

Key features of

Transfer Payments into a Group Flexible Retirement Plan

from Standard Life

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 a transfer payment into 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.

This document explains the key features of transfer payments into a Group Flexible Retirement Plan. For information on other types of payments into this type of plan please see 'Key Features of the Group Flexible Retirement Plan' (FRP17BT).

Its aims

To offer you an alternative way of investing the benefits you have built up in the BT Retirement Plan (BTRP) or Syntegra Limited Flexible Pension (SLFPP) by transferring them to a Group Flexible Retirement 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 transfer the value of your benefits you have built up in the BTRP or SLFPP into the Group Flexible Retirement Plan known as the BT Retirement Saving Scheme (BTRSS).

To let the plan build up 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).

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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:

- the performance of the fund(s) you invest in is lower than those 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.

For transfer payments there is no guarantee that what you get back will be greater than what you would have received had you remained in your previous scheme or policy.

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. 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.

If you cancel the transfer payment during the 30 day cancellation period, the amount that's transferred back to your previous scheme or on to a new scheme may be 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 might I get when I want to retire?

Your final plan value will depend on:

- the transfer payment paid in
- how long the transfer payment is 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.

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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 a pension that stays the same each year or one that increases each year. This increase can be between 0% and 8.5% each year.

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.

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

What about tax?

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.

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.

Where will my transfer payment be invested?

The fund(s) your transfer payment is invested in will depend on whether you are a former member of the BTRP or SLFPP.

Former BTRP members

Standard Life provides funds that invest in the same underlying funds as those that you were invested in under the BTRP. Therefore, if you are a former BTRP member, your transfer payment will be invested in these Standard Life funds and in the same proportions as before*.

Former SLFPP members

BT and their professional advisers have selected funds that they consider to be broadly equivalent to those funds you invested in under the SLFPP. Therefore, if you are a former SLFPP member, your transfer payment will be invested in these Standard Life funds and in the same proportions as before*.

*In very limited circumstances, it may not be possible to invest your transfer payment as described above. In these circumstances we will contact you to discuss your options.

For more information on these funds please see your Key Features Illustration or the booklet 'The BT Retirement Saving Scheme (BTRSS) February 2009' available at www.btretirementsavingscheme.com

Standard Life cannot accept any responsibility for the suitability of these funds for you. You need to decide if the funds are suitable for your needs. If you decide they are not, you can switch your payments in and out of various funds to change the mix of investments. You will be able to switch your funds once the transfer payment has been invested in the Group Flexible Retirement Plan by logging on to your webpage. In certain circumstances, we may have to delay switching. You can only invest in 12 of our funds at any one time.

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 the Key Features Illustration and in the 'Your Pension Investment Choices' booklet (GPEN4BT) available at 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.

Charges can only be changed after notice and appropriate consultation.

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

The Key Features 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. If you would like a Personal Illustration you will have to request this separately.

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.

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.

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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.

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

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.

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' at www.btirementsavingscheme.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.

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Can I change my mind?

You have a legal right to cancel your transfer payment if you change your mind. However, please bear in mind that if you do change your mind you will have to find another pension provider to accept the transfer payment.

You have a 30 day period to consider if you want to transfer to another provider instead. This 30 day period starts from the date you receive plan documents from us confirming we've accepted your transfer payment. During this period, if you decide you want to change the provider, you should write to us at the address shown in the 'How to contact us' section, providing new instructions. Please make sure that you include your plan number in any correspondence with us.

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.

If you cancel during the 30 day period the amount that's transferred back to your previous scheme or on to a new scheme may be 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 transfer payment and the date we received your instruction to cancel.

If you decide to cancel and we have already received the payment, you must ask the transferring scheme to confirm that they will accept the payment back and we will then return it to them. If they will not accept it back, you must arrange for another pension provider to accept the payment.

How will I know how my plan is doing?

You can check on your plan at anytime by logging on to your own webpage at 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

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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.

Terms and Conditions

This document gives a summary of transfers into 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.

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