

# i2Live Drawdown

## Key features



This is an important document.  
Please read it alongside your personal illustration and the Customer Fund Guide  
and keep it safe for future reference.



Sun Life Financial  
of Canada

# About this document

The Financial Conduct Authority is a financial services regulator. It requires us, Sun Life Assurance Company of Canada (U.K.) Limited, part of Sun Life Financial of Canada, to give you this important information to help you decide whether i2Live Drawdown 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.

Choosing a financial product is an important decision, so you should always seek professional advice from a financial adviser. Before selecting i2Live Drawdown, you need to know what the plan is, how it works, what the risks are, and what it can do for you. That's where this document comes in, providing the information to help you and your financial adviser make an informed choice.

If you don't have a financial adviser we recommend you use the free guidance provided by the Money Advice Service. This includes information on Investment Pathways, which is an initiative from the Financial Conduct Authority to support customers who haven't received a personal recommendation, and a drawdown comparator tool. The drawdown comparator tool can be accessed via [www.moneyadviceservice.org.uk/en/tools/drawdown-investment-pathways](http://www.moneyadviceservice.org.uk/en/tools/drawdown-investment-pathways).

This document is intended to be a summary. Further details can be found in the Terms and Conditions available from your financial adviser, or from us.

Terms marked in *italics* are explained further in the glossary.

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# Aims, Commitments, Risks

## i2Live Drawdown

### Its aims

i2Live Drawdown is a *capped drawdown pension* that:

- Aims to provide you with a flexible income up to your 77th birthday.
- Offers an *Income Guarantee Option* to ensure your income never falls below a certain level.
- Lets you choose how your pension fund is invested.

### Your commitment

- This type of product is designed for customers with combined pension assets (from all sources) in excess of £100,000.
- To regularly monitor your plan and review your income requirements annually with your financial adviser.
- To use the remaining value of your plan to buy an *annuity* before age 77, or at age 77 *transfer* to another provider's *drawdown pension*.
- **Please note that from 31 December 2012 financial advisers can no longer receive commission from product providers for advice given after that date. Therefore you may have to pay your adviser directly for advice given on your plan after 31 December 2012.**

### Risk factors

- The value of the fund(s) you invest in is not guaranteed and your investment can fall as well as rise.
- The level of income you can take from your plan is not guaranteed and depends on the value of your investment fund(s). However a level of protection is provided if you select the *Income Guarantee Option* (see page 8).
- The value of your fund(s) will be eroded if the income you take, plus our charges, exceeds the investment growth of your fund(s). This could result in a lower income in the future than expected.
- Different investment funds come with different levels of risk. Before making your fund selection, you should speak to your financial adviser and read our Customer Fund Guide carefully. This contains details of the fund options and their risks. A copy is available from your financial adviser or from us.
- Inflation will reduce the real value of your income over time.
- Your pension income and fund value may be lower than that shown on your personal illustration. This could be due to lower than assumed investment growth and *annuity rates*, higher than assumed charges and/or changes in tax rules and legislation.
- When *transferring* a pension into i2Live Drawdown, there's no guarantee you will achieve a higher plan value or income than you may have received with your previous plan. You may also lose other rights, such as guaranteed or protected benefits.
- If you cancel a payment into i2Live Drawdown within 30 days, you may receive less than you paid in (see 'Can I change my mind?' on page 11).
- You should also be aware of the following risks if you delay the purchase of an annuity:
  - *annuity rates* may fall
  - the value of your plan may be lower
  - your i2Live Drawdown fund will not benefit from the *mortality cross subsidy* that only exists in an annuity. This is where the benefits of those who live longer are subsidised by the remaining funds of those who die early.

# Your questions answered

## About i2Live Drawdown

### What is i2Live Drawdown?

- i2Live Drawdown is a *capped drawdown pension* product. It allows you to take a flexible income in retirement while staying in control of your pension fund.

### Who is it aimed at?

- i2Live Drawdown is designed for customers who want to stay invested in funds of their choice and have the opportunity to take a flexible income. It may not be suitable for those with smaller pension funds with no other assets or other sources of income.
- In order to apply for i2Live Drawdown you must already hold an i2Live plan.

### What are the age limits?

- You must be between the ages of 55 and 77 to take benefits in i2Live Drawdown.
- You may be able to take benefits earlier if you are incapacitated or seriously ill.

### What does i2Live Drawdown allow me to do?

With i2Live Drawdown you can:

- Take up to 25% of your pension fund as a *tax-free lump sum* when you start the plan (if you are under the age of 75);
- Choose the level of income you want to take and when (provided it doesn't exceed the HM Revenue & Customs (HMRC) maximum income limit);
- Add the *Income Guarantee Option* to ensure your income doesn't fall below a minimum level (see page 8);
- Choose from a range of investment funds, covering all major asset classes, and switch between funds as often as you like and free of charge;
- Leave benefits for your loved ones after you die (see 'Death benefits' on page 9);
- Use your fund to purchase an *annuity*, convert to i2Live Annuity or transfer to another *drawdown pension* with another company, at any time on or before age 77 with no penalty.

### What are the plan charges?

- The charges that will apply to your plan will be shown on your personal illustration and will include:
  - an annual investment fund charge which varies depending on the fund(s) you choose;
  - an annual charge for the *Income Guarantee Option*, if selected;
  - any ongoing commission charges for advice given prior to 31 December 2012 which will equal the amount of commission you have agreed will be paid to your financial adviser.



## Transfers into i2Live Drawdown

### What payments will i2Live Drawdown accept?

- From 6 April 2015 we can no longer accept transfers into i2Live Drawdown.
- We cannot accept transfers from other drawdown plans.
- We accept conversions from i2Live Accumulator, if you already have an existing i2Live Drawdown plan that has previously received a conversion from an i2Live Accumulator.

### Can I make personal contributions?

- No, you can't make personal contributions into i2Live Drawdown. However you can make personal contributions into i2Live Accumulator (up to age 75) which can then be *transferred* to i2Live Drawdown.

## Investment choices

### How will my plan be invested?

- We will use your entire fund value to buy *units* in the investment fund(s) you choose. Each *unit* price is based on the value of the investment fund(s).
- This means the value of your plan depends on how many *units* you have and the performance of the investment fund(s) you have chosen.
- **As *unit* prices rise or fall, the value of your plan will rise or fall.**

### What investment choices are available?

- A range of investment funds are available covering all major asset classes. Active and Passive funds are available.
- If you haven't selected the *Income Guarantee Option* (see page 8), you are free to invest in your choice of funds without any restriction. However restrictions apply when the *Income Guarantee Option* is selected (see 'What conditions currently apply to the Income Guarantee Option?' on page 9).
- The fund options and their risks can be found in our Customer Fund Guide, available from your financial adviser or from us.

### Will you charge me to switch between investment funds?

- No. You can switch between investment funds as often as you like, free of charge.

### How will I know how my investments are performing?

- We will send you a personal statement each year.
- You can call us for an update. Our details are on the back page.
- Your financial adviser should be able to provide an up to date valuation.

## Taking your benefits

### How much income can I take?

- You choose how much income you want to take each year up to the HMRC maximum limit.
- Your maximum limit is shown on your personal illustration. It is calculated as 150% of the income you could get from a single life *conventional annuity* as published by the Government Actuary's Department.
- There is no minimum income level under i2Live Drawdown so you don't have to take any income if you don't want to.
- If you select the *Income Guarantee Option*, you cannot take income greater than the *maximum supportable income* (or the *guaranteed minimum income* if higher). See page 8 for more on this.
- If you don't take income up to your maximum limit in regular payments, you can take extra one-off payments.

### Can I choose how I take my income?

- Yes. You can either select a level income or an income that increases each year at a fixed rate or in line with the Retail Prices Index.
- You can take your income monthly, quarterly, half-yearly or annually.
- You can choose the fund that you want your income payments to be taken from.

### Can I ensure my income never falls below a certain amount?

- Yes, by selecting the *Income Guarantee Option* (see page 8).

### How often will you review my income levels?

- We will automatically review your HMRC income limits every three years if you are under age 75 and annually if you are aged 75 or over or earlier if you wish. We will review your *maximum supportable income* every year.
- We will recalculate your income limits if you use part of your fund to buy an *annuity*; if a *pension sharing order* reduces your fund; or if you *transfer* more money into i2Live Drawdown.
- We will send you an annual personal statement with your income limits detailed on it. You should review your income requirements each year with your financial adviser.

### When must I buy an annuity?

- On or before your 77th birthday, you must use the remaining value of your i2Live Drawdown fund to buy an *annuity*.
- Alternatively, at age 77 you can *transfer* to another provider's *drawdown pension*. Following the change in legislation on 6 April 2011, you no longer have to buy an annuity or transfer to an alternatively secured pension. If the provider allows this option you can remain in a *drawdown pension* indefinitely. i2Live Drawdown are not offering this option, so an annuity must be purchased by age 77 but, you could transfer your pension to another provider who does allow this option.
- You can transfer to i2Live Annuity at any time up to your 77th birthday. This will allow you to continue taking a flexible income and to retain the *Income Guarantee Option* (only if you transfer on or before your 75th birthday) if you wish.

## The Income Guarantee Option

### What is the Income Guarantee Option?

- The *Income Guarantee Option* is an optional feature which you can add to your plan at an extra cost (shown on your personal illustration).
- It provides a guarantee that your income will never fall below a minimum level, provided the conditions are met (see 'What conditions currently apply to the Income Guarantee Option?' on page 9).
- This option is only available up to your 75th birthday.

### When would I benefit from having the Income Guarantee Option?

- The *Income Guarantee Option* will give you peace of mind against stock market volatility and protect your income in the event of poor investment performance.
- If the level of income you can take from your fund drops, perhaps as a result of poor investment performance, and you have selected the *Income Guarantee Option*, it will kick in and pay a *guaranteed minimum income* until your fund recovers.
- If the value of the fund covered by the *Income Guarantee Option* ever reduces to zero, we will continue paying you the *guaranteed minimum income*.
- This gives you the absolute certainty of a minimum level of income as long as you maintain the *Income Guarantee Option*.
- You may wish to keep the *Income Guarantee Option* in place continuously, for all-round peace of mind, or you can choose to remove it if markets show signs of recovery (see 'Can I remove the Income Guarantee Option once it is in force?' further on this page).

### What is the minimum income I would get?

- The minimum level of income the *Income Guarantee Option* would provide (your *guaranteed minimum income*) is shown on your personal illustration and is calculated as 75% of your initial *maximum supportable income*.
- We will review this *guaranteed minimum income* level every five years and it may increase at that time. It will never reduce providing the conditions of the guarantee are met (see 'What conditions currently apply to the Income Guarantee Option?' on page 9).

### How do I add the Income Guarantee Option to my plan?

- You can add the *Income Guarantee Option* when you first apply, or at a later date and on the terms applicable at that time by simply contacting your financial adviser or our Service Team.
- You can apply it to all or just part of your fund provided that it is at least £10,000.
- The *Income Guarantee Option* will automatically continue if you convert to i2Live Annuity prior to your 75th birthday.

### Can I remove the Income Guarantee Option once it is in force?

- Yes. You can remove the *Income Guarantee Option* at any time by contacting your financial adviser or our Service Team.
- You can re-start it after at least one year, on the terms applicable at the time (available from our Service Team).

## What conditions currently apply to the Income Guarantee Option?

- The *guaranteed minimum income* may only reduce if:
  - the income you take exceeds the *maximum supportable income* (or the *guaranteed minimum income* if greater) in any year;
  - the value of your fund reduces as a result of a *pension sharing order* or *annuity purchase*;
  - you decide to convert to i2Live Annuity before your 75th birthday;
  - on conversion to i2Live Annuity, your choice of death benefit is different to that initially specified;
  - on conversion to i2Live Annuity, the value of your fund is reduced by a tax charge because you have exceeded the *Lifetime Allowance* (see ‘What about tax?’ on page 10); or
- When the *Income Guarantee Option* is selected, there will be some restrictions on the investment options available:
  - You cannot invest more than 60% of the fund covered by the *Income Guarantee Option* in investments which we classify as having equity-like risks.
  - Please refer to the Customer Fund Guide for more on this including a list of funds available for use with the *Income Guarantee Option*. This document is available from your financial adviser or from us.

## Death benefits

### What happens if I die while invested in i2Live Drawdown?

From 6 April 2015 changes were introduced that allowed any individual to inherit unused drawdown funds on the death of the member. The i2Live Terms & Conditions have not been amended to allow this. The following options still apply.

The remaining value of your fund can be passed onto your beneficiaries in a number of ways, depending on your circumstances. These are summarised below:

- The value of your fund will be used to provide a lump sum or income for your spouse, civil partner or other *beneficiaries*.
- If the person receiving the benefits is your spouse, civil partner or is financially dependent on you, they can choose from the following options:
  - to take the remaining fund as a lump sum. This will be paid tax free if you die before age 75. If you have already reached age 75 at the time of your death, payment of the pension fund will be subject to income tax; this will be at the recipient's highest marginal rate if paid to an individual, or 45% if paid to an entity such as a trust or a solicitor. If such an entity subsequently pays the money to an individual, that individual may be able to reclaim any excess income tax already paid.
  - use the fund to purchase an *annuity* to provide an income; or
  - use the fund to provide a flexible income through a *drawdown pension* with another provider.
- If the person receiving the benefits is a dependent child, their income will normally stop when they reach age 23 if they purchase an annuity (unless they are suffering from a physical or medical impairment).  
If they choose to receive benefits through a flexible drawdown pension with another provider, it may be possible for the income to continue beyond age 23.
- If the person receiving the benefits is not your spouse, civil partner or is not financially dependent on you, a lump sum will be paid. This will be paid tax free if you die before age 75. If you have already reached age 75 at the time of your death, payment of the pension fund will be subject to income tax; this will be at the recipient's highest marginal rate if paid to an individual, or 45% if paid to an entity such as a trust or a solicitor. If such an entity subsequently pays the money to an individual, that individual may be able to reclaim any excess income tax already paid.

## Tax

### What about tax?

- How you are taxed depends on your individual circumstances.
- We have based the information in this document on our understanding of current law and HMRC practice. This may change in the future.

#### Tax on transfer payments into i2Live Drawdown

- You will not receive tax relief on *transfer payments* into i2Live Drawdown.
- *Transfers of uncrystallised funds* into i2Live Drawdown will be tested against the *Lifetime Allowance* along with any other benefits you're already receiving.
- If the value of your total benefits exceeds the limit (£1 million for 2017/18 onwards), any excess amount will be subject to a *Lifetime Allowance* charge as follows:
  - 25% if used to provide income from i2Live Drawdown or to buy an *annuity*
  - 55% if paid as a lump sum.

#### Tax on your investment funds

- Your payments are invested in funds on which no UK taxes are paid on investment income and capital gains.

#### Tax when you take benefits

- The income you take from i2Live Drawdown will be taxed as earned income. Tax will be deducted from the income, based on your tax code.
- If you are a non-taxpayer or overseas taxpayer, you may be able to arrange with HMRC for your income to be paid without a tax deduction.
- If you have already reached age 75 at the time of your death, payment of the pension fund will be subject to income tax; this will be at the recipient's highest marginal rate if paid to an individual, or 45% if paid to an entity such as a trust or a solicitor. The payment is not normally subject to inheritance tax.

## How to apply

### How do I apply for i2Live Drawdown?

- We can only accept applications for this product through a financial adviser.

### How much will the financial advice cost?

- Your financial adviser will let you know about how you will pay for the cost of advice.
- From 31 December 2012 financial advisers will no longer be able to receive commission from product providers for advice given after that date.



## Changing your mind

### Can I change my mind?

- Yes. You have 30 days from the date you receive your Policy Schedule and Terms and Conditions in which to change your mind.
- Cancellations should be made in writing and sent to our Service Team. Our address can be found on the back page.
- If you have received a *pension commencement lump sum* or any income payments, you will need to return these payments to us in order to cancel.
- The refund of a payment will be subject to a deduction of any fall in the value of the investment when notice of cancellation is received by us.
- For *transfer payments*, you will need to contact the pension scheme you're *transferring* from and ask them to accept the *transfer payment* back. We will return the *transfer payment* once we receive their written confirmation. If they do not accept the *transfer payment* back, you must arrange for another pension provider to take the *transfer*.
- Your payments will remain invested in the funds you have chosen until we can make a repayment unless you ask us to change the investment funds.

# Other information

## How to complain

If you ever need to complain about this plan, please contact us using the details shown in the 'How to contact us' section. If you are not satisfied with our response, you can complain to:

The Financial Ombudsman Service  
Exchange Tower  
Harbour Exchange Square London  
E14 9SR

Tel: 0300 123 9 123

Email: [complaints.info@financial-ombudsman.org.uk](mailto:complaints.info@financial-ombudsman.org.uk)

[www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

Complaining to the Ombudsman won't affect your legal rights.

## Terms and Conditions

This document only summarises the features of this product. Please read it alongside your personal illustration, the product Terms and Conditions and the Customer Investment Funds Guide, available from us on request or from your financial adviser.

## Law

The Laws of England and Wales apply to this plan.

## Compensation

We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation if we cannot meet our obligations. You should note that there are limits to the protection offered by the Scheme. The Scheme will cover 100% of the claim, without any upper limit.

Further information on compensation arrangements is available from the Financial Services Compensation Scheme (FSCS) at:

10th Floor Beaufort  
House 15 St  
Botolph Street  
London EC3A 7QU

Tel: 0800 678 1100

[www.fscs.org.uk](http://www.fscs.org.uk)

## Document availability

Please contact our Service Team if you require this document in another format. We can provide it in:

- Larger print
- Braille
- Compact disc (CD).

The documents mentioned in this brochure are available from your financial adviser. Alternatively please contact our Service Team.

## Financial Strength

A copy of our annual Solvency and Financial Condition Report can be viewed at [www.sloc.co.uk](http://www.sloc.co.uk).

## Important

Sun Life Assurance Company of Canada (U.K.) Limited does not provide advice on its life assurance and pension products, but aims to give customers helpful information to enable them to make informed decisions.

To find a financial adviser just call us or visit [www.unbiased.co.uk](http://www.unbiased.co.uk)

# Glossary

This glossary explains many of the terms in this document. If you're unsure about any information or you need more help understanding certain terms, please talk to your financial adviser or call us on 0345 642 4444 or, 01256 656472.

Term	Definition
Annuity	A product which converts your pension fund into an income. There are different types of <i>annuity</i> to suit different circumstances.
Annuity rate	The rate that is used to convert a pension fund into an income.
Beneficiary/beneficiaries	The person/people nominated by you to receive benefits from i2Live Drawdown following your death.
Capped drawdown pension	An income withdrawal product with an HMRC set limit on the amount of income that can be withdrawn in a year.
Conventional annuity	An <i>annuity</i> that provides a regular income for life. Once it starts, it cannot be changed.
Dependant	Your husband, wife, civil partner, child under age 23, child over age 23 and dependent on you because of physical or mental impairment, or any other person who is dependent on you either financially or because of physical or mental impairment.
Guaranteed minimum income	The minimum level of annual income that is guaranteed when the <i>Income Guarantee Option</i> applies.
Income Guarantee Option	An option available on this plan up to age 75 that ensures your income will not fall below a guaranteed minimum amount.
Income withdrawal	An alternative to buying an <i>annuity</i> . It allows you to draw an income from your pension fund while leaving the fund invested. (Also known as <i>drawdown pension</i> or income drawdown).

Term	Definition
Lifetime Allowance	A limit set by HMRC on the value of benefits from all your pensions. If your benefits exceed this limit, HMRC will tax you on the excess. With i2Live Drawdown, we will deduct this tax before you take your benefits. The <i>Lifetime Allowance</i> is £1 million for 2017/18 tax year. You may have a higher personal <i>Lifetime Allowance</i> if, for example, you have protected pension benefits earned before 6 April 2006.
Maximum supportable income	The maximum income allowed under the <i>Income Guarantee Option</i> that your fund can provide for the rest of your life. It is the level of income we calculate based on assumptions such as your life expectancy and investment returns.
Mortality cross subsidy	<i>Annuity</i> rates are set with the knowledge that some people will die before their average life expectancy and some will live beyond it. The funds of those who die earlier than expected, with no <i>beneficiaries</i> , help pay the <i>annuities</i> for those who live on.
Pension sharing order	An order that allows pension rights to be split on divorce.
Registered pension scheme	A pension scheme that is registered with HMRC.
SERPS (State Earnings-Related Pension Scheme)	A state program that was designed to pay retired employees an additional pension to the standard state pension. It was replaced by the State Second Pension.
State Second Pension	A pension paid in addition to the basic State Pension.
Transfer/transfer value/transfer payment	This is the value of your pension benefits that you move from one pension to another.

Term	Definition
Uncrystallised funds	The monies invested in a pension that have not yet been used to provide benefits.
Drawdown pension	An alternative to buying an <i>annuity</i> , this type of pension allows you to take an income while leaving the fund invested. This term covers both <i>income withdrawal</i> or a short-term <i>annuity</i> .
Units	The notional <i>units</i> into which we divide each investment fund and which we use to work out the value of your policy.

# How to contact us

Our dedicated adviser and customer support team is on hand to answer any questions you have about Sun Life Financial of Canada's products and services.

They can also provide you with further product literature and assist you with any specific queries or instructions regarding a policy.



## Phone

Customer & Adviser helpline:

**0345 642 4444**

or, 01256 656472



## Email

i2live@uksloc.co.uk



## Post

Sun Life Financial of Canada  
PO Box 6904  
Basingstoke, RG24 4TD



## Online

Visit us online at [www.sloc.co.uk](http://www.sloc.co.uk)



For the latest news, fund information and product literature.

Our lines are open from 9am to 5pm Monday to Friday.  
We may monitor or record calls to help us improve our service.

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*Life's brighter under the sun*