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Key features of the

CIS Stakeholder Pension

The Financial Services Authority is the independent financial services regulator. It requires us, The Co-operative Investments, to give you this important information to help you decide whether our CIS Stakeholder 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.

Key features of the

CIS Stakeholder Pension

Any personal illustration/quotation provided is an important part of this key features document.

Its aims

- To build up a sum of money in a tax-efficient way, which will give you a pension for life when you retire.

Your commitment

- To make monthly and/or single contributions to your plan.
- To let the plan value build up until you choose to start taking a pension, and then use it to provide your pension.
- To tell us if your circumstances change; for example, if you are no longer eligible for tax relief on your pension contributions, or if you change your job, move abroad or change employment status.

Risks

- What you get back when you retire depends on investment performance up to your retirement date and interest rates when you retire; there are no guarantees.
- What you get back may be less than illustrated if:
 - contributions are stopped or contribution 'holidays' are taken
 - investment performance is lower than illustrated
 - interest rates when you retire are lower than illustrated
 - mortality rates when you retire are lower than illustrated
 - you start taking your pension earlier than your chosen retirement date
 - tax rules change
 - charges increase above those illustrated.
- Inflation will reduce what you could buy in the future.
- Your plan may invest in a range of funds which include stocks and shares, and carry differing levels of risk. Whichever fund(s) you choose, the value of your plan could go down as well as up.
- We take some or all of the annual charge from your capital. If the fund's growth is lower than the charges, your capital may be reduced over time. Also, any capital growth the fund produces will be reduced by the charge. Please see "What are the charges?" section on page 5.
- Individuals on low incomes in retirement may be eligible for State benefits, including the State Pension Credit. This is a State benefit that currently provides a minimum level of income for those in retirement and an additional reward for those who have made modest savings for retirement. For most people it will pay to save for retirement, but for some the benefits are less clear. You are most likely to be affected if you have little or no existing pension provision and have less than 15 years to retirement. More information can be found in the accompanying supplementary guide. If you do not have a copy of this, please call 08000 28 27 27 and we will send you one.

- A Lifestyle Option provides you with an investment choice where we will automatically switch your stakeholder investments as you approach your retirement. There are risks associated with choosing a Lifestyle Option which are explained in full on page 5.

Risks relating to the CIS With-Profits Stakeholder Fund

- In order to help secure a fair share of the CIS With-Profits Stakeholder Fund for all investors, we may, in certain circumstances, apply a market value reduction to reduce the plan value. An example of such circumstances would be following a deep or prolonged fall in stock market values. The market value reduction will, for example, help to ensure that large amounts of money leaving the Fund do not benefit one member or members over others. We will not apply a market value reduction to payments made on death or on retirement; it is likely to only apply if you choose to transfer your plan or switch your funds. Please see our 'A guide to investing in the CIS With-Profits Stakeholder Fund' for more information.

Risks relating to the CIS European Growth Pension Fund, CIS US Growth Pension Fund and CIS Sustainable Leaders Pension Fund

- Investments in overseas funds are held in foreign currency. Therefore, exchange rate changes may cause the sterling value of these investments to go up or down.

Risks relating to the CIS Sustainable Leaders Pension Fund

- The CIS Sustainable Leaders Pension Fund concentrates on investing in the stocks and shares of companies that lead the way in pursuing sustainable practices. Some of these operate in overseas markets and some are smaller companies. There are also many areas of industry and commerce in which it does not invest. There may therefore be movements in prices of units that may not be related to broad changes in stock markets.

Questions and answers

What is a CIS Stakeholder Pension?

- It is a type of pension plan to help you save for your retirement in a tax-efficient way. It meets the minimum standards set by the government. These are to do with payment levels, costs and terms and conditions.

How flexible is it?

- In order to achieve your desired level of retirement benefits, it is likely that you will have to review your contributions as your income increases if your pension is to reflect your increasing income.
- You can choose to automatically increase your pension contributions each year in line with the Retail Prices Index or a fixed percentage between 1% and 10%.
- You can make one-off contributions at any time. You can change your regular contributions at any time.
- H.M. Revenue & Customs limits the contributions you can make – see ‘How much can be paid into my plan each year?’ section.
- You can stop contributing, or take a contribution holiday at any time.
- However, you should note that if you stop your contributions, or take a contribution holiday, pension benefits will be lower than those you would have received if regular contributions had continued up to your chosen retirement age.
- You can continue contributing to your CIS Stakeholder Pension Plan regardless of the number of times you change jobs. If your new employer operates a company pension scheme, you will normally benefit from joining it. You may still be able to contribute to your stakeholder plan as well. You must notify us of any change of employer.
- You can’t cash in your plan – you can transfer it, in full, to another pension provider or to a company pension scheme.

Can I contract-out of the State Second Pension?

- No. We do not offer any product that will allow you to contract-out of the State Second Pension.

What about my employer’s pension scheme?

- If your employer provides a pension scheme into which it will make contributions, and you are eligible to join, it will be usually in your best interests to do so.
- If you are already a member of your employer’s pension scheme and want to make additional pension savings, then you can do so with a CIS Stakeholder Pension Plan up to certain limits. Please see ‘How much can be paid into my plan each year?’ section for further details. This will enable you to take advantage of the flexibility of benefits and choice of funds offered by the CIS Stakeholder Pension Plan, as well as allowing you to continue to make pension contributions should you change employer.
- However, we should strongly recommend that you first check out whether your employer’s pension scheme offers a facility for its members to make top-up contributions, for example via an Additional Voluntary Contribution (AVC) arrangement. It may be that the charges and benefits

provided by your employer’s top-up arrangement mean that you would be better off making your additional pension savings to it, rather than to a CIS Stakeholder Pension Plan.

In particular, if your employer’s top-up arrangement offers one of the following features, we recommend that you consider contributing to it:

- your employer matches any top-up contributions that you make
- you are able to purchase ‘added years’ in the main employer’s pension scheme
- your scheme operates tiered contributions.

You should contact the administrator of your employer’s pension scheme for details of the top-up facilities available to you.

How much can be paid into my plan each year?

- If you are employed, both you and/or your employer can contribute a monetary amount into the plan. Alternatively, a third party, such as a grandparent, can contribute to the plan on your behalf.
- The minimum contribution for both single and regular monthly contributions is £20 after the addition of tax relief – see ‘What about tax?’ section on page 4. Monthly contributions are normally payable by direct debit, single contributions by cheque.
- H.M. Revenue & Customs allows you to contribute up to £3,600 after the addition of basic-rate tax relief into pension arrangements each tax year regardless of your earnings. If you earn more than £3,600 each year, it is possible for you to pay up to 100% of your relevant UK earnings after the addition of tax relief – see Annual Allowance details below.
- You cannot make any contributions above £3,600 or the level of your earnings, whichever is the higher.
- It may be possible for transfer payments from another pension scheme to be paid into a plan. If you are considering a pension transfer please call us for information about our transfer process.
- H.M. Revenue & Customs has set annual limits known as the Annual Allowance. These relate to the total pension contributions which can be made and benefit from tax relief by you, your employer or on your behalf, to all pension schemes of which you are a member.
- If the total contributions for pension and pension term assurance paid by you and your employer exceeds the Annual Allowance, the excess is subject to the individual’s marginal rate of tax, e.g. a higher rate tax payer would pay a 40% tax charge. This tax is known as the Annual Allowance charge. If you or your employer makes pension savings to other arrangements, these will also need to be taken into account for the purposes of the Annual Allowance. The amount of Annual Allowance is in the Supplement to Key Features included in your pack. Please call us if you don’t have this document.

What might I get when I retire?

- The final value of your plan will depend on the length of time you have been saving, the amount contributed to your plan, investment performance within the selected investment funds and the charges deducted.
- Your pension income will depend on your age and on interest rates at the time you begin to receive an income from your plan. You can do this between age 55 and 75.
- More detailed information is contained in the accompanying supplementary guide. If you do not have a copy of this, please call 08000 28 27 27 and we will send you one.

What about inflation?

- As prices tend to rise every year you will not be able to buy as much in the future with, say, £10,000 as you could now.

For example: if inflation averages 2.5% per year, then £10,000 in 20 years will have the buying power of **£6,100 in today's prices**.

What choices will I have when I retire?

- You can convert all of your plan value into a pension, which will be taxable. Or you can take up to 25% of the plan value as a tax-free cash sum in return for a smaller taxable pension.
- You can start taking a pension at any time between the ages of 55 and 75. You can carry on working if you wish. You do not have to start taking your pension when you stop working. You cannot normally take your pension before age 55 unless you are in severe ill health.
- You can choose to phase your retirement by converting parts of your plan value into pension over a number of years, subject to any minimum that may apply. In each case you will be able to take a tax-free lump sum of up to 25% of the value of the proportion being converted. You will not have to stop contributing to your plan if you are phasing your retirement in this way.
- You may be entitled to take your pension benefits as a cash lump sum, as long as the total value of **all** your pension savings is small (less than 1% of the standard Lifetime Allowance). Please see 'Are there restrictions on the maximum benefits payable?' section for an explanation of the Lifetime Allowance. When such a lump sum is paid, 25% may be paid tax-free, with the remaining 75% taxed as earned income.
- We can arrange to pay your pension in several ways. For example, you can choose to have your pension increase by, say, 3% or 5% a year and/or choose a pension payable on your death after retirement to your husband, wife, civil partner or other dependant(s).
- You can transfer your plan value to another pension scheme that will pay the pension benefits.

Are there restrictions on the maximum benefits payable?

- A single Lifetime Allowance applies on the amount of pension savings that can build up in a tax-advantaged environment. The amount of Lifetime Allowance is shown in the supplement included in your pack.

- As benefits come into payment, they are tested against the Lifetime Allowance. If the value of your benefits in payment exceeds the Lifetime Allowance, any excess is subject to a taxation charge, known as the Lifetime Allowance Charge, which is equivalent to 55%.
- At the time your benefits come into payment, we will contact you with further information to allow you to check whether or not your benefits will be subject to the Lifetime Allowance Charge.

What about tax?

- If your employer pays into your plan its contributions will be paid before the deduction of any tax relief it may receive.
- You will receive tax relief on your pension contributions. We claim the tax relief at the basic-rate from H.M. Revenue & Customs and add it to your plan. If you are a higher-rate taxpayer, you may be able to claim additional tax relief through your tax return.
- CIS stakeholder investments are free of all UK income and capital gains tax except that they are not entitled to the repayment of tax credits in respect of share dividends received.
- If you take a lump sum on retirement, it is currently tax-free. Your pension will be treated as earned income so is taxable.
- If you die before you start to take a pension, there is normally no inheritance tax payable on the proceeds of your plan.
- Tax laws may change; this information is based on our understanding of the current position.
- More information is contained in the accompanying supplementary guide. If you do not have a copy of this, please call 08000 28 27 27 and we will send you one.

Where are the contributions invested?

- You can invest the contributions paid by you and your employer in one or more of our managed funds or our lifestyle option. Unless you state otherwise on the application form, we will invest your contributions through the CIS With-Profits Stakeholder Fund with Lifestyle.
- We invest all your contributions in your chosen fund(s).
- **CIS With-Profits Stakeholder Fund** – aims to achieve steady growth by investing in a wide range of assets to earn investment returns, which are then smoothed, providing a more stable return than direct stock market investment. However, unlike traditional with-profits investment, contributions will be used to purchase units within the CIS With-Profits Stakeholder Fund. The value of these units may fall as well as rise, depending on the performance of the underlying investments and the degree of smoothing employed. Please see 'A guide to investing in the CIS With-Profits Stakeholder Fund' for more information.
- **CIS FTSE® All-Share Index Tracker Pension Fund** – aims to provide capital growth by tracking the Financial Times Stock Exchange (FTSE®) All-Share Index. Investment management of the Fund is delegated to UBS Global Asset Management (UK) Ltd.
- **CIS UK Growth Pension Fund** – aims to achieve above-average capital growth by investing in a diverse portfolio of UK equities in any economic sector. The Trust's portfolio is broadly based and well balanced, investing in good quality UK companies with excellent prospects.

- **CIS European Growth Pension Fund** – aims to provide above-average capital growth over the medium to long-term, by investing in a wide range of large, well known companies spread across the stock markets of continental Europe. Investment management of the Fund is delegated to UBS Global Asset Management (UK) Ltd.
- **CIS US Growth Pension Fund** – aims to provide above-average capital growth from a diverse portfolio of US equities in any economic sector. The Trust's portfolio is broadly based and well balanced, investing in good-quality US companies with excellent prospects. Investment management of the Fund is delegated to UBS Global Asset Management (UK) Ltd.
- **CIS Sustainable Leaders Pension Fund** – aims to provide capital growth from a diverse portfolio of equities, mainly in the United Kingdom and in any economic sector. Investment is limited to companies that are likely to benefit from measures to improve the environment, human health, safety and the quality of life. In addition investment may be made in companies considered to be beneficiaries of changing attitudes towards a cleaner and safer environment, including those seen to be making above-average efforts to minimise environmental damage caused by their activities. Areas of avoidance constitute animal testing (unless conducted for the benefit of human health), countries where human rights are being disregarded, items with military applications, tobacco and nuclear power.
- Each fund is divided into units, which are of equal value. The price of these units reflects the value of the underlying assets owned by these funds, such as stocks and shares, and the annual management charge for the fund. As unit prices rise and fall so will the value of your plan.
- You can change your mix of investments, if we agree. You are required to give us one month's notice to switch your investment. You can also redirect future contributions to different funds, subject to our agreement and 14 days' notice.
- We have an Ethical Engagement Policy, which covers all our own funds under management except for the CIS FTSE® All-Share Index Tracker Pension Fund. Due to the nature of a tracker fund it is not possible to invest this fund applying our Ethical Engagement Policy. You can find information regarding this Policy on request – see 'How to contact us' on page 7.
- You can find information on our pension funds in our 'Statement of Investment Principles', a copy of which is enclosed in your pension pack.

What is the Lifestyle Option?

- We also offer a lifestyle investment option, called the CIS With-Profits Stakeholder Fund with Lifestyle. You can choose this option either when you take out the plan or at anytime until five years before your chosen retirement date. If you choose this option, we will alter your stakeholder investment as you approach retirement to provide some protection to your fund. If you choose to invest in the lifestyle option you must invest all of your contributions in this way; you cannot split them across other funds.
- If investing through the **CIS With-Profits Stakeholder Fund with Lifestyle**, or we invest your contributions in this option following receipt of your application without a fund choice, initially we will invest your contributions in the CIS With-Profits Stakeholder Fund.
 - About five years before you intend to retire, we will begin switching your investments from the above fund into the CIS Fixed-Interest

Pension Fund (75%) and CIS Deposit Pension Fund (25%).

We will split any new contributions during this period between these funds in the same way.

- If you already have less than five years to go before retirement, and you choose the CIS With-Profits Stakeholder Fund with Lifestyle, or you make no investment choice, your contributions will be invested into the CIS Fixed Interest Pension Fund (75%) and CIS Deposit Pension Fund (25%).

Risks relating to investing in funds through a Lifestyle Option.

- As explained above, a Lifestyle Option provides an investment choice where, as you approach your retirement, we will automatically and gradually switch your stakeholder investments from riskier funds with significant investments in stocks and shares, into safer funds that invest solely in cash-based and fixed-interest investments.
 - However, there is the risk that the growth achieved over this period may be less than would have been achieved had the funds not been switched, should the stock market not fall during this period.
- The switching process is completely automated and may not suit you, particularly if you want to actively manage the investment of your pension fund. The date we start switching your investment funds is linked to your targeted retirement age, which you enter on your application form. The Lifestyle Option aims to completely switch your investments into the lower-risk funds by the time you retire.
- It is important that you tell us of any plans to retire at a different age than originally indicated. If you decide to retire at a different date, and you don't tell us of your intention sufficiently in advance, then:
 - if you retire later – the switching will start more years before retirement than intended, with the risk that your investment may not fully benefit from a subsequent rise in the stock market, or
 - if you retire earlier – there will not be enough time for the switching to be completed, so a subsequent stock market fall may reduce the value of your investment.

What are the charges?

- There is an annual management charge of 1.5% of the value of the funds you accumulate. If your fund is valued at £500 throughout the year, this means that we deduct £7.50 that year. If your fund is valued at £7,500 throughout the year, we will deduct £112.50. When we set each day's unit price, we allow for the annual management charge.
- On the 10th anniversary of your plan, the annual management charge will reduce to 1% of the value of the funds you accumulate. These charges may vary in future.
- The charges cover the cost of setting up and administering the CIS Stakeholder Pension Plan.

What about State benefits?

- Individuals on low incomes in retirement may be eligible for State benefits including the Pension Credit. More information is contained in the accompanying supplementary guide. If you do not have a copy of this, please call 08000 28 27 27 and we will send you one.

What happens to the plan if I die before I retire?

- We'll pay the plan value in a lump sum unless part of the plan is used to buy a pension for your husband, wife or civil partner. Any lump sum death benefits payable will be subject to the Lifetime Allowance – see the "Are there restrictions on the maximum benefits payable?" section on page 4.
- If your plan has been arranged under trust, we will pay the lump sum to the trustees. If not, we decide who to pay the lump sum to, taking into account your circumstances when you die and anyone you have previously stated you want the money to go to. You can nominate preferred beneficiaries on your application form.

Can I transfer my plan?

- You may, as long as you are not receiving any pension from it, transfer the value of your plan to another H.M. Revenue & Customs registered pension scheme or a qualifying recognised overseas pension scheme. Your transfer value may be reduced if we apply a market value reduction. Please see our 'Guide to investing in CIS With-Profits Stakeholder Fund' for further information. You are required to give us one month's notice to transfer your plan.

Can I change my mind?

- You will have the right to change your mind. This should put you back into the position you were in before you took out the plan.

How long will I have to change my mind?

- The documentation you receive as confirmation of your purchase/instruction will include a Cancellation Notice – you will then have 30 days in which to inform us of your wish to change your mind.

What do I do if I change my mind?

- Write to us at the following address providing your name and address, plan number and the date you took out the plan:

Office address: **The Co-operative Investments**
PO Box 4014
Miller Street
Manchester
M60 5ZZ

And if I don't change my mind?

- After 30 days you will be bound by the terms and conditions applicable to this plan.

How will I know how my CIS Stakeholder Pension Plan is doing?

- Each year we will send you a statement to show you how your plan is doing.
- You can check the unit prices of our funds on our website **co-operativeinvestments.co.uk**
- You can also get an up-to-date valuation by phoning us – see 'How to contact us' details.

How to contact us

If you have any questions or wish to arrange additional contributions or fund switches you can contact us on:

Telephone number: **08000 28 27 27**

Lines open Mon-Fri 8am-8pm, Sat 8am-5pm

Email: **takehold@cfs.coop**

Office address: **The Co-operative Investments
PO Box 4014
Miller Street
Manchester
M60 5ZZ**

Other information

How to complain

- The Co-operative Investments has well-established complaints handling procedures to ensure that all causes of concern are dealt with fairly and promptly. If you would like us to send you a leaflet describing these procedures, or if you need to complain to us, please contact:

Central Customer Relations Unit
The Co-operative Investments
Miller Street
Manchester
M60 0AL
Tel: 0845 300 0374

- If your complaint is not dealt with to your satisfaction, you can then complain to:

Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London
E14 9SR
Tel: 0845 080 1800

- Making a complaint will not affect your legal rights.

Terms and conditions

- This document gives a summary of a CIS Stakeholder Pension Plan. It does not include all the definitions, exclusions and terms and conditions. These are contained in the appropriate Terms and Conditions.
- We have the right to change some of these terms and conditions, but we will write and explain if this happens.

Law

- In legal disputes, the Law of England will apply.
- Legislation governing pensions and taxation is liable to change and the information in this document is based on our understanding of the current position.

Compensation

- We are covered by the Financial Services Compensation Scheme. If you make a valid claim for a plan which we have arranged for you and we are unable to meet our liabilities in full, you may be entitled to compensation from the Financial Services Compensation Scheme. The maximum level of compensation you can receive from the scheme is 90% of the claim with no upper limit per person.

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