Equitable Life

Mr A B Sample
Sample Company
1 Sample Road
Sample Town
Sample County
AB1 1AB

99999

Walton Street
Aylesbury
Bucks
HP21 7QW

Telephone: 0870 901 0052
Fax No: 01296 386 383
Website: equitable.co.uk

February 2006

Ref: PSP/FEB06/IAD A

Dear Mr Sample

IMPORTANT: RULE AMENDMENT REQUIRED BY 6 APRIL 2006

Policy Numbers: XXX9999999
Life assured: Mr Sample

We wrote to you in November 2005 to inform you of the new simplified pensions laws that will be introduced on 6 April 2006 and the effect these would have on your policy with us. These new laws will affect every type of pension arrangement in the UK.

Update on the new pension laws

Since we wrote to you in November 2005, there have been some aspects of the new pension laws that have been clarified by the government. The enclosed update entitled 'Important changes affecting your Equitable pension' provides a summary of the key points that have changed.

The booklet we sent to you in November 2005 contained a section entitled 'Special arrangements for large funds'. We suggested that if the member had a large fund, they may need to take some actions. A description of the areas that need to be considered was set out in our fact sheet available from either our website or on request. The government has clarified some aspects of these arrangements. If, therefore, you have already obtained a copy of this fact sheet or the member has a large pension fund and has yet to see the fact sheet, then you may wish to request the update which is now available.

Amending your scheme rules

Your arrangement with Equitable Life is governed by a set of rules. The trustees of the scheme need to ensure these rules are amended to meet the requirements of the new pension laws being introduced from 6 April 2006.

Continued overleaf...

We enclose an interim deed of amendment which will change your scheme rules to meet these new requirements. The trustees and employer should sign the deed where indicated and then keep this together with the documentation for your scheme.

If it is not possible for the trustees and employer to accept and sign this interim deed of amendment, then please let us know. If we do not hear from you, we will assume the deed has been signed.

We will produce a new set of rules for your scheme to replace your existing rules and this will incorporate all the changes taking place on 6 April 2006 into the one document. We currently plan to issue these new rules for acceptance by the trustees after the legislative and regulatory framework has been finalised.

Find out more

For trustees of pension schemes the changes the government has announced are extensive. Trustees must now have a good knowledge and understanding of their pension scheme. You can keep informed of the changes affecting trustees by signing up to the new email service being offered by the Pensions Regulator. They will send you any learning material that they develop. You can sign up to this email alert service via the following website address:

www.thepensionsregulator.gov.uk/trustees/signUp/index.aspx

In addition, you can find access to all the information that the Pensions Regulator has made available via the Pensions Regulator trustees homepage:

www.thepensionsregulator.gov.uk/trustees/index.aspx

If you wish to contact the Pensions Regulator, their contact details are as follows:

Phone:	0870 606 3636 (available 9.00am to 5.30pm, Monday to Friday)
Fax:	0870 241 1144
Email:	customersupport@thepensionsregulator.gov.uk
Address:	The Pensions Regulator Napier House Trafalgar Place Brighton BN1 4DW

To obtain further copies of the information we sent to you in November and the documents mentioned above, you can either visit our website www.equitable.co.uk or alternatively, please telephone us on 0870 901 0052 and request copies to be sent to you.

Yours sincerely

Dave Pearce
Head of Customer Service

Enclosures:
Interim deed of amendment
'Important changes affecting your Equitable pension' update

NOTES ON COMPLETION OF THIS INTERIM DEED OF AMENDMENT

The Trustees and the Employer should complete the Deed in black ink and BLOCK CAPITALS. Any mistakes should be corrected in ink (please do not use correction fluid) and initialled by all of the signatories to the Deed.

Pages 5 and 7

If the Employer is a partnership please complete page 7 instead of page 5. Otherwise, page 7 should be ignored.

Trustees' Signature Page – page 9

All of the Trustees are also required to sign the Deed.

The Employer will be the Trustee if a Deed has not previously been completed appointing additional or replacement trustees.

If the Scheme has appointed Trustees in addition to or replacing the Employer as Trustee each should sign next to the words 'Trustee' and his/her signature should be witnessed. The witness should sign under the Trustee's signature, next to the words 'in the presence of' and then the witness's name and address should be printed beneath his/her signature where indicated.

Schedule 1 – **page 11**

1. Please enter the policy number associated with the Scheme.
2. Please enter the name of the Employer sponsoring the Scheme.
3. Please enter the date on which the last signature is added to the Deed as the 'Date of this Deed'.

INTERIM DEED OF AMENDMENT

Individual Pension Plan

BACKGROUND

The Finance Act 2004, as amended (the 'Act') has changed the way in which pension benefits are paid and taxed. Contributions to and income from the Individual Pension Plan identified in Schedule 1 (the 'Scheme') are no longer subject to limits set by Her Majesty's Revenue and Customs ('HMRC'). However, tax relief on contributions is available only up to set allowances, and payments other than those permitted by the Act are subject to tax penalties. This new pensions regime is known as 'Pension Simplification' and takes effect on 6 April 2006.

The Employer and the Trustees of the Scheme consider that the rules of the Scheme should be clarified and amended in order to prevent payments that would attract tax penalties under the new legislation and allow payment of tax charges in accordance with the new law. The value of the benefits held in the Scheme is unaffected by these changes, and in most ways, the operation of the Scheme will remain the same.

For ease of reference, some of the terms used in Pension Simplification are explained in Schedule 2. A full set of Scheme rules will be adopted and issued after the legislative and regulatory framework has been finalised. The Employer and the Trustees reserve the right to clarify the manner in which the new Scheme rules resulting from Pension Simplification are applied.

OPERATING PROVISIONS

With effect from 6 April 2006 the rules of the Scheme shall include the following overriding provisions:

1. **CONCURRENCY OF MEMBERSHIP**

   The member may simultaneously accrue benefits in any other registered pension scheme.

2. **LIMITS**

   Contributions to and income from the Scheme are no longer limited by reference to salary and service.

3. **CONTRIBUTIONS**

   The Trustees will accept contributions without reference to limits related to salary. However, the availability of tax relief is limited under the Act and contributions may be governed by the terms of existing agreement between any of the employer, the member or the Trustees.

   The member is responsible for monitoring whether the aggregate of contributions paid into the Scheme and any other registered pension scheme to which he or she belongs exceeds the Annual Allowance, as defined in the Act. The Trustees will not monitor contributions to ensure that tax relief is available or that the Annual Allowance has not been exceeded.

   Contributions must cease before the member's 75th birthday.

4. Taking Benefits

(a) (i) If the member has left the employment to which the Scheme relates he or she may put the Total Retirement Benefit into payment at any time at or after the age of 50 (55 from 6 April 2010) or such earlier Normal Retirement Date to which the member had a right on 5 April 2006 under the Scheme rules in accordance with schedule 36 of the Act.

(ii) The member may put benefits into payment without leaving the employment to which the Scheme relates at any time after the Normal Retirement Date.

(iii) If the member remains in the employment to which the Scheme relates and wishes to put benefits into payment prior to Normal Retirement Date, but after age 50 (age 55 from 6 April 2010), he or she may do so subject to any financial adjustment imposed by the Society, by exercising the Open Market Option.

(b) The member must put the entire Total Retirement Benefit into payment prior to reaching age 75 and at one time.

(c) The Total Retirement Benefit will be used for one or more of the following: a pension, a lump sum, a pension death benefit or a lump sum death benefit in accordance with sections 165 - 168 of the Act. The member may exercise a right to transfer benefits or to take an Open Market Option.

5. Tax-Free Cash

The member may normally take up to 25% of his or her Total Retirement Benefit under the Scheme as a tax-free lump sum (called a pension commencement lump sum). A pension commencement lump sum can be taken from additional voluntary contributions held in the Scheme.

Under the Act, the Trustees cannot pay a pension commencement lump sum after the member reaches age 75.

6. Lifetime Allowance Charge

When benefits are put into payment, the Act requires that any excess over the member's Lifetime Allowance is subject to a Lifetime Allowance Charge. This charge is payable to HMRC. The Trustees will deduct this Lifetime Allowance Charge from any amount that exceeds the member's Lifetime Allowance at the time benefits are put into payment. The member may request that any excess over his or her Lifetime Allowance be paid as a lump sum and/or a pension.

7. Death Benefits Prior To Retirement

Where the Scheme provides a death benefit and the member dies prior to taking benefits from the Scheme, the Trustees may apply the Total Retirement Benefit to provide a lump sum (that is tax-free up to the amount of the member's unused Lifetime Allowance), or Dependants' pensions. The payment of any Lifetime Allowance Charge is the responsibility of the beneficiary.

If the Trustees do not instruct the Society regarding payment of benefits within two years of the member's death, the Society will pay the benefits to the member's legal personal representative.

Any life assurance purchased by the Trustees for the member's benefit will be paid separately in accordance with the terms of the contract.

8. Taking Cash When Pension Benefits Are Small

If the member is over age 60 but not yet 75, he or she may request that his or her Total Retirement Benefit be paid as a lump sum in accordance with paragraph 7 schedule 29 of the Act. The Trustees will arrange to pay the Total Retirement Benefit as a lump sum where the value of the Total Retirement Benefit, together with benefits from all other registered pension schemes to which the member belongs, in aggregate, are no more than 1% of the Standard Lifetime Allowance on a date nominated by the member in accordance with the Act. A financial adjustment may be imposed by the Society if the member remains in the employment to which the scheme relates and has not reached Normal Retirement Date.

The lump sum must be paid within twelve months of the first payment from a registered pension scheme to the member in accordance with paragraph 7 schedule 29 of the Act. Payment of this lump sum will extinguish a member's entitlement to benefits under the Scheme.

9. Ill Health Early Retirement

The member may take benefits prior to age 50 (age 55 from 6 April 2010) where:

(a) the Trustees are satisfied that the member is and will be incapable of carrying out his or her current occupation or any occupation of a similar nature for which he or she is trained or fitted because of physical or mental impairment, and

(b) the member has provided to the Trustees written evidence from a registered medical practitioner that he or she is and will be incapable of carrying out his or her current occupation because of a physical or mental impairment.

10. Lump Sum On Grounds Of Serious Ill Health

The Trustees may pay the Total Retirement Benefit as a lump sum where:

(a) the member has provided written evidence from a registered medical practitioner confirming that the member is expected to live for less than one year, and

(b) they are satisfied that the requirements of the Act have been met.

The payment of a lump sum on grounds of serious ill health will extinguish the member's entitlement to benefits under the Scheme.

11. Failure To Draw Benefits By Age 75

If the member has not put benefits into payment by his or her 75th birthday, the Trustees will:

(a) assess the benefits for payment of the Lifetime Allowance Charge,

(b) pay any Lifetime Allowance Charge that is or may be due, to HMRC, and

(c) use the remaining Total Retirement Benefit to provide a pension for the member.

Under the Act, a pension commencement lump sum may not be paid on or after the member's 75th birthday.

12. **Information**

The member is responsible for maintaining records relevant to the proportion of his or her Lifetime Allowance that is available. Before paying any benefit, the Trustees may request documentation from the member in order to determine eligibility for benefits and the appropriate tax charge. It is the member's responsibility to supply such information when it is requested.

13. **Tax Charges**

The Trustees will deduct any tax charge for which the Trustees or the member are liable from any payment before making that payment.

14. **Transitional Protection**

Where the member is entitled to transitional protection under schedule 36 of the Act, the Trustees will pay benefits in accordance with the relevant provisions of that schedule.

15. **Unauthorised Payments**

For the avoidance of doubt, the Scheme rules as amended by this Deed do not confer a right to an unauthorised payment as defined in section 160 of the Act on any party.

16. **Civil Partnership**

A Civil Partner, a surviving Civil Partner or an ex-Civil Partner shall have the same rights under the Scheme as a spouse, a widow or widower, or an ex-spouse respectively.

EXECUTED AS A DEED on the Date of this Deed specified in Schedule 1

For and on behalf of the Employer

Director's Name: Director's Signature:
Secretary's Name: Secretary's Signature:

EXECUTED AS A DEED on the Date of this Deed specified in Schedule 1

For and on behalf of the Partners acting as the Employer

Name: Signature:
In the presence of Name: Signature: Address: Occupation:

TRUSTEES' SIGNATURE PAGE

EXECUTED AS A DEED by the Trustees

Director's Name: Director's Signature:
Secretary's Name: Secretary's Signature:

Trustee Name: Trustee Signature:
In the presence of Name: Signature: Address:

Trustee Name: Trustee Signature:
In the presence of Name: Signature: Address:

Trustee Name:

Trustee Signature:

In the presence of

Name:

Signature:

Address:

Trustee Name:

Trustee Signature:

In the presence of

Name:

Signature:

Address:

Trustee Name:

Trustee Signature:

In the presence of

Name:

Signature:

Address:

SCHEDULE 1

Scheme:	The Individual Pension Plan identified by the Policy Number
Policy Number:	
Employer:	
Date of this Deed:	

SCHEDULE 2
GLOSSARY OF TERMS

Annual Allowance – The Annual Allowance defined in the Act, section 228, and announced from time to time by HMRC. The Annual Allowance for 2006 – 2007 is £215,000.

Civil Partner – A Civil Partner of the member as defined in Section 1 of the Civil Partnership Act 2004.

Dependant – A dependant as defined in the Act, schedule 28, paragraph 15. A dependant will include: the member's spouse or Civil Partner; a child under the age of 23; or persons whom the scheme administrator considers financially dependent, or mutually financially dependent or dependent due to physical or mental impairment.

Lifetime Allowance – The Lifetime Allowance described in section 218 of the Act. The Standard Lifetime Allowance is announced annually by the Treasury. The Standard Lifetime Allowance for 2006 – 2007 is £1.5 million.

In some circumstances, for example where the member has applied for transitional protection, his or her Lifetime Allowance may be lower or higher than the Standard Lifetime Allowance. In those circumstances, the Lifetime Allowance Charge will be due when his or her personal Lifetime Allowance is reached

Lifetime Allowance Charge – The Lifetime Allowance Charge as defined in section 214 of the Act. Pension benefits put into payment that, together with all other pension benefits already in payment, exceed the member's Lifetime Allowance are subject to a Lifetime Allowance Charge of 55% where those benefits are paid as a lump sum and 25% when paid as pension income (which is also subject to income tax as received).

Normal Retirement Date – For the purposes of this Interim Deed, references to 'Normal Retirement Date' are to the Normal Retirement Date in place for the member at 1 January 2006 or when he or she first joined the Scheme if later.

Open Market Option – The right to apply the proceeds of the policy to buy an immediately payable pension product from an insurer other than the Society.

The Society – The Equitable Life Assurance Society.

Total Retirement Benefit – The Total Retirement Benefit referred to in the Scheme policy. Where it is not defined, the Total Retirement Benefit consists of the total benefits secured under the With-Profits Segment and the Unit-Linked Segment under the Scheme Policy or, in all cases, the total fund available for purchase of immediate benefits for the member when the member is eligible for immediate benefits.

Important changes affecting your Equitable pension

Update February 2006

We sent you a booklet in November 2005 detailing how the new pensions laws being introduced from 6 April 2006 will affect your Equitable pension scheme. Set out below is a summary of the key points that have been clarified by Her Majesty's Revenue and Customs (HMRC) since then.

Online reporting to HMRC

HMRC have put back the date for the requirement for all forms to be submitted to them electronically. It is expected that this will not become mandatory until later in the year.

Before any information can be submitted online, the pension scheme trustees will need to register as the scheme administrators with HMRC. To do this, you will need to complete the online HMRC registration form and details of what to do can be found at the following website address:
www.hmrc.gov.uk/manuals/rpsmmanual/RPSM02306100.htm

When completing the form, HMRC will ask for details of your scheme's practitioner. Equitable Life should not be registered as the scheme practitioner since this is not a service provided by Equitable Life.

Further details about the online reporting requirements are available from the following website address:
www.hmrc.gov.uk/pensionschemes/online.htm

In the meantime, scheme administrators will only be able to submit returns in paper form.

Events that the employer is required to report to the Pensions Regulator

The employer is responsible for reporting notifiable events to the Pensions Regulator. Examples of the types of events an employer should report include the following:

- a decision to cease carrying on business;
- insolvency;
- breaches of covenants with lenders;
- change in credit rating;
- convictions for dishonesty;
- any decision by the employer to take action which will, or is intended to, result in a debt which is or may become due to the scheme not being paid in full;
- any breaches of the law in relation to the administration of the scheme that are likely to be material.

You can get information about the notifiable events and a booklet (Guidance from the Pensions Regulator) explaining what you need to do from the following website address:
www.thepensionsregulator.gov.uk/codesandguidance/codes/inforce/index.aspx

The requirements for the employer are in addition to the trustees' responsibilities in this area.

Trustees and employers can, if they wish, record all notifiable events using the online software provided free of charge on the HMRC website.

Information to members

When a member puts benefits into payment on or after 6 April 2006, the scheme administrator must provide that member with at least one statement per year showing the percentage of the lifetime allowance that they have utilised since 6 April 2006 in relation to this scheme. If the pension is paid direct to the member by Equitable Life, we will provide this statement direct to the member.

continued overleaf

Retention of documentation for 6 years

Scheme administrators must retain all financial documentation for 6 full tax years after the end of the tax year to which the documentation relates.

In addition, any request by HMRC to produce source documentation for an event occurring within the last 7 tax years may be made to members, trustees, employers and scheme administrators alike. Such requests must be met within 30 days.

Transitional arrangements

The points below should be read in conjunction with section 3 entitled 'Transitional arrangements' of the booklet that we sent to you in November 2005.

a) Death benefits where an individual has been granted either enhanced or primary protection

i) Where enhanced protection applies

If an individual is paying for death in service benefits and the individual continues to contribute after 6 April 2006 then enhanced protection will normally be lost.

Enhanced protection can, however, remain intact for members of occupational pension schemes where the premiums for life assurance are paid by the employer and not attributable to the member. The potential value of death in service or other life assurance benefits are not counted in the value of benefits accrued before 6 April 2006 subject to enhanced protection.

Life assurance death benefits, when they are paid from a scheme, can cause enhanced protection to be lost.

ii) Where primary protection applies

As with enhanced protection, the potential value of death in service benefits are not counted in the value of benefits accrued before 6 April 2006 and subject to primary protection. Consequently, where a death or life assurance benefit is paid, it may cause the total amount payable to exceed the individual's Lifetime Allowance. Any excess over the individual's Lifetime Allowance will be subject to a Lifetime Allowance Charge.

b) Requirement to inform HMRC if enhanced protection is lost

If action is taken that causes enhanced protection to be lost, for example, a pension contribution is paid on or after 6 April 2006 (other than some types of payment such as National Insurance rebates if a member is contracted-out of the State Second Pension), then HMRC must be informed within 90 days of the event occurring. It is the individual's responsibility to report this.

c) Applying for protection

HMRC have confirmed that the forms for applying for enhanced and/or primary protection will be available from early March 2006, although completed forms cannot be submitted to HMRC before 6 April 2006.

As there are various factors to consider before registering for enhanced protection and/or primary protection, we suggest that anyone who is considering these options should speak to an independent financial adviser before making any decision. There may be a charge for any advice given.