



your life
your future
your investment

FRIENDS Wealth
Solutions Bond





Choice, flexibility and control

At Friends Provident we want to help you achieve your ambitions. And we recognise that these ambitions come in different shapes and sizes, so the FRIENDS Wealth Solutions Bond has been designed to fit with your individual circumstances.

Whether you are looking to invest to grow your capital, to provide an income, or as part of your estate planning needs, the FRIENDS Wealth Solutions Bond could help you.

This brochure introduces the main concepts. If you then decide that this bond is the investment you are looking for, **please read the 'FRIENDS Wealth Solutions Bond Key Features' (XINV31/A)**. Your financial adviser will be able to answer any questions you may have.

Benefits at a glance

The FRIENDS Wealth Solutions Bond is a lump sum investment, offering you a choice of quality funds with the flexibility to cater for all your future needs.

- Good capital growth potential over the medium to long term
- Offers a choice of income or withdrawal options to suit your requirements
- A loyalty bonus for you in the tenth year
- The ability to add to your investment at any time
- Opportunity to spread your investment across a diverse range of professionally managed funds
- Ability to switch funds; some restrictions apply
- Access to socially responsible and ethical investment opportunities
- Tax-efficient features, including writing the bond in trust.

The FRIENDS Wealth Solutions Bond is also available as part of our Discounted Gift Plan. Under the Discounted Gift Plan some of the features of the bond will be restricted so **please make sure you read 'Your guide to the Discounted Gift Plan using the FRIENDS Wealth Solutions Bond' (XINV31/T)**.

Making the most of your money

The FRIENDS Wealth Solutions Bond gives you access to a world of stock market growth potential through investment funds from leading fund managers.

There is a wide range of funds for you to choose from, so you can select a fund, or combination of funds, that suits you and your approach to investment risk.

You can invest in a variety of countries, economies and market sectors, such as shares, fixed interest securities and commercial property. You also have access to socially responsible investment – we'll discuss more about this later in the brochure.

The funds offer you the potential to grow the value of your investment over the medium, minimum five years, to longer term. However, as with most investments, there is risk to your capital. You should therefore always maintain a certain amount of your savings on deposit to cover your short-term needs and any unexpected expenses or emergencies.

Reducing the impact of inflation

The rise in the cost of living means that in, say, five years' time £10,000 will not buy you as much as it would today. You could keep your money in a bank or building society account, where your money is readily accessible and capital and interest once earned is secure, but your money isn't likely to grow much, if at all, ahead of inflation.

Stock market returns have historically been greater than those of traditional cash investments and so have helped cushion the effects of inflation over time. However, you do have to remember that stock market investment should be seen as a medium, minimum five years, to longer term investment. Also, your money is not guaranteed so if the markets fall you could get back less than you've paid in. Past performance is not a reliable guide to future performance.



Access to your money

While your bond should be seen as a longer term investment, you do of course have access to your money at any time. However, 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.**

Regular and occasional withdrawals

You can arrange to take withdrawals on a regular basis paid directly into your bank or building society. You decide how much and how often you'd like these withdrawals to be.

You can also take occasional withdrawals as and when you want to. All you need to do is inform us in writing – and these withdrawals can be made on top of any regular withdrawals you are taking. These could be for a number of reasons, a new car perhaps, a holiday, home improvements or maybe to help with your child's wedding or house deposit.

But remember, if you take money out, the value of your investment will reduce. Withdrawals of more than 5% within five years of making an investment may result in us making a charge.

Income distributions

An alternative way to receive regular payments from your bond are income distributions.

Unlike regular withdrawals, which are a fixed amount, income distributions pay out only the income generated from the underlying investments in your chosen fund(s). This means that the amount of the income distributions can go up and down.

If you are receiving income distributions and wish to cash in your bond or take an occasional withdrawal within five years of making an investment we'll make a charge.

Of course, when the time is right for you, you can cash in the entire bond. However, if you cash in all or part of your bond within five years of making an investment we may make a charge.

Please see the 'Tax-efficient features' section on page 9 as this contains information that may help you decide how or when to withdraw money from your bond in the most tax-efficient manner.

What happens on death?

Death benefit

Your bond can be written with up to four lives assured. We'll pay a death benefit when the last of the lives assured dies. This will be 100.1% of the value of the investment at that time. Once we've paid the death benefit the bond will end.

Ownership

If you take out your bond together with someone else, when one of you dies the bond becomes the property of the survivor. If you take out the bond on your own, or outlive the person you took it out with, then on your death the right to the bond will pass in accordance with your will or the laws of intestacy.

Trusts

It is also possible to write the FRIENDS Wealth Solutions Bond under trust – which might be useful for estate planning. When a trustee dies, ownership remains with the surviving trustees.



Keeping you informed

To help you keep track of your bond we will send you a valuation statement each year.

You can also visit our website, www.friendsprovident.com/customer where you can:

- check the prices of the funds you are invested in, or any that you might be interested in, www.friendsprovident.com/customer/fundcentre,
- keep yourself informed on the latest news about FRIENDS,
- register and be able to check the value of your bond and any other FRIENDS policies you may have, whenever you like.

Bond charges

When you invest, we allocate a percentage of your investment to buy units in your chosen fund or funds. The percentage we use is called an allocation rate and it depends on the size of your investment and the age of the youngest life assured when you invest.

The more you invest, the higher the allocation rate.

The table below shows the allocation rates we offer. As you will see, the more you invest the better the allocation rate, and the quicker your capital starts working for you.

For example, if you are aged 55 and invest £50,000, we will invest 102.50% of your investment to buy units, which means an extra £1,250 for you on day one. If you are aged 81 and invest £20,000 we will invest 99.50%, which means we deduct £100 from your investment on day one.

| Investment Amount | Allocation rates | | | | |
|----------------------|--|---------|---------|---------|----------|
| | Age of the youngest life assured when you invest | | | | |
| | 0 – 69 | 70 – 74 | 75 – 79 | 80 – 84 | 85 – 89* |
| £10,000 to £19,999 | 101.25% | 100.25% | 99.50% | 98.75% | 98.00% |
| £20,000 to £49,999 | 102.00% | 101.00% | 100.25% | 99.50% | 98.75% |
| £50,000 to £99,999 | 102.50% | 101.25% | 100.50% | 99.75% | 99.00% |
| £100,000 to £249,999 | 102.75% | 101.50% | 100.75% | 100.00% | 99.25% |
| £250,000+ | 103.00% | 101.75% | 101.00% | 100.25% | 99.50% |

Please note, if you chose more than one life assured the allocation rate depends on the age of the youngest life, who must be aged 89 or under. The minimum age of applicant is 18 and maximum age of life assured is 89. At least one life assured and one applicant must be under the age of 89. * These rates do not apply if your bond is part of our Discounted Gift Plan, where at least one life assured and one applicant must be under the age of 84.



We take an annual management charge (AMC) out of the unit value of your bond. The amount of this charge depends on the fund or funds you choose to invest in. Additional expenses and performance related fees also apply on some funds. **Please see the 'FRIENDS Wealth Solutions Bond Fund Menu' (XINV31/E) for more information on the funds available and their charges.**

The FRIENDS Wealth Solutions Bond also has an establishment charge payable for the first five years after making an investment or additional investment. This charge of 1.4% a year is paid for by cancelling units. Depending on the arrangement between you and your adviser this charge might be less. Your illustration will show how much this charge will be.

An additional charge of up to 1.0% a year may be taken over the lifetime of your bond, subject to the arrangement between you and your adviser. If this charge applies to you it will be taken monthly by cancelling units and will be shown in your illustration.

If you cash in all, or part of your bond within five years of making an investment we may make a charge.

The 'FRIENDS Wealth Solutions Bond Key Features' (XINV31/A) explains how much this charge would be.

A reward for long-term investment

To reward you for being a long-term investor in the FRIENDS Wealth Solutions Bond we'll add bonus units. Over the course of your investment's tenth year, bonus units will be added in 12 monthly instalments. We aim to increase the units attributable to this investment by 2.2%. However, it is not guaranteed that the number of units will be increased by this amount. If your bond is to be part of our Discounted Gift Plan arrangement, bonus units will not be added.

Wide choice of funds

We offer a comprehensive range of investment funds from a wide selection of fund managers, both in-house and external. All the funds have been carefully chosen to provide optimum exposure to world financial markets.

There are investment opportunities in UK and international shares, as well as fixed interest securities and commercial property.

Within your bond 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. And you can alter your choice and switch your investment between funds with certain restrictions. The first 12 switches in any one bond year are free and any subsequent switches will cost £15 each.

Diversification is one of the principal means of reducing risk, so you need to be able to choose from a selection of fund management groups and funds. As your investment needs are unique, our range of funds aims to satisfy all objectives and remove the need to rely on just one fund manager to achieve them.

Investing with FRIENDS

F&C Asset Management plc

Established in 1868, F&C is one of Europe's oldest and largest asset management companies managing investments for individuals, corporations and financial advisers worldwide. Asset management is their only business activity and their philosophy is simple: to create value by delivering superior fund performance. F&C is responsible for managing our funds.

External investment solutions

With the expertise of external investment consultancies, we have selected a number of investment partners who we believe diversify and improve the choice of our fund offering.

The key characteristics we look for are good future performance prospects, sound investment processes, competitive pricing and an experienced, well-resourced and stable fund management team.

Among our investment partners are some of the industry's most respected and successful fund managers. Using our bargaining power we have negotiated competitive pricing terms that would not be available if you invested directly with the external fund managers.

An educated choice

Whether you are interested in funds managed by F&C or those managed by our external investment partners, every fund has an investment aim and a risk rating. Your financial adviser will be able to help you put together an appropriate portfolio to meet your personal investment objectives.

Please see the 'FRIENDS Wealth Solutions Bond Fund Menu' (XINV31/E) for a complete list of all the funds available.

Please remember we don't guarantee the value of your bond or any income from it. It can go up and down depending on how well the investments perform, and currency exchange rates where a fund invests overseas. You could get back less than you've paid in.





More than just an investment

Socially responsible investment

With growing awareness of social, ethical and environmental issues it is increasingly important for companies to have a strong, clear attitude towards social responsibility. At FRIENDS we strive to lead by example.

The Stewardship® approach

Stewardship is our pioneering range of ethically-screened funds and is managed by F&C.

These funds invest in companies that make a positive contribution to society, while seeking to avoid companies whose activities may cause damage or harm, such as weapons manufacture, environmental damage or human rights abuses. The screening policies are constantly reviewed to ensure that Stewardship maintains an up-to-date and relevant strict ethical approach at all times.

Through the FRIENDS Wealth Solutions Bond we offer a range of Stewardship funds, which spans UK and overseas shares, as well as corporate bonds, and a protected fund.

Further details on Stewardship can be found on our website at www.friendsprovident.com/sri

External ethical, green and engagement investment solutions

We have selected a number of investment partners to improve the range of ethical, green and engagement options now available to you. The key characteristics we look for are good future performance prospects, competitive pricing, an experienced and stable fund management team, transparent ethical screening processes and/or solutions to environmental problems.

Please see the 'FRIENDS Wealth Solutions Bond Fund Menu' (XINV31/E) for details of all the ethical, green and engagement fund options available through the FRIENDS Wealth Solutions Bond.

Topping up your investment

It's easy to add to your initial investment at any time. These additional investments start from £5,000. 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.

Bonus units will also be added, in 12 monthly instalments, over the course of your additional investment's tenth year with the anticipated rate being that applying at the time of investment. The amount of bonus units added is not guaranteed.

Tax-efficient features

The tax position of investment bonds

With the FRIENDS Wealth Solutions Bond you have no personal liability to basic rate income tax or capital gains tax on the bond.

However, if you are liable to a higher rate of income tax when you cash in some or all of your bond, take regular withdrawals or income distributions, you will be liable to tax at the difference between this higher rate and the basic rate. The amount of any personal allowances, Working Tax Credit or Child Tax Credit may also be affected.

Please remember tax rules may change.

Tax on withdrawals

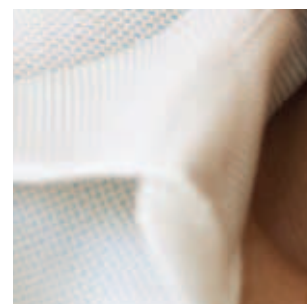
If you would like to take regular withdrawals or income distributions from your bond, you are entitled to take up to 5% of your original investment each year, for the first 20 years, without any immediate income tax liability. Any unused allowance can be carried forward for use in future years.

Regular withdrawals, partial encashments and income distributions are classed as withdrawals for this purpose.

Minimising tax on cashing in your bond

Where possible it is important to time your bond encashment carefully. If you cash in your bond when your income is lower, for example during retirement, you could reduce or eliminate any liability for tax on any gain you make.

You can also take a withdrawal from specific funds or by totally cashing in specific policies. This can make a big difference to the early cash-in charge we make and/or to the tax you might have to pay. Please speak to your financial adviser for more information on this before giving us your instructions.



Effective inheritance tax planning

When you die, the value of your bond forms part of your estate for inheritance tax purposes. However, there are various ways to reduce or even eliminate any inheritance tax liability.

FRIENDS offer Trust and Investment Solutions, which aim to cater for most inheritance tax planning needs you may have. These solutions can help to meet your financial needs during your lifetime and enable you to leave a tax-efficient inheritance when you die.

Please ask your financial adviser how an investment bond would affect your personal tax position. They will be able to identify any individual tax planning needs you may have and advise you on the best use of the tax-efficient features available from your bond.

Next steps

If you feel the FRIENDS Wealth Solutions Bond is the investment opportunity you are looking for please discuss the options with your financial adviser. They will be able to help you with any questions you may have and assist you in applying for your bond.

If you decide to invest, **please read the 'FRIENDS Wealth Solutions Bond Key Features' (XINV31/A).**



About FRIENDS

- Founded by Quakers in 1832 to address social needs, FRIENDS has renowned ethical heritage.
- Stewardship funds were launched in 1984. These pioneering funds were the first in the UK to link investments with ethical principles.
- We pride ourselves on delivering award-winning service to our customers, both new and existing.



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