

# **WITH PROFITS PENSION ANNUITY (SERIES 3)**

## **Policy Conditions**

Document reference: WPPAS3



**LIVERPOOL VICTORIA**

Liverpool Victoria Friendly Society Limited agrees to be bound by the terms and conditions of the Policy contained in these documents.

1. These documents consist of these Conditions and a Policy Schedule, which together constitute a Policy. Any endorsements issued, either at the outset or subsequently, form a part of the Policy.
2. In consideration of the Payment Received, Liverpool Victoria Friendly Society Limited shall pay to the Annuitant (or to such other person or body as described in the Conditions) the benefits described in this Policy when they become payable subject always to these Conditions.

Signed on behalf of Liverpool Victoria Friendly Society on the Issue Date shown in the Schedule.



Chief Executive

**We are able to provide literature and communications in the following alternative formats: Braille, large print, audiotape. Should you require this document in any of these formats, please contact us or your Financial Adviser.**

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# 1 DEFINITIONS

## 1.1 Wherever used in this Policy

**“Fund”** means our Pension Business Fund. All the assets of the Fund remain in our absolute beneficial ownership.

**“Open Market Option”** means an annuity purchased by a registered pension scheme on behalf of a member. Any tax free cash will be paid out in accordance with the Scheme Rules. Where the Scheme Name is not shown as The Liverpool Victoria (1996) Personal Pension Scheme, this Policy results from the exercise of an Open Market Option under the Scheme.

**“Our offices”** means our offices at the address shown in these Conditions, or such other address as We shall notify in future.

**“Payment Received”** means the payment shown in the Schedule which is either a Transfer or an Open Market Option. If applicable in respect of a Transfer, the Payment Received includes any interest credited under the Liverpool Victoria (1996) Personal Pension Scheme in respect of the period between the date of receipt of the payment and the Start Date.

**“Principals and Practices of Financial Management”** means a document which details our approach to the financial management of products that invest in our Fund, as amended from time to time. A copy of our Principles and Practices of Financial Management is available on request to our office or on our website ([www.LV.com](http://www.LV.com)). If in the future our Principles and Practices of Financial Management is amended or replaced the amended or replacement document will also be made readily available to You.

**“Regular bonus”** The rate of regular bonuses will be reviewed annually. Our approach in setting regular bonus rates, sometimes called annual bonuses, is detailed in our Principles and Practices of Financial Management

**“Rules”** means the rules and other governing documents of the Scheme as amended from time to time and expressions defined in the Rules shall have the same meaning in this Policy where the context permits.

**“Schedule”** means the Schedule issued as part of this Policy.

**“Scheme Name”** means the name of the Registered Pension Scheme shown in the Schedule.

**“Top Up Bonus”** to meet our aim of paying a fair return on the investment for You, We may increase the annuity by applying a Top Up bonus. The approach We will take in setting

and applying a Top Up Bonus to our policies is detailed in our Principles and Practices of Financial Management.

**“Transfer”** means a payment transferred from a registered pension scheme under Part 4 of the Finance Act 2004.

**“We”** means Liverpool Victoria Friendly Society Limited. Where the context requires ‘Us’ and ‘Our’ should be similarly construed.

**“With Proportion”** means that annuities payable under this Policy cease on the date of death, and a final proportionate payment of annuity may be due under Conditions 6.1 (Annuitant’s Annuity) or 6.3 (Dependant’s Annuity).

**“Without Proportion”** means that annuities payable under this Policy cease on the due date prior to the death of the Annuitant under Condition 6.1 (Annuitant’s Annuity) or of the Dependant under Condition 6.3 (Dependant’s Annuity).

**“You”** means the Annuitant shown in the Schedule or on his death, any Dependant shown in the Schedule. Where the context requires ‘Your’ should be similarly construed.

**1.2** Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing the masculine include the feminine.

**1.3** References to any Act of Parliament include any statutory amendment or re-enactment of that Act for the time being in force and any statutory regulations made thereunder.

## 2 THE CONTRACT

**2.1** This Policy, including the Schedule and any endorsements issued for inclusion in the Policy, the application for this Policy and any declaration given in connection with the issue of this Policy, shall constitute the entire contract between You and Us.

**2.2** This Policy cannot be altered except by endorsement in writing over the signature of a person authorised by Us.

**2.3** Any request, notice or proof required under this Policy must be delivered in writing to Us at Our offices, or by such other means as may be agreed between You and Us. Any such request, notice or proof received after 10 am on any day may be deemed to have been received on the next working day.

**2.4** Any benefits payable under the Policy will be payable to You or Your executors or administrators unless otherwise stated in the Policy or the Rules.

**2.5** This Policy will be construed and governed in accordance with the laws of England and Wales.

### **3 CURRENCY**

- 3.1** Every payment made by Us under this Policy shall be payable in the lawful currency of the United Kingdom at our offices, or by such other means as may be agreed between You and Us.

### **4 SCHEME APPROVAL**

- 4.1** This Policy provides benefits for You under the Scheme which is a registered pension scheme under Part 4 of the Finance Act 2004. In the event of any conflict between the Conditions of the Policy and the Rules, the Rules shall prevail.
- 4.2** Any amendment to the Rules shall not operate to alter the Conditions of this Policy until We have agreed in writing to such amendment. Alterations to the said Conditions shall be made by endorsement to this Policy.

### **5 PROOF REQUIRED**

- 5.1** Before becoming liable to pay any benefits under this Policy We shall be entitled to all such information and evidence as may be specified in this Policy or as We may reasonably require with regard to the happening of any event affecting or relating to this Policy.
- 5.2** Payment of the Annuitant's or Dependant's Annuity is subject to satisfactory proof of Your existence on the date on which any payment is due to be made.
- 5.3** In the event of Your death, proof satisfactory to Us must be provided of:
- a) the date of Your death, and
  - b) where further payments are due under Condition 6.2 (Guaranteed Payment Period Annuity), the title of the person making the claim.
- 5.4** In the event of You exercising the options under Condition 6.4.1 (Conversion Option) or Condition 6.5 (Variation of Anticipated Bonus Rate) you must provide such medical evidence as We may reasonably require.

### **6 PAYMENT OF ANNUITY**

#### **6.1 Annuitant's Annuity**

Payment of instalments of the Annuitant's Annuity will commence on the date shown in the Schedule and continue throughout the Annuitant's lifetime. The last payment of the Annuitant's Annuity will be made as follows:

- a) where annuities are Without Proportion (or are With Proportion where a Guaranteed Payment Period Annuity is due under Condition 6.2 or a Dependant's Annuity is due under Condition 6.3), on the due date immediately prior to the date of death of the Annuitant; or
- b) where annuities are With Proportion and no Guaranteed Payment Period Annuity is due under Condition 6.2 and no Dependant's Annuity is due under Condition 6.3, on the date of death, such last payment being a proportionate amount of Annuitant's Annuity covering the period from the last due date to the date of death of the Annuitant.

This last payment will be calculated as the fraction of the Annuitant's Annuity which the number of days between the due date for the payment immediately before death to the date of death bears to 365.

#### **6.2 Guaranteed Payment Period Annuity**

Where the Annuitant dies during any Guaranteed Payment Period shown in the Schedule, payment of instalments of a Guaranteed Payment Period Annuity will commence on the due date immediately following the date of death of the Annuitant. Payments will stop once all the payments covered by the Guaranteed Payment Period have been paid. Where payments are payable in arrears this will mean that one further payment will be made after the end of the Guaranteed Payment Period.

### 6.3 Dependant's Annuity

Where there is a Dependant shown in the Schedule, payment of instalments of a Dependant's Annuity will commence, provided the Dependant is then alive, on the due date immediately following the later of the date of death of the Annuitant or the expiry of the Guaranteed Payment Period.

6.3.1 The last payment will be made as follows:

- a) where annuities are Without Proportion, on the due date immediately preceding the death of the Dependant;
- b) where annuities are With Proportion, on the date of death, such last payment being a proportionate amount of Dependant's Annuity covering the period from the last due date to the date of death of the Dependant.

This last payment will be calculated as the fraction of the Dependant's Annuity which the number of days between the due date for the payment immediately before death to the date of death bears to 365.

### 6.4 Conversion Option

6.4.1 On the second anniversary of the Start Date and on each subsequent anniversary the option will be available to convert from a with profits annuity to a conventional (non-profit) annuity. The conversion option will be available to the Annuitant or, if Condition 6.3 applies, the Dependant but where, if exercised, it would result in an increase in the annuity payable We shall require satisfactory medical evidence. In the light of the medical evidence We reserve the right to decline the request to convert to a conventional (non-profit) annuity. Payment under the conventional annuity may be level, or may increase by 3% compound on each subsequent anniversary of the Start Date, as chosen when the conversion option is exercised.

We shall require the initial request to convert to be received by Us within four months prior to but no later than two months before the anniversary of the Start Date at which the option is to be exercised.

6.4.2 Where there is a Dependant shown in the Schedule, on the first death of the Annuitant or the Dependant, the option to convert from a with profits annuity to a conventional (non-profit) annuity will be available. Payments under the conventional annuity may be level, or may increase by 3% compound on each subsequent anniversary of the Start Date, as chosen when the survivor of the Annuitant and the Dependant exercises the conversion option.

For the survivor of the Annuitant and the Dependant to be able to exercise the option, We must receive notification of the first death within one year of the date of death. The option must be exercised not less than two months before the effective date, which is the relevant anniversary of the Start Date, defined as follows:

- a) If notification of death is received within four months of the next anniversary, the relevant anniversary will be the second anniversary after notification.
- b) If notification of death is received more than four months from the next anniversary, the relevant anniversary will be that anniversary.
- c) Irrespective of (a) or (b) above, where the death is that of the Annuitant and a Guaranteed Payment Period Annuity commences under Condition 6.2, the relevant anniversary will be;
  - the anniversary falling immediately after the expiry of the Guaranteed Payment Period if the notification of death is more than four months from that expiry date, or
  - the second anniversary after the expiry of the Guaranteed Payment Period if the notification of death is received within four months of that expiry date.

6.4.3 We will give You details of the amount of the new annuity under Condition 6.4.1 or 6.4.2 as applicable and require Your written confirmation if You still wish to proceed to exercise this option.

6.4.4 If You exercise Your option under this condition We will issue an endorsement which will show the amount of the new annuity.

## 6.5 Variation of Anticipated Bonus Rate

- 6.5.1 On the second anniversary of the Start Date and on each subsequent anniversary the option will be available to vary the current Anticipated Bonus Rate. The Anticipated Bonus Rate that can be chosen will be from the range available at the anniversary of the Start Date at which the option is to be exercised. The option will be available to the Annuitant or, if Condition 6.3 applies, the Dependant provided a Guaranteed Payment Period Annuity is not in payment. Where, if exercised, the option would result in an increase in the Anticipated Bonus Rate, We shall require satisfactory medical evidence. In the light of the medical evidence We reserve the right to decline the request to vary the Anticipated Bonus Rate.
- 6.5.2 We shall require the initial request to vary the Anticipated Bonus Rate to be received by Us within four months prior to but no later than two months before the anniversary of the Start Date at which the option is to be exercised.
- 6.5.3 If You make a request to vary the Anticipated Bonus Rate We will recalculate both the annuity amount payable from the anniversary of the Start Date from which you exercise your rights under this condition and the guaranteed minimum annuity. The method that We use to calculate these figures may change from time to time but will be fair, reasonable and consistent with actuarial principles.
- 6.5.4 We will give You details of the amount of the new annuity and guaranteed minimum annuity calculated under Condition 6.5.3 and require Your written confirmation if you still wish to proceed to exercise this option.
- 6.5.5 If You exercise Your option under this condition We will issue an endorsement which will show the amount of the new guaranteed minimum annuity and the new Anticipated Bonus Rate.

## 6.6 Timing of Payment

Payment of all annuity instalments will be made on the working day coinciding with or immediately preceding the instalment due date.

## 7 PROFITS

- 7.1 Annuities payable under this Policy participate in the profits of our Fund. Bonuses can take two forms:
- Regular bonuses which may be added to the annuity after allowing for any Anticipated Bonus Rate shown in the Schedule. Regular bonuses are declared annually, to take effect from the anniversary of the Start Date coinciding with or immediately following 1st February each year.
  - Top Up bonuses which may be added to the annuity.
- 7.2 Regular bonus adjustments are calculated as at the anniversary of the Start Date, as follows:
- Any Top Up bonuses or any extra annuity amount payable under Condition 8 (Guarantee of Annuity Amount) are deducted from the annuity currently payable.
  - The resultant basic annuity is multiplied by  $(1 + \text{new regular bonus rate } \%)$ , and divided by  $(1 + \text{Anticipated Bonus Rate } \%)$  shown in the Schedule).
- This calculation will be applied to the instalment annuity payment, and the result will be rounded to the nearer penny.
- 7.3 Condition 7.2 will not apply on the anniversary of the Start Date at which You have exercised your rights under Condition 6.5.1 and the annuity will instead be calculated under Condition 6.5.3.
- 7.4 Top Up bonuses may be added to the revised annuity calculated in Condition 7.2 (b) or 6.5.3 above, either as at the anniversary of the Start Date, or at any other time. Top Up bonuses, if payable, may also be revised or removed at any time.
- 7.5 Any reduction in annuity resulting from these calculations may invoke one of the guarantees appearing in Condition 8, which overrides this Condition 7.

## **8 GUARANTEE OF ANNUITY AMOUNT**

- 8.1** The Annuitant's Annuity is guaranteed not to fall below the amount shown in the Schedule during the two years following the Start Date, provided the Annuitant remains alive. If the Annuitant dies during the two years following the Start Date:
- a) if there is a Guaranteed Payment Period, this guarantee will continue to apply for the balance of the two years following the Start Date
  - b) if there is no Guaranteed Payment Period, but there is a surviving Dependant to whom a Dependant's Annuity is payable, this guarantee will continue to apply to the amount of the Dependant's Annuity, calculated as the specified percentage of the Annuitant's Annuity
  - c) if there is no Guaranteed Payment Period and no surviving dependant, the Annuitant's Annuity will cease.
- 8.2** The Annuitant's Annuity is guaranteed not to fall below the guaranteed minimum annuity shown in the Schedule, amended by endorsement under Condition 6.5.5 if applicable, at any time during which it is payable.
- 8.3** Where a Dependant's Annuity becomes payable, the amount of that annuity is guaranteed not to fall below the specified percentage of the Annuitant's guaranteed minimum annuity at any time during which it is payable.
- 8.4** Where a Dependant's Annuity becomes payable, the amount of that annuity will be the specified percentage of the amount of the Annuitant's Annuity or Guaranteed Payment Period Annuity, as the case may be, payable immediately prior to the commencement of the Dependant's Annuity, subject to Condition 8.3 above.

## **9 TAX FREE CASH SUM**

- 9.1** Where a Tax Free Cash Sum is shown in the Schedule, We will pay this in accordance with the Scheme Rules.
- 9.2** The amount of the Tax Free Cash Sum has been calculated on the basis of information either contained in the application form or supplied by the administrators of the transferring scheme. The Tax Free Cash Sum is subject to limits under Part 4 of the Finance Act 2004.

## **10 TAXATION**

- 10.1** All payments under this Policy are subject to the deduction of income tax in accordance with statutory requirements.

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