

**Sharing the benefits  
of healthy investing**



# **Retirement Plan with Healthy Fee Saver.**

**Terms and Conditions and policy document.**

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# Your VitalityInvest Retirement Plan with Healthy Fee Saver.

This document contains:

- *Terms and Conditions of your VitalityInvest Retirement Plan with Healthy Fee Saver (the plan)* - This explains how *your plan* works including details about how to pay money into the *plan*, *your options* and choices when *you* take money out of the *plan*, how we value *your plan* and how *you* can pay *your financial adviser* through *your plan*.
- *Policy Document* for the life insurance *policy* (the *policy*) in which *your plan* invests - This explains how *you* choose the investments to which the *policy* is linked, how charges are deducted and how these may be affected by *your Vitality status*, and how *you* become eligible for this benefit.

The *Terms and Conditions* and the *Policy Document* also set out the circumstances in which we may make any changes to them.

*You* should read this document together with the following:

- The Key Features of the VitalityInvest Retirement Plan with Healthy Fee Saver;
- *Your personalised Key Features Illustration*;
- The *Charges Schedule*;
- The *Fund Factsheets*, Key Information Documents, Supplementary Information Documents and Key Investor Information Documents for *your chosen funds* in respect of the *policy*; and
- *Your Membership Certificate*.

In this document, *we*, *us* and *our*, means Vitality Life Limited. *You* or *your* means the person or people for whom the benefits are held, unless stated otherwise. We have put some other words in *italics*. We explain what we mean by these words in the 'Glossary' section on page 29.

**Please contact us on 0333 99 60 400 or speak to your financial adviser if you would like this document in large print or braille.**

## VitalityInvest

VitalityInvest is a trading name of Vitality Life Limited (an insurer) and Vitality Corporate Services Limited (an insurance distributor).

Vitality Life Limited is registered in England and Wales with Company Number 03319079. It is authorised and regulated by the Prudential Regulation Authority and regulated by the Financial Conduct Authority (FCA).

Vitality Corporate Services Limited is registered in England and Wales with Company Number 05933141. It is an authorised intermediary of Vitality Life Limited and arranges and administers the VitalityInvest Retirement Plan with Healthy Fee Saver on behalf of Vitality Life Limited.

Registered offices at 3 More London Riverside, London SE1 2AQ.

These *Terms and Conditions* are issued by Vitality Life Limited as *Scheme Administrator* of the VitalityInvest Flexible Retirement Plan (*the scheme*), which is a UK registered pension scheme. The *policy* is issued to Vitality Invest Trustee Company Limited, the trustees of the pension scheme, by Vitality Life Limited as insurer. Vitality Life Limited owns the *Vitality funds* available within the VitalityInvest Retirement Plan with Healthy Fee Saver.

## How to contact us

If there is anything that is not clear, please speak to *your financial adviser*, if you have one, or you can contact us.

- Email [investcustomerservices@vitality.co.uk](mailto:investcustomerservices@vitality.co.uk)
- Write to us at VitalityInvest, Sheffield, S95 1DD
- Call us on 0333 99 60 400. Calls to 03 numbers are charged at local rates. Call charges may vary, please check with *your service provider*. We may record or monitor calls to help improve *our* service. For details visit [vitality.co.uk/contact](http://vitality.co.uk/contact).

If *you* choose to contact us by email, there are some security measures that *you* should consider. To find out more about these measures, please visit [vitality.co.uk/data-protection](http://vitality.co.uk/data-protection). If *you're* unsure if *you* can securely send us an email, it's always safer to upload documents to *your* 'My Documents' page on the Invest section of *your* Member Zone, or give us a call.

# Terms and Conditions of the VitalityInvest Retirement Plan with Healthy Fee Saver.

## 1. Structure of your Plan and its documentation

When we accept *your* application for a VitalityInvest Retirement Plan with Healthy Fee Saver *you* will become a member of *the scheme*, which is a personal pension scheme established by VitalityInvest and registered with HMRC under the Finance Act 2004. These *Terms and Conditions* are subject to the rules of *the scheme*, which are available from *us* on request. In the event of any conflict between the *Terms and Conditions* and *the scheme* rules, then *the scheme* rules will take precedence.

*The scheme* is a 'money purchase' scheme (also known as a 'defined contribution' scheme). This means that neither *the scheme* nor VitalityInvest provide any guarantee of how much *your* benefits under the *plan* will be. *The scheme* allows *you* to invest one or more amounts to build up *your* pension pot. *You* can then choose how *you* would like to take benefits from *your* pension pot in a number of different ways.

*The scheme* is set up under trust. The trustee of *the scheme* is Vitality Invest Trustee Company Limited who is responsible for holding the *policy* and the proceeds of the *policy*. Vitality Life Limited acts as the *Scheme Administrator* and will operate *your plan* in accordance with the rules of *the scheme* and these *Terms and Conditions*.

*Your* membership of *the scheme* is based on information provided as part of *your* application for the *plan* and, where relevant, *your* applications in relation to subsequent contributions, payments or claims. If any of this information is incorrect, we may need to amend or cancel *your plan* to reflect the correct information. If any of *your* information changes, including a change of address, then *you* must inform *us* of this as soon as possible to enable *us* to update *our* records.

*You* may be entitled to protections in respect of changes to legislation and HMRC practice (including minimum retirement ages and changes to the Lifetime Allowance). If *you* are unsure how *your* membership of *the scheme* might affect any such protection, *you* should discuss this with *your financial adviser*.

*Your plan* will be opened once we have accepted *your* application. As part of *your* application we must conduct a number of checks on *you* including any money laundering and verification

requirements. If we accept *your* application, the start date of *your plan* will be confirmed to *you* in *your* Membership Certificate. We will contact *you* at least once a year to provide *you* with an update on *your plan*. The first *policy* year will run from the date *your plan* starts until the next *policy* anniversary. For subsequent *policy* years, it will be the period between the annual *policy* anniversaries.

## 2. Eligibility

To start a *plan* *you* must be at least 18 and a UK resident as defined by HMRC. To take any benefits from *your plan* *you* must usually meet the minimum age set by HMRC, currently 55. *You* might be able to take benefits at an earlier age if *you* have to retire early due to ill health, or if *you* have a protected retirement age.

*You* will not be eligible for this *plan* if *you* are an undischarged bankrupt.

We cannot accept an application for business from any citizen or resident of the USA or a USA Green Card holder. "USA" means all state, territories or possessions of the United States of America and the District of Columbia.

If *your plan* has been set up through a *financial adviser*, then we will only accept further single contributions and *transfer payments* from other UK registered pension schemes and *qualifying recognised overseas pension schemes* where *you* have been given a personal recommendation by an FCA authorised *financial adviser* authorised to give such a recommendation.

If *your plan* was set up by a *financial adviser* but they are no longer appointed by *you* in the future, *you* will still be able to make changes to *your* investment choice, change the amount of any regular contributions *you* are paying, or close *your plan* with *us*, start to take money out of *your* plan or transfer to another pension scheme. However, if *you* wish to pay in a single contribution or *transfer payment* from another UK registered pension scheme or a *qualifying recognised overseas pension scheme*, *you'll* need to appoint a new *financial adviser*.

As part of *your* application we will share *your* data with credit reference agencies for security purposes. This check (known as a "soft search" or "quotation search") will not affect *your* credit score or be visible to lenders.

### 3. Tax and limits

The rules relating to the tax treatment of *your* contributions into a *UK registered pension scheme*, the investments within *the scheme* and the taxation of the benefits *you* or *your* beneficiaries receive are set by *HMRC* and are subject to change from time to time. The following information is correct at the time this document was produced and may change in the future.

#### Tax Relief and the Annual Allowance

If *you* are under the age of 75 and *you* are a relevant UK individual then *you* are eligible to claim tax relief on contributions made to *your plan*. A relevant UK individual means:

- *You* have relevant UK earnings chargeable to income tax, or
- *You* are resident in the UK for at least part of the tax year, or
- *You* have been resident in the UK in one of the preceding 5 tax years and *you* were a resident in the UK when *you* joined *the scheme*, or
- *You* or *your* spouse or registered civil partner have in the tax year general earnings from overseas Crown employment subject to UK tax.

Each tax year *you* are able to claim tax relief on gross contributions of the higher of:

- 100% of *your* relevant UK earnings, or
- a basic amount (currently £3,600 gross).

However, if the total of all contributions paid by *you* or on *your* behalf into all *UK Registered Pension Schemes* that *you* are a member of, including the increase in benefits of any Defined Benefit schemes, is higher than the Annual Allowance (plus any eligible unused Annual Allowance carried forward) then *you* will be subject to a tax charge on the excess. The Annual Allowance is set at £40,000 for the 2021/2022 tax year. This amount can be reduced for individuals with high incomes of over £200,000 (the rules relating to this are complex, so please contact *your financial adviser* if *you* think *you* might be affected).

#### Money Purchase Annual Allowance

If *you* access *your* pension pot by taking a *flexi-access drawdown* income payment or an Uncrystallised *Funds Pension Lump Sum*, the Money Purchase Annual Allowance will apply

to *you*. This means that *you* will have a reduced Annual Allowance for all *your* money purchase pension pots that *you* hold in *UK Registered Pension Schemes*. Therefore the total amount of contributions that are eligible to receive tax relief will be reduced. For the 2021/2022 tax year, the Money Purchase Annual Allowance has been set at £4,000.

*You* must tell *us* if the Money Purchase Annual Allowance is applicable to *you*, either at the time *your plan* starts or within 91 days from the date that it becomes applicable to *you*.

#### Lifetime Allowance

The Lifetime Allowance is the limit that *HMRC* sets on the total benefits that *you* can receive from all *UK Registered Pension Schemes* without a tax penalty. This allowance is set at £1,073,100 until the end of the 2025/2026 tax year. There are also Lifetime Allowance protections that some individuals are eligible for, which allow a higher Lifetime Allowance. If *you* are unsure whether *you* have any such protections, *you* should speak to *your financial adviser*. *You* must advise *us* if *you* have any such protections as failure to do so may give rise to a tax charge.

Any benefits that *you* take that exceed this limit will be subject to a Lifetime Allowance charge of 55% if it's paid as a lump sum or 25% if it's paid as income (through income withdrawal or annuity income). Any benefits that are transferred to a *qualifying recognised overseas pension scheme* that exceed the Lifetime Allowance will be subject to a Lifetime Allowance charge of 25%. In addition, an overseas transfer income tax charge of 25% may apply in certain circumstances.

The Lifetime Allowance charge for income will be applied at age 75 to the value of all *your* pension pots to the extent this exceeds the Lifetime Allowance, if *you* have not taken *your* benefits at that time. These are the current figures set by *HMRC* and may be subject to change in the future.

## Further information

You are responsible for monitoring your pension pots against your Annual Allowance to ensure that any contributions that you or your employer make are eligible for tax relief, and for monitoring the total value of your pension pots against the Lifetime Allowance. If you have any concerns or questions you should check with your financial adviser or seek professional tax advice. For more details please see the HMRC website.

## 4. Investments

All payments into your plan received by Vitality Life Limited as Scheme Administrator will automatically be treated as having been invested in the policy, which is issued to the Trustee of the scheme. You will be the life assured on the policy. The value of the policy will be linked to the value of one or more funds that we make available, and any amount held in the cash account. You can choose which funds you would like the value of the policy to be linked to. You will not be the legal or beneficial owner of these funds. Please see the 'Policy Document' section starting on page 18 for details of the operation of the policy.

## 5. Payments into the plan

The payments that can be made into the plan are:

- Transfer Payments from another UK registered pension scheme or qualifying recognised overseas pension scheme, or
- Contributions made by you, or your employer on your behalf.

Payments must meet the minimum payment amount at the time the payment is made. Details of the minimum payment amount will be available on our website. All payments must be paid in the currency of the UK.

Any payments received before your plan has been opened will be held by the Scheme Administrator in a suspense account (see section 1 'Structure of your plan and its documentation' for details of when your plan starts). If we have not opened your plan within a few days of receiving your first payment we will return your money.

You can pay regular contributions into the plan by Direct Debit, or you can pay single contributions by bank transfer, debit card, or any other forms of payment that we may agree to.

Once we have received a cleared payment, it will be automatically invested in the policy.

We will apply basic rate tax relief to all contributions that you make where you are under the age of 75. You should therefore ensure your contributions are eligible to receive tax relief (for example, that you do not exceed the relevant Annual Allowance) or you will need to pay a tax charge to HMRC. Please see the 'Tax and limits' section on page 6 for more information. We will add basic rate tax relief to your contributions at the time you make them and claim this amount back from HMRC on your behalf. This is known as 'pre-funding' of tax relief and we will apply this amount to the policy together with your contribution. If you pay more than basic rate tax you can reclaim the additional tax relief directly from HMRC.

We may cease to offer pre-funding of tax relief in the future for the reasons set out in section 14 'Changes to the Terms and Conditions and events beyond our reasonable control', on page 13. This would mean that the tax relief would only be applied to the policy once received from HMRC, rather than at the time your contribution is received. If we do decide to cease to pre-fund the tax relief, we will give you at least 30 days' advance notice of this.

Contributions made by your employer on your behalf will be received gross. This means that your employer will have already ensured that tax relief has been applied before the contribution is sent to us and we will not add any tax relief when we receive it.

### Automatic increase of regular contributions

You may choose to have regular contributions increased each year in line with an inflation related index of our choice. We will currently use the Consumer Prices Index (CPI). We may change which inflation related index we use from time to time depending on changes to the index or its general appropriateness for increasing regular contributions. If we do this then we will give you 30 days' notice.

If you choose to have the regular contribution increased in line with the inflation related index, the contribution amount will increase every 12 months following the first regular payment. We will provide you details of the new contributions amount at least 30 days before it is due.

We will calculate the increase in the contributions using the 12 month increase in the latest index value published during the second month preceding the date of increase. For example, if your regular contribution is due to increase in June 2021, we will base this on the 12 month increase in the index figures published from April 2020 to April 2021.



Please note that the Office for National Statistics produce the figures for CPI. They will normally publish the figures in the following month to which they apply due to the time it takes to calculate the value. For example, the figures for March 2021 are published in April 2021.

## 6. Your right to cancel

You have 30 days from the date you receive your cancellation notice to cancel your plan. If you do wish to cancel then you will need to contact us using the details as set out in the cancellation notice.

If you have started your plan with a single contribution or a transfer payment and there is a fall in the value of the plan before you exercise your right to cancel, then the amount returned will reflect this loss in value. It will also reflect any Adviser Charges already paid to your financial adviser. You will need to speak to your financial adviser if you wish to claim the Adviser Charges back.

For plans started with a transfer payment from another pension scheme, we will need to return this to your previous scheme. The provider of your previous scheme may not accept the return of the payment, in which case you will need to provide us with details of an alternative pension scheme that you would like us to send the transfer payment to within the 30-day period. If you are starting your plan with a transfer payment from a defined benefit scheme, then it is very unlikely that the previous scheme will accept the return of the transfer payment and reinstate your benefits after you have transferred out. You should therefore take time to speak to your financial adviser and carefully consider whether or not to transfer out of a defined benefit scheme before the transfer is made.

For Plans started with single contributions or regular contributions, we will make the payment to the bank account from which it was paid to us.

If you have received any tax free cash, income payments or lump sums from your plan, you will need to return these to us before the end of the 30-day period. If you do not return these payments to us then we will not be able to cancel your plan from the start date. However, you will still be able to close your plan and transfer the value to another UK registered pension scheme or qualifying recognised overseas pension scheme as detailed in section 10 'Transfers out'. There is no charge for transferring out.

If you do not cancel your plan within the 30-day period, your plan will continue with us and operate as set out in these Terms and Conditions.

## 7. Taking your benefits

You can choose to take your benefits from the minimum pension age set by HMRC (currently age 55). You may be able to take your benefits earlier than this on the grounds of ill health or if you have a protected pension age. Please see section 8 'If you become ill' on page 10 for more details.

There are different ways that you can take benefits from your plan. The options you have are:

- Uncrystallised Funds Pension Lump Sum;
- Flexi-access drawdown; and
- Annuity.

You may use all or part of your pension pot when accessing your benefits, and you may choose one or more of the options available.

We will contact you in advance of your selected retirement date to provide you with details of the options available to you. If you decide to take benefits before or after your selected retirement date then you will need to contact us and we will provide you with details of the options available at that time.

### Uncrystallised Funds Pension Lump Sum (also known as a 'cash lump sum')

You can choose to take all or part of your pension pot as a cash lump sum. 25% of the cash lump sum will be tax free and the remaining amount will be subject to income tax at your marginal rate. Any amounts that exceed the Lifetime Allowance will be subject to a tax charge, please see section 3 'Tax and Limits' on page 6 for more information.

You can take more than one cash lump sum over the lifetime of your plan. You cannot take an Uncrystallised Funds Pension Lump Sum from any part of your pension pot that has already been designated for flexi-access drawdown.

### Flexi-access drawdown

You can choose to take a flexible income directly from your pension pot. You must designate how much of your pension pot is to be used for this purpose. We refer to an amount that you have designated for flexi-access drawdown with us as your "flexi-access drawdown pot". Normally, up to 25% of the amount designated can be taken as a tax-free cash lump sum.



If *you* do not choose to take the full amount of tax-free cash (or any tax-free cash at all) when *you* make the designation for *flexi-access drawdown* then *you* will not be able to take the remaining amount tax free at a later date. The remaining amount will be allocated to *your flexi-access drawdown* pot. All further payments from *your flexi-access drawdown* pot will be subject to income tax at *your* marginal rate. Any amounts that exceed the Lifetime Allowance will be subject to a tax charge, please see section 3 'Tax and Limits' on page 6 for more information.

*You* can make *transfer payments* from pension pots that have already been designated for *income drawdown*, however, we do not offer *capped income drawdown* and any *capped income drawdown* pots will be converted to a *flexi-access drawdown* pot.

*Your flexi-access drawdown* pot will have its own *drawdown policy year*. The first *drawdown policy year* will start from the date that *your flexi-access drawdown* pot started with *us*. This will be the date that *you* first designate all or part of *your* pension pot for *flexi-access drawdown* with *us*, or the date at which we accept an application for a *transfer payment* from a pension pot that has already been designated for *income drawdown*. Each *flexi-access drawdown* pot *you* have with *us* will be treated separately.

#### Regular income payments

*You* can choose to take a regular income, either monthly, quarterly, half-yearly or yearly. *You* can choose for this to be increased, decreased (subject to *our* minimums), stopped or re-started.

Income can be paid on any day of the month from the 1st to the 28th and *you* will choose this date when *you* first set up *your flexi-access drawdown*. *You* can change this date in the future. If this date falls on a non-working day then *you* will receive the payment on the previous working day.

If the income amount being taken is linked to the variable income paid out from income *units* in one or more *funds*, then *you* may not be able to choose the date of the month that it will be paid to *you*. In this instance there will be a set date each month that we will pay amounts linked to natural income.

Regular income payments will be paid from the *cash account* within the *policy* and will follow the terms set out for automated transactions. For details of how this operates please see the *Policy Document* section 3 'Cash account' on page 19.

If *you* have insufficient money available in the *cash account* to cover the income payment, we will sell *units* in *funds* the *policy* is linked to.

The date that *units* will be sold will be in advance of the date *you* choose *your* payment to be made on, as shown in the following table.

Date chosen for income payment	Date units will be sold (prior to date chosen for income payment)
14 <sup>th</sup> to 23 <sup>rd</sup>	1 <sup>st</sup>
24 <sup>th</sup> to 5 <sup>th</sup>	11 <sup>th</sup>
6 <sup>th</sup> to 13 <sup>th</sup>	21 <sup>st</sup>

If the date that the *units* are to be sold falls on a non-working day, *units* will be sold on the next working day.

If we receive an instruction to change *your* income at least 10 working days before *your* next payment is due then the changes will take effect from the next payment. If we receive an instruction less than 10 working days before *your* next payment is due then the change will take effect from the subsequent payment.

#### Ad-hoc income payments

*You* can request ad-hoc income payments from *your flexi-access drawdown* pot. This will be paid via the *cash account*. If there is insufficient money available in the *cash account* then *you* must first instruct *us* to sell *units* in one or more *funds* that the *policy* is linked to. We will process the sale of *units* in the *funds* upon receiving *your* instruction as set out in the *Policy Document* section 5 'Purchasing and selling *units* in *funds*' on page 20. Once the sale is complete and the money is available in *your cash account*, *you* can then request to withdraw the amount. We will make the payment to *you*, which can take up to three working days to reach *your* bank account.

#### Phased drawdown

*You* may choose to schedule a series of amounts from *your* pension pot to be designated for *flexi-access drawdown* over a period of *your* choice. This is called 'phased drawdown'.

*You* may choose the frequency that the amounts are designated for *flexi-access drawdown* and also the amount that *you* wish to take as a tax-free cash lump sum on each designation. *You* may also choose to take a regular income from *your flexi-access drawdown* pot at the same time.

When *you* start phased drawdown we will provide *you* with a schedule confirming the amounts to be designated for *flexi-access drawdown* and the dates. *You* may increase, decrease, stop or re-start the phased drawdown at any time by contacting *us*.

If there is not enough remaining in *your* pension pot to designate to *flexi-access drawdown* as set out in the schedule, we will stop the phased drawdown at that point and contact *you*.

### Annuity

*You* can use all or part of *your* pension pot, including a *flexi-access drawdown* pot, to purchase an annuity. We do not offer annuities and *you* will need to purchase one from an annuity provider. Normally, up to 25% of the pension pot can be taken as a tax-free cash lump sum (this does not apply to a *flexi-access drawdown* pot as the option to take a tax-free cash lump sum will have already been given). If *you* do not choose to take the full 25% of tax-free cash then the remaining amount will be used to purchase the annuity. All income payments from *your* annuity will be subject to income tax at *your* marginal rate. If all or part of the amount used to purchase an annuity exceeds the Lifetime Allowance, it will be subject to a tax charge. Please see section 3 'Tax and limits' on page 6 for more information.

### 8. If you become ill

*You* may be able to access *your* benefits earlier than age 55 (or any protected pension age) on the grounds of ill health. To be eligible to do this the following requirements apply:

- We must receive satisfactory evidence from a registered medical practitioner that *you* are and will continue to be medically incapable (either physically or mentally) of continuing *your* own occupation as a result of injury, sickness, disease or disability, and
- as a result of *your* ill-health *you* have not been able to carry on *your* occupation.

*You* must inform *us* if *you* recover from the illness and are able to recommence *your* occupation again. If *you* have recovered from the illness and are still under the minimum pension age, we reserve the right to stop any further income payments *you* are receiving to avoid making *unauthorised payments*. If we do make an *unauthorised payment* due to *your* recovery from the illness and not informing *us*, then *you* will be personally liable for the *unauthorised payment* tax charge and we reserve the right to pay the *unauthorised payment* tax charges from the value of *your plan*. Additional tax charges and sanctions may also apply in certain circumstances (please speak to *your financial adviser* if *you* would like further details).

### Serious Ill Health Lump Sum

*You* may be able to access *your* benefits as a tax free lump sum at any age earlier than age 75 on the grounds of serious ill health. A Lifetime Allowance charge will be deducted from the lump sum to the extent that the payment exceeds *your* Lifetime Allowance. If *you* are over the age of 75 then the lump sum will be subject to income tax at *your* marginal rate. To be eligible to do this we require satisfactory written evidence from a registered medical practitioner that *your* life expectancy is less than a year.

### 9. If you die

*Your plan* is held under trust and in the event of *your* death the death benefit under the *policy* will become payable to the trustee of *the scheme*. The death benefit will be calculated on the date that we receive all of *our* requirements to confirm *your* death. Please see the *Policy Document* section 8 'Death benefit'.

The trustee will pay the death benefit to *your* beneficiaries. Vitality Life Limited, as *Scheme Administrator*, will have sole discretion as to whom the recipients are and in what form the benefits will be paid. However, *you* may inform *us* of who *you* would wish to be considered as beneficiaries, which Vitality Life Limited will take into account when making the decision.

During the period in which the *Scheme Administrator* is establishing who the beneficiaries are, Vitality Life Limited will hold the payment in an interest bearing deposit account in the name of Vitality Life Limited with an account provider of *our* choice. Interest will be added to the account on the first working day of each calendar month, and the interest rate will be available from *us* on request. Once the beneficiaries are established, the payment will be made as soon as a payment option has been chosen and we have received all of *our* requirements to enable *us* to make the payment, including all relevant details of each beneficiary, proof of identification and bank details.

*Your* beneficiaries will have the following options of how to take the benefits.

- To take all or part of the amount as a lump sum.
- To take *flexi-access drawdown* - this will result in a new *policy* being issued in respect of the beneficiary.
- To purchase an annuity with another insurance company.

If *you* are aged under 75 at the date of *your* death then the lump sum and/or income payments to *your* beneficiaries will be free of tax. However, the amount may be subject to a Lifetime Allowance charge. If *you* are aged 75 or over at the date of *your* death then the lump sum and/or income payments will be subject to income tax at *your* beneficiary's marginal rate.

If *your* beneficiary elects to take *flexi-access drawdown* then we will issue *your* beneficiary with the *Terms and Conditions* and the *Policy Document* for the *plan* and the new *policy* at that time. In the event of the death of the beneficiary, then the *Terms and Conditions* issued to them will detail the options of how benefits will subsequently be paid to their beneficiaries.

## 10. Transfers out

*You* may choose at any time before *you* take all of *your* benefits to close *your plan* and have a *transfer payment* made to another *UK registered pension scheme* or to a *qualifying recognised overseas pension scheme*. If *you* have designated *your* benefits for *flexi-access drawdown*, *you* will still be able to transfer *your* pension pot to another scheme that offers *flexi-access drawdown* as described above, and *your* benefits will remain designated for *flexi-access drawdown* in the new scheme.

The amount of *your transfer payment* will be the value of *your plan* as calculated in the 'Valuing *your plan*' section on page 11. We will calculate the value following satisfaction of all *our* requirements. We will normally ask for:

- an instruction to transfer the value of *your plan* to another *UK registered pension scheme* or *qualifying recognised overseas pension scheme*, and
- details of the new scheme to ensure that it is a *UK registered pension scheme* or *qualifying recognised overseas pension scheme*, and that the *transfer payment* will be an *authorised payment* as defined by HMRC. We may also require documents from the new scheme.

We will only make a *transfer payment* that will be an *authorised payment*.

We do not charge a fee for transferring *your plan*.

For transfers to a *qualifying recognised overseas pension scheme*, we will deduct any applicable Lifetime Allowance tax charge. The amount of any such transfer will be tested against *your* Lifetime Allowance if it is made before *you* reach age 75. A Lifetime Allowance charge will be

payable to the extent the transfer value exceeds *your* Lifetime Allowance. Please see section 3 'Tax and limits' on page 6 for more information. An overseas transfer tax charge of 25% may also be applied in certain circumstances (please speak to *your financial adviser* if *you* would like further details).

## 11. Valuing your plan

The value of *your plan* will be the value of the *policy*. The *policy* is the only investment held within the *plan* and its value will be linked to the value of one or more *funds* that we will make available, together with any amount held in the *cash account*. Please see the *Policy Document* section 7 'Valuing the *policy*' on page 21 for more details.

## 12. Adviser Charges

*You* will agree with *your financial adviser* how to pay for their services in respect of *your plan* with *us*. These payments can be made directly from *you* to *your financial adviser* or we can arrange for it to be paid through *your plan* (these payments are not set by *us* or payable to *us*). There are different ways that we can deduct this payment from *your plan* depending on the type of payment that *you* wish to make to *your financial adviser* for the service that they are providing *you* with. *You* will need to give *us* instructions in relation to such payments.

### Initial Adviser Charge

This is normally to pay for the advice given to set up *your plan* or to make additional payments to it. The Initial Adviser Charge can be paid as a percentage of a single contribution or transfer payment that is paid into *your plan* (together with any applicable tax relief), or as a flat charge amount for any type of payment. These amounts are taken as a one-off amount for single contributions or transfers, or are spread over a period of months for regular contributions.

The amount *you* contribute to *your plan* is inclusive of the Initial Adviser Charge and will count towards *your* Annual Allowance. If *you* do not want the amount of the Initial Adviser Charge to count towards *your* Annual Allowance, *you* will need to pay *your financial adviser* directly, outside of *your plan*.

### Single Contributions

For Initial Adviser Charges on single contributions, we will deduct the amount from *your* payment into *your plan* after tax relief has been added.

### Regular Contributions

For Initial Adviser Charges on regular contributions, where the Initial Adviser Charge is paid in instalments over a number of months, we will deduct the amount each month from the *cash account*.

We will deduct the monthly amount from the value of *your plan* from the *cash account* on the same date of the month that *you* have chosen for *us* to collect *your* Direct Debit. If there is insufficient money available in the *cash account* on that day, *units* in the *funds* will be sold in advance to cover the amount due as shown in the following table.

Date that initial Adviser Charge is due	Date units will be sold (prior to date initial Adviser Charge is due)
14 <sup>th</sup> to 23 <sup>rd</sup>	1 <sup>st</sup>
24 <sup>th</sup> to 5 <sup>th</sup>	11 <sup>th</sup>
6 <sup>th</sup> to 13 <sup>th</sup>	21 <sup>st</sup>

If the date that the *units* are to be sold falls on a non-working day, *units* will be sold on the next working day. Please see the *Policy Document* section 3 'Cash account' on page 19 for details of the order in which *units* in the *funds* will be sold.

### Transfer Payments

For Initial Adviser Charges on *transfer payments* made to *us*, we will deduct the amount from the payment when we add it to *your plan* but before it is invested in the *policy* and *units* are purchased. If the *transfer payment* is being designated for *flexi-access drawdown* then we will first pay *you* any tax-free cash amount that *you* have requested (as set out in the 'Taking *your* benefits' section on page 8 ) before deducting the Adviser Charge.

### **Ongoing Adviser Charge**

This is to pay for ongoing advice or related services provided by *your financial adviser*. The Ongoing Adviser Charge can either be a percentage of the value of *your plan* on a monthly basis, or a fixed amount on either a monthly or quarterly basis.

We will deduct the monthly amount from the value of *your plan* from the *cash account* on the 1st of the month. If there is insufficient money available in the *cash account* on that day, *units* in the *funds* will be sold to cover the amount due. Please see the *Policy Document* section 3 'Cash account' on page 19 for details of the order in which *units* in the *funds* will be sold. *Units* will

be sold on the 1st of the month, or if that date is not a working day then *units* will be sold on the following working day.

If the charge is a percentage of the value of *your plan* rather than a fixed amount, the charge is calculated monthly and will be 1/12th of the annual rate of the Ongoing Adviser Charge. The rate will be applied against the daily average value of the *plan* over the previous calendar month.

### **Ad hoc Adviser Charge**

This is normally to pay for any other type of advice provided that is not covered by an Initial or Ongoing Adviser Charge. This can be paid at any time.

This will be paid via the *cash account*. If there is insufficient available money in the *cash account* then *you* must first instruct *us* to sell *units* in one or more *funds* that the *policy* is linked to. We will process the sale of *units* in the *funds* upon receiving *your* instruction as set out in the *Policy Document* section 5 'Purchasing and selling *units* in *funds*' on page 20. Once the sale is complete and the money is available in *your cash account*, *you* can then request for the Ad hoc Adviser Charge to be paid.

### **Changing an Adviser Charge**

*You* can instruct *us* to change or cancel *your* future Adviser Charge payments by contacting *us*. If we receive *your* instruction to change *your* Adviser Charge 10 working days before *your* next payment is due then the changes will take effect from the next payment. If we receive *your* instruction less than 10 working days before *your* next payment is due then the change will take effect from the subsequent payment.

### **Our right to refuse Adviser Charge payments**

We reserve the right to refuse to make an Adviser Charge payment or to cease future Adviser Charge payments in order to ensure that we comply with any new or existing legislation and/or regulatory guidance. In this instance *you* will need to agree with *your financial adviser* to pay them directly.

### **Reversing or refunding Adviser Charges**

We will not be liable for any Adviser Charges that are facilitated through *your plan*. *You* must speak directly with *your financial adviser* to claim back any charges that were paid. We will not refund any Adviser Charges unless it was paid as a result of *our* error as these are amounts which were effectively due to *you* but which we have, on *your* instructions, paid to *your financial adviser*.

### 13. Vitality Select

*Your plan* comes with Vitality Select.

Vitality Select provides *you* with access to a number of health and reward partners under the Vitality Select version of *our Vitality Programme*. This includes activities and health partner discounts to help participants get and stay healthy for less.

By completing activities under the *Vitality Programme*, *you* will earn Vitality points. The Vitality points earned allow *you* to achieve a *Vitality status*.

There are four *Vitality statuses*, bronze, silver, gold and platinum. The higher *your Vitality status*, the bigger the rewards and the higher the discounts *you* will receive. *Your Vitality status* is also used to calculate the *Healthy Living Discount* (see section 9 of the *Policy Document* for more details).

For more details and about the rewards and discounts that apply, please visit [vitality.co.uk/investments/partners-and-discounts](http://vitality.co.uk/investments/partners-and-discounts).

Please see 'Vitality Select Terms and Conditions' starting on page 27 for full details.

### 14. Changes to the Terms and Conditions and events beyond our reasonable control

We may make changes to these *Terms and Conditions* where we consider it reasonably necessary or prudent to do so. We will generally only make changes for the reasons listed below.

If we make a change for the following reasons, we will provide *you* with at least 90 days' notice or as much notice as is reasonably possible in the circumstances.

- If there are changes in applicable law (including *HMRC* practice, tax rules and reporting requirements) or regulation which have an effect on *your plan*, or *our* interpretation of these, in relation to either *you* or *us*;
- Due to the recommendations of an Ombudsman, regulator, or similar body, or code of practice.

If we make a change for the following reasons it will be based on *us* reasonably believing that such changes will not result in any significant disadvantages or cost to *you* and we will provide *you* with at least 30 days' notice or as much notice as is reasonably possible in the circumstances:

- Due to changes in the way we administer *your plan*, including introducing new systems, services, facilities, and changes in technology;
- To reflect legitimate increases or reductions in the cost of *us* providing *your plan*;
- Due to changes in the ownership of *our* business or how it operates;
- Due to changes to services relating to *your plan* supplied to *us* by third parties; or
- If there are changes in general practice within the financial services industry.

We may also make changes to correct errors and we will give *you* notice of such changes.

There may be some circumstances that are beyond *our* reasonable control which may mean that we are unable to carry out *our* obligations such as:

- Failure of technology, communications or other networks that we rely on;
- Significant disruption of a financial market;
- Industrial action; or
- Civil commotion, war, terrorist attack or threat.

If we are unable to carry out any of *our* obligations, we will act reasonably and contact *you* as soon as practicable to inform *you* of how this affects *your plan* with *us*. This may include making changes to these *Terms and Conditions*.

We will not be liable for any loss or damage *you* may incur as a result of such events beyond *our* reasonable control.

All changes made will be proportionate to the underlying reason for the change. If *you* are unhappy with any change, *you* will be free to close *your plan* and transfer to another *UK registered pension scheme* or *qualifying recognised overseas pension scheme*. *You* will not be charged to do this.

### 15. Discontinuance of the scheme

We may close *your plan* and discontinue *the scheme* for the following reasons:

- Changes in legislation or taxation applying to *the scheme* or *us* that affects *our* ability to operate *the scheme* and the investments linked to the *policy*,
- Where it is no longer cost effective for *us* to run *the scheme*,
- If the registration of *the scheme* is removed by *HMRC*, or



- On the eightieth anniversary of the date of establishment of *the scheme*, unless *the scheme* can then lawfully be continued.

If we decide to close *your plan* and discontinue *the scheme* we will wind-up *the scheme* in accordance with *the scheme* rules. We will provide *you* with at least 90 days' notice together with *your* options including transferring the value of *your plan* to another UK registered pension scheme or a qualifying recognised overseas pension scheme. If *you* do not make a choice by the specified date in the notice we will transfer the value of *your plan* to a UK registered pension scheme of our choice. The scheme that we transfer the value of *your plan* to will be a scheme that we consider to be an appropriate alternative and details of this will be confirmed in the notice.

## 16. Compensation

We are covered by the Financial Services Compensation Scheme. This means that *you* may be entitled to financial help up to 100% of the value of the *policy* if we cannot meet *our* obligations in relation to *your plan* or the *policy* in which it is invested.

The value of the *policy*, and therefore the value of *your plan*, is linked to one or more *funds* and a *cash account*. Vitality Life Limited will be the legal and beneficial owner of any *unit* holding in any *fund* and any balance in the *cash account* to which the *policy* is linked. In the unlikely event that a company who has regulatory responsibility for managing or overseeing the running of the *funds*, a *fund* manager or a trustee (or someone acting in similar capacity for the *fund*), or a bank who has responsibility for providing the *cash account* is unable to meet their obligations to *us* then we will not be able to make a claim under the Financial Services Compensation Scheme. Any such failure of these parties to meet their obligations may affect the value of *units*. However, we will ensure that all *funds* available are managed by firms that are authorised and regulated by the Financial Conduct Authority (or relevant overseas regulator), and that any bank providing the *cash account* is also authorised and regulated by the Prudential Regulation Authority (or relevant overseas regulator), and therefore subject to a high level of regulation. We also ensure that the credit ratings of these firms meet *our* minimum requirements.

For more information please contact the Financial Services Compensation Scheme by email: [enquiries@fscs.org.uk](mailto:enquiries@fscs.org.uk) or by phone: 0800 678 1100

## 17. Complaints

We understand that sometimes things can go wrong. *You* are important to *us*, so if *you* have reason to complain we want to know. We will try to resolve *your* complaint quickly in a professional and helpful way.

*You* can contact *us* using the details shown in the 'How to contact *us*' section at the start of this document. Alternatively, *you* can email *us* at [InvestComplaints@Vitality.co.uk](mailto:InvestComplaints@Vitality.co.uk), or call *us* on 0800 04 65 090. If *you* call *us*, please have *your* Vitality Membership number to hand. We may record and monitor calls to help improve *our* service.

The time it takes to resolve *your* complaint will depend on how complex it is and how much investigation we have to do. We will always try to resolve *your* complaint as quickly as possible, keeping *you* informed of *our* progress. We will:

- Acknowledge *your* complaint promptly within five working days.
- Tell *you* who is dealing with *your* complaint so contacting *us* is easier. This person will be a trained complaint handler not directly involved with *your* case before the complaint.
- Fully investigate *your* complaint and keep *you* informed thereafter of the progress and measures being taken for a satisfactory resolution. We aim to reach a final decision by the end of eight weeks after receipt of *your* complaint.
- We will send *you* a detailed written report about *our* findings. We will clearly explain the reasons behind *our* decision and what action we will take to put things right, if appropriate.

We want to resolve complaints to *your* satisfaction whenever possible. If we cannot reach agreement with *you*, *you* can refer *your* complaint to the Financial Ombudsman Service.

The Financial Ombudsman Service is an impartial adjudicator and provides a free, independent service for resolving disputes with financial services firms. If *you* are going to ask the Financial Ombudsman to review *your* case, *you* should do so within six months of *us* giving *you* *our* final decision on *your* complaint.

You can contact the Financial Ombudsman in the following ways:

The Financial Ombudsman Service  
Exchange Tower  
London, E14 9SR

Enquiry line: 0800 023 4567

Fax number: 020 7964 1001

Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

Email:

[complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

If you contact the Financial Ombudsman Service, this does not affect your right to take legal action if you are dissatisfied with and do not accept the outcome of the review.

## 18. Laws and jurisdiction

Your plan will be governed by the laws of England and Wales. Your plan will be subject to the exclusive jurisdiction of the part of the United Kingdom that you are resident in when you join the scheme.

## 19. Rights of third parties

Anyone who is not party to this contract has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of the terms of this plan except for any future trustee, Scheme Administrator or provider of the scheme enforcing a term of this plan in that capacity.

## 20. Invalidity and severability

Should any provision of the plan documentation become invalid, unlawful or unenforceable, then subject always to compliance with applicable tax law and regulation, the terms of your plan shall, to the maximum extent practicable, continue to apply without any such invalid, unlawful or unenforceable provision.

## 21. Liability of Vitality

### Information from third parties:

We are provided investment data and information including *Fund Factsheets* and *fund prospectuses* from third parties, which we pass on to you. While we will make every effort to ensure that the information we pass on to you is accurate, neither we nor any of our group companies will accept responsibility or be liable for any loss you might suffer due to any errors in this information unless due to our negligence or error.

### Pricing errors:

On occasion there may be errors in the pricing of the units in the *Vitality funds* or the *non-Vitality funds*. If we were directly responsible for this

error we will correct the error and compensate you for any loss in line with the applicable regulation. If the error was due to a third party who we do not have control over, for example a *fund manager* for a *non-Vitality fund*, we cannot be held responsible for the error or be liable for any loss suffered. We will, however, use reasonable steps to try and claim any compensation from the third party.

### Financial/fund losses:

The value of your policy is linked to a number of underlying investment assets, some of which are managed by third party managers who we have no direct influence over. These investment assets may increase or decrease in value over time. We cannot be held responsible or be liable for any loss caused as a result of any decrease in investment value unless such decrease or loss was directly caused by our fraud or wilful default.

### Delays in administration:

We will not be held liable for any delay in processing your instructions if such delay was caused by a third party through no fault of ours. If the delay was caused as a direct result of our actions or omissions we will compensate you for any direct loss you have suffered.

### General:

We nor any of our group companies will be liable for any indirect or consequential loss, cost, damages or expenses arising from or in connection with your plan. Nothing will limit our liability to you for death, personal injury, negligence, wilful default or any other liability which cannot be limited by law from time to time.

## 22. Data protection notice

### Why should you read this notice?

We think it is important for all of our members to be made aware of what information Vitality holds about them and to have the reassurance of knowing that we comply with the data protection legislations. The following is a summary of our Privacy Policy. For details of the full Privacy Policy (effective from 25 May 2018) please visit [vitality.co.uk/privacy](http://vitality.co.uk/privacy).

### Who Vitality are

Vitality is part of the Discovery Group of companies and is owned by Discovery Limited, a financial services firm based in South Africa.

Vitality Corporate Services Limited is an authorised intermediary of Vitality Health Limited ("VitalityHealth") and Vitality Life Limited ("VitalityLife" and "VitalityInvest").



Together “*Vitality*” arranges and administers products provided by *VitalityHealth*, *VitalityLife* and *VitalityInvest*. *Vitality Corporate Services Limited* is the data controller for the management of interactions between *us* and *you*; *Vitality Health Limited* and *Vitality Life Limited* respectively are the data controllers for the personal data and special category data that *you* or *your* representative provide to *us*.

### Sharing your personal data

We may need to share *your* personal data for legal and regulatory purposes with *your financial adviser* or with other companies in order to provide *our* products and services.

### Processing claims

In the event of a claim we may require a medical report from *your* GP. Such a report will only be requested with *your* consent and will be in compliance with the Access to Medical Reports Act 1988 (‘AMRA’). The information requested from *your* GP will be limited to only the information relevant to *your* claim. *You* have the right to request to see the GP’s report and to request any amendments be made by the GP where *you* consider the data to be inaccurate. The GP may agree to this at his/her discretion. *you* will be informed about the AMRA process at the time we request *your* consent to enable *us* to ask *your* GP for a report.

*Your* information, and that of others also covered by the *plan*, may be disclosed to other parties with a view to preventing fraudulent activities.

### Marketing

*Vitality Corporate Services Limited* would like to send *you* information about *our* products and future products, which currently include health and life insurance, investments and general insurance. We are focused on bringing exciting new products to *you* and to enhance those already available by offering improved services and benefits as a *Vitality* member.

When *you* purchase a product from *Vitality* *you* will be provided with access to the Member Zone where *you* can manage *your* marketing preferences and choose *your* preferred method of receiving information about *our* products, services and the benefits at any time.

*You* can manage *your* marketing preferences and choose *your* preferred method of receiving information about *our* products, services and the benefits at any time by calling *our* customer services team.

### Data Protection Complaints

We want all of *our* members to be happy with the way their personal data, health data and medical information has been processed by *us*. If *you* are unhappy about the way we have managed *your* personal data, we would like to know about it as we are constantly striving to ensure we do the right thing and we would like to be able to put things right.

*You’ll* find the contact details for *our* complaints teams at: [vitality.co.uk/legal/complaints](https://vitality.co.uk/legal/complaints)

However, if *you* are still dissatisfied *you* have the right to contact the Information Commissioner, who regulates compliance with data protection regulation and laws at: [ico.org.uk](https://ico.org.uk).

*You* can also call the ICO on **0303 123 1113** or **01625 545 745**, or write to them at:

**Information Commissioner’s Office**  
**Wycliffe House**  
**Water Lane**  
**Wilmslow**  
**Cheshire**  
**SK9 5AF**

If *you* have any queries in respect of *your* data protection rights or the way *your* personal data is processed by *Vitality*, please call *us* on **0207 133 8600**, or write to *us* at:

**Data Protection Officer**  
**Vitality**  
**70 Gracechurch Street**  
**London**  
**EC3V 0XL**

All information about data protection and privacy can be found at [vitality.co.uk/privacy](https://vitality.co.uk/privacy).

### 23. Change in circumstance

*You* must inform *us* as soon as possible if *you* stop being:

- a UK resident;
- a relevant UK individual (see section 3 ‘Tax and limits’ on page 6 for more details);
- entitled to receive tax relief on *your* contributions, or
- entitled to any protections (for example in relation to *your* minimum retirement age or Lifetime Allowance)

as we may need to place restrictions and changes on *your plan* to comply with applicable laws and regulations.

You should also notify us of any changes to your personal information for example change of name, address or, where applicable, your health status. In addition, you should notify us if you become entitled to any protections (including in relation to your Lifetime Allowance).

Should you become subject to any financial sanctions, prohibitions or restrictions imposed by the European Union, UK, or any other regime we consider applicable, we reserve the right to freeze your plan. Once frozen you will not be allowed to make any further payments into your plan, take any income, or lump sums, switch funds, transfer the value of your plan to another pension scheme or deal in any way in relation to your plan. Any related costs with freezing your plan will be passed on to you. We shall not be deemed to provide cover or be liable to pay any claim or provide any benefit under the plan to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose us to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union and the United Kingdom or any other regime as we consider applicable.

## **24. Conflicts of interest**

A conflict of interest may arise between you and us where our duties to you as a customer may conflict with what is best for ourselves. To ensure that we identify and manage these conflicts appropriately, and continue to treat you fairly we have a 'Conflicts of interest policy' that we will adhere to.

A copy of the Conflicts of interest policy is available on our website, or you can contact us and we will send you a copy.

# Policy document.

## 1. The policy

The *policy* will be the sole investment within *your plan* and will establish the value of *your plan*. The value of the *policy* will be linked to the value of one or more *funds* that we make available at any one time, together with any amount held in the *cash account*. You can choose which *funds* you would like *your policy* to be linked to and you may change this instruction in the future.

You will not have any legal or beneficial interest in any assets held by us in a *Vitality fund* or in any *units* or cash held by us in relation to the *policy*. However, the value of such assets, *units* and the *cash account* linked to *your plan* will determine the value of the *policy* held within *your plan*.

As such, in this *policy* any references to purchasing and selling or switching *units* are to notional transactions.

**You should note that the terms of the *policy* include powers to make changes to the terms and conditions set out in the *Policy Document*.**

## 2. Investment links available within the policy

The *policy* will be linked to one or more *fund* types that are made available to you at any time. The different *fund* types available are:

- *Vitality funds* – Unit-Linked *funds* managed by VitalityInvest or someone else appointed by us.
- *Non-Vitality funds* – These are collective investment *funds* managed by a *fund* manager other than VitalityInvest.

Details of the *funds* are available from us on request, or via our website [www.vitality.co.uk](http://www.vitality.co.uk)

### Units

Each *fund* is divided into *units*, or a series of *units*. New *units* are created when new payments are made into the *fund* and *units* are cancelled when withdrawals are made. The *unit* price is determined by the *fund* manager and based on the value of the assets held within the *fund*. All *units* in the same series will be of equal value.

The *units* available will be either accumulation *units* or income *units*. For accumulation *units*, any income generated within the *fund* will be reinvested and increase the *unit* price, in line with section 7 'Valuing the *policy*' on page 21. For income *units*, part or all of the income generated within the *fund* will be paid out of

the *fund* and into the *cash account*. You may choose to leave the amount in the *cash account* or automatically reinvest this amount in the *fund* and purchase more *units* in line with section 5 'Purchasing and selling *units*' on page 20. We may also make available an option to set regular withdrawals from a *flexi-access drawdown* pot to the income amount paid from income *units*.

*Units* are used to calculate the value of the *policy*. The allocation of *units* in a *fund* to the *policy* will not confer any right on you to hold the assets of a *fund* or any *units*, which will be owned by us.

All transactions in *units* will take place on the working day stated in this *Policy Document* provided in all cases that it is a dealing day of the relevant *fund*. If not they will take place on the next working day which is a dealing day of the relevant *fund*.

### Available funds

We may change or restrict the range of *funds* available and we may suspend or close a *Vitality fund* to the future allocation of *units*.

The reasons we may do this include:

- If we or a *fund* manager change the investment objective of a *fund* and we believe that it is no longer suitable to offer.
- The *fund* can no longer achieve its investment objective.
- It is impracticable for the *fund* manager (either us or the external *fund* manager) to maintain the *fund*, for example if there are very few people invested in it.
- The *fund* is no longer economically viable.
- The external *fund* manager closes the *fund*, suspends it or closes it to new investments.
- We believe that there are alternative *funds* available that meet similar objectives.
- The *fund* fails to meet our ongoing governance standards for the *funds* we make available to the *policy*.

### Changes to funds

#### Vitality funds

#### A. Sub-division or consolidation of units

We may decide to sub-divide or consolidate a series or class of *units*. If we do this, or if we amalgamate two or more *funds*, the *units*

allocated to the *policy* will be adjusted so that the total *unit* value of the *policy* is not altered by the adjustment.

#### B. Closing a *Vitality fund*

Should we decide to close any *Vitality fund*, we will give you 90 days' notice or as much notice as is reasonably possible given the circumstances. You may select a new *fund* or new *funds* as set out in section 6 'Switching between *funds*' on page 21. If we do not receive a selection from you of another *fund*, we will be entitled to replace the *units* of the closed *fund* with *units* of a *fund(s)* that we choose. The *fund* we choose will be one that we consider appropriate for you considering the *fund* that is closing and this will be confirmed in the notice to you. Alternatively, if we reasonably believe that there is no appropriate *fund*, we may place the proceeds in the *cash account*.

#### C. Changes to a *Vitality fund*

The *Vitality funds* are managed by us in line with the stated investment mandate and objectives of the *fund*. If we decide to make any material changes to the investment mandate or objectives of a *fund* then we will provide you with 90 days' notice or as much notice as is reasonably possible given the circumstances.

Where a *Vitality fund* invests in a collective investment *fund* or investment vehicle, changes may be made to the investment strategy, valuation, pricing, operations or charges of such collective investment *fund* or vehicle. These changes would be made by the investment company that manages the collective investment *fund* or vehicle. Such changes may affect the operation, performance or value of the *Vitality fund* and will be reflected in the *Vitality fund's* operation and value. Where possible, we will work with the investment manager of the underlying *fund* to try to reduce the impact of any such changes. Where we reasonably believe it to be required, we will change the terms of the *Vitality fund* to reflect such changes.

We will not be responsible for any failure or default on the part of the investment manager (other than the manager of the *Vitality fund*), the collective investment *fund* or its agents. In the unlikely event that any such party fails to meet its obligations in relation to the collective investment *fund*, investment vehicle or its investment, the value of the *policy* could be reduced to reflect that failure. Please see the *Terms and Conditions* section 15 'Compensation' on page 14 and section 21 'Liability of *Vitality*' on page 15 for more details.

#### Non-*Vitality funds*

Collective investment *funds* that are *non-Vitality funds* are managed by other *fund* managers and are subject to the objectives and investment mandate as set out by that *fund* manager. We do not have any influence over how these *funds* are managed.

Where there are any material changes to the way that these *funds* are managed and the *fund* manager notifies us, we will endeavour to provide you with notification as soon as is practicable. However, as we are the legal and beneficial owners of any *units* in the *non-Vitality fund* held by us, any voting rights in respect of changes to the *non-Vitality funds* will be held by us and not passed on.

If a *non-Vitality fund* closes we will send you as much notice as is practicable. You may select a new *fund* or new *funds* as set out in section 6 'Switching between *funds*' on page 21. If we do not receive a selection from you of another *fund*, we will be entitled to replace the *units* of the closed *fund* with *units* of a *fund(s)* that we choose. The *fund* we choose will be one that we consider appropriate for you considering the *fund* that is closing and this will be confirmed in the notice to you. Alternatively, if there is no appropriate *fund* we may place the proceeds in the *cash account*.

### **3. Cash account**

The *policy* will include an interest bearing *cash account* held with a bank of our choice. The *cash account* is intended to be used for short term holdings of cash and to facilitate payments of charges or income, it is not designed as a long term investment option.

Interest will be allocated to the *cash account* on the first working day of each calendar month and will take account of any balances held for at least one overnight period during the past calendar month. When the *policy* ends any interest due will be added on the end date rather than on the first working day of the following calendar month.

The rate of interest is variable and details of the current rate that applies will be available on our website [www.vitality.co.uk/investments](http://www.vitality.co.uk/investments).

#### **Automated transactions and sale of *units***

There are several transactions where money is taken from the *cash account*. If there is insufficient available money held in the *cash account* then *units* in *funds* must be sold in order to process the transaction.

The following transactions will be processed through the *cash account*:

- Regular income from a *Flexi-Access Drawdown* pot;
- *Product charge*; and
- Initial Adviser Charge payments for regular contributions and Ongoing Adviser Charge payments.

Where we need to sell *units* in *funds* we will do so in the following order:

- From *funds* that *you* have elected for the transactions to be taken from, proportionately to the size of *your* holdings in those *funds*.
- If *you* have not elected any *funds*, or there are no longer any *units* held in *your* chosen *funds*, then we will sell *units* proportionately from *non-Vitality funds*.
- If there are no *units* held in *non-Vitality funds*, then we will sell *units* proportionately from *Vitality funds*.

The *units* will be sold at the valuation points set out in the relevant section of the *Terms and Conditions and Policy Document*. The proceeds from the sale of *units* will be applied to the *cash account* up to four working days following the sale of *units*. The transaction will then be processed from the *cash account* on the date set out in the relevant section of the *Terms and Conditions and Policy Document*.

#### 4. Investment of payments into the policy

Each payment that is invested into the *policy* will first be applied to the *cash account*. The amount will be applied to the *cash account* by the next working day after the working day that we receive it.

The payments will be applied to the *cash account* inclusive of any relevant tax relief and after any relevant Adviser Charges have been deducted.

If the amount applied to the *cash account* is received from a *transfer payment* or single contribution, then we will consider it cleared and available to use to purchase *units* in *funds* on the working day that it is applied to the *cash account*.

If the amount applied to the *cash account* is received from a Direct Debit payment, then we will consider it cleared and available to use to purchase *units* in *funds* on the second subsequent working day after the working day that it is applied to the *cash account*.

#### Example 1

We receive a single contribution payment during normal working hours on Monday. We will then apply this amount to the *cash account* on Tuesday and we will consider that the amount is cleared and available to use to purchase *units* in *funds* on that Tuesday.

#### Example 2

We receive *your* Direct Debit payment into *our* bank account during normal working hours on Monday. We will apply this amount to the *cash account* on Tuesday and we will consider that this payment is cleared and available to use to purchase *units* in *funds* on Thursday.

When *you* make a payment or set up a Direct Debit, *you* can provide *us* with an investment instruction. We will carry out this investment instruction as detailed in section 5 'Purchasing and selling *units* in *funds*' on page 20.

### 5. Purchasing and selling units in funds

*You* will choose the amount to be used to purchase *units* in one or more *funds* either specifically, or through a percentage allocation. The number of *units* allocated will be calculated by applying the amount specified from the *cash account*, or relevant percentage of that amount where more than one *fund* is chosen, to the *unit* price of the *fund* at the relevant valuation point.

For all *Vitality funds* the valuation point will be detailed in the *Fund Factsheet*. For *non-Vitality funds* the valuation point will be detailed in either the *Fund Factsheet* or in the *fund* prospectus that can be found on the *fund manager's* website.

Purchases and sales of *units* in a *fund* will be carried out on a working day provided that it is a dealing day for that *fund*. We will only carry out purchase requests if there is a sufficient amount cleared and available in the *cash account*. The proceeds from the sale of *units* will be applied to the *cash account*.

If we receive *your* instruction to purchase or sell *units* in a *fund* before 10am on a working day, then we will purchase or sell the *units* at the next valuation point for that *fund* after 12pm that working day. Please note that the next valuation point after this time may be on the following working day.

If we receive *your* instruction to purchase or sell *units* in a *fund* before 2pm on a working day,



then we will purchase or sell the *units* at the next valuation point for that *fund* after 4pm that working day. Please note that the next valuation point after this time may be on the following working day.

## 6. Switching between funds

You may instruct us at any time to exchange *units* held in a *fund* for *units* of equal value in one or more other *funds* available at that time. This is known as 'switching'. To switch *funds* you must provide us with your switch instruction. Your switch instruction must provide details of the number or percentage of *units* or the value of *units* in each *fund* or *funds* you wish to sell and the allocation of the sale proceeds to the *fund* or *funds* you wish to purchase *units* in.

We will sell *units* in the *fund* or *funds* that you have instructed us to switch out of at the relevant valuation point in line with the timings set out in section 5 'Purchasing and selling *units* in *funds*' on page 20 and, the last valuation point used in carrying out the sale of all *units* to be sold, will be the 'switch valuation point' for the purposes of the purchase of *units*.

We will purchase *units* in the *fund* or *funds* that you have instructed us to switch into at the next valuation point of those *funds* which is no earlier than the next valuation point after the switch valuation point of the *funds* in which *units* were sold.

### All switches

There is no charge for switching *funds* and there is no limit on how many switches you may make.

Switches may be delayed for reasons set out in the 'Valuing the *policy*' section on page 21.

As described above, we currently operate pre-funded switches. This means that we do not wait until the amounts are credited to the *cash account* as set out in section 3 'Cash account' before the purchase of new *units* takes place. We may decide to cease offering pre-funding of switches in the future as set out in section 14 'Changes to the terms of the *Policy Document* and events beyond our reasonable control' on page 26. If we do this we will provide you with at least 30 days' notification.

### Model Portfolios

You may set up a model portfolio that allows you to choose a number of *funds* and an allocation of the *policy* value that you wish to link to each of the *funds*.

When you set up your model, you can choose to rebalance the *policy* value on a monthly, quarterly, half yearly or yearly basis and this will be carried out on the 1st of the month. If that date is not a working day, we will use the following working day. You may also instruct us to rebalance the *policy* value on an ad-hoc basis, which will be processed in line with the timeframes set for a switch instruction.

We will check the actual allocation percentages of the *funds* in the *policy* against the allocation percentages of your chosen model portfolio at your chosen frequency. If on that date the percentage allocated to any *fund* is different to the allocation set in your model portfolio or outside of the tolerance level that you may choose, then we will set a switch instruction to switch *units* between the *funds* so that the allocation percentages are approximately in line with your model portfolio. This instruction will be placed before 10am on that working day which will be carried out at the relevant valuation point in line with the timings set out for selling and purchasing *units* in *funds* in section 5 'Purchasing and selling *units* in *funds*' on page 20.

You can start a new model portfolio or stop using a model portfolio, or change the frequency of the rebalancing at any time.

## 7. Valuing the policy

### Vitality funds

Each *Vitality fund* will be valued on each working day and we will publish a *unit* price. The valuation will be based on the net value of the assets held in that *fund*.

The net value is calculated using the published trade prices of the underlying assets that the *Vitality fund* invests in.

To ensure fairness to those who enter the *Vitality fund*, those who remain in the *Vitality fund* and those who withdraw from it, we may set a *unit* price for the *Vitality fund* on a maximum or minimum basis as explained below.

We may switch between these valuation bases if there are large flows of investments into the *fund* or large flows of withdrawals out of the *fund*, and the costs of these higher volumes of transactions must be met by the *Vitality fund*, affecting the value for all other investors in the *fund*.

If the underlying assets that the *Vitality fund* invests in is a collective investment *fund*, then that collective investment *fund* may have a price set based on the net value of assets it holds, or on a maximum or minimum basis, again to

ensure fairness to all its investors when there are large flows into or out of that collective investment *fund*. This will directly affect the price set for the *Vitality fund* because this will be set based on the price of the collective investment *fund*.

#### Maximum and minimum *unit* prices

If we set a *unit* price on a maximum or minimum basis, we will use the following process. Where the underlying assets that the *Vitality fund* invests in is one or more collective investment *funds*, then the manager of that collective investment *fund* will use a similar process to determine maximum and minimum prices.

The maximum *unit* price of a *Vitality fund* will be determined by the prices at which all the assets held in the *fund* might be bought and divided by the total number of *units* in the *fund*. The minimum *unit* price will be determined by the prices at which all the assets held in the *fund* might be sold and divided by the number of *units* in the *fund*.

In calculating the maximum and minimum values we will make allowances as we may reasonably consider appropriate for:

- Cash held within the *fund*;
- Accrued income;
- Taxes, duties and other expenses and charges related to the buying or selling of assets in the *fund*; and
- Any actual, prospective or other liability for the *Vitality fund* including taxation, duties, levies, and management charges.

The actual *unit* price of the *fund* will then be set depending on the expected movements of money into and out of the *fund*, as this will determine whether assets need to be bought or if they need to be sold, based on the relevant valuation.

#### Non-Vitality *funds*

The non-Vitality *funds* are valued by the *fund* manager who manages the *fund*. We have no influence on how the *fund* manager manages the *fund* or values the *fund*. When the *fund* manager sets the *unit* price we will pass on that same price to you.

#### **Delaying the valuation of *units* and/or buying and selling *units***

The valuation, selling of, or buying of *units* may be delayed by us for any *Vitality fund*, or by any other *fund* manager for a non-Vitality *fund*.

This may apply to prevent unfair treatment of *unit* holders who are buying, selling or remaining in the *fund*. The reason for this can be any of the following:

- There is insufficient liquidity in the underlying assets (meaning that the underlying assets cannot be quickly bought or sold without affecting the price) or the issuer or *fund* manager has suspended dealings in the assets.
- Prices are not available from a relevant financial market or its supplier.
- There are other circumstances beyond our reasonable control which affect our ability to buy or sell assets (please see section 14 'Changes to the terms of the *policy* and events beyond our reasonable control' on page 26).

The delay will mean that the following events may be delayed.

- Switching *funds*
- Making payments into the *policy*
- Transferring out to another product
- Taking any benefits from the *policy*
- Paying Adviser Charges through the *policy*
- Deducting *product charges* as described in section 9 'Charges' on page 23.

#### **8. Death benefit**

In the event of your death while the *policy* is in force, the *policy* will end and the death benefit will become payable. The death benefit will be the value of the *policy*.

The value of the *policy* will be calculated by assessing the value of all *units* held in each *fund*. The *units* will be sold once we receive all of our requirements to confirm your death. The sale of *units* will be processed in line with section 5 'Purchasing and selling *units* in *funds*' on page 20.

#### **Accidental death benefit**

If your death occurs due to an accident and meets the definition set out below, then the value of the death benefit will be increased by 5%.

The accidental death benefit will be paid out if you sustain bodily injury that is the direct result of an accidental, external, unforeseen and visible cause occurring after the start date of the *policy* which, solely and independently of any other cause, results in your death, and your death occurs within 90 days of that accident.



No accidental death benefit will be paid if death occurs:

- As a result of suicide, intentional self-inflicted injury or reckless and deliberate exposure to known danger;
- While taking part or attempting to take part in a dangerous sport or pastime such as climbing, going underground or underwater, or any race, trial or timed motor sport;
- While flying other than as a passenger in a licensed commercial aircraft;
- As a result of participating in a criminal activity;
- As a result of or is directly related to alcohol or drug abuse; or
- As a result of war.

## 9. Charges

### Product charge

This charge is for setting up and maintaining the *policy*. It is deducted from the *cash account* on the 1st of the month. If the amount available in the *cash account* is not sufficient to cover the charge then we will sell *units* in the *funds* in the order set out in the section 3 'Cash account' on page 19. *Units* will be sold on the 1st of the month, or if that date is not a working day then *units* will be sold on the following working day.

The *product charge* is tiered and different annual rates apply depending on the value of the *policy*. If you hold more than one investment product with us then we will include the value of those other products together with the *policy* for the purpose of obtaining the tiered *product charge* (but not including a VitalityInvest Junior ISA). Please see the *Charges Schedule* for details of the rates and examples of how these apply.

The annual rates of *product charge* applicable to the *policy* when you start your *plan* are notified to you in the *Charges Schedule*. Further payments that are made in the future may be subject to a different rate which will also be notified to you before those payments are made.

The *product charge* is deducted in arrears. The amount due is calculated at the beginning of each calendar month for the previous calendar month and will be 1/12th of the appropriate annual rate(s) of the *product charge*. The annual rate(s) of the *product charge* is dependent on the daily average value of the *policy* over the previous calendar month.

We may change the rate of the *product charge* that applies to the *policy* as set out in section 14 'Changes to the terms of the *policy* and events beyond our reasonable control' on page 26.

### Healthy Living Discount

You'll be eligible for the *Healthy Living Discount* based on your *Vitality status* that you obtain through the *Vitality Programme*. This has the effect of reducing the rate of the *product charge* applicable to the value of the *policy* held in *eligible funds*. Please see the *Charges Schedule* for details of the reduced rates and the *eligible funds*.

We may decide to increase or decrease the rates that apply at any time and if we do this then we will provide you with 30 days' notice and we will publish a new *Charges Schedule*.

### Fund charges

#### Annual Management Charge

Each *fund* available will have an Annual Management Charge. This charge is to cover the ongoing management of the *fund*.

The charge is taken into account when setting the *unit price* of the *fund*.

- For *Vitality funds*, we will deduct the charge each working day and this is taken into account when calculating the *unit price*. The rate applied to the value of the *fund* on each working day will be 1/365th (or 1/366th during a leap year) of the annual rate of the charge for each day since the previous working day.
- For *non-Vitality funds*, the charge is deducted by the *fund manager*. Each *fund manager* may take a different approach or date on which they deduct the charge. Please see the *Fund Factsheets* for more details.

If the underlying assets that a *Vitality fund* invests in is one or more collective investment *funds*, then the Annual Management Charge we set will include the annual management charge for those underlying collective investment *funds*, together with our charge for managing the *Vitality fund*. The Annual Management Charge will be a fixed rate to you regardless of whether the annual management charge for the underlying collective investment *funds* increases or decreases.

The rate of the Annual Management Charge that we set may however change from time to time. If we increase the rate of the charge on a *Vitality fund* then we will provide you with at least 30 days' notice.

If the rate of the Annual Management Charge increases on a *non-Vitality fund* then we will provide you with as much notice as is reasonably possible.

The current rate of the Annual Management Charge for each *fund* is included in the Ongoing Charges Figures shown in the *Fund Factsheets*.

#### Fund Expenses

Each *fund* may also include a deduction for expenses. This is to cover the costs involved in holding and administering assets within the *fund*.

The rate of the expenses may change from time to time. If there is an increase to the rate of the expenses that we consider significant, we will provide you with details of the change. The current rate of the Fund Expenses for each fund is included in the Ongoing Charges Figures shown in the *Fund Factsheets*.

The expenses are taken into account when setting the *unit* price of the *fund*, in the same way as the Annual Management Charge.

#### Ongoing Charges Figure

This is the combined total of the Annual Management Charge and the Fund Expenses. The Ongoing Charges Figure is shown in the *Fund Factsheets*, which are available on our website [www.vitality.co.uk](http://www.vitality.co.uk).

#### Transaction costs

The transaction costs are those incurred in buying and selling assets within the *fund*, for example broker commission and transaction taxes. This is not included in the Ongoing Charges Figure. For *Vitality funds*, the amount of this cost is shown in the Supplementary Information Document for your chosen *fund*. For *non-Vitality funds*, the amount of this cost is normally available from the fund manager's website. We also make this information available to your financial adviser.

#### Other fund charges

There may be other charges that apply to a particular *fund*, such as performance fees, protection charges, entry costs or early exit charges. Where these charges apply, the amount and an explanation will be detailed in the *Fund Factsheet*, Key Information Document, Supplementary Information Document or Key Investor Information Document for that particular *fund*.

## 10. Vitality status and ill health

If you are in ill health you may be eligible to maintain your previous *Vitality status* for the purposes of the *Healthy Living Discount*.

To do this, we must receive satisfactory evidence from an appropriate medical specialist that you have an ongoing inability to perform a series of functional activity tests. You must need the help or supervision of another person and be unable to perform the task on your own even with the use of special equipment routinely available to help and having taken any appropriate prescribed medication. We will require the appropriate medical specialist to confirm that you are unable to carry out at least three of the following six activities:

Tasks	How we define this activity
<b>Washing</b>	The ability to wash in the bath or shower (including getting into and out of the bath or shower) or wash satisfactorily by other means.
<b>Getting dressed and undressed</b>	The ability to put on, take off, secure and unfasten all garments and, if needed, any braces, artificial limbs or other surgical appliances.
<b>Feeding yourself</b>	The ability to feed yourself when food has been prepared and made available
<b>Maintaining personal hygiene</b>	The ability to maintain a satisfactory level of personal hygiene by using the toilet or otherwise managing bowel and bladder function.
<b>Getting between rooms</b>	The ability to get from room to room on a level floor.
<b>Getting in and out bed</b>	The ability to get out of bed into an upright chair or wheelchair and back again.

We will then maintain your *Vitality status* in the following way:

- For the *Healthy Living Discount*, we will maintain the *Vitality status* that you held at the start date of the most recent *policy year* preceding our receipt of the medical evidence.

To remain eligible to receive the *Healthy Living Discount*, you will need to continue to meet the requirements as set out in section 9 'Charges'.

## 11. The Vitality commitment

Because *your plan* could last many years, the *Healthy Living Discount* may need to be revised from time to time. However, we do commit to *you* that we will make this available to *you* in its existing form or an alternative form throughout the term that *you* hold *your plan* with us.

We will provide *you* with at least 30 days' notice if we make the following changes.

- A change to the rates at which the *Healthy Living Discount* applies to an existing investment.
- A change to the structure or terms of the *Healthy Living Discount*.

There may be some circumstances that are beyond *our* reasonable control which may mean that we are unable to meet *our* commitment with regards to the *Healthy Living Discount*, such as:

- Changes in regulation or legislation.
- Significant changes or disruption in a financial market.

If we are unable to meet *our* commitment due to these circumstances, we will act reasonably and contact *you* as soon as practicable to inform *you* of how this affects *your plan*.

If *you* are unhappy with the change, *you* will be free to close *your plan* and transfer the value to another UK registered pension scheme or qualifying recognised overseas pension scheme. *You* will not be charged to do this.

### Eligible funds

To be eligible for the *Healthy Living Discount*, *you* will need to link the value of *your plan* to the relevant *eligible funds*. We may change the range of *eligible funds* that we offer from time to time and these may be *Vitality funds* or *non-Vitality funds*. The reasons we may do this are:

- If a *fund* closes, or if we decide that the *fund* is no longer appropriate to be made available to link the value of the *policy* to, as set out in section 2 'Investment links available within the *policy*';
- If there is an increase in *our* costs to make the *fund* available to *you* and this increase makes it prohibitive for *us* to make the *Healthy Living Discount* available; or

- If we make other *eligible funds* available that we consider are reasonable and suitable alternatives to the existing *eligible funds*.

However, we will always endeavour to make *eligible funds* available to enable *you* to access the *Healthy Living Discount*.

### Vitality Programme

The terms of the *Vitality Programme* may change over time and details of the way this can happen are contained in the *Vitality Select Terms and Conditions* starting on page 27. However, we will always endeavour to make the *Vitality Programme* available, or a similar programme, which *you* can access in order to benefit from the *Healthy Living Discount*.

### Reviewing the rates

We will review the rates for the *Healthy Living Discount* periodically. When we carry out *our* review we will take account of the range of factors below.

- *Our* existing and future estimated income and costs relating to the following and whether this affects *our* ability to provide the discounts sustainably at the current rates in a fair way to customers:
  - Providing the *Healthy Living Discount*.
  - Providing the *eligible funds*.
  - Providing the Retirement Plan, and whether we are continuing to provide the Retirement Plan to new customers or investments.

Whether our existing and future estimated income and costs affects our ability to provide the *Healthy Living Discount* sustainably at the current rates in a fair way to customers.

## 12. Changes to the terms of the policy and events beyond our reasonable control

We may make changes to the terms of this *policy* where we consider it reasonably necessary or prudent to do so. We will generally only make changes for the reasons listed below.

If we make a change for the following reasons, we will provide *you* with at least 90 days' notice or as much notice as possible in the circumstances.

- If there are changes in applicable law (including tax rules and reporting requirements) or regulation which have an effect on the *policy*, or *our* interpretation of these, in relation to either *you* or *us*;
- Due to the recommendations of an Ombudsman, regulator, or similar body, or code of practice.

If we make a change for the following reasons it will be based on *us* reasonably believing that such changes will not result in any significant disadvantages or cost to *you* and we will provide *you* with at least 30 days' notice or as much notice as is reasonably possible in the circumstances.

- Due to changes in the way we administer the *policy*, including introducing new systems, services, facilities, and changes in technology;
- To reflect legitimate increases or reductions in the cost of *us* providing the *policy*;
- Due to changes in the ownership of *our* business or how it operates;

- Due to changes to services relating to the *policy* supplied to *us* by third parties; or
- If there are changes in general practice within the financial services industry.

We may also make changes to correct errors and we will give *you* notice of such changes.

There may be some circumstances that are beyond *our* reasonable control which may mean that we are unable to carry out *our* obligations such as:

- Failure of technology, communications or other networks that we rely on;
- Significant disruption of a market;
- Industrial action; or
- Civil commotion, war, terrorist attack or threat.

If we are unable to carry out any of *our* obligations, we will act reasonably and contact *you* as soon as practicable to inform *you* of how this affects the *policy*. This may include making changes to the terms of the *policy*.

We will not be liable for any loss or damage *you* may incur as a result of such events beyond *our* reasonable control.

All changes made will be proportionate to the underlying reason for the change. If *you* are unhappy with any change, *you* will be free to close *your plan* and transfer the value to another *UK registered pension scheme* or *qualifying recognised overseas pension scheme*. *You* will not be charged to do this.

# Vitality Select Terms and Conditions.

Vitality Corporate Services Limited provides you with access to the *Vitality Programme*.

In these terms and conditions, *we*, *us* and *our* each means Vitality Corporate Services Limited. All other words in italic have the same meaning as given in the 'Glossary' section on page 29.

Please read these terms and conditions together with the Retirement Plan with Healthy Fee Saver *Terms and Conditions* and *Policy Document*.

## 1. What is Vitality Select?

Vitality Select provides you with access to a number of additional health and reward partners under the Vitality Select version of the *Vitality Programme*. This includes activities and health partner discounts to help participants get and stay healthy for less.

By completing activities under the *Vitality Programme*, you will earn Vitality points. The Vitality points earned allow you to achieve a *Vitality status*.

There are four *Vitality statuses*:

Vitality status	Effort threshold
Bronze	You start at this level on your plan's start date. You may return to this level on each anniversary of your plan, depending on the <i>Vitality Programme</i> rules at that time.
Silver	You will be able to achieve Silver status between plan anniversaries if you make a moderate but regular effort to look after your health through the <i>Vitality Programme</i> .
Gold	You will be able to achieve Gold status between plan anniversaries if you make a strong and regular effort to look after your health through the <i>Vitality Programme</i> .
Platinum	You will be able to achieve Platinum status between plan anniversaries if you make a very strong and regular effort to look after your health through the <i>Vitality Programme</i> .

The *Vitality Programme* gives you a range of rewards and discounts to keep you motivated. The higher your *Vitality status*, the bigger the rewards and the higher the discounts you will receive.

Your anniversary for your *Vitality Programme* will align to your Retirement Plan with Healthy Fee Saver anniversary unless your membership is through a VitalityLife or VitalityHealth plan.

## 2. Vitality commitment

The *Vitality Programme* will give you access to discounts and rewards for the duration of your plan. Because your plan could last many years, the discounts and rewards offered to you may need to be revised from time to time. The discounts and rewards offered will also depend on relationships with third party providers and the range of services these providers offer.

Each discount and rewards partner will have its own terms and conditions; these can be found on the Vitality Member Zone. The Vitality Member Zone is a website that you can access and which provides information on the *Vitality Programme* and our partners. It also allows you to view your *Vitality status*, increase your Vitality points and claim rewards from the *Vitality Programme* partners. You can access the Vitality Member Zone at [vitality.co.uk/my-vitality](http://vitality.co.uk/my-vitality).

We may change the way we award points or the points-earning activities offered and the *Vitality status* you may achieve as a result. We may also change our partners from time to time and the rewards we offer. There may be instances where other aspects of the *Vitality Programme* may be significantly enhanced, changed or withdrawn and we may make these changes at any time.

These changes may occur if our partners offer additional services or become unable to maintain their levels of service to us, or where we add new partners to or remove existing partners from the *Vitality Programme*. Changes may also be required to prevent the fraudulent use of the *Vitality Programme*.

Revisions may be required as a result of other factors beyond our control.

Unless we tell you otherwise, the limits associated with the discounts and rewards we offer will not be multiplied by the number of plans you hold with any of VitalityHealth, VitalityInvest or VitalityLife (the "Vitality Group"). Not all plans offered by the Vitality Group have the same discounts and rewards associated with them. Where you have more than one plan with the Vitality Group, your discounts and rewards will be based on the plan that, in our view, gives you the most comprehensive package of benefits.

We will tell you about any changes to the *Vitality Programme*, including any price increases or changes to partners or rewards, at least six weeks before the changes take effect, unless we are unable to do so due to factors outside our control.

If we make a change to the way we award Vitality points, we will notify *you* at least three months before we make the change.

We may amend these terms and conditions without *your* consent. Where we do so, we will give *you* reasonable advance notice in writing (which will not be less than six weeks' notice).

*You* may close Vitality Select at any time by closing *your* Retirement Plan.

### **3. How often can we change the price of partners or rewards?**

The prices for partners and rewards can be expressed as a monetary amount, a percentage discount off a partner's standard price, a percentage cashback on the partner's standard price or as a benefit without a specific retail value. If we do need to increase the monetary amount or change the percentage discount, we may change them for all *our* VitalityInvest members at the same time. Any price increases or change to a percentage discount will only occur once in any 12 month period.

Where the cost of a partner or reward is expressed as a percentage discount off a partner's standard price, the partner's standard price may vary any number of times. This will lead to a change in the cost for members, even if the percentage discount remains unchanged. For example, the current discount on *our* health screens is 50%. If the current standard price is £40, the cost to members would be £20. If the standard price was increased to £50 and the discount remained at 50%, the cost to members would be £25.

### **4. Can changes you make to your plan affect Vitality Select?**

In order to have Vitality Select, *you* must keep a minimum amount invested in *your plan* during the first three years of at least £500 after any applicable withdrawals.

For example, if *you* start *your plan* with an investment of £1,500 and then withdraw £1,100 within the first three years, the net amount that *you* would have invested is £400 (£1,500 minus £1,100).

If *you* start *your plan* by making regular payments, Vitality Select will apply provided that *you* continue making regular payments until *you* have invested at least £500. *You* then must keep a minimum amount of £500 invested after any applicable withdrawals in line with the above rule.

If *you* do not meet the minimum investment amount then Vitality Select will be de-activated and *you* will not have access to the *Vitality Programme*. The *Healthy Living Discount* on *your* product charge will continue to apply to *your plan* but based on a *Vitality status* of Bronze only. In order to reinstate Vitality Select and the associated benefits *you* will need to increase the net amount invested to reach the minimum amount as set out above.

### **5. Cancelling Vitality Select**

*You* may close Vitality Select at any time by closing *your* Retirement Plan with Healthy Fee Saver.

Access to the *Vitality Programme* will be cancelled on the date on which all *your* VitalityInvest plans with Vitality Select are terminated, unless *you* hold a *plan* with VitalityLife or VitalityHealth that also provides *you* with access to the *Vitality Programme* (in which case please refer to the terms and conditions provided to *you* for that *plan*).

We may also cancel the *Vitality Programme* if we have reasonable grounds to suspect that *you* have acted fraudulently in any way in relation to the *Vitality Programme* or if we are required to do so by any law or regulation of England and Wales.



# Glossary.

## Authorised payment

A payment from a UK registered pension scheme that is authorised under legislation and HMRC practice.

## Capped income drawdown

A type of *income drawdown* that was available before 6 April 2015. It is no longer possible to designate a pension pot for *capped income drawdown*, although existing *capped income drawdown* pots can remain in place. The main difference to *flexi-access drawdown* is that for *capped income drawdown* there are minimum and maximum amounts that can be taken, and the Money Purchase Annual Allowance does not apply.

## Cash account

The *policy* is linked to an interest bearing *cash account* held with a bank of our choice. The *cash account* is intended to be used for short term holdings of cash and to facilitate payments of charges or income, it is not designed as a long term investment option.

## Charges schedule

A separate document that explains the charges that can apply to *your plan*. It includes details of the *product charge* and the rate that this will apply across the different tiers. It also contains details of the *Healthy Living Discount* and an example of how the *product charge* is deducted.

## Drawdown policy year

The first *drawdown policy year* will start from the date that *your flexi-access drawdown* pot started with us. This will be the date that you first designate all or part of *your pension pot* for *flexi-access drawdown* with us, or the date at which we accept an application for a *transfer payment* from a pension pot that has already been designated for *income drawdown*. Each *flexi-access drawdown* pot you have with us will be treated separately.

## Eligible funds

To be eligible to receive the *Healthy Living Discount* you will need to link the value of the *policy* to one or more *eligible funds*. The *eligible funds* may be *Vitality funds* or *non-Vitality funds*. The *eligible funds* are detailed in the *Charges Schedule*.

## Financial adviser

A *financial adviser* authorised by the Financial Conduct Authority.

## flexi-access drawdown

A type of *income drawdown* that has been available since 6 April 2015. It allows you to take a regular income from the amount allocated to *your flexi-access drawdown* pot, which you can increase, decrease, stop and start as you wish. You can also take ad hoc income payments.

## Fund or funds

Either an internal insurance *fund* operated by VitalityInvest or a collective investment *fund* to which the value of the *policy* is linked.

## Fund factsheet

A document that provides an overview of the *fund*. This is produced by the *fund* manager.

## Healthy Living Discount

A discount on the *product charge*. Details of the discounted rates of *product charge* are contained in the *Charges Schedule*.

## HMRC

Her Majesty's Revenue and Customs.

## Income drawdown

A way of taking benefits from a pension *plan*. It allows you to take an income directly from the value of the pension *plan*, while the remaining value of the pension *plan* remains invested.

## Non-Vitality funds

A *fund* that is not a *Vitality fund*.

## Plan

Your VitalityInvest Retirement Plan with Healthy Fee Saver.

## Policy

The sole investment within the *plan*. It is a life insurance policy on the life of the member. The value of the *policy* is linked to one or more *funds*.

## Policy document

The document containing the terms and conditions of the *policy*.



**Policy year**

The first *policy year* will run from the date *your plan* starts until the next *policy* anniversary. For subsequent *policy years*, it will be the period between the annual *policy* anniversaries.

**Product charge**

This charge is for setting up and maintaining the *policy*.

**Qualifying recognised overseas pension scheme**

An overseas pension scheme that meets certain requirements set by *HMRC*.

**Scheme Administrator**

All registered pension schemes must have at least one Scheme Administrator, who is responsible for fulfilling certain functions including:

- Operating tax relief on contributions.
- Reporting certain events to *HMRC*.
- Making returns of information to *HMRC*.
- Providing information to scheme members and others regarding the Lifetime Allowance, benefits and transfers.
- Paying certain tax charges.

**Terms and Conditions**

The terms and conditions of *your* VitalityInvest Retirement Plan with Healthy Fee Saver.

**The scheme**

The VitalityInvest Flexible Retirement Plan pension scheme.

**Transfer payment**

A payment into a pension scheme that represents the value of a member's benefits held under another *UK registered pension scheme* or *qualifying recognised overseas pension scheme*.

**UK registered pension scheme**

A pension scheme registered in the UK under Part 4 of the Finance Act 2004.

**Unauthorised payment**

A payment from a *UK registered pension scheme* that is not an *authorised payment*. The making of an unauthorised payment may cause additional tax charges and sanctions to be incurred.

**Unit or units**

Notional *units* in a *Vitality fund* or *units* or shares held by VitalityInvest in a *non-Vitality fund*.

**Vitality funds**

An internal insurance *fund* operated by VitalityInvest.

**Vitality Programme**

The discounts and rewards available through Vitality Select provided with *your plan*, or through another version of the *Vitality Programme* offered through a VitalityLife or VitalityHealth plan. These are provided by Vitality Corporate Services Limited.

**Vitality status**

*Your* Vitality status is a measure of how much *you've* done to look after *your* health. There are four statuses: Bronze, Silver, Gold and Platinum. *We* work out *your* Vitality status using the activities *you've* recorded between each anniversary of *your* joining the *Vitality Programme*.

**You, your**

A member of *the scheme*.

**Us, we, our**

Vitality Life Limited



## **Find out more.**

**For more information please speak to your  
adviser or visit our website [vitality.co.uk](https://vitality.co.uk)**