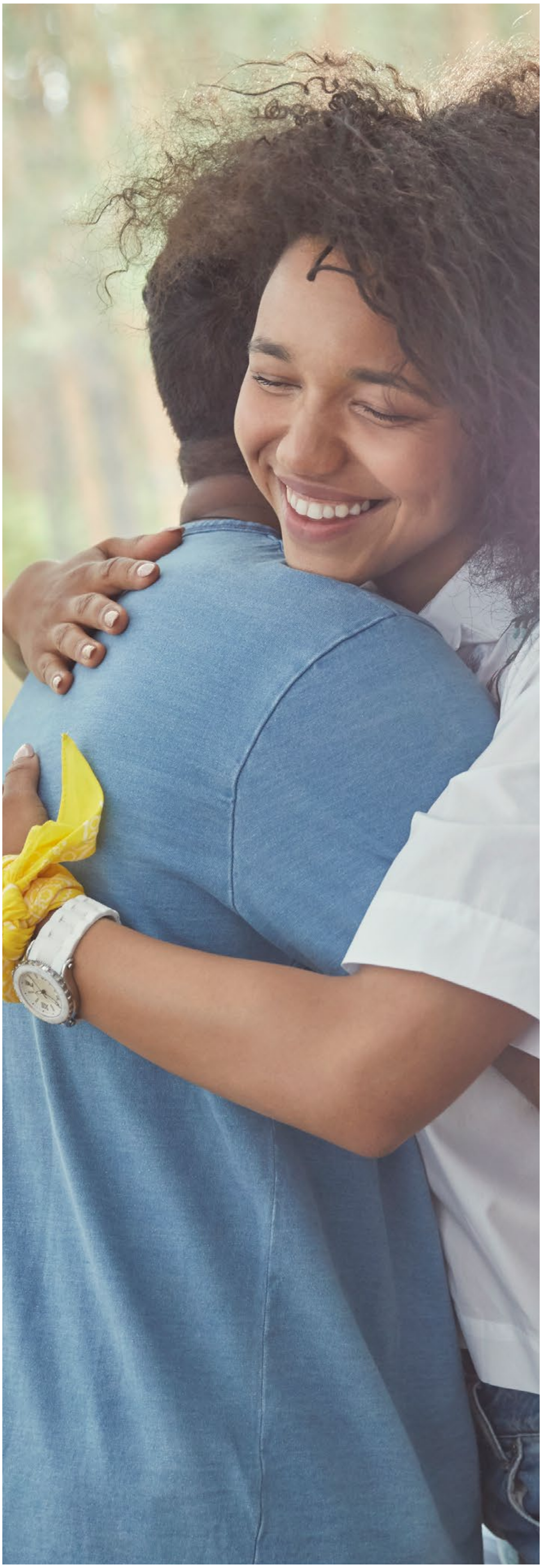
The detail of your pension with us

Buy Out Plan – Policy Booklet

Now that we're looking after your pension, we need to tell you about how your plan works in detail.

This is an important document. Please keep it safe for future reference.



Contents

Policy provisions

The policy

This policy is issued by Legal & General Assurance Society Limited to you, the policyholder, in consideration of the payment by the Trustees of the former scheme of the premium set out in the schedule to this policy.

This policy consists of this brochure and a schedule issued in conjunction with it.

Legal & General Assurance Society Limited will pay the benefits due under the policy to you or such other person or persons who is or are entitled to them in accordance with the policy provisions.

Legal & General Assurance Society Limited will pay you or any person/persons or corporation you tell us in accordance with the policy provisions the appropriate benefits specified as they become due and payable subject to those provisions.

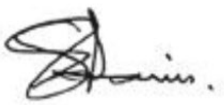
You, or any other persons entitled to benefit under this policy, will be required to acknowledge in writing receipt of the benefits to which you or they are entitled. This receipt will be sufficient discharge to Legal & General Assurance Society Limited for the benefits that are paid.

This policy is not capable of assignment or surrender in whole or in part unless:

- this is required by an order made by a UK court (for example, a pension sharing order made following a divorce); or
- you or, following your death, your surviving spouse or civil partner, consent to the assignment or surrender and the benefits that were secured under this policy become, or are replaced by, benefits secured by another appropriate policy of insurance or annuity contract as permitted by legislation.

The benefits from this policy can only be paid in accordance with the policy provisions.

Legal & General Assurance Society Limited will not be responsible for any errors or omissions resulting from any errors or omissions in the information supplied to Legal & General Assurance Society Limited in connection with this plan.



Jeff Davies
Group Chief Financial Officer

For and on behalf of
Legal & General Assurance Society Limited

Introduction

We've received a transfer value payment from a pension scheme of which you were a member or because of a pension sharing order following a divorce or a dissolution of a registered civil partnership. The trustees or managers of that scheme have asked us to set up a pension plan for you called a 'Buy Out Plan'. Your Buy Out Plan replaces the money held in the former scheme.

This booklet explains all the terms and conditions of your pension with us, from how we will pay your benefits, to how our funds and units operate. All benefits calculated and payable under the policy will be payable in Pound sterling (£).

You can find out more about your new Buy Out Plan and see some frequently asked questions in the **Members' Guide**. You should keep both documents for future reference with the other literature we have sent you about your pension with us.

We use a lot of financial and pensions terms in this booklet. To help you make sense of these, they are shown in **orange** and an explanation of their meaning can be found in the 'Terms Explained' section at the back of this booklet.

The references in this booklet to 'we', 'our' or 'us' mean Legal & General Assurance Society Limited.

Your former scheme's trustees, managers or their representatives, have provided the information we used to set up your plan. We cannot be responsible for any errors or omissions resulting from us relying on the information they provided to us.

Facilitated adviser charge

Our Buy Out Plan offers you a way of paying your financial adviser directly from your pension account. This is called a 'facilitated adviser charge'. The advice you receive must be related to your Buy Out Plan and it's from this that we'll take the adviser charge. You must have enough money in your pension account to pay for this.

The 'Facilitated Adviser Charge Guide' explains how this service works. For more information, please go to **legalandgeneral.com/adviserchargeguide** and **legalandgeneral.com/adviserchargeform**, or phone us on **0345 070 8686**. Call charges will vary. We may record and monitor calls.

Email us at **employerdedicatedteam@landg.com**, or write to us at:

Workplace Pensions
Legal & General
Brunel House
2 Fitzalan Road
Cardiff
CF24 0EB

Further help

If there is anything in this booklet that you would like more information on, you can phone us on **0345 070 8686**. Call charges will vary. We may record and monitor calls for training and audit purposes. You can also speak to a financial adviser for further information.

Important

The personal information collected from you will be shared with fraud prevention agencies to prevent fraud and money laundering and to verify your identity. If fraud is detected, you could be refused certain services, finance, or employment. Further details of how your information will be used by us and these fraud prevention agencies, and your data protection rights, can be found on **legalandgeneral.com/cifas**

Retirement benefits

1. Commencement of your benefits

You may choose to take your benefits from the time of your selected retirement date or from any earlier date, as long as it's on or after the minimum pension age of 55 and not later than your 99th birthday.

It may be possible for you to take your benefits earlier than the minimum pension age if you are entitled to a protected pension age. Otherwise you would need to give us medical evidence that you've stopped work because you are (and will continue to be) incapable of carrying on your occupation because of physical or mental impairment.

You do not have to take your benefits through Legal & General. You have the right to transfer some or all of your retirement benefit account to one or more pension providers. Further information can be found in 'Benefits On Transferring' on page 8.

Your retirement benefit account can be taken as:

i. a lump sum benefit;

ii. a pension annuity, with an insurance company of your choice (which doesn't have to be Legal & General); or

iii. income drawn directly from your retirement benefit account. This is also called Flexi-Access Drawdown; it can also be transferred out to another provider; or

iv. Flexi-Access Drawdown can also be transferred out to another provider.

v. any combination of these.

2. Lump sum benefit

a. You may take all or part of the retirement benefit account as a lump sum benefit. The maximum amount you can take as a lump sum without incurring a tax charge is normally one quarter of the value of your retirement benefit account being used to provide benefits for you. The remainder of the lump sum will be subject to income tax at your marginal rate.

   If your plan was set up as a result of a pension sharing order and the benefit came from a scheme where your former spouse or registered civil partner's retirement benefit was already in payment, or your previous scheme benefits were already in income drawdown, then all of the cash lump sum will be subject to income tax.

b. If you are seriously ill and have less than one year's life expectancy you can take all of your retirement benefit account as a lump sum free of tax.

c. You may also take an additional lump sum as permitted under the Finance Act.

3. Income drawdown

Income drawdown allows you to draw an income directly from your pension fund.

You don't have to use the whole of your fund to provide you with an income. You can select (or designate) part of your retirement benefit account and leave the rest invested until a later date (but no later than your 99th birthday). If by your selected retirement date you have not applied the whole of your pension fund for the provision of income drawdown, we will automatically move your selected retirement date in the manner described in section 5 on page 6.

If you choose to take the income drawdown option, you will only be able to take a lump sum benefit without incurring a tax charge at the time(s) you designate part or all of your retirement fund for income drawdown. At the time of designation, you can choose not to draw an income and just take an untaxed lump sum. If you then take any lump sum from the designated part this will be subject to income tax. For more information please refer to the 'Taking Money From My Pension Guide' which we can send you on request.

From your 99th birthday you must, unless Legal & General notifies you otherwise in writing, use your retirement benefit account to buy a pension annuity or take a cash lump sum subject to income tax unless you choose to transfer the value of your benefits to another registered pension scheme or qualifying recognised overseas pension scheme.

You will be provided with written details of how income drawdown will operate and any charges that apply at the time you make a designation. These should be read in conjunction with this booklet, as the terms which apply to your plan while you are withdrawing income differ in some respects from those described here.

You do not have to use Legal & General to withdraw income directly from your retirement benefit account. You can transfer all or part of your retirement benefit account to one or more different pension providers and have your income paid by them. Different providers offer different options in relation to what you can do with your fund, and those options may have different features, rates of payment, charges and tax implications.

4. Pension annuity

You don't have to buy a pension annuity. However, you can choose to buy one from an insurance company of your choice, which does not have to be Legal & General. By shopping around with other pension providers you may improve the income you receive and have the option of buying a pension annuity that has different features to the ones we offer.

If you do decide to buy your pension annuity with a Legal & General Group company, Legal & General will provide you with the full terms and conditions of the annuity contract at the time.

Full details of the Legal & General pension annuity are available on request.

A. Duration

Your pension annuity will either be provided in the form of a lifetime annuity just for you, or you may choose that the lifetime annuity includes a pension annuity payable after your death to your widow(er) or surviving registered civil partner or to another dependant that you choose.

You can decide which person(s) receive what proportion of the pension annuity as long as the total yearly pension annuity payable after your death is not greater than the yearly amount payable to you before you die.

Your pension annuity will be payable for your lifetime and then paid to your widow(er) or surviving registered civil partner or other dependant respectively if you have asked us to do this.

You can also choose that the lifetime annuity payable to you should continue in any event for a guaranteed period. Any further payments due as a result of this guarantee would continue to be paid in regular instalments to your estate unless you nominate a person or people to receive this benefit.

B. Payment

If you decide to buy a pension annuity from us we will give you details of the options available at that time or you can request these from us at any time.

5. Reaching your selected retirement date

We will contact you before your selected retirement date with all the options available to you.

If we do not receive any instruction from you as to whether you want to take any money from your retirement benefit account by your selected retirement date we will move your selected retirement date on five years or to age 75 if earlier.

At age 75, HMRC require that we test benefits against the lifetime allowance. If benefits exceed this allowance and we have no evidence from you that you are entitled to some form of protection from the lifetime allowance charge (see section 4 'Retirement Benefit Account' on page 9) then we will deduct an amount equal to that charge from your retirement benefit account. Your selected retirement date will then be extended by a further five years.

Where we extend your selected retirement date we will contact you before the new selected retirement date regarding the payment of your benefits.

6. Reaching the maximum retirement age

You must take your benefits by your 99th birthday. If at age 99 and you have not told us what you'd like to do, we will treat your pension fund as if you had chosen to take income drawdown with no income and no cash. As a result you may lose your right to any lump sum.

7. Retirement benefit account

The way we calculate the value of your retirement benefit account is described in 'Calculation of Retirement Benefit Account' on page 10.

8. Purchase of pension annuity with another insurer

If you choose to, the amount that would have provided the pension annuity as described in this section (after we have deducted any untaxed lump sum paid as described in section 3 on page 5) will be used to buy a pension annuity with another pension annuity provider.

Or, you can choose to transfer the whole of your retirement benefit account to another registered pension scheme or qualifying recognised overseas pension scheme (see 'Benefits on Transferring' on page 8).

9. Election of options

If you wish to choose any of the options described in this section, you must tell us in writing at least one month before the date you want to start taking your benefits. You won't be entitled to elect an option that would require us to make an unauthorised payment.

Benefits on death

1. Death before payment of retirement benefits

If you die before benefits are first paid from your retirement benefit account, the retirement benefit account will be used to provide the benefit or benefits described in section 2 below.

2. Payment of lump sum death benefit

Where any part of your retirement benefit account isn't used to provide a pension annuity under the previous section, we'll pay that part as a lump sum on discretionary trust and we will pay it at our discretion to one or more of your eligible beneficiaries in such proportions as we decide.

Eligible beneficiaries means:

a. your spouse or civil partner;

b. your natural/adopted child provided he/she (i) is under the age of 23 or (ii) was in the opinion of Legal & General dependent upon you at the date of your death because of mental or physical impairment;

c. your grandparents and their descendants (other than you) and the spouses of those descendants;

d. any person who is financially dependent on you or with whom you are in a relationship of mutual financial dependence;

e. your stepchildren;

f. your personal representatives;

g. any personal trust set up by you;

h. any charitable organisations;

i. or persons nominated by you in writing during your lifetime in your nomination of beneficiary form and received by us before your death.

Things to consider;

i. You can establish your own personal trust or nominate a person or people at any time.

ii. You should always take legal advice when considering using a trust. You cannot usually cancel a trust without the agreement of all parties and it cannot benefit you or your estate.

iii. You can tell us who your nominated beneficiaries are by completing a form or contacting us using the contact details on page 4. Your nomination is not binding but we will use it to guide any decisions we make should you die. If you don't make a nomination, we may pay your benefits to an eligible beneficiary or, if we can't identify one, the money will be passed to your estate.

iv. If you tell us that you've set up your own personal trust, this will override any nomination request you may have previously given us.

v. Although your nomination is not binding, it is important to keep your nomination up to date as it will inform our decision. It also allows you to include someone as a nominated beneficiary who may not be described as eligible above.

vi. If a person you have nominated dies, you should nominate someone else. If there are no surviving eligible beneficiaries and you've not told us who you would like to nominate, we will pay the benefits to your estate.

3. Benefits on death if you die after your benefits have come into payment

This will depend on what options you chose at retirement. However, if you die on or after your 75th birthday and have any funds remaining in your retirement benefit account, any lump sum payable from those funds will be subject to the beneficiary's marginal rate of tax.

Benefits on transferring

You can choose to transfer to one or more registered pension schemes or qualifying recognised overseas pension scheme acceptable under the Finance Act. The amount of your transfer may be some or all of the amount that's held in your retirement benefit account at that date (as described in the appropriate section of 'Calculation of Retirement Benefit Account' on page 10).

As long as the transfer is to another registered pension scheme, the transfer should not give rise to a tax charge. If the transfer is to a qualifying recognised overseas pension scheme, the transfer may give rise to a tax charge. Before making the transfer, we will deduct any outstanding charges or fees.

The minimum value of any remaining retirement benefit account following the payment of a transfer amount must meet Legal & General's minimum requirement at the time the transfer is paid. You can find out the current minimums by contacting Legal & General.

You may also choose to have a transfer payment made to another registered pension scheme or qualifying recognised overseas pension scheme acceptable under the Finance Act at any time while you are taking income drawdown as described in section 3 of 'Retirement Benefits' on page 5. Please note that if you do this you must take income drawdown under the other scheme.

We may have to delay a transfer that has a fund invested wholly or partly in commercial property. This delay might be for up to six months and we have explained why in section 1 of 'Calculation of Retirement Benefit Account' which begins on page 10.

Once we've processed the transfer for you there won't be any further benefits from any part of your retirement benefit account which has been transferred.

Taxation of benefits

1. Income drawdown

We will treat any income that we pay to you from your plan as income and tax will be deducted. We will do this at the appropriate rate based on your PAYE coding for yourself or other relevant person as set out by HMRC. If you die before age 75, any income payable under the plan paid to anyone else will be paid free of tax.

If you die aged 75 or over, any income payable under the plan to anyone else will be taxable as income and tax will be deducted at the appropriate rate based on the PAYE coding of the relevant individual as notified by HMRC.

2. Lump sum benefit

Normally one quarter of any part of your retirement benefit account taken as a lump sum, in accordance with section 2 (a) of 'Retirement Benefits' on page 5, will not be subject to a income tax with the remainder being taxed as income.

If you die before age 75 after having been paid benefits in accordance with section 2 of 'Retirement Benefits' on page 5, any lump sum benefit from any remaining retirement benefit account paid to anyone else is not normally liable to inheritance tax or income tax under present legislation. However, if you are aged 75 or older when you die, that lump sum will be taxable as income and tax will be deducted at the appropriate rate based on the PAYE coding of the relevant individual as notified by HMRC.

Where benefits are paid in accordance with section 2 (b) of 'Retirement Benefits' on page 5 we will tell you what the tax position is at that time.

3. Pension Annuity

If any part of your retirement benefit account is paid in accordance with section 4 of 'Retirement Benefits' on page 5 the annuity will be taxed as income.

If you die before age 75, any income payable under your plan to anyone else will be paid free of tax.

If you die aged 75 or over, any income payable under your plan to anyone else will be paid as taxable income and tax will be deducted at the appropriate rate based on the PAYE coding of the relevant individual as notified by HMRC.

4. Retirement benefit account

If, when retirement benefits are taken from your plan, the total amount together with any amounts previously taken from all of your other registered pension schemes (if you have them), exceeds your lifetime allowance, we will deduct such tax as may be due in respect of the excess over the maximum allowed. This is called the lifetime allowance charge.

The rate of tax will depend on how you choose to use the excess. At the time of writing, if you take it as a lump sum, the charge will be 55% and if you take it as income it will be 25%. We'll also tax any income as described in section 1 above. If benefits relating to the excess are paid as a lump sum on your death (as described in section 2, entitled 'Payment of lump sum death benefit', on page 7), the charge to tax will, as at the time of writing, also be 55%.

If at age 75 there are some benefits that haven't been taken then these will be tested against your lifetime allowance. Special rules dictate the amount which is tested against your lifetime allowance in these circumstances. The excess will be subject to a 25% tax charge. Following this, there will be no further checks of benefits from your plan against the lifetime allowance.

5. Tax charges

We will bear no liability for any tax charge or unauthorised payments charge (as defined in the Finance Act) made by or in respect of the scheme if any such charge is incurred in respect of your retirement benefit account. We will be entitled to take steps to recover any fees or tax charges we incur in respect of such liability from your retirement benefit account.

Calculation of retirement benefit account

1. Possible delays in calculation

In order to protect all investors, there are some circumstances where we may need to delay calculating your benefits or values for switching funds. This could delay us dealing with your request, if you choose to switch funds, or if any benefit becomes payable at any date before your selected retirement date for any reason (including a transfer out in accordance with 'Benefits On Transferring' on page 8) other than on death. If such circumstances cause a delay we will notify you of the delay as soon as we are reasonably able. We will also let you know what we intend to do to resolve the situation.

Circumstances that may cause a delay include:

- Exceptional market conditions. These include:
  - Situations where it becomes impossible to buy or sell assets such as action by an overseas government that freezes assets invested in that country.
  - Situations where it's not possible to ensure fairness to all investors in the fund, for example, if by calculating a unit price it means paying too much to those leaving the fund at the expense of those remaining.
- Failure of another company we rely upon. This includes:
  - The failure of an external fund manager to do something that would normally be expected of them running their business.
  - The failure of a stock exchange (such as the London Stock Exchange).
  - Major power failures or the failure of essential IT or communications systems.
- Funds with commercial property assets:
  - If a large number of people want to sell their units at the same time it may be necessary to sell properties.
  - The process of selling commercial property (such as office blocks, shopping centres, industrial warehouses) can take a long time. For an internal fund we may need to delay calculating the cash in or switch value for up to six months. For an external fund any delay could be indefinite.
  - This allows the fund manager time to obtain an appropriate price for the properties that may need to be sold. If a quick sale was forced through, the fund manager may get an artificially reduced value, which could impact both those leaving the fund and those remaining.
- Any events listed in the 'Extraordinary Circumstances, Adjustments and Disruption' subsection in 'Our Right to Make Changes' on page 16.

2. Fund at or before selected retirement date

The amount available to provide benefits will be the value of the units in your plan, once we've deducted any outstanding management charges (as described in 'Amount and Deduction of Charges' on page 15). We'll calculate the value of the units at their current price, as described in section 4 below.

3. Fund where benefits are taken at different dates

If benefits under your arrangement become payable at more than one date, then the amount available to provide benefits at each date will be calculated separately in respect of the benefits payable at each of those dates. This amount will be calculated in accordance with section 2 subject to section 1 if the relevant date is before your selected retirement date.

4. Current unit price

We will establish the current unit price so that we can calculate the value of your retirement benefit account. We will calculate the unit price for the second working day following the receipt date on which we receive all the information and evidence we require to pay your particular benefit. However, in certain circumstances the unit price will be calculated as at a different day.

These are:

i. if we are paying benefits after you have died while you still have units in your plan. In this case, we will calculate the unit price as at the receipt date of acceptable evidence of your death.

ii. where you have requested that we pay benefits from a particular date and the receipt date of all the necessary information and evidence is more than two working days before that date, we will use the unit price calculated for that specified date.

iii. where we have to delay cashing in your units (as described in section 1 on page 10), we'll use the unit price calculated for the working day those units are encashed.

iv. if the value of your retirement benefit account is being calculated on or after age 99, we'll use the unit price calculated for the working day immediately before your 99th birthday.

Funds and their operation

1. Buying units

On receipt of the transfer value payment, and any subsequent payments in respect of your previous scheme, received on your behalf, we will credit your plan with a number of units in one or more funds described below. The number of units to be allocated will be calculated by applying a percentage of each payment at the current unit price as described on page 11.

We have notified you of this percentage in the personal illustration we have sent you separately.

Crediting units operates only as a means of linking your plan to the funds for the purpose of calculating the value of your retirement benefit account. However, the legal and beneficial interest in the units and the underlying assets of the fund do not belong to you.

2. Funds and units

Now that we've received your transfer value payment, this has been invested in the fund or funds the trustees or managers of your former scheme chose for you. Each fund is divided into units. These funds form part of the long-term insurance fund. However, the assets underlying them may be managed by us the insurer and/or our associated companies, or by an external fund manager.

Periodically we may review the fund or funds chosen by the trustees or managers of your former scheme (the default fund(s)) to ensure that they continue to be a suitable investment for a policy of this type.

If we determine that the default fund(s) are no longer suitable we will select an alternative fund (or funds) and will switch the full value of your units into the new default fund(s). If we do this we will write to you and give you at least 90 days' notice. You will have the opportunity to make an alternative investment choice.

Please note:

a. If you choose a fund other than the default fund(s), the suitability of that fund (or funds) as a default investment strategy for a policy of this type will not be reviewed by Legal and General. Your selection may however become subject to closure in accordance with clause 5 below.

b. The new default fund may also be periodically reviewed and amended in accordance with these terms.

3. Funds available

Your plan may be linked to any one or a combination of fund types available at the date we receive your transfer value payment. The fund types that are currently available are as follows:

a. Internal funds
These are funds managed by Legal & General.

b. External funds
These are funds managed by a company other than Legal & General.

It's important that you understand the following about external funds:

i. When you invest in an external fund, we buy you units in a Legal & General fund that invests in the corresponding authorised fund. You do not hold units directly in the authorised fund.

ii. We don't have any direct influence over how external fund managers manage their funds. We also have no control over the method of calculation they use to value their fund.

iii. External fund managers sometimes adjust the valuation of their fund to cover exceptional costs that may arise when people buy or sell units in their authorised fund. We can't predict when an external fund manager will make such a charge. If and when it happens, we make a deduction when calculating the unit price.

iv. An external fund manager may fail to meet its obligations under its contract with us. Also, they may make fundamental changes to an external fund, such as changing its aim, the assets it invests in or the countries where it's invested. If there are any significant changes to funds that affect you, we'll let you know. If you need to take some action, we'll give you some options and explain what we plan to do if we don't hear back from you.

The Funds Factsheets describe all the investment funds available to you. You will find these in our 'Funds Centre' at **legalandgeneral.com/investtbop** or we can also send you a printed copy if you'd like us to. We may make new funds available from time to time. Please be aware that you can't invest in more than 50 funds at a time. You can change where your money is invested (switch funds).

4. Switches between funds

You may instruct us at any time, in writing or in any other manner which we have notified you of, to exchange units already credited to your plan for units to an equal value in a different fund or funds specified by you. This option, which is often called 'switching', is subject to the conditions described below:

i. The value of the units in the respective funds will normally be calculated at the respective unit prices (calculated as described here) at the second working day following the receipt date on which your instruction is received by us at the address given in the introduction. If your request is received after 4pm then we will use the third working day following receipt of your instruction to complete your request. When moving between funds, it is possible that a transaction cost can apply.

   However, the insurer may delay calculating the value of units by up to 48 hours if the number of exchanges on any day involving any fund (in respect of all policies linked to that fund) is higher than the daily average for the last six months and is, in the opinion of Legal & General, at such a level as to adversely affect the performance of the fund for policyholders who continue to be credited with units in that fund.

ii. In certain circumstances any exchange out of a fund may delay calculating the value of units. The reason for this is explained in the 'Calculation of Retirement Benefit Account' on page 10.

iii. The annual management charge and any additional annual management charge due in respect of the period from the last date on which such charges were deducted up to and including the date on which the exchange is made will be deducted on the date of exchange in accordance with section 2 of 'Amount and Deduction of Charges' on page 15.

iv. On the next following date on which annual management and/or additional annual management charges are deducted in accordance with section 2 of 'Amount and Deduction of Charges' on page 15, the charges deducted will be those due in respect of the period from the date of exchange to the last day of the normal monthly interval.

v. We may restrict or refuse any switch between funds if the value of the units subject to the switch is less than £100 or if the switch would result in your investing in more than the maximum number of funds allowed.

vi. No charge is made for switching, nor is there a limit on the number of switches you can make. However, we may introduce such a charge in the future or impose a limit on the number of switches allowed at no charge. See 'Our Right to Make Changes', page 16.

5. Closure of funds

As the insurer of your plan we reserve the right to decide that a fund will stop being available for you to invest in:

i. in the case of an internal fund, if, in our opinion, we believe it becomes impractical to maintain a particular fund;

ii. in the case of an external fund;
   - If an external fund manager ceases to trade; or
   - If an external fund manager closes an investment in which a fund is invested; or
   - If an external fund manager merges any investment in which a fund is invested with another investment; or
   - If in our opinion it becomes impractical or inappropriate to maintain a particular fund.

If this happens, we'll give you at least three months notice in writing (wherever possible), except where a standard external fund is closed and we can't practically give you such warning. In this case we'll provide as much notice as we possibly can. We'll also give you the opportunity to switch any investment you have in an affected fund into another fund, or funds. If you don't specify into which other fund, or funds you want units to be switched, we will switch you into the fund, or funds, we tell you about in the notice. When moving between funds, it is possible that a transaction cost can apply.

6. Fundamental change to an external fund

If we become aware of a change to any external fund in which the plan is invested and which we consider to be a fundamental change, we will notify you.

The notice will include details of the change, the options available to you and what action we will take if no instructions are received from you within a specified period.

A fundamental change will include changes such as:

i. a significant change to the risk profile of the fund;

ii. a significant change in the objective of the fund;

iii. a significant change of the asset types held by and/or the method of managing the assets of the fund;

iv. a significant change of the countries of the world in which the fund invests; or

v. failure of the external fund manager to meet its obligations.

7. Valuation of funds

A. Funds

Each fund will normally be valued on each working day. Legal & General will state how the maximum and minimum unit prices applicable to that fund will be calculated according to the following rules:

i. We will value internal funds based upon the value of the assets held in that fund on that working day. We may use a different day if it's not possible to value the assets held in a fund owing to exceptional market circumstances. See section 1 'Possible Delays in Calculation' on page 10.

ii. External funds will normally be valued based upon the latest available price of the investment in which they invest as at close of business on the previous working day.

iii. The unit price will be no more than the maximum unit price (as in (iv) below) and no less than the minimum unit price (as in (v) below). We'll set the basis for determining the unit price so it'll remain fair for those people who stay in the fund as well as for those who come out of it.

iv. When we calculate the maximum unit price, we'll work out the value of a fund by the prices at which the assets held in that fund might be bought. The maximum unit price will be this value divided by the number of units in the fund, rounded up by not more than 0.1p.

v. When we calculate the minimum unit price, we'll work out the value of a fund by the prices at which the assets held in that fund might be sold. The minimum unit price will be this value divided by the number of units in the fund, rounded down by not more than 0.1p.

When we specify how we are going to calculate the value of an investment linked fund, we'll make allowances for the following factors:

i. if any income has been received or accrued;

ii. if there is any cash not yet invested;

iii. if there are any actual, prospective or other possibilities for taxation or any other levy;

iv. if any expenses, taxes, duties and other charges have been incurred in acquiring, managing, maintaining, valuing and disposing of assets;

v. any reasonable adjustment that we consider are necessary to preserve fairness between plans which may be linked to the fund;

vi. the fund charges described in (B) below.

We value external funds based upon certain information provided by the external fund managers (under the terms of the contracts between them and us). The valuation of each fund depends on if the external fund managers have met their obligations under these contracts.

The unit prices used, for external funds, will be based upon the information provided by the external fund managers. If later on we discover that this information did not accurately reflect the true value of the underlying assets at the time any benefits were paid, then we won't pay any further benefits.

B. Fund charges

a. Fund management charge

The fund management charge varies from fund to fund. The way it is calculated depends on whether the fund is managed by us the insurer (internal funds) or by an external fund manager (external funds). The published annual percentage rate of the fund management charge applicable on the date you joined the plan, for each fund you are initially invested in, is as shown in your personal illustration you will receive as part of your Key Features documents.

The fund management charge for all funds are shown in the Funds Factsheets.

At all times the most recently published rates for all funds can be found on our website or we can give these to you on request.

The fund management charge may change from time to time. See 'Our Right to Make Changes' on page 16.

i. External funds

The fund management charge we deduct includes an allowance for what the external fund manager charges us to cover their day-to-day costs of managing the fund. We'll deduct the fund management charge from each fund on each working day by adjusting the unit price of the relevant fund. It will be 1/365th of the annual percentage rate of the fund management charge, of the unit value on the previous working day.

If the working day is a Monday or follows an English public holiday, the amount we'll deduct will be a multiple of 1/365ths in respect of the current working day and the previous non working days for which we haven't deducted charges.

Here's an example for clarification:
Other than following an English public holiday, we'll deduct 3/365ths on a Monday in respect of Saturday, Sunday and Monday.

The external funds generally have additional fund expenses. The amount of these expenses may vary and we can't accurately predict them in advance.

We've included an allowance for these expenses in the fund management charge for each fund that we feel is appropriate. Where the amount of the additional expenses for any fund varies, there may be a delay before we can change the published annual percentage rate of the fund management charge for that fund.

At all times the cost (if the additional expenses are higher than what is being allowed for in the fund management charge) or benefit (if the additional expenses are lower than what is being allowed for in the fund management charge) will accrue to the fund and therefore to the policies invested in the fund.

ii. Internal funds

On the first working day in each calendar month, we will deduct 1/12th of the then current annual percentage rate of the fund management charge of the unit value on the previous working day. We'll apply this as an adjustment to the unit price of each fund.

Internal funds may also have additional expenses, such as the costs of buying and selling assets.

The amount of these expenses may vary and we can't accurately predict them in advance. If and when they become due, we will apply them by making a deduction from the value of the relevant fund.

Where the fund name ends in a '3', we will make an allowance for these additional expenses in the fund management charge. For the funds whose names do not end in a '3', we won't include the additional expenses in the fund management charge, and where we believe that such a fund is likely to bear such expenses, we'll make an appropriate allowance for them when we calculate the assumed benefits shown in your personal illustration.

At all times the most recently published rates for additional expenses are available on request from us.

Where the amount of the additional expenses for a fund varies, there is likely to be a delay before we change the published annual percentage rate of the additional expenses for that fund. At all times, the cost (if the additional expenses are higher than what is published) or benefit (if the additional expenses are lower than what is published) will accrue to the fund and therefore to the policies invested in the fund.

b. Dilution levy

This is a charge that may be applied to some external funds. If the fund is invested in an investment that is defined as an open-ended investment company or a single price unit trust, the external fund manager may apply a charge in certain circumstances. This would be to cover the costs of buying into or selling out of that investment. Such circumstances include where a high value purchase or sale takes place that could affect the value of that fund over a long period of time.

Any such charge made by an external fund manager is reflected in the unit price of the external fund to which the charge applies.

Amount and deduction of charges

1. Amount of Annual Management Charges

There is an Annual Management Charge (AMC) that we deduct monthly for the month just passed by cashing in units you hold in your plan. It is independent of your choice of fund(s). We reserve the right to change or remove the fund value bands and/or the tiered or level AMCs, as well as the percentage rate itself, at any time. See 'Our Right to Make Changes' on page 16.

All AMCs are due and calculated each day based on the value of your retirement benefit account on that day and will be 1/365th of the appropriate rate of AMC. The appropriate rate of AMC for a particular day will depend on the value of your retirement benefit account on the first day of the month in which that day falls (Note: for this purpose, months are counted from the date your plan started).

If your plan has tiered AMCs:
If your plan started on 6 April and your retirement benefit account is valued at £60,000 on 6 August, then for the period 6 August to 5 September we would calculate the annual rate as follows:

$$\frac{(\textbf{0.4\% of £50,000}) + (\textbf{0.3\% of £10,000})}{\text{£60,000}} = \frac{\textbf{£200} + \textbf{£30}}{\text{£60,000}}$$

$$= \frac{\textbf{£230}}{\text{£60,000}} = \textbf{0.3833\%}$$

This calculation assumes your AMCs to be as follows:

Retirement benefit account value bands	Example rate of annual management charge
£50,000 or less	0.4%
More than £50,000	0.3%

If your plan has a level AMC:

Retirement benefit account value bands	Example rate of annual management charge
All funds	0.4%

This means that 0.4% would be the appropriate rate of AMC for the whole of your retirement benefit account for that month.

The rate of AMC you are being charged will be shown in your personal illustration that you will receive.

2. Conditions applying to the deductions from units

The number of units that we will deduct will be the sum of the daily AMCs calculated (as described above), on the basis of the unit price (as described in 'Funds and Their Operation' on pages 11 to 14).

We'll make deductions by cashing in units at monthly intervals beginning from the date falling one month after the start date of your plan. For this purpose the price of units will be the latest available on the relevant date.

However, where units in one fund are exchanged for units in another, where benefits are paid out of your plan or where you take a transfer, we will make a deduction immediately before the exchange or calculation of your retirement benefit account as appropriate. In these cases we'll calculate the price of the units on the working day specified in section 4 of 'Calculation of Retirement Benefit Account' on page 10 or section 4 of 'Funds and Their Operation' on page 11 as appropriate.

If the day on which a deduction is due is not a working day, we'll make the deduction on the next working day. If any month doesn't have a day that corresponds with the date you started your plan, we will make the deduction on the last working day of that month.

Our right to make changes

We may make fair and reasonable changes to the terms of your plan at any time by giving you at least 30 days' prior written notice (in the case of example 'iii.' below, at least 90 days' notice will be given). We may only make changes in the following circumstances:

i. To make our terms clearer or more favourable to you;

ii. To reflect legitimate increases or reductions in the cost of providing your plan, which include:

   – Costs associated with changes in staff, support services, technology or systems;

   – The costs associated with investing in your selected funds, provided that any increase is reasonable in amount and reasonably incurred;

iii. To change the default fund the plan is invested in;

iv. To reflect any changes to the basis of taxation applicable to your plan or to us in connection with your plan;

v. To comply with applicable law, regulation, the judgment of any court, regulator or ombudsman or any regulatory guidance or codes;

vi. To reflect a change in our corporate structure that doesn't have an unfavourable impact on your plan but which does require us to make certain changes to the terms of your plan and doesn't result in us closing your plan;

vii. To provide for the introduction of new or improved systems, methods of operation, services or facilities;

viii. To correct any mistake that might be found in the future in relation to this contract. In making any correction, we will not reduce any liability we may have for that mistake and it will not increase any charges related to the terms agreed; or

ix. If charges are removed or varied in your favour, we may apply a change without notifying you.

If you're unhappy with any change that we make to the terms of your plan then you can at any time transfer to another provider in accordance with the provisions of the section entitled 'Benefits on Transferring' on page 8.

We would however recommend that you speak to a financial adviser before making this decision.

Extraordinary circumstances, adjustments and disruption

a. We will perform our obligations set out in these policy provisions unless events outside of our reasonable control prevent or restrict our ability to do so. These events are described in these Terms as 'Extraordinary Events' and are defined in the remainder of this clause.

   If an Extraordinary Event occurs this may result in any payment due to you being disrupted, adjusted, reduced or delayed.

   If an Extraordinary Event occurs, we will use due care and diligence when considering how to respond and will ensure that our response is fair and proportionate.

   We will not be liable or responsible for any failure or delay in performing any of our obligations as a result of an Extraordinary Event, but will use reasonable efforts to minimise any adverse impact on you as far as reasonably possible and will tell you if you are being disadvantaged, as soon as we can.

b. An Extraordinary Event means a significant event which is outside of our control.

   Such events include the following:

   i. Strikes, lockouts or other industrial action;

   ii. Civil commotion, riot, invasion, terrorist attack or threat of terrorist attack, war (whether declared or not) or threat or preparation for war;

   iii. Fire, explosion, storm, flood, earthquake, subsidence, epidemic or other natural disaster;

   iv. Restrictions imposed by legislation, regulation, or other governmental initiatives that are not as a result of our misconduct;

   v. Recession or significant economic collapse of a market, company or country that results in a large and sustained reduction in the value of assets; or

   vi. Failure of transport networks or other external utilities (for example telecommunications networks, water or power) leading to an unavoidable disruption.

There may be other significant events and/or circumstances outside our control that we are unable to anticipate. If such an event and/or circumstance impacts our ability to perform our obligations under the Plan, we will notify you as soon as we are reasonably able. We will also let you know how we intend to deal with it. How quickly we are able to notify you, may depend upon the severity of the event.

If an event described above occurs:
If the event continues for a period in excess of 120 days, and we're unable to complete one or more of our obligations described in this guide:

i. We may make reasonable changes to these terms to overcome the problem, this may include closing the scheme;
ii. We'll only make these changes for a good reason; and
iii. We'll give you 30 days' prior notice of the required change, wherever possible.

Discontinuance or amendment

We may amend this policy or discontinue this type of arrangement. Our reasons for making these decisions may include the following:

i. Changes in legislation;
ii. Where it's no longer cost effective for us to run it;
iii. If we make an alternative pension scheme available;
iv. If the tax privileged status is removed by HMRC;
v. Any of the events listed in the section 'Extraordinary Circumstances, Adjustments and Disruption' on page 16.
vi. Enhancements of the features within this policy.

If we discontinue this type of arrangement this means that we'll discontinue your plan. If this happens we will give you four months' notice together with the option of transferring your retirement benefit account to any registered pension scheme or qualifying recognised overseas pension scheme acceptable under the Finance Act of your choice.

If we discontinue your plan because of an event beyond our reasonable control (as described in 'Our Right to Make Changes' on page 16) we may give you only 30 days' notice. If you aren't able to make a choice, we'll transfer your retirement benefit account to a registered pension scheme that we have chosen and confirmed in the notice.

General information

i. If Legal & General decides to waive a term or condition of this booklet, this does not mean that it has made a permanent change to the terms or conditions. Legal & General can still apply the term or condition that it waived on a future or separate occasion.

ii. Subject to (iii) below, Legal & General accepts responsibility for loss to you arising out of or in connection with the policy solely to the extent that such loss is the direct result of Legal & General's fraud, negligence or willful default or that of its directors, officers, employees, contractors or agents.

iii. Legal & General will not be liable to you for any special, consequential or indirect loss or damage, costs, expenses or other claims for consequential compensation, whatsoever and howsoever caused which arise out of or in connection with the policy. However, nothing in this booklet will exclude or limit Legal & General's liability for personal injury or death caused by its negligence or the negligence of its directors, officers, employees, contractors or agents.

iv. Save for (ii) above, Legal & General will not be liable for any loss you may suffer in connection with the investments that are made via the policy, including any loss which may be incurred as a result of a reduction in the value of those investments or as a result of any money you have taken out of your plan.

v. Legal & General gives no warranty or undertaking as to the performance or profitability of the funds (or any part of them).

vi. Legal & General has classified itself as a data controller in respect of the personal data it processes in connection with your plan and shall comply with all applicable data protection laws as they relate to Legal & General. Legal & General shall implement appropriate technical and organisational measures to ensure a level of security which is appropriate to the risk that is presented by the processing of the personal data in accordance with applicable data protection laws.

vii. This policy is governed by English law. You and Legal & General agree to irrevocably submit to the exclusive jurisdiction of the courts of England and Wales in relation to any dispute or claim arising out of or in connection with your policy.

About the policy

1. Policy status

The policy, once established, is automatically treated as a Registered Pension Scheme. Statements in this booklet about tax treatment of benefits are dependent on the policy continuing to be a Registered Pension Scheme. They also depend on there being no change in the law affecting the tax treatment resulting from such registration.

2. Conditions applying to all arrangements

Payment of any benefit will be subject to the production of such evidence as Legal & General may reasonably require of the occurrence of the event giving rise to payment of the benefit, and of the identity of the person or persons to whom it is payable.

Where the calculation of any benefit or the cost of any benefit is dependent on the age of any person, payment of the benefit will be subject to the production of such evidence of that person's date of birth as Legal & General may reasonably require. If the evidence shows that the date of birth is different from that previously stated, Legal & General will be entitled to adjust the amount of benefit payable to that which would have applied if the correct date of birth had been stated at the commencement of your policy.

Payment or continued payment of any pension under the policy will be subject to the production of such evidence as Legal & General may from time to time require of the identity and survival of the person or persons to whom the pension is payable.

Legal & General reserves the right to amend the terms of the policy if any change occurs in legislation or taxation applying to the policy or to Legal & General (and/or any of its associated companies operating any of the funds described earlier or to their investments), or if any charge or levy or restriction relating to any of the above is imposed or altered.

3. External bodies

Your attention is drawn to the existence and purpose of the central bodies that deal with occupational and personal pension schemes as described below.

The Pension Tracing Service
The Pension Tracing Service provides a tracing service for ex-members of schemes with pension entitlements, and members' dependants, who have lost touch with earlier employers. Enquiries should be addressed to:

The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU

0800 731 0193

gov.uk/find-pension-contact-details

The Pensions Ombudsman
The Ombudsman has the power to investigate and decide upon complaints and disputes involving occupational and personal pension schemes. Any complaints or disputes regarding the administration of your previous employer's scheme should therefore be sent to:

The Pensions Ombudsman, 10 South Colonnade, Canary Wharf, London, E14 4PU

0800 917 4487

enquiries@pensions-ombudsman.org.uk

pensions-ombudsman.org.uk

If you have a complaint that we cannot resolve then you can contact:

The Financial Ombudsman Service, Exchange Tower Harbour Exchange Square, London, E14 9SR

0800 023 4567

complaint.info@financial-ombudsman.org.uk

financial-ombudsman.org.uk

Making a complaint to The Pensions Ombudsman or the Financial Ombudsman will not affect your legal rights.

MoneyHelper
The Government's free and impartial service, offering guidance to make money and pension choices clearer.

MoneyHelper, Holborn Centre, 120 Holborn, London, EC1N 2TD

0800 011 3797

moneyhelper.org.uk

Terms explained

Close of business:
in normal circumstances, 5pm on a working day. This time may change in exceptional circumstances, such as a working day prior to an English public holiday or where an external fund manager does not provide a unit price for any fund.

Default fund(s):
a fund or funds selected by the trustees or managers of the pension plan you previously belonged to in which your transfer value payment has been invested. This may also be a fund selected by Legal & General as a suitable investment for a policy of this type following a review of the default fund(s).

Dependant:
means:

- a person who was married to, or in a registered civil partnership with you at the time of your death;
- your natural or adopted child provided he/she:
  - is under the age of 23 or
  - was in our opinion at the date of your death dependent on you because of physical or mental impairment;
- a person who falls into neither of the two categories above who at the date of your death, was:
  - financially dependent on you
  - in a financial relationship with you of mutual dependence.

External fund manager
an investment manager other than Legal & General Investment Management Limited unless otherwise indicated.

Finance Act:
the Finance Act 2004 and associated regulations as amended from time to time and any statutory re-enactment or modification of it.

Fund(s):
a fund or funds maintained by Legal & General or an external fund manager which are available for investment in your Buy Out Plan.

Guaranteed period:
the minimum period over which annuity payments will be made even if you die before the end of that period. The period starts on the date on which your pension annuity starts being paid to you.

HMRC:
Her Majesty's Revenue & Customs.

Income drawdown:
an alternative to buying a pension annuity when you retire. You can designate all or part of your pension fund and draw an income from it whilst the rest of your money remains invested in a favourable tax environment. Income drawdown may not be suitable for you. Please speak to a financial adviser for more details.

Insurer:
Legal & General Assurance Society Limited as insurer of the plan.

Legal & General:
means companies that are part of the Legal & General Group, including any subsidiaries or any holding companies or any subsidiary of any such holding company.

Lifetime allowance:
is the maximum amount of pension savings you can build up without having to pay additional tax charges.

Open-ended Investment Company:
a type of company or fund in the UK authorised by the Financial Conduct Authority that allows you to pool your money with other people and invest in equities, fixed interest investments and property. The company's shares are listed on the London Stock Exchange, and the price of the shares are based largely on the underlying assets of the fund.

Pension annuity:
a pension income, which is paid in return for handing over your pension fund to a pension annuity provider. You're entitled to shop around for the highest pension annuity when you come to take your benefits – you don't have to buy your pension annuity from Legal & General.

Protected pension age:
if under the ceding scheme you were a member entitled to take benefits before the usual lowest pension age (at the time of writing, this was age 55), on scheme wind-up you may still have entitlement to this. The trustees or managers of your former scheme would have advised us of this on their application form.

Qualifying recognised overseas pension scheme:
means an overseas pension scheme which is registered with HMRC to which a transfer may be made without being treated, and taxed, as an unauthorised payment.

Receipt date:
means in respect of the payment into the scheme, instruction, evidence or information, as appropriate, the working day on which it is received if before 4pm or, in the case of an instruction to switch between funds, if it is received after the relevant time, the receipt date means the next working day. If a switch is completed online, the receipt date is the same day as you complete the switch.

Registered pension scheme:
a pension scheme that is registered under Chapter 2 of Part 4 of the Finance Act.

Retirement benefit account:
the value of all units credited to your plan at their respective unit prices at the relevant valuation date, minus any annual management charge payable in respect of the period since the last monthly charge was deducted.

Selected retirement date:
the date, supplied to us by the trustees or managers of your former scheme when they applied for this plan on your behalf. It is the date on which payment of your benefits are due to begin. You may change your selected retirement date to an earlier or later date so long as the new date is after age 55 (unless you have a protected pension age). If you do change your selected retirement date then the new date becomes your selected retirement date for all purposes under your plan. Consequently, if you subsequently take your benefits before your new selected retirement date; the conditions set out in section 1 of the 'Calculation of Retirement Benefit Account' section on page 10 will apply.

Transaction costs:
costs incurred by the fund manager as a result of buying or selling assets.

Transfer value payment:
the payment we have received on your behalf from the trustees or managers of your former scheme of the pension scheme you used to belong to. We may also have received this transfer value payment as a result of a pension sharing order following divorce or the dissolution of a registered civil partnership.

Unauthorised payment:
any payment not permitted under the Finance Act.

Unit(s):
a notional share of a fund used as a means for calculating benefits.

Unit trust:
a form of collective investment, where the value of the underlying asset is represented by the total number of units issued, multiplied by the unit price, less any charges.

Valuation date:
any day on which the value of an investment linked fund will be calculated on the basis set by Legal & General. This is currently each working day. The frequency of the valuations will not be less than once in each calendar month.

Widow(er) or surviving registered civil partner:
the spouse that you were married to at the date of your death or the person with whom you shared a registered civil partnership at the date of your death. If more than one person claims to be your widow(er) or surviving registered civil partner, we will use our discretion to determine who should receive any payment.

Working day:
any day from Monday to Friday inclusive, excluding English public holidays.

Contact us

For further information, please contact:

0345 070 8686

Call charges will vary. We may record and monitor calls.

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legalandgeneral.com/mya

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Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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