



Open Annuity Policy Charges

The charges detailed below will be deducted from the fund held in relation to the annuitant on the relevant due dates.

- 1 **An Initial Charge** due on the date of commencement of the Policy calculated as the sum of (i), (ii), (iii), (iv) and (v) below but subject to a minimum of 2.5% of £250,000
 - (i) 2.5% of the Annuity Consideration up to a maximum of £1,000,000
 - (ii) 1.75% of the excess, if any, of the Annuity Consideration over £1,000,000 up to a maximum of £2,500,000
 - (iii) 1.25% of the excess, if any, of the Annuity Consideration over £2,500,000 up to a maximum of £5,000,000
 - (iv) 1.15% of the excess, if any, of the Annuity Consideration over £5,000,000 up to a maximum of £10,000,000
 - (v) 1.10% of the excess, if any, of the Annuity Consideration over £10,000,000

- 2 (a) **An Annual Charge** due on the Commencement Date of the Policy and on each subsequent anniversary calculated as the sum of (i), (ii), (iii), (iv) and (v) below. The amount due on the Commencement Date will be based upon either the Annuity Consideration or, if greater, £250,000, and the amount due annually thereafter being based upon either the value of the Specified Account at the relevant date or, if greater, £150,000
 - (i) 1% of the relevant amount up to a maximum of £1,000,000
 - (ii) 0.75% of the excess, if any, of the relevant amount over £1,000,000 up to a maximum of £2,500,000
 - (iii) 0.65% of the excess, if any, of the relevant amount over £2,500,000 up to a maximum of £5,000,000
 - (iv) 0.60% of the excess, if any, of the relevant amount over £5,000,000 up to a maximum of £10,000,000
 - (v) 0.55% of the excess, if any, of the Annuity Consideration over £10,000,000
 - (b) Cash movements other than for annuity payments and settlement of charges: £30
 - (c) Income payments:
Annually – no extra charge
Regular payments other than annually - £25 per payment due annually in advance
Additional one-off payments - £30 per payment
 - (d) All charges made by HSBC and/or any other bank from time to time holding funds attributable to the Specified Account and similarly all charges made by custodians and investment managers
 - (e) Recalculation of Minimum and Maximum Amounts:
In response to a request from the Annuitant - £175
Otherwise – no extra charge
 - (f) If the Annuity converted to a fixed or indexed rate and an annuity is purchased from another authorised insurance company as provided in Clause 6.2 a charge will be made of £250 in addition to the Annual Charges due up to that date but no further charges of any kind will apply thereafter.

All charges shown under (b) to (f) above will be increased in proportion to the increase, if any, in the UK index of National Average Earnings for the previous 12 months on 1.1.2012 and annually thereafter. The Company further reserves the right to vary the charges or to introduce additional charges if significant additional work should become necessary in order to comply with any regulatory or other requirements or circumstances arising that have consequences for the administration of the Contract.