

# Policy Provisions

## Transact Section 32 Buy Out Bond

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# Definitions and Interpretations

**Act** – Part 4 of Finance Act 2004 and the schedules relating to that Part

**Approved Bank** – Any entity which is currently authorised by the Prudential Regulation Authority and which is a credit institution as that term is defined by the Financial Conduct Authority and Prudential Regulation Authority from time to time and approved by us for the purpose of holding Cash which forms part of our assets held for unit-linked contracts

**Arrangement** – A contractual agreement to provide benefits to the member

**Benefit** – Means an actual or prospective entitlement to any benefit under the policy (including any part of a pension and any payment by way of pension) and “beneficiary” has a corresponding meaning

**Business Day** – A full day on which the London Stock Exchange and banks in England and Wales are open for business

**Buy-out certificate** – Means the document (including any replacement issued from time to time) confirming the individual member details relating to the policy and which forms part of the terms and conditions of the policy

**Capped drawdown** – Is a type of drawdown pension where HMRC rules limit the amount of income that can be drawn each year. There is more information on capped drawdown in provision 13

**Cash** – Cash including balances in deposit and current accounts held with approved banks

**Cash Balance** – The element of the Individual Fund comprising Cash and Cash Equivalents

**Cash Equivalents** – Cash equivalents including, but not limited to, investments that are due to be repaid by the issuer within one year and any collective investment which solely invests in such instruments

**Civil Partner** – Means a registered same-sex civil partner as set out in section 1(1) of the Civil Partnerships Act 2004

**Drawdown fund** – Means any part of a fund which is designated as available for the provision of drawdown pension

**Drawdown Pension** – Means drawing amounts as income from the fund, whilst still keeping the fund invested

**Dependant** – Has the meaning defined in the Act. In summary a person in any of the following categories:

- the member’s wife, husband or civil partner at the date of the member’s death
- any child of the member who has not reached the age of 23
- any child of the member who has reached the age of 23 and in the policy administrator’s opinion is, at the date of the member’s death, dependant on the member because of physical or mental impairment or
- any other individual who in the policy administrator’s opinion is, at the date of the member’s death, financially dependent on the member, or who is in a mutually-dependant financial relationship with the member or is dependant on the member because of physical or mental impairment

We will make reasonable enquiries (as decided by us) to identify anyone in the categories described in this definition. If we are not told about anyone who may have qualified as an dependant before we agree any death benefit Arrangements, that person is automatically excluded from the definition of “dependant”. This means that if we are not told about anyone who may be covered by these categories, that person will be excluded from qualifying for any benefits

**Eligible Recipient** – In relation to a member or Survivor means:

- i. his Relatives;
- ii. his Dependants (meaning, in the case of a Survivor, any individual who would be a Dependant if the Survivor were a member)
- iii. any person nominated for this purpose by him;
- iv. any person entitled under his will to any interest in his estate;
- v. his personal representatives (but not if any payment to them would pass as bona vacantia); and
- vi. (in relation to a Survivor) an Eligible Recipient of the relevant Member

**Financial Adviser** – Is the adviser you confirm to us as appointed to provide advice to you in relation to your policy. Your financial adviser is responsible for providing you with advice about investment of your fund and on the options allowed by the policy. Your financial adviser must be authorised in the UK to provide pensions investment advice and one with whom we have, in our opinion, appropriate contractual arrangements in place

We will then treat your financial adviser as continuing to be appointed unless and until we receive written notice from you or the financial adviser that the appointment is to end. Where you have confirmed and we have agreed a financial adviser, we will take this as your authorisation to us to act on that financial adviser's instructions in relation to your fund

**Flexi-access Drawdown** – Is a type of drawdown pension available only if you meet strict criteria set by UK legislation and allows unrestricted payments to be drawn from your fund, up to the value of your fund being used for flexible drawdown. There is more information on flexible drawdown in provision 13

**Fund** – Means the net value of the investments and money held for each Policy we issue to you after deduction of any costs, charges and liabilities

**HMRC** – Means Her Majesty's Revenue and Customs

**IFA Ltd** – Integrated Financial Arrangements Limited

**Member** – Means the individual named as Member in the buy-out certificate

**Partner** – Means in relation to an individual any person who is (or was immediately before the individual's death) his spouse or civil partner (within the meaning of section 1 of the Civil Partnership Act 2004)

**Pension Commencement Lump Sum** – Means a tax free cash sum

**Pension Credit & Pension Debit** – The pension sharing provisions in the Welfare Reform and Pensions Act 1999 (WRPA) introduced the 'pension debit' and 'pension credit'. The 'pension debit' is the amount by which the value of the original member's pension rights are reduced and the 'pension credit' the corresponding amount by which the ex-spouse's or former civil partner's pension rights are increased. Section 29 WRPA determines the value of the pension credit to be transferred to the ex-spouse or former civil partner

**Policy** – Means each contract represented by this policy booklet and the buy-out certificate and any amendments made to either of them from time to time

**Policy Administrator** – Means IFA Ltd (company number 03727592), whose registered office is at 4th Floor, 2 Gresham Street, London EC2V 7AD or any other person or persons responsible from time to time for the discharge of the functions conferred or imposed on the policy administrator by and under the policy and by UK legislation

**Provider** – Means the person who established the scheme or any successor in relation to the provision of benefits as described in section 272(4) of the Act, appointed in accordance with the Rules – the provider is Integralife UK Limited

**Registered Pension Scheme** – Means a pension scheme or pension Arrangement (including buy-out plans such as this policy) that is registered with HMRC. This gives the pension scheme or Arrangement various tax advantages in respect of payments, investments and benefits

**Relative** – In relation to an individual means:

- a) Any ancestor or descendant (however remote) of the individual or of his Partner;
- b) Any stepchild, brother or sister of the individual (whether of the whole or of the half-blood) and any descendant of any such stepchild, brother or sister;
- c) Any Partner of the individual or of any person within (i) or (ii) above;
- d) Any stepbrother or stepsister of the individual and for these purposes:
  - o 'Descendant' includes adopted persons and those who have been treated as children of the family;
  - o The class of Relatives shall be closed at the individual's date of death except that it shall include persons then conceived who if they had then been born would have been Relatives

**Survivor** – Means:

- the individual named as survivor in the buy-out plan certificate and who is an Eligible Recipient who has applied to take benefits, and has been accepted by the policy administrator to receive benefits in the form of drawdown pension or
- a person who has become entitled to drawdown pension on the death of a member or Survivor under another registered pension scheme and who transfers that entitlement to the policy and has not subsequently died, taken all benefits from the policy or transferred to another registered pension scheme

**Transact Service** – Means the portfolio dealing and reporting service operated by IFA Ltd

**Transact Terms and Conditions** – The Terms and Conditions for the Transact Wrap Service (incorporating a General Investment Account) (as amended)

**Transfer value** – Is the value of the benefits transferred from your previous registered pension scheme and confirmed in your buy-out certificate

**Uncrystallised Fund** – Means, in relation to a Member only, any part of a Fund that has not been applied towards the provision of any benefit under the Scheme

**You/your** – Refers to:

- The individual named as member in the Buy-Out Certificate; or
- (For a survivor who is taking Drawdown Pension) the individual named as survivor in the Buy-Out Certificate

## Introduction

The Transact Section 32 Buy Out Bond is a pension transfer plan for investing transfer value payments from other registered pension schemes.

This policy sets out the terms of the Transact Section 32 Buy Out Bond. The buy-out certificate confirms your individual details. The policy is issued to you, the member or the survivor:

In consideration of the Purchaser's payment of the transfer value or, for a survivor, the amount allocated under section 14 to provide the survivor with drawdown pension confirmed in the buy-out certificate and

On the basis of the application form and any supporting evidence the Purchaser and/or you supplied.

If any of this information is later found to be incorrect or incomplete, we have the right to alter any terms of the policy which, in our opinion, would not have been agreed if the full or correct facts had been known.

You will also get statements to help assess the progress of your policy.

# Part 1 – Structure and Operation

## 1. General

- 1.1. Your Transact Section 32 Buy Out Bond is a registered pension scheme.
- 1.2. One policy is established for each transfer value. The provisions in this document apply to each policy identified in the buy-out certificate.
- 1.3. We arrange for investments and money to be held for you under the policy in order to provide pension and related benefits permitted by the Act. This is the main purpose of the policy.

For a Member, each policy is an Arrangement for the purposes of the Act. For a Survivor, each policy is made to provide the Survivor with Drawdown Pension. The net value of investments and money held for the policy is called the "Fund". We attribute investments and money to the policy having regard to:

- o The Transfer Value received for you
- o (For a Survivor) any amounts allocated under section 14 to provide the Survivor with Drawdown Pension

less any benefits and transfer-out payments paid for you and any charges and fees that we deduct; and all adjusted to account for any growth or loss in the investments.

- 1.4. Any individual who has become entitled to drawdown pension on the death of a Member or Survivor under another registered pension scheme can apply for a policy for the purpose of continuation of drawdown pension. If we accept the application, the policy applies as if the person in respect of whose death it is payable had been a Member (or, where appropriate, a Survivor) at the date of his death.
- 1.5. Each policy may, if we agree, be divided to allow benefits to be taken in stages.

## 2. Interpretation

- 2.1. In this policy, words in the singular will include the plural and vice versa, unless stated otherwise.

References to any law or regulation in this policy include any later change made to that law or regulation, or any change that is connected with it.

Certain words in the policy shown in italics have the particular meanings described in the Definitions and Interpretations.

For the avoidance of doubt, "we/us/our" means IFA Ltd.

## 3. Constitution of the policy

- 3.1. We will apply your fund to purchase investments selected by you at the inception of the policy from the range that we offer for the policy. You may choose to alter the investments later, at any time, to other investments we offer for the policy.

- 3.2. We will maintain a separate record of each fund and its investment or other application.
- 3.3. We may conclusively determine whether or not any person is a beneficiary and the amount of any benefit under the policy, and may also conclusively determine all questions and matters of doubt arising in connection with the policy.
- 3.4. No person shall have any claim, right or interest in respect of the fund except as set out in the policy provisions.
- 3.5. The Contracts (Rights of Third Parties) Act 1999 shall not apply to this policy.
- 3.6. The policy shall in all respects be governed by and interpreted according to the laws of England and Wales and by accepting this policy, the member agrees to the exclusive jurisdiction of the courts of England.

## 4. Amendment to the policy

- 4.1. We reserve the right to change or add to the terms of the policy without notice to you when we believe alterations are reasonably required to reflect changes in:
  - Pensions, tax or other law, UK legislation, regulation or industry codes of practice which affect the policy and/or
  - How the London Stock Exchange or other relevant investment or regulated markets may work which may impact on the operation of the policy
  - We will inform you as soon as is reasonably possible about any changes we make in accordance with this provision 4.1.
- 4.2. We also reserve the right to change or add to the policy as, in our opinion, is reasonably required to reflect changes:
  - In investment/share dealing administration or other infrastructure facilities, systems or means of communication which impact on the provision and operation of the policy
  - To services relating to the policy supplied to us by third parties
  - In circumstances or the happening of any event which is outside our control which means that the policy's provisions operate in a way which is unfair to you
  - Resulting from the introduction of new systems, services, and changes in technology.
- 4.3. We reserve the right to make changes or additions to the policy for an administrative or other reason not set out in provisions 4.1 or 4.2 above and which may or may not have a detrimental impact on you. If you suffer a detriment as a result of such a change or addition under this provision, you may notify us and will be free to transfer to another registered pension scheme during the notice period on the terms applying before the end of the notice period.
- 4.4. Where necessary to comply with legal or regulatory requirements, we may make amendments with retrospective effect.
- 4.5. If we alter the policy at any time, we will confirm the change, in writing, to you by providing a replacement buy-out certificate or other record to change the policy. When the policy is read after any change or addition has taken place all references to the policy should be read as though they referred to the policy as changed.
- 4.6. We grant this policy on the condition that the business referable to this policy is treated as Pension Business (as defined in Section 431B of the Income and Corporation Taxes Act 1988).

If as a result of the policy ceasing to fall within the definition of Pension Business, we become liable for any tax, charge, cost or expense (except where such liability has arisen as a result of any act or omission by us), you will be liable for that liability. If you do not discharge that liability, we may cash in investments under this policy equivalent in value to the amount of that liability.

We will also be entitled to recover any other amount for which we become liable, or the present value of any estimated amount of tax liability in relation to this policy or investments held under this policy. The recovery may be made by charging such amount or estimated amount to the fund in question or by deduction from any benefits payable under the policy.

## 5. Policy administrator: Powers, duties and discretions

5.1. We are granted all the powers, rights, privileges and discretions that we may lawfully require for the proper implementation of the policy. This includes the performance of all duties imposed by law and we may do anything expedient or necessary for the support and maintenance of the policy or for the benefit of the beneficiaries. Any powers granted under the policy shall be in addition to those granted by law.

5.2. We may:

- Delegate or authorise sub-delegation of any of our duties, powers and discretions, including without limitation the powers of appointment under provision 5.3
- Grant authority to sign relevant documents and give receipts or discharges for any moneys or other property
- To any one or more persons whom we consider competent, including any beneficiary, subject to such terms as we decide and we shall not be liable for any loss arising as a consequence.

5.3. We may, in relation to the whole or any part of the fund, appoint and remove (or arrange for the appointment and removal of):

- Any investment managers, nominees, custodians, sub-custodians and other persons concerned with the management or custody of assets
- Any agents in any transaction or in the administration of the policy or fund.

In each case upon such terms, as to remuneration, liability and terms, as we decide.

In making decisions and exercising discretions under these policy provisions, we will act reasonably and with proper regard to the need to treat you and our other customers fairly.

These policy provisions will apply to the policy unless held by us, a relevant court or viewed by the Financial Conduct Authority (or other appropriate UK regulatory authority) to be unfair contract terms. If a provision is held, viewed or considered to be unfair the policy will, as far as possible, still apply but without any part of it which would cause it to be held, viewed or considered unfair.

## 6. Cash Balance

6.1. The cash balance is part of the fund at all times. Accordingly, the cash balance will be beneficially owned by us at all times and not by you or anyone else who may be entitled to benefit from the policy.

6.2. Cash in the cash balance will be deemed to be held by the approved banks, and will be deemed to be held amongst those approved banks in the same proportion that all the cash in all funds is held amongst those approved banks from day to day, as at the close of business on the previous business day.

6.3. If an approved bank which holds any or all of the cash in the cash balance fails, and the value of the cash balance falls as a result, we will not be liable to you for any reduction in the value of the fund or the policy.

- 6.4. If the value of cash equivalents falls and as a result the value of the cash balance falls, we will not be liable to you for any reduction in the value of the fund or the policy.

## 7. Investments

- 7.1. We will confirm the investment selection in the buy-out certificate and/or in the Contract Notes as described in the Transact Terms and Conditions.
- 7.2. You may ask us to alter the investment selection for the policy to include different investments from the range that we make available from time to time, but subject always to the method for any re-allocation of investments being undertaken in accordance with the Transact Terms and Conditions.
- 7.3. We will value the assets held subject to the policy on the basis and frequency of valuation applied by the market or the investment manager(s) (as appropriate in our opinion). You can ask us for details of the basis and frequency of valuation.

## 8. Liability, recovery of charges, expenses etc.

- 8.1. By accepting the policy, you accept that:
- Rights in relation to your fund are limited to those detailed in this policy, and
  - You waive any other rights that you may otherwise have had to make any and all legal claims (claims or rights of action) at any time against any previous, current or future officers, employees, agents and sub-contractors of the provider and the policy administrator.
- 8.2. We will apply the policy value for your benefit in accordance with the provisions set out in this policy. We will act in accordance with your directions and comply with UK legal requirements in administering the benefits payable from the policy. We accept liability solely in accordance with the provisions of this policy, which may only be modified in accordance with provision 4.
- 8.3. We do not accept liability or obligation:
- For any or all losses, costs, actions, proceedings, claims and demands which may be incurred by, or brought or made against us, arising directly or indirectly where we acted in good faith in accordance with any instructions relating to options, nominations and investment directions allowed by the policy that appear (or would, in our opinion, appear to any reasonable person) to have been given by the appropriate person (i.e. by the member or, in the case of a Survivor drawdown pension, by the Survivor, or in either case, the member's or the Survivor's financial adviser, or by the recipient of any death benefit from the fund)
  - To you or any other person entitled to benefit under the policy for any loss that may be incurred as a result of any error by you or your financial adviser other than as a direct result of our negligence, wilful default or fraud.
- 8.4. Provision 8.3 shall apply separately to each of the policy administrator and the provider. If the inclusion of any words in provision 8.3 would mean that the protection for the policy administrator or the provider is limited by UK law, then the provision is to be read with such words omitted
- 8.5. We may, without the agreement of any beneficiary and to the extent permitted by UK law, recover out of the relevant fund:
- Any fees or charges we impose in accordance with this policy and other terms as we may confirm to you in accordance with provision 4
  - Any taxes imposed by HMRC relating to your policy

- Any losses, liabilities, costs, charges or expenses (including any fees, charges or expenses of anyone appointed as described in section ) or other amounts we may suffer or be liable for in connection with or relating to:
  - Investments relating to your policy
  - Any proceedings brought in order to comply (or procure compliance) by any beneficiary or other person with any obligation imposed by law or by this policy or any agreement made under it, and
  - Any unsuccessful actions, proceedings or claims brought by or on behalf of a beneficiary in relation to your policy
- Any other actions, proceedings or claims relating to your policy
- Any liability to tax or other imposition of any kind in respect of any payment of benefit or the operation of the policy
- The proper administration of the policy generally
- The operation of the Transact Terms and Conditions

However, if any such amounts:

- Are recoverable under any policy of insurance, or
  - Are suffered or incurred by us as a result of our deliberate breach of trust committed in deliberate disregard of the proper instructions of the relevant Member or Survivor, or actual fraud we shall pay over to the relevant person amounts so recovered, or retain them as we consider appropriate.
- 8.6. Notwithstanding provision 8.5, we shall not be obliged to bring, pursue, defend or appeal any proceedings or decisions in relation to the policy.
- 8.7. You will indemnify (cover us) and keep us indemnified (covered) against any reasonable amounts described in provision 8.5 to the extent that we, in our opinion, cannot recover amounts under that provision.
- 8.8. Decisions, powers, duties or discretions by us, or by any delegate we appoint, are not invalidated and shall not be questioned merely because anyone involved had a personal interest in the manner or result of the decision or of exercising the power, duty or discretion. Our employees and delegates shall be entitled to retain beneficially any benefit or other interest which they may have under the policy.
- 8.9. In this provision:
- References to us, the provider and the policy administrator shall be taken to include any former policy administrator and any present or former officer of a present or former corporate policy administrator.
  - References to proceedings shall be taken to include any investigation by the Pensions Ombudsman or Financial Ombudsman Service (see provision 23), and any other form of action, proceeding or claim.

## 9. Transfer out of the policy

- 9.1. You may, subject to the remainder of this provision, request the payment of a transfer value representing all or any part of a fund in place of the benefits under the policy, either:
- To the administrators of another registered pension scheme and where you are a member (the "Other Scheme") or

- To another suitable insurance company (the “Insurer”) you choose.
- 9.2. We must receive any request under provision 9.1 at least 30 days before the date on which the transfer value is to be paid. Payment will then be subject to the following conditions:
- We are reasonably satisfied that the administrator of the Other Scheme is legally allowed to receive the transfer value and that the Other Scheme is a registered pension scheme
  - That we get a written undertaking, from the administrators of the Other Scheme or the other Insurer as appropriate, to comply with any restrictions set by HMRC or required by UK legislation.
- 9.3. A transfer described in provision 9.2 will cancel the whole of the fund covered by the transfer or the part of the fund if we agree to a part-transfer. We will then also cancel the corresponding entitlement to benefits under your policy.

## Part 2 – Policyholding and Benefits

### 10. Medical evidence and other relevant information

- 10.1. We may at any time request any beneficiary to supply such evidence of age, good health, marital status, rights and entitlements under other registered pension schemes and other evidence and information as it may reasonably require, and may withhold payment of all or part of any benefits until the evidence or information is received and accepted by us as correct and sufficient.
- 10.2. Any beneficiary shall without delay notify us of any event or fact which affects or may affect his or her eligibility to participate in the policy or his or her entitlement or prospective entitlement under it.

### 11. Benefits for Member

This provision applies to you if you are a Member.

- 11.1. Within a reasonable period (consistent with good practice) before the State Pension Age, we provide you with information about the available benefit options and the tax implications of taking benefits. We will also remind you that you can take guidance on the available options under the government’s MoneyHelper scheme. If required by the rules of the Financial Conduct Authority, we ask you questions to determine whether advice or guidance has been received. Depending on the reply, at each stage we proceed to identify risk factors and provide risk warnings.
- 11.2. You must give us at least one month’s notice in writing of the selected option(s) before taking benefits.
- 11.3. From age 55 (age 57 from 6 April 2028) you can apply some or all of your Uncrystallised Fund in any one or more of the following ways:
- Designate for Drawdown Pension under provision 13 (Drawdown Pension).
  - Payment of a pension commencement lump sum, when designating for Drawdown Pension. Normally, the maximum lump sum will be 25% of the value of the part of the Fund being used to provide these benefits. A higher or lower amount might be available if you had transitional rights in respect of benefits earned before 6 April 2006 under schedule 36 of the Act and meet the conditions under it. Tax will not normally be payable on the lump sum
  - To buy an Annuity in your name
  - To transfer to another drawdown pension

- Provided you have enough Lump Sum Allowance remaining, payment of a lump sum, without designating for Drawdown Pension. This is called an uncrystallised funds pension lump sum (UFPLS). Twenty-five percent of the lump sum is tax-free and the rest is subject to income tax

In each case, you can take the benefits at such time or times as you wish, but not earlier than age 55.

11.4. When a Member uses an Individual Fund for Benefits the value of the Individual Fund being used for Benefits must be tested against the Lump Sum Allowance. Any lump sum paid in excess of this allowance will be subject to income tax at the Members marginal rate.

11.5. You may be able to take benefits before age 55 (age 57 from 6 April 2028):

- If we are satisfied that you are in ill health, as defined in the Act;
- If you had transitional rights at 6 April 2006 to a protected pension age under Schedule 36 of the Act and satisfy the relevant conditions in the Act; or
- As a serious ill health lump sum, if (i) evidence has been provided by a registered medical practitioner that your life expectancy is less than a year (ii) you satisfy the conditions in the Act for a serious ill health lump sum (iii) no benefits have already been taken from the Fund being used to provide the serious ill health lump sum and (iv) you have not used up all the Lump Sum Death Benefit Allowance. If you are aged 75 or older at the date of payment, we deduct tax from the lump sum.

## 12. Money purchase annual allowance

12.1. If pension savings are accessed using flexi-access Drawdown Pension (see section 13.6 (flexi-access Drawdown Pension) or by taking an uncrystallised funds pension lump sum, the Member is subject to the money purchase rules. Anyone who is subject to the money purchase rules, and who makes or receives pension contributions in excess of £10,000 for any tax year, is subject to the money purchase annual allowance for that tax year.

12.2. The money purchase annual allowance is currently £10,000. Anyone who is subject to the money purchase annual allowance in any tax year will be liable to an annual allowance charge on the amount of total contributions to money purchase pension schemes for that tax year that exceed £10,000, and on the amount of benefit accrual in other schemes providing defined benefits for that tax year (if any) that exceeds £30,000. If subject to the money purchase annual allowance rules, a Member will not be able to carry forward any unused money purchase annual allowance to test against a future year's money purchase savings.

## 13. Drawdown pension

13.1. Whether you are a Member or, under section 14.2, a Survivor, you can designate all or part of your Fund for Drawdown Pension, if entitled to take benefits under provision 11.3, 11.5 or provision 14.2 and we accept your application for drawdown pension. The designation must be made on the form provided for this purpose.

13.2. Acting reasonably, we can in our absolute discretion refuse your application for Drawdown Pension. We will tell you as soon as practicable if this is the case. In accepting your application for Drawdown Pension, we can impose such restrictions as to timing and amounts of payments as we consider necessary. We will confirm any such requirements or restrictions when confirming acceptance of your application. We can require you to take advice from a Financial Adviser before we accept your application.

13.3. If your application is refused, you can transfer your fund to another provider under provision

## Your Financial Adviser can help decide on the provider.

- 13.4. Having designated for Drawdown Pension, you can subsequently use the part of the Fund allocated for Drawdown Pension to transfer out under provision 9 in order to buy a pension or move to another drawdown pension contract.
- 13.5. Any drawdown pension shall be paid in cash in pounds sterling by bank transfer unless we agree with you any other process.

## Flexi-access Drawdown Pension

- 13.6. With flexi-access Drawdown Pension, you can take out as much of the Fund as you wish, after having taken a tax-free lump sum. You can increase, reduce and/or ask us for an extra one-off flexi-access Drawdown Pension payment. You can choose for flexi-access Drawdown Pension to be paid on a monthly, quarterly, half-yearly or yearly basis.

You must complete, and return to us, certain paperwork (available from us) before starting, stopping or varying flexi-access Drawdown Pension. Each such request is treated as an application for Drawdown Pension for the purposes of section 13.1.

We can impose a minimum on the amount that the individual can designate for providing flexi-access Drawdown Pension. Such minimum amount may be determined by the Policy Administrator from time to time.

## Capped Drawdown Pension

- 13.7. Any part of your Fund already designated for capped Drawdown Pension on 5 April 2015 can continue in capped Drawdown Pension. You can designate a new part of the Fund for providing capped Drawdown Pension if part of your Fund is already designated for capped Drawdown Pension on 5 April 2015. You cannot designate any part of your Fund for capped Drawdown Pension if no part of your Fund is so designated before 5 April 2015.
- 13.8. With capped Drawdown Pension, there is a maximum limit on the income that can be taken, set by HMRC rules. We calculate the maximum for you. You can choose to take any level of income up to the maximum or not to take any income at all after having taken a tax-free lump sum. Subject to the maximum limit, you can increase, reduce, stop and/or ask for extra one-off capped Drawdown Pension payments. Capped Drawdown Pension can be paid on a monthly, quarterly, half-yearly or yearly basis.
- 13.9. You must complete, and return to us, certain paperwork (available from us) before starting, stopping or varying capped Drawdown Pension. Each such request is treated as an application for Drawdown Pension for the purposes of provision 13.1.
- 13.10. We can impose a minimum on the amount that you can designate for providing capped Drawdown Pension. Such minimum amount may be determined by the Policy Administrator from time to time.
- 13.11. HMRC also require that the maximum limit on capped Drawdown Pension is reviewed at least every 3 years (even if you are not taking any income after taking a tax-free cash payment) until the end of the review year when you reach age 75, then every year from age 75. If necessary, the amount of income must be reduced to ensure the maximum limit is not exceeded. The reviews can be carried out on any pre-arranged future date within a 60 day period before the review date. You can elect for any such review date by giving us 5 days' notice. Making this calculation early will not affect the timing of any subsequent review. If we agree, you can also request an earlier review, on any anniversary date before you reach age 75. You should consult a Financial Adviser before requesting this, as a review can result in a reduction in the maximum amount of income.
- 13.12. You can re-designate the Fund to provide a flexi-access Drawdown Pension instead of capped Drawdown Pension at any time by completing the relevant form that we provide for this purpose.

## General provisions relating to drawdown pension

- 13.13. Notwithstanding this provision 13, you may specify that a portion of your drawdown pension fund is used to buy a short-term annuity in your name. (A short-term annuity is an annuity which meets certain restrictions set out in legislation).

## 14. Benefits on death

- 14.1. On your death as a Member or Survivor, we use your remaining Fund in either or both of the following ways as we in our absolute discretion determine:
- To provide pension income in accordance with provision 14.2 for any one or more Eligible Recipients and, if more than one, in such proportions as we decide (but only for an Eligible Recipient to whom the Act permits pension income to be paid on that occasion); and
  - To pay one or more lump sum death benefits in accordance with provision 14.3

We write to your personal representatives or potential beneficiaries (as applicable) with details of the ways in which benefits can be provided.

- 14.2. An Eligible Recipient who becomes entitled to a pension under provision 14.1 must use the Fund in any of the following ways:
- To buy an Annuity for the Eligible Recipient (but only for an Eligible Recipient for whom the Act permits an Annuity to be purchased on that occasion) transfer, as described in provision 9
  - To apply for Drawdown Pension under provision 13 (but only for an Eligible Recipient to whom the Act permits Drawdown to be paid on that occasion).

We can buy an Annuity for the Eligible Recipient from a pension provider of our choice if

- The Eligible Recipient fails to decide which option should be used for pension income within three months of being asked to do so; and
- The Eligible Recipient's application for Drawdown Pension is declined

If a Survivor has not specified his desired level of Drawdown Pension within a reasonable time of being asked by us to do so (such time to be determined at our discretion), we set a Drawdown Pension figure of zero. This remains in effect until advised otherwise by the Survivor.

- 14.3. If we decide to pay one or more lump sum benefits and are satisfied that at the time of your death your benefits are subject to a valid trust, the part of the Fund that we have allocated for lump sum benefit(s) is applied to the trustees of that trust. A valid trust is one which is separate from the Scheme and under which no beneficial interest in a benefit can be payable to you, your estate or your legal personal representatives. If there is no such trust, the Fund or relevant part of it is paid to one or more Eligible Recipients as we decide and in such proportions as we decide. If the member died after Age 75 tax will be deducted before payment of the lump sum
- 14.4. You should complete a Pension Death Benefit nomination form to inform us of your wishes for who should receive death benefits and the form of those benefits (lump sum or pension). We take those wishes into account but we are not bound by them. You can state or amend your wishes at any time using the form provided for this purpose.
- 14.5. Our nomination of an individual in connection with Drawdown (including any designation of funds or any other selection or determination or other act which in our opinion amounts to or implies such nomination) shall count as a nomination by the Policy Administrator for the purposes of the Act.

- 14.6. If a Dependant, for whom Drawdown Pension was being provided following the death of a Member, ceases to be a Dependant, we apply the Dependant's Fund in accordance with section 14.1 as if it were the Member's Fund being applied on the death of the Member (but not as a lump sum, unless permitted by the Finance Act).
- 14.7. We are not obliged to consider for the purposes of this section 14 any Eligible Recipient of whose eligibility we are unaware having made reasonable enquiries.
- 14.8. To the extent that we are unable to apply any Fund which the preceding provisions require us to apply, we shall make a payment to a charity or charities at our discretion or, if consistent with the main purpose of the Policy, retain the balance and use it to offset our general administration expenses.

## 15. Taxation of income payments

- 15.1. If you take any payments from your drawdown fund, the income you receive will be taxed under the Pay As You Earn System. Where we have taken reasonable steps to identify your correct tax code, we will not be liable for any loss whatsoever you incur as a result of the use of an incorrect tax code.
- 15.2. Where provision 15.1 applies, we will also provide you with a P60 at the end of each tax year showing the gross income paid, tax code used and details of any tax deducted.

## 16. Payment of Benefits: Restrictions and Deductions

- 16.1. We can impose such restrictions as to timing and frequency and amounts of payments, of Drawdown Pension or any other Benefit, as we may think fit having regard to the proper and efficient administration of the policy.
- 16.2. Without prejudice to any other provision of the policy, we are entitled to deduct from any payment made to any person or body a sum equal to any tax to which we are, or may become, liable as a result of the payment and shall remit the tax to the appropriate office of HMRC. Where we are uncertain of the extent of any tax liability, we may, at our discretion, either deduct such amount as we may determine or postpone the payment.

## 17. Payment of Benefits: General

- 17.1. Any Benefit shall be paid by bank transfer and in sterling, unless we agree otherwise with you.
- 17.2. If and for so long as a person entitled to a Benefit from a Fund is a minor or, in our opinion, unable to act by reason of mental disorder or otherwise, we may pay or direct the payment of the Benefit to any one or more of his parents, guardians, spouse or other person legally appointed or authorised to receive it on his behalf to be applied for his benefit. Any such payment shall operate as a complete discharge to us and the Provider and they shall not be under any liability to enquire into its application.

## 18. Alternative Application of Fund

- 18.1. We may at any time at the request of a Member or Survivor (or, where the Member or Survivor is deceased, his personal representatives) apply all or any part of his Fund to make:
  - Any payment authorised by the Act and not otherwise permitted by the Policy; or
  - (To the extent consistent with the main purpose of the Policy (see provision 1.3) any unauthorised payment in each case to or for the benefit of the Member or Survivor or any other person, and in place of all or any part of any Benefit that would otherwise have been payable from such Fund.

## 19. Forfeiture, etc.

- 19.1. We may, at our discretion, determine that any rights to any benefit shall be given up or lost (forfeited) if the beneficiary:
- Fails to claim the benefit within six years of the date on which payment becomes due or
  - Tries to assign or surrender a benefit or a prospective benefit, or the benefit becomes the subject of a transaction (or alleged transaction) which is not allowed under the policy or by UK law, so is not, or would not be, a legal transaction
  - In a case where this provision applies, we will retain the part of the fund representing the amount forfeited to offset our general administration expenses.
- 19.2. In a case to which provision 17.1 applies, any part of the fund representing the amount forfeited may be applied to provide such one or more other benefits as are permitted by the policy and as we in our absolute discretion may determine, and any remainder shall be retained by us to offset our general administration expenses.

## 20. Nominations and notices

- 20.1. Any direction or nomination under the policy shall be made by notice to us at the following address:

Letter:	Client Services Integrated Financial Arrangements Ltd 4th Floor, 2 Gresham Street London EC2V 7AD
Telephone:	020 7608 4900

- 20.2. Notices to us must be given in writing and shall not be effective until we actually have the notice. We may waive all or part of these requirements in relation to any notice to be given to us.
- 20.3. Any notice from us will be valid if sent to the member (or the dependant, in the case of a dependant's drawdown pension) at his or her address as shown in our records of the policy. Notices sent by post will be considered to have been received by the member, or dependant, as appropriate, within three business days of the date of posting or, in the case of notices sent by fax or e-mail, when the transmission is shown as complete.

## 21. Pension sharing

- 21.1. We shall discharge any liability for a pension debit to be applied to the policy in such one or more of the following ways as we agree with the recipient of the pension debit:
- Commence a new policy and determine for that person a fund equal in value to an amount representing the pension debit
  - Make a transfer payment in respect of that person in accordance with section 8 (as if the reference to beneficiary included that person and as if the reference to fund were to an amount representing the pension debit).

## 22. Complaints and compensation

- 22.1. If you want to register a complaint in relation to the operation of the policy, you should do this in writing, addressed to us. We have the right to telephone you, or someone else nominated by you, to discuss any administrative aspects without having been expressly invited by you to do so.
- 22.2. If you are not satisfied with any aspect of the service that you have received from us, we have a formal complaints procedure, a copy of which is available on request.
- 22.3. If, for any reason, you are not happy with our service, please contact your Client Service Manager, using any of the contact details given above. Full details of our written complaints procedures are available upon request. If we cannot settle your complaint to your satisfaction, you can refer it to the Financial Ombudsman Service at the following address:

Letter:	The Financial Ombudsman Service Exchange Tower London E14 9SR
Telephone:	0800 023 4567
Email:	<a href="mailto:complaint.info@financial-ombudsman.org.uk">complaint.info@financial-ombudsman.org.uk</a>
Website:	<a href="http://www.financial-ombudsman.org.uk">www.financial-ombudsman.org.uk</a>

- 22.4. The Financial Services Compensation Scheme (FSCS) is a scheme that provides limited compensation for customers who might otherwise lose out if a company regulated in the UK by the Financial Conduct Authority is unable to pay claims against it.

Investments in your policy may be covered by the FSCS. Where compensation is available in respect of an investment in your fund, we will make the claim on your behalf.

FSCS contact details:

Letter:	Financial Services Compensation Scheme 10th Floor, Beaufort House 15 St Botolph Street London EC3A 7QU
Telephone:	0800 678 1100
Website:	<a href="http://www.fscs.org.uk">www.fscs.org.uk</a>

Please ask us if you have any questions about the FSCS or the protection it provides.

## 23. Cancellation

- 23.1. The member (or where a dependant's drawdown pension is transferred to the policy, the dependant) may elect to cancel the policy by writing to us within thirty (30) days of receiving notification that the policy has commenced/transfer has completed.



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