

The **co-operative** investments  
good with money

Product guide to your

# **Option 32 Pension Transfer Policy**

Reminder of important facts



## What is an Option 32 Pension Transfer policy?

You transferred benefits from an ex-employer's occupational pension scheme (OPS) into this policy.

This policy will provide you with an income in retirement (Basic Pension plus bonuses) and possibly the option of a tax-free lump sum when you retire. When you retire you will be given the option to buy your pension from another provider.

In addition, depending on your original OPS benefits, you may also have some life cover.

## Where your money is invested

Your policy is invested in the CIS with-profits fund.

The "Principles and Practices of Financial Management" (PPFM) document explains in detail the management of the with-profits fund. The PPFM and a customer-friendly version of it, sometimes called a with-profits guide, are available either by accessing **co-operativeinvestments.co.uk** or on request. In the event of conflict between this guide and the PPFM, the PPFM shall prevail.

## Your policy guarantees

Your policy benefits from a very high level of investment guarantees. Initially, we set your policy's Basic Pension amount by making assumptions regarding:

1. the future investment return we would achieve each year on the transfer value that we received from your former pension scheme and
2. the number of years over which we would subsequently pay you a pension.

Annual bonuses were added when investment returns were good, and this increased the guaranteed value of your policy.

Investment returns in recent years and expected future investment returns are much lower than the returns we assumed at outset.

Life expectancy rates have also increased over the period since you took out your policy. This results in us paying pensions over a longer period.

The combination of these factors means that the underlying value of your policy (i.e. the initial transfer value plus investment returns to date, less expenses) is significantly less than the value of your guaranteed benefits and will remain so at your Normal Retirement Date\*.

Despite this, we guarantee that your policy will pay out the total guaranteed pension, including any annual bonuses already added, at your Normal Retirement Date.

## Guaranteed Minimum Pension

If your Occupational Pension Scheme automatically contracted you out of the State Earnings Related Pension Scheme (SERPS), then part of your benefits will provide a Guaranteed Minimum Pension (GMP).

Regulations require that we must pay this amount to you as a minimum (from age 60 if you are female and from age 65 if you are male) and in a certain format.

## When you can take your retirement benefits

We will write to you in the months leading up to your Normal Retirement Date to inform you of your options, unless you contact us to request an earlier retirement date.

You may be able to take your benefits before this, but recent changes to the rules surrounding pensions mean that the minimum age at which most people are able to take benefits from their pension will be 55.

Despite these changes, if your Normal Retirement Date is before this date, special rules mean that you will still be able to take retirement benefits from your Option 32 Pension Transfer Policy from age 50.

However, early retirement will only be possible if your retirement fund is sufficient to pay your GMP at that time.

## What happens if you die before you retire?

Depending on the features of your original Occupational Pension Scheme, the policy value will be used to provide either:

- a pension for your spouse or civil partner, or
- a lump sum payable to your next of kin or a dependant, or
- a mixture of both

## New from April 2011

With effect from 6th April 2011, if you die after reaching the age of 75 and you have not taken your retirement benefits from your policy, a lump sum can now be paid to one or more of your beneficiaries. This lump sum will not normally be liable to Inheritance Tax but will be taxed at a fixed rate of 55%.

## Please contact us if you become seriously ill

Some government rules on the provision of pension benefits may be different if you are forced to retire early from ill-health.

## Transferring your pension

You can transfer your pension to another pension provider at any time before you retire.

Please note that you will lose the valuable policy guarantees described earlier if you transfer your pension and you should seek independent financial advice if you are considering this option.



## Additional information

This guide is intended to be a concise reminder of the main features of the product you have purchased. We supplied a contract for the product to you when you made your purchase and you should refer to this and any contract endorsement which we may have sent you for full information. In the event of conflict between this guide and any contract, the contract will prevail.

### Notes

\*Throughout this document, whenever we refer to 'Normal Retirement Date', this is the retirement date that was specified when the plan was set up (unless subsequently amended).

*Up the wall – more than 40% of the heat in your home is lost through the walls and roof. Cavity wall insulation could reduce emissions and cut fuel bills by £70-£100 a year.*

**If you need more information,  
contact our Customer Contact Centre**

**08457 46 46 46**

Monday to Friday 8.30am to 5pm.

**Please call 08457 46 46 46 if you would like to receive this information in an alternative format such as large print, audio or Braille.**

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