

Suitability Letter – Flexible Pension Annuity

FOR USE BY PROFESSIONAL ADVISERS AND INTERMEDIARIES ONLY

Flexible Pension Annuity – suitability wording (page 1 of 3)

This document has been created to assist you when preparing a suitability report for one of your clients and is based on London & Colonial Assurance PCC Plc's understanding of applicable UK tax legislation and current HM Revenue & Custom's practice, as at July 2023, which could be subject to change in the future.

This document contains general information only about products and/or services which London & Colonial Assurance PCC Plc ('LCA') offers. This information does not constitute investment, tax, legal, medical, or other form of advice and it is not a substitute for such professional advice or services. LCA, including any companies of STM Group of companies and the officers and employees thereof, cannot accept responsibility for any loss caused because of any action taken or refrained from being taken upon the contents of this guide.

It is the responsibility of readers to satisfy themselves as to whether any product and/or service is suitable for recommendation to your client(s).

Introduction

[I/We] have explained and provided you with copies of [my/our] initial disclosure document and [Terms of Business] which we discussed and have been signed by you.

Following our latest meeting on [date], [I/we] recommend you use your pension scheme fund to purchase a London & Colonial Assurance PCC Plc ('LCA') Flexible Pension Annuity ('FPA').

The FPA is a unit-linked pension annuity contract, which is set-up as a lifetime annuity and is designed to provide you with flexible annuity payments ('an income'), from the date you decide, for the remainder of your life. A key difference between a traditional pension annuity and the FPA is the option to purchase a LCA Preference Share. LCA is a Protected Cell Company ('PCC'). This means that LCA will create legally recognised 'Cells' within the company to segregate and protect each policyholder's assets. If you purchase a LCA Preference Share it will be linked to the Cell attached to your FPA. This ensures that any remaining assets, at the time of your death, which remain in the Cell can be passed to your estate.

The report indicates there is a pension fund of £[xxx,xxx.xx] and you have a need for £[x,xxx] each year.

[I/We] discussed the other options open to you and the FPA offers the best mix of providing regular income payments and flexibility to match your needs and personal circumstances (which may change in the future).

You have chosen to invest £[xxx,xxx.xx] of the purchase price in the [insert details of your recommended portfolio of funds] and [insert details of the agreed investment adviser] will act as the investment adviser for your FPA.

Annuity Payments

Your priority is the potential for capital growth, and this is the reason why a flexible annuity is a suitable product for your current needs. You also require an income of £[x,xxx] a year which you have decided to receive as [monthly/three monthly/six monthly/twelve monthly payments] from your FPA. The amount and frequency of the regular annuity payments may be varied in the future (if required or if the terms of the FPA require them to be).

Flexible Pension Annuity – suitability wording (page 2 of 3)

Investment Options

The FPA offers full open architecture allowing you and your investment adviser to access to a wide range of investment options including:

1. Shares and other securities quoted on any regulated stock exchange worldwide.
2. Derivatives such as futures, options, warrants and other similar financial instruments (subject to some criteria).
3. Unit trusts.
4. Investment trusts.
5. Open ended investment companies and other collective investment vehicles falling within the definition of a UCITS scheme.
6. Cash (all cash holdings must be at our nominated bank).
7. Platforms. Using one or more platforms provides [me/us/your investment adviser] with the ability to have an overview of your portfolio. This allows for closer monitoring of your investments effectively and efficiently.
8. Discretionary management. There is also the opportunity to appoint one or more discretionary fund managers. They can not only advise you on the investment choices, but also execute investment decisions on your behalf, without prior consultation. This enables them to act quickly and take advantage of opportunities to help your FPA grow and reduce time and effort taken by administration and monitoring. You can discuss if one or more discretionary fund managers is a suitable option for you with [me/us/your investment adviser].

Please remember that past performance is not a guide for the future and the value of units can fall as well as rise. Currency fluctuations can also affect performance under the FPA.

Charges

As discussed with your [professional adviser/me], there is an establishment charge which is payable to LCA for setting-up your FPA. This is a one-off charge of 2% based on the premium paid which is deducted as a single fixed amount from each premium paid. The establishment charge is capped at £10,000 and this cap applies for the life of the FPA.

LCA will deduct an annual management charge ('AMC') of 1% a year for administering your FPA. The AMC is capped at £1,600 a year. This charge which is based on the total premiums paid will be deducted on the commencement date and then yearly on each anniversary of the FPA.

Full details of the charges appropriate to the funds you have chosen are shown on your personal illustration.

Risk Warnings

The FPA is a pension annuity and the decision to purchase an annuity is final. Once purchased and after the expiry of the 30-day cancellation period you will be unable to change your mind or cancel the FPA.

Please be aware if you cancel your FPA within the first 30 days, you may get back less than you paid in. Please note that some pension scheme providers may refuse to accept a return of the funds used to purchase your FPA and we may have to seek an alternative annuity provider if you wish to cancel within the cancellation period. Further information about your right to change your mind may be found in the FPA Key Features document.

It is important to note if the investment growth on your chosen portfolio of funds, after the deduction of the charges, is less than the annuity payments being taken then the portfolio of funds will be used to make future annuity payments. LCA has included safeguards in the FPA policy to make sure the portfolio remains capable of making the annuity payments. Further details may be found in the FPA Key Features document

Flexible Pension Annuity – suitability wording (page 3 of 3)

and the FPA Standard Terms & Conditions.

Why London & Colonial Assurance PCC Plc

London & Colonial Assurance PCC Plc ('LCA') is a Gibraltar based life insurance company operating out of Gibraltar's highly regulated and long-established financial centre. LCA was established in 2001 as a public limited company and a life insurance provider.

LCA is structured as a Protected Cell Company ('PCC') subject to the provisions of Gibraltar's Protected Cell Companies Act 2001. This means LCA will create legally recognised 'Cells' within the company to segregate and protect each policyholder's assets. Each 'Cell' has its own designation (the Flexible Pension Annuity number) and it is the duty of the directors of LCA to keep the assets and liabilities of each 'Cell' separate with each 'Cell' being accounted for separately. The legislation prohibits the assets of a 'Cell' being used to satisfy any liability not attributable to that 'Cell'. If the liabilities of a 'Cell' exceed the value of its assets, the shortfall will be payable from the solvency capital of LCA.

LCA is part of STM Group Plc ('the Group'), a multi-jurisdictional financial services group listed on AIM, a market operated by the London Stock Exchange. Established in 1989, the Group specialises in the administration of client assets in relation to retirement, estate and succession planning and wealth structuring. Today, STM Group Plc has operations in Australia, Gibraltar, Malta, Spain, and the UK.

The STM Group Plc has 296,000 customers in 126 countries. The Group administers in excess of 19,900 personal pensions, services over 275,000 members within UK Workplace Pension Schemes, 2,800 life assurance policies, and approximately 100 Group Pension Plans (based on the 2022 annual results).

Fees

[As discussed, for reviewing and analysing your personal and financial objectives and arranging this annuity I/we will be charging an adviser fee/charge of £xxxx/x.x%. Within the FPA application form you have asked LCA to deduct this amount/percentage from the purchase price. LCA will complete this request and arrange for £xxxx/x.x% to be paid to us on your behalf.

To pay for the ongoing service, which we will provide, we will make a charge of £xxx/x.x% each year. You have requested LCA deduct this amount/percentage from the FPA and pay it to us on your behalf.

Full details of these fees are shown on your personal illustration].

Closing

You have already received a Key Features document and a personal illustration for the proposed Flexible Pension Annuity. These documents contain full details of the features, benefits, charges, and the potential risks.

[I/We] consider the Flexible Pension Annuity is the most suitable product for your financial needs and London & Colonial Assurance PCC Plc is the most appropriate product provider.

It is important to let us know of any changes to your personal circumstances. For example, if there are any changes to your address, employment or family circumstances please contact [name] in order that your report can be revised, and any circumstances identified.

Please sign and return the attached copy of this letter to confirm you have read this letter and accept its contents.



Postal Address:
London & Colonial Assurance PCC Plc
3rd Floor
55 Line Wall Road
Gibraltar, GX11 1AA
T (UK): 0044 (0)2036 406843
T (Gibraltar): 00350 200 75812
www.londoncolonial.com
LCA@stmgroup.online

Gibraltar Company Registration Number: 80650
London & Colonial Assurance PCC Plc is a Gibraltar registered company, and is incorporated under the Gibraltar Insurance Companies Act as a Protected Cell Company. London & Colonial Assurance PCC Plc is regulated by The Gibraltar Financial Services Commission - Permission Number: 5191. Registered Office: 3rd Floor, 55 Line Wall Road, Gibraltar, GX11 1AA