

Save As You Earn Scheme (SAYE) 2012 Invitation Q&A

The 7 year SAYE scheme

How does a 7 year contract work?

When participants join a 7 year contract, they save for 5 years and then leave their savings with the savings carrier for a further two years. Historically, the 7 year contract term was attractive because of the higher bonus rate applied at the end of the 7 year period.

Why are we not offering the 7 year contract this year?

HM Revenue and Customs sets the tax free bonuses for SAYE contracts and earlier this year it reduced the bonus rates applicable to the 3, 5, and 7 year contracts to zero. This means that the 7 year contract offers no real benefit to participants. Without the bonus, the only difference between the 5 year contract and the 7 year contract is the delay of 2 years before participants can exercise their SAYE option.

What does the zero tax free bonus mean to existing Aviva SAYE contracts I have?

The new bonus rates were effective from 1 August 2012. The bonus rates applicable to previous Aviva SAYE contracts will not be affected.

Cancellation Process

What are the general rules around cancellation?

You may cancel your SAYE contract at any time and have your savings returned to you before the end of your contract period. You may wish to cancel an existing contract in order to increase your capacity to apply for the 2012 contract.

How do I cancel a contract taken out last year (in 2011)?

Savings for SAYE contracts taken out in 2011 are held by Computershare and can be cancelled via the Aviva Share Plans website by logging into www.computershare.com/avivashareplans. You will need your SRN and PIN to log into the site.

Once logged in, you will see the 'transact' tab at the top of the screen. Hover over this with your mouse, and select the 'Maturity/Closure' option. This will bring up a list of current SAYE schemes. Please select the 'Close' option adjacent to the 2011 contract. A summary page will show the current savings balance. To confirm the closure, you will need to re-enter your PIN and click 'confirm'.

How do I cancel any other contract (pre 2011)?

Savings for SAYE contracts taken out prior to 2011 remain held by Equiniti. You will need to contact Equiniti on 0871 384 2040 to cancel an SAYE contract taken out prior to 2011. However, please note that during the invitation period for the 2012 SAYE (Friday, 7 to

Thursday, 27 September 2012) you can only cancel a pre-2011 contract using the method noted below.

I want to wait until I know the Option price before I decide to cancel. What is the process for cancelling a contract during the invitation period?

If you wish to cancel a contract taken out in 2011, please use the same cancellation process detailed above.

You can cancel any contract taken out prior to 2011, **during the invitation period only**, by contacting Computershare. This will allow your capacity to save through the 2012 invitation to be increased more quickly. This process must be followed if you have an SAYE contract that was taken out prior to 2011. Details of this process will be made available with your 2012 SAYE invitation email or letter.

Please note that even with this temporary process you will need to allow 48 hours from submitting your cancellation instruction before you will be able to use the increased capacity in your 2012 application. Cancellations will therefore need to be submitted by no later than 12 noon on Tuesday, 25 September 2012.

When can I expect to receive my savings?

On receipt of your cancellation the savings carrier (Computershare or Equiniti) will close your account and return your savings to you. You should normally receive a cheque within around a week of submitting your cancellation but this will take longer for cancellations of contracts prior to 2011 during the invitation period. Further details will be made available with the invitation.

Do I need to advise payroll of the cancellation?

No. Computershare or Equiniti, as appropriate, will advise payroll of your cancellation. Your deductions will stop in the month after your cancellation instruction is received, ie if you submit your cancellation instruction during August, your last deduction will be taken from your August salary and no deduction will be taken from your September salary. Any overpayment will be returned to you either through payroll or direct to you by cheque.

How much interest will I receive when my savings are returned?

The amount you receive back will depend on how long you have been saving under your SAYE contract:

- If you close your account before the first anniversary of the contract start date, your savings will be repaid without interest and you will lose your Option to buy Aviva shares at the contract Option Price.
- if you close your account after the first anniversary of the contract start date and provided 12 monthly payments have been made, your savings will be repaid plus interest for the period you have saved at the interest rate applicable to the year that your Option was granted. Please see below for details of the interest paid on recent contracts. On closure of the account, you will lose your Option to buy Aviva shares at the Option Price.

- No bonus is paid on any contracts closed before the contract Maturity Date (which will be paid, at the rate that applied at invitation date, at the end of the savings contract).

Bonus and interest rates paid for recent invitations

	2011 rates	2010 rates	2009 rates
3 year	0*	0*	0.3*
5 year	0.9*	1.8*	2.2*
7 year	3.5*	4.9*	5.2*
Interest paid on early closure	0%	0%	0.36%

* number of monthly contributions added on maturity.

Leavers

What if I leave Aviva?

In order to be eligible to join the Aviva 2012 SAYE Invitation you need to be an eligible employee both on the invitation date (Friday, 7 September 2012) and still employed on the date of grant (Wednesday, 3 October 2012).

The rules of the Aviva SAYE required us to send invitations to any eligible employee who is employed on the invitation date, even if they are known to be leaving Aviva in the near future. We understand that this can cause some concern particularly where an employee is involved in a redundancy situation, but unfortunately we are unable to exclude any eligible employee from the invitation.

If an employee joins the Aviva SAYE but leaves before the date of grant then their application will not be accepted.

What do I do if I join the SAYE but leave after the date of grant?

As long as your leaving date is after the date of grant, in some circumstances you may still benefit from joining the Aviva SAYE.

Where you leave Aviva due to redundancy, retirement, or other leaver reason listed in the rules, your option to purchase Aviva shares will not lapse immediately, but you may choose to continue making your chosen Aviva SAYE contribution for up to 6 months from your leaving date. You can then choose to use the savings you have made to purchase Aviva shares at the option price.

Example

You apply for a 2012 SAYE contract and agreed to contribute £250 per month. You are made redundant on 30 November 2012 but chose to continue savings for a further six months and then exercise the option to buy Aviva shares.

If we assume that the market value of an Aviva share on the invitation date is £3.00, and that the option price is £2.40. On the exercise date you sell the shares at a price of £3.00 per share.

- Six monthly contributions of £250 = £1,500
- Shares purchased at the option price ($£1,500/£2.40$) = 625
- Total sale value ($625 \times £3.00$) = £1,875
- Total profit made is £375 (subject to any dealing charges)

Further details of the rules of leaving will be made available in the invitation booklet. However, the above information is to highlight that even employees about to leave Aviva may find it beneficial to join the Aviva SAYE.

How do I cancel my contract and stop the first deduction from my salary if I leave after the date of grant?

Please email Computershare at AvivaSAYE@computershare.co.uk by 1 November 2012 in order that Computershare may advise your payroll accordingly. After this date you should use the online cancellation service.