

Terms and conditions

THIS IS AN IMPORTANT DOCUMENT. PLEASE READ IT AND KEEP FOR FUTURE REFERENCE.



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Income Drawdown Plan: Terms & Conditions

IMPORTANT INFORMATION – PLEASE READ AND KEEP FOR YOUR FUTURE REFERENCE.

These *Terms and Conditions* form a legally binding agreement between *you* and *us*. For *your* own benefit and protection *you* should read these **Terms and Conditions**, the **Key Features** and *your* personal illustration before *you* sign the declaration on the application form. If there is anything *you* do not understand please speak to *your financial adviser* or contact *us*.

Words in italics are explained in the Glossary at the end of the document.

If *you* would like a copy of these *Terms and Conditions* in Braille or large print, please contact *us*. Our contact details are listed in section 33.

1. General

1.1. *Your Plan* is part of the LF Personal Pension Trust (the *Trust*). The *Trust* is a *registered pension scheme*. The *Trust* is governed by the *Trust Deed and Rules*. A copy of the *Trust Deed and Rules* is available from *us* on request. The *Trust* is subject to the Finance Act 2004 and the regulations made under that Act.

1.2. The LF Personal Pension *Trust* is a non-UCITS retail scheme (NURS) and an Alternative Investment *Fund* under the Alternative Investment *Fund* Managers Directive. This means that the scheme does not comply with the requirements of the EU UCITS Directive.

1.3. The *Trust* has been established as an *authorised unit trust*. We are the manager of the *Trust* and BNY Mellon Trust & Depositary (UK) Limited is the *Trustee*.

1.4. *You* become a member of the *Trust* by acquiring *units* in the *Trust*.

1.5. Please refer to the **Prospectus** at pensions.linkfundsolutions.co.uk for further details on the *Trust* including general investor information and data protection practices, the *LF funds* which make up the *Trust* and the *underlying funds*, risk factors, risk management, *unit valuations*, trading processes, charges and expenses. Or alternatively *you* can obtain a copy by contacting *us* on 0345 055 0606.

1.6. By applying for membership of the *Plan* *you* agree to be bound by the *Trust Deed and Rules*.

2. Our role

2.1. We administer and manage *your Plan*. Our services include:

- 2.1.1.** setting up *your Plan*;
- 2.1.2.** co-ordinating the transfer of *your* existing pension schemes into *your Plan*;
- 2.1.3.** paying *your income payments* and *tax-free cash*;
- 2.1.4.** testing *your* benefits against the *Lifetime Allowance* based on the information *you* have provided to *us*, and providing *you* with statements of

the amount of *your Lifetime Allowance* *you* have used under *your Plan*;

2.1.5. providing *you* with annual statements showing the performance of *your Plan* and its current value;

2.1.6. calculating and paying claims for *death benefits*, where appropriate;

2.2. notifying *you* if *you* trigger the *Money Purchase annual allowance* for defined contribution pension *plans* if *you* take a taxable cash withdrawal from this *Plan*.

2.3. Further information about each of these services can be found below.

2.4. We are not able to give *you* financial advice. If *you* need advice regarding *your* retirement benefits or the investments to be held within *your Plan*, please contact *your financial adviser*. We recommend *you* and *your financial adviser* review *your Plan* regularly.

3. Eligibility

3.1. To be eligible to open a *Plan* *you* must:

3.1.1. be aged 55 or over (unless section 3.2 applies);

3.1.2. have a minimum of £25,000 in pension savings from a *UK registered pension scheme* to invest into the *Plan* after taking any tax-free cash and paying any initial *adviser charge*;

3.1.3. have received advice to take out the *Plan* from a *financial adviser* authorised by the Financial Conduct Authority (FCA), unless otherwise agreed by *us*; and

3.1.4. have a *UK* bank account.

3.2. There are some situations where *you* may be eligible for the *Plan* if *you* are younger than 55. These include:

3.2.1. if *HMRC* allows *you* to access *your* benefits earlier due to ill health and the definition of ill health in the *Trust Deed and Rules* is met;

3.2.2. *you* have a *protected early pension age*;

3.2.3. *you* are entitled to the *Plan* because *you* are a *beneficiary* of someone who had an *income drawdown plan* before they died.

4. Application

4.1. To open a *Plan*, you must complete our application form and send it to us at the address listed in section 33.

4.2. If your application form is unclear or incomplete we may request further information from you and we will not process your application until we have received the further information requested.

4.3. To protect you and us from financial crime, we may need to confirm your identity from time to time. We may do this by using reference agencies to search sources of information about you (an identity search). This will not affect your credit rating. If this identity search fails, we may ask you for documents to confirm your identity.

4.4. Once your application has been successfully processed, we will send you a Welcome Pack. This will contain these **Terms and Conditions**, the **Key Features** document, a copy of your personal illustration, a *Plan schedule*, a *Fund* switch form and a Nomination of Beneficiaries form. In the Welcome Pack we will tell you the start date of your *Plan*.

4.5. We may refuse to accept your application or other instruction at our discretion and we may not provide you with a reason for doing so. For example, in relation to money laundering, if we believe you have provided incomplete or untruthful information to us or if you do not meet the eligibility criteria in section 3.

4.6. We will only be able to set up your *Plan* after completion of the transfer from your existing pension scheme(s).

4.7. You are responsible in respect of claims, losses and expenses that we may incur if you provide incorrect information or fail to comply with any aspect of the application.

5. Transfers in

5.1. We accept transfers of pension funds from other registered pension schemes of which you have been a member. We do not accept transfers of Qualifying Recognised Overseas Pension Schemes (QROPS).

5.2. All transfers must be allowed within the rules of the transferring pension scheme and must be carried out in line with HMRC requirements. In some cases, certain requirements must be complied with before we can accept the transfer payment. We are unable to accept pension credits arising from a divorce. Further details are available from us on request.

5.3. Where you are investing in the *Plan* for the first time, the minimum initial amount transferred into the *Plan* from all other pension arrangements must not be less than £25,000 after the deduction of any tax-free cash and any adviser charges (if applicable). This minimum can be met using multiple transfers in subject to 3.1.2.

5.4. Each subsequent transfer into the *Plan* must be at least £5,000.

5.5. Multiple transfers in are checked and, where possible processed upon receipt.

5.6. A Welcome Pack will be issued shortly after a transfer in is received. Where multiple transfers in are received within 10 business days, a single Welcome Pack will be issued, detailing each transfer. After 10 business days, if any additional transfers are received, we will issue a new *Plan schedule* and information showing cancellation rights relating to these transfers.

6. How your Plan works

6.1. The total value of your *Plan* (minus any tax-free cash you take and charges paid to your financial adviser for their advice from your pension fund) is used to buy units in funds in one of our drawdown portfolios. Please see section 8 for further information.

6.2. We work out the value of your *Plan* based on the total number of units you have invested in each fund (see section 10 for further details).

6.3. All units in the Trust are accumulation units and fractions of a unit may be issued. Income arising on accumulation units is automatically reinvested within the funds and is reflected in the price of units. No income from these units is paid to you.

7. How your Plan is held

7.1. You do not own the units, the funds or any underlying investments held by the funds.

7.2. The Trustee is the legal owner of all cash and assets within the Trust.

7.3. Your rights in the Trust represented by the units in each fund are those of a beneficial interest under a trust. The units are not transferable and may be redeemed only in accordance with the provisions of the Trust Deed and Rules.

7.4. We will keep a record of the number of units allocated to your *Plan*. Certificates evidencing title to the units will not be issued. The Trust has a main register. Units you hold will be maintained on a sub-register, with units being held on the main register in the name of Pensions.linkfundsolutions.co.uk Limited.

8. Drawdown portfolios and rebalancing

8.1. You can only invest your *Plan* in one of our drawdown portfolios. Each drawdown portfolio is made up of a selection of funds managed by us. With this *Plan* you are not able to choose the individual LF funds in which to invest. We offer different portfolios for different products and not all portfolios offered by us will be available for your *Plan*. The portfolios and the different

LF funds making up the portfolios are described in the **Guide to LF Investment Funds**.

8.2. Each *fund* invests in a *fund* managed by a third party UK *fund* provider (*underlying fund*). Details of the *underlying funds* can be found in the *fund* factsheets which are available from *our* website at pensions. linkfundssolutions.co.uk.

8.3. When you set up your *Plan* you must notify us in which portfolio you would like your *Plan* to invest.

8.4. When you invest in a portfolio, you cannot partially invest and mix it with another portfolio. You must invest the full value of your *Plan* into the selected portfolio.

8.5. If you do not give us specific instructions on the portfolio in which you would like your *Plan* to be invested, we will invest in a medium-risk *drawdown* portfolio (*Drawdown Portfolio 3*) on your behalf.

8.6. You can switch to a different portfolio at any time. Please see section 12 for more information on switching.

8.7. A minimum of 5% of your *Plan* value will be allocated to the LF Cash *Fund*. LFS normally takes *income payments*, fees and any annual adviser fees from this *fund*. We manage payments in this way to ensure greater predictability, as the LF Cash *Fund* has lower levels of volatility.

8.8. We review the investments held within your portfolio on a quarterly basis. We will rebalance the *funds* within the portfolio if required to ensure that the percentage and asset allocation within the portfolio remains consistent with the stated risk and investment objectives of the portfolio.

8.9. If you withdraw an *income payment* which significantly exceeds the proportion of monies held in the LF Cash *Fund*, there is the potential for the risk profile of the portfolio to change for a period of time before the portfolio is rebalanced.

8.10. The quarterly review is linked to your month of birth. For example if you have a birthdate in January the portfolio will be reviewed and, if necessary, rebalanced in January, April, July and October.

8.11. At age 75 your *Plan* will automatically be moved into *Drawdown Portfolio 1*, unless you have pre-elected to remain in your nominated portfolio. We will send you a reminder notice three months prior to age 75, with the option to opt-out of the automatic switch.

8.12. We may terminate a portfolio at any time. We will give you reasonable notice of a closure in writing and ask you to choose another portfolio in which to invest.

8.13. If you do not reply with your choice of an alternative portfolio to which to switch, we will choose a portfolio on your behalf for your *Plan*.

8.14. We may terminate a *fund* at any time. We will give you reasonable notice of a closure in writing, and notify you of the new *fund* composition of your portfolio. You may choose to switch portfolio at any time.

8.15. We will only exercise our power to terminate a portfolio or *fund* for important legal or commercial reasons. We will act fairly and reasonably in the way that we do so.

9. Instructions

9.1. We may require proof of your identity so we can check an instruction is from you.

9.2. Instructions you give us to switch between portfolios form a commitment which, once accepted by us, cannot be amended or revoked by you.

9.3. When you give us an instruction to switch portfolio, we place orders to buy and sell *funds* so that your new portfolio reflects the one you have chosen. Instructions to switch portfolio that are received before 9.00am are normally placed by the end of that *business day*. Instructions to switch portfolio that are received after 9.00am are normally placed by the end of the next *business day*. The price is determined at the next *valuation point* for the relevant *funds*.

9.4. We may rely on information about you, or instructions, given to us by your *financial adviser* if you have appointed one (for example about the level of *income* you wish to take) and we will treat the instructions as if they came directly from you.

9.5. You must notify us in writing if you change your *financial adviser*.

9.6. We will not accept an instruction if it means we will be in breach of any law or regulatory requirement.

10. Valuing your Plan

10.1. We work out the value of your *Plan* based on the total number of *units* you have in each *fund* using the latest known *fund* prices.

10.2. Each *fund* will be valued daily at 12.00 noon on each *business day*, unless otherwise agreed with the *Trustee*. Latest *unit* prices are usually released by 9.00am the following day.

10.3. *Funds* are 'dual-priced', i.e. they have a buying (offer) and a selling (bid) price. The difference is known as the 'spread' and reflects the initial charge and any underlying dealing expenses. *Units* in 'dual-priced' *funds* are normally bought at the 'offer' price and are redeemed (sold back) at the 'bid' price. There is no 'spread' or initial charge on investments into the *Plan*; hence *units* are effectively bought at the 'bid' price. The price of the *units* which you buy and sell will be

calculated at the next *valuation point* after you have given us instructions. This is known as 'forward pricing'.

10.4. If market conditions dictate, any of the *funds* may be specially valued (for example if a major incident occurs where the price of the *underlying fund* is not available). This is known as Fair Value Pricing.

11. Minimum Plan value

11.1. We reserve the right to close a *Plan* which is valued at less than £1,000.

11.2. We will notify you and your *financial adviser* 90 days prior to closure if we intend to close your *Plan*.

11.3. At notification of closure, you will be given the option to take the residual value as an *income payment*, transfer out, or to add *funds* to ensure the *Plan* value is above the minimum level.

11.4. If no response is received from you or your *financial adviser*, and we are unable to contact you, we will automatically issue an *income payment*.

12. Switching

12.1. You may change the portfolio in which your *Plan* is invested. You must complete a *fund* switch form to notify us of any changes you wish to make. You are not restricted in the number of times you switch between portfolios. Currently we do not charge for portfolio switches, although we reserve the right to charge in future for the reasons set out in section 21.2.

12.2. Instructions will be dealt with in accordance with section 9 (Instructions).

12.3. We are not able to process an instruction to switch whilst a *drawdown* portfolio is being rebalanced, or whilst we are processing an *income payment*, annual *adviser charge* or *Annual Management Charge* discount. Your instruction will be processed on the next available *business day*.

12.4. Once your portfolio switch has been completed, we will write to you to show you the number of *units* held in the new *funds* in that portfolio and the buying and selling prices.

12.5. Dealing in *funds* may be suspended in certain circumstances permitted by the *FCA Rules*. These currently provide that we may, with the prior agreement of the *Trustee*, temporarily suspend the issue, cancellation, sale and redemption of *units* in a *fund*, where due to exceptional circumstances it is in the interest of all the *unit* holders in that *fund*. When dealing in a *fund* has been suspended, you will not be able to switch between portfolios until dealing has restarted.

12.6. We will notify you when your instructions cannot be carried out because dealing in a *fund* has been suspended.

13. Benefits

13.1. Benefits can start once your *Plan* has been set up. First of all, if required, a tax-free lump sum (Pension commencement lump sum) is deducted and paid to you in accordance with section 14. After your *Plan* is invested in the *funds* you can then start to receive *income payments* (section 15).

14. Tax-free cash (Pension commencement lump sum)

14.1. When you set up a *Plan*, you can normally choose to take up to 25% of the value of your pension *fund* in tax-free cash, although this might be more if you have a protected tax-free cash amount. You must inform us at the time you apply for your *Plan* how much tax-free cash you wish to take.

14.2. If you do not take your tax-free cash when you transfer your pension savings into your *Plan*, you cannot take it at a later date.

14.3. We will pay your tax-free lump sum by BACS, to the account you nominate (which must be in your name or jointly held by you and someone else).

14.4. *Funds* which are being transferred from an existing *drawdown plan* into this *drawdown Plan* are not eligible for tax-free cash.

15. Income payments

15.1. You must inform us what, if any, *income* you wish to receive from your *Plan*.

15.2. There are no restrictions on the amount of *income* you can take from your *Plan*. There are no minimum or maximum *income* levels.

15.3. There is no guarantee that your *income payments* will be able to continue at the level you have chosen. Your pension *fund* remains invested and may reduce in value or may not grow enough to maintain your chosen level of *income*.

16. How income payments are made

16.1. *Income payments* can be made monthly, quarterly, annually or on an ad-hoc basis. You must notify us of your required payment frequency when you request *income*. You can change the frequency of your *income payments* by giving us 10 *business days'* notice in writing.

16.2. *Income payments* are made by BACS to the account you nominate (which must be in your name or jointly held by you and someone else). You must give us the details of the account to which you want your *income payments* to be paid when you set up your *Plan* or when you first request an *income payment*.

16.3. Your *income payments* are made on or before the 1st of the month, in line with your chosen payment frequency. If the 1st of the month falls on a weekend or a

Bank holiday, *your income payment* will be made on the previous *Business Day*.

16.4. When you request *income* for the first time, we will set up the *PAYE* tax process for *your payments*. Instructions received on or by the 15th of a month will enable *income payments* to commence on the first of the following month. Instructions received after the 15th of the month will mean the first *income payment* will be made in the month after the following month. For example, if we receive a request on or before 15th January, *your first payment* will be 1st February; if we receive the request after the 15th January the first payment will be 1st March.

16.5. When *your income payments* are due, we will estimate the number of LF Cash Fund units we need to sell in order to provide you with the required level of *income*. We will sell units five business days before your payment date.

16.6. When we sell these LF Cash Fund units there is the potential for a small movement in the price of these units. This is because we buy and sell units at the price calculated at the next valuation point following receipt of your instruction (known as forward pricing). This may result in a slight variation in our payments to you, but the majority of these payments will remain the same as requested.

16.7. Your portfolio automatically allocates 5% of your Plan value to the LF Cash Fund. The funds in your Plan will be adjusted and rebalanced on a quarterly basis to ensure that a minimum of 5% of your Plan value remains within the LF Cash Fund.

16.8. If there are insufficient monies within the LF Cash Fund to pay your *income*, we will sell units in your other LF Investment Funds. In this instance, units will be sold in the order of their risk rating as listed in the **Guide to LF Investment Funds**. We will notify you if this occurs.

16.9. If there are insufficient funds within your Plan to provide your full *income payment*, we will issue a part payment.

16.10. If we amend our policy for selling your units (set out in this section), we will give you 60 days' notice in writing.

16.11. We will adjust your *income payments* at any time in the future to comply with HMRC rules.

17. Tax on your income payments

17.1. *Income payments* are taxed as earned *income* through *PAYE* unless section 17.7 applies. The amount of tax you pay will depend on the HMRC tax code notified to us at the time your payment is made.

17.2. When you first set up *income payments*, if you have a P45 which has been issued in the current tax

year, you will need to supply this to us. We will use the tax code on the P45 for your first *income payment*.

17.3. If you have a P45 which was issued in the previous tax year, or you have no P45 we will operate on an emergency tax code basis for your first *income payment*.

17.4. After you receive your first *income payment*, HMRC will normally inform us of your correct tax code.

17.5. Any initial overpayment of tax will usually be corrected over subsequent *income payments*.

17.6. If *income payments* have ceased before the overpayment has been corrected, you will need to contact HMRC to arrange any refund of overpaid tax. HMRC are able to issue some refunds mid-year.

17.7. Your beneficiaries may have to pay *income tax* on any *income payments* they receive after your death. Please see section 20 for further details.

17.8. You are responsible for ensuring that we are using the correct tax code. If you think we are using an incorrect tax code to calculate the tax due on your *income payments*, you should contact HMRC on 0300 200 3300.

17.9. When your Plan is closed, we will issue you with a P45.

17.10. If you have requested an *income payment*, we will issue you with a P60 after the end of each tax year.

17.11. Should tax become payable because you have recycled tax-free cash or have not provided the correct information, you will pay the tax or penalty which may be imposed by HMRC.

18. Annual allowance

18.1. The amount on which individuals can obtain tax relief is dependent on their earnings, whether any pension savings have been accessed and the overall level of contributions – this is the *annual allowance*. If any of the following events with any pension providers occur, your *annual allowance* for contributions into defined contribution pension plans will reduce to the Money Purchase Annual Allowance. This reduction in *annual allowance* applies across all the defined contribution pension plans you belong to if:

18.1.1. You take an uncrystallised fund pension lump sum from your pension pot;

18.1.2. You take an *income payment* from a flexi-access drawdown plan;

18.1.3. You take an *income payment* under a flexible annuity; or

18.1.4. You take an *income payment* which exceeds your maximum *income allowance* from an existing capped *income drawdown plan*.

18.2. If you trigger one of these events with a LFS pension product (including when you first receive an income payment from your Plan), we will notify you of your new annual allowance in writing within 31 days.

18.3. When you request income payments from your Plan you will need to inform us if you have triggered one of the above events with any of your pension plans.

18.4. You will need to notify us if you trigger any of the above events, with any other pension providers, after you have set up your Plan.

18.5. If you make any contributions in excess of your annual allowance, you should speak to your financial adviser about the tax implications.

19. Lifetime Allowance

19.1. If the value of your pension benefits exceeds your Lifetime Allowance during one of the following events, a tax charge (the Lifetime Allowance charge) could be applied to the excess (unless you have already applied for protection – in which case you must provide us with a copy of your protection certificate).

19.2. We will test your benefits against the Lifetime Allowance based on the information you have provided to us, and provide you with a statement of the amount of your Lifetime Allowance you have used under your Plan every time you take benefits under your Plan before the age of 75, when for example:

- 19.2.1. you take tax-free cash;
- 19.2.2. you buy a lifetime annuity;
- 19.2.3. you start drawdown;
- 19.2.4. there is a lump sum payment from funds in the event of your death if death occurs before age 75.

19.3. When you reach age 75, any pension which you have not started to take benefits from, and the growth in drawdown funds started after 6 April 2006, are also measured against the Lifetime Allowance. This will be the final assessment of your benefits against the Lifetime Allowance under your Plan.

19.4. Benefits which are taken in excess of the Lifetime Allowance are subject to a charge of 55% if taken as a lump sum, or 25% if moved to an annuity or drawdown product and then taxed at your individual marginal rate when taken as income.

19.5. If your pension savings are close to the Lifetime Allowance, or if you are in any doubt about this or you have enhanced or fixed protection on your pension savings you should consult your financial adviser.

For a summary of our understanding of current tax rate and allowances see our Summary of Pension Scheme Taxation. However, we are not authorised to provide you with tax advice and you should ensure you are aware of the tax treatment of your plan. You should consult HMRC or a suitably qualified tax Professional if you require information or advice relating to your own circumstances.

20. Death

20.1. In the event of your death, your personal representative should contact us as soon as possible.

20.2. We will need to see an original registrar's copy of the death certificate as soon as possible, to record your death in our records and start the claims process.

20.3. When you apply for your Plan you will be asked to nominate a beneficiary to receive benefits from your Plan when you die.

20.4. Beneficiaries can be a dependant, nominee, successor or a charity if there are no dependants.

20.5. Under current rules, when you die, the value of your Plan will be used by the Trustee, in accordance with the provisions of the Trust Deed and Rules, to provide benefits to one or more beneficiaries you have nominated in such proportions as the Trustee thinks fit. The Trustee will take into account your wishes but is not legally bound to follow them. As the Scheme administrator, we will assist the Trustee in determining the recipient(s) of your death benefits which we will then pay in accordance with the Trust Deed and Rules.

20.6. On receiving an original copy of the death certificate, the remaining value of your Plan will be switched into the LF Cash Fund. The LF Cash Fund is a low volatility fund and so reduces the risk of market conditions adversely affecting the remaining Plan value as the claims process progresses.

20.7. If you die before the age of 75 the value of your pension benefits will be tested against the Lifetime Allowance. Please see section 19 for further information.

20.8. Once notified of your death, any instructions for the payment of adviser charges will be cancelled.

20.9. Before making any payment to any beneficiary, we will deduct any tax if we are required to do so by HMRC.

20.10. The tax treatment of your fund on death is subject to a number of factors including:

- Your age.
- The timing of notification to us. (It is in your beneficiaries' interests in certain circumstances to notify us promptly, or higher amounts of tax may become due. You should therefore take such steps as you see fit to enable prompt notification to be made if you wish to reduce this risk.)

- The nature of any beneficiaries.
- The payment type chosen.
- Applicable tax and pensions legislation at the time.

20.11. If you have arranged your Plan under trust, we will pay any lump sum to the trustees of that trust. For advice on how to set up a trust, please speak to your financial adviser.

20.12. Death benefits paid under your Plan are normally free of inheritance tax. There are, however, some occasions when they do incur a charge. If you have any doubts or queries, please consult your financial adviser or tax adviser.

20.13. If on your death your beneficiary is under the age of 18 or unable to give us instructions about how they wish to receive their benefits (for example because they lack the mental capacity), we will take instructions from the person who has authority to deal with their affairs.

20.14. Following your death, where a person becomes entitled to a beneficiary's benefit from your Plan, that person may elect to establish a drawdown plan themselves. This new plan would be subject to the Trust Deed and Rules and the Terms and Conditions.

20.15. Income payments will cease on the death of the dependant, nominee or successor. Any remaining value in the Plan may be available to provide benefits to their successors where permitted by law or under the Trust Deed and Rules.

20.16. You can change your nominated beneficiaries at any time. If you wish to do this, please write to notify us.

20.17. If you need advice on what will happen to your Plan when you die, we strongly recommend you contact your financial adviser.

21. Charges

21.1. Details of the charges applied to your Plan (except adviser charges) are:

21.1.1. The Annual Management Charge (AMC) reflects both our fees for managing the relevant LF fund and the fees of the manager of the underlying fund. It is calculated and accrued daily. It is paid monthly in arrears as soon as practicable after the month end out of the assets of each fund.

21.1.2. The AMC for each drawdown portfolio is set out in the **Guide to LF Investment Funds**.

21.1.3. Both the LF funds and the underlying funds which they invest in will bear other expenses; these include, but are not limited to, custody fees, trustee fees, registration fees, audit fees and FCA fees. These charges are taken from the assets of the LF funds and the underlying funds. Together with the AMC, the total

charges (excluding dealing charges) are expressed as the Total Expense Ratio (TER).

21.1.4. The TER for each Drawdown Portfolio is set out in the **Guide to LF Investment Funds**.

21.1.5. Exit fee – none.

21.1.6. Initial fund charge – none.

21.1.7. Portfolio switches – none. However, we may do so in the future and we will tell you about this in advance.

21.1.8. Plan set-up fee – none.

21.1.9. Income change fee – the first change of income frequency or amount or ad-hoc withdrawal request in any tax year is free of charge. Subsequent changes or ad-hoc withdrawal requests in that tax year are charged at £45 per request. VAT is not applicable to this fee. The fee is charged for the transfer from you to LFS of the beneficial interest of units sold by you to generate your income.

21.1.10. When your Plan fee is due, we will estimate the number of LF Cash Fund units we need to sell in order to pay the Plan fee. If there are insufficient monies within the LF Cash Fund to pay your Plan fee, we will sell units in your other LF Investment Funds. In this instance, units will be sold in the order of their risk rating as listed in the **Guide to LF Investment Funds**.

21.1.11. Administration fee – none.

21.2. We may vary the charges for any of the following reasons:

21.2.1. to reflect, in a proportionate manner, changes in the costs relating to taxation, the law or decisions of an ombudsman or regulator; or

21.2.2. to respond, in a proportionate manner, to changes in the costs which we reasonably incur in carrying out the administration of your Plan.

21.3. We will notify you at least 60 days before the change takes effect.

21.4. Managers of the underlying funds may vary their charges which may result in a change to our AMC or TER.

22. Annual Management Charge discounts

22.1. There are separate Annual Management Charges (AMC) and Total Expense Ratios (TERs) that apply to each drawdown portfolio.

22.2. The basic AMC or TER for each portfolio is set out in the Guide to LF Investment Funds, which is available at pensions.linkfundsolutions.co.uk.

22.3. A discounted AMC may apply to *your Plan* where we have agreed special terms with *your financial adviser* or where we give you a discount because of the size of *your Plan*.

22.4. Any discount which is applicable to *your Plan* can be found on *your Plan schedule* or on request.

22.5. Discounts operate on a rebate basis and are applied monthly.

22.6. A discount applies when the value of *your Plan* exceeds £100,000 (this is after any tax-free lump sum has been taken). The value of the discounts varies according to *Plan* value:

22.6.1. For *Plans* over £100,000 there is a 0.1% reduction in the AMC.

22.6.2. For *Plans* over £250,000 there is a 0.2% reduction in the AMC.

22.6.3. The relevant discount to the AMC is allocated when *your Plan* is set up and applies to the life of *your Plan*.

23. Adviser charges

23.1. *Adviser charges* are the charges you agree to pay *your financial adviser* for the advice you receive and/or for arranging *your Plan(s)*. If you and *your adviser* agree, *adviser charges* may be deducted from *your Plan*.

23.2. You must tell us in *your application* the *adviser charges* or percentage of *your Plan* you authorise us to deduct from *your Plan*.

23.3. We reserve the right to reduce or stop an *adviser charge* without *your permission*. Please note that we will not facilitate *adviser charges* for clients who are not UK residents. Any clients who are or become non UK residents will be responsible for settling any *adviser costs* directly. Any previously facilitated *adviser charges* will therefore cease should a client cease to be a UK resident.

23.4. We can facilitate the payment of the following types of *adviser charges*:

23.4.1. *Initial adviser charge* – this is paid to *your financial adviser* in relation to *your initial transfer* to the *Plan*. You must tell us the specific monetary amount, or the percentage of *your Plan* (before tax-free cash), which you have agreed to pay as the *initial adviser charge*. We will deduct this charge and pay it to *your financial adviser* before the remaining transfer value is invested into *your chosen portfolio*.

23.4.2. *Annual adviser charge* – this is a fee you agree with *your adviser* for ongoing services in relation to *your Plan*, for example an annual review of *your Plan*. You must tell us the specific monetary amount, or the

percentage of *your Plan*, which you have agreed to pay as the *annual adviser charge*. The *annual adviser charge* is paid each year on the anniversary of *your Plan* start date.

23.5. When *your annual adviser charge* is due, we will estimate the number of LF Cash Fund units we need to sell in order to pay the *annual adviser charge*. We will sell units on the anniversary date that the *annual adviser charge* is due. Unless you notify us otherwise, *annual adviser charges* will continue to be deducted from *your Plan*.

23.6. *Adviser charges* are agreed between you and *your financial adviser*. We will not enter into any dispute between you and *your financial adviser* in relation to fee arrangements.

23.7. If there are insufficient monies within the LF Cash Fund to pay *your annual adviser charges*, we will sell units in *your other funds* in the order of their risk rating as listed in the **Guide to LF Investment Funds**.

23.8. If we are unable to pay *your financial adviser* any *adviser charges*, you must settle these directly with *your financial adviser*.

23.9. We may decide to stop facilitating the payment of *adviser charges* from *your Plan*. If we do this we will notify you in advance.

23.10. If you wish to change or cancel the *adviser charges* that are deducted from *your Plan* you must notify us in writing at least five *business days* before the date the *adviser charges* are due to be paid to *your financial adviser*. You must advise us in writing to do this or use the *adviser instruction form*. This form can be obtained from us on request or is available on our website at pensions.linkfundsolutions.co.uk.

23.11. If you change or cancel the *adviser charges* that are deducted from *your Plan*, you will have to pay any outstanding *adviser charges* owed to *your financial adviser* directly.

23.12. You cannot cancel any *adviser charges* once they have been deducted from *your Plan*.

24. Transfers out

24.1. You can transfer all or part of *your funds* out of the *Plan*. If a part transfer is required, you will need to retain a minimum of £5,000 in *your Plan* to keep it open. Any *Plan* under this value will be closed at the time.

24.2. We will notify you and *your financial adviser* at the point of transfer if *your Plan* value is below the minimum value and give you 90 days' notice of closure. We will give you the option of transferring the remaining *funds*, taking the value as an *income payment* or adding additional *funds* to *your Plan*.

24.3. If no response is received from *you* or *your financial adviser* we reserve the right to issue an *income payment* and close *your Plan*.

24.4. *You* may transfer the value of *your* pension savings to another *Registered Pension Scheme* or *Qualifying Recognised Overseas Pension Scheme*. The value of *your* pension savings will be calculated at the first Mid Price after *our* receipt of all *our* claim requirements. If transferring overseas, the *Scheme* must demonstrate it meets *HMRC's* definition of a *qualifying scheme*, otherwise an unauthorised payment may result, incurring an unauthorised payment liability on *you* to *HMRC* of up to 40%.

25. Reporting to you

25.1. We will produce for *you* a payslip for each *income payment* (showing the gross *income* and any tax deducted). We will send *you* a P60 after the end of each tax year.

25.2. We will send *you* an annual statement showing *your* investments and the value of *your Plan*.

25.3. *You* can obtain an up-to-date valuation of *your Plan* or a summary of the *income payments* *you* have taken by contacting us on 0345 055 0606.

26. Closing your Plan

26.1. At any time, *you* can close *your Plan* by instructing us to transfer the value of *your Plan* (less any outstanding charges) to another *drawdown* provider, purchase an *annuity*, or alternatively by taking a closing *income payment* (less any outstanding charges). *You* should seek financial advice before deciding whether or when to do this.

26.2. If *you* wish to transfer and close *your Plan*, please contact us and we will let *you* know what information we require in order to arrange this (for example details of the new provider).

26.3. Except as set out in this section 26 and in section 20 (Death) or as otherwise permitted by legislation, *your Plan* and the benefits *you* have under it are not capable of being transferred or surrendered.

26.4. Once we have accepted an instruction to close *your Plan*, we will not be able to accept further instructions in relation to *your Plan*.

26.5. We may close *your Plan* if we cease to act as manager of the *Trust* for any reason. We will give *you* at least 60 days' notice, or longer if it is reasonable to do so, to enable a transfer of *your Plan* to another *income drawdown* provider.

27. Our liability

27.1. We will exercise due care and diligence in the management and administration of *your Plan*. We will not be liable to *you* for any costs, losses or expenses arising from *our* acts or omissions unless they arise as a result of *our* negligence, wilful default, fraud or breach of these **Terms and Conditions** or the *FCA Rules*.

27.2. We shall not have any responsibility for any loss or damage *you* incur or suffer as a result of any event or circumstance not reasonably within *our* control, including:

27.2.1. failure, interruption or delay in the performance of *our* obligations resulting from the failure of any telecommunications or computer services;

27.2.2. industrial disputes;

27.2.3. failure of third parties to carry out their obligations;

27.2.4. acts of governmental or regulatory bodies;

27.2.5. terrorist acts.

27.3. Nothing in these **Terms and Conditions** will exclude or restrict any duty or liability we have to *you* under the *FCA Rules*.

27.4. Nothing in these **Terms and Conditions** will oblige us to do anything that would cause us to be in breach of any law or regulatory requirements.

28. Use of third parties

28.1. We may delegate or sub-contract any of *our* functions or responsibilities to a third party or agent. We use third parties, for example, to provide securities and pricing services.

29. Client Money Account

29.1. We will hold money received from *you*, or received on *your* behalf, in a general client bank account, subject to clause 16.2, in accordance with *FCA Rules*, with an approved bank (as defined in the *FCA Rules*) in the UK. The bank will hold *your* money on *our* behalf in a *trust* account. Whilst interest might be earned on the balances held within this bank account, no interest will be payable to *you* in respect of such money. The money will not be used by us in any transactions other than as specified in these **Terms and Conditions**. We will not be responsible for any acts or omissions of any approved bank which holds *your* money. Initial charges in respect of investments will be payable to the firm on settlement with the *Trustee*. Any initial charge in respect of monies received more than one *Business day* ahead of the settlement date will be held in the *Client Money Account*,

until this money becomes due and payable to the firm, at which point it will be held within *our* corporate bank account. In all other instances the initial charge will be held within *our* corporate bank account.

Please note that, whilst the cash balance for each investor will be recorded separately, Client Money will be pooled with *funds* held on behalf of other investors. In the event of financial failure of LFS or another institution holding *your* money, *your* money will be distributed in accordance with the *FCA Rules* and *you* may not receive the full amount of money back. *We* reserve the right to delay or withhold payments to *you* in the event of financial failure of the institution which is holding *your* money such that *we* are unable to access that money. In those circumstances LFS will not be liable to *fund* payments to *you* out of *our* own resources.

29.2. *We* may make use of the delivery versus payment (DvP) exemption in relation to transactions in regulated collective investment *schemes*, as defined in the *FCA Rules*. *You* hereby consent to the use of this exemption.

29.3. If *we* cease to act as the Authorised *Fund* Manager of the *Authorised Unit Trust* in which *you* invest, *we*, in accordance with *FCA Rules* will either:

29.3.1. transfer any Client Money balance which it may be holding on *your* behalf to the new Authorised *Fund* Manager, and *you* hereby consent to any such transfer; or

29.3.2. continue to hold any Client Money balance on *your* behalf, subject to clause 29.4, until such time that *you* have returned all relevant documentation requested by *us* which is necessary for *us* to return the monies to *you*.

29.4. Client Money balances held by *us* on behalf of investors may be released from *Client Money Accounts* after a period of at least six years. *We* will take the steps required by regulation to return *your* money to *you* prior to releasing any such balances and will make good any valid claim against any released balances. No interest will be payable on these balances.

30. Client categorisation

30.1. *You* have been classified as a *retail client*. This means that *you* will benefit from the highest level of regulatory protection available for complaints and compensation, and will receive information in a straightforward way.

31. Notices

31.1. *You* must provide *us* with information *we* reasonably require to carry out *our* obligations under these *Terms and Conditions*.

31.2. *You* must notify *us* if *you*:

31.2.1. change *your* name or address;

31.2.2. change *your financial adviser*.

31.3. *We* will send all correspondence to the address that *you* last notified to *us*.

32. Amendments

32.1. *We* may change these **Terms and Conditions** for any of the following reasons:

32.1.1. to respond to changes in general law or decisions of the Financial Ombudsman Service or the Pensions Ombudsman Service;

32.1.2. to respond proportionately to changes in general practice in the pensions and investments industry;

32.1.3. to meet regulatory requirements;

32.1.4. to reflect new industry guidance and codes of practice which raise standards of consumer protection;

32.1.5. to proportionately reflect other legitimate cost increases or reductions associated with providing *your Plan*.

32.2. If any change operates to *your* disadvantage, *we* will give *you* at least 30 days' notice of that change unless *we* are required to make the change sooner for regulatory reasons.

33. Contacting us

33.1. *Your financial adviser* should be *your* first point of contact for advice. *We* are unable to provide financial advice.

33.2. If *you* have any queries regarding *your Plan*, *you* can contact *us* at:

LFS
PO Box 1043
Cheltenham
GL50 9JB

Telephone: 0345 055 0606 or +44 1242 663 414 if phoning from abroad (Monday to Friday 9am-5pm)
Email: pppadmin@capita.co.uk
Website: pensions.linkfundsolutions.co.uk

33.3. *We* may record and monitor calls to help *us* to improve *our* services, see section 38.4. Calls to 0345 numbers cost no more than a national rate call to an 01 or 02 number. If *you* have a call package, calls to 0345 numbers are included in *your* inclusive minutes.

34. Best execution

34.1. When dealing with *your* instructions to buy or sell *units* in the *Income Drawdown Plan*, we will take all reasonable steps to obtain the best result for *you*. *FCA Rules* require us to consider various factors in deciding how to execute *your* order. These include price, costs, speed, likelihood of execution and settlement, size and nature of the order. The *Income Drawdown Plan* can only be bought through us and therefore when buying or selling *Units* in the *Income Drawdown Plan* there will only be one execution venue. Similarly there will not be a range of prices as the *units* can only be bought at the *unit* price on the relevant day. We will aggregate *your* instructions with those of other investors to be dealt with at the same *valuation point*.

35. Conflicts of interest

35.1. We or one of *our* related companies may have an interest in a transaction being undertaken by us. If this happens or if we become aware that *our* interests conflict with *your* interests, we will take all reasonable steps to manage that conflict of interest, in whatever manner is considered appropriate in the circumstances. Further information on the way we manage conflicts of interest is available on request.

36. Complaints

36.1. If *you* are dissatisfied with any aspect of *your* relationship with us, we will ensure that *your* complaint is dealt with quickly and efficiently. Please contact *our* Service Centre on 0345 055 0606. We will endeavour to answer *your* complaint promptly or alternatively, we will investigate *your* complaint and provide *you* with a full written response.

36.2. We have a leaflet which summarises *our* complaints handling procedure. A copy of this can be found on *our* website at pensions.linkfundsolutions.co.uk or alternatively *you* can contact us and we will be happy to provide *you* with this.

36.3. If *you* are ultimately dissatisfied with the outcome of *our* investigation, and the complaint relates to the sale and marketing of *your Plan*, *you* have the right to contact:

The Financial Ombudsman Service
Exchange Tower
London
E14 9SR

Telephone: 0800 023 4 567 or 0300 123 9 123
Fax: 020 7964 1001
Website: www.financial-ombudsman.org.uk
Email: complaint.info@financial-ombudsman.org.uk

36.4. If *you* are ultimately dissatisfied with the outcome of *our* investigation, and the complaint relates to how the *Trust* is run, *you* have the right to contact:

Pensions Ombudsman Service
11 Belgrave Road
London
SW1V 1RB

Telephone: 020 7630 2200
Website: www.pensions-ombudsman.org.uk
Email: enquiries@pensions-ombudsman.org.uk

37. Compensation

37.1. We are covered by the Financial Services Compensation Scheme (FSCS). *You* may be entitled to compensation from the FSCS if we cannot meet *our* obligations. This depends on the type of business and the circumstances of the claim. Further information about compensation arrangements is available from:

Financial Services Compensation Scheme
10th Floor
Beaufort House
15 St Botolph Street
London
EC3A 7QU

Telephone: 0800 678 1100 or 020 7741 4100
Website: www.fscs.org.uk
Email: enquiries@fscs.org.uk

38. FCA registration

38.1. We are authorised and regulated by the Financial Conduct Authority (FCA) and appear on the Financial Services Register. *Our* registration number is 119197.

39. Personal data

39.1. We will process *your* personal details and other information in order to consider and process *your* application. If *your* application is successful, we will also use this information to provide services and manage *our* relationship with *you* and *your financial adviser* and as otherwise set out in this section.

39.2. *Your* information may be disclosed to other selected third party providers for the purpose of *our* service provision to *you*, and *your* information may also be held in or transferred to countries outside of the EEA. In this event the processing will only be carried out by experienced and reputable organisations, and only on terms which safeguard the security of *your* data and comply with the requirements of the GDPR.

39.3. We may share *your* personal information from *your* application form with fraud prevention agencies. If false or inaccurate information is provided and fraud identified, details of fraud will be passed to third parties to prevent fraud and money laundering.

39.4. We will record and monitor telephone calls with you in case we need to check we have carried out your instructions correctly and to help improve our quality of service.

40. Miscellaneous

40.1. These **Terms and Conditions** govern the relationship between you and us. No other person shall have any rights to enforce any of these **Terms and Conditions**.

40.2. We will communicate with you in English.

40.3. These **Terms and Conditions** are based on our understanding of current legislation and the practices of HMRC as at the date the **Terms and Conditions** were written.

41. Law

41.1. These **Terms and Conditions** shall be governed and construed in accordance with the laws of England and Wales. All parties agree to submit to the exclusive jurisdiction of the English courts.

42. Cancellation of your Plan

42.1. Once your application has been processed, you have the right to cancel your application within 30 days of receipt of your Welcome Pack.

42.2. If you change your mind and wish to cancel your Plan, you should write quoting your Plan number to:

LFS
PO Box 1043
Cheltenham
GL50 9JB

You do not have to state the reasons for your cancellation but you must state clearly that you wish to cancel your Plan.

42.3. If you decide to cancel, we will try to return the transfer payment(s) to your existing pension scheme(s). If, however, in the meantime the value of your Plan has fallen, this will be reflected in the transfer payment. Charges will reduce the value of your Plan.

42.4. If any adviser charges have been paid from your Plan, we will not refund these to you. You should speak to your financial adviser about whether any refund is appropriate.

42.5. If you decide to cancel, any tax-free cash and any income payments which you have received must be returned to us. Your existing pension scheme is not obliged to take back the transfer payment and you may need to choose another registered pension scheme to transfer your pension to.

42.6. If you do not exercise your right to cancel within the 30 day period, the contract will become binding. We will not return any money except in the form of a benefit payable in accordance with the Plan Terms and Conditions.

43. Beneficiaries

43.1. If you have this Income Drawdown Plan as a result of being a beneficiary (i.e. if the Plan holder nominated you as their beneficiary in their Income Drawdown Plan), the terms in this section 43 apply.

43.2. We will provide you with a personal illustration and you will be asked to complete an application form in order for us to have the relevant information from you (including proof of your identity, age and address) which is required to set up the beneficiary plan. We will not be able to set up your beneficiary plan until we receive all the information requested by us.

43.3. You will not be permitted to transfer any existing pension schemes into your beneficiary plan.

43.4. The following sections of the **Terms and Conditions** will **not** apply to your beneficiary plan:

43.4.1. Section 2.1.2 (co-ordinating the transfer of your existing pension schemes to your beneficiary plan);

43.4.2. Section 2.1.4 (testing your benefits against the Lifetime Allowance);

43.4.3. Section 3 (Eligibility) except that you must have received advice to take out the beneficiary plan from a financial adviser authorised by the FCA and you must have a UK bank account;

43.4.4. Section 4.6 (setting up your Plan after completion of transfers in);

43.4.5. Section 5 (Transfers in);

43.4.6. Section 7.5 (monies received from your existing pension scheme which cannot immediately be invested);

43.4.7. Sections 13 (Benefits) and 14 (Tax-free cash). Please note however, that if the Plan holder died before reaching age 75, and you become entitled to a beneficiary plan within two years of us being notified of the Plan holder's death (or two years from the date we should have known of the Plan holder's death, if earlier), the income paid from the beneficiary plan will be tax-free. If this is not the case or the Plan holder died on or after age 75, then the income will be subject to tax at your marginal rate (no tax-free cash is applicable);

43.4.8. Sections 18 (Annual allowance) and 19 (Lifetime Allowance);

43.4.9. Section 20 (Death), please note however that in the event of *your* death, *your* personal representative should contact *us* as soon as possible and we will need to see an original registrar's copy of the death certificate to record *your* death in *our* records and start the claims process.

43.5. The following sections of the **Terms and Conditions** will apply to *your beneficiary plan* – for these purposes, substitute '*beneficiary plan*' for '*Plan*' in these sections:

43.5.1. Section 1 (General);

43.5.2. Sections 2.1 (administering and managing the *beneficiary plan*), 2.1.1 (setting up the *beneficiary plan*), 2.1.3 (paying *your income payments*), 2.1.5 (provision of regular statements regarding *beneficiary plan* performance and current value), 2.1.6 (calculating and paying claims for *death benefits*) insofar that any *death benefits* payable will be to such individuals or a registered charity as set out in section 42.6 and 2.2 (*we* are unable to provide financial advice and recommend *you* seek this);

43.5.3. Section 4 (Application);

43.5.4. Section 6 (How *your Plan* works);

43.5.5. Section 7 (How *your Plan* is held);

43.5.6. Section 8 (*Drawdown* portfolios and rebalancing);

43.5.7. Section 9 (Instructions);

43.5.8. Section 10 (Valuing *your Plan*);

43.5.9. Section 11 (Minimum *Plan* value) with the exception that in respect of section 11.3, *you* will not be able to transfer out or add *funds* to ensure the *beneficiary plan* value is above the minimum level;

43.5.10. Section 12 (Switching);

43.5.11. Sections 15 (*Income payments*) and 16 (How *income payments* are made);

43.5.12. Section 17 (Tax on *your income payments*), insofar that tax is payable. Please note that:

43.5.13. if the *Plan* holder died before reaching age 75, and *you* became entitled to a *beneficiary plan* within two years of *us* being notified of the *Plan* holder's death (or two years from the date we should have known of the *Plan* holder's death, if earlier), the *income* paid from the *beneficiary plan* will be tax-free;

43.5.14. if the *Plan* holder died on or after age 75 or *you* became entitled to a *beneficiary plan* later than two years of *us* being notified of the *Plan* holder's death (or two years from the date we should have known of the *Plan* holder's death, if earlier), the *income* paid from the *beneficiary plan* will be subject to tax at *your* marginal rate.

43.5.15. Section 21 (Charges);

43.5.16. Section 22 (*Annual Management Charge* (AMC) discounts);

43.5.17. Section 23 (*Adviser charges*);

43.5.18. Section 24 (Transfers out);

43.5.19. Section 25 (Reporting to *you*);

43.5.20. Section 26 (Closing *your Plan*) with the exception that in respect of section 26.1, *you* will only be able to take a closing *income payment* (less any outstanding charges);

43.5.21. The general terms contained in sections 27 to 41, and the Glossary at section 44.

43.6. In the event that *you* die and *funds* remain in the *beneficiary plan*, the *death benefits* available will be a lump sum payment, an *income* through a *drawdown* product or an *annuity*, or a lump sum payment to a registered charity. These will be payable to such individuals or a registered charity as allowable under relevant legislation. Please note, a death benefit will not be payable to a registered charity if at the date of *your* death there are other *dependants* of the *Plan* holder.

44. Glossary

Accumulation unit – *income* arising on *accumulation units* is automatically reinvested back into the *LF fund*, increasing the price of *units*. *Income* is not paid out to *unit* holders of *accumulation units*. (All *units* in the *LF funds* are *accumulation units*).

Adviser charge – a fee *you* agree to pay *your financial adviser* in return for the advice that *you* receive in relation to *your Plan* or for arranging *your Plan*.

Annual allowance – this is the tax relief *you* will get on pension contributions. The *annual allowance* applies across all of the pension *schemes* *you* belong to. It is not a per *scheme* limit, and includes all of the contributions that *you* pay or *your* employer or anyone else pays into *your* pension *schemes*.

Annual Management Charge/AMC – the annual percentage *fund* management charge applicable to each *LF fund*, as modified from time to time in accordance with the provision of these **Terms and Conditions**. Please refer to the *fund* literature for details of the *Annual Management Charges*.

Annuity – a pension contract that is purchased from an insurance company using the proceeds of cashing in a pension savings arrangement. The proceeds are paid to the insurance company, who in exchange agrees to pay *you* a pension *income* for the rest of *your* life.

Authorised unit trust – a *unit trust scheme* which has been authorised by the Financial Conduct Authority. A *unit trust* is a *trust* that invests its *funds* in a spread of equities or fixed interest securities.

Beneficial interest – the right to benefits from the *Trust*. A *beneficial interest* is distinguished from the rights of the *trustee* who has a responsibility to perform, and title to the assets, but does not share in the benefits.

Beneficiary – any individual nominated by *you* as the recipient of benefits on *your* death. This could be a *dependant*, *nominee* or *successor*.

Beneficiary plan – the *income drawdown plan* which a *beneficiary* chooses to take in relation to *death benefits* paid on *your* death.

Business day – a day when the London Stock Exchange is open.

Client Money Account – a separate account where money belonging to clients is segregated from LFS's assets and protected on behalf of the clients.

Death benefits – means the benefits payable under section 20 to a *beneficiary(ies)* on *your* death.

Decumulation – the conversion of pension assets accumulated during an employee's working life into pension *income* to be spent during retired life.

Dependant

- *your* husband, wife or civil partner (or other person to whom *you* are legally married) at the date of *your* death,
- any child of *yours* (including adopted child) who is under 23 at the date of *your* death,
- any person who is dependent on *you* because of mental or physical disability,
- any person who is financially dependent on *you* at the date of *your* death, and
- any person whose financial relationship with *you* at date of death is one of mutual dependence (this can include an unmarried partner of the same or opposite sex who relied on *your income* to maintain a standard of living that depended on *your joint income*).

FCA – the UK Financial Conduct Authority and any *successor*.

FCA Rules – the *FCA's* handbook of rules and guidance.

Financial adviser – a professional authorised by the *FCA* to give financial advice to clients.

Fund/LF fund – one of the LFS investment *funds* we use within *our drawdown* portfolios. The *funds* used within the *drawdown* portfolios are set out in *our fund* literature.

HMRC – Her Majesty's Revenue & Customs.

Income drawdown plan – products which allow individuals to take an *income* from their pension *fund*, whilst the remainder of the *fund* remains invested.

Income payment – the payment made to *you*, by selling the *units* of *your Plan*.

Lifetime Allowance – the total amount of pension saving by an individual within a *registered pension scheme* (or *schemes*) that receives favourable tax treatment.

Lifetime Allowance charge – this is the tax charge that applies when *you* take benefits from *your Plan*, or reach *your* 75th birthday, and the value of *your* benefits exceeds *your* allowance. If the excess is used to provide a pension, whether an *annuity* or *income payments*, it will be taxed at 25%. If the excess is taken as a lump sum it will be taxed at 55%.

The excess can only be taken as a lump sum taxed at 55% prior to the age 75. Where an excess arises on the final check at the 75th birthday, it will be taxed at 25%.

MPAA – Money Purchase Annual Allowance – the reduced allowance available to investors who have accessed their pension savings.

Nominee – any individual, other than a *dependant*, who is nominated by *you* or where there are no *dependants* and no individual or charity has been nominated by *you*, any individual nominated by the *Scheme administrator*.

PAYE – Pay As You Earn. A system for collecting tax on *income* earned.

Plan – *your* individual LFS *Income Drawdown Plan*.

Plan schedule – the document that states the individual terms that apply to *your Plan*, including *income payments*, charges, and investments. We will send *you* one of these when *you* start *your Plan*. Further *plan schedules* will be issued when additional transfers in are received. Where a significant withdrawal is made, we will issue an illustration not a *plan schedule*.

Protected early pension age – certain individuals are permitted to start receiving benefits under a *registered pension scheme* before age 55. A *protected early pension age* applies if an individual has an unqualified right to take benefits prior to age 55, or was entitled on 6 April 2006 to an early pension age because their occupation was recognised by *HMRC* as one for which an early pension age was acceptable.

Registered pension scheme – a pension *scheme* that has either been registered by *HMRC*, or has acquired registered status by virtue of being an approved pension *scheme* on 5 April 2006, in accordance with the Finance Act 2004.

Retail client – a client who is entitled to receive the highest level of protection under the *FCA Rules*. This may, for example, include access to both the Financial Ombudsman Service and the Financial Services Compensation Scheme.

Scheme administrator – the administrator of the *Trust* who is recognised by *HMRC* as being responsible for the management of the *Trust*. We are currently the *Scheme administrator*.

Successor – someone who inherits any unused *drawdown funds* on the death of a *dependant*, a *nominee* or a *successor*. A *successor* can be anyone nominated by the previous *beneficiary*, or where no nomination has been made by the previous *beneficiary*, an individual nominated by the *Scheme administrator*. Where *your successor* is an individual who is also *your dependant*, the individual in the capacity of *your successor* is to be treated as not also being *your dependant*.

Terms and Conditions – the provisions set out in this document (as amended from time to time).

Total Expense Ratio/TER – The total charges a *fund* bears together with the *AMC*, (excluding dealing charges), are expressed as the *Total Expense Ratio (TER)*.

Trust – the *LF Personal Pension Trust*, which is a *registered pension scheme*.

Trust Deed and Rules – the documents governing the *Trust* (as amended from time to time).

Trustee – an individual or company appointed to carry out the responsibilities of a *Trustee* in accordance with the *Trust's* governing documents and general principles of *trust law*. The *Trustee* of the *Trust* is *BNY Mellon Trust & Depositary (UK) Limited*.

Uncrystallised fund pension lump sum (UFPLS) – an authorised lump sum, which can be paid on or after 6 April 2016 from uncrystallised *funds* under defined contribution arrangement to certain individuals aged 55 or over, without the requirement to buy a *decumulation* product.

Underlying fund – a *fund* that a *LF fund* invests in, managed by a third party *UK fund* provider.

UK – the *United Kingdom* of Great Britain and Northern Ireland but not including the Channel Islands or the Isle of Man.

Unit – a *unit* in a sub-*fund* of the *Trust*. Each *unit* is valued on a daily basis, and represents the rights or interests that a *unitholder* has in that *unit trust*.

Valuation point – the *LF funds* are valued as at 12.00 noon on each *Business Day*.

We, us, our – Link *Fund* Solutions Limited (LFS).

You, your – the person who has taken out this *Plan*, as named in the *Plan schedule*.