

**Do you need further information?**

Please do not hesitate to contact London & Colonial if you require any further information about Gibraltar or its financial regulations.

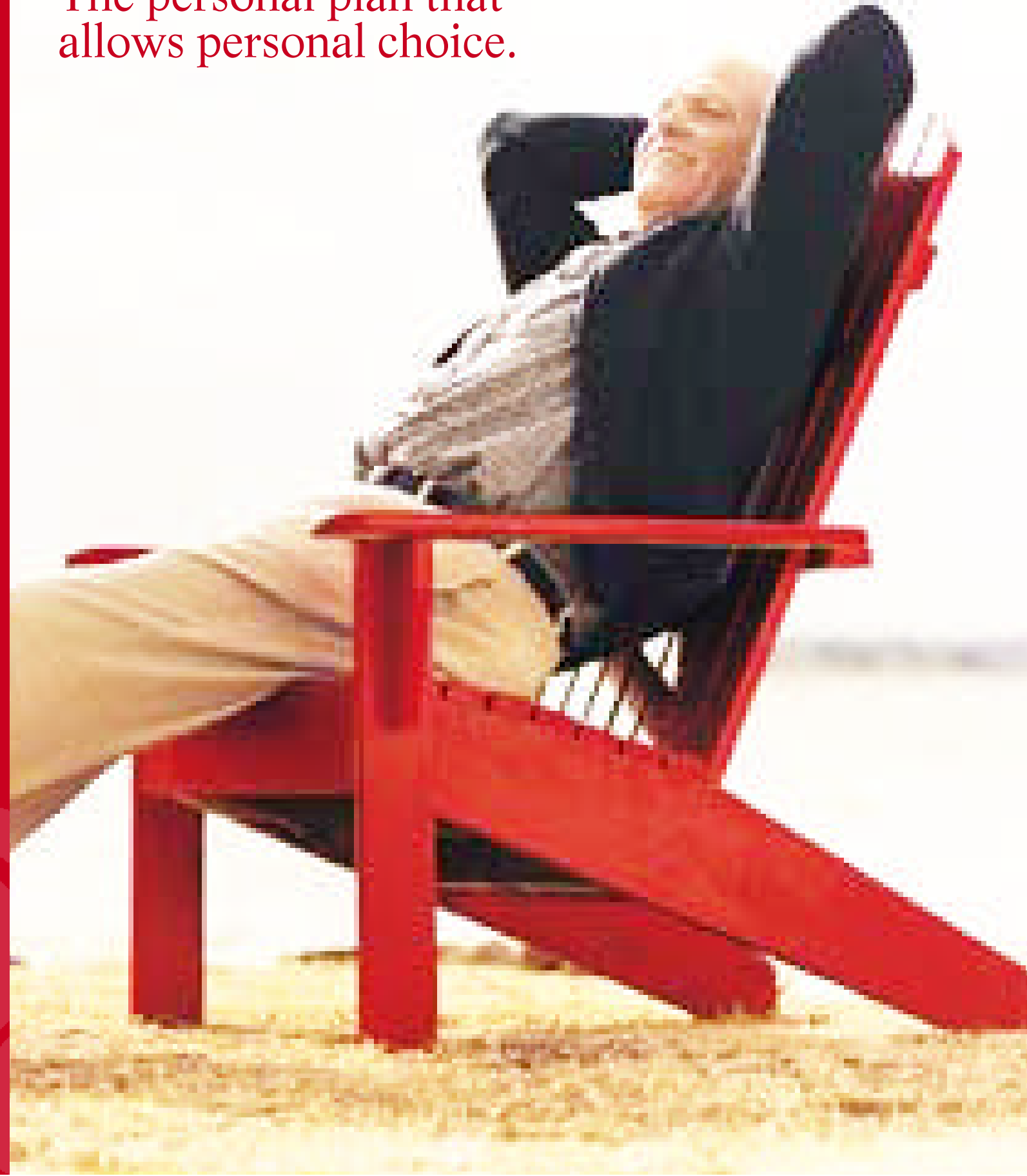
**UK: 01444 415630**

**Gibraltar: 00 350 46600**

or visit our website:

**[www.londoncolonial.com](http://www.londoncolonial.com)**

**The personal plan that  
allows personal choice.**



**IFA STAMP**



# Open Annuity

Take control of your pension.

Please note that the Open Annuity is not appropriate for everybody and it is essential for you to gain financial advice before entering into one.

Please refer to the London & Colonial website for a full listing of approved advisers. Your own adviser should always be your first point of call for advice about the Open Annuity.

Should you however require any further information specifically about London & Colonial please call us on:

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**Gibraltar: 00 350 46600**

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## 1 Do you wish to have control and choice over your annuity investment?

Traditional annuities offer guaranteed income levels but underlying yields tend to be low and there is usually no option for you to have any input into the investment of your funds.

The Open Annuity from London & Colonial is a totally new type of annuity policy that does allow you (or your adviser) to select investments of your choice.

## 2 Are you looking for flexibility with your annual income?

The Open Annuity allows you to be flexible with the level of your annual income payments, within specified limits, and to opt for monthly, quarterly or annual payments. It also allows you to receive additional payments during any year if you are not already in receipt of the maximum income allowed for that year.

## 3 Did you know that there is an annuity policy that allows you to pass your pension capital to your heirs?

On death, the remainder of your fund will be paid to your estate. This means that, unlike other annuity products presently available, your investment won't then go back into the insurer's pool to fund the retirements of complete strangers.

## The Open Annuity is available to:

- Anyone with a UK approved insured or self-invested personal pension account (SIPP).
- Anyone with a UK approved small self-administered pension scheme (SSAS).
- Anyone with any other UK approved pension rights.

## It may be the right choice for you if:

- You have a fund of over £250,000.
- You wish to have the freedom to choose investment links other than those managed by the insurer.
- You or your financial adviser have an understanding of investment strategy and you wish to direct the management of your own fund.
- You are prepared to accept some volatility in the value of your income and pension capital in return for the opportunity to produce greater returns than those available to you via a conventional annuity.
- You have substantial income and capital resources outside of the Open Annuity and wish to pass the residue of your pension capital to your heirs.



## You choose where to invest.\*

Your investments can be as safe or as risky as you and your investment manager choose. They can remain in cash or invest in collective investments offered by an institution of your choice, typically:

- Cash.
- Unit trusts.
- Investment trusts.
- Open ended investment companies.

## It works like this:

You instruct a transfer of your pension fund from an approved personal or occupational pension scheme into the Open Annuity.

Each year you choose your income level within maximum and minimum income limits that are set at the start of the policy and reviewed periodically.\*

At the same time that you apply for your Open Annuity, you also pay £1,000 for a share in the Gibraltar-based insurer. This share relates to a segregated account within the insurance company that is exclusive to you.\*\* Your pension fund is credited to this segregated account together with your £1,000 payment.

On your death the share will become an asset of your estate and will be redeemed by a cash payment to your executors. This payment will be equal to the value of the net assets in your account at that time, including your original £1,000 plus interest.†

You will receive a statement of your Open Annuity account every year, or more often if required, showing all transactions and charges. We can also provide a valuation of assets held, where appropriate.††

## And just in case you change your mind.

You will have the option to switch at any time to a conventional annuity basis. London & Colonial would simply invest your account with the insurer of your choice.

## The Open Annuity was developed in conjunction with the United Kingdom Inland Revenue.

Although the UK Inland Revenue do not approve policies in the same way that they approve pension schemes, the Open Annuity was in fact developed in consultation with them. They welcome the Open Annuity and have confirmed that it is acceptable for the purpose of receiving money from UK approved pension schemes.††

As your safety net, the Inland Revenue have imposed an underpin to protect you. If, when the maximum and minimum permitted income amounts are reviewed, the new minimum amount would be 35% of the original minimum when the annuity starts, a switch to a conventional annuity basis must take place immediately.

### Footnotes:

\* London & Colonial reserves the right to refuse any investment request if we consider that it would not be in keeping with the requirements of the UK Inland Revenue or if it would be likely to carry unacceptable risks for us as owner or require unduly complex administration.

### Footnotes:

\* Annual income is subject to income tax under the UK PAYE arrangements.

\*\* Your share does not carry any rights before your death and you cannot transfer, sell or assign it or deal with it in any way.

† The payment made to redeem the share will not be subject to any tax before it is received by your estate but once within your estate it will be subject to inheritance tax along with all your other assets.

†† Under current law investments that sit under the Open Annuity are exempt from both UK and Gibraltar taxes on income and capital gains.

## Why Gibraltar?

Over the past five years London & Colonial has invested a huge amount of time and money into Research and Development for the Open Annuity product. We found that Gibraltar is the only jurisdiction in the European Union whose law and practice already recognises the issue of shares in segments of a company. In contrast to the rest of Europe, this allows London & Colonial to sell you a share that represents just your segregated account - a single account of the insurer that you own. It is thanks to this structure that you are able to pass the residue of your pension fund on to your heirs when you die.



### Gibraltar's strengths.

Gibraltar has one of the best-regulated finance centers in the world and is widely regarded in Europe and the USA as a benchmark jurisdiction in terms of supervisory infrastructure. It has implemented all EU Directives relating to the insurance business and its regulatory and supervisory infrastructure matches all relevant UK standards.

The regulation of Gibraltar's financial services has the full endorsement of the IMF, following a rigorous examination by their commissioned team of independent experts. Gibraltar is only the third jurisdiction to volunteer for such internationally recognised regulation.

Sales of the Open Annuity to persons resident in the UK also come within the terms of the UK Financial Services Compensation Scheme.

Open Annuity, the personal plan that allows personal choice.

