keyfacts®

READY-MADE PENSIONS

KEY FEATURES

LLOYDS BANK

CONTENTS

The Ready-Made Pension is provided by Embark Investment Services Limited, a wholly owned subsidiary of Embark Group Limited. Embark Investment Services Limited is incorporated in England and Wales (company number 09955930) with its registered Office at 100 Cannon Street, London, EC4N 6EU. Embark Investment Services Limited is authorised and regulated by the Financial Conduct Authority (Reg No 737356).

The Financial Conduct Authority is a financial services regulator. It requires us (Embark) to give you this important information to help you to decide whether our Ready-Made Pension 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.

Where this document uses “we” or “our” this means Lloyds Bank.

ITS AIMS

The Ready-Made Pension Account (the Account) allows you to invest directly into a range of investment funds to build up a sum of money, in a tax-efficient way, to help you meet your future retirement needs. The value of these investment funds can go down as well as up and you may get back less than you originally invested.

When you decide the time is right (and Government legislation and regulations allow) you can access your savings in several different ways to suit your income needs.

YOUR COMMITMENT

What do we need you to do?

Take time to read the information in this document about the Account, including its features and risks and any other documentation we provide or make available to you. You should decide if this product is right for you.

Regularly review the payments you make to ensure your Account meets your future needs.

You should view your investments as being for the long term. Remember that you will not ordinarily be able to take money out of your Account until you are at least 55 years of age. From 6th April 2028 this increases to age 57.

You should consider getting advice from a financial adviser if your circumstances change or before you take money out of your Account.

You should only withdraw money from your Account in ways that are allowed under the pension and tax rules that apply at that time.

Make sure we always have up-to-date information about you. For example, if you move house, change your name, change your bank account or change your country of tax residence.

Make sure you maintain an email address with us that you regularly access. We will use this address to contact you about documentation that is available to view in your Account's 'Inbox' (see the Managing Your Account section for more information).

RISKS

What could go wrong?

The value of your Account depends on the performance of the investments you invest in. The value of these investments, and therefore your Account, can go down as well as up and you may get back less than you originally invested. Your retirement benefits are not guaranteed.

The level of risk and potential investment performance depends on the investments you invest in. Past performance of these investments is not a guide or guarantee of how they will perform in the future.

The investments available to you are intended as medium to long term commitments meaning you should usually plan to hold them for 5 years or more. If you take money out early, you may not get back the full amount you invested.

If you opt to cancel your Account after making a payment or transfer from another provider within the cancellation period, you could get back less than you invested. If you cancel a transfer from another provider to us, the other provider may refuse to accept the return of the transfer money. Should this happen, you should discuss the options you have with us.

The Ready-Made Pension allows income to be taken from Flexi-Access Drawdown and it also allows uncrystallised funds pension lump sums. Taking income in this way may have implications on the maximum level of payments you can make in the future. If you intend to continue making payments after taking Flexi-Access Drawdown, or uncrystallised funds pension lump sums, we recommend that you speak to a financial adviser. If you don't have an adviser, you can find one through Unbiased (**unbiased.co.uk**).

Your retirement income could be less than you expect if investment growth over the lifetime of the Account, or annuity rates at the time you take your benefits, or both, are lower than expected. The retirement income could also be less if you reduce or stop payments into your Account.

If you receive means tested benefits, taking an income from your Account might mean they are reduced or stopped.

Any charges we take from your Account will affect the value of your Account. These charges may vary from time to time. You can find more information about our charges and how we apply them in our Terms & Conditions. When a charge is applied to the Account you will receive confirmation details in the Charges Information Document that will appear in the 'product literature' tab in your Account's inbox.

If we cannot take charges or other payments from your Account due to insufficient cash, we may need to sell some of your investments to meet these. This could be from an investment you would not choose to disinvest from and could lead to a tax liability.

If you transfer money into your Account from another pension plan, the final pension benefits you receive could be less than if you stayed in your existing scheme. You need to decide whether a transfer is in your best interests. You may be giving up benefits such as 'enhanced protection' or 'fixed protection'. If you're not sure if a transfer is right, you should speak to a financial adviser.

Over time, inflation will reduce the buying power of the money you have saved. For example, if inflation is 2% p.a., then in 20 years' time, £10,000 will buy only the same as £6,729 buys today.

Your Account value may not be large enough to provide income for as long as you intended, in instances where you take a higher than planned level of income (for example as Drawdown Pension) over a long period of time.

If you take a large proportion of income in a short period, you may end up paying a higher rate of tax than usual.

To provide the same long-term income as buying an annuity, your Account will need to grow by more than the interest rate used to calculate the annuity. This higher growth rate is called the critical yield. Your retirement illustration will show critical yields for different periods.

In order to obtain better interest rates, we may hold some of the total cash holdings in a 95-day notice account with our banking partners or on deposit for fixed terms of up to 95 days. Account holders' cash holdings are ringfenced according to FCA rules and deposited in one or more pooled bank accounts. There may be a risk to you if all, or most, Account holders decide to withdraw all of their cash at the same time, either to buy assets or take a withdrawal, as there could be a delay of up to 95 days in us being able to access the cash holdings.

Applicable law and tax rules may change in the future without notice.

QUESTIONS & ANSWERS

Who can invest?

You can have an Account in your name only.

To open an Account, you must:

- be aged 18 or over, and below 74;
- be resident in the UK for tax purposes;
- not be a US Person or resident of the United States

Is this the right option for me?

The Account may be right if you:

- are willing to invest your capital over the medium to long term, understanding that you may not be able to take money out until you are at least age 55 or 57 after 6th April 2028;
- want to benefit from tax relief on your payments, subject to Government limits;
- want to invest through mutual funds and understand and accept the associated risks;
- want flexibility on how and when you take your retirement benefits;
- want a way to consolidate your other pension savings and start taking retirement income.

Note: The Ready-Made Pension is not a stakeholder plan. Stakeholder plans are generally available and may meet your needs as well as this Account.

We cannot give you advice. If you are not sure whether a Ready-Made Pension is the right product for your needs, you should speak to a financial adviser.

How much can I save in my Ready-Made Pension?

You can start saving in a Ready-Made Pension once you have decided it is the right product for your needs. You can open an Account online using the Lloyds online banking service or via your banking app. There is no maximum amount you can pay into your Account, but there are limits on the amount of payments that are eligible for tax relief. More information about this and the Annual Allowance limit can be found in the What About Tax section.

The following types of payments can be made into your Ready-Made Pension:

- regular monthly payments;
- one-off payments; and
- transfers from eligible existing third-party pension arrangements.

You can make payments in the following ways:

- by Direct Debit;
- faster payment; or
- electronically by debit card (via the Lloyds online banking service only)

Once you have made payments into your Account, you will not normally be able to access your funds until you reach age 55 years under current legislation, or 57 from 6th April 2028.

Can I transfer in the value of other pensions?

Yes, if you feel this is the right option for you and if the pensions are eligible. We will only accept eligible transfers from a UK based registered pension scheme into your Ready-Made Pension, as a cash transfer.

We won't accept certain types of transfers, including:

- transfers from pensions with safeguarded benefits, such as guaranteed annuity rates (GAR), guaranteed minimum pensions (GMP), section 9(2B) rights, or guaranteed conversion option (GCO);
- transfers coming from a defined benefits scheme (Final Salary);
- transfers from pensions already in Drawdown;
- transfers from pensions currently receiving employer or 3rd party contributions (partial transfers);
- transfers from pensions currently subject to bankruptcy orders, pension earmarking or sharing orders;
- transfers from pensions relating to 'disqualifying' pension credits from a pension sharing order, or the plan was set up using these types of credits;
- Block transfers.

If there is a Protected Cash Free Cash or a Protected Retirement Age feature on the transferring policy, we will ask your transferring provider to make you aware, as this feature will be lost upon transfer.

More information can be found in our online public site or in our Terms & Conditions.

What are the charges?

The following shows the type of charges that could be applied to your Account. Account charges (sometimes

QUESTIONS & ANSWERS (CONTINUED)

referred to as 'Account fees' or 'The Ongoing Platform Charge' in your Charges Information Document) are deducted from the Cash part of your Account.

A charge of 0.30% of your investments or a minimum of £5 a month will be deducted monthly from your Account. This charge covers all the administration and the management of your Ready-made Pension Account.

The Account charge will be shown as two separate charges in your Charges Information Document (CID). An annual charge of £60 and a 0.30% charge on investments within your account for any value above £20,000. For pension values over £20,000, the CID will reflect the overall % charge, calculated to reflect the total blended impact of the tiered charges applicable based on the overall value of your pension.

Additional charges may apply for future transactions, and these will be reflected on each CID as future monies are received and applied.

There will also be charges taken directly on your investment and these charges cover all trading costs and the ongoing management of your investments. This is an overall % charge based on the value of your pension and the underlying investment strategy of your Retirement Portfolio. These will be detailed in your Charges Information Document.

What might I get back?

An illustration provided by us will show what you might get back when you decide to take your benefits. This is based on several assumptions, including:

- amount invested;
- performance of your investments;
- effect of charges;
- amount of any cash lump sum you take;
- amount of drawdown income you take;
- annuity rate that applies at the time;
- effect of tax;
- your chosen retirement date.

It is important to remember that the material effect of these assumptions will only be known at the date you decide to take your benefits, together with other factors such as inflation.

How will I know how my Account is doing?

There are a couple of ways you can keep up to date with how your Account is performing.

- You can get a valuation of the investments in your Account at any time by signing into the Lloyds online banking service or via your banking app.
- We provide you with an electronic statement every three months showing the value of the investments in your Account. The first statement will be issued three months after you open your Account and placed in the 'documents' tab in your Account's inbox.

How are payments affected by tax?

If you are under the age of 75 years and eligible to receive tax relief, the Government will pay an amount equal to the basic rate of tax to each payment you make. The tax relief you receive might be different depending on whether your main residence is in England/Northern Ireland, Scotland, or Wales.

If you are eligible to receive tax relief, we will automatically add an amount equivalent to the basic rate of tax to your Account when you pay into it. We will then claim the amount back from HM Revenue and Customs (HMRC).

You will not receive tax relief on any transfers into your account.

If you are a higher-rate or additional-rate taxpayer, you can claim extra tax relief on your personal payments directly from HMRC as part of your annual tax return. This additional relief is not added to your Account by us.

There is a limit set by HMRC on the amount you can pay into your Account that will benefit from tax relief (your Annual Allowance). Your own payments will only attract tax relief on an amount of £3,600 (including the applied relief) or 100% of your UK relevant earnings if greater. Where total payments to all your registered pension schemes (including basic-rate tax relief) exceed your Annual Allowance in any given tax year, you will have to pay a charge on the excess (known as annual allowance charge).

The Annual Allowance for 2023/2024 is £60,000 but there are circumstances when this may be lower. Your Annual Allowance is also likely to be reduced if you are a high earner. If you have flexibly accessed any of your pensions and triggered the Money Purchase Annual Allowance, this will also limit the tax relief on your payments.

The amount of the Annual Allowance charge is set at your marginal tax rate.

QUESTIONS & ANSWERS (CONTINUED)

How are investments affected by tax?

Growth in the value of your personal pension is free from capital gains tax. Income generated by investments held within your Account are not subject to income tax.

How are retirement benefits affected by tax?

Any benefits you take from your Ready-Made Pension (after any tax-free allowance) will be subject to income tax. The level of tax you pay will depend on your circumstances.

HMRC applies limits to the amount of benefits you will be able to take before tax penalties apply. The rules and limits that apply may be different when you come to take your benefits.

You may also be able to take some of your savings as a lump-sum, where usually up to 25% is tax-free. You can find out more in our Terms & Conditions.

From the 6th April 2024, the Lifetime Allowance (LTA) limit of the sum of personal pensions you hold will be abolished. From this date, your contributions and accruals are no longer limited to the Lifetime Allowance limit. The LTA will also be renamed Lump Sum Allowance (LSA).

When you take the benefits from your Account, your tax-free pension commencement lump sum (PCLS) will remain limited to the current limit of 25% of your pension value, up to a maximum of £268,275, unless you have existing pension protections in place. The value will be reduced by pension benefits already taken through Relevant Benefit Crystallisation Events (RBCEs) – PCLS, UFPLS or Standalone lump sum (SALS).

The excess will be taxed at your marginal income tax rate.

Please note that this does not include any state retirement pension, state pension credit or dependant's pension you may be entitled to.

Managing your Account

Your Account is set up and managed online and you will complete transactions online. This will include:

- setting up a new payment;
- changing your retirement age;
- making any other changes.

You will also be able to see:

- which investments you are invested in;
- the value of those investments and how they are performing;
- any charges applied;
- any Account literature that we need you to read (this will be placed in the 'view documents' or 'product literature' tab in your Account's inbox).

How do I know where to invest?

The payments you make will invest in the range of funds we make available under the Ready-Made Pension. The proportion of investment in each fund will be determined by us, in line with our Lifestyling strategy.

A Lifestyling strategy aims to reduce the investment risk your pension monies are exposed to as you near your selected retirement date. It does this by moving assets from higher risk funds to lower risk funds over a defined period.

In the earlier years more of your money is invested in equities to increase the potential for growth. We then begin to gradually reduce your exposure to risk once you are 10 years from your selected retirement date. This aims to help protect what you've built up if there are any market downturns. This 'Lifestyle' switching into lower risk investments occurs gradually on a monthly basis until your selected retirement date.

By investing in the Ready-Made Pension, you understand that our Lifestyling strategy seeks to manage and help reduce the level of investment risk you are taking as you approach your selected retirement date.

You can find out more about these types of investments in our Terms & Conditions.

What about cash?

Due to how charges are managed within each Account we need to hold a small amount in cash at any given time. We do this by providing access to a bank account operated by our banking partner. This bank account is not unique to your Account. It holds money for all Embark Investment Services Limited investors centrally.

Any money held in the cash facility may be eligible for interest payments. The rate applied will be determined by us (**embarkplatform.co.uk/banking_and_interest_rates**).

What is a disinvestment strategy?

If we are due to take money from your Account to pay our charges and there is not enough cash available, we will automatically disinvest from your investments. This action will raise cash so the charges and costs can be deducted.

You can find out more about the disinvestment approach in our Terms & Conditions.

QUESTIONS & ANSWERS (CONTINUED)

Can I change my investments?

No. If you change your selected retirement date, your Lifestyling strategy may also change, and this could alter the proportion of investment in each fund as a result.

What if I move abroad?

It is important that you inform us immediately if it is your intention to move abroad, as you may no longer be eligible to make payments to your Ready-Made Pension.

When can I take my benefits?

You can usually start taking your retirement benefits at any time from age 55 under current legislation, even if you are still working. If you are in serious ill-health, or have an earlier protected retirement age, you may be able to take your benefits earlier than this.

From 6th April 2028 the normal minimum retirement age will rise to 57.

What choice do I have to take my benefits?

When you approach your chosen retirement age, we will let you know what your options are at that time. You need to determine the options that are best for you. There is a Government backed Pension Wise service offered by MoneyHelper (MoneyHelper.org.uk/pensionwise) which can also give you impartial information around the choices you have.

Currently the options for taking benefits include:

- converting your investments into retirement income by buying an annuity from an annuity provider;
- drawing an income directly from investments in your Account (Drawdown Pension);
- taking a tax-free pension commencement lump sum and using the remainder of your Account to either buy an annuity or take Drawdown Pension;
- taking the whole value of your investments as a cash lump sum.

Please note that different levels of taxation will apply to each option.

You should speak with a financial adviser to find out more. The government backed Pension Wise service offered by Moneyhelper (MoneyHelper.org.uk/pensionwise) can explain more about the tax you might pay.

Any benefits you take from your Account will be paid in UK sterling into a UK bank or building society account.

What happens if I die?

On notification of your death, any regular payments or withdrawals will stop.

The investment held in your Ready-Made Pension will remain unchanged. However, they will be subject to market movement until we receive the required documentation from your Legal Personal Representatives allowing us to distribute any proceeds.

We will consider any beneficiaries you nominate (you can do this using the Expression of Wishes form). Unless the death benefit of your account is written in trust, we'll normally decide who to pay the benefits to and how much each person will receive.

Your beneficiaries can choose to receive the benefits via one of the following options:

- as a cash lump sum;
- as a guaranteed yearly income, achieved by transferring the benefits and buying an annuity from an annuity provider;
- as a flexible income that they can increase or decrease by taking the benefits as a Drawdown Pension.

We will write to your beneficiaries setting out the options available to them. These benefits may be taxed. However, this will depend on your circumstances at the time of your death. If you die before age 75 years, death benefits will normally be paid free of tax, provided that the payment occurs within 2 years of the notification of the death.

From 6th April 2024, the Lump Sum Death Benefits Allowance (LSDBA) will replace the old LTA. If you have previous protections, these will still apply.

This LSDBA will be reduced by Relevant Benefit Crystallisation Events (RBCEs) – effectively withdrawals already taken from the pension prior to death. Please note that small pot pensions do not use up LSDBA.

If you die on or after your 75th birthday, then the benefits will be subject to tax, at the marginal tax rate.

In some circumstances there may be a delay in passing the benefits on to your beneficiaries due to the type of investments held, for example, an investment may be suspended from trading.

CANCELLATION

Can I change my mind?

Yes, you can. We will send you a Confirmation Schedule document which includes details of your Right to Cancel. You will have 30 days from when we issue your Confirmation Schedule in which to cancel. We will tell you if a different cancellation period applies to you.

If you start to take retirement income (also known as Drawdown Pension) from your Ready-Made Pension, you will also have 30 days to change your mind.

Cancellation rights only apply to the first time you utilise Drawdown Pension on your Ready-Made Pension.

What will I receive back if I cancel?

The amount we pay back will depend on what action has been taken in respect of your Account prior to the time you cancel.

If you exercise your right to cancel within 30 days from when we issue your Confirmation Schedule, we will refund any regular payments in full.

For a cash transfer or one-off payment, we will return the payment, less any fall in the value of the assets purchased with that payment, and/or less any adviser charges we have deducted. We will also not refund you any charges applied by third parties like investment managers or stockbrokers for transactions you make.

How do I cancel?

For all cancellations, we will require you to call us on **0330 123 3268** to confirm your intention to cancel. On the call we will verify your identity and then ask you to confirm the following information:

- your name;
- your Ready-Made Pension Account number; and
- the date at the top of your Confirmation Schedule that refers to the account you want to cancel.

OTHER INFORMATION

How to complain

If you are unhappy with the way you have been treated by us, you always have the right to complain. You can write to or call us at the address and number below:

Ready Made Investments
Lovell Park Road
Leeds
LS1 1NS

Phone: **0330 123 3268**

If you are not satisfied with our response, you can then raise the issue with the Financial Ombudsman, using any of the contact methods below:

Financial Ombudsman Service
Exchange Tower
London
E14 9SR

Phone: **0800 023 4567**
Email: **complaint.info@financial-ombudsman.org.uk**
Website: **financial-ombudsman.org.uk**

Referring the matter to the Ombudsman will not affect your right to take legal action later on.

If your complaint relates to the processing by us of your pension you could raise the issue with the:

Pension Ombudsman
10 South Colonnade
Canary Wharf
London E14 4PU

Phone: **0800 917 4487**
Email: **enquiries@pensions-ombudsman.org.uk**
Website: **pensions-ombudsman.org.uk**

Terms & conditions

This document provides information on the key features of our Ready-Made Pension. It does not include all the definitions, exclusions and Terms & Conditions. You can find full details in our Terms & Conditions. An electronic copy of the can also be found in the 'product literature' tab in your Account's inbox.

We have the right to make changes to the Terms & Conditions. If this happens, we will let you know and explain the changes. Any changes will also be added to your 'product literature' tab.

In the event of a conflict between the Terms & Conditions and this Key Features Document, the Terms & Conditions shall prevail.

Customer categorisation

We categorise all of our customers as "Retail clients" under the FCA rules for all services and transactions. This helps us to make sure that you receive appropriate disclosure documents from us and that you are told everything you need to know in a timely fashion.

Communication

Our contract with you is in English and all future communication about it will be in English.

Financial Services Compensation Scheme

Embark Investment Services Limited is authorised by the FCA so you will have access to the Financial Services Compensation Scheme (FSCS).

In the event you suffer financial loss because of our failure or an investment failure, the actual level of compensation you receive will depend on the basis of your claim and where the money you have with us is invested. The FSCS only pays compensation for financial loss. Compensation limits are per person per firm, and per claim category.

The FSCS may be able to pay you compensation if we or any banks with whom we place your money are no longer able to meet our or their financial obligations. If certain investments fail, you may also be eligible for compensation.

Embark Investment Services Limited failure

In the unlikely event that Embark Investment Services Limited fails, you may be eligible to make a claim for compensation because of losing investments you held in you Ready-Made Pension for up to a maximum of £85,000. It is however unlikely you would need to make an FSCS claim for compensation in the event of such a failure because your Cash and Assets are held by appointed third party custodians on a segregated basis and in accordance with FCA Client Money Rules. This means your Cash and Assets are always protected from such an event.

Bank failure

In the event a Banking Partner is unable to meet its financial obligations to you, you may be eligible to make a claim for any losses up to a maximum of £85,000.

Asset failure

In the event of an Asset failure meaning the Asset may no longer be able to trade, you may be eligible to make a claim for any losses up to a maximum of £85,000 per Asset.

OTHER INFORMATION (CONTINUED)

Lloyds failure

In the event of a Lloyds failure there would be no impact to the custody or value of the investments held within the account as the responsibility for this is held by Embark Investment Services Limited. However, it could mean that for a brief period your ability to provide instructions in respect of these investment could be disrupted. In such circumstances you may have a claim against us in relation to our services in arranging investments, meaning you may be entitled to compensation under the Financial Services Compensation Scheme.

You can find out more details on the FSCS and how it covers pension savings in our Terms & Conditions.

Law

You must be resident in the UK to open a Ready-Made Pension Account. The Account will be set up and governed by the laws of England and Wales.

Where you have declared to us to being tax resident in any non-UK country, or where based on information you have provided to us, or where based on publicly available information, we have assessed you to be tax resident in any non-UK country, we reserve the right to place restrictions on your account to limit further payments, investment execution and any activity as we see fit.

HOW TO CONTACT US

If you have any questions about the Ready-Made Pension Account, you should contact us on the telephone number below.

Ready Made Investments
Lovell Park Road
Leeds
LS1 1NS

Phone: **0330 123 3268**

Available Monday – Friday 9am to 5pm

Calls may be recorded for training purposes.

LLOYDS BANK

RMP KFD 0001 (0224 IH)