Guaranteed Annuity

Policy Terms & Conditions

Your Guaranteed Annuity Policy

The Guaranteed Annuity is a contract of insurance between you and us formed by:

- your signed **application**
- this **policy** booklet, and
- the **policy schedule**

In addition, the Key Features illustration contains important information and should be read in conjunction with the **policy** booklet and the **policy schedule**.

Please read all the documents carefully to make sure you have the benefits you expected.

If you do not, you should refer to your intermediary for help. If you find an error in this **policy** booklet, please contact your intermediary immediately or us at the address shown on this page.

Please keep the documents in a safe place together with any **policy** alteration statements showing changes to your pension annuity **policy**.

This **policy** booklet is a legal document and gives you the terms of the contract that operates between you and us.

Any changes made to the benefits we provide, or to the terms of this **policy**, can only be made by us and must be signed by an authorised official.

This **policy** booklet outlines our understanding of the tax treatment and regulations governing the **policy** at the date of issue. It is important to understand that, like all legislation, the tax treatment and other provisions could change in the future.

If you would like a copy of this **policy** booklet and the **policy schedule** in Braille, large print or on audio tape, please contact us at the address shown on this page.

Definitions

We have highlighted some of the technical words we use in bold. Definitions are given in Part E.

Where we have used the words 'we', 'us', or 'our' in this **policy** booklet they mean Retirement Advantage, which is a trading name of MGM Advantage Life Limited. Unless otherwise stated, the words 'you' or 'your' mean the **policyholder**.

Enquiries

If you have any query about this **policy** booklet, please contact your intermediary or telephone us on 0800 032 7690.

Alternatively, you can write to us at 110 Cannon Street, London EC4N 6EU.

Please remember to quote your **policy** number shown in your **policy schedule** in any correspondence you have with us.

Contents

Part A

Outline of the Guaranteed Annuity (Open Market Option)

This part only applies where the **policy** is shown as a Guaranteed Annuity (Open Market Option) on the **policy schedule**.

The **policy** can only receive payments from one **registered pension scheme**.

We have accepted a payment from a **registered pension scheme** and this **policy** derives from the **registered pension scheme** shown on, or in connection with, the **application** and detailed on the **policy schedule**.

The **policy** was entered into by the trustees or administrator of the **registered pension scheme** paying the **purchase price** to us for the **policy** ("the paying scheme").

However, the **policy** has been set up solely for your benefit and the benefit of any **dependant** as detailed in this booklet and confirmed in the **policy schedule**.

This is designed to give you direct contractual rights with us and to allow you to deal direct with us. The trustees or administrator of the paying scheme have decided that all contractual rights under this **policy** are to be enforceable only by you, or by any other person who may be entitled to receive the benefit, and not by the trustees or administrator of the paying scheme.

The **policy** provides a **lifetime annuity** and satisfies the conditions for a **lifetime annuity** set out in the Finance Act 2004 as amended from time to time.

We cannot accept any liability if the **policy** terms you choose are not allowed under the provisions of the paying scheme.

If we discover that any of the terms of your **policy** do not comply with those provisions, we may (as agreed with the trustees or administrator of the paying scheme at that time) have to change the amount and/or terms of your annuity.

Alternatively, the trustees or administrator of the paying scheme may make arrangements for additional separate payments to you.

Part B

Outline of the Guaranteed Annuity (Immediate Vesting Pension)

This part only applies where the **policy** is shown as a Pension Annuity (Immediate Vesting Pension) on the **policy schedule**.

We have accepted a payment from one or more **registered pension scheme**s into the Retirement Advantage Personal Pension Plan ("the Plan") which is also a **registered pension scheme**. You became a temporary member of the Plan on the date we received the first payment into the Plan and any supporting information that we need in relation to the payment. We will send you a copy of the Plan rules upon request.

We may, with the agreement of the trustees of the Plan, change the Plan rules in the future. If we do change the rules of the Plan and you are affected by the change(s), we will give you as much notice as we can about the change(s) and if practical, at least three months' notice.

The **purchase price** from the Retirement Advantage Personal Pension Plan being used for your Guaranteed Annuity (Immediate Vesting Pension) will provide you with a **lifetime annuity** which satisfies the conditions for a **lifetime annuity** set out in the Finance Act 2004 as amended from time to time.

However, before **application** of the **purchase price**, you can normally apply to take a pension commencement lump sum (a tax-free cash sum within limits set by **HMRC**).
If you do not apply to take a pension commencement lump sum at this time, your right to any pension commencement lump sum in relation to the payment into the plan will be lost.

Part C

General Rules

1. Interpretation

Words we use in this **policy** which indicate the male or female gender include the other gender.

Words we use in this **policy** which indicate the singular include the plural and vice versa.

The only exception to these general rules is where the interpretation would be inconsistent with the subject matter or content.

If any provision of this **policy** is or becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not in any event be affected or impaired.

References to any legislation or any provision of it include references to any secondary legislation made under it.

References to any legislation (whether primary or secondary) or any provision of it include references to any previous legislation or provision relating to the same subject-matter or to any modification or re-enactment of it for the time being in force.

2. Legal information

Our full legal name is MGM Advantage Life Limited. Our head office is at 110 Cannon Street, London EC4N 6EU, United Kingdom. Retirement Advantage is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. We shall classify you as a 'Retail Client' for the purposes of the rules of the Financial Conduct Authority.

3. The law that applies to the policy

The law that applies to this **policy** is English law.

4. Currency, residency and place of payment

You must be resident in the United Kingdom when you apply for the **policy**, and at the **commencement date**. Any payments into or out of this **policy** will be made in the United Kingdom in the currency of the United Kingdom and any payments to you will be made only via a bank or building society registered in or with an office in the UK where you are the account holder or a joint account holder.

5. Initial Information

The information you provided must have been correct on the **commencement date**.

If any information received by us is deliberately or recklessly incorrect, the **policy** may become void or the benefits under it may not be available to you. Before we pay any benefit under the **policy**, **HMRC** rules require certain checks to be completed. We (or the trustees or administrator of the scheme making a payment to us on your behalf) will require confirmation that the value of all your benefits

- already paid to you; and
- in payment to you

from all **registered pension scheme**s, including from your Guaranteed Annuity, will not attract a **lifetime allowance charge**.

We cannot accept any liability if it is later discovered that you have become liable to pay a **lifetime allowance charge**.

We make every effort to ensure that we set up and administer your annuity correctly. However, if a mistake is made we will correct errors found as soon as possible.

6. Dealing with this policy

We may need to see certain documents when we are dealing with this **policy**. Precise requirements will be detailed at the relevant time and will depend on the claim being made or the change required. For example:

- evidence of age
- proof that you or any other individual is entitled to receive payments under this **policy**.

We may use electronic means to obtain the **proof**.

7. Payments made by us

We will not make any payments until all our requirements (referred to in section 6 above) have been met.

We will make payments by direct credit or any other method we agree. We will not make any payments in cash.

We will pay the pension to the **annuitant** (or **dependant** if appropriate).

We may need to change our agreed methods of payment in the future for example because of changes in banking requirements or circumstances beyond our control and if practical, we will give you three months' notice if a change is required.

8. Events or circumstances beyond our control

We shall not be liable to pay any compensation for loss due to an event or circumstance beyond our control, including but not limited to the circumstances in section 9.

9. The Proceeds of Crime Act 2002

The Proceeds of Crime Act 2002 requires us to report any dealing suspected of involving the proceeds of crime to the National Crime Agency (NCA). In such circumstances we are prevented by the Act from discussing such reports with you. If there is any delay in acting on your instructions or paying benefits as a result of any restrictions placed upon us by the Act, we will not be liable to any person for any loss this may cause.

10. Variation of the terms of the policy

We may make reasonable and proportionate changes to the terms of this **policy** to reflect:

- changes in any law, taxation, rules or regulations, or rulings by a Court, Ombudsman, Regulator or similar body, or
- changes in any tax or levy which has to be paid by us, excluding any liability relating solely to any investment fund which significantly alter the basis on which we set up this **policy**.

In particular, we may change the terms of this **policy** if we consider that the changes are necessary or desirable to ensure that the annuity provided by this **policy** is a **lifetime annuity** within the meaning of paragraph 3 of Schedule 28 of the Finance Act 2004 (as amended from time to time) to ensure that the annuity provided by this **policy** is consistent with **HMRC** requirements.

We will tell you about any such change to the terms of the **policy** giving you one month's notice or as soon as reasonably practicable and will explain the reason for the change and any restrictions set by legislation. We will also make sure that you do not suffer any overall loss of benefits due to such changes to the terms of the **policy**.

11. Taxation

Pension payments made under this **policy** are subject to income tax as set out in the relevant legislation. Generally payments will be made net of income tax to the recipient under the PAYE system.

Where the **policy** is shown as a Pension Annuity (Immediate Vesting Pension), we will deduct any **lifetime allowance charge** from the value transferred. Any lump sum payment made under the Value Protection option may be taxed as described in section 24.

12. Unauthorised Payments

Notwithstanding any provision to the contrary, nothing in this **policy** can require us to make an **unauthorised payment** as defined in Part 4 of the Finance Act 2004 and we shall have no liability to you in respect of any **unauthorised payment** that is made.

13. Third Party Rights

This **policy** does not confer any rights on any other person or body other than the parties to the **policy**. No other person or body shall have rights pursuant to the Contracts (Rights of Third Parties) Act 1999 to enforce any terms under this **policy**.

14. Transfers

The benefits payable under this **policy** cannot be transferred to another insurance company.

15. Commutation

The benefits payable under this **policy** cannot be commuted or cashed in (in part or in full), except:

- to comply with a pensions sharing order on divorce or dissolution of a **civil partnership**
- to comply with orders made under the Proceeds of Crime Act 2002.

16. Language

The language in which this **policy** is supplied is English and this is the language in which we shall communicate with you for the purposes of this **policy**.

Part D

The Benefits Payable

17. Introduction
The benefits payable under the **policy** are shown in the **policy schedule**.

This section gives more detailed information on the benefits that may be provided under this **policy**. The **policy schedule** shows the options chosen and the amount of each benefit.

18. Payment Frequency
Annuity payments may be made yearly, half-yearly, quarterly or monthly.

19. Payment Timing
Each annuity payment shall be made either in advance or in arrears. If paid in advance it will be paid in respect of the period until the next annuity payment date, if paid in arrears it will be paid in respect of the period since the last annuity payment date.

20. Guarantee Period
The annuity may include a guarantee period of up to 30 years.

If you should die before the end of the guarantee period selected, the annuity payments will continue to be made on the same basis as originally selected, until the end of the guarantee period.

We will have discretion to decide who will receive payment of the annuity payments for the remainder of the guarantee period. However, although the final decision is for us to take, you may indicate your wishes to us by nominating one or more individuals to receive payment.

If you have died before the end of the guarantee period selected, the final annuity payment date shall be the annuity payment date immediately before the end of the guarantee period.

The income payable to beneficiary(s) on your death may be taxable at a rate set by **HMRC** for such payments. If you die before age 75 the income payments will be made to beneficiary(s) tax-free until the end of the guarantee period. If you die from age 75 onwards the income payments made to beneficiary(s) will be taxed at their marginal rate of income tax.

21. With or Without Proportion to Death
Should you die outside of any guarantee period, the final annuity payment will be the one due immediately before the date of death.

If the annuity is payable “in arrears” and “with proportion to death” a further payment will be made for the period from the date of the final annuity payment to the date of death. The amount of the payment will be the annualised annuity payment multiplied by the number of days between the date of the final annuity payment and the date of death, divided by 365.

If the annuity is payable “in arrears” and “without proportion to death”, no further payment shall be made.

If the annuity is payable “in advance”, we will not reclaim any of the final annuity payment.

22. With or Without Overlap
If you have chosen to purchase a **dependant’s** pension and a guarantee period, your pension may be “with” or “without” overlap.

With overlap means that on your death within the guarantee period, the **dependant’s** pension will commence immediately, and be paid in addition to your pension, which will continue until the end of the guarantee period.

Without overlap means that on your death within the guarantee period, the **dependant's** pension will not commence until the end of the guarantee period.

Guaranteed income payments will continue at 100% of your pension for the remainder of the guarantee period. The **dependant's** pension will become payable at the end of the guarantee period based on the percentage of your pension that was selected at outset.

23. Increases to the pension

You may choose for the amount of pension annuity to increase each year on each **policy** anniversary, in one of the following ways:

1) Fixed Rate Increases – Each year the pension annuity will increase by a fixed percentage, chosen by you at the outset of the **policy**.

2) Retail Prices Index – Each year the pension annuity will increase in line with the percentage increase in the Retail Prices Index or any other index which replaces it.

   We will use the index which is published in the calendar month before the **policy** anniversary date compared with the index published one year earlier (or the month of the **policy commencement date** if later).

   Should the index fall during any period, the amount of pension annuity will remain unchanged and not fall. The amount of pension annuity will not then increase until the index published in the calendar month before the **policy** anniversary date has exceeded the index published in the calendar month before the last pension increase (or the month of the **policy commencement date** if later).

3) Limited Price Indexation – Each year the pension annuity will increase by the lower of 5% p.a. and the percentage increase in the Retail Prices Index or any other index which replaces it.

   The first increase will take place on the first **policy** anniversary. Increases will be 'compounded'. This means that each increase will be based on the total benefit including any previous increases.

   Should the index fall during any period, the amount of pension annuity will remain unchanged and not fall. The amount of pension annuity will not then increase until the index published in the calendar month before the **policy** anniversary date has exceeded the index published in the calendar month before the last pension increase (or the month of the **policy commencement date** if later).

24. Value Protection

If you have not chosen a guarantee period, you may select Value Protection when you apply for your **policy**. This is known as an Annuity Protection Lump Sum Death Benefit. You select at outset a fixed percentage of the **purchase price**. On your death a lump sum may be payable.

We will have discretion to decide who will receive payment of the lump sum. However, although the final decision is for us to take, you may indicate your wishes to us by nominating one or more individuals to receive payment.

The lump sum will be your chosen value protection percentage (up to a maximum of 100%), as shown on your **policy schedule**, multiplied by the original **purchase price** less the total gross annuity payments made to date.The lump sum may be taxable at a rate set by **HMRC** for such payments. If you die before age 75 the value protection payment will be made tax-free to your beneficiary.

If a lump sum payment is made and you die after age 75 the payment will normally be taxed at the beneficiary's marginal rate of income tax.

25. Dependant's Pensions

Any **dependant's** pension will be paid to the person named on the **policy schedule** as the **second annuitant**. If that person dies before the **annuitant**, no **dependant's** pension will be paid.

Subject to with or without overlap (see section 22), the **dependant's** pension will start on the next payment date after the date of your death or at the end of the guarantee period.

The **dependant's** pension will be payable for life and will cease on the death of the **dependant**. The final payment due will be the one made immediately before the date of the **dependant's** death unless the annuity is payable "in arrears" and "with proportion to death". In this case a further payment will be made for the period from the date of the final annuity payment to the date of death. The amount of the payment will be the annualised annuity payment multiplied by the number of days between the date of the final annuity payment and the date of death, divided by 365.

The income payable to your **dependant** on your death may be taxable at a rate set by **HMRC** for such payments. If you die before age 75 any income payments made to your **dependant** will be tax-free. If you die from age 75 onwards any income payments made to your **dependant** will be taxed at their marginal rate of income tax.

26. Financial Services Compensation Scheme

The **policy** is covered by the Financial Services Compensation Scheme for the purpose of providing compensation in the unlikely event of Retirement Advantage's insolvency.

27. Notices to annuitants

You and your **dependant** must give us an address to which we will send any notices. These notices will be treated as having been received by you, or by your **dependant** after your death, two postal days after posting (excluding Sundays and Bank Holidays).

Changes in address need to be notified to us promptly.

28. Complaints

We hope you will never need to, but if you ever wish to complain about any aspect of the service you receive from us, please write using the address shown on page 2.

Please quote your **policy** number (shown in your **policy schedule**).

If you or your beneficiaries are not satisfied with our response to your complaint, you may be able to take the complaint to the Pensions Advisory Service (TPAS), 11 Belgrave Road, London SW1 V1RB or to the Pensions Ombudsman, at the same address.

You or your beneficiaries can also refer any complaint to the Financial Ombudsman Service, Exchange Tower, London E14 9SR.

The services of TPAS, the Pensions Ombudsman and Financial Ombudsman Service are free for anyone taking a complaint to them and your legal rights will not be affected if you subsequently decide not to accept their findings.

The telephone numbers of these organisations are:

The Pensions Advisory Service
0300 123 1047

Pensions Ombudsman
020 7630 2200

Financial Ombudsman Service
0800 0234 567

29. Long-term business

The benefits arising under this **policy** are part of our "long-term business" within the meaning of the Finance Act 2012.

30. Pensions business

This annuity is also classed as pensions business under section 58 of the Finance Act 2012. The **purchase price** of your Guaranteed Annuity must relate to pension business in the way described in section 58 of the Finance Act 2012. If we discover that the **purchase price** did not meet these requirements, we may modify the **policy** in whatever way is necessary to ensure that **HMRC** does not impose any penalty on us.

Part E

Definitions

This section explains what various expressions used in this **policy** booklet mean. Where they are used they will be shown in bold in the text.

annuitant

the person who will receive the pension annuity payments.

annuity start date

the date on which the first annuity payment is to be paid.

application

the form signed by the **annuitant** to take out this **policy**.

civil partner

the **annuitant's civil partner**, as defined in the **Civil Partnership** Act 2006.

commencement date

the date that this **policy** comes into force and is the date we receive the latter of the fully completed **application**, payment, supporting information and Doctor's report (if applicable), unless we agree an earlier date in writing.

dependant (Second Annuitant)

the **policyholder's second annuitant** is:

The spouse or **civil partner** of the main **annuitant** when the **lifetime annuity** was purchased; or

- An unmarried partner who is living with and financially dependent (or interdependent) on the **main annuitant when the lifetime annuity was purchased**.

HMRC

this means Her Majesty's Revenue and Customs.

lifetime allowance

the overall ceiling on the amount of tax privileged pension savings that any one individual can accumulate within **HMRC** rules.

- The exact figure is whatever the 'standard **lifetime allowance**', as set by **HMRC** rules, for the tax year concerned is or

- a multiple of this figure where the individual concerned was eligible to apply to **HMRC** (and received confirmation from **HMRC**) for protection against the 'standard **lifetime allowance**'

lifetime allowance charge

a tax charge imposed if total benefits taken by the **annuitant** from all **registered pension schemes** exceed the **lifetime allowance** allowed.

lifetime annuity

a pension provided from a **registered pension scheme**, under a 'money purchase arrangement'. The plan is purchased from an insurance company of the **annuitant's** choice and must satisfy the conditions set out in paragraph 3 of Schedule 28 of the Finance Act 2004.

policy

the **policy schedule**, this document, and any endorsements of it.

policy schedule

the document that makes these general terms personal to the **annuitant**. It includes details such as the **annuity start date**, the amount of the **lifetime annuity** and the benefit options selected. If any of the information on the **policy schedule** changes we may send another one to the **policyholder** or an endorsement recording the new details. These will then form part of the **policy schedule**.

policyholder
is the person in respect of whom the **policy** was established to receive pension payments and, after that person's death, the **dependant** if a **dependant's** pension is confirmed in the **policy schedule**.

purchase price
the amount of the **annuitant's** pension fund to be used to buy the **lifetime annuity** after any pension commencement lump sum and payment of any initial adviser fee.

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

scheme administrator
the person responsible for certain aspects of the management of the **registered pension scheme**. In some circumstances it is the insurance company providing the **lifetime annuity**.

scheme sanction charge
a tax charge imposed on a **scheme administrator** when an **unauthorised payment** is made.

second Annuitant
please see **dependant** for the definition.

unauthorised payment
is defined in section 160 of the Finance Act 2004. Broadly it is any type of payment which, if made, would give rise to an **unauthorised payment** tax charge under the Finance Act 2004.

About us

Previously known as MGM Advantage and Stonehaven, we are a well-established company that can trace its roots back to 1852. In 2015 we changed our name to **Retirement Advantage** – merging our retirement income and equity release divisions, to help us provide those who are in, at or approaching retirement with a range of simple, secure and flexible products to suit their needs.

Every year thousands of retirees rely on us for their income. And with more than £1.8 billion of funds under our management, and a heritage dating back over 150 years. You can trust us to keep your money safe and secure.

As a company that specialises in retirement, we believe that we know the needs of our customers better. Our award-winning expertise has allowed us to create products that can help you live well in retirement, using the money in your pension and/or the value of your property.

You can find out more about us on our website at retirementadvantage.com

Retirement Advantage is a trading name of MGM Advantage Life Limited.

Retirement Advantage is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, registration number 598800.

You can check these details at www.fca.org.uk/register, or by calling 0845 606 1234.

Options
from ORIGO

We're a founder member of Options, a new industry-wide service provided by Origo. This service has reduced the time it takes to transfer money between pension companies so that we can start your annuity payments as quickly as possible. The service is similar to the BACS service run by the banks where money is electronically transferred between companies.

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