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AVIVA

# In-house Annuity

Key features, terms & conditions and
Information about our services and costs

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# Section 1 – Key features of the In-house Annuity

The Financial Conduct Authority is a financial services regulator. It requires us, Aviva, to give you this important information to help you to decide whether our In-house Annuity is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

This key features document gives you the main points of the In-house Annuity plan. Your illustration shows the income you may get. Please read them so you understand what you're buying and keep them with your plan documents.

You should seek guidance or financial advice to help you understand your options and decide what is best for you. Guidance is available from Pension Wise from MoneyHelper, and you can find more details on page 6. If you don't have a financial adviser, you can find one at unbiased.co.uk. An adviser may charge for their services.

## Its aims

- To pay you a guaranteed regular income for the rest of your life.
- To pay an income to a dependant when you die, if you choose.

## Your commitment

- To use your pension pot to buy an In-house Annuity from us on fixed terms, to last the rest of your life.
- To make a once and for all decision about the kind of income you want.

## Risks

- You can't change or cash in your In-house Annuity, even if your personal circumstances change.
- There's no protection against inflation unless you choose an In-house Annuity that increases each year. This could still mean that inflation increases at a higher rate than your income.
- Remember inflation will reduce what your money can buy in the future.
- If you die in the early years of your plan, the total income you've received may be less than the pension pot used to buy the In-house Annuity. Value protection can protect against this. More details about value protection can be found on page 4.
- A dependant won't have any income from this plan after you die if you haven't arranged for your In-house Annuity to continue.
- Annuity rates may change after you have submitted your application. This means the income quoted could change between us providing you with an illustration and you taking out your annuity. If this happens and the income you would receive has reduced, we'll contact you.
- Income generated by an annuity may affect your eligibility for any means tested benefits and could mean that those benefits are reduced or no longer available.
- The value of your pension fund can fluctuate so the amount you can use to buy your annuity can change as well.

## Questions and answers

### What is the In-house Annuity?

- It's a plan that provides you with an income for the rest of your life, bought with your pension pot.
- With the In-house annuity, there is no minimum amount that must be invested.
- You can normally take out an In-house Annuity if you are at least 55, and not older than 75.
- You can normally take up to 25% of your pension as a tax-free lump sum when you buy your In-house Annuity. Taking a tax-free lump sum will result in a lower pension income. Your financial adviser will be able to give you more details.
- It can provide a dependant with an income when you die if you chose this option.

### How flexible is it?

- Before your plan is set up, you can choose its basis and how it's paid.
- You can find details of the choices you can make when setting up the plan, under the headings:
  - What will my income be?
  - What choices will I have about how I get my In-house Annuity?
- Once your plan is set up, you can't change or cash in your plan or defer payments made to you from your In-house Annuity.

## What will my income be?

- With this key features document you will find an illustration showing how much income you could currently receive from an Aviva In-house Annuity. If you choose to take an annuity, this figure will be re-valued based on the date on which you want the plan to start.
- The amount of income you get from your In-house Annuity will depend on a number of things when you set up your plan, including:
  - your age
  - your postcode
  - your marital status
  - the size of your pension pot
  - whether you smoke
  - your health/lifestyle
  - interest rates at the time
  - whether you take a tax-free lump sum
  - any choices you make about your income (see below)
  - the adviser you choose.

  It is your responsibility to provide us with accurate information about your health and lifestyle. We may request your permission to approach your doctor or ask you to carry out a medical test to confirm that the information you have provided is correct. If it is discovered that information provided by you is inaccurate, or if a medical test or permission to consult your doctor is refused, this may result in a reduction of the income payments made to you and/or recovery of any payments already made.
- Providing us with accurate information about your health and lifestyle could mean that you receive a higher income from your annuity. This type of annuity is called an enhanced annuity, and provides a higher income if you have certain health and lifestyle factors that effect your life expectancy.
- If you choose to take a tax-free lump sum, this will reduce your pension pot, so your income will be lower.
- You can choose to take a smaller income at the start, so that an income is paid to a dependant if you die before them.
- This annuity has a one year guarantee as standard. However, you can choose to take a smaller income that is guaranteed for up to 30 years. This is called the 'guaranteed period'. For more information about this option, please see the 'What is a guarantee period?' section on this page of this document.
- This annuity has value protection as standard for 90 days from the start of the plan, however you can choose to take a smaller income where value protection is extended beyond 90 days.
- You can choose to take a smaller income at the start, which may normally increase each year. If an income from your In-house Annuity is to be paid to a dependant after you die, this will normally increase in the same way. Increases to your In-house Annuity can be:
  - at a fixed rate each year, or
  - in line with the UK Retail Prices Index (RPI). We'll use the RPI figure published the month before the increase is due.

  If the RPI goes down (deflation), your income will remain level. It will start to increase again once RPI has risen above the point it was at when your income became level. For more information, please refer to the Terms and Conditions from page 7 in this booklet.
- You can choose combinations of the above options. You can ask for illustrations with different options so that you can see the difference they would make to your income.
- You don't have to take any options and can choose to take an income that stays the same and stops when you die.
- Before you make a decision, make sure you shop around for the best deal for you as it's possible you could get a higher income elsewhere. The minimum pension pot needed to buy an annuity could differ between providers so you should also consider this before making your decision and discuss your options with a financial adviser.
- While you're alive we won't stop or reduce the payments we make to you based on the options you've chosen, except where we are unable to verify any medical information.

## What choices will I have about how I get my in-house annuity income?

- You can choose how often you'll receive your In-house Annuity income. This can be monthly, quarterly, half-yearly or yearly.
- You can choose whether the income is paid at the beginning or end of the payment period.
- These choices will affect the amount of income you'll get.
- Your income will be paid directly into your UK bank or building society account.

## What happens to my In-house Annuity when I die?

- Your In-house Annuity will end when you die unless:
  - an income is to be paid to a dependant and they are still alive.
  - you have no dependents payable on your plan and you die within the first 90 days of your plan start date. In which case value protection will apply and a lump sum will be paid to one or more beneficiaries, chosen at Aviva's discretion.
  - you have a dependant payable on your plan and you both die within 90 days of your plan start date. In which case a value protection lump sum will be paid to one or more beneficiaries, chosen at Aviva's discretion.
  - you have chosen to extend your value protection period and you, and your dependant if you have one, die within this specified term. In which case any remaining value will be paid as a lump sum to one or more beneficiaries, chosen at Aviva's discretion.
  - you die after 90 days but within your guarantee period. Annuity payments will be paid to your estate or dependant on the policy until the end of the guarantee period.

Please see your terms and conditions or, if you have a financial adviser, contact them for further information and exclusions which may apply to the above.

## What is Value Protection?

Aviva offers value protection as standard for 90 days from your plan start date. If you die within this period, it pays a lump sum if there are no annuity payments continuing to a dependant. The lump sum will be equivalent to the price paid for your annuity, less any payments already made. It will replace any guaranteed period payments.

You have the option to extend your value protection beyond the standard 90 day period by choosing this option on your illustration, this is known as optional value protection. You can choose to protect up to 100% of the price paid for your annuity, less any payments already made. This can be either for the rest of your life or for a specified term beginning at your plan start date.

Optional value protection will pay a lump sum when you die, if there are no annuity payments continuing to a dependant. If you choose

to extend your value protection beyond the standard 90 day period then the standard one year guarantee period will no longer apply.

For both the 90 day value protection, and optional value protection, a lump sum will be paid to one or more beneficiaries, chosen at our discretion. We take account of your wishes when choosing who to pay and you can tell us at any time, while your plan is active, who you would like us to pay.

This lump sum will usually fall outside the estate for inheritance tax purposes.

## What is a guarantee period?

A guarantee period is a period when the income you set up for yourself will continue to be paid even if you die. Any remaining payments due within the guarantee period will normally be paid as set out in your will and form part of your estate.

This annuity has a one year guarantee period as standard. You can choose a longer guarantee period of up to 30 years.

If you die after 90 days but within your guarantee period, we will continue to make annuity payments to your estate or dependants until the end of that period.

If you choose optional value protection, the standard one year guarantee period will no longer apply.

## What are the charges?

**Product and investment charges**

- We use the pension pot to pay our charges for setting up and running your plan. We do this by taking these charges into account when we work out the price of the income.
- The illustration shows how much income the pension pot will buy. No further charges will be taken from your income.
- If commission is being paid to your adviser, this is covered within the pricing of the annuity and will be shown on your illustration.
- If we need to rewrite the terms of your plan due to any information being incorrect or incomplete, then we will charge you £40 each time.

**Adviser charges**

- If you have asked us to pay an adviser charge from your pension pot, this will be shown on your illustration.

## What about tax?

- Your In-house Annuity payments will be treated as earned income and taxed in the same way as a salary. The rate of income tax will depend on the total amount of income you receive, which could be more or less than you currently pay.
- Your In-house Annuity payments will normally be made after the tax payable has been deducted.
- If you have selected an income to be paid to your dependant when you die, this may be subject to income tax. If you die before your 75th birthday your dependants income will be free of income tax. Otherwise, their income will be subject to income tax according to their personal circumstances.
- If your annuity is still within the guarantee period, the tax treatment of any payments to your estate will depend on your age when you die. If you're under 75, the benefits will normally be free of income tax. If you're 75 or over, the benefits will be added to your beneficiaries overall income and taxed at the appropriate income tax rate.
- Any income paid to your estate or that of your dependant, from your In-house Annuity may be subject to inheritance tax.
- If you die and value protection benefit is payable to one or more beneficiaries chosen at Aviva's discretion, this will normally be free of inheritance tax.
- If you choose to continue value protection beyond 90 days and a lump sum is payable on death, then:
  - if you die before age 75 the lump sum will normally be free of income tax, or
  - if you die aged 75 or over the lump sum will be taxed in accordance with the taxation rules in place at the time, and
  - if you have a dependant on your plan, the tax treatment of the lump sum will be determined by the age at which you die.
- HMRC places limits on the amount of tax-free benefits that can be taken from pension schemes. The limits are called the Lump Sum Allowance and the Lump Sum & Death Benefit Allowance. The limits apply to benefits during your lifetime and on death. Income tax is payable on benefits taken above these amounts. You can find more information about this by visiting gov.uk/tax-on-your-private-pension
- We've included only a general tax summary in this document; tax treatment depends on your individual circumstances.
- We've based this information on our current interpretation of tax rules. These rules may be subject to change in the future.
- Please contact your financial adviser, if you have one, and they can give you more details about your tax position.

## Can I change my mind?

- You have the option to cancel your In-house Annuity:
  - At any point before your annuity plan starts, or
  - Up to 30 days from the date that you receive your cancellation form. We will enclose your annuity cancellation form with your pack once we've set up your retirement income.
- If you choose to take a tax-free lump sum from your pension plan and change your mind before we have paid you the tax-free lump sum, your pension plan will remain in force. You do not have to sign a form if you change your mind at this stage, but you must inform us of this decision as soon as possible. Once a tax-free lump sum has been paid from your pension plan it cannot be paid back to us.
- If you decide to cancel your annuity plan you must buy another product to provide you with an income in retirement either from us or another provider. If you received a tax-free lump sum and you do not do this within 6 months of the tax-free lump sum being paid, it will no longer be tax-free and will become subject to tax charges.
- Where you have asked us to pay an adviser charge and this has already been paid it will not be refunded.
- In order to cancel the annuity plan after it has started, you must:
  - Sign and return the cancellation form within 30 days of receiving it.
  - Return any income payments you have already received from us by cheque payable to Aviva. If you do not do this you will not be able to use your pension pot to buy another product to provide you with an income in retirement.
  - Post these to the address given on the cancellation form.
- If the cancellation form is not returned the annuity plan will continue.

# Other information

## How to complain

- If you've taken a product out with Aviva and are unhappy with the product or service you received, you can contact us at:

  Aviva
  Customer Relations
  PO Box 3182
  Norwich
  NR1 3XE

  Phone: **0800 068 6800**
  Email: **contactus@aviva.com**

- If you are not satisfied with our response, you may be able to take your complaint to the Financial Ombudsman Service.

  The Financial Ombudsman Service can look at most complaints and is free to use. You don't have to accept their decision and will still have the right to take legal action.

  Their contact details are:

  The Financial Ombudsman Service
  Exchange Tower
  London
  E14 9SR

  Phone: 0800 023 4567
  Email: complaint.info@financial-ombudsman.org.uk

  Website: financial-ombudsman.org.uk

  The Financial Ombudsman Service normally can't consider your complaint until you've received a final response from us. This doesn't affect your right to take legal proceedings.

# How to contact us

- Remember your financial adviser, if you have one, will normally be your first point of contact. They'll have provided you with information that contains their contact details.
- If you've any questions at any time, you can phone or write to us by using the details shown on the letter we've sent you.
- If you have any doubt about whether this product is right for you then you should seek personal financial advice

## Terms and Conditions

- This key features document gives a summary of Aviva's In-house Annuity. You should also see the full terms and conditions from page 7 of this booklet.

## Law and language

- The plan is governed by the law of England. Your contract will be in English and we will always write and speak to you in English.
- We're regulated by the Financial Conduct Authority:

  The Financial Conduct Authority,
  12 Endeavour Square,
  London
  E20 1JN

  We're also authorised and regulated by the Prudential Regulation Authority:

  The Prudential Regulation Authority
  20 Moorgate
  London
  EC2R 6DA

## Potential Conflicts of Interest

- Occasions can arise where Aviva plc Group Companies, or their appointed officers, will have some form of interest in business which is being transacted.
- If this happens, or the Aviva Group becomes aware that its interests, or those of its officers, conflict with your interests, we will take all reasonable steps to manage that conflict of interest, in whatever manner is considered appropriate in the circumstance. This will be done in a way which ensures all customers are treated fairly and in accordance with proper standards of business.
- Further details of our conflicts of interest policy are available on request.
- Where, despite all efforts to manage a conflict of interest, the conflict of interest cannot be prevented, we will disclose it to you before you commit to taking out this product.

## Client classification

- The Financial Conduct Authority has defined three categories of customer. You have been classed as a 'retail client', which means that you'll be provided with the highest level of protection provided by the Financial Conduct Authority rules and guidance.

## Aviva staff remuneration

- Aviva staff are salaried and they receive an annual bonus based upon the overall performance of the Aviva Group.
- Some members of our distribution team may also receive additional bonus, a proportion of which relates to their sales performance.

## Compensation

- Qualified advisers will recommend that you buy products suitable for your needs. You've legal rights to compensation if, at any time, it's decided that you've bought a plan, as a result of advice from a qualified adviser, that wasn't suitable for your needs at that time.
- Your In-house Annuity plan is covered by the Financial Services Compensation Scheme. If we become insolvent and we can't meet our obligations under this plan, the scheme may cover you for up to 100% of any successful claim you make.

For more information on this scheme, please visit fscs.org.uk or call 0800 678 1100 or 0207 741 4100.

## Solvency Financial Condition Report

- Every year we publish a Solvency and Financial Condition report which provides information about our performance, governance, risk profile, solvency and capital management. This report is available for you to read on our website at **aviva.com/investor-relations/institutional-investors/regulatory-returns**

## Pension Wise

- Pension Wise from MoneyHelper is a free, government-backed service, offering clear, impartial and specialist guidance on your retirement options. If you're aged 50 or over, this service is available to you.

Visit moneyhelper.org.uk/pensionwise or call 0800 138 3944 for full details of the service.

# Section 2 – Terms and conditions

This document needs to be read in conjunction with the retirement illustration and gives you more details relating to how the benefits work. The actual benefits payable are detailed in the retirement illustration and the ***letter***.

### Definitions

To help you understand some of the technical words used we have highlighted them in italics. They are explained under Definitions starting on page 9

Where the words 'we', 'us' or 'our' are used in this document, they refer to ***Aviva***.

The words 'you' and 'your' means the person(s) whose name the ***plan*** is written in. This can be the ***annuitant*** or the ***trustees*** of the pension scheme.

### Outline of the In-house Annuity

This ***plan*** derives from the ***registered pension scheme*** with ***Aviva*** shown on or in connection with the retirement illustration.

## The general rules applying to this plan

### 1. The information you gave to us

We rely on the information that you have given to us. All this information must have been correct and complete on the date the benefits become payable.

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 ***plan***, then we may

- change the terms of this ***plan***, or
- change the amount of benefits that are payable under your ***plan*** and seek recovery of any overpayments already made.

### 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:

- completed form or request or discharge,
- this ***plan*** document,
- proof that any claim under the ***plan*** is valid,
- proof of your date of birth, date of birth of your spouse, ***civil partner*** or dependant(s), or evidence of marriage or civil partnership,
- death certificate,
- any documents relevant to this ***plan***,
- 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 whom we are making payments, we will ask for certain information or documentation to be provided to us. At the start of the payment of benefits we will explain what we need to be able to make the payments.

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 pay the pension to the ***annuitant***, ***dependant*** or to the ***trustees*** of the ***plan*** as requested.

We will also pay any ***value protection*** lump sum payment due to one or more ***beneficiaries***, chosen at our discretion, and any guaranteed payments remaining following the ***annuitant's*** death to the ***annuitant's*** estate.

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 policies 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.

## 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 to comply with a pensions sharing order.

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 promise to pay Aviva's losses and expenses (if any) 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 promise to pay shall not apply where the ***unauthorised payment*** occurred because of an error or wilful default on our part. This clause shall override anything to the contrary in the rest of the terms of this ***plan***.

# The benefits payable

## 11. Introduction

The benefits payable under the ***plan*** are shown in the retirement illustration and will be confirmed in writing by us and form 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 retirement illustration for the benefits applicable to your ***plan***.

If a ***guaranteed period*** applies to your ***plan***, we will pay any income to your ***dependant*** or your estate. This can be chosen at the outset as either an income in regular payments or as a single lump sum which will be equal to the price you paid for the annuity, or the percentage you've chosen to protect, less any payments already made. This only applies where there is any remaining ***guaranteed period*** on your death.

If ***value protection*** applies to your ***plan***, we will have discretion to decide who will receive payment of any lump sum. However, although the final decision is for us to take, you may indicate your wishes to us by nominating one or more individuals as ***beneficiaries*** to receive payment.

## 12. 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 will increase the pension in line with the percentage increase in the Retail Prices Index published by the Office of National Statistics, or any other index which replaces it.

We will 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 start date if later).

If the index is negative, the pension will not change for the coming ***plan*** year. We will 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 retirement date*** if later).

## 13. 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 and the retirement pot comes from a final salary scheme*

We will 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.

The pension won't change for the coming plan year if the index is negative

## 14. Dynamic Pension increases

*This part only applies if your plan was with Provident Mutual and your pension increases are* Dynamic. Your policy will show whether you have chosen this option and if you are eligible for Dynamic Pension increases.

We will increase the pension by the addition of a bonus. The bonus is based on the amount of pension plus any previous bonus additions in payment. The amount of bonus will depend on the profits of the Provident Mutual fund and will be declared annually by our Board of Directors based on the recommendation of the ***Actuary***.

## 15. Death

This part only applies where the ***annuitant*** dies within any ***guaranteed period*** or if ***value protection*** applies to the ***plan***.

a. If there are no ***dependants*** payable on your ***plan***;

- And you die within 90 days of your ***plan*** start date, a ***value protection*** lump sum will be paid to one or more chosen ***beneficiaries***. This will be equal to the price paid for the annuity, less any payments already made. This payment will replace any payments due under the ***guaranteed period***.
- And you die more than 90 days after your ***plan*** start date and you have chosen to extend your ***value protection***, we will pay a lump sum to one of more chosen ***beneficiaries***. This payment will be equal to the price paid for your annuity, or the percentage you've chosen to protect, less any payments made.
- And you die more than 90 days after your ***plan*** start date but before the end of your ***guaranteed period***, the remaining payments due under the ***guaranteed period*** will be made to your estate and will then stop. However, this does not apply if your annuity was purchased for you by the trustees of a defined benefit pension scheme.

b. If there are ***dependants*** payable on your plan;

- And you both die within 90 days of your ***plan*** start date, a ***value protection*** lump sum will be paid to one or more chosen ***beneficiaries***. This will be equal to the price paid for the annuity, less any payments already made. This payment will replace any payments due under the ***guaranteed period***.
- And you both die after 90 days of your ***plan*** start date and you have chosen to extend your ***value protection***, if you both die within your chosen term, we will pay a lump sum to one or more chosen ***beneficiaries***. This payment will be equal to the price paid for your annuity, or the percentage you've chosen to protect, less any payments made.
- And you die more than 90 days after your ***plan*** start date but before the end of your ***guaranteed period***, the remaining payments due under the ***guaranteed period*** will be made and will then stop. It may be paid directly to your named ***dependant***, or it may be paid to your estate as specified in your ***plan schedule***.
- And you die, the ***dependant's*** pension as specified in your ***plan schedule*** will be paid until they die. This may be paid at the same time as, or after the end of, any ***guaranteed period*** as specified in your ***plan schedule***.

c. If the annuity is set up to provide benefits from a final salary scheme, the option can be chosen at outset to have a lump sum paid at the point of claim, instead of the remaining payments due during the remainder of the ***guaranteed period***. If this is selected an adjustment to its value will be made because it is paid early. The lump sum will be calculated as follows:

- We will calculate the number of outstanding payments from date of death to the last payment to be made within the ***guaranteed period***.
- 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.
- We may further reduce the lump sum by the set rate depending on the amount of days between 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.

## 16. Dependants pension

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

The retirement illustration and ***letter*** will show whether the person named as the ***dependant***:

a. is entitled to the ***dependants*** pension; or

b. is only entitled to the ***dependants*** pension if at the date the ***annuitant*** dies, the person named as the ***dependant*** is:

- married to the ***annuitant***; or
- a ***civil partner*** of the ***annuitant***; or
- a ***dependant*** of the ***annuitant*** within the meaning set out in paragraph 15 of Schedule 28 to the Finance Act 2004.

Where the last option 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 ***dependants*** 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 ***dependants*** pension must not be greater than that permitted under paragraph 16A to 16C of Schedule 28 to the Finance Act 2004.

## 17. 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 in the ***letter***.

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 in the ***letter***.

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***.

## 18. 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 start 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***.

# Definitions

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

### *Actuary*

This is 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 on the retirement illustration.

### *Aviva*

This is whichever of the Aviva Group of Companies, whose ultimate holding company is Aviva plc, is a party to the ***plan***.

## *Beneficiaries*

This means any person, or persons, entitled to a lump sum payment of remaining ***value protection*** and may be one or more of:

- their estate
- any person named in their will or who may benefit under the laws of intestacy
- their nominee
- their surviving spouse or civil partner
- their children (birth/adoption) not including step-children
- their parents
- their siblings
- their siblings' children
- their grandchildren
- their financial dependant.

In the list above, 'their' refers to the last surviving recipient of the annuity income.

## *Civil partner*

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

## *Dependant*

This is the person (if any) named as the dependant on the retirement illustration or in the ***letter***.

## *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 retirement illustration.

## *Guaranteed period*

This is a death benefit which can be chosen when you apply for your plan. It allows you to protect income payments for a set period. It can be chosen when you apply to be paid as a regular income or as a lump sum and payments will be made either to the named ***dependant*** or to your estate.

## *HMRC*

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

## *Letter*

This is the letter issued by us which confirms the details of the benefits payable.

## *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*

This is a continuation of your existing policy and is for the purchase of retirement benefits.

## *Plan retirement date*

This is the retirement date as shown in your retirement illustration.

## *Planholder*

This is the legal owner of the ***plan***. The ***letter*** will show who this is.

## *Registered pension scheme*

A pension scheme registered under Part 4 of the Finance Act 2004. This includes any occupational pension scheme, personal pension scheme, section 32 buy out or replacement policy or any retirement annuity contract.

## *Scheme administrator*

This is the person responsible for certain aspects of the management of the ***registered pension scheme***. If you are the ***planholder*** the scheme administrator will be ***Aviva***.

## *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. These will be replaced by the state pension for anyone who retires on or after 6 April 2016.

## *Trustees*

This is the ***Scheme Administrator*** of an occupational pension scheme.

## *Value Protection*

This is legally defined as an Annuity Protection Lump Sum Death Benefit from a money purchase pension scheme or as a Defined Benefit Lump Sum Death Benefit from a defined benefits pension scheme. It can be chosen when you apply for your ***plan***. It allows you to protect all or part of the fund used to buy your annuity, either throughout the lifetime of your ***plan*** or only for a set term. It pays a lump sum to one or more ***beneficiaries***, chosen at our discretion. We take account of your wishes when choosing who to pay and you can tell us at any time while your plan is active who you would like us to pay. This will usually fall outside the estate for inheritance tax purposes.

## *Unauthorised payment*

This has the meaning given in the Finance Act 2004. Broadly this means that if we make a payment from this ***plan***, we will tell you if you need to report the payment to ***HMRC***. ***HMRC*** will tell you if you need to pay tax on the payment.

# Section 3

Information about our services and costs

Aviva
Wellington Row, York, YO90 1WR

## 1. The Financial Conduct Authority (FCA)

The Financial Conduct Authority is the independent watchdog that regulates financial services. This document provides information required by the FCA to be given to consumers considering buying certain financial products. You need to read this important document. It explains the service you are being offered and how you will pay for it.

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## 2. Which service will we provide you with?

☐ **Independent advice** – We will advise and make a recommendation for you after we have assessed your needs. Our recommendation will be based on a comprehensive and fair analysis of the market.

☐ **Restricted advice** – We will advise and make a recommendation for you after we have assessed your needs, but we only offer advice on limited types of products, or products from one company or a limited number of companies.

☑ **No advice** – You will not receive advice or a recommendation from us. We may ask some questions to narrow down the selection of products that we will provide details on. You will then need to make your own choice about how to proceed.

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## 3. What will you have to pay us for our services?

We will tell you how we get paid and the amount before we carry out any business with you.

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## 4. Who regulates us?

Aviva Life & Pensions UK Limited is authorised and regulated by the Financial Conduct Authority. Our Financial Services Register number is 185896.

Our permitted business is arranging pension annuities.

You can check this on the FCA's Register by visiting the FCA's website **fca.org.uk/register**

## 5. What to do if you have a complaint

If you wish to register a complaint, please contact us:

…in writing Write to Customer Relations, Aviva, PO Box 3182, Norwich, NR1 3XE

…by phone phone **0800 068 6800**

If you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service.

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## 6. Are we covered by the Financial Services Compensation Scheme (FSCS)?

We are covered by the FSCS. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

Most types of annuity business are covered up to 100% of the claim, without any upper limit.

Further information about compensation scheme arrangements is available from the FSCS.

## Need this in a different format?

Please get in touch if you'd prefer this document (**AN16008**) in large font, braille, or as audio.

## How to contact us

0800 068 6800

contactus@aviva.com

aviva.co.uk

| Retirement | Investments | Insurance | Health |

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