



Key Features of the Reliance Mutual Enhanced Annuity for Smokers

The Financial Services Authority is the independent financial services regulator. It requires us, Reliance Mutual Insurance Society Limited, to give you this important information to help you to decide whether our Enhanced Annuity for Smokers is right for you. You should read this document carefully so that you understand what you are buying, and keep it safe for future reference.

This document is designed to give you a summary of the information to help you decide if you want to buy your annuity from Reliance Mutual. You should seek financial advice and discuss your plans with anyone who may be affected by your financial decisions. Please read this document together with Your Personal Illustration, which shows the amount of income you will get from us based on the information you have provided.

Aims, Commitment and Risks

Its aims

Your Reliance Mutual Enhanced Annuity for Smokers aims:

- To let you use your pension fund to guarantee a regular income for the rest of your life.
- To pay an income to your husband, wife, civil partner or dependant after your death if you decide this is what you want.
- To let you select the annuity you require from a range of options.

Your commitment

- To get appropriate financial advice.
- To give complete and accurate information on your application form.
- We may need to obtain a medical report from your Doctor to verify the information you supply in your application.
- The options you can choose may be restricted by the rules of your pension scheme.
- To buy your Enhanced Annuity for Smokers with your pension fund shown in your personal illustration.
- Once Reliance Mutual starts your annuity, you will be committed to receiving your chosen income from Reliance Mutual. You cannot change your mind.
- Your income will be subject to income tax.

Risks

- Once Reliance Mutual starts your annuity you cannot change the options you selected, even if your personal circumstances change.
 - you cannot select different annuity options
 - you cannot switch to another pension provider, cash it in or get your fund back

- We may reduce the income we pay to you if we discover that you 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, or you failed to meet the criteria for smoker rates.

The reduction would be significant and your income may then be lower than you would have been able to obtain from another company. We would also recover any overpayments.

- Any checks we make on the information you supply in your application will take place after your policy has been set up, by which time your opportunity to cancel will have passed.
- Inflation may reduce the buying power of your annuity. However you can choose an annuity where the income starts lower but increases each year.
- The total of the income payments we make to you may be less than the pension funds used to purchase your annuity.
- If you die before your husband, wife, civil partner or dependant, they will not get any money from this annuity unless you selected that option at the start.
- When you die, this annuity will stop immediately, unless you have chosen an option that pays out after death.

Questions and answers

What is an annuity?

- It is an insurance policy that guarantees to pay you a regular income for the rest of your life in return for a single payment from your pension scheme.
- Details of your income are shown in your personal illustration. The income does not depend on investment performance.
- Your actual income may differ from that shown in the personal illustration because it will depend on the actual amount we receive from your pension scheme and annuity rates available at the time.

What is a Reliance Mutual Enhanced Annuity for Smokers?

- A Reliance Mutual enhanced annuity for smokers pays out a higher income than our standard annuity, because based on the information you have supplied you are a smoker who also meets our requirements to qualify for our Enhanced Annuity for Smokers.

A further enhancement may apply if your husband, wife, civil partner or dependant also is a smoker and meets our requirements for our enhanced annuity for smokers, or you (or your husband, wife, civil partner or dependant) have other lifestyle or medical conditions.

How do I qualify for an Enhanced Annuity for Smokers?

- You will qualify for our Enhanced Annuity for Smokers if you are currently a smoker and smoke at least 10 manufactured cigarettes a day or 85 grams of rolling tobacco a week and have done so for at least the last 10 years, without any significant breaks or reduction below the minimum qualifying level within the last 10 years. We do not accept pipe or cigar smokers.
- We carry out spot checks and may 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 your dependant has failed to disclose accurately information about their 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 your dependant has failed to disclose accurately information about their 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 pension fund must be from a UK HMRC Registered Pension Scheme for UK residents.
- The total value of all your pension benefits must be within your personal Lifetime Allowance Limit (in accordance with HMRC limits), which is £1,500,000 for the tax year 2012/13 onwards.

What are my annuity 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 amount of income you receive will be lower the more frequently you receive payments.

- **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 period 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 until the end of the guaranteed period. 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.

What is an open market option?

- The open market option on your pension fund allows you to purchase your annuity from a provider of your choice.
- You should ask your financial adviser to help you choose the provider to purchase your annuity from.

What are the charges?

- There are no separate charges for your annuity, so you have nothing extra to pay. All our charges are built into the annuity income that we pay to you.

How much income will I get?

- Your personal illustration shows how much income you might get based on your personal circumstances.
- However, there are reasons why you might get a different income to the one shown:

- **Changes in the pension fund value**

If the value of your pension fund changes by the time we receive the money from your scheme, we will pay you a different income.

- **Changes in annuity rates**

The income shown in your personal illustration is guaranteed for 14 days.

- If we receive your funds within 14 days, you will receive the income quoted. However, if our annuity rates have increased and are higher than your guaranteed rate, you will receive the higher rate and your income will be higher.
- If we receive the funds later than 14 days and our rates have gone down you will receive less, but if our rates are higher you will receive more

Will my annuity be taxed?

- 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.

What happens if I change my mind?

- 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 won't restart the 30 days.
- Once we have set up your annuity and the 30 days is up it can't be cashed in or transferred to another provider and your annuity options cannot be changed.

Other important information

Law

The courts of England and Wales will apply in legal disputes and your contract will be written in English. We will always write and speak to you in English.

Compensation

Your Financial Adviser has a duty to recommend only products suitable for your needs and financial situation. You have a legal right to compensation if it is proved that, at any time, their recommendations were unsuitable when they were given and under the circumstances which they were made.

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
Portoken Street
London E1 8BN

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

Queries and Complaints

If you would like further information, or have a query or complaint, you should first contact your Financial Adviser. If you require any further assistance or have a complaint about any aspect of our service please contact:

Reliance Mutual Insurance Society Limited
Reliance House
6 Vale Avenue
Tunbridge Wells
Kent TN1 1RG
Telephone: 01892 510033
Web: www.reliancemutual.co.uk
E-mail: complaints@reliancemutual.co.uk

If you are not satisfied with the way a complaint is handled, you can contact:

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

Telephone: 0845 080 1800 or 0300 123 9123
Web: www.financial-ombudsman.org.uk
E-mail: complaint.info@financial-ombudsman.org.uk

Making a complaint does not affect your right to take legal action.

Full details of our complaints procedure are available on request.

Further information

This document is a brief guide to the key features of the Reliance Mutual Enhanced Annuity for Smokers. If you are in any doubt about the suitability of this product, you should seek financial advice.

Our contact details are:

Client Services Department
Reliance Mutual Insurance Society Limited
Reliance House
6 Vale Avenue
Tunbridge Wells
Kent TN1 1RG

Telephone: 01892 773388
Web: www.reliancemutual.co.uk
E-mail: smoker.annuity@reliancemutual.co.uk

This document should be read with our personal illustration and your policy document. The policy document is available on request.

Important information about your right to cancel

Your right to cancel

You will not be able to change your mind once your pension has been set up. This Key Features leaflet and the illustration explain your options and how the pension will work for you. You should now read the following information explaining your right to cancel.

How long do I have to make my decision?

You have at least 30 days after you receive your illustration from Reliance Mutual to make up your mind whether to proceed.

If we receive your application before the 30 days are up, we will delay processing it until that period has expired to allow you enough time to think it over.

Once you have sent back the application form and the pension has been set up the decision will be final. You will then not be able to change your mind.

What should I do if I want to go ahead?

Fill in the application form and send it to Reliance Mutual.

What should I do if I want to consider my options?

You should contact your financial adviser for alternative illustrations. When you have made your choice your pension will be set up from your retirement date, or when you sent in your application, if this is later.

If you send the application to Reliance Mutual we will delay until you have had this notice for 30 days but will not send a new notice with each illustration.

If you send for an illustration from another company they will also allow you at least 30 days cancellation rights.

What should I do if I want to cancel?

If you have not yet completed a Reliance Mutual Enhanced Annuity for Smokers application form, you need take no further action. We suggest that you contact your financial adviser to make alternative arrangements.

If you change your mind after sending in your application form but before the pension is set up you should immediately inform Reliance Mutual using the slip below.

What is the effect of canceling?

If you have exercised your cancellation rights within the 30-day cancellation period, Reliance Mutual will cease processing your application form.

If we have received any money from the company with whom you had the original pension plan, we will return it.

How much will the advice cost?

You will find a statement of the costs in your personal illustration. The amount will depend on the size of your investment. The pension shown in the illustration takes account of this cost.

Cancellation request

Fully complete this slip only if you have submitted an application to Reliance Mutual, and do not wish to proceed. You should send it to Client Services (Pensions), Reliance Mutual Insurance Society Limited, Reliance House, 6 Vale Avenue, Tunbridge Wells TN1 1RG

I confirm that I do not wish to proceed with my Reliance Mutual Enhanced Annuity for Smokers application.

Your name

Your address

Signed

Date

Quotation reference

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.

Reliance Mutual Insurance Society Limited
Reliance House
6 Vale Avenue
Tunbridge Wells
Kent TN1 1RG

Telephone: 01892 510033

Web: www.reliancemutual.co.uk

E-mail: smoker.annuity@reliancemutual.co.uk



Calls may be recorded for training or monitoring purposes.

The Reliance Mutual Group includes Reliance Mutual Insurance Society Limited – Registered No. 491580, Reliance Unit Managers Limited - Registered No. 724451 and Reliance Administration Services Limited – Registered No. 3710407. All are registered in England at Reliance House, 6 Vale Avenue, Tunbridge Wells, Kent TN1 1RG and authorised and regulated by the Financial Services Authority.