



Key Features

Reserve Whole of Life

This leaflet sets out the main points about Reserve. Your personal illustration shows what you may get back in future. Please read both carefully and keep them with your plan documents if you go ahead.

Its aims

- To give you medium-term to long-term growth on your investment.
- To give you the choice of a wide range of international investment funds.
- To allow you to change funds to match your investments to your changing needs or market conditions.
- To give you a cost-effective and tax-efficient way of constructing an investment plan.
- To take from you all the administrative burdens of establishing and maintaining a large investment plan.
- To let you take regular or one-off withdrawals from your investment.
- To give you some life cover.

Your commitment

- To invest a single payment of at least £25,000.
- You should regard your investment as a medium to long-term investment. There is no fixed term to this investment.

Risk factors

- The value of your plan can rise or fall over time and is not guaranteed.
- Investment growth may be lower than shown on your illustration. You could receive less than the amount illustrated. This could happen for several reasons, for example if:
 - the investment performance is lower than shown.
 - charges are higher than shown.
 - you take out more money than shown.
- Benefits may be affected by changes in exchange rates.
- If you cash in your plan in the early years we may make a charge.
- We reserve the right to increase certain of our charges or vary investment allocation rates in the future.
- Taking any withdrawals may reduce the value of your plan below the amount that you originally invested.
- If you change your mind within 30 days of receiving your plan documents and the investment value has fallen, you will get back less than you have paid in.



Questions and answers

What is Reserve?

- Reserve is a single payment offshore investment plan. This investment plan is a life assurance contract and it gives some life cover.

An offshore life assurance company is registered outside of the UK. We are registered in the Isle of Man.

- Reserve can be taken out for a single person only, or for a maximum of six people.
- Reserve can be written under trust and used to help you in planning your estate and reducing the effect of income and inheritance taxes. Please contact your financial adviser for more details.
- We divide the plan into separate policies to give extra flexibility. The value of each policy is linked to your choice of investment funds.
- You have cash accounts in Reserve. These are called General Transactions Accounts and show all payments, receipts and charges for your plan in the currencies you choose to invest in.

A minimum cash balance from your initial investment must be maintained to ensure that charges can be met. The amount to be retained will vary depending on which charging structure is chosen, but as a minimum there must be enough to cover the charges due in the first two years of your plan.

What are the age limits?

- The plan owner must be at least 18 or a corporate entity or a trust.
- At least one of the people covered by the plan must be aged 75 years or younger.

How flexible is it?

- You can add to your investment at any time. The minimum amount is £10,000.
- When you add money to the plan you may invest in your current funds or in completely new funds.
- You can cash in your plan at any time. If you do so we may take a charge. **Please see 'Can I take money out?'**
- You can take regular or one-off withdrawals from your investment.

What might I get back?

This will depend on a number of factors:

- the amount you have invested.

- how long your money is invested with us.
- how your investment performs.
- the amount of charges we deduct.
- any withdrawals you take and when you take them.
- the amount you will finally receive is not guaranteed. Past performance is no indicator of future performance. Please look at your personal illustration for more information on this.

Can I take money out?

- You can cash in part or all of your investment at any time.
- You can take regular or occasional withdrawals from your plan. The minimum plan value after you take one must be £10,000 or 10% of the investment you paid in
- You can take withdrawals monthly, quarterly, half-yearly or yearly provided each payment is £1,000 or more. We can send it to you by cheque or pay it straight into your personal bank account outside of the plan.
- Taking any withdrawals may reduce the value of your plan below the amount that you originally invested.
- We may charge you a cash-in penalty depending on the terms of your plan. Please see your personal illustration.

Where is my payment invested?

Reserve allows you to invest in a wide range of funds. We invest your full payment in the funds of your choice. The menu of available funds is as follows:

- Our own funds. These funds are unit-linked and we use your investment to buy units in the funds you choose. The price of each unit depends on the value of the fund investments. So if unit prices rise or fall, so will the value of your investment.

The funds invest in other funds - the underlying funds – managed outside Friends Provident International Limited. Our own funds may hold a small amount in cash but invest the rest in the underlying funds. The unit price of our own fund differs from that of the underlying fund, but will move in line with it.

- Funds managed by major institutions:
 - A UK authorised unit trust (within the meaning of section 468 of the Income & Corporation Taxes Act 1988).



- A UK investment trust excluding warrants (within the meaning of section 842 of the Income & Corporation Taxes Act 1988).
- An open-ended investment company ('OEIC') (within the meaning of section 75(8) of the UK Financial Services & Markets Act 2000).
- An interest in an overseas collective investment* that is structured as one of the following:
 - (i) an open ended investment company
 - (ii) a unit trust
 - (iii) offshore distributor and non distributor funds.

* "Collective investment" as defined in section 235 of the UK Financial Services & Markets Act 2000.

- You may invest some of your payment in your General Transactions Accounts, provided that you do not use it to make a profit on transactions. The minimum cash must be sufficient to cover your first two years' charges. ***Please see your personal illustration for details of charges.***
- It is possible for you to invest in a fund in a foreign currency. If so, any transactions will be shown in the foreign currency in your General Transactions Account.
- You may invest some of your payments in bank or building society deposits with major institutions.
- Your adviser will help you choose the investments appropriate to your needs. You may invest in up to 50 investments.
- You can switch between investments at any time. We will then carry out your instruction when the funds next deal.
- When it is necessary to convert currencies, we will make the conversion at a rate of exchange available from our bankers at the time of conversion.
- You may nominate a fund manager, from a panel of approved fund managers maintained by Friends Provident International, to manage and be the custodian of the assets. This is known as a discretionary plan.
- If the plan is non-discretionary the minimum investment in any fund is £5,000 or the currency equivalent.

What happens to Reserve if I die?

- The death benefit is the lower of:
 - 101% of the cash-in value of the plan on the date the benefit is payable, or
 - the cash-in value plus £10,000 or the currency equivalent.
- If the plan is taken out for one person, the death benefit is payable on that person's death.
- If the plan is taken out for more than one person the death benefit is payable on the death of the last survivor.
- If the plan is under trust, the trustees administer the benefits.

What are the charges?

- We charge for managing Reserve and its investments. We take charges in the following ways:
 - as administration charges out of the plan value over its lifetime.
 - as policy charges out of the plan value over its lifetime.
 - as initial charges out of the initial investment over its early years.
 - as one-off charges out of the plan value.

If you choose to have a discretionary plan, the fund manager will have specific charges for the services you agree with them. ***Please refer to your chosen fund manager's schedule of charges.***

Please see your personal illustration. This shows the charges we will make for our services depending on your plan choice.

- We will pass on charges from our bank, stockbroker and custodian by taking these charges from your General Transactions Account. Bank charges relate to payments you make. Stockbroker and custodian charges relate to certain assets you may purchase for which there are trading, handling and safe custody fees.
- Please see your personal illustration, which shows you the effect the charges may have on your investment. This includes the charges the fund management groups charge on assets invested into their funds.
- All fund management groups deduct their own management and administration charges.



- If you cash in any policies we may take a charge. This will be equal to the outstanding fee during the initial period you have chosen.
- You should ensure that you have enough cash in your General Transactions Account to pay for any charges. If you overdraw your account for any reason we will charge you. There is no limit to this rate so you should check back regularly. The current overdraft rate is 5% over our bank's deposit account rate.

What about tax?

- We take no tax from your plan while it remains in force, nor when we pay you benefits from it.
- Within the investment funds, withholding tax may be deducted at source from certain types of income before we receive it. Generally this is not reclaimable.
- Under current UK legislation you can withdraw up to 5% of your initial investment each year for 20 years without incurring an immediate income tax liability. If you do not take the full allowance in one year, it may accumulate to be available in later years.
- If you are a UK taxpayer, you may face a tax charge on the plan:
 - on finally cashing in
 - if you exceed the yearly withdrawal allowance as outlined above

If you are a UK Taxpayer you may face a tax charge on the death benefit becoming payable (death of the life assured or last life assured if more than one life assured). Your beneficiaries or the trustees of the plan will handle the proceeds.

The income tax charge is based on the investment gain made on the plan (or the part being cashed in) and is calculated in line with specific rules.

Income tax is charged at your personal income tax rate. The gain, or a slice of it, is added to your other income to decide the rate of tax on the gain. Any entitlement to age allowance may be affected.

Notes:

- If you are a company, any investment gain arising on any of the above events may be treated as forming part of your income liable to Corporation Tax.*
- If you are trustees, the tax on any investment gain arising on any of the above events may be determined as if the settlor (i.e. the person who created the trust) owned the policy. If, however, the settlor is by that time dead or resident outside the UK, any investment gain may be treated as trust income liable to tax at the rate applicable to trusts. If the trustees are resident outside of the UK then the beneficiaries will become liable on distribution of the trust assets to income tax at their highest marginal rates.*

UK Capital Gains Tax

You can normally cash in your plan, or withdraw money or take income from it, free of Capital Gains Tax.

- If a gain is made on your plan, you are responsible for reporting this in your tax return and we will provide you with information to help you to do this. In addition, where the gain in a year of assessment exceeds half the higher rate income tax threshold, we automatically report the gain to the Inland Revenue.
- Tax rules are subject to change and the extent of your tax liability depends on your individual circumstances. We recommend you speak to your financial adviser for professional guidance.

Can I change my mind?

- We will send you a Cancellation Notice that will give you the right to cancel your instruction at anytime during the 30 days after you receive it. If you decide to cancel and the value of your investment has fallen you may not get all your money back. We will refund your investment less an amount equal to any fall in value.

This is a legal right except for unit-linked plans taken out only by telephone or post, when we give you this right voluntarily. If you do not cancel the plan within 30 days, your plan will continue as set out in the Key Features and terms and conditions.

How will I know how my Reserve is doing?

- We will send you a statement of your plan each year.



How to contact us

Remember your financial adviser will normally be your first point of contact.

If you have any questions, or wish to make an additional payment, a one-off withdrawal, an investment change or cash in your plan, you can telephone us, send a fax or e-mail, or write to us.

- Call us on **+44 1624 821212** at the following times:

Monday to Friday 8am – 5pm

We may record calls to improve our service.

- Fax us on **+44 1624 824405**
- Email us at servicedesk@fpiom.com
- Write to us at Friends Provident International Limited, Royal Court, Castletown, Isle of Man, British Isles, IM9 1RA.

Other information

How to complain

Please write to our Customer Services Manager at Friends Provident International Limited, Royal Court, Castletown, Isle of Man, IM9 1RA.

If you are not satisfied with our response you can contact:

Financial Services Ombudsman Scheme, Government Building, Lord Street, Douglas, Isle of Man, British Isles, IM1 1LE.

Telephone **+44 1624 686500**

Email **ombudsman@iomoft.gov.im**

Making a complaint does not prejudice your rights to legal proceedings.

Terms and conditions

This leaflet sets out the main points about Reserve. It does not include all the definitions, exclusions, terms and conditions.

If you would like a copy of the full terms and conditions, please ask your financial adviser or contact us direct.

We have the right to change some of the terms and conditions. We will write and explain if this happens.

The plan literature and the terms and conditions are in English and all other communication with you will be in English.

Law

The law of the Isle of Man will apply.

Compensation

All our investors receive the protection of the Isle of Man Policyholders Protection Scheme, information on which is available from our offices on request. However, because Friends Provident International Limited is not based in the UK, holders of policies issued by the Company will not be protected by the UK Financial Services Compensation Scheme if we should become unable to meet our liabilities to them.

The protection scheme protects up to 90% of the liability owed to investors by Friends Provident International Limited should we become unable to meet our liabilities.

FSA Registration

Friends Provident International Limited's main business is providing life assurance and investment products. It's entered on the FSA register, number 142311.