

Flexible Life Annuity
Key Features for Individuals

LONDON & COLONIAL
A Global Pension Corporation Company

London & Colonial Assurance PCC Plc ('LCA') is a Gibraltar registered company and is incorporated under the Gibraltar Insurance Companies Act as a Protected Cell Company ('PCC'). LCA is regulated by the Gibraltar Financial Services Commission (permission number: 5191) and is part of STM Group, a Global Pension Corporation company.

The Flexible Life Annuity ('FLA') is provided by LCA.

The security and safety of your data is very important to LCA. A copy of our Privacy Notice can be found on our website: info.stmgroupplc.com/privacy-notice

The Gibraltar Financial Services Commission ('GFSC') is the independent financial services regulator for Gibraltar. They require us, LCA, to give you important information to help you decide whether the FLA, is right for you.

Together with this FLA Key Features document, you will also receive an Illustration which shows how the FLA may work for you and the effect of various deductions. This is for illustrative, purposes only and is not intended as a forecast, projection, or warranty of investment performance by LCA.

You should carefully read this FLA Key Features document, the Personal Illustration, and the FLA Key Information Document that will also be sent to you so that you understand the product, its benefits, and risks. We recommend that you seek professional advice before you make any decisions about this FLA. Please keep these documents in a safe place for future reference.

This document assumes you are UK resident and domiciled for taxation purposes. If you are in any doubt about your tax status you should consult your Financial Adviser.

Aims

- To provide flexible annuity payments at different amounts and frequency intervals.
- To give your adviser and you the opportunity to invest in a wide range of investments to meet your investment needs.

Your Commitment

- To satisfy yourself that you have fully understood the features and risks of the FLA.
- To invest an initial premium of at least £100,000.

Risks

- Once the FLA has been purchased you have 30 days in which to change your mind. If you exercise your right to cancel you may get back less than you invested. After 30 days you cannot cancel or cash in (surrender) the FLA.
- The value of the assets sitting within the FLA may go down as well as up.
- The annuity payments are not guaranteed and may not be supported for life if:
  - the investment performance is lower than illustrated within the Personal Illustration, or
  - the annuity payments being taken are greater than the investment performance.
- Inflation may reduce the spending power of the annuity payments.
- Where the FLA holds investments in a currency other than Sterling there may be additional investment risk due to exchange rate fluctuations which may affect the annuity payments.

Questions and Answers

1. WHAT IS THE LONDON & COLONIAL FLEXIBLE LIFE ANNUITY?

The LCA FLA is a unit-linked purchased life annuity written on a single life basis. It is designed to provide flexible annuity payments for life or until the funds are exhausted.

2. HOW MUCH CAN I INVEST?

The minimum initial premium is £100,000. There is no maximum limit.

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Questions and Answers (continued)

3. CAN I ADD ADDITIONAL PREMIUMS?

Yes, additional premiums can be paid into the FLA at any time. The minimum additional premium is £50,000; there is in maximum limit. We will then recalculate the new level of annuity payments based on your age, life expectancy and the latest value of your FLA. We will issue a new Annuity Schedule detailing this important information.

4. WHO IS THE FLEXIBLE LIFE ANNUITY SUITABLE FOR?

For individuals who meet the following criteria:

- are UK tax residents aged 18 and over that need flexible access to their investment 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.
- have £100,000 or more to invest to generate income for life.
- who want an estate planning solution but require access to their investment.
- who have used their ISA or pension allowances and could benefit from other ways to invest tax-efficiently.
- who wish to retain control of their investment during their lifetime (and on death, have the remaining value of the FLA available to provide benefits for their dependants and other beneficiaries).

5. WHO IS THE FLEXIBLE LIFE ANNUITY NOT SUITABLE FOR?

For individuals who:

- are non-UK tax residents, or individuals aged 17 and under.
- have less than £100,000 to invest.
- are not prepared to accept the risk of potential investment losses.
- require guaranteed annuity payments for the rest of their lives.
- are solely dependent on the annuity payments provided.
- want a guaranteed level of escalation from their FLA annuity each year.

6. HOW IS THE LEVEL OF ANNUITY PAYMENTS CALCULATED?

When the FLA starts the level of annuity payments is calculated using your age and the initial premium. Using an appropriate mortality table and current gilt yield we calculate the yearly annuity payment that the initial premium would support over your expected lifetime.

Each time an additional premium is paid into the FLA we will recalculate the yearly annuity payment that the current value of the FLA would support over your new life expectancy.

The annuity payments can be paid monthly, quarterly (every three months), half-yearly (every six months) or yearly.

7. HOW IS MY MONEY INVESTED?

Based on your investment strategy, your investment adviser and you can invest in a wide range of investments.

100% of all premiums received are applied to the FLA before charges are deducted. Each year sufficient funds must remain in cash to cover the annuity payments and charges.

LCA, being a Protected Cell Company, will create a separate legally recognised Cell, in order to segregate and protect the investments which sit within the FLA.

LCA reserves the right to sell any asset which:

- has become valueless,
- is directly or indirectly, contrary to its normal investment philosophy, or
- is an investment, directly or indirectly, in a company whose activities are regarded by it as being illegal, unethical or of a nature that may be detrimental to Gibraltar's reputation.

LCA will not incur any liability as a result of having to sell any asset.

8. WHAT HAPPENS IF YOU DIE?

In the event of your death, the FLA will cease to exist and no further annuity payments will be made. Any remaining assets at the time of your death will remain in the Cell.

Questions and Answers (continued)

9. WHAT ARE THE CHARGES AND WHAT ARE THEY FOR?

There are a number of different charges and fees that may be deducted from the FLA. These charges and fees are set out in the Personal Illustration that you will receive. Please note that any third party fees that are not included in the illustration, for example, platform fees, are payable in addition to the LCA charges, the Financial Adviser fees and the Investment Adviser fees documented below.

Establishment Charge

This is the charge for setting up the FLA. Each additional premium will be charged a separate establishment charge.

The establishment charge is capped at £10,000 and this cap applies for the life of the FLA.

A one-off charge of 2% based on the premium paid will be deducted as a single fixed amount from each premium received subject to the £10,000 cap.

Any future additional premiums will be charged a separate 2% establishment charge subject to the £10,000 cap.

Annual Management Charge

An annual management charge ('AMC') will be deducted for administering your FLA.

The AMC is capped at £1,600 a year.

The AMC of 1% based on the total premiums paid will be deducted at the outset of your FLA and then yearly on each anniversary of your FLA.

Top-ups will be charged a proportionate AMC subject to the £1,600 cap.

For example,

- £100,000 initial premium,
- AMC is £1,000 (1% of £100,000),
- A top up of £50,000 is paid halfway through the year.

A proportionate amount of 1% of the £50,000 will be charged. This is calculated by deducting the AMC that was paid at the yearly anniversary from the AMC that would be payable on the total premiums (initial plus top-up). This is then pro rata'd depending on when the top-up has been paid:

£1,500 - £1,000 = £500/2 = £250

At the next yearly anniversary, the AMC will be £1,500.

Top-ups will not be charged an additional AMC once the cap has been reached. For example, at the yearly anniversary an AMC of £1,600 was charged. If a top up was paid, we would not charge an additional AMC.

The AMC may be increased in the future and any increase will be based on the annual rate of inflation in Gibraltar (the Index of Retail Prices or IRP). We will notify you in advance of your (FLA) anniversary of any increase to your AMC. Any increased AMC percentage will be shown in the FLA Charges & Fees document which will be published on our website.

Financial Adviser Fees

Any Financial Adviser fees shall be agreed between you and the Financial Adviser. You can tell us either within the application form how you want your financial adviser to be paid or during the life of the FLA by completing a separate adviser charge instruction form. This form is called a Service Management Fee form.

Investment Adviser Fees

Any Investment Adviser fees are subject to an agreement between LCA, the Investment Adviser and you. Such fees will be paid by LCA directly to the Investment Adviser and the corresponding deduction will be taken from the FLA.

Other Costs

LCA may deduct from the FLA any expenses, taxes, duties, charges and other liabilities (including the costs of any currency conversion) in connection with:

- the purchase, management, maintenance, custody, valuation, and sale of any assets allocated, or to be allocated, to the Portfolio (including any costs incurred in contemplation of a sale of any assets allocated to the Portfolio, even if the sale fails, for any reason whatsoever) or
- the receipt of any income attributable to those assets and interest on, and the repayment of, any monies borrowed in connection with the Portfolio.

Where we have to change our charging structure, we will give you at least 30 working days' written notice.

Should there be insufficient liquid assets to pay such charges we may need to sell some of the underlying investments.

Questions and Answers (continued)

10. WHAT TAX APPLIES?

LCA, being a Gibraltar based company, pays no corporation tax on any income or growth, made within the investments. Exceptions include withholding tax, which is tax withheld by some countries on certain types of income.

The actual tax position of the annuity payments will depend upon a number of factors including your circumstances. LCA does not give tax advice so we recommend that you take advice from your professional advisers before proceeding.

11. TAX EXEMPT SUM

When the FLA commences the tax-exempt sum which will apply to each annuity payment is calculated and included on the Annuity Schedule.

If the annuity payments taken in any one year are greater than the tax-exempt sum, there is a potential liability to UK income tax on the excess. Any tax-exempt sum not used, in any one year, is carried forward. Each year, we will send details of the amount of any unused tax-exempt sum.

Where an additional premium is paid into the FLA the future tax-exempt sum will be calculated. The new tax-exempt sum will replace the original tax-exempt sum until another additional premium is paid.

12. CAN I CHANGE THE ANNUITY PAYMENTS?

Annuity payments are calculated to start within one year of the commencement of the FLA. You can request to change the amount of annuity payments by giving us 60 working days' notice. The amount of annuity payments can increase or decrease.

13. CAN I ENCASH OR SURRENDER THE ANNUITY CONTRACT?

The FLA cannot be encashed or surrendered. Although it is possible to increase the annuity payments to 100% by giving us 60 working days' notice.

14. CAN I CHANGE MY MIND?

Should you wish to change your mind and not proceed with the initial investment after you have completed and submitted an Application Form, you will have 30 days to cancel the FLA. If you wish to cancel your FLA, you should complete and return the Cancellation Notice which forms part of the documentation that you will receive at the commencement of your FLA. Please be aware that if you do cancel within 30 days you may get back less than you invested if the investments that LCA has purchased to provide your FLA have fallen in value or third party fees and charges have been taken before we receive your Cancellation Notice. You must repay any amounts already paid to you under the contract.

15. WHAT IF MY COUNTRY OF RESIDENCE CHANGES?

Your Personal Illustration is based on your present country of residence. If you become resident in a different country after your FLA has been set up, please tell us immediately.

If you intend to move permanently to a different country, we strongly recommend that you seek legal and tax advice so that you can fully understand how the move will affect the taxation of your FLA

Further Information

About London & Colonial Assurance PCC Plc

LCA (company registration number 80650) whose registered office is situated at 3rd Floor, 55 Line Wall Road, Gibraltar, GX11 1AA is a company incorporated in Gibraltar under the provisions of the Gibraltar Companies Act.

LCA is licensed, by the Commissioner of Insurance under the Insurance Companies Act, to sell various classes of life insurance and annuity business and currently writes such business in the UK and Gibraltar.

Protected Cell Company

LCA is structured as a Protected Cell Company ('PCC') subject to the provisions of Gibraltar's Protected Cell Companies Act 2001.

This means that LCA will create legally recognised 'Cells' within the company which are held independently of one another. The assets and liabilities of one Cell are kept separate and therefore are protected from those of other Cells. The assets within the Cell are used to back the annuity payments. Each Cell has its own designation (the FLA number) and it is the duty of the directors to keep the assets and liabilities of each Cell separate. Also, the directors must account for each Cell separately as the legislation prohibits the assets of a Cell being used to satisfy any liability not attributable to that Cell. If the liabilities of a Cell exceed the value of its assets, the shortfall will be payable from the solvency capital of LCA.

LCA is regulated under the Financial Services (Insurance Companies) Regulations 2020 which has equivalence to the provisions of the EU's Third Life Insurance Directive. LCA meets the capital and solvency rules required under the regulations and is subject to continuous supervision by the Gibraltar Financial Services Commission.

Notification of Risks and PCC Legislation

The added protection offered by the PCC Legislation would undoubtedly be effective in any legal proceedings brought in Gibraltar. However, the directors of LCA know of no legal challenges to the PCC concept in any other jurisdiction. They are therefore unable to give policyholders an assurance that the courts of another country would grant the level of protection for cellular assets intended under Gibraltar's Protected Cell Companies Act 2001.

Solvency and Financial Condition Report

Every year, LCA publishes a Solvency and Financial Condition Report ('SFCR') which provides information about our performance, governance, risk profile, solvency, and capital management. The SFCR is available to read on our website at https://lcalife.co.uk/

Client classification

LCA will treat you as a "retail client" which gives you the greatest level of protection such as, the Financial Services Compensation Scheme ('FSCS' or 'the Scheme') as shown below and means that you get full information about any products you buy.

Compensation

As a Gibraltar Insurer, authorised to write business in the UK, all UK policyholders are covered by the FSCS should LCA be unable to meet its responsibilities. Currently the Scheme covers 100% of the value of a valid claim. For further information on the Scheme please visit: www.fscs.org.uk

Law

Your FLA is construed in accordance with the law of Gibraltar.

Queries, Complaints and Contact Details

For further information, or if you wish to complain about any aspect of the service you have received, please contact the Customer Service Team.

The Customer Service Team may be contacted by telephone during normal working hours of 9.00am to 5.00pm, Central European Time, Monday to Friday,

Telephone: 0044 (0)2036 406843

Or by post or email using the details below.

Postal Address:

London & Colonial Assurance PCC Plc

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

Email: LCA@stmgroup.online

Should you remain unhappy with LCA's resolution of your complaint, you can contact the Gibraltar Law Courts at:

Gibraltar Law Courts
32-36, Town Range
Gibraltar,
GX11 1AA

Website address: https://www.gcs.gov.gi/

Making a complaint will not prejudice your right to take legal proceedings.