

Key features of the Protected Investment Portfolio Bond

keyfacts®

Reference
XINV25/A 12.09

The Financial Services Authority is the independent financial services regulator. It requires us, Friends Provident, to give you this important information to help you decide whether our Protected Investment Portfolio Bond is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

Helping you decide

This document gives you a summary of information to help you decide if you want to invest in the Protected Investment Portfolio Bond.

You should also read and keep safe:

- The main brochure for the Protected Investment Portfolio Bond (XINV25/B).
- Your personal illustration that shows how much you may get in the future and gives more information on the charges you will pay.
- The Loan Trust Plan Guide (XG274) if you are considering investing in our Loan Trust Plan.

You should ask your adviser if you have not received any of the above.

If you would like more detailed information about the Protected Investment Portfolio Bond, please ask for the full terms and conditions.

Its aims

- To increase the value of your investment over the longer term.
- To allow you to take regular withdrawals.
- To provide a guaranteed minimum payment on death.
- To help with inheritance tax planning if you invest through our Loan Trust Plan.

Your commitment

- To invest a lump sum of £5,000 or more (£10,000 or more if your bond is to be part of our Loan Trust Plan).
- To see your bond as an investment for the medium to long term. You should aim to keep your bond for at least five years, however, you can cash it in whenever you like. **Please see 'Can I take money out?' for more information.**

Risks

- We can't guarantee what your bond will be worth in the future. This will depend on a number of different factors, which include:
 - the investment performance of the fund(s) you invest in
 - the charges we take and any changes to these charges
 - the amount of money you take out
 - any future changes to tax rules.
- The value of your bond can go up and down. You could get back less than you've paid in.
- The investment funds available to you carry different levels of risk and invest in different types of investments, including stocks and shares. The value of some funds will go up and down more than others. **Please see the main brochure for the Protected Investment Portfolio Bond for more information.**
- There are exceptional circumstances where you may not be able to access your money immediately. **Please see the main brochure for the Protected Investment Portfolio Bond for more information.**
- Inflation will reduce the spending power of any money you get back in the future.
- If your personal circumstances change and you need to cash in all or part of your bond within five years we may make a charge. **Please see 'What are the charges?' for more information.**
- If you change your mind within 30 days of receiving your bond documents and the investment value has fallen, you'll get back less than you've paid in.

Questions and answers

What is the Protected Investment Portfolio Bond?

- It's an investment bond. This is a type of lump sum investment offered by insurance companies.
- The bond gives you access to the world's investment markets through a range of professionally managed funds.
- It provides a guaranteed minimum payment on death. When your bond starts, the amount guaranteed is equal to the amount of your initial investment. Each time you take money out, the amount guaranteed will reduce. The guaranteed minimum payment applies on death only and not at any other time.
- It's a unit-linked bond. We divide each fund into units and your payments buy units in the funds you choose.
- The price of a unit depends on the value of the investments in the fund.
- We work out the value of your bond based on the total number of units you have in each fund. If the unit price goes up and down, so will your bond value.
- As the bond is an insurance-based investment, it is set up on one or more person's life (or lives) for tax purposes. You can set up the bond on your own life, jointly on both your lives, or on another person's life. We refer to the person on whose life the bond is based on as the 'life assured'.

Is the Protected Investment Portfolio Bond right for me?

The Protected Investment Portfolio Bond may be right for you, if:

- you are looking for a lump sum investment which aims to increase the value of your investment over the longer term; or
- you are looking for the reassurance of a guaranteed minimum payment on death. **Please see 'What happens to the bond in the event of death?' for more information.**
- you are looking for a lump sum investment which allows you to take regular withdrawals; or
- you are looking for a lump sum investment to help with your inheritance tax planning as part of our Loan Trust Plan arrangement.

You should be prepared to invest for a minimum of five years and accept the risks shown in the **'Risks'** section.

Please ask your adviser if you need more help to decide whether the Protected Investment Portfolio Bond is right for you.

How flexible is it?

- You can cash it in (in full or in part) at any time, but please remember the bond is designed for the medium to long term. **Please see 'Can I take money out?' for more information.**
- You can take regular withdrawals from your bond; these can be of fixed or varying amounts. **Please see 'Can I take money out?' for more information.**
- You can switch between funds. **Please see 'Where is my payment invested?' for more information.**
- We set up your bond as several identical policies to give you more flexibility. For example, you can cash in some policies and keep the others going, or take money out in different ways to maximise tax efficiency.

What might I get back?

- The amount will depend on several things. For example, how long you invest for, how well the investments perform, the charges we take and any withdrawals you make.
- We can't guarantee the amount you'll get back as it can go up and down.
- **Please see your illustration for an idea of what you might get back.**

Can I take money out?

- There are various ways of taking money out of your bond. These are detailed below.
- Please remember that if you take money out, the value of your bond and the amount guaranteed minimum payment on death will reduce.
- You may have to pay an early cash-in charge if you take money out within five years of investing and your withdrawal exceeds 7.5% a year, this is taken from your fund. **Please see 'What are the charges?' for more information.**
- If, as a result of the withdrawal, the fund value reduces by 10%, the guaranteed amount will also reduce by 10%. If, as a result of the withdrawal, the fund value reduces by 20%, the guaranteed amount will also reduce by 20%.
- If you cash in your bond in full or in part, or take regular withdrawals, we'll cash in units to make the payments.
- You can choose to cash in units from any fund (or funds) that you specify.
- If you put the bond in trust, all payments must be made to or authorised by the trustees.
- We give example cash-in values in the illustration.

You can cash in your bond in full

- You can cash in your bond in full at any time but you could get back less than you've paid in.

You can cash in your bond in part

- You can cash in your bond in part (minimum £250 each payment) provided the cash-in value left isn't below £2,000.

You can take regular withdrawals

- These are regular payments of the same amount
- You choose how much (minimum £40 each payment) and how often (every month, quarter, four months, half-year or year). We will pay the money into your bank or building society account. We'll stop the withdrawals if the cash-in value of your bond falls below £2,000.

Where is my payment invested?

- We offer a range of funds managed by investment specialists, F&C Asset Management plc. We also offer the opportunity to invest in funds by other fund management companies, including Multi Manager Funds. **Please see the main brochure of the Protected Investment Portfolio Bond for full details.**
- You can invest in up to 10 funds at any one time.
- If you want to, you can switch between funds.

What are charges?

- We charge for setting up your bond, paying your adviser, and managing the bond and the investments within it.
- The charges applying to the Protected Investment Portfolio Bond are detailed below.
- Your illustration will give more information on how our charges apply to you personally and the effect they have on reducing the value of your bond over its lifetime.

Allocation rates

- When you invest, we allocate a percentage of your investment to buy units in your chosen fund or funds. This will vary depending on the age of the youngest life assured and amount invested.
- We may reduce the amount invested if the youngest life assured is aged 70 or over or you invest less than £20,000. This deduction could be up to 2.49% of your investment.
- We will increase the amount invested if the youngest life assured is aged under 70 and you invest £20,000 or more. This increase could be up to 1.22% of your investment.
- **Please see the main brochure of the Protected Investment Portfolio Bond for our current allocation rates.**

Annual Management Charge and Additional Expenses

- These charges relate to the ongoing management of your bond and the investments within it.
- The level of charge depends on the fund or funds you invest in and is payable over the lifetime of your bond. Certain funds also incur additional expenses depending on where and how they invest.
- **Please see the main brochure of the Protected Investment Portfolio Bond for full details of the charges and expenses applying to each fund.**

Early cash-in charge

- Your bond is an investment designed for the medium to long-term and our charges take this into account. If you take money out within five years then we may need to take an extra charge to compensate for this. We call this an early cash-in charge.

How is the early cash-in charge calculated?

- The charge is taken as a percentage of the value of the units if you withdraw money from your policy in the early years.

Year units cashed in:	1	2	3	4	5
Charge (%)	8.5	7	5.5	4	2.5

- We will apply this charge to any amount you wish to withdraw (outside any penalty-free allowance as described below) within the first five years.

What is the penalty-free allowance?

- There is a penalty-free allowance of 7.5% of the amount you invested.
- If you do not use part or all of your yearly 7.5% allowance, the unused amount will not be carried forward.

Switch charges

- The first 12 switches in any bond year are free, however, we charge £15 for each extra switch.

Can I make further investments?

- You are unable to pay further amounts into this Protected Investment Portfolio Bond.
- If you wish to make an additional investment, you can open a new Protected Investment Portfolio Bond.

What happens to the bond in the event of death?

- If you set up the bond on your own life and you die we'll pay the death benefit and the bond will then end.
- You can set up the bond on two lives, so it continues after the first death. We'll pay the death benefit on the second death only and the bond will then end.
- If you have set up the bond on another person's life and you (the policyholder) die, the bond will continue but ownership will pass in accordance with your will, or the laws of intestacy.
- If you have set up the bond on another person's life and they die, the bond will end and we'll pay the death benefit to you.

- If you put the bond in trust, we'll pay the death benefit to the trustees.
- The death benefit is 101% of the value of the bond as at the date we're notified of your death, or the guaranteed minimum payment on death if higher.

What about tax?

- Under current tax rules, you're not liable to basic rate income tax or to capital gains tax on your bond. This is because we pay tax on income and capital gains within the funds.
- When you cash in some or all of your bond, or take regular withdrawals, you may be liable to higher rate income tax. If you receive age-related personal allowance or tax credits, they could be reduced.
- If you die, your personal representatives could be liable for the higher rate tax. The proceeds will form part of your estate for inheritance tax purposes. You can set up your bond in trust to help in inheritance tax planning.
- If your bond is to be part of our Loan Trust Plan, **please see the 'Loan Trust Plan Guide' for more detailed information about the taxation of these arrangements.**
- Tax rules may change. **Please refer to your adviser if you require more details regarding your tax position.**

Can I change my mind?

- You have the right to change your mind. If you decide you don't want the bond, let us know in writing within 30 days and we'll give you your money back less any fall in the investment value.
- The easiest way to cancel is to complete the 'Cancellation Form' we send you with the reminder and return it to us, or you can write to us using the address listed in the **'How to contact us' section.**
- If you don't cancel within 30 days, your bond will continue as set out in these key features and the terms and conditions.

How will I know how my bond is doing?

- We'll send you a yearly statement to show how your bond is doing.
- You can also:
 - ask for an up-to-date statement at any time
 - see how the funds are performing on our website at www.friendsprovident.com/customer/fundcentre
 - see the latest value of your bond online by registering on our website at www.friendsprovident.com

How to contact us

- Remember your financial adviser will normally be your first point of contact.
- If you have any questions you can:
 - ☎ Call us on **0845 602 9199** at the following times:
Lines are open weekdays from 8.30am and 6pm.
We may record and monitor calls. Calls may be charged and these charges will vary, please speak to your network provider.
 - ☒ Fax us on **0845 600 0624**
 - ✉ e-mail us at customer.services@friendsprovident.co.uk
 - ✉ Write to us at
Friends Provident, PO Box 1550, Salisbury SP1 2TW
- To cash in part or all of your bond, to set up regular withdrawals, or switch from one fund to another, please write to us at the address above.

Other information

How to complain

- Please write to our **Customer Relations Manager using the details in the 'How to contact us' section above.**

To see our procedures for dealing with complaints, **please ask for our 'FRIENDS® Listen' Leaflet.**

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

Financial Ombudsman Service (FOS), South Quay Plaza, 183 Marsh Wall, London E14 9SR

Telephone **0845 080 1800 or 0207 964 0500**

Website www.financial-ombudsman.org.uk

- Making a complaint won't affect your legal rights.

Terms and conditions

- This leaflet sets out the main points about the Protected Investment Portfolio Bond. It doesn't include all the definitions, exclusions, terms and conditions.
- If you would like 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'll write and explain if this happens.

Law and language

- This bond is governed by the law of England and your contract will be in English. We'll always write and speak to you in English.

Compensation

- If a financial adviser recommends this bond, you have a legal right to compensation if the Financial Ombudsman Service decides it wasn't suitable for your needs at the time.
- We are covered by the Financial Services Compensation Scheme (FSCS). If we cannot meet our obligations you may be entitled to compensation under the scheme. For this type of plan, the scheme covers 90% of the claim. For further information see www.fscs.org.uk or telephone 020 7892 7300.

Please note that FSCS's first responsibility is to seek continuity of the bond rather than to pay compensation.

Client Categorisation

- Friends Provident categorises each investment customer as a retail client. This gives you the highest level of protection available under the Financial Services Authority's (FSA) Conduct of Business Rules. If you would otherwise be categorised under FSA rules as a 'professional client' or an 'eligible counterparty' then you may not have access to the Financial Services Compensation Scheme or Financial Ombudsman Service. Please contact your financial adviser if you require further details.

About Friends Provident

- Friends Provident Life Assurance Limited's main business is providing life assurance and protection products. It's entered on the FSA Register, number 110413.

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

www.friendsprovident.com Telephone 0845 602 9189

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