



## **BULK ANNUITY BUY-IN POLICY**

# **FOR PENSIONER AND DEFERRED PENSIONER TRANSACTIONS**



**“The Financial Conduct Authority is a financial services regulator. It requires us, Just, to give you this important information to help you to decide whether our bulk annuity buy-in policy 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.”**

Just is the trading name of Just Retirement Limited, our principal insurance subsidiary. All references to ‘we’, ‘us’ and ‘our’ refer to Just.

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## ABOUT THIS DOCUMENT

This document explains the key features of our bulk annuity buy-in policy for transactions that cover pensioners and deferred pensioners. It provides information for trustees of UK-registered defined benefit occupational pension schemes. When you're considering whether our bulk annuity buy-in policy is right for your scheme, this document can help you decide.

Please read it and keep it in a safe place. You should read this document together with:

- your quotation document, and
- the buy-in policy document we've provided.

If you still have questions about our bulk annuity buy-in policy after reading this document, speak to your adviser. They should be able to help.



## KEY FEATURES OF THE BULK ANNUITY BUY-IN POLICY

Our bulk annuity buy-in policy is for trustees of UK-registered defined benefit occupational pension schemes. It allows you, the trustees, to remove risk from all – or part of – your pension scheme’s liabilities. This policy allows you to do this while still being able to manage your scheme.

Before entering into the bulk annuity buy-in policy, you should be satisfied that you’ve received suitable advice. You should also be sure that it’s an appropriate product for the needs of your scheme.

### Its aims

To remove certain risks (for example, longevity risk, which is the risk that members will live for longer than expected) associated with the liabilities covered by the buy-in policy.

We achieve this by making guaranteed payments to the trustees for the liabilities covered by the buy-in policy whilst insured members and any insured dependants are living.

### Your commitment

The main commitments you’ll make if you buy our bulk annuity buy-in policy are set out below. These are covered in more detail in the buy-in policy terms.

- To give us complete and accurate scheme information.
- To pay the premium in line with the buy-in policy terms.
- To carry out a data audit to check the accuracy of information you’ve given us. This is the information we’ve relied on to work out the quotation premium. We call this process a data-cleansing exercise. It makes sure we have accurate details of the members and the benefits to be insured. The information that needs to be checked includes, but isn’t limited to, the members’:
  - existence (checking that members of the scheme were alive when you took out the policy)
  - date of birth
  - sex
  - full address (including postcode), and
  - specified benefits (these are the benefits you’ve asked us to insure).
- To administer the scheme in line with all laws, regulations and HMRC requirements that apply. This includes paying benefits to current insured beneficiaries (the members and their dependants that you’ve selected to be insured by this buy-in) for the duration of the buy-in policy (when appropriate).
- To give us details of any changes to the relevant scheme membership. This includes, but isn’t limited to, changes in details of current insured beneficiaries and specified benefits.
- To co-operate with us so we can effectively carry out administration on the buy-in policy.

We may have to adjust the buy-in policy if you don’t meet the commitments above. Any adjustments to the buy-in policy can result in you paying further premiums. It can also result in us changing the specified benefits we will pay under the policy.

If you want to convert the buy-in policy to individual insurance policies (known as a buy-out), you'll need to fulfil certain requirements. These include, but aren't limited to, the following.

- Completing a data audit to confirm member details and checking the benefits are correct.
- Making reasonable efforts to identify missing members by carrying out a member-tracing exercise.
- Checking the values of any Guaranteed Minimum Pension (GMP) with HMRC and gaining confirmation they are accurate. The GMP is the minimum pension which a UK occupational scheme has to provide for employees who are contracted out of the State Earnings-Related Pension Scheme between 6 April 1978 and 5 April 1997.
- Addressing any Barber and GMP equalisation requirements. Pension schemes have to provide benefits on an equalised basis for men and women to make sure a member's benefit entitlement is not lower than it would have been had that member been of the opposite sex.
- Taking legal advice on the action you need to complete, including that the benefits you have bought exactly match those under the scheme rules.
- Getting members' permission, where necessary.

### Risks



Below are the main risks associated with buying our bulk annuity buy-in policy. You should make sure you understand these risks and are comfortable with accepting them. This isn't a full list of all the risks. You should make sure that your adviser has explained all of the relevant risks associated with buying this product.

- We can't make the payments for all of the benefits you've insured under the buy-in policy if you don't pay the quotation premium, in full, by the date and time shown in the buy-in policy terms.
- We may have to suspend, adjust or stop some or all of the specified benefits if you don't pay other amounts due to us under the buy-in policy terms.
- We may have to adjust the quotation premium – or suspend, adjust or stop some or all of the specified benefits – if you don't give us complete and accurate scheme information.
- If there's a material (significant) difference between the information you provided, and which we've based our quotation premium on, and the results of the data audit carried out to confirm member details, we can make one or more of the 'material change adjustments' as set out in our buy-in policy terms. These can include:
  - working out an adjusted final premium or adjusted balancing payment, and
  - suspending, adjusting or stopping some or all of the specified benefits.
- Following the start date of the policy (also known as the inception date), which is 5pm on the date shown in the policy schedule, you will need to make a payment to reflect any change in market conditions. Market conditions are the financial market conditions that we will use to work out the quotation premium. These include, but are not limited to, the costs of interest-rate swaps, the costs of inflation-swaps, credit spreads and allowance for defaults. This payment will reflect how market conditions

have moved over the period between the market conditions date we used for the quotation premium and the start date. Depending on how conditions change, this could mean you'll need to make an extra premium payment. Or, we may have to refund part of your premium. The market conditions date is the date shown in the policy terms and is the date we've used in setting the short- and long-term interest and inflation rates used to work out the quotation premium.

- Following the start date, you'll have to complete a data-cleansing exercise to check the accuracy of the information we've been given. After you've done this, there will be the need for a balancing payment. This will reflect any difference between the information you supplied to us (the quotation information) and the final information you have given us after completing the data cleansing. This could mean that you'll have to pay an extra premium. Or, we may have to refund part of your premium.
- If you need to sell assets to pay the quotation premium, there's a risk that financial markets may move against you over the period between selling the assets and transferring the funds to us. This could reduce the relative value of your asset holdings compared with the premium needed to buy the policy.
- The payments we make under the buy-in policy may not be an exact match to the benefit payments you have to make to the relevant scheme members under the conditions of your scheme rules. This would be the case if you had not bought benefits that match exactly.
- Once you've bought the buy-in policy, you can't cancel it. We may cancel the buy-in policy, in limited circumstances. These are shown in the buy-in policy terms.
- You don't have a right to cash in your buy-in policy under the policy terms. Your buy-in policy doesn't have any surrender or cash value at any time.
- You can choose to buy a buy-in policy which doesn't match the members' benefit entitlement under the scheme rules. Under these circumstances, when you then choose to convert the buy-in policy to individual policies, you'll have to change the benefits secured with us. You'll have to change these to exactly match the benefits as set out in the scheme rules. Depending on how the benefits insured change, this could mean you'll have to pay an extra premium. Or, we may have to pay you a refund of part of your premium.
- If you have insured a deferred pensioner's benefits, there's the risk that they will die before their pension comes into payment. If they do and have no dependant or death-in-deferment benefits, we won't have to make any payment to you under the buy-in policy for that deferred pensioner.
- If a deferred pensioner exercises a member option, we'll decide on the terms of the option offered under the buy-in policy. These will reflect our estimation – at the time the option is exercised – of the expected cost of providing the member's benefits. This will take account of market conditions at the time they exercise the option.
- You can choose to change the scheme's member option terms, so that they're consistent with the terms we offer. If you keep the scheme's member option terms as they are, these are likely to be different from those we use. This could result in you having to cover any shortfall between the amount we pay you and the amount you must pay the member under the scheme rules. Or, you may benefit if there is a surplus.

## Q&amp;A

## QUESTIONS AND ANSWERS

### What is a bulk annuity buy-in policy?

A bulk annuity provides a guaranteed income stream to the trustees of a DB pension scheme to cover the benefits insured for the pensioners, deferred pensioners and any insured beneficiaries specified by the trustees. **This policy is for transactions covering pensioners and deferred pensioners.**

In return for you paying the premium, we'll pay the specified benefits as agreed under the buy-in policy. These benefits will be for the current insured beneficiaries, for the duration of the buy-in policy.

The buy-in policy is set up with an initial single payment (the quotation premium). This single payment is set out in the quotation document and shown in the policy schedule. This payment will usually be in the form of cash or as agreed with us.

The start date (also known as the inception date) is the date from which we assume responsibility for paying the specified benefits to you, in line with the buy-in policy terms. It is usually the date you sign the policy. You will normally pay the quotation premium shortly after this date.

You may need to pay extra premiums to reflect the following:

- A change in market conditions between the market conditions date we used for the quotation premium and the start date.
- A balancing payment to reflect any adjustments needed to the quotation premium or specified benefits as a result of changes in the quotation information after you have checked and confirmed the information.
- A material change takes place, as explained in the buy-in policy terms.

The buy-in policy also gives you the opportunity to transfer your obligation to scheme members to us. You can do this by converting the policy to individual insurance policies. This would mean we issue individual policies to the members and pay their benefits to them direct.

### What's the market conditions date?

The market conditions date is the date on which we use the financial conditions at the time to work out the quotation premium.

### What's the start date?

This is the date we take over responsibility for paying you the original specified benefits. This will be the date that you sign the policy. It is also known as the inception date.

If market conditions change over the period between the market conditions date and the start date, you may need to pay an extra premium. Or, it could mean we have to refund part of your premium.

### Who's responsible for paying the benefits?

You're responsible for administering and paying member benefits under the pension scheme (unless agreed otherwise). This is the case even after the buy-in policy comes into force. Under the buy-in policy, we'll make a regular (usually monthly) payment to you. This will match the (monthly) payroll date for the original specified benefits set out under the buy-in policy.

If the policy is converted into individual insurance policies (known as a buy-out), we'll make regular (usually monthly) payments direct to each member. We'll do this in line with the scheme rules and HMRC legislation.

### **What security is there for Just policyholders?**

As we are an insurance company, The Prudential Regulation Authority, which is part of The Bank of England, says we have to hold solvency capital. This is a financial buffer to help make sure we can meet our obligations to policyholders. In the unlikely event we were to become insolvent, the buy-in policy is covered by the Financial Services Compensation Scheme (FSCS). You can find more information about this on page 11 of this document.

### **Can trustees cancel the buy-in policy?**

You have no contractual right to cancel your buy-in policy once the policy has been signed.

### **What happens if trustees want to convert the buy-in policy to individual insurance policies?**

As long as you meet certain conditions, we'll issue individual insurance policies to each member (or their beneficiary where appropriate). We'll do this based on the final and appropriate benefits at the time we convert the policy. If you've bought a buy-in policy which doesn't match the members' benefit entitlement under the scheme rules, you'll need to change the benefits secured with us. Depending on how the benefits insured change, this could mean you'll have to pay an extra premium. Or, we may refund you part of the premium.

### **What happens if the sponsoring employer becomes insolvent and the scheme enters the Pension Protection Fund (PPF) assessment?**

We'd work with you to adjust the benefits secured under the buy-in policy to 'PPF levels' (or levels you have set yourself). We'd expect to refund part of the premium for any reduced benefits. We'll set the terms of the partial refund at the time of the PPF assessment.

### **Can trustees change the specified benefits in the future?**

You won't have a contractual right to change the specified benefits covered by the buy-in policy after the start date. Any change to the specified benefits depends on us agreeing terms, including pricing terms, at the time.

### **Can trustees add new members to the buy-in policy?**

We may agree to you adding new members, but it will depend on our pricing terms at that time.

### **What member options are available to deferred pensioners before their pension comes into payment?**

The member options available to deferred pensioners depend on the scheme rules. Our payments will depend on the scheme rules and what you have secured with us as part of the specified benefits. The main member options usually relate to the following.

- Transferring all benefits they are entitled to under the scheme to another registered pension scheme.
- Exchanging all benefit rights under the scheme for a lump sum on the grounds of 'triviality' (where a member can take all the benefits as a lump sum because the combined value of all their pension benefits is below £30,000) or on the grounds of 'de minimis pension rights' (where the value of their benefits in the scheme is less than £10,000).

- Exchanging some pension for a tax-free cash lump sum up to HMRC limits (or a lower limit depending on the scheme rules).
- Receiving their pension early or late by retiring earlier or later than the assumed retirement age used in the quotation premium.

If a deferred pensioner decides they want to transfer their benefit rights to a defined-contribution scheme, and the transfer value is more than £30,000, they'll need to take appropriate financial advice. Before the transfer can go ahead, we'll need written confirmation from the financial adviser that they've received advice about the transfer.

We may offer certain member options. The possible effects on the scheme, or the deferred pensioner, are highlighted in the final bullet point on page 5.

### **What happens when a deferred pensioner retires?**

In the lead-up to retirement, we expect the scheme to offer member options that depend on the scheme rules. Our payments will depend on the scheme rules and what you have secured with us as part of the specified benefits.

The main member options usually relate to:

- transferring all benefits they are entitled to under the scheme to another registered pension scheme
- exchanging all benefit rights under the scheme for a lump sum on the grounds of triviality or de minimis pension rights, and
- exchanging some pension for a tax-free cash lump sum up to HMRC limits (or a lower limit depending on the scheme rules).

Once any of these options have been taken, we will begin paying any pension. We'll include the pension and any lump-sum amounts in the next available payroll.

### **What happens if we find out that one of the current insured beneficiaries died before the start date?**

We will remove any current insured beneficiary who dies before the start date, and is identified during the data audit, from the buy-in policy. If this happens, we'll pay you a partial refund. If the member who has died has a qualifying husband or wife, they'll become the current insured beneficiary. The specified benefits due to them will be priced accordingly.

Any member who dies before the start date, but who's identified as dead after the end of the data audit, will be treated as having died on the start date. In this scenario, no partial premium refund will apply. You will need to repay us any payments we make for specified benefits for these members. We'll reclaim these through the monthly payment process.

### **Are there any other costs?**

The quotation premium includes an allowance for the expenses that we expect we'll have to pay dealing with the bulk annuity buy-in product. In certain circumstances, you may have to pay extra charges to us. These circumstances will be set out in the policy terms, and we'll tell you about them when they are due.



### **What are the tax implications?**

We'll pay you the specified benefits without taking off relevant tax. It'll be your responsibility to pay all relevant tax in relation to member benefits.

If we issue individual insurance policies, we'll pay the members on a Pay As You Earn (PAYE) basis. The way they are taxed depends on individual circumstances and may change in the future.

### **What happens if Just has made payments for members who have died?**

We will reclaim any payments made for members who have died, for the period between the date of death and the date we were told about the death, using the next available payroll. This will show as a negative payment on the relevant monthly payment schedule.

### **What happens if trustees have provided inaccurate information?**

If we find out at any time after working out the final premium that the final information you gave us is inaccurate, we may tell you to amend the final information. This will depend on the nature of the inaccuracy. If the final information does need to be amended, we may suspend, adjust or stop the specified benefits. Or, in certain circumstances, we may charge an extra premium.

If a member or their dependant made an incorrect medical statement and we identify this before the start date, we can adjust the quotation premium.

### **If the buy-in policy is converted to individual insurance policies, how will Just let members know?**

When we issue individual insurance policies, we send members an initial member communication. This includes a members' guide and the members' individual insurance policy.



## MORE INFORMATION

### Law

The law of England and Wales applies to the buy-in policy forming the contract between you and us. The contract will be written in English.

### Client categorisation

There are various categories of client set out under financial regulations. We'll treat you as a 'retail client'. This gives you the greatest level of protection, and means you get full information about any products you buy.

### How to contact us

Please contact your adviser if you have any questions about anything in this document, the quotation document, or the buy-in policy.

If you want to speak to us, you can call on:

01737 233 307 (call rates apply).

Lines are open Monday to Friday, 9am to 5pm.

Please note, calls may be monitored for training and audit purposes.

You can write to us at:

DB Solutions  
Just  
Enterprise House  
Bancroft Road  
Reigate  
Surrey  
RH2 7RP.

Or email: [DBenquiries@wearejust.co.uk](mailto:DBenquiries@wearejust.co.uk)

Please note that we can't give you any financial advice.



## COMPENSATION

We are covered by the Financial Services Compensation Scheme (FSCS). If we can't meet our obligations, you may be entitled to compensation from the scheme. This depends on the type of business and the circumstances of the claim.

You can find more information about compensation arrangements from the FSCS, at [fscs.org.uk](https://www.fscs.org.uk)



## HOW TO COMPLAIN

If your complaint relates to your adviser, please contact them direct. If we do anything that you're unhappy about, we want to know. We'll always try to put it right, if we can. To sort out your complaint quickly, we need to know exactly what the problem is. You can share your concerns with the DB Solutions team by phone, email or letter as follows.

Phone: 01737 233 307 (call rates apply). Lines are open Monday to Friday, 9am to 5pm. Please note, calls may be monitored for training and audit purposes.

You can write to:

Alex Collins  
Head of Member and Client Services  
Just  
Enterprise House  
Bancroft Road  
Reigate  
Surrey  
RH2 7RP.

Or email: [DBenquiries@wearejust.co.uk](mailto:DBenquiries@wearejust.co.uk)

You can get a copy of our complaint-handling procedures by writing to us.

If you feel that your complaint isn't dealt with satisfactorily, under limited circumstances, you can refer the matter to the Financial Ombudsman Service.

Phone: 0800 023 4567

Website: [financial-ombudsman.org.uk/contact-us/complain-online](https://financial-ombudsman.org.uk/contact-us/complain-online)

Making a complaint won't affect your right to take legal action.



## ABOUT US

- We are incorporated as a company limited by shares and are registered in England and Wales under company number 05017193. Our registered office is at Enterprise House, Bancroft Road, Reigate, Surrey RH2 7RP.
- We are a UK insurance company authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. We are entered on the Financial Services Register with registration number 232595.

## FOR MORE INFORMATION

Phone: **01737 233 307**

Lines are open Monday to Friday, 9am to 5pm.

Email: **DBenquiries@wearejust.co.uk**

Or visit our website for further information: **[wearejust.co.uk/definedbenefit](https://wearejust.co.uk/definedbenefit)**

To see our Solvency and Financial Condition report, please visit:

**[justgroupplc.co.uk/investors/results-and-presentations/regulatory-returns](https://justgroupplc.co.uk/investors/results-and-presentations/regulatory-returns)**

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