

# Key Features of the Monthly Cash Policy

## Important

The Financial Conduct Authority is a financial services regulator. It requires us, LV=, to give you this important information to help you to decide whether our Monthly Cash Policy 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.

The LV= Monthly Cash Policy can only be set up with payment of 'tax-free cash' from an LV= SIPP (Flexible Transitions Account), held by an existing UK resident LV= customer. Once you've read these key features and the Plan Conditions and are ready to apply, please complete the relevant sections of the FTA drawdown application form and return it to your financial intermediary.

## Its Aims

- To enable you to receive 'tax-free cash' from your LV= SIPP (Flexible Transitions Account) in equal instalments, rather than as a single lump sum.
- To pay your 'tax-free cash' in equal instalments to your UK bank account over a period of 12 months.
- To provide a lump sum payment if you die before the end of the 12 month period.

## Your Policy

- When you take all, or part, of the 'tax-free cash' entitlement from your Flexible Transitions Account, you'll need to use the whole amount to purchase the Monthly Cash Policy. You will then receive your 'tax-free cash' in equal instalments from the Policy over a period of 12 months.
- Before the Policy starts, to choose the frequency and payment date for your 'tax-free cash' instalments. You can't change them afterwards.
- Unless we are told of your earlier death, to continue to receive instalments until the end of the 12 month period. You can't stop, change, or suspend payments, or cash the Policy in early.
- It's important that you let us have your up to date contact details if you take out the Policy. For example, giving us your new address details if you move house during the term of the Policy.

## Risks

- In order for LV= to guarantee that 100% of your money is returned as tax-free instalments to you, or as a lump sum if you die before the end of the 12 month period, the underlying fund we hold and own will be invested in cash. Your Policy will receive no investment return and no interest will be paid. You should therefore consider an alternative product if you require an investment return on your money.
- Once we start paying instalments of your 'tax-free cash' they can't be stopped, changed, or suspended. In addition, you won't be able to cash the policy in early. You should therefore consider an alternative investment if you think you might need early access to your money.

- The Monthly Cash Policy is not an investment of your LV= Transitions Account. It is a life policy held in your name outside of the pension scheme. Therefore a lump sum paid on your death during the 12 month instalment period will not be sheltered from any potential inheritance tax liability.

## Questions & Answers

We've given you answers to some very important questions about our Monthly Cash Policy. These are set out in the following sections and will help you decide if you want to use it. To take out this Policy you must speak to your financial adviser. They can help you with anything you're unsure about.

### The Policy

#### What is the Monthly Cash Policy?

It's an insurance policy with a fixed term, that can only be set up with payment of 'tax-free cash' from your LV= SIPP (Flexible Transitions Account). To apply, you need to be an existing LV= customer who is UK resident. The purpose of the Policy is to provide you with the option to receive 'tax-free cash' in equal instalments over a fixed period of 12 months, directly into your UK bank account. The alternative would be to receive 'tax free cash' as a single lump sum.

#### How is the Monthly Cash Policy set up?

The Policy is not an investment of your LV= SIPP (Flexible Transitions Account), but is a life insurance policy in your own name. The LV= Monthly Cash Policy is therefore a way for you to manage your cash flow. Instalments of 'tax-free cash' can be paid monthly, quarterly or half yearly; in advance or in arrears.



### Who is the Policy suitable for?

If you answer 'yes' to the following questions this policy may be right for you:

- Are you an existing LV= customer, who is resident in the UK for tax purposes?
- Do you have an LV= SIPP (Flexible Transitions Account), and want to take benefits from the plan, which includes 'tax-free cash'?
- Do you like the idea, for cash flow purposes, of having your 'tax-free cash' paid in equal instalments to your UK bank account over a period of 12 months, rather than receiving it as a single lump sum?
- If you will also take drawdown pension from your Flexible Transitions Account, do you want the choice to receive instalments of your 'tax-free cash' aligned to, or at a different frequency, or to a different bank account, from your drawdown income?

### Who is the Policy not suitable for?

The Policy will not be suitable for you if:

- You have a protected pension age or protected lump sum rights under your LV= SIPP (Flexible Transitions Account). Your financial adviser will be able to explain if this applies to you.
- Rather than receive it in regular instalments over a 12 month period, you want to be able to stop, change, or suspend instalments of your 'tax-free cash', or cash the Policy in early.
- You want to invest your 'tax-free cash' to provide interest, or some sort of investment return, rather than just receiving 100% of it in regular instalments over a 12 month period.
- You want to invest your 'tax-free cash' in a way that shelters it from any potential inheritance tax liability.

### When can I take out the Policy?

You can take out the Policy as long as:

- you're UK resident, and aged 55 or more when the Policy starts (this could be lower in certain prescribed circumstances), and
- you're only using 'tax-free cash' from your LV= SIPP (Flexible Transitions Account), and
- you're using all of the 'tax-free cash' that you chose to take at any particular time from your LV= SIPP (Flexible Transitions Account). For example, you can't choose to use only 50% of it in the Policy and take the other 50% as a lump sum.

### How much can I put into the policy?

You can purchase a Policy from £1,500, with no upper limit.

### How your money is used?

Your money purchases a non-profit insurance policy.

We have chosen the investments backing your Policy to make sure that we can always guarantee 100% of your purchase price is paid to you as regular instalments, or 100.01% of the unpaid balance is paid out if you die within the 12 month term. The underlying investment assets are owned and held by us solely in a cash fund.

### Over what period will instalments of my 'tax-free cash' be paid?

We will always pay equal instalments of your 'tax-free cash' over a fixed period of 12 months, starting from the date of the first instalment.

### Can I choose to stop, change or suspend instalments?

No, it's not possible to stop, change or suspend your instalments. Although, if you ask us, we may be able to change the UK bank account they are paid to.

### Can I choose to take my money out early?

No, it's not possible for you to cash the policy in early.

### When will you pay instalments of my 'tax-free cash'?

We can pay your instalments every month, every three months, or every six months. Payments will be made over a fixed 12 month period, starting on the date you ask us to pay the first instalment.

When you apply for drawdown pension and 'tax-free cash' from your LV= SIPP (Flexible Transitions Account), and you tell us you want to use a Monthly Cash Policy to pay your 'tax-free cash' in regular instalments, we'll ask you what date you'd like your instalments to start.

You can't select a start date more than two calendar months after the date we receive your instruction to set up a Monthly Cash Policy.

If you pick a date that's too early for us to set up your instalments we'll tell you the earliest date you can use. If you choose a date that's too far in the future, we'll tell you the latest date you can use.

It can take up to five working days to set up the policy after 'tax-free cash' is released from your LV= SIPP (Flexible Transitions Account). We can't start paying instalments until the policy is set up.

We will either pay the first instalment as soon as we set up the policy (commonly known as 'in advance'), or at the end of the first payment period (commonly known as 'in arrears'). When you take out a Monthly Cash Policy we will confirm the date instalments are due on your Policy Schedule.

#### For example

You tell us on 2nd July that you want to receive instalments of your 'tax-free cash' from the 18th of each month, starting, in advance, on 18th July. 'Tax-free cash' is released from your Flexible Transitions Account on 15th July.

We set the policy up on 20th July and pay the first instalment to you at the same time. The next, and each following instalment, will be paid to you on 18th of each month until the end of the fixed 12 month payment period.

### What happens at the end of the 12 month instalment period?

Your Policy will end, and no further instalments will be payable. We'll write to you and your adviser two months before the date the instalment period ends to remind you this will happen.

If you, with assistance from your financial advisers, believe that it would be suitable, you may be able to set up a new Monthly Cash Policy. You will need to have further 'tax-free cash' available from your LV= SIPP (Flexible Transitions Account). We'll tell you and your financial adviser if this is an option.

### What happens if I transfer my LV= SIPP (Flexible Transitions Account) to another Provider?

The Policy is not an investment of your LV= SIPP (Flexible Transitions Account), but is a life insurance policy in your own name. If you transfer your LV= SIPP (Flexible Transitions Account) to another pension provider your Monthly Cash Policy will remain with LV= and we will continue to pay instalments of your 'tax-free cash' until the end of the 12 month fixed period.

### What happens if I die before the end of the 12 month instalment period?

We will pay your legal personal representatives 100.01% of the value of your unpaid instalments from the Policy as a lump sum.

What about tax?

## What about tax?

### Are the instalments from the Policy subject to tax?

No, all of the money you use to purchase the Policy will be returned back to you as tax-free instalments.

As no interest will be paid in respect of the Policy, or additional investment return added, the instalments are not subject to tax.

### Are payments on death subject to tax?

Any lump sum death benefit paid to your personal representatives is free from tax.

The Monthly Cash Policy is not an investment of your LV= Transitions Account. It is a life insurance policy held in your name outside of the pension scheme. Therefore a lump sum paid on your death during the 12 month instalment period will not be sheltered from any potential inheritance tax liability.

Any references to taxation are based on our understanding of current legislation and HM Revenue & Customs practice, which can change.

## What are the charges?

No specific charges are deducted from the Monthly Cash Policy, and we won't deduct any additional or specific charges from your LV= SIPP (Flexible Transitions Account) for using a Monthly Cash Policy.

Only the standard charges applicable for drawdown pension will apply, details of which will be shown in your LV= SIPP (Flexible Transitions Account) drawdown pension illustration and LV= SIPP (Flexible Transitions Account) plan documents.

### How much will my financial intermediary be paid?

Any adviser charge must be deducted from your LV= SIPP (Flexible Transitions Account).

Your financial intermediary will give you full details of the cost of providing advice. If you have requested that LV= pay an adviser charge from your LV= SIPP (Flexible Transitions Account), the amount will be shown in your personal quote.

## Further information

### Client categorisation

We're required by our regulator, the Financial Conduct Authority, to categorise our customers to determine the level of protection they'll receive. If you take out the Policy described in this key features document, we'll treat you as a retail client. This gives you the highest level of protection available under the Financial Conduct Authority rules.

### Law

The Monthly Cash Policy and its terms and conditions are governed by the laws of England and Wales. In the unlikely event of any legal disagreement, it would be settled exclusively by the courts of England and Wales. We'll always communicate in English.

## Queries and complaints

If you have a complaint about any part of our service it's important that we know about it so we can help put things right. You can let us know by calling us on **0800 783 7533** (for textphone, dial 18001 first). Or you can write to us at: LV= Retirement Solutions, Pease House, Tilehouse Street, Hitchin, Herts, SG5 2DX. Your complaint will be dealt with promptly and fairly and in line with the Financial Conduct Authority's requirements.

If you want more information on how we handle complaints, please contact us, or visit [LV.com/complaints](https://www.lv.com/complaints).

We hope that we will be able to resolve any complaint that you have. If you're unhappy with the resolution of your complaint, the Financial Ombudsman Service may be able to help you free of charge but you'll need to contact them within six months of receiving our final response letter. Their website is [www.financial-ombudsman.org.uk](https://www.financial-ombudsman.org.uk) which includes more information about the service, including details of the various ways they can be contacted. If you make a complaint it won't affect your right to take legal action.

## Compensation

We've been in business since 1843 and take great care to manage our affairs sensibly.

We're required to publish a report each year about our solvency called a Solvency and Financial Condition Report. Solvency is a company's ability to meet its long term financial commitments and this report will help you understand more about our solvency and how we manage our capital and risks. If you'd like a copy you can visit [www.lv.com/sfcr](https://www.lv.com/sfcr), or you can write to: Group Company Secretary, County Gates, Bournemouth, BH1 2NF.

If we ever did get into financial trouble and couldn't honour our commitments, you would be entitled to compensation from the Financial Services Compensation Scheme.

The compensation you could get depends on the type of product you have. For this type of plan the scheme covers 100% of the claim. The scheme's first responsibility is to seek continuity rather than to pay compensation.

For more information go to [www.fscs.org.uk](https://www.fscs.org.uk) or call **0800 678 1100** or **0207 741 4100**.

If you'd like us to send you this document or any future correspondence in another format, such as Braille or large print, please just let us know.

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43576-2024 6/24

