



# Pension Terms & Conditions

Version 2023.1 (effective from the 26th of July 2023)

## Wealthify Pension Terms

Set out below are important summary points of the Wealthify Pension. These summary points are for your reference only and you should read all the documents before you proceed.

- a. This document defines the Wealthify Pension and your relationship with us and our pension custodian, Embark. It should be read in full and in conjunction with the Wealthify Customer Agreement.
- b. We do not provide financial advice. This means that we do not recommend an investment type or investment style for you and you are responsible for making these decisions.
- c. Offering you a Wealthify Pension is at our discretion and all customers are subject to a suitability assessment of your investment style at onboarding and periodic reassessment thereafter.
- d. All customers will be subject to anti-money laundering checks at onboarding and periodic reassessment thereafter. These checks will include proof of identity and address via bank details provided to us and other electronic means.
- e. Wealthify Limited is authorised and regulated by the Financial Conduct Authority.

**Risk Warning: Please remember that the value of your investments can go down as well as up and you could get back less than you invested. The tax treatment of your investment will depend on your individual circumstances and may change in the future. If you're unsure whether investing is right for you, please seek financial advice.**

Please download this agreement and read through it. If you have any questions at all, please get in touch by phone, live chat or send us a secure Wealthify Message.

Best wishes,  
Team Wealthify

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## 1. IMPORTANT INFORMATION

- 1.1 These Wealthify Pension Terms and Conditions (“Wealthify Pension Terms”) must be read in conjunction with the Wealthify Customer Agreement.
- 1.2 The Wealthify Pension Terms become legally binding on you and us when we confirm that we have accepted an application by you to open a Wealthify Pension. We confirm this to you when we send you the Confirmation Schedule.

## 2. ROLES AND RESPONSIBILITIES

- 2.1 The Wealthify Pension is a Service offered by Wealthify and operated by Embark. Embark is regulated by the FCA and has the necessary permissions to provide platform and personal pension services. All money invested in your Wealthify Pension will be held by Embark in accordance with the FCA CASS Client Money Rules.
- 2.2 The Wealthify Pension is operated by Embark and is registered under Chapter 2 of Part 4 of the Finance Act 2004. It has been established and is governed by a trust deed and rules which may be amended from time to time (“The Scheme Rules”). A copy of the Scheme Rules is available from us on request.
- 2.3 You will be bound by both these Wealthify Pension Terms and the Scheme Rules. Where there is any conflict between the Wealthify Pension Terms and the Scheme Rules, the Scheme Rules shall prevail.
- 2.4 Embark is the Scheme Administrator and is responsible for the day-to-day running of the scheme. This includes ensuring contributions paid to the Scheme and benefits paid by the Scheme follow these Terms and Conditions, the Scheme Rules, and any relevant pension or tax legislation.
- 2.5 Embark Trustees Limited (ETL) is the trustee of the Scheme. It has delegated the role of holding Client Cash and Assets to Embark to hold pursuant to the FCA Client Money Rules.
- 2.6 Embark will:
  - operate your Wealthify Pension in line with the Wealthify Pension Terms, the FCA Rules and any other Applicable Laws;
  - use due care and diligence in operating your Wealthify Pension;
  - act reasonably, proportionately and fairly, in line with the FCA Rules or any other Applicable Laws when we use our discretion, make a decision, or require information, in accordance with these Terms and Conditions;
  - act on an execution-only basis, meaning Embark will not give any financial, legal, tax or similar advice relating to your Wealthify Pension or any Instruction or Trade Instruction in respect of an Investment that is made;
  - act on complete Instructions or Trade Instructions received from Wealthify acting on your behalf;
  - remit remuneration for services which you have agreed with us may be deducted from your Wealthify Pension;
  - where applicable, collect regular contributions from your nominated bank account on the collection date selected by you ;
  - transmit Trade Instructions to buy and sell Assets to the appropriate Fund Manager, or our Stockbroker Partner (see Section 7), in line with our Order Execution Policy (see Appendix A);
  - hold your Assets and Cash in line with the FCA CASS 6 Client Assets and CASS 7 Client Money Rules; and
  - make a statement available to you on how the Investments in your Account are performing every three months from the start date of the first Wealthify Pension that is opened with us, together with any other information regulators require us to send to you from time to time.
  - Invest your pension into applicable pathway funds when you enter a drawdown period.
- 2.7 From time to time, Embark may delegate some of their functions to Trusted Third Parties.

2.8 Embark will not:

- be responsible for the performance of any Assets you invest into;
- be responsible for the acts and omissions of any Fund Manager, its Banking Partner, its Stockbroker Partner, or Trusted Third Parties except if they arise as a result of Embark negligence or wilful default in line with clause 14 of the Wealthify Customer Agreement;
- be responsible for the unavailability of access to a Wealthify Pension during core operational hours due to interruptions that are not planned, or outside the core operational hours for any interruptions whatsoever;
- be responsible for a delay in the buying and selling of Assets caused by the unavailability of its Stockbroker Partner's computer systems; or
- be responsible for events beyond its reasonable control in line with clause 15 of the Wealthify Customer Agreement.

2.9 For the avoidance of doubt, Embark will not be responsible for Quote and Deal basis trades which are submitted and fail due to your error, or a Trusted Third Party error at any stage of the process, or due to unforeseen systems delays or market occurrences that may occur, and which are beyond Embark's reasonable control.

2.10 The role and responsibilities of Wealthify are described in the Wealthify Terms and Conditions.

### 3. ELIGIBILITY

3.1 To be eligible to open a Wealthify Pension you must be:

- at least 18 years old; and
- resident in the UK for tax purposes.

3.2 If, after opening an Account your eligibility status changes, it is your responsibility to tell us immediately, as you may no longer be eligible to contribute or keep the Account open.

### 4. CANCELLATION RIGHTS

4.1 When you open a Wealthify Pension by either a regular, one-off contribution or a Cash Transfer, we will send you a Confirmation Schedule which will include details of "Your right to cancel".

4.2 You will have a 30-day cancellation period that will start from the date you receive the Confirmation Schedule in your Document Library. If you exercise your right to cancel an Account during the 30-day cancellation period, what you get back will depend on the type of contributions we receive, as described below.

4.3 In the event you cancel, we will return the contribution collected subject to any variation in the market values of the Assets purchased, and less our Charges, that we have deducted prior to processing your cancellation request.

4.4 Contributions are returned to the bank or building society account they came from.

4.5 You can exercise your right to cancel by telephoning us on the number provided or making the request in writing or via email. This should be from the registered email address we will have for you on our records. This request should include:

- your name;
- your Wealthify Pension reference; and
- the date at the top of your Confirmation Schedule that refers to the application you want to cancel.

- 4.6 We may perform an Identity Verification Check as part of the cancellation process.
- 4.7 On receipt of a valid Instruction to cancel we will process the Instruction, selling any Assets already purchased with your contributions or Cash Transfer. The Instruction will be transmitted in line with our Order Execution Policy (see Appendix A). We will not return any cancelled contributions until the money has cleared.
- 4.8 The first time you take Drawdown Pension as part of benefits (see Section 18) from your Wealthify Pension you will be able to cancel the Drawdown Pension within 30 days. Cancellation rights only apply to the first time you utilise Drawdown Pension in your Wealthify Pension. Any additional Assets you move into your Drawdown Pension will not have these cancellation rights.
- 4.9 Where you exercise your cancellation rights in respect of Drawdown Pension, and you have received any payments from us as a result, you must return these payments to us in full. If you fail to return these payments, they will be treated as Unauthorised Payments and become taxable.

## 5. CONTRIBUTIONS INTO YOUR ACCOUNT

- 5.1 Subject to any restrictions detailed in Section 17, contributions to your Wealthify Pension can be made through regular contributions by Direct Debit or by one-off contributions including transfers by bank transfer or debit card.
- 5.2 You can make regular monthly contributions from a bank or building society account that we have verified as suitable from a fraud prevention viewpoint. You can start and stop regular contributions at any time. We only accept Direct Debits that have a valid signature from the bank or building society account holder.
- 5.3 The collection date for contributions must be a date from the 1st to 28th of the month.
- 5.4 We reserve the right to refuse any contribution at our discretion.
- 5.5 We will process Direct Debit Instructions as soon as reasonably practicable after we receive them. Where an Instruction is received by us within 10 days of an intended collection date, the collection will not happen until the following scheduled collection date. If a collection date is not a Business Day, we will collect it on the next Business Day.
- 5.6 On identifying a contribution for a Wealthify Pension and receipt of all required information, we will match the contribution with the associated Instructions or Trade Instructions. Once it is Available Cash, we will process Trade Instructions to buy the Assets specified as soon as reasonably practicable, and (where applicable) in line with our Order Execution Policy (see Appendix A).
- 5.7 If we are unable to match the contribution with a Wealthify Pension, we will return the contribution as soon as practicable to the bank or building society from which the payment came.
- 5.8 We will also return contributions in the event that:
- we receive a contribution before your Wealthify Pension has been created; or
  - the value of the payment received differs significantly from the amount you advised us we would receive.
- 5.9 Where we buy Assets on your behalf and the Direct Debit, bank transfer to debit card payment is not honoured, we will sell any assets we have bought on your behalf in expectation of that payment.

- 5.10 You will be responsible for any losses we incur from any transactions that result from any payment that is not honoured, up to the value of your Account. We will do this by deducting it from Available Cash and, if there is insufficient Available Cash, by selling Assets in line with our Disinvestment Strategy.

## 6. ASSETS AND CASH

- 6.1 A detailed description of the types of Assets available is provided below.

Mutual Funds are regulated collective investment schemes and include:

- unit trusts;
- open-ended investment companies (OEICs);
- sociétés d'investissement à capital variable (SICAVs);
- any other permissible collective investment Scheme we make available to you through your Account.

Exchange-Traded Instruments (ETIs) are listed securities available to us through our Stockbroker Partner, including:

- UK equities (company shares) listed on UK exchanges;
- UK Exchange-traded funds (ETFs);
- UK gilts (government bonds) and UK corporate bonds;
- UK investment trusts.

- 6.2 The performance of your Wealthify Pension generally reflects whether the value of your Assets has risen or fallen in the market. As such, neither Embark or ourselves are responsible for any loss in the value of your Assets unless it is caused by our negligence, fraud or wilful default in line with clause 14 of the Wealthify Customer Agreement.
- 6.3 The price which we will use for the valuation of Assets in your Wealthify Pension will be on a mid-price basis.
- 6.4 Within the Wealthify Pension Embark offers the ability to hold Cash. Embark does this by providing access to a bank account operated by one of its Banking Partners. This bank account is not unique to you but holds amounts of money for all Wealthify Pension holders centrally in accordance with FCA Rules.
- 6.5 Embark's Banking Partners pay a variable rate of interest of Cash held with them and they have discretion to change the rate without notice.
- 6.6 Embark may retain a proportion of the interest they receive and pass the rest on to you less, where applicable, tax charges and/or any other deductions we are required to make by HM Revenue & Customs (HMRC).
- 6.7 Where interest is being earned, it is accrued daily by the platform based on the rate that we define and calculated against the clients' cash holdings that day. On the first of each month, the total of these accruals for all days in the prior month is applied to the clients account on platform, increasing their cash balance. The corresponding cash balance is paid into the client bank account on the same day.
- 6.8 For more information on Embark's Banking Partners and any interest currently being paid please go to [embarkplatform.co.uk/banking\\_and\\_interest\\_rates](https://embarkplatform.co.uk/banking_and_interest_rates).
- 6.9 Money that is held in your Account is treated as either Available Cash or Committed Cash.

- 6.10 Available Cash is any Cash that is not currently invested in Assets or identified as Committed Cash. The Available Cash may be used to invest in Assets, pay Charges or fund withdrawals. Available Cash is sourced from contributions made, the sale of Assets, investment income or interest received.
- 6.11 Committed Cash is any Cash that a) has been ring-fenced to pay any fees, to complete an Instruction or Trade Instruction that has not reached the contractual settlement date, b) is required to complete a Voluntary Corporate Action, c) is from a payment source that has not cleared, for example a cheque. It cannot be used to invest in Assets, pay Charges or fund withdrawals.
- 6.12 It is up to you to ensure that you maintain enough Available Cash in your Account(s) at all times to ensure that Charges can be met on the date they fall due. If there is a lack of Available Cash to pay Charges, we will apply our automatic Disinvestment Strategy to make up any outstanding balance.
- 6.13 Any Cash held in an Account may be eligible for interest payments. Embark may retain a proportion of the interest received from their Banking Partners to cover the costs of administration and therefore the rate of interest which is applied to your Account will be determined by Embark. This treatment of interest by Embark is detailed in the Key Features and in the Charges Information Document. Embark reserve the right to change the rate of interest paid to you at any time.
- 6.14 If the overall interest received is less than 0% (a negative interest rate) Embark will pass the cost of depositing your cash holdings on to you.
- 6.15 Cash held in your Account is protected up to prescribed limits by the FSCS. You can find out more about this in clause 21 of the Wealthify Customer Agreement.

## 7. INVESTMENTS

- If you have not taken a pathways fund, then 7a applies only
- If you have taken an investment pathways fund to start, or have started, to take an income, then 7b applies only

### 7a

- 7a.1 We will choose the Assets in which to invest your contributions from the Investments available, in line with your selected investment style. More than one investment style can be held in your Account.
- 7a.2 Investment styles provided may contain both Mutual Funds and ETIs.
- 7a.3 Contributions are allocated to the Assets held in the investment style in accordance with how we manage the particular model. We will be able to tell you how your contributions in an investment style will be allocated.
- 7a.4 Each investment style will have a specific objective defined by us and will follow an investment strategy. It is our responsibility to ensure that the investment style continues to meet its objective. We will therefore from time to time buy and sell Assets held within the investment style to make sure that it stays true to this objective. This is also called re-balancing.

- 7a.5 Although the overall value of your Model Portfolio will not be significantly affected, you acknowledge that because ETIs within a Model Portfolio are purchased by the Platform on a pooled basis, unless fractional dealing for the particular ETI is available, after the Trade Instruction is executed you may hold a small positive Cash balance or a small negative Cash balance within the Model Portfolio to account for the fact that the total value of the Cash used to execute the pooled Trade Instruction was not enough to purchase a whole number of shares in an ETI. In the event the value of the ETIs in your Model Portfolio is greater than the value of the Cash used to purchase them, your Model Portfolio will contain a negative cash amount to ensure your Model Portfolio is valued correctly. In the event the value of the ETIs in your Model Portfolio is less than the value of the Cash used to purchase them, your Model Portfolio will contain a positive cash amount to ensure your Model Portfolio is valued correctly.
- 7a.6 Where our appointment as a Discretionary Investment Manager has ended, we will no longer provide Instructions and Trade Instructions with respect to your investment style. We will also stop any Charges relating to our discretionary investment manager services as soon as possible.
- 7a.7 If Embark is already in the process of paying an investment style charge prior to receiving notification, Embark will continue to make that payment. It will be your responsibility to agree with us if any refund is due.
- 7a.8 Your Wealthify Pension will retain the underlying Assets that comprise the investment style on the day the discretionary investment manager services are removed.
- 7a.9 Embark will monitor the total value of your investment style from the date your investment style commences and notify you via us in the event the total value of your investment style has dropped by 10%. Embark will do this by comparing the total value of your investment style as at the end of the previous three-month period with the total value of your investment style at the end of each Business Day during the then subsequent three-month period. In the event Embark determines a drop in total value equal to 10% has occurred a notification will be sent.

## **7b**

- 7b.1 Embark choose the Assets in which to invest in line with your selected investment pathway.
- 7b.2 The investment style provided may contain both Mutual Funds and ETIs.
- 7b.3 Contributions are allocated to the Assets in accordance with how Embark manage the particular model. We will be able to tell you how your contributions will be allocated.
- 7b.4 Each investment style will have a specific objective defined by Embark and will follow an investment strategy. It is Embarks responsibility to ensure that the investment style continues to meet its objective. Embark will therefore from time to time buy and sell Assets held within the investment style to make sure that it stays true to this objective. This is also called re-balancing.

- 7b.5 Although the overall value of your Model Portfolio will not be significantly affected, you acknowledge that because ETIs within a Model Portfolio are purchased by the Platform on a pooled basis, unless fractional dealing for the particular ETI is available, after the Trade Instruction is executed you may hold a small positive Cash balance or a small negative Cash balance within the Model Portfolio to account for the fact that the total value of the Cash used to execute the pooled Trade Instruction was not enough to purchase a whole number of shares in an ETI. In the event the value of the ETIs in your Model Portfolio is greater than the value of the Cash used to purchase them, your Model Portfolio will contain a negative cash amount to ensure your Model Portfolio is valued correctly. In the event the value of the ETIs in your Model Portfolio is less than the value of the Cash used to purchase them, your Model Portfolio will contain a positive cash amount to ensure your Model Portfolio is valued correctly.
- 7b.6 Once you have selected your drawdown pathway, Embark shall act as your investment manager and our appointment as a Discretionary Investment Manager will end, and we will no longer provide Instructions and Trade Instructions with respect to your Pension investment style. We shall, however, continue to act as your service provider.
- 7b.7 Embark will monitor the total value of your investment from the date your drawdown pathway commences and notify you via us in the event the total value of your investment Assets has dropped by 10%. Embark will do this by comparing the total value of your Assets as at the end of the previous three-month period with the total value of your Assets at the end of each Business Day during the then subsequent three-month period. In the event Embark determines a drop in total value equal to 10% has occurred a notification will be sent.

## 8. BUYING AND SELLING ASSETS

- 8.1 Assets will be bought or sold at the price given at the time the Instruction Trade is confirmed by either the Fund Manager or Stockbroker Partner. The timing of this confirmation will depend on when the Trade Instruction is received, when the contribution from you is received (if applicable), the type of Asset and the trading Terms applied by the Fund Manager or relevant stock exchange.
- 8.2 The Dealing Service for buying and selling ETIs listed on a stock exchange will be provided by Embark's Stockbroker Partner. Custody for the Dealing Service will be provided on an aggregated basis. In other words, Assets will be held together in the name of Embark's nominee company, Embark Investment Services Nominees Limited. Your Investment Instructions will not be individually designated.
- 8.3 Trade Instructions to buy and sell Assets will be completed online and transmitted by Embark to the relevant Fund Manager or our Stockbroker Partner.
- 8.4 For ETIs, Trade Instructions are executed in line with Embark's Order Execution Policy described in Appendix A.
- 8.5 Neither Embark, Wealthify, Embark's Stockbroker Partner, or Fund Managers will give you advice on the suitability of any Trade Instruction requested.
- 8.6 Trades will be executed on an "At Best" basis for Mutual Funds and ETIs.
- 8.7 In order to buy Assets Embark will need to match an appropriate Trade Instruction with other information we may request together with one or more of the following:
- an appropriate payment;
  - an appropriate Cash Transfer;
  - sufficient Available Cash;

- receipt of sufficient investment income from a Mutual Fund; or
  - in the case of a sale and purchase of an Asset, confirmation that a sell Trade Instruction has settled.
- 8.8 Once verified, Embark will pass the Trade Instruction to buy Assets to the appropriate Fund Managers or our Stockbroker Partner in line with Embark's Order Execution Policy. Once a Trade has been submitted (in other words the Instruction and the Cash are matched) on the Wealthify Platform the Trade cannot be cancelled ahead of market placement.
- 8.9 In order to sell Assets, Embark need an appropriate Trade Instruction and any other information as may be required by us. On receipt of this information, Embark will pass the Trade Instruction to sell Assets to the relevant Fund Manager or its Stockbroker Partner, in line with its Order Execution Policy.
- 8.10 It is possible in certain circumstances that Trade Instructions are not completed, for example if an Asset has been suspended or because of incomplete or ambiguous Trade Instructions or because of insufficient Cash.
- 8.11 Trade Instructions for ETIs will be aggregated at one of two fixed pooling points of either 10am or 3pm dependent upon when the rebalance is submitted and on Business Days only and then passed to our Stockbroker Partner.
- 8.12 For Mutual Funds, Trades will be passed from the Wealthify Platform to a Trusted Third Party execution partner who will aggregate orders into the same Mutual Fund and same order type at the same cut-off point before passing to the Fund Manager.
- 8.13 When Embark compares its records of Assets held in the aggregated pool by Embark Investment Services Nominees Limited and its sub Custodian nominee for one or more Clients with records of third parties it deals with, from time to time Embark identify shortfalls arising from unit rounding and unexpected differences in settlement timing. Typically, these shortfalls are resolved within a few days. Where this occurs, for the duration of such shortfalls Embark transfers its own money (to the value of the Assets affected, recalculated daily) into a Client money bank account which is subject to the FCA's Client Money Rules, so that Clients are not disadvantaged. Until any such settlement differences are resolved you will have a personal claim on this money. We do not guarantee that a Trade Instruction will be carried out at a specific time or at a specific price.
- 8.14 If necessary, Embark may delay processing a Trade Instruction due to circumstances beyond Embark's control. In these circumstances, Embark will normally process the Trade Instruction on the first Business Day after the end of the period of delay.
- 8.15 You agree that, any Trade Instruction provided to Embark to buy or sell an Asset, is also an instruction to Embark to process that Trade Instruction in the way we deem most efficient. Where we consider it necessary or where it is required by Embark's Stockbroker Partner or other third party's Terms of Business, you agree to Embark paying Available Cash to such a third party before Embark has received title to the Assets on your behalf.
- 8.16 Embark will take all reasonable steps to get the best possible results when buying and selling Assets for you. Full details of Embark's Order Execution Policy can be found on our website. To execute orders on your behalf, you consent to Embark's Order Execution Policy when you receive your Confirmation Schedule. Please note the Order Execution Policy may change at any time without notice, however we shall ensure an updated version is available on our website.

## 9. OWNERSHIP AND CUSTODY OF ASSETS

- 9.1 You will always be the beneficial owner of the Assets in your Wealthify Pension. Embark's custodial arrangements with respect to Assets held in Wealthify Pensions are detailed below.
- 9.2 All Assets in the Wealthify Pension are held as follows:
- For Mutual Funds: Legal title to all Mutual Funds are registered on our behalf in the name of Embark's sub Custodian nominee.
  - For ETIs: Legal title to all ETIs are registered in the name of Embark's nominee company, Embark Investment Services Nominee Limited through our CREST Account.
- 9.3 Embark Investment Services Nominees Limited is a wholly owned subsidiary company of the Embark Group. It is not authorised or regulated under the Financial Services and Markets Act 2000. Its only responsibility is to hold the legal title to Assets and does not carry on business in its own right. Embark accepts responsibility for its acts (and failure to act) to the same extent that Embark is legally responsible for its own acts and failure to act. Embark also accepts full responsibility for any obligations it may owe to you if it becomes insolvent. Embark will not be legally responsible for any act, insolvency or negligence by any third party custodian Embark does not control unless Embark has failed to take reasonable care in choosing, appointing or reviewing such third party custodian. However, Embark will use our reasonable endeavours to make available to you any rights that we may have against those third parties.
- 9.4 If your Assets are subject to the law of a jurisdiction other than that of an EEA state, those Assets may be subject to different settlement, legal, and regulatory requirements than those which apply within the UK or European Economic Area.

## 10. PROTECTING CASH

- 10.1 All Cash in the Wealthify Pension is held by Embark in accordance with the FCA Client Money Rules. Embark will always deposit your Cash with one or more banks which are authorised by the Prudential Regulatory Authority and regulated by the FCA and which are covered by the FSCS (see clause 21 of the Wealthify Customer Agreement for more details). Embark holds your Cash separately from its own money.
- 10.2 Neither ourselves or Embark will be legally responsible in the event of default of any Banking Partner that is holding your money in accordance with these Terms and Conditions. However, Embark will use its reasonable endeavours to make available to you any rights it may have against such banks.
- 10.3 On receipt of a Trade Instruction, Embark will be required to transfer your Cash to a Trusted Third Party or its Stockbroker Partner to execute the transaction, however both the Trusted Third Party and its Stockbroker Partner agree to hold your Cash in accordance with the FCA Client Money Rules or to have adequate measures in place as agreed with Embark to protect your Cash prior to and after the Trade Instruction has been executed.

## 11. EMBARK RIGHTS OVER YOUR ASSETS AND CASH

- 11.1 A Lien is a right which entitles Embark to keep any of your Assets or Cash while we wait for you to pay off any debt you owe to us or Embark. As well as any other rights we or Embark may be entitled to under any law, Embark will have a general Lien over all your Assets and Cash it holds or controls until you have paid off all your debts, liabilities and obligations owed to us or Embark under these Terms and Conditions.

- 11.2 If you owe us or Embark a debt, Embark may use any of your Assets or Cash that it holds or control to pay off or reduce that debt and/or to reimburse us and Embark for any costs we have incurred in recovering that debt.
- 11.3 In the unlikely event that Embark mistakenly adds any Assets or Cash to your Account, Embark may remove them from your Account. If you have withdrawn the Cash or sold the Asset and withdrawn the proceeds of sale, Embark will treat the Cash withdrawn as a debt and Embark may use any of your Cash or Assets it holds or control to pay off or reduce that debt.
- 11.4 Neither we nor Embark will not be liable for any tax Charges or other losses incurred by you or Embark as a result of Embark exercising our rights to sell your Assets and/or your Cash.
- 11.5 Any Assets or Cash held by an alternative nominee and/ or custodian appointed by Embark will be subject to a general Lien until you have paid off all of your debts, liabilities and obligations owed to both Embark and any relevant trusted third party.

## 12. POOLING RISK

- 12.1 Your Assets may be pooled with those of Embark's other Clients. This means:
- that in the event of Embark, or any of Embark's Custodians default or insolvency, if there is a shortfall which cannot be reconciled, there is a risk that you may have to share proportionately in that shortfall;
  - there is a risk that your options may be limited in respect of Corporate Actions; and you may receive Dividends or other distributions net of tax which has been paid or withheld at a less advantageous rate; and
  - your Trade Instruction may result in you receiving a fraction of a unit in an Asset or where your Trade Instruction has been aggregated with other Client Trade Instructions resulting in Embark receiving an indivisible Asset allocation or Cash amount meaning Embark cannot divide the relevant Asset allocation purchased or Cash received exactly pro rata between the Clients involved in the aggregated Trade Instruction. In such cases Embark apply a methodology based on the largest holding and timing of Trade Instructions to determinate how the Asset allocation is divided. Where this occurs, this may result in a fractional financial disadvantage to your participation in the Trade Instruction.
- 12.2 Where this results in a Cash rounding difference, or a fractional entitlement to part of a unit in an Asset, then Embark reserve the right to retain such Cash or the part of the unit in the Asset, or to gift them to a registered charity of their choice.
- 12.3 Embark hold your Cash in pooled client money bank accounts, held separately from their own money. On occasion, your cash may be held in a Transaction Account with a Trusted Third Party. Cash held may be placed in accounts with notice periods of, or on deposit for fixed terms of, up to 95 days. Placing your cash in notice or term deposit accounts does not in itself affect your ability to deal with or withdraw funds from your account. However, such amounts may not be immediately available for distribution in the event of our default or by one of the institutions with whom your money is held. Your Assets may be pooled with those of Embarks other Clients. This means that in the event of the Embark Platform, or any of its Sub Custodians default or insolvency, if there is a shortfall which cannot be reconciled, there is a risk that you may have to share proportionately in that shortfall.

## 13. PLATFORM CHARGES, INSTRUCTIONS AND CONTRACTUAL ENTITLEMENTS

- 13.1 Where disinvestment is needed to fund an ongoing charge to us or to enable Embark to proceed with an Instruction including Trade Instructions or exercise a contractual entitlement, Embark will disinvest from your Model Portfolio using the LVS strategy. LVS: means that the single 'least volatile' mutual fund investment will be sold. The least volatile investment will be identified by an external provider. If the 'least volatile' investment does not fully cover the outstanding charge, the next 'least volatile' investment will be subject to sale and so on and so on. A Model Portfolio will have a single aggregated volatility measure and will be assessed alongside any mutual funds held to determine what is sold. Where a Model Portfolio is targeted as part of a disinvestment strategy, the mutual holdings therein will be sold accordance with our withdrawal strategy which will be selling the 'current' percentage allocations, or the allocations set at the last rebalance allocation percentage.
- 13.2 In particular, in the event there is insufficient Available Cash as a result of a failed contribution upon which Embark relied when processing a Trade Instruction as described in section 4.9, or where there is insufficient Available Cash to complete an Instruction in respect of a Voluntary Corporate Action, Embark may utilise this Disinvestment Strategy to meet any shortfall it suffers as a result of processing the Trade Instruction or acting on the Voluntary Corporate Action Instruction.
- 13.3 If no Mutual Funds are available for disinvestment, the payment will fail, however you agree a debt is created by you secured by a Lien in Embark's favour over any Mutual Funds and ETIs in your Account or Model Portfolio until our Charges or costs described above are paid. You agree that Embark may deduct such amounts from any subsequent contributions you make to the Account and/or prior to Embark paying the proceeds of sale of such Mutual Funds or ETIs to you.

## 14. FRAUD AND MONEY LAUNDERING

- 14.1 Embark reserves the right to refuse the payment of a withdrawal where we or Embark suspect fraud or money laundering.

## 15. DECEASED CLIENTS

- 15.1 If we receive notification of your death, Embark will:
- stop any regular contributions into your Account;
  - stop any regular payments out from your Account;
  - continue to collect ongoing Platform Charges and investment Charges.
- 15.2 We will then proceed as detailed in Section 19.

## 16. ACCOUNT CLOSURE BY US

- 16.1 If we receive any residual payments relating to your Assets after the closure of your Accounts, Embark will attempt to pay these to you via your previously chosen payment method or pass them to your next provider in line with your Instructions if possible. If the payments within your final Accounts are £50 or less, Embark will keep them to cover processing expenses. Embark will take steps to ensure that we minimise these administration fees by, for example, postponing them until we are reasonably satisfied that Embark has received all sums it is likely to receive, bearing in mind any external factors such as applicable statutory time limits.

16.2 Where Embark are holding only Cash in your Accounts Embark may (in line with FCA regulations) remove that Cash from its Client money bank account if there has been no activity on your Accounts for six years. At that point we will contact you or write to you at your last known address for Instructions for paying your Cash. If we do not receive Instructions from you within 30 days of the date of our letter, Embark may remove your Cash from its Client money bank account and you will lose the associated protection of having your money segregated in such an Account. Any legal rights you have will not be affected by this action.

## 17. CONTRIBUTIONS INTO YOUR WEALTHIFY PENSION

17.1 If you are under the age of 75 and eligible to receive tax relief on personal contributions into your Wealthify Pension, the Government will pay an amount equal to the basic rate of tax to each contribution you make. This is known as Pension Relief at Source (PRAS). The tax relief you receive might be different depending on whether your main residence is England, Northern Ireland, Scotland or Wales.

17.2 We will automatically add the appropriate PRAS amount, to the amount you have contributed and transfer both into your Account. We will then claim the PRAS amount back from HMRC.

17.3 Any transfers or contributions made by your employer or contributions made on or after you reach age 75 will not receive PRAS.

17.4 There is a limit set by HMRC on the amount that can be contributed to your Account that benefits from tax relief. Your own contributions will only attract tax relief on an amount of £3,600 or 100% of your UK relevant earnings if greater. Where total contributions to all your registered pension schemes (including basic rate tax relief) exceed your annual allowance in a tax year, you will have to pay an annual allowance charge on the excess contributions.

17.5 Your annual allowance is also likely to be reduced if you are a high earner and subject to a tapered annual allowance. If you have flexibly accessed any of your pensions and triggered the Money Purchase annual allowance this will also limit the tax relief on your contributions. You can find out details about the annual allowance and Money Purchase Annual Allowance online at gov.uk.

17.6 The rate of the annual allowance charge is set at your marginal income tax rate.

17.7 It is your responsibility to ensure payments to your Wealthify Pension Account fall within any HMRC limits.

17.8 We will only accept transfers into a Wealthify Pension from UK registered pension schemes that are made in line with any regulatory requirements in place at the time the transfer is made.

## 18. TAKING YOUR BENEFITS

18.1 Benefits from your Wealthify Pension can usually only be taken on or after age 55. You may only take benefits earlier than this if you are in ill health or serious ill health.

18.2 Benefits from your Wealthify Pension can only be paid once we have received all required information from you in line with HMRC and any other pension regulation appropriate at that time.

- 18.3 Any benefits you take from your Wealthify Pension will be paid in UK sterling and into a UK registered bank account.
- 18.4 The UK Government has set a limit on the total amount of all pension funds you can accrue after which additional Charges are incurred. This is known as the Lifetime Allowance. It is your responsibility to ensure that you do not exceed these limits in this Account or across all the pension products you may have.
- 18.5 We will, in certain circumstances, check your Wealthify Pension against the Lifetime Allowance and advise you of the percentage used up. This includes when you:
- want to take an income or lump sum before age 75;
  - reach age 75;
  - want to move your Account holdings to a Qualifying Recognised Overseas Pension Scheme (QROPS) before age 75.
- 18.6 It is important that if or when we complete this test, you supply us with full and accurate information. If you do not provide full and accurate information and we are unable to report or pay the correct tax charge to HMRC, you will be responsible for any costs (including tax Charges and penalties) that we incur as a result. We may look to recover these costs from your Account. HMRC may also pursue you personally in respect of any unpaid Lifetime Allowance tax charge.
- 18.7 When you take out a Wealthify Pension, you will be asked to select a date on which you would like to receive the benefits. This is called your selected pension age. We will contact you at least 6 months prior to your selected pension age to let you know what options are available to you at that time.
- 18.8 At the time you reach an age where you are able to take benefits we can currently offer you one of the following options:
- 18.8.1 Investment Pathways
- Investment Pathways are designed to ensure that anyone with a Wealthify Pension that is available for drawdown has access to investments that meet a range of goals as defined by the financial services regulator.
- The Investment Pathways offers four goals:
- you have no plans to touch your money for the next five years
  - you plan to use the money to set up a guaranteed income (annuity) within the next five years
  - you plan to start taking money as a long-term income within the next five years
  - you plan to take out all your money within the next five years.
- If you select an Investment Pathways, Embark will place your Assets into an investment style aimed at meeting the goal of your chosen pathway.
- 18.8.2 Pension Commencement Lump Sum
- When you take your benefits from your Wealthify Pension, you can request some of the benefits be paid as a tax-free lump sum. This is known as the Pension Commencement Lump Sum. The Government has set a limit for the level of Cash that can normally be taken tax free, the current limit is 25% of your fund value. Payment will also be dependent on you having a sufficient unused Lifetime Allowance at the time you make the withdrawal.
- If you request to take a Pension Commencement Lump Sum, we will move Cash to Committed Cash before making a payment to your nominated bank account.
- You can only take a Pension Commencement Lump Sum at the same time that funds are put into Flexi-Access Drawdown as detailed in the Flexi-Access Drawdown section.
- 18.8.3 Uncrystallised Funds Pension Lump Sum
- When you reach age 55, you can access some or all of your retirement savings as a lump sum. This is known as an

Uncrystallised Funds Pension Lump Sum (UFPLS).

If you take an UFPLS, part will be a tax-free payment and the rest will be taxed as income. The amount you get tax-free will depend on how much Lifetime Allowance you have left but ordinarily this will be 25% of the withdrawal.

In the event that we do not have a record of your tax-code at the time of your request, any UFPLS that has to be taxed as income will be paid subject to an emergency tax code on a month one basis. This may result in either too much or too little tax being collected, which you should arrange to be rectified directly with HMRC.

Taking an UFPLS will also trigger the Money Purchase annual allowance, if you have not already triggered it, reducing the future amount you can contribute to your Wealthify Pension or any other money purchase pension scheme, without incurring a charge.

If you withdraw all your savings from your Account as an UFPLS, any outstanding Charges will be taken before the final amount is paid out.

#### 18.8.4 Flexi-Access Drawdown

You can choose to take an income directly from your Wealthify Pension. This is called Flexi-Access Drawdown (FAD). You do this by moving some or all of the money into drawdown within your Account. We will provide you with an illustration and once you tell us you are happy to proceed, you may instruct us to crystallise the benefits you have to set up FAD. You will then be able to start making withdrawals from the Wealthify Pension. You can also choose to take a Pension Commencement Lump Sum at the same time you start FAD.

There is no minimum amount you need to start receiving FAD although if you are looking to have a regular income, sufficient funds to meet ongoing payments will need to be crystallised. When you first take FAD from your Wealthify Pension, you will trigger the Money Purchase annual allowance if you have not already triggered it. This will reduce the future amount you can contribute to your Wealthify Pension.

You can continue to allocate money within your Account into FAD.

Each time we allocate money into Flexi-Access Drawdown (which is also known as Benefit Crystallisation) we will recalculate the Pension Commencement Lump Sum that is available. This will be based on the value of your Assets at the time of the Benefit Crystallisation event. Because of this, the amount available may be different to what we quoted in illustration.

You can take FAD income monthly, quarterly, half-yearly or yearly. You can also choose to take it as a series of one-off withdrawals on any date between the 1st and the 28th of the month inclusive. If your circumstances change in the future, you can change the amount of income or the frequency at which it is paid.

When a payment date falls on a non-Business Day, payment will be made on the next Business Day. All Drawdown Pension payments will be made into a nominated UK bank or building society account by BACS.

The limit to the amount of income that can be taken from your Account is the value of Available Cash which has been put into FAD.

18.9 In some instances, where the value of your Wealthify Pension is below a certain limit, you may be able to take the full value of your Account as a Cash lump sum. To do this your Wealthify Pension must meet the requirements of the Government's 'small pension fund' rules at that time. The lump sum will be paid 25% tax-free, with the remainder subject to income tax in line with HMRC requirements. You can find out more about the 'small pension fund' rules by visiting the gov.uk website.

18.10 If you take the value of your Wealthify Pension fund under the 'small pension fund' rules, this will not trigger your Money Purchase Annual Allowance.

- 18.11 We do not provide Annuities but you can take an 'Open Market Option' to purchase an Annuity with another provider.
- 18.11.1 You can choose to take only some or all your Wealthify Pension as an 'Open Market Option' to buy an Annuity. You will place Trade Instructions with us to sell the Assets in your Account in line with section 7.9 to create sufficient Available Cash to purchase the Annuity. Once we have the proceeds of sale in Available Cash, we will then forward the amount on to your chosen Annuity provider. If you have also chosen to take a Pension Commencement Lump Sum, we will calculate the lump sum due to you and then pay this to you at the same time we make the transfer.
- 18.12 If you only use part of the money in your Account to buy the chosen Annuity, including taking any tax-free Cash, the rest will continue to be invested in the existing Assets.

## 19. DECEASED CLIENTS

- 19.1 On your death the Investments in your Wealthify Pension will remain unchanged but will remain subject to market movement until we receive any required documentation from the beneficiaries (or their personal representatives) that allows us to distribute any proceeds.
- 19.2 We will take account of any beneficiaries you may have nominated when we decide who to pay the benefits to and how much each person will receive. Beneficiaries can be nominated by completing a Beneficiary Form which is available to you during the Wealthify Pension creation process or on your dashboard.
- 19.3 Your beneficiaries can choose to receive the benefits as one of the following options:
- as a Cash lump sum;
  - as a guaranteed yearly income by transferring the benefits to buy an Annuity from an Annuity provider; or
  - as a flexible income that they can increase or decrease by taking the benefits as FAD.
- 19.4 We will write to your beneficiaries setting out the options available to them. These benefits may be taxed but this will depend on your age at the time of your death. If you die before age 75, death benefits will normally be paid free of tax. However, if you die on or after your 75th birthday benefits will be subject to tax.
- 19.5 If you have any FAD in your Account and payments are made between the date of your death and the date we receive notification of it, these may need to be returned to us. In some circumstances there may be a delay in passing the benefits on to your beneficiaries due to the type of Asset that you are invested in, for example an Asset may be suspended from trading.

## 20. TRANSFERRING OUT OF YOUR WEALTHIFY PENSION

- 20.1 You can, on request, ask us to transfer some or all of the value of your Wealthify Pension, as either a Cash Transfer or re-registration of Assets, to another HMRC registered pension scheme or Qualifying Recognised Overseas Pension Scheme (QROPS) that is willing to accept the transfer. Where the transfer is to include any money currently being used for FAD, the entire Wealthify Pension must be transferred in full.

## 21. UNAUTHORISED PAYMENTS

- 21.1 Embark will not knowingly send you an Unauthorised Payment and so where a payment or other benefit results in a Scheme Sanction Charge, payment of the charge will be your responsibility and deducted from the Wealthify Pension. This will only change if the charge was a result of fraud, or negligence in the administration of your Wealthify Pension.
- 21.2 In the event you become aware that the amount of the payment, or the reason for payment made by us to you has been in error, you agree to immediately notify us of the erroneous payment, and to fully comply with the Instructions we provide you to enable the error to be rectified.
- 21.3 In the event we make you aware that the amount of a payment or the reason for a payment to you has been in error, you agree to immediately take all reasonable steps to fully comply with the Instructions we provide to enable the error to be rectified.

## 22. PENSION SPLITTING AND SHARING ORDER

- 22.1 On receipt of the appropriate official court order and other necessary documentation relating to either pension splitting or pension sharing, we will provide any information or follow any Instructions without question under Part IV of the Welfare Reform and Pensions Act 1999.
- 22.2 Embark reserve the right to recover reasonable administrative expenses from your Wealthify Pension for carrying out any such Pension splitting or pension sharing order, up to the maximum specified in Appendix 1 of the Wealthify Customer Agreement.

## 23. RIGHT TO DISPOSE OF INVESTMENTS

- 23.1 You acknowledge that ETL shall be entitled to dispose of any Investment held in your Wealthify Pension without consultation or the provision of prior notice to you, if in our reasonable opinion the continued retention of such Investment would not be consistent with both ours and ETL's fiduciary obligations to the Scheme to ensure the effective administration of investments.
- 23.2 You further acknowledge that should Embark and ETL dispose of any Investment held in your Wealthify Pension in accordance with this clause 23, neither ourselves or ETL shall be liable for any loss or cost incurred by you as a consequence of such a disposal.

## 24. CLOSING YOUR WEALTHIFY PENSION

- 24.1 Your Wealthify Pension will be closed by us when:
- the full value has been withdrawn and no future regular contributions are expected;
  - there is a material breach in the Terms and Conditions; or
  - the scheme is wound-up in line with the scheme rules.

## APPENDIX A: ORDER EXECUTION POLICY SUMMARY

This Order Execution Policy applies to all Trade Instructions Embark received from Wealthify and carry out on your behalf.

### Order Execution Considerations

Embark will use the price available as the primary measure for achieving best execution in respect of a Trade Instruction. Other factors include:

- our ability to Trade on the venue using automated execution technology;
- the nature of the stock and its liquidity;
- speed of completion;
- the likelihood of successfully carrying out your Instruction; and
- costs incurred to you from trading on the venue.

In deciding on how much importance Embark should attach to the factors mentioned above Embark also have to consider:

- the fact you are a retail customer for the purposes of the FCA Client categorisation rules;
- the size of the order, its impact on the market; and
- the characteristics of the Assets to which your Instruction relates.

Embark will use our own commercial experience and judgement in determining the relative importance of these factors, and in general, Embark will regard price as the most important of these factors for obtaining the best possible result. However, Embark recognise that there may from time to time be circumstances for some customers, particular instruments, or markets where other factors may be deemed to have higher priority.

### Choosing a Venue and Executing Orders

The factors Embark consider when deciding on the execution venue include:

- general prices available;
- depth of liquidity;
- conditions in the market;
- speed of carrying out Instructions;
- cost of carrying out Instructions;
- the credit worthiness of the counter parties on the venue or the central counterparty; and
- quality and cost of clearing and settlement.

Note: In some markets our choice of venue may be limited because of the nature of our Instruction.

### Venues for Particular Investments

Embark have set out below our current venues, which Embark most regularly use to carry out your Trade Instructions and which Embark believe provide the best prospects for getting you the best deal.

For Mutual Funds for example collective investment schemes (for example unit trusts or open-ended investment companies), Embark engage a Trusted Third Party provider who deals directly with the Fund Manager. For ETIs for example shares (with the exception of venture capital trusts) fixed income securities, and exchange Traded commodities (if they can be held on CREST/Euroclear) Embark will use a number of venues that Embark believe best allow us to meet our responsibilities under our Best Execution Policy.

Embark currently (but not exclusively) use Winterflood Securities Limited. When Embark carry out your Trade Instruction using Winterflood Securities Limited or another market maker, Embark buy or sell Investments from or to them, rather than using a regulated market or a multilateral trading system. Embark may also send your orders to a reputable Stockbroker Partner.

Finally, in choosing a venue Embark will also consider whether the ETIs can be held within CREST. If the Investment cannot be held in CREST, Embark will not proceed with the Trade Instruction.

### Monitoring and Reviewing the Policy

On an annual basis Embark will monitor the effectiveness of our order execution arrangements and the Order Execution Policy.

In the event Embark receive specific Trade Instructions to buy or sell investments in a particular way or at a particular price, then this order execution Policy does not apply to such Trade Instructions.

Embark will let you know about any significant changes to our execution arrangements or the Order Execution Policy.