

For beneficiaries | TargetPlan Income Account for Beneficiaries

Policy document

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1. Introduction

1.1. Guide to the Policy

This document, including the **Schedule**, is the **Policy**. The **Policy**, together with the application form and any subsequent amendments made by **you** or **us** in accordance with the **Policy** forms the basis of the contract between **you** and **us**.

The **Policy** is provided by **us**, Scottish Equitable plc, a life insurance company established in Scotland with its head office at Aegon Lochside Crescent, Edinburgh Park, Edinburgh EH12 9SE. Scottish Equitable plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Some words in the **Policy** are shown in **bold** (for example, **you** and **us**). These words have specific meanings which are explained in clause 10.

The **Policy** is issued under the Aegon Group Personal Pension Plan which is a **Registered Pension Scheme** (the '**Plan**'). The **Policy** is issued in accordance with and governed by the **Rules** and, in the event of any inconsistency, the **Rules** will prevail. If **you** wish to see a copy of the **Rules**, please contact **us** at **our principal office**.

You should keep the **Policy** and correspondence about it in a safe place.

The **Policy** is a unit linked **policy**. This means that **payments** into the **Plan** are linked to one or more **investment funds**. This is done by notionally dividing each **investment fund** into **units** and allocating a number of **units** to the **Policy**. The **units** will change in value over time as explained in the **Policy**, and are used to give the **Policy Value** and to calculate benefits payable under the

Policy. You do not own the **units**, and they do not give **you** any entitlement to the **investment fund(s)** or any underlying assets held by the **investment fund(s)**.

You must inform **us** if any of **your** contact details change. For all notices, including **formal notices**, **we** will use **your** last known address or if **we** agree with **you**, **your** last known email address. This means that it is important that **you** keep **us** up to date.

If **you** wish to give **us** instructions in relation to the **Policy** then **you** must give **us formal instructions**. This means:

- **you** must give **us** instructions at the **principal office**;
- **you** must give **us** instructions by letter or otherwise in the manner indicated to **you** by **us** from time to time – this may include fax, telephone, email or a suitable internet facility operated by **us** for the purposes of the **Plan**.

Instructions will not be **formal instructions** until they are received by **us** at the **principal office**.

Formal instructions need to be **approved** and will not, for any purpose under the **Policy**, be implemented by **us** unless and until they have been **approved**. Details of the process relating to **approval of formal instructions** is set out in clause 8.6.

The process described above will apply equally to any other person who is authorised to give instructions to **us** in accordance with the terms of the **Policy**.

1.2 Basic terms of the Policy

1.2.1 Structure of the Policy

Clause 2 sets out details of the **drawdown fund** under **your Policy**.

Clause 3 sets out what **payments** can be made into the **Policy**. The **Schedule** describes what has been agreed with **you** and describes how **payments** made at the start of the **Policy** will be allocated. **You** should check the **Schedule** carefully and let **us** know if any of the information is incorrect or inconsistent with what **you** were expecting.

Clause 4 sets out the **charges** for setting up and administering the **Policy**.

Clause 5 sets out the benefits **we** will pay under the **Policy** in return for the **payments** made into the **Plan**. The benefits are calculated by reference to the **Policy Value**.

Clause 6 refers to the investment options available under the **Policy** and how switches between **investment funds** are effected during the life of the **Policy**.

Clause 7 sets out some technical matters relating to the **Policy** including conditions set by HM Revenue & Customs.

Clause 8 sets out general information, such as how the **Policy** may be amended.

Clause 9 sets out the meanings of words shown in **bold** in the **Policy**.

1.2.2. Governing law

The **Policy** is governed by the law of England and Wales.

2. Your drawdown fund

2.1 Your **Policy** will comprise a **drawdown fund**. All **payments** into your **Policy** will be allocated to this **drawdown fund**.

The **drawdown fund** under the **Policy** is a **flexi-access drawdown fund arrangement**. The **Policy** does not offer a **capped drawdown fund arrangement**.

3. Payments to us

3.1 Permitted payments

Subject to any legal or regulatory restrictions preventing us from doing so, we will accept the following **payments** into the **Policy**:

- transfer payments of **dependants'**, **nominees'** or **successors'** flexi-access drawdown funds from **your Benefactor's** BlackRock or TargetPlan Retirement Income Account, and
- transfer payments of **dependants'**, **nominees'** or **successors'** flexi access drawdown funds from any other income drawdown pension policies.

These are the only types of **payments** that we will accept into the **Policy**.

As mentioned in Clause 2 above, the **Policy** does not offer a **capped drawdown fund arrangement**. We will only accept a transfer payment of **dependants'**, **nominees'** and **successors'** funds if you have consented in writing to any **capped drawdown fund** element within that transfer being converted to a **flexi-access drawdown fund arrangement**.

3.2 Minimum payments

3.2.1 Initial payment

The **initial payment** into the **Policy** must be of such amount that on the **contract date**, the **Policy Value** is at least equal to £30,000.

3.2.2 Subsequent payments

Subsequent payments, in respect of your **Benefactor's** other income drawdown pension policies can be made into the **Policy**, subject to any legal or regulatory restrictions. Each **subsequent payment** must be of such amount that on the date the **subsequent payment** is received, the portion of the **Policy Value** attributable to such **subsequent payment** on such date is at least equal to £1,000.

We may change these specified minimums from time to time where **we** are permitted to do so under clause 8.2.

3.3 Investing payments

3.3.1 Initial payment

We will allocate an amount equal to 100% of the amount of **your initial payment** received in respect of **you** to **units** in **investment funds** that **you** have selected. The **investment funds** **you** select at the **contract date**, and the proportions of the **initial payment** which is to be allocated to those **investment funds**, are shown in the **Schedule**.

If **you** have not made **your** selection of **investment funds** and proportions at the **contract date**, **we** will not accept **your initial payment**.

3.3.2 Subsequent payments

We will allocate an amount equal to 100% of the amount of any **subsequent payment** received in respect of **you** to **units** in the selected **investment funds** and in such proportions as shown in the **Schedule** unless **you** have given **us** a **formal instruction** to apportion any **subsequent**

payment between different **investment funds** or in different proportions to those shown in the **Schedule**.

3.3.3 General

Your 'Investment Options booklet' explains the **investment funds** that are available for allocation of **your initial payment** or any **subsequent payment**. Your Member Guide for Beneficiaries **also** explains how **you** can choose to apportion **your initial payment** or **your subsequent payment** between these **investment funds**.

If, after allocation of the **initial payment** or any **subsequent payments**, **you** wish to change the **investment funds** or apportionments between them, **you** can request this by giving **us** a **formal instruction** to make a 'switch,' as described under clause 7.5.

If the **payments** made to **us** are to be applied to more than one **investment fund** then the amount allocated to **units** in any one of the **investment funds** may be rounded up or down by one penny at **our** discretion but the total amount allocated to all **units** in **investment funds** will always equal 100% of the **payment** received by **us**.

3.4 Dates for allocation of payments to investment funds

For **initial payments**, **we** will make the allocation to the selected **investment fund(s)** on the **contract date** using that day's **unit price**.

For **subsequent payments**, the day **we** will make the allocation to the selected **investment fund(s)** (which will also be the day **we** use to determine the **unit price**) will be no later than:

- the **working day** that the **payment** becomes cleared funds in **our** bank account; or, if later,
- the **working day** on which **we** treat **your formal instructions** relating to that **payment** as **approved**.

4. Charges

We make some **charges** for the provision of the **Policy**.

The **charges** will be taken from **your Policy**.

4.1 The annual management charges

The annual management charges that apply to **investment funds** allocated to the **Policy** at the **contract date** are shown in the **Schedule** and are listed on an **investment fund** by **investment fund** basis. These **charges** are expressed as an annual percentage but are calculated and deducted on a daily basis.

External insurance funds, in-house funds and other **collective investment schemes** will generally bear expenses associated with their day-to-day management and operation, including fees for custody, administration and trustee services. These fees and expenses are not included in the annual management charges. Therefore, if an **investment fund** invests in an **external insurance fund, in-house fund** or other **collective investment scheme**, that **investment fund** will bear these fees and expenses in addition to the annual management **charges**.

4.2 Charges for pensions administration

If separate **charges** apply to the **Policy** at the **contract date** for policyholder pension administration services, these are shown in the **Schedule**. The **Schedule** includes the amount of such **charges** and (where applicable) the method and intervals at which they will

be deducted from the **units**.

The **Schedule** also sets out any method of increasing the **charge** other than in accordance with the terms of the **Policy**, such as in line with the National Average Earnings Index or other similar measure.

4.3 Charge for administrative expenses associated with paying benefits

We may make a **charge** to cover reasonable administrative expenses or fees that are incurred by **us** in the purchase or provision of an annuity or the making of payments of income (other than as an annuity) or administering or paying any other benefits under the **Policy**. **We** will tell **you** how much this **charge** will be before **we** purchase an annuity or administer benefits. This **charge** will be deducted from the benefits paid under the **Policy**.

4.4 Changes to charges

We can change the **charges** from time to time where **we** are permitted to do so under clause 8.2.

5. Benefits payable under the Policy

5.1 Overview

The benefits available under the **Policy** will be as described in this clause 5, subject to the **Rules**, to the requirements applicable to **authorised payments** and to any other legal or regulatory constraints applicable to the **Policy**.

All benefits can be withdrawn and additional benefits added at **our** discretion. Where **we** withdraw a benefit **we** will only do so where permitted under clause 8.2. **We** will provide on request

details of the benefits available to **you** at that time. **You** must notify **us** of **your** benefit choices by giving **us** **formal instructions**. **We** will not pay any benefits under the **Policy** without either **your formal instructions**, or **formal instructions** from a person who is legally authorised to act on **your** behalf. Before **we** make any **income payments** under the **Policy** we will need proof:

- that the necessary conditions for payment have been met;
- of any claimant's entitlement;
- of **your** date of birth, and
- where relevant, of the age of any other person who may benefit under the **Policy**.

Clause 8.1. contains additional information about the evidence and proof that **we** may require from **you** before paying a benefit and while benefits are in payment under the **Policy**.

5.2 Choosing benefits

The arrangement(s) under the **Policy** can be used to provide one or more benefits. **You** can request payment of different benefits at different times.

Benefit options cannot be exercised in relation to any part of **your Policy Value** which has already been allocated to provide another benefit.

When **you** notify **us** of a benefit **you** have chosen **we** will apply some or all of **your Policy Value** to provide that benefit. Further information about how this will be done is included in clause 6.

The benefits currently available under the **Policy** are:

- pension benefits (clause 5.3), and/or
- **Transfer out payments** to another **Registered Pension Scheme** or qualifying registered overseas pension scheme (clause 5.4); and/or

A death benefit may also be payable to **your dependants, nominees or successors** following **your** death if, at **your** death, there is **Policy Value** remaining under the **Policy** (clause 5.5).

Benefit payments will be subject to such minimum amounts as **we** specify at the outset of the **Policy**, or as otherwise specified in the **Policy** itself. **We** may vary these minimum amounts from time to time where **we** are permitted to do so under clause 8.2.

Benefits will be calculated as set out in clause 5.7 and will be paid at the times set out in clause 5.8.

Your individual circumstances and tax position may limit the benefits that are available to **you** and only those benefits that can be paid as **authorised payments** having regard to **your** circumstances will be available to **you**.

5.3 Pension Benefits

You can choose to apply some or all of the **Policy Value** to provide one or more of the following pension benefits:

5.3.1. Income payments

Income payments may be regular or one-off payments. **You** may choose to have **income payments** made monthly, quarterly, half yearly or annually.

Income payments are subject to a maximum of 12 in any 12-month period. **You** may specify automatic increases to **your income payments** by giving **us** a **formal instruction** and this will be shown in **your Schedule**.

The minimum amount of **income payment** **you** can request is £100 (gross of any applicable taxes). **We** may change this minimum amount requirement from time to time where **we** are permitted to do so under clause 8.2.

Income payments will be subject to the **Rules** applicable at the date the **income payment** becomes due.

Please note that **we** will pay the amount of **income payment** **you** specify in **your formal instructions** net of applicable taxes. For example, if **you** specify an **income payment** amount of £1,000, **we** will deduct applicable taxes from the £1,000 and pay **you** the remaining amount as **your income payment**. Please see clause 5.8. for more information on tax deductions.

Income payments will cease in the following circumstances:

- **your Policy Value** has been depleted;
- **you** give **us formal instructions** to stop making the **income payments** in which case the **income payments** will cease from the next available **income payment** date after these instructions have been treated as **approved** by **us**, as further explained in clause 5.10;
- the **Policy** is terminated – please see clause 7.2;
- **we** do not have current address or bank account details for **you**;
- **we** have incomplete or invalid **formal instructions** from **you**;
- on the date on which **we** receive formal written confirmation of **your** death, or

- **you** do not provide **us** with any information that **we** might reasonably require to administer **your** benefits. This includes the evidence described in clause 8.1., such as evidence of proof of life.

Where reasonably practicable, **we** will provide **you** with advance notice of the cessation of **your income payments** and the conditions that must be satisfied for them to resume where applicable.

5.3.2 **Short-term annuity and dependant, nominee or successor annuity**

You may apply part or all of **your Policy Value** to provide an annuity.

You may give **us** a **formal instruction** to pay some or all of **your Policy Value** to any Insurance Company **you** have chosen to secure a **short-term annuity** and/or a **dependant, nominee or successor annuity**. **We** will, subject to receipt of such information and discharges as **we** may reasonably require, implement those **formal instructions** as soon as reasonably practicable after **we** treat them as **approved**.

If **you** ask **us** to provide an annuity, the annuity may be paid by **us** in accordance with **our** annuity rates in force at the date on which the annuity is arranged or **we** may buy the annuity from an Insurance Company of **our** choice.

Where **we** are asked to, required to, or choose to provide **you** with an annuity quotation, **we** may, without seeking **your** permission, provide a quotation obtained from another

Insurance Company, on **your** behalf and, in so doing, **we** may give such information to another **Insurance Company**, directly or via an intermediary, as is reasonably required to obtain a quotation.

Annuities will only be paid in a form that satisfies the requirements for an **authorised payment** and in accordance with the **Rules**.

5.4 Transfer out payments

At any time before the full **Policy Value** has been used to provide the pension benefits described in clause 5.3, **you** can give **formal instructions** to **us** to pay part or all of the **Policy Value** to the trustees or managers of another **Registered Pension Scheme** or **qualifying recognised overseas pension scheme**. **We** will only make the transfer if it is permitted under the **Rules** and is an **authorised payment**. **You** should note that specific restrictions under pension law apply to transfers from a **drawdown fund**.

We may place limits from time to time on the number of **transfer out payments** that can be paid under the **Policy** and the minimum amount that can be paid as a **transfer out payment**, where **we** are permitted to do so under clause 8.2. Additionally, the amount that must be retained in the **Policy** if **you** wish to continue the **Policy** after a transfer out payment has been made is £10,000. **We** may make changes to this limit from time to time where **we** are permitted to do so under clause 8.2.

5.5 Death benefits

If **you** die before the termination of the **Policy**, **we** will cancel the

allocation of **units** under the **Policy** at the value on the date on which **we** receive formal written confirmation of **your** death and will normally use the value of those **units** for an allocation of **units** in cash or a cash **investment fund**. Subsequently, the value of the **units** will be paid in accordance with the **Rules**.

The value of the **units** will normally be paid in accordance with any valid direction given by **you** in writing and received by **us**. The directions **you** give **us** may be revised from time to time by agreement in writing between **you** and **us**.

Where **you** have given **us** **formal instructions** to do so (or **your dependant, nominee or successor** so requests), and **we** agree, the value of the **units** can be used to provide:

- your **dependant, nominee or successor** with a lump sum as long as the lump sum meets the requirements to be an **authorised payment**, and/or
- your **dependant, nominee or successor** with a **flexi-access drawdown fund arrangement** under the **Policy** or another **policy** issued by **us**, but only provided that the value of **units** applied to provide the **flexi-access drawdown fund arrangement** to the **dependant, nominee or successor** is at least £30,000. In the case of more than one **dependant, nominee or successor**, this minimum of £30,000 will apply to each **dependant, nominee or successor** separately in determining whether that **dependant, nominee or successor** is eligible under the **Policy** to receive a **flexi-access drawdown fund arrangement**. Whether **we** continue the **Policy** or issue

another **policy** will be at **our** discretion. The benefits available to **your dependant, nominee or successor** either under the **Policy** or under a new **policy** will be subject to any restrictions or requirements under applicable law or as we determine will apply for that purpose.

You may also direct **us** in writing to, if **we** agree, pay some or all of the value of the **units** as a **charity lump sum death benefit** to a **registered charity** of **your** choice. This can only be paid if there are no surviving dependants of the **Benefactor**.

5.6 Tax deductions on benefits

We may deduct from the **Policy Value** or from benefits paid or payable to **you**, or from any fund or benefit relating to, paid or payable to a **dependant, nominee or successor** or any other person in accordance with the above any **charge** or tax for which **you**, any **dependant** or other person or **we**, or any person acting on **our** behalf in the capacity of **scheme administrator** or otherwise, is or may be liable or jointly liable.

For example, where any benefit paid under the **Policy** is subject to income tax, **we** will, where required or permitted by law, deduct and account to HM Revenue & Customs for such tax in accordance with PAYE.

Any deductions **we** make in respect of a tax liability relating to **your** benefits may not cover the whole of **your** tax liability relating to that benefit and **you** will be liable to account to HM Revenue & Customs for the remainder of that tax liability. The above will also apply to any other recipient of a benefit under the **Policy**.

5.7 Calculating benefits

When a benefit becomes payable under the **Policy**, **we** calculate the value of the **units** allocated to the **investment fund(s)** specified by **you** in **your formal instruction** to determine the number of **units** to be cancelled in each of the **investment fund(s)** to provide the benefit.

In the case of each benefit paid under the **Policy**, the **unit** price used for this purpose will be the price applicable on the date **we** treat **your formal instructions** as **approved** in relation to that benefit, subject to clause 7.4.

With the exception of **income payments**, if the aggregate **Policy Value** of the **units** in the **investment fund(s)** **you** have specified in **your formal instruction** is less than the amount required to meet the requested benefit, **we** will reduce the value of the benefit accordingly.

We will provide **your income payments** by cancellation of **units** in the following order:

- from the **investment fund(s)** and in the proportions specified in **your** formal instructions;
- in the event that the aggregate value (minus any applicable **charges**, expenses and deductions) of the **units** in the specified **investment funds** is less than the value required to meet **your** requested **income payment**, **we** will then cancel any remaining **units** in any of those specified **investment funds** to the extent required to meet **your** requested **income payment**. **We** will make this cancellation from those specified **investment funds** in the same proportions as **your Policy Value** is invested in such **investment funds**;

- if the aggregate value of such **units** (minus any applicable **charges**, expenses and deductions) is still less than the amount required to meet **your** requested **income payment**, **we** will then cancel **units** in any other **investment funds** under **your Policy** in the same proportions as **your Policy Value** is invested in such **investment funds**; and
- if the aggregate value of such **units** (minus any applicable **charges**, expenses and deductions) is still less than the amount required to meet the requested **income payment**, **we** will reduce the value of the requested **income payment** accordingly.

In the event that **we** have to cancel **units** to comply with the second and third steps above, **you** should be aware that **we** do not do so with any regard to a particular investment strategy or preservation of any particular investments. The process **we** use is automatic and pre-defined.

5.8 When we will pay the benefits

The timing of when **we** will pay a benefit depends on the type of benefit. The timing for each benefit payment is set out in **your** Member Guide for Beneficiaries.

Please note that in respect of benefit payments that are to be paid on the **next available income payment date**, there will be a period immediately prior to an upcoming **income payment date** where adjustments cannot be made and new requests cannot be processed. This is also explained in **your** Member Guide for Beneficiaries.

6. Investments under the Policy

6.1 Ownership of investment fund assets and how we maintain them

We maintain a number of **investment funds** which form part of **our** pension fund business. Each **investment fund** is a separate and identifiable fund and is divided into **units** of equal value within each **unit** class. **We** may invest and reinvest each **investment fund** at **our** discretion subject to the relevant regulations governing investment by **us** for an **investment fund** and the investment objectives and **policies** of the **investment fund**. The investment objectives and policies of each **investment fund** will be made available to **you** when **you** enter into the **Policy** and will also be available on request at any time. Amongst other matters, this may include investment in and reinsurance to **external insurance funds**, **in-house funds** and other **collective investment schemes**, the use of **derivatives**, **quasi derivatives** and securities lending transactions. **You**, and not **us**, bear all risks of investment in any **external insurance funds**, **in-house funds**, other **collective investment schemes** or other assets held by or transaction effected for an **investment fund**, including the credit risk arising from the possibility of default of any (a) third party insurer or operator or manager which is responsible for any **external insurance fund**, **in-house fund** or other **collective investment schemes** and (b) counterparty to any transaction for an **investment fund** including those relating to securities lending, **derivatives** and **quasi derivatives**. The value of benefits under the **Policy** is determined by reference to the value of the **units** in the **investment funds** which are allocated to the **Policy**.

The benefits payable under the **Policy** are linked to the value

of the assets of the **investment funds** so **your** benefits will be calculated by reference to the performance of investments within the **investment funds** chosen by **you**.

The references in this **Policy** to **investment funds** and to **units** are made purely for the purpose of calculating the benefits payable under the **Policy**. Neither **you** nor any other person entitled to benefits under the **Policy** shall have any interest in the **investment funds** or any underlying assets.

6.2 Investment options

Your 'Investment Options booklet' explains the **investment funds** that are available under **your Policy** and how **you** can choose to apportion **units** between these **investment funds**.

Your Schedule shows the **investment funds** selected at the **contract date**, and the proportions of the **initial payment** which is to be allocated to those **investment funds**. If **you** subsequently change **your** selection of **investment funds** or proportions, **we** will confirm such change to **you** as soon as reasonably practicable after **we** have **approved your formal instruction** requesting such change.

6.3 How the investment funds are valued

Each **investment fund** is valued regularly (normally on each **working day**) to establish the **unit** price.

In valuing each **investment fund** **we** will make use of the most recent market prices of the assets that **we** can reasonably obtain. In relation to any holdings in any **external insurance fund**, **in-house fund** or other **collective investment scheme** **we** will use the prices quoted by the insurer, or the operator or manager of

that fund or scheme except that in the event that the amount received by **us** in respect of any holding in any **external insurance fund, in-house fund** or other **collective investment scheme** is less than the price quoted by the operator or manager of that fund or scheme, **we** may adjust the valuation of each **investment fund** so that it takes into account only the amount actually received by **us**. **We** will use reasonable endeavours to recover from the operator or manager of the relevant **external insurance fund, in-house fund** or other **collective investment scheme** any material amounts to which **we** believe **we** are additionally entitled and will allocate any such amounts to the relevant **investment fund** where appropriate.

When valuing assets:

- when separate offer and bid prices are quoted in respect of any asset, **we** will normally use the offer price, or
- in the case of a **collective investment scheme** where separate creation (or discounted offer) and cancellation prices are quoted, **we** will normally use the creation price,

except that **we** may decide in either of the situations described above that **we** will use the bid price instead of the offer price or the cancellation price instead of the creation price (as the case may be) if **we** consider this is appropriate in light of:

- the flow of payments into or out of the **investment fund**;
- the size and number of the transactions concerned, and/or
- the importance of ensuring equitable treatment amongst policyholders.

Insofar as reasonably practicable, **we** will ensure that valuations are quoted using consistent bases.

In calculating the value of an **investment fund**, **we** will make reasonable allowance for **payments** and income received or accrued in respect of any of the assets of the **investment fund**. **We** will also make allowance for any outgoings including:

- the annual management charge;
- any stamp duty or other costs incurred in the sale and purchase of assets;
- deductions from an **investment fund** for any external costs or expenses associated with tax reclaims on behalf of the **investment fund**, and
- other costs and expenses which properly arise in relation to the **investment fund**, to the extent permitted by applicable laws and regulations.

6.4 Unit prices

We calculate the price of the **units** by:

- a. taking the value of the assets comprised in the **investment fund**, as determined in accordance with clause 7.3.; and
- b. dividing the result of a. by the number of **units** in the **investment fund** outstanding immediately prior to the time of the valuation.

That price is then applied for the purposes of transactions in **units**.

6.5 Switching between investment funds

6.5.1 Subject to clause 7.4, **you** may give **us formal instructions** to switch **investment funds**. This is done by giving **us formal instructions** to cancel all or part of the allocation of **units** under the **Policy** and to use the value of those **units** for an allocation of **units** in other available **investment funds**.

6.5.2 Unit price used for switching

Subject to clause 8.4., the **unit** price used for switching will be the **unit** price on the day **we** treat **your formal instructions** as **approved**.

6.5.3 Postponing implementation of 'switches'

There will be a period prior to an upcoming **income payment date**, in which 'switches' cannot be **approved** by **us** or implemented. **Your** Member Guide for Beneficiaries sets out the number of days in this period and when it will commence each month. If **you** request a 'switch' during this period, the process of **approval** and implementation will be delayed until after the upcoming **income payment date**. This will not apply however, if **you** are not scheduled to receive an **income payment** on that upcoming **income payment date**.

7. Technical matters

7.1 Conditions imposed by HM Revenue & Customs

The **Plan** is a **Registered Pension Scheme**. **We** are required to comply with certain conditions in order to gain and maintain this

status. The **Policy** is intended to comply with these conditions.

We will not accept **payments** where:

- the **Plan** ceases to be a **Registered Pension Scheme**, or
- acceptance would prejudice the status of the **Plan** as a **Registered Pension Scheme**.

We will also not make an **income payment** under the **Plan** or the **Policy** unless that **income payment** would be an **authorised payment**. Each payment into the **Policy** will be held as a separate arrangement under the **Policy**.

The contract between **you** and **us**, unless cancelled by **us** in accordance with the provisions of this **Policy**, will remain in force even if **you** have been given **formal notice** by **us** that no **subsequent payments** can be made into the **Policy**, until such time as **we** cease to hold any assets under the **Policy** for the provision of benefits under the **Policy**.

We may require **you** to make certain declarations including in relation to **your** benefits and, where so required, the availability of any benefit will be conditional on **you** providing these declarations.

We will refund **payments** where necessary to comply with the **Plan's** status as a **Registered Pension Scheme**. This may involve the cancellation of the **Policy** or an adjustment of benefits to reflect the reduction in **payments**. **Payments** can be refunded only where directed or as required by HM Revenue & Customs or where received under a mistake of fact or law. Any refund made will be net of any tax or other deductions **we** are required to make.

7.2 Termination or cancellation of the Policy

The **Policy** will continue until such time as **we** cease to hold any assets under the **Policy** for the provision of benefits under the **Policy**.

You can terminate the **Policy** by applying all of the **Policy Value** to the provision of benefits under clause 5., including a transfer to another **Registered Pension Scheme** or **qualifying recognised overseas pension scheme** as provided in clause 5.4.

We can cancel the **Policy** if **we** do not receive any **payments** under it or are required to refund all **payments** in order to comply with the requirements of HM Revenue & Customs.

We also provide a 30-day 'period of reflection', in which **you** can notify **us** that **you** have changed **your** mind about entering into the **Policy**. This 'period of reflection' will begin on the date **we** receive **your** signed and completed application form. **We** will not activate **your** account or process any **payments** into the **Policy** until after this 'period of reflection'. For example, if **we** receive **your** signed and completed application form on 1 March, **we** will not activate **your** account or process any **payments** into the **Policy** until 31 March at the earliest. **You** can elect to waive **your** right to this 'period of reflection' in the application form.

7.3 Changes in circumstances

If, at any time, **your** circumstances change, **you** must inform **us** of the change in writing at the **principal office** because this could affect **our** ability to pay **you** authorised **payments** or mean that **we** need to recover a **payment** from **you**. If **you** fail to inform **us** of any relevant changes and **we** make an **unauthorised payment** **you** will be liable for tax **charges**.

7.4 Our rights

7.4.1 Right to defer **payment** of a benefit or a cancellation of an allocation of **units**

- a. **We** have the right to defer payment of any benefit payable in accordance with clause 5. or defer taking any other action which involves the cancellation of an allocation of **units** in any of the **investment funds** where, in **our** reasonable opinion, **we** consider that market conditions or other external factors make such action a reasonable step taking into consideration the interests of policyholders. If **we** decide to do so **we** will notify **you** as soon as reasonably practicable. The period of deferment will not be more than one year and will last for as long as the circumstances causing the deferment. However, if **we** have suspended the valuation of any **investment fund** as set out in clause 7.4.4, the period of deferment may continue until the suspension ends. The **unit** price in the event of deferment will be the **unit** price current on the deferred date of the cancellation of the **units**.
- b. **We** may also exercise the right to defer as mentioned in clause 7.4.1a. above if the number of **units** of a particular **investment fund** which **you** or other policyholders have elected to cancel is so great that the necessary realisation of investments of that **investment fund** would, in **our** reasonable opinion, be likely to result in an unfair outcome for any other group of policyholders. If **we** decide to do so **we** will notify **you** as soon as

reasonably practicable. The **unit** price in the event of deferment will be the **unit** price current on the deferred date of the cancellation of the **units**.

- c. In addition to the above right to defer in clauses 7.4.1a. and b. above, upon giving **you** notice in writing at any time in the circumstances arising under clauses 7.4.1a. and b. above, and where reasonable to do so, **we** may transfer from the affected **investment fund** into a different **investment fund** (which may be a new **investment fund** established for the purpose) such investments and cash as **we** consider reasonably necessary in the light of circumstances giving rise to the operation of this procedure and each affected policyholder shall have issued to it a number of **units** in the new **investment fund** which reflects its proportionate interest (as a holder of **units** in the original **investment fund**) in the investments transferred. **Your** rights of cancellation of **units** in the new **investment fund** shall not apply following the operation of this procedure. Instead, **we** shall realise the investments of the new **investment fund** as soon as reasonably practicable having regard to the interests of policyholders generally. Upon realisation of those assets **we** shall as soon as reasonably practicable thereafter effect the cancellation of **units** in the new **investment fund** on a proportionate basis as between all the **policies** which have been credited with such **units**, and when the assets of the new **investment fund** consist solely of cash the surrender of the remaining **units** relating thereto shall

be similarly affected.

7.4.2 Right to defer the allocation of **payments** to an **investment fund**

We have the right to defer the allocation of **payments** to **units** in any of the **investment funds** where, in **our** reasonable opinion:

- a. the number of **units** of a particular **investment fund** which **you** or other policyholders have requested to be allocated to **policies** is so great that the purchase of those **units** in the **investment fund** would, in **our** reasonable opinion, be likely to result in an unfair outcome for policyholders with exposure to that **investment fund**, for example because the investment profile of that **investment fund** would be altered in a way that would be inappropriate given the investment objectives of that **investment fund**;
- b. the deferment is reasonably necessary and proportionate in order to allow **us** to comply with **our** obligations under applicable laws and regulations, or
- c. it is not possible for **units** in the relevant **investment fund** to be allocated to **your Policy** immediately because of the time required for underlying transactions to occur, for example transactions in underlying **in-house funds** or **external insurance funds** or other investments with third parties.

If **we** decide to do so **we** will notify **you** as soon as reasonably practicable. The **unit** price in the event of deferment will be the **unit** price current on the date of the allocation of the **units**.

7.4.3 Right to alter **investment funds** or processes

a. **We** may from time to time:

- i. add to, withdraw from availability, close or merge the **investment funds** available for the allocation of **units** to the **Policy**, or add to or withdraw from availability or close investment processes;
- ii. merge **units** and subdivide **units**, and
- iii. vary the investment objectives and/or **policies** of an **investment fund**.

If **we** decide to withdraw an **investment fund** or an investment process it will no longer be possible to continue to have **units** in that **investment fund** or investment process allocated to **your Policy**. **Units** in that **investment fund** or investment process will need to be switched to another **investment fund** or investment process, and it will not be possible to allocate new **payments** to that **investment fund** or investment process. If **we** decide to close an **investment fund** or investment process, it will still be possible to continue to have existing **units** in that **investment fund** or investment process allocated to **your Policy**, but it will not be possible to allocate new **payments** to that **investment fund** or investment process.

- b. Where **we** change an **investment fund**, investment process, **we** will give **you** reasonable notice of that change. **We** will give **you** this notice no less than 30 days in advance of the change, unless it is not possible for **us** to do so, for example because of the timing of an amendment to applicable law and regulation or because of the actions of an external fund manager or other third party. In the event of a withdrawal or a closure, the notification will set out details of the **investment fund** or investment process to which **we** will redirect **your** future **payments** and, in the event of a withdrawal, details of the **investment fund** or investment process of which **units** will be substituted for **units** in the **investment fund** or investment option being withdrawn. **You** are entitled to switch into another **investment fund** if **you** prefer this to **our** choice, by giving **us** **formal instructions**.

7.4.4 Right to suspend valuation of **investment funds**

We may suspend the valuation of any **investment fund** and the determination of **unit** prices:

- a. for so long as there is a suspension of valuations or dealings in any **in-house fund**, **collective investment scheme** or **external insurance fund** in which a material part of the assets of the **investment fund** are invested, or
- b. if, as a result of the closure of or suspension of trading on any money market or securities market or for any other reason beyond **our** control, it is not practicable to effect a proper valuation of the assets of the **investment fund**.

If the valuation of an **investment fund** is suspended (the 'suspended fund'), any allocation or cancellation of **units** of the suspended fund will be correspondingly suspended and the allocation or cancellation will be effected on the first **working day** after the suspension has ended unless clause 7.4.1 applies. Any **payment** made which is to be allocated to a suspended fund will be held in cash, without accrual of interest, pending allocation of **units**. If the suspension of the valuation of any **investment fund** exceeds five **working days** and **units** in the suspended fund have been allocated to **your Policy**, **we** will notify **you** as soon as reasonably practicable thereafter of the suspension and when it began. **We** will notify **you** again when the suspension ends (if **we** have not already specified this in the original notice of suspension). **You** may at any time during the suspension withdraw any request for allocation or cancellation of **units** in the suspended fund.

8. General

8.1 Evidence

We may require **you** to provide **us** with any evidence **we** consider necessary of the title, date of birth, marriage, civil partnership, proof of life or date or circumstances of death of any person as **we** determine to be relevant, before paying a benefit under the **Policy**.

The availability of any benefit and the continued provision of any benefit is also subject to provision by **you** of such other

information and certification as **we** may reasonably, and from time to time, require in order to administer **your** benefits and deal with associated issues. This includes information, and such evidence as **we** may reasonably require, relating to **your** tax position and any other pension arrangements which may be in place for **your** benefit.

We may from time to time request **you** or any other person to whom a benefit is payable under the **Policy**, for evidence of proof of life to be provided in such form as **we** may reasonably request. If **you**, or the other person where applicable, do not produce that evidence, **we** may withhold payment of any benefit to which that proof of life is relevant until it is produced to **us**.

If a date of birth has been wrongly stated, **we** may at **our** discretion adjust the benefits payable under the **Policy** to reflect the actual date of birth.

We will call for evidence of the authority of any person representing **you**, before complying with any **formal instructions** given by, or before giving information requested by, that person.

8.2 Amendment

8.2.1 **We** may amend the provisions of the **Policy** if **we** obtain **your** consent to do so.

8.2.2 **We** may also amend the provisions of the **Policy** without first obtaining **your** consent:

- a. where **we** reasonably consider that the change would make the terms easier to understand or fairer to **you**, or that the change would not be to **your** disadvantage;

- b. to reflect any applicable legal or regulatory requirement (including any changes to existing legal or regulatory requirements);
- c. to cover the improvement of any service or facility **we** supply in connection with the **Policy**, the introduction of a new service or facility or the replacement of an existing service or facility with a new one;
- d. to reflect changes in the costs associated with investments made by an **investment fund**, including underlying **in-house funds**, **external insurance funds** and **collective investment schemes**;
- e. where **we** vary the investment objectives or **policies** of an **investment fund** or change the composition of an **investment fund** in accordance with the provisions of this **Policy**, to reflect changes to the costs of managing that **investment fund** which occur as a result of that variation or change (including to the costs associated with the investments made by the **investment fund**);
- f. in order to respond to changes:
 - i. in relation to the financial system, including stock exchanges or other relevant investment or regulated markets, and which are outside **our** reasonable control;
 - ii. in relation to technology or the systems used to run **our** business, which are outside **our** reasonable control or which are commercially reasonable for **us** to agree to in line with good industry practice or in order to provide services;

- iii. in relation to services relating to the **Policy** which are supplied to **us** by third parties;
- iv. to the cost of providing the **Plan**, including (without limitation) changes in the cost of staff, technology, systems or **charges** by third parties (such as custodians and investment managers) which are reasonable, are in line with market standard, outside **our** reasonable control or which are not commercially practicable for **us** to avoid;
- v. in circumstances which are exceptional or the happening of any other event which is outside of **our** reasonable control, or
- vi. to the basis on which any company in the Aegon Group is taxed, and then **we** can only amend the **Policy** in such a way which ensures that the balance between **you** and **us** is essentially the same as it was before the change.

8.2.3 Where **we** make any amendments in accordance with clause 8.2.2 above, **we** will ensure that the amendments are a reasonable and proportionate response to the circumstances that led **us** to make the amendment (in relation to an increase in **charges**, this means that the increase will be a reasonable and proportionate amount in the context of the circumstances that led **us** to make the increase). In making any such amendments, **we** will also have regard to **our** duty to treat **our** customers fairly.

8.2.4 Where **we** make any amendment to the **Policy** without **your** consent under paragraph 1 of clause 8.2.2, **we** will not be required to give **you** advance notice of the amendment and the amendment will take effect immediately on **our** notifying **you** in writing of the amendment or from the date specified in such notice.

8.2.5 Where **we** make any other amendment to the **Policy** without **your** consent, **we** will give **you** a reasonable period of notice before the amendment takes effect. Normally, **we** will give **you** at least 30 days' prior notice of any such amendment, but **we** may have to give **you** less notice where it is reasonably necessary for **us** to do so (such as, for example, where **we** need to respond to circumstances beyond **our** reasonable control or a change in applicable laws and regulations which will take effect before 30 days has expired).

8.2.6 No amendment will be made to the **Policy** that would prejudice the **Plan's** status as a **Registered Pension Scheme**.

8.2.7 All amendments to the **Policy** will be made in writing.

8.3 Obligations to third parties

If **we** are required by legislation to pay an amount to a government agency in respect of **you**, **we** will be entitled to cancel an allocation of **units** under the **Policy** to the value of such amount.

We may deduct any tax payable in respect of a benefit and any other tax which **we** are required to deduct in accordance with applicable legislation or authorise any third party to deduct the same on **our** behalf.

The Contracts (Rights of Third Parties) Act 1999 does not apply to the contract between **you** and **us**. This means that the only people who have enforceable obligations against each other under this contract are **you** and **us**.

8.4 Data Protection Statement

We will comply with **data protection legislation**. **You** can find full details in **our** 'Fair Processing Notice' on the portal.

8.5 Client Categorisation

Under the client categorisation rules of the Financial Conduct Authority, **we** have categorised **you** as a retail client. This is the category that offers the highest level of protection available under those rules.

8.6 Approval of formal instructions

Formal instructions may not be **approved** on the **working day** **we** receive them and will take a reasonable time to be **approved** bearing in mind such matters as:

- clarity of the instructions;
- the fullness of information required to implement the instructions, and
- the value and complexity of the instruction.

Instructions that request an action which is not permitted or possible under the **Policy** will not be **approved**.

Instructions **approved** before 1pm will be treated as having been **approved** not later than the **working day** following the next **working day**. For example, if an instruction is **approved** before 1pm on a Monday, it will be treated as having been **approved** not later than the end of Wednesday (assuming Monday, Tuesday and Wednesday are all **working days**).

Instructions **approved** after 1pm will be treated as having been **approved** not later than the **working day** falling two days after the next **working day**. For example, if an instruction is **approved** after 1pm on a Monday, it will be treated as having been **approved** not later than the end of Thursday (assuming Monday, Tuesday, Wednesday and Thursday are all **working days**).

We will notify **you** as soon as reasonably practicable in the event that a **formal instruction** is not **approved**.

8.7 How we will communicate with you

We can communicate with **you** for any purpose under the **Policy**, including giving **formal notice**, by telephone, letter, email or, at **our** discretion, using an internet facility provided by **us** for the purposes of the **Plan**, provided **we** believe such method of communication to be reasonable.

9. Meaning of words and phrases used in the Policy

'**you**' or '**your**' refers to the policyholder named in the **Schedule**.

'**us**', '**our**' or '**we**' are references to Scottish Equitable plc.

The rest of the definitions shown in this clause are listed in alphabetical order:

'approved' or **'approval'** means approval by **us** of **your formal instructions** in accordance with clause 9.6.

'authorised payment' means any payment which is authorised for the purposes of the Finance Act 2004.

'Benefactor' means the deceased policyholder of an income drawdown policy issued under a **Registered Pension Scheme** or **qualifying recognised overseas pension scheme** under which you are a beneficiary and receive inherited funds.

'capped drawdown fund arrangement' means a drawdown pension fund as described in paragraph 8 of Schedule 28 of the Finance Act 2004.

'charge' means all or any of the charges described at clause 5.

'charity lump sum death benefit' has the meaning given in Part 2 of Schedule 29 of Finance Act 2004.

'collective investment schemes' has the meaning given in the Financial Services and Markets Act 2000.

'contract date' means the relevant date shown in the **Schedule** on which the contract between **you** and **us** is made.

'data protection legislation' means the following legislation to the extent applicable from time to time: (1) national laws implementing the Data Protection Directive (95/46/EC) and the Directive on Privacy and Electronic Communications

(2002/58/EC); (2) with effect from 25 May 2018, the General Data Protection Regulation (SI 2016/679); and (3) any other similar national privacy law.

'dependant' has the meaning given in the Finance Act 2004. It currently includes a child of **yours** who is under age 23 and anybody who is financially dependent on **you** or dependent on **you** due to physical or mental impairment.

'dependant's annuity' has the meaning given in Part 2 of Schedule 28 of Finance Act 2004.

'derivatives' means investments the price of which are based on one or more underlying assets.

'drawdown fund' means the fund held in your **flexi-access drawdown fund arrangement** under **your Policy**.

'external insurance funds' means funds maintained by an insurer other than **us**.

'flexi-access drawdown fund arrangement' has the meaning described in Part 2 of the Schedule 28 of the Finance Act 2004.

'formal instructions' means instructions given by **you** to **us** in accordance with clause 1.1. and includes **formal designation instructions**.

'formal notice' means notice given by **us** to **you** of a change affecting this **Policy** or as required by applicable laws or regulations. Clause 9.7. applies in relation to any **formal notice**.

'income payment' means an amount that will be paid to **you** under **your drawdown fund**. The amounts, frequency and duration will be as agreed periodically with **you**.

'income payment date' means a particular date in each calendar month, which **we** have specified in **your** Member Guide. In the event of the **income payment date** falling on a Bank Holiday or weekend, the benefit **payment** will be made on the **working day** immediately preceding that Bank Holiday or weekend.

'in-house funds' means **collective investment schemes** managed by any affiliated company of Scottish Equitable plc.

'initial payment' means a **payment(s)** made to **us** at the **contract date**.

'Insurance Company' means an insurance undertaking which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority to effect or carry out insurance contracts in the United Kingdom, specifically contracts to pay annuities on human life.

'investment funds' means internal funds maintained by **us** for the purposes of the **Plan**.

'lifetime annuity' means an annuity which meets the requirements of the Finance Act 2004 and is payable until the annuitant's death or if later a term not exceeding ten years.

'next available income payment date' means the next **income payment date** from which **we** can adjust **your** income. As described in clause 6.10., there will be a period immediately prior to an upcoming **income payment date** where new requests and adjustments cannot be made.

'nominee' has the meaning defined in Section 28A of the Finance Act 2004

'payments' means any and all of a transfer payment (as described at clause 3.1.).

'Plan' means the Aegon Group Personal Pension Plan under which the **Policy** is written.

'Policy' has the meaning given in clause 1.1.

'Policy Value' means the value of the **units** allocated to **your Policy** from time to time, minus any applicable **charges**, expenses or deductions as described in this **Policy**.

'principal office' means the Aegon Workplace Investing, Sunderland SR43 4DH or such replacement address as **we** may notify to **you**.

'qualifying recognised overseas pension scheme' means an overseas pension scheme that is recognised as a qualifying recognised overseas pension scheme by HM Revenue & Customs.

'quasi derivatives' means a contract or asset having the effect of a derivative contract.

'registered charity' means a charity registered with the Charity Commission.

'Registered Pension Scheme' has the meaning given in the Finance Act 2004.

'Rules' means the rules of the **Plan** and includes all amendments that may from time to time be made to the establishing deed and relevant rules.

'Schedule' means the Schedule (or Schedules) attached to the **Policy**.

'scheme administrator' means the person responsible for the discharge of the functions conferred or imposed on the scheme administrator for the purposes of the Finance Act 2004.

'short-term annuity' means an annuity which meets the requirements of the Finance Act 2004 and is payable for a term which does not exceed five years.

'spouse' means **your** husband or wife (including of a same sex marriage) and includes a civil partner as defined in the Civil Partnership Act 2004.

'subsequent payments' means a **payment** or **payments** made to **us** after the **contract date**.

'successors' has the meaning defined in Section 28 of the Finance Act 2004.

'transfer out payment' means the payment made to an insurer of your choice which extinguishes your benefits under this Policy.

'unauthorised payment' means any payment which is unauthorised for the purposes of the Finance Act 2004.

'unit' means a notional entitlement that is used to calculate the benefits payable under the Policy, by reference to the value of the **investment fund(s)** to which your **Policy** is linked.

'working day' means a day that the **principal office** is open for business, namely, on weekdays, excluding public holidays in England and Wales.


In addition to the above definitions, the following apply:

(a) any reference to an Act of Parliament includes any amendment or re-enactment of that Act and any regulations made in accordance with it;

(b)reference to any law which does not apply to Northern Ireland includes the corresponding law which does;

(c) any reference to a specific numbered clause of the Rules includes the equivalent clause of any replacement rules adopted in the future.

Want to know more?

 0345 601 7721

 my.pension@aegon.co.uk

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