Pension Annuity (including the Enhanced Pension Annuity)

Terms and Conditions

Welcome to Aviva

Your plan document consists of both the terms and conditions and the **plan schedule**. The benefits payable are detailed in the 'Confirmation of your Pension Annuity' or 'Confirmation of your Enhanced Pension Annuity' which is attached to and forms part of the **plan schedule**. These give you important information to use 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.

Definitions

We have highlighted some of the technical words we have used in bold. Definitions are given in section 5.

Where the words 'we', 'us' or 'our' are used in this plan document, they refer to Aviva Life and Pensions UK Limited.

The words 'you' and 'your' means the **planholder**.

In the 'Confirmation of your Pension Annuity' or 'Confirmation of your Enhanced Pension Annuity', 'you' and 'your' means the **annuitant**.

What you should do now you have received the plan document

You should read the plan document immediately you receive it, and satisfy yourself that it fully meets your needs. If it doesn't, you should refer to a financial adviser for urgent help; changes can only be made within the cancellation period. If you find an error please return it to us at the address in the **plan schedule**. We will send you a replacement free of charge if the error was made by us.

Contents

Section 1

Outline of the Pension Annuity (Open Market Option) and Enhanced Pension Annuity (Open Market Option)

This section only applies where the plan is shown as a Pension Annuity (Open Market Option) or Enhanced Pension Annuity (Open Market Option) on the **plan schedule**.

We have accepted a payment from one or more **UK registered pension scheme(s)**. This is shown on the 'Confirmation of your Pension Annuity' or 'Confirmation of your Enhanced Pension Annuity'.

This plan derives from the **registered pension scheme(s)** shown on, or in connection with, the application.

The plan can only receive payments from **UK registered pension schemes**. Pensions under this plan will be provided by Aviva Life and Pensions UK Limited.

The plan satisfies the conditions set out in the Finance Act 2004, as amended from time to time.

Section 2

Outline of the Pension Annuity (Transfer) and Enhanced Pension Annuity (Transfer)

This section only applies where the plan is shown as a Pension Annuity (Transfer) or Enhanced Pension Annuity (Transfer) on the **plan schedule**.

We have accepted a payment from one or more **UK registered pension schemes**. This is shown on the ‘Confirmation of your Pension Annuity’ or ‘Confirmation of your Enhanced Pension Annuity’.

Your plan is 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 will be happy to send you a copy of the rules if you wish.

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.

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

Section 3

The general rules applying to this plan

1. The information you gave to us

We rely on the information that is provided to us.
If any of the information provided to us is not true, is not complete, or cannot be confirmed by the member's/dependant's Doctor and this might reasonably have affected our decision to provide the members/dependants 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. 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 plan

vii. 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 calculated 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 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 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 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

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

The taxation of any lump sum payable on death of the **annuitant** is described in part 5 of section 4.

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 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:

a. to comply with a pensions sharing order; or

b. if you are the trustees of a **registered pension scheme** which is insolvent and winding up. We will calculate the value on a basis determined by the **actuary**.

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

If you are the trustees of a **UK 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 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.

11. 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.

Section 4
The benefits payable

1. Introduction

The benefits payable under the plan are shown in the 'Confirmation of your Pension Annuity' or 'Confirmation of your Enhanced Pension Annuity' 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 Pension Annuity' or 'Confirmation of your Enhanced Pension Annuity' 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.

2. 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 (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 pension increase date compared with the index published one year earlier.

The pension 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 pension increase or the month the plan started, whichever is later.

3. 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.

We will increase the pension by the lower of:

a. the percentage amount(s) 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.

4. Maximum pension(s)

This part only applies if a maximum pension section is shown on the **plan schedule**.

The pension or a **dependant's** pension will be limited to a maximum pension each year. The maximum pension at the **plan start date** is shown on the **plan schedule** and will increase at each pension increase date by the greater of:

a. 3% each year; and

b. the increase in the Retail Prices Index.

The increase in the Retail Prices Index will be calculated in accordance with part 2 of this section, except that the increase will be based on the current maximum pension after allowing for the pension equivalent of any tax-free lump sum taken. The increase to the **dependant's** pension will be based on the current maximum **dependant's** pension.

If we are unable to pay part or all of a pension increase then:

a. If you are the **annuitant**, we will hold the excess pension as a credit and pay it as and when the maximum limit allows.

If we are holding any excess pension as a credit when you die, we will aim to use it to provide an additional pension to a dependant within the meaning set out in paragraph 15 of section 28 to the Finance Act 2004. If you don't have such a dependant, the credit will be retained by us.

b. If you are not the **annuitant**, we will hold the excess pension as a credit. Any excess pension held which cannot be paid at the next pension increase date will be returned to you.

5. 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 tax due including any Special Lump Sum Death Benefit Charge required under section 273A of the Finance Act 2004.

6. 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 whether the person named as the **dependant**:

a. is entitled to the **dependant's** pension; or

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

   i. married to the **annuitant**; or

   ii. a **civil partner** of the **annuitant**; or

   iii. a **dependant** of the **annuitant** within the meaning set out in paragraph 15 of Schedule 28 to the Finance Act 2004.

Where iii. applies, the person named as the **dependant** will, at the date the **annuitant** dies, need to satisfy the **scheme administrator** that they are entitled to receive the **dependant's** pension. They're entitled to do so if they were financially dependent on or interdependent with the **annuitant** at the time of their death. This can mean that they relied on their joint income to maintain their lifestyle, or held joint assets. If they're 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 **dependant's** pension must not be greater than that permitted under paragraph 16A of Schedule 28 to the Finance Act 2004.

Provisions applicable where the benefits include a Guaranteed Minimum Pension

If a male **annuitant** is married when he dies, a pension 50% of the **annuitant's Guaranteed Minimum Pension** will be paid to the **annuitant's** surviving spouse, whether male or female, at the time. This may be a different person from the **dependant** shown on the **plan schedule**.

If a female **annuitant** or an **annuitant** of any gender in a civil partnership dies, a pension of 50% of the **annuitant's Guaranteed Minimum Pension** earned after 5 April 1988 will be paid to the **annuitant's** surviving spouse or **civil partner** at the time. This may be a different person from the **dependant** shown on the **plan schedule**.

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**.

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 **contract 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**.

Section 5
Definitions

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

Actuary
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 as the annuitant on the **plan schedule**.

Application
This is the form signed by the scheme trustees and/or the **annuitant** to take out this 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.

Contract date
This is the date the contract comes into force.

Dependant
This is the person (if any) named as the dependant on the **plan schedule**. The circumstances in which any **dependant's** pension will be payable are set out in part 6 of section 4 and the 'Confirmation of your Pension Annuity' or 'Confirmation of your Enhanced Pension Annuity'.

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 'Confirmation of your Pension Annuity' or 'Confirmation of your Enhanced Pension Annuity'.

State Earnings Related Pension Scheme
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.

The State Earnings Related Pension Scheme was replaced by the State Pension for anyone who retired on, or after, 6 April 2016.

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.

Lifetime annuity
A pension provided from a **UK 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 schedule
This is the schedule enclosed with this document.

Plan start date
This is the date we received the fully completed **application** and payment unless we agree an earlier date in writing.

Planholder
This is the legal owner of the plan.

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

Scheme administrator
This is the person responsible for certain aspects of the management of the **UK registered pension scheme**.

Scheme pension
A pension provided from a **UK registered pension scheme**, which must satisfy the conditions set out in paragraph 2 of Schedule 28 to the Finance Act 2004.

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.

Need this in a different format?

Please get in touch if you'd prefer these terms and conditions (**AN15037**) in large print, braille, or as audio.

How to contact us

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