

i2Live Annuity

Terms and conditions



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Important

The i2Live Annuity Income Guarantee Option (Series Two) Terms and Conditions contained within this document apply to customers who have been issued with a Tranche Segment Details Schedule that refers to 'Series Two'.

If your Tranche Segment Details Schedule does not refer to 'Series Two', you should have been issued with a separate copy of the Terms and Conditions. If you have not received this document, or are in any doubt about which terms apply to you, please contact our Service Team. Our contact details can be found on the back page.

1. Introduction

These Terms and Conditions explain how your *i2Live* Annuity policy will be run. The Policy Schedule and Tranche Segment Details Schedules will set out the terms which apply to you. You should keep these documents and any additional schedules and revisions we send you in a safe place.

We have to use some technical and defined terms in this document. To help you understand these terms they are described in section 2 and are shown in bold whenever they are used.

2. Description of terms

annuity – A product which converts a pension fund into a pension income. There are different types of **annuity** to suit different circumstances.

beneficiaries – The persons who will receive a pension income benefit under **your policy** following **your** death.

dependant – **Your** husband, wife, civil partner, child under age 23, child over age 23 and dependent on **you** because of physical or medical impairment, or any other person who is dependent on **you** either financially or because of physical or medical impairment.

dependant's guarantee period – The selected period of five or ten years during which income can be continued to a **dependant** or another nominated person following **your** death under the **dependant's guarantee period option**.

dependant's guarantee period option – An option under **your policy** to provide a continuing income for a **dependant** or another nominated person if **you** die within a selected period of five or ten years of the date of a **payment** into **your policy**. Income would continue for the remainder of the selected period.

enhanced protection – A form of protection registered with HMRC for pension benefits earned before 6 April 2006. If **you** have enhanced protection, there will be no liability to a **lifetime allowance charge**. Enhanced protection can be lost if further contributions are to be made to a **registered pension scheme**.

equity risk – A risk that **investment funds** may exhibit similar volatility in price as equities. These investments could include equity investments, property investments, fixed interest

investments or other investments as appropriate. **Our equity risk** rating of the **investment funds** available for the **Income Guarantee Option** is available from **our Service Team**.

Evidence of Health Procedure – **Our** standard procedure for determining whether an *i2Live* Annuity policyholder or a **joint annuitant** is an **impaired life** for the purposes of transferring a **tranche segment** to an **annuity** with another insurance company or friendly society.

fixed protection/individual protection – The **Lifetime Allowance** reduced between April 2012 and April 2016. This protection preserves the **Lifetime Allowance** at a higher level for those who apply and qualify for this. It is only available to people who do not have primary or enhanced protection.

guaranteed minimum income – The minimum level of annual income from a **tranche segment** if **you** select the **Income Guarantee Option**.

HMRC – HM Revenue & Customs.

HMRC income limits – The minimum and maximum income that can be taken from a **policy tranche** each year, set in accordance with HMRC rules. Separate **HMRC income limits** apply to each **policy tranche**.

HMRC review date – A date at which the **HMRC income limits** for a **policy tranche** must be reviewed.

i2Live Accumulator – **Our** personal pension product which is also part of the *i2Live* range of products.

i2Live Drawdown – **Our income withdrawal** product which is also part of the *i2Live* range of products.

impaired life – Someone whose life expectancy, in **our** opinion, is significantly lower than average as defined in **our Evidence of Health Procedure** current at the time a request for a transfer of a **tranche segment** to an **annuity** with another insurance company or friendly society is made.

incapacity – Where a United Kingdom registered medical practitioner has confirmed that **you** are medically incapable (either physically or mentally) of continuing **your** occupation as a result of injury, sickness, disease or disability and **you** have ceased to carry out **your** occupation.

income withdrawal – An alternative to buying an **annuity**. It allows an income to be taken from a pension fund while leaving the fund invested. It is also known as a drawdown pension or income drawdown.

Income Guarantee Option – An option to ensure that **your** income will not fall below a guaranteed minimum amount.

investment funds – The pension linked investment funds which may be managed by external investment managers on **our** behalf or by **our** in-house investment team.

joint annuitant – A **dependant** nominated to receive an income following **your** death under the **joint life option**.

joint life option – An option under **your policy** which enables an income to continue to the **joint annuitant** following **your** death.

Lifetime Allowance – A limit on the total benefits **you** can take in total from all **registered pension schemes** without an additional tax charge.

Lifetime Allowance charge – The additional tax charge payable when **your** benefits from a **registered pension scheme** (or schemes) exceed the **Lifetime Allowance**.

maximum equity risk proportion – The maximum percentage set by **us** that a **tranche segment** can be invested in **equity risk** investments for the purposes of the **Income Guarantee Option**. Once set for a **tranche segment** it cannot be reduced while **you** include the **Income Guarantee Option** on that **tranche segment**.

maximum supportable income – The maximum income from a **tranche segment** to which the **Income Guarantee Option** applies that **we** calculate can be maintained each year for the rest of **your** life. This is based on a number of factors including assumed life expectancy and investment returns.

mortality credits – When **i2Live** Annuity policyholders die, part or all of the remaining fund may be used to fund ‘mortality credits’ for other policyholders who are still alive.

occupational pension scheme – A **registered pension scheme** set up by a company or employer to provide benefits for employees (or groups of employees).

Open Market Option – **Your** right to buy an **annuity** from any **annuity** provider of **your** choice.

payment – A transfer payment or payment of **Open Market Option** funds into **your policy** (including conversions from **i2Live** Accumulator and **i2Live** Drawdown).

pension commencement lump sum – **You** can take part of **your** pension fund as a tax-free cash sum when **you** take a pension income. It is normally up to 25% of the fund from which income is being taken but may be different for some pension plans.

pension sharing order – An order made in accordance with the Welfare Reform and Pensions Act 1999 which allows pension rights to be split on divorce or on formal dissolution of a civil partnership.

pension year – Each **policy tranche** will have its own **pension year**. This is the twelve month period over which the **HMRC maximum income limit** will apply. The **pension year** runs from the date of the first **payment** into the **policy tranche**.

personal pension scheme – A **registered pension scheme** which is not an **occupational pension scheme** and provides benefits for the individual members.

policy – **Your i2Live** Annuity ‘policy’.

policy tranche – Each separate **payment** into **your policy** will form a separate ‘policy tranche’.

primary protection – A form of protection registered with **HMRC** for pension benefits earned before 6 April 2006. If **you** have primary protection, **you** will have a personal **Lifetime Allowance** which is greater than the standard **Lifetime Allowance**.

registered pension scheme – A pension scheme which has been registered or is deemed registered with **HMRC**.

reserve units – A method used by **us** to ensure that the **guaranteed minimum income** does not exceed the **HMRC maximum income limit**. Reserve units have no value to **you** in any other circumstance.

retirement annuity contract – A type of personal pension product which could only be started before 1 July 1988.

scheme pension – An income payable for life that must be paid from a pension scheme or by a life insurance company or friendly society on behalf of the pension scheme.

section 32 buy-out policy – A type of pension product to which pension benefits from an **occupational pension scheme** can be transferred.

serious ill-health – Where a United Kingdom registered medical practitioner has confirmed that **your** life expectancy is less than one year.

Service Team – **Our** team to which all questions and other communications regarding **your policy** should be made. Their contact details are:

Sun Life Financial of Canada

PO Box 6904

Basingstoke

RG24 4TD

Telephone – 0345 642 4444 or 01256 656472

Email – i2live@uksloc.co.uk

You will be notified in writing if these contact details change.

Stakeholder pension scheme – A type of **personal pension** scheme that has to meet minimum standards set down in law.

tranche segment – Each **policy tranche** will have at least one 'tranche segment'. Separate **tranche segments** will be formed where the **Income Guarantee Option** applies to only part of a **policy tranche**.

Tranche Segment Details Schedule – The schedule which is issued by our **Service Team** at the time you create or change a **tranche segment** under your **policy**.

uncrystallised funds – Money invested in a **registered pension scheme** that has not yet been used to provide the member with a benefit under that **registered pension scheme**.

units – The notional 'units' into which we divide each **investment fund** and which we use to work out the value of your **policy**.

unit price – The value of a **unit** in an **investment fund**.

we, our, us – Sun Life Assurance Company of Canada (U.K.) Limited.

wind-up – The removal of an **investment fund** from the range of available funds. When an **investment fund** is wound-up, all existing **units** in that fund will be switched to another available **investment fund**.

working day – Any day except Saturday, Sunday and all official bank holidays in England and Wales.

you, your – The owner of the **policy**.

3. Eligibility

- 3.1 You are eligible to take out an **i2Live Annuity policy** if you are aged 55 or over.
- 3.2 It is possible to take out a **policy** earlier than the minimum ages set out above if you had a lower retirement age before 6 April 2006 under **HMRC** rules (and this right has been protected).
- 3.3 It is also possible to take out a **policy** earlier than the minimum ages set out above or if you have to retire early because of **incapacity** or **serious ill-health**.

4. Payments

- 4.1 We can accept the following types of **payments** up to the day before your 75th birthday:
 - A transfer payment of **uncrystallised funds** from a **registered pension scheme** (including a **personal pension scheme**, a **Stakeholder pension scheme**, an **occupational pension scheme**, a **retirement annuity contract** or a **section 32 buy-out policy**). Such transfer payments are initially invested in **i2Live Accumulator** before being converted to your **policy** on receipt of all funds.
 - Funds from an **Open Market Option** of a **personal pension scheme**, money purchase **occupational pension scheme** (where a **scheme pension** is not in payment) or an **income withdrawal product**.
 - Conversions of your funds from **i2Live Accumulator** or **i2Live Drawdown**.
 - A transfer of funds from another **annuity** issued by another product provider.
- 4.2 We can accept the following types of **payments** on or after your 75th birthday:
 - A transfer of funds from another **annuity** issued by another product provider
 - Funds from an **Open Market Option** of an **income withdrawal product**
 - Conversions of your funds from **i2Live Drawdown**.

- 4.3 We will not accept any **payments** in the form of shares or the transfer of any other assets.
- 4.4 There is no upper limit on the size of a **payment** which we can accept.
- 4.5 Additional **payments** can be made at any time provided they exceed the minimum amount. Details of the current minimum amount are available from **our Service Team**. This amount will not be changed unreasonably.

Method of payment

- 4.6 Transfer payments and funds from **Open Market Options** can be made by cheque, direct credit or telegraphic transfer.

Policy tranches and policy segments

- 4.7 Each **payment** received in **your policy** will be made to a separate **policy tranche**.
- 4.8 Each **policy tranche** will have at least one **tranche segment**. Separate **tranche segments** will be formed for:
 - any part of the investment in a **policy tranche** for which the **Income Guarantee Option** does not apply
 - where the **Income Guarantee Option** is added for any funds in an existing **tranche segment**.

5. Investment funds

Investment choice for your payments

- 5.1 You can invest a **payment** in any of **our investment funds** available at the time of **payment**. The investment choice is likely to change over time as new **investment funds** become available and it is also possible that existing **investment funds** will be closed or wound-up (see sections 5.14 to 5.16). You can request details of the current **investment funds** available, and the restrictions to **your** investment options to qualify for the **Income Guarantee Option**, from **our Service Team**.
- 5.2 There is no limit on the number of **investment funds** in which **you** can invest a **payment**.
- 5.3 When **we** receive **payments** **we** will use them to buy **units** in the **investment fund(s)** **you** have chosen.

Valuing your fund

- 5.4 We calculate the value of each **investment fund** at 12.00 noon on each **working day**. We value each **investment fund** on two bases; the first using the price at which the assets of the **investment fund** might be bought (the 'buying basis'); the second using the price at which the assets might be sold (the 'selling basis'). Any taxes or levies that have to be paid will be deducted from the values calculated.

We will decide, in the best interests of everyone who has invested in the **investment fund**, which of the two bases of valuation, or any in between, should be used to calculate the **unit price** (see section 5.5) by assessing the expected movements into and out of an **investment fund**. If an **investment fund** is increasing in size the valuation will normally be based on the 'buying basis' and if an **investment fund** is reducing in size the valuation will normally be based on the 'selling basis'.

- 5.5 Each **unit** in an **investment fund** has a single **unit price**. This is the price at which **units** are bought or sold. The **unit price** for an **investment fund** is calculated by taking the value of the **investment fund** on the basis that applies at the date of calculation (as set out in section 5.4) and dividing the value by the total number of **units** in the **investment fund**. The **unit price** is then rounded to the nearest 0.001 of a penny with 0.0005 rounded up to the higher 0.001.

Allocation and cancellation of units

- 5.6 **Units** are purchased in the **investment fund(s)** **you** have chosen, based on the **unit price** on the next **working day** following the later of the date **we** receive **your payment** and the date **we** receive the last document which **we** require to support the **payment**. We calculate the number of **units** purchased by dividing the amount of **your payment** by the **unit price** which applies. We will round the number of **units** to the nearest 0.0001 part of a **unit** with 0.00005 rounded up to the higher 0.0001.
- 5.7 The division of **investment funds** into **units** is notional and **you** have no proprietary rights to the underlying investments.
- 5.8 **Units** are cancelled from each **investment fund** based on the appropriate **unit price** as set out in sections 5.4 and 5.5 of these terms and conditions. We will round the number of **units** to the nearest 0.0001 part of a **unit** with 0.00005 rounded down to the lower 0.0001.

- 5.9 **We** reserve the right to delay a transaction for up to six months if:
- the **investment fund** does not hold sufficient liquid assets to enable quick cancellation of **units**, or
 - in **our** opinion, a delay would be in the interests of **you** and other i2Live Annuity policyholders.
- 5.10 As **units** are purchased and cancelled based on the **unit price** on the **working day** following the effective date there will always be a delay in confirming their value.

Changing your investment choice

- 5.11 **You** can ask **us** at any time in writing, unless **we** have agreed an alternative method with **you**, to switch **your** existing investment from one **investment fund** to another.
- 5.12 **We** will switch **your** investments by cancelling **units** to the value **you** wish to switch from an **investment fund** and replace these with **units** in another **investment fund** or **investment funds** to the same value using the **unit prices** applying on the next **working day** following the date **we** receive the last document which **we** require to support the switch.
- 5.13 There is no charge for switches between **investment funds**.

Closing or winding-up an investment fund

- 5.14 **We** can close an **investment fund** to new money or **wind-up** an **investment fund** at any time if, in **our** opinion, the continuation of the **investment fund** is not in the best interests of policyholders or if the **investment fund** has become too small to manage effectively at a reasonable cost. **We** will give **you** at least two months notice of any closure or **wind-up** where this is practicable.
- 5.15 If **we** close an **investment fund** then no new **payments** can be invested in that **investment fund** and no new switches can be made into that **investment fund**.
- 5.16 If **we** **wind-up** an **investment fund** then all the **units** in the **investment fund** will be switched to another **investment fund** or **investment funds**. **You** may give **us** an instruction to confirm to which other **investment fund(s)** **you** wish **your units** in the wound-up **investment fund** to be switched at the date of **wind-up**. If **you** do not give **us** an instruction, **we** will switch **your units** in the wound-up **investment fund** to a default **investment fund** which **we** will specify.

Charges from the investment funds

- 5.17 **We** deduct an annual investment fund charge in determining the **unit price** of each **investment fund** (see section 10.3).
- 5.18 There will normally also be additional expenses which are taken directly from the **investment funds**, or from the underlying investments of the **investment funds**, and which are taken into account in calculating the value of the **investment funds** (see section 5.4). These additional expenses are the normal costs, taxes, duties and other reasonable charges incurred in holding, purchasing, managing and selling the assets of the **investment funds**.

6. Mortality credits

- 6.1 **Mortality credits** may be added to the value of **your** investments in a **policy tranche**.
- 6.2 Any **mortality credits** will be calculated at the end of each **pension year** and the value will be used to provide additional **units** in the **investment fund(s)** **you** have chosen. The additional **units** will be added to the **investment funds** in proportion to the value of the **units** held in each **investment fund** on the date the **mortality credits** are added.
- 6.3 The value of the **mortality credits** will take a number of factors into account and these factors may change in the future. **We** currently take into account **your** age (and the age of a **joint annuitant** if you have chosen the **joint life option** (see section 9.4)), the value of **your units**, current and future life expectancy and the death benefit basis **you** have chosen. Over the long term and across all i2Live Annuity policyholders, **our** aim is that the total value paid out as **mortality credits** to in force i2Live Annuity policies should equal the total value of funds remaining at the end of i2Live Annuity policies to provide **mortality credits**.
- 6.4 **Mortality credits** will be applied as follows:
- If neither the **joint life option** nor the **dependant's guarantee period option** has been chosen, **mortality credits** will be applied to the full fund value of a **policy tranche**.
 - If the **joint life option** has been chosen, **mortality credits** will be added at a reduced rate to the proportion of the fund value of a **policy tranche** from which **you** have

chosen to provide an income to a **dependant** following **your** death. If the **joint annuitant** is under age 23 then no **mortality credits** will be payable until the **joint annuitant** reaches age 23. **Mortality credits** will be added at the full rate to the remaining fund.

- If the **dependant's guarantee period option** has been chosen, **mortality credits** will be added during the **dependant's guarantee period** only to the part of **your** fund which we calculate as not being required to provide income equal to the maximum **HMRC income limit** for a **dependant** for the **dependant's guarantee period**. If you survive the **dependant's guarantee period** then **mortality credits** will be added to **your** fund until **your** death.
 - If both the **joint life option** and the **dependant's guarantee period option** have been chosen, **mortality credits** will be added in the same way as for the **dependant's guarantee period option** except that the proportion of the remaining fund (not required to provide income equal to the maximum **HMRC income limit**) which you have selected to provide income to a **dependant** under the **joint life option** will attract **mortality credits** at a reduced rate. From the end of the **dependant's guarantee period**, **mortality credits** will be added on the **joint life option** basis.
- 6.5 On **your** death, any remaining fund which is not being used to provide income for a **dependant** under the **joint life option** or the **dependant's guarantee period option**, is used to provide **mortality credits** for other i2Live Annuity policyholders. On the death of a **joint annuitant** or at the end of a selected **dependant's guarantee period**, the remaining fund will also be used to provide **mortality credits** for other i2Live Annuity policyholders.

7. Taking an income

When you can take your pension income

- 7.1 You can take an income as soon as you take out **your policy** and continue to take an income from **your policy** for the remainder of **your** lifetime.
- 7.2 If you are transferring or using **uncrystallised funds** you can normally take a **pension commencement lump sum** at the time you make a **payment** to **your policy**. If you do not

take a **pension commencement lump sum** at this time, then **your** right to any **pension commencement lump sum** will be lost. The **pension commencement lump sum** will normally be calculated as 25% of the value of the **payment**. A higher amount may be available if you have **primary protection** or **enhanced protection** of pre 6 April 2006 pension rights or **fixed protection**.

You cannot take a **pension commencement lump sum** from any funds invested from an **Open Market Option**.

Your income options

- 7.3 You can select the amount of income you require provided that it is within the **HMRC income limits** explained in sections 7.5 to 7.10.

The income guarantee

- 7.4 When you start **your policy** and are aged 60 or over you can choose to include the **Income Guarantee Option** in respect of all or part of a **payment**. You can also add the **Income Guarantee Option** to all or part of a new or existing **tranche segment** at a later date. If it is added at a later date, the terms that apply will be the ones applicable at that time. There is no guarantee that they will be the same terms as those set out in this document.

If you include the **Income Guarantee Option**, the income you can take will normally be less than the maximum **HMRC income limit** (see sections 7.5 to 7.10). We will advise you of the maximum income you can take each year from a **tranche segment** to enable the **guaranteed minimum income** to continue at the level set at outset.

The Terms and Conditions applying to the Series Two **Income Guarantee Option** are set out on page 13 onwards.

You will have been notified if a different series of the terms applies to you. However, if you are in any doubt about which terms apply to you, please contact our **Service Team**.

HMRC income limits

- 7.5 You must take income from each **policy tranche** each **pension year** between a minimum and a maximum limit as set by **HMRC** (the **HMRC income limits**).
- 7.6 The maximum **HMRC income limit** is 120% of the income that could be paid if the fund value of the **policy tranche** was used to purchase a level conventional **annuity**. This

maximum percentage may be changed by HMRC in the future.

- 7.7 The minimum **HMRC income limit** is 50% of the income that could be paid if the fund value of the **policy tranche** was used to purchase a level conventional **annuity**. This minimum percentage may be changed by HMRC in the future.
- 7.8 In calculating the annual amount of income **you** can receive in sections 7.6 and 7.7, **we** use the average of three level conventional **annuity** rates available from providers of these types of **annuity**. If **you** include the **joint life option** (see section 9.4), the conventional **annuity** rates used will be on the basis that an income will continue after **your** death to a **dependant** of the same percentage as selected for the **joint life option**.
- 7.9 Where there is more than one **tranche segment** in a **policy tranche**, for the purposes of determining the minimum and maximum income that may be taken from a **tranche segment**, **we** will notionally split the minimum and maximum **HMRC income limits** for that **policy tranche** across the different **tranche segments** in proportion to the value of the fund in each **tranche segment**. This notional split will be recalculated each time the **HMRC income limits** for the **policy tranche** are recalculated and also when units are moved from one **tranche segment** to another due to the addition or removal of the **Income Guarantee Option**.
- 7.10 The initial **HMRC income limits** for a **policy tranche** are set when **you** first make a **payment** to that **policy tranche**.

Reviewing the HMRC income limits

- 7.11 The **HMRC income limits** for a **policy tranche** must be reviewed at least every three years (the **HMRC review dates**). **HMRC review dates** will always be at the end of a **pension year**. New minimum and maximum **HMRC income limits** will normally apply from the first day of the fourth **pension year**, then the first day of the seventh **pension year** and on the first day of every subsequent third **pension year**.

We will carry out the three yearly review calculations between 28 days and 60 days in advance of each **HMRC review date**. The new **HMRC income limits** calculated will normally apply for the **pension year** starting at the **HMRC review date** and for the two subsequent **pension years**.

A more frequent review of the **HMRC income limits** for a **policy tranche** is required in the following circumstances:

- A **tranche segment** within that **policy tranche** is transferred to another **annuity**.
- The value of that **policy tranche** is reduced following the application of a **pension sharing order**.

The **HMRC review dates** are not changed by the need for an additional review.

- 7.12 If a **tranche segment** is transferred to another **annuity**, **we** will recalculate the **HMRC income limits** for that **policy tranche** based on **your** age on that day and the value of the fund in the **policy tranche** immediately after the **tranche segment** is transferred. The new **HMRC income limits** do not affect the amount of income **you** can take in the **pension year** in which the **tranche segment** was transferred. They apply from the next **pension year** until the next **HMRC review date**.
- 7.13 If the value of a **policy tranche** is reduced following the application of a **pension sharing order**, **we** will recalculate the **HMRC income limits** for that **policy tranche** based on **your** age on that day and the value of the fund in the **policy tranche** immediately after the application of the **pension sharing order**. The new **HMRC income limits** do not affect the amount of income **you** can take in the **pension year** in which the **pension sharing order** was applied. They apply from the next **pension year** until the next **HMRC review date**.

Income payment options

- 7.14 Income payments will be made to **you** by cancelling **units** (see section 5.8) to the value of the income payment, before any tax has been deducted. **You** can specify the **investment fund(s)** from which income payments are taken. If **you** do not specify the **investment fund(s)** from which income is to be taken, **we** will cancel **units** on a proportionate basis across all the **investment funds** in which **you** have invested.

If **you** have specified the **investment fund(s)** from which income payments are taken and the value of the **units** in any of these **investment fund(s)** is less than the income **you** have requested, **we** will cancel **units** on a proportionate basis across all the other **investment funds** in which **you** have invested to the value of the remaining amount required.

There are additional terms applicable if **you** have specified the **investment fund(s)** from which income payments are taken and the **Income Guarantee Option** applies (see

the i2Live Annuity Income Guarantee Option Terms and Conditions).

- 7.15 **We** can pay regular income to **you** monthly, quarterly, half-yearly or annually as **you** choose. **You** can change the amount of income **you** receive at any time provided that **you** advise **us** in writing at least ten **working days** before the income payment date from which the new income amount is to be paid.
- 7.16 **You** can also request single one-off income payments provided that the total of the regular income and single one-off income payments made to **you** in a **pension year** is within the **HMRC income limits**.
- 7.17 **We** will deduct tax from **your** income payments based on the personal tax code advised by **HMRC** before making payment to **your** nominated bank account. **We** will use the emergency code basis if **your** personal tax code is not available.

Information requirements

- 7.18 Before **we** can make income payments to **you** **we** will require the following:
- **Your** income instructions.
 - The name of the bank, sort code, account number and name the account is in to which income payments are to be made.
 - Confirmation of **your** personal tax code.

8. Transferring the value of your policy

- 8.1 Subject to sections 8.2 and 8.3, at any time **you** can apply to transfer all of a **tranche segment** to another **annuity**.
- 8.2 If **you** have selected the **joint life option** for a **policy tranche**, a transfer of a **tranche segment** in that **policy tranche** will only be allowed if **you** select a **joint life option** (or equivalent) for **your** new **annuity** with the same **joint annuitant** and the same joint life proportion. If **you** have not selected the **joint life option** for a **policy tranche**, a transfer of a **tranche segment** in that **policy tranche** will only be allowed if **you** do not select a **joint life option** (or equivalent) for **your** new **annuity**.
- 8.3 In order to protect the interests of other i2Live Annuity

policyholders, **we** will not normally allow **you** to transfer a **tranche segment** if **you** or any **joint annuitant** is an **impaired life**.

We will ask for health evidence in accordance with **our Evidence of Health Procedure** at the time **you** request a transfer, to determine whether **you** or any **joint annuitant** is an **impaired life**. A transfer will not be allowed until **we** have obtained satisfactory health evidence. **You** can request details of **our Evidence of Health Procedure** from **our Service Team** at any time.

The value of your benefits

- 8.4 When **you** decide to transfer the value of a **tranche segment** to another **annuity** with another product provider, **we** will calculate the value of that **tranche segment** on the date **you** choose to take **your** benefits or, if later, on the date **we** receive **your** written instructions and any documentation **we** require. The value is calculated as the number of **units** multiplied by the **unit price** on the next **working day** following the later of the date **you** choose to take **your** benefits and the date **we** receive the last document which **we** require.

9. Death benefits

The options

- 9.1 When **you** make a **payment** to a **policy tranche**, **you** must select what benefits should be payable from that **policy tranche** on **your** death. There are three options:
- No benefit will be payable and the remaining fund value of that **policy tranche** will be used to provide **mortality credits** for other i2Live Annuity policyholders.
 - The **dependant's guarantee period option**.
 - The **joint life option**.

The dependant's guarantee period option

- 9.2 If **you** select the **dependant's guarantee period option** for a **policy tranche** an income can continue to be paid to a **dependant** or another **beneficiary** if **you** die within the **dependant's guarantee period**. Income will continue to be paid for the remainder of the **dependant's guarantee period**. If **you** have also included the **joint life option** for that **policy**

tranche then **you** must nominate the same **dependant** for both options.

- 9.3 The amount of income paid to the person **you** have nominated will equal the maximum **HMRC income limit** that would have applied to **you** during the **dependant's guarantee period** based on the fund value of the **policy tranche**. The income will continue to be paid monthly for the remainder of the **dependant's guarantee period**. If **you** have included the **Income Guarantee Option** your nominated **dependant** will be able to choose whether to maintain the income guarantee or to take income equal to the maximum **HMRC income limit** that would have applied to **you**.

The joint life option

- 9.4 The **joint life option** allows an income to continue after **your** death to a **dependant** (the **joint annuitant**).
- 9.5 At outset **you** decide what percentage of the fund value of the **policy tranche** **you** would like to be used to provide an income to **your joint annuitant** following **your** death. The actual income payable to **your joint annuitant** will be based on the value of the **policy tranche** (see section 9.9) multiplied by this percentage.
- 9.6 **Your joint annuitant** can select the amount of income taken subject to the minimum and maximum **HMRC income limits** set out in sections 7.5 to 7.10 as if the value of the fund available to provide income was the first **payment** into the **policy** and **HMRC review dates** are set accordingly.
- 9.7 If **you** have also selected the **dependant's guarantee period option** and **you** die within the **dependant's guarantee period**, an income will be paid to **your** nominated **dependant** for the remainder of the **dependant's guarantee period** up to the maximum **HMRC income limit** that would have applied to **you**. **Your dependant** can choose to take a lower income but not less than the minimum **HMRC income limit** that would have applied to **you**. At the end of the **dependant's guarantee period**, an income will continue to **your dependant** based on the percentage of your fund selected under the **joint life option**.
- 9.8 You cannot choose to include both the **joint life option** and the **dependant's guarantee period option** if the nominated **dependant** is under age 23.

The value of your death benefits

- 9.9 If **you** have selected the **dependant's guarantee period option** and/or **joint life option** for any **policy tranches**, once **we** have received all the documentation required (see section 9.10), **we** will calculate the value of these **policy tranches**. The value is calculated as the number of **units** multiplied by the **unit price** on the next **working day** following the date **we** receive the last document which **we** require.

What we need to support a death claim

- 9.10 **We** will be able to pay any death benefits when **we** have received satisfactory evidence of **your** death and proof of the **beneficiary's** (claimant's) claim, age and entitlement. **We** would normally need to see the **beneficiary's** birth certificate, marriage certificate or civil partnership registration document plus additional documentation **we** require which **we** will advise **your** personal representatives of at that time.

10. Charges

- 10.1 **We** will deduct the charges as described below. The actual charges which apply to **you** will be shown on **your** Policy Schedule and **Tranche Segment Details Schedules**.
- 10.2 **We** will deduct an annual investment fund charge from each **investment fund**. The charge will vary between **investment funds**. The charge is deducted each day after the **investment fund** has been valued and before the **unit price** is set. It is a percentage of the **investment fund** divided by 365 (366 in a leap year). **We** may change this charge in future if the underlying fund management charges **we** pay change. Any increase or decrease will be proportionate to the underlying change in costs. **We** will notify **you** of any change and give **you** at least two months advance notice of any increase.
- 10.3 There is also an annual guarantee charge on the value of **your** investment in the **tranche segments** to which the **Income Guarantee Option** applies if **you** have selected this option, please see 'The charges' section of the **i2Live Annuity Income Guarantee Option Terms and Conditions**.

11. General

- 11.1 The laws of England and Wales apply to **your** contract with **us**.
- 11.2 Any **payments** made by **you** (or for **you**) to **your policy** must be paid in sterling (or any replacement currency). Any payments **we** make to **you**, to **your beneficiaries** or to another product provider will also be made in sterling (or any replacement currency).

- 11.3 **Your policy** may be subject to a **pension sharing order** but otherwise may not be assigned, mortgaged or charged in any way by **you**.

If **we** receive a **pension sharing order** in respect of **your** rights under **your policy**, **we** must comply with it. Unless **you** give **us** an alternative instruction, **we** will cancel **units** proportionately across all the **investment funds** in which **you** are invested to provide the payment required to meet the **pension sharing order**.

- 11.4 **We** can change these Terms and Conditions (or issue a revised set of Terms and Conditions to replace them) as **we** reasonably consider appropriate in the circumstances if:

- there are any obvious errors or omissions affecting **your policy**;
- there is a request from any regulatory authority to do so
- the conditions for the tax privileges granted to **your policy** change;
- there is a change (including the interpretation or application thereof) in the law, regulation or taxation affecting **us** or **your policy**;
- any other circumstances beyond **our** control arise which, in **our** reasonable opinion, make it impossible or impractical to carry out any of the Terms and Conditions.

We will give **you** at least two months advance notice of any changes to the Terms and Conditions whenever practicable.

- 11.5 If any penalty, charge, tax or fine is imposed on **us** in respect of **your policy**, **we** may cancel **units** from **your policy** in order to meet such liability unless the penalty, charge, tax or fine arises from **our** own wilful neglect or default. If **you** have insufficient **units** to meet the liability incurred, **you** must pay **us** the surplus amount due when **we** ask **you** to.

- 11.6 **You** must supply such information as **we** may reasonably require in order for **us** to make any tax payment or complete any tax return required by **HMRC** in respect of **your policy**.

- 11.7 **We** may deduct an amount from **your policy** if any levy is made on **us** under Part XV of the Financial Services and Markets Act 2000 or under any other legislation. The amount to be deducted will be no greater than the amount that **we** consider to be this **policy's** fair share of the levy made on **us**. Any amount to be deducted will be made by cancelling **units** equal in value to the amount to be deducted.

- 11.8 If **we** pay **you** an amount to which **you** are not entitled or which exceeds **your** entitlement, **we** may demand repayment of that amount (or, where applicable, the excess amount) together with interest (if any) at such rate as **we** reasonably consider appropriate. Alternatively, **we** may cancel **units** from **your policy** equal to the amount to be repaid including any interest, or deduct the amount to be repaid including any interest from any future payments due from **your policy**.

- 11.9 If any provision of these Terms and Conditions is found by any court or regulatory body to be invalid or unenforceable, the invalidity or unenforceability of any other provision of the Terms shall not be affected.

- 11.10 Neither **you** nor **we** intend that any provision of **your** contract with **us** will be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person not a party to it. To avoid any doubt, this shall not affect a **dependant** or a **beneficiary's** right to receive death benefits under **your policy**.

- 11.11 If, for any reason, **you** decide to cancel **your policy** within 30 days of receipt of a cancellation notice, **your payment(s)** will remain invested in the **investment funds** **you** have chosen until **we** can make a repayment, unless **you** request a change.

We must first receive confirmation that the **registered pension scheme** from which the **payment** has been made will accept repayment or **you** must confirm an alternative **registered pension scheme** which will accept the payment.

Any fall in the value of investments from the date of payment will be deducted from the amount repaid.

- 11.12 If **you** have any questions or need any further information please contact **our Service Team**.

i2Live Annuity Income Guarantee Option (Series Two) Terms and Conditions.

IMPORTANT: The following Terms and Conditions apply to customers who have been issued with a **Tranche Segment Details Schedule** that refers to 'Series Two'.

If your **Tranche Segment Details Schedule** does not refer to 'Series Two', you should have been issued with a separate copy of the Terms and Conditions. If you have not received this document, or are in any doubt about which terms apply to you, please speak to your financial adviser or contact our **Service Team**.

The option

- a. You can include the **Income Guarantee Option** when you make a **payment** into your policy provided that at the date of **payment** you are aged 60 or over. The option can also be added at a later date. If it is added at a later date, the terms and structure that apply to the **Income Guarantee Option** will be the ones available at the time. There is no guarantee that they will be the same terms and structure as those set out in this document. In determining the terms and structure that will apply at the time, we take into account a number of factors which could include, but is not limited to, the following:
 - The financial and economic conditions at the time.
 - Our expectations at the time for what will happen in the future for things such as financial and economic conditions, life expectancy, policyholder behaviour, etc.
 - The availability and cost of appropriate financial instruments (or other arrangements such as reinsurance) at the time to back the **Income Guarantee Option**.
 - The legal, regulatory and tax requirements at the time.
 - Market practice at the time.
- b. The **Income Guarantee Option** can be applied to all or part of any **payment** that is made to your policy or to all or part of the fund built up in your policy if the option is added at a later date.
- c. The value of any **payment** or part of any **payment** or part of the fund for which the **Income Guarantee Option** is selected will be applied to a separate **tranche segment**.
- d. Each **tranche segment** with the **Income Guarantee Option**

exists independently from any other **tranche segment** with the **Income Guarantee Option** attached.

- e. The **Income Guarantee Option** can be cancelled from a **tranche segment** by you at any time and you will then be able to take income payments within the **HMRC income limits** set out in sections 7.5 to 7.10 without any other restriction.

If the **Income Guarantee Option** has been cancelled from a **tranche segment**, it can be added back at a later date but only after a period specified by us (currently 12 months) has elapsed. If it is added at a later date, the terms that apply will be the ones applicable at that time. There is no guarantee that they will be the same terms as those set out in this document, see section a.

The charges

- f. We will make an extra charge, the annual guarantee charge, as a percentage of the value of a **tranche segment** to which the **Income Guarantee Option** applies. The percentage to be deducted is shown on your **Tranche Segment Details Schedule**. We will collect this charge on a monthly basis by cancelling **units** to the value of the charge proportionately from the **investment funds** in which the **tranche segment** is invested, based on the value of **units** in each **investment fund** on the date the charge is deducted.

If you decide to add the **Income Guarantee Option** to some or all of your policy at a later date, the annual guarantee charge could be higher or lower than the level it was at when you started your policy. The level of the charge will depend on our calculation basis current at the time and any change in the level will be such that, in our reasonable opinion acting on actuarial advice, is broadly cost neutral.

We will always publish the annual guarantee charge in any personal illustration that we issue to you before you make the decision to add the **Income Guarantee Option** to some or all of your policy.

The income guarantee

- g. The initial **guaranteed minimum income** for a **tranche segment** is set at outset of that **tranche segment** and will not reduce unless any of the events described in section m. occur.

Other than where a **tranche segment** has been converted

from **i2Live Drawdown** with the **Income Guarantee Option**, the initial **guaranteed minimum income** is calculated as a percentage (the income guarantee percentage) of the initial **maximum supportable income** for that **tranche segment**. The income guarantee percentage applying to a **tranche segment** is as shown on the **Tranche Segment Details Schedule**.

Where a **tranche segment** has been converted from a **tranche segment** of **i2Live Drawdown** to which the **Income Guarantee Option** applied, the initial **guaranteed minimum income** for that **tranche segment** will be the same as applied under the **i2Live Drawdown tranche segment** after the review of the **guaranteed minimum income** at the date of conversion and after adjustment, if appropriate, for any of the reasons set out in your **i2Live Drawdown Terms and Conditions**. The income guarantee percentage applying to this **tranche segment** will be the same as applied under the **i2Live Drawdown tranche segment** and is shown on the **Tranche Segment Details Schedule**.

Where you have selected the **joint life option** for a **policy tranche**, the **Income Guarantee Option** will continue to apply to the **joint annuitant** on your death unless you have also included the **dependant's guarantee period option** and your nominated **dependant** elects to take income equal to the maximum **HMRC income limit** and the **Income Guarantee Option** is then removed (see section 9.3 of the **Terms and Conditions**). The **guaranteed minimum income** which will apply for the **joint annuitant** will be calculated as the **guaranteed minimum income** applying to you at the date of your death multiplied by the percentage of the fund selected under the **joint life option** for that **policy tranche**.

- h. A condition of the **Income Guarantee Option** is that the **guaranteed minimum income** will continue to apply to a **tranche segment** only if the total income taken during a **pension year** does not exceed the greater of the **maximum supportable income** and the **guaranteed minimum income** for that **pension year** (see section m. for what happens if this condition is broken).
- i. At the outset of a **tranche segment** to which the **Income Guarantee Option** applies, the proportion of the value of that **tranche segment** that is invested in **equity risk** investments is restricted to the **maximum equity risk proportion**, currently 60% (but see below if income is

not taken proportionately from all **investment funds**).

This restriction also applies at each review of the **guaranteed minimum income** for that **tranche segment** in accordance with the terms set out in section p.

In both of the above, if income is not being taken proportionately from all **investment funds**, the **maximum supportable income** is deducted from the **tranche segment** before the restriction to the **maximum equity risk proportion** is applied. This will result in a lower maximum **equity risk** than would be permitted if income was taken proportionately.

Additional restrictions apply if income is not taken proportionately from all **investment funds** (see sections s. t. and u.).

If we request that investments are switched to meet the requirements in this section or section u., you must switch your investments within 30 days of the date of our request, otherwise the **Income Guarantee Option** will be removed from the **tranche segment**.

We will specify and periodically review the proportion of each **investment fund** deemed to be invested in **equity risk** investments for the purposes of the **Income Guarantee Option**. These proportions will be based on our view of a reasonable average proportion invested in **equity risk** investments over the next five years for each **investment fund** taking into account the objectives of that **investment fund** and other relevant factors. The proportions may be different to the actual investment mixes of the **investment funds** at any particular point in time. You can request details of the current proportions from our **Service Team** at any time.

- j. You can only switch your investment in a **tranche segment** from one **investment fund** to another if one or both of the following apply:
 - immediately after the switch, the proportion of the value of the **tranche segment** (less the current year's **maximum supportable income** applicable to that **tranche segment**, if income is not taken proportionately from all **investment funds**) that is invested in **equity risk** investments does not exceed the **maximum equity risk proportion**
 - the proportion of the value of the **tranche segment** that is invested in **equity risk** investments does not increase as a result of the switch.

If the value of a **tranche segment** is reduced following the application of a **pension sharing order** then one or both of the following must apply:

- immediately after the event, the proportion of the value of the **tranche segment** (less the current year's **maximum supportable income** applicable to that **tranche segment**, if income is not taken proportionately from all **investment funds**) that is invested in **equity risk** investments does not exceed the **maximum equity risk proportion**
- the proportion of the value of the **tranche segment** that is invested in **equity risk** investments does not increase as a result of the event.

- k. The **maximum supportable income** is calculated at outset (the initial **maximum supportable income**) and for each subsequent **pension year**. It is calculated independently for each **tranche segment**.

The initial **maximum supportable income** for a **tranche segment** is based on:

- The value of the investments in the **tranche segment**.
- Your age.
- The death benefits you have chosen.
- An assumed rate of investment return.
- Assumed future life expectancy.
- Assumed future charges from your **policy**.

If you have selected the **joint life option** we will also take into account the age of the **joint annuitant**. Following your death the **maximum supportable income** will be recalculated based on the age of the **joint annuitant** and the value of a **tranche segment** at that time.

The **maximum supportable income** for each subsequent **pension year** is calculated using the same method as for the initial **maximum supportable income** but based on the value of the **tranche segment**, your age (and that of the **joint annuitant** if you have selected the **joint life option**) and our assumptions at that time.

- l. Where a new **tranche segment** is opened and there is less than 12 months to the end of the first **pension year** (for example because there is an existing **tranche segment** of the same **policy tranche**), then the maximum total income

allowed under the **Income Guarantee Option** (as set out in section h.) for that **pension year** will be based on the proportionate period to the end of that **pension year**.

- m. The **guaranteed minimum income** for a **tranche segment** will not reduce unless:

- Income greater than the **maximum supportable income** (or **guaranteed minimum income** if greater) for that **tranche segment** is taken in any **pension year**.
- The value of that **tranche segment** is reduced following the application of a **pension sharing order**.

In the above circumstances the **guaranteed minimum income** for the relevant **tranche segment** will be reduced immediately.

Where the **maximum supportable income** is greater than or equal to the **guaranteed minimum income**, the new amounts will equal the old amounts multiplied by the following factor:

(A / B) where:

A = an amount equivalent to the **maximum supportable income** calculated at the date of the above event, based on the value of **units** of that **tranche segment** immediately after the event.

B = an amount equivalent to the **maximum supportable income** calculated at the date of the above event, based on the value of **units** of that **tranche segment** immediately before the event.

Where the **maximum supportable income** is less than the **guaranteed minimum income**, the adjustments will depend on our calculation basis current at that time, but will be such that the impact of the change is, in our reasonable opinion acting on actuarial advice, broadly cost neutral.

The **maximum supportable income** calculated for the following **pension year** will automatically take into account these events.

- n. If the **guaranteed minimum income** is greater than the **maximum supportable income** immediately before one of the events set out in section m. the amount in payment will reduce immediately after the event to the new **guaranteed minimum income**.

Reviewing the income guarantee

- o. The **guaranteed minimum income** for each **tranche segment**

to which the **Income Guarantee Option** applies will be reviewed at regular intervals.

For the first **tranche segment** to which the **Income Guarantee Option** applies in a **policy tranche**, the date of the first review of the **guaranteed minimum income** for that **tranche segment** will be the next **HMRC review date** after that **tranche segment** is opened. Subsequent review dates of the **guaranteed minimum income** for that **tranche segment** will be every five years thereafter.

The review dates of the **guaranteed minimum income** for subsequent **tranche segments** in the same **policy tranche** will be the same as specified above for the first **tranche segment** to which the **Income Guarantee Option** applies in that **policy tranche**.

The **guaranteed minimum income** will not reduce at a review except when the conditions set out in section m. apply, but it may increase.

The new **guaranteed minimum income** for a **tranche segment** will be the greater of:

- the existing **guaranteed minimum income**, and
- the income guarantee percentage as shown on the **Tranche Segment Details Schedule** multiplied by the average **maximum supportable income** for that **tranche segment** since the last review of the **guaranteed minimum income**, adjusted for any of the events set out in section m. This average excludes the **maximum supportable income** calculated at outset or last review, but includes the one calculated at this review.

The investment choice

- p. In addition to the conditions set out in section 5.14 to 5.16 of the i2Live Annuity Terms and Conditions, **we** can also close an **investment fund** to new money or **wind up** an **investment fund** at any time just in respect of use with the **Income Guarantee Option**. However, **we** will only wind-up an **investment fund** just in respect of use with the **Income Guarantee Option** if the objective of the **investment fund** significantly changes or if, in **our** reasonable opinion, the **investment fund** is no longer being managed in accordance with its objective or if, in **our** reasonable opinion, the balance between risk and return significantly changes.

This means that the **investment funds** available with the

Income Guarantee Option may be different to those that are available without the **Income Guarantee Option**. **We** will always offer **you** a choice of **investment funds** with the **Income Guarantee Option**. Details of the current **investment funds** **you** can invest in with the **Income Guarantee Option** are available from **our Service Team**.

Payment of the income guarantee

- q. Income payments up to the greater of the **maximum supportable income** and the **guaranteed minimum income** will be made from the **investment funds** in which the **tranche segment** is invested in accordance with sections 7.14 to 7.17.
- r. If the value of the funds in a **tranche segment** to which the **Income Guarantee Option** applies reduces to zero, then **we** will continue to pay a regular income each year equal to the **guaranteed minimum income** applying at the time the fund reduced to zero. The **guaranteed minimum income** will continue to be paid to **you** for the remainder of **your** life and the remainder of the life of the **joint annuitant**, if appropriate, and **you** have selected the **joint life option**, or for the remainder of the **dependant's guarantee period**, if appropriate, and the **dependant's guarantee period option** has been selected.

If the **guaranteed minimum income** for a **tranche segment** would otherwise exceed the maximum **HMRC income limit** calculated on an **HMRC review date**, then the value of **your** fund in the **tranche segment** will be increased through the addition of '**reserve units**' so that the maximum **HMRC income limit** is not exceeded. The **reserve units** are made available solely to provide income in these circumstances only.

Income from a specified fund

- s. **You** can choose for income to be taken from a specified **investment fund(s)**. If **you** choose to do this, the maximum **equity risk** permitted will be lower than if income was taken proportionately from all **investment funds** (see section i.).
- t. In addition to section i., the proportion of the value of the **tranche segment** less the current year's **maximum supportable income** applicable to that **tranche segment** that is invested in **equity risk** investments is also restricted:
- when the option to take income from a specified fund is first selected (if not at outset), and

- at the start of each subsequent **pension year** (other than at a review of the **guaranteed minimum income**).

The proportion is restricted to the greater of the **maximum equity risk proportion** and the proportion of the value of the **tranche segment** that is invested in **equity risk** investments immediately before the check.

- u. If income is not being taken proportionally from all **investment funds** and income greater than the **maximum supportable income** (or **guaranteed minimum income** if greater) is taken during a **pension year**, then one or both of the following must apply:
 - immediately after the income payment, the proportion of the value of the **tranche segment** that is invested in **equity risk** investments does not exceed the **maximum equity risk proportion**
 - the proportion of the value of the **tranche segment** that is invested in **equity risk** investments does not increase as a result of the income payment.

How to contact us

Our dedicated adviser and customer support team is on hand to answer any questions you have about Sun Life Financial of Canada's products and services. They can also provide you with further product literature and assist you with any specific queries or instructions regarding a policy.



Phone

Customer & Adviser helpline:

03456424444

or, 01256 656472



Email

i2live@uksloc.co.uk



Post

Sun Life Financial of Canada
PO Box 6904
Basingstoke, RG24 4TD



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