

Stakeholder Pension Scheme (Group)



Key Features

Key features of the Legal & General Group Stakeholder Pension Scheme

Its aims

- To build up a fund to provide you with a pension income when you decide to take your benefits.
- To give you the option of taking part of your pension fund as a cash lump sum when you take your benefits.
- If you die before you take your benefits, the fund will be available to provide benefits in the form of a lump sum or income for your husband or wife, or your financial dependants.

Your commitment

- You can contribute a regular amount or simply invest a one-off lump sum, including a transfer from another pension plan. The minimum contribution is £20 gross.
- Any money you invest in the plan is tied up until you take your benefits.
- Currently you cannot normally take these benefits until you are at least 50. The minimum age will increase to age 55 from 6 April 2010.

Risk factors

- The value of the units which make up your fund can go down as well as up, so the value of your fund is not guaranteed. It is particularly important to remember this if you are close to taking your benefits.
- We do not guarantee the growth rates used in the example illustration. If the actual growth rates are lower than those shown, the fund value may also be less than shown.
- If contributions stop or are less than those assumed in the example illustration then the projected fund shown would be less.
- The amount of pension income provided by your pension fund will depend on a number of things, including investment returns and the rates available to buy your pension when you decide to take this benefit.
- The fund or funds you choose to invest in will have specific risks. These risks are described in the brochure 'Choosing your investment fund' which forms part of this pack.
- We can increase our charges from time to time but we will let you know before we make any change. Because this is registered as a stakeholder scheme with HM Revenue & Customs (HMRC) we will not charge more than the maximum allowed for this type of scheme. The maximum stakeholder charge is currently 1.5% a year of the value of the fund for the first 10 years and then reducing to 1% a year in subsequent years.
- If you decide to cancel within the 30 day cancellation period (see the 'Your right to cancel' section) your refund may reflect any reduction in investment value.
- You should be aware that joining a pension scheme may not be suitable for you, particularly if small amounts of savings may affect your entitlement to any means tested State benefits.

- The law and tax rates may change in the future and the value of tax relief will depend on your individual circumstances.
- Past performance is not an indicator of future performance.

How does the plan work?

Every contribution you make is invested into the fund or funds of your choice. Investments in our Stakeholder Pension Plan are invested in unit-linked funds. We divide each unit-linked fund into units of equal value. We will work out the value of your plan based on the number of units you have in your fund and the price of those units. The price of a unit depends on the value of the investments in the fund. If the unit price goes up or down so will the value of your plan. Please refer to the 'Choosing your investment fund' brochure or ask us or a financial adviser for more information about our funds.

You will have your own plan that is in your name. We will send regular statements showing you the value of your plan.

How do I pay?

Your employer will normally deduct your regular contributions from your salary and pass them on to us (normally every month), along with any additional contributions they are making for you.

How it works

The amount you wish to pay as a contribution into your plan from your salary, after an amount equivalent to basic rate tax relief has been deducted, is called your net contribution. Legal & General then adds to your net contribution basic rate tax relief reclaimed from HMRC and invests the total in your plan. This is called your gross contribution. For an example please see below.

If you pay higher rate tax you will need to claim the extra tax relief through your tax office.

When you have decided how much you want to pay as a net contribution, please put the amount on the salary deduction authorisation form enclosed in this pack.

For example:

You say you want to pay 5% of your net salary, and your net salary is £2,000 per month (5% of £2,000 = £100)

Amount taken from your monthly salary (called your net contribution):	£100.00
Tax relief claimed: (see Note 1)	£28.20
Total gross contribution invested:	£128.20

Your contract is for the gross contribution, so if basic rate tax changes, the amount you actually pay will change.

Note 1: This figure assumes a basic rate of tax of 22%. From 6 April 2008 the basic rate of tax will reduce to 20%.

How much can I save?

You can make contributions of up to 100% of your annual earnings, or £3,600 gross if greater, each year and still get full tax relief, including higher rate (where appropriate), whatever type of pension you hold. You can contribute more than this but you would not get tax relief on the excess. You can pay this up to age 75, even if you are not working.

However, if contributions exceed the Annual Allowance, the excess will be subject to a tax charge. Please refer to the "What are the tax benefits?" section in this brochure for more information.

For the 2007/2008 tax year, the Annual Allowance has been set at £225,000. It will increase in stages to £255,000 for the tax year 2010/2011 and will be reviewed on an ongoing basis after that. Please see the table below for the Annual Allowance amounts.

Tax Year	Annual Allowance
2008/2009	£235,000
2009/2010	£245,000
2010/2011	£255,000

The Annual Allowance will not apply in the tax year you take all your benefits under your pension plan.

Can I change my contributions?

You can increase or reduce your regular contributions and also pay in one off lump sums at any time. However, as part of a group scheme your employer may restrict changes to regular contributions to once every six months. For more information on how to pay a one off lump sum, please contact a financial adviser.

What if I stop making contributions?

Once money is paid in, you have to leave it until you take your pension benefit. Your fund will continue to be invested as before so its value could go down as well as up and we will continue to deduct our annual management charge. If this charge is greater than any investment growth on your fund, the fund value will go down.

You can start making contributions again at any time in the future. Or, if you prefer, you can transfer the value of your plan to another Registered Pension Scheme any time before you reach your chosen retirement date.

What are the tax benefits?

All contributions up to 100% of your annual earnings, or £3,600 gross if greater, that you make each year to your pension plan qualify for tax relief. A 40% tax charge will be levied on any excess of the total contributions to all your Registered Pension Schemes, including any paid by your employer, above the Annual Allowance.

Your contributions automatically include the benefit of basic rate tax relief. Please see the 'How it works' section in this brochure for further details.

Any growth in your pension fund is free of UK income tax and capital gains tax. However, we cannot reclaim the tax paid on dividends from UK companies.

There are no restrictions on the value of the total benefits payable from all your Registered Pension Schemes. However, anything over a certain level, called the Lifetime Allowance, will be subject to a tax charge of up to 55% on the excess. For the 2007/2008 tax year, the Standard Lifetime Allowance has been set at £1.6 million, rising to £1.8 million for the tax year 2010/2011 and it will be reviewed on an ongoing basis after that.

For most people the Lifetime Allowance will be the Standard Lifetime Allowance. However, you may be entitled to an increased Personal Lifetime Allowance in certain circumstances. For more information please speak to a financial adviser.

The law and tax rates may change in the future and the value of tax relief will depend on your individual circumstances.

How much will you charge?

There is a Total Annual Management Charge, which we work out daily and take monthly for the month just passed by cashing in units. The Total Annual Management Charge is made up of the following two components:

1) Basic Annual Management Charge

This is a tiered Annual Management Charge so the rate of charge reduces for larger retirement funds.

Retirement fund value bands	Example rate of Basic Annual Management Charge applicable to band
up to £25,000	1%
£25,000 up to £50,000	0.8%
£50,000 and over	0.6%

The example illustration in this pack also uses these fund value bands and tiered Annual Management Charges. The actual charges for your plan may be better or worse than those shown.

For example:

If your fund is worth £40,000 throughout the year and the charges in the table above apply to your plan, the Basic Annual Management Charge would be:

1.0% for the first £25,000 and 0.8% for the remaining £15,000.

Therefore:

$$(\text{£}25,000 \times 1\%) + (\text{£}15,000 \times 0.8\%)$$

which is £250 + £120 = £370.

You can ask for a detailed explanation of how we work out the charge and it is also covered in the Member's Booklet. The actual rate of Basic Annual Management Charge that applies to your plan will be notified in your personal illustration. You will receive both of these documents after joining. Please note that in future we may wish to change or remove the fund value bands and/or the tiered annual management charge structure.

2) External Funds Annual Management Charge

For any money invested in Legal & General's External Funds, there is an additional External Funds Annual Management Charge (EFAMC), which is currently 0.15% a year. Please also read the 'Total Annual Management Charge' section.

Total Annual Management Charge

The Total Annual Management Charge will not exceed the Government's maximum permitted charge for Stakeholder pensions at any given time. The maximum permitted charge for Stakeholder pensions is calculated daily and is currently 1.5% a year of the value of the fund for the first 10 years of your plan and 1% a year thereafter.

For example:

During the first 10 years, if your fund is valued at £250 throughout the year, this means we deduct a maximum of £3.75 that year. If your fund is valued at £500 throughout the year, this means we deduct a maximum of £7.50 that year. After 10 years, assuming that the fund values remain at the levels detailed above, these deductions would reduce to £2.50 and £5 respectively.

Please note:

The Temporary Annual Management Charge described in the Member's Booklet does not apply to your plan and the rates of Basic Annual Management Charge will be those notified in your personal illustration.

Where is my money invested?

We currently offer 23 unit-linked internal investment funds and 17 external investment funds for you to choose from. We also offer a range of Lifestyle Profiles. Your contributions will buy 'units' in your chosen fund(s).

However, if you do not make a choice, we will automatically invest your contributions in the UK Equity Index Lifestyle Profile. This initially invests in the UK Equity Index Fund, offering you the potential for growth over the long term. In the 10 years before your chosen retirement date, we steadily switch your investment into two funds - the Fixed Interest Fund and the Cash Fund. These provide more protection from a fall in the stock market, and which reflect the cost of buying a fixed pension and providing a tax free cash sum. When you reach your chosen retirement date, 75% of your fund will be in the Fixed Interest Fund and 25% will be in the Cash Fund.

You can normally choose to invest in up to 10 different funds at any one time. You can switch your investment and this is currently free of charge.

You can find details of all the funds, and some of the risks involved, in our guide 'Choosing your investment fund' which forms part of this pack.

What happens if I change my job?

Your plan is not tied to your current job, so you can continue to pay into it even if you change employers. If your employer was deducting your contributions from your salary and you leave that employment, you will need to complete a direct debit mandate, which we will send to you, to keep paying in.

If your new employer has a company pension scheme, it is usually best to join. However, you can still pay into your stakeholder, but you should discuss this with a financial adviser.

Can I transfer the value of my pension plan?

You can transfer the value of your plan to another Registered Pension Scheme at any time. Legal & General will not apply a charge to the value being transferred.

When can I take my benefits, and how much pension will I get?

You can normally choose to take your benefits at any age, currently from 50 to 75. The minimum age will increase to 55 on 6 April 2010. You can either turn all of your fund into pension, or take up to 25% of it (normally tax free) as a cash lump sum and use the rest to buy a smaller pension.

There are no restrictions on the value of the total benefits payable from all your Registered Pension Schemes, but those with a value over the Lifetime Allowance will be subject to a tax charge of up to 55% on the excess.

The pension you buy with your fund is a regular income guaranteed to be paid to you for life. The actual amount you get cannot be predicted accurately as it depends on various things, including investment growth and the annuity rates available at the time you take your benefits.

The example illustration in this key features booklet will give you an idea of what kind of fund you might build up (after charges have been taken) and how much it could be worth to you as a pension.

What happens if I die before I take my benefits?

If you are 18 or over when you die, then the way your benefits can be paid will depend on a number of things. Your Member's Booklet which you will receive after joining (and which is also available on request) provides you with full details.

You have the choice of setting up a trust, nominating a beneficiary or doing nothing. A trust or nomination can only apply to benefits paid as a lump sum. For advice on how to set up a trust, please speak to a financial adviser.

If you want to make a nomination, then you must write to Legal & General and tell us to whom you want the lump sum death benefit to be paid. Please note, you cannot nominate yourself or your estate. You can change whom you have nominated at any time by telling us in writing. However, once you have made a nomination you cannot change it later so that the benefit is paid to you or your estate.

Legal & General has the discretion to pay any lump sum death benefit to either the person(s) nominated and/or your estate.

If you do nothing, or if you are under 18 and therefore unable to set up a trust or make a nomination, any lump sum death benefit will be paid to your widow(er). If you do not leave a widow(er) it will be paid to the residuary beneficiaries of your estate.

What if I need more information on whether a stakeholder pension is suitable for me?

To help you decide whether a stakeholder plan is suitable for you, you should read the specially designed 'Stakeholder Pension Decision Trees' booklet enclosed in this pack. Please remember to take account of any other pension plans you already have before deciding what to do.

If you have any questions, want more information than this pack contains, or are unsure if this is the right thing for you to do, please contact a financial adviser to discuss it. Or, you can contact us on 0845 070 8686. Please note that we can only advise on our own products.

Call charges will vary. We may record and monitor calls.

In this promotion we are not seeking to give you advice.

EXAMPLE ILLUSTRATION OF BENEFITS

Prepared for:

Age: 40 exactly

Selected retirement age: 65

Sex: Male

Salary: £20,000

Plan basis:

- A gross monthly level contribution of £100. The monthly cost to you will be £78 assuming a basic rate of tax of 22%.
- The projected benefits depend on the gross contribution continuing at this level until the selected retirement age.
- The plan is invested in the UK Equity Index Lifestyle Profile.
- Please see section 'How much will you charge?' for assumptions about our tiered charges.
- 100% of contributions will be invested in the plan.

What might the benefits be worth?

Assumed investment return	Lower rate	Mid rate	Higher rate
Total projected fund of:	£51,000	£67,900	£91,500
This could provide a full pension for your lifetime of:	£2,780 p.a.	£4,570 p.a.	£7,400 p.a.
OR a tax-free cash sum of:	£12,700	£16,900	£22,800
Plus a pension for your lifetime of:	£2,080 p.a.	£3,420 p.a.	£5,550 p.a.

The Financial Services Authority set standard growth rates (which are 5% a year for the lower rate, 7% a year for the mid rate and 9% a year for the higher rate) that firms must use in projections unless lower growth rates are more appropriate. Therefore Legal & General uses lower rates for any fund where we feel this gives a more realistic indication of potential future returns.

The investment returns assumed in this projection are shown below.

UK Equity Index Lifestyle Profile: Lower rate 5.0% p.a. Mid rate 7.0% p.a. Higher rate 9.0% p.a.

- Do not forget that inflation would reduce what you could buy in the future with the amounts shown.
- These figures are only examples and are not guaranteed – they are not minimum or maximum amounts. What is payable depends on how your investment grows and on the tax treatment of the investment.
- You could get back more or less than this.
- As you approach your selected retirement age, your fund and future contributions will gradually be switched into less volatile investments. The projections shown above have been based on the current fund holdings. No allowance has been made for future switching or the redirection of future contributions.
- If you select a different investment fund to the one used in this illustration, then different assumed growth rates may apply.
- All firms use the same rates to show how funds may be converted into pension income. The rates used for converting the fund into pension, which may vary depending on actual date of birth, assume an interest rate in retirement of 2.3% a year for the lower rate, 4.3% a year for the mid rate and 6.3% a year for the higher rate. These assumed interest rates are subject to review every year on 6 April using a method prescribed by the Financial Services Authority to reflect market changes.
- Your pension income will depend on how your investment grows and interest rates at the time you take your benefits. The pension illustrated above assumes that it is a single life, level pension payable monthly in advance for life.
- This assumes the fund is within your Lifetime Allowance. For more information on the Lifetime Allowance please refer to the 'What are the tax benefits?' section in this key features brochure.

The early years: WARNING – If contributions stop during the early years, the transfer value could be less than has been paid in. The last two columns assume that investments grow at the mid rate each year.

At the end of year	Total paid in to date	Effect of deductions to date	What the transfer value might be
1	£1,200	£6	£1,230
2	£2,400	£27	£2,540
3	£3,600	£63	£3,930
4	£4,800	£116	£5,410
5	£6,000	£188	£6,970

The later years:

At the end of year	Total paid in to date	Effect of deductions to date	What the transfer value might be
10	£12,000	£930	£16,200
15	£18,000	£2,600	£28,600
20	£24,000	£5,670	£45,300
Final	£30,000	£10,800	£67,900

What are the deductions for?

- The deductions include commission, expenses, charges, and other adjustments.
- The last line in the table shows that over the full term of the contract, the effect of the total deductions could amount to £10,800.
- Putting it another way, this would have the same effect as bringing down the investment growth from 7% a year to 6% a year.

How much will advice cost?

- A financial adviser can give you details about any cost. The amount will depend on the size of the contribution and the term of the contract. It will normally be paid for out of the deductions.
- Details are available on request and will be confirmed in writing once you have applied for the plan.

About Legal & General

The Legal & General Group, established in 1836, is one of the UK's leading financial services companies. We are one of the UK's top 50 companies in the FTSE 100 Index. Over 5.75 million people rely on us for life assurance, pensions, investments and general insurance plans. The Legal & General Group is responsible for investing over £257 billion worldwide (as at 30 June 2007) on behalf of investors, policyholders and institutions.

Your right to cancel

After we have accepted your application we will send you a notice of your right to cancel. By law we must send you this notice. You will then have 30 days to change your mind about starting the plan.

If you do change your mind you need to send the notice back to us and we will then cancel the plan. The address you should write to is shown in the section 'Contact addresses' that follows and will be confirmed in the notice of your right to cancel. If you do not take this opportunity to cancel and you want to do so at a later stage you cannot get any money back until you start to take your benefits.

If you have made a single contribution or a transfer payment and its investment value has fallen during the period prior to receipt of your instructions, the refund may reflect this.

If you decide to cancel a transfer we will make every effort to return the money to the previous provider. They are not obliged to accept the return of the transfer value. If they will not accept the return of the transfer value, your plan with us will continue and the money will remain invested in the fund(s) you have chosen.

Tax

This information is based on our current understanding of the law relating to pensions.

Law and language

This contract is governed by English law. We will communicate in English throughout the course of this contract.

Our regulator

We are authorised and regulated by the Financial Services Authority. We are entered on their register under number 117659. You can check this at www.fsa.gov.uk/register or telephone them on 0845 606 1234.

Valuation of funds

We value investment funds frequently to enable us to treat all policyholders fairly. Your Member's Booklet contains further details about how funds are valued. We will send this to you after we have accepted your application.

Compensation scheme

We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Currently the first £2,000 of a claim is protected in full. Above this amount, the Scheme covers payment to 90% of the value of a policy.

You can get more information from the Financial Services Compensation Scheme. (website: www.fscs.org.uk)

Civil Partnership Act 2004

The Civil Partnership Act 2004 came into force on 5 December 2005 and provides a system of registration for same sex relationships. Registered civil partners will be in a relationship akin to marriage in respect of the laws of survivorship and benefits. As such all references to the rights and benefits of a spouse or widow(er) in any of our literature will apply equally to married couples and registered civil partners.

Complaints and queries

If you have any complaints or queries, please contact us. We have a procedure for handling complaints and we can give you a leaflet that explains this. The address you should write to is shown in the section 'Contact addresses' that follows.

Or, if you prefer, you can call us on 08700 106 020. Call charges will vary. We may record and monitor calls.

Complaints regarding our administration that we cannot settle can initially be referred to:

The Pensions Advisory Service
11 Belgrave Road, London SW1V 1RB

Telephone: 0845 601 2923

Email: enquiries@pensionsadvisoryservice.org.uk

Website: www.pensionsadvisoryservice.org.uk

and may then be referred to:

The Pensions Ombudsman

11 Belgrave Road, London SW1V 1RB

Telephone: 020 7834 9144

Email: enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

Sales-related complaints that we cannot settle can be referred to:

The Financial Ombudsman Service

South Quay Plaza, 183 Marsh Wall, London E14 9SR

Telephone: 0845 080 1800

Email: complaint.info@financial-ombudsman.org.uk

Website: www.financial-ombudsman.org.uk

Making a complaint to The Pensions Advisory Service or The Financial Ombudsman will not prejudice your right to take legal proceedings.

Contact addresses

After we have accepted your application we will send you your plan documentation. This will confirm which of the following addresses you should write to if you wish to complain or cancel:

Legal & General Assurance Society Limited
Legal & General House
Kingswood, Tadworth
Surrey KT20 6EU

or

Legal & General Assurance Society Limited
Brunel House
2 Fitzalan Road,
Cardiff CF24 0TL

