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Employee Pension Scheme

Welcome to the LV= Defined Benefit Employee Pension Scheme (final salary scheme) section of My Rewards. Here you'll find all you need to know about the LV= Defined Benefit Employee Pension Scheme including links to Scheme documents, such as the Annual Report and Accounts, Summary Funding Statements, as well as the Additional Voluntary Contributions (AVCs) and Expression of Wish forms.

Following consultation the Board have decided to close the LV= Employee Pension Scheme to the build-up of future benefits on 30 June 2013. This means you'll no longer be an active member in the Scheme from 30 June 2013 and instead will become a deferred member. You'll be entitled to a deferred pension worked out based on your pensionable service and final pensionable earnings at that date. Here is a link to some of the FAQs you asked during consultation, which you may find useful.

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The Scheme in brief

How you can benefit

- A pension every year for the rest of your life, based on benefits you have earned for each year of **pensionable service**.
- The opportunity to take part of your pension as a tax-free cash sum.
- The chance to retire from age 55 if you want to.
- Increases to your pension every year to help protect against inflation.
- No effect on your eligibility for the Basic State Pension.

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Funding and Flexibility

- The employee contribution rate is 5% of pensionable earnings. Your contribution is paid by the Company under a method known as 'salary sacrifice'. A more detailed explanation of how this works is shown in the section ' **Making Contributions**'.

- LV = (the Company) also makes contributions. Company's contributions are reviewed regularly to ensure that there are sufficient funds to provide benefits under the Scheme. Generally speaking, the Company's contributions are significantly more than those paid by members.

- You can:
  - pay extra tax-free contributions to boost your benefits; and/or
  - if you leave with at least two years' pensionable service, you have the option of a deferred pension or transferring your benefits to another approved pension arrangement.

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Protection for you and your family

- A tax-free cash sum of four times your **final pensionable earnings** for your family if you die while you are building up pension benefits in the Scheme (i.e. you are working for LV= and contributing to the Scheme).
- Immediate ill-health benefits if you become too ill to work.
- A guarantee that, if you die during the first five years of retirement, we will pay the outstanding balance of those five years' payments to your dependants.
- Pensions for your husband or wife, civil partner, child(ren) and dependants.

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Joining the Scheme

WHEN CAN I JOIN?
The LV= Defined Benefit Employee Pension Scheme (final salary scheme) closed to new entrants on 31 December 2009. However, you may be eligible to join the 'My LV= Pension Plan'.

OPTING OUT
You do not have to remain in the scheme. If you wish to opt out, you must contact the LV= Pensions Manager (see 'Contact us' for details) to discuss your decision. However, it's important to remember that you won't receive any of the benefits outlined within the membership booklet or any contributions from LV= towards your retirement benefits. Your death-in-service cover will also reduce to one times your pensionable earnings.

You may opt out at any time, after giving the Pensions Administrator one month's notice in writing. We will then work out your benefits as if you had left LV= at the time you opted out. You won't be able to rejoin the Scheme without the Company's permission.

FINANCIAL ADVICE
By law, under the Financial Services and Markets Act 2000, no-one who works for the Pensions Administrator will be able to give you personal financial advice. This means we can't tell you what you should do about your pension decisions. If you would like specific advice based on your personal financial circumstances, you should consider talking to an independent financial adviser (IFA). An IFA may charge you for any advice given. To find an IFA in your area, visit www.unbiased.co.uk.

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Making Contributions

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What does membership cost?

LV= operates a salary sacrifice arrangement which means that you do not pay contributions directly to the Scheme. Instead, your salary is reduced by an amount equal to the contributions you would have paid had the salary sacrifice agreement not been in place. This means you give up part of your gross salary (due under your contract of employment) and in return, the Company pays an amount equal to your contribution to the Scheme. This way both you and the Company save on National Insurance (NI).

This works by reducing your pay by 5% of your gross pensionable earnings. The Company will make a contribution to the Scheme equal to this reduction in pay. Under this arrangement, you will receive higher net pay (i.e. your take-home pay after tax and NI) due to the NI savings, when compared to an arrangement whereby you pay the 5% contribution directly (without salary sacrifice). Your retirement benefits, including death benefits, will be calculated using your pensionable earnings before the salary deduction. This means your benefits are not affected by using salary sacrifice.

LV= reserves the right to remove the salary sacrifice arrangement at any time in which case you would make contributions to the Scheme directly. You will be informed in advance and in writing of any changes.

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Additional Voluntary Contributions (AVCS)

If you want to contribute more towards your pension, you may want to consider AVCs. AVCs are a flexible, tax-efficient way of topping up your pension benefits. You can pay:

- Contributions every month direct from payroll, as a percentage of your salary.
- Extra lump sums at any time, for example from any bonuses you receive.

It’s possible to pay pension contributions (including AVCs) up to 100% of your earnings.

AVCs also enjoy tax relief except in some very limited circumstances when there can be a tax charge.

AVCs are particularly useful if you’re planning to retire early, if you’re starting to build pension benefits later in your career or if you just want to increase what you’ve got. When you retire, you can use the value of your AVCs (including any investment return) to secure extra benefits and/or a tax-free cash sum.

Read more about AVCs

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Can I transfer previous benefits into the Scheme?

It's not currently possible to transfer benefits from other pension arrangements into the Scheme.

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What about Maternity Leave?

If you go on maternity leave, we will count any period of maternity leave as pensionable service.

If you do not return to work from maternity leave, your Scheme benefits will be the same as if you had left the Company at the end of your maternity leave.

Your death-in-service lump sum cover will continue during your maternity leave and may continue beyond that, if you have given us notice that you are planning to return to work. The cover will end if you do not return to work.

For more information on the benefits you receive whilst on maternity leave, take a look at our Maternity Leave & Pay Policy.

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Your Retirement Benefits

The Scheme's final retirement age is 65 for both men and women. If you choose to retire before age 65, then we'll apply an early retirement reduction factor when calculating your pension (see "Early retirement" below).

YOUR SCHEME PENSION
Your pension is funded by the Scheme and is based on 1/60 of your final pensionable earnings for each year of pensionable service, up to 40 years (based on the complete months you have worked).

So the calculation is as follows:

1/60 x final pensionable earnings x pensionable service

Whenever you retire, your pension will be limited to two-thirds of your final pensionable earnings.

EXAMPLE

You retire when you're 63 with final pensionable earnings of £30,000, having completed 10 years' service before 1 September 2010 and 13 years after 1 September 2010. For the pension you build up from 1 September 2010, we'll apply an early retirement reduction factor of 6% (3% a year for each year you're retiring early, so in this case, two years before you turn 65).

Therefore we will work out your pension as follows;

Before 1 September 2010:
1/60 x £30,000 x 10 = £5,000

After 1 September 2010:
1/60 x £30,000 x 13 = £6,500 - £390 (6% reduction factor) = £6,110

So, your total starting pension would be £5,000 + £6,110 = £11,110 a year.

CAN I TAKE A TAX-FREE CASH SUM?
Yes, when you retire you may choose to exchange part of your pension for a tax-free cash lump sum (this is commonly known as ‘commutation’). The maximum amount you are allowed to take tax-free is governed by Her Majesty’s Revenue & Customs (HMRC) limits (see below).

If you choose to take a cash lump sum, we will reduce your annual pension to take account of your cash sum. For every £1 you take as cash, your pension will be reduced by a certain amount. The amount of pension you have to give up for each £1 of cash varies according to the rates in force at the time you retire. You can get more information from the Pensions Team or the Scheme Administrator (see 'Contact us' for details).

HOW MUCH CASH CAN I TAKE?
The maximum tax-free cash you can take is 25% of the **capital value** of your pension benefits, including any AVCs you have paid, up to the **lifetime allowance**.

The Pensions Administrator will set out your options in the correspondence you receive prior to your retirement.

Taking this lump sum does not affect any pensions we pay your spouse, civil partner, child or dependants when you die. We will work these out based on the pension you would have received had you not taken any tax-free cash.

EARLY RETIREMENT

Active Members

We normally work out benefits for people who are going to retire at age 65, but you may retire at any time from age 55 with the appropriate early payment reduction. You can start to receive your pension and continue to work for LV=.

If you joined the Scheme before 6 April 2006 you can choose to take your pension from age 50, but if you take your pension before age 55 legislation says you must also leave LV= employment.

You should normally give us at least six months’ notice, but we may allow a shorter notice period.

If you retire after age 60 but before age 65, the Trustee will apply an early retirement reduction factor to your pension benefits built up from 1 September 2010. This is currently 0.25% for each month you retire before age 65, or put another way, 3% a year, to take account of the longer period that your pension is likely to be paid. No reduction will be applied to your pension benefits built up before 1 September 2010.

If you retire before age 60, the Trustee will also apply the same 3% pa early retirement reduction factor to all of your pension benefits.

For your pension benefits built up before 1 September 2010, the reduction will apply for each month you retire before age 60. For your pension benefits built up before 1 September 2010, the reduction will apply for each month you retire before age 65.

Deferred members

If you leave service before you draw your pension, you will normally be entitled to a deferred pension which will be payable from the scheme when you reach normal retirement age.

If you are a deferred member, you are entitled to payment of this pension from age 60 (for pension benefits built up before 1 September 2010) or 65 (for pension benefits built up after 1 September 2010). You may request to have the pension paid early before these ages (from age 55). The Trustee may accept or reject your request.

Your deferred pension will be increased (or 'revalued') between leaving service and retirement as required by statute, before applying any reduction for early retirement (see below for more details). The increase in the Consumer Price Index is now used to calculate the statutory revaluation increase from 2011 to the date you draw your pension. The Retail Prices Index is used for the period up to 2011. For pension benefits built up after 6 April 2009 the revaluation increase up to a maximum of 2.5% pa. For pension benefits built up before 6 April 2009, the maximum revaluation increase is 5% pa.

Early retirement after age 55:

For pension benefits built up before 1 September 2010, the early retirement reduction that is currently applied will be based on column A for males and column B for females. For pension benefits built up after 1 September 2010, the terms in column C & D currently apply.

The reductions in the table are designed to provide an early retirement pension which have the same worth overall as the deferred pension being exchanged (and therefore known as being 'cost neutral').

Age at	Early retirement reduction from age 60 Males	Early Retirement reduction from age 60 Females	Early retirement reduction from age 65 Males	Early retirement reduction from age 65 Females
	%	%	%	%
50	34.4	32.4	51.8	50.1
51	32.3	30.5	50.0	48.3
52	29.9	28.3	48.0	46.3

53	27.2	25.8	45.8	44.1
54	24.2	23.0	43.4	41.7
55	20.9	19.9	40.8	39.1
56	17.3	16.5	38.0	36.3
57	13.4	12.8	35.0	33.4
58	9.3	8.8	31.7	30.2
59	4.8	4.6	28.2	26.8
60	-	-	24.5	23.1
61	-	-	20.4	19.2
62	-	-	15.9	15.0
63	-	-	11.1	10.4
64	-	-	5.8	5.4
65	-	-	-	-

For pension benefits built up before April 1997 cost netural terms also apply, although they are worked out differently from those applying to pension benefits built up after April 1997 as set out in the table above. It is not possible to express these reductions in a simply table since the reductions are member specific and depend on amongst other things the amount of your Guaranteed Minimum Pension.

Changes to early retirement factors

This booklet provides an outline of the **current** early retirement terms for active and deferred members. These factors are reviewed regularly by the Trustee with advice from the scheme actuary, and will be subject to future change. The early retirement reduction in force at the point of your retirement will be determined by the Trustee and notified to you at the time.

If you retire before State Pension Age, you should ask your local Department for Work and Pensions (DWP) office about your National Insurance position and any arrangements for continuing credits. You should also be aware that you will not receive the Basic State Pension until you reach State Pension Age.

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Flexible retirement and working beyond age 65

Unless you have the option to take your pension from age 50 and do so before 55, it's not necessary to stop working for LV= in order to receive your pension. If you wish to receive your pension and continue working you may do so, however, you will not be allowed to build up any further pension benefits in the Scheme. Life insurance cover will remain at four times pensionable earnings while you remain employed by the Company.

If you have permission from LV= to work beyond age 65, you will continue to build up pension benefits in accordance with the rules of the Scheme, unless you decide to opt out or claim your pension. Your life assurance benefit will remain at four times pensionable earnings while you remain employed by the Company.

More information can be found in the Retirement Policy.

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If you retire because of Ill-Health

If you become seriously ill, or are injured at any age, and are (in the opinion of LV=) permanently unable to work for us, you may receive an immediate Scheme pension.

There are two types of ill-health pension, depending on whether you cannot work for us but can do some other form of work (partial incapacity) or whether you cannot do any work at all (total incapacity).

To qualify for total or partial incapacity benefits, you will have to have completed at least five years' pensionable service. You may receive a lower benefit if you have completed less than five years' pensionable service.

More information can be found in the Retirement Policy.

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Partial Incapacity

When you retire due to ill health, the pension you receive will be 1/60 of your final pensionable earnings for each year of pensionable service you have completed, plus half (50%) of your total **prospective pensionable service.** Your prospective pensionable service is the additional service you would have completed, up to final retirement age, had you not retired early due to ill health.

We would work out your pension as follows:

1/60 x final pensionable earnings x (your completed pensionable service + half of your prospective pensionable service up to age 65).

As a condition of continuing to receive an ill-health pension, the Trustee may require you to provide medical reports or have medical examinations.

If you make a full or partial recovery, or you can get income from doing other work, the Trustee may reduce or suspend an ill-health pension at any time before you reach your retirement age.

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Total Incapacity

The pension you would receive will be 1/60 of your final pensionable earnings (when you retire because of ill health) for each year of pensionable service you have completed as well as your prospective pensionable service to age 65.

We work out your pension as follows:

1/60 x final pensionable earnings x your completed and prospective pensionable service

As a condition of continuing to receive an ill-health pension, the Trustee may require you to provide medical reports or have medical examinations.

If you make a full or partial recovery, or you can get income from doing other work, the Trustee may reduce or suspend an ill-health pension at any time before you reach your retirement age.

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Paying Pensions

HOW WILL YOU TELL ME ABOUT MY PENSION?

If you have not already contacted us, we will write to you shortly before your normal retirement age. The Pensions Administrator will contact you with full details of your pension and your option to exchange part of this for a tax-free cash lump sum. We will ask you to choose how you want to receive your pension and to tell the Employee Pensions Department, in writing, of your decision (see 'Contact us' for details).

HOW DO YOU PAY MY PENSION?

We will normally pay your Scheme pension monthly, in advance, on the first calendar day of every month. It will normally be paid directly to your chosen bank or building society account.

Pension benefits are treated as earned income, so Income Tax at the appropriate rate will be taken from your pension payment.

If you choose to take a tax-free cash lump sum, we will send the appropriate amount to your bank or building society account as soon as possible after you retire.

WILL MY PENSION INCREASE?

Once we start to pay your pension, we will review it every year on 1 April.

Your pension will increase in line with RPI over a period selected by the Trustee. The increase is subject to a maximum of 5% a year for pensionable service up to 30 November 2007 and 2.5% a year for pensionable service after 30 November 2007.

From January 2011, the Government has changed the measure of inflation used to increase pensions from RPI to CPI. This will not affect you unless you built up pension in the Scheme between 6 April 1988 and 6 April 1997 (see below).

If you joined the Scheme before 6 April 1997, part of your pension is called a Guaranteed Minimum Pension (GMP).

From age 65 for men and age 60 for women, different increases are applied to your Guaranteed Minimum Pension (GMP) and the balance i.e. your pension in excess of your GMP. The Scheme increases the GMP earned after 5 April 1988 in line with the statutory minimum required, currently the rate of inflation up to 3% each year. The measure of inflation used for this has changed to CPI.

A minimum increase of 3% a year in respect of pre-6 April 1997 service will be applied to pensions in payment (but not in respect of your GMP after age 65 for men and age 60 for women).

Pension increases above 5% will only be granted at the discretion of the Trustee of the

Scheme and with the agreement of LV=.

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Benefits for your family

WHAT HAPPENS IF I DIE BEFORE I RETIRE?

We will pay the following benefits if you die before you retire:

- **A refund of your contributions the Company has made on your behalf through salary sacrifice; and**
- **A lump sum**

Your dependants will receive a tax-free cash sum of four times your final pensionable earnings if you die in service.

You must let the Trustee know who you want to receive these benefits. You can do this by filling in an Expression of Wish form.

You should fill in a new form every time your personal circumstances change, for example if you get married, divorced or have a child.

To protect your nominated beneficiaries from paying Inheritance Tax on the sum, the Trustee has ultimate discretion as to whom will receive the lump sum, but they will normally follow your wishes. If you do not choose any beneficiaries, the Trustee will investigate who should receive any benefits due.

We will keep the information about your beneficiaries confidential and will not give it to anyone without your permission. You should always keep a copy of your latest Expression of Wish form for your personal records.

- **A pension for your spouse, civil partner or dependant**

When you die, we will give your spouse or civil partner a lifetime pension of 1/120 of your final pensionable earnings for each year of completed pensionable service plus your prospective pensionable service, up to the Scheme’s final retirement age.

If you have no surviving spouse or civil partner, the Trustee may give this pension to an adult who is immediately before you death, in the Trustees’ opinion was financially dependant on you at the time of death, had a financial relationship with you which was one of mutual dependence or was dependent on you because of physical or mental impairment.

We will increase the pension each year in line with RPI, up to a limit of 5% for pensionable service up to 30 November 2007 and 2.5% thereafter.

- **Child allowance**

We will pay a child allowance for each eligible child, up to five children, of 1/15 of your pensionable earnings when you die. Children's allowances end at age 18, or at age 23 if in full-time education or vocational training.

We will increase each allowance each year in line with RPI, up to a limit of 5% for pensionable service up to 30 November 2007 and 2.5% thereafter.

EXAMPLE
Let's assume you die in service when you are age 50, with final pensionable earnings of £15,000, having completed 20 years' pensionable service. Your total prospective pensionable service is 35 years (based on your 20 completed years and the 15 years to final retirement age). We would pay the following benefits:

1. A lump sum of 4 x £15,000 = £60,000
2. A refund of your contributions, with interest, up to 3% a year
3. A spouse, civil partner or dependant's pension of 35/120 x £15,000 = £4,375 a year
4. A child allowance for each child (up to 5 children) of 1/15 x £15,000 = £1,000 a year

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What happens if I die after I retire?

The Scheme guarantees certain benefits for your spouse, civil partner or dependant if you die after retirement.

- **Five-year guarantee**

If you die within the first five years of your retirement, we will give your dependants the remainder of the pension you would have received in those first five years as a lump sum.

If you die within 12 months of retiring, were made redundant or joined the LV= Employee Pension Scheme (formerly known as the Liverpool Victoria (1994) Staff Pension Scheme) before 1 October 1991, your nominated benefiary/ies may be offered a lump sum of four times your final pensionable earnings (less benefits already received), if this is a better alternative.

The Trustee will have the final decision about who will receive these benefits, but they will consider your wishes as stated on your Expression of Wish form.

- **A pension for your spouse, civil partner or adult dependant**

We will give your spouse or civil partner a pension of 1/120 of your final pensionable earnings for each year of pensionable service, increased in line with the pension increases awarded since you retired.

If you have no surviving spouse or civil partner, the Trustee may give this pension to an adult dependant.

We will increase the pension each year in line with the Retail Prices Index, with a limit of 5% for pensionable service up to 30 November 2007 and 2.5% thereafter.

- **Child's allowance**

We will pay a child allowance for each eligible child, up to five children, of 1/15 of your pensionable earnings when you die. Children's allowances end at age 18, or 23 if in full-time education or vocational training.

We will increase the pension each year in line with the Retail Prices Index, up to a limit of 5% for pensionable service up to 30 November 2007 and 2.5% thereafter.

EXAMPLE

If you die after you retire, having completed 20 years' pensionable service with final pensionable earnings of £15,000, your spouse, civil partner or dependant would receive a pension of:

£15,000 x 20/120 = £2,500 a year

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Leaving the Scheme

If you leave us, your pension options will depend on how long you have been a member of the scheme.

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If you have more than two years' pensionable service

If you have more than two years' pensionable service, you will have three choices:

1. You can choose to leave the benefits you have built up in the Scheme. This is known as a deferred pension. The earliest age you can take your deferred pension is 55.
2. You can transfer the value of your benefits in the Scheme into, for example, a new employer's pension arrangement. The Trustee will work out a transfer value for you.
3. You can ask the Trustee to pay a transfer value into an approved personal pension or a buy-out policy with an insurance company.

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Deferred Pensions

Your pension is funded by the Scheme and is based on 1/60 of your final pensionable earnings for each year and complete months of pensionable service.

You will also have the option to exchange part of your pension for a tax-free cash sum when you retire, as explained above.

Your deferred pension will increase by statutory revaluation before any reduction for early retirement is applied. For revaluation periods after 1 January 2010, CPI is used to calculate the statutory increase rather than RPI. For post April 2009 service, it will increase up to a maximum of 2.5% a year and for pre April 2009 service, the maximum increase is 5% a year.

We may pay your deferred pension from age 55, with the Trustee's permission. If you opt for early payment of your deferred pension, we will reduce it to take account of the fact that it will probably be paid for longer. If you want to see what these terms mean contact the Pensions Administrator for more information.

If you die before we pay your deferred pension, we will pay a lump sum that is equal to five times the annual amount of pension you would have received from age 60. Also, we will pay your spouse, civil partner or dependant a pension that is equal to one half (50%) of your deferred pension. We will also pay children's allowances.

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Transfer Payments

If you leave the Scheme, you can request to transfer your existing pension benefits in the Scheme to another approved pension arrangement.

A transfer payment from the Scheme will represent the cash equivalent of your benefits, and will include associated benefits which we may pay when you die. It will also include an allowance for increases after you retire.

If you leave the Scheme, you can ask for your benefits to be transferred to a new employer's scheme, a personal pension or a buy-out policy at any time up to a year before your normal retirement age.

If you want to consider a transfer, ask your new employer or pension adviser to contact the Pensions Administrator for further details (we will not give anyone any details about you without your permission in writing). See 'Contact us' for details.

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State Benefits

There are two levels of State Pension provision, both of which are linked to National Insurance (NI) contributions.

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The Basic State Pension

The Basic State Pension (BSP) is paid by the state from your State Pension Age (see below). The amount you actually receive depends on how many years of full National Insurance (NI) contributions you have paid (or been credited with) over your working life. You will be entitled to a full BSP if you have paid full-rate NI contributions for 90% of your working life. Married women who pay reduced-rate contributions will not qualify for any BSP unless they have more than 10 years' contributions at the full rate.

The BSP is set by the Government and is increased each year in line with inflation. Being a member of the Scheme does not affect your entitlement to the BSP in any way.

There was also the State Graduated Pension Scheme, which ended in 1975. If you contributed to this, it will provide a small extra amount in addition to the BSP.

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Second level of the State Pension provision

This pension has been provided through the State Second Pension (S2P) from April 2002. Eligibility for the second-level pension will depend on National Insurance (NI) contributions but also, if you are a member of a company scheme or a personal pension, on whether that scheme is 'contracted in' or 'contracted out' of S2P.

The LV= Defined Benefit Employee Pension Scheme is contracted out of S2P and you won't build up any S2P benefits while you are a member. However, the Scheme will provide benefits that are the same as those you would have previously earned under S2P (the Scheme's actuary must confirm this once every three years). As a result of contracting out, both you and LV= pay lower NI contributions.

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State Pension forecasts

You can get details of your forecasted State benefits by visiting www.direct.gov.uk or by contacting the State Pension forecasting team:

Future Pension Centre
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA
United Kingdom

Telephone: 0845 3000 168

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Receiving State Benefits

State benefits are paid from State Pension Age (SPA), in addition to your Scheme benefits. The current SPA for men is 65 and for women, it has been rising since April 2010 from age 60 to reach age 65 by November 2018.

From December 2018, the State Pension Age for both men and women will start to increase to reach age 66 by April 2020.

You can find more details about the proposed changes to the State Pension Age on www.direct.gov.uk in the ‘Pensions and retirement planning’ section.

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Further Information

How is the scheme set up?

We invest contributions to the Scheme in a special trust fund, which is entirely separate from our assets and is run by the Trustee. The benefits described in this booklet are provided from the fund, which is reviewed regularly by the Scheme’s independent actuary who checks that the fund can meet the cost of providing benefits.

What is the role of the trustee directors?

The Trustee is a company called LV Pensions Trustees Company Limited. The Trustee is responsible for running the Scheme in line with the Trust Deed and Rules. They are also responsible for investing the assets of the Scheme.

The Trustees include current and pensioner members of the Scheme, who are elected by the membership or by LV=. To help them in their duties, a team of specialists advise them on actuarial, investment and legal matters. The names of the Trustees and their advisers are published each year in the Scheme's Annual Report and Accounts.

Can the scheme be changed or wound up?

While we have every intention of continuing the Scheme, we have the right to make alterations in the future if they are necessary.

If the Scheme is closed (also known as 'wound up'), we will use its assets for the benefit of members and their dependants in the way described in the Scheme's Trust Deed and Rules. We will pay any difference so the funds will meet your benefits, but the Scheme's assets would normally be enough.

What is the tax position?

The Scheme is registered under the Finance Act 2004 and, as a result, the payment of contributions and the provision of benefits are subject to HMRC rules. These rules enable the benefits and contributions payable under the Scheme to benefit from certain tax exemptions and reliefs. However, where limits on the benefits or contributions are exceeded, you will have to pay tax on the excess.

How much pension can I build up while still receiving tax relief?

From 6 April 2011, the amount of tax-free pension savings you can make in any pension scheme in a year is £50,000. This limit is called the Annual Allowance and is set by HM Revenue & Customs and may be reviewed and adjusted from time to time.

Pension savings above £50,000 will be taxed at your highest rate, although a 'carry forward' of unused allowance from the previous three years will be allowed.

The amount of tax-free savings you can make over your lifetime is called the Lifetime Allowance. If your benefits exceed the Lifetime Allowance, you will have to pay tax on the difference (currently at a rate of 55%).

For the 2011/2012 tax year, the LTA is £1.8 million; this will reduce to £1.5 million from 6 April 2012.

What is the Scheme's Pension Input Period?

Every pension scheme has a Pension Input Period (PIP). It is this period over which your pension is measured against the Annual Allowance for tax purposes. The Scheme's PIP runs from 1 April to 31 March each year, and has done so since 6 April 2006. You may need this information when completing a self-assessment tax return.

What information is available about the Scheme? You can contact the LV= Pensions Team

This website provides you with all the information you need to know about the Scheme. Each year, you will also receive a personal statement showing the benefits you have built up within the Scheme. If you have further questions about the Scheme, contact the Pensions Team: Mike Acred (01202 542805) or Pete Strudwick (01202 542731).

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Trustee Report and Accounts

TThe Trustee produces an annual report detailing how the Scheme is run. This includes commentary on how the investment manager has performed and audited accounts of the Scheme's financial transactions. These are available in a summarised versionand the full report and accounts.

Each year we also publish a Summary Funding Statement. This gives more details on the Scheme's financing.

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Assigning your benefits

You may not assign or transfer your benefits under the Scheme to anyone else.

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Divorce

When settling divorce cases, courts must take pension rights and benefits into account, and they can share pensions between the people getting divorced.

If you need more information on pension sharing orders relating to divorce settlements, please contact the Employee Pensions Team (see 'Contact us' for details).

You will be charged for benefit calculations in divorce cases. The Trustee has agreed to use the charges set by the National Association of Pension Funds.

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Statement of investment principles

The Scheme's Statement of Investment Principles outlines the kind of investments made, the risks involved and the assets available to cover costs and benefits. Contact the Pensions Administrator to obtain a copy (see 'Contact us' for details).

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Financial obligations to employers

We may reduce your benefits if you owe us money because you have:

- been negligent
- given false information
- committed a crime
- withheld any important information.

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Personal Information

By joining the Scheme, you agree that the Trustee and their advisers and administrators will need to process information about you and your dependants. This information may include items that are classed under the Data Protection Act 1998 as sensitive information, such as medical details or death benefit nominations. We will only keep information that we need to deal with your benefits. By joining the Scheme, you agree to this process taking place.

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Dealing with complaints

The Pensions Administrator will always try to answer any questions and sort out any disagreements about the Scheme or the benefits provided. If you are not happy with any aspect of the Scheme, the Trustee has set up a procedure for sorting out any disagreements that may arise, in line with the Pensions Act 1995.

The procedure may be used by any of the following:

1. Active members, deferred pensioners or pensioners
2. Spouses, civil partners or dependants of members who have died
3. Those eligible to join the Scheme

Any of the above may appoint a representative to act on their behalf.

If you want to follow this procedure, you should first write to:

Mike Acred
Pensions Manager
LV= Liverpool Victoria

Victoria House, County Gates
Bournemouth
BH1 2NF

Your letter must include full details of your complaint, your name, address, National Insurance number and Scheme number. If your spouse, civil partner or dependant is writing, he or she will also need to include details of their relationship to you (the Scheme member). If you have appointed a representative, you must also include confirmation of their name and address, together with instructions that the reply must be sent to them.

The Pensions Administrator will look into the issue and respond within two months. If we cannot sort out the problem within two months, we will write to explain this and confirm when we expect to be able to reply.

If you are not satisfied with the reply, you may refer the case to the Trustee, as long as you do this within six months of the Pensions Administrator's reply. This must be in writing, signed by you, or on your behalf, and sent to:

The Secretary to the Trustee
LV= Liverpool Victoria
County Gates
Bournemouth
BH1 2NF

If you are still not satisfied you can contact the Pensions Advisory Service (TPAS) and the Pensions Ombudsman using the details below.

TPAS is an independent organisation set up to help members of occupational pension schemes, to provide information on pension benefits, get answers to questions and help with complaints. You can contact them for help at any time.

If you have a complaint about the Scheme and TPAS cannot resolve it, you can contact the Pensions Ombudsman who can investigate most complaints and resolve disagreements.

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Help and Advice

THE PENSION ADVISORY SERVICE (TPAS)
11 Belgrave Road
London
SW1V 1RB

Telephone: 0845 601 2923 (local call rate)
Fax: 020 7233 8016
Email: enquiries@pensionsadvisoryservice.org.uk

Website: www.pensionsadvisoryservice.org.uk

THE PENSIONS OMBUDSMAN
11 Belgrave Road
London
SW1V 1RB

Telephone: 020 7834 9144 (Pensions Ombudsman)
Email: enquiries@pensions-ombudsman.org.uk

THE PENSIONS REGULATOR
The Pensions Regulator can take over the running of schemes if it believes that trustee directors, employers or advisers are failing in their duties. The Pensions Regulator has the power to charge large penalties.

Napier House
Trafalgar Place
Trafalgar Street
Brighton
East Sussex
BN1 4DW

Telephone: 01273 811800
Website: www.thepensionsregulator.gov.uk

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Pension Tracing Service

If you have lost track of any benefits that may be due to you through a pension scheme with another employer, you can contact the Pension Tracing Service.

The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA

Telephone: 0845 600 2537

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Glossary of Terms

ANNUAL ALLOWANCE

This is the total amount of pension savings on which a member can receive tax relief each year. Any amount in excess of the Annual Allowance will be taxed.

The Annual Allowance is £50,000 for the 2011/2012 tax year.

CAPITAL VALUE

The value of your pension benefits compared to the Lifetime Allowance. To calculate the capital value of your benefits under the Scheme, you multiply the pension you will receive on retirement by 20 and add any lump sum you take. If you have paid any AVCs, you add in the value of these.

CHILD

Your children are eligible to receive benefits from the Scheme if they are under the age of 18, or 23 if they are in full-time education or full-time vocational training. This includes stepchildren dependent on you or legally adopted children.

CIVIL PARTNER

Same-sex couples may now register their partnerships as civil partnerships under the Civil Partnership Act 2004 and gain the same rights as spouses under the Scheme as a result. Same-sex couples must formally register their partnerships if they wish to gain these rights. Same-sex couples who do not register their partnerships, even if they are living together in a relationship akin to marriage, will be treated in the same way as unmarried opposite sex partners are treated under the Scheme.

CONSUMER PRICES INDEX (CPI)

It measures the average change from month to month in the prices of consumer goods and services purchased in the UK; similar to the Retail Prices Index (RPI), but there are differences in coverage and methodology.

DEPENDANT

Generally a person other than an eligible child, spouse or civil partner who is financially dependent on you when you die. The Trustee has the final decision on who qualifies as a dependant.

FINAL PENSIONABLE EARNINGS

The higher of:

a. Pensionable earnings in the 12 months immediately before your retirement, death or leaving work;

b. Pensionable earnings in any 12-month period (ending on 31 March) in the five years before your retirement, death or leaving work; or

c. Pensionable earnings for new members joining after 1 June 1989 are restricted to the ‘Scheme maximum salary’. This limit is reviewed each year by reference to the increase in the Retail Prices Index to the previous September, rounded up to the next multiple of £600. In April 2012 it was £137,400.

FINAL RETIREMENT AGE

The final retirement age of the Scheme is generally 65, although your benefits in relation to pensionable service before 1 September 2010 will be calculated as if your final retirement age was 60.

HMRC

Her Majesty’s Revenue and Customs (formerly known as the Inland Revenue).

LIFETIME ALLOWANCE

The allowance of total pension benefits you can build up tax efficiently during your lifetime. When you take your benefits, the capital value of your total pension will be checked against the Lifetime Allowance.

If your benefits exceed the Lifetime Allowance, you will have to pay tax on the difference (currently at a rate of 55%).

The Lifetime Allowance for the 2011/2012 tax year is £1.8 million; this will reduce to £1.5 million from 6 April 2012.

LV=

The Liverpool Victoria Friendly Society Limited.

PENSIONABLE EARNINGS

The earnings you receive for the contractual hours you work, excluding overtime, expenses, shift allowance, and any other benefits and earnings through our companies.

PENSIONABLE SERVICE

Your service with us while you are contributing to the Scheme. We measure in complete years and months. Service on or after your final retirement age is not included. We will treat two separate periods of service as continuous service as long as the break in service was less than six months. If the first period was less than two years, you would have received a refund of contributions. If we approve, continuous service may apply after a break of more than six months.

RETAIL PRICE INDEX (RPI)

This index shows the change every month in the average price of various goods and services in the United Kingdom.

SCHEME

The LV= Defined Benefit Employee Pension Scheme (final salary scheme).

SCHEME MAXIMUM SALARY

From 6 April 2006, the earnings cap was replaced by the Scheme maximum salary. For the tax year 2011/12, the Scheme maximum salary is £129,600. The Scheme maximum salary may not apply to you if you have transferred in from a previous scheme or if it did not apply to you prior to 6 April 2006.

PROSPECTIVE PENSIONABLE SERVICE

This is the additional pensionable service you would have completed if you had continued working from the date you left service until your Final Retirement Age, up to a maximum of 40 years.

TRUSTEE

The directors of the trustee company (the Trustee) are responsible for running the Scheme

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Contact us

Pensions Administrator

LV= Employee Pension Scheme
Towers Watson
PO Box 545
Redhill
RH1 1YX

Tel: 01737 788102
Email: lv@towerswatson.com

LV= Employee Pensions Team

Pension Manager

Mike Acred

Telephone: 01202 542805

Assistant Pensions Manager

Pete Strudwick

Telephone: 01202 542731

LV= Liverpool Victoria
Victoria House
County Gates
Bournemouth
BH1 2NF

mypension@lv.com

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Trust Deed and Rules

The information in this booklet summarises the main areas and benefits of the LV= Defined Benefit Employee Pension Scheme. You can get more detailed information in the legal documents, such as the Trust Deed and Rules, which explain the conditions under which we pay benefits. If this booklet does not agree with the Trust Deed and Rules, the Trust Deed and Rules will apply.

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My REWARDS

We want to attract and keep high performing and talented people so we provide a package that combines incentives and competitive benefits. Find out more about our reward strategy...

My LV=