

# Statement of facts – Immediate Life Annuity

## What customer need has been met by this product?

A way to invest personal savings or a tax-free cash lump sum from a pension plan to provide an income for life. Can be used for wills and trust and third-party payments.

## It's been designed for clients who:

- Are typically aged between 55 and 95.
- Want a regular income for life.
- Are looking for a product that has no investment risk attached.
- Have an amount to invest of £7,500 after adviser charges (£100,000 if purchased via wills or trust).
- Are looking to turn a lump sum into a regular guaranteed income for life.

## It's unlikely to be suitable for clients who:

- Would like flexibility over their future income.
- Would like the opportunity to change the product in some way at a future date.
- Anyone who qualifies for Serious Ill Health

## Target market statement:

Customers who require an income for life

## What you need to think about:

- Are there tax considerations you should discuss?
- How old are your clients, what is their life expectancy?
- Do your clients realise they can't cash this plan in at any time?

## Product Classification:

Product name	Product Classification	Risk and considerations
Immediate Life Annuity	Complex	Once purchased your clients cannot change or cash in their Immediate Life Annuity, even if their personal circumstances change  Increases in income tax rates could reduce the amount of regular payment your client receives.

## Other important information:

### Aviva's product oversight & governance

#### Introduction and Context

The Insurance Distribution Directive (IDD) is an EU directive which introduced a minimum harmonisation standard for regulation of insurance from 1 October 2018. The effects of IDD are wide-ranging, affecting sales journey, conduct and product oversight and governance through to conflicts of interest, complaints, training and remuneration disclosure.

For the product oversight and governance part of IDD, we would like to share with you an outline of the product approval process which we use in Aviva and our product target market statements, which clarify who the product is intended for (and who it is not).

#### Why are you telling me about this?

Under the FCA's rules, we are required to inform you we have a governance process to oversee the design, approval and review of our products.

#### What controls does Aviva have in place?

We have well-established governance processes which:

- formalise approval of new product developments and changes to existing products
- identify target markets for each product
- test customer understanding
- consider needs of vulnerable customers
- monitor post-sales performance

After we introduce our products to the market, we regularly review them to check whether we need to make changes to them.

We base our level of oversight on the type and complexity of each insurance product, our identified target markets and their level of financial understanding.

#### What does this mean for me?

As product manufacturer, we'll monitor the performance of our products to make sure they meet the needs of customers in the identified target markets.

Should you feel a product doesn't meet customer needs or is potentially unclear, you can help us by providing feedback through your usual communication channels.

## Target market statements

### Why are you telling me about this?

The rules require us to consider several points when designing our product range, including:

- specifying an identified target market for a typical group of potential customers
- identifying relevant risks to the target market
- making sure the intended distribution strategy is appropriate for the identified target market
- taking reasonable steps to make sure we distribute the insurance product in line with the target market for specified distribution channels

### What does this mean for me?

We've developed target market statements to give you, our distributor, clarity on who the product is intended for (and who it is not) and how customers can buy the product.

When using these target market statements, you ought to consider being able to evidence that you've considered:

- how your distribution strategy aligns with the target market statement
- the demands and needs of the customer
- whether any of the customers are on the margins and may be outside of the target market due to eligibility or exclusions
- what limitations, exclusions or alternative insurance cover in place might inhibit a customer from getting full value from the product
- vulnerable customers and the target market focusing on whether they may require additional support in their decision-making.

### Can I sell outside of the target market?

The target market is aimed at a general customer group. You shouldn't assume a product is appropriate simply because the customer is in scope. Equally, a customer may benefit from buying the product even if they are out of scope. During the sale, you will be closest to the customer in identifying their demands and needs and your judgement will decide what is right.

We set the distributions channels for how you can sell the product (for example, online or face to face) and we expect you to follow these. If you believe you could use an alternative distribution channel, please get in touch with us, so we can consider your proposal.

### Anything else?

If we've allowed you to use sub-agents, please remember this target market statement also applies to them.

Please do not share these statements with customers.

### Feedback

If you have any feedback on these statements, please contact your usual Aviva representative.

## **Distributor responsibility**

You must adhere to our target market statement and act in accordance with our terms of business.

We shall identify the group of customers for whom the business is compatible ("target market") and shall provide all appropriate information on the Business and products and the product approval process, including the identified target market of the insurance product

You will assess whether a product is compatible for the target market taking into account criteria such as the demands and needs, and, where relevant with regard to the complexity and nature of the product, the knowledge and experience in the investment field, financial situation, the investment objectives and the financial literacy of the "customer of the target market".

You will always act in the customer's best interests and comply with the rules on suitability and ensure all communications with customers are clear, fair and not misleading in compliance with the FCA Rules (particularly Principle 6 in the FCA Rules).

## **Statement on costs and charges**

There are no extra product charges. All the charges for setting up and running this annuity are accounted for when setting the income level of the annuity.