



Flexible Pension Annuity Standard Terms and Conditions

London & Colonial Assurance PCC Plc ('LCA') is a Gibraltar registered company and is incorporated under the Gibraltar Insurance Companies Act as a Protected Cell Company (PCC). LCA is regulated by the Gibraltar Financial Services Commission (permission number: 5191) and is part of STM Group Plc, a multi-jurisdictional financial services group listed on AIM, a market operated by the London Stock Exchange.

The security and safety of your data is very important to LCA. A copy of our Privacy Notice can be found on our website: info.stmgroupplc.com/privacy-notice

PLEASE READ ALL SECTIONS FULLY

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Section 2. Notification of Risk

London & Colonial Assurance PCC Plc ('LCA') is structured as a Protected Cell Company (a 'PCC') subject to the provisions of Gibraltar's Protected Cell Companies Act 2001. This means that LCA may create legally recognised 'Cells' within the company in order to segregate and protect each Annuitant's assets. Each Cell has its own designation (the Annuity number) and it is the duty of the Directors to keep the assets and liabilities of each Cell separate and therefore accounted for separately. The legislation prohibits the assets of a Cell to be used to satisfy any liability not attributable to that Cell.

The added protection offered by the PCC would undoubtedly be effective in any legal proceedings brought in Gibraltar. However, the Directors of LCA know of no legal challenges to the PCC concept in any other jurisdiction. They are therefore unable to give the Annuitant an assurance that the courts of another country would grant the level of protection for cellular assets intended under Gibraltar's Protected Cell Companies Act.

LCA is a company incorporated in Gibraltar under the provisions of the Gibraltar Companies Act and whose registered office is situated in Montagu Pavilion, 8-10 Queensway, Gibraltar, with Company Registration Number 80650. LCA is authorised and regulated by the Gibraltar Financial Services Commission.

The London & Colonial Flexible Pension Annuity ('FPA') is a unit-linked Pension Annuity product. This document sets out the Terms and Conditions of the Annuity contract with LCA.

The Annuitant's contract with LCA comprises the following:

- The Application Form for the FPA;
- The FPA Schedule;
- The FPA Standard Terms and Conditions;
- The Key Features;
- The final Illustration;
- Any Additional Annuity Schedule(s) and any Endorsement(s) to the FPA Schedule(s);
- Signed Standard Lifetime Allowance Declaration.

Section 3. Glossary

ANNUAL MANAGEMENT CHARGE

the charge taken on the commencement date and annually on each anniversary of the commencement date thereafter as detailed on the FPA Schedule.

ANNUITANT

the person to whom the Annuity payments are payable in line with the details contained in the Application Form and the FPA Schedule.

APPLICANT

the person that applies for the FPA as set out in the Application Form.

CELL

the Cell created by LCA for the purpose of segregating and protecting the assets of the Policy in the manner provided by the Gibraltar Protected Cell Companies Act 2001.

COMMENCEMENT DATE

the date on which the FPA commenced as specified in the FPA Schedule.

CUSTODIAN

the organisation appointed to deal with the receipt, delivery and settlement of the cash and non-cash assets of the Portfolio.

DEATH BENEFIT PAYABLE

the amount calculated in accordance with Section 14 of these Terms and Conditions.

DISCRETIONARY FUND MANAGER

any Discretionary Fund Manager appointed by LCA in accordance with section 'Discretionary Fund Manager' of the FPA Application Form.

ENDORSEMENT

any additional information issued by LCA to amend the existing wording.

ESTABLISHMENT CHARGE

the charge taken by LCA when the FPA is established.

FINANCIAL ADVISER

any Financial Adviser who advises the Annuitant and assists with the application for the FPA.

FLEXIBLE PENSION ANNUITY ('FPA')

a Flexible Pension Annuity issued by LCA. The Terms and Conditions of the agreement between the Annuitant and LCA are constituted by and set out in: the Application Form, the FPA Schedule, these Standard Terms and Conditions, the Key Features, the final Illustration, the Standard Lifetime Allowance Declaration and any Endorsement(s) therein. The number of this Annuity appears in the FPA Schedule.

FLEXIBLE PENSION ANNUITY SCHEDULE (FPA SCHEDULE)

the Schedule issued by LCA which includes details of the Annuitant and the allocated Annuity number.

ILLUSTRATION

the documents prepared by LCA for the prospective Annuitant to show the current payments that would be available based on the current Premium and current age of the Annuitant.

INVESTMENT ADVISER

any Investment Adviser appointed in accordance with Section 6 of these Terms and Conditions.

INVESTMENT ADVISORY AGREEMENT

an agreement entered into by LCA and the Investment Adviser in which the Investment Adviser is appointed to act on behalf of LCA.

INVESTMENT MANAGER / PLATFORM

any Investment Manager / Platform appointed by LCA in accordance with section 'Investment Manager / Platform' of the FPA Application Form.

LONG TERM BUSINESS FUND

the segregated fund maintained by LCA for all Annuity assets and liabilities. All Cells will be held within the Long Term Business Fund.

PORTFOLIO

a separately identifiable Portfolio of investments, together with any liabilities, which are allocated for the purpose of determining the benefits payable under the FPA but which form part of the assets in the Cell in which the FPA is placed.

PREMIUM

the amount paid (including the value of any assets transferred) to LCA by the Applicant for allocation to the Portfolio.

VALUATION DATE

means any Working Day in each of March, June, September and December on which a valuation of the FPA takes place.

WORKING DAY

any day that LCA is open for business.

The headings used in this contract are for ease of reference and shall not be deemed to form any part hereof. References to the singular include the plural and references to one gender include every gender. References to any statute or statutory provision include a reference to that statute or statutory provision as from time to time amended extended or re-enacted.

Section 4. The London & Colonial Flexible Pension Annuity

- 4.1 Upon approval by LCA of a duly completed Application Form for the Flexible Pension Annuity (FPA), LCA shall establish the FPA and allocate a Cell to it. An amount equal to the Premium will be credited to the Cell.
- 4.2 Annuity payments will be paid at regular intervals until the earlier of the death of the Annuitant or the fund being exhausted (see Section 13).
- 4.3 The FPA is a 'lifetime annuity'.
- 4.4 The FPA does not pay a benefit on death and has no surrender value.

Section 5. Assets of the Portfolio

- 5.1 The assets allocated to the Portfolio shall at all times be held within the allocated Cell in the Long Term Business Fund of LCA and accordingly shall be legally and beneficially owned by LCA and shall be held in the name of LCA or as LCA may in its sole discretion decide, in the name of a custodian or nominee appointed by LCA. For the avoidance of doubt the Annuitant shall have no right or interest in or over the assets allocated to the Portfolio.
- 5.2 All income and capital arising from the assets of the Portfolio shall be credited to the Portfolio.

Section 6. Investment Adviser

- 6.1 Subject to the following provisions of this Section 6, the terms and conditions of the appointment of any Investment Adviser shall be subject to the detailed provisions of an Investment Advisory Agreement to be entered into by the Annuitant, LCA and the Investment Adviser.
- 6.2 LCA will appoint an Investment Adviser. For this purpose, the Annuitant may at any time request in writing that LCA appoint a named person as Investment Adviser (including to replace an existing Investment Adviser) to advise LCA on the composition of the Portfolio. However, LCA shall not be obliged to act on such request but may, in its absolute discretion, refuse to make any such appointment.
- 6.3 It shall be a condition of the appointment of the Investment Adviser that the Investment Adviser undertakes to maintain such authorisations and licences (if any) as are necessary to enable the Investment Adviser to provide the services referred to in 6.1 above in full compliance with the legislation of the country in which such services are provided.
- 6.4 For the avoidance of doubt, the Annuitant shall not be entitled to give any instructions to LCA or the Investment Adviser with regard to the composition of the Portfolio or to influence them, save that the Annuitant shall be entitled to indicate the overall investment objective of the Portfolio.
- 6.5 For the avoidance of doubt, the Investment Adviser shall at all times act for and on behalf of and owe duties to LCA and not the Annuitant.

Section 7. Asset Allocation

- 7.1 The composition of the Portfolio shall be determined by the Investment Adviser by giving instructions to LCA in accordance with 7.2 to 7.5 below, but subject to 7.6 below.
- 7.2 The Investment Adviser may only recommend the purchase of assets for allocation to the Portfolio which are selected from the range of assets specified by LCA or otherwise specifically agreed by LCA from time to time as being eligible to be purchased for allocation to the Portfolio.
- 7.3 Where LCA receives valid advice from the Investment Adviser, LCA will, where reasonably practical, process and implement the advice on the first Working Day on which LCA is open for business following its approval and acceptance of such advice provided there are sufficient cleared funds available to carry out the terms of said advice.
- 7.4 Where LCA receives valid advice from the Investment Adviser to purchase assets to a total value specified by the Investment Adviser for allocation to the Portfolio, it will endeavour to do so by:
 - 7.4.1 purchasing the appropriate units, shares or other assets to the total value specified by the Investment Adviser at the prices readily available to LCA at the time of the purchase (and for the avoidance of doubt, any such assets purchased shall be purchased at not more than the open market buying price where the asset is quoted on an exchange or at a fair value agreed by LCA); and then
 - 7.4.2 debiting the cash balance on the date LCA pays for settlement of the transaction with the purchase price, together with all expenses, taxes, duties and charges in connection with the purchase.

Section 7. Asset Allocation (continued)

- 7.5 Where LCA receives valid advice from the Investment Adviser to sell assets to a total value specified by the Investment Adviser allocated to the Portfolio, it will endeavour to do so by:
- 7.5.1 selling the appropriate units, shares or other assets to the total value specified by the Investment Adviser at the prices readily available to LCA at the time of the sale; and then
 - 7.5.2 crediting the cash balance on the date LCA receives settlement of the transaction with the sale proceeds, net of all expenses, taxes, duties and charges in connection with the sale.
- 7.6 Notwithstanding the foregoing, LCA has the right at all times:
- 7.6.1 to determine the suitability of assets for allocation to the Portfolio;
 - 7.6.2 to refuse a request from the Investment Adviser to sell or realise in any other manner any asset allocated to the Portfolio which LCA considers is not readily realisable;
 - 7.6.3 to refuse a request from the Investment Adviser to buy any asset which LCA considers to be unsuitable for allocation to the Portfolio; and
 - 7.6.4 to sell or realise in any other manner (including liquidation) any asset allocated to the Portfolio which LCA deems, or which has become, unsuitable for allocation to the Portfolio.
- 7.7 In exercising its rights under this Section 7.6, LCA will take into account, inter-alia:
- 7.7.1 any current or proposed legal, regulatory or other official requirements applicable to LCA, the FPA or the Annuitant.
 - 7.7.2 whether the relevant asset has become valueless or is, directly or indirectly, contrary to LCA's normal investment philosophy or is an investment directly or indirectly, in a company whose activities are regarded by LCA as being illegal, unethical or of a nature that may be of detriment to LCA's reputation; and
 - 7.7.3 the need to make the administration of the FPA reasonably practicable and profitable.
- 7.8 LCA will not incur any liability as a result of exercising its rights under Section 7.6, nor will LCA be required to explain the basis on which it has exercised such rights.
- 7.9 All transactions relating to assets allocated, or to be allocated, to the Portfolio will be effected by LCA, its nominee or its custodian.

Section 8. Cash held in the Portfolio

- 8.1 There should always be an amount of cash held within the Portfolio to meet future charges and the next Annuity payment. In the event that there is insufficient cash, LCA may, at its discretion, sell a proportion of the assets allocated to the Portfolio for the purpose of ensuring there is sufficient cash available to meet future anticipated charges and Annuity payments. In doing so, LCA may take into account any accrued or prospective fees, expenses and charges payable in connection with the Portfolio. When exercising its rights under this Section, LCA may, in its absolute discretion, sell assets from holdings in the Portfolio which LCA considers are readily realisable.
- 8.2 LCA will credit interest (or debit) interest on any cash balance held at the ruling rate determined by LCA at that time. In the event of the cash balance being overdrawn or interest rates being less than 0, we reserve the right to collect any charges necessary.

Section 9. Valuations

- 9.1 On each Valuation Date LCA will calculate the value of the Portfolio in Sterling, unless otherwise agreed. In calculating the value of the Portfolio, the following will be taken into account:
- 9.1.1 the value of the assets allocated to the Portfolio;
 - 9.1.2 all monies borrowed in connection with the Portfolio;
 - 9.1.3 any income which has accrued on the assets allocated to the Portfolio;
 - 9.1.4 any accrued or prospective fees and charges payable in connection with the Portfolio in accordance with the provisions of this contract; and
 - 9.1.5 any provision for expenses, taxes, duties, charges and other liabilities for which the Portfolio (or, to the extent attributable to the Portfolio) is, or may become liable.

Section 9. Valuations (continued)

- 9.2 For the purpose of calculating the value of the assets allocated to the Portfolio:
- 9.2.1 units, shares or other securities which are listed, quoted or traded on a recognised stock exchange will be valued at their most recent closing mid prices available to LCA on the relevant Valuation Date (as quoted by the fund manager of the relevant fund or as quoted in the recognised official list of market dealing prices published by the relevant exchange or by any other relevant medium selected by LCA);
 - 9.2.2 any other assets will be valued at the price at which LCA estimates they might be sold on the relevant Valuation Date (taking into account, where there are any published valuations or prices for such assets, any subsequent changes in the relevant market, any current restrictions or difficulties in trading in such assets and any other circumstances likely to affect such valuations or prices) and LCA shall be entitled to obtain such advice or further advice as it shall in its absolute discretion consider necessary or desirable in order to determine the market values of such assets.
- 9.3 If any of the assets or liabilities allocated to the Portfolio are valued in a currency other than Sterling, their values will be converted into Sterling at an appropriate exchange rate(s) selected by LCA.
- 9.4 LCA will undertake an ad hoc valuation of the Portfolio on a date which is not a Valuation Date on receiving a valid request for such a valuation. LCA reserves the right to deduct any fees or charges for providing an ad hoc valuation.

Section 10. Portfolio Deductions

- 10.1 LCA may debit to the Portfolio an amount which it considers to be appropriate to take account of any expenses, taxes, duties, charges and other liabilities (including the costs of any currency conversion) that may arise in connection with the purchase, management, maintenance, custody, valuation and sale of any assets allocated, or to be allocated, to the Portfolio (including any costs incurred in contemplation of a sale of any assets allocated to the Portfolio, even if the sale fails, for any reason whatsoever) or the receipt of any income attributable to those assets.

Section 11. LCA's Charges

- 11.1 LCA shall charge an Establishment Charge payable when the FPA commences. The charge shall be deducted from the Portfolio at the commencement date of the FPA.
- 11.2 LCA shall charge an Annual Management Charge based on the total value of the Policy which will take into account the assets held in the Portfolio as determined at the last valuation, if applicable. The charge shall be deducted on the commencement date and annually on each anniversary of the commencement date thereafter.
- 11.3 The charges referred to in this Section are calculated by reference to the nature of assets held, and will be agreed in advance by LCA. These will be detailed in the final Illustration and the FPA Schedule.
- 11.4 LCA reserves the right, in its absolute discretion, to change its charging structure. LCA may increase the level of charges payable in connection with the Portfolio on giving not less than 30 days' prior notice of such increase to the Annuitant.
- 11.5 LCA reserves the right, in its absolute discretion, to charge further fees where the Annuitant instructs or necessitates LCA to pay benefits in a way which is different from its normal practice or in a currency other than Sterling or alter the conditions under which the benefits will be payable. Any such further fees will be agreed in advance with the Annuitant. LCA may waive fees at its absolute discretion.
- 11.6 In the event that there is insufficient cash in the Portfolio to cover the charges, LCA shall, in its absolute discretion, sell a proportion of the assets held by the Portfolio in order to liquidate sufficient cash to cover the outstanding charges. LCA shall not be liable for any impact this may have on the assets within the Portfolio and, for the avoidance of doubt, LCA will not be liable for any additional financial costs associated with the redemption of these assets. These additional costs (if any) will be met by the Portfolio.

Section 12. Third Party Fees

- 12.1 Any Financial Adviser fees shall be agreed between the Annuitant and the Financial Adviser prior to completion of the Application Form. The corresponding fee and bank charges will be deducted from the Annuitant's cash balance at the relevant dates with the fee paid directly to the Financial Adviser by LCA.
- 12.2 Any Investment Adviser fees shall be agreed between the Annuitant, LCA and the Investment Adviser from time to time. The corresponding fee and bank charges will be deducted from the Annuitant's cash balance at the relevant dates with the fee paid directly to the Investment Adviser by LCA.
- 12.3 Any Discretionary Fund Manager, Investment Manager or Investment Platform fees shall be agreed between the aforementioned third party, the Annuitant and LCA from time to time. All such fees and bank charges will be deducted directly by the third party from the relevant cash account held by the third party at the relevant dates.

Section 13. Annuity Payments

- 13.1 The Annuitant has the option to receive Annuity payments on a monthly, quarterly, half-yearly or annual basis. These regular payments will be initiated by LCA on the date shown on the Application Form.
- 13.2 The payments will be made until the death of the Annuitant.
- 13.3 The value of the Portfolio will be used to determine the amount of the Annuity payments which will be payable to the Annuitant taking into account the frequency of the required payments and the age of the Annuitant.
- 13.4 The amount of the Annuity to be paid shall be determined in accordance with the following Sections 13.4.1 and 13.4.2.
 - 13.4.1 At the Commencement Date, the value of the Portfolio is determined. The Portfolio value is used to calculate a level Annuity that the value of the Portfolio would purchase based on the Annuitant's life expectancy as determined by an Actuary.
 - 13.4.2 Every three years, LCA will recalculate the new level Annuity amount based on the new age of the Annuitant and the new value of the Portfolio, taking into account the new life expectancy of the Annuitant as determined by an Actuary.
- 13.5 Notwithstanding the contents of Section 13.4 the Annuitant is able to specify what Annuity payment they would like to receive at any time. The amount of the Annuity payment can be any amount from zero upwards as long as the Annuity payment does not cause the remaining fund to fall below 10% of the Premium and will be paid net of income tax as described in 13.8. If the Annuitant is transferring from a pre April 2015 pension annuity then the income must always be between a maximum of 120% and a minimum of 50% of a standard market pension annuity. Any instruction to change the amount of Annuity payments from the Annuitant must be made at least 60 working days prior to the change taking effect.
- 13.6 If an Annuity payment causes the fund to reduce to 10% of the Premium or less then all future Annuity payments cannot exceed the new level annuity amount based on the then current age of the annuitant and the value of the Portfolio taking into account the new life expectancy of the Annuitant as determined by the Actuary.
- 13.7 All payments will be made by electronic transfer to the account details provided to LCA for these purposes.
- 13.8 The Annuity payment will be made net of income tax. The income paid to the Annuitant will be treated as taxable earnings under the HM Revenue and Customs Pay As You Earn (PAYE) system. The amount of tax paid by the Annuitant will depend on the Annuitant's total income from all sources and your personal allowance. Unless we receive a P45 from the Annuitant, we initially use a temporary (emergency) tax code to calculate how much tax, if any, to deduct. After that we withhold tax according to the tax code allocated by HM Revenue & Customs. If the UK government changes the tax treatment of this type of plan, the income paid to the Annuitant will change.
- 13.9 The Annuity payments will stop:
 - On the date of death of the Annuitant. There will be a proportional payment made in respect of any period from the date of the most recent payment to the date of death.
 - If the underlying performance of the assets within the fund do not perform as well as assumed in the initial projections, or if the Annuity payments exceed the value of the investment return which result in the value of the fund being extinguished.

Section 14. Death of the Annuitant

- 14.1 On the death of the Annuitant, the next of kin should provide LCA with:
- 14.1.1 satisfactory proof of the death of the Annuitant, such as a certified copy of the death certificate; and
 - 14.1.2 the return of the FPA Schedule.
- 14.2 When LCA receives notification of the death of the Annuitant, together with the required documentation outlined in 14.1 above, the Annuity shall terminate immediately and no further payments will be made to the Annuitant. There will be a proportional payment made in respect of the period from the date of the most recent payment to the date of death.
- At that time, any remaining value within the Portfolio will become an asset of the Cell and no further amounts will be owed from LCA to the Annuitant. This fully discharges all of LCA's liabilities under this Annuity contract to the Annuitant.

Section 15. Encashment

- 15.1 The FPA cannot be encashed and therefore has no surrender value at any time.

Section 16. General

- 16.1 LCA may employ agents to perform any administrative, management or other ancillary services required to enable it to perform its obligations hereunder.
- 16.2 All requests, advice and instructions received from the Annuitant, Investment Adviser or the Financial Adviser will be dealt with as soon as is reasonably practical after receipt.
- 16.3 Each request or instruction must be made or given in writing to LCA.
- 16.4 Any notice or other communication in connection with the FPA will be given in writing by email or post to the address of the Annuitant in the FPA Schedule.
- 16.5 LCA shall deduct from every Portfolio any levy or impost where it is required to do so by law and it shall pay such amount across to the applicable government, statutory or other authority.
- 16.6 LCA, acting on actuarial advice, may make such alterations to the terms and provisions hereof as it, in its absolute discretion, considers appropriate.
- 16.7 This document contains all the terms of the contract between the Annuitant and LCA.
- 16.8 LCA shall not be liable for the acts or omissions of the Investment Adviser.
- 16.9 The FPA will not be valid unless the FPA Schedule is signed on behalf of LCA by a duly authorised signatory.
- 16.10 LCA may, from time to time, amend these Terms and Conditions and notify such amendments directly to the Annuitant after which, the amended Terms and Conditions shall be applicable.

Section 17. Governing Law

- 17.1 This FPA shall be governed by and construed in accordance with the laws of Gibraltar and the parties hereto hereby surrender to the exclusive jurisdiction of the Courts of Gibraltar.

Section 18. Force Majeure

- 18.1 No liability shall arise if LCA is prevented from carrying out its obligations under the FPA by any event beyond its control including, without limit: war; national emergency; fire; flood; strike; or industrial action.

Section 19. Legislation

- 19.1 Notwithstanding anything in this FPA, if the country in which the Annuitant is or becomes resident has any requirements of law or regulation (statutory or otherwise) affecting directly or indirectly this FPA, LCA may make such adjustments to the terms and conditions of this FPA and at such time as LCA considers necessary to prevent infringement of such law or regulation.

Section 20. Notification of Change of Personal Circumstances

- 20.1 Any change in the residence, citizenship or domicile of the Annuitant must be notified to LCA within 3 months of the event.

Section 21. Data Protection

- 21.1 The security and safety of data is very important to LCA. A copy of STM Group's Privacy Notice can be found on our website: <http://info.stmgroupplc.com/privacy-notice>

Section 22. Tax Status and the Criminal Finance Act 2017

- 22.1 LCA strongly recommends that the Annuitant seeks tax advice prior to making any decisions regarding their financial arrangements.
- 22.2 The Annuitant must advise LCA of any change to their tax residency and/or domicile within 3 months of the event.
- 22.3 It is the responsibility of the Annuitant to be, and remain, tax compliant.

Section 23. Contacting LCA

- 23.1 LCA may be contacted via telephone between the hours of 9.00am to 5.00pm, Central European Time, during normal working days in Gibraltar or via post or email as detailed below:

Postal Address:

London & Colonial Assurance PCC Plc
PO BOX 575
Montagu Pavilion
8-10 Queensway
Gibraltar, GX11 1AA

Email Address:

LCA@stmgroupplc.com

Telephone Number:

(UK): 0044 (0)2036 406843, (Gibraltar): 00350 200 42686

