

keyfacts[®]

Short and to the point

Key features of the Enhanced Annuity
from MGM Advantage

The purpose of this document is to give you a summary of the information you need to help you decide if you want to buy your pension annuity from us.

This Key Features document gives you answers to a number of important questions about our Enhanced Annuity. Please read the Key Features with your personal illustration – which shows the amount you may get from us (based on the information you provided).

The Financial Services Authority is the independent financial services regulator. It requires us, MGM Advantage, to give you this important information to help you to decide whether our Enhanced Annuity 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.



This is an important document and you should read it before deciding whether to buy this product.

mgmadvantage

What is the Enhanced Annuity from MGM Advantage?

It is an insurance policy that guarantees to pay you a regular income for the rest of your life. It is purchased with your pension fund after you take any tax-free cash (also known as a Pension Commencement Lump Sum).

Is the MGM Advantage Enhanced Annuity right for me?

The MGM Advantage Enhanced Annuity could be right for you if you have a qualifying medical condition and you want to use your pension fund to buy a guaranteed income for the rest of your life.

The MGM Advantage Enhanced Annuity may not be appropriate if your pension fund comes from a defined benefit pension scheme or if you have a guaranteed annuity rate as part of your pension scheme.

We will help you identify if you hold either of these schemes.

Will I qualify for an Enhanced Annuity?

To buy an MGM Advantage Enhanced Annuity, you must:

- Be over 55 years old
- Have at least £5,000 in pension fund(s) after the tax free cash has been paid out
- Have a UK residential address at the start date of the policy
- Have a qualifying medical condition

Your MGM Advantage Enhanced Annuity

Its Aims

- Use your pension fund to pay you a regular guaranteed income for the rest of your life.
- Pay a higher income than a standard annuity, if you have a qualifying medical condition or are a smoker.
- Give you the option to provide an income for your spouse/civil partner for the rest of their life if you die before them.
- Let you choose your annuity from a range of options. (see the Question and Answer section for more information).

Your commitment

- To buy your enhanced annuity with money from your pension scheme. The details are shown in your Personal Illustration.
- Once you have bought your annuity, it's yours for life. Even if your personal situation changes in the future you can't:
 - change your annuity options
 - switch to a different provider
 - cash it in and get your pension fund back or use it as security for any form of borrowing.
- You accept that in buying our enhanced annuity you have done so without taking financial advice.

Risks

- Inflation will reduce the buying power of your annuity income over time, unless you choose an option where your annuity increases (an escalating option).
- This annuity will stop paying out when you die, unless you chose to include death benefits when you took out the annuity.
- Tax rules may change in future and this could affect the amount of income you receive.

Questions and Answers

Q1

What does 'Enhanced' mean?

It means it pays a higher income than a standard annuity because you have a poor medical history or suffer from certain health conditions.

The amount of higher income you receive will depend on the nature and seriousness of your current health conditions and medical history.

Q2

How do I buy the MGM Advantage Enhanced Annuity?

You can buy an MGM Advantage Enhanced Annuity with the funds you have saved through a pension scheme and you can do this in two ways – either by using your open market option or by transferring your pension funds to us as a Pension Annuity Transfer.

Q3

What is the Open Market Option (OMO)?

The open market option allows you to buy your annuity from a provider of your choice – not necessarily the company that you've used to save your pension funds.

If you use the open market option, your current pension scheme provider will pay you any tax-free cash that is due before they send the balance to us.

One pension fund, using your OMO, provides one annuity plan.

Q4

What is a Pension Annuity Transfer?

With this option your pension fund is transferred to MGM Advantage before the payment of any tax-free cash. You will become a member of the MGM Personal Pension Plan (a registered pension scheme).

We pay you the amount of tax-free cash you've asked for (within HM Revenue & Customs limits) and use the balance to buy your annuity.

This option can be used, for example, where you have more than one pension arrangement, with one or more providers. Up to five pension funds can be transferred to the MGM Personal Pension Plan, and held until the annuity starts.

Once we have received all the pension funds from the different providers, it will be set up as one annuity policy.

Q5

How do I qualify for the MGM Advantage Enhanced Annuity?

You must be at least 55 and no older than 80. By answering our medical questions we can then let you know if you qualify for the Enhanced Annuity.

Q6

What are my income options?

Level income option

With this option your income payments will always be the same - they'll never go up or down. You'll start off on a higher income than an escalating annuity but you'll have no protection against inflation.

Escalating income option

With this option, your starting income will be lower, but your payments will go up each year. You have a choice of:

- Yearly increase of 3% or 5%. You choose which percentage increase to apply every policy anniversary.

or

- increases linked to inflation by Retail Prices Index or Limited Price Indexation.

You can choose how often your income is paid:

- monthly, quarterly, half yearly or yearly
- there is a minimum payment of £50. If your payment would be less than £50 it will default to the next frequency.
- You can choose when your income is paid:
 - In advance - we'll pay you at the start of your chosen period;
 - In arrears - we'll pay you at the end of your chosen period.

Q7

Can I change my income?

No, once your annuity has started, you won't be able to make any changes to your income, payment frequency or benefits.

Q8

How is my income amount decided?

The amount of income you'll get depends on:

The size of your pension fund used to buy the annuity,

Annuity rates – this will be your guaranteed annuity rate, the rate used to calculate the annuity on your personal illustration, if it is still in the guarantee period when we receive the funds. The guarantee end date is shown on your illustration.

The annuity rate offered to you takes into account your personal circumstances and the benefits chosen.

Q9

How will I receive my annuity payments?

Your payments will be made to a UK bank or building society account in your name, either single or joint, by electronic transfer.

Your pension is taxed as earned income based on your individual tax code under the PAYE system. At the start of the policy, the emergency tax code on a Week 1/Month 1 basis is used. Any adjustment required is made when your individual tax code is confirmed by HM Revenue and Customs. We will send any tax due to HM Revenue and Customs on your behalf.

Q10

What happens when I die?

Unless you have chosen benefits that will pay after your death, the annuity will stop paying out when you die.

Q11

How can I make sure my chosen beneficiaries receive my annuity when I die?

There are two ways you can protect your annuity.

1) The joint life option

You can choose to take your annuity with a 'Joint Life' option. This means that in the event of your death, up to 100% of your income (depending on the percentage you choose) will be payable to your spouse/civil partner.

If you're married or in a civil partnership when you start the annuity you must have a joint life annuity for any protected rights monies used to buy this annuity. This will pay 50% of your income to your spouse/civil partner at your date of death.

2) The Guarantee Period Option

This option allows you to ensure that your income is paid for a guaranteed amount of time, even if you die before the end of the guarantee period. You can choose to have a guarantee period of between one and ten years for non protected rights. For protected rights the maximum guarantee period is five years.

If you die before the end of the guarantee period, your annuity will continue to be paid to your spouse/civil partner, or another nominated individual, until the end of the guarantee period. So, for example, if you choose to guarantee your annuity income for ten years, but die three years later, we will continue the annuity payments for the remaining seven years.

Q12

What are the charges?

There are no separate charges for your annuity, so you've nothing extra to pay. All our administration charges are built into the rate of income shown on your Personal Illustration.

Q13

How do I apply?

We will help you choose the enhanced annuity options that meet your needs. We can also help you to complete the application form, and any other information that we need.

Once we have accepted your application we will deal directly with your existing pension scheme(s) to finalise the arrangements on your behalf.

Q14

Can I change my mind?

When your annuity starts, we'll send you a notice of your right to cancel. You then have 30 days to decide if you wish to continue with the annuity.

The start date of this period for a Pension Annuity Transfer is the date the first ceding scheme funds are received by MGM Advantage. We'll let you know when this happens.

If you decide to cancel your annuity, you will need to:

- Complete and return the form 'Your right to cancel'
- Return any payments MGM Advantage has made to you
- MGM Advantage will return the fund to the ceding scheme.

You must return the cancellation form and any payments we may have made to you within the 30 day period.

Further Information

Terms and conditions

These Key Features give you a summary of the plan.

Full terms and conditions are set out in the policy document and we'll send you a copy when we have received your pension funds.

If we need to make any changes to the terms and conditions, we will explain in writing and give you a note of the changes.

Law

Your annuity policy is subject to the law of England, which will be used to resolve any dispute.

Language

All information and communications about this plan will be in English.

Proof

Before we pay any money to you (or any other person entitled to receive benefits from us) we will require proof of entitlement. This may include proof of your identity, address and age and / or evidence that you are still alive. We may use electronic means (this may include credit reference agencies) to obtain this proof. If we do not have sufficient proof of identity and entitlement, we may be unable to make payment.

Compensation

MGM Advantage is covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the Scheme if we (MGM Advantage) can't meet our obligations. This will depend on the product and the circumstances of the claim. For full details of the scheme, please contact:

The Financial Services Compensation Scheme
7th Floor, Lloyds Chambers
1 Portsoken Street
London, E1 8BN

Phone

0207 714 4100

Fax

0207 892 7301 or 7337

Email

enquiries@fscs.org.uk

Web

www.fscs.org.uk

How to complain

We hope you will be delighted with our service. But if we should fall short - we want to know.

Please contact our Customer Centre at the address shown in the 'How to contact us' section.

If you are not satisfied with the outcome, you can contact the Pensions Advisory Service at:

Address

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

Phone

0845 601 2923

Web

www.pensionsadvisoryservice.org.uk

Or the Pensions Ombudsman at the same address.

Or you can refer your complaint to the Financial Ombudsman at the address below:

Address

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

Phone

0845 080 1800

Website

www.financialombudsman.org.uk

These are free services. Using them will not affect your legal rights or your right to take legal action.

Contact us

How to contact us

Here are our contact details in case you have any questions, or want to tell us about any changes to your personal details:

Address

MGM Advantage
Customer Centre
MGM House
Heene Road
Worthing
West Sussex
BN11 3AT

Web

mgmadvantage.com

Email us

customers@mgmadvantage.com

Phone

0800 121 65 65

Opening hours

8am to 6pm Monday to Friday

All calls may be monitored or recorded to help with staff training and quality control

MGM Advantage is a trading name of Marine and General Mutual Life Assurance Society (often known simply as MGM). We are the longest registered financial services company in the UK with a history dating back to 1852.

We are also a mutual organisation with a focus on treating customers fairly and providing value for money. Because we don't have shareholders to pay, we share our profits with our members.

You can find out more about us on our website at mgmadvantage.com, and copies of our literature and latest report and accounts are available upon request from our Customer Centre.

Marine and General Mutual Life Assurance Society is authorised and regulated by the Financial Services Authority, registration number 110395.

You can check these details with the Financial Services Authority (FSA) at either:

- www.fsa.gov.uk/register, or
- or on 0845 606 1234.

All our documents are available in Braille, large print and audio formats on request, or you can simply download them from mgmadvantage.com



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