Standard Life
Part of Phoenix Group

# Self Invested Personal Pension

## Terms and Conditions

Please read and keep for future reference.

# Contents



Any reference to tax and legislation is based on our understanding of law and HMRC practice at 1 May 2024. Tax and legislation are likely to change in the future.

Tax relief may be altered and its value depends on your financial circumstances.

# 1. Your terms

This **plan** is offered to **you** by Standard Life, a trading name of Phoenix Life Limited. This document sets out the Terms and Conditions for your Self Invested Personal Pension (the '**terms**') and it's these **terms** which govern our relationship with **you**.

Before applying for a Self Invested Personal Pension (SIPP), **you** should also consider carefully the **key features document** for the Standard Life **SIPP product** that **you** are applying for as well as these **terms**.

The Standard Life **SIPP** is designed to provide a flexible and tax efficient way for **you** to save for your retirement.

The words in **bold type** in this document are defined terms. **You** will find a glossary of the defined terms in Annex 1 of this document. They are part of these **terms** so please take care to read them carefully. Words which **we** define in the singular form will also include the plural and words which **we** define in the plural will also include the singular.

**We** have tried to set out these **terms** and all other related documents as clearly as possible. But if there is anything **you** are unsure of, please contact your **financial adviser** or the **SIPP Customer Centre**. Please note that our **SIPP Customer Centre** cannot provide **you** with advice.

The contact details for the **SIPP Customer Centre** are set out below.

Call: **0345 0845 000** (call charges will vary)

Write: SIPP Customer Centre, Standard Life, Edinburgh EH1 2DH.

Website: www.standardlife.co.uk/sipp

Email: SIPPCustomerCentre@standardlife.com

Please have your **plan** details ready when calling. Calls may be recorded/monitored to help improve customer service. There is no guarantee that any email sent will be received or will not have been tampered with or intercepted during transmission. **You** may prefer to contact **us** by telephone or in writing.

# 2. Structure of your plan

2.1 If **we** accept your application for a **SIPP**, **you**'ll become a **member** of the Standard Life Self Invested Personal Pension Scheme (the '**scheme**'). The **scheme** was set up under a trust dated 5 July 2004 and made by The Standard Life Assurance Company with Standard Life Trustee Company Limited as the first **trustee** and The Standard Life Assurance Company as the first **scheme administrator**. The current **scheme administrator** is Phoenix Life Limited, a company authorised by the Prudential Regulation Authority and regulated by the **FCA** and the Prudential Regulation Authority. Phoenix Life Limited is part of the **Phoenix Group.**

**We** will categorise **you** as a retail client for the purposes of the **FCA** rules. For more information on the regulatory protection offered to retail clients, please speak to your **financial adviser**.

## Accounts

2.2 **You**'ll have one or more **accounts** under the **scheme**. When **you** start making regular payments, **we**'ll create a **flexible account** to receive any regular or irregular payments **you** choose to make. But if a different type or level of **adviser charge**, commission or **financial adviser** renumeration or a different investment instruction is to apply to a single payment, **we**'ll create a separate **account** for that single payment. Where **you** haven't started to make regular payments, **we**'ll create a separate **account** for each single payment **you** choose to make.

**We**'ll also create a new **account** each time **we** receive a **transfer payment**. In some cases **we**'ll create more than one **account** to receive a particular **transfer payment** if, for example, section 2.4 applies to part of a **transfer payment**.

**We**'ll issue a confirmation to **you** each time that **we** create a new **account** for **you**.

2.3 Each time **you** ask **us** to start paying **benefits** from a new part of your **plan**, **we**'ll apply a **pension date** to it. **We** can apply a **pension date** to a whole **account** or to part of one, in accordance with your instructions. The part **we** apply a **pension date** to becomes a **post pension date account**. Any **account** or part of an **account** to which a **pension date** hasn't been applied remains a **pre pension date account**.

2.4 If **we** receive a **transfer payment** that represents a **drawdown pension fund**, **we**'ll create a **post pension date account(s)** to receive that **transfer payment**.

2.5 All of your **pre pension date accounts** together represent your **savings pot**. All of your **post pension date accounts** (excluding any amounts paid out as a **tax-free lump sum** or used to buy an **annuity**) together represent your **drawdown pot**.

## Investment mix

2.6 If **you** have both **pre** and **post pension date accounts, you** can apply different investment instructions to the **savings pot** and **the drawdown pot**. **We**'ll treat each **pre pension date account** as being invested proportionately in all of the investments held in the **savings pot**. And **we**'ll treat each **post pension date account**, after payment of any **tax-free lump sum**, as being invested proportionately in all of the investments held in the **drawdown pot**. (The proportion will be the size of the account in relation to the size of the pot to which it belongs.)

**You** can hold different **Standard Life investment policy funds** (or the same ones in different proportions) in the **savings** and **drawdown investment mixes**. But because **we** group together all other investments (including your holding in the **trustee cash account**) as 'additional investments', **you** can only tell **us** what proportion of the additional investments **you** want to hold in the **savings** and **drawdown investment mixes**. **You** can't ask for specific additional investments to be held in a **savings** or **drawdown investment mix**.

2.7 When **we** create a new **pre pension date account** for **you**, **you** can tell **us** how **you**'d like the payment(s) to that **account** to be invested. Once **we**'ve carried out your instructions, those new investments will be part of the **savings investment mix** . **We**'ll treat the new **pre pension date account** as being invested proportionately in all of the investments held in the **savings investment mix**.

For an example of how this works, please refer to Annex 2 of these **terms**.

2.8 Likewise, when **we** create a **post pension date account** for **you**, as explained in section 2.3, **you** can tell **us** how **you**'d like the **account** (after payment of any **tax-free lump sum**) to be invested. Once **we**'ve carried out your instructions, those investments will be part of the **drawdown investment mix**.

**We**'ll treat the new **post pension date account** as being invested proportionately in all of the investments held in the **drawdown investment mix**.

## Arrangements

2.9 If **you** joined the **scheme** on or after 6 April 2006, your whole **plan** (except for any **account** described in section 2.10) belongs to the same **arrangement**.

2.10 If **we** receive a **transfer payment** on or after 6 April 2006 that represents a **drawdown pension fund**, **we**'ll create a separate **post pension date account** within a separate **arrangement** for each part of the **transfer payment** which comes from a separate **arrangement**.

2.11 If **you** were a **member** of the **scheme** before 6 April 2006, **we** would've created one or more **arrangements** for **you**. On 5 April 2006, **we** transferred all of your remaining **pre pension date arrangements** into a single **arrangement**. Each part of your **plan** that **we** previously described as a separate **pre pension date arrangement** then became a separate **pre pension date account** within that new **arrangement**. If **you** had no remaining **pre pension date arrangements** on 5 April 2006, **we**'ll create a new **arrangement** for **you** when **we** create your first **pre pension date account** on or after 6 April 2006. In either case, any new **post pension date account** created on or after 6 April 2006 (except for those described in section 2.10) will belong to this new **arrangement**.

2.12 If **you** were taking income drawdown from the **scheme** before 6 April 2006, **you** would've had one or more **post pension date arrangements**. From 6 April 2006 these **arrangements** became **post pension date accounts** within a single **arrangement**. This **arrangement** is separate from the **arrangement** described in section 2.11.

# 3. Eligibility

3.1 **You**'re eligible to join the **scheme** if:

a) **you**'re resident in the **UK**; or
b) **you**'re working overseas as a crown servant; or
c) **you**'re the husband, wife or civil partner of a crown servant working overseas.

Even if **you** don't satisfy the above conditions, **we** may still accept an application to join the **scheme** if the only type of payment **you** want to make is a **transfer payment**.

3.2 **You** need (or your employer on your behalf needs) to complete an application to join the **scheme**.

3.3 Where an individual is under 16, their legal guardian must:

a) complete any application on their behalf;
b) be responsible for making sure that **HMRC** contribution limits are not exceeded; and
c) be responsible for the contract as if they were the **member** until the individual reaches adulthood.

3.4 Subject to the **FCA rules, we** have full discretion to accept or not to accept an application so **we** reserve the right to reject your application and **we** don't need to give **you** any reason for doing so.

3.5 Once **we** have accepted your application, **we** will:

a) set up a **plan** in your name and administer it in accordance with these **terms**; and
b) issue **you** with a **plan** number.

Please ensure that **you** and your **financial adviser** include this number in all communications with **us**.

3.6 **We** won't advise **you** about the suitability of any investment that **you** may decide to hold in your **plan**, nor will **we** be responsible for any advice given to **you** by your **financial adviser**.

# 4. Payments

4.1 **We** can accept the following types of payment to the **scheme** up until the day before your 75th birthday:
a) a payment from your employer;
b) a payment from **you**; or
c) a payment on your behalf from a **third party**.

**We** can accept a **transfer payment** for **you** at any time.

**We** may accept contributions in the form of shares from a savings-related share option scheme, or a share incentive plan, but only if your **plan** belongs to a **group** and **we**'ve agreed this with your employer.

**You** must let **us** know if **you** have **flexibly accessed** your **benefits** with another pension provider and received a notification of the type described in section 4.21.

Before **we** can accept a **transfer payment**, **we** require certain information from the **transferring scheme**, such as, for example, information relating to your **maximum income** or **regular review date** relevant for **capped drawdown**. If **we** don't receive complete and accurate information, **we** won't be able to accept the **transfer payment** and **we**'ll return to the **transferring scheme** any money or assets that **we** have already received for that **transfer payment**. **We**'ll notify you if **we** do this.

Before deciding to make a **transfer payment** into this **scheme you** should consider whether any guarantees in the **transferring scheme** are important to **you**. Any guarantees in the **transferring scheme** will be lost on transfer.

Your cancellation rights are described in section 18.6.

4.2 **We** may not be able to accept a **transfer payment** into the **scheme** if it is subject to an **earmarking order**. If **you** are considering a **transfer payment** that involves an **earmarking order**, please discuss this with your **financial adviser**.

**We** won't administer **capped** and **flexible drawdown** within the same **plan**, so in some cases a new **plan** may need to be set up before **we** can accept a payment.

## Maximum and minimum payments

4.3 **HMRC** don't set any limits on the payments that can be made to the **scheme** in a **tax year**. However, **HMRC** do limit the level of your payments (including payments from a **third party** on your behalf) on which **we** can claim basic-rate tax relief on your behalf (as explained in section 4.18). **We** set a maximum equal to these **HMRC** limits on the size of payment that **we**'ll accept from **you** or a **third party** on your behalf because **we** won't accept any payments on which **we** cannot claim basic-rate tax relief (as explained in section 4.18). There is no limit on the size of employer payment (though see section 4.21 in respect of the consequences of exceeding your **annual allowance**) or **transfer payment** that **we**'ll accept into the **plan**.

4.4 **We** set a minimum **transfer payment**, a minimum single payment, a minimum regular monthly payment and a minimum regular yearly payment that **we**'ll accept.

Where more than one **transfer payment** is being made at the same time, the minimum applies to the total of all those **transfer payments**.

Lower minimums apply to larger **plans**.

**We** don't currently set a minimum for any 'irregular' payment if **you** already have a **flexible account** under your **plan** and there is no minimum amount for any additional single or **transfer payment** into a **plan**.

**We** may change the minimums from time to time, if it is necessary for **us** to do so to maintain our profitability. **You** can find out the current minimums that apply by contacting **us** or your **financial adviser** or by visiting our website. Our contact details are in section 1.

## How and when payments can be made

4.5 **Transfer payments** to the **scheme** can be made by direct credit, telegraphic transfer or cheque on any **business day**.

4.6 Single or irregular payments from **you**, your employer or a **third party** on your behalf can be made by telegraphic transfer or cheque. If the payer already has a variable direct debit in place for the **plan**, the irregular payment can be made by that direct debit. Single or irregular payments can be paid on any **business day**.

4.7 All regular payments must be made by variable direct debit. They can be paid monthly or yearly. **You**, your employer or the **third party** can, at any time, increase, reduce or stop making regular payments. But **we** won't accept any payments from **you** or a **third party** on your behalf on which **we** can't claim basic-rate tax relief (as explained in section 4.3) and **we** can refuse to accept any regular payment that's below a minimum set by **us** (as explained in section 4.4).

4.8 If a cheque or direct debit is rejected and your **plan** invests only in **Standard Life investment policy funds**, the **insurer** will cancel the **units** that it allocated with the unpaid premium. In any other case, if **we** have not received cleared funds within 5 **business days** of notifying **you** or your **financial adviser** that the cheque or direct debit has been rejected, **we**'ll sell the investments bought with that cheque or direct debit or exercise any right to cancel their purchase. **You**'ll be charged any reasonably incurred costs or expenses **we** incur in doing so. If the value **we** receive for selling or cancelling the purchase of an investment is less than the price **we** paid for it, **we**'ll deduct the difference from your holding in the **trustee cash account**. If there's not enough money in your holding in the **trustee cash account**, **we**'ll collect the required amount in the way described in sections 6.6 and 6.7.

4.9 **We** can decide that **we**'re not accepting any further payments to your **plan**, provided **we** have reasonable cause to do so and **we** notify **you** of our reasons. An example would be if **you** dismiss your **financial adviser** and don't appoint a new one. If **we** decide to do so under this section, **you**'ll be able to transfer your **plan**, free of our transaction charge (as described in section 10.10) during the 3 month period starting on the date of the notification but **we**'ll still deduct any **transfer charge**. **We**'ll still pass on to **you** any transfer fee or exit fee imposed on **us** by **managers** who are not in the **abrdn group**. If the **mutual funds** are managed by a company in the **abrdn group** then **we**'ll not make a charge for re-registering the **mutual fund** in the name of the trustees of the scheme that **you** are transferring to.

## Indexation

4.10 If **you** don't belong to a **group** and regular payments are being paid, **you** can ask for them to increase automatically each year by a fixed percentage (1 to 10%) or in line with the **index of average weekly earnings**. The same basis must apply to all regular payments made by **you**, your employer or a **third party** on your behalf. **We**'ll agree to your request unless **we** have reasonable cause not to, in which case **we**'ll inform **you** of our reasons. If **we** agree, the regular payment will increase each year on the indexation date which is the day chosen by **you** or, if **you** haven't chosen a day, the anniversary of the day on which the first regular payment was made.

4.11 Each year, before the indexation date, **we**'ll tell **you** what the new level of regular payment will be from the indexation date. Unless **you** tell **us** to collect a different amount, **we**'ll then collect that new level of regular payment until the following indexation date. If your **plan** invests only in **Standard Life investment policy funds**, the **insurer** will use the increase to allocate extra **units**. If your **plan** invests in other investments (including the **trustee cash account**), **we**'ll add the increase to your holding in the **trustee cash account** unless **you** give **us** other instructions.

4.12 If **you** choose to have indexation in line with the **index of average weekly earnings**, **we**'ll work out the increase by using the figure in the index for the month that is 4 months before the increase is due. **We**'ll not, however, change your regular payment if the index goes down. If the Government changes the index, **we**'ll use another basis which will give similar increases.

4.13 **You** can ask for the regular payment to stop increasing automatically. Our contact details are in section 1.

## How tax relief on payments works

4.14 There is no tax relief on **transfer payments** into your **plan**.

4.15 If your employer makes a payment to your **plan**, they can normally treat the payment as a business expense or use it to reduce assessable profits. **You** will not be taxed on the benefit to **you** of your employer's payments as long as **you** do not exceed your **annual allowance** (see section 4.21).

4.16 If **you** (or a **third party**) want to make a payment to your **plan**, basic-rate tax relief on that payment is provided 'at source'. This means that **you** (or they) should deduct an amount equal to basic-rate tax from that payment to calculate the 'net' payment that **you** (or they) need to give **us**. **We** will 'gross-up' the amount that **we** receive (which means that **we** will treat it as if it had been paid without the tax deduction) and claim the basic-rate tax from **HMRC**. So if the basic rate of income tax for the **tax year** is 20% and **you** want the grossed-up payment to be £5,000, the amount **you** need to pay to **us** is: (100% - 20% = 80%) of £5,000, which is £4,000.

If **you** pay tax at a higher rate, **you** can contact **HMRC** to claim any additional tax relief on your payment and any payment made by a **third party** for **you**. If **you**'re subject to a Scottish rate of income tax, which varies from the rest of the **UK**, **you** can contact **HMRC** either to claim additional tax relief if the Scottish rate is higher or to reconcile any difference in tax relief if the Scottish rate is lower.

4.17 If **you** sacrifice salary in exchange for an employer payment to your **plan**, section 4.16 doesn't apply to that payment.

## HMRC limits

**You** will be able to benefit from basic-rate tax relief on your annual contribution to your **plan** subject to the conditions as explained in sections 4.18 to 4.20 below.

For more information, please see our leaflet 'Information about tax relief, limits and your pension' (GEN658).

**(a) Tax relief on your contribution**

4.18 In any **tax year** in which **you**'re a **relevant UK individual**, **HMRC** will give tax relief on payments to your pension schemes from **you** or a **third party** up to the higher of:

a) the **basic amount** regardless of your earnings; and

b) 100% of your **relevant UK earnings** for that **tax year**.

These **HMRC** limits for tax relief apply to the total grossed-up payments (i.e. including the basic-rate tax relief received from **HMRC**, as explained in section 4.16) made by **you** or a **third party** to all your pension plans. As explained in section 4.3, **we**'ll not accept payments from **you** or a **third party** on which **we** can't claim basic-rate tax relief.

Payments made by your employer don't count towards the **HMRC** limits for tax relief (but do count towards your **annual allowance** as explained in section 4.21).

4.19 If **you** stop being a **UK** resident and don't have any **relevant UK earnings** but **you** were a **UK** resident when **you** joined the **scheme**, **you** can continue paying up to the **basic amount** for the next five **tax years** following the **tax year** in which **you** leave the **UK**. If **you** weren't a **UK** resident when **you** joined, **you** can't make any payments after the end of the **tax year** in which **you** stop being a **UK** resident unless **you** have **relevant UK earnings**. But if **you** have (or your husband, wife or civil partner has) earnings from overseas Crown employment which are subject to **UK** tax, **you** can continue to make payments while **you**'re outside the **UK**.

4.20 Where **we** find out from **HMRC**, or **we** receive satisfactory evidence, that **you** or a **third party** have made a payment to your **plan** that's higher than the **HMRC** limits described in section 4.18 and 4.19, **we**'ll use your holding in the **trustee cash account** (or cancel **units** proportionately from all your **Standard Life investment policy funds** if **you** have no other investments) to pay a refund to the payer and to **HMRC** to bring your payment within the **HMRC** limits. **You**'ll also be charged for our reasonable costs in paying the refunds. If **you** don't have enough funds in the **trustee cash account** to repay **HMRC**, repay the payer and pay our costs, **we**'ll sell investments on the basis described in sections 6.6 and 6.7.

**(b) Annual allowance**

HMRC set an **annual allowance** on the total amount that **you**, your employer and any third party can pay to all your pension plans without a tax penalty.

The tax penalty for exceeding the **annual allowance** is that **you** will pay income tax at your **marginal rate** on payments to your pension plans that exceed the allowance. This tax is called the **annual allowance charge**.

If you have not paid the maximum **annual allowance** amount in any of the three previous tax years you can carry forward the unused amount to the current tax year.. If **you** think that **you** may exceed your **annual allowance**, please speak to your **financial adviser**.

If you **flexibly access** any benefits with any pension provider on or after 6 April 2015 **you** will have a reduced **annual allowance** known as the **money purchase annual allowance** and **you** will also be unable to carry forward unused **annual allowance** from previous **tax years**. When **you flexibly access** your benefits **you** will get a notification from your pension provider which will explain more about the new limit and what you need to do. **You** need to let **us** know if you have received one of these notifications from another pension provider or **you** may be fined by **HMRC**.

The **annual allowance** and **money purchase annual allowance** don't apply to **transfer payments**.

Where payments to this **scheme** exceed the **annual allowance** and the **annual allowance charge** is more than £2,000, **you** have a statutory option to notify **us** in writing that **you** want the **annual allowance charge** to be deducted from your **plan**. **You** can use form GEN1742 for this purpose. If **you** are subject to the **money purchase annual allowance** and **you** exceed that limit the statutory option does not apply to **you** and you will have to pay any tax due to **HMRC** yourself.

**(c) Lump sum allowances**

4.21 **HMRC** set a limit on the total tax -free lump sums that **you** can receive from all your pension plans. These limits are known as the **lump sum allowance**, the **lump sum and death benefit allowance** and the **overseas transfer allowance.**

If **you** have the right to take **benefits** from your **plan(s)** before the 'normal minimum pension age' (which is explained in section 11.3) – as is the case, for example, for certain sports people – then your **lump sum allowance** may be affected if **you** do so. If **you** are considering taking **benefits** from your **plan** before the normal minimum pension age **you** should discuss this with your **financial adviser.**

4.22 If **you** have applied to **HMRC** for lifetime allowance protection then this will increase **your** lump sum allowances. If **you** think **you** could be eligible for protection, **we** strongly suggest **you** discuss the situation with your **financial adviser.** There may be a cost for this.

4.23 Each time you take benefits, or when benefits are paid after your death, any lump sum that is paid **must** be tested against **your** lump sum allowances remaining. If **your** allowance is exceeded then tax will be due on the excess at the **marginal rate** of the person to whom the excess is paid.

# 5. Investments

## Permitted investments

5.1 A wide range of investments can be held under a Self Invested Personal Pension Scheme but certain investments are subject to additional tax charges imposed by **HMRC** to discourage their use. **You** can ask your **financial adviser** for details of the investments currently subject to tax charges by **HMRC**.

## Buying and selling investments

5.2 **You** can tell **us** what investments **you** want to buy but **we**, as the **scheme administrator**, will decide if an investment is an acceptable one to be held in the **scheme**. **We**'ll tell **you** if an investment isn't acceptable and the reasons for our decision. The **scheme administrator** and the **trustee** aren't liable or responsible for any loss or missed profit if **we** don't agree to buy an investment.

Sections 5.3 to 5.5 set out our terms for accepting particular types of investment and **we** may require **you** to use the **execution–only stockbroker** or a **discretionary investment manager** for some investments. The investment provider may have their own terms which could, for example, include minimum investments and powers to delay sales.

**You** can tell **us** what investments **you** want to sell. If there are legal or regulatory reasons why **we** can't do so, or if it will take time to do so as the investment provider has set restrictions on sales, **we**'ll tell **you**. The **scheme administrator** and the **trustee** are not liable or responsible for any loss or missed profit if **we** can't sell the investment when **you** want **us** to do so.

5.3 **We**'ll only agree that an investment is an acceptable one to be held in the **scheme** (and instruct the **trustee** to buy it) if, in our reasonable opinion, the investment will not be subject to the additional tax charges imposed by **HMRC** to discourage particular types of investment such as residential property, tangible moveable property (including fine art, wine, antiques and vintage cars) and loans to any person. (**HMRC** will tax these investments as if they are unauthorised payments.)

Even if a type of investment is not subject to additional tax charges, **we** can choose not to allow it under the **scheme**. **We** may do so if in our reasonable opinion:

a) there's a significant risk that the **scheme administrator** or the **trustee** could find itself with a liability that it might not be able to meet from your **plan**; or
b) making (or supporting) the investment could reduce the level of service that the **scheme administrator** or the **trustee** can provide to other **members** of the **scheme**; or
c) it might result in damage to the reputation of the **scheme administrator** or the **trustee**; or
d) it is a type of investment that too few **members** would select for it to be cost-effective for the **scheme administrator** to develop the processes or recruit the staff to make or support such an investment within the **scheme**; or
e) there are legal or regulatory reasons why **we** can't do so.

5.4 **We** may instruct the **trustee** to sell an investment without your agreement if, in our reasonable opinion:

a) the investment will become subject to the additional tax charges imposed by **HMRC** to discourage particular types of investment; or
b) there is a significant risk that, by keeping the investment, the **scheme administrator** or the **trustee** could find itself with a liability that it might not be able to meet from your **plan**; or
c) keeping the investment might result in damage to the reputation of the **scheme administrator** or the **trustee**; or
d) there are legal or regulatory reasons why **we** must do so (which include, for example, complying with a court order, paying back a loan or making payments under the **rules**); or

e) it is necessary for a **member**'s share of a syndicated purchase of a property (see section 9.2) to be sold to make payments under the **rules** and the other **members** of the syndicate have not agreed to purchase that share; or

f) **you** haven't kept sufficient funds in the **trustee cash account** to meet expected payments and **we**'re selling investments in the order set out in sections 6.6 and 6.7.

**We**'ll tell **you** if an investment is sold and the reasons for the sale. The **scheme administrator** and the **trustee** are not liable or responsible for any loss or missed profit if **we** sell an investment under this section.

5.5 In accepting your instructions to buy or sell an investment, the **scheme administrator** and the **trustee** are not expressing an opinion on the likely performance of the investment, the suitability of any new investment for your **plan** or the merits of any sale and are not under a duty to do so. **You** are relying on your own assessment of these matters and on any advice received from your **financial adviser** including where an option or choice arises in relation to an investment held in your **plan**.

The **scheme administrator** and **trustee** are not responsible for the investment advice provided by your **financial adviser** or a **discretionary investment manager** providing an advisory service or for the investment decisions made on your behalf by the **discretionary investment manager**.

The **scheme administrator** and **trustee** are also not liable or responsible for any loss or missed profit caused by the failure of a **discretionary investment manager**, **execution–only stockbroker**, investment provider, bank, custodian, sub–custodian or nominee company to perform their duties or to meet their financial obligations (including, for example, if they become insolvent).

The **scheme administrator** and **trustee** are not liable or responsible for the accuracy of the valuations provided by an investment provider, nor for the content or accuracy of the literature produced by an investment provider including any factsheet or **prospectus**.

The **scheme administrator** and **trustee** are however responsible for any loss caused by their own fraud, negligence, wilful default or breach of regulatory duty.

## Ownership of the investments

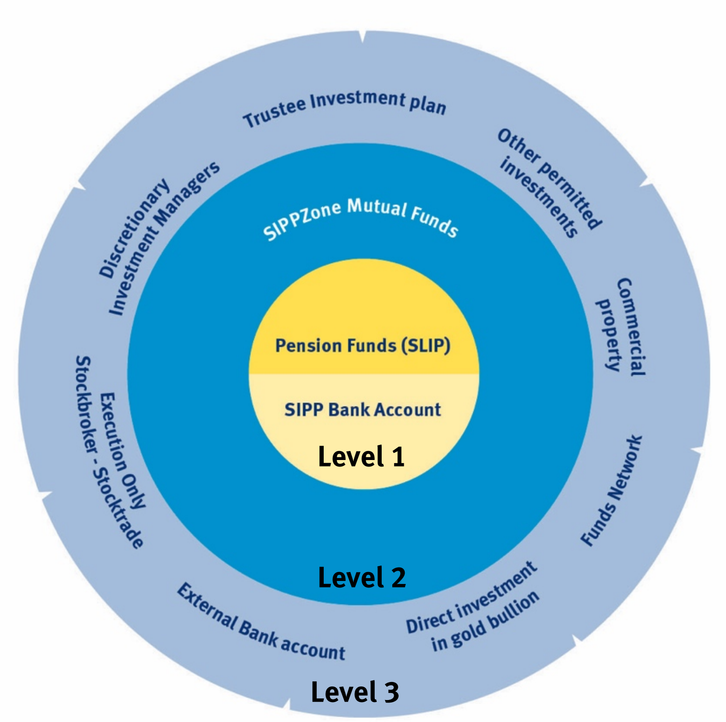
5.6 The **trustee** will own all of the investments held for **you** under the **scheme** but it will only buy or sell investments where the **scheme administrator** directs the **trustee** to do so. As a **member** of the **scheme**, **you** don't own the investments held for **you** under your **plan** but your **benefits** do depend on how these investments perform.

The investments are held by the **trustee** or, on the **trustee**'s behalf, by the **execution-only stockbroker**, a **discretionary investment manager**, a nominee or a custodian.

**We** normally won't direct the **trustee** or ask the **execution-only stockbroker, discretionary investment manager**, nominee or custodian to exercise voting rights (or appoint a proxy) in line with your wishes for any investment in your **plan**. **We** won't reclaim tax on any non-UK investments.

## In specie transfer payment

5.7 If **you** want to make an **in-specie transfer payment** to the **scheme**, **you** must give **us** a list of all of the assets that **you** want to transfer to the **scheme**. **We**'ll tell **you** if there are any assets on that list which **we**'re not willing to accept, as well as our reasons for doing so. The **trustee** can refuse to accept ownership of any asset which **we** didn't agree to accept or which wasn't included on the list. If **we** cannot accept an asset and **you** still want to continue with the transfer, **you**'ll need to sell that asset and transfer the proceeds to the **scheme** in accordance with section 4.5. For further information on how to make an **in-specie transfer payment**, please contact your **financial adviser**.




## Level 1, level 2 and level 3 investments

5.8 If a type of investment is acceptable, **we**'ll treat it as a **level 1**, **level 2** or **level 3** investment.

## Level 1 investments

5.9 Cash held in the **trustee cash account** and **Standard Life investment policy funds** are **level 1** investments. **We** describe these investments in sections 6 and 7.

## Level 2 investments

5.10 **SIPPZone mutual funds** are **level 2** investments. **We** describe **SIPPZone mutual funds** in section 8.

## Level 3 investments

5.11 The **level 3** investments are any investments that are not **level 1 or level 2** investments. They include investments made through the **execution-only stockbroker** (see section 5.15) or **discretionary investment managers** (see section 5.19) and commercial property. **We** describe investment in commercial property in section 9.

5.12 **We** may receive income from transactions in **level 3** investments or from holding these investments (for example, in arranging insurance for property) and, if **we** do so, **we**'ll keep that income as part of our overall income under the **SIPP products**.

## Access to the full range of investment options

5.13 **We**'ve appointed an **execution-only stockbroker** and **discretionary investment managers** and their roles are described in sections 5.15 to 5.24. If **you** don't use our **execution-only stockbroker** or a **discretionary investment manager** for all or part of your **plan**, **you** won't be able to use the full range of investments available under the **scheme**.

5.14 In particular, futures and options are types of investment which are not subject to additional tax charges imposed by **HMRC** but **we**'ll only allow them under the **scheme** if:

a) **you**'ve appointed a **discretionary investment manager** (see section 5.19) to manage a portfolio of assets held for **you** under the **scheme**;

b) the futures and options will be part of that portfolio; and

c) the **discretionary investment manager** has agreed to limit the liability of the **trustee** and the **scheme administrator** to the value of your **plan**, which cannot be less than £0.

## Execution-only stockbroker

5.15 **We**'ve appointed an **execution-only stockbroker** for **SIPP members** who wish to make execution-only trades or who wish to authorise their **financial adviser** to do so on their behalf.

Our appointed stockbroker will not provide advice on the merits of an investment transaction or advice on whether an investment is suitable for **you**.

Our appointed stockbroker will hold the investments purchased through this service as custodian for the **trustee**. The **execution-only stockbroker** may pool investments and money held by them for your **plan** with investments and money held for other customers that they have. If there's a shortfall and the **execution-only stockbroke**r is unable to meet their financial obligations, your **plan** may be due a share of the shortfall.

5.16 If **you** want to do execution-only trades, **you** (or, if **you** authorise your **financial adviser** to do so on your behalf, your **financial adviser**) must use our **execution-only stockbroker.** Your relationship with the **execution-only stockbroker** will be governed by their terms of service. Our relationship with the **execution-only stockbroker** is governed by the agreement that the **execution-only stockbroker** has made with **us** and the **trustee**. Subject to section 5.2, **you** can buy or sell the following types of investments through our appointed stockbroker:

a) stocks and shares listed on stock exchanges recognised by **HMRC**;
b) fixed interest securities;
c) index linked securities;
d) loan notes and debentures issued by public limited companies;
e) venture capital trusts;
f) investment trusts;
g) corporate bonds;
h) government bonds;
i) real estate investment trusts;
j) crest depositary interests;
k) warrants; and
l) exchange-traded funds.

**We** may add additional types of investments to this list. **We** may also remove types of investment from this list from time to time to take account of any requirements, guidance or codes of practice issued by our regulatory bodies. If your **plan** already holds a type of investment before **we** remove it from the list, **we** won't normally insist on it being sold unless **we**'d be breaching regulatory requirements, guidance or codes of practice by allowing your **plan** to continue holding that investment.

5.17 **You** (or your **financial adviser**) must deal directly with our **execution-only stockbroker** using their internet sharedealing facility or their telephone service when **you**'re placing a trade. The internet sharedealing facility is available for most (but not all) types of investment.

The stockbroker will send the contract notes to **you** or, if **you** have authorised your **financial adviser** to instruct the trades on your behalf, your **financial adviser**.

The stockbroker will also contact **you** (or your **financial adviser**) where **you** need to take any decisions on your investments, for example, in relation to a rights issue.

5.18 When **you** buy an investment, the **execution-only stockbroker** will request money from the **trustee cash account** to pay for the purchase. When **you** sell an investment, the **execution-only stockbroker** will pay the sale proceeds into the **trustee cash account**.

**We**'ll normally deduct a transaction charge from your holding in the **trustee cash account** each time that **we** give money to or receive money from the stockbroker. Please see sections 10.9 and 10.10 for more details on the transaction charge.
When **you**'re buying an investment, **you** (or your **financial adviser**) must make sure that **you** have enough money in the **trustee cash account** to settle the trade. If there's not enough money to settle the trade, the **execution-only stockbroker** will sell that investment and:

- if the sale price is less than the purchase price, your **plan** will bear the investment loss; and
- **you**'ll still be charged the transaction costs

The stockbroker may charge **you** for the extra administration involved. And **we** may also charge **you** for the extra administration involved.

The **execution-only stockbroker** will arrange that any income on the investments held for your **plan** is paid to the **trustee cash account**.

## Discretionary investment manager

5.19 If **you** don't wish to take your own investment decisions, **you** can use the services of a **discretionary investment manager** to take day-to-day investment decisions for **you**. For a list of the **discretionary investment managers** available to your **plan**, please contact **us** or your **financial adviser**. **You** need to sign an agreement with any

**discretionary investment manager you** appoint, as it is your power to make decisions on investments that the **discretionary investment manager** is using. **You** also need to agree an investment strategy with them taking account of your needs, your attitude to risk and our restrictions on the types of investments allowed. Your agreement with the **discretionary investment manager** will also be subject to the terms of the agreement that they have made with **us** and the **trustee**.

**You** can't use a **discretionary investment manager** that's not approved by **us**.

**We**'ll make a yearly charge as set out in section 10.14 for each **discretionary investment manager** that you **use**. **You** will also have to pay the **discretionary investment manager**'s charges.

5.20 In terms of the appointment, the **discretionary investment manager** must:

- set up an account for your **plan** and pay money out of that account only to **us**;
- comply with **our** restrictions on the type of investments allowed;
- be responsible, on behalf of the **trustee**, for the safe custody of the investments purchased through this service;
- keep the investments of your **plan** separate from any of your own investments which **you** might have with that manager;
- sell investments when **we** require money to pay your **benefits**;
- follow our instructions on the transfer of the investments if they stop being authorised to be an investment manager or **we** remove them from our list of acceptable **discretionary investment managers**; and
- prepare reports on transactions and valuations for **us** so that **we** can administer your **plan**.

The **discretionary investment manager** may pool investments and money held by them for your **plan** with investments and money held for other customers that they have. If there is a shortfall and the **discretionary investment manager** is unable to meet their financial obligations, your **plan** may be due a share of the shortfall.

5.21 The discretionary portfolio can't include any direct investment in property or land, or any borrowing associated with the direct purchase of property or land.

5.22 **You** are relying on the investment expertise of the **discretionary investment manager** that **you** use. It's your responsibility to organise your dealings with your **discretionary investment manager** and for the security of your communications with them. **We** won't pass on your instructions to them. They'll send the contract notes to **you** and deal directly with **you** regarding your investments.

5.23 **We**'ll forward money to, and receive money from, your **discretionary investment managers** in accordance with your instructions. **We** won't forward any money to your **discretionary investment manager** unless it's available from your holding in the **trustee cash account**.

## Advisory service

5.24 Some of the **discretionary investment managers** also offer an 'advisory' service. This means that the manager will give **you** advice on your investments but **you**'ll make your own decisions. To place your trades, **you** must use the services of the **discretionary investment manager**.

## Mutual funds in level 3

5.25 If **you** instruct **us** on your behalf to buy and sell **units** in a **mutual fund** (including those on FundsNetwork), these **units** will be bought, held and sold subject to the terms set out in that **mutual fund**'s **prospectus**. The **trustee** owns the **units** and holds them to provide your **benefits**. A **mutual fund**'s **prospectus** may allow the **manager** to make changes to a **mutual fund** (for example, closing, winding up or dividing the **mutual fund**) as set out in the **mutual fund**'s **prospectus**. For full details, please refer to the **mutual fund**'s **prospectus** which is usually available on the **manager**'s website. Where the **manager** fails to administer a **mutual fund** in accordance with the **mutual fund**'s **prospectus**, **we** won't make good any loss that arises. **We** also won't make good any loss that **you** might suffer as result of the exercise of a power set out in the **mutual fund**'s **prospectus**.

5.26 The **manager** of a **mutual fund** may increase their charge and, when **we** are informed, **we**'ll inform **you** or your **financial adviser** as soon as is reasonably practicable.

## Deposit accounts in level 3

5.27 If **you** wish to invest in a deposit account with a bank or building society, the account will be held in the name of the **trustee**. The deposit account could be a pooled account which means that it contains holdings for a number of SIPP **plans**. If there is a shortfall and the bank or building society is unable to meet their financial obligations, your **plan** may be due a share of the shortfall.

The **scheme administrator** and **trustee** must be able to withdraw money from the account where, for example, money is required to pay **benefits**. This applies even if the deposit is intended to be for a fixed term. The bank or building society may charge a penalty for early withdrawal or surrender of a term deposit and any penalty, if not deducted from the proceeds, will be deducted from your holding in the **trustee cash account**.

## Other level 3 investments

5.28 **We** can provide your **financial adviser** with our list of the other types of investments that **we** are currently accepting under a **plan**. For these less common investments, **we** may have special requirements but **we**'ll tell **you** about them when **you** ask to invest in one of them.

## Instructions from your financial adviser

5.29 Where **you** have authorised **us** to do so, **we**'ll treat any instructions on investments that **we** receive from your **financial adviser** as your instructions. **We**'re not liable or responsible for any loss or missed profit because **we** didn't act on your **financial adviser**'s instructions until **we** received your authority to do so.

In some cases, for example, the initial appointment of a **discretionary investment manager** or the buying or selling of a property, **we**'ll always require a direct instruction from **you**.

## Timely execution

5.30 Sections 7.20 to 7.27 describe how transactions are done under the Standard Life Investment Policy and sections 8.10 to 8.15 describe how transactions in the **SIPPZone mutual funds** are done. **We**'ll transact all other investments as soon as is reasonably practicable after **we** receive complete and unambiguous instructions. **You** can obtain details of what is 'reasonably practicable' for a particular investment from our **SIPP Customer Centre**. By transact **we** mean that **we**'ll have completed our part in the buying or selling process for that investment, such as filling in an application form or sending money to the **execution-only stockbroker** or **discretionary investment manager**. As long as **we**'ve acted as soon as is reasonably practicable, **we**'re not liable or responsible for any loss or missed profit between the time that **we** received the instruction and the time that it was completed.

## Transactions between your plan and you or any person or company connected with you

5.31 Where there's an investment transaction (including a lease) between your **plan** and **you** (or any person or company connected with **you**) then it must be an 'arm's length bargain'. This is an **HMRC** requirement and, if this doesn't happen, there are tax penalties.

## Investment income

5.32 If **we** receive income or interest for an investment that used to be held in your **plan** after:

a) **you**'ve transferred your **plan** to another scheme; or

b) **you**'ve used the **plan** proceeds to buy an **annuity**

**we**'ll forward that income or interest to the administrator of your new scheme (if they agree to accept it) or use it to provide **benefits** for **you** where, in either case, this would be cost-effective and practicable for **us**, acting on a reasonable basis.

## Distressed investments

5.33 If an investment held in your **plan** can't be sold due to the investment provider experiencing financial or operational distress, default or bankruptcy, **we** will treat that investment as being 'distressed' and apply the following conditions:

a) If the investment provider can't give **us** an up-to-date value for the investment, or if the latest valuation is more than three months old, **we**'ll normally value that investment at £0.01 even where it's possible that the investment might have a residual value. This is to avoid your **plan** having an unrealistically high value. This will ensure that any charges **you** pay will reflect the distressed nature of the investments and will help **you** plan for retirement based on realistic expectations.

b) If **we** don't have an up-to-date value for the investment, **we**'ll not normally agree to sell the investment to anyone (other than back to the investment provider). That's because there are tax consequences if investments are not sold at their market value.

c) The charges described in section 10 apply whether or not an investment is distressed. **We** will continue to incur costs in administering your **plan**, particularly if the distressed investment is wound up due to liquidation or another similar procedure.

d) If **you** ask **us** to transfer the value of your **plan**, excluding the distressed investment, to another scheme, **we**'ll not normally agree to the transfer unless a sum equal to at least three years' worth of administration charges is also left in your **plan**. This is to cover our costs in administering the distressed investment.

e) If **you** ask **us** to transfer the value of your **plan** to another scheme **we** may not be able to do this because, for example, **we** may not be able to receive a cash value for the investment or the other scheme may not be prepared to accept an in specie **transfer payment**. In these circumstances the distressed investment will remain in your **plan** until the distressed nature of the investment ceases or until the distressed investment is fully wound up. Any further distributions, including distributions on winding up, will be applied to your **plan**.

# 6. Trustee cash account

6.1 **We**'ll pay all cash **transfer payments** and all payments to the **scheme** by **you** or your employer or a third party on your behalf, into your holding in the **trustee cash account**, with one exception. If any part of a payment is to be invested in **Standard Life investment policy funds**, **we**'ll invest that part of the payment directly in your chosen **Standard Life investment policy funds**.

**We**, as the **scheme administrator**, use our own clearing account for payments into and out of the **scheme**. **We** also use one of our own accounts to hold any amounts that **we**, as the **scheme administrator**, have taken from the **trustee cash account** to meet tax that **we** (or the **trustee**) are due to pay to **HMRC** (including tax on income payments). **We**'ll take the tax from the **trustee cash account** (or your **Standard Life investment policy funds**) when **we** make the payment (or are treated as having made the payment) on which the tax is due.

6.2 The **trustee cash account**, currently provided by HSBC Bank plc, is a deposit account held by the **trustee** but **we** operate the account on behalf of the **trustee**. The deposit account is a pooled account which means that it contains holdings for a number of SIPP **plans**. **We** will however keep a record of your holding in the **trustee cash account** each day. If there's a shortfall and HSBC Bank plc is unable to meet its financial obligations, your **plan** may be due a share of the shortfall.

HSBC Bank plc will calculate interest on a daily basis and pay it to **us** each month in arrears. In normal conditions **we**'ll then apply part of that interest to your holding in the **trustee cash account**. Providing **we** receive enough interest from HSBC Bank plc, the rate of interest **we** pay to your holding in the **trustee cash account** will generally be 1% below the Bank of England base rate. (This means that if the base rate is 1% or less we'll pay 0% unless we tell you otherwise.) **We**'ll keep the rest of the interest earned on the account as part of our overall income under the **SIPP products**.

**W**e'll give **you** three months' notice before changing the above formula.

Please contact **us** or your financial adviser if **you** wish to know the current interest rate that **we** apply.

## What the trustee cash account is used for

6.3 **We**'ll take money from your holding in the **trustee cash account** to:

a) pay your **benefits** and any taxes due under the **plan**;

b) pay a **transfer payment** to another scheme or comply with any **pension sharing order** (as explained in section 15.10) or any other court order; or

c) collect charges detailed in section 10 or pay expenses as detailed in these **terms** (including paying for any development of a property).

This section doesn't apply if your **plan** is fully invested in **Standard Life investment policy funds** since **we**'ll provide all the **benefits** and collect all the charges (except for the fund management charges described in sections 7.30 and 7.31) by **unit** cancellation. Neither does it apply if **you**'ve asked **us** to pay your **benefits**, collect the commission charges or pay a fee to your adviser by cancelling **units** from the **Standard Life investment policy funds** in your **plan** and the proceeds of the unit cancellation are sufficient to provide the **benefit**, charge or fee.

6.4 Unless **you** decide to use a **discretionary investment manager**, **we** use the **trustee cash account** for your investment transactions.

**We**'ll take money out of your holding in the **trustee cash account** when **we**:

- follow your instructions to buy investments;
- give money to a **discretionary investment manager**.

**We**'ll add money to your holding in the **trustee cash account** when **we**:

- receive the proceeds of the sale of an investment or money from a **discretionary investment manager**;
- receive income or interest from your investments;
- receive tax reclaimed on your investments.

If **you** don't give **us** investment instructions, the money will stay in your holding in the **trustee cash account.**

## Keeping your holding in the trustee cash account sufficient at all times

6.5 **You** need to keep sufficient funds in the **trustee cash account** to meet expected payments (including making any new investments, paying interest on loans or paying income to **you**). If the money isn't in the account, **we** may not be able to make the payments or buy the investments. This is because the **trustee cash account** is a deposit account and so can't be overdrawn.

Your **beneficiary** will also need to make sure that there are sufficient funds in their holding in the **trustee cash account** to pay them any relevant **benefits**.

It is important that **you** (and your **financial adviser**) arrange to top up the money in the **trustee cash account** by selling or realising investments if this is going to be necessary.

Before your holding in the **trustee cash account** becomes insufficient to allow **us** to meet the requirements set out in section 6.3, **we**'ll contact your **financial adviser** and ask for your instructions on selling investments in your **plan** to generate the required amount. If **you** or your adviser don't give **us** instructions, **we**'ll sell investments on the basis described in sections 6.6 and 6.7. If there's insufficient money in the **trustee cash account** to pay an **adviser charge**, **we**'ll cancel **units** from all the **Standard Life investment policy funds** held in your **plan** but **we** won't sell any other investments on the basis described in sections 6.6 and 6.7 to pay the **adviser charge**.

6.6 If **we** don't receive instructions:

a) **we**'ll cancel **units** proportionately from all the **Standard Life investment policy funds** held in your **plan**;

b) if this produces an insufficient amount, **we**'ll cancel **units** proportionately from all the **SIPPZone mutual funds** held in your **plan**;

c) if this produces an insufficient amount, **we**'ll cancel **units** proportionately from all the **mutual funds** on FundsNetwork held in your **plan**;

d) if this produces an insufficient amount, **we**'ll sell investments from your **plan** on the basis described in section 6.7; and

e) **we**'ll deduct our transaction charge as explained in section 10.15.

If **you** have both a **savings investment mix** and a **drawdown investment mix**, the above steps will change the investments held in both mixes but **we**'ll only deduct any charge or payment from the relevant **pre** or **post pension date account(s)**.

6.7 Where **we** have to sell investments in terms of paragraph d) of section 6.6 to meet the requirements set out in 6.3, **we**'ll:

a) sell a proportion of every investment held for **you** under the **plan** for which a partial sale is possible, excluding commercial property or traded endowment policies (since they're not liquid assets);

b) once **we**'ve sold all the investments for which a partial sale is possible under the **plan**, **we**'ll sell the other investments on a 'last bought, first sold' basis, excluding commercial property or traded endowment policies;

c) if commercial property and traded endowment policies are the only investments held for **you**, **we**'ll sell the traded endowment policies on the 'last bought, first sold' basis; and

d) if commercial property is the only investment held for **you** and the rental income from the property is insufficient to provide the **benefit** or the charge, **we**'ll sell the property.

If commercial property is the only investment held for **you** and **we** need to collect a charge, **we**'ll offer **you** the option to make a payment into your **plan**, or to pay **us** direct, to cover the charge instead of selling the property. If this applies, there will also be a billing charge to cover our reasonable costs.

6.8 Where there's insufficient cash in your holding in the **trustee cash account** to pay a charge, or an income payment, **we** reserve the right to sell assets of greater value so that **we** don't have to repeat these sales too frequently. **You** can get details of how **we** calculate this greater value from **us** or your **financial adviser**.

## 7. Standard Life Investment Policy

7.1 The Standard Life Investment Policy is a master policy which The Standard Life Assurance Company issued to the **trustee** as policyholder. The **insurer** of the Standard Life Investment Policy is now Phoenix Life Limited.

7.2 The Standard Life Investment Policy allows **members** of the **scheme** to invest in a range of the **insurer**'s funds (the '**Standard Life investment policy funds**') including funds managed by the **insurer** ('**internal funds**') and funds managed by **external fund managers** ('**external funds**'). The **insurer** will keep a separate record of the amount that it is due to pay to each **member** of the **scheme** who chooses to invest in the policy.

The funds available under the **SIPP products** are in our series 4 range and are given in our leaflet 'Fund list – SLIP pension funds' (SLSIP5C) and on our website.

Each **Standard Life investment policy fund** has a separate pool of assets and is divided into **units**. The **insurer** uses the **units** of both **internal** and **external funds** for the sole purpose of working out how much it will pay on claims under your **plan**, under the **plans** of other **members** of the **scheme** and by other policyholders using the same fund. The assets in each **Standard Life investment policy fund** are owned by the **insurer** and, although policyholders have claims to money, they have no rights to particular assets or the proceeds of those assets.

Both **internal** and **external funds** may include money that the **insurer** holds for administrative reasons and the **insurer** may borrow money for both types of fund.

**You** can ask **us** or your **financial adviser** for a copy of the **insurer**'s leaflet 'Understanding unit-linked funds'

(GEN569), if **you** would like more information on how **Standard Life investment policy funds** work.

## Internal funds

7.3 For an **internal fund**, the **insurer** sets the investment objectives of the fund and makes the investment decisions for that fund within those objectives. The **insurer** will, in normal investment conditions, give **you** at least 30 days' notice if it intends to make a material alteration to the investment objectives of an **internal fund** and **you**'re invested in that fund.

## External funds

7.4 For an **external fund**, the **insurer** can use an **external fund manager** in three ways:

a) the **insurer** may buy **units** in the **external fund manager**'s **mutual fund** (and this could include a **mutual fund** provided by a company in the **abrdn group**);

b) the **insurer** may use an **external fund manager**'s insured fund; or

c) the **insurer** may instruct an **external fund manager** to manage funds held in the Standard Life Investment Policy.

In this way, **you** have access to the services of another fund manager without having to invest in a separate product. **You** don't invest directly in an **external fund manager**'s fund.

An **external fund** may also include some money that the **insurer** holds for administrative reasons.

7.5 When **you** instruct **us** on your behalf to buy and sell **units** in a **Standard Life investment policy fund** which is invested in a **mutual fund** managed by an **external fund manager**, the underlying **units** will be bought, held and sold subject to the terms set out in that **external fund manager**'s fund **prospectus**.

7.6 Where a **Standard Life investment policy fund** is invested in a **mutual fund** managed by an **external fund manager**, the **prospectus** of the **external fund manager**'s fund may allow the **external fund manager** to make changes to this fund (for example, closing, winding up or dividing the **external fund manager**'s fund) as set out in the **external fund manager**'s fund **prospectus**. For full details please refer to the **external fund manager**'s fund **prospectus** which is usually available on the **manager**'s website. Where a **Standard Life investment policy fund** is invested in an **external fund manager**'s fund and the **manager** fails to administer a **mutual fund** in accordance with the **mutual fund**'s **prospectus**, the **insurer** won't make good any loss that arises. The **insurer** also won't make good any loss that **you** might suffer as a result of a decision made by the **external fund manager** in terms of the fund **prospectus**.

## Available funds and lifestyle profiles

7.7 **You** can find out which **Standard Life investment policy funds** and **lifestyle profiles** are available from our leaflet 'Fund List – SLIP Pension Funds' (SLSIP5C), our website or from your **financial adviser**.

7.8 To protect the interest of existing investors, a **Standard Life investment policy fund** may not be available for a temporary period.

7.9 The maximum number of **Standard Life investment policy funds** that **you** can be invested in at any one time under the Standard Life Investment Policy is 11 (or 12 if your investment in the Standard Life Investment Policy is your only investment under the **scheme**).

7.10 To run funds efficiently or to meet market needs, the **insurer** can divide a **Standard Life investment policy fund** into more than one fund or combine two or more funds into one fund. If a fund that **you**'re invested in is being divided or combined, **you**'ll normally get 3 months' notice.

## Closing or winding-up a fund or removing a lifestyle profile

7.11 For commercial reasons (including those specified below), it's necessary for the **insurer** to be able to:

a) close a **Standard Life investment policy fund** to new investments (so that no new **units** in the fund are sold to investors) to protect the interests of existing unitholders under the fund;

b) wind up a **Standard Life investment policy fund** (so that the fund no longer exists), where the fund is no longer commercially viable or beneficial to its unitholders; and

c) impose other investment restrictions, where this is required to protect the interests of existing unitholders under the fund.

The **insurer** may remove a **lifestyle profile** and switch **members** using that profile to another available **lifestyle profile** which the **insurer** is responsible for designing and reviewing and that has, in the **insurer**'s opinion, the closest investment objectives to the original profile. This may happen where, for example, the profile is no longer commercially viable or, if it is a profile designed for the employees of a particular employer, that employer is no longer able or willing to perform their role in relation to that profile.

7.12 If a fund that **you**'re invested in is being closed or wound up, **you**'ll normally get 3 months' notice. **You** may receive less notice (or, in exceptional circumstances, no notice) if the **external fund manager** closes or withdraws their funds, or a shorter period (or no notice) is necessary to protect the interests of the unitholders with **units** in that fund.

7.13 When **you**'re told that a **Standard Life investment policy fund** is being closed to new money or wound–up, **you**'ll be able to notify **us** of any alternative funds or assets into which **you** would like to direct any existing and/or future investment. If **we** haven't heard from **you** or your **financial adviser** by the end of the notice period, the **insurer** will direct any existing and/or future investment into an alternative **Standard Life investment policy fund**. In choosing the alternative **Standard Life investment policy fund** the **insurer** will consider which fund has, in the **insurer**'s opinion, the closest investment objectives to the fund being closed or wound–up bearing in mind the charges and volatility rating for the fund being closed or wound–up. The **insurer** may also allocate the extra **units** awarded under section 7.33 or 7.34 to the fund that was selected by either **you** or the **insurer** as a replacement.

When **you**'re told that a **lifestyle profile** is being removed, **you**'ll be able to notify **us** of any alternative profile available from **us** that **you** would like to direct **us** to use for **you**. If **we** have not heard from **you** or your **financial adviser** by the end of the notice period, the **insurer** will switch any **units** invested using the existing **lifestyle profile** into the funds used by an alternative profile for an individual with the same period to their expected **pension date** as **you** have.

The alternative profile will be one of the **lifestyle profiles** that the **insurer** is responsible for designing and reviewing and the **insurer** will select the **lifestyle profile** that has, in the **insurer**'s opinion, the closest investment objectives to the profile being removed.

7.14 If a **Standard Life investment policy fund** is being wound-up, the **insurer** will switch any existing **units** invested in that fund to the fund that was selected by the method explained in section 7.13 above.

## Valuing funds and setting the unit prices

7.15 The Standard Life Investment Policy describes how the **Standard Life investment policy funds** are valued. The **insurer** values a **Standard Life investment policy fund** on each **business day**. It can do so on a maximum ('cost to purchase') basis or on a minimum ('proceeds of sale') basis.

In valuing a fund on a **business day**, the **insurer** bases the value of the fund on the values of the assets in that fund. The **insurer** also allows for any money in the fund (or borrowed by the fund) and income and expenses due but not yet paid.

7.16 In valuing assets in an **internal fund**, the **insurer** uses prices quoted on the relevant stock exchange, property valuations or its assessment of a fair value depending on the assets in that fund. The **insurer** will deduct its management charge (see section 7.30) and some fees and expenses out of the assets of **internal funds** before setting the **unit** price.

7.17 In valuing assets in an **external fund**, the **insurer** uses the pricing information provided by the **external fund manager** which will allow for the deduction of the **external fund manager**'s charges and the fees and expenses paid by the **external fund manager** out of the assets of their funds. The **insurer** will also deduct its management charge (see section 7.30).

7.18 Once the **insurer** has valued a **Standard Life investment policy** fund on a **business day**, it will use the value as the basis for setting the unit price for the following **business day** (and any non-business days before that day). The Standard Life Investment Policy describes how the maximum and minimum values of a fund can be used to calculate maximum or minimum **unit** prices. The **insurer** can use the maximum or the minimum value or a value between those two values to maintain fairness between unitholders joining, unitholders remaining in and unitholders leaving that fund. The **insurer** will divide the value of the fund on the basis that it has chosen by the total number of **units** to get the **unit** price for a **unit**. The maximum **unit** price is rounded up to six decimal places and the minimum **unit** price is rounded up to six decimal places.

For further information, please ask **us** or your **financial adviser** for a copy of the **insurer**'s leaflet 'Understanding unit-linked funds' (GEN569).

7.19 The **insurer** can suspend the valuation of a fund to maintain fairness between unitholders joining, unitholders remaining in and unitholders leaving that fund. This could occur where, for example, prices are not available from a relevant stock market or its supplier doesn't provide the prices in time.

## Allocating and cancelling units

7.20 The Standard Life Investment Policy describes the principles that the **insurer** will use to work out which **unit** prices to use to allocate or cancel **units** in **Standard Life investment policy funds** in particular circumstances. The purpose of the principles is to balance the interests of unitholders remaining in, joining and leaving funds with the interests of the **insurer**. The **insurer** may change the principles and may, for example, start to use a price set after a premium is paid ('forward price') rather than a price set before the premium is paid ('historic price'). Section 7.29 explains when the **insurer** may have to cancel and re-allocate units if a pricing error occurs.

7.21 Where the **insurer** is to allocate **units** in a **Standard Life investment policy fund**, the **insurer** divides the amount available by the appropriate **unit** price of that fund to arrive at the number of **units** to be allocated. The **insurer** allocates **units** in a **Standard Life investment policy fund** to the nearest 1/1000th of a **unit**. It will meet the cost of rounding up and keep any money left over after rounding down.

7.22 Where the **insurer** is to cancel **units** in a **Standard Life investment policy fund** to provide **benefits**, to pay charges or for reinvestment, the **insurer** multiplies the number of **units** by the appropriate **unit** price of that fund to arrive at the amount available. The **insurer** cancels **units** from each **Standard Life investment policy fund** to the nearest 1/1000th of a **unit**. It will meet the cost of rounding down and keep any money left over after rounding up.

For further information, please ask **us** or your **financial adviser** for a copy of the **insurer**'s leaflet 'Understanding unit-linked funds' (GEN569).

7.23 **We** try to place every instruction to buy or sell **Standard Life investment policy funds** with the **insurer** as soon as reasonably practicable after receiving it. Subject to sections 7.24 and 7.28, **units** will be allocated or cancelled no later than the third **business day** following the **business day** on which **we** received your instructions to do so.

## Delaying unit cancellation

7.24 The **insurer** can delay cancelling **units** held for **you** if it is necessary to maintain fairness between unitholders remaining in a fund and unitholders leaving a fund. For example, this could be necessary if it takes time to sell a particular type of investment in a fund or the markets are closed for an unforeseen reason. Where this applies, the **insurer** can delay the cancellation of the **units** held for **you** for up to one month or, where the **units** relate to a fund that invests directly or indirectly in buildings or land, for up to six months. If the cancellation involves an **external fund** (or a **blended fund**) and the **external fund manager** delays the cancellation, the **insurer** can delay the cancellation until it receives the proceeds of the related **units** in the **external fund manager**'s fund. If the **insurer** delays the cancellation, it will use the **unit** prices that apply on the day on which the cancellation actually takes place.

## Switching between Standard Life investment policy funds or for reinvestment

7.25 **You** can instruct **us** to switch your investments between the available **Standard Life investment policy funds**. Section 7.32 explains when the **insurer** might charge for these switches. Switches can result in assets being purchased or sold in the fund concerned and this can impact on other unitholders in that fund. If, in the **insurer**'s reasonable opinion, **you** are switching in and out of particular funds to attempt to make short-term gains on your investments, the **insurer** reserves the right to remove or restrict your access to these funds under your **plan**. The **insurer** will give **you** one month's notice before doing so.

7.26 **You** can also instruct **us** to cancel **units** in a **Standard Life investment policy fund** and pay the proceeds into the **trustee cash account** where they would be available for reinvestment.

7.27 **We** aim to place all instructions in relation to **Standard Life investment policy funds** with the **insurer** as soon as reasonably practicable. The **insurer** will normally switch or cancel **units** in the **Standard Life investment policy funds** on the second or third **business day** after **we** receive your instruction. However, as explained in section 7.24, there can be some circumstances where transactions can be delayed. For further information, please ask us or your **financial adviser** for a copy of the **insurer**'s leaflet 'Understanding unit-linked funds' (GEN569) or, for an **external fund** using a **mutual fund**, the relevant **mutual fund prospectus**, which is usually available on the **external fund manager**'s website.

7.28 Switching instructions which involve both cancelling or allocating **units** in **Standard Life investment policy funds** and buying or selling other investment types may cause delays. **We** will carry out such an instruction as soon as reasonably practicable but can't guarantee that it will be completed within the timescales set out in section 7.27. **You** should contact your **financial adviser** if **you** are concerned about a particular transaction.

Where **we** receive instructions to both cancel **units** from one or more **Standard Life investment policy funds** and sell other investments and then use the total proceeds to buy other investments, **we**'ll delay cancelling **units** from the **Standard Life investment policy funds** so that the proceeds become available on the same day as the proceeds of the other investments are due to become available.

## Errors in setting the unit price

7.29 It is a complex process to value funds and set **unit** prices so errors can occur.

If the error is material, the **insurer** will aim to put unitholders back, as closely as the **insurer** can, into the position that the unitholders would've been in if the error hadn't been made. This involves a change to the historic prices. The **insurer** will normally cancel transactions that stem from the use of the incorrect price and then re-do those transactions using the corrected price. This can result in an increase or decrease to the number of **units** allocated under the policy to a **member**. Where this isn't practical, the **insurer** will calculate the amount required to put a **member** into the position that they would've been in if the error hadn't been made and either allocate (or cancel) the appropriate number of **units** or add to (or deduct from) their holding in the **trustee cash account**. This is similar to the process that the **insurer** would use for any other error.

If the error isn't material, the **insurer** won't normally change historic prices or the number of **units** allocated under the policy to a **member**.

The **insurer**'s leaflet 'Understanding unit-linked funds' (GEN569) contains information on how the **insurer** assesses whether or not an error is material. **You** can ask **us** or your **financial adviser** for a copy of the **insurer**'s leaflet.

## Charges

7.30 The **insurer** will deduct a management charge for each day from each **Standard Life investment policy fund**. The charge is deducted before the **unit** price is set. The management charge for each day is a percentage of the fund divided by 365 (366 in a leap year).

**You** can find out the annual rate of the management charge that applies to each **Standard Life investment policy fund** from our leaflet 'Fund List – SLIP Pension Funds' (SLSIP5C), our website or from your **financial adviser**. For an **external fund** (or a **blended fund**), the annual rate allows for the **external fund manager**'s charges.

**You** can find an example of how the management charge is calculated on a daily basis in Annex 2 of these **terms**.

The **insurer** (or the **external fund manager**) will also deduct operating expenses from the fund. These operating expenses vary over time and the current estimated amounts of those deductions are shown as 'Additional expenses' in the leaflet.

For further information ask **us** or your **financial adviser** for a copy of the **insurer**'s leaflet 'Understanding unit-linked funds' (GEN569).

7.31 The **insurer** has the right to increase the management charge which applies to each **Standard Life investment policy fund**. Increases will reflect increases in the **insurer**'s overall costs (or changes in the assumptions that it makes) in providing the full range of pension funds available under the Standard Life Investment Policy or, if the increase relates to funds of a particular type or an individual fund, an increase in the **insurer**'s costs (or a change in assumptions) for that type of fund or individual fund. It may also increase the charges on a **Standard Life investment policy fund** which is an **external fund** to reflect increases in the costs in running such a fund or increases to the **external fund manager**'s charges or fees. Any increases in charges will not increase the profit margins of the **insurer** above reasonable levels.

The **insurer** will give **you** 3 months' notice before it increases the management charge of a fund that **you** invest in. Where the **insurer**'s fund is invested in a fund managed by an **external fund manager**, the **insurer** may not be able to give **you** 3 months' notice of an increase in the **external fund manager**'s charge but the **insurer** will notify **you** as soon as is reasonably practicable after it is informed of the increase.

7.32 The **insurer** won't normally charge for a switch between the funds available under the Standard Life Investment Policy, but it reserves the right to charge **you** a switching fee if:

a) in our reasonable opinion, **you**'re using the switch option to attempt to make short term gains on your investments; and

b) the fund that **you**'re switching into or out of invests in **units** of an **external fund manager** and that **external fund manager** charges the **insurer** for the transaction.

It is, however, a charge which **we** reserve the right to impose on all switches, if it becomes necessary for **us** to recover the costs **we** reasonably incur, as a result of carrying out switches between **Standard Life investment policy funds** on your behalf, or for any other grounds mentioned in section 10.20. This charge would be set in line with the factors explained in sections 10.16 to 10.19. If **we** do introduce such a charge, **we**'ll give **you** 3 months' notice in accordance with section 18.5.

### Credits

7.33 If the combined value of your investments in **Standard Life investment policy funds** and **SIPPZone mutual funds** is above the levels set out, from time to time, in our charges and discounts guide, the **insurer** may provide a 'large fund discount' by allocating extra **units** to the ones held for **you** in the **Standard Life investment policy**. When **we** create an **account** and issue a confirmation to **you**, **we** will include details of the large fund discount, if any, that applies to **you**. If a discount is payable, the discount under this section is a percentage of the value of the **Standard Life investment policy funds** which are eligible for the discount.

7.34 If the **insurer** agrees special terms with your adviser or special terms for your **group** (an 'adviser discount' or '**group** discount'), the **insurer** may allocate extra **units** to the ones held for **you** in **funds** under the Standard Life Investment Policy. When **we** create an **account** and issue a confirmation to **you**, **we**'ll include details of the 'adviser discount' or '**group** discount', if any, that applies to **you**.

If the '**group** discount' has been calculated on the basis that **we** will receive a regular fee from the employer, the **insurer** can reduce or remove the discount if that employer fee reduces or stops.

If your working relationship with the employer who set up the **group** ends, the '**group** discount' may continue, stop or reduce. Where the '**group** discount' stops, **you** will receive our 'standard large fund discount' terms if the value of your investments is above the relevant levels. Our 'standard large fund discount' terms are those available to individuals taking out a **SIPP product** at the time that the '**group** discount' is stopped. If the '**group** discount' reduces, **we**'ll tell **you** what the reduced **group** discount is at that time but **you** may not receive our 'standard large fund discount' terms.

7.35 The **insurer** can reduce (or stop applying) the large fund discounts and an adviser or **group** discount to reflect increases in its overall costs or changes in the assumptions that it makes. The **insurer** can also reduce (or stop applying) an adviser or **group** discount if the criteria on which the adviser or **group** discount was agreed are not being satisfied. Any reduction or withdrawal of the discounts will not increase the **insurer**'s profits above reasonable levels. The **insurer** will give **you** 3 months' notice before it reduces (or stops) a discount for funds that **you** invest in.

### Assigning the Standard Life Investment Policy

7.36 The Standard Life Investment Policy is a master policy and not an individual policy held on your behalf. This means that **you** can't ask the **trustee** to assign the Standard Life Investment Policy to the trustees of another scheme.

## 8. SIPPZone mutual funds

### Available funds

8.1 **You** can find out which **SIPPZone mutual funds** are available from our website or from your **financial adviser**.

### Mutual fund prospectus

8.2 Each **mutual fund** is divided into **units**. When **you** instruct **us** on your behalf to buy and sell **units** in a **mutual fund**, these **units** will be bought, held and sold subject to the terms set out in that **mutual fund**'s **prospectus**. The **trustee** owns the **units** and holds them to provide your **benefits**. A **mutual fund**'s **prospectus** may allow the **manager** to make changes to a **mutual fund** (for example, closing, winding up or dividing the **mutual fund**) as set out in the **mutual fund**'s **prospectus**. For full details, please refer to the **mutual fund**'s **prospectus** which is usually available on the **manager**'s website.

8.3 Where the **manager** fails to administer a **mutual fund** in accordance with the **mutual fund**'s **prospectus**, **we** won't make good any loss that arises. **We** also won't make good any loss that **you** might suffer as a result of a decision made by the **manager** in terms of the **mutual fund**'s **prospectus**.

8.4 **We**'ll follow your instructions to buy or sell **units** as soon as is reasonably practicable (see sections 8.10 to 8.16). A **mutual fund**'s **prospectus** may however allow the **manager** to delay a sale or purchase (or suspend all sales and purchases) of the **units** in that **mutual fund**.

8.5 The investment decisions for each **mutual fund** are made by the respective **manager** of each **mutual fund** and any investment restrictions for each **mutual fund** are listed in the relevant **mutual fund**'s **prospectus**. For more information, please refer to the fund factsheet which is available on our website and the latest **prospectus** which is usually available on the manager's website.

### Management charges

8.6 Each **manager** of a **SIPPZone mutual fund** collects an annual management charge. This charge is normally applied each **business day** after the **mutual fund** has been valued and before the **unit** price is set. Each **manager** may also deduct charges and expenses from their **mutual fund(s)**. **You** can find out the annual management charge (and an estimate of the expenses) applying to particular **mutual funds** from the fund factsheet available on our website or from your **financial adviser**.

8.7 The **manager** of a **SIPPZone mutual fund** will be allowed to increase their annual management charge in terms of their **prospectus**.

## Valuing funds

8.8 Prices of **units** of **mutual funds** are based on the value of the underlying assets in each **mutual fund**. **You** can find the most recently published prices that **we** have received from our supplier, for the **mutual funds** in which **you** can invest via **SIPP**, on our website. **You** should remember that all prices are historic prices and are not, therefore, prices at which **we**'re able to deal.

8.9 The price of the **units** purchased or sold will reflect the price available from the **manager** of the **mutual funds** at the **pricing point**. The **manager** will calculate the price in terms of the **mutual fund**'s **prospectus**.

## Buying and selling units

8.10 When **you** instruct **us** on your behalf to buy **units** in a **mutual fund**, these **units** will be bought from the **manager** of that **mutual fund**. The price of the **units** is determined as explained in sections 8.8 and 8.9. The payment for your purchase will be made out of your holding in the **trustee cash account**. No contract notes will be issued to **you**.

8.11 When **you** instruct **us** on your behalf to sell **units** in a **mutual fund**, these **units** will be sold to the **manager** of that **mutual fund**. The price of the **units** is determined as explained in sections 8.8 and 8.9. The proceeds will be added to your holding in the **trustee cash account** unless **you** instruct **us** to use the proceeds to make other investments. No contract notes will be issued to **you**.

## Switching between mutual funds

8.12 **You** can instruct **us** on your behalf to switch your investments between **SIPPZone mutual funds**.

8.13 **Units** will be sold and purchased at the prices available from the **managers** of the relevant **mutual funds** at the appropriate **pricing point**. No contract notes will be issued to **you**. Due to potential timing differences between the **pricing points** of different **mutual funds**, the implementation of a switch instruction may result in investment monies being temporarily uninvested and held in cash in your holding in the **trustee cash account** pending reinvestment.

## Instructing the purchase, sale or switch of units

8.14 **We** try to place every instruction with the person who is responsible for executing it as soon as is reasonably practicable after receiving it. Where a **mutual fund** is priced on every **business day**, your **units** will, subject to section 8.16, normally be purchased no later than the **pricing point** on the third **business day** after **we** receive your instructions. But in exceptional circumstances such as a period of abnormal demand on our services or a failure of our suppliers, it may be a later **pricing point**.

8.15 **We**'ll instruct the sale of **units** as described in sections 8.11 and 8.13 as soon as reasonably practicable. Where a **mutual fund** is priced on every **business day**, your **units** will, subject to section 8.16, normally be sold no later than the **pricing point** on the third **business day** following our receipt of your instructions. But in exceptional circumstances such as a period of abnormal demand on our services or a failure of our suppliers, it may be a later **pricing point**.

Where **you** instruct **us** on your behalf to switch your investments between **SIPPZone mutual funds**, **we**'ll instruct the sale of the **units** and the purchase of the **units** in the **mutual funds** as soon as is reasonably practicable.

Where **you** instruct **us** to switch from a **mutual fund** to a **Standard Life investment policy fund** or from a **Standard Life investment policy fund** to a **mutual fund**, **we**'ll instruct the purchase or allocation of the **units** as soon as is reasonably practicable after **we** receive confirmation that the original **units** have been sold or, if the purchase price is to come from the cancellation of **units** from **Standard Life investment policy funds**, when the proceeds of those **units** are available.

As explained in sections 7.24 and 8.3, the **insurer** of the **Standard Life investment policy funds** or the **manager** of the **mutual funds** concerned may, in some circumstances, be allowed to suspend or delay transactions. For more information on these issues, please refer to the **insurer**'s leaflet 'Understanding unit-linked funds' (GEN569), or the relevant **mutual fund prospectus**, which is usually available on the **manager**'s website.

8.16 Switching instructions which involve buying or selling **mutual funds** and other investment types may cause delays. **We**'ll carry out such an instruction as soon as reasonably practicable but can't guarantee that it will be completed within the timescales set out in section 8.15. **You** should contact your **financial adviser** if **you** are concerned about a particular transaction.

## Monthly fund administration charge

8.17 **We** make a 'fund administration charge' on the **monthly charge date** if your **plan** is invested in **SIPPZone mutual funds**. The charge is a percentage of your total investment in **SIPPZone mutual funds** on that date and **we** take it from the **trustee cash account**. The percentage rate that applies to **you** depends on the combined value of your **Standard Life investment policy funds** and your **SIPPZone mutual funds** on the **monthly charge date**. **You** can find full details in our charges guide or from our **SIPP Customer Centre**. Their contact details are in section 1.

## Converting to a new class of units

8.18 Where a **manager** makes a new class of **units** available for a **mutual fund** in which your **plan** is invested, **we** can instruct the **manager** to convert your investment in that fund to the new class of **units** if the conversion would be:

a) from a **bundled share class** to either an **unbundled share class** or a **discounted share class**; or

b) from an **unbundled share class** to a **discounted share class**.

**We** can also instruct the **manager** to convert your investment in a **mutual fund** to a new class of **units** if, in our reasonable opinion, the conversion would comply with the intentions of our regulators to promote the interests of consumers.

Before a conversion is due to take place, **we** will start re-directing into the new class of **units** any regular investment that **you** are already making into that **mutual** fund. **We** will normally start the re-direction process a week before the conversion is due to take place.

**We** will give **you** or your **financial adviser** reasonable notice before your investment in a **mutual fund** is converted to a new class of **units**.

# 9. Property

9.1 If **we** and the **trustee** agree to the purchase, (please refer to section 5.3 for more details on the factors affecting the **trustee**'s decision making process), your **plan** can invest in commercial property in the **UK**.

**You** are relying on your own assessment of the likely investment performance of the property or its suitability for your **plan**. In agreeing to a property purchase, neither **we**, as the **scheme administrator**, nor the **trustee** are expressing an opinion on these matters.

To begin the process **you** must read our Commercial Property Guide and then complete our property information questionnaire.

Our requirements are that:

a) a valuation report is instructed by **us** (though **you** may suggest a valuer);

b) the valuation is examined by our appointed environmental specialist who may recommend that **we** instruct a surveyor to conduct an environmental survey of the property;

c) all legal work is done by our appointed firm of solicitors;

d) if a property is purchased, it will be managed by a property management company appointed by **us**; and

e) any property insurance is taken out with an **insurer** chosen by **us**.

The cost of the valuation report is normally deducted from the **plan** and the charges for the professional work listed above are explained in sections 10.36 to 10.39.

9.2 **We** may allow your **plan** and the **plans** of one or more **members** of the **scheme** to invest in the same property. These are known as 'syndicated purchases' and **we** may require the **members** involved in the purchase to enter into a 'syndicate agreement' setting out, for example, what happens if a **member** wants to sell their share of the property or if the sale of their share is necessary to pay **benefits** or repay a loan.

9.3 The **trustee** won't buy any property from **you**, or from anyone connected with **you**, unless the purchase is on normal commercial terms. For more information on this issue, please see our Commercial Property Guide which **you** can obtain from **us** or your **financial adviser**.

## Charges

9.4 **We** list the charges that apply to property investment in sections 10.30 to 10.42. **You** can obtain our Commercial Property Guide setting out the current level of these charges from **us** or your **financial adviser**. **We**'ll collect these charges from your holding in the **trustee cash account**.

9.5 If the purchase of the property doesn't go ahead, **we** won't refund the property set up charge (see section 10.31) and your **plan** will be charged for all the expenses incurred, including the cost of searches, surveyor's fees, environmental reports and the solicitors' time.

## Borrowing

9.6 The **trustee** can set up a borrowing arrangement for your **plan** to finance the purchase or development of a commercial property or to pay for any VAT arising from the purchase of such a property. If the **trustee** does so and the lender makes a charge for arranging the mortgage, **we'**ll deduct that charge from the **plan**. The liability of the **trustee** under the borrowing arrangement must be limited to the value of your **plan** or, if the borrowing arrangement relates to a purchase or development of a commercial property for a number of **members** (a syndicated purchase), to the value of the property.

9.7 All borrowing must be:

a) within the limits set out in section 182 of the Finance Act 2004;

b) on commercial terms; and

c) repaid in full after the property is sold.

Section 182 of the Finance Act 2004, mentioned above, sets out limits on the amount a **registered pension scheme**, such as this **scheme**, can borrow without having to pay an additional tax charge. It is based on a complicated technical equation involving the borrowings and assets of your **plan**.

9.8 Where the **trustee** borrows money for your **plan** to pay any VAT arising from the purchase or development of a commercial property held in your **plan**, the loan must normally be repaid:

a) within 12 weeks after the date the purchase or development is completed; or, if earlier,

b) by the date on which the amount of the VAT is refunded to the **trustee**.

This is only an indication of the terms generally applicable. Please check the specific terms of the borrowing arrangement set up by the **trustee** on your behalf.

## Leasing

9.9 If the **trustee** buys a property that's leased to:

a) **you** (or **you** and your business partners) for the purposes of your trade or profession, or

b) a company that's connected to **you**, for the purposes of a business carried on by that company (for more information on this issue, please see our Commercial Property Guide which **you** can obtain from **us** or your **financial adviser**),

then the lease must be granted on normal commercial terms and the rent payable under the lease must be at a commercial rate supported by an independent professional valuation.

## Selling property

9.10 If your **plan** is invested in property when **you** die, **we'**ll sell the property (or your share of the property) if the proceeds are required to fund the death benefits.

9.11 **We'**ll charge your **plan** for the costs involved in selling the property.

# 10. Charges

10.1 This section describes all the types of charges that **we** may apply to your **plan**. The charges payable by **you** depend on the investments **you** choose to invest in and hold in your **plan** and the commission or **adviser charges we** pay to your **financial adviser**. The charges will be shown in your **illustration** and will be made up of some or all of the types of charges described in this section 10, depending on the investments **you** make and hold in your **plan**. **You** can obtain information on the current level of each of these charges from the current version of our charges and discounts guide or from our **SIPP Customer Centre**. Their contact details are in section 1. If **we'**re unable to collect a charge or to recover our costs from your **plan**, **we'**ll contact **you** and/or your **financial adviser** to discuss how this issue can be resolved. **We'**ll invoice **you** for payment where necessary.

## Standard Life Investment Policy

10.2 Sections 7.30 and 7.31 describe the management charges that apply to the **Standard Life investment policy funds** and the basis on which they can be increased. Section 7.32 describes when a switch charge may apply.

10.3 Sections 7.33 and 7.34 describe when and how the **insurer** adds extra **units** for **you** to the **Standard Life investment policy fund(s)** in which **you'**re invested. This reduces the effect of the management charge.

## SIPPZone mutual funds

10.4 Sections 8.6 and 8.7 describe the annual management charges that **managers** collect from **SIPPZone mutual funds** and the basis on which the **manager** can increase their charge.

10.5 Section 8.17 describes the monthly fund administration charge that applies to all **SIPPZone mutual funds**.

## Administration charges

10.6 **We** make an 'initial administration charge' when **you** first invest in a **level 3** asset.

Once **you**'ve made your first investment in a **level 3** asset, any subsequent investment in a **level 3** asset will not be subject to our 'initial administration charge'.

10.7 If, at any time in the previous 12 months, the investments in your **plan** included any **level 3** assets, **we**'ll make a 'yearly administration charge' on the **yearly charge date**.

If, at any time in the previous 12 months, the investments in your **plan** included **level 2** assets but no **level 3** assets, **we**'ll make a lower 'yearly administration charge' on the **yearly charge date**.

If your **plan** becomes fully invested in **Standard Life investment policy funds** after selling any **level 2 or level 3** investments, **we**'ll make the 'yearly administration charge' on that date.

If the combined value of your investments in **Standard Life investment policy funds** and **SIPPZone mutual funds** is above the levels set out, from time to time, in our charges and discounts guide, **we**'ll reduce the 'yearly administration charge' or, if the value is large enough, make no charge.

**We** won't make a 'yearly administration charge' on the **yearly charge date** if, throughout the previous 12 months, the only assets in your **plan** were **inner ring** assets.

## Pension fund withdrawal charge

10.8 Once **you**'ve applied a **pension date** to any part of your **plan** to take income drawdown (including £0 income), **we** make a 'pension fund withdrawal charge' on the **yearly charge date** if, at any time in the previous 12 months, **you**'ve been invested in a **level 3** asset. If **you** move all of the investments in your **plan** into **Standard Life investment policy funds**, **we**'ll make the charge on that date.

However, **we** reserve the right to make this charge if **you**'ve been invested in **level 1 or level 2** assets. **We** can do so only if it becomes necessary for **us** to recover the costs **we** reasonably incur, as a result of pension fund withdrawals, or for any other grounds mentioned in section 10.20. This charge would be set in line with the factors explained in sections 10.16 to 10.19. If **we** do introduce such a charge and it will apply to **you**, **we**'ll give **you** 3 months' notice, in accordance with section 18.5.

If **you** use all of your **post pension date accounts** to buy an **annuity** or **you** transfer all of those **accounts**, **we**'ll still make this charge on the next **yearly charge date** if **you** have any **pre pension date accounts** under the **plan**. If **you** don't have any **pre pension date accounts** under the **plan**, **we**'ll make the full charge on the date that the **annuity** is bought or the transfer is made.

A 'pension fund withdrawal charge' is in addition to the 'yearly administration charge'.

## Transaction charges

10.9 **We** don't make a 'transaction charge' for transacting and dealing in **level 1 or level 2** assets. However the **insurer** reserves the right to charge **you** a fee under section 7.32 for switching between the funds available under the Standard Life Investment Policy.

10.10 **We** make a 'transaction charge' for buying and selling **level 3** investments. This transaction charge will apply each time **you** instruct a transaction, for example, where **you** place a trade with our appointed **execution-only stockbroker** or **you** buy or sell mutual funds on FundsNetwork. It will also apply each time **we** receive the proceeds of a **level 3** investment because it has reached its maturity date or is being wound up. Different transaction charges apply to the buying and selling of different types of investments. **We** may cap the total amount of the transaction charges **we**'ll make in a year on particular types of investments. For more information, please see the charges set out, from time to time, in our charges and discounts guide.

10.11 If **you** use our appointed **execution–only stockbroker** to place your trades (as explained in sections 5.15 to 5.18), **you** will also have to pay their charges. The 'capping' of our transaction charge mentioned above does not apply to the charges made by our appointed **execution-only stockbroker**.

10.12 **We**'ll also apply a transaction charge for transferring the ownership of an asset from the **trustee** to the trustees of another scheme if **you** ask for an **in-specie transfer payment** under section 15.9.

## Valuation charges

10.13 **We** make a 'valuation charge' if **you** ask **us** for the current value of an asset and **we** have to contact the asset provider for an up-to-date valuation. If the asset provider charges **us** for the valuation, **we**'ll also pass that charge on to **you**.

**We** won't charge **you** for our standard yearly valuation or, when **we** receive a valuation from the asset provider, for updating our records.

## Investment manager charges

10.14 **We** make a yearly 'investment **manager** charge' for each **discretionary investment manager** (including those providing an advisory service) that **you** appoint. **We**'ll collect a proportion of the charge on the day of the appointment and the full charge on each **yearly charge date** from then on. (The proportion will be the period of days from the date of appointment to the next **yearly charge date** divided by 365.)

The **discretionary investment manager** will also charge for their services.

## Collection of charges

10.15 **We**'ll collect all of the charges described in sections 10.6 to 10.14 from your holding in the **trustee cash account**. If there's not enough money to pay a charge, **we**'ll collect it in the way described in sections 6.6 and 6.7.

## How we set our charges

10.16 Our total charges under the **SIPP products** (along with the other income that **we** expect to receive under the product) are intended to cover our overall costs in providing the **SIPP products** to our customers and to provide reasonable margins for profit. (As explained in section 10.42, our property charges and costs are calculated separately.)

10.17 As **scheme administrator** and **insurer**, **we** have charges that are expressed as a proportion of a **scheme member**'s investments of particular types in their **plan** (a 'fund based charge') and other charges for particular options or services that are expressed as an amount of money (a 'monetary charge'). **We** set the level of both types of charge so that there is a reasonable balance between the total charges (and other income) that **we** receive for **members** of the **scheme** who use particular options and services and the charges (and other income) that **we** receive for **members** who do not use those options or services but may do so in future.

10.18 At least once a year, **we**'ll review our assumptions and our overall costs in providing the **SIPP products** and our costs in providing the particular options and services under the **SIPP products**. These costs are unknown when **plans** start and **we** need to make assumptions about future costs when setting our charges.

10.19 As a result of a review of our assumptions and overall costs, **we** may adjust the balance in the level of and mix of charges (and discounts on charges) for existing customers. **We**'ll only make these adjustments if **we** have reasonable grounds to do so and the resulting balance is a reasonable balance of charges for customers who are using the **SIPP products** for different types of investments.

10.20 For the purposes of section 10.19, 'reasonable grounds' include:

a) simplifying the charging structure for existing and new customers;

b) making reasonable adjustments to set an appropriate level of charges for **members** of the **scheme** who are using different options and services;

c) reflecting increases in our costs of providing the **SIPP products**;

d) reflecting increases in our costs (including salary costs) in providing particular options and services available under your **plan**;

e) reflecting reasonable changes in the assumptions that **we** make about the future costs in providing the **SIPP products**;

f) reflecting reasonable changes in the assumptions that **we** make about the future costs in providing particular options or services available under your **plan**; and

g) responding to changes in the **SIPP products**, including the services offered under the product.

10.21 The adjustments to our charges mentioned in sections 10.19 and 10.20 may include increases to both the levels of the monetary charges and the fund based charges as well as reductions to the level of any discounts. **We**'ll give **you** 3 months' notice before the adjustments take effect.

## Fund based charges on Standard Life investment policy funds

10.22 The fund based charges on the **Standard Life investment policy funds** are described in sections 7.30 to 7.31 and are reviewed by the **insurer**.

## Fund based charges on mutual funds

10.23 The fund based charges on **SIPPZone mutual funds** are described in sections 8.6 and 8.7.

10.24 The **manager** of a **SIPPZone mutual fund** may increase their charge and, when **we** are informed, **we**'ll inform **you** as soon as is reasonably practicable.

Where, as a result of a review under section 10.18, **we** increase the 'monthly fund administration charge' described in section 8.17, **we**'ll give **you** three months' notice before the change takes effect.

## Monetary charges

10.25 The charges described in sections 10.6 to 10.8, 10.10 to 10.14 and 10.31 to 10.45 are monetary charges.

10.26 Any increases in our monetary charges will not increase our profit margins on the **SIPP product** above reasonable levels.

10.27 **We** may also introduce new monetary charges:

a) for new options or services;

b) for additional administration costs imposed on **us** or which **we** couldn't have reasonably anticipated at the start of the **plan**; or

c) to make reasonable adjustments to set an appropriate level of charges for customers who are using different services under the **SIPP products**.

Where, as a result of a review under section 10.18, **we** increase the charges described in sections 10.6 to 10.8, 10.10 to 10.14 and 10.31 to 10.45 or add new ones in order to cover additional administration costs, **we**'ll give **you** 3 months' notice before the change takes effect.

## Property charges

10.28 The monetary charges for investing in property are reviewed on the basis described in section 10.42.

## Financial adviser's remuneration

10.29 **You** can pay your **financial adviser** for their services by paying a fee directly to them. Or **you** can use your **plan** to pay for these services.

**You** can ask **us** to pay **adviser charges** from your **plan**. Full details of these charges are available in our booklet 'Terms and conditions for paying your adviser' (PENAC62). Please note that we'll stop paying any **level commission**, **fund based renewal commission** and fees if **you** ask **us** to start paying an 'ongoing adviser charge' from your **plan**.

As a result of regulatory changes, **we** don't pay commission to your **financial adviser** from your **plan** for advice **you** have received on or after 31 December 2012. Annex 3 of this document explains how your **financial adviser**'s remuneration will impact your **plan** if **we** have agreed to pay commission on your behalf for advice received before 31 December 2012 and the circumstances in which **we**'ll stop paying commission. It also explains the restrictions that apply to any fees which were in payment from your **plan** before 15 October 2012 (or before 31 December 2012 if your **plan** belongs to a **group**) and the circumstances in which **we**'ll stop paying them.

If your **plan** belongs to a **group**, your employer will decide how the **group** adviser is to be paid for their services.

## Property charges

Sections 10.30 to 10.42 describe the charges **we** make in relation to investment in property. If **you** want more information on these charges **you** can ask for a copy of our Commercial Property Guide from our **SIPP Customer Centre**. Their contact details are in section 1.

10.30 When **we** talk about the purchase of a property in the following sections, this includes receiving ownership of the property from the trustees of another scheme as part of an **in-specie transfer payment**. When **we** talk about the sale of a property in the following sections, this includes transferring ownership of the property to the trustees of another scheme if **you** ask for an **in-specie transfer payment** to that scheme under section 15.9.

10.31 **We** make a 'property set up charge' each time **you** ask **us** to purchase a property. **We** deduct this charge when the property purchase is completed, or earlier if the purchase is terminated before completion.

10.32 **We** make the following charges for a property when the purchase is completed and then yearly on the anniversary of that date:

a) a 'property administration charge' for each property;

b) a 'VAT administration charge' (if the property is registered for VAT);

c) a 'mortgage administration charge' (if the **trustee** sets up a borrowing arrangement for your **plan**);

d) a 'multi-member charge', which is additional to our other charges, (if any other **member** is also invested in the property).

10.33 **We** make an administration charge for 'property development' or 'property refurbishment' each time **we** deduct the actual costs of development or refurbishment from the **plan** or, at our option, when the development or refurbishment is completed. **We** calculate our charge on a 'time cost' basis.

10.34 **We** also make a charge on a 'time cost' basis for the work **we** do in relation to:

a) remortgaging a property with the same or a different lender, including any remortgage which doesn't complete;

b) altering the membership of a syndicate;

c) arranging to meet outstanding property charges where **you** haven't had enough funds in the **trustee cash account** when payment was due;

d) dealing with rent arrears.

10.35 **We** make a 'sale charge' when **we** sell a property or earlier if the sale is terminated before completion. This charge won't apply to any property owned by the **trustee** before 1 January 2007.

10.36 Our environmental surveyors charge for their services. The level of the charge depends on whether a site visit is required and whether any additional reports or investigations are required. Where a site visit or additional reports are required, **we**'ll notify **you** in advance. These charges are subject to VAT and are deducted from your **plan**.

10.37 Our appointed solicitors charge for the work they do in relation to the buying or selling of a property and the drawing up of any lease. They charge reasonable rates for the quality of service that **we** require. They'll give **you** a quote when **we** instruct them to go ahead with the property transaction. Their charges (which are subject to VAT) are deducted from your **plan** after they've provided their services. If **you** decide not to complete the property transaction then **you**'ll be charged for their work to date.

Our appointed solicitors will have to pay third party costs in relation to the purchase or sale of a property. These costs include paying for searches and land registry fees and stamp duty land tax. These costs will be deducted from your **plan**. This applies even if the property transaction is terminated before completion.

10.38 Our appointed property managers charge for the work they do in relation to managing a property. These charges are subject to VAT and are deducted from your **plan**.

a) They make a 'yearly core services charge' when a purchase is completed and then yearly on the anniversary of that date. It's used to pay for the core services that they provide.

b) They make other charges on a 'time cost' basis for any additional services that they provide (for example their services in relation to lease renewals, rent reviews and multi-let property management).

c) If a property becomes vacant, they'll inspect the property. The costs of any work that's necessary to maintain the property during the vacancy will be deducted from your **plan**.

d) If a property is being sold, they make a 'property sale charge' for the work carried out in relation to the sale.

10.39 If **we** have reasonable grounds for considering that a third party needs to be appointed to undertake any special work in respect of the property, **we**'ll contact your **financial adviser** and/or yourself and notify **you** of the work required and the costs involved. Where practical, **we**'ll take account of your wishes on who **we** should appoint to do the work. **We**'ll deduct the costs of the work from your **plan**.

10.40 Where a property transaction is complex or involves more than one **member**, **we**'ll negotiate the charges with **you** instead of applying our standard charges.

10.41 **We**'ll collect all of the charges described in sections 10.31 to 10.40 from your holding in the **trustee cash account**. If there's not enough money to pay a charge, **we**'ll collect it in the way described in sections 6.6 and 6.7.

10.42 The charges described in sections 10.31 to 10.40 are intended to cover our costs in buying (or selling), managing and maintaining a property, and to provide reasonable margins for profit. **We**'ll review them at least once a year. Some of our costs in relation to property investment are unknown when the **plan** starts and **we** may need to make assumptions about future costs when setting our charges.

**We** may increase these charges to reflect increases in our costs in relation to property investment or changes in the assumptions **we** make. Any increases in these charges will not increase our profit margins above reasonable levels. Where **we** know that **we**'ll be collecting a charge from your **plan** and **we**'re intending to increase that charge, **we**'ll give **you** up to 3 months' notice before **we** increase it.

**We** may also introduce new charges in relation to property investment to cover any new options or services or to cover additional costs which are imposed on **us** or which **we** couldn't have reasonably anticipated at the start of the **plan**.

## Miscellaneous charges

10.43 Section 4.8 describes the charges that apply if a cheque or direct debit is rejected after **we**'ve used it to buy investments.

10.44 If **you** joined the **scheme** (or upgraded from our active money personal pension or group flexible retirement plan products) on or after 6 April 2011, **we**'ll make a one-off 'in-specie transfer in charge' for each **in-specie transfer payment** that **we** accept. This charge is in addition to the 'initial administration charge' described in section 10.6.

10.45 If **we** have provided an online facility for **you** to change your income instructions, **we**'ll make an 'administration charge' if **you** don't use that online facility and **you** ask **us** to change your income within 12 months of your last income instruction. This charge won't apply if **we** receive the instruction from your **financial adviser**.

## 11. Benefits at pension date

11.1 **You** can select the **pre pension date accounts** that **you** wish to apply a **pension date** to.

If **you** choose to apply a **pension date** to your **plan** but **you** don't choose an **account**, **we**'ll apply a **pension date** to the oldest **account** first except for any **flexible account** which **we**'ll leave to last.

11.2 As explained in section 2.3, each time **you** ask **us** to start paying **you benefits** from a part of your **plan**, **we**'ll apply a **pension date** to it. A **pension date** can be applied to all (or part) of a **pre pension date account**. The part to which **we** apply a **pension date** becomes a **post pension date account**. **We** can, at your request, apply a **pension date** to different **pre pension date accounts** at different times. This section describes the **benefits** which are payable to **you** from a **post pension date account**.

### Your pension date

11.3 Any **pension date you** choose cannot be earlier than the 'normal minimum pension age' (which has been 55 since 6 April 2010 and is due to rise to 57 in 2028) unless:

a) **you** have transitional rights to a protected pension age (which is the mechanism set up by **HMRC** when they simplified the pensions tax regime from 6 April 2006 to protect rights built up before that date) and **you** satisfy the conditions in the **rules**. If **you** think that **you** may qualify, please speak to your **financial adviser**; or

b) **we**'re satisfied that **you** are, and will continue to be, incapable of carrying on your occupation because of physical or mental impairment. (In this case **you** must provide medical evidence to show that **you**'ve become incapable of carrying on that occupation and are unlikely to return to it.)

To find out more about protected pension ages and early retirement pension dates due to ill health please contact your **financial adviser**.

11.4 There's no maximum **pension date**. But if **you** die on or after your 75th birthday, any death benefit paid from your **plan** will be taxed (see sections 12.6 and 13.6).

11.5 **You** can't ask **us** to apply a **pension date** to a **pre pension date account** before the **account** is created or before **we** receive your instruction. If assets need to be sold to provide a **tax-free lump sum**, the **pension date** can't be earlier than the date on which the sale proceeds are available in the **trustee cash account**.

### Taking benefits from pension date

11.6 At a **pension date you** may, subject to the conditions set out in the rest of section 11, choose the following **benefits**:

a) a **tax-free lump sum** plus income drawdown (including £0 income or, in the case of **flexible drawdown**, any amount of income up to a full encashment);

b) a **tax-free lump sum** plus an **annuity**;

c) income drawdown only; or

d) an **annuity** only.

If **you** choose option a) or c) and **you** also choose to invest in one of our **Investment Pathway funds**, you must invest your whole **drawdown pot** in that **Investment Pathway fund**.

11.7 When **we** apply a **pension date** to a **pre pension date account**, **we**'ll create a **post pension date account**. **You**'ll normally be able to take some of the new **post pension date account** as a lump sum at **pension date**. Once the **tax-free lump sum**, if any, has been paid the balance of the **post pension date account** can be used to provide **benefits** for **you**. This means:

a) **you** can use the balance to buy an **annuity** (as described in sections 11.33 to 11.36); or

b) **you** can take income drawdown from the balance (with **flexible drawdown** the balance can be fully encashed and paid out as a one-off income payment).

If **you** have never taken income drawdown from your **plan** before, **we**'ll only allow **you** to start income drawdown if **we** consider that your **plan** is large enough for income drawdown. Our **SIPP Customer Centre** can tell **you** the current basis on which **we** decide if a **plan** is large enough for **us** to administer income drawdown. Their contact details are in section 1. But **you** should speak to your **financial adviser** to see if income drawdown is suitable for **you**.

## Tax-free lump sum

11.8 **You** can't take a **tax-free lump sum** at **pension date** if the whole of the **account** to which the **pension date** is being applied represents a disqualifying pension credit. (This applies on divorce if **you** receive a share of a pension held by your former husband, wife or civil partner that is already providing **benefits**.)

The maximum **tax-free lump sum** is normally 25% of the value of the **post pension date account** from which the **tax-free lump sum** is being paid (excluding any disqualifying pension credit). A higher amount may be available if **you** have transitional rights (which is the mechanism set up by **HMRC** when they simplified the pensions tax regime from 6 April 2006 to protect rights built up before that date). A lower percentage may, however, apply with one form of transitional rights. If **you** think that transitional rights might apply to **you**, please contact your **financial adviser**.

**You** can't take a **tax-free lump sum** from a **transfer payment** of a **drawdown pension fund** received from another scheme.

11.9 **We**'ll provide the **tax-free lump sum** at **pension date** from the investments that **we** move out of the **savings investment mix**. If **you** don't give **us** any instructions about how to move your investments (and therefore how to provide your **tax-free lump sum**), **we**'ll move a proportion of each **Standard Life investment policy fund** and a proportion of the 'additional investments' out of the **savings investment mix**, and provide the **tax-free lump sum** by:

a) cancelling **units** proportionately from each of these **Standard Life investment policy funds**;

b) if this produces an insufficient amount, paying the lump sum (or the balance) from your holding in the **trustee cash account**;

c) if this produces an insufficient amount, selling investments on the basis described in sections 6.6 and 6.7.

If **you** asked **us** to target specific **Standard Life investment policy funds** and any one of those funds has been exhausted, **we**'ll move a proportion of all of these funds out of the **savings investment mix** instead.

## Moving your investments

11.10 Under your **plan**, **you** can have a **savings investment mix** and a **drawdown investment mix** (as explained in sections 2.7 and 2.8). When **we** create a **post pension date account**, **you** can name individual **Standard Life investment policy funds** which should be moved out of the **savings investment mix** and into the **drawdown investment mix**. **You** can make a fund switch during this move. Because **we** group together all other investments (including your holding in the **trustee cash account**) as 'additional investments', **you** can only tell **us** how much of the 'additional investments' **you** want **us** to move into the **drawdown investment mix**.

**You** can find an example of how investments are moved out of the **savings investment mix** and into the **drawdown investment mix** in Annex 2 of this document.

## Income drawdown

11.11 **You** can take income drawdown from some or all of your **drawdown pot**. Income drawdown can be either '**capped**' or '**flexible**' **drawdown**.

Sections 11.14 to 11.18 below apply to both types of income drawdown. However, **we** won't administer both types of income drawdown under the same **plan**.

11.12 If **you** have **flexible drawdown**, **you** can take income from each **post pension date account** in your plan with no **HMRC** restrictions on the amount you can withdraw. However, if your **plan** is mostly invested in commercial property or any other illiquid asset **you** must keep a reasonable amount in the **trustee cash account** to pay the charges detailed in section 10.

If you take **flexible drawdown you** get a **money purchase annual allowance** of £10,000 (as explained in section 4.21 above).

Also, if the value of your **plan** drops below a level at which it would normally be cost-effective for **us** to administer it, **we**'ll contact **you** to discuss an appropriate timescale for **you** to encash the balance of your **plan**.

11.13 If **you** have **capped drawdown**, **you** can take income drawdown from each **post pension date account** in your **plan** up to the **maximum income** set out in the **rules** (as explained in sections 11.19 to 11.24 below).

Taking **capped drawdown** from your **plan** does not affect your **annual allowance**.

**Capped drawdown** is only available from an arrangement if it held a drawdown pension fund before 6 April 2015 and you have not asked for **flexible drawdown** from that **arrangement** either before or since that date. It is also available from a **transfer payment** received on or after 6 April 2015 if that **transfer payment** was a **capped drawdown pension fund** and **you** have not asked for **flexible drawdown**.

**Capped drawdown** is no longer available as a new option in an **arrangement**.

If you have **capped drawdown** in an **arrangement**, **you** can ask us to convert it to **flexible drawdown**. If **you**'re considering converting from **capped drawdown** to **flexible drawdown**, **you** should discuss this with your **financial adviser**.

11.14 **You** can increase, decrease, stop and restart your income at any time. If **you** want to change the level of your income, **you** must tell **us** at least 5 **business days** before the next payment date.

11.15 **You** can also ask **us** to make additional one-off payments from time to time. **We** may not agree to a one-off payment if the amount is too small to be cost-effective for **us** to process or if the number of requests means that **you** should ask for (or increase) your regular income. Section 10.45 explains when a charge may apply.

11.16 **We**'ll pay your income in monthly instalments unless **you** ask **us** to pay it every 3 months, every 4 months, every 6 months or once a year. The same payment frequency must apply to all regular income paid from your **drawdown pot**. **We**'ll stop paying your income when **you** die.

11.17 **You** can choose the day of the month on which **you**'d like **us** to pay your income, excluding the 29th, 30th and 31st days. All regular income from your **drawdown pot** must be paid on the same payment dates.

11.18 **You** can ask **us** to pay your income drawdown from your holding in the **trustee cash account** that forms part of your **drawdown investment mix**. Before your holding in the **trustee cash account** becomes insufficient to allow **us** to make the required payment, **you** must instruct us to sell investments as explained in section 6.5. If **you** don't do so **we**'ll sell investments on the basis described in sections 6.6 and 6.7.

If **you**'re fully invested in **Standard Life investment policy funds**, **we**'ll cancel **units** to provide your income.

If **you** don't ask **us** to pay your income from the **trustee cash account** and you are not fully invested in **Standard Life investment policy funds**, **we**'ll provide your income by taking amounts proportionately from the **Standard Life investment policy funds** and the **trustee cash account** in your **drawdown investment mix**.

Where **we**'re to cancel **units** in **Standard Life investment policy funds**, **you** can tell **us** which funds **we** should cancel **units** from to provide your income. If **you** don't give **us** any instructions or if any one of the funds **you**'ve asked **us** to target has been exhausted, **we**'ll cancel **units** proportionately from all your **Standard Life investment policy funds** in your **drawdown investment mix**.

## Capped drawdown limits

11.19 The **maximum income** is set out in the **rules**. Each **arrangement** has its own **maximum income** and its own **income year**.

11.20 When taking income as **capped drawdown**, **you** ask for a gross payment (which is the amount **you** withdraw before tax is deducted). Your gross payment can be expressed as a sum of money (including £0). It cannot be expressed as a percentage of your **maximum income**.

11.21 If **you** increase, decrease, stop or restart your income or take any additional one-off payments within an **income year** **you** must keep within the **maximum income**.

11.22 The **maximum income** is recalculated for the **regular review date** and then yearly for the start of each **income year** that falls on or after your 75th birthday. The **maximum income** could increase or decrease each time it's recalculated.

11.23 The **maximum income** is also recalculated if there's a movement from the **savings pot** to the **drawdown pot**, if **you** use part of your **drawdown pot** to buy an **annuity**, or if **we** use any part of your **drawdown pot** to provide a **transfer payment** for your ex-spouse or former civil partner under a **pension sharing order**.

11.24 For more information, please see the definitions of '**maximum income**', '**regular review date**' and '**income year**' in the glossary in Annex 1 of this document.

## Taking a regular tax-free lump sum

11.25 **You** can ask **us** to pay **you** a regular amount which is fully or partly made up of **tax-free lump sum**. **We** call this option:

a) 'tailored drawdown' if your **plan** has **flexible drawdown** (see sections 11.27 to 11.29 below); or

b) 'drip-feed drawdown' if your **plan** has **capped drawdown** (see sections 11.30 to 11.32 below).

Tailored drawdown is not normally available if **you** have any **level 3** investments. Drip-feed drawdown is not available unless your **plan** is fully invested in **Standard Life investment policy funds**. Neither option is available if **you** have a protected lifetime allowance or protected or restricted rights to a **tax-free lump sum**.

11.26 Where **we** agree to provide tailored or drip-feed drawdown to **you**, **we** automatically apply a **pension date** whenever a **tax-free lump sum** is needed to provide all or part of the amount **you**'ve asked for. This means that, as well as moving your **tax-free lump sum** out of the **savings pot**, **we** also move an amount equal to three times that sum out of the **savings pot** and into the **drawdown pot** (and for **capped drawdown**, **we** recalculate the income limits). Everything that's moved out of the **savings pot** is tested against your lifetime allowance. **You** must tell **us** if **you** take **benefits** from any other pension provider so that **we** can tell if **you** have exceeded your lifetime allowance.

11.27 If **you** choose tailored drawdown, **you** can ask for:

a) a regular **tax-free lump sum** only; or

b) a regular **tax-free lump sum** plus a regular amount of taxable income.

The taxable income is paid from the **drawdown pot**. If **you** take any money from the **drawdown pot** this counts as **flexibly accessing** your pension rights and **you** get a **money purchase annual allowance** of £10,000 (as explained in section 4.21).

Where **you** have asked for a regular **tax-free lump sum** only and **we** can reasonably anticipate that your **savings pot** is going to be too small to support your next payment, **we**'ll suspend the payment and contact **you** for your agreement before **we** start using your **drawdown pot** to provide the amount **you** require.

11.28 In section 11.9 **we** explain how **we** provide the **tax-free lump sum** and in section 11.18 **we** explain how we provide the taxable income. Unless your **plan** is fully invested in **Standard Life investment policy funds**, **you** need to keep sufficient funds in the **trustee cash account** to meet expected payments. If **you** repeatedly fail to top up the money in the **trustee cash account**, **you** will no longer be eligible for tailored drawdown.

11.29 **We**'ll stop providing tailored drawdown if:

a) **you** ask **us** to stop;

b) **you** invest in any **level 3** investment that's not eligible for tailored drawdown;

c) there is nothing left in your **savings pot**; or

d) **you** have no entitlement to a **tax-free lump sum** left.

However, **you** can continue to take an income, without a **tax-free lump sum**, from your **drawdown pot**.

11.30 If **you** choose drip-feed drawdown this means that **you** tell **us** the net payment **you** want to receive and whether **you** want that net amount to be made up of:

a) **tax-free lump sum** only; or

b) a combination of **tax-free lump sum** and taxable income.

Option a) minimises your income tax. Option b) minimises the amount that needs to be tested against your lifetime allowance. That's because if some of your **drawdown pot** is being used to provide the amount **you** asked for then less needs to be moved out of your **savings pot**.

Your taxable income can be either the **maximum income** or a percentage of the **maximum income**. **You** can change from one basis to another but the same basis must apply to all your **post pension date accounts**.

11.31 **You** can tell **us** which **Standard Life investment policy funds we** should cancel **units** from to provide the drip-feed drawdown **you**'ve asked for. If **you** don't give **us** an instruction or if any one of the funds **you** have asked **us** to target has been exhausted, **we**'ll cancel **units** proportionately from all **Standard Life investment policy funds** in the **savings investment mix** (in respect of any **tax-free lump sum**) and from the **drawdown investment mix** (in respect of any taxable income), if relevant.

11.32 **We**'ll stop providing drip-feed drawdown if:

a) **you** ask us to stop;

b) **you** invest in assets other than **Standard Life investment policy funds**;

c) there is nothing left in your **savings pot**;

d) **you** have no entitlement to a **tax-free lump sum** left; or

e) **you** reach your 75th birthday.

However **you** can continue to take an income, without a **tax-free lump sum**, from your **drawdown pot**.

### Buying an annuity

11.33 **You** can ask **us** to use a **post pension date account** to buy an **annuity** at **pension date**, or to use all (or part) of a **post pension date account** to buy an **annuity** after taking income drawdown.

11.34 **You** can ask **us** to buy the **annuity** from any **insurance company**. **You** can choose any type of **annuity** that is allowed by the **rules**.

11.35 **You** must tell **us** which assets **we** should sell to provide the **annuity** purchase price.

11.36 If **you** intend to use all of the **accounts** under your **plan** (less any amount paid out as a lump sum) to buy an **annuity**, **we**'ll deduct from the **annuity** purchase price any administration charges under sections 10.7 and 10.8 that would've been due on the next **yearly charge date** before **we** purchase the **annuity**.

### Serious ill-health lump sum

11.37 If **we** receive satisfactory evidence from a registered medical practitioner that **you**'re expected to live for less than one year, **you** may have the option of taking the proceeds of your **savings pot** as a lump sum. If **you**'re aged 75 or older, the lump sum is subject to income tax at your **marginal rate**. The lump sum must satisfy the conditions set out in the **rules**. If you have any questions about taking a serious ill-health lump sum, please speak to our **SIPP Customer Centre**. Their contact details are in section 1.

## 12. Death benefits from the savings pot

12.1 This section describes the death benefits that are payable from your **savings pot**.

After **we**'re notified of your death **we**'ll normally:

a) sell all of the assets held for **you** under the **scheme**; and

b) pay the cash proceeds into the **trustee cash account**;

before distributing them to your beneficiaries or using them to provide a pension for your beneficiaries.

**We**'ll deduct from your **plan** any yearly administration charge (described in section 10.7) which was due to be paid on the next **yearly charge date**. **We**'ll continue deducting a yearly administration charge for each **plan** year that starts after your death until the death benefits are settled.

### Lump sum death benefit

12.2 **We** may pay a lump sum death benefit from your **savings pot**.

**We**'ll decide who should receive a lump sum death benefit, and how much, from the list of beneficiaries described in the **rules**. **You** can help **us** make this decision by giving **us** the names of the **nominees** to whom **you**'d like **us** to pay the lump sum death benefit. These can include the trustees of any trust that **you**'ve set up. **We**'ll take your views into consideration but **we**'re not obliged to follow them unless **you**'ve given **us** a binding instruction to pay the lump sum death benefit to the Standard Life bypass trust.

A **beneficiary** who is an individual can ask **us** to provide a pension (as explained in section 12.4) instead of receiving a lump sum death benefit. (If **you** die leaving any surviving **dependants** or **nominees**, a **beneficiary** who is not a **dependant** or **nominee** cannot ask for a pension.)

### Beneficiary's pension

12.3 **We**'ll provide a pension for your **beneficiary** if:

a) your **beneficiary** has asked **us** to do so instead of receiving a lump sum death benefit under section 12.2; or

b) **you**'ve instructed **us** to use some or all of your **savings pot** to provide a pension for one or more **beneficiaries** on your death.

However, **we** won't provide a pension for anyone who is not a **dependant** or **nominee** unless **you** die leaving no surviving **dependants** or **nominees**.

12.4 A **beneficiary** can ask for:

a) a **beneficiary's drawdown plan** to take income drawdown from your date of death under sections 14.2 to 14.15 (with **flexible drawdown** it can still be fully encashed and paid out as a one-off income payment); or

b) an **annuity** payable to them from any **insurance company** as long as it's allowed under the **rules**.

They can transfer their **beneficiary's drawdown plan** in accordance with section 15.6.

12.5 **We** won't agree to a **beneficiary** taking income drawdown under the Standard Life **SIPP** unless they have:

a) appointed a **financial adviser**; and

b) agreed to be bound by these **terms**.

**We** won't offer income drawdown to a **beneficiary** who is under age 16.

### Taxation of death benefits from the savings pot

12.6 If **you** die under age 75, and your death benefits are settled within two years of notification of your death, any lump sum death benefit paid from your **savings pot** is tested against your remaining **lump sum and death benefit allowance.** Where there is an excess this will be taxed at the marginal rate of the **beneficiary** who receives it. **We**'re not responsible for doing this test or for deducting the tax. The rest of the lump sum death benefit, and any income drawdown or **annuity** payments, are tax-free.

If **you** die under age 75, and your death benefits are not settled within two years of notification of your death, any lump sum death benefit paid from your **savings pot** is subject to income tax at your **beneficiary**'s **marginal rate.** If the recipient is not an individual, it is subject to a 45% tax charge. **We**'ll deduct the tax before paying it out. Any income drawdown or **annuity** payments are also subject to income tax at your **beneficiary**'s **marginal rate**.

If **you** die aged 75 or older, any lump sum death benefit paid from your **savings pot** is subject to income tax at your **beneficiary**'s **marginal rate.** If the recipient is not an individual, it is subject to a 45% tax charge. **We**'ll deduct the tax before paying it out. Any income drawdown or **annuity** payments are also subject to income tax at your **beneficiary**'s **marginal rate**.

If **you** die leaving no surviving **dependants** and **we** pay a lump sum death benefit to a charity nominated by **you**, that lump sum death benefit won't generally be subject to tax. For more information, please see our leaflet 'Information about tax relief, limits and your pension' (GEN658).

## 13. Death benefits from the drawdown pot

13.1 This section describes the death benefits that are payable from your **drawdown pot**.

After **we**'re notified of your death, **we**'ll normally:

a) sell all of the assets held for **you** under the **scheme**; and

b) pay the cash proceeds into the **trustee cash account**;

before distributing them to your beneficiaries or using them to provide a pension for your **beneficiaries**.

**We**'ll deduct from your **plan** any yearly administration charge (described in section 10.7) and pension fund withdrawal charge (described in section 10.8) which were due to be paid on the next **yearly charge date**. **We**'ll continue deducting a yearly administration charge for each **plan** year that starts after your death until the death benefits are settled.

### Lump sum death benefit

13.2 **We** may pay a lump sum death benefit from your **drawdown pot**.

**We**'ll decide who should receive a lump sum death benefit, and how much, from the list of beneficiaries described in the **rules**. **You** can help **us** make this decision by giving **us** the names of the **nominees** to whom **you**'d like **us** to pay the lump sum death benefit. These can include the trustees of any trust that **you**'ve set up. **We**'ll take your views into consideration but **we**'re not obliged to follow them unless **you**'ve given **us** a binding instruction to pay the lump sum death benefit to the Standard Life bypass trust.

A **beneficiary** who is an individual can ask us to provide a pension (as explained in section 13.4) instead of receiving a lump sum death benefit. (If **you** die leaving any surviving **dependants** or **nominees**, a **beneficiary** who is not a **dependant** or **nominee** cannot ask for a pension.)

### Beneficiary's pension

13.3 **We**'ll provide a pension for your **beneficiary** if:

a) your **beneficiary** has asked **us** to do so instead of receiving a lump sum death benefit under section 13.2; or

b) **you**'ve instructed **us** to use some or all of your **drawdown pot** to provide a pension for one or more **beneficiaries** on your death.

However, **we** won't provide a pension for anyone who is not a **dependant** or **nominee** unless **you** die leaving no surviving **dependants** or **nominees**.

13.4 A **beneficiary** can ask for:

a) a **beneficiary's drawdown plan** to take income drawdown from your date of death under sections 14.2 to 14.15 (with **flexible drawdown** it can still be fully encashed and paid out as a one-off income payment); or

b) an **annuity** payable to them from any **insurance company** as long as it's allowed under the **rules**.

They can transfer their **beneficiary's drawdown plan** in accordance with section 15.6.

13.5 **We** won't agree to a **beneficiary** taking income drawdown under the Standard Life **SIPP** unless they have:

a) appointed a **financial adviser**; and

b) agreed to be bound by these **terms**.

**We** won't offer income drawdown to a **beneficiary** who is under age 16.

## Taxation of death benefits from the drawdown pot

13.6 If **you** die under age 75, and your death benefits are settled within two years of notification of your death, any lump sum death benefit paid from your pre **drawdown pot** that date from before 6 April 2024 and any income drawdown or **annuity** payments are tax-free. Any lump sum death benefit paid from your **pre drawdown pot** that dates from 6 April 2024 onwards will be tested against your remaining **lump sum and death benefit allowance**. Where there is an excess this will be taxed at the marginal rate of the **beneficiary** who receives it. **We**'re not responsible for doing this test or for deducting the tax. The rest of the lump sum death benefit will be tax-free.

If **you** die under age 75, and your death benefits are not settled within two years of notification of your death, any lump sum death benefit paid from your **drawdown pot** is subject to income tax at your **beneficiary**'s **marginal rate**. If the recipient is not an individual, it is subject to a 45% tax charge. **We**'ll deduct the tax before paying it out. Any income drawdown or **annuity** payments are tax-free.

If **you** die aged 75 or older, any lump sum death benefit paid from your **drawdown pot** is subject to income tax at your **beneficiary**'s **marginal rate.** If the recipient is not an individual, it is subject to a 45% tax charge. **We**'ll deduct the tax before paying it out. Any income drawdown or **annuity** payments are also subject to income tax at your **beneficiary**'s **marginal rate**.

If **you** die leaving no surviving **dependants** and **we** pay a lump sum death benefit to a charity nominated by **you**, that lump sum death benefit won't generally be subject to tax. For more information, please see our leaflet 'Information about tax relief, limits and your pension' (GEN658).

# 14. Beneficiary's drawdown plan

14.1 A **beneficiary** or a **successor** can tell **us** how they want their **beneficiary's drawdown plan** to be invested.

## Income drawdown

14.2 A **beneficiary** or a **successor** can take income drawdown from some or all of their **beneficiary's drawdown plan**. Income drawdown can be either '**capped**' or '**flexible**' **drawdown**.

Sections 14.5 to 14.9 below apply to both types of income drawdown. However, **we** won't administer both types of income drawdown under the same **plan**.

Taking income drawdown from a **beneficiary's drawdown plan** won't affect a **beneficiary**'s or a **successor**'s **annual allowance**.

14.3 If a **beneficiary** or a **successor** has **flexible drawdown**, they can take income from the **beneficiary's drawdown plan** with no **HMRC** restrictions on the amount they can withdraw. However, if it is mostly invested in commercial property or any other illiquid asset they must keep a reasonable amount in the **trustee cash account** to pay the charges detailed In section 10.

14.4 If a **beneficiary** has **capped drawdown**, they can take income from the **beneficiary's drawdown plan** up to the **maximum income** set out in the **rules** (as explained in sections 14.10 to 14.15 below.)

**Capped drawdown** is only available from a **beneficiary's drawdown plan** if it held a **drawdown pension fund** before 6 April 2015 and the **beneficiary** has not asked for **flexible drawdown** from that **beneficiary's drawdown plan** either before or since that date. It is also available from a **transfer payment** received on or after 6 April 2015 if that **transfer payment** is a **capped drawdown pension fund** and the **beneficiary** has not asked for **flexible drawdown**.

**Capped drawdown** is no longer available as a new option in a **beneficiary's drawdown plan**. It was available before 6 April 2015, when a **beneficiary** had to be a **dependant** to be eligible for **capped drawdown**.

If a **beneficiary** has **capped drawdown** in a **beneficiary's drawdown plan**, they can ask us to convert it to **flexible drawdown**. If they're considering converting from **capped drawdown** to **flexible drawdown**, they should discuss this with their **financial adviser**.

14.5 A **beneficiary** or a **successor** can increase, decrease, stop and restart their income at any time. If they want to change the level of their income, they must tell **us** at least 5 **business days** before the next payment date.

14.6 A **beneficiary** or a **successor** can also ask **us** to make additional one-off payments from time to time. **We** may not agree to a one-off payment if the amount is too small to be cost-effective for **us** to process or if the number of requests means that they should ask for (or increase) their regular income. Section 10.45 explains when a charge may apply.

14.7 **We**'ll pay their income in monthly instalments unless they ask us to pay it every 3 months, every 4 months, every 6 months or once a year. Unless **we** agree otherwise, the same payment frequency must apply to all regular income paid from all of the **beneficiary's drawdown plans** set up for that **beneficiary** or **successor**.

14.8 A **beneficiary** or **successor** can choose the day of the month on which they'd like us to pay their income, excluding the 29th, 30th and 31st days. Unless we agree otherwise, all regular income from all of the **beneficiary's drawdown plans** set up for that **beneficiary** or **successor** must be paid on the same payment dates.

14.9 A **beneficiary** or a **successor** can ask us to pay their income from their holding in the **trustee cash account**. Before their holding in the **trustee cash account** becomes insufficient to allow us to make the required payment, a **beneficiary** or a **successor** must instruct us to sell investments on their behalf as explained in section 6.5. If they don't do so we'll sell investments on the basis described in sections 6.6 and 6.7.

If a **beneficiary** or a **successor** is fully invested in **Standard Life investment policy funds**, we'll cancel **units** to provide their income.

If they don't ask **us** to pay their income from the **trustee cash account** and they're not fully invested in **Standard Life investment policy funds**, **we**'ll provide their income by taking amounts proportionately from the **Standard Life investment policy funds** and the **trustee cash account**.

Where we're to cancel **units** in **Standard Life investment policy funds**, they can tell **us** which funds **we** should cancel **units** from to provide their income. If they don't give **us** any instructions or if any one of the funds they've asked **us** to target has been exhausted, **we**'ll cancel **units** proportionately from all their **Standard Life investment policy funds**.

## Capped drawdown limits

14.10 The **maximum income** is set out in the **rules**. Each **beneficiary's drawdown plan** has its own **maximum income** and its own **income year**.

14.11 When taking income as **capped drawdown**, a **beneficiary** asks for a gross payment (which is the amount they withdraw before tax is deducted). Their gross payment can be expressed as a set sum of money (including £0). It cannot be expressed as a percentage of their **maximum income**.

14.12 If a **beneficiary** increases, decreases, stops or restarts their income or takes any additional one-off payments within an **income year** they must keep within the **maximum income**.

14.13 The **maximum income** is recalculated for the **regular review date** and then yearly for the start of each **income year** that falls on or after the **beneficiary**'s 75th birthday. The **maximum income** could increase or decrease each time it's recalculated.

14.14 The **maximum income** is also recalculated if a **dependant** uses part of their **beneficiary's drawdown plan** to buy an **annuity** under section 14.16. If **we** use all of the **beneficiary's drawdown plan** to buy an **annuity**, **we**'ll deduct any administration charges under section 10.7 and 10.8 that would've been due on the next **yearly charge date** from the **annuity** purchase price.

14.15 For more information, please see the definitions of '**maximum income**', '**regular review date**' and '**income year**' in the glossary in Annex 1 of this document.

## Buying an annuity

14.16 A **beneficiary** can ask us to use all (or part) of a **beneficiary's drawdown plan** to buy an **annuity**.

14.17 They can ask **us** to buy the **annuity** from any **insurance company**. They can choose any type of **annuity** that is allowed by the **rules**. For further information, please consult your **financial adviser**.

14.18 They must tell **us** which investments **we** should sell to provide the **annuity** purchase price.

14.19 If **we** use all of the **beneficiary's drawdown plan** to buy an **annuity**, **we**'ll deduct any administration charges under section 10.7 and 10.8 that would've been due on the next **yearly charge date** from the **annuity** purchase price.

## Death of beneficiary or successor in drawdown

14.20 After **we**'re notified of a **beneficiary**'s or a **successor**'s death **we**'ll normally:

a) sell all of the assets held for them under the **scheme**; and

b) pay the cash proceeds into the **trustee cash account**;

before distributing to the **successors** of the deceased **beneficiary** or using them to provide a pension.

14.21 If a **beneficiary** or a **successor** dies before all of their **beneficiary's drawdown plan** has been exhausted, **we** may pay a lump sum death benefit from that **beneficiary's drawdown plan**.

**We**'ll decide who should receive a lump sum death benefit, and how much, from the list of **beneficiaries** described in the **rules**. A **beneficiary** or a **successor** can help **us** make this decision by giving us the names of the **successors** to whom they'd like **us** to pay the lump sum death benefit. **We**'ll take their views into account but **we**'re not obliged to follow them.

14.22 A **successor** who is an individual can ask for a pension (as explained in sections 14.23 to 14.24) instead of receiving a lump sum death benefit. (If a **beneficiary** or a **successor** has nominated any **successors**, a **successor** chosen by **us** cannot ask for a pension instead of a lump sum death benefit.

14.23 **We**'ll provide a pension for a **successor** if:

a) that **successor** has asked **us** to do so instead of receiving a lump sum death benefit under section 14.21; or

b) a **beneficiary** or a **successor** has instructed **us** to use some or all of their **beneficiary's drawdown plan** to provide a pension for one or more **successors** on their death.

However, **we** won't provide a pension for a **successor** chosen by **us** if a **beneficiary** or a **successor** has nominated other **successors**.

14.24 A **successor** can ask for:

a) a **beneficiary's drawdown plan** to take income drawdown under sections 14.2 to 14.3 (with **flexible drawdown** it can still be fully encashed and paid out as a one-off income payment); or

b) an **annuity** payable to them under sections 14.16 to 14.19.

They can transfer their **beneficiary's drawdown plan** in accordance with section 15.6.

## Taxation of death benefits from the beneficiary's drawdown plan

14.25 If a **beneficiary** or a **successor** dies under age 75, and their **beneficiary's drawdown plan** is settled within two years of notification of their death any income drawdown or **annuity** payments are tax-free. Where a lump sum is paid from funds in the **beneficiary's drawdown plan** that were added into drawdown before 6 April 2024 these are tax-free. Any lump sum death benefit paid from funds that were added into drawdown after 6 April 2024 onwards will be tested against the **beneficiary** or **successor's** remaining **lump sum and death benefit allowance**. Where there is an excess this will be taxed at the marginal rate of the **beneficiary** who receives it. **We**'re not responsible for doing this test or for deducting the tax. The rest of the lump sum death benefit will be tax-free.

If a **beneficiary** or a **successor** dies under age 75, and their **beneficiary's drawdown plan** is not settled within two years of notification of their death, any lump sum death benefit paid from that **beneficiary's drawdown plan** is subject to income tax at the **successor**'s **marginal rate**. If the recipient is not an individual, it is subject to a 45% tax charge. **We**'ll deduct the tax before paying it out. Any income drawdown or **annuity** payments are tax-free.

If a **beneficiary** or a **successor** dies aged 75 or older, any lump sum death benefit paid from their **beneficiary's drawdown plan** is subject to income tax at the **successor**'s **marginal rate.** If the recipient is not an individual, it is subject to a 45% tax charge. **We**'ll deduct the tax before paying it out. Any income drawdown or **annuity** payments are subject to income tax at the **successor**'s **marginal rate**.

# 15. Transfers to another scheme

15.1 **You** can ask **us** to transfer all or part of your **plan** to:

a) another **registered pension scheme**; or

b) a **qualifying recognised overseas pension scheme**.

If **you** ask **us** to transfer only part of your **plan**, **we** may not agree to the transfer if, in our reasonable opinion, it wouldn't be cost-effective for **us** to process the transfer or to administer the part of your **plan** that's left behind. **We** won't agree to transfer only part of an **account**.

If the transfer is to a **qualifying recognised overseas pension scheme**, **we**'ll deduct any **overseas transfer charge** that might apply (please see sections 4.22 to 4.24).

15.2 If **we** transfer any of your **post pension date accounts**, **we**'ll give the administrator of the receiving scheme the following details in respect of each **arrangement**:

a) whether **you** have **flexibly accessed** your **benefits**;

b) the type of income drawdown **you** have taken; and

c) in respect of **capped drawdown** only, the **income year**, next **regular review date** (if applicable), the **maximum income** for the current **income year** (and the next **income year** if we've already calculated this) and the amount of income **you**'ve already received in the current **income year**.

All **post pension date accounts** within the same **arrangement** must be transferred together.

15.3 If **you** ask **us** to transfer only part of your **plan**, **you** must tell **us** which investments **we** should sell to pay the **transfer payment** or which investments to transfer if section 15.9 applies.

If **you** ask **us** to transfer all of your **accounts**, **we**'ll either:

a) sell all of the investments held for **you** under the **plan**; or

b) transfer some of the investments and sell the rest if section 15.9 applies.

15.4 **We**'ll deduct from the **transfer payment** any applicable transaction charge (described in sections 10.10 to 10.12).

As explained in sections 4, 11 and 20 of Annex 3 of this document, **we**'ll apply a **transfer charge** if **you** are transferring an **account** which is subject to an **additional charge**.

Where **you** ask **us** to transfer all of your **plan**, **we**'ll also deduct from the **transfer payment** any yearly administration charge (described in section 10.7) and pension fund withdrawal charge (described in section 10.8) that would have been payable on the next **yearly charge date**.

## Transfer date

15.5 If **you** ask for a transfer under section 15.1, **you** may suggest the transfer date. **We**'ll meet that date where it is reasonably practicable for **us** to do so. **We** do however need time to make sure that **we** comply with the requirements on transfers in the **rules**. And **we** can't make a transfer until **we**'ve sold the assets that **we** need to sell to provide the **transfer payment**.

## Beneficiary's drawdown plans

15.6 A **beneficiary** or a **successor** can ask **us** to transfer any of their **beneficiary's drawdown plans** to:

a) another **registered pension scheme**; or

b) a **qualifying recognised overseas pension scheme**.

A **beneficiary** or a **successor** must transfer the whole of a **beneficiary's drawdown plan** less any charges that apply. They may suggest the transfer date. **We**'ll aim to meet that date where it is reasonably practicable for **us** to do so. **We** do however need time to make sure that **we** comply with the requirements on transfers in the **rules**. And **we** can't make a transfer until **we**'ve sold the assets that **we** need to sell to provide the **transfer payment**.

If **we** transfer a **beneficiary's drawdown plan**, **we**'ll give the administrator of the receiving scheme the details of the **beneficiary** and the **beneficiary's drawdown plan** which **we** are required to give.

15.7 A **beneficiary** may have multiple **beneficiary's drawdown plans** within the **scheme**. They can transfer some or all of them. **We** will sell the investments in the relevant **beneficiary's drawdown plans** to provide the **transfer payment**. Alternatively, if section 15.9 applies, **we** will transfer the relevant investments out of the **scheme**.

15.8 **We**'ll deduct from the **transfer payment** any yearly administration charge (described in section 10.7) and pension fund withdrawal charge (described in section 10.8) that would have been payable on the next **yearly charge date** and any applicable transaction charge (described in sections 10.10 to 10.12).

## In-specie transfer payment

15.9 Instead of **us** selling investments under section 15.3 or 15.7, **you** (or a **beneficiary** or **successor**) can ask **us** to transfer the ownership of selected investments from the **trustee** to the trustees of the receiving scheme. This does not apply to any **Standard Life investment policy funds** or your holding in the **trustee cash account**.

**We**'ll apply a 'transaction charge' for each asset transferred (see sections 10.10 to 10.12) and solicitors' charges for each property **we** transfer ownership of (see section 10.37) to the trustees of the receiving scheme.

**You** must sell sufficient investments to meet any charges or tax if **you** don't already have enough money in your holding in the **trustee cash account**.

## Pension sharing order

15.10 If **we** receive a **pension sharing order** in respect of your rights under the **scheme**, **we** must comply with it. If there is insufficient money in your holding in the **trustee cash account**, **you** must instruct **us** to sell investments on your behalf as explained in section 6.5. If **you** don't do so, **we**'ll sell investments on the basis described in sections 6.6 and 6.7 to provide the **transfer payment** that's required to discharge the order (and any of our costs included in the order).

**We**'ll also deduct the charges described in section 15.4.

**We**'ll then pay the **transfer payment** known as a 'pension credit' to another **registered pension scheme** or **qualifying recognised overseas pension scheme** in the name of your ex-spouse or former civil partner.

## Restoration order

15.11 If **we** receive a **restoration order** in respect of your rights under the **scheme**, **we** must comply with it. If there is insufficient money in your holding in the **trustee cash account**, **you** must instruct **us** to sell investments on your behalf as explained in sections 6.5. If **you** don't do so, **we**'ll sell investments on the basis described in sections 6.6 and 6.7 to pay the proceeds that **we**'re directed to pay under the order.

**We**'ll also deduct the charges described in section 15.4.

# 16. Data Protection Notice – Important, please read

### Data Protection Notice - Using your Personal Information

**We** will collect and use personal information about **you** and any other named individual on your application such as your name, date of birth and national insurance number in order to provide this product or service and manage our relationship with **you**. It may be necessary as part of this product or service to collect and use personal information which is defined as 'special category data' by **data protection law** e.g. Health related. Any such special category data will only be collected and used where it's needed to provide the product or service **you** have requested or to comply with our legal and regulatory obligations and where **we** have obtained your explicit consent to process such information.

To provide this product or service and meet our legal and regulatory obligations, **we** will keep your personal information and copies of records **we** create (e.g. calls with **us**) while **you** are a customer of ours. If this application does not proceed or when **you** no longer have a relationship with **us, we** are required to keep information for different legal and regulatory reasons. The length of time will vary and **we** regularly review our retention periods to make sure they comply with all laws and regulations.

The information collected may be shared with other parts of Phoenix group, abrdn plc and other companies **we** work with to support **us** in the provision of the product or service **you** have with **us**. **We** may also share your information with our regulators, HM Revenue & Customs and your adviser / employer / discretionary investment manager (for applicable products and services) where necessary and lawful to do so. Whenever **we** share your personal information, **we** will do so in line with our obligations to keep your information safe and secure.

The majority of your information is processed in the UK. However, some of your information may be processed by **us** or the third parties **we** work with in the European Economic Area (EEA) and countries such as the United States and India. Where your information is being processed outside of the UK **we** take additional steps to ensure that your information is protected to at least an equivalent level as would be applied by UK data privacy laws e.g. **we** will put in place legal agreements with our third party suppliers and do regular checks to ensure they meet these obligations.

For more information on how Standard Life processes your personal information and what your rights are, please read our Privacy Policy at **https://www.standardlife.co.uk/privacy** or write to the Data Protection Officer, The Phoenix Group, 1 Wythall Green Way, Wythall, Birmingham, B47 6WG.

# 17. Complaints

17.1 **We** have an established complaints procedure in relation to the **scheme** which conforms to the **FCA**'s complaints procedure requirements. **You** can ask **us** for a copy of our complaints procedure.

17.2 If **you** have a concern or complaint, please call **us** or write to **us** (see the contact details in section 1) with full details. Please quote any relevant dates and correspondence. **We**'ll discuss your issue with **you** or reply to **you** in writing and attempt to resolve it.

17.3 **We**'ll record details of your complaint centrally and make sure your complaint is thoroughly investigated by someone who's been trained in complaint handling.

17.4 If **we**'re unable to deal with a complaint within five **business days**, **we**'ll issue **you** with an acknowledgement letter together with a copy of our Internal Complaint Handling Procedures and provide **you** with regular updates.

17.5 Within eight weeks of receiving your complaint, **we**'ll send one of the following two responses:

a) a final written response in which either **we** offer **you** a remedy, whether or not **we** accept your complaint or **we** reject your complaint and give **you** our reasons for doing so. This letter will include a copy of the Financial Ombudsman Service's standard explanatory leaflet and inform **you** that, if **you** remain dissatisfied with our response, **you** may refer your complaint to the Financial Ombudsman Service within 6 months; or

b) an interim written response which will explain why **we**'re not in a position to make a final written response and indicate when **we** expect to be able to provide **you** with one. This letter will also inform **you** that **you** can refer your complaint to the Financial Ombudsman Service and will include a copy of the Financial Ombudsman Service's standard explanatory leaflet.

17.6 The Financial Ombudsman Service is an independent service set up by the **UK** parliament to resolve disputes between consumers and businesses providing financial services. This service is free to consumers.

17.7 Complaining to the Financial Ombudsman Service will not affect your rights. In general, **you** have six months from the date of our final response to refer your complaint to the Financial Ombudsman Service. The fact that **we** have categorised **you** as a retail client does not necessarily mean that **you** will be eligible to refer any complaints **you** might have about **us** to the Financial Ombudsman Service. Further information about the Financial Ombudsman Service may be found at **www.financial-ombudsman.org.uk.**

# 18. General

18.1 These **terms** are governed by the law of Scotland and are subject to the **rules** of the **scheme**. **You** and **we** will submit to the exclusive jurisdiction of the Scottish courts in relation to any claim or dispute arising under these **terms**.

18.2 Any payments made by **you**, your employer or a **third party** to your **plan** under section 4 must be paid in sterling. Any payments **we** make to **you**, to your **beneficiaries** or **successors** or to another scheme under sections 11 to 15 must also be in sterling.

18.3 Before making any payments to **you** or a **beneficiary** or **successor** under sections 11 to 14, **we**'ll deduct any tax that the **trustee** or **scheme administrator** may be required to pay to **HMRC**.

18.4 If **we** find out that the date of birth **you** (or your **beneficiary**) gave **us** is incorrect, **we**'ll adjust the **benefits** appropriately.

18.5 The notices that either **we** or **you** are required to send under these **terms** must be in writing but can be sent either (i) by email or (ii) by pre paid post to your last notified address or our address as shown in section 1.

If a notice is served by pre paid post, it will be deemed delivered five **business days** after being posted. In proving such notice, it will be enough to prove that the envelope containing the notice was properly addressed, stamped and posted.

If a notice is sent by email, it will be deemed delivered on the day it was sent provided no non-delivery message is received by the sender.

## Your right to cancel

18.6 If **you** have an option under the **FCA rules** to change your mind about setting up your **plan** or exercising an option, for example, to take income drawdown under your **plan**, **we**'ll inform **you** about the option and how long it lasts. Our **key features document** sets out when **we** can deduct investment losses from a refund of payments.

## How to contact us

18.7 If **you**'ve any questions or if **you** wish to see the trust deed and the **rules**, our contact details are in section 1. Our complaints procedure is described in section 17.

18.8 **You**'ll receive yearly statements from **us** showing payments into the **scheme** and the value of your **plan**.

18.9 The Money and Pensions Service (MaPS) is available to help you (and any of your **beneficiaries**) with pension questions and any issues **you've** been unable to resolve with the **scheme administrator**. **You** can contact MaPS at Holborn Centre, 120 Holborn, London EC1N 2TD or at contact@maps.org.uk

18.10 The Pensions Ombudsman can investigate and rule on any complaint of maladministration or dispute of fact or law in relation to your **plan**.

**You** can contact the Pensions Ombudsman at the Office of the Pensions Ombudsman, 10 South Colonnade, Canary Wharf, London, E14 4PU, or **you** can find out more information at **www.pensions-ombudsman.org.uk**.

## Financial Services Compensation Scheme

18.11 The Financial Services Compensation Scheme (FSCS) has been set up to deal with compensation if firms are unable, or likely to be unable, to meet claims against them. For further information on the compensation available under the FSCS, please ask your **financial adviser**, refer to the key features document, check our website at www.standardlife.co.uk/investor-protection or contact the FSCS:

a) call them on **0800 678 1100**; or

b) visit **www.fscs.org.uk**

Please note call charges may vary.

The amount of compensation available from FSCS depends on the type of business and the circumstances of the claim. **Recognised funds** are not covered by the FSCS. Please note that the fact that **we** have categorised **you** as a retail client does not necessarily mean that the **trustee** will be eligible to claim compensation from the FSCS on your behalf.

## Changing or replacing these terms

18.12 **We** can make reasonable and appropriate changes to these **terms** (or issue a replacement set of terms and conditions in their place) at any time while these **terms** are in force:

a) if the conditions for tax exemption of the **scheme** change; or

b) if the legal or regulatory requirements applying to the **scheme**, the **trustee** or the **scheme administrator** change; or

c) if the legal or regulatory requirements applying to the **SIPP products** or to the **insurer** change; or

d) if decisions of the Financial Ombudsman Service or the Pensions Ombudsman need to be reflected in these **terms**; or

e) if new industry guidance and codes of practice which are there to raise standards of consumer protection need to be reflected in these **terms**; or

f) if it becomes impossible or impracticable, in our reasonable opinion, to carry out any of the **terms** as a result of a change in the law or regulation or other circumstances beyond our control; or

g) if the tax treatment applicable to any **SIPP product** or of Self Invested Personal Pension Schemes (including the **scheme**) or of Standard Life changes or is due to change in a manner which has affected or would affect the **plan** in any way; or

h) if **we** have to pay a government levy; or

i) to allow **us** to respond proportionately to changes in the Bank of England base rate of interest, or to changes in other specified market rates or indices or tax rates; or

j) to reflect the increase in our costs associated with providing **you** with the **SIPP product** provided those costs are reasonably incurred; or

k) to reflect improvements to the **SIPP product** that technological, service or propositional enhancements have allowed **us** to make; or

l) to better protect the common interests of customers using the same **SIPP product**; or

m) where such a change is not to your detriment, including to correct errors or inaccuracies.

18.13 Subject to section 18.14, **we**'ll give **you** three months' notice before the change becomes effective and provide **you** with a revised version of this document or just the amended **terms**, by post or by directing **you** to our website, unless the amendments made to these **terms** are immaterial or not to your detriment, in which case **we**'ll notify your **financial adviser**.

18.14 Changes to these **terms** that are outside of our control (e.g. a change in legislation) can take effect immediately. All other changes will take effect no earlier than three months from the date of our notification to **you** of the change. When **we** notify **you** of a change, **we** will state the reasons for the change and the date on which the change will become effective.

18.15 Please see section 10 for details of the circumstances where **we** may amend our charges and the procedures **we**'ll follow.

## Force Majeure

18.16 The performance of our obligations under these **terms** may be interrupted and will be excused by the occurrence of a **force majeure event** affecting **us** or any of our key sub-contractors.

18.17 These **terms** reflect our understanding of the law at 1 May 2024.

# Annex 1 Glossary

abrdn group means abrdn plc and each of its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

account is explained in section 2.2.

additional charge is explained in sections 2, 8 and 19 of Annex 3 of this document. It's the sum of money **we** collect over the **charging period** from:

- your **plan** if **we** agree to pay **initial commission** (or the equivalent adviser remuneration) to your **financial adviser** for payments to your **flexible account**. **We** express this charge as a monetary amount; or
- an **account** set up to receive a single payment or a **transfer payment** if **we** agree to pay **funded initial commission** (or the equivalent adviser remuneration) to your **financial adviser** for that **account**. **We** express this charge as a percentage of the current value of the **account** to which it applies; or
- the **accounts** described in section 19 of Annex 3 of this document if **we** agree to pay **funded initial commission** (or the equivalent adviser remuneration) to your **financial adviser** when **you** first start to take income from your **plan**. **We** express these charges as percentages of the value of the **accounts** to which they apply.

adviser charge means a charge that **you**'ve asked **us** to pay to your **financial adviser** from your **plan** for providing **you** with one–off or ongoing advice or services in relation to your **plan**. For full details, please see our leaflet 'Terms and conditions for paying your adviser' (PENAC62).

annual allowance is explained in section 4.21.

annual allowance charge is explained in section 4.21.

annuity is a contract bought from an **insurance company** that provides a series of guaranteed payments to an individual for a set period that is normally for the lifetime of the individual.

arrangement means a sub–division of your **plan**. For some **members**, all their **pre** and **post pension date accounts** can be held in a single **arrangement**. For other **members**, some of their **post pension date accounts** must be held in separate **arrangements**. See sections 2.9 to 2.12 for more details.

basic amount is defined in the **rules**. It's £3,600 (including basic–rate tax relief) for the 2024/25 **tax year**. **HMRC** may change the **basic amount**. To find out if they have done so, please check with your **financial adviser** or see our leaflet 'Information about tax relief, limits and your pension' (GEN658).

beneficiary means a **dependant**, a **nominee** or a **successor**, or any other person chosen by **us** from the list of beneficiaries described in the **rules** to receive death benefits from your **plan**.

beneficiary's drawdown plan means a **drawdown pension fund** that **we** use to provide **benefits** to a **beneficiary**. **We** need to keep separate records of a **beneficiary's drawdown plan** and no further payments can be paid in.

benefit means any **tax-free lump sum**, income drawdown or **annuity** taken from a **registered pension scheme**.

blended fund means an **internal fund** where the **insurer** uses a number of underlying funds that could be the **insurer**'s own funds or funds of an **external fund manager** with the aim of achieving the **internal fund**'s investment objective.

bundled share class is a term that applies to **mutual funds** and means a class of **unit** or share where the fund manager has included the cost of trail commission in the annual management charge for the fund.

business day means any day except for Saturdays, Sundays, public holidays in the **UK** and Christmas Eve. It would also not be a **business day** where the London Stock Exchange or the major clearing banks in the City of London and Edinburgh are closed for an unexpected reason.

capped drawdown is a type of income drawdown described more fully in sections 11.13 and 14.4. Since 6 April 2015, it is no longer possible to select **capped drawdown** as an option however **we** will continue to administer it for **members** or **dependants** who selected it before that date.

charging period means the period notified to **you** during which **we**'ll collect an **additional charge**:

- from your **plan** because of the **initial commission** (or equivalent adviser remuneration) **we**'ve paid on payments to your **flexible account** as explained in sections 2 to 6 of Annex 3 of this document; or
- from an **account** because of the **funded initial commission** (or equivalent adviser remuneration) **we**'ve paid on a single or **transfer payment** to the **plan** as explained in sections 8 to 12 of Annex 3 of this document; or
- from **accounts** because of the **funded initial commission** (or equivalent adviser remuneration) **we**'ve paid when **you** first started to take income drawdown from your **plan** as explained in sections 19 and 20 of Annex 3 of this document.

data protection law means any law that applies from time to time to the processing of personal information by either **us** or your **financial adviser** under these **terms.**

dependant is used in these **terms** in accordance with its definition in the **rules**. The definition includes your husband, wife or civil partner, a **dependent child** and anyone who is financially dependent on **you**. Please check the **rules** and/or consult your **financial adviser** if **you**'re uncertain if anyone **you** wish to be considered as a **dependant** falls within the categories above.

dependent child means any natural or adopted child of yours who, when **you** die, is under 23 or dependent on **you** because of disability.

discounted share class is a term that applies to **mutual funds** and means a class of **unit** or share which is available at a lower cost than an **unbundled share class**. This share class is sometimes described as a 'super clean' share class.

discretionary investment manager is explained in section 5.19.

drawdown investment mix is explained in section 2.8.

drawdown pension fund means a sum of money within a **registered pension scheme** that has been designated for income drawdown.

drawdown pot is explained in section 2.5.

earmarking order is an order by which, in the case of a divorce, a **member's benefits** can be used to pay either maintenance or a capital sum to the **member**'s ex–spouse. The sum earmarked for the ex–spouse only becomes payable when entitlement arises under the **member**'s pension scheme.

execution–only stockbroker means the stockbroker appointed by u**s** from time to time for SIPP **members** who wish to make execution-only trades without receiving advice from the stockbroker. Our current appointed stockbroker is Stocktrade, a trading name of Embark Investment Services Limited. Embark Investment Services Limited is authorised and regulated by the Financial Conduct Authority. Their reference number on the Financial Services Register is: 737356. For more information, please see sections 5.15 to 5.18.

external fund means a fund managed by an **external fund manager**.

external fund manager means:

- the **manager** (including **managers** in the **abrdn group**) of a **mutual fund** in which a **Standard Life investment policy fund** invests; or
- an **insurance company** (other than Phoenix Life Limited) that manages an insured fund which is used by a **Standard Life investment policy fund**.

FCA means the Financial Conduct Authority or any successor regulator which regulates our investment business. The **FCA** can be contacted at 12 Endeavour Square, London, E20 1JN.

FCA rules mean the Handbook of Rules and Guidance of the **FCA** or any successor regulator to the **FCA**, as amended from time to time.

financial adviser means any financial intermediary who:

- is authorised under **FSMA**; and
- provides **you** from time to time with financial and investment advice.

five–yearly review date means the date that falls five years after the 'relevant date' for an **arrangement**, as explained below.

- For each **arrangement** described in section 2.10 and created before 6 April 2011, the 'relevant date' is normally the date set under the **transferring scheme**.
- For the **arrangement** described in section 2.12, the 'relevant date' is the date that this **arrangement** was first reviewed on or after 6 April 2006.
- For the **arrangement** described in section 2.9 or 2.11, if the first **post pension date account** was created on or after 6 April 2006 but before 6 April 2011, the 'relevant date' is the date on which that first **post pension date account** was created.
- For a **beneficiary's drawdown plan** created before 6 April 2011, the 'relevant date' is your date of death.

In general, the first **five–yearly review date** for an **arrangement** will be its last. But where **we** have agreed to bring forward a **five–yearly review date** for an **arrangement** to the start of an **income year** beginning before 6 April 2011, there is a second **five–yearly review date** on the fifth anniversary of the start date of that **income year**.

flexible account is explained in section 2.2.

flexible drawdown is a type of income drawdown described more fully in sections 11.12 and 14.3. Before 6 April 2015, there were certain eligibility criteria that had to be met before an individual could take **flexible drawdown**.

flexibly accessing is when **you** take **benefits** from your **plan** on or after 6 April 2015, but it doesn't include taking a **tax-free lump sum**, 'small pot' lump sum, **capped drawdown** or buying an **annuity**. (A 'small pot' lump sum is a certain type of lump sum payment not greater than £10,000. **We**'ll tell you if a payment constitutes a 'small pot' lump sum.) Whenever **you** first flexibly access **benefits** from a **registered pension scheme**, **you** will receive a notification from the pension provider that **you** have done so. It is your responsibility to inform all pension providers of whom **you** are a customer that **you** have received such a notification or **you** may be fined by **HMRC**.

force majeure event literally means 'superior event'. It's an event that couldn't be predicted or, if predicted, its consequences are too drastic to plan for in a contract. In these **terms**, it means any of the following:

- act of God, fire, earthquake, storm or flood;
- explosion, nuclear accident or collision;
- sabotage, riot, civil disturbance, insurrection, epidemic, national emergency (whether in fact or law) or act of war (whether declared or not) or terrorism;
- requirement or restriction of or failure to act by any government, semi–governmental or judicial entity (other than a regulatory change);
- unavoidable accident;
- loss of supply of essential services including but not limited to electrical power, telecommunications, air conditioning and essential third party services;
- any 'denial of service' or other targeted network attack; and
- any other cause beyond our reasonable control,

as a consequence of which **we** can no longer administer your **SIPP product** for a given period.

FSMA means the Financial Services and Markets Act 2000 as amended from time to time and all regulations and orders under it.

fund based renewal commission is a payment that **you** could ask **us** to make to your **financial adviser** monthly or yearly for advice received before 31 December 2012 and for which **we** deduct a **regular charge** (as explained in sections 13 to 17 of Annex 3 of this document) from an **account**. (It also includes remuneration, benefits or services to your **financial adviser** that correspond to **fund based renewal commission**.) The payment is a percentage based on the total value of the investments held in your **account** at the time **we** make the payment on your behalf.

funded initial commission is a one–off payment which is paid by **us** to your **financial adviser** if **you** instruct **us** to do so for advice received before 31 December 2012. (It also includes remuneration, benefits or services to your **financial adviser** that correspond to **funded initial commission**.) It's usually paid on the day **we** create an **account** for **you** but it may also be paid on the day when **you** start to take an income from the **plan**. **We** recover the cost of it (or the equivalent adviser remuneration) from your **account** by levying the **additional charge** over the **charging period**. It differs from unfunded **initial commission**. **Funded initial commission** is not available if **you** are 69 or over.

group means the **group** of plans administered together under a common 'J' number. The planholders in a **group** normally work for the same employer.

HMRC means HM Revenue and Customs.

illustration means an **illustration** which reflects the terms of your **SIPP product** (plus, if it's a personal **illustration**, the investments **you**'ve decided to invest in) and the possible return that **you** could expect.

income year means the period during which **we** can pay an income, up to the **maximum income** from a **post pension date account** or a **beneficiary's drawdown plan**. Each **arrangement** has its own **income year**. If **you** transfer in a **drawdown pension fund** the **income year** for the **transfer payment** will normally be set by the **transferring scheme**.

index of average weekly earnings means the whole economy **index of average weekly earnings** for all employees in Great Britain that's published by the Office for National Statistics under the reference KA5Q. The earnings include bonuses but are not seasonally adjusted.

initial charge is the sum of money:

- **we** deduct from each payment to your **flexible account** if **we** agreed to pay **level commission** (or the equivalent adviser remuneration) to your **financial adviser** (as described in section 1 of Annex 3 of this document); or
- **we** deduct from an **account** set up for a single or **transfer payment** if **we** agreed to pay **initial commission** (or the equivalent adviser remuneration) to your **financial adviser** for that **account** (as described in section 7 of Annex 3 of this document); or
- the sum of money **we** deduct from your **plan** if **we** agreed to pay **initial commission** (or the equivalent adviser remuneration) to your **financial adviser** when **you** first start to take income from your **plan** (as described in section 18 of Annex 3 of this document).

initial commission is a way **you** have of paying your **financial adviser** for their initial services provided before 31 December

2012. (It also includes remuneration, benefits or services to your **financial adviser** that correspond to **initial commission**.) It's a one off payment paid by **us** directly to your **financial adviser** if **you** instruct **us** to do so.

- For the **initial commission** (or equivalent adviser remuneration) paid on payments to a **flexible account**, **we** deduct an **additional charge** (as explained in section 2 of Annex 3 of this document).
- For the **initial commission** (or equivalent adviser remuneration) paid on a single or **transfer payment**, **we** deduct an **initial charge** (as explained in section 7 of Annex 3 of this document).
- For the **initial commission** (or equivalent adviser remuneration) paid when **you** first start to take income drawdown from your **plan**, **we** deduct an **initial charge** (as explained in section 18 of Annex 3 of this document).

in–specie transfer payment means a **transfer payment** into the **scheme** from another pension scheme (or a **transfer payment** from the **scheme** to another pension scheme) of the actual assets held as opposed to the cash value of these assets.

insurance company means an **insurance company** as described in section 275 of the Finance Act 2004.

insurer means Phoenix Life Limited. It's the **insurer** of the Standard Life Investment Policy, which is a master policy issued to the **trustee**. For more information, please refer to section 7.

internal fund means a fund that's managed by Phoenix Life Limited on the basis described in section 7.3.

Investment Pathway fund means a fund that is one of our ready-made investment solutions for drawdown customers.

key features document is a document that sets out the main aims and features of a **SIPP product**. This document will be given to **you** by your **financial adviser** when an **illustration** for a particular **SIPP product** is requested.

level 1 investments are the Standard Life Investment Policy and the **trustee cash account**. **We** previously called them 'inner ring' investments.

level 2 investments are **SIPPZone mutual funds**. **We** previously called them 'middle ring' investments.

level 3 investments are any investments that aren't **level 1** or **level 2** investments. **We** previously called them 'outer ring' investments. They include investments made through the **execution-only stockbroker** or **discretionary investment managers** and commercial property.

level commission is a payment that **you** could ask **us** to make to your **financial adviser** each time a payment is made to your **flexible account**. (It also includes remuneration, benefits or services to your **financial adviser** that correspond to **level commission**.) **We** make an **initial charge** from each payment which matches the **level commission** (or equivalent adviser remuneration) that **we** pay out.

lifestyle profile means an investment strategy that changes the funds in which a **member** is invested based on how far away they are from the date they've told **us** that they expect to take their **benefits**. As they get closer to retirement, the investment aims of the profile move away from growth and towards preparing the **member**'s **plan** for the date that they expect to take their **benefits**.

lump sum allowance this is the limit on the total tax free lump sums you can take from all your pensions. The rules are complex and set out in Finance Act 2004 as amended from time to time.

lump sum death benefits allowance this is the limit on the total tax free lump sums that can be paid on your death from all your pensions. The rules are complex and set out in Finance Act 2004 as amended from time to time.

manager means the investment **manager** of a **mutual fund**.

marginal rate means the highest band of income tax applied to an individual's annual income in the **UK** expressed as a percentage.

maximum income means the maximum yearly income allowed by **HMRC**. It's calculated separately for each **arrangement**. It's worked out by multiplying by 150% the income produced for that **arrangement** from the Government Actuary's Department's tables.

The **maximum income** is recalculated for the **regular review date** and then yearly once **you** (or your **dependant**) turn 75. The **maximum income** could increase or decrease as a result of the review.

If **you** are (or your **dependant** is) under 75, **you** (or they) can ask **us** to bring forward the next **regular review date** for an **arrangement** to the start of the next **income year**. If **we** agree to do so, **we**'ll recalculate the **maximum income** for that **arrangement** in the 60–day period ending on the start date of the next **income year**. The new **maximum income** will then apply to that **arrangement** from the start of the next **income year**.

The **maximum income** for the **arrangements** described in sections 2.9 and 2.11 is also recalculated between **regular review dates** if a new **post pension date account** is created. If this recalculation produces a higher maximum than before, the new limit will apply immediately. But if it's done on or after 6 April 2011 and produces a lower maximum than before, the new limit won't apply until the start of the next **income year**.

If before your 75th birthday any **post pension date account** in an **arrangement** is used to buy an **annuity**, or to provide a transfer value under a **pension sharing order**, the **maximum income** for that **arrangement** will be recalculated after the **annuity** purchase price or transfer value is deducted. But the new limit won't apply until the start of the next **income year**. This calculation won't be made if the **annuity** purchase date or transfer date occurs in an **income year** that ends with a **regular review date** as that review will include these changes.

member means a person who has applied for and been accepted as a member of the **scheme**.

money purchase annual allowance is explained in section 4.21.

monthly charge date means the day in each month on which **we** deduct any monthly charges. It's the same day as **we** created your first **account** under the **plan**. But if the first **account** was a **flexible account**, it is the same day as **we** expected to receive the first payment. If **we** created your first **account** on the 31st day of a month, the **monthly charge date** is the last day of each month.

If **we** created it on the 29th or 30th day of a month, the **monthly charge date** in February is the last day of February. In the case of a **beneficiary's drawdown plan**, it would be the day of the month on which **you** or the relevant **beneficiary** or **successor** died.

mutual fund means a fund operated by a **manager** which raises money from investors and invests in a group of assets, in accordance with a stated set of objectives. Unit trusts and OEICs are examples of **mutual funds**.

nominee means an individual or charity or any other person nominated by **you** to receive death benefits from your **plan**.

pension date is the date on which **we** start, at your request, paying **you** a **benefit** from a part of your **plan**. It is explained in section 2.3.

pension sharing order is defined in the **rules** and can apply if **you**'re getting divorced.

Phoenix group means Phoenix Group Holdings plc and its subsidiaries and subsidiary undertakings from time to time.

plan means the total of all of the **accounts** that **we**'ve created for **you** under the same **plan** number.

post pension date account is explained in sections 2.3 and 2.4.

pre pension date account is explained in section 2.3.

pre RDR group means a **group** that has been set up before 31 December 2012, the date when the regulator's Retail Distribution Review (RDR) rules come into effect. It also includes a **group** where, before 31 December 2012, **we** received the employer's application to set up that **group**.

pricing point means the time at which the price of individual **units** in a **mutual fund** are calculated. **Mutual funds** are generally priced on each **business day**, although some **mutual funds** are priced weekly or at other frequencies. Information on when each **mutual fund** described in section 8 is priced can be obtained from your **financial adviser** or the **SIPP Customer Centre**.

prospectus means the current **prospectus** or scheme particulars issued by the **manager** of a **mutual fund** and which contains details about that **mutual fund**.

qualifying recognised overseas pension scheme means, as explained in the **rules**, a pension scheme based outside of the **UK** to which a **UK registered pension scheme** is allowed to transfer money or assets without a tax penalty.

recognised fund means a **mutual fund** which is not based in the **UK** but is approved by the **FCA** for selling to customers in the **UK**.

refund of excess contributions lump sum means a refund of payments that have exceeded **HMRC**'s limits for tax relief as described in section 4.3.

registered pension scheme is a pension scheme registered by **HMRC**. Examples of the types of schemes that are **registered pension schemes** are personal pension schemes, stakeholder pension schemes, occupational pension schemes, retirement **annuity** contracts and buy–out policies.

regular charge is the charge that **we**'ll take if **we**'re paying **fund based renewal commission** (or the equivalent adviser remuneration) to your **financial adviser**. The **regular charge** that **we** take from an **account** matches the **fund based renewal commission** (or equivalent adviser remuneration) that **we** pay in relation to that **account**.

regular review date means the **five–yearly review date** or the **three–yearly review date**. Once **you** or your **beneficiary** reach age 75, yearly reviews apply, using the same day and month as the **regular review date**. (If someone turned 75 before 22 June 2010, their yearly reviews were normally aligned to their birthday.)

relevant UK earnings are defined in section 189(2) of the Finance Act 2004 and include the following:

- if **you**'re employed, the income that **you** receive from your employer in a **tax year**. (This is usually your pay or salary from your job but could also include the value of other benefits from your job that are taxable); and
- if **you**'re self–employed, the income that **you** receive in a **tax year** from carrying on your trade, profession or vocation (this could include patent income from an invention of yours); and
- the income from any **UK** furnished holiday letting business;

to the extent that this income is taxable in the **UK**.

relevant UK individual means that:

- **you** have **relevant UK earnings** for the **tax year** chargeable to income tax; or
- **you**'re resident in the **UK** at some time during the **tax year**; or
- **you** have (or your husband, wife or civil partner has) general earnings for the **tax year** from overseas Crown employment

subject to **UK** tax; or

- **you** were resident in the **UK** both at some time during the five previous **tax years** and when **you** became a **member** of the **scheme**.

**restoration order** means an order under the Bankruptcy (Scotland) Act 1985 or the Insolvency Act 1986 to restore excessive pension contributions to a bankrupt's estate.

**rules** means the **rules** of the Standard Life Self Invested Personal Pension Scheme. To get a copy of the trust deed and **rules**, please contact **us**. Our details are in section 1.

**savings investment mix** is explained in section 2.7.

**savings pot** is explained in section 2.5.

**scheme** means the Standard Life Self Invested Personal Pension Scheme. It's registered with **HMRC** under Chapter 2 of Part 4 of the Finance Act 2004. This means that contributions to the **scheme** qualify for income tax relief and your investments will be free from **UK** capital gains tax.

**scheme administrator** means Phoenix Life Limited or any other company or person or group of individuals that replaces Phoenix Life Limited as **scheme administrator**.

**SIPP Customer Centre** means our customer centre where **we** administer the **SIPP products**. Their contact details are shown in section 1.

**SIPP products** means the Retail **SIPP products** available under the **scheme** so, at this time, it doesn't cover the Wrap SIPP product and the Group Flexible Retirement Plan product. If **we** launch new products, **we**'ll set out whether or not they are Retail **SIPP products**. **SIPP product** means the particular **SIPP product** that **you** have.

**SIPPZone mutual fund** means a **mutual fund** that's explained in section 8 and belongs to our SIPPZone range. The **SIPPZone mutual funds** were formerly called 'FundZone mutual funds'.

**Standard Life investment policy funds** means the pension funds available for **you** to invest in under the Standard Life Investment Policy. **You** can get a list of these **Standard Life investment policy funds** from **us** or your **financial adviser**.

**successor** means an individual or charity or any other person nominated by a **beneficiary** or another successor to receive death benefits from your **plan**.

**tax-free lump sum** means the amount of your **benefits** that can be taken tax-free at a **pension date** and is explained in sections 11.6 to 11.9.

**tax year** means the period from 6th April in one year to 5th April of the next year.

**terms** means these Terms and Conditions.

**third party** means anyone, apart from your employer, who makes a payment to your **plan** on your behalf. It includes, for example, your husband, wife, civil partner and parents.

**three–yearly review date** means the date that falls every three years after the 'relevant date' for an **arrangement**, as explained below.

- For the **arrangement** described in 2.9 or 2.11, if the first **post pension date account** is created on or after 6 April 2011, the 'relevant date' is the date on which that first **post pension date account** is created.
- For each **arrangement** described in section 2.10 and created on or after 6 April 2011, the 'relevant date' is normally set by the **transferring scheme**. But if the **transferring scheme** hasn't set a **three–yearly review date** and the transfer occurs in an **income year** that ends before 25 March 2013, it's the start date of the first **income year** which begins after the **arrangement** is created.
- For each other **arrangement** created in the **scheme** before 6 April 2011, the 'relevant date' is the **five–yearly review date** for that **arrangement** which falls on or after 6 April 2011. If **we** have agreed to bring forward a **five–yearly review date** for an **arrangement** to the start of an **income year** beginning after 6 April 2011, the 'relevant date' is the start date of that **income year**.
- For a **beneficiary's drawdown plan** created on or after 6 April 2011, the 'relevant date' is your date of death.

**transfer charge** is the charge that **we**'ll take if:

- **you** make a **transfer payment** out of the **scheme**; or
- **we** pay a transfer value for your ex–spouse or ex–civil partner under a **pension sharing order;** or
- **you** buy an **annuity**; or

- **we** comply with a **restoration order**; or
- **we** pay a **refund of excess contributions lump sum**;

out of any of your **accounts** which are subject to an **additional charge** and still within their **charging period**. Sections 5, 11 and 12 of Annex 3 of this document describe how **we**'ll calculate the **transfer charge** for an **account**.

**We**'ll deduct the **transfer charge** from the amount to be transferred or paid.

transfer payment means:

- a payment made into your **plan(s)** from another pension scheme; or
- a transfer from a **plan** of yours into another pension scheme. (Also see **in–specie transfer payment**.)

transferring scheme means a pension scheme (or other pension arrangement or policy) in which **you**'re currently a member and from which **you** want to transfer some of all of your **benefit**s.

trustee means the **trustee** of the Standard Life Self Invested Personal Pension Scheme. The current **trustee** is Standard Life Trustee Company Limited whose address is Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH. If Standard Life Trustee Company Limited ceases to be the **trustee** of the **scheme**, **'trustee'** will mean the other company or person or group of individuals that replaces Standard Life Trustee Company Limited as **trustee** of the **scheme**.

trustee cash account means the bank or building society account that the **trustee** uses for money movements within the **scheme**. The account is currently with HSBC Bank plc.

UK means the United Kingdom of Great Britain and Northern Ireland (excluding the Isle of Man and the Channel Islands).

unbundled share class is a term that applies to **mutual funds** and means a class of **unit** or share where the fund **manager** has excluded the cost of trail commission in the annual management charge for the fund. This share class is sometimes described as a 'clean' share class.

units are fractions of funds which are available to investors to buy and sell. **Mutual funds** are divided into **units** specifically for this purpose. The legal structure of some **mutual funds** means that the term 'share' is more legally accurate than 'unit'. However, for clarity **we** have used **'unit'** throughout this document. **Standard Life investment policy funds** are also divided into **units.**

we and us mean the **scheme administrator**.

yearly charge date is the anniversary of the day **we** created your first **account** under the **plan**. If the first **account** is the **flexible account**, it's the anniversary of the date on which **we** expected to receive the first payment to the **flexible account**. In the case of a **beneficiary's drawdown plan**, it's the anniversary of your death or the death of the relevant **beneficiary** or **successor**.

you means the person who is applying for or has successfully applied for a **SIPP product** with **us**.

# Annex 2 Examples

Please note that the examples contained in this Annex 2 are only included to help **you** understand a complex calculation or process that has been referred to in these **terms**. **We** have simplified the description used in these examples, to make them easier to understand.

## Section 2.7: Examples of how the savings investment mix is calculated

When **we** create a new **pre pension date account** for **you**, **you** can tell **us** how **you**'d like the payment(s) to that account to be invested.

For instance, assuming that **you** have just started the **plan** and want to invest £10,000, **you** can tell **us** to invest £4,000 in investment A and £6,000 in investment B. At this stage your investment mix in your **pre pension date account** is 40% in investment A and 60% in investment B.

Your **savings investment mix** is calculated by dividing the amount that **you** hold in a particular investment by the total value of your **pre pension date account** and expressing this ratio as a percentage.

So continuing the previous example and assuming that one year after **you** joined the **scheme**, the following has happened:

- your initial investment has increased from £10,000 to £11,000 and the value of your investment in A is £4,600 (41.8%) and the value of your investment in B is£6,400 (58.2%); and
- **you** want to transfer £15,000 to the **plan** and invest that sum in investment C, **we** will create a second **pre pension date account** for **you**, as explained in section 2.2, and **you** will have a total of £(11,000 + 15,000 = 26,000) invested via your two **pre pension date accounts**.

Following the creation of your second **pre pension date account**, your **savings investment mix** on that day will be as follows:

- £4,600 out of £26,000 is invested in investment A so investment A represents 17.7% of your **savings investment mix;**
- £6,400 out of £26,000 is invested in investment B so investment B represents 24.6% of your **savings investment mix; and**
- £15,000 out of £26,000 is invested in investment C so investment C represents 57.7% of your **savings investment mix.**

The percentage of the **savings investment mix** that an investment represents will change as the value of the investment changes.

When **you** have more than one **pre pension date account**, **we**'ll treat all your **pre pension date accounts** as being invested according to the **savings investment mix**.

## Section 7.30: Example of how the management charge is calculated

To calculate the management charge that will be deducted on a particular day from a **Standard Life investment policy fund**, the annual rate of the management charge is divided by 365 (or 366 in a leap year) to obtain the daily rate and this rate is multiplied by the value of the fund on that day.

So, assuming that the annual rate of the management charge is 1.0%, a single day's charge is being taken and that the value of the fund on a particular day is £100,000, the management charge that will be deducted from the fund on that day is £2.74 (i.e. 1.0% / 365 x £100,000).

As the value of the fund fluctuates every day, the value of the amount charged to the fund will also fluctuate.

## Section 11.10: Example of the process by which investments are moved out of the savings investment mix into the drawdown investment mix.

Assume that **you** have £100,000 in your **pre pension date accounts** and that your **savings investment mix** is as follows:

- 10% in **Standard Life investment policy fund** A worth £10,000;
- 5% in **Standard Life investment policy fund** B worth £5,000;
- 15% in **Standard Life investment policy fund** C worth £15,000;
- 20% in **mutual fund** D worth £20,000;
- 23% in company E shares worth £23,000; and
- 27% in cash of £27,000, held in the **trustee cash account**.

This means that 30% of your investments are in **Standard Life investment policy funds** and 70% are in 'additional investments'.

If **you** ask **us** to use £60,000 to start paying **benefit**s to **you**, **we** will create a **post pension date account** with £60,000 worth of investments. **You** can tell **us** exactly how much of your investment in the **Standard Life investment policy funds you** want **us** to transfer so, for instance, **you** could tell **us** to transfer £8,000 of **Standard Life investment policy fund** A investment and all of your **Standard Life investment policy fund** C investments (worth £15,000). This means that **you** want **us** to transfer £37,000 from your 'additional investments' (**mutual fund** D, company E shares and cash) which is 37/70ths (37,000/70,000) of these investments.

**We** will therefore transfer 37/70ths of each of your 'additional investments' to your **post pension date account**

- £10,571.43 (37/70ths of £20,000) worth of **mutual fund** D;
- £12,157.14 (37/70ths of £23,000) worth of your company E shares; and
- £14,271.43 (37/70ths of £27,000) worth of cash.

So the £60,000 held in your **post pension date account** will be invested as follows:

- £8,000 in **Standard Life investment policy fund** A;
- £15,000 in **Standard Life investment policy fund** C;
- £10,571.43 in **mutual fund** D;
- £12,157.14 in company E shares; and
- £14,271.43 in cash held in the **trustee cash account**.

This means that your **drawdown investment mix** will be:

- 13.33% (8,000/60,000) in **Standard Life investment policy fund** A;
- 25.00% (15,000/60,000) in **Standard Life investment policy fund** C;
- 17.62% (10,571.43/60,000) in **mutual fund** D;
- 20.26% (12,157.14/60,000) in company E shares; and
- 23.79% (14,271.43/60,000) in cash.

The percentage of the **drawdown investment mix** that an investment represents will change as the value of the investment changes.

# Annex 3 Charges for commission or adviser remuneration

As a result of regulatory changes, **we** don't pay commission to your **financial adviser** from your **plan** for advice you have received on or after 31 December 2012. This Annex explains how your **financial adviser**'s remuneration will impact your **plan** if **we** have agreed to pay commission on your behalf for advice received before 31 December 2012 and the circumstances in which **we**'ll stop paying commission. It also explains the restrictions that apply to any fees which were in payment from your **plan** before 15 October 2012 (or before 31 December 2012 if your **plan** belongs to a **group**) and the circumstances in which **we**'ll stop paying them.

Sections 1 to 20 of this Annex explain how your **financial adviser**'s remuneration will impact upon your **plan** if **we** have agreed to pay commission on your behalf for advice received before 31 December 2012. These sections also explain the circumstances in which **we**'ll stop paying commission.

Section 22 of this Annex explains the restrictions that apply to any fees which were in payment from your **plan** before 15 October 2012 (or before 31 December 2012 if your **plan** belongs to a **group**) and the circumstances in which **we**'ll stop paying them.

## Charges for level commission or adviser remuneration: payments to the flexible account

If your **plan** belongs to a **group**, the option in section 1 of this Annex only applies if it's a **pre RDR group** and the commission is payable to the **group** adviser.

1 For payments to your **flexible account**, **you** can ask **us** to pay **level commission** to your **financial adviser** for advice **you**'ve received before 31 December 2012. Where **we** agree to do so, **we** make an **initial charge** from each payment. The amount of the **initial charge** is the same as the amount of the **level commission**. **We**'ll show the level of the **initial charge** in the account confirmation that **we** give **you**.

**We** won't agree to increase the percentage of any **level commission** that's already being paid. And **we**'ll stop paying any **level commission** to your **financial adviser** (and stop deducting that amount as an **initial charge**) if **you**:

a) increase or restart regular payments, or

b) add indexation to the regular payments (as described in sections 4.10 to 4.13), or

c) change the level of the indexation, or

d) instruct **us** to stop paying **level commission**.

These restrictions don't apply if your **plan** belongs to a **pre RDR group**.

## Charges for initial commission or adviser remuneration: regular payments

If your **plan** belongs to a **group**, the option in section 2 of this Annex only applies if it's a **pre RDR group** and the commission is payable to the **group** adviser.

2 For regular payments to your **flexible account**, **you** can ask **us** to pay **initial commission** to your **financial adviser** for advice **you**'ve received before 31 December 2012. Where **we** agree to do so, **we** make an **additional charge** from your **plan** during the **charging period**. **We**'ll show the monthly amount of the **additional charge** and the **charging period** in the account confirmation that **we** give **you**. **We**'ll continue to collect the **additional charge** up to the end of the **charging period** even if the regular payments stop.

3 If there's a delay in starting payments to the **flexible account** and **we** receive several payments at once, **we**'ll normally collect the number of **additional charges** at that time which corresponds to the number of months' payments **we**'ve received at that time.

4 **We**'ll make a **transfer charge** if, before the end of the **charging period**:

a) **you** use some or all of your **plan** to buy an **annuity**;

b) **you** take a **transfer payment**;

c) **we** pay a transfer value for your ex-spouse or ex-civil partner under a **pension sharing order**;

d) **we** have to comply with a **restoration order**;

**e)** **we** pay a **refund of excess contributions lump sum**; or

**f)** **we** agree to your request to move your **plan** onto the Wrap platform.

**We**'ll also make a **transfer charge**, without the proportioning described in c) and d) of section 5 of this Annex, if **you** ask to start taking **flexible drawdown** (including full encashment) before the end of the **charging period**.

5 **We**'ll calculate the **transfer charge** by:

a) multiplying the monthly **additional charge** by

b) the number of **monthly charge dates** left in the **charging period**

then calculating the 'relevant proportion' of this amount by

c) multiplying it by the **annuity** purchase price or transfer value and

d) diving it by the value of the **plan** before the **annuity** purchase price or transfer value is deducted.

In this calculation and in section 6 of this Annex, '**annuity** purchase price' includes the value of any related lump sum and 'transfer value' includes the payments described in d) to f) of section 4 of this Annex.

6 Once the **annuity** purchase price or transfer value has been paid and the **transfer charge** has been deducted, **we**'ll reduce the monthly **additional charge** by the 'relevant proportion' calculated in section 5 of this Annex for the rest of the **charging period**. However, depending on the size of the **annuity** purchase price or transfer value in relation to the value of the **plan**, **we** may instead choose either not to make a **transfer charge** (and continue collecting the monthly **additional charge**) or to deduct the full **transfer charge** without the proportioning described in c) and d) of section 5 of this Annex (and stop collecting the monthly **additional charge**).

## Charges for initial commission or adviser remuneration: single or transfer payment

If your **plan** belongs to a **group**, the option in section 7 of this Annex only applies if it's a **pre RDR group**, the commission is payable to the **group** adviser, and

- the **transfer payment** is being made as part of a bulk transfer (or the single payment is being made as part of a bulk payment exercise) and **you** have not received individual advice, or
- there was an agreement between your employer and the **group** adviser in place before 31 December 2012 covering the provision of individual advice on or after that date.

7 For a single or **transfer payment**, **you** can ask **us** to pay **initial commission** to your **financial adviser** from the **account** set up for that payment for advice **you**'ve received before 31 December 2012. Where **we** agree to do so, **we** make an **initial charge** after **we** create the **account**. The amount of the **initial charge** is the same as the amount of the **initial commission**. **We**'ll show the amount of the **initial charge** in the account confirmation that **we** give **you**.

## Charges for funded initial commission or adviser remuneration: single or transfer payment

If your **plan** belongs to a **group**, the option in section 8 of this Annex only applies if it's a **pre RDR group**, the commission is payable to the **group** adviser, and

- the **transfer payment** is being made as part of a bulk transfer (or the single payment is being made as part of a bulk payment exercise) and **you** have not received individual advice, or
- there was an agreement between your employer and the **group** adviser in place before 31 December 2012 covering the provision of individual advice on or after that date.

8 For a single or **transfer payment**, **you** can ask **us** to pay **funded initial commission** to your **financial adviser** for advice **you**'ve received before 31 December 2012. Where **we** agree to do so, **we** make an **additional charge** from the **account** set up for the single or **transfer payment**. **We** express the **additional charge** as a percentage of the value of the **account** and **we** deduct the **additional charge** from the **account** on the **monthly charge date** during the **charging period**. Since the **additional charge** is a percentage of the **account**, the sum of money **we** deduct each month will depend on the value of the **account** on that **monthly charge date**. **Funded initial commission** isn't available if **you**'re aged 69 or over.

9 We'll show the level of the **additional charge** (as a percentage), and the last **monthly charge date** on which **we**'ll collect it, in the account confirmation that **we** give **you**.

10 If **we**'re making an **additional charge** from a **pre pension date account** and **you** apply a **pension date** to all or part of that **account** during the **charging period**, **we**'ll also make an **additional charge** from the **post pension date account** that's created.

Where **you** take a lump sum or **we** pay a lifetime allowance charge, **we** won't be collecting the **additional charge** on those amounts. The yearly rate of the **additional charge** on the **post pension date account** is increased to allow for the money paid out. When a **pre pension date account** becomes a **post pension date account** the last **monthly charge date** will remain the same.

**We**'ll calculate the higher **additional charge** for the **post pension date account** by:

a) multiplying the **additional charge** by the value of the **post pension date account** at **pension date**; and

b) dividing it by the balance of the **post pension date account** after the lump sum and any lifetime allowance charge are taken off.

11 **We**'ll make a **transfer charge** if:

- **you** take a **transfer payment**;
- **we** pay a transfer value for your ex-spouse or ex-civil partner under a **pension sharing order**;
- **we** comply with a **restoration order**;
- **we** pay a **refund of excess contributions lump sum**; or
- **we** agree to your request to move your **plan** onto the Wrap platform.

out of any of your **account(s)** which are subject to an **additional charge** and still within their **charging period.**

**We**'ll also make a **transfer charge** if **you** ask to start taking **flexible drawdown** (including full encashment) before the end of the **charging period**. In this case the **transfer charge** will be calculated as if the whole **account** were being transferred.

**We**'ll calculate the **transfer charge** by:

a) multiplying the yearly rate of the **additional charge** that applies to that **account** by

b) the number of **monthly charge dates** from the transfer date up to the end of the **charging period**

c) dividing this percentage by 12, and

d) multiplying the above by the amount being transferred or paid.

**We**'ll deduct the **transfer charge** from the amount being transferred or paid.

So, assuming that the yearly rate of the **additional charge** is 0.5%, that the number of **monthly charge dates** up to the end of the **charging period** is 26 and the value of the **account** being transferred is £10,000, the **transfer charge** will be:

$$\frac{0.5\% \times 26 \times 10{,}000}{12} = £108.33$$

So **you**'ll be able to transfer £10,000 – 108.33 = £9,891.67.

12 **We**'ll also make a **transfer charge** if **you** intend to use all or part of a **post pension date account** that's subject to an **additional charge** to buy an **annuity** during the **charging period**. (This includes any **post pension date account** where **you** choose to buy an **annuity** on the **pension date**.) **We**'ll calculate the **transfer charge** for an **account** by:

a) multiplying the yearly rate of the **additional charge** that applies to that **account** by

b) the number of **monthly charge dates** from the **annuity** purchase date up to the end of the **charging period**

c) dividing this percentage by 12, and

d) multiplying the above by the amount **you** intend to use to buy the **annuity**.

**We**'ll deduct the **transfer charge** from the **post pension date account**.

Continuing from the previous example, if the yearly rate of the **additional charge** is 0.5%, the number of **monthly charge dates** from the date the **annuity** is purchased up to the end of the **charging period** is 14 and the cost of the **annuity** is £5,000, the **transfer charge** will be:

$$\frac{0.5\% \times 14 \times 5{,}000}{12} = £29.17$$

So **you**'ll be able to use £5,000 – 29.17 = £4,970.83 to buy an **annuity**.

## Charges for fund based renewal commission or adviser remuneration

If your **plan** belongs to a **group**, the option in section 13 of this Annex only applies if it's a **pre RDR group** and the commission is payable to the **group** adviser. It won't apply to any **account** created from a single or **transfer payment** on or after 31 December 2012 unless:

- the **transfer payment** is being made as part of a bulk transfer (or the single payment is being made as part of a bulk payment exercise) and **you** have not received individual advice, or
- there was an agreement between your employer and the **group** adviser in place before 31 December 2012 covering the provision of individual advice on or after that date.

13 **You** can ask **us** to pay **fund based renewal commission** to your **financial adviser** from an **account** for advice **you**'ve received before 31 December 2012. Where **we** agree to do so, **we** make a **regular charge** from the **account**. The amount of the **regular charge** is the same as the amount of the **fund based renewal commission**. **We** express both as a percentage of the **account**.

14 **We**'ll deduct the **regular charge**:

a) on the **monthly charge date** if **we**'re paying monthly **fund based renewal commission**; or

b) on the **yearly charge date** if **we**'re paying yearly **fund based renewal commission**.

**We**'ll give **you** confirmation of the level of the **regular charge** as a percentage of the **account** to which it applies.

**We** won't agree to increase the percentage of any **fund based renewal commission** that's already being paid from an **account**. And if **we**'re already paying **fund based renewal commission** to your **financial adviser** from an **account**, **we**'ll stop paying that commission and stop deducting the **regular charge** from that **account** if:

a) in relation to the **flexible account**, **you** increase or restart regular payments, add indexation to the regular payments (as described in sections 4.10 to 4.13) or change the level of the indexation, or

b) in relation to any **account**, **you** instruct **us** to stop paying **fund based renewal commission** from that **account**.

These restrictions don't apply if your **plan** belongs to a **pre RDR group**.

15 If a **regular charge** applies to a **pre pension date account**, the same **regular charge** will apply to any **post pension date account** that's created from it, unless **you** ask **us** to pay a different level of **fund based renewal commission** to your **financial adviser**.

16 If your **plan** belongs to a **pre RDR group** and **fund based renewal commission** is payable to the **financial adviser** for the **group**, **we**'ll continue making a **regular charge** to pay this commission to them even if **you** appoint your own **financial adviser** for your **plan**.

17 If a **dependant** is taking income from their **beneficiary's drawdown plans**, they could ask **us** to continue to pay **fund based renewal commission** up to the same levels as **we** paid before your death for advice they received before 31 December 2012. Where **we** have agreed to do so, we make a **regular charge** from the **account** on the same basis as described in sections 13 and 14 of this Annex. Since 15 October 2012 a **beneficiary** can ask **us** to pay an **adviser charge** to their adviser for advice or services they've received. For full details, please see our leaflet 'Terms and conditions for paying your adviser' (PENAC62).

## Charges for initial commission or adviser remuneration: income drawdown

If your **plan** belongs to a **group**, the option in section 18 of this Annex only applies if it's a **pre RDR group**, the commission is payable to the **group** adviser and there was an agreement between your employer and the **group** adviser in place before31 December 2012 covering the provision of individual advice on or after that date.

18 When **you** first start to take income drawdown from your **plan** (including £0 income), **you** can ask **us** to pay **initial commission** to your **financial adviser** for advice **you**'ve received before 31 December 2012. Where **we** agree to do so, the **initial commission** will be based on the full value of your **plan** before any **tax-free lump sum** is paid. **We**'ll make an **initial charge** that is the same amount as the **initial commission**. **We**'ll spread the **initial charge** across all your **accounts**, both those becoming **post pension date accounts** and those remaining **pre pension date accounts**. **We**'ll give **you** confirmation of the amount of the **initial charge** that's deducted from each **account**.

## Charges for funded initial commission or adviser remuneration: income drawdown

If your **plan** belongs to a **group**, the option in section 19 of this Annex only applies if it's a **pre RDR group**, the commission is payable to the **group** adviser and there was an agreement between your employer and the **group** adviser in place before31 December 2012 covering the provision of individual advice on or after that date.

19 When **you** first start to take income drawdown from your **plan** (including £0 income), **you** can ask **us** to pay **funded initial commission** to your **financial adviser** for advice **you**'ve received before 31 December 2012. Where **we** agree to do so, **we**'ll apply an **additional charge** to every **account**, both those becoming **post pension date accounts** and those remaining **pre pension date accounts** except for:

a) any **pre pension date account** that's already subject to an **additional charge** and is within its **charging period**; and

b) any **post pension date account** created from an **account** that's already subject to an **additional charge** and is still within its **charging period**.

**We**'ll deduct the **additional charge** from each **account** (except those listed above) on the **monthly charge date** during the **charging period**. **We**'ll give **you** confirmation of the **additional charge** that applies to each of these **accounts** and the last **monthly charge date** on which **we**'ll collect it.

20 **We**'ll also make the **transfer charge** described in sections 11 or 12 of this Annex if the circumstances described in those sections apply during the **charging period** for the **additional charge** described in section 19 of this Annex.

Collecting charges for commission

21 **You** can ask **us** to collect the charges for commission:

- by cancelling **units** proportionately from the **Standard Life investment policy funds** in which **you**'re invested; or
- by taking them from your holding in the **trustee cash account**; or
- by doing both, in proportion to your investment in **Standard Life investment policy funds** and your investment in other assets.

If **you** don't give **us** any instructions, **we**'ll apply the last option.

If there's not enough money to pay a charge, **we**'ll collect it in the way described in sections 6.6 and 6.7

## Adviser fee

22 **We** won't accept any new request from **you** to pay fees to your own **financial adviser**. If fees are already being paid as a percentage of your **plan** value, that percentage can't be increased. And if fees are already being paid as a set monetary amount, that amount can't be increased.

**We**'ll stop paying fees from your **plan** to your own **financial adviser** if **you** instruct **us** to do so, or if **we** need to do so to comply with regulatory requirements.

## Group Administration charge

23 If your **plan** belongs to a **pre RDR group** and a yearly adviser fee applies, **we**'ll give **you** details of the fee in the **illustration** and when **we** create an **account** and issue a confirmation to **you**. If your working relationship with the employer who set up the **group** ends, the yearly adviser fee will stop and no part payment is made. **We** will deduct the fee each year until **we**'re told that **you** have left the **group** or, if earlier, until your employer instructs **us** to stop.

# Find out more

**Talk to your financial adviser for advice on how to plan for your financial future, or if you're ready to start, they'll give you the application form you need to set up your plan.**

## Call us on 0345 0845 000

(Mon-Fri, 9am to 5pm). Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

## www.standardlife.co.uk