

# FRIENDS<sup>®</sup> Guaranteed Bond

# FRIENDS<sup>®</sup> Investment Bond

## Policy Conditions

The Policy sets out the contract at its commencement.  
Alterations to it or the exercise of options may not be shown.

Details of the current position may be obtained from Friends Provident.

Booklet reference U383.



**FRIENDS PROVIDENT**

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# 1 Introduction

## 1.1 About this document

Each **policy** number referred to in your **policy schedule** represents a separate and identical contract. These conditions apply separately to each contract.

The **policy** is a legal contract between you and Friends Provident Life Assurance Limited. Please read the policy conditions and your **policy schedule** and any endorsement(s) carefully. Keep them in a safe place as they will be needed when claiming under the policy.

Your **policy schedule** states whether your policy is a FRIENDS® Guaranteed Bond or a FRIENDS® Investment Bond.

## 1.2 What is meant by 'you', 'your', 'us', 'we' and 'our'

**You and Your** The person named as **policyholder** or the people named as **policyholders** in the **policy schedule**.

**We, Us and Our** Friends Provident Life Assurance Limited.

## 1.3 Other expressions we use in this document

This section explains what we mean when we use various expressions in the **policy**.

When we use any of these expressions we use **bold** to remind you we show its meaning here.

**Effective Date** The date when your **policy** starts.

**Date of Investment** The date of each **investment units** are placed in your **policy**.

**Fund** For the FRIENDS® Guaranteed Bond this means the series of Capital Assured Fund stated in your **policy schedule**.

For the FRIENDS® Investment Bond this means any one or more of the funds described in section 2.3, excluding the Capital Assured Fund.

**Guaranteed minimum payment** The minimum value of a FRIENDS® Guaranteed Bond calculated in accordance with section 2.6.

**Investment** The payment you have made into your **policy**.

**Investment Content** The amount used to purchase **units** when your **policy** starts.

**Price** The price of the **units**. Section 2.4.2 shows how this is calculated.

**Policy** The **policy schedule**, these **policy conditions** and any endorsements.

**Policy Conditions** The general terms and conditions set out in this document

**Policyholder** This is the person who legally owns the **policy**. The **policyholder** at the start is shown in the **policy schedule**.

**Policy schedule** The document that makes the **policy conditions** personal to you and sets out the details of your **investment**.

**Policy year** A year starting on the **effective date** or its anniversary.

**Regular Withdrawals** Taking an amount of money from your **policy** at regular intervals such as monthly or yearly on an ongoing basis, by cancelling **units**.

**Salisbury Office** Our Salisbury Office is:  
UK House  
72–122 Castle Street  
Salisbury  
SP1 3SH

**Units** The parts into which each **fund** is divided.

## 1.4 Use of singular or plural, and headings

In this **policy** the singular includes the plural and the plural the singular.

In these **policy conditions** we use section headings to help you find information easily. The headings do not affect the meaning of the **policy conditions**.

## 2. Funds and units

### 2.1 How we place units into your policy

When you made your **investment**, we placed **units** in the Capital Assured Fund into your **policy**. Your **policy schedule** shows which series of **units** applies to your **policy**.

### 2.2 How we worked out the number of units we placed in your policy

We used the **investment content** to buy **units**. We divided this amount by the **price** of the **units** in the Capital Assured Fund.

The **price** we used was the **price of units** on the day before we received the **investment**.

We rounded the number of **units** down to the next lower 0.01 part of the **unit**.

### 2.3 About the funds

#### 2.3.1 What the funds are

Each **fund** is part of our life assurance fund, and can be identified by a separate pool of assets. We may introduce new **funds** at any time.

#### 2.3.2 Purpose of each fund

We have only set up each **fund** so we can work out the benefits we will pay under your **policy** and other policies. The assets in each **fund** are our property.

Nothing contained in these **policy conditions** will:

- mean that you or any other person has a legal right to any of the assets in any **fund**, or
- restrict, in any other way, how we own the assets of each **fund**.

The **units** we place in your **policy** are 'notional units'. This means we only use them to work out how much we will pay under your **policy**.

#### 2.3.3 Deductions from the funds

We are entitled to take from each **fund**:

- all costs and expenses we have to pay to buy, sell, maintain or value any assets,
- the amount of taxes and levies (other charges we have to pay by law) we decide are appropriate to the **fund**,
- management charges.

### 2.4 How we value units

#### 2.4.1 Setting the value of each fund

We set the value of each **fund** by taking the market value of the investments of that **fund** and taking off the items listed in section 2.3.3.

#### 2.4.2 Working out the price of units

Each **unit** in a **fund** will have a **price**. This is the **price** at which we will take or place one **unit** under your **policy**.

We work out the **price** at least once each month, (but usually each business day) by:

- taking the value of the **fund** as described in section 2.4.1; and
- deducting management charges (see section 3) and any money we believe we should set aside to pay any possible taxes or levies; and
- dividing the resulting value by the total number of **units** in the **fund**; and
- rounding the result by not more than 1% for **funds** other than the Capital Assured Fund.

We will keep any gains or losses due to rounding-up or rounding-down **prices**.

### 2.5 Restricting or closing the funds

We may restrict the **funds** which you can invest in.

We may also close or merge **funds** where the amount invested in a **fund** has become too small for us to invest it efficiently on behalf of our policyholders. We may close a **fund** if an external fund manager closes the fund in which it invests.

We may close an external **fund** if the external fund manager increases their charges to what we consider to be an unreasonable level.

If we close any **fund**, you can switch the value of your **units** from that **fund** as described in 2.7 without charge.

If you do not tell us which other **fund** you would prefer, we will switch the value of your **units** in the withdrawn **fund** into **units** of the same value in another **fund** we have chosen.

We will normally give you three months notice before we withdraw a **fund**. There may be exceptional circumstances when we cannot give you this much notice. For example:

- when we consider it is in the best interests of our policyholders to move out of the **fund** in less than three months; or
- if we receive less than three months notice from an external fund manager.

We will send the notice to you by post to the last postal address we have on our records.

## 2.6 Capital Assured Fund

2.6.1 This **fund** guarantees that:

- a) if the death benefit, described in section 9, becomes payable, or
- b) if, more than five years after the **policy** started, you cash in the **policy** in full as described in section 6,

the amount payable will not be less than the **guaranteed minimum payment**.

2.6.2 Until the fifth anniversary of the **effective date**, the **guaranteed minimum payment** is equal to the amount of your original **investment**.

2.6.3 From the fifth anniversary of the **effective date** onwards, the **guaranteed minimum payment** is the greater of:

- a) the amount of your original **investment**, and
- b) the number of **units** in your **policy**, multiplied by the highest **unit price** during the first six months following the opening of the series of **units** which applies to your **policy**, and
- c) the number of **units** in your **policy**, multiplied by 80% of their highest **price** from the fifth anniversary of the opening of the series of **units** which applies to your **policy** onwards up to the date immediately after:
  - we receive notification of the death, or
  - we receive your instructions to cash in the **policy**.

## 2.7 Switching between funds

2.7.1 This option is not available during the first five years of your **policy**.

### 2.7.2 Conditions

You must confirm your instructions in writing unless we have agreed an alternative method.

### 2.7.3 Telling us to switch your allocated units

You can only switch a whole percentage of **units** into another **fund**.

We will base the value of the switched **units** on the **price** of the **units** at the valuation immediately after we receive your written instructions. Your first twelve switches within each **policy year** are free. We may charge for further switches. The amount will depend on our charge at that time. Please ask us if you want details of our current charge. We will take the charge from the value of your **units** before we switch them.

## 2.7.4 Switching out of the Capital Assured Fund

If you switch out of the Capital Assured Fund:

- you must switch all your **units** out of that **fund**
- the amount available for switching on that occasion will not be less than the **guaranteed minimum payment**
- your **policy** automatically becomes a FRIENDS® Investment Bond instead of a FRIENDS® Guaranteed Bond
- you will not be able to switch back into the Capital Assured Fund
- the **guaranteed minimum payment** in section 2.6 will cease to apply

## 3. Management charges

3.1 We will take an annual management charge from your chosen **fund(s)**.

3.2 For the Capital Assured Fund, the annual management charge will be allowed for in the **price** of the **units**.

3.3 For all other **funds**, the annual management charge will be deducted in two different ways. We will make part of the charge by cancelling 0.0417% of the **units** in your **policy** each month. The balance of the charge will be allowed for in the **price** of the **units**.

## 4. Payment of additional investments

4.1 This option is not available under a **policy** which is a FRIENDS® Guaranteed Bond.

4.2 You may make additional investments subject to the terms and conditions available at the time. We will provide a copy of these terms and conditions.

## 5. Taking regular withdrawals from your policy

5.1 This option is not available under a **policy** which is a FRIENDS® Guaranteed Bond.

5.2 You can arrange for regular payments to be made to you by giving us your written instructions.

5.3 If we accept your instructions, each time we make a payment we will cancel **units** in your **policy** of an equal value.

5.4 We will use the **price** of the **units** at the valuation immediately before the **regular withdrawal** to value the **units**.

5.5 Where **regular withdrawals** are taken from an **investment** which is in more than one **fund**, we will cancel the same proportionate value of **units** in each **fund**.

5.6 If the value of your **units** is equal to, or is less than, any minimum we set, we will not make a payment.

## 6. Cashing in your policy in full

- 6.1 At any time you may ask us to cancel all of the **units** in your **policy**. We will pay you the value of the **units** after applying any discontinuance deduction (see section 8). If you have been invested in the Capital Assured Fund for at least five years and right up to the time you cash in your **policy**, the amount we pay will be at least the **guaranteed minimum payment**.
- 6.2 The **price** we use to value your **units** will be based on the valuation of the **funds** immediately after we receive your instructions.
- 6.3 When we cancel all the **units** in your **policy**, the **policy** itself will be cancelled.

## 7. Cashing in some of your policy

- 7.1 This option is not available under a **policy** which is a FRIENDS® Guaranteed Bond.
- 7.2 If you ask us to cancel only some of your **units**:
- 7.2.1 we will not make a payment if their value is less than the minimum payment we have set at that time;
- 7.2.2 we will not make a payment if the value of the remaining **units** will be less than the minimum we have set at that time;
- 7.2.3 we will cancel the same proportionate value of **units** in each **fund** unless you ask for a payment from a specified **fund** or **funds**;
- 7.2.4 we will normally cancel **units** from the most recent **investment**, then, if necessary from the next most recent **investment**, and so on. See section 7.4 for the exception.
- 7.3 The **price** we use to value your **units** will be based on the valuation of the **funds** immediately after we receive your instructions.
- 7.4 Where you ask for a payment from a specified **fund** or **funds**, we will cancel **units** as described in section 7.2 but ignoring that part of any **investment** which does not contain your specified **fund(s)**.

## 8. Discontinuance deduction

### 8.1 How we calculate the deduction

We will make a deduction from the value of your **units** if you cash in your **policy** in the early years of an **investment**.

The amount we deduct will be a percentage of the value of the **units** cancelled.

The deduction will depend on the number of complete **policy years** since the **date of investment**.

The percentages for each year are :

Number of complete years since the date of investment	Percentage
0	6.0%
1	4.8%
2	3.6%
3	2.4%
4	1.2%
5 or more	0.0%

## 9. Death benefit

- 9.1 The death benefit will be the value of **units** held multiplied by the multiple stated in the **policy schedule**. If your **policy** is a FRIENDS® Guaranteed Bond when we are notified of the death, we will pay the **guaranteed minimum payment** if this is more.
- 9.2 The **price** we use to value your **units** will be based on the valuation immediately after we receive notification of the death.
- 9.3 If we pay this benefit, the **policy** and all **units** allocated will be cancelled.

## 10. Payment of your claim and acceptance of your instructions

- 10.1 We will not be liable to pay a claim until we receive the **policy schedule** and proof, as required that:
- the event giving rise to the claim has happened, and
  - the person claiming payment is entitled to it.
- 10.2 We will make payment to either:
- a sole policyholder,
  - joint policyholders or the survivor(s) of them,
  - the legal personal representative(s) of a sole policyholder or of the last of joint policyholders to die or
  - any person(s) to whom any of the above may have legally assigned the **policy**.

## 11. The law which applies to your policy

- 11.1 We show the law which applies to your **policy** in your **policy schedule**.

## 12. Policies written under trust

- 12.1 If you place your **policy** under trust, then any reference to 'you' in this **policy** will include a reference to the trustees. We need all trustees to agree in writing before taking up any option or other right under the **policy**. However, we will act on instructions from the **policyholder** alone if the terms of the trust allow.

## 13. Assignment

Notices of assignment should be sent to our **Salisbury Office**.

## 14. Changed circumstances

### 14.1 Increasing the management charges

We may increase the management charges referred to in section 3. We may do this if:

- there are increases in our costs above inflation (for example, as a result of tighter regulation of the insurance industry), or
- there are increases in the charges levied by the fund manager.

If we do this, we will set the new rates at levels which we believe are necessary to reflect the changed circumstances.

We will give you three months' notice before we increase the management charges. The notice will tell you when the change is to take place.

We will send the notice by post to the last postal address we have on our records.

### 14.2 Deferring the cancellation of units

In very rare situations, we may defer the cancellation of any **units** for up to a month. If you have **units** in a **fund** which is invested in property, the delay may be for up to 6 months. Otherwise it will be for up to one month.

If this happens, we will value the **units** using the **unit prices** which apply immediately after the end of the period of delay.

Examples of when we may decide it is appropriate to take this action are:

- in poor market conditions where there is a significant fall in the market value of the **fund's** assets;
- on the **funds** where assets are invested in property there may be delay because of the time needed to sell it; and
- on **funds** where assets are invested overseas, there may be a delay if overseas governments stop money being transferred out of their country.

### 14.3 Varying the terms of your policy

We may vary the terms of your **policy** to reflect any changes in taxation, insurance or other law affecting our obligations under it.

## 15. Rights of other parties

- 15.1 We and the **policyholder** are the parties to this contract.
- 15.2 Except where we say otherwise in this **policy** or any endorsement to it, we do not intend anyone else to have direct or indirect contractual rights under it.

## 16. Events or circumstances beyond our control

We shall not be liable to pay you, or any other person, any compensation for loss caused by events or circumstances beyond our control. This includes loss caused by any delay in performing our obligations caused by restrictions imposed upon us by law or regulation.

## 17. General

You should send any instructions, notifications or requests to our **Salisbury Office**. They should be in writing, in English and include any documents, information or agreements we may need.

Friends Provident Life Assurance Limited

Registered and Head Office: Pixham End, Dorking, Surrey RH4 1QA

Incorporated company limited by shares and registered in England number 782698

Authorised and regulated by the Financial Services Authority

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