

Compulsory Purchase Annuity *Key Features*

This is an important document. You should read it carefully and make sure you fully understand before you buy an annuity.



keyfacts®

B&CE's Compulsory Purchase Annuity Key Features

This document sets out the main points of B&CE's compulsory purchase annuity, which is a policy that provides an annuity (also known as a pension) for life. We have enclosed a personal illustration for you which shows the income you may receive.

Please read this document carefully and keep it with your annuity illustration.

If there is anything you do not understand or if you would like more information, please contact us; you will find our details on page 6.

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1.0 AIMS

- To use the money in your pension fund to pay for an annuity (also known as a pension) for the rest of your life.
- To let you choose to give your spouse, registered civil partner or dependant an income after you die.

2.0 YOUR COMMITMENT

- You need to decide on the type of annuity you want to buy.
- You will buy your annuity with your pension fund.
- Once you have bought the annuity, you cannot change it.

3.0 RISK FACTORS

- As inflation and the cost of living rises over the years, this may reduce the buying power of your pension in the future.
- Once you buy your annuity from us, you cannot transfer the value to another scheme or cash it in, even if your circumstances change.
- When you die, your annuity will stop unless you have chosen to have it paid for a guaranteed period or for it to provide an annuity for your spouse, registered civil partner or dependant.

4.0 QUESTIONS AND ANSWERS

4.1 What is a compulsory purchase annuity?

- It is a policy you buy with the value of your pension fund to provide you with an income for the rest of your life.
- You can normally buy an annuity at any age between 50 (55 from 6 April 2010) and 75.
- Before you buy your annuity, you may be able to take some of your pension fund as a tax-free lump sum.

4.2 Can I buy an annuity from another provider?

- You can use your pension fund to buy an annuity from another annuity provider – this is called using your “open market option” which ensures you can get the best annuity for your personal circumstances as annuity rates vary.
- There is no charge for transferring your pension fund from us to another annuity provider.
- Once you have bought your annuity, you cannot transfer it to a different annuity provider.

4.3 Can I buy a B&CE annuity?

- You can buy an annuity from us if:
 - you have been a manual worker in the construction industry for at least 25 years;
 - or
 - your current employer provides B&CE’s employee benefits package.
- If you are unsure if you qualify to buy a B&CE annuity, please contact us.

4.4 Can I transfer my other funds with a different provider to B&CE?

- You can transfer to us any pension funds you have built up with other annuity providers so you have all your funds in one place.
- We will not charge you to do this; however your other providers may, so it is important to check this with them before transferring any funds. Please see the ‘Your Options at Retirement’ booklet.

4.5 How flexible is it?

- Before you buy your annuity, you need to think carefully about the benefits you would like your annuity to provide you with – as once you have bought it, you cannot change it, delay payments or cash it in.

4.6 How much will my annuity be?

- The amount of annuity income you will receive will depend on the type of annuity you choose, your age, whether you are male or female and the amount of your pension fund that you use to buy an annuity.
- It will also depend on the company you buy it from, annuity rates, interest rates and the cost of converting your pension fund into an annuity.
- Your enclosed personal illustration is based on the current value of your pension fund. If the value of your pension fund goes down before you buy your annuity, your annuity may be lower; if the value goes up, your annuity may be higher.
- Once you have bought your annuity, you cannot transfer it to a different annuity provider.

- If your personal illustration is not based on all your pension funds, please ask us for another illustration before you buy your annuity. If you choose a different basis to the illustration provided, the annuity may alter.

4.7 What if I have a Protected Rights fund?

- Protected rights benefits are derived from contracting out of the State Second Pension (S2P) or its predecessor, the State Earnings Related Pension Scheme. Contracting out benefits may arise by being contracted out through a pension scheme or through having transferred benefits from another scheme. These provide a pension which replaces some, or your entire S2P.
- If you are married or in a registered civil partnership at the time you take the benefits, the pension must continue on your death to your widow(er) or surviving civil partner at 50% of the annuity payable when you were alive.

4.8 What types of annuities do B&CE offer?

- Single, level, no guarantee
 - This will pay you the same annuity income throughout your lifetime.
- Single, level 5 year guarantee
 - This will pay you the same annuity income year after year throughout your lifetime, but if you die within 5 years of starting to take your annuity, we will continue to pay it to your spouse, registered civil partner or dependant for the rest of the 5 year period. If you choose

this option, the purchase price (the amount of your pension fund used to buy the annuity) needs to be at least £5,000.

- Level and then continuing for spouse, registered civil partner or dependant
 - This is also known as “joint life” annuity which will normally pay you a lower annuity than a single level annuity.
 - If you die before your spouse, registered civil partner or dependant they will receive the annuity for the rest of their lifetime. You can choose to have 100% or 50% of the annuity payable to you to your spouse, registered civil partner or dependant.
 - If you have a protected rights fund and you are married or in a registered civil partnership when you take the benefits, your annuity will continue on your death to your widow(er) or surviving civil partner at 50% of the annuity payable when you were alive. If you choose the guarantee option, 100% of the annuity will be payable on your death to your widow(er) or surviving civil partner for the remainder of the guarantee period and then 50% for the rest of their life time.
- Escalating 5% per annum
 - This will pay you a lower starting annuity than a level annuity. It will then increase by 5% each year during your lifetime on the anniversary of the policy start date. If you want to choose this option, the purchase price needs to be at least £10,000.

- With an escalating annuity, you can include an annuity for your spouse, registered civil partner or dependant and they will receive the same annuity (100%) or 50% for the rest of their lifetime after you die.

4.9 How will I receive my annuity payments?

- We will pay your annuity payments directly into your bank account. Your account must be in the United Kingdom.
- If the purchase price is £10,000 or more, you can choose to receive your annuity payments monthly or yearly.
- If the purchase price is under £10,000, we will pay the annuity to you yearly.
- We will pay your annuity to you 'in advance'. This means your payment will start at the beginning of the month or year interval period.
- If you change your address please let us know as soon as possible.
- The first payment will be paid approximately 3 working days after the annuity is set up.
- If you change your bank account details, it is important you let us know as soon as possible so we can continue to pay you your annuity.

4.10 What happens to my annuity when I die?

- When you die we will stop paying your annuity. We will only continue paying if your annuity contains any of the options below:
 - **If you have a guaranteed payment period** and you die before the

guaranteed payment period has ended, we will continue to pay the annuity for the rest of the period to the dependant. If the dependant survives you but also dies within the guaranteed period, any payments will form part of the dependant's estate. We will make payments to the dependant's personal representatives.

- **If you have chosen an annuity paid to your spouse, registered civil partner or dependant**, this will normally start when you die or when the payment from any guaranteed payment period stops (so there is no overlap) and be paid for the rest of their lifetime. We reserve the right to ask for proof of dependency at the time of your death.
- If your pension fund includes any 'protected rights' and you are married or in a civil partnership at the time you take your benefits, when you die a pension equal to 50% of your protected rights pension will be paid to the named spouse or registered civil partner on the policy schedule.

4.11 What are the annuity charges?

- At the beginning of each year we take a charge of either £20 or 25% of your annuity for that year, whichever is less, and this charge is to pay our costs.
- Your annuity illustration shows the annuity you will receive after we have taken our charges.

4.12 What is the cost if I need advice ?

- As we cannot advise you on the suitability of this or any other products, there is no cost.

- If you wish to seek advice you can contact The Pensions Advisory Service (TPAS), an independent organisation who provide free advice and guidance, on 0845 601 2923 or visit their website at www.pensionadvisoryservice.org.uk
- Alternatively contact www.unbiased.co.uk/ which helps you locate an independent financial adviser in your area. Please note, an independent financial adviser may charge you for their services.

4.13 What about tax?

- Your annuity payments are treated as earned income; therefore we have to take off income tax from each payment.
- Tax will be deducted from the annuity payments under Pay-As-You-Earn using emergency coding unless we are otherwise notified by your tax office.
- Please remember that taxation rules can change.

4.14 Can I change my mind?

- You have 30 days from the date you sign the application form in which to change your mind. In these 30 days we will wait for at least the first 14 days before setting up the annuity, and then you have 16 days in which to change your mind.
- If however, we make a payment before the 30 days have passed and you decide to cancel, you will have to repay any money we have already sent to you.
- Once the 30 days have passed, the policy terms and conditions cannot be cancelled or changed even if your circumstances change.

5.0 HOW TO CONTACT US

- Email: info@bandce.co.uk
- Tel: 08457 414142 or 01293 586790
- Our phone lines are open Monday to Friday from 8.30am to 5.30pm. To help improve our service, we may record your call.
- Fax: 01293 586801
- Web: www.bandce.co.uk
- Write to us at:
B&CE Insurance Ltd
Manor Royal, Crawley
West Sussex
RH10 9QP
- If any of your details change, such as your address or bank account, it is important that you let us know as soon as possible.

6.0 OTHER INFORMATION

6.1 How to complain

- Please write to: The Manager

B&CE Insurance Limited
Manor Royal, Crawley
West Sussex
RH10 9QP
- If you are not satisfied with our response, you can contact:

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

Telephone 0845 080 1800
or 0300 123 9123
or visit their website at:
www.financialombudsman.org.uk

- Making a complaint will not affect your legal rights.
- If you would like a copy of our complaint procedure, please let us know or you can download it from our website.

7.0 TERMS AND POLICY CONDITIONS

- This document sets out the main points of our compulsory purchase annuity. It does not include all the terms and policy conditions. If you would like a copy of the full policy conditions please contact us.
- We have the right to change some of the policy conditions. We will write to you to explain if this happens.

7.1 Law

- In legal disputes, the law of England and Wales will apply.
- We have based the information in this document on our understanding of current legislation and tax law.
- Legislation and taxation may change.

7.2 Compensation

- The Financial Services Compensation Scheme (FSCS) may help recover the value of your policy if we become insolvent.
- Pension business is currently covered for 90% of the pension fund with no upper limit.
- If you would like information on the compensation arrangements, please let us know or visit the FSCS website at: www.fscs.org.uk or call on 0500 678 1100 or 020 7892 7300.

7.3 Divorce Legislation

- In line with Government legislation, pension funds and pension annuities are seen as assets and may be taken into account in a divorce settlement.

7.4 Money laundering regulations

- Under these regulations, we have a duty in certain circumstances to prove people's identity. We may ask you to supply documents to us as evidence of your identity and address.

8.0 ABOUT B&CE

- We have been providing financial benefits and services for construction workers for over 65 years. We are run by the construction industry and have no shareholders to satisfy.
- B&CE Insurance Limited is a Health Composite Insurance Company registered in England No: 3093365.
- B&CE Insurance Limited is authorised and regulated by the Financial Services Authority. Our registered office is at Manor Royal, Crawley, West Sussex RH10 9QP.

Since 1942, B&CE has provided financial welfare benefits to those working within the construction industry and their dependants. Today it manages assets of over £1.7 billion and provides financial benefits to over 214,000 operatives on behalf of almost 6,500 construction employers.

B&CE's EasyBuild stakeholder pension scheme for the construction industry has over 500,000 members and £540 million under management. In 2009, B&CE launched its employee healthcare product, offering a cash benefit towards routine healthcare.

The above information is correct as at December 2009.

Information in this brochure is correct as at December 2009 and subject to change. The details are based upon our understanding of HM Revenue & Customs (HMRC) and Department for Work & Pensions (DWP) rules and regulations, tax rates may differ depending on individual circumstances.

for more information:

tel 08457 414142 or 01293 586790

email info@bandce.co.uk

To help improve our service, we may record your call.



B&CE Insurance Limited

Manor Royal, Crawley
West Sussex, RH10 9QP

www.bandce.co.uk

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authorised and regulated by the
Financial Services Authority.

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