Reliance Mutual Enhanced Annuity For Smokers

About Reliance Mutual

Reliance Mutual started its life in March 1911 as the Farringdon Reliance Friendly Collecting Society. In 1951 Reliance converted to a mutual life insurance company.

From its base as a mutual society, Reliance Mutual has never wavered in its efforts to provide mutual benefits to its members. Today, Reliance Mutual's Group funds are over £1 billion and the same principle of mutuality applies – the Society has no shareholders and exists solely to provide benefits to the policyholders.

We are committed to providing a quality service and products for our clients and pride ourselves on our friendly but professional service built up over our many years of experience.

If you require assistance at any time, simply telephone our Head Office in Tunbridge Wells on 01892 773388. Calls may be recorded for training or monitoring purposes.

Reliance Mutual is a member of the Association of British Insurers (ABI) and is authorised and regulated by the Financial Services Authority.

The open market option

The pension fund you have built up with your pension provider will not automatically pay you an income when you retire. You will need to buy a retirement income product to provide you with that income. You will normally have the right to shop around, and transfer your pension funds to secure that retirement income product from another provider. This right is known as the Open Market Option (OMO).

Before deciding what to do, you should compare what your current pension provider can offer with what other pension companies, such as Reliance Mutual, can provide, as you may be able to get a better deal. If you move your pension funds to another provider you might get a considerably higher income, although this is not always the case.

Before you transfer your pension funds using the Open Market Option, you should check first with your current pension provider to see whether there is a guaranteed annuity rate written into your policy, as this may be higher than the rates offered elsewhere.

You should also be aware that if you have a with-profits pension plan with your current pension provider and you decide to transfer the funds using the Open Market Option before your selected retirement date, they may make a market value reduction or other charge. You should check with your current pension provider what the selected retirement date is under your policy and whether they will penalise you if you decide to transfer the funds using the Open Market Option before this date.

What is an enhanced annuity for smokers?

A pension annuity is simply a way to convert your pension fund into income for the rest of your life. An older person will receive a greater income than a younger person for each £1000 converted at any point in time. However, the general level of annuity rates fluctuates from time to time.

Reliance Mutual offers an enhanced annuity for clients who are qualifying smokers and who may have other lifestyle or medical conditions. To qualify for our enhanced smoker annuity rates you must smoke at least ten manufactured cigarettes per day, or 85 grams (3 ounces) of rolling tobacco per week, and have done so for at least the last ten years, without any significant breaks within the last ten years. We do not accept pipe or cigar smokers. A further enhancement may apply if you (or your spouse, partner or civil partner if applicable) have other lifestyle or medical conditions. The lifestyle and medical conditions that are included are high blood pressure, raised cholesterol, diabetes and severe coronary artery disease (aneurysm abdominal, aneurysm thoracic, angina, coronary artery bypass surgery and heart attack). As a smoker, your annuity will usually be higher than it would be if you were a non-smoker, as smoking has an effect on your life expectancy.

We carry out spot checks and in some cases obtain doctors' reports to verify the smoking, lifestyle and medical conditions information you provide in your application. We may reduce the income we pay to you if we discover that you have failed to disclose accurately information about your smoking habits, lifestyle or medical conditions, or we are unable to obtain suitable evidence to support your application.

(i) If we discover that you have failed to disclose accurately information about your smoking habits, or we are unable to obtain suitable evidence to support your application, your annuity will be reduced to the terms that would have applied for a non smoker and, if there is a dependant's annuity, for a non smoker dependant, with no enhancements for any lifestyle or medical conditions for either you or your dependant.

(ii) If we discover that you have failed to disclose accurately information about your lifestyle or medical conditions, or we are unable to obtain suitable evidence to support your application, your annuity will be reduced by the enhancement which was given for these lifestyle or medical conditions.

(iii) If we discover that you have failed to disclose accurately information about your dependant's smoking habits, or we are unable to obtain suitable evidence to support your application regarding the smoking habits of your dependant, your annuity will be reduced by the enhancement which was given for the smoking habits of your dependant.

(iv) If we discover that you have failed to disclose accurately information about your dependant's lifestyle or medical conditions, or we are unable to obtain suitable evidence to support your application regarding the lifestyle or medical conditions of your dependant, your annuity will be reduced by the enhancement which was given for the lifestyle or medical conditions of your dependant.

The Society will require the repayment of any past overpayments and reserves the right to adjust the future annuity to recover such overpayments.

Your options

Subject to any restrictions from your pension scheme, you have the following options:

- **Pension commencement lump sum (tax free cash).**
  You can either:
  - use the whole of your pension fund to buy an annuity payable throughout your lifetime

  or
  - take a tax free cash sum of up to 25% of your pension fund and use the remainder to buy a smaller annuity payable throughout your lifetime

- **Dependant's benefit**
  You can choose for up to 100% of your annuity income to continue to be paid to your husband, wife, civil partner or dependant after your death, for the rest of his or her life.

  Selecting a dependant's benefit will reduce the amount of income payable to you.

- **Income payment frequency**
  You can choose from monthly, quarterly, half yearly or annually. The frequency of payments will affect the amount of income you receive.

- **Timing of income payments**
  You can choose when your income is paid:
  - 'in advance' will pay you starting on the day your annuity is set up
  - 'in arrears' will pay you starting at the end of the first frequency you choose

  Choosing 'in advance' will mean a smaller income.

- **Guaranteed option**
  Selecting this option guarantees that your income is paid for a minimum of between one and ten years from the start of your annuity. This means that, should you die within the selected time, your estate or beneficiaries will continue to receive the regular income at the same amount as we would have paid you. This would be subject to income tax.

  The longer the guaranteed period you select, the lower the income amount will be.

- **Level income option**
  With this option your income payments will always remain the same – they will never go up.

- **Escalating income option**
  With this option your income payments will start off lower than if you had selected the level income option, but they will go up each year. You have a choice of:

    - fixed increase from 0.1 – 5.0%. You choose a set percentage and that applies each year

  or

    - increases linked to inflation by Limited Price Indexation (which is Retail Prices Index (RPI) restricted to a maximum of either 2.5% or 5% - you choose which). If RPI falls we will treat the escalation amount as 0% and therefore your annuity will not be reduced.

The tax position

Your annuity is taxed as income based on your individual tax code under the Pay-as-you-earn system. At the start of your first annuity, we will deduct emergency rate tax and ask HM Revenue and Customs to let us have an individual tax code for you. We will pay over tax to HM Revenue and Customs on your behalf. Tax rules and rates may be subject to change in the future.

How do I apply

You should ask your Financial Adviser to help you choose the options that meet your needs. They can also assist you with completing the application form and let us have any other information we may require.

You should complete our Client Application Form with your personal details, which annuity options you wish to take and details of your smoking to verify whether you qualify for our enhanced smoker rates. A further form needs to be completed by your pension provider or Trustee, which you will need to authorise. We will also need proof of your name and age, i.e. passport, birth certificate, etc. Once your application is accepted we will then request the funds from your pension provider.

Cancellation rights

You have 30 days from the date of your first personal illustration from Reliance Mutual to change your mind. If you ask for another personal illustration this will not restart the cancellation period. Once we have set up your annuity and the 30 days have passed it cannot be transferred to another provider and your annuity options cannot be changed.

Help and advice

We recognise that buying an annuity is a big decision, therefore we strongly recommend you seek financial advice if you feel you need any help. This need not involve a fee, as many advisers will offer a ‘commission only’ service. For further information have a look at the website for The Money Advice Service (www.moneyadviceservice.org.uk) which has been set up by the Government and provides free and unbiased advice.

Financial Services Compensation Scheme

You may be entitled to compensation if we (Reliance Mutual) cannot meet our obligations due to insolvency. The Financial Services Compensation Scheme (FSCS) may arrange to transfer your annuity, provide a new annuity or, if this is not possible, provide compensation. Compensation depends on your annuity and the circumstances of the claim. For example, you will normally be covered for 90% of payments due under your annuity.

For further information you can contact the FSCS at:

The Financial Services Compensation Scheme
7th Floor Lloyds Chambers
Portsoken Street
London E1 8BN

Telephone:	0800 678 1100 or 020 7741 4100
Web:	www.fscs.org.uk
E-mail:	enquiries@fscs.org.uk

This brochure is based on our understanding of the present law and H M Revenue & Customs practice as at 06 April 2012 and does not constitute an offer or form any part of a contract. Any application received will be subject to acceptance by us and the rights of the annuitant and us shall be governed strictly by the standard terms of the policy issued by us upon such acceptance. A copy of the policy document which contains the full terms and conditions of the annuity is available on request.

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Calls may be recorded for training or monitoring purposes.

8200 April 2012