

Flexible Transitions Account

Terms and Conditions

Document reference: FTA6



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Welcome to LV= and thank you for choosing the Flexible Transitions Account.

Your Plan consists of these Terms and Conditions and your Plan Schedule. These are important documents, so please keep them in a safe place.

You should also have already received the Key Features of the Flexible Transitions Account which gives details of how your Plan works.

The Flexible Transitions Account is governed by the Trust Deed and Rules of the LV Personal Pension Scheme.

The Plan provider and Scheme Administrator is Liverpool Victoria Friendly Society Limited (LV=). NM Pensions Trustees Ltd act as scheme trustee of the plan.

Flexible Transitions Account

1. Definitions

This section explains what we mean when we use the words shown below in these Terms and Conditions and your Plan Schedule.

Annuity means using your retirement fund to purchase a known regular income for the rest of your life.

Arrangement means an individual segment of your Plan.

Beneficiary means anyone who receives benefits under your Plan if you die.

Contribution means any payment made to your Plan either by you or on your behalf (for example by your employer).

Discretionary Fund Manager means a third party investment manager chosen and appointed by you from the panel of managers offered at the time by LV=, to manage the investments under the plan.

Drawdown Pension means taking an income directly from your Plan.

Drawdown Pension Start Date means the date you start to take benefits from this Plan if you have chosen to use your Plan to provide you with an income.

Due Date means any date when a regular contribution is expected to be paid.

Fund or Funds means one or all of the LV= Pension Funds available for you to invest within your Policy or one or all of the fund options within the LV= Flexible Guarantee Funds.

LV= means Liverpool Victoria Friendly Society Limited.

Plan means your Flexible Transitions Account, including any self invested assets.

Plan Schedule means the document that states the individual terms that apply to your Plan, including contribution levels and charges. We will send you one of these when you start your Plan and whenever you make additional transfers or pay additional single contributions.

Policy means the part of your Plan that is invested in LV= Pension Funds.

Retirement Date means any date that you choose to start to take benefits from any part of your Plan. You may decide not to take all of your benefits at the same time. If you do this you will have more than one retirement date.

Retirement Fund means the value of any part of your Plan at any retirement date. Remember there may be more than one retirement date if you choose to take benefits from your Plan at different times.

Selected Retirement Date means the date that you intend to retire and take your pension benefits, when you first start your Plan. You don't have to stick to this date but please let us know if you change it.

Start Date means the date we receive any single contribution or transfer payment (and all other documents we need to set up your Plan), the date we receive your first regular contribution, and/or any date that you increase your regular contributions.

Transfer means any payment made to your Plan from another pension scheme.

Unit means an equal share of the total value of any fund. The number of units that you have in a fund, multiplied by the unit price, tells you how much your investment in that fund is worth.

Unit Price means the price of one unit in a fund.

Valuation Date means any date on which we calculate the price of units in a fund.

We, us, our means LV=.

You, your means the person who has taken out this Plan, as named in the Plan Schedule.

Additional Definitions for LV= Flexible Guarantee Funds Series 2

- **Averaged Price** means the underlying price of the units in your chosen fund option, averaged over the previous 26 weeks. We work out this average at least once a week, and round it to the nearest 0.1 pence.
- **Business Day** means Monday to Friday, 9am to 5pm except on English Bank Holidays.
- **Cash In** means closing your fund by taking out all your money.
- **Exit Price** means the price we use when we value or take away units in your fund, when:
 - you take money from your fund or cash it in
 - you want to know how much your fund is worth
 - you make a life or terminal illness claim
 - we calculate a guarantee amount or whether a guarantee applies
 - you change your fund option
 - we take charges from your fund
- **Fund Option** means our Flexible Guarantee Cautious Series 2 fund, our Flexible Guarantee Balanced Series 2 fund or our Flexible Guarantee Managed Growth fund which invest in different proportions of assets.
- **Mutual Bonus** is a bonus that may be payable when your fund option ends. It's designed to reward eligible members for their ownership of LV=. You can find out more about this in our booklet 'Your guide to how we manage our with-profits fund'.
- **Start Date** means the date you invest in your fund. This is shown in your Plan Schedule.
- **Terminal Illness** means an incurable illness where, in the opinion of an attending consultant and our Chief Medical Officer, you would not be expected to live for more than 12 months.
- **Underlying Price** means the actual price of the units in your chosen fund option. On each valuation day, we change the underlying price to reflect the actual investment returns from your chosen fund option since the last valuation day. We'll work out the actual investment returns from each type of asset in your fund option at least once a week, and round it to the nearest 0.1 pence.
- **Valuation Day** means the day we work out the underlying price and averaged price. We'll do this at least once a week.

2. Paying money in

2.1 Where your money is invested

A bank account will be set up as part of your Plan. All money invested will firstly go into this account. Once the money has cleared and we've received any other information needed, such as details from a transferring scheme, we'll invest funds in line with your instructions within 7 working days. If you're transferring funds to us from two or more sources, we'll invest funds once all monies have cleared.

2.2 Increasing and decreasing regular contributions

Your regular contributions can be increased or decreased at any time, within the minimum and maximum limits allowed under this Plan, subject to the terms and conditions that apply at the time. These limits are explained in the Key Features of the Flexible Transitions Account, which is available on request.

Please contact your financial adviser if you want to change the amount of your contributions.

Any increases must be paid on the same due dates as your existing contributions.

2.3 Stopping regular contributions

If you wish to stop paying regular contributions into this Plan, you can do so at any time. Just let us know when you want to stop paying. Your Plan will remain invested and we'll continue to deduct charges, as described in the Charges section of these Terms and Conditions.

If you haven't told us that you're going to stop paying, but we haven't received any contribution within 30 days of any due date, then your Plan will be treated the same as if you'd stopped paying, as described above.

2.4 Re-starting regular contributions

If you've stopped paying regular contributions into your Plan, you can re-start them at any time, starting with the next due date. You'll need to let us know the date that you want to re-start your contributions.

The amount and frequency will be the same as they were before they were stopped, unless you ask us to change the amount.

2.5 When we may not accept contributions

This Plan is part of the LV Personal Pension Scheme, which is a registered pension scheme, as defined by the Finance Act 2004. Only registered pension schemes can offer tax relief on contributions and tax efficient growth within the scheme.

Legislation may change in the future and in the unlikely event that this scheme ceased to be a registered pension scheme, we wouldn't be able to accept any further contributions or transfers. If this was to happen, we would contact you to let you know your options.

2.6 When we may return contributions

If you are making large contributions to your Plan, then there is a chance that you could pay in more than your earnings in a certain tax year. This is most likely to happen if you are self employed and your earnings for the year are not known until after the tax year has ended. If you pay in more than your earnings, then the amount that you pay in that exceeds your earnings won't be eligible for tax relief.

We'll be able to pay back the excess amount to you if you send us proof of your earnings.

If we do this, we'll adjust the amount to be returned to take account of any change in the value of the investments that this contribution was invested in. We may deduct a charge from the amount returned to cover any costs of cashing in some of your investments in order to pay your refund of contributions and any adviser charge that has been paid but that we need to recoup. We might need to do this if, for example, this was based on a percentage of contributions. We'll let you know how much this charge will be and how we have calculated it before we return your contributions.

3. The structure of your Plan

Your Plan is divided into a number of equal parts, or segments. The actual number of segments that your Plan is divided into is shown in your Plan Schedule, as arrangements. Your Plan is set up like this to give you greater flexibility when you take your benefits, as you can start to take benefits from some arrangements, whilst leaving others fully invested.

This also enables you to pay in contributions or transfers after you've started to take benefits, if you wish. It's only possible to do this if there are one or more arrangements from which you haven't already started to take benefits.

Up until you start to take benefits any money paid in will be divided equally between each arrangement. So, for example, if there were 1,000 arrangements and you were paying in £500 a month, £0.50 would be put into each one.

This won't limit your investment choices at all and in fact you won't notice that your Plan is split up this way, as all of your statements will simply show the total amounts invested.

4. Your investments in LV= Pension Funds

This section tells you about the part of your Plan that is invested into LV= Pension Funds. This is the part of your Plan that we refer to as your Policy.

4.1 Funds

All of the funds available within your Policy are managed by companies who specialise in fund management. The underlying investments held within these funds will be decided by the fund managers of those companies.

The funds are externally managed and so circumstances beyond our control may mean we can no longer offer a certain fund. If we ever need to withdraw a fund that you are invested in, we'll give you as much notice as we can, at least 14 days in advance if possible. When we write to you, we'll tell you why we'll no longer be offering the fund and will invite you to switch to an alternative fund where appropriate. If you don't tell us which fund(s) you wish to switch to before the fund is closed, we'll exchange your units for units in the nearest equivalent fund available.

Any income arising from the underlying investments within a fund will be added back in to the fund to increase the fund value.

Any costs such as tax, expenses and fund charges will be deducted from the fund.

For any funds that hold property, there may also be purchase costs, management costs, maintenance, valuations, disposal costs and costs of borrowing.

Deductions may also be made to pay for any levy imposed by law, or for any resulting liability. Where any such deduction is to be made across a number of funds, this will be done fairly.

4.2 Calculating the Unit Price

LV= Pension Funds are collective investments. This means that money invested by many people is pooled together and invested by the fund manager. Each fund is divided into units, so the part of the fund that represents your investment can be clearly identified. The value of your units in any fund will be the number of units you hold, multiplied by the unit price.

The unit price is the total fund value divided by the number of units.

A very simplified example of this calculation follows, although there are a number of other factors that affect the unit price, as stated later in this section:

Example

Total fund value = £56 million.

Number of units = 40 million.

The unit price is: £56 million divided by 40 million = £1.40.

If you held 500 units in this fund this part of your Policy would be valued at £700.
(500 x £1.40)

This calculation is not quite as simple as this in practice as there are a number of other considerations that we need to take into account when we calculate a unit price. These are:

- fund charges
- our costs for selling investments of the fund
- any loans, mortgages, liabilities or provisions due in respect of the investments
- any deductions for tax

The unit price will be rounded to the nearest 0.1 pence.

When you buy units in any fund, the number of units purchased will be the amount invested divided by the unit price at the time of investment.

Example

Amount of investment = £700

Unit price = £1.40

£700 divided by £1.40 = 500 units purchased

The unit price used will be the one on the second working day after we receive a contribution and any required documentation.

4.3 Valuations

On any valuation date, we'll calculate the fund value fairly, based on the assets held by the fund at that time.

For any funds that hold property, these assets will be valued by independent valuers, and will take account of any continuing income and outgoings. For any funds that hold stocks and shares, we'll use the quoted prices.

4.4 Selling Units – Special Circumstances

Section 4.2 describes how we calculate the price of units in any fund, or in other words the price at which units will be sold if you ask us to.

There are some circumstances when, if you wish to sell units, either to provide benefits, switch funds, or transfer to another provider, we may need to either spread the sale over a number of months, or delay the sale. A very simplified example of when we might need to do this is shown below:

Example

The assets of a particular fund consist of five actual properties (for example office premises or warehouses). These properties are currently valued at £200,000 each and the fund also includes £25,000 of cash (so the fund value is £1,025,000).

There are 500,000 units in this fund and the current unit price is therefore £2.05 (£1,025,000 divided by 500,000 = £2.05).

If one particular investor held 40,000 units in this fund and decided he wanted to switch all of these into a different fund, we would need to switch £82,000 for him (40,000 x £2.05). In order to do this, we would need to sell one of the properties held within the fund.

We may spread or defer the sale of any units for up to three months, or if the assets of the fund are actual property of any kind, up to 12 months. The unit price and valuation date used in these circumstances will be those when the units are actually sold.

We may use this facility either:

- if we need to sell any actual property of the fund (as in the example above)
- if we need to do so to protect policyholders generally, in other words those that will remain invested in the fund after the sale of units. In the example above, the reason that we have a maximum of twelve months to sell the property is that otherwise we may need to sell at a low value, which would not be in the interests of remaining policyholders

4.5 Switching Funds

You may switch units held within one fund to another available fund at any time. The number of units purchased in the new fund will depend on the unit price of the new fund on the valuation date. The valuation date is determined by when we receive your written instruction. If your request is received before 10:30am on a working day, we'll process your fund switch using the unit prices for that day. If it's received after 10:30am or on a non-working day, such as a Saturday, Sunday or Public Holiday in England, your switch will be processed using the unit prices for the next working day. We don't currently charge for switching funds, but we do reserve the right to review this if the number of switches becomes unusually high. We'll let you what the charge will be for any further fund switches before you make them.

Section 4.4 may apply for fund switches in certain circumstances.

5. Your Investment in the LV= Flexible Guarantee Funds Series 2

This section tells you about the part of your Plan that is invested into LV= Flexible Guarantee Funds. It also explains the options you have to change your fund option in the future, should you wish to do so. If you've previously invested in the Flexible Guarantee Fund or Flexible Guarantee Fund Series 2, you must wait at least 12 months from the date you cashed in your investment before you can invest in a Flexible Guarantee Fund Series 2.

5.1 Choosing your fund option

You can invest in one of our fund options. We've explained these fund options in more detail in the 'Where is my money invested' guide to help you choose which one is right for you. In the future we may change the number of funds we offer, or allow you to invest in more than one at a time. If we do this, we'll let you know at least 30 days before we make the change.

We'll invest any mutual bonus in the same fund option.

You can change your fund option in the future if you wish. We've explained how and when you can do this in section 5.7.

5.2 The structure of your fund

We use your money to buy units in your chosen fund option. To work out how many units to give you, we divide your amount invested by the underlying price. These are shown on your Plan Schedule.

Example

If the underlying price is £1.25 on the day we receive a £10,000 investment, we divide the £10,000 by £1.25. This equals 8,000 units.

5.3 Working out the value of your fund

We work out the value of your fund by multiplying the number of units held in your fund option by the exit price. The exit price we use depends on whether you've invested or changed funds recently.

(a) In the first 26 weeks

In the first 26 weeks after the start date or a change of fund the Exit Price will be the Underlying Price. If you're making a death or terminal illness claim, the Exit Price will also be the Underlying Price.

(b) After the first 26 weeks

27 weeks or more after the start date or a change of fund the Exit Price we use will usually be the Averaged Price. However, we'll use the Underlying Price as the Exit Price in the following circumstances:

- If, when we calculate the Exit Price, the Underlying Price for your Fund Option is 80% or less than the Averaged Price. We'll go back to using the Averaged Price when the Underlying Price is at least 100% of the Averaged Price again. This won't apply if you're making a death or Terminal Illness claim. We'll always use the Averaged Price as the Exit Price.

Example

If, on 1 July 2017, the Averaged Price of Units in the Managed Growth Fund is £1.00, but the Underlying Price is 79 pence, we'll use the Underlying Price. This is because the Underlying Price is less than 80% of the Averaged Price ($79/100 = 79\%$). If, six months later, on 1 January 2018, the Averaged Price is 91 pence and the Underlying Price is also 91 pence, we'll go back to using the Averaged Price again.

- If, when we calculate the Exit Price, we choose to suspend averaging, we'll only do this if required to protect the fund you are invested in for its remaining investors or if it is in the best interests of with-profits members generally. We can suspend averaging on an individual fund at any time. Payments will revert back to the Averaged Price when we consider it appropriate and fair.

For more information, including why we follow this approach, please see 'Your guide to how we manage our with-profits fund'.

5.4 How the guarantee works

You can add a guarantee to your Fund Option when it starts. You can do this by completing the relevant section in the application form and we'll confirm details of it in your Plan Schedule. If you don't add a guarantee when you first invest in your fund, you can do so at any time.

The choice of guarantee terms for any Fund Option will be those that are available at the time the guarantee is purchased. We'll always offer a ten year guarantee term on each Fund Option.

If you have selected a guarantee when your investment starts, at the end of the guarantee term we guarantee that the value of your fund will be at least the amount invested as shown in your Plan Schedule, less any money you've taken out as withdrawals.

If you add a guarantee after your investment has started, at the end of the guarantee term we guarantee that the value of your fund will be at least the value on the date the guarantee started, less any withdrawals.

The guarantee applies on the date the guarantee term ends only. So if you cash in your fund before or after this, you may get back less than the guaranteed amount. If, at the end of the guarantee term the value of the fund is less than the guaranteed amount we'll add extra units to it at the Underlying Price, to make sure the guarantee is met. If the value of the fund is more than the guaranteed amount, you will, of course, get the benefit of the higher amount.

Any Mutual Bonus added to your fund will not be included in the guaranteed amount. So if we have to add units to increase the value of your fund to the guaranteed amount any Mutual Bonus will be on top of this.

To work out whether the guarantee applies, we'll value your fund using the Exit Price on the Valuation Day on or immediately after the end of the guarantee term. Remember, you don't have to cash in your fund when the guarantee is applied. If you don't cash in, we'll still work out the value of your fund as we've explained above, and add extra units to make sure the guarantee is met.

Example:

James invested £10,000 on 1 July 2015. At the same time, he decided to add a ten year guarantee. This means that the value of his fund on 1 July 2025 is guaranteed to be at least £10,000. If James decides to cash in his fund at this time and he's not taken any withdrawals he'll get at least £10,000 back plus any increase in his investment.

But the guarantee doesn't just apply if James cashes in. If the value of the fund on 1 July 2025 is less than £10,000, we'll add extra units to his fund to make up the guaranteed amount. We'll never take away these extra units, but as the price of a unit can change the value of his fund could go below the guaranteed amount in the future. So he could make a loss if he cashed in his fund. If James hadn't added a guarantee, and the value of his fund on 1 July 2025 is less than £10,000, he'll make a loss if he cashes in then.

5.5 Replacing a guarantee

Once you've added a guarantee, you can replace it by adding a new one. You can do this at any time, please contact us. The choice of guarantee terms for any Fund Option will be those that are available at the time the guarantee is purchased. We'll always offer a ten year guarantee term on each Fund Option. If you add or replace a guarantee after the start date, the guaranteed amount will be the value of your fund on the date you add the guarantee, less any withdrawals between then and the end of the guarantee term. Any Mutual Bonus added to your fund will not be included in the amount guaranteed.

The Guarantee Charge will depend on your chosen Fund Option and length of guarantee term and will be the charge that applies at that time. If you replace your guarantee more than once each year we'll apply an additional Administration Charge.

5.6 What happens when your guarantee ends

We'll write to you at least 30 days before the end of the guarantee term to confirm the date it will end and to let you know what replacement guarantees are available at that time should you wish to add a new one. The choice of guarantee terms for any fund option will be those that are available at the time the guarantee is purchased. We'll always offer a ten year guarantee term on each fund option.

If you want to add a new guarantee, the new guaranteed amount will be the current value of your fund at that time, which will include the effect of any previous guarantee. Any mutual bonus added to your fund will not be included in the amount guaranteed.

5.7 Changing fund options

You can change your chosen fund option to any one of the others available at the time We apply a 10 Business Day waiting period for all fund switch requests, as explained in section 5.13. To do this, we'll take away all the units in your current fund option at the exit price. We'll then use this cash to add units in your new fund option. To work out how many units to give you, we divide the cash value by the underlying price of the new fund option. We'll invest any mutual bonus in the new fund option.

Example

If the value of your fund on the date of the switch is £20,000, and the underlying price of the new fund option is £1.25, we divide the £20,000 by £1.25. This equals 16,000 units.

You can change your fund option free of charge up to three times a year but if you do this more often we'll apply an Administration Charge (see section 7.3).

We may decide to close a fund option in the future. But don't worry, if we decide to close the one you're invested in, we'll let you know in advance, and give you at least 30 days to choose an alternative. If we don't hear anything from you, we'll move your money into the fund option we feel most closely matches your existing one.

5.8 What happens to your guarantee when you change fund options

If you have a guarantee in place it will end when you change your fund option, and we'll stop charging you for it. You'll have the option to add a new guarantee in your new fund option.

The only exception to this would be if the change is a result of us closing your chosen fund option. If this happens, your current guarantee would be transferred to your new fund option and the remaining term of guarantee term would be unchanged. The cost of the guarantee would be the current rate for the new fund option.

We apply a 10 Business Day waiting period for all fund switch requests, see section 5.13.

If the end of the waiting period is before your guarantee end date, we'll remove the guarantee as soon as we receive your instruction. This is to ensure you don't continue to pay for a guarantee that you won't benefit from. If the end of the waiting period is on or after your guarantee end date, we'll leave the guarantee in place, to ensure it is applied before we carry out your switch instruction.

5.9 Cancelling a guarantee

You can cancel a guarantee at any time. If you do cancel a guarantee, we'll stop charging you for it. We don't refund charges already taken in respect of the guarantee.

5.10 Taking money out

Regular Withdrawals – these can be made from your fund to the bank account within your Flexible Transitions Account (see section 2.1) on a monthly, 3 monthly, 6 monthly or yearly basis to provide pension drawdown, or to pay charges such as the annual service charge for your pension or ongoing adviser charges. There is no minimum withdrawal amount.

When taking units away, we'll use the exit price (see section 5.3) on the valuation day on or immediately after the date we're due to pay you.

To make sure you receive your payments when you want them, you need to give us at least one month's notice.

Remember, it will take a few days for payments to reach your bank account.

Occasional Withdrawals – if you only want to take money out once in a while, you can do so at any time. There is no minimum withdrawal amount.

When taking units away, we'll use the exit price (see section 5.3) on the valuation day of the date we receive your instruction.

We may apply up to a 10 Business Day waiting period for all occasional withdrawals (see section 5.13).

Cash In – you can take all your money out of your fund at any time. If you do, we will of course then close it and pay the money into the bank account within your Flexible Transitions Account. When working out what to pay, we'll multiply the number of units in your fund by the exit price (see section 5.3) on the valuation day on or immediately after the date we receive your instruction. Once we've worked out the value of your fund we'll add any mutual bonus.

We may apply up to a 10 Business Day waiting period when you cash in your plan (see section 5.13).



5.11 What happens if I die or become terminally ill?

The value of your fund will be moved to the bank account within your Flexible Transitions Account.

We'll pay out 101% of the Exit Price (see section 5.3) multiplied by the Units in your fund.

When we calculate the value of your fund on a death claim we'll use the number of units in your fund on the date of death, and the exit price on the valuation day on or immediately after the date of death; on a terminal illness claim, we'll use the number of units in your fund and the exit price on the valuation day on or immediately after the day we approve your claim.

Once we've worked out the value of your fund, we'll add any mutual bonus.

By 'terminal illness' we mean an incurable illness where, in the opinion of an attending consultant and our Chief Medical Officer, the person insured would not be expected to live for more than 12 months.

5.12 Mutual bonus

We may declare a mutual bonus. If we do, we'll invest any mutual bonus added in the same fund option.

You'll find more information about our mutual bonus in 'Your guide to how we manage our with-profits fund'.

5.13 Following your instructions

We'll always start to process your instructions on the date that we receive them. However, if we receive an instruction from you after midday, we'll treat it as though we received it the next business day. This applies for instructions to:

- invest in a fund option
- make a withdrawal from your plan (unless a waiting period is applied as detailed below)
- Cash In (unless a waiting period is applied as detailed below)
- add, replace or cancel a guarantee
- withdrawals to pay any ongoing or ad-hoc Adviser Charges to your financial adviser on your behalf (unless a waiting period is applied as detailed below)
- make a life cover or Terminal Illness claim

We may apply a waiting period of up to 10 Business Days before we process a request to take out an occasional withdrawal or Cash In your plan. We'll only apply this waiting period if required to protect the fund you are invested in for its remaining investors or if it is in the best interests of with-profits members generally. If we choose to apply a waiting period, we'll let you know that we've received your request, and confirm how long the waiting period will be. The maximum waiting period we'll apply is 10 Business Days unless there are circumstances outside of our control as mentioned below. During the waiting period we will continue to take any charges due or requested withdrawals.

We'll always wait for 10 Business Days before we process any request to change your Fund Option. Once you've asked us to change your Fund Option, you can't change your mind and will have to wait a further 10 Business Days before we process any request to change it back again. During the waiting period we will continue to take any charges due or requested withdrawals.

In addition to the delays to withdrawals and fund switches we've explained above, there may be circumstances outside of our control which prevent us from acting on your instructions as set out above. We may need to delay buying or selling units (including changing fund options) where we believe that otherwise the remaining policyholders would suffer an unfair reduction in the value of their investment, or would suffer some other form of unfair treatment. Examples of scenarios in which we may delay requests to change investments or take money out for more than 10 Business Days include:

- where we cannot realise sufficient investments to meet demand, or to do so we would have to sell at significantly less than a fair market value,
- where we're unable to sell units in an externally linked fund due to restrictions imposed by the external company, and
- where the need to make payments could lead to us selling one particular type of asset, leaving too little of that asset invested in the remaining fund.

If we do need to delay a transaction for more than 10 Business Days as set out above, we will let you know when we receive your request. You will be able to give us alternative instructions at this time, if you wish to. We wouldn't expect to delay any transactions for more than six months, and will never delay a transaction for longer than reasonably required. However, we cannot guarantee that we'll never delay a transaction for more than six months.

5.14 Receiving additional transfers after your investment into LV= Flexible Guarantee Funds

If you invest solely in LV= Flexible Guarantee Funds and an additional transfer, less than the plan minimum, is received after your initial investment, we'll need further investment instructions from your financial adviser confirming which LV= Insured Fund you'd like to invest in. If the amount received is more than the plan minimum you can invest the additional monies into a new, separate, plan or choose to invest in the range of LV= Insured Funds available. If we don't receive your investment instruction within four weeks, from receipt of the additional transfer, we'll automatically invest additional monies into a default fund of our choice.

6. Your investments other than LV= Pension Funds and LV= Flexible Guarantee Funds

This document is the Terms and Conditions of your Plan as a whole. Your Plan will include a minimum investment of either £3,000 in LV= Pension Funds and/or £5,000 in LV= Flexible Guarantee Funds, as described in sections 4 and 5.

Any other investments that you've chosen will form part of this Plan, but may have additional Terms & Conditions. These will be given to you by your chosen investment partners.

A full list of investments that are allowed to be held within this Plan is available on request. Any investment must be allowable within pensions law and must be agreed and accepted by us. We reserve the right to refuse to make any investment. If we do this, we'll explain the reasons why.

7. Charges

If your Plan is invested in LV= Pension Funds only, all charges will be taken from these funds. Charges will be deducted from each fund, in proportion to the amount you have invested in each one.

If you've invested with a Discretionary Manager all charges will be paid out of this part of your Plan, unless you instruct us otherwise.

If you've invested in any other investments (including the LV= Flexible Guarantee Funds), charges will be taken from the bank account set up as part of your Plan. You'll need to make sure that there is enough money in this account to pay charges when they're due (this will happen automatically for the LV= Flexible Guarantee Funds). If there is an insufficient balance when any charge is due to be paid, late payment fees will be applied 20 days later. This charge will be £150 each quarter. We reserve the right to change the amount of this charge in the future. If we do this we'll write to you to let you know what the increase will be and why we need to do this, at least one month before it's applied. We reserve the right to force the sale of any investment to cover any charges.

We may vary the amount or frequency of the Annual Service Charge or the fund charges at any time. Please be assured that we value you as a customer and it's in our interests as well as yours to keep our charges as competitive as possible. If we do increase any of these charges, we'll write to you to let you know what the increase will be and why we need to do this, at least one month before it's applied.

The charges described in sections 7.1 and 7.2 will be taken on 31 March, 30 June, 30 September and 31 December each year. If this falls on a non-working day, charges will be taken on the next working day instead.

7.1 Annual Service Charge

We make this charge to cover our expenses for running and administering your Plan. It's calculated as a percentage of your overall Plan value. Your Plan Schedule will confirm the percentage that applies to your Plan.

Although we call this an Annual Service Charge, we don't take the whole charge once a year. Instead we take one quarter of the charge four times a year to spread the cost. The first charge will be taken on the next quarter date after your Plan has started. Your Plan value will be based on the fund values at the date we calculate this charge for LV= Pension Funds and on the latest values we have available for all other investments. The following example shows how this might work in practice:

Example

Start Date	1 March 2014
Annual Service Charge	0.55%

The next quarter date is 31 March 2014 and the Annual Service Charge would be calculated as follows:

0.55% divided by 4 = 0.1375%

This quarter ran from 1 January 2014 to 31 March 2014. But the Plan only started on 1 March 2014, so it would be unfair of us to make a charge for either January or February. Therefore we would only charge for the month of March. The actual charge that would be taken this quarter would be:

0.1375% divided by 3 = 0.0458%

The next quarter date would be 30 June 2014, when the charge would be 0.1375% (the full amount for a whole quarter.)

Plan Charges

The LV= Service Charge and any ongoing adviser charge is paid from your investments in the following way:

- If you're invested mainly in **LV= Pension Funds** at outset, we'll automatically take money from these funds to cover quarterly charges. Charges will be taken proportionately across all of the funds selected.
- If you're invested mainly in **Flexible Guarantee Funds** at outset, we'll automatically take money from the largest fund (at outset) to cover quarterly charges. If you have two or more equally sized Flexible Guarantee Funds at outset we will use the fund listed first on this application to pay charges.
- If you're invested mainly with a **LV= Panel Discretionary Fund Manager** at outset we'll automatically collect money directly from the Discretionary Fund Manager to cover quarterly charges. If you have two or more investments with Discretionary Fund Managers at outset we will use the Discretionary Manager listed first on this application to pay charges.

The Discretionary Manager will decide which investments are sold to meet the charges.

- If you're mainly invested with **Cofunds, Fund Supermarket** or **Self Investment Options** at outset, charges will be collected from your Transitions Bank Account set up as part of your plan. You'll need to make sure that you arrange for sufficient funds to be available in your Transitions Bank Account to pay the charges. We can issue quarterly bank statements to help you manage this – please complete the 'Cash Account' section in this application to request quarterly bank statements.

If we're unable to collect charges from your investment/s when they become due, we reserve the right to apply a late payment charge and apply our default encashment rules to ensure that sufficient funds are available on your Transitions Bank Account to pay these charges.

7.2 Fund Charges – LV= Pension Funds

These charges are taken to pay for the costs of managing these funds, such as the costs of buying and selling investments within the fund and fund managers' fees. The charge will vary across the range of funds available, as some funds cost more to run than others, but a full list of available funds and the charges for each one is available on request. Your Plan Schedule won't show the funds that you have chosen to invest in and so won't show the amount of this charge. These charges will be taken into account when calculating the unit price of any fund you invest in. This is described in section 4.2.

7.3 Charges – LV= Flexible Guarantee Funds only

We take units away from your fund at the exit price (see section 5.3) on the valuation day on or immediately after the date the charge is due. Our charges are as follows:

Monthly Management Charge

We take this on the start date and on the same day of each month after that, (or on the next business day, if it isn't one). Each monthly charge is a percentage of the value of units at the last valuation day. The monthly management charge percentage is based on the value of your fund including any mutual bonus. The percentage rates are shown on your Plan Schedule. We take this charge from the value of your fund excluding any mutual bonus and separately from the value of any mutual bonus.

Guarantee Charge

The guarantee charge will depend on the fund option and guarantee term chosen. You'll find more information about this charge in your Key Features document. If you add a guarantee at the start, the charge for it will be shown on your Plan Schedule. If you replace your guarantee with a new one, renew a guarantee when one ends, or add a guarantee for the first time, the charge for your new guarantee will be the charge that applies at the time you add the new guarantee – this may not be the same as any guarantee charge you may have had before. Please ask us for details of our current charges and available guarantee terms.

This charge is added to our monthly management charge for the term of the guarantee and is fixed for the life of the guarantee. The guarantee charge will be recalculated every month based on the actual value of the guarantee, we'll deduct the total amount you've taken from the fund since you added a guarantee (any withdrawals to pay for plan fees, income or adviser charges) from the original guarantee amount when you added the guarantee.

We'll stop taking this charge when your guarantee ends, if you cancel it or if the money taken from your fund means the guarantee has no value.

Administration Charge

This is £25. We'll only take this if you replace an existing guarantee more than once in any year or change fund options more than three times in any year from the start date. We'll take it on the business day that we process your request, before we actually calculate the value of your guarantee.

If you're replacing a guarantee because you've changed your fund option, we'll only charge you one administration charge. We won't apply an administration charge if you want to cancel your guarantee.

7.4 Charges for other investments

These charges will depend on the investments that you choose. For Discretionary Management, an annual percentage charge will be payable for the manager's services. For any other investments charges will depend on the investments chosen and will be agreed at the time you invest.

7.5 Drawdown Pension Charge

Flexi-access Drawdown - depending on your investment choice, a charge may be applied when you choose to take income from your Plan. If this charge applies to your Plan, it will be taken each time you take income, and will be shown in your Personal Illustration. Please speak to your financial adviser for further information about this charge.

Capped drawdown charge - we make this charge to pay for the administration costs involved in paying your income and for completing the reviews of your income required by law. These reviews must be completed to make sure that the income you're taking remains within the limits allowed. If this charge applies to your Plan it will be shown in your Plan Schedule. It's calculated as a percentage of your overall Plan value. If this charge applies to your Plan, it will be taken quarterly, in exactly the same way as the Annual Service Charge described in section 7.1, starting on the quarter date after you take your first benefits.

7.6 Transaction Charges

Where charges apply to certain transactions and changes that you make to your Plan, these are described in the relevant sections of these Terms and Conditions.

A list of current charges is available on request.

7.7 Charge for payments received after the Plan is fully exhausted using Flex-access Drawdown

Occasionally we may receive a further payment into your Plan once you've exhausted your fund. This can happen for a variety of reasons, such as a payment of dividend income on some of the investments previously held within the Plan. If this happens, we'll pay this money to you as a further income payment, but we'll charge you an administration fee of £67 to cover the cost of the additional administration work involved. We'll deduct this fee from the money before we pay it to you. If the money we receive is less than the administration charge then no payment will be made to you.



8. Retirement Benefits

At any date you start to take benefits, your retirement fund can be used to provide retirement benefits as allowed by pensions legislation. Before we pay any benefits to you, we're legally required to have seen proof of your age. This is because there are restrictions on the ages at which pension benefits are allowed to be paid. If we haven't already seen evidence of your age, we'll need to ask you to provide this. This can be provided either at or just before your retirement date, or at any time previously. You may wish to provide this to us sooner, so that this doesn't delay any payment of benefits.

Income can be taken from this Plan using drawdown pension (as described in section 8.2), or you can use your retirement fund to buy an annuity, or you can combine the two. You may choose to use your retirement fund to buy a Fixed Term Annuity from LV= or buy an annuity from another provider. Please speak to your financial adviser before making a decision.

When you start to take benefits, you may choose to take a tax free lump sum from your retirement fund. If you do this, you'll need to tell us which investment(s) you want this to be paid from. The remainder of your retirement fund can then be taken as a taxable lump sum, used to provide drawdown pension, or to buy an annuity, or a combination of these.

If you're investing a large single contribution or making a large transfer into this Plan to take immediate benefits, the tax free lump sum will be paid to you before the rest of your money is invested.

The lump sum can be paid on its own. The remainder of your retirement fund will be in drawdown pension, but you don't have to start taking an income from this at the same time.

8.1 The Lifetime Allowance

When you first start to take retirement benefits from this, or any other pension plan or if you reach age 75, your pension benefits will be assessed against your available Lifetime Allowance. If your total benefits exceed this amount, then an additional tax charge will be payable. This charge will be deducted from your Plan and paid to HM Revenue & Customs by us.

When you start to take benefits from this Plan we'll ask you to provide us with details of any other pension plans that you have, so that we can make this assessment.

From 6 April 2017 the Standard Lifetime Allowance is £1,000,000, so this will only affect you if your total pension savings are greater than this. In some circumstances you may have a higher lifetime allowance, if you have Enhanced, Primary, Individual or Fixed Protection or have a Lifetime Allowance enhancement factor.

8.2 Drawdown Pension

8.2.1 Starting Drawdown Pension

When you start to take an income you can choose for this to be paid monthly, 3 monthly, 6 monthly or annually. If you're taking Capped Drawdown, payments can be made within the limits allowable by law, up to a maximum limit. The current limits are stated in the Key Features of the Flexible Transitions Account. If you're taking Flexi-access Drawdown these limits don't apply. Flexi-access Drawdown is explained in the Key Features of the Flexible Transitions Account.

If you're taking Capped Drawdown and you ask us to pay an income that is greater than the maximum allowable amount in any year, we'll limit the payments to the maximum allowable amount or you can switch to Flexi-access Drawdown, which doesn't have limits on the amount of income you can take. If you do this your Annual Allowance will be reduced – this will affect you if you intend to make any pension contributions in the future. Please see the Key Features for more details. For the purposes of this calculation, a year will be a period of 12 months, starting with your drawdown pension start date and every anniversary of this date.

If you're taking drawdown pension, all income payments will be paid to you from the bank account that will be set up as part of your Plan.

For investments in the LV= Pension Funds, you'll need to let us know in advance which funds to pay your income from. If the number of units you hold in any fund is reduced to zero, because they've all been used to provide income withdrawals, we'll start to encash units from other funds, to ensure that your income continues to be paid. Before we do this, we'll ask you to confirm which of your remaining funds you'd like us to pay your income from.

If you don't let us know within 20 days of us contacting you, we'll pay income as follows:

- If there are 10 funds or less – proportionately across all funds.
- If there are more than 10 funds – proportionately across the 10 funds with the highest values (as at the date we reset your instruction).

For investments in the LV= Flexible Guarantee Funds, if the number of units you hold in the fund which is paying your income is reduced to zero, because they've all been used to provide income withdrawals, we won't be able to make any further income payments until you've confirmed to us which investment you'd like us to take future payments from.

For investments with a Discretionary Fund Manager, your Manager will decide which investments will be used to pay your income.

For any other investments, you'll need to decide which investments to sell so that there's enough money in your account to pay any income you've asked for. If you wish to take income from investments other than LV= Pension Funds, Flexible Guarantee Funds or via a Discretionary Fund Manager (from the LV= panel), then it will be up to you to let us know which investments to sell to provide the income you require. If there are insufficient funds in your plan bank account at the time the payment is due we won't be able to make the payment until you've confirmed to us which investments to sell to provide the necessary funds.

You can reduce or increase the amount of income you withdraw once a year without charge. We reserve the right to make a charge for any further changes you make to the amount of your income. We'll let you know what the charge will be for any further changes to the amount of your income before you make any changes. In this case, a year means any period of twelve months starting with an anniversary of your drawdown pension start date. We'll confirm the amount of this charge in writing, on request.

You may choose to stop taking drawdown pension from all or part of your Plan, at any time. The last payment will be made on the date that you request.

8.2.2 Stopping Drawdown Pension

You may choose to stop taking drawdown pension from all or part of your Plan, at any time. The last payment will be made on the date that you request.

9. Death Benefits

This section tells you what happens to your Plan if you die, either before you start to take benefits, or during drawdown pension.

Before we pay death benefits, we're legally required to see evidence of your death, in the form of a death certificate. We'll also need to see proof of the identity of the beneficiary who this money will be paid to.

Your retirement fund will remain invested until we receive instructions from your beneficiaries as to how the benefits are to be paid out.

If these benefits are to be paid as a lump sum, these will be valued according to the type of investment:

- For investments in LV= Pension Funds a cash lump sum will be payable equal to the value at the date they are paid out.
- For investments in LV= Flexible Guarantee Funds a lump sum will be payable based on the value of your fund plus any mutual bonus. The value of the fund will be moved into your Transitions Bank Account until we receive instructions to pay out.
- For other investments, a lump sum will be payable once these investments have been sold, equal to the sale price, less any sale costs.

The following sections describe how benefits will be paid.

9.1 Death Benefits payable before your Retirement Date

If you are under age 75 and any lump sum payable is less than the amount of your available Lifetime Allowance when you die, it will be paid free of tax. Any excess above your available Lifetime Allowance will be liable for a tax charge, payable by the recipient as described in the Key Features of the Flexible Transitions Account.

It may be possible for your fund to be paid as an income to your spouse, civil partner or other beneficiaries if required. This income would be tax-free, as long as it starts to be paid within two years of the date of death.

If you are age 75 or over, your fund can be paid out as a lump sum less tax at the beneficiary's marginal rate of income tax. Alternatively, the fund could be used to provide your beneficiary with continuing drawdown pension, or an annuity. This income would be taxable at your beneficiary's marginal rate of income tax.

If you're paying regular contributions into your Plan, we'll refund any contributions received after the date of your death.

9.2 Death Benefits payable during Drawdown Pension

This section tells you what happens if you die after you've chosen to take drawdown pension from your Plan. This includes if you've taken a cash lump sum only and haven't yet started taking an income.

If you are under age 75, benefits can be paid tax-free to your beneficiary either as a cash lump sum, as continuing drawdown pension or by buying an annuity.

If you are age 75 or over, benefits would be taxable. All benefits, whether paid as a lump sum or a regular income, will be subject to tax at the beneficiary's marginal rate of income tax.

Your beneficiary could choose to combine these options, by using some arrangements to purchase an annuity and some to take a cash lump sum. The value of each arrangement would be calculated at the date we receive written notice of this decision from your beneficiary.

Alternatively, the fund can be paid tax-free to a registered charity, if you nominated a recipient charity.

If any drawdown pension payments are made to you after the date of your death and before payment of death benefits, these payments will need to be returned to us.

9.2.1 Continuing Drawdown Pension

If your beneficiary wishes to receive income payments in the form of drawdown pension after your death, this will be paid in the same way as described in section 8.2.

If your beneficiary dies while they are receiving drawdown pension, further death benefits will become payable in the same way as described in section 9.2.

Before we pay further death benefits, we are legally required to see evidence of your beneficiary's death, in the form of a death certificate. We'll also need to see proof of the identity of the further beneficiary who death benefits will be paid to.

Any drawdown pension paid to your beneficiary after their death will need to be returned to us, as described in section 9.2.

The amount available for the payment of death benefits will be calculated on the date we start to make payments.

10. Transferring your Plan

You can transfer part or all of your Plan at any time. Any transfer value must be paid to another registered pension scheme, or qualifying recognised overseas pension scheme, of which you must become a member.

10.1 Calculating the transfer value

The transfer value payable will be equal to the values investments are sold at, once we've received all the documentation necessary to transfer your Plan. Transaction charges may be deducted from the transfer value, to pay for the costs of selling your investments and for arranging the transfer to another provider.

We'll let you know what the charge will be before we process your transfer and we promise that any charge will reflect the actual costs involved.

11. Pensions Law

The Plan is governed by the law of England as applied by the courts for that part of the UK where you live. We'll always communicate in English.

We reserve the right to make adjustments to your Plan, or the benefits payable, if there are any changes to the law which affect either:

- this Plan
- our freedom to invest
- the ability to vary investments
- the taxation rules that apply to companies carrying out pension or life assurance business

We'll only make adjustments if we believe that any of these changes has meant that it has become impossible or impractical for us to either:

- provide all of the options and benefits previously available under this Plan
- continue with any stated or established practice used in operating or valuing any fund

In these circumstances, we'll make any such changes that we feel are appropriate, so that as far as is possible, the intended purpose of this Plan is still met.

Where any reference is made in this Plan to any legislation, this will be deemed to include any later amendment to that legislation.

12. Miscellaneous

Any benefits payable from this Plan shall be paid out of the LV Personal Pension Scheme. There will be no personal liability on any of our directors or on any other person, even if they have signed or authorised this Plan.

12.1 Variation of Plan Terms

We reserve the right to vary the terms of this Plan.

If we do this we'll write to you to let you know what the change will be and why it is being made, at least one month before it is applied.

Any variation in the terms and conditions of this Plan will only be binding on us if it is signed by an authorised officer of LV=.

12.2 Singular & Plural

Throughout these Terms and Conditions, where singular terms are used these are deemed to include the plural and vice versa.

12.3 Client Money

We segregate all client money from our own funds and any cash balances you hold within your Plan will be held in the bank account within your Flexible Transitions Account.

If we receive money from you for investment, we'll hold it in the bank account until we make payment on your behalf for the investments you have agreed to buy. If we receive money payable to you, we'll forward it to you at the latest address we have for you by crossed cheque or, if you've given us details of your bank or building society account, to that account by direct credit.

If we hold a credit balance for you on your bank account, we'll add interest to the cleared balances, at 1% below the Bank of England base rate until further notice. This will mean that for any period where the Bank of England base rate is 1% or less we'll add no interest to your bank account. Any interest will accrue daily and be credited quarterly.

If there has been no movement on your client money balance for at least 6 years, apart from charges and interest, and we've lost contact with you and have been unable to trace you, then subject to a notice in writing giving 28 days to make a claim, we may no longer treat the money as client money.

13. How to contact us

If you need to write to us about your plan, our address is:

LV= Retirement Solutions, Pease House, Tilehouse Street, Hitchin, Herts, SG5 2DX

13.1 How to make a complaint

If you have a complaint about any part of the service you receive from us, it's important that we know about it, so we can help put things right. You can let us know by calling us on 0800 783 7533 (for textphone, dial 18001 first). Or, you can write to us at: LV=, Retirement Solutions, Pease House, Tilehouse Street, Hitchin, Herts. SG5 2DX. Your complaint will be dealt with promptly and fairly and in line with the Financial Conduct Authority's requirements, and if you want more information on how we handle complaints, please contact us, or visit www.LV.com/complaints.

We hope that we will be able to resolve any complaint that you have. If you're unhappy with the resolution of your complaint, the Financial Ombudsman Service may be able to help you free of charge, but you'll need to contact them within six months of receiving our final response letter. Their website is www.financialombudsman.org.uk which includes more information about the service, including details of the various ways they can be contacted. If you make a complaint it won't affect your right to take legal action.

You can get this and other documents from us in Braille, large print or on audio by contacting us.



Liverpool Victoria Friendly Society Limited, Pease House, Tilehouse Street, Hitchin, SG5 2DX.

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