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Key Features

of the Suffolk Life SIPP (Deed Poll scheme)

This document is part of a set all of which should be read together:

- **Key Features**
- Personal Illustration
- Schedule of Fees
- Schedule of Allowable Investments
- Terms and Conditions

SUFFOLKLIFE
THE INTELLIGENT APPROACH

The Financial Services Authority is the independent financial services regulator. It requires us, Suffolk Life Annuities Limited, to give you this important information to help you decide whether our Suffolk Life Self-Invested Personal Pension 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.

> More information is contained in the terms and conditions, the schedule of fees, the schedule of allowable investments and the policy provisions which together constitute the legally binding contract between you and Suffolk Life.
> Please read these and the enclosed personal illustration(s) carefully.

The Suffolk Life SIPP is referred to as the SIPP throughout this document.

It is important that you understand how the plan works and what the risks are before you buy. Before making an application in consultation with your adviser you must ensure that you have also seen the following for our Suffolk Life MasterSIPP:

- Schedule of fees
- Schedule of allowable investments
- Terms and conditions
- A personalised illustration

What is the SIPP?

The SIPP is a self-invested person pension, giving you the freedom to decide how the assets of your pension are invested. It provides a tax efficient framework for saving for retirement.

The value of certain pension benefits may have to be held in separate arrangement(s) to comply with HM Revenue and Customs (HMRC) requirements.

Its aims

- To provide you with a means to save for your retirement in a tax-privileged manner.
- To give you a pension when you retire - or if you prefer, a reduced pension with a tax free cash sum (pension commencement lump sum).
- To allow you to make your own investment decisions, in conjunction with your adviser, even if you are drawing an income, in accordance with the rules of the Suffolk Life SIPP.
- To give you the flexibility to take benefits from your SIPP in stages and/or defer the purchase of an annuity.
- To enable you to take (or continue to take) income from your pension without buying an annuity before reaching the age of 75 under unsecured income and from age 75 under alternatively secured pension (see sections on What is unsecured income? and What is alternatively secured pension? on page 3 for more information).
- To give you flexibility over the provisions for your spouse, registered civil partner and/or dependants including the availability of a lump sum before age 75 (taxed if you have taken benefits and not purchased an annuity) or to draw taxable income in the event of your death.

Your commitment

- To make a one-off contribution, transfer or regular contributions, which may cease or change at any time without penalty, to your SIPP.
- You must normally wait until you are at least 55 before taking your benefits (50 up to 5 April 2010).
- Regularly to review the level of your contributions if you want your pension to keep up with your income requirements in retirement.
- To purchase, using your SIPP, an annuity by age 75 or from age 75 you will receive an alternatively secured pension (an annuity can be purchased at any time after age 75).

  If you do not keep to your commitments it may result in a lower income at retirement or, in some cases, tax charges.

Risks

Many things could happen to alter the level of your pension at retirement. The illustration(s) enclosed with this document is an indication only, based on certain statutory assumptions.

You could get a smaller pension if:

- you take your pension earlier than your chosen retirement date;
- you are unable to continue making contributions, as illustrated.
- the investment performance of the underlying assets is worse than illustrated;
- the annuity rates are, or the rate used to convert your SIPP into an income is lower when you retire;
- the charges to your SIPP increase more than illustrated;
- the favourable tax treatment of registered pension schemes changes in the future;
- a pension sharing order is made by court against your SIPP reducing the value of your SIPP by the value of the pension credit; and/or
- you transfer your SIPP to another pension arrangement with higher charges.

Other factors that could affect your pension include:

- The value of your investment can go down as well as up so the value of your pension fund is not guaranteed.
- If the value of an underlying asset falls before notice of cancellation is given. Please see your right to change your mind on page 6.
- It may take time to realise the value of certain underlying assets, e.g. property, collective investment funds that invest in property and hedge funds.
- The risks associated with your SIPP may increase for certain categories of underlying assets. You should also be familiar with the content of the key features document or simplified prospectus that may be issued by the product provider of any underlying asset.
- If you invest in complex investments (eg unregulated collective investment schemes) you should ensure that the risks involved are acceptable. We will not assess the suitability or appropriateness of any underlying investment chosen by you.
- High withdrawals of income are unlikely to be sustainable during the unsecured income period. They might also reduce your potential annuity.
- Annuity rates can change substantially over short periods of time, both up and down. They could be worse when you buy an annuity than they are now.
- Under unsecured income and alternatively secured pension you will not receive the benefit of cross-subsidy from the funds of annuitants who have died which you would under an annuity.
- If all contributions to your pensions with pension input periods ending in any one tax year are more than the applicable annual allowance, you will be personally liable to pay a tax charge.

Before taking out a Suffolk Life SIPP or taking an income from a SIPP you should speak to a financial adviser. We do not provide advice.

Questions and answers

What is a personal pension?

It is a tax-efficient investment vehicle, designed to help you save for your retirement.

What is a Self-Invested Personal Pension?

A Self-Invested Personal Pension (SIPP) is a type of personal pension which allows you to make your own investment decisions in conjunction with your adviser, if applicable, within a range of investments permitted by regulations. These may be further restricted by the rules of the specific SIPP.

Please be aware that stakeholder pension schemes are also available in the market and might meet your needs at least as well as a SIPP.

What tax benefits are available?

Personal contributions normally qualify for full tax relief, including tax at the higher rate. This is provided that such contributions in any one tax year to this and other pensions are not more than your earnings in that tax year. However if all (i.e. personal and employer) contributions to your pensions with pension input periods ending in any one tax year are more than the applicable annual allowance, except in specific circumstances, you will be liable to a tax charge. The annual allowance is set by the government for each tax year.

You, unless you specify otherwise, pay contributions net of basic rate tax. We will reclaim the basic rate tax and add it to your SIPP.

If you are a higher rate taxpayer, you arrange the extra tax relief through your tax office.

If your employer also makes contributions, their contributions will be made gross and may be treated as an allowable deduction from the profits of your employer. These count towards the annual allowance.

Once contributions are paid into your SIPP, they are invested free of UK tax except in a few exceptional circumstances. There is no UK tax on investment income. UK tax deducted at source on income (other than tax credits on dividends from UK equities) can be reclaimed, and there is no capital gains tax on your investment gains. It may not be possible or feasible to recover overseas tax.

When you retire you can normally take up to 25% of your pension benefits (subject to the lifetime allowance) as a tax free pension commencement lump sum. If you take a pension commencement lump sum you will get a smaller pension.

Can my Suffolk Life SIPP accept protected rights?

No.

Can I use my Suffolk Life SIPP to contract out of the State Second Pension?

No.

Can I make extra contributions?

Yes. You can vary the level of contributions at any time and there is no minimum contribution required.

However, to benefit from tax relief your gross personal contributions must not be more than your earnings and the total pension contributions must normally be not more than the annual allowance (see What tax benefits are available? for more detail).

To give your pensions benefits the best chance of keeping pace with your earnings, you would be wise to review your contributions regularly, every year if possible.

Contributions can be paid by standing order or cheque.

Please note that if you make contributions you will lose any enhanced protection you may have.

What happens if contributions stop?

The full value of your SIPP will stay invested in the investments chosen by you or your adviser and will continue to benefit from any investment return.

We will continue to make our annual administration charge and any other applicable transaction charges in accordance with the terms and conditions.

Your pension benefits are likely to be less than illustrated.

Where will my SIPP be invested?

You, your adviser or your chosen investment manager can choose how your SIPP is invested, subject to the Suffolk Life SIPP allowable investments schedule.

At any time, you can appoint, change or remove an investment manager.

If we do not receive any initial investment instructions any monies received will remain on deposit in the default SIPP bank account.

We will not generally be responsible to you for any loss (including loss of profit) in relation to any investment or investment transactions. We will not assess the suitability or appropriateness or otherwise of any underlying investment purchased as chosen by you and you will not benefit from the protection rules on assessing suitability.

How often will I receive a statement for my SIPP?

We will send you a valuation of your SIPP each year. The first valuation will be as at the first day of the month that we establish your SIPP in the following year. We may change this in the future but will ensure that the revised date is within one year of the last valuation.

The valuation will be based on the information we hold using the latest prices available to us. Where properties are held these will be at original cost or subsequent valuation.
The property valuation is not guaranteed and where shown at a valuation it reflects a property surveyor's opinion and is not guaranteed.

What happens if the fund manager or provider of an underlying asset fails?

It depends on the status of the fund manager or provider. If the fund manager or provider of an underlying asset (e.g. unit trust, OEIC or investment trust) is authorised and regulated by the Financial Services Authority and fails to meet its obligations then, where the fund manager or provider is covered by the Financial Services Compensation Scheme (FSCS), we may be able to make a claim in relation to any loss under the FSCS in respect of the assets held for your SIPP. The value of any compensation will depend upon the type of asset held.

Can I transfer my Suffolk Life SIPP to another pension?

Yes; you can transfer all or part of your SIPP to another UK registered pension scheme or, in certain circumstances, to an overseas scheme at any time provided the whole of your SIPP has not been used to purchase an annuity. If you transfer part of your SIPP then you may lose any entitlement to a lump sum in excess of 25% of the SIPP value where you do not have enhanced or primary protection. You can only transfer the whole of any plans from which you have taken benefits.

We do not charge for transfers out consisting solely of cash to a UK registered pension scheme. However, we do charge transaction fees in respect of the disposal of assets prior to a transfer out in cash or on assets that are transferred to another pension scheme without being sold. See the Suffolk Life SIPP Schedule of fees for more detail on the fees payable.

Can I be sure how much pension I will get?

No; the size of your pension will depend upon:

- your age, sex, marital status and interest rates at the time you convert your SIPP into a pension; and
- the value of your SIPP when you reach retirement which in turn will depend upon:
    - how long it has had to grow;
    - the investment return from the underlying assets; and
    - the charges deducted.

An illustration based on your personal details and some assumptions is included with this document for your reference.

What is unsecured income?

Unsecured income allows your SIPP to provide you with:

- a cash lump sum and/or;
- a taxable income

It allows you to defer buying an annuity whilst still receiving an income from your SIPP and continue making your own investment decisions. Your SIPP will normally be one arrangement under the Finance Act 2004, made up of 1000 units. Some or all can be put into unsecured income. You can do this in successive years to achieve a target income.

What is alternatively secured pension?

It is an option open to anyone over 75 who has decided not to buy an annuity. You must receive a minimum level of income based on the value of your SIPP during each year.

It allows you to continue to make your own investment decisions in conjunction with your investment manager or adviser, if applicable, in accordance with the rules of the Suffolk Life SIPP, before buying an annuity.

It allows you to defer buying an annuity, in the hope that annuity rates will improve above what they are now or until it better suits your needs/circumstances.

The maximum income that can be withdrawn under alternatively secured pension after age 75 is significantly less than the maximum that applies before age 75 under unsecured income.

When can I take my benefits?

You can generally start to take benefits when you reach age 55 (50 up to 5 April 2010).

How much income can I take?

Limits are laid down by the government as to the minimum and maximum amount of income you can receive under unsecured income and alternatively secured pension, as shown in your illustration(s). The maximum limits aim to avoid excessive depletion of your SIPP.

You need to think about the level of income you need, bearing in mind any other sources of income you may have, as well as increases in the cost of living and the need to provide for your dependants.

You can vary the income level at any time, and even take one-off amounts at irregular intervals through the year within the set income limits.

The limits for unsecured income and alternatively secured pension must be recalculated every five years and every year respectively and the income changed if necessary. At each review, we will provide an updated illustration showing the possible future benefits, similar to those included with this document.

We will send you an annual report showing the change in the value of your SIPP, allowing for withdrawals, charges and investment performance. We will also give an indication of the annuity that could be secured at that time.

If there are insufficient funds to meet the gross income payment in the SIPP bank account ten working days before the payment date we will not make the payment.

What happens if I die before taking benefits?

A lump sum up to the value of your personal lifetime allowance can be paid to any nominated beneficiaries, who may be your spouse, registered civil partner, dependant or other individual, normally tax free.

Any amount of your fund over your personal lifetime allowance which is taken as a lump sum is subject to 55% tax charge payable by your personal representatives.

Alternatively the whole or part of your fund can be used to secure an income for your dependants by the purchase of an annuity.

What happens if I die while taking an unsecured income?

Your SIPP provides these options:

- your spouse or registered civil partner can continue unsecured income until he or she reaches age 75;
- another dependant can continue unsecured income, in the case of a child this will generally cease at age 23;
- your spouse, registered civil partner or dependant can buy an annuity; or
- if over 75, your spouse or registered civil partner can convert the fund to an alternatively secured pension;
- the remaining fund can be paid to your spouse, registered civil partner, other dependant or estate, subject to a tax charge (currently 35%).

When you choose the level of income to take, you should think carefully about whether there will be sufficient funds to provide for your dependants should you die before them.

What happens if I die while taking an alternatively secured pension?

Your SIPP provides these options:

- your spouse, registered civil partner or dependant can buy an annuity;
  - if your spouse, registered civil partner or dependant (who is not a child) is under 75, the fund will convert to unsecured income until he or she reaches age 75, when it will convert back to alternatively secured pension;
- if over 75, your spouse, registered civil partner or dependant can continue alternatively secured pension;
- a child dependant can take an unsecured income generally until he or she reaches age 23; or
- if you do not have any dependants the following options are available:
  - a lump sum can be paid to a registered charity which should normally be free from inheritance and other tax charges; or
  - a lump sum can be paid to another beneficiary. This will incur tax charges based on the value of the payment and may also have inheritance tax implications (you should discuss this with your financial or tax adviser).

When do I buy an annuity?

You may buy an annuity at any time after age 55 (50 up to 5 April 2010). Remember when you do you will have to buy at whatever annuity rates are available at that time.

An annuity is an income in retirement purchased by a lump sum such as an accumulated pension fund. It is often paid monthly for the rest of your life and can continue to be paid to a dependant such as a spouse or registered civil partner after your death. It can be for a fixed amount or can increase each year, for example according to changes in the cost of living. It provides greater certainty and security compared to the flexible but unknown future benefits of unsecured income or alternatively secured pension.

It is important not to wait too long before buying an annuity, since beyond a certain age you might not get as much from your annuity as you were taking in unsecured income or alternatively secured pension.

The older you are, the more annuity you can buy for your money. However, annuity purchase rates can also change at any time, up and down.

When you buy an annuity you can buy this from whichever life insurer is offering the best rate, i.e. on the open market. If you die after buying an annuity, any spouse's, registered civil partner's or dependant's pension selected will continue for their lifetime.

If you die soon after buying an annuity, your annuity will continue to be paid for any guaranteed period specified at the time of purchase.

What are the charges?

The charges for your SIPP are set out in the Suffolk Life SIPP schedule of fees. The fees for investment transactions will vary depending on both the type of investment and how the investments are held. Where some non-property investments are not held by an investment manager that reports to us in an acceptable manner (e-investment affiliates) an annual fee is payable together with transaction fees for each investment transaction. Please see our website www.suffolklife.co.uk/streamlined for a list of e-investment affiliates. You should read our schedule of fees as well as this document prior to completing the application form.

How much will the advice cost?

This will be between you and your adviser. We do not give advice. If you have been charged for advice relating to your SIPP you may settle this personally or ask that it is paid from your SIPP by completing the relevant section of the application form. We will only settle such a charge with your written consent.

Further Information

Contact us

Suffolk Life, 153 Princes Street, Ipswich,
Suffolk, IP1 1QJ, United Kingdom
Tel: 0870 414 7000 Fax: 0870 414 8000

Your client category

We will treat you as a retail client (as defined in the FSA handbook) in respect of the services we will provide you, which means that you will benefit from the highest level of customer protection. This means that we will provide you with information in a more straightforward way than we would to a financial services company.

Your right to change your mind

You may change your mind about having a Suffolk Life SIPP. When your membership starts you will receive a cancellation notice. This gives you the right to cancel it during the next 30 days. You should send your cancellation notice to the address detailed above under Contact Us.

In certain circumstances (i.e. if you wish to invest your SIPP in an illiquid underlying asset during this period) you may waive your right to cancel the SIPP during the initial 30 day period. To waive your rights you must expressly request this in writing to us. If you do make this request then you will lose your right to cancel your SIPP.

If you cancel your membership we will return any payment received to which the cancellation notice applies. The amount returned may be reduced for the following:

» if the value of any underlying investment(s) fall(s) before we receive your cancellation notice, an amount equal to the fall in value;

» any charges or expenses incurred while your SIPP is self-invested; and

» our charges and expenses for the administration costs of the investment transactions.

Cancellation rights may also apply to any additional transfers. It may not be possible to return the funds received from a transfer in to the original pension arrangement should you cancel the transfer in within the cancellation period. In this instance you will need to arrange for another pension arrangement to accept the transfer.

If you opt to enter into unsecured income or alternatively secured pension you will also receive a separate cancellation notice for this. This gives you the right to cancel the chosen option during the next 30 days. You will need to return any pension commencement lump sum and income paid to you within 30 days of invoking your right to cancel otherwise you will lose your right to cancel.

If you decide to cancel an alternatively secured pension you must return any income paid to you within 30 days of invoking your right to cancel and then ask us to either transfer the fund to another pension provider or an annuity provider of your choice.

Tax

Pensions will be taxed as earned income. There are no tax disadvantages on stopping contributions or on transferring the benefits under your SIPP. Tax reliefs could be altered in the future.

The tax treatment and tax benefits of your SIPP outlined in this document are based on our understanding of current tax law at January 2009. The tax treatment depends on your individual circumstances and may be subject to change in the future.

Conflicts of interest

During the period where we are administering your SIPP conflicts of interest may arise between you and us, our employees or our associated companies. A conflict of interest is where our duties to you as our customer may conflict with what is best for ourselves or other customers. To ensure that we treat customers consistently and fairly, we have a policy on how to manage these conflicts. A copy is available on request from our contact address shown above.

About Suffolk Life

Suffolk Life Annuities Limited is the provider and operator of the Suffolk Life Self-Invested Personal Pension. Suffolk Life Annuities Limited is an insurance company, authorised and regulated by the Financial Services Authority (FSA register number 110468). Suffolk Life Pensions Limited is the scheme administrator for the Suffolk Life Self-Invested Personal Pension, it is authorised and regulated by the Financial Services Authority (FSA registration number 116298).

You can check the above on the FSA's Registry by visiting the FSA's website www.fsa.gov.uk/register or by contacting the FSA on 0845 606 1234 or by writing to The Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

Queries and complaints

For further information, or if you wish to complain about any aspect of the service you have received, please contact us at the address shown below. A summary of our complaints procedure is available on request.

If the matter of any complaint is not dealt with to your satisfaction, you can write to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London, E14 9SR; telephone 0845 080 1800.

The Pensions Ombudsman can also deal with complaints and disputes with personal pension schemes. The Pensions Ombudsman is completely independent and acts as an impartial adjudicator. The Pensions Advisory Service (TPAS) provides free help and advice to members of the public who have problems concerning their rights under personal pension schemes. Its independent service is provided through a network of local advisers. The correspondence address for both organisations is 11 Belgrave Road, London SW1V 1RB.

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

Compensation

We are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the FSCS if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

Most long-term insurance policies (including most pension policies) are covered for 100% of the first £2,000 and 90% of the remainder of the value of the policy regardless of its size.

Further information about compensation arrangements is available from the FSCS. The correspondence address is 7th Floor, Lloyds Chambers, Portsoken Street, London E1 8BN.

Law

All correspondence will be and has been made in English.

In legal disputes the law of England and Wales will apply. Full details of the legally binding contract between you and us are contained or referred to in the terms and conditions.

Call recording

Telephone calls to or from us are recorded for training, monitoring and fact verification purposes.

The registered address of both companies is 153 Princes Street, Ipswich, Suffolk, IP1 1QJ, United Kingdom.

Tel: 0870 414 7000 Fax: 0870 414 8000

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