail: [customer@justretirement.com](mailto:customer@justretirement.com)

Alternatively you can write to us at the address shown on page 8.

### Compensation

Just Retirement is covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Further information about compensation arrangements is available from the FSCS or at [www.fscs.org.uk](http://www.fscs.org.uk)

### What to do if you are unhappy?

Your first step is for us to understand the problem. You can share your concerns with our staff either in person, by telephone, fax, email or letter as follows:

Tel: **0845 302 2287**

Fax: **0845 301 2287**

(Lines are open Monday – Friday 8:30am to 5:30pm local call rates apply)

E-mail: [complaints@justretirement.com](mailto:complaints@justretirement.com)

Or write to The Customer Service Manager at the address provided on page 8.

Should you feel that your complaint is not dealt with to your satisfaction, you can take the matter up with the Financial Ombudsman Service at:

South Quay Plaza  
183 Marsh Wall  
London E14 9SR

Tel: **0800 023 4567**

Making a complaint will not prejudice your right to take legal proceedings.

### About Just Retirement Limited

Just Retirement Limited is incorporated as a company limited by shares. Registered in England No. 05017193. Just Retirement's registered Office is at Vale House, Roebuck Close, Bancroft Road, Reigate, Surrey RH2 7RU.

Just Retirement is a UK authorised insurance company regulated by the Financial Services Authority (FSA). Just Retirement Limited is entered on the FSA Register with registration no. 232595.

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