Product guide to your

CIS Personal Pension

Reminder of important facts and key changes
This guide applies to all variations of The CIS Personal Pension product (sold prior to April 2001), including:

- Voluntary contributions
- State Earnings Related Pension Scheme (SERPS)/State 2nd Pension (S2P) contributions
- Free-standing AVC contributions

Why you bought your Personal Pension Plan

You bought your Personal Pension Policy to provide yourself with an income in retirement.

Your contributions are invested to give you a Retirement Fund that you can use to buy a taxable pension for your retirement and to provide the option of a tax-free lump sum. We can arrange your pension for you or you can ask another pension provider to do so.

Pensions are a tax-efficient way of saving

The government provides tax relief on any pension contributions you make. For example, if the basic rate of tax is 20%, then for every 80p that you contribute the government will automatically give us an additional 20p to add to your pension.

If you are a higher rate tax payer then you may be able to claim further tax relief from HM Revenue and Customs.

Where your money is invested

Your Pension is invested in a with-profits fund which means that we manage your investments for you. The fund consists of a variety of investments including stocks and shares. The value of these investments will go up and down.

We smooth out investment returns so that you have some protection against extreme changes in the investment markets.

Your share of investment returns are passed onto you in the form of annual and final bonuses, although there is no guarantee that you will receive any future bonuses. The bonuses also allow for deductions to cover the expenses that we incur in managing your pension.

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.

Fund guarantees

Your policy is designed to provide a guaranteed cash sum at your Chosen Retirement Date*, provided you pay all your contributions up to that date.

Your guaranteed cash sum and any bonuses, once added, are guaranteed to be paid on your Chosen Retirement Date, even if the investment markets fall. This provides the Retirement Fund from which you can take your pension.

When you can take your pension

Retirement benefits can be taken from age 55.

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

Taking your pension benefits at retirement

When you approach your chosen retirement date you will need to make a decision on what to do with the pension fund you have saved with us.

Your pension fund won’t automatically pay you an income when you retire. You will need to use the fund to buy a retirement product, such as an annuity, that provides you with that income. To find the best possible income you will need to shop around and consider taking independent financial advice.

Your retirement options could include:

- Taking all your pension fund in one lump sum amount – this option is only available on smaller value pension funds.
• Buying a retirement income product, such as an annuity – this is the most popular way in which people buy a retirement income.

• Postpone taking your retirement income – you can leave your pension benefits with us until you are age 75, after which you will be required to take a retirement income.

Before you choose your retirement option you should consider the following:

• Are you interested in taking your pension fund as one cash lump sum or would you prefer to receive a regular income for the rest of your life?

• Do you smoke or have any medical condition? If so you may be eligible for an enhanced annuity that could provide you with a higher annuity income for life.

• Are you married or have a partner or dependent who will need an income if you die?

• Do you want your income to increase over time to keep up with inflation?

Whatever you decide you should shop around and consider taking independent financial advice. You should also visit www.pensionsadvisoryservice.org.uk and www.moneyadviser.org.uk where you will be able to find clear, unbiased advice to help you make an informed choice about your retirement options.

What you get at retirement

When you retire you will be able to take a tax-free cash sum of up to 25% of your Retirement Fund and a taxable pension for life.

Guaranteed Annuity Rates (GARs)

If your policy, or add-on was purchased before 1st March 1999 then we will guarantee a certain level of pension for you should you retire at your Chosen Retirement Date and take your pension with us.

This may boost your pension above pension rates that are available in the market.

These Guaranteed Annuity Rates are specified in your original Policy Schedule.

If you die before taking your retirement benefits

If you die before you retire we will return the value of your pension fund to your beneficiaries.

If you purchased separate life cover with your pension and this cover is in force when you die, then we will pay an additional lump sum benefit.

If your policy contains benefits from when you contracted-out of the SERPS/S2P scheme, the specific requirements attached to these benefits will no longer apply from 6th April 2012.

Previously, there were certain restrictions applying to Protected Rights benefits, which meant that a pension would automatically have been payable to a surviving spouse or civil partner, but this is no longer the case.

You will still be able to choose to have a pension payable to a surviving spouse, civil partner or any other person who is financially dependant on you, however if one is not chosen the fund value will be paid as a lump sum.

Any guarantees relating to the Protected Rights benefits you have built up in your policy will remain.

If you are in ill-health

If you took out the Waiver of Contribution option and you are still paying premiums, please contact us if, due to sickness, you are unable to work for any significant period. We may be able to pay your premiums for you.

If you are forced to retire early due to ill-health, then we may be able to make special arrangements for your retirement benefits.
Transferring your pension

You can transfer your pension to another pension provider at any time before you retire. However, this will result in you losing your Fund Guarantees and Guaranteed Annuity Rate. You should seek independent financial advice if you are considering this option.

Changes to contracted-out of the State Pension Scheme

When you took out your pension, you may also have signed up to have your government contributions to the state scheme redirected to your personal pension. These contributions are sometimes referred to as your SERPS or S2P or Rebate contributions and are in addition to the basic state pension.

If you were formerly contracted-out with The Co-operative Investments (your statement will indicate whether your policy was contracted-out):

- HM Revenue & Customs (HMRC) rebate contributions will cease to be paid into your policy in relation to tax years from 6th April 2012
- as a result of no longer being contracted-out from 6th April 2012, you may build up entitlement to an Additional State Pension
- some rebate contributions may continue to be received from HMRC after April 2012, but only in respect of earlier tax years

Stopping your contributions

You can stop paying contributions but this will reduce the benefits you will receive at retirement.

Additional information

This guide is intended to be a concise reminder of the main features of the product you have purchased and any key changes that might affect your product. 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 'Chosen Retirement Date', this is the date that you originally stated you would like to retire and is the date shown on your annual statement.

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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