

# Pension Annuity

Plan Booklet

# Welcome to Aviva

By choosing **Aviva**, you benefit from the financial strength of the UK's largest insurer. Together with millions of customers, you can feel certain of your choice whether you invest for the future, provide for the unexpected or protect the things that are important to you.

Aviva aims for superior long-term investment performance and, as one of the UK's strongest financial companies, we have the strength to deliver. Our size and efficiency give us even greater opportunities to provide an extensive range of value-for-money, quality products, investments, retirement, protection and healthcare – designed to meet your needs, both now and in the future.

Your plan document consists of both the plan booklet and the *plan schedule*. The benefits payable are detailed in the 'Confirmation of your Pension Annuity' which is attached to and forms part of the *plan schedule*. These give you important information to use in the future. Please keep them in a safe place along with any plan alteration statements showing changes to your plan document. If they are lost there may be a delay in the payment of benefits.

### Definitions

We have highlighted some of the technical words we have used in italics. Definitions are given in Section 5.

Where the words 'we', 'us' or 'our' are used in this plan document, they refer to:

- a. Aviva Life and Pensions UK Limited – where the plan is shown as a Pension Annuity (Transfer) on the *plan schedule*
- b. Aviva Annuity UK Limited – where the plan is shown as a Pension Annuity (Open Market Option) on the *plan schedule*.

The words 'you' and 'your' means the *planholder*.

In the 'Confirmation of your Pension Annuity', 'you' and 'your' means the *annuitant*.

### What you should do now you have received the plan document

You should read the plan document and satisfy yourself that it fully meets your needs. If it does not, you should refer to your financial adviser for help. If you find an error please return it to us at the address in the *plan schedule*. We will send you a replacement free of charge if the error was made by us.

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# Section 1

## Outline of the Pension Annuity (Open Market Option)

*This section only applies where the plan is shown as a Pension Annuity (Open Market Option) on the plan schedule.*

We have accepted a payment from a *registered pension scheme*. This is shown on the 'Confirmation of your Pension Annuity'.

This plan derives from the *registered pension scheme* shown on, or in connection with, the application.

The plan can only receive payments from one *registered pension scheme*.

The plan satisfies the conditions set out in the Finance Act 2004, as amended from time to time.

# Section 2

## Outline of the Pension Annuity (Transfer)

*This section only applies where the plan is shown as a Pension Annuity (Transfer) on the plan schedule.*

We have accepted a payment from one or more *registered pension schemes*. This is shown on the 'Confirmation of your Pension Annuity'.

Your plan is subject to the rules of the Aviva Personal Pension Scheme which is a *registered pension scheme*. You became a member of the scheme on the *contract date*. We'll be happy to send you a copy of the rules if you wish.

We may change the rules in the future.

If there is any inconsistency between the rules and this plan document, the rules will override this plan document.

Transfer values from contracted-out employment will be treated as a *protected rights pension* in line with the rules.

Pensions under this plan will be provided by Aviva Annuity UK Limited.

# Section 3

## The general rules applying to this plan

### 1. The information you gave to us

We rely on the information that you give to us. If any of the information you give us is not true or not complete and this might reasonably have affected our decision to provide you with this plan, then we may:

- i. change the terms of your plan, or
- ii. restrict the benefits payable under the plan.

### 2. Dealing with this plan

When we deal with this plan we will explain what we need at the time and will tell you where this information needs to be sent. This may include one or more of the following:

- i. completed form of request or discharge
- ii. this plan document
- iii. proof that any claim under the plan is valid
- iv. proof of your date of birth, date of birth of your spouse, civil partner or dependent(s), or evidence of marriage or civil partnership
- v. death certificate
- vi. any documents relevant to this plan
- vii. any other information such as that needed to show that we have authority from the right person(s) to deal with this plan.

### 3. Law that applies

This plan is issued in England and is covered by English Law.

### 4. Currency and place of payment

All payments to or by us under this plan shall be in the United Kingdom, in the currency of the United Kingdom.

### 5. Payments made by us

In order to ensure that we pay the correct amount to the correct person or if a change is required to who we are making payments to, we will ask for certain information or documentation to be provided to us.

This information or documentation may include a birth certificate, marriage or civil partnership certificate, bank account details and evidence that the person claiming the benefits under the plan is entitled to do so.

We will let you know what evidence needs to be provided at the time it is required and will tell you where this information should be sent.

We will make payments by direct credit or any other method we agree. We will not make any payments in cash.

We will make payments by direct credit or any other method we agree. We will not make any payments in cash.

We will pay the pension to:

- a. the *annuitant* (or *dependant* if appropriate); or
- b. you, if you are not the *annuitant* and are responsible for paying the pension to the *annuitant* or *dependant* and for the deduction of any tax.

We may need to change our agreed methods of payment in the future. We will give you three months' notice if a change is required.

### 6. Plan changes

We may change the terms of this plan for any of the following reasons:

- to respond, in a proportionate manner, to changes in the way we administer plans of this type;
- to respond, in a proportionate manner, to changes in technology or general practice in the life and pensions industry;
- to respond, in a proportionate manner, to changes in taxation, the law or interpretation of the law, decisions or recommendations of an Ombudsman, regulator or similar person, or any code of practice with which we intend to comply;
- to correct errors, if it is reasonable to do so.

If we consider any variation of these conditions is to your advantage or is necessary to meet regulatory requirements, we may make the change immediately and tell you at a later date.

We will tell you in writing of any change we consider is to your disadvantage (other than any change necessary to meet regulatory requirements) at least 30 days before the change becomes effective, unless external factors beyond our control mean that only a shorter notice period is possible.

## 7. Taxation

Pensions under this plan are subject to tax under the relevant legislation.

Where the plan is shown as a Pension Annuity (Transfer), we will deduct any Lifetime Allowance Charge from the value transferred. If there is a charge, it will be shown on the *plan schedule*.

The taxation of any lump sum payable on death of the *annuitant* is described in part 5 of section 4.

## 8. No third party rights

Any person who is entitled to payment of a contracted out pension under this plan may enforce their right to receive the pension. Apart from this, the plan does not confer any rights on any person or body other than the parties to the contract and no other person or body shall have any rights pursuant to the Contracts (Rights of Third Parties) Act 1999 to enforce any terms under this plan.

## 9. Transfer and cashing in

The benefits payable under the plan cannot be transferred to another insurance company.

The benefits payable cannot be commuted or cashed in (in part or in full), except:

- a. to comply with a pensions sharing order; or
- b. if you are the trustees of a *registered pension scheme* which is insolvent and winding up. We will calculate the value on a basis determined by the *actuary*.

If you are also the *annuitant*, you cannot transfer ownership of the plan to another person.

If you are the trustees of a *registered pension scheme*, you can transfer ownership of the plan to the trustees of another scheme, or to the *annuitant*.

## 10. Unauthorised payments

No person shall be entitled to receive or benefit from an unauthorised payment as defined in Part 4 of the Finance Act 2004. If an unauthorised payment is made then you will indemnify us for any scheme sanction charge for which we may be liable in respect of it under section 239 of the Finance Act 2004 (as amended from time to time). This indemnity shall not apply where the unauthorised payment occurred because of an error or wilful default on our part. This paragraph shall override anything to the contrary in the rest of the plan terms.

# Section 4

## The benefits payable

### 1. Introduction

The benefits payable under the plan are shown in the 'Confirmation of your Pension Annuity' which is attached to and forms part of the *plan schedule*.

This section gives more detailed information on some aspects of the benefits that may or may not be applicable to your plan. Each part of this section includes an explanation as to when that part will be applicable. Please refer to the 'Confirmation of your Pension Annuity' for the benefits applicable to your plan.

### 2. Pension increases in line with the Retail Prices Index

*This part only applies if a pension increases in line with the Retail Prices Index.*

We'll increase the pension in line with the percentage increase in the Retail Prices Index (also known as RPI) published by the Office of National Statistics, or any other index which replaces it.

We'll use the index which is published in the calendar month before the pension increase date compared with the index published one year earlier (or the month of the plan start date if later).

If the index has gone down, the pension won't change for the coming plan year. We'll calculate the next increase using the index which is published in the calendar month before the pension increase date compared with the index published in the calendar month before the last pension increase (or the month of the plan start date if later).

### 3. Pension increases in line with the Retail Prices Index up to a fixed amount

*This part only applies if a pension increases in line with the Retail Prices Index up to a fixed amount.*

We'll increase the pension by the lower of:

- a. the percentage amount shown in the retirement illustration; and
- b. The rate of Retail Prices Index declared by the Government for the period from 1 October to 30 September, ending in the year before the calendar year of the pension increase date.

#### 4. Maximum pension(s)

*This part only applies if a maximum pension section is shown on the plan schedule.*

The pension or a *dependant's* pension will be limited to a maximum pension each year. The maximum pension at the *plan start date* is shown on the *plan schedule* and will increase at each pension increase date by the greater of:

- a. 3% each year; and
- b. the increase in the Retail Prices Index.

The increase in the Retail Prices Index will be calculated in accordance with part 2 of this section, except that the increase will be based on the current maximum pension after allowing for the pension equivalent of any tax-free cash taken. The increase to the *dependant's* pension will be based on the current maximum *dependant's* pension.

If we are unable to pay part or all of a pension increase then:

- a. If you are the *annuitant*, we will hold the excess pension as a credit and pay it as and when the maximum limit allows.

If we are holding any excess pension as a credit when you die, we will aim to use it to provide a pension to a dependant within the meaning set out in paragraph 15 of section 28 to the Finance Act 2004. If you do not have such a dependant, the credit will be retained by us.

- b. If you are not the *annuitant*, we will hold the excess pension as a credit. Any excess pension held which cannot be paid at the next pension increase date will be returned to you.

#### 5. Death

*This part only applies where the annuitant dies within any guaranteed period of pension payment.*

- a. If you are both the *planholder* and the *annuitant*:

If there is no *dependant's* pension payable or you chose for a separate pension to be paid to the *dependant* when you die, then any remaining pension or lump payment will form part of your estate. We will make payments to your personal representatives.

If you chose for your pension to continue to the *dependant* after you die, then if the dependant survives you but also dies within the guaranteed period, any pension payments will form part of the *dependant's* estate. We will make payments to the *dependant's* personal representatives.

- b. If you are not the *annuitant*:

We will make payments to whoever you request.

If a lump sum is payable instead of the remaining payments in the guaranteed period an adjustment to its value will be made because it is paid early.

The lump sum will be calculated as follows:

- i. we will calculate the number of outstanding payments from date of death to the last payment to be made within the guaranteed period.
- ii. each outstanding payment will be reduced. This reduction is based on a set rate (currently 0.75%), compounded up depending on how far in the future each payment is due. These reduced instalments added together will amount to the lump sum.
- iii. we may further reduce the lump sum by the set rate depending on the amount of days between the date of death and the date the next payment would have been made.

We will tell you in writing the amount of lump sum payable.

Where appropriate, we will deduct from the lump sum any Special Lump Sum Death Benefit Charge required under section 273A of the Finance Act 2004.

## 6. *Dependant's pension*

*This part only applies if a dependant's pension is to be paid after the annuitant dies.*

The *plan schedule* will show whether the person named as the *dependant*:

- a. is entitled to the *dependant's* pension; or
- b. is only entitled to the *dependant's* pension if at the date the *annuitant* dies, the person named as the *dependant* is:
  - i. married to the *annuitant*; or
  - ii. a *civil partner* of the *annuitant*; or
  - iii. a *dependant* of the *annuitant* within the meaning set out in paragraph 15 of Schedule 28 to the Finance Act 2004.

Where iii. applies, the person named as the *dependant* will, at the date the *annuitant* dies, need to provide proof to the *scheme administrator* that they are a dependant within the meaning set out in paragraph 15 of Schedule 28 to the Finance Act 2004 and entitled to receive the *dependant's* pension. If they are not a dependant as so defined, or do not provide the *scheme administrator* with satisfactory evidence that they are such a dependant then they will not be entitled to receive a pension.

Where the *annuitant's* pension is a *scheme pension* and the *annuitant* dies on or after their 75th birthday, the *dependant's* pension must not be greater than that permitted under paragraph 16A of Schedule 28 to the Finance Act 2004.

## 7. *Contracted-out pensions*

*This part only applies if all or part of the pension is in respect of the annuitant being contracted out of the State Earnings Related Pension Scheme / State Second Pension. If there are any such contracted-out benefits, the 'Confirmation of your Pension Annuity' will detail this and confirm which type of contracted-out benefits are included.*

*This part does not apply where the application shows that the plan is required following the death of a scheme member.*

### **Provisions applicable where the benefits include a protected rights pension**

If the *annuitant* is married or in a civil partnership on the *contract date*, then when the *annuitant* dies, a pension equal to 50% of the *annuitant's* *protected rights pension* will be paid to the *annuitant's* widow/ widower or *civil partner* at that time. This may be a different person from the *dependant* shown on the *plan schedule*.

The pension will start from the next payment date following the *annuitant's* death, and will continue for the lifetime of the widow/ widower or *civil partner*.

### Provisions applicable where the benefits include a Guaranteed Minimum Pension

If a male *annuitant* is married or in a civil partnership when he dies, a pension of 50% of the *annuitant's Guaranteed Minimum Pension* will be paid to the *annuitant's* widow or *civil partner* at that time. This may be a different person from the *dependant* shown on the *plan schedule*.

If a female *annuitant* is married or in a civil partnership when she dies, a pension of 50% of the *annuitant's Guaranteed Minimum Pension* earned after 5 April 1988 will be paid to the *annuitant's* widower or *civil partner* at that time. This may be a different person from the *dependant* shown on the *plan schedule*.

The pension will start from the next payment date following the *annuitant's* death, and will continue for the lifetime of the widow/ widower or *civil partner*.

### Provisions applicable where the benefits include a contracted out pension earned after 5 April 1997 under a 'final salary' scheme

If the *annuitant* is married or in a civil partnership on the *contract date*, then when the *annuitant* dies, a pension equal to 50% of the *annuitant's* pension earned after 5 April 1997 will be paid to the *annuitant's* widow/widower or *civil partner*.

The pension will start from the next payment date following the *annuitant's* death, and will continue for the lifetime of the widow/ widower or *civil partner*.

# Section 5

## Definitions

We have used some technical words in this plan booklet. They are explained below.

### *Actuary*

The person holding, for the time being, the office of Actuary to Aviva in accordance with regulations made under the Financial Services and Markets Act 2000.

### *Annuitant*

This is the person entitled to receive the pension and is named as the annuitant on the *plan schedule*.

### *Application*

This is the form signed by the scheme trustees and/or the *annuitant* to take out this plan.

### *Civil partner*

This is the *annuitant's civil partner* as defined in the Civil Partnership Act 2004.

### *Contract date*

This is the date the contract comes into force.

### *Dependant*

This is the person (if any) named as the dependant on the *plan schedule*. The circumstances in which any *dependant's* pension will be payable are set out in part 6 of section 4 and the 'Confirmation of your Pension Annuity'.

### *Guaranteed Minimum Pension (GMP)*

This is the minimum amount of pension a 'final salary' scheme had to provide as one of the conditions of contracting out of the *State Earnings Related Pension Scheme* prior to 6 April 1997. If there is any GMP applicable to your plan, this will be shown on the 'Confirmation of your Pension Annuity'.

### *HMRC*

This means Her Majesty's Revenue and Customs. Where the context so requires it shall also mean the Board of Inland Revenue.

### *Lifetime annuity*

A pension provided from a *registered pension scheme*, under a 'money purchase arrangement'. The plan is purchased from an insurance company of the *annuitant's* choice and must satisfy the conditions set out in paragraph 3 of Schedule 28 to the Finance Act 2004.

### *Plan schedule*

This is the schedule enclosed with this plan booklet

### *Plan start date*

This is the date we received the fully completed *application* and payment unless we agree an earlier date in writing.

### *Planholder*

This is the legal owner of the plan.

### *Protected rights pension*

This is a type of contracted-out benefit which would only apply if the *annuitant* had been contracted out of the *State Earnings Related Pension Scheme/State Second Pension* and *HMRC* had been making payments to a 'money purchase scheme' on their behalf. If there are any protected rights applicable to your plan, this will be shown on the 'Confirmation of your Pension Annuity'.

### *Registered pension scheme*

A pension scheme registered under Part 4 of the Finance Act 2004.

### *Scheme administrator*

This is the person responsible for certain aspects of the management of the *registered pension scheme*.

*Scheme pension*

A pension provided from a *registered pension scheme*, which must satisfy the conditions set out in paragraph 2 of Schedule 28 to the Finance Act 2004.

*State Earnings Related Pension Scheme/ State Second Pension*

The additional pension provision of the state pension scheme, which is related to the slice of earnings between the lower and upper earnings limits. These limits apply to those earnings on which National Insurance contributions are payable and will change each year.



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