

**For Trustees** | Aegon Defined Contribution Integrated Service Policy

# Policy conditions

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# Covering Note

This Policy comprises this Covering Note, the attached Aegon DC Integrated Service Policy Conditions (the 'Conditions'), any schedule attached to the Conditions (the 'Schedule') and the Trustee Application Form and the Administration Appendix granted by Scottish Equitable plc (the 'Company') to the trustees (the 'Grantees') of the scheme specified in the Schedule (the 'Scheme'), together with any supplemental schedules or endorsements which may be issued by the Company to the Grantees from time to time.

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

The Policy witnesses as follows:

1. The Company shall pay to the Grantees, or to such person, persons or corporation as the Grantees may direct in accordance with the Conditions, the benefits specified herein as they shall become due and payable.
2. The receipt of the Grantees or of any person, persons or corporation authorised by the Grantees for any monies paid by the Company under this Policy shall be a good and sufficient discharge to the Company and the Company shall not be bound to see to the application of any monies so paid.

3. The benefits payable under this Policy shall correspond with the liabilities of the Grantees under the Scheme in so far as those liabilities are intended to be secured by this Policy and any options exercisable under this Policy shall be exercisable only in such manner and to the extent permitted by the provisions of the Scheme.
4. The Company shall maintain such records and undertake such administration services in connection with the contributions and benefits payable under this Policy as are specified in the Administration Appendix attached hereto (the 'Administration Services') in accordance with the Administration Agreement (if any) entered into between the Company and the Grantees (the 'Administration Agreement').
5. In the event of conflict between this Covering Note and the Conditions, the Conditions shall prevail.
6. Capitalised terms not defined in this Covering Note shall have the same meaning as in the Conditions.

When writing to Scottish Equitable plc ('Aegon') it will assist us if you quote the policy number appearing in the Schedule.

# Policy Conditions

## 1. The Contract

The Grantees have completed an application form in connection with these Conditions (the 'Trustee Application Form'), a copy of which is attached to the Schedule to these Conditions (as may be amended from time to time in accordance with these Conditions), and which is hereby declared by the parties to form part of the Policy. In consideration of the payment of contributions in accordance with these Conditions the Company will provide the benefits herein described.

## 2. Definitions and Interpretation

### 2(a) Definitions

In this Policy the following terms shall, unless the context otherwise requires, have the following meanings:

#### **Affiliated Company**

The meaning given in the Financial Conduct Authority's Handbook of Rules and Guidance.

#### **Applicable Date**

2(a)(i) In the case of a contribution to a Fund, not more than two Business Days after the date (whichever is the later) on which cleared funds, and where applicable, a Reconciled Contribution Schedule in respect of the contribution are received by the Company. Contribution Schedule shall mean a schedule provided by the Grantee to the Company

showing the contributions made broken down into the contributions made in respect of each Member. Reconciled Contribution Schedule shall mean a Contribution Schedule which has, where required, been reconciled by the Company;

2(a)(ii) In the case of switching between Funds, the Business Day following the date on which the Grantees' request therefor is received by the Company or such later date as may be specified in the request;

2(a)(iii) In the case of

(A) a refund of contributions; (B) or processing transfers out of the Scheme (including in respect of retirement or death); or (C) a cancellation of Units for any other reason, in the case of (A), (B) or (C) not more than five Business Days after the date on which the Grantees' request therefor is received by the Company (or such later date as may be specified in the request);

2(a)(iv) In the case of each of Conditions 2(a)(i)-(iii) above, if the Company has not received complete information reasonably required to process the contribution, switch, cancellation, refund or transfer ('Transaction'), as the case may be, to determine the Applicable Date, the number of Business Days, specified, subject to Condition 2(a)(v) below, shall run from the first Business Day on which such information is received, subject to the requirement of a Reconciled Contribution Schedule, where applicable. The Company shall reconcile the Contribution Schedule within a

reasonable time having regard to relevant service levels agreed between the Company and the Grantees or, in the absence of such agreement, provided by the Company. The Company will promptly notify the Grantees if complete information is not received to enable the Company to reconcile a Contribution Schedule or process any Transaction;

2(a)(v) In the case of each of Conditions 2(a)(i)-(iii) above, including where Condition 2(a)(iv) applies, if receipt occurs after a time reasonably determined by the Company (currently 1pm) not more than one Business Day longer than the period specified, and

2(a)(vi) Where Condition 2(a)(iii) above applies in respect of a death, on the Applicable Date, the Units cancelled shall be switched into the Aegon BlackRock Cash (BLK) Fund.

### **Business Day**

A day on which the London Stock Exchange is open for business.

### **Collective Investment Schemes**

The meaning given in section 235 of the Financial Services and Markets Act 2000.

### **Commencement Date**

The meaning given in the Schedule.

### **External Insurance Funds**

Funds maintained by an insurer other than the Company.

### **Funds**

The meaning given in Condition 4(a)(i).

**In-House Funds**

Collective Investment Schemes managed by any Affiliated Company of the Company.

**Investment Objectives**

The investment objectives and policies of each Fund from time to time in force.

**Member**

A member of the Scheme.

**Payment Date**

The meaning given in the Schedule.

**Price**

In relation to a Unit, its price calculated in accordance with Condition 4(b)(i).

**Registered Pension Scheme**

The meaning given in the Finance Act 2004.

**Retirement Date**

In relation to a Member, the date properly notified to the Company by the Grantees as the date on which such Member will retire or has retired.

**Unit**

The meaning given in Condition 4(a)(i).

The terms 'Administration Services' and 'Administration Agreement' shall have the meaning given to them in the Covering Note.

The term 'date of termination' shall mean the Applicable Date in respect of cancellation of the last of the remaining

Units allocated under the Policy, following termination in accordance with Condition 6(e) or (as the case may be) Condition 6(k), leaving no Units allocated under the Policy. The Policy shall be considered cancelled when the last cash payment (or such other method of payment agreed with the Grantees) has been made as soon as practicable thereafter, in accordance with Condition 5.

## **2(b) Interpretation**

The terms specified in the Schedule shall have the meanings therein ascribed to them wherever the same shall appear in these Conditions. The singular shall include the plural and vice versa and the masculine shall include the feminine.

Any reference to a statute shall include any re-enactment or modification thereof and any statutory regulations made thereunder.

## **3. Contributions**

- 3(a) Contributions shall be paid on such dates as are agreed from time to time between the Grantees and the Company.
- 3(b) The Company may decline to accept a contribution if it is of less than the minimum value for contributions to the Policy or to that Fund, if any, stated in the Schedule. The Company may increase such minimum contribution amount(s) provided that the Company shall give the Grantees not less than three months' prior notice of any such increase.

- 3(c) The Company may at its absolute discretion accept property of any description in respect of the whole or part of the initial or any subsequent contribution and after:
- 3(c)(i) consulting with the Grantees, and
- 3(c)(ii) taking into account any current valuation of such property obtained by the Grantees.
- 3(c)(iii) shall agree with the Grantees the timing and allocation of the number of Units to the Policy in respect of any such contribution.

## 4. Funds and Units

The Policy is a unit linked policy. This means that the Grantees' payments are linked to one or more Funds. This is done by notionally dividing each Fund into Units and allocating a number of Units to the Policy. The Units will change in value over time as explained in this Policy, and are used to give the Policy value and to calculate benefits payable under the Policy. The Grantees do not own the Units, and they do not give the Grantees any entitlement to the Fund(s) or any underlying assets held by the Fund(s).

### 4(a) Funds

- 4(a)(i) The Company maintains a number of Funds which form part of the fund maintained for the purpose of the Company's pension business as defined by Section 58 of the Finance Act 2012. Each Fund is a separate and identifiable fund and is divided into one or more classes of Units and within each class the Units shall be of equal value.

4(a)(ii) The Company may invest and reinvest each Fund at its absolute discretion, subject to the relevant regulations governing investment by the Company for a Fund and the Investment Objectives. Details of the Investment Objectives of each Fund will be made available to the Grantees when they enter into these Conditions and will also be available to the Grantees on request at any time. Amongst other matters, this may include investment in and reinsurance to External Insurance Funds, In-House Funds and other Collective Investment Schemes, the use of derivatives, quasi derivatives and securities lending transactions. The Grantees, and not the Company, bear all risks of investment in any External Insurance Funds, In-House Funds, other Collective Investment Schemes or other assets held by or transaction effected for a Fund, including the credit risk arising from the possibility of default of any:

- a. third party insurer, which is responsible for an External Insurance Fund;
- b. operator or manager which is responsible for any In-House Fund or other Collective Investment Scheme, and/or
- c. counterparty to any transaction for a Fund including those relating to securities lending, derivatives and quasi derivatives.

The benefits under the Policy are determined by reference to the value of the Units in the Funds which are allocated to the Policy.

4(a)(iii) The Company may from time to time:

- a. add to, withdraw from availability, close or merge the Funds available for the allocation of Units to this Policy;
- b. merge Units and subdivide Units, or
- c. vary the Investment Objectives of a Fund; provided that, except in the case of the addition of a new Fund or a variation of Investment Objectives which, in the Company's reasonable opinion is not material, the Company shall give the Grantees not less than three months' prior notice of any such withdrawal, closure, merger or variation unless it is not possible for the Company to do so, for example because of the timing of an amendment to applicable law and regulation or because of the actions of an external fund manager or other third party.

4(a)(iv) If the Company decides to withdraw a Fund, it will no longer be possible to continue to have Units in that Fund allocated to the Grantees' Policy. Units in that Fund will need to be switched to another Fund, and it will not be possible to allocate new payments to that Fund. If the Company decides to close a Fund, it will still be possible to continue to have existing Units in that Fund allocated to the Grantees' Policy, but it will not be possible to allocate new payments to that Fund.

4(a)(v) In the event of a withdrawal or a closure, the notification in 4(a)(iii) will set out details of the

Fund to which the Company will redirect future payments and, in the event of a withdrawal, details of the Fund of which Units will be substituted for Units in the Fund being withdrawn. The Grantees are entitled to switch into another Fund if the Grantees prefer this to the Company's choice, by giving the Company written instructions.

4(a)(vi) If the Company and Grantee so agree, the Company will (on request from the Grantees) periodically update a Lifestyle Matrix. Where Lifestyle has been selected in the Application Form, the Grantees will:

- a. notify the Company in respect of each Member, or
- b. with the Company's agreement, authorise Members to give such notification themselves directly of the date nominated as the Lifestyle expected retirement date (for the purpose of Lifestyle), in respect of each Member. The Company will make switches between the Funds used for Lifestyle on the basis of this nominated date and on the basis of the appropriate Lifestyle matrix as agreed in writing with the Grantees from time to time.

4(a)(vii) If the Grantees have selected LifePath<sup>®</sup> as the default option under the Policy, the Grantees will:

- a. notify the Company in respect of each Member, or
- b. with the Company's agreement, authorise Members to give such notification themselves

directly of the date nominated as their expected retirement date (for the purpose of LifePath<sup>®</sup>), in respect of each Member. The Company will make switches into the appropriate LifePath<sup>®</sup> Fund on the basis of this nominated date.

## **4(b) Unit Price**

- 4(b)(i) Subject to Condition 4(c)(iv), the value of each Fund will be formally determined by the Company at least once on each Business Day at a valuation point determined by the Company. On each valuation, the Company calculates the price of the Units ('Price') by:
- a. taking the value of the assets comprised in the Fund, as provided in Condition 4(c) below, and
  - b. dividing the result of (A) by the number of Units in the Fund outstanding immediately prior to the time of the valuation.

That Price is then applied for the purposes of transactions in Units.

- 4(b)(ii) The value of any Fund may also be determined and the Price of Units calculated by the Company at other times on any Business Day but any such price will not be used as a Price for the purposes of transactions in Units nor for determining the Company's fees, but may be used for reporting and performance measurement purposes (such as, without limitation, to enable performance to be assessed against any relevant benchmark index).

## 4(c) Valuations

- 4(c)(i) In valuing each Fund the Company shall use the most recent market prices of the assets that the Company can reasonably obtain. In relation to any holdings in any External Insurance Fund, In-House Fund or other Collective Investment Scheme the Company will use the prices quoted by the operator or manager of that fund or scheme, except that in the event that the amount received by the Company in respect of any holding in any External Insurance Fund, In-House Fund or other Collective Investment Scheme is less than the price quoted by the operator or manager thereof, the Company may adjust the valuation of each Fund so that it takes into account only the amount actually received by the Company. The Company will use reasonable endeavours to recover from the operator or manager of the relevant External Insurance Fund or Collective Investment Scheme any material amounts to which the Company believes it is additionally entitled and will allocate any such amounts to the relevant Fund where appropriate.
- 4(c)(ii) Save as provided in this Condition 4(c)(ii) below, when valuing assets:
- a. when separate offer and bid prices are quoted in respect of any asset, the offer price shall normally be used, or
  - b. in the case of a Collective Investment Scheme where separate creation (or discounted offer) and cancellation prices are quoted, the creation price shall normally be used except that the

Company may decide in either of the situations described above that it will use the bid price instead of the offer price or the cancellation price instead of the creation price (as the case may be) provided that it gives the Grantees reasonable advance notice of its intention to do so, or without giving such notice if it reasonably considers this appropriate in light of:

1. the flow of payments into or out of the Fund;
2. the size and number of the transactions concerned, or
3. the importance of ensuring equitable treatment amongst policyholders. Insofar as reasonably practicable, the Company shall ensure that valuations are quoted using consistent bases.

4(c)(iii) In calculating the value of a Fund the Company will make reasonable allowance for payments and income received or accrued in respect of any of the assets of the Fund. The Company will also make allowance for any incurred or accrued outgoings including:

- a. the annual management charge applied in accordance with Condition 4(e)(iii);
- b. any stamp duty or other costs incurred in the sale and purchase of assets;
- c. deductions from a Fund for any external costs or expenses associated with tax reclaims on behalf of the Fund, and

- d. other costs and expenses which properly arise in relation to the Fund;

to the extent permitted by applicable laws and regulations.

4(c)(iv) The Company may suspend valuations of Units of a Fund and the determination of Prices:

- a. for so long as there is a suspension of valuations or dealings in any External Insurance Fund, any In-House Fund or other Collective Investment Scheme or any other assets in the Fund in which a material part of the Fund is invested, or
- b. as a result of the closure of or suspension of trading on any money market or securities market or for any other reason beyond the control of the Company it is not practicable to effect a proper valuation of the assets of the Fund.

If the valuation of Units of a Fund is suspended, any allocation or cancellation of Units of the Fund concerned (a 'Suspended Fund') will be correspondingly suspended, and such allocation or cancellation otherwise required by the terms of the Policy shall be effected on the first Business Day after the suspension has ended unless Condition 4(d) below applies. Any contribution made by the Grantees which is to be allocated to a Suspended Fund will be held in cash, without accrual of interest, pending allocation of Units. If the suspension of the valuation of any Fund exceeds five

Business Days and Units in the suspended Fund have been allocated to the Grantees' Policy, the Company will notify the Grantees as soon as reasonably practicable thereafter of the suspension and when it began. The Company will notify the Grantees again when the suspension ends (if the Company has not already specified this in the original notice of suspension). The Grantees may at any time during a period of suspension withdraw any request for allocation or cancellation of Units of a Fund which has been suspended.

#### **4(d) Right to defer benefit payments or cancellation of Units**

- 4(d)(i) The Company has the right to defer payment of any benefit payable in accordance with Condition 5 or defer taking any other action which involves the cancellation of an allocation of units in any of the Funds where, in the Company's reasonable opinion, it considers that market conditions or other external factors (for example, exchange control or other laws which prevent the proceeds of realising underlying investments being returned to it in the United Kingdom) make such action a reasonable step taking into consideration the interests of policyholders. If the Company decides to do so it will notify the Grantees as soon as reasonably practicable. The period of deferment will not be more than one year and will last for as long as the circumstances causing the deferment. However, if

the Company has suspended the valuation of any fund as set out in Condition 4(c)(iv), the period of deferment may continue until the suspension ends. The Company need not cancel all affected Units at the same time and may cancel such Units in such numbers and at such intervals over the period of deferment as the Company considers appropriate. The Price in the event of deferment will be the Price current on the deferred date of the cancellation of the Units.

4(d)(ii) The Company may also exercise the right to defer as mentioned in Condition 4(d)(i) above if the number of Units of a particular Fund which the Grantees or other policyholders have elected to cancel is so great that the necessary realisation of investments of that Fund would, in the Company's reasonable opinion, be likely to result in an unfair outcome for any other group of policyholders. If the Company decides to do so, it will notify the Grantees as soon as reasonably practicable. The Price in the event of deferment will be the Price current on the deferred date of the cancellation of the Units.

4(d)(iii) In addition to the above right to defer in Conditions 4(d)(i) and (ii) above, upon giving the Grantees notice in writing at any time in the circumstances arising under Conditions 4(d)(i) and (ii) above, and where reasonable to do so, the Company may transfer from the affected Fund into a different Fund (which may be a new Fund established for the purpose) such investments and cash as it

considers reasonably necessary in the light of circumstances giving rise to the operation of this procedure and each affected policyholder shall have issued to it a number of Units in the new Fund which reflects its proportionate interest (as a holder of units in the original Fund) in the investments transferred. The Grantees' rights of cancellation of Units in the new Fund shall not apply following the operation of this procedure. Instead, the Company shall realise the investments of the new Fund as soon as reasonably practicable having regard to the interests of policyholders generally. Upon realisation of those assets the Company shall as soon as reasonably practicable thereafter effect the cancellation of Units in the new Fund on a proportionate basis as between all the policies which have been credited with such Units, and when the assets of the new Fund consist solely of cash the surrender of the remaining units relating thereto shall be similarly effected.

#### **4(e) Charges**

- 4(e)(i) The Grantees are responsible under this Policy for the payment of all fees and charges which are due and payable in accordance with this Condition 4(e), the Schedule and the Trustee Application Form.
- 4(e)(ii) An implementation fee ('Implementation Fee') of the amount specified in the Schedule is payable at the Commencement Date (as defined in the Schedule).

- 4(e)(iii) In respect of each Fund, an Annual Management Charge is payable. The Annual Management Charge in respect of a Fund is expressed as a percentage of the value of that Fund and either the appropriate fraction of the charge shall be deducted from the Fund on each valuation or invoiced to the Grantees on each valuation. The percentages in force at the Commencement Date are as specified in the Schedule and are subject to any Minimum Fee specified in the Schedule.
- 4(e)(iv) An annual scheme fee ('Annual Scheme Fee') of the amount specified in the Schedule is payable in arrears at the Payment Dates specified in the Schedule.
- 4(e)(v) The Company will procure that the Annual Management Charge in respect of a Fund is effectively inclusive of the management charges and entry and exit fees payable to the manager within any In-House Funds, which are attributable to the Fund's holding in such In-House Funds. The Annual Management Charge in respect of a Fund will be inclusive of management charges (but not inclusive of entry and exit fees, unless otherwise agreed) levied in respect of any other Collective Investment Scheme.
- 4(e)(vi) External Insurance Funds, In-House Funds and other Collective Investment Schemes will usually bear custodian, administrator and trustee fees and their own expenses. These are not included in the Annual Management Charge of a Fund.

These fees may be received by the Company or an Affiliated Company of the Company or may result in abatement of charges otherwise payable by the Company or an Affiliated Company of the Company.

- 4(e)(vii) The Company may deduct from an In-House Fund any stamp duty or other charges that are incurred in the sale or purchase of assets of the In-House Fund, to the extent permitted by legislation, together with any external costs or expenses associated with pursuing tax reclaims on behalf of the In-House Fund.
- 4(e)(viii) A member administration fee ('Member Administration Fee') of the amount specified in the Schedule is payable in arrears at the Payment Dates in respect of each Member whose records are being administered at the relevant Payment Date.
- 4(e)(ix) In addition to the fees and charges specified in this Condition 4(e), other charges may be payable, as specified in the Schedule. Any such other charges are payable of the amount and at the dates specified in the Schedule or, in the event of termination of this Policy, at the date of termination.
- 4(e)(x) Payment of the Annual Scheme Fee, the Member Administration Fee and any other charges specified in the Schedule shall be made by the Grantees unless otherwise specified and in accordance with the Schedule and the Trustee Application Form. The Trustee Application Form may specify that the Annual Scheme Fee, Member

Administration Fee and any other charges shall be paid by:

- a. the Grantees;
- b. the principal employer under the Scheme (the 'Principal Employer'), as specified in the Schedule, or
- c. cancellation of Units.

4(e)(xi) Where the Company normally receives payment from the Grantees or the Principal Employer and payment of the Annual Scheme Fee, the Member Administration Fee or any other charges are not received by the Company by the due date, the Company may deduct payment as described in sub-Condition 4(e)(x)(c) above, and/or by any other method the Company reasonably considers equitable, on any date following the due date at the absolute discretion of the Company (which may be different dates for different Units) without further notification or reference to the Grantees, the Principal Employer or any Member and may continue, at its discretion, to collect fees or charges in such a manner when due in accordance with this Policy.

4(e)(xii) Fees and charges payable in respect of the period from the Commencement Date to the first Payment Date and for the period from the final Payment Date to the date the Policy is terminated, during the term of this Policy will be calculated on a pro rata basis. The Member Administration Fee may be adjusted to reflect the increase in

the Average Weekly Earnings Index from 30 September each year to 30 September in the following year or otherwise increased on three months' notice.

- 4(e)(xiii) Any fees and charges payable by the Grantees against an invoice shall be payable on the due dates within 30 days of the date of the invoice. The terms of Condition 4(e)(xi) above shall apply to unpaid invoices (or any unpaid part of an invoice) from 60 days following the date of the invoice. In addition, where any fees or charges are outstanding on termination of this Policy or at the time the Company receives an instruction to cancel all or substantially all of the Units held under this Policy, the Company shall be entitled to deduct any such outstanding fees or charges (with the exception of any part of the outstanding fees or charges in respect of which there is a bona fide dispute and, in such cases, the Company may place such part in escrow).
- 4(e)(xiv) All fees and charges including those levied within a Fund, an In-House Fund or other Collective Investment Scheme are exclusive of Value Added Tax which will be added, where applicable.
- 4(e)(xv) The Company may change the charges as described in Condition 6(d).

## **4(f) Allocation of Units**

- 4(f)(i) Subject to sub-paragraph (iv) of this paragraph, in respect of each contribution or other payment received on any date in respect of a Member there shall be allocated to the Policy, on the Applicable Date, the number of Units of a particular Fund obtained by dividing the proportion of the contribution to be allocated to that Fund, as notified by the Grantees in accordance with Condition 4(f)(iii) below, by the Price of the Units of that Fund, provided that the Company may decline to allocate Units to the Policy in the absence of complete information relating to the contribution or payment, in which case the contribution or payment will be retained, without interest, by the Company until such information is provided. The Company will promptly notify the Grantees if incomplete information is received.
- 4(f)(ii) The number of Units allocated to each Fund in respect of a contribution or payment shall be calculated to the nearest 1/1000th of a Unit.
- 4(f)(iii) The Company will allocate contributions to each Fund in accordance with the proportions directed from time to time by the Grantees. In the absence of such directions, the Company will not allocate contributions to a Fund and will promptly seek directions from the Grantees.

4(f)(iv) The following amounts shall each constitute a separate contribution or payment:

- a. any amount paid by the Member's employer;
- b. any amount paid which represents a deduction from the Member's remuneration or is paid by the Member;
- c. any amount paid to the Scheme by way of a transfer representing the Member's rights under another pension arrangement, and
- d. any amount relating to Additional Voluntary Contributions.

#### **4(g) Right to defer allocation of Units**

4(g)(i) The Company has the right to defer the allocation of contributions to Units in any of the Funds where, in the Company's reasonable opinion:

- a. the number of Units of a particular Fund which the Grantees or other policyholders have requested to be allocated to policies is so great that the purchase of those Units in the Fund would, in the Company's reasonable opinion, be likely to result in an unfair outcome for policyholders with exposure to that Fund, for example because the investment profile of that Fund would be altered in a way that would be inappropriate given the investment objectives of that Fund;

- b. the deferment is reasonably necessary and proportionate in order to allow the Company to comply with its obligations under applicable laws and regulations, or
- c. it is not possible for Units in the relevant Fund to be allocated to the Policy immediately because of the time required for underlying transactions to occur, for example transactions in underlying In-House Funds or External Insurance Funds or other investments with third parties.

If the Company decides to do so it will notify the Grantees as soon as reasonably practicable. The Price in the event of deferment will be the Price current on the date of the allocation of the Units.

#### **4(h) Switching between funds**

On receipt of an instruction from the Grantees (or subject to any procedures agreed between the Company and the Grantees) a Member of the Scheme, in either case in the form reasonably required by the Company, the Company will cancel some or all of the Units in any particular Fund or Funds and apply the aggregate Price of Units in securing an allocation to the Policy of Units in a different Fund in accordance with the instruction.

Subject to Condition 4(a) and 4(g), any such instruction will be put into effect on, and by reference to the Price of Units to be cancelled and allocated prevailing on, the Applicable Date. The number of Units allocated shall be calculated to the nearest 1/1000th of a Unit. A charge may be made by the Company in respect of each switch under this paragraph. The amount in force at the Commencement

Date is specified in the Schedule and may be increased on three months' notice. The charge is deducted by means of the cancellation of Units allocated to the Policy or by such other method as may be agreed between the Company and the Grantees.

#### **4(i) General**

References in the Policy to the Funds and to Units are purely for the purpose of calculating the value of the Policy and the benefits arising. The sole rights of the Grantees under this Policy are to receive benefits in accordance with Condition 5 below and the due performance of the Administration Services. The Grantees shall have no legal or beneficial interest in the Units of the Funds or any underlying assets which are solely the property of the Company.

## **5. Payments under the Policy**

#### **5(a) Cash payments**

Subject to Condition 4(d), the Company shall cancel Units in such Funds as directed by the Grantees in order to:

- 5(a)(i) pay a cash sum to the Grantees;
- 5(a)(ii) pay a cash sum to a provider of an annuity as directed by the Grantees, and such provider may be the Company, or
- 5(a)(iii) if so requested by the Grantees but subject always to (a) the sole discretion of the Company whether or not to agree to any such request and (b) paragraph 3 of the Covering Note being

satisfied, pay a cash sum or non-cash assets to a policy provided by the Company to a Member which includes drawdown benefits and which the Company has, in any particular case, agreed to provide. The terms on which the cash sum or non-cash assets are paid to such policy will be agreed in writing between the Company and the Grantees. Cancellations shall be deemed to take place on and by reference to the Price of the Units to be cancelled prevailing on, the Applicable Date and payment will be paid as soon as practicable (normally five Business Days) thereafter.

## **5(b) Annuity purchase**

Any annuity to be secured under this Policy shall be provided at the option of the Grantees:

- 5(b)(i) by the Company granting such an annuity as shall correspond to a pension benefit payable under the Scheme and subject thereto upon such terms in relation to amount, commencement, cessation, frequency of payment, identity of grantee and otherwise as the Grantees shall specify in the request made in respect of the cancellation of Units to secure the annuity. The amount of such an annuity shall be calculated by reference to appropriate immediate annuity rates of the Company prevailing at the date of purchase being a date not earlier than the Applicable Date; or

5(b)(ii) by the Company making provision for such annuity by transferring or arranging for the transfer of a cash sum equal to the aggregate Price of Units cancelled to an insurance company (authorised in the manner specified in the provisions of the Scheme) with which the Grantees shall have arranged for the provision of such an annuity.

## **6. General Conditions**

### **6(a) Conditions for payments of amounts under this Policy**

6(a)(i) No amount shall be payable under this Policy until the Company has received:

- a. a request from the Grantees to make a payment, and
- b. such other documents, evidence and information as the Company may reasonably require.

### **6(b) Requests for payment and instructions**

6(b)(i) Any request to make any payment under the Policy and any other instructions hereunder must be given by the Grantees to the Company in writing signed by the Grantees or persons authorised by the Grantees (including by facsimile or signed email attachment) at such address as the Company shall from time to time notify to the Grantees; or having regard to any time limits

specified in the Policy unless otherwise agreed between the Company and the Grantees. The Grantees may authorise any person to make such requests or give notices on their behalf subject to notification to the Company in advance and providing such information in respect thereof as the Company may require.

6(b)(ii) The Grantees hereby:

- a. authorise the Company to act upon instructions by facsimile, signed email attachment without any reference to or further authority from the Grantees and without any enquiry whatsoever provided that such instructions purport to be given (and are reasonably accepted as being given) by those persons authorised by the Grantee in accordance with the provisions of this Policy, in respect of such instructions, and
- b. agree to keep the Company indemnified from and against all losses, costs, actions, proceedings, claims and demands which may be incurred by or brought or made against the Company, arising directly or indirectly from the Company having reasonably acted upon such instructions.

6(b)(iii) Any notices to be given to the Company hereunder must be sent by the Grantees in writing (including by facsimile or signed email attachment) to such address as the Company shall from time to time notify to the Grantees.

## **6(c) Contributions and payments**

All contributions and payments under the Policy are payable in sterling at the Company's registered office or such other office notified to the Grantees by the Company from time to time, or by such other method as the Company and the Grantees may agree.

## **6(d) Variations**

- 6(d)(i) The Company may amend the provisions of the Policy if it obtains the Grantees' consent to do so.
- 6(d)(ii) The Company may also amend the provisions of the Policy without first obtaining the Grantees' consent:
  - a. where the Company reasonably considers that the change would make the terms easier to understand or fairer to the Grantees, or that the change would not be to the Grantees' disadvantage;
  - b. to reflect any applicable legal or regulatory requirement (including any changes to existing legal or regulatory requirements);
  - c. to cover the improvement of any service or facility that the Company supplies in connection with the Policy, the introduction of a new service or facility or the replacement of an existing service or facility with a new one;
  - d. to reflect changes in the costs associated with investments made by an investment fund,

including underlying In-House funds, External Insurance Funds and Collective Investment Schemes;

- e. where the Company varies the Investment Objectives of a Fund or changes the composition of a Fund in accordance with the provisions of this Policy, to reflect changes to the costs of managing that Fund which occur as a result of that variation or change (including to the costs associated with the investments made by the Fund);
- f. in order to respond to changes:
  - A. in relation to the financial system, including stock exchanges or other relevant investment or regulated markets, which are outside the Company's reasonable control;
  - B. in relation to technology or the systems used to run the Company's business which are outside the Company's reasonable control or which are commercially reasonable for the Company to agree to in line with good industry practice or in order for the Company to provide its services;
  - C. in relation to services relating to the Policy which are supplied to the Company by third parties;
  - D. to the cost of providing the Policy, including (without limitation) changes in the cost of staff, technology, systems or charges by third

parties (such as custodians and investment managers) which are reasonable, are in line with market standard, outside the Company's reasonable control or which are not commercially practicable for the Company to avoid;

- E. to respond to other exceptional changes in circumstances or the happening of any other event which is outside of the Company's reasonable control;
- F. if the basis on which any company in the Aegon Group is taxed changes, and then the Company can only amend the Policy in such a way which ensures that the economic balance between the Company and the Grantees is essentially the same as it was before the change, or
- G. any changes to the provisions of the Scheme which the Grantees may make from time to time.

6(d)(iii) Where the Company makes any amendments in accordance with Condition 6(d)(ii) above, the Company will ensure that the amendments are a reasonable and proportionate response to the circumstances that led the Company to make the amendment (in relation to an increase in Charges this means that the increase will be a reasonable and proportionate amount in the context of the circumstances that led the Company to make the increase). In making any such amendments, the Company will also have regard to its duty to treat its customers fairly.

- 6(d)(iv) Where the Company makes any amendment to the Policy without the Grantees' consent under sub-Condition 6(d)(ii)a., the Company will not be required to give the Grantees advance notice of the amendment and the amendment will take effect immediately on the Company notifying the Grantees in writing of the amendment or from the date specified in such notice.
- 6(d)(v) Where the Company makes any other amendment to the Policy without the Grantees' consent, the Company will give the Grantees at least three months' prior notice of any such amendment, but the Company may have to give the Grantees less notice where it is reasonably necessary for the Company to do so (such as, for example, where the Company needs to respond to circumstances beyond its reasonable control or a change in applicable laws and regulations which will take effect before three months has expired).
- 6(d)(vi) All amendments to the Policy will be made in writing.

## **6(e) Status of the Scheme**

The Policy is intended to secure benefits consistent with the Scheme's status as a Registered Pension Scheme and the Policy is intended to secure liabilities corresponding to some or all of those undertaken by the Grantees under the Scheme.

The Company undertakes to use reasonable endeavours to procure that neither it, nor its employees or officers takes any action to jeopardise the status of the Scheme as a Registered Pension Scheme. Should HM Revenue

& Customs decline or cease to treat the Scheme as Registered or decline or cease to treat the Policy as an appropriate contract for securing benefits under the Scheme, each of the Company and the Grantees shall have the separate right forthwith to terminate the Policy on giving notice to the other. If the Policy is terminated the Company will pay to the Grantees the aggregate Price as at the date of termination, of all Units allocated to the Policy.

## **6(f) Information**

- 6(f)(i) The Grantees shall provide all such information at such times and in such form as the Company shall from time to time reasonably require in connection with the Scheme and the Company shall not be liable for any errors or omissions on its part arising solely from any errors in or omissions from any information provided by the Grantees or by any other person (unless the Company should by virtue of its performance of the Administration Services have reasonably detected such errors or omissions). The Company shall not disclose information of a confidential nature acquired in consequence of this Policy, except:
- a. to any person appointed to perform any of the Administration Services;
  - b. to any of the Company's associates whose services it is using in connection with this Policy;
  - c. to its professional advisers where reasonably necessary for the performance of their professional services;

- d. as required by law or on the request of any competent regulatory body;
  - e. in respect of non-personally identifiable Member information, to any of the Company's associates or a third party for the purpose of data analysis in support of the products and services provided by the Company, or
  - f. as agreed between the Company and the Grantees.
- 6(f)(ii) If information of a confidential nature is disclosed in accordance with sub-Conditions 6(f)(i)a. or b. above, the Company confirms that the relationship with the persons to whom such information is disclosed is such that they are obliged to observe corresponding restrictions on disclosure.
- 6(f)(iii) The Grantees shall be responsible for informing the Company of the retirement or death of any persons in respect of whom any benefit is or is to be provided under this Policy.
- 6(f)(iv) The Grantees shall give prior notice in writing to the Company of any intended amendment to the provisions of the Scheme which is likely to affect the correspondence between the benefits provided under this Policy and the liabilities of the Scheme.

## **6(g) The Company's duties**

The Company undertakes to act in good faith and use all due diligence, reasonable care and prudence in:

- a. managing and investing, and
- b. ensuring the security of those assets, securities and monies ('investments') held by or on behalf of it for the purposes of the Funds in which the Grantees are allocated Units. Title to such investments shall be vested in custodian(s) duly appointed by the Company and authorised for the purposes of the Financial Services and Markets Act 2000 or sub-custodians or nominee companies used by them.

## **6(h) Assignment and transfer**

The Policy shall be in all respects personal to the Company and (except pursuant to a transfer of the Company's business under Part VII of the Financial Services and Markets Act 2000) may not be assigned or transferred in any manner whatsoever without the prior written consent of the Grantees (the Grantees' consent not to be unreasonably withheld).

## **6(i) Provision of information to Grantees**

On reasonable notice, the Company shall provide the Grantees or their auditors or advisers such information and/or documentation as is within its possession or the production of which, it is entitled to procure, pertaining to the Policy that the Grantees may reasonably request from time to time and subject to maintaining the confidentiality of arrangements relating to other policyholders.

## **6(j) Rights of third parties**

No person other than the Grantees as policyholder shall have a right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Policy, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## **6(k) Termination**

The Grantees may terminate this Policy at any time by written notice to the Company.

In addition to the circumstances stated in Condition 6(e), the Company may terminate this Policy:

- a. on three months' prior written notice to the Grantees, or
- b. upon reasonable prior notice if the Grantees give notice of any intended amendment to the provisions of the Scheme and the Company reasonably considers that the nature of the amendment to the Scheme makes it impossible or impractical to continue the operation of this Policy. For the purposes of this sub-Condition b., reasonable prior notice shall ordinarily be not less than 30 days' notice, unless the proposed amendment will take effect in less than 30 days from the date on which the Company receives notice of the amendment, or
- c. upon immediate notice if so required by any competent authority.

On termination of this Policy  
For any reason the Company shall pay to the  
Grantees a sum equal to the aggregate Price, as at  
the date of termination, of all Units allocated to the  
Policy on that date.

## **6(l) Consequences of termination**

Termination of this Policy shall be without prejudice to any annuity granted by the Company prior to such termination. All other rights and obligations which expressly or by their nature are intended to survive the termination of the Policy shall so survive and bind the Company and the Grantees and their respective successors and/or assigns.

## **6(m) Liability of the Grantees**

The Grantees' liability to the Company under the Policy shall be limited, in the absence of fraud, to the assets of the Scheme from time to time.

## **6(n) Governing law**

The Policy shall be governed by, and construed in accordance with, the laws of England and Wales.

# Administration Appendix

## Administration Services

Subject to the Conditions and the Administration Agreement (if any) entered into between the Company and the Grantees, the Company shall provide the following services

## Benefit Administration and Contributions

- establishing new Member records;
- recording the receipt of contributions and reconciling these contributions against the contribution data;
- allocating units to the Member accounts in accordance with the investment instructions held for each Member;
- refunding contributions when a Member leaves without preservation rights including the calculation of the tax due to HM Revenue & Customs on the employee's refund;
- valuation of Members' accounts at date of death or Retirement Date and payment of the account value in accordance with the Grantees' instructions;
- dealing with and making appropriate calculations for transfers in and out of the Scheme;
- calculation of maximum benefits in accordance with the Scheme rules and, where applicable, the transitional protections allowed for registered pension schemes under the Finance Act 2004;
- actioning investment switch instructions and recording amendments to investment instructions for future contributions.

## **Record Keeping**

- accurate maintenance of Member records;
- provision of information and data for actuarial and accounting purposes as agreed;
- provision of a quarterly administration report to the Grantees to include such matters as receipts, payments and membership changes and discuss them where appropriate.

## **Information and Communication Services**

- providing Members with details of their accounts and investment information from the Company's telephone helpline as agreed in writing by the Company;
- provision of a standard benefit statement on an annual basis.

## **Compliance Issues**

- liaising with statutory authorities as required;
- recording appropriate divorce judgements that affect the benefits payable for any Members under the Scheme (to the extent that such a judgement applies for and in respect of the benefits attributable to the Policy);
- monitoring the receipt of contribution payments and advising the Grantees when the employer has not made payment within the time period specified in the relevant guidance;
- reporting any failure in respect of The Pensions Regulator's requirements or the Disclosure of Information regulations to the Grantees.

## **Accountancy**

- providing information for the preparation of draft Scheme accounts and annual reports as agreed in writing with the Company.

## **Support Services**

- a representative of the Company will attend one trustee meeting each year.

## **Website Services**

- Subject to the terms of the Administration Agreement and the Website Terms and Conditions, the Company will provide to the Trustees, Permitted Recipients and Members, Scheme and Member information (in each case as may be applicable to that party) from time to time via an Aegon Website (as such terms are defined within the Administration Agreement).

## **Pensions Dashboards**

Subject to the terms of the Administration Agreement, and the Company's reasonable requirements from time to time, the Company will:

- provide connectivity to the dashboards ecosystem (as defined within the Pensions Dashboards Regulations 2022); and
- provide, or facilitate the provision of, the information required by the Pensions Dashboards Regulations 2022 to the dashboards ecosystem.

## Other

- Subject to the additional fees as set out in the Schedule to the Policy, submission of real time information payment files to HMRC in respect of PAYE due on Uncrystallised Funds Pension Lump Sum, which has the meaning given in Part 1, Schedule 29 of the Finance Act 2004 ('UFPLS') and small pot lump sums for Members of the Scheme which the Company administers.
- Where agreed by the Company in writing, the Company will either:
  - act as Scheme Practitioner in respect of the Members under the Conditions; or
  - provide information about reportable events as defined in the Registered Pension Schemes (Provision of Information) Regulations 2006 - SI 2006/567 to the appointed Scheme Administrator or Scheme Practitioner.
- As agreed in writing by the Company and the Grantees and where it is available, access from the Member portal to Aegon's ISA products available from time to time.

## Exclusions

For the avoidance of doubt, some (but not an exhaustive list) of the services which will specifically not be provided, are as follows:

- Pension Scheme Registry (PSR) number- registering the Scheme with the register of pension schemes and maintaining registration with the Pensions Regulator;
- production of the Payment Schedule, required under s87 of the Pensions Act 1995 specifying contribution rates to be paid and the due dates for such payments;

- completion of an application to register a Scheme with HM Revenue & Customs;
- save as set out above, submission of event reports and/or tax returns required by HM Revenue & Customs;
- appointment as a Scheme Administrator;
- preparation of the Annual Trustee Report and accounts;
- financial advice; and
- save as set out above, payroll services.

Whilst none of the services listed immediately above will be provided, the Company shall provide information reasonably requested of it to assist in the provision of these activities.

# Want to know more?

Please speak to your relationship manager

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