

Aviva '98 Series Group Personal Pension (Isle of Man)

Terms and conditions

Glossary

Former protected rights

If you were a policyholder or Member prior to 6 April 2012 you will have one arrangement in respect of your Former Protected Rights.

Normal Minimum Pension Age

As defined under Section 165 of the UK Finance Act 2004.

Policy anniversary

The Policy anniversary is the anniversary of the commencement date for your policy or any other date we agree with you will be used as the anniversary for this policy.

Policyholders who are members of Group Personal Pension Schemes

In this document, we will refer to you as the policyholder. In some supporting documentation, we will refer to a policyholder who has joined a Group Personal Pension Scheme as a member of that scheme. This is distinct from the term Member which applies to all Aviva Personal Pension policyholders who are Members of the Aviva Personal Pension Scheme (Isle of Man). The term Member is defined in the Rules.

Some options in this policy will apply only to Group Personal Pension scheme members.

Policy year

The Policy year is the period between the commencement date and the first policy anniversary or the period between consecutive policy anniversaries.

Renewal date

The Renewal date is the agreed date each year when we reassess your policy. This date will be relevant if you are a member of a Group Personal Pension scheme.

Rules

This means the Rules of the Scheme.

Scheme

This means the Aviva Personal Pension Scheme (Isle of Man). This policy is issued subject to the Rules of the Scheme.

Underwriting information

Occasionally, we will need satisfactory Underwriting information before we will accept a change to your policy. This is information we need to decide if, and at what cost, we can provide benefits such as life cover and waiver of contribution. We will need to know about your personal circumstances and anything else which we have to take into account in assessing the risk of insuring you.

Your fund

Unless otherwise stated, your fund is the amount available to provide your benefits.

General provisions

1. How the scheme has been set up

The Scheme is constituted under a trust. The Rules of the Scheme are held subject to that trust. The Rules and trust may be changed if required or agreed by the appropriate Isle of Man government authority. Please contact us if you would like a copy of the Rules and the trust.

2. Approval of the scheme

The Assessor of Income Tax has approved the Scheme as a personal pension scheme under Part 1 of the Income Tax Act 1989 (an act of Tynwald). The Assessor's reference number is IT33B.

3. Confirmation of the contract

Your policy will confirm your contract with us. It is subject to the Rules. We have made every effort to avoid inconsistency between the Rules and the policy. If there is any inconsistency, the Rules will override this policy.

You became a Member of the Scheme on the contract date.

4. Arrangements

Your policy is split into one or more arrangements. This allows you extra flexibility when taking benefits from the policy as, under current legislation, you can take the benefits from each arrangement at different dates.

Each arrangement is an individual part of your membership of the Scheme. It is separate from all your other arrangements in the Scheme.

There are 25 equal arrangements in this policy.

Both your and/or your employers payments will be made into the 25 arrangements that are in place at the time they are paid.

Each transfer payment from an occupational pension scheme or from another personal pension policy will also be made to the 25 arrangements.

5. Start of this policy

This policy starts on the contract date shown on the policy schedule. The date on which the first or only payment is or was due is shown on the policy schedule as the commencement date.

6. Accurate information

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

- change the terms of this policy;
- restrict the benefits payable under this policy; or
- cancel this policy and refund the payments paid less our reasonable expenses.

7. Law that applies

This policy is deemed to be issued in the Isle of Man and has no force unless it is signed in the Isle of Man by an Aviva representative. It will be interpreted by the law of England.

8. Currency and place of payment

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

9. Relocating to the United Kingdom

If you return to the United Kingdom within six months of the start of this policy and tell us within 12 months, we will cancel the policy. If you return to the United Kingdom after six months and tell us after 12 months, we will freeze the policy, but you will be able to restart it at a later date if you meet the criteria.

10. Policy changes

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

- i. to respond, in a proportionate manner, to changes in the way Aviva administers policies of this type;
- ii. to respond, in a proportionate manner, to changes in technology or general practice in the life and pensions industry;
- iii. 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 Aviva intends to comply.
- iv. to correct errors if it is reasonable to do so

If Aviva considers 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.

Aviva will tell you in writing of any change it considers is to your disadvantage (other than any change necessary to meet regulatory requirements) at least 30 days before the change becomes effective unless it is not possible for us to do this in which case Aviva will give you as much notice as possible.

11. Contacting us

If you need to contact us about this policy or the Rules, please write to us at the address shown on the policy schedule. Please include the policy number on any letter you send to us.

We may refuse to take any action until all our reasonable requirements have been met. This includes receiving any documents we have asked for, including completed forms, filled in by appropriate people.

12. Contracting out and Protected Rights

From 6 April 2012 the Government stopped the ability to contract out for defined contribution schemes. Any funds built up from contracted out payments (known as “former protected rights”) can now be used in the same way as the rest of the pension fund. However, Aviva will still identify these funds separately, and we refer to “former protected rights” and “non-protected rights” in this document. “Former protected rights” won’t apply to you if you take out a plan after 6 April 2012.

13. Potential conflicts of interest

There may be times when Aviva Plc group companies or our appointed officers have some form of interest in the business being transacted.

If this happens or when we become aware that our interests, or those of our officers, conflict with your interests, we’ll take all reasonable steps to manage that conflict of interest. We’ll do this in a way that treats all customers fairly and in line 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 or taking any investment action in relation to it.

Payments

We deduct any charges from your payments then use the rest to buy units in your chosen investment fund(s). In this policy, your fund is the amount which is available in each arrangement to provide your benefits.

1. Regular payments

These are either yearly or monthly payments. If this policy starts with regular payments, they are due on the dates shown on the policy schedule. If you add regular payments to this policy, they will be due on the dates we agree with you. We will tell you of the minimum amount we will accept at the time. You can only change the frequency of payments on the Policy anniversary.

The policy schedule shows the payments to be paid.

If you take the benefits from any of the arrangements, you must tell us if you want to reduce your payments. This will not happen automatically.

We may need evidence of your earnings to justify the level of payment. If we don't have this evidence, we won't change the level of payments.

At times, an appropriate Isle of Man government authority may impose restrictions on payments into the policy.

We can accept regular payments from you and/or your employer. Payments can be paid on a level basis or if you are a member of a Group Personal Pension Scheme on a percentage of earnings or variable basis. There are explained as follows:

a. Level payments

These are regular payments of a fixed level amount. The level of payments paid will not change unless you tell us to change them or you have chosen automatic increases to your payments. In these instances, the payments may increase or decrease. We will tell you about any restrictions that apply before we accept your change. Any change you make can only start from the next date a payment is due.

b. Percentage of earnings payments

This option is only available to members of a Group Personal Pension Scheme.

If this option applies, your and/or your employer's regular payments to the policy can change each year in line with your earnings.

At the Renewal date, we will calculate the regular payments due, based on an agreed percentage of your earnings. For this purpose, your employer will tell us your earnings before the commencement date and each Renewal date. If your employer has not told us of any change by the Renewal date, we will assume that the amount you earn is unchanged.

The agreed percentage or the level of earnings on which we base payments may change at any time. We may make a charge if the change is to take effect at a payment due date other than the Renewal date (see part 9 of the Charges provision).

If payments stop being paid on this basis they can only start again if we agree. We may need satisfactory Underwriting information.

If you stop being a member of a Group Personal Pension Scheme, payments can no longer be paid on this basis.

c. Variable payments

This option is only available to members of a Group Personal Pension Scheme.

If this option applies, we will base payments from you and/or your employer on an agreed percentage of your earnings each month. Your employer must tell us how much is to be paid each month.

The agreed percentage can be changed at any time. The change can be made free of charge at Renewal date. We may charge for any further changes (see part 9 of the Charges provision).

If payments stop being paid on this basis, they can only start again if we agree. We may need satisfactory Underwriting information.

If you stop being a member of a Group Personal Pension Scheme, you will no longer be able to pay payments on this basis.

2. Single payments

If this policy starts with a single payment only, the policy schedule shows the payment that has been paid.

We can accept single payments from you and/or your employer.

At times, an appropriate Isle of Man government authority may impose restrictions on payments into the policy.

You and/or your employer can make single payments at any time. We will tell you about the minimum amount we will accept at that time.

3. Transfer payments

This policy can accept transfer payments from the sources set out in the Rules. In some cases, an appropriate Isle of Man government authority may impose restrictions on these payments.

If this policy has received a transfer in, on or after 6 April 2006, from a UK registered pension scheme the age at which benefits can be taken under the scheme will be restricted to the Normal Minimum Pension Age.

We will treat a transfer payment as a single payment unless we are not allowed to do this by the Rules.

We will issue a statement to you confirming the amount we have received and how we have dealt with it.

4. Repayment of overpaid or ineligible payments

If payments to this policy are more than those allowed under the Rules, we will take the overpayment out of the fund(s) relevant to the arrangement(s) to which the overpayment was made. We will do this by cancelling units for the overpayment. We may adjust the cash sum we repay for:

- a. our expenses for the collection, investment and repayment of overpaid payments
- b. any additional cost of risk benefits
- c. any taxation relevant to the overpayments received and the repayment to be made.

5. Method of payment

We will agree how payments will be paid with you. We will not accept cash payments.

We may need to change our agreed methods of payment.

6. Stopping regular payments

- a. If payments have stopped, we may freeze this policy from the date that the next payment is due unless:
 - i. you tell us before the payments stop the date you expect payments to start again. This date must be within 12 months of when the first outstanding payment should have been paid; and
 - ii. provided they do restart within that period of 12 months. We will collect them at the level of the last payment unless you tell us otherwise.
- b. Any integrated life cover may continue and any waiver of payment benefit may continue subject to any conditions that apply during the period you choose under (a) above if your fund can meet the charges.
- c. If this policy is frozen, we will alter it so that no further payments will become due. This may affect the options you have chosen. Some options will stop. The appropriate provisions of this policy will tell you about this.
- d. You will still have to pay relevant charges, even though no payments are being paid, unless you take out another appropriate contract with us. We will tell you which are the appropriate contract(s) at the time. You can find the specific charges in the policy schedule. These and other charges are described in the charges provision. If your fund is unable to meet these charges, this policy will end without value.

7. Restarting payments

A period where a reduced allocation rate applies is called an initial period.

- a. You and/or your employer can start to pay payments again at any time if the requirements of the appropriate Isle of Man government authority are met. If payments are stopped during an initial period, when they start again, we will extend the initial period to include the length of time that payments were not paid.
- b. If, during an initial period, the level of payments is reduced and later increased back to or below the previous highest level, then for the increase, we will extend the initial period to include the length of time that reduced payments were paid.
- c. If, during an initial period, the level of payments is reduced and later is increased above the previous highest level, we will deal with that part of the increase up to the previous highest level under (b) above. We will treat the rest of the increase as a normal increase in payments under part 1(a) of this provision.
- d. If you had integrated life cover and/or waiver of payment benefit then, if we agree, either or both can apply when payments are restarted. We will need satisfactory Underwriting information.

Automatic payment increases

If this provision applies, payments are increased automatically on each Policy anniversary. The policy schedule shows if it applies.

Automatic payment increases can only apply to regular payments paid on a level basis. It can apply to your payments and/or your employer's payments unless you are a member of a Group Personal Pension Scheme, in which case it can only apply to your payments.

The rate of any increase is shown on the policy schedule.

If we agree, the automatic increase to payments to this policy can be based on the total of:

- a. the amount of regular payments being made to this policy and other approved personal pension schemes; or
- b. the amount of regular payments being made to this policy only.

If you choose option (a), you must tell us in writing of the level of payments being paid to other approved personal pension schemes. You must also tell us if this information changes.

If the increase is linked to the UK Index of Average Weekly Earnings, the new level of payments will be the higher of:

- a. 3% more than the existing level and
- b. the amount which results if the level of payment just before that Policy anniversary is multiplied by the Index on 1 September in the previous calendar year divided by the Index on 1 September the year before that.

For the purposes of this policy, the Index of Average Weekly Earnings means the Index published by the Department for Education and Employment in the United Kingdom each month or any other Index which replaces it.

We may need evidence of your earnings to justify the increase in payments. If we don't have this evidence, we won't increase your payments.

Automatic increases in payments will stop if one of the following happens:

- a. you tell us to stop collecting regular payments
- b. you tell us to stop the automatic increase to your regular payments
- c. your employer tells us to stop collecting regular payments
- d. your employer tells us to stop the automatic increase to their regular payments
- e. we freeze this policy, leaving you the option to restart payments at a later date.

If you and your employer tell us on three consecutive policy anniversaries not to proceed with the automatic increase, we will remove this option from your policy.

If the automatic increases are stopped or removed, they can only start again if we agree. We may need satisfactory Underwriting information.

Automatic contribution increases will stop on your employer's payments if you become a member of a Group Personal Pension Scheme.

Investing payments

When we receive a payment, we apply an allocation rate to it (see section 4 of the Charges provision). Once we've applied the allocation rate, we refer to the payment as the investment content of that payment.

The investment content of payments are split equally between arrangements in place at that time. We use the investment content to allocate units at the offer price in the investment funds you have chosen. These are set out in part 1 below. We allocate units at the next valuation point after we receive a payment or the due date of that payments, if later.

1. Funds used for this policy

You can invest in our With-Profit Fund if available and a group of investment-linked funds through the Scheme. However, we can restrict the number of investment funds that you can invest in through this policy. There may also be a minimum and maximum number of units that you can hold in any investment fund at any time.

We will tell you about any restrictions which affect this policy and the options available when they become relevant.

The assets and units of all investment funds belong to us at all times. We use them to work out the benefits to be provided by this policy.

We can close or merge any existing investment funds. We will tell you if it affects this policy.

We can also set up new investment funds at any time.

2. Investment-linked funds

a. Assets

For each investment-linked fund, we decide which assets to include and when to buy and sell them. We do this in line with the fund's investment objectives. We add income and gains from these assets to the fund. We meet any losses relating to these assets from the fund.

We can borrow for the purposes of any investment-linked fund and use its assets as security for a loan. We can also use financial

derivatives, such as futures and options, to help us in effectively running the funds.

b. Deductions

We will make the following deductions from each investment fund where we have reasonably incurred or anticipated incurring:

- i. expenses for buying and selling assets and valuing, owning and maintaining them
- ii. interest on borrowings
- iii. any taxes, duties and other charges, including our management charges which are explained in the charges provision
- iv. other expenses, taxes, duties, levies or charges that should be paid from the fund. (This may include the cost of acquiring, disposing of, maintaining or managing assets of the fund and also other charges on the investment or income of the fund as reasonably determined by us).

c. Units and bid and offer prices

- i. Each investment-linked fund is divided into units. There may be different types of units in the same fund, but all units of the same type in a fund are of equal value. Units are normally allocated at the offer price and cancelled at the bid price.

We will value each investment-linked fund at least once a month on a business day. This is a day on which we, our investment managers and the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited are open for normal business. Each business day is a valuation date and the valuation applies from the valuation point on that date.

We carry out each valuation to fix the offer price and the bid price of units. The bid price will be 95% of the offer price rounded to the nearest 0.01 pence.

We base the value of the stock exchange investments on quoted prices. We base the value of interests in land and buildings on the latest valuations we have.

However, we may make reasonable adjustments to take account of:

- changes in the prices of land and buildings since the last valuation in line with professional advice;
 - regulatory guidance; and/or
 - guidance issued by the Royal Institution of Chartered Surveyors (or another equivalent body).
- ii. The offer price of a unit can't be more than the maximum offer price. We find this by:
- valuing the assets of the fund relating to units of that particular type using the prices at which they could be bought, plus the buying costs
 - dividing this by the number of units of the type in the fund
 - multiplying the answer by 100/95 and rounding to the nearest 0.01 pence.
- iii. The bid price of a unit can't be less than the minimum bid price. We find this by:
- valuing the assets of the investment fund relating to units of that particular type using the prices at which they could be sold, less the selling costs
 - dividing this by the number of units of that type in the investment fund
 - rounding the answer to the nearest 0.01 pence.

3. With-Profit Fund

a. Unit prices

We set the offer price of units in this fund so that it increases daily in line with the latest declared regular bonus rate. The unit prices of this fund will not go down. The bid price will be 95% of the offer price rounded to the nearest 0.01 pence.

b. Final bonus

We may pay additional sums when units are cancelled in accordance with the way in which we manage the With-Profit Fund.

Details of how this is done are currently set out in the 'Principles and Practices of Financial Management (PPFM) for the Aviva Life & Pensions

UK Limited With-Profits Sub-Fund'. We also produce a 'With-Profits Summary' guide which explains the main points about with-profits and our current approach to managing the With-Profit Fund, including bonuses and in what circumstances we may apply a market value reduction.

Copies of both of these documents are available from our website aviva.co.uk/ppfm/#with-profits or by asking us.

c. Market value reductions

We may apply a market value reduction if you ask us to cancel units in the With-Profit Fund at any time except:

- i. on retirement at the date shown on the policy schedule or within three years, before or after, that date
- ii. on the latest day on which you can take retirement benefits in line with the Scheme Rules
- iii. because of your death.

Cancelling units at a time when we are applying a market value reduction will reduce the amount you get for those units.

Market value reductions take into account the amount by which:

- iv. the value of the assets supporting units allocated in a period is less than
- v. the value of those units at the bid price.

When we decide to apply any market value reduction(s), we will take account of:

- vi. the size of the difference between (iv) and (v);
- vii. the number of units which are cancelled from the With-Profit Fund used for this type of policy other than for the reasons for which we would not apply a market reduction value.

We use market value reductions to make sure that all investors in the With-Profit Fund receive their fair share of the returns earned over the period of their investment. We usually only apply a market value reduction during times of poor market conditions or when investment returns are below the level we normally expect.

4. Investment fund selection

The policy schedule shows your initial fund choice and the division of the investment content.

You may write to ask us to use different investment funds and/or proportions for each payment type. Your request will come into effect on the date the next payment is due. Your choice may be limited (see part 1 of this provision). We will apply any request you make to alter your fund selection equally to all arrangements of the same payment type.

We will treat regular payments made by you (whether you are employed or self-employed) and your employer as the the same payment type for investment fund selection.

5. Cancellation of units

The cancellation of units takes place using the unit price that we:

- next make available depending on the time the request (together with all our reasonable requirements) is received by us, but we reserve the right to use a later unit price if the use of the next available unit price would allow you to use already known market data to your benefit; or
- next make available on the day you specify if this day is later than the day above; or
- next make available on the day on which a cancellation is necessary under the terms of this policy or the Rules of the Scheme.

The amount raised when units are cancelled is the cash value.

The cash value raised when units in the With-Profit Fund are cancelled may make allowance for final bonuses and will allow for any market value reduction when applicable. Details of when we will not apply a market value reduction are given in the description of the With-Profit Fund. This is in part 3 of this provision.

We can delay the cancellation of units in any investment fund for up to one month. Where a fund invests directly or indirectly in land or buildings we may delay it for a further five months.

Cancellation of units in a fund may be delayed, where we consider that it is reasonable to do so having regard to all the relevant circumstances. We are only likely to consider it reasonable to do so

where it is in the interests of the relevant investment or property funds, policyholders in general or individual policyholders, or we are unable to readily realise investments in the investment or property fund. Examples of this may include where:

- (i) there is a stock market crash;
- (ii) there is a failure in infrastructure, such as the effect of a computer virus in the stock trading system;
- (iii) there is physical damage arising from events such as a terrorist attack, an explosion or flood;
- (iv) we reasonably consider there is no suitable market upon which to sell the asset(s) of a fund;
- (v) there is any interruption of a stock exchange which materially affects the pricing of the units;
- (vi) the sale of the asset(s) of a fund would lead to unfairness of treatment between policyholders.

We will tell you if and why a delay is necessary. Where the unit price depends on the value of a fund that is outside our control, we can delay cancellation until we receive that value.

If there is a delay, then the cancellation will take place using the unit price next available after the period of delay has ended, using that day's valuation figures. We will not delay the cancellation of units if a payment is due under the rules, other than a transfer payment before retirement.

In certain circumstances, we may further delay for such period as may reasonably be required, the cancellation, valuation, switching, surrender or any other dealings with the units in or valuation of any fund to either:

- (i) match any period of delay or suspension imposed by manager(s) of any entity in which you have funds invested,
- or
- (ii) where due to exceptional circumstances we reasonably consider that it is in the interests of planholders whose plans are invested in the fund to do so.

Cancellation of units to pay for charges will be proportionate between all investment funds in which units have been allocated. We will cancel the units bought most recently in a fund first.

Changing investments

Throughout the term of this policy, you can change the investment funds in which your payments are invested and also tell us to redirect future payments into new investment funds. In addition, you can ask us to invest different types of payments (regular, single and transfers) in different investment funds.

If you choose one of the lifestyle approaches under this policy, we will move all of your investments to the agreed funds. You can ask us to stop using the selected lifestyle approach if you want to change investment funds or direct future payments in a different way.

Changing investment funds

- a. By writing to us, you can ask us to switch units in one investment fund to units in other investment fund(s) at the next valuation point for the fund secured by each payment type. Your choice may be limited (see part 1 of this provision). We will apply any request you make to alter your fund selection equally to all arrangements of the same payment type.
- b. We switch units by cancelling enough existing units (at bid price) in one fund to raise the cash amount you asked for. We use the cash value to allocate units at the bid price in either the other investment fund(s) you have chosen or the investment fund specified in the phased switching option if that applies. See the next section for more information about phased switching.

The amount we raise when we switch units out of the With-Profit Fund will allow for any market

value reduction(s) and may also allow us to add a final bonus to these units.

We will treat regular payments, single payments, transfer payments as a separate payment type for the purpose of this part.

Phased switching investment approach

(Restrictions may apply as to the availability of this feature.)

Phased switching is an investment approach that automatically switches your investment(s) as you get closer to your chosen retirement age. This is to help prepare your pension pot for you to take your retirement benefits.

You can choose this option if there are at least five years to your retirement date. The policy schedule shows if this provision applies.

a. Start of phased switching

We will switch units from each of the investment funds you have chosen to the fund(s) shown in the policy schedule. This will start five years before the original retirement date or other agreed date.

We will switch units equally across all existing arrangements with the same original retirement date or other agreed date.

If the original retirement date or other agreed date is different for non-protected and former protected payments, we will start phased switching separately for the non-protected and former protected benefits in line with the original retirement date or other agreed date.

We will not automatically redirect payments when we begin phased switching.

b. Units to be switched

We will switch units at the valuation point on the same day each month as the original retirement date or other agreed date or the next valuation point if that day is not a business day.

Each month, we will calculate the number of the units that will be switched from each of the investment funds you have chosen. We do this by dividing the number of units in the investment fund by the number of calendar months remaining to the original retirement date or other agreed date). The calculation will include any units that we have allocated in that fund for further payments and exclude any units we have cancelled to pay charge.

There will never be more than 60 calendar months from the start of phased switching to the original retirement date or other agreed date.

We will allocate the investment content of contributions paid after phased switching has started to the investment funds you have chosen. The money will stay in those funds until the units are switched in line with this option.

c. Changing your retirement date

Phased switching has started

If we agree a different date to start paying your retirement benefits and there are less than 60 calendar months to that date, we will stop automatically switching units. If there are more than 60 calendar months to that date, we will stop automatically switching units unless you tell us not to. We will start to switch units again when there are 60 calendar months to the new agreed retirement date.

Phased switching has not started

If we agree a different date to start paying your retirement benefits and there are less than 60 calendar months to that date, we won't begin phased switching at all.

d. Stopping phased switching

If you tell us to, we will stop switching units. You can also tell us to cancel this option before we have started to switch units.

Phased switching won't apply to your policy if you choose one of the lifestyle approaches.

Lifestyle investment approach

(Restrictions may apply as to the availability of this feature.)

A Lifestyle investment approach is a choice of investment fund(s) that allows you to progressively move to different funds as you get closer to your chosen retirement age, to help prepare your pension pot for you to take your retirement benefits.

You can choose this approach if there are at least five years to your retirement date. The policy schedule shows if this provision applies.

The fund(s) will be determined on the date the lifestyle investment approach starts. We may restrict the funds that can be used under this approach.

We will invest payments in the funds and proportions shown in the policy schedule. We will automatically redirect all payments at the dates shown in the policy schedule.

When payments are redirected we will also start to automatically switch existing units to those funds in the same proportions. We will switch units on a monthly basis.

a. Switching units

Each month, we calculate the amount of units to switch from each investment fund by dividing the number of units in that fund by the number of calendar months remaining to the original retirement date or other agreed date (or the next payment re-direction date if earlier). The calculation includes any units that we have allocated in that fund for further payments. It excludes any units we cancel to pay charges.

We will switch units equally across all existing arrangements with the same original retirement date or other agreed date. If the original retirement date or other agreed date is different for non-protected and former protected payments, we will adopt this approach separately for the non-protected and former protected benefits.

We will switch units at the valuation point on the same day of each month as the original retirement date or other agreed date or the next valuation point if that day is not a business day.

b. Changing your retirement date

If your retirement date changes, this approach will automatically stop. You can restart this or any other lifestyle approach if there are at least five years to your new retirement date.

c. Stopping a lifestyle approach

You can stop this approach at any time. If you do so, we will stop switching units and won't redirect your future payments.

When we may change an investment approach

We may change or remove any investment approach for any of the reasons set out below. This may mean a change to the:

- funds within the investment approach
- mix of funds within the investment approach
- length of the investment approach
- name of the investment approach
- risk profile of the investment approach
- charges that apply in the investment approach

Some of these changes mentioned above may mean the charge and/or risk ratings change. They could go up or down to reflect the charges and/or risk ratings of the new funds and their relative proportions. If any or all the above changes happen, we will make information available about the change. However, we won't write to you before any or all the changes or ask your permission to make any or all the changes. After we make any or all the above changes to the investment approach, we'll tell you about the change as soon as practically possible. This could be up to a year after we make the change.

We reserve the right to make any or all the changes listed in the above bullet points to investment approaches when there are:

- changes in applicable law, regulation (including guidance issued by an appropriate regulator) industry codes of practice or generally accepted industry practice which affect your investment approach
- changes in how the London Stock Exchange or other relevant investment or regulated markets may work which may impact on the operation of your investment approach
- changes in investment/share dealing administration or other infrastructure facilities, systems or means of communication which impact on the provision and operation of your investment approach

- changes to services relating to your plan supplied to us by third parties which are outside of our control which need additional expenditure by us
- changes in circumstances or the happening of any event which means the investment approach operates in a way which is unfair to you or our other policyholders
- changes resulting from the introduction of new systems, services, and changes in technology
- changes in circumstances or the happening of any event which makes it impossible, impracticable, or economically unviable for us not to make a change to the investment approach. We will only do this so long as any such change is not unfair to you or our other policyholders
- changes needed to amend an error where it is reasonable to do so
- changes required for appropriate governance reasons to implement legislation or regulatory changes or best practice.

And the change or changes are in our opinion reasonably required.

You can change your investment instructions at any time.

Loyalty units

The policy schedule shows if this provision applies.

1. Awarding loyalty units

- a. We may award loyalty units to this policy each month after the fifth Policy anniversary. We may award loyalty units if the policy has qualifying units on each monthly award date.
- b. An award date is the same day each month as the commencement date or, if this is not a business day, the next business day on which there is a valuation point.
- c. A qualifying unit is one which:
 - i. exists at the award date
 - ii. was allocated more than four years before the previous Policy anniversary.
- d. The amount we use to award loyalty units will be one twentieth of 1% of the value at the bid price of qualifying units at the award date.
- e. On each award date, we will use the amount available for loyalty units to allocate units to the same fund(s) as the qualifying units. We will allocate units at the bid price of the fund(s) on the award date.
- f. These new units may themselves become qualifying units in the future as outlined above.

2. Associated policies

This policy is associated if:

- a. you told us that you were a member of an occupational pension scheme administered by Aviva when you took out this policy
- b. the amount of the plan fee shown on your policy schedule is nil.

We may stop adding loyalty units to associated policies if there are any changes in law, regulations, government requirements or official rules which we believe make it inappropriate or not cost effective for further payments to be paid to this type of associated policy.

Retirement and death benefits and transfer payments

1. Date retirement benefits become payable

The date(s) when retirement benefits are due to be paid is shown on the policy schedule as the original retirement date. If you change the date when you want to take retirement benefits, we will send you an alteration statement, showing your new retirement date. The guarantee not to apply a market value reduction only applies to cancellation of units in the With-Profit Fund at or within three years (before or after) of the original retirement date.

Under this policy, you may be able to choose to take retirement benefits from some or all of the arrangements at different times.

We will not make any payment until after all our reasonable requirements are met.

2. The retirement benefits available

If you are alive on the original retirement date or other date(s) agreed between us, and all our reasonable requirements have been met, we will cancel the units allocated to each selected arrangement. We will do this at the bid price at the valuation point on the original retirement date or other agreed date, or the next valuation point if either of those dates is not a business day.

If all our reasonable requirements have not been met by the original retirement date or other agreed date, we will cancel the units at the bid price at the next valuation point after all our reasonable requirements have been met or at your 75th birthday, if earlier.

The amount we raise when we cancel units in the With-Profit Fund will allow for any market value reduction(s) under part 3 of the investing payments provision and may also allow us to add a final bonus to these units. We may also make an allocation adjustment under part 5 of the charges provision if you take retirement benefits

before the original retirement date shown on the policy schedule or other date agreed with us.

We will use the money to provide retirement benefits in line with the Rules.

We will provide you with a pension, which will be payable for the rest of your life. The Rules applying at the date of this policy may allow part of the fund within each arrangement to be taken as a lump sum.

The amount of any lump sum is restricted by the appropriate Isle of Man government authority.

We will contact you before the original retirement date or other agreed date to tell you about the options available at that time. These include your right to ask us to buy your pension from another pension provider which is appropriately authorised under the Rules.

3. The amount of death benefits payable

We will pay benefits if any arrangement still exists when you die. The amounts will include the value of the fund and if this applies, the balance of any life cover which is greater than the value of your fund. We will not make any payments until all our reasonable requirements have been met.

We will pay the value of each arrangement. The amount available will be the value of the units allocated to each arrangement at the bid price at the next valuation point after we are told of your death. The amount we raise when we switch units out of the With-Profit Fund may allow us to add a final bonus to these units.

We will pay the money as a lump sum under the Rules.

Instead of the lump sum payment, you may choose to use the value of your fund within each arrangement to buy a pension for your spouse/civil partner and/or dependants under the Rules. You must have told us about this choice in writing before your death.

4. To whom we will pay lump sum death benefits

We will pay benefits in line with the Rules, which currently permit payments outlined below.

If any lump sum(s) are payable and, at that time, we are satisfied this policy is written under a trust where no beneficial interest in a death benefit could be payable at your direction to:

- a. your estate, or
- b. your personal representatives, and your estate or personal representatives were not the sole object of the trust at its inception, we will pay the money to the trustee(s) of that trust.

However, if we are not satisfied there is such a trust, we will pay the lump sum(s) at our discretion to, or for the benefit of, any one or more of:

- i. any person or persons, including trustees, whose names you have given us in writing
- ii. your widow or widower (including civil partner)
- iii. your children including adopted children
- iv. your estate.

If we can't pay the lump sum(s) within two years of your death, we will transfer the money to a separate account outside the Scheme until we can pay it.

5. Transferring your funds before retirement

Under the Rules, before you retire you can transfer your rights to another scheme. If you decide to do this, we will cancel all the units allocated to the arrangements within this policy and pay the money, after making any allocation adjustment (see the charges provision) to the other scheme.

We will cancel units at the bid price at the next valuation point after we have received everything needed to complete the transfer. We may delay the cancellation and adjust the value of any units in the With-Profit Fund as explained in part 5 of the investing payments provision.

Integrated life cover

The policy schedule shows if this provision applies.

For this purpose of this provision, the value of your fund(s) only consists of the amount(s) within arrangement(s) relating to regular and/or single payments which have been made. We exclude the value of your fund(s) within arrangement(s) relating to transfer payments.

1. Amount payable

If the life cover option applies to this policy, the amount by which your death benefits may increase is shown on the policy schedule or on a later policy alteration statement if there has been a change.

We will pay the amount due in line with part 3 of the retirement and death benefits and transfer payments provision.

If this amount is more than the value of your fund(s) at the next valuation point after we are told of your death, We will pay the difference as a lump sum.

If this amount is the same as or less than the value of your fund(s), we will not pay any benefit under the integrated life cover option.

If you deliberately cause your own death within one year of the contract date or, if later, the date when life cover starts, the life cover will be void at the date of your death.

If you deliberately cause your own death within one year of the date of an increase in the life cover, the amount of that increase will be void at the date of your death.

Life cover is divided equally between each arrangement to which regular payments are made. When such an arrangement is used to provide retirement benefits, the life cover linked to that arrangement will stop.

We will not pay any amount of life cover if the cover has stopped and not restarted (see part 4 of this provision).

2. Maximum cover

If we find the cost of the life cover benefit is more than the maximum amount that may be paid for it under the Rules, we will reduce the future level of life cover.

We may also restrict the level of life cover you can have. This depends on the amount of regular payments paid and the number of years to your chosen retirement date. If payments are reduced, it may be necessary for us to reduce the level of life cover from or after that time.

3. Adding or altering the life cover

Please write to us if you want to add life cover or change the amount of your cover. We will tell you what information we need for us to consider your request. However, the life cover or the increased amount will not apply until after you accept our terms. It will start on the next day on which we make a charge for life cover under part 5 of this provision.

Increases in regular payments under the payments provision do not mean your life cover goes up.

If you delay taking retirement benefits until after the original retirement date shown on the policy schedule, you may, if we agree, be able to extend the term of the life cover. However, we will need satisfactory Underwriting information. The cost of the benefit will be based on your age and the information we are given.

4. What happens to life cover if payments stop?

Life cover will stop if your payments stop and we freeze the policy or you become ineligible to make payments. It may only be restarted if you are eligible and if we agree. We will ask for satisfactory Underwriting information. We will base the cost of the benefit on your age and the information we are given.

If you stop making pension payments but want the life cover to continue, then within 30 days:

- a. you can take out a separate policy within the Scheme if you are still eligible under the Rules; or
- b. you may take out life cover under a policy outside the Scheme.

In either case, we will not need Underwriting information for the same level of life cover in force when pension payments stopped. This level will be the amount we would have had to pay under part 1 of this provision if you had died just before payments stopped.

If your payments have stopped for a period under part 7 of the payments provision, this option will apply for as long as life cover continues and the policy has not been frozen. If life cover stops during this period, you must tell us within 30 days if you want to take out a separate policy under (a) or (b) above.

The replacement contract will only be for the outstanding period of this policy. We will base the cost of the life cover on your age next birthday at the time it is to start and the Underwriting information we already have.

The premium must be at least our minimum for a life insurance policy of this type. If you want a higher level of life cover than you had when payments stopped or you want the cover to last until a date later than the retirement date under this policy, we will provide the whole of the replacement life cover through a separate

contract. We will need satisfactory Underwriting information at that time. We will base the cost of the additional cover on your age next birthday at the time it is to start and the information given.

5. Cost of life cover

We will make a monthly charge for the cost of providing the cover during the next month. We will take this charge from the arrangements then in place to which regular payments are made. If there are not enough relevant units to meet this charge, we will stop the life cover and no longer apply the charge.

In the following paragraphs, your age is the age you will be at your next birthday.

To find the cost of the life cover, we apply a rate to the amount by which the figure shown in the policy schedule (or in the latest alteration statement as the amount to which your death benefits may increase) is more than the value of your fund(s). We use the mortality charge rate applying to you at that time. In the first year, this rate will depend on your age at the commencement date and the Underwriting information given to us before the contract date. We will revise the rate on each anniversary of the commencement date and adjust it for your age at that time. If no life cover applies because of the value of your fund(s), we will not make a charge.

If you want to add or increase the life cover, the cost will depend on your age and Underwriting information at that time. We will revise the rate on each anniversary of the commencement date and adjust it for your age at that time.

We review our mortality charge rates from time to time. We base the rates on the mortality experience of our policyholders and other insurance industry studies, such as those carried out by the Institute and Faculty of Actuaries.

Waiver of payment

Waiver of payment benefit means that we will treat any payments which become due during a claim period as having been paid.

The policy schedule shows if this provision applies.

We based our agreement to provide you with this benefit on the occupation you described in your application. If you change your occupation, you should write and tell us within 30 days of the change. We will then decide if this benefit can continue. We will tell you if it can and of any changes in the cost of it.

1. Unable to work

For the purpose of this benefit, we will treat you as unable to work if, due to illness or injury, you are unable to carry on your normal business, occupation or employment and you do not carry on any other business, occupation or employment, even if you are able to. If you are ill or injured because of pregnancy or childbirth, we will not treat you as unable to work until three months after the end of the pregnancy.

2. Claim period

For any claim you make for this benefit, this means any continuous period during which you are unable to work, starting six months after the later of:

- a. the commencement date
- b. the date on which you became unable to work.

If you become unable to work again within three months of the end of the last period when you were unable to work because of the same illness or injury, we will add these periods together to decide when the claim period starts.

The claim period will end on the earliest of:

- a. the date you reach age 65
- b. the date on which you stop being unable to work
- c. the original retirement date shown on the policy schedule or another retirement date agreed by us before you became unable to work.

If you again become unable to work, because of the same illness or injury within three months of the end of a claim period, the next claim period will start then.

3. The benefit provided

a. Payments paid on level or percentage of earnings.

If regular monthly payments are payable, we will waive any monthly payment which becomes due in the claim period.

If regular yearly payments are payable, we will waive any yearly payment which becomes due in the claim period.

We will treat this policy as though payments have been paid during the claim period as explained below.

At the end of the claim period, we will work out the full amount of payments needed to cover that period. We do this by multiplying the yearly payment by the number of complete months in the claim period and dividing by 12.

If the payment(s) we have waived are less than this amount, we will waive from an amount equal to the difference from the next payment. If there is no further payment due, for the purposes of this policy only, we will treat the difference as having been paid in the form of a single payment.

If the payment(s) we have waived are more than the amount needed, we will make an adjustment to the number of units allocated to this policy at the last date a payment was due, so that the difference is returned to us.

We will waive any payment under (a) above at the level which applied when you became unable to work. However, if the automatic payment increases provision applies, we will take account of these increases in the level of payment we waive. We will only do this if there have been automatic increases in regular payments for the two years before you became unable to work.

If regular payments are expressed as a percentage of earnings, we will increase the level of payment waived on each Policy anniversary after the start of the claim period.

It will increase to the higher of:

- a. 3% more than the existing level
- b. the amount which results if the level of payment just before that Policy anniversary is multiplied by the UK Index of National Average Earnings on 1 September in the previous calendar year divided by the Index on 1 September the year before that.

For the purposes of this policy, the UK Index of National Average Earnings means the index published by the Department for Education & Employment each month or any other index which replaces it.

b. Payments paid on a variable basis

We will waive the monthly payment on each expected payment date in the claim period. We will treat this policy as though payments have been paid during the claim period.

We will base the monthly payment on the payment rate and the estimated yearly earnings last given to us before the date you stopped work.

4. Exclusions

You can't claim this benefit if the illness or injury is because of:

- a. any deliberate self inflicted injury, whatever your state of mind
- b. alcohol or drugs, unless taken under the direction of a registered medical practitioner for any condition except alcoholism or drug addiction
- c. failure to seek or follow medical advice
- d. war, terrorism or any sort of internal or foreign hostilities
- e. aviation, unless as a fare paying passenger with a recognised air carrier
- f. your involvement in any criminal act.

5. Claim requirements

- a. You or someone on your behalf must tell us about your illness or injury before the end of five months after you became unable to work. If you don't tell us by then, the claim period will not start until one month after you tell us about your illness or injury.
- b. You can only claim the benefit if:
 - i. you give us the information we ask for, at your expense, to prove to our satisfaction that you have been unable to work
 - ii. you attend any medical examinations we require (we will pay for these examinations)
 - iii. there were no payments under this policy which were unpaid but should have been paid when you became unable to work.

6. Cost of waiver of payment benefit

We will make a monthly charge for the cost of providing this benefit. We will take the charge from the arrangements already in place into which regular payments are made. If there are not enough relevant units to meet this charge, we will stop the benefit and no longer apply the charge.

If payments are paid on a level basis, the charge relates to the level of payment in place at the start of each month. We take the charge on the commencement date and on the same day in each month as the commencement date.

If payments are paid on a variable payment basis, the charge relates to the payment based on estimated earnings as set out in 3b. above.

We calculate it using the morbidity charge rates that apply to you at that time. We review these rates from time to time and may alter our rates based on the morbidity experience of our policyholders and other insurance industry studies, such as those carried out by the Institute and Faculty of Actuaries.

A change to our rates may change the cost of this option. We will tell you of any change.

Charges

For the purposes of this policy, the Retail Prices Index (RPI) means the index published by the Office for National Statistics each month, or any other index which replaces it.

1. Payment of charges by cancellation of units

The charges listed below start on the commencement date and, unless stated otherwise, we will take them by cancelling units. We will take monthly charges on the same day each month as the commencement date.

We will cancel units proportionately between all investment funds in which units have been allocated. We will cancel newer units in a fund before older ones.

We will collect any amount still owing from the fund relating to later payment(s). This applies only if we get the payment within 12 months from the end of the tax year to which it relates or a longer period if we agree.

Except as explained above, the policy will end without value if, at any time, the charges can't be met by cancelling units.

2. Plan fee

This is a monthly administration charge. The amount of this charge is shown on the policy schedule. We can increase the fee on each anniversary of the commencement date. If the basis of payments alters, the plan fee will increase, if applicable, to the higher appropriate level based on the charges outlined below.

For regular payment policies, the fee will not be more than £2.50 multiplied by the RPI on 1 September before the anniversary of the commencement date, and divided by the RPI on 1 September 1994.

For single payment policies (see part 2 of the Payments provision), the fee will not be more than £1.50 multiplied by the RPI on 1 September before the anniversary of the commencement date, and divided by the RPI on 1 September 1994.

If your policy commenced prior to 6 April 2012 and received former protected rights payments the fee will not be more than £0.75 multiplied by the RPI on 1 September before the anniversary of the commencement date, and divided by the RPI on 1 September 1994. There is no fee for associated policies.

We may increase the fees beyond the above levels if there is any change in law, regulations, Government requirements or official rules that affect the running of the Scheme or the administration of this plan. This increase will reflect the increase in our administration costs as a result of the change.

If your policy commenced prior to 6 April 2012 and there is a non-protected arrangement, charges will be taken from the non-protected arrangement first and if there is not sufficient funds it will be taken from the former protected arrangement.

We may agree not to charge the plan fee if you are making payments to another suitable policy with us.

3. Installation charge

We may make a single charge when the policy starts. We will collect this by cancelling units. It goes towards the costs we have in setting up the administration record for your policy. The amount of this charge is shown on the policy schedule.

4. Allocation rates

We apply allocation rates to payments to find their investment content. We use any amount of each payment other than the investment content to cover our expenses, including those involved in setting up this policy.

We review all allocation rates periodically and may apply the revised allocation rates to any increase in regular payments, additional single payments or transfer payments paid after any review.

The allocation rate(s) for the initial payment(s) are shown on the policy schedule.

5. Allocation adjustment

We may apply an allocation adjustment to any

- i. single payments or
- ii. transfer payments or
- iii. any former protected payment if your policy commenced prior to 6 April 2012 made within the last five years if you:
 - a. retire on a date earlier than that original retirement date or other previously agreed date(s)
 - b. tell us you intend to retire earlier than the original retirement date or other previously agreed date(s)
 - c. transfer any of your investment in this policy to another scheme.

The effect of this adjustment is to reduce what you get back to reflect the shorter period that the payment or payment will have been invested.

If you are over 55 years old or have a protected pension age earlier than 55 and you take your benefits early or transfer them elsewhere the maximum exit charge will be no more than 1% of the total value.

6. Fund management charges

On each valuation date, we will deduct a management charge from each investment fund.

The annual rate of the management charge for each investment fund may be reviewed from time to time. At 1 January 1998, this charge was equivalent to 0.875%. We calculate the charge on the value of the fund from time to time.

The amount of the management charge on a valuation date is:

$$\begin{array}{r} \text{The rate} \\ \text{of charge} \end{array} \times \begin{array}{r} \text{Value of} \\ \text{fund used} \\ \text{to calculate} \\ \text{the maximum} \\ \text{offer price} \\ \text{(see part 2 of} \\ \text{the Investing} \\ \text{Payments} \\ \text{provision)} \end{array} \times \begin{array}{r} \text{Number} \\ \text{of days} \\ \text{since the} \\ \text{last} \\ \text{valuation} \\ \text{date} \end{array}$$

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We will not double charge if an investment fund invests in units of another of the investment funds available for this policy.

We allow for a similar charge when we declare bonus rates for the With-Profit Fund.

7. Bid to offer spread

This is the difference between the offer price of a unit and the bid price of that unit (see parts 2 and 3 of the investing payments provision).

8. Fund-based commission

Where future commission payments on single payments to this policy (see part 2 of the Payments provision), will be based on the value of the fund(s), we will pay for the commission by cancelling units allocated under this policy relating to those payments. The value of the fund may include a final bonus where units are held in the With-Profit Fund.

We cancel units using the bid price that applies at the time the commission is paid. We will tell you the amount of fund-based commission we pay.

9. Charges for changing the basis of payments

We may change the basis of payments on Renewal dates without an additional charge.

For any changes between Renewal dates, we will make a charge. We will collect this by cancelling units.

What we mean by a change in basis is one of the following:

- a. a change between any of the following bases:
 - i. level amount
 - ii. percentage of earnings
 - iii. variable
- b. a change in percentage if payments are expressed as a percentage of earnings or variable basis
- c. a change in the level of earnings we use to calculate the amount of payments if you are paying payments expressed as a percentage of earnings.

At 1 January 1995, the charge was £15.00.

We can increase this fee on each Policy anniversary. It will not be more than £15.00 multiplied by the RPI on 1 September before the Policy anniversary and divided by the RPI on 1 September 1994.

10. Other charges

We can make a charge if we have to repay some of the payments because they are more than the amount allowed by the Rules.

We may make a charge if we agree to provide you with a service which is not within the range of services normally involved in running this policy. We will tell you how much this charge will be and how you can pay for it.

