

Key features of the

Group Flexible Retirement Plan

from Standard Life

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Key features

keyfacts[®]

The Financial Services Authority is the independent financial services regulator. It requires us, Standard Life, to give you this important information to help you to decide whether our Group Flexible Retirement Plan 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.

Its aims

To offer you a way of saving for your retirement through a pension plan.

To build up a sum of money in a tax efficient way, which will give you:

- a pension when you retire, or
- a tax-free lump sum and a smaller regular pension.

Your commitment

To make at least one payment into your plan.

The minimum transfer payment or single payment for employees and employers is £1,000 gross. The minimum regular payment is subject to individual pricing. There is no minimum payment for transfers from other Standard Life contracts.

To leave the plan invested until you choose to take your benefits, and then to use it to buy your pension.

You cannot take the benefits of the plan until age 55 (50 up to 6 April 2010).

To tell us if you stop being eligible to receive tax relief on your payments.

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Risks

What you get back when you retire isn't guaranteed. Your pension may be lower than illustrated. This could happen for a number of reasons, for example if:

- you stop paying into your plan or take a payment break
- the performance of the fund(s) you have chosen is lower than illustrated
- annuity rates when you retire are worse than illustrated, for example due to interest rates being lower
- you start taking your pension earlier than the retirement date shown in the illustration
- tax rules or legislation change
- our charges increase in the future.

You will automatically join this plan via your employer or their adviser, unless you choose not to. This plan may not suit all employees, particularly where small amounts of pension savings might affect entitlement to means-tested State benefits.

Your plan may invest in different types of investments, including investments based on stocks and shares, which carry different levels of risk. The value of your investment can fall as well as rise and you may get back less than you pay in.

In order to maintain fairness and equity between unitholders remaining in and unitholders leaving a fund, we may, in exceptional circumstances, delay switching all or part of your funds for up to one month or, in the case of units of a fund which invests directly or indirectly in property, for up to six months. If we delay the switch, we will use the unit prices that apply on the day on which the switch actually takes place.

If you decide to invest in a property fund, you should be aware that property can be difficult to sell, so you might not be able to sell your investment when you want to. In exceptional circumstances, it could take up to six months. The valuation of property is generally a matter of a valuer's opinion rather than fact.

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If you start the plan with a single payment and cancel during the 30 day cancellation period, you may get back less than you paid in. This is because we may make a deduction to reflect any market loss we have experienced between the date we received your payment and the date we received your instruction to cancel.

Questions and Answers

What is a Group Flexible Retirement Plan?

A Group Flexible Retirement Plan allows you to invest in a pension fund in a tax efficient way and brings with it control, flexibility and choice.

Am I eligible?

You're normally eligible to join a Group Flexible Retirement Plan if you're between 16 and 75 and resident in the UK.

The minimum age for joining the Group Flexible Retirement Plan is 16 and the maximum age is 74.

Is this a Stakeholder pension?

No. The Government has set minimum standards that companies must meet for a Stakeholder pension. These are to do with payment levels, charges and terms and conditions. This plan is not a Stakeholder pension because our charges can be higher than the Government Stakeholder standards.

Stakeholder pensions may meet your needs at least as well as this pension plan. Your adviser will be able to advise which pension plan is better for you. You can find more information on Standard Life's Stakeholder Pension in our 'Stakeholder Pension Plan Key Features Document' (SPP17). For a copy, please call us on **0800 066 5432**.

How flexible is it?

You can change the amount of your regular payments at any time, however if you reduce how much you pay, your matching payment from BT may also reduce.

You can stop paying, or take a payment break and restart later if your circumstances change. This will reduce your future pension.

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You can make single or transfer payments at any time, although there is a minimum payment of £1,000 gross.

Please see 'The BT Retirement Saving Scheme (BTRSS) February 2009' (if you are a former member of the BTRP or SLFPP) or 'The BT Retirement Saving Scheme (BTRSS) April 2009' (if you are a new BT employee) at www.btretirementsavingscheme.com, or call us on **0800 066 5432** for more information on how participating in SMART Pensions may affect you.

All employee regular payments must be paid by the employer via salary deduction. Direct Debit and Web (using Contribution Payer) and Flexible Direct Debit are our preferred payment methods for all other regular and irregular payments.

For transfers from other providers we will accept payment by direct credit, telegraphic transfer or cheque.

Can I transfer my contracted-out benefits to the Group Flexible Retirement Plan?

Yes, since 1 October 2008, it's possible to transfer your contracted-out benefits to the Standard Life Group Flexible Retirement Plan. By contracted-out benefits we mean Protected Rights, Guaranteed Minimum Pension and Section 9(2B) Rights. They all become Protected Rights once they are paid into the Group Flexible Retirement Plan.

What might I get when I want to retire?

Your final plan value will depend on:

- how much is paid in
- how long the payments are invested for
- the performance of the fund(s) you have chosen
- our charges (see 'What are the charges and discounts?')

Your final plan value will be used to buy a pension, which is an income for the rest of your life, from us, another pension provider or registered pension scheme.

The amount of pension will depend on a number of factors at the time, for example:

- interest rates
- your age and state of health
- life expectancy rates
- the type of pension you choose.

What choices will I have when I retire?

You can start taking all or part of your pension at any time between ages 55 (50 up to 6 April 2010) and 75, including while you're still working. You must normally start taking it by age 75. You can normally start taking your pension before age 55 (50 up to 6 April 2010) only if you meet the ill health condition for taking your pension early.

You can use all of your plan value to buy a pension, which will be taxable. Or you can normally take up to a quarter of the plan value as a tax-free lump sum, plus a smaller taxable pension.

You can choose to have your pension stay the same or:

- increase automatically each year by a fixed percentage, up to a maximum of 8.5%, or
- change in line with the Retail Prices Index.

You can choose a smaller pension for yourself so that you also provide a pension for your husband, wife, civil partner or other dependant(s) after you die. If you are married or in a civil partnership, you must use your Protected Rights to buy a pension that will continue at half the rate to your spouse or civil partner after you die.

You can buy your taxable pension from any pension provider or registered pension scheme.

How much can be paid into my plan each year?

If you're employed, both you and your employer can pay into your plan.

In each tax year, if you are a 'relevant UK individual' you can pay:

- up to £3,600 (including tax relief) regardless of your earnings, or

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- up to 100% of your relevant UK earnings for that year (including tax relief). Relevant earnings are your taxable annual income and any bonuses, commission or benefits in kind that you receive from employment and/or self-employment.

These limits are set by HM Revenue & Customs and apply to the total payments made by you and any third party to all your pension arrangements. These limits do not apply to payments made by your employer. A tax year runs from 6 April in one year to 5 April in the next year.

HM Revenue & Customs has an Annual Allowance for the total payments that you, your employer and any third party can make to all your pension arrangements. This allowance is £245,000 for the 2009/10 tax year.

You are a 'relevant UK individual' if:

- you are resident in the UK for tax purposes, or
- you have relevant UK earnings, or
- you were a UK resident sometime in the previous five tax years and when you joined, or
- you have, or your husband, wife or civil partner has, earnings from overseas Crown employment subject to UK tax.

If you already have a pension plan you may be able to transfer its value into this plan. There is no guarantee that doing so will increase your total pension. Please call us on **0800 066 5432** and ask for our 'Group Flexible Retirement Plan' Key Features Document (FRP17) if you wish to do this.

What about tax?

You'll get tax relief on your payments normally at your highest income tax rate.

We'll claim the tax relief for you at the basic rate from HM Revenue & Customs and invest it in your plan. This means, that under current Income Tax rates, for every £100 you invest in your plan, you'll pay only £80. If you're a higher rate taxpayer, you'll need to claim the extra tax relief through your tax return.

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HM Revenue & Customs has an Annual Allowance for the total payments that you, your employer and any third party can make to all your pension arrangements. This allowance is £245,000 for the 2009/10 tax year. You may have to pay a 40% tax charge on any payments that exceed this limit. If you think you will be affected by the Annual Allowance, you may wish to seek financial advice.

You'll receive tax relief on your payments normally at your highest income tax rate. However, there are special rules that apply to anyone with an income of £150,000 or more, please refer to www.btretirementsavingscheme.com/btpensions/the-payments/tax-benefits/ for further information.

We'll claim the tax relief for you at the basic rate from HM Revenue & Customs and invest it in your plan. This means, that under current Income Tax rates, for every £100 you invest in your plan, you'll pay only £80. If you're a higher rate tax payer, you'll need to claim the extra tax relief through your tax return.

The funds you invest in are not liable for UK Capital Gains Tax.

You can normally take some of your fund as a tax-free lump sum before you convert the plan into a pension.

HM Revenue & Customs has a Lifetime Allowance on the total funds in pension arrangements that can be used to provide benefits to you. This allowance is £1.75 million for the tax year 2009/10. Any funds over this allowance will be liable to a tax charge of 55% for a lump sum, or 25% if taken as a pension. There are circumstances where you can apply for a personal Lifetime Allowance that's higher, speak to your financial adviser for more details.

Your dependants won't normally have to pay tax on any lump sum they receive if you die before retirement. However, if any part of the lump sum exceeds your Lifetime Allowance, that part will be subject to tax at 55%.

Your pension will be taxed in the same way as earned income.

Tax rules and legislation may change. The value of tax relief may change and will depend on your financial circumstances. The information we have given is based on our understanding of law and HM Revenue & Customs practice when we published this document.

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Where are my payments invested?

Standard Life offers a wide range of investment-linked pension funds to choose from. We have also included a range of externally managed funds to broaden this choice.

An investment-linked fund is made up of 'units':

- Your payments are used to buy units in the funds you choose.
- The price of one unit in each fund depends on the value of the underlying investments.
- The value of your investment is based on the total number of units you have in each fund. If the unit prices rise or fall, so will the value of your investment.

We invest 100% of each payment.

You can switch your payments in and out of various funds to change the mix of investments. We may delay switching in some circumstances. You can only invest in 12 of our funds at any one time.

For more information about our funds, please see the 'Your Pension Investment Choices' (GPEN4BT) booklet on www.btretirementsavingscheme.com

As well as offering these funds, we offer a facility called Lifestyle Profiles. Lifestyle profiles automatically change the funds you are invested in depending on the length of time until your selected retirement date. If you invest in a Lifestyle Profile you cannot combine it with any other Lifestyle Profile or investment linked fund, with the exception of The BT Share Fund. For more information please see www.btretirementsavingscheme.com

What are the charges and discounts?

Standard Life takes a fund management charge which is for the management of your funds and for our administration costs. The charge varies depending on the funds you choose to invest in and is taken from the fund each day before we calculate the unit price. The current yearly rate of this charge is shown on your Personal Illustration and the 'Your Pension Investment Choices' booklet (GPEN4BT) on www.btretirementsavingscheme.com

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We can increase the charges we make. We may do so in the future if our costs are higher than originally expected. This might happen if, for example:

- tax rules change
- our staff or overhead costs are more than we expected
- our income from charges is less than we expected.

Additional expenses such as trustees', registrars', auditors' and regulators' fees may be deducted for certain Standard Life investment-linked funds which are linked to the funds of external managers. Where this charge applies, it is taken directly from the external fund and is included in the unit price. Please refer to 'Your Pension Investment Choices' booklet (GPEN4BT) for more information.

For further information relating to all fund charges, please see the 'Your Pension Investment Choices' booklet (GPEN4BT) available at www.btretirementsavingscheme.com

Your Personal Illustration shows what you might get back in the future. It details our charges and the effect they have on reducing the value of your investments over the term of your plan.

We will not normally make a charge for switching funds, however we reserve the right to charge for switches. We reserve the right to charge if a switch involves an externally managed fund and the manager charges us for the switch. We also reserve the right to make a charge when more than 20 switches are made in any 12 month period.

Standard Life has the right to delay any investment to a fund managed by an external manager.

If you stop making payments early on and do not restart them, our charges could reduce your plan value by the time you retire.

We may make discretionary adjustments to reflect costs incurred in managing a fund. For example, if the fund manager experiences a significant number of investors leaving the fund and needs to apply an adjustment to reflect the costs of selling assets.

Your plan will also benefit from a discount. Any such discount will depend on the terms that apply to your plan, and will be created by giving you extra units in your funds. You'll find full details of the terms in your plan documents which we'll send after you join.

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What happens to the plan if I die before I retire?

We will pay out the full plan value at the date of your death.

We will pay the plan value in a lump sum. However, if any part of the lump sum exceeds the Lifetime Allowance described in the 'What about tax?' section that part will be subject to tax at 55%.

We will decide who to pay the lump sum to. We take into account your circumstances when you die and anyone you have previously stated you want the money to go to.

No surviving spouse/civil partner

If you die before age 75 and have no surviving spouse/civil partner, we must use any contracted-out benefits still in your Group Flexible Retirement Plan to pay a lump sum according to your instructions, or to your estate if you have not given any instructions.

Surviving spouse/civil partner

If you are survived by your spouse/civil partner, we must use any contracted-out funds in your Group Flexible Retirement Plan to pay a pension to them.

What if I leave my current employer?

If you decide to leave your employer then you will still retain your existing contract, although the terms applied to your plan may differ. The terms that can apply have been decided when the plan was set up by your employer. Please see 'The BT Retirement Saving Scheme (BTRSS) February 2009' (if you are a former member of the BTRP or SLFPP) or 'The BT Retirement Saving Scheme (BTRSS) April 2009' (if you are a new BT employee) at www.btretirementsavingscheme.com, or call us on **0800 066 5432** for more information.

Can I transfer my plan?

You can transfer your plan to another pension arrangement with us, another pension provider or registered pension scheme at any time before you start taking your pension. We make no transfer charge.

You cannot cash in your plan.

You can only transfer your contracted-out benefits to another scheme if the receiving scheme is able to accept them.

Can I change my mind?

You have a legal right to cancel your contract if you change your mind. You have a 30 day period to consider if you want to change your mind. This 30 day period starts from the date you receive your plan documents. During this period, if you decide you want to cancel, you should write to us at the address shown in the 'How to contact us' section, instructing us to cancel the contract. Please make sure that you include your plan number in any correspondence with us.

If you start the plan with a single payment and cancel during the 30 day period, you may get back less than you paid in. This is because we may make a deduction to reflect any loss we have experienced between the date we received your payment and the date we received your instruction to cancel. The amount we will return may be subject to the following:

- If the value of your investment falls before we receive your instruction to cancel, we may deduct an equivalent amount from the refund.
- Any charges or expenses we are unable to recover for the administration costs of setting up your plan.
- Any charges or expenses we are unable to recover for the administration costs of cancelling your plan.

There is no 'penalty charge' for cancelling your plan.

If you decide to cancel, and we have already received payment, we will refund the payment to the person who made it.

At the end of the 30 day period you will be bound by the terms and conditions of the plan and any money received by Standard Life will not be refundable under the cancellation rule.

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How will I know how my plan is doing?

We will register you for our online service and send you a user id and password so that you can check your plan details on our website – www.btretirementsavingscheme.com

We will send you a yearly statement to show how your plan is doing.

You can also get an up-to-date valuation at any time by calling our customer helpline or visiting www.btretirementsavingscheme.com

How to contact us

Remember your financial adviser will normally be your first point of contact.

If you have any questions or would like to make any changes to your plan, you can phone us, e-mail or write to us.

Phone us on: **0800 066 5432**. Please have your plan number ready when calling. We may record/monitor calls to help improve our service.

E-mail us at: service_gp@standardlife.com

(There is no guarantee that any e-mail sent will be received or will not have been tampered with or intercepted during transmission. You may prefer to contact us by phone, or in writing.)

Write to us at:

Standard Life Assurance Limited
Standard Life House
30 Lothian Road
Edinburgh
EH1 2DH
United Kingdom

Other information

How to complain

We have a leaflet that summarises our complaint handling procedures. If you'd like a copy, please ask us.

If you ever need to complain, first write to us at the address on the previous page. If you are not satisfied with our response, you may be able to complain to:

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

Telephone: 0845 080 1800
Switchboard: 020 7964 1000
Fax: 020 7964 1001

E-mail: complaint.info@financial-ombudsman.org.uk
Website: www.financial-ombudsman.org.uk

Complaining to the Ombudsman will not affect your legal rights.

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Terms and Conditions

This document gives a summary of Standard Life's Group Flexible Retirement Plan. It does not include all the definitions, exclusions, terms and conditions. These can be found in the Terms and Conditions booklet. If you would like a copy of the Terms and Conditions, please contact us direct.

We have the right to change some of the terms and conditions. We will write to you and explain if this happens.

Law

The law of Scotland will decide any legal dispute.

The English language will be used in all documents and future correspondence.

Compensation

The Financial Services Compensation Scheme (FSCS) has been set up to deal with compensation if firms are unable, or likely to be unable, to meet claims against them.

The amount of compensation available from the FSCS depends on the type of business and the circumstances of the claim. Further information is available from the FSCS website at www.fscs.org.uk

About Standard Life

Standard Life Assurance Limited's product range includes pensions and investments.

Standard Life Assurance Limited is on the Financial Services Authority Register. The registration number is 439567.

Important information

Please read and keep for your reference

When you join the pension plan, you will be bound by the rules and legislation that apply to the plan. You should read this carefully before you decide to join.

Your eligibility

To join this pension plan, you will be confirming (via your employer or their adviser):

You are aged 16 or over and are resident in the UK for tax purposes.

Data Protection Notice – important, please read

Personal information provided in connection with your application will be used by Standard Life to set up and administer the plan.

If your application does not proceed it will be held on our records for 6 years before it is deleted.

We will keep the information you have supplied confidential, and will not disclose it unless it is lawful to do so.

If you are an employee and your employer is making payments to your plan, we may disclose information to him about the payments he has made.

We may, in future, be able to send you a yearly statement that shows both information about your state pension and the benefits you may get from this plan. To be able to do this, we would give your full name, sex, date of birth, National Insurance Number and pension plan number to the Department for Work and Pensions (DWP) to get details of your state pension. We would not use this information for any other purpose.

If you want us to share this information with the DWP, you need take no action.

If you do not want us to share this information with the DWP you can contact us on **0800 066 5432**.

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If you do not contact us, you will have 30 days from the date you join to change your mind before we may share information about you with the DWP. We may share information each year, as long as you are a member of this plan. If you decide later on that you do not want us to share this information with the DWP you can contact us as detailed in the “How to contact us” section of the Key Features Document.

We and the other subsidiaries of Standard Life plc will not use your data for marketing purposes and we will never pass your details to companies that are not subsidiaries of Standard Life plc for marketing purposes.

If you would like to request a copy of the personal data we hold about you, please write to the Data Protection Co-ordinator at our Head Office. We may charge a fee for providing the information.

Money Laundering

To comply with Money Laundering Regulations 2007, we may verify your identity, by carrying out an on-line check with a reference agency. Where an on-line check is carried out, the agency will verify your identity against public records and it will also check whether you have a credit history (but it will not disclose any information about your actual borrowings). The agency will add a note to show that an identity check was made to your credit file, but this information will not be available to any third parties. We regret that we cannot offer an alternative unless the on-line check does not confirm your identity, in which case we will carry out a manual check.

Your declaration

You will also be making this declaration (via your employer or their adviser):

1. I request that the benefits described in or arising from payments specified in the Application be provided for me under the Standard Life Self Invested Personal Pension Scheme and in consideration of its acceptance I undertake to be bound in all respects by the rules of the Scheme in force from time to time.
2. I declare that to the best of my knowledge and belief, the statements made in my Application are correct and complete.
3. I declare that the total payments to any registered pension scheme, in respect of which I am entitled to relief under section 188 of the Finance Act 2004, will not exceed the higher of the 'basic amount' or my relevant UK earnings, within the meaning of section 189 of that Act, for that tax year. (The 'basic amount' for the 2009/10 tax year is £3,600 gross. This may change in future tax years.)
4. I declare that I will tell Standard Life if an event occurs as a result of which I will no longer be entitled to relief for my payments under section 188 of the Finance Act 2004. I will do so before the end of the tax year in which the event occurs, or within 30 days of the event if this is later.

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5. I have read and understood the Data Protection Notice. I agree that my personal information (including sensitive data) may be used for the purposes described (subject to me exercising my right not to be contacted with details of other products and services).
6. I authorise Standard Life to disclose to the person within my business who is the contact name for enquiries/my employer if requested, any information regarding the payments and transfer values paid to my plan, how these payments are invested and the value of my plan. If you do not wish this person to have access to this information, then please write to us at:

Standard Life Assurance Limited,
Group Pensions,
Standard Life House,
30 Lothian Road,
Edinburgh,
EH1 2DH.
7. I understand that, where I am receiving advice from an adviser, the adviser is acting on my behalf.
8. If I am self employed and my payments are being paid from a partnership account, I confirm that I will reimburse the partnership for the amount concerned.

Speak soon.

If you'd like more information on the BTRSS or if there's anything more we can help you with, just call us on this number or visit our website.

0800 066 5432

www.btretirementsavingscheme.com