LONDON & COLONIAL

Flexible Pension Annuity Fair Value Assessment

Assessment Date: July 2025

This information is, only, intended for professional advisers and intermediaries such as financial and investment advisers. It is not intended for customers' use.

The information provided is designed to help you understand the value that the Flexible Pension Annuity, issued by London & Colonial Assurance PCC Plc ('LCA'), provides your customers in line with the Financial Conduct Authority's ('FCA') Consumer Duty Policy Statement PS22/9 and Finalised Guidance FG22/5.

Overview

Our Product Governance Committee scrutinise the suitability of products and ensures they continue to offer fair value to customers.

We aim to develop products that deliver good outcomes for customers in our identified target markets. Our product development process is designed to ensure we act in good faith, avoid causing foreseeable harm to customers, and enable & support customers to pursue their financial objectives.

Flexible Pension Annuity Fair Value Assessment Summary

Our assessment confirms:

- The Flexible Pension Annuity meets the needs of our target markets.
- The Flexible Pension Annuity provides fair value to our target markets when considering features, services, pricing, and distribution.
- The distribution channel for the Flexible Pension Annuity is appropriate.

Our assessment is based on our understanding of the current legislation as at the assessment date. Tax regulations are subject to change and will depend on your customer's personal circumstances.

Product Description

The Flexible Pension Annuity is a unit-linked lifetime annuity written on a single life basis. It is purchased using pension benefits held within a registered pension scheme or an existing pension annuity. It is designed to provide annuity payments to the customer ('Annuitant') for the Annuitant's life or until the assets within the fund have been exhausted.

As this is a unit-linked annuity where the value of units can go up as well as down, we want to ensure the level of annuity payments can continue to be supported for the Annuitant's life. Therefore, if any annuity payment causes the fund to fall below 10% of the amount invested, we will recalculate the level of annuity payments that can be supported, going forward, based on the Annuitant's new life expectancy.

Also, every three years we will recalculate the level of annuity payments that could be purchased with the then value of the annuity using the Annuitant's new life expectancy.

In both situations we will inform you and your customer to help in conversations, especially around their future annuity payment needs.

Product features

- To provide flexible annuity payments at different amounts and frequency intervals based upon your customer's needs.
- To allow your customer to invest additional amounts in the future.
- To give you or the investment adviser (including discretionary fund managers) the opportunity to invest in a wide range of investments for your customer.
- To provide an estate planning solution, if purchased in conjunction with a LCA preference share, which results in any value left in the Flexible Pension Annuity being available for your customer's beneficiaries on their death.

Target Markets

- UK tax residents aged 55 and over with pension funds of at least £100,000 who wish to generate income for life.
- Customers who want to crystallise their pension pots; testing their pension benefits against the lifetime allowance whilst the current pension legislation states there is no lifetime allowance tax charge when their pension benefits exceed the lifetime allowance.
- Customers that need flexible income from their annuity depending on their individual circumstances. For example, allowing annuity payments to be increased or decreased depending on their individual income needs in a particular tax year.
- Customers that want an estate planning solution but require access to their investment.
- Customers who wish to retain control of their investment during their lifetime (and on death, have the remaining value of the Flexible Pension Annuity available to provide benefits for dependants and other beneficiaries).
- UK tax residents who have a contract-based QROPS product and wish to in-specie transfer to use to fund their FPA

Not suitable for

- Non-UK tax residents, individuals aged 55 and under and/or individuals with pension funds less than £100,000 to invest.
- Customers not prepared to accept the risk of potential investment losses.
- Customers requiring immediate access to all their pension benefits or guaranteed annuity payments for the rest of their lives.
- Customers who are planning to take most or all of their pension as a lump sum in the near future.
- Customers who do not wish to take any annuity payments to enhance the amount, which would be available to their beneficiaries, on death.
- Customers who wish to in-specie transfer their QROPS in Trust

Product Distribution

This product is designed to be distributed through financial advisers on an advised basis only. With the investments being managed by an appointed investment adviser, which maybe you, a discretionary fund manager or someone else.

All firms distributing the Flexible Pension Annuity must have a current Terms of Business with LCA.

Products and services

- We have assessed the Flexible Pension Annuity and services we offer to our target markets and are satisfied that it helps your customers to achieve their financial objectives while mitigating foreseeable harm.
- We have clearly defined our target markets and are satisfied that the Flexible Pension Annuity is being distributed to the right customers.
- We are satisfied that customers are using the products and features in line with expected behaviour.
- Our target markets include customers who may exhibit characteristics of vulnerability initially or at a future date. For example, physical, mental health, and/or financial vulnerabilities.

Price and Value

- We have assessed the Flexible Pension Annuity's charges and are satisfied that they are competitive in the markets.
- We regularly review our pricing approach to ensure it remains appropriate for our target markets (for example, in line with the costs we incur).
- We have reviewed the flexibility and features of the Flexible Pension Annuity and are satisfied that these are fair, reasonable and offer good value.
- Whilst some competitors price match to win new business, our approach is to offer our best rate first time. We have priced the Flexible Pension Annuity ensuring fair value for all the features offered. However, distributors will need to decide if their fee levels maintain fair value.

Customer Understanding

- We have assessed our range of communication channels and are satisfied that we cater for the needs of our target markets. Overall, customers are receiving timely, accurate and accessible communications.
- To us communication is key. That is why we regularly test our customer and adviser understanding of our communications. Areas for improvement are considered and incorporated depending on the needs of the target markets.
- We strive to always learn; by developing customer service surveys intended to support the continuous improvement of our products and services.

Customer support

- We have assessed our ability to provide a consistent and high-quality service to our target markets and are satisfied that our support delivers good outcomes to the customer within our target markets.
- We are satisfied that these services are being delivered in line with our internal levels of service. Feedback received from both customers and advisers has been positive.
- We signpost customers to various external resources to help them with their wider financial objectives.
- We are satisfied that complaint levels are within expected targets. We regularly analyse complaints to identify the root cause of any issues and act to address each in a timely manner.
- We are continuing to improve our ability to identify customers who need additional support.

About us

London & Colonial Assurance PCC Plc was established in 2001 as a public limited company and a life insurance provider. LCA is a Gibraltar based life insurance company operating out of Gibraltar.

Gibraltar is a highly regulated jurisdiction, with significant depth and breadth of expertise in the financial services sector. Its strong regulatory framework has embedded stringent anti money laundering and compliance standards which underpin its ability to quickly adapt to new business trends. With its strong ties to the UK, Gibraltar is a trusted yet innovative jurisdiction.

Gibraltar observes high standards of supervision and financial regulation. The Gibraltar Financial Services Commission ('GFSC') is the regulatory authority for all financial services providers operating in and from Gibraltar. All financial services providers, both companies and individuals (including where the latter act as directors of client companies), are required to be licensed and subject to regular inspection by the GFSC.

Further Information

If you would like further details on our products or services, please contact us on the details below:

Telephone: +44 (0)2036 406843

Email: LCA@lcalife.co.uk

Address: 3rd Floor, 55 Line Wall Road, Gibraltar GX11 1AA

LONDON & COLONIAL

Postal Address:
London & Colonial Assurance PCC Plc
3rd Floor
55 Line Wall Road
Gibraltar, GX11 1AA
T (UK): 0044 (0)2036 406843
https://lcalife.co.uk/
LCA@lcalife.co.uk

Gibraltar Company Registration Number: 80650
London & Colonial Assurance PCC Plc is a Gibraltar registered company, and is incorporated under the Gibraltar Insurance Companies Act as a Protected Cell Company. London & Colonial Assurance PCC Plc is regulated by The Gibraltar Financial Services Commission - Permission Number: 5191. Registered Office: 3rd Floor, 55 Line Wall Road Gibraltar, GX11 1AA