



Countrywide Assured

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# Your guide to how we manage the Countrywide Assured Guarantee Plus Pension Fund (S&P Series)

Version 6 - January 2014



## About this guide

**This guide refers to the With-Profits business originally issued by Save & Prosper Pensions Limited. It is intended to help you understand:**

- how Countrywide Assured conducts its with-profits business;
- how our with-profits pension policies work;
- how we invest your premiums; and
- how the benefits under these policies are calculated.

The guide should also help you to discuss your with-profits investment with your financial adviser and to determine if it is still suitable for you.

### When should you read this guide?

You may wish to read this guide:

- immediately, or
- when you receive your annual statement and illustration showing what benefits you might get, or
- at any other time when you review your pension arrangements.

Please keep this guide with your other plan documents.

**IMPORTANT NOTE:** The S&P Guarantee Plus Pension Fund was re-named the Countrywide Assured Guarantee Plus Pension Fund (S&P Series) following the merger of Countrywide Assured plc with Save & Prosper Pensions Limited in December 2011. This guide provides only a high-level summary of how we conduct this part of the Countrywide Assured with-profits business. For a full explanation it is essential that you consult the more detailed explanation in a separate document called the Principles and Practices of Financial Management. A copy of this document is available on our website at [www.countrywideassured.co.uk](http://www.countrywideassured.co.uk) or by calling our Customer Services Team on 0845 3000144.





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# 1. What does this guide cover?

## This guide covers:

- investing for your retirement in the Countrywide Assured Pensions With-Profits Fund (sometimes called the Guarantee Plus Pension Fund) through our Guarantee Plus Retirement Plan and Personal Retirement Account;
- how our approach to managing the with-profits fund affects the amount of benefits you might receive from your policy.

Our approach can change from time to time to respond to both shorter and longer term changes in business and economic circumstances. We will notify you if any such changes significantly affect your policy.

# 2. What is a with-profits investment?

## Investment in the Countrywide Assured Pensions With-Profits Fund provides:

- depending on the type of policy, either a guaranteed minimum pension amount or a guaranteed minimum fund with which to purchase a pension at your selected retirement date;
- the possibility of a bonus depending on the performance of the underlying investments of the fund;
- some smoothing of the up and down fluctuations of the stock market (see Section 5).

Both the Guarantee Plus Retirement Plan and Personal Retirement Account, if it is invested in the Guarantee Plus Pension Fund, are with-profits policies.

**Note:** "Guarantee Plus Pension Fund" is the fund name used in policy documentation, but in this document it is described as "the Countrywide Assured Pensions With-Profits Fund or simply the With-Profits Fund".

Provided that you pay all premiums when they are due, the *Guarantee Plus Retirement Plan* guarantees a minimum pension at the retirement date you selected when you took it out. You will have been told the amount of this minimum pension when you took out the policy. You will also be able to find it in the schedule attached to your policy document.

Provided that you pay all premiums when they are due, the *Personal Retirement Account* guarantees a minimum fund value at your selected retirement date or on your earlier death.

In addition, we may pay a bonus when you retire. How we determine the amount of bonus we pay is described in the later sections of this Guide.

The guarantee does not apply if:

- you take your pension earlier than the retirement date you originally selected, or
- transfer your benefits to another pension scheme earlier than the retirement date you originally selected.

If you should die before you reach your selected retirement date, we would pay out a lump sum, unless your account is funded by National Insurance rebates in which case we may have to pay a pension to your spouse.



### 3. How does the With - Profits Fund work?

#### Pooling of Assets

After deducting our charges to cover expenses and any additional life assurance or other benefits you may have selected, we pool together the balance of your premiums with those of other policyholders in the Countrywide Assured Pensions With-Profits Fund. We attribute a share of these pooled policyholder assets to each with-profits policy. The share attributable to your policy(ies) depends on the amount of the premiums you have paid and when you paid them.

#### Charges and deductions

The assets of the fund are subject to an annual management charge of 1.25% per annum. There is also a further deduction of up to 1.5% per annum to meet the cost of providing the minimum benefit guarantees on all with-profits policies.

Currently the maximum deduction of 1.5% per annum is being applied.

#### Investment

Investments may be made in the UK or overseas and the different types include:

- company shares, commonly known as equities;
- gilts and corporate bonds, which are effectively loans to the government and companies;
- property;
- cash deposits.
- investment products which are a combination of different investment types, commonly described as "hybrid" products.

We may invest in collective investment arrangements such as OEICs (Open Ended Investment Companies) and unit trusts. A collective investment arrangement is a vehicle that pools together the assets of a number of investors to purchase any of the investment types listed.

The proportion of each investment type in the fund (which can vary from time to time) is determined having regard to the primary objective of the fund, which is to meet the guaranteed minimum benefits promised to each policyholder.

### 4. How do we calculate the benefits payable under your policy?

We value the policyholder assets in the With-Profits Fund each week, and determine the share attributable to each with-profits policy. We also calculate a "smoothed" value (see "The ups and downs of the stock market" below).

We use the smoothed value to calculate the amount of benefits payable at your selected retirement date or in the event of your death before then. In either case, the amount of benefits we pay will not be less than that guaranteed under your policy.

If you transfer or take your retirement benefits earlier than your selected retirement date, we base the amount of benefits payable on the lower of the smoothed and unsmoothed value.

If the amount payable at the date of claim is greater than the guaranteed minimum benefit at that date, the amount paid out in excess of the guaranteed amount is the bonus. This is calculated individually for each policy/account. We only pay a bonus at the date of a claim. There are no annual bonuses.



## 5. What affects the benefits payable under your policy?

Many factors affect the benefits payable under your policy. The following are the main ones:

### Investment performance

The most important factor that will affect the amount of benefit is the amount of gains or losses made on the investments of the fund. This depends on many things including how much we invest in different types of investments. To achieve potentially higher returns the fund invests some money in higher-risk investments, such as company shares and property. The remainder is invested in lower-risk investments, such as fixed-interest bonds issued by the Government and by companies, and cash deposits.

The performance of different types of investment can vary considerably over time. We regularly monitor this and change the proportion we invest in each type with the aim of improving the total long-term performance. The primary aim is to ensure that we always meet at least the guarantees.

### The ups and downs of the stock market

To avoid significant short-term fluctuations in the value of benefits payable caused by movements in the value of the fund's investments we use a process known as smoothing.

We use a formula to determine the smoothed value of assets attributable to policyholders in the fund.

We blend together the actual movement in asset values each week and the expected movement over the long-term. This produces a weekly movement in the smoothed value that is closer to the longer-term trend than short-term fluctuations.

We can change the smoothing formula at any time if we think it is necessary to be fair to all policyholders.

### Charges and expenses

We make charges in the form of deductions from your premiums and an annual management charge on the value of the fund.

Countrywide Assured plc (the Company) is owned by shareholders. The Company keeps the charges made on the policies but the Company then pays all the expenses for looking after the policies and meets the cost of any additional life assurance or other benefits payable under the policies, except for the costs of the management of direct property investments which are reflected in the investment performance of the fund. The Company keeps or suffers any difference between charges and expenses.

### Cost of guarantees

In addition to the charges we currently deduct 1.5% per year of the value of the pooled policyholder assets in the With-Profits Fund to meet the future cost of guarantees of all policies. This money is set aside and used to make up any shortfall between the share of assets in the fund attributable to a policy and the cost of the minimum guaranteed benefits payable under that policy. We can change the level of this deduction if required, but 1.5% per annum is the maximum level for this deduction. No excess is kept by shareholders. All the money set aside is attributed to the remaining policyholders in the Fund and will be returned to them if we decide it is no longer needed to pay for the future cost of guarantees. We review the position once every year.



## 6. How do we manage risk?

The fund is exposed to a number of risks. The biggest risks come from the need to pay all the guarantees when due and the possibility of big falls in shares and property values.

We manage risks to the fund and our business by regularly reviewing and changing our investment strategy as necessary.

The fund is not exposed to any significant new risks as it is closed to new business, other than currently existing clients may increase their premiums if this is allowed by their policy.

## 7. Can I move out of with-profits?

Before your selected retirement date you may choose to:

- take early retirement subject to the conditions/rules of your policy/scheme;
- transfer the benefits to our unit-linked policy;
- transfer the benefits to another provider.

If you do this, we do not guarantee the minimum that you receive. The amount you get will be calculated by our actuaries having regard to factors like the market conditions at the time and the number of years before your selected retirement date.

Countrywide Assured plc is authorised and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Registered in England No. 2261746. Registered office: Harbour House, Portway, Preston, Lancs. PR2 2PR. The parent company of

Countrywide Assured is Chesnara Plc.

## 8. How can I find out more?

If you are not clear about any point regarding the Countrywide Assured Pensions With-Profits Fund, please contact your financial adviser if you have one. Alternatively, please contact our Customer Services Team on **0845 3000 144** between **9:00 am and 5:30 pm, Monday to Friday**. Telephone lines are recorded to ensure compliance with our legal and regulatory obligations and internal policies.

If you would like a more detailed guide to how we manage the Countrywide Assured Pensions With-Profits Fund, you can obtain a copy of the *Principles and Practices of Financial Management* from our website [www.countrywideassured.co.uk](http://www.countrywideassured.co.uk), or by calling the above number.

