

Key features of the FRIENDS Wealth Solutions Bond

keyfacts®

Reference
XINV31/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 to decide whether our FRIENDS Wealth Solutions 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 FRIENDS Wealth Solutions Bond.

You should also read and keep safe:

- The main brochure for the FRIENDS Wealth Solutions Bond (XINV31/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 FRIENDS Wealth Solutions Bond Fund Menu (XINV31/E).
- The appropriate guide if you are considering investing in our Discounted Gift Plan or Loan Trust Plan (XINV31/T and XG274 respectively).

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

If you would like more detailed information about the FRIENDS Wealth Solutions 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 or to provide a regular income.
- To help with inheritance tax planning if you invest through our Discounted Gift Plan or Loan Trust Plan.

Your commitment

- To invest a lump sum of £10,000 or more (£50,000 or more if your bond is to be part of our Discounted Gift 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 details.**

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.

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- The value of your bond, and any income from it, 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 'FRIENDS Wealth Solutions Bond Fund Menu' for more details.**
- There are exceptional circumstances where you may not be able to access your money immediately. **Please see the 'FRIENDS Wealth Solutions Bond Fund Menu' (XINV31/E) 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 of making either an investment or an additional investment, 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 FRIENDS Wealth Solutions 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 wide range of professionally managed funds.
- 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 as the 'life assured'.

Is the FRIENDS Wealth Solutions Bond right for me?

The FRIENDS Wealth Solutions 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 a lump sum investment which allows you to take regular withdrawals or provides a regular income; or
- you are looking for a lump sum investment to help with your inheritance tax planning as part of our Discounted Gift Plan or Loan Trust Plan arrangements.

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 FRIENDS Wealth Solutions Bond is right for you.

How flexible is it?

Your bond is very flexible, however, please see the note at the end of this section if you are considering investing as part of our Discounted Gift Plan or Loan Trust Plan.

- You can pay in further amounts of £5,000 or more at any time. **Please see 'Can I make further investments?' for more information.**
- 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 others going, or take money out in different ways to maximise tax-efficiency.

Discounted Gift Plan and Loan Trust Plan

- These plans are designed to help with inheritance tax planning. This means we cannot offer some of the flexibility mentioned above on these plans. We explain where this is the case in the sections below. **Please also see the appropriate guides for these plans for more information on how they work.**

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.
- If you invest in an income distribution fund the level of income you will receive will go up and down. **Please see ‘Where is my payment invested?’ for more information**
- Throughout your investment's tenth year, bonus units will be added in monthly instalments. We aim to increase the units in your investment by 2.2%, however, it is not guaranteed that the units will be increased by this amount. If your bond is to be part of our Discounted Gift Plan, bonus units will not be added.
- **Please see your illustration for an idea of what you might get back.**

Can I take money out?

- There are various different 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 will reduce. You may also have to pay an early cash-in charge if you take money out within five years of either investing or making an additional investment. **Please see ‘What are the charges?’ for more information.**
- If you cash in your bond in full or in part, or take regular withdrawals, we'll cash in units to make the payments.
- If you cash in your bond in full or in part we cash in units on a 'last in, first out' basis. This means the units from your most recent investment will be cashed in first. You may pay an early cash-in charge if you have made an investment or additional investment in the last five years. **For an example and more information please see ‘What are the charges?’**
- 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 your 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 £3,000.

You can take regular withdrawals

- These are regular payments of the same amount.
- If you are invested in an accumulation fund, you can take regular withdrawals. You simply 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 £3,000.
- If your bond is to be part of our Discounted Gift Plan, regular withdrawals must be taken.

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You can take a regular income

- These are also regular payments but will go up and down.
- You can receive a regular income by investing in our income distribution funds. We will make regular payments (called 'distributions') either monthly, quarterly or half-yearly depending on the fund(s) you choose.
- The amount of these distributions reflects the income from the underlying investments and will go up and down. By only paying out the actual income received, it helps to preserve the value of your bond although the value could still reduce.
- If your bond is to be part of our Discounted Gift Plan or Loan Trust Plan, the regular income option is not available.

Where is my payment invested?

- We offer a wide range of funds managed by our 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 'FRIENDS Wealth Solutions Bond Fund Menu' for full details.**
- There are two groups of funds to choose from:
 - Income distribution funds – these pay out an income; and
 - Accumulation funds – these automatically reinvest any income to increase the value of the units.
- You can invest in up to 10 funds at any one time, unless you choose income distribution funds, in which case you can invest in up to five funds at any one time.
- If you want to, you can switch within each fund group e.g. from one fund in the accumulation group to another fund in the accumulation group.

- You can also switch between the two fund groups e.g. from a fund in the accumulation group to a fund in the income distribution group. However:
 - within five years of making an investment or additional investment you can do this only once; and
 - you must switch 100% of your investment from one group to the other; and
 - if you switch out of the accumulation fund group and into the income distribution fund group, you will lose any allowance you have built up against a potential early cash-in charge. **Please see 'What are the charges?' for more information.**

What are the 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 FRIENDS Wealth Solutions 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 age and amount invested.
- We may reduce the amount invested if the youngest life assured is aged 75 or over. The deduction could be up to 2% of your investment.
- We will increase the amount invested if the youngest life assured is aged 74 or under. The increase could be up to 3% of your investment.
- **Please see the main brochure for the FRIENDS Wealth Solutions Bond for our current allocation rates.**

Establishment charge

- This charge covers the costs of setting up your bond and paying your adviser for the advice given.
- The normal establishment charge is 1.4% a year of your fund value and is payable for five years from making an investment, and any additional investment.
- Depending on the arrangement between you and your adviser, this charge could be less. Your illustration will show how much this charge will be.

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 'FRIENDS Wealth Solutions Bond Fund Menu' for full details of the charges and expenses applying to each fund.**

Additional Annual Management Charge

- Depending on the arrangement between you and your adviser, you may pay an additional annual management charge.
- This could be up to 1% a year of your fund value, payable for the lifetime of your bond.
- If this charge applies to you it will be shown in your illustration.

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.
- An early cash-in charge may apply if you take money out of your bond within five years of making an investment or additional investment.

- We cash in units on a 'last in, first out' basis. This means the units from your most recent investment will be cashed in first. If that investment is split between two or more funds, we cash in units proportionately across those funds. Alternatively, you can choose to cash in units from any fund (or funds) that you specify.

How is the early cash-in charge calculated?

- The charge is taken as a percentage of the value of the units (less any allowance you have accumulated) if you withdraw money from your policy in the early years of an investment.

Year units cashed in:	1	2	3	4	5
Charge (%):	11	9	7	5	3

- We will apply this charge to any amount you wish to withdraw (outside any penalty-free allowance as described on the next page) within five years of making an investment or additional investment.
- How this charge might affect you will depend on which group of funds you take money from:

Income Distribution funds

- The early cash-in charge does not apply to your actual income distributions, regardless of their level.
- If, within five years of making an investment or additional investment, you take any other money out of income distribution funds we will make a charge. The penalty-free allowance described on the next page will not be available.

Accumulation funds

- We will make a charge if, within five years of making an investment or additional investment, you take money out of accumulation funds which is not covered by the penalty-free allowance.
- This applies to the total money taken out by way of regular and occasional withdrawals.

What is the penalty-free allowance?

- For each of the first five years of each investment in accumulation funds there is a penalty-free allowance of 5% of the amount you invested.
- If you do not use part or all of your yearly 5% allowance, the unused amount will be carried forward to subsequent years.
- If you switch out of the accumulation fund group and into the income distribution fund group you will lose the allowance you have built up against a potential early cash-in charge.
- If you have switched from income distribution funds to accumulation funds in the first five years of an investment, there is no penalty-free allowance for the years before you switched.

Early cash-in charge example

An example of how we calculate the early cash-in charge

- In year one you invest £20,000.
- In year three you add £10,000 to your investment.
- During year five you need to withdraw £15,000.
 - As far as possible we would take this from the newer investment; if this was not enough we would take the rest from the original investment.
 - There would then be an early cash-in charge on both parts of your investment:
 - 9% on any money withdrawn from the newer amount; and
 - 3% from any money withdrawn from the original investment, as it had been invested for longer.
- If your investment had been in accumulation funds throughout and you had taken no previous withdrawals there would be a penalty-free allowance of 5% a year, which would be exempt from the early cash-in charge.

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 can pay in further amounts of £5,000 or more at any time unless your bond is part of our Discounted Gift Plan or Loan Trust Plan.
- Your additional investment may be subject to different terms and conditions. Please ask for details at the time of investment.
- If you cash in all or part of your bond within five years of making an additional investment, we may make a charge. This applies to the additional investment even if you have held your original investment for over five years.
- To ensure you don't miss out on improved allocation rates, we base the allocation rates for additional investments on the total amount you have paid into the bond.
- Throughout your additional investment's tenth year, bonus units will be added in monthly instalments. The anticipated amount of bonus will be shown on your illustration. The amount of bonus units is not guaranteed.

What happens to the bond in the event of death?

- If you set the bond up on your life, the bond will end if you die. We'll pay a lump sum equal to 100.1% of the bond value as at the date we're notified of your death. The actual value of your bond is not guaranteed.
- You can set up the bond on two lives, so it continues after the first death. We'll pay 100.1% of the bond value 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.

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, take regular withdrawals or income distributions, 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 any higher rate tax. The proceeds will normally 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 Discounted Gift Plan or Loan Trust Plan, **please see the relevant 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 and return it to us, or write to us using the address listed in the 'How to contact us' section.
- If you don't cancel within the 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 – 6.00pm
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 6000 624**
 - ✉ e-mail us at **customer.services@friendsprovident.co.uk**
 - ✉ Write to us at **Friends Provident, PO Box 1550, Salisbury SP1 2TW.**
- To pay in further amounts, to cash in part or all of your bond, to set up regular withdrawals or to switch from one fund to another, please write to us at the address above.

Other information

How to complain

- Please contact our **Customer Relations Manager using 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're 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 FRIENDS Wealth Solutions 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 may 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 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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