

Immediate Life Annuity

Terms and Conditions



Immediate Life Annuity Terms and Conditions

These should be read alongside the Key Features document you have been given, and the policy schedule we will send when the policy is set up.

Rules applying to this policy

The information we receive

We rely on the information we are given on or in connection with any application we receive.

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

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

- Change the terms of the policy
- Change the amount of benefits payable under the policy.

Cashing in

This policy does not have a cash-in value at any time.

Benefits payable under this policy

Introduction

The benefits payable under the plan are shown in the plan schedule.

This plan schedule gives more detailed information on some aspects of the benefits provided under your plan. Each part of the schedule includes an explanation as to when that part will be applicable.

Payments belong to and are payable to the **policyholder/s**, rather than the **annuitant/s**. The taxable portion of these benefits is taxed as the income of the **policyholder**. Where there are joint **policyholders**, half of the taxable portion is taxable as the income of each **policyholder**.

Increases

This part only applies if increases are shown on the plan schedule.

Your payments will increase each year by the amount shown in your plan schedule.

Effect of the death of the policyholder(s)

If the policy has one **policyholder** and that **policyholder** dies, if they are survived by the/an **annuitant**, any further benefits payable form part of the **policyholder's** estate.

If the policy is owned jointly by two persons, the benefits belong equally to them during their joint lifetime. If an **annuitant** survives on the death of the first **policyholder**, any further benefits payable belong entirely to the surviving **policyholder**. Any benefits remaining payable on their death form part of their estate.

Effect of the death of the annuitant(s)

If the policy is written on the life of a single **annuitant**, benefits cease on the death of that **annuitant**, unless any further benefits are payable. These may be guaranteed instalments, or a **value protection** lump sum or a lump sum in place of the remaining guaranteed instalments. These are payable to the **policyholder/** their estate, as defined in this document. The **value protection** lump sum will be equal to the price paid for the annuity, or the chosen percentage to protect (up to a maximum of 100%), less any payments already made. This payment will include any guaranteed payments. **Value protection** applies for 90 days in any case, or for a longer period if selected.

If the **annuitant** dies more than 90 days after the plan **start date** but before the end of the **guarantee period**, and no further **value protection** has been selected, the remaining guaranteed payments will be paid to the **policyholder** or their estate until the end of the **guarantee period** and will then stop.

A lump can be paid instead of the remaining payments in the **guarantee period**. If this option is selected, we will adjust the value of the lump sum 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 **guarantee 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.

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

If the policy is written on the life of two **annuitant/s** jointly, the benefits will be payable during their joint lifetimes and that of the survivor. They may reduce on the death of the first **annuitant**, or of one or other of the **annuitants**. They cease on the death of the second **annuitant** unless any further benefits are payable. These may be guaranteed instalments, or a **value protection** lump sum, or a lump sum in place of the remaining guaranteed instalments. The **value protection** lump sum will be equal to the price paid for the annuity, or the chosen percentage to protect (up to a maximum of 100%), less any payments already made. This payment will include any guaranteed payments. **Value protection** applies for 90 days in any case, or for a longer period if selected.

If all **annuitants** die more than 90 days after your plan **start date** but before the end of the **guarantee period**, and no further **value protection** has been selected, the remaining guaranteed payments will be paid to the **policyholder** or their estate until the end of the **guarantee period** and will then stop.

A lump can be paid instead of the remaining payments in the **guarantee period**. If this option is selected, **we** will adjust the value of the lump sum 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 **guarantee 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.

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

All benefits remain owned throughout by the **policyholder/s** or the estate of the last **policyholder** to die.

Changing the benefits of this policy

The benefits provided by this policy and the **annuitant/s** on whose lives it is written cannot be changed at any time.

Changing the ownership of the policy

This policy is assignable under English law. Any assignment will change the legal ownership, and therefore the **policyholder** and the person/s liable for tax on the benefits. It will not change the **annuitants**.

Law that applies

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

Currency and place of payment

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

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 request or discharge
- ii. This policy document
- iii. Proof that the claim is valid
- iv. Proof of the date of birth and identities of the **annuitant/s** and/or **policyholder/s**
- v. Death certificate
- vi. Any other documents relevant to this policy
- vii. Any other information that is needed to show that **we** have authority from the right person/s to deal with this policy.

Policy changes

We may change the terms of the policy 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, where **we** are provided with incorrect information.

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.

When you should contact us

Please tell us if any of the **annuitant/s** and/or **policyholder/s**

- Change their name (**we** may require evidence of this)
- Change their address
- The **policyholder/s** need payments to be made into a different bank/building society account
- The **policyholder** wants to change the ownership of the policy or is made bankrupt/insolvent.

How to contact us

Please contact us about this policy in writing at:

 Aviva Life & Pensions UK Ltd
PO Box 520
Norwich
NR1 3WG

Please include the policy number and client number in any letter sent to us.

 Or you can call us on **0800 068 6800**
Monday to Friday 8am to 8pm,
Saturday 8.30am to 5pm and
Sunday 10am to 4pm

Definitions

We

A member of the Aviva group of companies. Aviva Life and Pensions UK Limited is the company that issues the annuity policy. Administration services may be provided by Aviva Life Services UK Limited or others.

Policyholder

The policyholder is the legal owner of the policy. This can be an individual or the trustees of a trust or a corporate entity acting by its relevant persons. It is possible to have joint policyholders: during their joint lifetime, they all own the policy in equal shares. On the death of each policyholder, that share is distributed among the survivors. The income from the policy belongs to the policyholder/s and is taxable in their hands. If the policy is assigned, the **assignee** replaces that policyholder in all respects.

Annuitant

The person/s on whose life the policy is written. It is possible to have more than one annuitant, in which case the annuity is payable during their joint lifetime and the lifetime of the last survivor.

Assignee

If the **policyholder** enters into a deed of assignment, the legal ownership of the policy changes. Following assignment, the policy belongs to the assignee/s, and the assigning **policyholder** loses all rights under the policy. In the case of a jointly owned policy, it is possible for each **policyholder** to assign their interest in the policy separately.

Start date

The date this policy starts, which will be no earlier than the date on which **we** received the **policy payment to us**.

Policy payment to us

The amount paid to us by the **policyholder** for the benefits of this policy

Purchased Life Annuity

If the policy meets HMRC's definition of a Purchased Life Annuity, **we** will calculate the elements of the payments from the policy that should be treated capital and income respectively. No tax will be payable on the portion of the payments that is defined as capital. The **policyholder** will need to complete the appropriate form, as will Aviva, and **we** will then send it to HMRC for approval. It is also possible for the **policyholder**/s to apply to HMRC to have the interest portion paid without tax being deducted. Both forms (the PLA6 for the capital/interest split and the R89 for payment of gross interest) are available through <http://www.gov.uk>.

Guarantee period

A guarantee period when the payments provided by this plan continue even if the **annuitant**/s die. Any remaining payments due within the guarantee period will be paid to the **policyholder** or their estate.

If the (last surviving) **annuitant** dies after 90 days but within the guarantee period, **we** will continue to make annuity payments to the **policyholder** or their estate.

Aviva offers a minimum one-year guarantee period as standard. However, a longer guarantee period of up to 10 years can be chosen.

A guarantee period and extended **value protection** cannot both be applied to the same policy.

Value protection

We offer value protection as standard for 90 days from the plan state date. If the last surviving **annuitant**/s die within this period, a lump sum will be paid to the **policyholder** or their estate. The lump sum will be equivalent to the **policy payment to us**, minus any payments already made. It will include any remaining **guarantee period** payments.

Value protection can be extended when the policy is set up. Up to 100% of the policy payment can be protected, either for the remaining lifetime of the **annuitant**/s or for a specified term beginning at the plan **start date**.

If value protection is extended beyond 90 days from the plan **start date**, the standard one-year **guarantee period** will no longer apply.

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