

With Profits Pension Annuity

Terms and Conditions

The General Rules Applying to the Policy

The Policy's General Rules

This policy satisfies the conditions set out in the Finance Act 2004 as amended from time to time. It provides a lifetime annuity as set out in paragraph 3 of Schedule 28 to the Finance Act 2004.

If your application is for a With Profits Pension Annuity Transfer, you will become a member of the Aviva Personal Pension Scheme. The Scheme Administrator is Aviva Pension Trustees Limited.

If your application is for a With Profits Pension Annuity Open Market option, you remain a member of the scheme shown on your application.

Unauthorised Payments

No payment may be made from this policy if it would be an unauthorised payment within the meaning of Part 4 of the Finance Act 2004. However, 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 the charge under section 239 of the Finance Act 2004 (as amended from time to time). This clause shall override anything to the contrary in the rest of the terms of this policy.

Policy Changes

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

- 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 respond, in a proportionate manner, to changes in the way we administer policies of this type;
- to correct errors, where we are provided with incorrect information.

If we consider that 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. If it is not possible for us to do this within 30 days, we will give you as much notice as we can.

The Information You Gave Us

We rely on the information given to us on, or in connection with, the application.

All this information must have been correct and complete on the contract date.

If any of the information given to us is not true or complete and this might reasonably have affected our decision to provide you with the benefits under your policy, then we may

- i. change the terms of your policy, or
- ii. change the amount of benefits that are payable under the policy.

Dealing with this Policy

When we deal with this policy we will explain what we need at the time. This may include one or more of the following:

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

Transfer and Cashing In

- The benefits payable under this policy cannot be transferred to another insurance company.
- The benefits cannot be assigned to another person.
- The benefits payable cannot be commuted or cashed in (in part or in full), except to comply with a pensions sharing order.

The Law that Applies

This policy is issued in England and is covered by English law.

Currency and Place of Payment

All payments made to or by us under this policy will be in the United Kingdom in UK currency.

How we will Make Payments

To make sure that we make payment of the correct amount to the correct person, we will ask for certain information or documentation to be provided to us. We will explain what we need to be able to make the payments.

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

Taxation

Pensions under this policy are subject to tax under relevant legislation.

Investment of your Money

The With-Profit Fund and Bonus

The money used to buy the pension annuity will be invested in the Aviva Life and Pensions UK Limited With-Profit Fund. Our Guide to With Profits Pension Annuity Investment will give you more information. A copy is available on request.

Depending on the Aviva Life and Pensions UK Limited With-Profit Fund performance, the amount of your pension annuity may change on each plan anniversary when bonuses may be applied to your policy.

The management of our With-Profit Fund is currently done in accordance with the 'Principles and Practices of Financial Management of the Aviva Life and Pensions UK Limited With-Profit Fund'.

Bonuses

The bonus rates we declare will reflect the actual investment, mortality and expense experience of our with-profits annuity business. They will be reviewed at least once a year. Any surplus will be distributed to policyholders and shareholders.

We can change our bonus rates at any time, but they will not apply until one month after the declaration.

Our current bonus system includes the following:

i. Regular Bonus

At each plan anniversary the regular bonus rate applicable at that time will be added to your policy. The regular bonus rate will be used to determine the level of your basic pension annuity after allowing for your Anticipated Bonus Rate.

The rate of regular bonus will be declared each year but may be declared at 0%. Where a regular bonus of 0% is declared, your basic pension annuity will not increase but may decrease depending on the level of your Anticipated Bonus Rate.

Where a regular bonus of more than 0% is declared, your basic pension annuity may increase, but may decrease depending on the level of your Anticipated Bonus Rate.

ii. Additional Bonus

An additional bonus may be added to your basic pension annuity at the plan anniversary to produce your total pension annuity for the following plan year

Please refer to the section on 'Pension annuity changes' for details of how bonuses may be applied to your pension.

Benefits from this Policy

Introduction

The benefits payable under this policy are shown in your policy booklet.

This section gives more detailed information on some aspects of the benefits that may or may not be applicable to your policy. Please refer to the summary in your policy booklet for the benefits applicable to you.

Benefits Payable at Retirement

An amount of tax free cash may be paid and if so, the amount payable will be shown in the summary in the policy booklet.

The pension will consist of a basic pension annuity at the frequency detailed in the policy booklet. At the start of the policy, you will have chosen an Additional Bonus Rate, which is taken into account when any increases or decreases are made to your basic pension amount.

The amount of pension annuity you receive may go up or down on each policy anniversary when bonuses may be applied to your policy.

The pension will go up if your Anticipated Bonus Rate is lower than the actual level of regular bonus and any additional bonus applied to your policy.

The pension will go down if your Anticipated Bonus Rate is higher than the actual level of regular bonus and any additional bonus applied to your policy.

Benefits Payable on Death

In the event of death, if your pension payments are payable in arrears, we may pay a proportionate payment of your pension which will cover the period between the last date a payment was made and the date of death. If your pension payments are payable in advance a proportionate payment will not be payable.

Death in any Guaranteed Period

If there is no dependant's pension payable then any remaining pension payments will form part of your estate. We will make payment to your personal representatives.

If you have chosen for your pension to continue to your 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 payment to the dependant's personal representatives.

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 if this applies.

Pension Annuity Changes

Your pension annuity may change each year depending on the Anticipated Bonus Rate, and the rates of Regular bonus and Additional bonus applicable at the plan anniversary.

How we Calculate the Pension Annuity Changes

On the plan anniversary we will re-calculate your basic pension in accordance with:

- the regular bonus rate applicable at that time, and
- your chosen Anticipated Bonus Rate.

We will use the following calculation:

Basic Pension

- i. we use your last year's basic pension
- ii. multiply this figure by (1 plus the Regular Bonus), then
- iii. divide the figure above by (1 plus the Anticipated Bonus Rate).

Yearly Pension

If an additional bonus is declared the yearly amount of pension for the following year will be calculated as follows:

New basic pension multiplied by (1 plus Additional Bonus Rate %) = New yearly pension

Changing your Anticipated Bonus Rate

You may change the anticipated bonus rate after the first plan anniversary. The change will be made from a payment date we agree to. The first two changes are free. We may make a charge for any further changes you make. If we have to make a charge we will tell you in advance how much it will be and how to pay it.

The Guaranteed Floor

Each year when the new level of pension is calculated, it is compared against a minimum level of pension. This minimum level is called the Guaranteed Floor. This is the amount of pension annuity that could have been bought at outset of the plan assuming an Anticipated Bonus Rate of zero. Your pension is guaranteed never to fall below the level of the Guaranteed Floor.

Conversion Option

You may choose to fix the future pension annuity payments after the first plan anniversary. We will recalculate your pension annuity so that future payments are at a guaranteed amount. You may select a level income or income increasing at a fixed rate of 3% compound each year. The other options and features selected at outset will remain unchanged. If you choose to fix the payments you cannot change them back later.

Charges

When working out the bonuses we will add to your plan, we take a yearly charge from your plan value to allow for our expenses and the cost of guarantees.

The first two changes to the Anticipated Bonus Rate on your plan are free. We may make a charge for any further changes you make.

If we have to make a charge we will tell you in advance how much it will be and how to pay it.

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