

Capital Investment Bond



Key Features



Scottish Life
a division of Royal London

KEY FEATURES OF THE CAPITAL INVESTMENT BOND

ITS AIMS

- To build up a fund that you can use when you need it, either in one go or over a period of time.
- To provide a cash sum upon your death.

YOUR COMMITMENT

- You agree to invest a lump sum at the start of the Bond.
- You may make additional investments at any time.
- If you cash in within six months of making an investment, a charge calculated as 2% of the bid value of units cancelled will be deducted from the value of your Bond.

RISK FACTORS

- The amount of the fund depends on investment performance and can go down as well as up.
- Our charges may turn out to be higher than expected.
- If the value of your investment falls within the 30 day cancellation period, a full refund of any single premium paid may not be provided if you cancel your plan.

YOUR QUESTIONS ANSWERED

May I make further investments?

- Yes. You may do this at any time subject to a minimum amount, currently of £1000. This amount may change in future.

How are my payments invested?

- After allowing for any charges, each payment will be invested in your choice of unit linked funds.
- You may switch your investments between funds. Currently, the first switch in any policy year is free of charge, thereafter there is a charge of £15 per switch.

How can I get my money back?

- You may cash in your Bond in whole or in part at any time by giving written instructions.
- Units allocated to your Bond will be cancelled accordingly. The price used will be the bid price established after we receive your request.
- If you cash in part of your Bond on demand this is subject to a minimum amount, currently £250.
- You may choose to receive regular payments from your Bond. Payments, subject to a current minimum of £50, may be made monthly, quarterly, termly, half-yearly or yearly.

What investment bonuses are there?

- A bonus reducing our charges is payable after 7 years and every 3 years thereafter.
- Each bonus is calculated as 1% of the value of the fund less 1% of the amount of any investments made within the previous 7 years. The bonus increases the number of units in the Bond.

Can I split my Bond into separate policies?

- Yes. You may choose to split your Bond into as many as 99 identical policies. This allows the possibility of saving tax if you wish to cash in part of your Bond.

What benefits are payable if I die?

- Your Bond would be cancelled and its value, increased by a factor, would be paid as a lump sum.
- The factor is guaranteed to be at least 101%. At the start of your Bond you may, if you choose and subject to our acceptance, include a higher amount of life cover for no extra charge.

Can two people take out a Bond?

- Yes. You could choose the death benefit to be payable either on first death or on second death.

Is all of each payment invested?

- No. Some of your money will go towards meeting our expenses. These include administration expenses and any commission that we may pay to a financial adviser.

What charges are there on my Bond?

- There is a difference between the price used to buy units and the price you would get for them if you cashed them immediately. The current difference is approximately 5%.
- The effect of this charge is reduced if more than 100% of the payments is invested in units and increased if less than 100% is invested.
- Details of the percentage of your initial payment that is invested in units are shown on your personal illustration. The percentage applicable to additional investments will be determined at the time and cannot be guaranteed in advance.
- There is a charge, currently 0.75% per year, which is taken into account when calculating unit prices.

ADDITIONAL INFORMATION

Cancellation Rights

- When your Bond starts you will receive a notice of your right to cancel. You will then have 30 days in which to change your mind from when you receive your plan documents. If you exercise your right to cancel your Bond you will not get a full refund of your investment if unit prices have fallen by the time you cancel your Bond.

Payment of Premiums

- Payments are made by cheque.

Unit-Linked Funds

- We offer a choice of unit-linked funds. They are invested in a range of shares, government stocks and property in the UK and overseas. The value of units is directly linked to the value of the investments and can go down as well as up. The value of property is generally a matter of a valuer's opinion rather than fact.

About Scottish Life

- Scottish Life is a division of Royal London. Royal London consists of The Royal London Mutual Insurance Society Limited and its subsidiaries. The Royal London Mutual Insurance Society Limited is a mutual company owned by its members. Scottish Life can be contacted at 19 St Andrew Square, Edinburgh EH2 1YE.

Taxation

- We are liable to tax on the investments backing your Bond. This is allowed for when calculating unit prices.
- You may be subject to Income Tax at the difference between the higher rate and the lower rate (previously basic rate if cashed in before 6 April 2004) when you cash in all or part of your Bond.
- Partial encashment of up to 5% of the total investments each year for a maximum of 20 years does not attract any tax liability at the time but account would be taken of this when the Bond was fully cashed in.
- If the sum payable on death forms part of your estate then it may be subject to Inheritance Tax.
- The above is based on current legislation, which may change in the future.

Law Applicable to Contract

- English or Scots law will apply to your Bond according to the Scottish Life branch that processes your proposal.

Special Circumstances

- We reserve the right to defer an early cashing in or a switch of investments for up to one month (or six months if the fund is invested directly or indirectly in property). This would be done in order to protect the interests of all investors in the fund.
- If we are required by law to pay any sum in respect of your Bond to any Government agency, including in particular the Financial Services Compensation Scheme, we reserve the right to cancel units equal in value to the sum paid.
- If it becomes impractical or impossible to give full effect to the Policy Conditions, for example because of legislation, we shall interpret them as reasonably as possible in the circumstances.
- If any of the above circumstances occur we will keep you fully informed.

Complaints

- If you have a complaint against us in connection with your Plan please let us know by contacting the Customer Relations Team, Royal London, Royal London House, Alderley Road, Wilmslow, Cheshire SK9 1PF.
- If your complaint is not dealt with to your satisfaction you can then refer it to the Financial Ombudsman Service, South Quay Plaza II, 183 Marsh Wall, London E14 9SR, Telephone 0845 080 1800. This will not affect your rights to take legal action.

Compensation

- If we were to become unable to meet our liabilities under your Bond, you may be entitled to compensation through the Financial Services Compensation Scheme. If you would like more information about the compensation arrangements that apply, please ask your financial adviser or contact us direct.

Further Information

- For more information on any aspect of the Capital Investment Bond please contact your financial adviser or your local Scottish Life branch.

This leaflet and the accompanying personal illustration provide a brief guide to the Key Features of the Bond. A copy of the Policy Conditions booklet, which is the legally binding contract between you and the The Royal London Mutual Insurance Society Limited, is available upon request from the Scottish Life address below. Terms and conditions and all communication will be supplied in English.

All literature about Scottish Life branded products is available in large print format on request to the Marketing Department at Scottish Life, 19 St Andrew Square, Edinburgh EH2 1YE.



www.scottishlife.co.uk

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