

➔ key features of the
Investment Bond



This key features document gives you the main points about your Investment Bond. You should read it with your personal illustration, which gives details of the benefits you may receive in the future. Please read these carefully and keep them for future reference.

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Its aims

- To provide growth on your lump sum investment by investing in the range of funds available.
- To offer a range of funds, from low risk to high risk, to match most risk profiles.
- To offer a tax-efficient method of making withdrawals on a monthly, quarterly, half-yearly or yearly basis. One-off withdrawals are also available.

Your investment

- You can invest a cash sum of £5,000 or more.
- The Investment Bond should be viewed as a medium- to long-term investment.
- It has no fixed term.

Risk factors

- What you get back can't be guaranteed and depends on the performance of the fund, or funds, in which you've invested. Investment performance may go down as well as up.
- You may get back less than the amount illustrated if, for example:
 - investment growth is less than illustrated
 - withdrawals are greater than illustrated
 - our charges increase
 - we apply a smoothing reduction on withdrawal from any with-profits fund. The purpose of this adjustment is to ensure that investors receive a fair share if they leave a with-profits fund and to protect the interests of remaining investors. We provide further details about these funds in the with-profits summary.
- If you decide to cancel, and in the meantime the value of your investment has fallen, you may not receive back the full amount you paid in.
- Current legislation may change and this may affect the tax treatment of your bond.



Questions and answers

What is an Investment Bond?

It's a single contribution unit-linked investment bond.

The bond can be set up by up to four individuals or trustees of a trust.

By setting up the bond on multiple lives the bond can continue even after your death. We'll pay out life cover on the death of the last person covered, known as the last life assured.

How flexible is it?

You can add additional amounts of £500 or more to your investment at any time.

You've access to the wide range of funds on offer. You may split your investment between these funds at the start or switch into them at any time during the lifetime of your bond. You can invest in a maximum of 20 funds as long as at least £250 is invested in each fund.

The bond is issued as identical policies for flexibility and tax efficiency. The minimum number of policies is 1 and the maximum is 99.

You can make withdrawals from your bond at any time (providing you leave at least £250 in each fund you're investing in within the bond). You may cash in your bond at any time.

What might I get back?

The amount you get back is not guaranteed and will depend on several factors, such as:

- how much you invest
- the length of time you invest for
- the performance of the funds chosen
- for investments in any with-profits fund, if appropriate, any smoothing increase or smoothing reduction which we apply to your bond
- our charges and any withdrawal charges which may apply
- the amount of any withdrawals

Your personal illustration gives you an indication of what you could get back.

Can I take money out?

You may take money out at any time but this will lower the value of your bond. You can make regular withdrawals, one-off withdrawals or fully cash in your bond.

You can make regular withdrawals monthly, quarterly, half-yearly or yearly – either from the start of your investment or beginning at any point later. The minimum monthly withdrawal is £40. For all other regular withdrawals, the minimum is £100. Payment will be made direct to your bank account.

The minimum one-off withdrawal is £250. The maximum you can take out depends on the value of your bond at the time. You must leave at least £250 invested in your bond if you wish it to remain in force.

Where is my payment invested?

The amount we invest depends on the charging structure chosen, so we may invest the full amount or we may use part to cover charges. Please see your personal illustration for more details.

You may choose from a wide range of funds, including our own internal funds and a range of externally managed funds.

Details of the funds you've chosen are shown in your personal illustration. You should be aware that each fund has different aims. For details of all the funds available please refer to the life fund selection booklet, which is available from your financial adviser.

Within our unit-linked funds:

- each of our funds is made up of units
- we use your contributions to buy units in the funds you choose
- the price of one unit in each fund depends on the value of investments

We work out the value of your plan based on the total number of units you have in each fund. If the unit prices rise or fall, so will your plan value.

Our with-profits funds aim to smooth out the volatility normally associated with direct investment in financial markets. Our with-profits funds currently available do not offer bonuses. We change the unit prices daily to reflect smoothed investment returns. These are calculated using the actual growth on the assets in the fund and our expected growth rate for the fund.

The expected growth rate isn't guaranteed and can change. Smoothing won't be able to counteract the impact of a sustained decline in investment returns. We provide further details in the with-profits summary attached to your personal illustration. We may apply a smoothing increase or smoothing reduction on withdrawal from any with-profits fund.

You may switch between funds at any time. You are allowed 12 free switches a year. Subsequent switches cost 0.5% of the value of the units switched, subject to a minimum charge of £10.

What happens to the Investment Bond if I die?

If there are additional people covered, the bond can continue until the death of the last person covered.

If you're the last person covered, we'll pay out a cash sum of 101% of your current fund value on your death.

If the bond is set up under a trust, the payment will be made to the trustees.

What are the charges?

You incur expenses for the management and administration of the bond. These and any other charges are recovered by making deductions from the bond, and these are detailed in your personal illustration. We may vary these charges.

We may apply a charge if you make a withdrawal in the early years. If we do, we'll show this in your personal illustration.

What about tax?

The tax rates for the gains from your bond are 20% for basic rate taxpayers and 40% for higher rate taxpayers.

We pay income and capital gains tax on the funds you invest in. As a result of this:

- if you are a non-taxpayer or you pay income tax at the lower rate of 10%, you'll not have to pay tax on the gains from your bond; however, you can't reclaim the tax we have already paid
- if you pay basic rate income tax at 22%, you have no further tax to pay on the gains from your bond
- if you are a higher rate taxpayer, or if the gain divided by the number of years you have owned the bond takes you into the higher rate, you'll have to pay the difference between the lower and higher rates applicable to the bond, which is currently 20%

You may be liable for this additional tax if a chargeable gain arises on your investment. Generally this will occur when the bond is cashed in or when you have withdrawn more than the tax-deferred yearly allowance of 5% of the amount invested. If you do not use your full allowance one year, you can carry the remainder forward for use in following years.

When a chargeable gain arises, it will be included in your taxable income.

If you qualify for income tax age allowance, a chargeable gain may, in some circumstances, increase the tax you pay on your other income.

Also, a chargeable gain may affect your entitlement to children's tax credits and other means-tested tax credits and benefits.

If the bond is not set up under trust, it'll form part of your estate on death, and may be liable to inheritance tax.

If the bond is set up under a trust, whether or not it forms part of your estate, the amount liable to inheritance tax depends on the type of trust and when it's established.

This document is based on our understanding of current taxation law and Inland Revenue practice, which may change.

If you'd like more information on tax or trusts, please ask your financial adviser.

Can I change my mind?

After you've invested, you'll receive a notice telling you of your right to change your mind and how to cancel. You'll then have 30 days to cancel your investment. If you decide to cancel, we'll give you your money back. If, however, in the meantime the value of the underlying investment has fallen, you may not get back the full amount you paid in.

How will I know how my Investment Bond is doing?

We'll send you a yearly statement containing the current value of your bond.

To find out how our funds are performing you can check our prices daily in the Funds pages on our website at: www.scottishequitable.co.uk.

How to contact us

If you require further information, or an up-to-date valuation, on your Investment Bond, please contact us:



The Individual Contact Helpdesk
Scottish Equitable plc
Scottish Equitable House
Edinburgh Park
Edinburgh EH12 9SE



08456 10 00 10



0131 549 4220



enquiries@scoteq.co.uk

We may monitor calls to improve our service.

If you wish to make an additional investment, a one-off withdrawal, a fund switch or cash in your bond, please speak to your financial adviser.

Other information

How to complain

If you want to complain about any aspect of the service you have received, please contact us in the first instance.

A copy of our internal complaint handling procedures is available upon request. If your complaint is not dealt with to your satisfaction, you can then complain to:



The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London E14 9SR



0845 080 1800

Making a complaint should not stop you from taking legal action later on.

Terms and conditions

This key features document provides a summary only. You can find full details of your Investment Bond in the policy conditions booklet. Should there, at any point in the future, be any changes to the current terms and conditions of your Investment Bond, we'll notify you in writing.

Law

If, when the contract starts, you reside in the UK, then the applicable law is the law of that part of the UK where you reside. Otherwise Scots law will apply, unless you are a resident of the Channel Isles or the Isle of Man, in which case English law will apply. The applicable law does not change unless both you and Scottish Equitable agree.

Compensation

If this product was recommended to you by a financial adviser, you may have a legal right to compensation if it is established that the recommendation was unsuitable when it was made.

The Financial Services and Markets Act 2000 covers your plan.

Information on compensation arrangements is available from Scottish Equitable on request. Further information is available from the Financial Services Authority or the Financial Services Compensation Scheme.

For further details, please contact your financial adviser.



Tested for
Clarity Quality
Service

Scottish Equitable has been assessed as having attained
the standards under the Raising Standards Quality
Mark Scheme.



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