

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

This Q&A has answers to questions on the following topics relating to this year's Aviva SAYE invitation. Click on the links to be taken to taken to the appropriate page:

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Section 1: The 7 year SAYE scheme

1. 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.

2. 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.

3. 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.

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Section 2: Contracts maturing in 2012

1. I have a contract maturing 1 December 2012. How will this affect my ability to apply in the 2012 SAYE invitation?

Providing you have not missed any payments, if you are participating in a:

- 2009 3 year contract
- 2007 5 year contract
- 2007 7 year contract

the final contribution will be taken from your October salary. The first deduction for the 2012 SAYE invitation will be from your November salary. Your savings in these contracts would not therefore be counted in calculating the amount you are able to save in the 2012 invitation.

Payments for 7 year contracts cease after the first 5 years. You can therefore discount any 7 year contracts that have reached their fifth anniversary where you have made all of your monthly payments.

2. I have deferred a payment in one of the above named contracts. How will this affect my ability to apply in the 2012 SAYE invitation?

We are aware that some employees have been required to defer their first payment in previous contracts due to participating in a past contract with a 1 January maturity date. In order to avoid some employees being disadvantaged by this situation, the following arrangements have been made:

- Where you have deferred **one** payment, this savings amount will not be counted when calculating the amount you are able to save in the 2012 invitation.
- However, you cannot save more than £250 in any month to any SAYE contract. If your new contract would take you over the savings limit, your first deduction to your 2012 SAYE contract will be deferred.
- You will be sent an email to confirm if your first deduction is to be deferred.

3. I have deferred more than one payment in one of the above named contracts. How will this affect my ability to apply in the 2012 SAYE invitation?

You cannot contribute more than £250 in any month to all of your SAYE contracts combined. If you have deferred two or more payments on a contract listed above, your savings under this contract will overlap with any savings made under the 2012 contract. Your savings under this contract would be counted in calculating the amount you are able to save in 2012, unless you choose to cancel your existing contract.

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Section 3: Cancelling an existing contract

1. 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. However, please note that HMRC has set the bonus rates for 2012 SAYE contracts at zero. Recent bonus rate information can be found below. If you are in any doubt as to what action you should take, please contact an independent financial advisor.

2. 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, under 'Your current portfolio' heading, click on the 'transact' link next to Aviva SAYE. Please select the 'Close' option adjacent to the 2011 contract. Next you will be asked how you would like your proceeds distributed. Then click 'next' to show a summary page detailing your current savings balance. To confirm the closure, you will need to re-enter your PIN and click 'submit'.

Once the cancellation is confirmed, the amount you will be able to save in the 2012 Aviva SAYE will be increased and you can then submit your application.

When can I expect to receive my savings?

On receipt of your cancellation Computershare will close your account and return your savings to you. You should normally receive a cheque within around a week of submitting your cancellation.

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

If you wish to cancel an existing Aviva SAYE contract which you started prior to 2011, please send an email to Computershare at the following email address avivasayeclosure@computershare.co.uk. In your email, please state your full name, SRN and details of the Aviva SAYE contract you wish to cancel, ie the contract year and length.

Cancellation instructions in respect of any contracts taken out prior to 2011 must be received by Computershare by no later than 12 noon on Tuesday, 25 September 2012.

Following submission of your cancellation instructions to Computershare, you will receive an automated email advising that your email instruction has been received. It will take Computershare 48 hours to process your cancellation, following which the amount you can save into the Aviva SAYE will be increased and you can then submit your application for the 2012 contract. **Please note that Computershare will not issue another email to confirm your cancellation has been processed.**

If you do not cancel one or more of your previous Aviva SAYE contracts by 12 noon on **Tuesday, 25 September 2012**, Computershare will be unable to guarantee that your SAYE savings limit will be increased in time for you to apply before the invitation period closes at 5pm on Thursday, 27 September 2012.

When can I expect to receive my savings?

Once your Aviva SAYE contract is cancelled with Computershare, Computershare will provide this information to Equiniti who will arrange for your savings to be returned to you. It will take up to 2.5 weeks to receive your savings back and any tax free bonus (if applicable).

Please note that the latest date you can apply to participate in the 2012 SAYE contract is 5pm Thursday, 27 September 2012.

4. 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, i.e. if you submit your cancellation instruction during September, your last deduction will be taken from your September salary. Any overpayment will be returned to you either through payroll or direct to you by cheque.

5. 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.

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Section 4: Information for leavers

1. Why have I received an invitation when I am being made redundant?

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 require 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.

We are aware that the ongoing structural changes within Aviva have created some uncertainty among employees and may make it more difficult to make a decision regarding this year's SAYE invitation. However, the information below is designed to help employees determine whether they may still benefit from joining the Aviva SAYE.

2. What happens if I leave before the date of grant?

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

3. What happens if I leave after the date of grant?

Providing you remain employed on the date of grant you will receive an option to purchase shares at the option price. The affect on this option will depend on the reason you are leaving. Computershare will write to you within six weeks of leaving to explain the various options available to you.

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 saving 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)

Where you leave for any other reason not listed in the rules (eg if you resign), you can have your savings returned to (if you have made any contributions prior to leaving). Your option to buy shares at the discounted Option Price will lapse.

4. How do I cancel my contract and stop the first deduction from my salary if I leave after the date of grant (3 October 2012)?

Please email Computershare at AvivaSAYE@computershare.co.uk by 1 November 2012 in order that Computershare may advise your payroll accordingly. After 1 November, you should use the online cancellation service (described in Section 3).

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Section 5: Where can I find more information?

1) SAYE Road shows

The share schemes team will be visiting the following Aviva offices during the invitation period and would be delighted to answer your questions.

- Monday, 10 September: York Wellington Row cafe area, 11am-2pm
- Tuesday 11 September: Norwich Surrey Street atrium, 11am-2pm
- Wednesday 12 September: London Poultry cafe area, 11am-2pm
- Thursday 13 September: London St Helen's cafe area, 11am-2pm

2) SAYE WebEx

The share schemes team will be hosting two Webex sessions as follows:

- 2pm-3pm, Monday 17 September
- 2pm-3pm, Wednesday 19 September

If you would like to register for any of these WebEx sessions, you can do so directly through Aviva World using the following link:

https://my.avivaworld.com/personal/global_attwook1/Lists/Save%20As%20You%20Earn%20Roadshows%20and%20WebExes/overview.aspx

Alternatively, you can register by sending an email to shareschemesteam@aviva.com

3) Computershare Plan Managers

If you have any queries related to the SAYE scheme or the Invitation period, you can contact Computershare directly:

By email: avivaSAYE@computershare.co.uk

By telephone: 0871 495 0105

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