



Terms and Conditions of the Pension Annuity



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Introduction

This document contains the Terms and Conditions for our **pension annuity**.

We have highlighted some of the technical words used in this document in **bold**. These are explained in the definitions section at the end of this document.

In these Terms and Conditions, 'we', 'us' and 'our' refer to **L&G**, while 'you' and 'your' refer to you, the person named in the **policy document**.

Our **pension annuity** pays you a regular income for life, the details of which are set out in your **policy document**. It can be purchased using the proceeds of one or more pension contracts.

Our **pension annuity** can include a range of options (set out in sections 2 to 7). These are:

- How often your **annuity income** is paid (the **payment period**) (section 2).
- Whether your **annuity income** will increase (section 3).
- Whether a proportionate payment is made after you die if your annuity is paid in arrears (section 4).
- If you want your **dependant** to receive your **annuity income** following your death (section 5).
- If you want to include a guaranteed minimum payment period (section 6).
- If you want any remaining amount of your original payment to be paid out as a lump sum after the death of you, or your dependants (section 7).

Every option impacts how much you will need to pay for the **pension annuity**, some options cost more than others.

This document sets out the Terms and Conditions of all options, but these options may not all be available to everyone. Please read the **Key Features of the Pension Annuity** document, which will set out the options available to you. The options that apply to your **pension annuity** will depend on the application that you make to us and the law. Your **policy document** will set out the options you have chosen.



These Terms and Conditions are for you to reference before and after buying a **pension annuity** from us. They are important, so please keep them safe.

Before buying a **pension annuity**, you should also read the following documents:

- your **pension annuity quote**
- the **Key Features of the Pension Annuity**

After purchase, we will send you a **policy document**. Please read it with these Terms and Conditions.



1. The pension annuity

- 1.1 We will issue your **pension annuity** to you in return for a single payment, once all our requirements have been met.
- 1.2 We will pay the benefits due under the **pension annuity** to you, or your **dependant** and/or **beneficiaries**, as outlined in these Terms and Conditions.
- 1.3 Benefits due under your **pension annuity** will be calculated and paid in pounds sterling. We usually only pay benefits into a UK bank account. If benefits need to be paid in a different way, please contact us using the information provided in the 'Get in touch' section on page 20. If we agree to a change, you may need to cover any additional costs.
- 1.4 If we ask, you and any **dependant** or **beneficiary** must confirm to us in writing whether benefits have been received. This confirmation proves that we have met our obligation to pay benefits. Usually, evidence of the payment being received by your bank account will be enough.
- 1.5 Where the funds used to purchase a **pension annuity** come from an **Open Market Option**, these funds remain subject to the rules of the originating scheme. Where this is the case, **L&G** won't pay any tax-free cash. If requested, this may be paid by the originating scheme.
- 1.6 Where the funds are being transferred to the Legal and General Retirement Pension Scheme via an **Immediate Vesting Personal Pension**, payment of tax-free cash sums will be subject to the rules of the Legal and General Retirement Pension Scheme. Tax-free cash sums will usually be paid by **L&G** within three to five working days of setting up your **pension annuity**.

2. Payment frequency

- 2.1 Your **policy document** will say the **start date** of your **pension annuity**. It won't start until all our requirements are met.
 - 2.2 We will pay your **annuity income** either monthly, every three months, every six months, or yearly. This is called the payment frequency. The **payment frequency** that applies to your **pension annuity** will be confirmed in your **policy document**. The time between payments is the **payment period**.
 - 2.3 If your **annuity income** is paid in advance, we will make the first payment on or shortly after the **start date**. If your **annuity income** is paid in arrears, we will make the first payment at the end of the **payment period** following the **start date**, or shortly after.
- EXAMPLE:**
Payment frequency

As Jim's **annuity income** is paid 'with proportion', a final payment will be made to cover the 6-month period between his last payment and his date of death.

Mary's **annuity income** is paid yearly in arrears. She'll receive her first **annuity income** payment one year on from the **start date**, and her second payment will be two years on from the **start date**.
- 2.4 If the payment date falls on a weekend or bank holiday, the payments will be made at least one working day (usually Monday to Friday) before the payment date.
 - 2.5 We will stop paying your **annuity income** when you die, unless a further payment is due under the options you have selected, as outlined in sections 4 or 6. We will also stop paying a **dependant's annuity income** (see section 5) when that person dies, unless a further payment is due under the options you have selected, as outlined in section 4.

3. Increases in annuity income

- 3.1** Your **annuity income** will either stay the same or increase each year. This will be confirmed in your **policy document**.
- 3.2** If your **annuity income** increases, it will do so in line with one of the following ways (as noted in your **policy document**):
- As a fixed percentage each year (up to and including 10%).
 - As a variable amount in line with the **Retail Prices Index (RPI)**.
 - As a variable amount in line with the **Retail Prices Index (RPI)** but capped at 3%.
 - As a variable amount, in line with the **Retail Prices Index (RPI)** but capped at 5%. This is referred to as **Limited Price Indexation (LPI)**.
- 3.3** When the increases apply will depend on the **annuity income** being increased.

Usually, the first increase will apply on the first anniversary of the **start date**. Further increases will apply on each anniversary after the first increase.

However, if you have a **Guaranteed Minimum Pension** which you received after April 1988, that increases in line with the **Retail Prices Index (RPI)** capped at 3%, any increases will apply from the **payment period** after the 5th of April each year.

- 3.4** Increases will be 'compounded'. This means each increase will be based on the total **annuity income**, including any previous increases.

4. Benefits payable when you die – a proportionate payment after death

This section only applies to you if your **policy document** says that your **annuity income** is paid in arrears (see section 2.3).

- 4.1** Your **annuity income** will either be paid 'with proportion' or 'without proportion'. This will be confirmed in your **policy document**.
- 4.2** If your **annuity income** is paid 'with proportion', a final payment can be made by **L&G** when you die. This payment will cover the time between your last payment and the date of your death and will go to your estate.
- 4.3** If your **annuity income** is paid 'without proportion', there will be no final payment to cover the time between your last payment and the date of your death.

EXAMPLE:

A proportionate payment after death

Jim's **annuity income** is paid yearly in arrears, and he receives £10,000 on the 6th of each January. If Jim passes away on July 6th, his last full payment would have been on January 6th.

As Jim's **annuity income** is paid 'with proportion', a final payment will be made to cover the 6-month period between his last payment and his date of death.

So, a final proportionate payment of £5,000 would be made to Jim's estate to cover the period from his last payment to the date of his death.

- 4.4** We will treat a **dependant's annuity income** (see section 5) in the same way upon the **dependant's** death, with any payment going to their estate.

5. Benefits payable when you die – an annuity income for your dependant

This section 5 only applies if your **policy document** says we will pay an **annuity income** to your **dependant**.

5.1 When you die, your **dependant** can receive up to 100% of your **annuity income** for the rest of their life.

5.2 We will pay an **annuity income** to your **dependant** on either:

- A 'named' **spouse, civil partner, or financially dependent partner** basis.
- An 'any' **spouse or civil partner** basis.

5.3 Your **policy document** will state the percentage of your **annuity income** that we will pay to your **dependant**.

5.4 **Civil partners** must be in a **civil partnership**.

5.5 'Named' **spouse or civil partner or financially dependent partner** eligibility:

To receive **annuity income** upon your death when your **annuity income** is for a 'named' **spouse, civil partner or financially dependent partner**, the person must be named on your **policy document** and, at the time of your death, they must be one of the following:

- married to you
- your **civil partner**
- your **financially dependent partner**

5.6 When you die, any rights to a **Guaranteed Minimum Pension or Section 9(2B) Rights** within your **pension annuity** can only be paid to your **spouse or civil partner**. Your **financially dependent partner** won't receive any of these benefits. This does not affect benefits in excess of **Guaranteed Minimum Pension** and **Section 9(2B) Rights** which will be distributed to your **spouse, civil partner or financially dependent partner** in accordance with this section.

5.7 'Any' **spouse or civil partner** eligibility:

To receive an **annuity income** upon your death when your **annuity income** is for an 'any' **spouse or civil partner**, at the time of your death, they must be either:

- married to you
- your **civil partner**

If your **spouse or civil partner** when you die is different to the person you were married to when you bought your **pension annuity**, your latest **spouse or civil partner** will only receive **annuity income** upon your death, if both of the following applies:

- You have been married as **spouse** or in a **civil partnership** for at least the last six months of your life.
- Your **spouse or civil partner** isn't 10 or more years younger than you.

The above points won't apply to any **annuity income** paid as a **Guaranteed Minimum Pension or Section 9(2B) Rights**.

5.8 Section 6 explains guaranteed minimum payment periods. If you do not have a guaranteed minimum payment period, your **dependant** will start getting **annuity income** on the next **payment period** after you die.

5.9 If a guaranteed minimum payment period applies (see section 6), you may choose for the **dependant's annuity income** to start from either:

- The next **payment period** after your death (this is known as 'with overlap').
- The end of the guaranteed minimum payment period (this is known as 'without overlap').

Whether your **dependant's annuity income** will be paid with overlap or without overlap will be confirmed in your **policy document**.

5.10 If a guaranteed minimum payment period applies and your **policy document** says that we would pay your **dependant's pension annuity** 'with overlap', your **dependant's annuity income** would become payable from the next **payment period** after you die. We won't wait until the end of the guaranteed minimum payment period to start paying your **dependant's annuity income**.

5.11 If your **annuity income** is paid 'without overlap', we won't pay your **dependant's annuity income** until the end of the guaranteed minimum payment period. This means that:

- If you die after your guaranteed minimum payment period ends, your **dependant's annuity income** will become payable from the next **payment period** after your death.
- If you die before the end of the guaranteed minimum payment period, we will start paying your **dependant's annuity income** at the end of the guaranteed minimum payment period.

However, if your **dependant** dies before the end of the guaranteed minimum payment period, we won't pay your **dependant's annuity income**.

5.12 The **dependant's annuity income** will be a percentage of the higher of either:

- The **annuity income** you were receiving as at the date of your death.
- The **annuity income** paid at the end of the guaranteed minimum payment period.

5.13 We will calculate any increases in or changes to a **dependant's annuity income** in the same way we would do for your **annuity income**.



6. Benefits payable when you die – a guaranteed minimum payment period

This section 6 only applies if your **policy document** says that you have a guaranteed minimum payment period.

- 6.1 A guaranteed minimum payment period ensures that your **annuity income** is paid for a minimum period, even if you die within that period. The length of your guaranteed minimum payment period will be confirmed in your **policy document**.
- 6.2 Your guaranteed minimum payment period begins on your **start date**. If you die within this period, your **annuity income** will continue to be paid until your guaranteed minimum payment period ends.

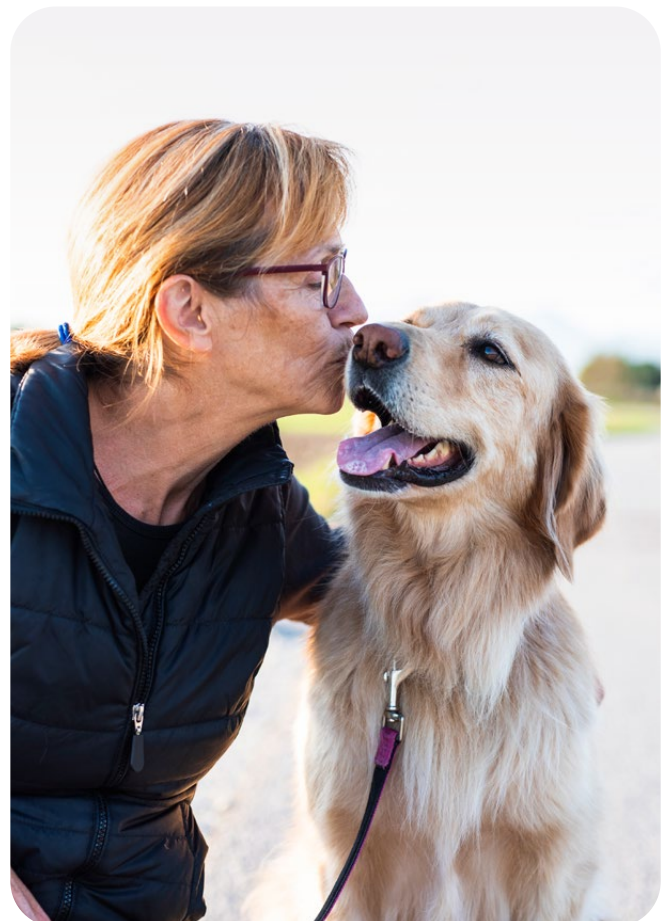
EXAMPLE: Guaranteed minimum payment period

Bert's **pension annuity** has a 10 year guaranteed minimum payment period and he dies after 4 years. **Annuity income** payments will continue to be paid to his **beneficiary** or estate for another 6 years.

William's **pension annuity** has a 10 year guaranteed minimum payment period and he dies after 12 years. Unless a further payment is due as outlined in sections 4 and 5, the **annuity income** payments will stop because the guaranteed period has ended.

- 6.3 You can name one or more **beneficiaries** to receive **annuity income** payments if you die during the guaranteed minimum payment period. We will consider any **beneficiary** you nominate but will use our discretion to decide who gets the **annuity income** payments. When we use our discretion, we will usually look to pay the appropriate **beneficiary** or **beneficiaries**. In some cases, we might choose to pay the **annuity income** to your estate. Before making any payments to your estate, we may need to receive a **probate notification** or any other evidence showing that we can legally make payments to your estate.

- 6.4 If your **pension annuity** provides an **annuity income** for a **dependant** (see section 5), that **dependant** won't automatically receive any **annuity income** during the guaranteed minimum payment period. You must tell us who they are – we won't just look at your will. You can change your **beneficiary** at any time by contacting us using the information provided in the 'Get in touch' section on page 20.
- 6.5 The longest guaranteed minimum payment period you can choose is 30 years. The shortest is a single year.
- 6.6 You can't be more than 100 years old at the end of your guaranteed minimum payment period.
- 6.7 Your **pension annuity** can have either a guaranteed minimum payment period or value protection (see section 7). It can't have both.



7. Benefits payable when you die – value protection

This section 7 only applies if your **policy document** shows that value protection is included.

- 7.1** Your **policy document** will specify your value protection percentage.
- 7.2** If your **pension annuity** doesn't provide an **annuity income** for your **dependant**, you can protect up to 100% of the amount used to buy it.

When you die, the protected amount, minus any **annuity income** payments already made, will be paid out as a lump sum to your **beneficiary** or estate.

EXAMPLE:

Value protection (if your pension annuity doesn't provide for an annuity income for your dependant)

Emma buys a **pension annuity** with a £200,000 **pension pot** and chooses a value protection percentage of 100% (£200,000 protected).

Emma receives £10,000 in **annuity income** payments every year. Emma passes away four years after taking out her **pension annuity** and has received £40,000 in **annuity income** payments.

Upon Emma's death, the amount payable from her value protection is calculated as $£200,000 - £40,000 = £160,000$.

This £160,000 will be paid out as a lump sum to Emma's **beneficiaries**.

The payment to Emma's **beneficiaries** may have tax deducted, please see section 8 for further information.

- 7.3** If your **pension annuity** provides **annuity income** for a **dependant**, your **policy document** will confirm which of the following value protection options apply:

i. Value protection paid on your death

Up to 100% of the amount used to buy your **pension annuity**, less the percentage of your **annuity income** you have chosen for your **dependant**, can be protected.

When you die, the protected amount, minus any **annuity income** payments already made, will be paid out as a lump sum to your **beneficiary** or estate.

EXAMPLE:

Value protection paid on your death (if your pension annuity does provide an annuity income for your dependant)

Ramesh buys a **pension annuity** with a £300,000 **pension pot** and he chooses a value protection percentage of 50% (£150,000 protected). He also chooses an **annuity income** for a **dependant**, whereby his wife Lisa will receive 50% of his **annuity income** payable if she outlives him.

Ramesh receives £10,000 in **annuity income** payments every year. Ramesh passes away three years after taking out his **pension annuity** and has received £30,000 in **annuity income** payments.

Upon Ramesh's death, the amount payable from his value protection is calculated as $£150,000 - £30,000 = £120,000$.

Lisa is still alive when Ramesh died, so £120,000 is paid as a lump sum to Lisa who is the chosen **beneficiary**.

Lisa will also continue to be paid £5,000 a year (50% of Ramesh's £10,000 a year) until she passes away.

The payments to Lisa may have tax deducted, please see section 8 for further information.

Note – If Ramesh wanted 75% of his **annuity income** to go to his **dependant** after his death, he could only choose a maximum value protection percentage of 25%. The combined total of the value protection percentage and the percentage of **annuity income** payable to a **dependant** can't exceed 100%.

ii. Value protection on death of the last survivor

Up to 100% of the amount used to buy your **pension annuity** can be protected.

When you and your **dependant** have both died, the amount protected, less any **annuity income** payments already made to you and your **dependant**, will be paid out as a lump sum to your **beneficiary** or estate.

EXAMPLE:

Value protection with an annuity income for a dependant – payment upon the death of the last survivor

Sarah buys a **pension annuity** with a £300,000 **pension pot** and chooses a value protection percentage of 50% (£150,000 protected). Her **policy document** provides for an **annuity income** for a **dependant**. Her husband Tom will receive 50% of her **annuity income** payable if he outlives her.

Sarah receives £10,000 in **annuity income** payments every year. Sarah passes away three years after taking out her **pension annuity** and has received £30,000 in **annuity income** payments.

Upon Sarah's death, her husband Tom starts to receive an **annuity income** of £5,000 a year (50% of Sarah's £10,000 a year). Tom passes away six years after Sarah and had received £30,000 in **annuity income** payments.

Upon Tom's death, the amount payable from Sarah's value protection is calculated as $£150,000 - £30,000 - £30,000 = £90,000$.

This £90,000 will be paid out as a lump sum to Sarah's **beneficiaries**.

The payment to Tom and to Sarah's **beneficiaries** may have tax deducted, please see section 8 for further information.

7.4 You can name one or more **beneficiaries** to receive any payments due from value protection. We will consider any **beneficiary** you nominate but will use our discretion to decide who gets the payment. When we use our discretion, we will usually look to pay the appropriate **beneficiary** or **beneficiaries**. In some cases, we might choose to pay your estate. Before making any payments to your estate, we may need to receive a **probate notification** or any other evidence showing that we can legally make payments to your estate.

7.5 If your **pension annuity** provides **annuity income** for a **dependant** (see section 5), that person isn't automatically nominated to receive any **annuity income** payments due from value protection. You need to tell us who they are. You can change your **beneficiary** at any time by contacting us using the information provided in the 'Get in touch' section on page 20.

7.6 Your **pension annuity** can have either value protection or a guaranteed minimum payment period (see section 6). It can't have both options.

7.7 Value protection isn't available for a **Guaranteed Minimum Pension** or for **Section 9(2B) Rights**.

8. Tax

This section explains how tax might affect the benefits paid. Tax rules may change.

- 8.1** The figures shown in your **policy document** are before any tax is deducted.
- 8.2** Your **annuity income** payments are subject to income tax under the relevant legislation. This requires us to deduct tax from your **annuity income** in accordance with a tax code provided by His Majesty's Revenue and Customs (HMRC).
- 8.3** If we pay an income to your **dependant**, their **annuity income** will usually be tax-free if you die before age 75. If you die on or after your 75th birthday, we will deduct tax from their **annuity income** in accordance with a tax code provided by HMRC.
- 8.4** If you die before age 75, lump sum payments to your **beneficiaries** are usually tax-free, provided they do not exceed the lump sum and death benefit allowance.

If you die on or after age 75, or if the total lump sums paid exceed the lump sum and death benefit allowance, then any lump sum paid to your **beneficiary, dependant**, or estate will be taxable under the relevant legislation.

9. Restrictions

This section 9 only applies if we are informed by the trustee of your pension scheme, that the scheme has limits on the benefits payable. This will be confirmed in your **policy document**.

- 9.1** The total amount of the benefit we pay under the **pension annuity** might be limited to a maximum level set by the pension scheme from which the **pension annuity** arises.
- 9.2** If a maximum **pension annuity** level is set, we won't increase any benefit by an amount that would result in the benefit going over the maximum, unless the increase is no more than the greater of 3% or the increase in the **Retail Prices Index (RPI)** in any one year.
- 9.3** If we do not apply all or part of any increase as a result of section 9.2, and a future increase in the **Retail Prices Index (RPI)** means that we can pay part or all of the increase we held back, we will pay that amount on or around the next anniversary of the **start date**.
- 9.4** No restriction will be applied to any benefit paid as a **Guaranteed Minimum Pension**.



10. Evidence of entitlement

10.1 Before we pay any **annuity income** to you, we need satisfactory proof that you are alive.

10.2 Before we pay any **dependant** or **beneficiary** after you die, we need proof of your death. We also need confirmation that your **dependant** or **beneficiary** is alive and to see proof of their date of birth.

Before we set up any **annuity income** for your **dependant** (see section 5), we must see satisfactory proof of either:

- Your marriage as **spouse** or registered **civil partner** with that person.
- That the person is a **financially dependent partner**, whichever is relevant. We may ask for evidence of financial dependence such as bank statements. We may also ask a **dependant** to sign a declaration confirming that they are financially dependent on your income.

11. Incorrect information

We need some information from you before your **pension annuity** starts. This information usually comes from your application to us and is used to determine the **annuity income** payable. The information provided to us must be accurate.

The information used for this purpose includes your date of birth, postcode, marital or **civil partnership** status, and similar details about any **dependant** who might receive **annuity income**. Sometimes, medical and other personal information may also be needed.

If you don't provide the requested information or if we reasonably consider that it is incorrect, we will adjust your **annuity income**. In this case, your **annuity income** will be set to what it would have been if you had given the correct information initially. An additional adjustment will also cover the period from the **start date** to when the change was made.

If this adjustment reduces your **annuity income** we will contact you. You must return any overpayments as soon as possible.

If payment(s) are made to someone who shouldn't receive them, they must return the payment(s) as soon as possible, unless it was our mistake and we agree that it's unreasonable to ask for it back.

If an overpayment is made after your death, or at the end of any guaranteed minimum payment period, your estate or **beneficiary** must return the payment. Similarly, if a **dependant's pension annuity** is paid after death, their estate or **beneficiary** must return it.

EXAMPLE: Overpayment

Jan receives his regular **annuity income** payment of £500 on the 1st of each month. However, due to an administration error, Jan's payments were increased to £5,000 a month.

As Jan was not entitled to this increase in **annuity income**, we will ask for the money back.

12. Cashing in or assigning the pension annuity

12.1 The benefits provided under the **pension annuity** can't be assigned to anyone else, transferred or cashed in, unless it is necessary to do so to comply with one of the following:

- Pension sharing on divorce or dissolution of a **civil partnership** under the Welfare Reform and Pensions Act 1999.
- Orders made under the Proceeds of Crime Act 2002.

13. Cancellation rights

13.1 You can cancel your **pension annuity** either:

- At any point before your **pension annuity start date**.
- Up to 30 days from the date you receive our confirmation that your **pension annuity** has started.

13.2 If you cancel before any tax-free cash is paid and before your **pension annuity start date**:

Where applicable, if we've received your **pension pot**, we'll contact your previous pension scheme to see if they're willing to accept it back. If they won't, we'll ask you to choose another provider who will accept the transfer or choose another pension or retirement income product with us.

13.3 If you cancel after any tax-free cash is paid or after your **pension annuity start date**:

We can't return your tax-free cash. We can't return your **pension pot** to the transferring pension scheme. You can choose to buy a retirement income product with another provider or continue with us. You'll need to buy a new retirement income product within six months of your tax-free cash being paid, or it will become subject to tax charges.

EXAMPLE:

Cancelling after any tax-free cash is paid or after your pension annuity has started

James has a **pension pot** worth £100,000. He decides to take 25% of it as tax-free cash uses the remaining £75,000 to buy a **pension annuity**.

If James cancels his **pension annuity** after receiving the tax-free cash, he must return any **annuity income** he has received to us. Then, James should use the £75,000 to buy a new retirement income product with us or another provider. James can't return the £25,000 tax-free cash to his previous pension provider.

James must buy a new retirement income product within six months of receiving the tax-free cash. If he doesn't, the £25,000 tax-free cash will become subject to tax charges.

13.4 If you wish to cancel, please contact both **L&G** (using the information provided in the 'Get in touch' section on page 20) and your pension scheme provider as soon as possible if they are paying you any tax-free cash. If we've paid you any **annuity income**, you must return this money to us within 30 days of letting us know.

If you decide to cancel and have used part of your **pension pot** to pay an adviser charge, we will organise a refund of the adviser charge to you from your financial adviser. You may still have to pay any outstanding adviser charges to your financial adviser using another payment method.

If you decide to cancel and you have paid the adviser charge direct to your financial adviser, we won't organise a refund of the adviser charge to you from your adviser.



14. Changes

14.1 We can change these Terms and Conditions and any other documentation associated with your **pension annuity** that is provided to you by us to take into account changes in law or to meet regulatory requirements.

14.2 We will inform you of the change as soon as possible and, unless it isn't reasonably practicable for us to do so, give you at least 30 days written notice before the changes take effect.

15. Complaints

15.1 If you would like to complain about our service or need a copy of our complaint handling procedure, you can contact us using the following details:

Legal and General Assurance Society Limited
PO Box 809
Cardiff
CF24 0YL

Phone: 0370 050 2616

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

Email: Annuities.Complaints@landg.com

15.2 Making a complaint won't affect your legal rights.

15.3 You can refer any complaint about our administration that we can't settle to:

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

Phone: 0800 917 4487

Email: enquiries@pensions-ombudsman.org.uk

Website: pensions-ombudsman.org.uk

15.4 You can refer any sales related complaint that we can't settle to:

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

Phone: 0800 023 4567 or 0300 123 9123

Email: complaint.info@financial-ombudsman.org.uk

Website: financial-ombudsman.org.uk

16. Financial Services Compensation Scheme (FSCS)

16.1 We're covered by the Financial Services Compensation Scheme (FSCS). If you're a UK resident, you may be entitled to compensation from the FSCS if we can't meet our obligations. This depends on the type of business and the circumstances of the claim.

16.2 Currently 100% of the value of a valid claim is covered. There's no upper financial limit on the claim.

16.3 You can find out more about the FSCS (including amounts and eligibility to claim) by visiting fscs.org.uk or calling 0800 678 1100.

16.4 Investor protection legislation and regulation may change in future. If you live outside of the UK, you should speak to a financial adviser to clarify your eligibility.

17. General

17.1 Governing Law

The **pension annuity** is governed by English law. The English courts have non-exclusive jurisdiction to settle any disputes or claims that may arise out of or in connection with the **pension annuity**.

17.2 Rights of Third Parties

You, **L&G** and, only after you have died, your **dependant** and / or **beneficiaries** (insofar as it relates to a benefit due to your **dependant** and / or **beneficiaries** under the **pension annuity**) can enforce these **pension annuity** Terms and Conditions. Nothing in the **pension annuity** expressly or impliedly confers any right on any third party to enforce any of its provisions under the Contracts (Rights of Third Parties) Act 1999. For this section, a third party is any party not mentioned in this paragraph.



Definitions

Annuity income	The income payable from the pension annuity .
Beneficiary/Beneficiaries	The person or persons who receive payment from a guaranteed minimum payment period (see section 6) or value protection (see section 7).
Civil partner	As defined in the Civil Partnership Act 2004.
Civil partnership	A registered civil partnership under the Civil Partnership Act 2004.
Dependant	The person that receives an annuity income on your death if they meet the conditions set out in section 5 'Benefits payable when you die – an income for your dependant'. A dependant could be your spouse, civil partner or financially dependent partner .
Financially dependent partner	A partner who is, in our view, financially dependent (or interdependent) on you.

EXAMPLE:
Financially dependent (or interdependent) partners

John and Mary are a retired, unmarried couple. John receives a substantial pension, while Mary has minimal savings and no pension of her own. Mary relies on John's pension for her daily living expenses, healthcare costs, and other necessities. In this case, Mary is financially dependent on John.

An example of financial interdependence is Alex and Pat are a retired, unmarried couple who have been living together for many years. Alex receives a pension, while Pat has rental income from a property. They pool their resources to cover their living expenses, healthcare, and other costs. Alex and Pat rely on each other's income to maintain their standard of living. This mutual dependence means that both Alex and Pat would face financial difficulties if the other's income were to stop.

Guaranteed Minimum Pension	Annuity income that comes from contracting out of the earnings-related part of the state pension before 6 April 1997 and is a benefit guaranteed by law.
Immediate Vesting Personal Pension	Where funds have been transferred from other pension policies into the Legal and General Retirement Pension Scheme and then immediately used to purchase your pension annuity .
Key Features of the Pension Annuity	A document issued with your pension annuity quote giving you information on how the pension annuity works, its features, risks and benefits.

L&G

Legal and General Assurance Society Limited.

Limited Price Indexation (LPI)

Uses the **Retail Prices Index (RPI)** as the reference index for the increase, with a limit of 5% for any increase in one year. The LPI increase applied each year on the anniversary of your **pension annuity** will use the latest published September RPI figure to a maximum of 5%.

**EXAMPLE:
Limited Price Indexation (LPI)**

Ramesh's **pension annuity** starts with yearly income of £10,000. It's paid yearly and increases in line with the **Limited Price Indexation (LPI)**.

	Yearly annuity income	If the percentage change in RPI is	The increase for next year is
Year 1	£10,000	7%	£500
Year 2	£10,500	3%	£315
Year 3	£10,815	-4%	0
Year 4	£10,815	3%	0

- In Year 1 the RPI has increased by 7%, so his Year 2 **annuity income** is increased by £500. This is because the increase in RPI has been capped at 5%.
- In Year 2 the RPI has increased by 3%, so his Year 3 **annuity income** is increased by £315.
- In Year 3 the RPI falls by 4%, so his Year 4 **annuity income** is unchanged.
- In Year 4 the RPI rises by 3%, his Year 5 **annuity income** will also be unchanged. This is because the RPI hasn't yet returned to the level it was before the drop in Year 3.

Open Market Option

Where a member of a pension scheme (that is not the Legal and General Retirement Pension Scheme) has exercised the option to access their pension savings on the open market and the trustee or administrator of that scheme has transferred the funds to **L&G** to purchase a **pension annuity**.

Payment period

The time between payments of **annuity income**.

Pension annuity

L&G's pension annuity which is a contract of insurance between us and you.

Pension annuity quote

The quote outlining the **annuity income** that could potentially be paid to you. It will show the frequency of payment, any increases in the **annuity income**, and any benefits payable on death.

Policy document

The document we send you when your **pension annuity** starts that confirms the details of your **pension annuity**.

Probate notification	The first step in the legal process of administering your estate as a deceased person under your will.
Pension pot	The total amount of money you've saved into a pension scheme.
Retail Prices Index (RPI)	<p>An index of retail prices compiled by the Office of National Statistics. To determine any increase in annuity income, we will look at the rise in RPI over a relevant 12-month period.</p> <p>Unless your pension scheme rules say otherwise, we measure the 12-month period up to six months before the anniversary date. We apply any increase on the actual anniversary date.</p> <p>If RPI falls during this time, the annuity income won't decrease. Instead, it will be frozen. The annuity income will only increase when RPI exceeds its previous level. The next increase will be based on the level before the drop, as if the index had never fallen.</p> <p>If how RPI is calculated changes significantly or if RPI discontinued, we may choose another comparable index, as allowed by law.</p>

**EXAMPLE:
Retail Prices Index (RPI)**

Emma's **pension annuity** starts with yearly **annuity income** of £10,000. It's paid yearly and increases in line with the **Retail Prices Index (RPI)**.

	Yearly annuity income	If the percentage change in RPI is	The increase for next year is
Year 1	£10,000	7%	£700
Year 2	£10,700	3%	£321
Year 3	£11,021	-4%	0
Year 4	£11,021	3%	0

- In Year 1 the RPI has increased by 7%, so her Year 2 **annuity income** is increased by £700.
- In Year 2 the RPI has increased by 3%, so her Year 3 **annuity income** is increased by £321.
- In Year 3 the RPI falls by 4%, so her Year 4 **annuity income** is unchanged.
- In Year 4 the RPI rises by 3%, her Year 5 **annuity income** will also be unchanged. This is because the RPI hasn't yet returned to the level it was before the drop in Year 3.

Section 9(2B) Rights	Rights to benefits that come from contracting out of the Additional State Pension (SERPS and State Second Pension) from 6 April 1997 to 5 April 2016, which are benefits guaranteed by law.
Spouse	The person you are legally married to and doesn't include other arrangements that are not legally recognised marriages in the UK. It doesn't include a 'common law spouse'.
Start date	The date that we receive all requirements to implement the pension annuity , unless we agree another date in writing. This will be shown in your policy document as the 'start date' or the 'annuity commencement date'.

Get in touch

You can call us on

0800 048 2446

Open Monday to Friday, 9am to 5pm.

We may record and monitor calls. All of our call centres are based in the UK.

You can email us at:

retirement@landg.com

You can write to us at:

**Legal & General Retirement,
PO Box 809, Cardiff, CF24 0YL**

You can visit our website at

legalandgeneral.com/retirement

Additional support and alternative formats

Please contact us if you have any special circumstances you'd like to tell us about. We may be able to provide some additional support.

You can also request this document in Braille, large print or audio.

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Registered office: One Coleman Street, London EC2R 5AA.

We are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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