Guaranteed Fixed Term Income Plan for Beneficiaries

Terms and Conditions

Welcome to Aviva

You can buy a Guaranteed Fixed Term Income Plan as a Beneficiary if you are at least 20 years old, unless a child needs permanent care.

You must be a UK tax payer and must be resident in the UK at the time of application. The UK does not include the Channel Islands, Isle of Man or Gibraltar.

We have accepted a payment from one or more UK registered pension schemes. This is shown on the **'Confirmation of your Guaranteed Fixed Term Income Plan for Beneficiaries'**.

Your plan is written under HMRC's **Flexi-Access Drawdown** rules, and is also subject to the rules of the Aviva Personal Pension Scheme, which is a UK registered pension scheme. You became a member of the scheme on the **Contract Date**. We can send you a copy of the rules if you request them. Our contact details are on the back page.

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.

Please read the plan document as soon as you receive it, to ensure it fully meets your needs. If it doesn't, please contact us, as you will not be able to change your mind once the first payment has been made. We will send you a replacement free of charge if the error was made by us.

Your plan document consists of both the terms and conditions and the **Plan Schedule**. The benefits payable are detailed in the **'Confirmation of your Guaranteed Fixed Term Income Plan for Beneficiaries'** which is attached to and forms part of the Plan Schedule. These documents give you important information which you may need to refer to in the future. Please keep them in a safe place along with any plan alteration statements showing changes to your plan document. If they're lost there may be a delay in the payment of benefits.

Benefits under this plan will be provided by Aviva Life & Pensions UK Limited.

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Section 1

General rules applying to this plan

1. The information you gave to us

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

i. change the terms of this plan, or

ii. restrict the benefits payable under the 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:

i. completed form of request or discharge

ii. this plan document

iii. proof that any claim under the plan is valid

iv. death certificate

v. any documents relevant to this plan

vi. 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

All payments to or by us under this plan shall be calculated in the United Kingdom, in sterling, and paid in sterling from the UK.

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's 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 benefits to the **Planholder** as requested.

We may need to change our agreed methods of payment in the future. We will give you at least 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

Benefits under this plan are subject to tax under the relevant legislation. This requires us to apply Pay As You Earn (PAYE) to your regular income payments.

We initially use an emergency (temporary) tax code to calculate how much tax (if any) to deduct. After that, we deduct tax according to the tax code HMRC allocates to your income. If you receive payments less frequently than monthly, this will be treated as a 'month 1' income which means that only one month's worth of the standard personal allowance and income tax bands are used in the calculation of income tax against the payment even though it's paid less frequently than monthly. This could increase the amount of tax deducted from the first payment and you may need to contact HMRC for a refund of any overpaid tax.

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 doesn't 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

You cannot transfer the ownership of this plan to another insurance company.

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

10. Early surrender

You can choose to **surrender** your **Guaranteed Fixed Term Income Plan** early, before the end of the fixed term period if you have selected a **Guaranteed Income Period** death benefit that covers the full length of your plan term. Aviva will accept early surrender at any time provided the aforementioned condition is satisfied.

You will not be able to surrender your plan early if there is a Guaranteed Income Period shorter than the full term of your plan.

We'll calculate the surrender value using your future income payments and any **Guaranteed Maturity Value** due to you.

The surrender value takes into account interest rates at the time, so the monetary amount is not fixed at outset.

In any event, the surrender value will be less than any remaining income and any **Guaranteed Maturity Value** otherwise due.

The surrender value quote will be valid for 40 calendar days.

If you opt to surrender your plan, the surrender value may be subject to income tax. If your plan is set up on a guaranteed maturity value basis only and you choose to surrender your plan early and take the value as a one off income payment, your **Money Purchase Annual Allowance (MPAA)** will be triggered at that point.

11. 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 you promise to pay our 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 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.

12. Eligibility

Regardless of what is set out elsewhere in these terms, we will not be obliged to exercise any of our rights and/or comply with any of our obligations under this plan, if to do so would cause, or be reasonably likely to cause, us to breach any law or regulation in any territory.

13. Term of your plan

Your plan has a fixed term with a **Plan start date** and a **Maturity date**. We show both of these in the original **Plan Schedule** and the confirmation documents we send at set up.

At the end of the term you can choose one of the following options:

1. Withdraw the Guaranteed Maturity Value as a lump sum. If you haven't taken any income from this plan, this will trigger the MPAA
2. Buy another Guaranteed Fixed Term Income Plan
3. Transfer the Guaranteed Maturity Value to a **Flexi-Access Drawdown** product
4. Purchase a **Lifetime Annuity**.

Section 2

Benefits payable

1. Introduction

The benefits payable under the plan are shown in the **'Confirmation of your Guaranteed Fixed Term Income Plan for Beneficiaries'** 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 Guaranteed Fixed Term Income Plan for Beneficiaries**' for the benefits applicable to your plan.

If a **Guaranteed Income Period** applies to your plan, we will calculate a value based on the remaining income to be paid. This lump sum will be used to provide benefits to one or more Beneficiaries chosen at Aviva's discretion. Please refer to Section 4 for further information.

You may indicate your wishes to us by nominating one or more Beneficiaries chosen to receive payments; but the ultimate decision is Aviva's.

2. Income options

The plan may have:

i. an income

ii. an income and a **Guaranteed Maturity Value**

iii. a **Guaranteed Maturity Value** only, with no income

Income increases

The plan may be set up with an income that stays the same and stops at the end of the plan's term.

Income increases at a fixed rate

This part only applies if your income increases at a fixed rate.

We will increase the income in line with the fixed rate selected on either your plan anniversary date or the date of your first payment, depending on whether your plan was set up in advance or in arrears.

Income increases in line with the Retail Prices Index

This part only applies if your income increases in line with the Retail Prices Index.

We will increase the income 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 will use the index which is published in the calendar month before the income increase date compared with the index published one year earlier. The income won't change for the coming plan year if the index is negative. We will calculate the next increase using the index published in the calendar month before the increase is due. We will then compare that with the index published in the calendar month before either the last income increase or the month the plan started, whichever is later.

Income increases in line with Retail Prices Index up to a fixed amount

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

We will increase the income by the lower of:

a. the percentage amount(s) shown in the 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 income increase date.

If the RPI is negative (deflation), your income will remain level. It will start to increase again once the RPI has risen above the point it was when your income became level.

3. Guaranteed Maturity Value option

If the plan has a **Guaranteed Maturity Value** option, we'll tell you at the start of the plan what the value of your plan will be when it matures.

We invest your money in a range of assets, but your Guaranteed Maturity Value doesn't depend on how those assets perform.

4. Death Benefits

This part only applies if you die during the term of the plan.

If you die before 6 April 2027, death benefits will normally be free of inheritance tax. HMRC are changing the rules from 6 April 2027. If you die on or after that date, death benefits payable from your pension, to somebody other than your surviving spouse or civil partner, will be included when calculating the value of your estate for the purposes of inheritance tax.

If you die before the end of your plan term and there's a Guaranteed Income Period, we will calculate a value based on the remaining income to be paid plus any **Guaranteed Maturity Value** selected at outset, providing the Guaranteed Income Period covers the full length of the plan term. The total lump sum will be available to provide benefits to one or more Beneficiaries chosen at our discretion.

Once the death benefit has been calculated, the Beneficiaries can choose to take their share as one or more of the following options:

- Continue the current payments as a Beneficiary's Guaranteed Fixed Term Income Plan
- withdraw the lump sum amount (may be treated as earned income)
- Purchase a new Beneficiary's Guaranteed Fixed Term Income Plan with the lump sum amount
- Purchase a Beneficiary's **Lifetime Annuity**
- Purchase a Beneficiary's **Flexi-Access Drawdown** product.

If a Beneficiary's Guaranteed Fixed Term Income Plan or Lifetime Annuity with Aviva is selected, the following criteria apply:

- Minimum age: 20 years of age (unless a child needs permanent care). Medical evidence will be required to verify permanent care.
- Maximum age: 90 years of age or must be their 90th birthday on maturity at the end of the fixed term.

Section 3

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

Application

The form signed by the **planholder** to take out this plan.

Beneficiaries

Any person, or persons, entitled to payment of any benefits on death and may be one or more of:

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

In the list above, 'Your' refers to the last surviving recipient of the plan.

Civil partner

The **policyholder's civil partner** as defined in the Civil Partnership Act 2004.

Contract date

The date the contract comes into force.

Flexi-Access Drawdown

A form of death benefits that meets HMRC's definition in any of paragraphs 22A, 27E and 27K of schedule 28 to the Finance Act 2004.

Guaranteed Income Period

This is a death benefit that could apply to your plan. If you die before the end of of your plan term and a Guaranteed Income Period applies, we will calculate a value based on the remaining income to be paid plus any guaranteed maturity value selected at outset, providing the guaranteed income period covers the full length of the plan term. The total lump sum will be available to provide benefits to one or more **Beneficiaries** chosen at our discretion.

Guaranteed Maturity Value

The proceeds payable on your Guaranteed Fixed Term Income Plan at the end of the specified term.

Guaranteed Fixed Term Income Plan

A pension provided from a **UK registered pension scheme,** or from an existing drawdown arrangement, under a 'money purchase arrangement'. The plan is purchased from an insurance company of the **planholder's** choice and must satisfy the conditions set out in paragraph 8A of Schedule 28 to the Finance Act 2004.

HMRC

His Majesty's Revenue and Customs.

Lifetime Annuity

An annuity that meets **HMRC**'s definition in Paragraph 3 of Schedule 28 to the Finance Act 2004.

Maturity date

The agreed end date of your plan.

Money Purchase Annual Allowance (MPAA)

The Money Purchase Annual Allowance (MPAA) is a limit on the amount of contributions, from all sources, that can be made to defined contribution pension plans before a tax charge applies. At the date of this document the limit is £10,000. It does not apply to defined benefit schemes.

Plan Schedule

The schedule enclosed with this document.

Plan start date

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

Planholder

The legal owner of the plan.

Surrender

End your income plan before your chosen maturity date.

Term

The period of time between the **Plan Start Date** and the **maturity date** of your **Guaranteed Fixed Term Income Plan**. The term can be set in years and months.

UK registered pension scheme

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

Us, We and **Our**

Aviva Life & Pensions UK Limited.

You and **your**

The **Planholder**.

Need this in a different format?

Please get in touch if you'd prefer these terms and conditions (**AN21111**) in large print, braille, audio, or in a different colour.

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