

## Standard Policy Conditions

### 1. The Plan

- 1.1 The Plan is one or more policies issued in relation to the Scheme made between the Company and the Plan Holder and, in cases where Spouse / Civil Partner Benefits apply, the Company and the Spouse / Civil Partner, to provide benefits secured by one or more payments from Transferring Pension Provider(s).
- 1.2 Together these Policy Conditions and the relevant Policy Schedule, Quotation and the Application Form set out the terms agreed between the Plan Holder, Spouse / Civil Partner if applicable and the Company in relation to the Plan.
- 1.3 This Plan is issued on the basis that the details given in the Application Form together with any other written statements required by the Company or made by (or on behalf of) the Transferring Pension Provider(s) or the Plan Holder or Spouse / Civil Partner are and continue prior to the Plan Commencement Date to be true to the best of their knowledge or belief.
- 1.4 These Policy Conditions (as amended from time to time) apply to further supplementary schedules issued by the Company.
- 1.5 Each policy in this Plan commences on the Plan Commencement Date and will terminate at the end of the Term or when no further benefits are payable if earlier, provided that the Company has received the value of the relevant Transferring Pension Fund.
- 1.6 The Company will not permit payment of any premiums to the Plan other than payments described in Condition 1.1.
- 1.7 For the purposes of this Plan and where the context so permits, all references to the singular shall include the plural and all references to one gender shall, in addition to or in place of, include the other.

### 2. Definitions

- 2.1 The words below have the following special meanings wherever they appear in these Policy Conditions, the Policy Schedule and any associated documents;
  - 'Basis Amount'** The annual amount which applies to the Unsecured Pension Fund or Dependants' Unsecured Pension Fund in respect of each Unsecured Pension Year (for the Plan Holder or Spouse / Civil Partner) in terms of Schedule 28 of the FA 2004. The annual amount is reviewed five yearly in respect of each "reference period" or if there has been a "pension sharing event";
  - 'Benefit Recipient'** A person entitled to receive a Policy Benefit under the Plan from time to time;
  - 'Change Date'** If applicable, the date on which the Income Benefit changes as shown on the Policy Schedule under the heading "Gross Income Benefit" and each anniversary of that date;
  - 'Commuted Lump Sum'** An Unsecured Pension Fund Lump Sum Death Benefit of an amount determined by the Company as the present value of the remaining instalments of Income Benefit which would have been payable if the Plan Holder or, if applicable, the Spouse / Civil Partner had survived for the rest of the Guaranteed Period;
  - 'Company'** American Life Insurance Company (ALICO), acting through its UK branch and trading in United Kingdom as AIG Life;
  - 'Dependant'** Means a person who is financially dependent on the Plan Holder or dependent on the Plan Holder because of physical or mental impairment at the time of the Plan Holder's death.

Natural or adopted children of the Plan Holder may automatically be regarded as dependent on the Plan Holder if at the time of his or her death they were under 23.

In relation to an unmarried partner not in a civil partnership, whether of the same or opposite sex, a financial relationship of mutual dependence with the Plan Holder is an acceptable criterion, for example where the partner relied upon a second income to maintain a standard of living which had depended on joint income prior to the Plan Holder's death.

It is for the Company to decide whether a person meets this definition;

**'Dependants' Unsecured Pension'** Payment of income withdrawal from a Dependants' Unsecured Pension Fund to the Spouse / Civil Partner (who is aged under 75) which meets the conditions of paragraph 21 of Schedule 28 to the FA 2004;

**'Dependants' Unsecured Pension Fund'** The funds designated to provide the Spouse / Civil Partner (who is aged under 75) with a Dependants' Unsecured Pension, as defined in paragraph 22 of Schedule 28 to the FA 2004 subject to the terms of the Plan;

**'Due Date'** The date on which any particular payment in respect of Policy Benefits under the Plan becomes due in accordance with these Policy Conditions;

**'Endorsement Date'** The date on which any Supplementary Policy Schedule or other endorsement to the Plan is stated to become effective;

**'FA 2004'** The Finance Act 2004;

**'Guaranteed Period'** The Guaranteed Period, if any, shown in the Policy Schedule;

**'Income Benefit'** The regular income payable under this Plan described in Condition 5 representing the Plan Holder's Income Withdrawal or following the death of the Plan Holder, the Income Withdrawal of the Spouse / Civil Partner if Spouse / Civil Partner Benefits are applicable, subject to the provisions of Condition 4;

**'Income Withdrawal'** Income withdrawal as defined in Schedule 28 of the FA 2004 in respect of the relevant Benefit Recipient in relation to their Unsecured Pension Fund or Dependants' Unsecured Pension Fund, as appropriate;

**'Managing Office'** ALICO House, 22 Addiscombe Road, Croydon, England CR9 5AZ or any other address notified to the Benefit Recipient from time to time;

**'Maturity Amount'** The amount due from the Company on the Maturity Date as shown in the Policy Schedule and payable in accordance with Condition 6, subject to the provisions of Condition 4;

**'Maturity Date'** The date on which the Maturity Amount is payable and as specified in the relevant Policy Schedule;

**'PCLS' / 'Pension Commencement Lump Sum'** The pension commencement lump sum within the meaning of paragraph 1 of Schedule 29 to the FA 2004, if any, as shown in the Policy Schedule, payable in accordance with Condition 4;

**'Pension Plan'** A scheme registered with HM Revenue & Customs in accordance with the FA 2004;

**'Plan Commencement Date'** The date that the Plan commences as shown in the Policy Schedule, subject to Condition 1.6 above;

**'Plan Holder'** The person shown in the Policy Schedule as the Plan Holder;

**'Policy Benefits'** Together any Income Benefit, Maturity Amount, Commuted Lump Sum and Value Protected Benefit paid under each Policy in the Plan;

**'Registered Pension Scheme'** A pension scheme as defined in Section 149 of the FA 2004 which is registered under Chapter 2 of the FA 2004;

**'Registration Requirements'** The requirements of HM Revenue & Customs to obtain and maintain registration of the Scheme under section 154 of the FA 2004;

**'Scheme'** The AIG Life Living Time Personal Pension Scheme which is a Registered Pension Scheme;

**'Scheme Administrator'** The scheme administrator is American Life Insurance Company (ALICO) and the administration manager is the named individual registered with HM Revenue & Customs;

**'Spouse / Civil Partner'** The person shown in the Policy Schedule as the spouse or civil partner. For the avoidance of doubt this cannot be altered during the Term;

**'Spouse / Civil Partner Benefits'** The Income Benefit and the Maturity Amount, if any, payable to the Spouse / Civil Partner as described in Condition 5.2 and Condition 6 if Spouse / Civil Partner benefits are specified in the Policy Schedule;

**'Transferring Pension Fund'** The transferring pension fund shown in the relevant Policy Schedule;

**'Transferring Pension Provider'** The pension provider of the transferring pension fund shown in the relevant Policy Schedule;

**'Term'** The period from the Plan Commencement Date until the Maturity Date;

**'Unauthorised Payment'** Means any payment which a Registered Pension Scheme is not authorised to make because of either the size or type of the payment as set out in section 160 of the FA 2004;

**'Unsecured Pension'** Payment of Income Withdrawal from an Unsecured Pension Fund to the Plan Holder (who is aged under 75) which meets the conditions of paragraph 7 of Schedule 28 to the FA 2004;

**'Unsecured Pension Fund'** The funds comprising the arrangement which the Plan Holder (who is aged under 75) has designated to provide him or her with an Unsecured Pension or are treated as so designated, in accordance with paragraph 8 of Schedule 28 to the FA 2004;

**'Unsecured Pension Fund Lump Sum Death Benefit'** A lump sum paid on a Plan Holder's or a Spouse / Civil Partner's death before the age of 75 from an Unsecured Pension Fund or a Dependants' Unsecured Pension Fund held at the point of death as defined in Schedule 29 to the FA 2004;

**'Unsecured Pension Year'** Means the twelve month period as defined in Schedule 28 of the FA 2004 which is used in the calculation of the legislative limits on Income Withdrawal;

**'Value Protected Benefit'** The Unsecured Pension Fund Lump Sum Death Benefit equal in amount to the Purchase Amount less the total Income Benefit before tax paid to the Plan Holder and the Spouse / Civil Partner, if applicable, payable in accordance with Condition 7 subject to Condition 4 and to the deduction of relevant tax.

### 3. The Purchase Amount

- 3.1 The Purchase Amount shown on the Policy Schedule is the amount received by the Company from the Transferring Pension Provider less any PCLS paid by the Company to the Plan Holder. This amount is used to secure the Policy Benefits.
- 3.2 In the event that the amount the Company receives from a Transferring Pension Provider is less than the amount specified in the Quotation and / or Application Form of the Plan Holder for the Plan, the Company reserves the right to adjust the benefits under the Plan in proportion to the reduction in the amount it receives.
- 3.3 In the event that any matter stated by the Plan Holder in relation to benefits taken under the Transferring Pension Provider's scheme results in the value or nature of a Transferring

Pension Fund being different from that stated in the Plan Holder's Quotation and / or Application for the Plan, the Company reserves the right to terminate the Plan from the outset or make such changes to the relevant policies as it reasonably believes reflect the impact of the reduced value or altered nature of the transfer value so received.

### 4. The Policy Benefits

- 4.1 The Company will pay the Plan Holder a Pension Commencement Lump Sum of the amount (if any) shown in the relevant Policy Schedule, subject to the provisions of this Condition 4.
- 4.2 In accordance with the terms of each policy in the Plan, the Company will on the Due Date pay one or more of the following as appropriate: the Income Benefit, the Value Protected Benefit, the Commuted Lump Sum and the Maturity Amount, subject to the provisions of this Condition 4. Policy Benefits shall as relevant be paid to the Plan Holder, the Spouse / Civil Partner or their respective estates. These Policy Conditions will apply separately to each Policy Benefit, but amounts due on the same date to the same Benefit Recipient may be aggregated into one payment.
- 4.3 Notwithstanding any other provision of the Plan or the Scheme, there shall be no right for any person to receive a payment which would be an Unauthorised Payment.
- 4.4 In the event of a conflict between any provision of either a policy forming part of the Plan or the Scheme and the Registration Requirements, the Registration Requirements shall prevail.
- 4.5 The Scheme Administrator may withhold the payment of any benefit under the Scheme or part thereof until the Scheme Administrator is satisfied that the payment of the benefit will not result in a tax liability becoming due from the Scheme Administrator or the Scheme under the FA 2004 or otherwise. The Scheme Administrator may deduct from any present or future payments under the Scheme any tax for which it may be liable or accountable (whether jointly or otherwise) in relation to the Scheme or in relation to any benefits payable under the Scheme and may postpone any payment under the Scheme until the amount of, and liability for, any tax has been determined and may reduce Scheme benefits to reflect any such tax.
- 4.6 If pursuant to the power contained in Condition 4.4 and 4.5 the amount of a Policy Benefit is reduced because of an applicable limit, the amount of that reduction, together with interest equal to that of a gilt yield of appropriate duration as determined by the Company, will to the fullest extent permitted be applied to the Maturity Amount.
- 4.7 The Company reserves the right to withhold payment of any amount due or relating to a policy unless and until it has received all information and documentation that it reasonably requires in order to satisfy itself as to:
  - the date of birth and the continuing existence or death of the Plan Holder and Spouse / Civil Partner, as applicable;
  - the claimants' identity and legal title to the Plan and / or the benefits from the Plan;
  - the claimants' country of residence; and
  - any other fact or matter that the Company may reasonable require.
- 4.8 Any costs incurred in satisfying the requirements set out in paragraph 4.7 shall be borne by the claimants.
- 4.9 The Benefit Recipient will make arrangements to ensure that the Company is informed promptly of the occurrence of any event, including the death of the Plan Holder or Spouse / Civil Partner, which results in any Policy Benefit reducing or ceasing to be payable under the Plan. If the Company pays a Policy Benefit which is not properly due, for whatever reason, the relevant amount will be repayable to the Company immediately and, if not repaid in full by the thirtieth day after notification of requirement of repayment will bear interest at the rate of 2% per annum (calculated daily) above the base rate from time to time of the Bank of England, from that thirtieth day until repayment.

## 5. Income Benefits / Guaranteed Period

- 5.1 An Income Benefit is payable to the Plan Holder until the end of the Term or his death if earlier in accordance with the terms of this Condition 5. The initial amount of the Income Benefit is the Gross Initial Annual Income shown in the relevant Policy Schedule. If so specified in the Schedule, the Income Benefit will increase on the Change Date by the percentage increase specified in the Schedule.
- 5.2 Subject to Condition 5.4, if the Policy Schedule shows that Spouse / Civil Partner Benefits are included, an Income Benefit will become payable to the surviving Spouse / Civil Partner (if any) following the death of the Plan Holder during the Term, payable to the Spouse / Civil Partner by way of Income Withdrawal. The amount of the payments to the Spouse / Civil Partner will be the proportion (specified as the Spouse / Civil Partner Proportion in the Policy Schedule) of the last payment to the Plan Holder prior to death. The Company will pay any income to the Spouse / Civil Partner until the end of the Term or the Spouse / Civil Partner's death if earlier.
- 5.3 If the Policy Schedule shows that a Guaranteed Period is included and either Spouse / Civil Partner Benefits are not included or the Spouse / Civil Partner predeceases the Plan Holder, on the Plan Holder's death before the end of the Guaranteed Period, the Company will pay a Commuted Lump Sum in accordance with Condition 8 after deduction of the special lump sum death benefits tax charge at the rate specified in section 206 of the FA 2004.
- 5.4 If both Guaranteed Period and Spouse / Civil Partner Benefits are included and the Plan Holder dies during the Guaranteed Period, instead of paying the benefits specified in Condition 5.2, the Company will pay Income Benefit to the surviving Spouse / Civil Partner, if any, at the same rate as would have been paid to the Plan Holder, for the remainder of the Guaranteed Period shown in the Schedule or the Spouse / Civil Partner's death if earlier. Such payments will be paid to the Spouse / Civil Partner by way of Income Withdrawal. If the Spouse / Civil Partner survives to the end of the Guaranteed Period, Income Benefit will become payable on and from that date in accordance with Condition 5.2.

If the Spouse / Civil Partner who was receiving Spouse / Civil Partner Benefits dies during the Guaranteed Period, the Company will pay a Commuted Lump Sum in accordance with Condition 8 after deduction of the special lump sum death benefits charge tax at the rate specified in section 206 of the FA 2004.

- 5.5 The aggregate amount of Income Withdrawal arising from an Unsecured Pension Fund or a Dependants' Unsecured Pension Fund must not exceed 120% of the Basis Amount for that Unsecured Pension Year. The Company may restrict Unsecured Pension or Dependants' Unsecured Pension as it decides necessary to comply with this limit. In this event the Company will increase the relevant Maturity Amount by the unpaid amount plus interest at a gilt yield of appropriate duration as determined by the Company.
- 5.6 If the Policy Schedule shows that Income Benefit is payable "in arrears with proportion" then the final payment of the Income Benefit will be made for the period from the last Due Date of an Income Benefit payment before the date of death of the Plan Holder or, if applicable, on the death of the surviving Spouse / Civil Partner, should this occur during the Term, up to the date of such death, calculated on a pro-rata basis.

## 6. Maturity Amount

- 6.1. The Maturity Amount shown on the Policy Schedule is payable in full at the Maturity Date provided the Plan Holder survives until the end of the Term. If Spouse / Civil Partner Benefits are included and the Plan Holder dies before the Maturity Date then at the end of the Term, provided the Spouse / Civil Partner is alive, they will receive the Spouse / Civil Partner Proportion of the Maturity Amount as shown in the Policy Schedule.
- 6.2 On the Maturity Date the Plan Holder or, if appropriate the Spouse / Civil Partner, may apply the Maturity Amount to purchase a lifetime annuity (in accordance with Schedule 28 of the FA 2004) issued by the Company on its then standard

terms or with another annuity provider. Another option, if appropriate, is to transfer the Maturity Amount to a provider of choice to purchase an "alternatively secured pension" or an "unsecured secured pension" within the meaning of Schedule 28 to the FA 2004.

## 7. Value Protected Benefit

- 7.1 If the Policy Schedule shows that Value Protected Benefit applies, this Benefit shall be payable in accordance with the terms of this Condition 7.
- 7.2 If the Plan Holder dies before the Maturity Date and either no Spouse / Civil Partner Benefits are included on the Policy Schedule or the Spouse / Civil Partner predeceases the Plan Holder, the Value Protected Benefit shall be payable in accordance with Condition 8.
- 7.3 Where Spouse / Civil Partner Benefits become payable and the Spouse / Civil Partner dies before the Maturity Date, the Value Protected Benefit shall be payable in accordance with Condition 8.
- 7.4 The Company will pay the Value Protected Benefit after deduction of the special lump sum death benefits charge tax at the rate specified in section 206 of the FA 2004.

## 8. Payment of Lump Sum Death Benefit

- 8.1 Where a Value Protected Benefit becomes payable under Condition 7 or a Commuted Lump Sum becomes payable under Condition 5 the Company will, as soon as practicable pay the appropriate lump sum after deduction of tax.
- 8.2 If such a lump sum becomes payable on the death of the Spouse / Civil Partner of a Plan Holder Condition 8 and the definition of Dependant shall be read as if all references to the Plan Holder were references to the Spouse / Civil Partner as appropriate.
- 8.3 The lump sum will be paid at the discretion of the Company, to or for the benefit of any one or more of the following, in such proportions as the Company decides:
- (1) any person, charity, association, club, society or other body (including trustees of any trust whether discretionary or otherwise) whose names the Plan Holder has notified to the Company in writing prior to the date of the Plan Holder's death;
  - (2) the Plan Holder's surviving spouse or surviving civil partner;
  - (3) the parents and grandparents of the Plan Holder or of the Plan Holder's surviving spouse or surviving civil partner and any children and remoter issue of any of them;
  - (4) the Plan Holder's Dependants;
  - (5) any person, charity, association, club, society or other body entitled under the Plan Holder's will to any interest in the Plan Holder's estate;
  - (6) the Plan Holder's legal personal representatives.

For this purpose a relationship acquired by legal adoption is as valid as a blood relationship

## 9. Surrender or Assignment or Transfer

- 9.1 This Plan provides only the Policy Benefits described in this document.
- 9.2 This Plan cannot be surrendered, assigned or exchanged for a cash payment, unless written consent has been given by the Company. Such consent would only be provided by the Company in exceptional circumstances.
- 9.3 No Policy Benefit may be transferred mortgaged or charged, except as may be ordered by a Court order.
- 9.4 If section 172 or section 172A to the FA 2004 apply, the Company may take such action as it decides appropriate in respect of the funds and the Policy Benefits payable in respect of such fund.
- 9.5 Except as expressly provided under the Plan a transfer value payment to another Pension Plan is only available where a statutory right to a 'cash equivalent' under the Pension Schemes Act 1993 exists unless the Company decides otherwise. A transfer value would be calculated by the Company consistent with the provisions of that Act and would

reflect the cost of calculating such transfer value and of effecting any such transfer.

- 9.6 A transfer value under Condition 9.5 would relate to all the rights of or in respect of a Plan Holder or Spouse / Civil Partner, as appropriate and entitlement to benefit under the Plan for or in respect of the Plan Holder or Spouse / Civil Partner would cease in respect of the rights transferred and the Company and the Scheme will be discharged from any obligation to provide benefits in respect of those rights.
- 9.7 Before making any transfer under Condition 9.5 the Company shall ensure that it would be a "recognised transfer" within the meaning of section 169 of the FA 2004 and that the Registration Requirements are satisfied.

Except as provided in these Policy Conditions, Policy Benefits cannot be changed during the Term.

#### **10. Divorce or Dissolution of Civil Partnership**

- 10.1 If the Policy Benefits under this Plan become subject to a Court order in the event of divorce or dissolution of a civil partnership, any adjustment to the Policy Benefits or payment thereby required to comply with such Court order will be made at no cost to the Company.
- 10.2 Any costs incurred or likely to be incurred by the Company may be recovered by the Company, either directly from the Plan Holder or Spouse / Civil Partner or by reduction of future Policy Benefits.
- 10.3 If the Company has not been informed of an 'ear marking' or 'pension sharing' order which applies to a Transferring Pension Fund received for this Plan and subsequently is informed of such an order, then the Company may pay lower benefits than shown on the Policy Schedule to reflect the effect of such order.

#### **11. Currency and Place of Payment**

- 11.1 The Purchase Amount and the Policy Benefit payments shall be paid to and from the Company respectively in Sterling or any other currency stated in the Policy Schedule, and all payments to the Company are payable to its Managing Office or any other place agreed by the Company.

#### **12. Changes and Endorsements**

- 12.1 Where any change is made to the terms of this Plan in accordance with any of the Policy Conditions, the Company will note the change in its records but will not necessarily issue an endorsement unless the Company considers it appropriate to do so.
- 12.2 In the event of any change in the law or regulations affecting this Plan or the Company, the Company reserves the right to make any alteration to the terms of this Plan reasonably required to take account of such change.
- 12.3 If, in the Company's reasonable opinion, any event or circumstance, or a change resulting from the operation of Condition 12.2 and / or Condition 4 results in the Plan being unable to achieve its original purpose or effect, the Company may terminate the Plan on payment of such amount, allowing for the nature of interest rates, and guarantee benefits agreed at the outset.
- 12.4 The Company may but shall not be obliged to make such changes to the terms of a Policy in the Plan as it reasonably believes to be advisable to improve the operation or efficiency of the Plan, but provided always that it notifies the Plan Holder in writing prior to such change taking effect and that no such change shall be effected if it causes the Plan Holder to suffer a detriment.

#### **13. Law**

- 13.1 This Plan and Policy Schedule shall be governed by and interpreted in accordance with the law of England and Wales and the courts of England and Wales are to have exclusive jurisdiction in relation to any disputes arising out of or in connection with this Plan.

#### **14. Information**

- 14.1 The Plan Holder and the Spouse / Civil Partner shall at all times provide such information to the Company as it may reasonably request in order to ensure compliance with the FA 2004 and other relevant Acts and regulations or to comply with requests from HM Revenue & Customs or other regulatory bodies.

#### **15. Finance Act 2004**

- 15.1 The Company may exercise any discretions, make such elections or take such other action as is permitted by or consistent with permitted by the FA 2004 or any replacement or successor legislation in order to give effect to the Policy Benefits and the provisions of the Plan and the Scheme. The Company may take such action as it reasonably believes to be required in order to maintain the Scheme's status as a Registered Pension Scheme.

#### **16. Contract (Rights of Third Parties) Act 1999**

- 16.1 The Plan Holder and any Spouse / Civil Partner named in the Policy Schedule will be party to the agreement evidenced by a policy under the Plan. The parties agree that the Contracts (Rights of Third Parties) Act 1999 will not apply to this agreement to permit a third party to enforce its terms against the Company.

#### **17. Residence**

- 17.1 This Plan is not available if the Transferring Pension Provider, the Plan Holder, Spouse / Civil Partner, any potential beneficiary (including any beneficiaries under a trust) or any other party to this Plan would be a United States person for the purposes of United States Federal income tax.

For this purpose a United States person is:

- a citizen or resident of the United States of America;
- a partnership or corporation established or incorporated in the United States;
- a trust which is controlled by one or more United States persons and is subject to the supervision of a United States court.

- 17.2 The Benefit Recipient must inform the Company in writing at its Managing Office without delay if any of the above conditions in Condition 17.1 have become or may have become applicable in relation to this Plan.

- 17.3 If any of the conditions in Condition 17.1 apply during the duration of this Plan, then the Company reserves the right to withhold an appropriate part of the Policy Benefits in the event that the Plan becomes subject to taxes or other such levies for which the Company has to make a deduction.



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