

Key Features  
*i2Live Annuity™*



*Putting you in control of your pension income*

**This is an important document. Please read it alongside your personal illustration and keep it safe for future reference.**

## *Lincoln i2Live™*

A comprehensive and flexible package of retirement solutions. It enables you to continue your investment fund choices at every stage of your retirement planning. *Lincoln i2Live* consists of the three following plans:

**i2Live Accumulator** – bring your pensions together and continue contributing more to build your pension fund

**i2Live Drawdown** – take a flexible income up to your 75th birthday. The plan also comes with an *Income Guarantee Option*, ensuring your income never falls below a certain amount

**i2Live Annuity** – take a flexible income. This plan also includes an *Income Guarantee Option*, providing the peace of mind that comes with knowing your income won't fall below a certain limit.

## In this Key Features document

- |   |                           |            |
|---|---------------------------|------------|
| 1 | Aims, Commitments, Risks  | page 3-4   |
| 2 | Your questions answered   | page 5-12  |
|   | – Income Guarantee Option | page 9-10  |
| 3 | Glossary                  | page 13-14 |
| 4 | Other information         | page 15    |
| 5 | Contact details           | page 16    |

Terms marked in *italics* are explained further in the glossary

# Key Features

## *i2Live Annuity*<sup>™</sup>

1

The Financial Services Authority is the independent financial services regulator. It requires us, Lincoln Assurance Limited, to give you this important information to help you decide whether our *i2Live 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.

Choosing a financial product is an important decision, so you should always seek professional advice from a financial adviser. Before selecting *i2Live Annuity*, you also need to know what the plan is, how it works, what the risks are, and what it can do for you. That's where this document comes in, providing the information to help you and your financial adviser make an informed choice.

### **Its aims**

*i2Live Annuity* is an annuity that:

- provides you with a flexible income for life
- provides you with an *Income Guarantee Option* to ensure your income never falls below a certain level
- allows you to control where your pension fund is invested through a range of investment funds and investment managers
- allows you to provide an income for your dependants when you die.

### **Your commitment**

- To make an initial payment of at least £50,000 in *i2Live Annuity* or other products in the *Lincoln i2Live* range. However this type of product is designed for customers with a combined total pension fund in excess of £100,000.
- To invest at least £25,000 in *i2Live Annuity* if you wish to include the *Income Guarantee Option*.
- To take at least the minimum HM Revenue & Customs (HMRC) income limit.
- You buy your *i2Live Annuity* with money from your pension scheme. Once you have done this you cannot move the money back again following expiry of the 30 day cancellation period.
- You should regularly monitor and review your *i2Live Annuity* with your financial adviser.

## Risk factors

- The value of the fund(s) you invest in is not guaranteed and your investment can fall or rise.
- The level of income you take from your plan is not guaranteed and depends on the value of your investment funds. A level of protection is provided if you select the *Income Guarantee Option* (see 'What is the Income Guarantee Option?' on page 8)
- The value of your investment fund may be eroded, in particular if the income you take, plus our charges, exceeds the investment growth of your investment fund. This could result in a lower income in the future. The *Income Guarantee Option* is designed to provide you with a level of security against this risk.
- What you get from your *i2Live Annuity* will depend on future investment performance, *annuity rates*, our charges and the level of income you take.
- Different investment funds come with different levels of risk. Before choosing which funds you would like to invest in, please discuss this with your financial adviser. The *Lincoln i2Live 'Investment Funds Guide'* is available on request or from your financial adviser. It contains details of all funds including their risk. You should read this document carefully.
- Inflation will reduce the real value of your income.
- Your pension income and fund value may be lower than shown on your illustration. This could be due to lower than assumed investment growth and *annuity rates*, higher than assumed charges and changes in tax rules and legislation.
- When transferring a pension into *i2Live Annuity*, there's no guarantee you will achieve a higher plan value than you may have received with your previous plan. You may also lose other rights, such as guaranteed benefits.
- If you cancel your *i2Live Annuity* within 30 days of making a *transfer payment*, you may receive less than you paid in (see 'Can I change my mind?' on page 12).



# Your questions answered

## 2

### What is i2Live Annuity?

- An *annuity* designed for people who wish to maintain control of their pension fund to provide a flexible retirement income for life.

### What makes it flexible?

- You can take a flexible income for life to meet your needs.
- You can take up to 25% of your pension fund as a tax-free lump sum when you buy i2Live Annuity from *uncrystallised funds*.
- You can receive one-off withdrawals and regular income, provided the total income each year is within HMRC limits.
- You can ensure your income doesn't fall below a certain amount by choosing the *Income Guarantee Option* from age 60 up to, but not including, your 90th birthday. You can remove this guarantee at any time.
- You can choose from a wide range of investment funds.
- You can set up the plan to provide for your *dependants* when you die through a *joint life option* or *dependant's guarantee period option* (see 'What happens if I die?' on page 10).
- If you have not chosen the *Income Guarantee Option*, you can select which funds will provide your income. Alternatively you can take your income proportionately from all the funds in which you're invested.

### How do I invest in i2Live Annuity?

- You can transfer from any UK *Registered Pension Scheme*. See your financial adviser for details.

### What will affect the value of i2Live Annuity?

- The performance of your chosen investment funds which can go down or up.
- The more income you take the better the investment performance will need to be to make up for this.
- When people buy an *annuity*, those who live longer gain at the expense of those who die early. This is known as *mortality cross subsidy*. When i2Live Annuity holders die, part, or all of the remaining i2Live Annuity fund is used to fund *mortality credits* for other i2Live Annuity holders who are still alive, except where the full value of the remaining fund is being used to provide income for a *dependant*.
- The charges deducted. Please see your personal illustration for details.

### How much income can I take?

- You can choose how much income you wish to take each year within HMRC limits.
- Your personal illustration shows your HMRC limits. The maximum limit is 120% of the income you could get from a *conventional annuity*. The minimum limit is 50% of the income you could get from a *conventional annuity*.
- If you choose the *joint life option* or *dependant's guarantee period option*, then this is likely to reduce the HMRC limits at outset. You will find details of these options later in this document (see 'What happens if I die?' on page 10).

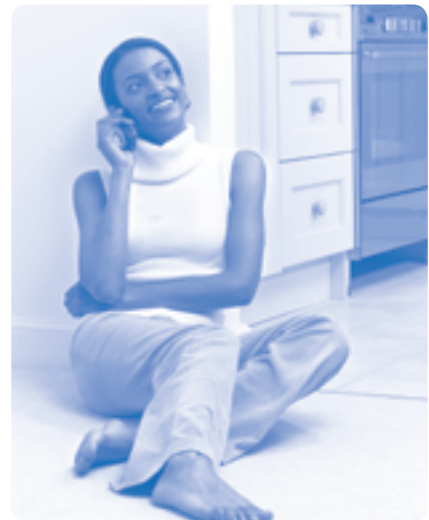
### What are the factors that affect my income?

- If you select the *Income Guarantee Option*, the income you take should not exceed the *maximum supportable income* (see 'What is the Income Guarantee Option' on page 8).
- If you choose the *Income Guarantee Option*, we will take your income proportionately from all the funds relating to your income guarantee.
- We will automatically review your HMRC income limits every five years.
- The limits may fall or rise depending on the value left in your i2Live Annuity fund, your age, and other factors. We will let you know how your HMRC limit affects your income.
- We will also recalculate your income following a pension sharing order as this may reduce your fund.

- If you choose the *joint life option* or *dependant's guarantee period option*, your income is likely to reduce (see 'What happens if I die?' on page 10).

### What income choices do I have?

- You can select a level income or an income that increases every year at a fixed rate.
- Your income can also increase each year in line with the Retail Prices Index or the National Average Earnings Index.
- You can choose to receive regular payments monthly, quarterly, half yearly or yearly.
- If you are not taking the maximum HMRC income in regular payments, you can take extra one-off payments up to the maximum.



### Does i2Live Annuity accept Protected Rights?

- No, i2Live Annuity cannot currently accept transfers in of *Protected Rights* or *Guaranteed Minimum Pension* as a result of *contracting-out* of the *State Second Pension* (previously *SERPS*).

### Can I make sure my income never falls below a minimum amount?

- Yes, you can by selecting i2Live Annuity's *Income Guarantee Option*.
- If you choose the *Income Guarantee Option*, we will apply an extra charge as shown on your illustration. This charge only applies to the part of your fund under the income guarantee.

### What are the age limits?

- You are eligible to take out i2Live Annuity if you are aged 50 or over and have not reached your 90th birthday. The minimum age of 50 will increase to 55 from 6 April 2010.
- It is possible to take out a policy earlier than the minimum ages set out above if you had a lower retirement age before 6 April 2006, or if you qualify for early retirement on the grounds of ill health.
- You can choose the *Income Guarantee Option* from age 60 up to, but not including, your 90th birthday.

### What fund choices are available?

- You can invest in a wide range of funds. You can choose from a fund range managed by external managers or our own internally managed fund range.
- You can currently switch between funds free of charge.
- You can find details of the fund choices available in our 'Investment Funds Guide', available on request or from your financial adviser.

### How is my plan invested?

- We will use your payments to buy *units* in the funds you choose. Each unit price is based on the value of the investment fund.
- This means the value of your plan depends on how many *units* you have and the performance of the investment funds you have chosen.
- As *unit* prices fall or rise, so will the value of your plan.

### Can I transfer my funds out of i2Live Annuity?

- Yes, you have the option to transfer-out to another lifetime *annuity* at any time.
- A request to transfer-out is subject to underwriting and if you meet our definition of an *impaired life*, the request will be declined. This restriction is to protect the interests of other i2Live Annuity holders.

### What are the charges?

- There are various charges for managing and investing your plan. You can find details of these charges in your personal illustration.

### How much will the financial advice cost?

- Your financial adviser will let you know about the cost of advice, if any.
- You can also find information on this in your personal illustration.



## Income Guarantee Option

### What is the Income Guarantee Option?

- It provides a lifetime guarantee that your income will never fall below a *guaranteed minimum income* level, provided that the conditions of the guarantee are met.
- It allows you to take an income up to the *maximum supportable income*.
- It can cover all or part of your plan.
- You can stop and restart the guarantee on the terms applicable at the time.

### What is the guaranteed minimum income?

- This is the level below which your income will never fall under the *Income Guarantee Option* provided the conditions of the guarantee are met (see 'What are the conditions for the *Income Guaranteed Option?*' below).
- It is calculated as 75% of your initial *maximum supportable income*.
- The *guaranteed minimum income* will be paid if the value of your investment fund falls and this results in the *maximum supportable income* falling below the *guaranteed minimum income* level.
- If the value of the fund relating to your income guarantee ever reduces to zero, we will continue paying you the *guaranteed minimum income*.

### What are the conditions for the Income Guarantee Option?

- The *guaranteed minimum income* may only reduce if:
  - you take income in any year of more than the *maximum supportable income* (or the *guaranteed minimum income* if greater)
  - the value of your fund is reduced as a result of a *pension sharing order* or *annuity* purchase
  - the level of regular commission you have agreed with your financial adviser is increased.
- If you choose the *Income Guarantee Option* there will be some restrictions on the investment options available. The amount you invest in equities is currently restricted to 70% of your investment to which the income guarantee applies.

### Could my guaranteed minimum income increase?

- Yes, it could. We will review your *guaranteed minimum income* every five years.
- Your *guaranteed minimum income* will increase if 75% of your average *maximum supportable income* since the previous review is greater than the current *guaranteed minimum income*.
- Please refer to the Terms and Conditions for further details available on request or from your financial adviser.

### What happens if I die?

#### What death benefits are available?

- Each time you make an application for an i2Live Annuity, you can choose to include any of the following death benefit options to be attached to that payment.
  - no death benefits, in which case income will stop when you die and the value of your fund will be used to provide *mortality credits* for other i2Live Annuity holders
  - the *joint life option*
  - a *dependant's guarantee period option* of either five or ten years
  - both the *joint life option* and the *dependant's guarantee period option* together.
- Please note that death benefit options cannot be added or removed at a later date.

#### What is the joint life option?

- The *joint life option* allows an income to continue after your death to a *dependant*.
- You decide what percentage of your fund will be used to provide an income for your *dependant*.
- If your *dependant* is a child, income will only continue to be paid after your death until your *dependant* reaches age 23.
- Actual income payable to your *dependant* will be based on the remaining value of your i2Live Annuity when you die. Your *dependant* will have the same income options and investment options as you do.

### What is the dependant's guarantee period option?

- This option allows an income to continue to be paid to a *dependant* or another *beneficiary* for the remainder of the chosen guarantee period if you die during this period.
- The income payable will be the maximum income that could have been payable to you during the guarantee period, based on the fund value and HMRC limits.

### What happens if I select both the joint life option and the dependant's guarantee period?

- If you select both options and die within the guarantee period, the benefits payable will be as described under the *dependant's guarantee period option*.
- Once the guarantee period has ended, the remaining value of the i2Live Annuity will be adjusted based on the selected joint life percentage and income will be paid as described under the *joint life option* above.
- If both options are selected, then the *dependant* or *beneficiary* has to be the same person.
- You cannot choose to include both the *joint life option* and the *dependant's guarantee period option* if the *dependant* is under age 23.

### General points regarding death benefits

- Your own income will be lower if you choose either or both of the above options.
- The level of *mortality credits* that are added to your fund each year depend in part on the death benefits that are attached to your i2Live Annuity. For details of how *mortality credits* are calculated please see your Terms & Conditions.
- If you have included the *Income Guarantee Option*, this will continue under the *joint life option* and the *dependant's guarantee period option* and income will be limited to the *maximum supportable income*. The *Income Guarantee Option* can be removed after your death if your *dependant* or *beneficiary* prefers to take the HMRC maximum income limit instead.

### What about tax?

- How you are taxed depends on your individual circumstances.
- We have based the information in this document on our understanding of current law and HMRC practice. This may change in the future.

### Tax on your investment funds

- Your payments are invested in investment funds on which no UK taxes are paid on investment income and capital gains.

### Tax when you take benefits

- The income you take from your i2Live Annuity will be taxed as earned income. Tax will be deducted from income, based on your tax code.
- If you are a non-taxpayer or overseas taxpayer you may be able to arrange with HMRC for your income to be paid without a tax deduction.
- The income continuing to a *dependant*, through the *joint life option* or during a *dependant's guarantee period option*, will be taxed in the same way as your income, using your *dependant's* tax code.

### Can I change my mind?

- Yes. You have the right to cancel within 30 days from the date you receive a cancellation notice ('Your right to change your mind'), and the Terms and Conditions document.
- With *transfer payments*, you must contact the company of the pension you are transferring from and ask them to accept the payment back. We will then return the *transfer payment* upon receipt of written confirmation. If the company does not accept the return of the *transfer payment*, you must arrange for another pension provider to take the transfer.
- The refund of a payment on cancellation will be subject to the deduction of any fall in the value of the investment when notice of cancellation is received by us.

### How will I know how my i2Live Annuity is performing?

- We will send you a personal statement each year.
- You can check the values of your investment funds at [www.lincolnuk.co.uk](http://www.lincolnuk.co.uk)
- You can call us for an update. Our details are on the back page.
- Your financial adviser should be able to provide an up to date valuation.

### How can I apply for i2Live Annuity?

- Lincoln only accepts applications for this product through a financial adviser.

# Glossary

## 3

This glossary explains many of the terms in this document. If you're unsure about any information or you need more help understanding certain terms, please talk to your financial adviser or call us on 0845 642 44 44.

Term	Definition
<b>Annuity</b>	A product issued by insurance companies which converts your pension fund into an income. There are different <i>annuity</i> types to suit different circumstances.
<b>Annuity rate</b>	The rate that is used to convert a pension fund into an income.
<b>Contracting-out</b>	Individuals are contracted-out of <i>State Second Pension</i> if they are in employment which is contracted-out by reference to an occupational pension scheme, or have elected to contract-out via an Appropriate Personal Pension or a Stakeholder pension.
<b>Beneficiary</b>	A <i>beneficiary</i> is a person nominated by you who may receive a pension income from your <i>i2Live Annuity</i> following your death.
<b>Conventional annuity</b>	This is an <i>annuity</i> that provides a regular income for life. Once it starts, it cannot be changed.
<b>Dependant</b>	Your husband, wife, civil partner, child under age 23, child over 23 and <i>dependant</i> on you because of physical or medical impairment, or any other person who is dependent on you either financially or because of physical or medical impairment.
<b>Dependant's guarantee period option</b>	If you die within your selected period of five or ten years, this option provides your spouse, civil partner, <i>dependant</i> or another <i>beneficiary</i> with an income for the remainder of the period.
<b>Guaranteed minimum income</b>	The minimum level of annual income from the fund to which the <i>Income Guarantee Option</i> applies, as selected by you.
<b>Guaranteed Minimum Pension</b>	This is the minimum pension a company pension can provide for a scheme member who was contracted-out of the <i>State Earnings Related Pension Scheme (SERPS)</i> up to 6 April 1997.
<b>Impaired life</b>	An impaired life is someone that we believe has a lower than average life expectancy.

Term	Definition
<b>Income Guarantee Option</b>	An option to ensure that your income will not fall below a guaranteed minimum amount.
<b>Joint life option</b>	This enables a pension income to continue to a <i>dependant</i> on your death.
<b>Maximum supportable income</b>	This is the maximum income under the income guarantee that your fund can provide for the rest of your life. We calculate this based on our assumptions on such factors as life expectancy and investment returns.
<b>Mortality credit</b>	A credit added to your fund from the unused funds of other <i>i2Live</i> Annuity holders on their death.
<b>Mortality cross subsidy</b>	<i>Annuity rates</i> are set with the knowledge that some people will die before their average life expectancy and some will live beyond it. The funds for those who die earlier than expected, with no <i>beneficiaries</i> , help to pay annuities for those who live on.
<b>Pension sharing order</b>	This is an order that allows pension rights to be split on divorce.
<b>Protected Rights</b>	This is a pension fund built from payments received resulting from being contracted-out of the <i>State Second Pension</i> (or previously <i>SERPS</i> ).
<b>Registered pension scheme</b>	A <i>registered pension scheme</i> is a pension that is registered with HMRC.
<b>State Second Pension</b>	This is a pension paid in addition to the basic State Pension. You can contract-out of the <i>State Second Pension</i> .
<b>State Earnings Related Pension Scheme (SERPS)</b>	<i>SERPS</i> was replaced by the <i>State Second Pension</i> .
<b>Transfer payments</b>	The value of your pension benefits transferred from one registered pension scheme to another.
<b>Uncrystallised funds</b>	These are monies invested in a pension that have not yet been used to provide benefits.
<b>Units</b>	The notional <i>units</i> into which we divide each investment fund and which we use to work out the value of your policy.

# Other information

## 4

### How to complain

If you ever need to complain about this plan, please contact us using the details shown in 'How to contact us' on the back page. If you are not satisfied with our response, you can complain to:

The Financial Ombudsman Service  
South Quay Plaza  
183 Marsh Wall  
London E14 9SR

Tel: 0845 080 1800  
Email: [enquiries@financial-ombudsman.org.uk](mailto:enquiries@financial-ombudsman.org.uk)  
[www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

Complaining to the Ombudsman won't affect your legal rights.

### Terms and Conditions

This document only summarises the features of this product. Please read it alongside your illustrations and the product Terms and Conditions, available on request.

We have the right to change some of the Terms and Conditions at any time. We will write to inform you of any changes that affect your plan.

### Law

The Law of England applies to this plan.

### Compensation

We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation if we cannot meet our obligations. You should note that there are limits to the protection offered by the scheme. Currently, your life and pension products would be covered under the Scheme for 100% of the first £2,000 and 90% of the remaining claim if we were unable to meet our obligations.

If you are advised by a financial adviser or other authorised intermediary and have a claim against that adviser which they are unable to meet, you may be entitled to compensation. Currently your plan would be covered for 100% of the first £30,000 and 90% of the next £20,000, so the maximum compensation would be £48,000.

Further information on compensation arrangements is available from the Financial Services Compensation Scheme (FSCS) at:

7th Floor  
Lloyds Chambers  
Portsoken Street  
London E1 8BN

Tel: 020 7892 7300  
[www.fscs.org.uk](http://www.fscs.org.uk)

### Document availability

Please contact our Service team if you require this document in another format. We can provide it in:

- larger print
- braille
- compact disc (CD).

The Lincoln documents mentioned in this brochure are available from your financial adviser. Alternatively you may contact our Service team.

### Important

Lincoln Assurance Limited does not provide advice on its life assurance and pension products, but aims to give customers helpful information to enable them to make informed decisions. We can also help customers who require advice to find a financial adviser in their local area if required.

To find a financial adviser just call us or visit [www.unbiased.co.uk](http://www.unbiased.co.uk)

# How to contact us

5

If you have any questions, please talk to your financial adviser first. If you require any information from us or wish to provide instructions regarding your i2Live Annuity, please contact Lincoln in the following ways:

## Customer helpline



0845 642 44 44

## Financial adviser helpline



0845 642 22 22

Our lines are open from 8am to 6pm Monday to Friday.  
We may monitor or record calls to help us improve our service.

## Fax



0845 642 22 44

## Email



[RI-service@lincolnuk.co.uk](mailto:RI-service@lincolnuk.co.uk)

## Or write to us at



Lincoln Retirement Income  
PO Box 2139  
Gloucester  
GL4 3WJ

## Website



[www.lincolnuk.co.uk](http://www.lincolnuk.co.uk)



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